



YOUR ANZ YOUR WORLD

SHAREHOLDER AND CORPORATE RESPONSIBILITY REVIEW

2010

We live in your world



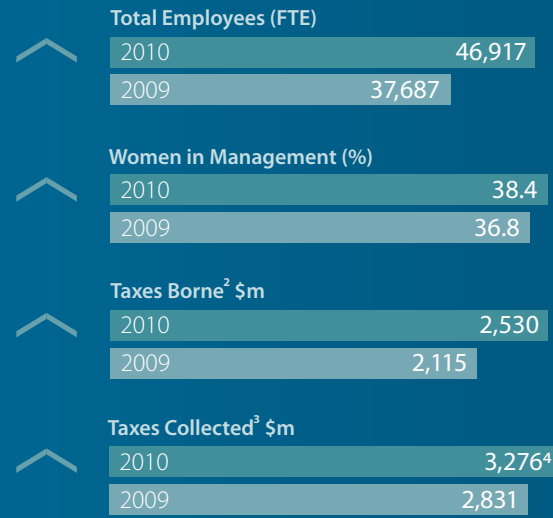
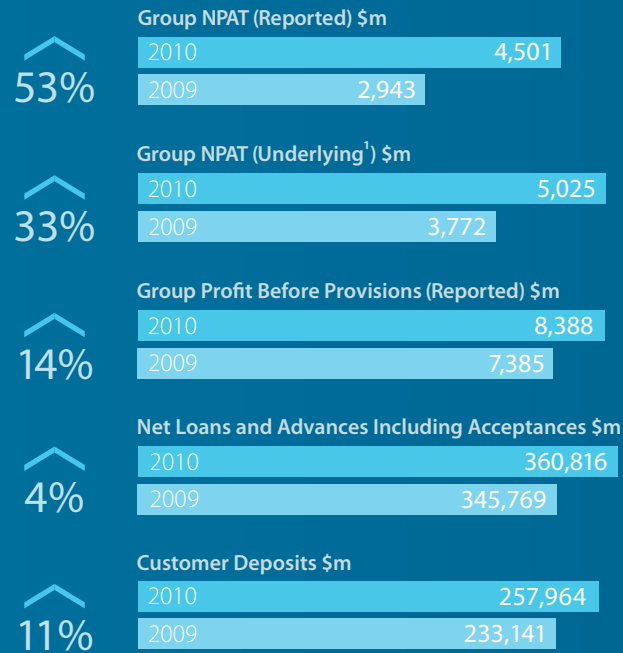
CONTENTS

02	2010 Snapshot	16	Institutional Division
04	Chairman's Report	18	ANZ in Your World
06	Chief Executive Officer's Report	37	Five Year Summary
09	Management Board	38	Your Directors
10	Australia Region	39	Directors' Remuneration
12	New Zealand Region	40	Remuneration Overview
14	APEA Region	43	Information for Shareholders

Cover: James Riley, Relationship Manager and Jenny Fan, Assistant Manager, Business Banking, Melbourne, Australia

Nguyen Kien Tri Nhan, Sales Officer, Ho Chi Minh City, Vietnam

2010 SNAPSHOT



- A top 5 listed company on the Australian Stock Exchange with over 400,000 shareholders and a market capitalisation of A\$61 billion at 30 September 2010
- A top 4 bank in Australia; the largest banking group in New Zealand and one of the 30 largest listed banks globally by market capitalisation
- ANZ has operated in the Asian region for more than 40 years and has the largest presence of any Australian bank in Asia and the Pacific
- Assessed as the leading bank globally on the Dow Jones Sustainability Index for the 4th consecutive year and a member of the FTSE4Good
- Long-term AA credit rated by Standard & Poor's and a long-term Aa1 rated by Moody's

All information contained within this document is for the year ended 30 September 2010 unless otherwise stated. All figures in AUD unless otherwise stated.

1. Adjusted for material 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. 2. Taxes Borne: Immediate cost to ANZ; Impact to the profit and loss account. 3. Taxes Collected: No cost to ANZ. Collected from customers, suppliers and employees etc on behalf of the revenue authorities. 4. Includes policyholder tax of \$215m.



ANZ delivered a strong outcome for shareholders in 2010 while also performing for our customers and the community.

CHAIRMAN'S REPORT

A MESSAGE FROM JOHN MORSCHEL

Our Performance

ANZ's statutory profit after tax for the year ended 30 September 2010 was \$4.5 billion, up 53% reflecting a strong performance across the bank and lower provisions. The final dividend of 74 cents per share is 32% higher than 2009 and will bring the total dividend for the year to 126 cents per share fully franked, an annual increase of 24%.

Taking into account one-off items such as acquisition costs and subsequent fair value adjustments, and hedging timing differences our underlying profit for 2010 was \$5 billion, up 33%.

Revenue growth of 15% was solid while costs increased by 17% reflecting the integration of acquisitions and continued investment in growth. Provisions reduced by 41% to \$1.8 billion reflecting the improved economic environment in Australia and New Zealand.

ANZ remains strongly capitalised with Tier 1 capital as at 30 September 2010 at 10.1% and Core Tier 1 of 8.0%. The Group is well placed to meet new capital standards being developed by the Basel Committee on Banking Supervision and the Australian Prudential Regulation Authority.

Expansion and Growth

During 2010, we continued to advance our super regional strategy through organic growth and acquisitions.

In March 2010, we acquired the Landmark Financial Services loan and deposit books from AWB bringing with it around \$300 million in deposits and around \$2.4 billion in lending. It has taken our Regional Commercial business in Australia to the number two market share position in agri-business.

We also completed the acquisition of the remaining 51% of the ANZ-ING wealth management and life insurance joint ventures in Australia and New Zealand that we did not already own. It was pleasing to see that the business performed strongly during the year.

In Asia, we completed the acquisition of businesses from the Royal Bank of Scotland in six countries in Asia. A number of key strategic milestones were also reached, including the establishment of a locally incorporated subsidiary in China, obtaining a qualifying full bank licence in Singapore and in-principle approval for a foreign bank licence in India.

Customers and the Community

During 2010, ANZ continued to deliver good outcomes for our customers and the community. This is significant given the expectations that shareholders and society have of successful banks.

In Australia, we were ranked number one for retail customer satisfaction while in Institutional we were rated number one for 'lead domestic bank relationships' in Australia and in New Zealand and we were named Bank of the Year by the Institute of Finance Professionals. We were also assessed the leading bank globally by the Dow Jones Sustainability Index for the fourth consecutive year.

Together with our financial performance, the good outcomes we have achieved for our customers and the community reflects the significant efforts of our management and staff and I thank them for their contribution.

This year we have provided an integrated view of how ANZ is managing financial and non-financial issues. This reflects how we think about our business and our commitment to growing responsibly.

By combining the Annual Shareholder Review and our Corporate Responsibility Review we have simplified our reporting and provided a more complete and balanced picture of our performance and results.

Board Changes

Charles Goode retired in March 2010 after 18 years of distinguished service on the ANZ Board including 15 as our Chairman. Charles successfully oversaw an extraordinary period of change at ANZ and made an outstanding contribution to business and the community, not only in Australia, but in the Asia Pacific region.

Outlook

In 2011, we expect Asia, excluding Japan, to grow at around 8% compared to less than 3% in the US and Europe. Australia is expected to continue to perform well and in New Zealand the recovery is gathering momentum for 2011.

Nevertheless, there is continuing uncertainty in the global economic environment, particularly in the US and Europe where the recovery remains fragile. At the same time, all banks are facing higher funding costs and there are regulatory uncertainties associated with new capital and liquidity requirements.

Our super regional strategy positions us well but with global economic growth likely to continue to be soft over the medium term the environment remains challenging to navigate.

2010 has marked the 175th anniversary of ANZ's establishment and we continue to grow and to strengthen the bank. We have a clear direction and our results this year highlight the momentum we have established. I believe we will continue to deliver value and performance for our shareholders, our customers and the community in 2011 and beyond.

JOHN MORSCHEL CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

A MESSAGE FROM MICHAEL SMITH



ANZ is now a more predictable organisation for shareholders and a better place for our customers to do business.

Three years after setting out our super regional ambition, our 2010 results have demonstrated that ANZ is now consistently delivering on the promises we made to our shareholders as well as to our customers and the community.

While our statutory profit for the full year was \$4.5 billion, up 53% our underlying business has performed strongly across the board. We reported an underlying net profit¹ after tax of \$5 billion which was up 33%.

Our performance was assisted by the improved economic environment in Australia and New Zealand, and by Asia's continued growth. The improved credit environment saw provisions for bad and doubtful debts fall by 41% to \$1.8 billion. Importantly though, we had good growth in underlying profit¹ before provisions which was up 6%.

Our balance sheet management remains a strength. We have a strong capital position and increasing diversity in our sources of funding including continued growth in deposits in Australia and in Asia.

Regional Performance

Our 2010 result shows that ANZ has momentum in every area of our business.

In Australia underlying profit¹ grew 42%. Market share growth was a feature, Retail lending was up 12% driven by a strong performance in mortgages and household customer deposits was up 11%. We have achieved this while continuing to improve our number one ranking on overall customer satisfaction in our Retail business. Commercial Banking also made a strong contribution with profit up 34%.

In Asia Pacific, Europe and America, although 2010 was a year of consolidation following the acquisition of businesses from the Royal Bank of Scotland and the six business integrations we have completed in Asia during the year, earnings from our partnership investments and Institutional resulted in a 21%² lift in underlying profit¹ to US\$620 million.

During the year we also achieved a number of milestones in our regional expansion plans including regulatory approval for new or expanded banking licences in China, Singapore, the Philippines and India.

Our Institutional business is now performing well with underlying profit¹ up 23% to \$1.8 billion. Institutional's strategy is totally aligned to our super regional ambition and it is providing a compelling and differentiated proposition for our clients. We are investing strongly in the business' future and the results are showing though with inter-region client flows up 10% in 2010 and flows into Asia from elsewhere in the network up 20%.

In New Zealand, the economy began to stabilise during the year, and a 48%² decline in the provision charge was the main driver of a 40%² rise in underlying profit¹ off a low base in 2009 to NZ\$882 million. I'm optimistic about what our business can do in New Zealand in 2011.

Distinctive Growth Strategy

We are also now making significant progress with our strategic ambition to become a leading super regional bank in Asia Pacific.

In addition to our strong financial performance, we completed the acquisitions in Australia, New Zealand and Asia which strengthened our activities in banking and wealth management, and we continued to grow our existing business.

By remaining strong through the financial crisis, we have been able to continue supporting our customers and to look at further opportunities for growth.

Our strategy is clear and differentiated and it now makes even more sense in the post-Global Financial Crisis world where Asia, excluding Japan, is growing at around 8% while economic growth in developed markets such as the United States and Europe is around 2.5%.

ANZ is the only Australian bank to give shareholders a material exposure to Asia's growth combined with significant domestic businesses in Australia and New Zealand.

It is pleasing that we are now increasingly recognised for our geographic diversification, which focuses on the world's best performing economies and the linkages that our corporate and personal customers have with the Asia Pacific region.

To support this, we have continued to build a world-class team of experienced bankers throughout the Company to take advantage of growth opportunities and to deliver on our strategy.

Growing Sustainably

While performance often tends to focus on financial results, over the long-term it is a reflection of how effectively we are serving our customers and contributing to the communities where we operate. Our commitment to growing our business responsibly is fundamental to our aspiration to become a super regional bank.

In practice, this means understanding and responding to the issues that matter to our customers and communities; committing to the highest standards of corporate behaviour in order to build trust with governments and regulators seeking responsible businesses to operate in their countries; and prioritising those investors targeting well-managed companies with superior prospects for medium to long-term growth.

And, of course, increasingly the best employees want to work for companies that are both financially successful and making a sustainable contribution to society.

1. Adjusted for material 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. 2. Measured in foreign currency terms.

REACHING COMMON GOALS

A commitment to growing responsibly, however, is not without its challenges and at times can raise unrealistic expectations about our ability alone to solve significant issues facing society. During the year we responded to concerns raised by stakeholders, including shareholders, regarding some of our financing decisions.

These issues bring into focus the complexity of what it means to be a banker in today's rapidly evolving world. It involves managing the financial risks and opportunities and carefully balancing the economic, social and environmental aspects of our decisions, giving due consideration to the short, medium and long-term impacts.

I am proud of our work to support customers facing financial difficulty; assist communities affected by natural disasters; and improve financial capability among people on low incomes; together with the progress we have made in further developing a culture of respect in our relationships with our customers, employees, suppliers and communities in every region where we operate.

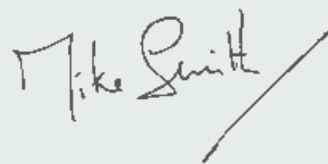
Our Operating Environment

Looking ahead, there is continuing uncertainty in the global environment, particularly for the US and European economies. At the same time, higher funding costs are here to stay and there are regulatory uncertainties associated with new capital and liquidity requirements. All in all, this remains a challenging environment to navigate.

The result is we will have to continue to think differently about our business. Lower credit growth and higher costs of doing business mean we'll need to drive productivity and innovation to stay ahead of the game. We need to streamline our structures and do things in new and different ways.

At the same time, our 8 million customers want simpler processes, convenience and more innovation from us and this also helps drive medium and long-term value for shareholders.

Our performance in 2010 shows that after having weathered the global financial crisis in 2008 and 2009 we are now putting runs on the board and we are well placed to meet these challenges – and indeed to take advantage of them – and to continue delivering on the commitments we have made to all our stakeholders.



MICHAEL SMITH CHIEF EXECUTIVE OFFICER

Being a banker in today's rapidly evolving world involves managing the financial risks and opportunities and carefully balancing the economic, social and environmental aspects of our decisions, giving due consideration to the short, medium and long-term impacts.

MANAGEMENT BOARD

	GRAHAM HODGES Deputy Chief Executive Officer		DAVID CARTWRIGHT Chief Operating Officer
	PETER MARRIOTT Chief Financial Officer		PHILIP CHRONICAN Chief Executive Officer, Australia
	CHRIS PAGE Chief Risk Officer		ALEX THURSBY Chief Executive Officer, Asia Pacific, Europe and America
	SUSIE BABANI Group Managing Director, Human Resources		DAVID HISCO Chief Executive Officer, New Zealand
	ANNE WEATHERSTON Chief Information Officer		SHAYNE ELLIOTT Chief Executive Officer, Institutional
	JOYCE PHILLIPS Group Managing Director, Strategy, M&A, Marketing and Innovation		

Full biography details can be found on our website: anz.com/about-us/our-company/executive/management

Melissa Bridge, Director GXY Search, has banked with ANZ since launching her recruitment business four years ago. Melissa says it's been essential to have a banking manager that understands the needs of her business. "ANZ knows and cares about my business and what we are trying to create here. They always flag for me the most appropriate products or services to support the various stages of our growth."

AUSTRALIA REGION

PHILIP CHRONICAN CHIEF EXECUTIVE OFFICER



Business Profile

The business caters for ANZ's Retail, Commercial, Wealth Management and Institutional customers around Australia.

Our Retail business delivers a range of banking products and services to customers and includes our national network of 814 branches. Our Commercial Banking business provides banking solutions for rural customers, small to medium enterprises and corporate customers, and includes Esanda, Australia's leading auto financier. Our Wealth Management business provides insurance, investments and superannuation services acquired from ING along with ANZ Private, E*TRADE and ANZ Financial Planning and Investment Lending. For more information about our Institutional business see pages 16 and 17.

Business Highlights

- Strong underlying profit* growth driven by a good performance across all businesses and a reduction in the provision charge.
- Acquired the ING Group's 51% shareholding in the wealth management and life insurance joint ventures in Australia and New Zealand.
- Completed the integration of Landmark Financial Services making us Australia's second largest agri-bank.

- Removed or reduced 27 fees, delivering annualised benefits to customers of around \$180 million.
- Improved our retail customer satisfaction, which remains the highest of all major banks.
- Won 2010 Home Loan Lender of the Year in the *Money Magazine* Consumer Finance Awards for the 11th time, making ANZ Australia's most awarded home lender.
- Launched a range of new products and services to meet customer needs, including the ANZ Business Visa Debit and ANZ Access Visa Debit cards, the GoMoney free iPhone application, and E*TRADE's award winning share trading tax reporting service, Tax Tools.
- Assisted more than 10,000 customers facing financial difficulty through our Customer Connect program.
- Employed an additional 215 Indigenous trainees in our branch network across Australia.
- Worked with the Australian Government and our community partners to bring Saver Plus, our matched savings and financial capability program to an additional 3,320 low-income Australians.
- Invested over \$11.9 million in our community through donations, volunteering and in-kind support.

Supporting Small and Medium Business

With 1.93 million small businesses in Australia, employing more than 5 million people – a strong small business sector is a critical driver of our economy.

During the global financial crisis we wanted to ensure our small and medium sized business customers had continued access to funding. We committed to \$8 billion of lending in 2009, matching our 2008 lending to the sector and as part of this program increased our small business lending by 10%. We also employed an additional 130 small business specialists across Australia; improved online management tools and introduced a support package of initiatives to help our customers facing financial difficulty.

In response to customer feedback, we have streamlined the finance application process, reducing the level of documentation required for secured lending to existing customers. We continue to assist our customers and the sector to develop and build their businesses by offering access to a range of free business tools, online courses and industry data via our small business hub (www.sbhub.com.au).

We have also recently introduced a new business comparison and insights website (www.anzbusinessinsights.com), which is helping small businesses to compare trading data with other like businesses in their local area.

Our focus and efforts are clearly paying off, with ANZ once again this year being awarded the 2010 CANSTAR CANNEX Best Value Australia Small Business Bank.

FINANCIAL PERFORMANCE# (\$m)	2010	2009	Movt %
Operating income	11,215	9,762	15%
Operating expenses	(4,667)	(4,034)	16%
Profit before credit impairment and income tax	6,548	5,728	14%
Provision for credit impairment	(1,300)	(2,053)	-37%
Profit before income tax	5,248	3,675	43%
Income tax expenses and non-controlling interests	(1,613)	(1,115)	45%
Profit after tax	3,635	2,560	42%
Total assets	381,071	324,742	17%
% Contribution to group earnings	72%	68%	4%

NON-FINANCIAL PERFORMANCE	2010	2009	Movt
Customer Satisfaction (%) (Source: Roy Morgan Research – Main Financial Institution)	79.9	76.5	▲
Total Employees ¹ (FTE)	23,713	20,231	▲
Employee Engagement ¹ (%)	64	61	▲
Total Women in Management ² (%)	40.2	38.0 ¹	▲
Lost Time Injury Frequency Rate ¹	2.2	1.9	▲
Volunteering Hours ¹	38,825	45,089	▼
Community Investment (A\$m)	11.9	16.2	▼
GHG Emissions ³ (tonnes CO ₂ -e)	173,525	156,465 ⁴	▲
Paper ⁵ (tonnes per FTE)	0.18	0.16	▲

Underlying profit is adjusted for material 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. 1. Data includes Institutional employees. 2. Women in management is calculated by 'PeopleSoft' which, in addition to capturing staff currently actively working for and being paid by ANZ (FTE) also captures staff on special leave including leave without pay, parental leave and long-term sick leave. 3. Pending external verification. Includes scope 1 and 2 emissions, developed in accordance with NGERs. ING Australia data has been included from 1 December 2009 when ANZ took operational control. A detailed GHG profile (Scope 1, 2 and 3) and our full environmental report is available on anz.com. 4. Restated due to new calculation methodologies and the inclusion of additional emission sources in our organisational boundary. 5. Includes both office and print (customer) paper. Data does not include ING Australia. Pending external verification.

Teone, Tina and Arya Sciascia are participating in the MoneyMinded Aotearoa program being piloted among New Zealand South Island Māori. "The program is great way to learn the basics of money management, skills which we can share with other members of the whanau (family) and which will help us make better money decisions and save for our future," Teone said.

NEW ZEALAND REGION

DAVID HISCO CHIEF EXECUTIVE OFFICER



Business Profile

ANZ New Zealand is the country's largest company based on assets. As the largest financial services provider ANZ New Zealand has a banking relationship with nearly one in two New Zealanders.

ANZ New Zealand is the country's largest financial services provider. We offer retail, commercial, wealth management and institutional customers a broad range of banking, finance, insurance and investment products and services through our branded businesses including our two retail banks.

Our breadth and diversity is reflected in the more than 9,000 people we employ from a wide range of backgrounds and skills.

Business Highlights

- Underlying net profit* was higher driven primarily by a 48%⁶ decline in the provision charge.
- Credit quality improvement was most evident in the Retail and Institutional sectors, with some uncertainty remaining around the Rural and Commercial sectors.

- There was some margin recovery across the year, up 13 bps in the second half (up 9 bps year on year).
- Removed and reduced 29 fees across our two retail banks delivering annualised benefits to customers of around NZ\$55 million.
- Continued to hold the number one market share position for all banking products across home, rural and business lending and also for the Kiwisaver superannuation product.
- Awarded 'Best Value Mortgages (fixed rate)' by CANNEX.
- Became Worldwide Partner and Official Bank of Rugby World Cup 2011 New Zealand.
- Supported New Zealand's infrastructure development and export growth, winning the 2010 Institute of Finance Professionals New Zealand (INFINZ) Bank of the Year Award.
- Provided NZ\$1 million to support the Canterbury Earthquake Appeal.
- Invested over \$2.8 million in our community through donations, volunteering and in-kind support.

Increasing the Financial Knowledge of New Zealanders

This year ANZ New Zealand partnered with Te Rūnanga o Ngāi Tahu, the governing body for South Island tribe Ngāi Tahu, to undertake an Indigenous people's financial knowledge survey.

The 2010 ANZ Ngāi Tahu Financial Knowledge Survey was completed by 400 Ngāi Tahu members throughout New Zealand over three months. To increase the involvement and ownership of the project among the Ngāi Tahu community, all interviewing work was carried out by Ngāi Tahu members who were employed and trained specifically for the research.

The results of the survey have established an important benchmark and will support efforts to grow financial literacy and ultimately the financial independence of all iwi (tribes) in New Zealand.

The research will also inform the development of programs and initiatives to enhance money management skills. ANZ will support subsequent surveys to monitor improvements in financial knowledge over time.

Building on this partnership, ANZ New Zealand is now working with Ngāi Tahu to tailor and adapt ANZ's MoneyMinded financial education program to reflect iwi culture and experiences. MoneyMinded Aotearoa (New Zealand) facilitators have been trained and the first Ngāi Tahu MoneyMinded workshops will be held this year. The long-term aim is to offer the MoneyMinded Aotearoa program to iwi throughout New Zealand.

FINANCIAL PERFORMANCE# (\$Am)	2010	2009	Movt %
Operating income	2,549	2,638	-3%
Operating expenses	(1,212)	(1,182)	3%
Profit before credit impairment and income tax	1,337	1,456	-8%
Provision for credit impairment	(366)	(727)	-50%
Profit before income tax	971	729	33%
Income tax expenses and non-controlling interests	(270)	(216)	25%
Profit after tax	701	513	37%
Total assets	93,096	101,319	-8%
% Contribution to group earnings	14%	14%	0%

NON-FINANCIAL PERFORMANCE	2010	2009	Movt
Retail Customer Satisfaction – ANZ (%) (Source: AC Neilson)	54	61	▼
Retail Customer Satisfaction – NBNZ (%) (Source: AC Neilson)	66	61	▲
Total Employees ¹ (FTE)	9,412	8,879	▲
Employee Engagement ¹ (%)	63	67	▼
Total Women in Management ² (%)	34.5	33.2 ¹	▲
Lost Time Injury Frequency Rate ¹	2.2 ³	1.5	▲
Volunteering Hours ¹	18,285	26,778	▼
Community Investment (A\$m)	2.8	4.6	▼
GHG Emissions ⁴ (tonnes CO ₂ -e)	14,887	14,496	▲
Paper ⁵ (tonnes per FTE)	0.15	0.14	▲

Underlying profit is adjusted for material 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. 1. Data includes Institutional employees. 2. Women in management is calculated by 'PeopleSoft' which, in addition to capturing staff currently actively working for and being paid by ANZ (FTE) also captures staff on special leave including leave without pay, parental leave and long-term sick leave. 3. The increase in NZ's LTIFR was expected and is due to an awareness campaign which has increased reporting of incidents. Specific actions are in place to continue to improve our LTIFR performance. 4. Includes scope 1 and 2 for ANZ NZ, estimates have been made for ING NZ and Radiola from December 2009 when ANZ took operational control. Emissions have been calculated using 2008 emission factors provided by the Ministry for the Environment. A detailed GHG profile (Scope 1, 2 and 3) and our full environmental report is available on anz.com. 5. Includes both office and print (customer) paper. Data does not include ING New Zealand or Radiola. Pending external verification. 6. Measured in foreign currency terms.

ANZ is one of Indonesia's largest foreign banks with 28 branches across 11 cities and almost 1,000 full time employees. This year we re-branded our entire Indonesian branch network, building our brand presence throughout the country.



Business Profile

The Asia Pacific, Europe and America (APEA) business includes 14 Asian markets and 12 countries in the Pacific as well as Europe, America and the Middle East.

Our strategy is focused on building ANZ's businesses in priority markets including Greater China (China, Taiwan and Hong Kong), Greater Mekong (Vietnam, Cambodia, Laos), Indonesia, Malaysia and India. We also continue to develop our business in the Pacific, where we have operated for more than 130 years.

Combined with strong banking hubs in Singapore and Hong Kong, and our institutional network markets across Asia, the Middle East, Europe and America, ANZ delivers connectivity for customers across the Asia Pacific region including Australia and New Zealand.

Business Highlights

- While underlying net profit[#] grew 21% in US dollar terms; a much stronger AUD/USD exchange rate saw profit slightly down in Australian dollar terms. The key contributors to profit were the Institutional business and our partnerships with momentum building across Retail banking, Wealth Management and the Private Bank.

- Grew customer deposits and invested in building ANZ's Retail Banking and Wealth Management network and products.
- Launched ANZ Signature Priority Banking for affluent retail clients.
- Completed the acquisition of selected Royal Bank of Scotland businesses in six key markets, providing 49 branches, as well as 1.6 million customers, US\$6.5 billion in customer deposits and more than 4,000 staff.
- Secured key licences to underpin ongoing growth, including becoming the first Australian bank to be locally incorporated in China, receiving approval for a banking licence in India and obtaining a Qualifying Full Bank licence in Singapore.
- Provided banking services to people in remote areas through our rural banking service in the Pacific and WING in Cambodia.
- Opened the Chongqing Liangping ANZ Rural Bank in Western China and supported training for 2,000 pomelo farmers covering the latest agricultural and marketing techniques to help improve the sustainability of this important local industry.
- Invested \$1.5 million in our communities through donations, volunteering and in-kind support.

Our Super Regional Strategy Comes to Life

Indonesia is one of ANZ's priority markets as we pursue our growth strategy.

Our aspiration is to be a 'top four'¹ bank, and we are well on the way to achieving that goal. Two years ago, ANZ had no significant retail banking presence in Indonesia. Today, we are one of the largest foreign banks with 28 branches across 11 cities and almost 1,000 full-time ANZ employees.

We have significantly built our institutional and corporate banking business, supporting the onshore needs of clients as well as connecting them into Singapore and the broader Asia Pacific region including Australia and New Zealand.

Our growing customer base includes a number of major corporations specialising in the energy sector, and we continue to bank major multi-nationals and their Indonesian subsidiaries.

We have built strong liquidity over a short period of time, developed a substantial markets business and leveraged our expertise in cash and trade, and foreign exchange and rates, including commodities derivatives.

This year we completed the integration of the Royal Bank of Scotland (RBS) business into ANZ in Indonesia and re-branded our entire branch network, rapidly building significant brand recognition².

We continue to strengthen our retail and wealth products and services for affluent and emerging affluent customers, and we have established a Private Bank.

ANZ is contributing to Indonesia's economic growth agenda and, as our business grows, so does our support for the Indonesian community. This year, more than 2,000 staff (including staff in our partnerships) took part in the ANZ-HOPE Indonesia Walkathon to improve access to education and health services for underprivileged children.

1. by revenue 2. 19% unassisted, 91% prompted recall

FINANCIAL PERFORMANCE [#] (\$m)	2010	2009	Movt %
Operating income	2,020	1,967	3%
Operating expenses	(1,094)	(852)	28%
Profit before credit impairment and income tax	926	1,115	-17%
Provision for credit impairment	(154)	(276)	-44%
Profit before income tax	772	839	-8%
Income tax expenses and non-controlling interests	(83)	(140)	-40%
Profit after tax	689	699	-1%
Total assets	57,162	50,400	13%
% Contribution to group earnings	14%	19%	-5%

NON-FINANCIAL PERFORMANCE	2010	2009	Movt
Total Employees ¹ (FTE)	13,542	8,555	↑
Employee Engagement ¹ (%)	66	- ²	-
Total Women in Management ³ (%)	42.9	35.4 ¹	↑
Volunteering Hours ¹	33,542	20,923	↑
Community Investment (A\$m)	1.5	1.5	steady
GHG Emissions (tonnes CO ₂ -e)	N/A ⁴	-	-
Paper (tonnes per FTE)	N/A ⁴	-	-

[#] Underlying profit is adjusted for material items that are not part of the normal ongoing operations of the Group, including one-off gains and losses, gains and losses, non-continuing businesses, timing differences on economic hedges and acquisition related costs. 1. Data includes Institutional employees. 2. Employee engagement was measured at a country level in 2009. 3. Women in management is calculated by 'PeopleSoft' which, in addition to capturing staff currently actively working for and being paid by ANZ (FTE) also captures staff on special leave including leave without pay, parental leave and long-term sick leave. 4. ANZ is currently developing a method of collecting robust and credible environmental footprint data for APEA. ANZ will aim to provide environmental footprint data for APEA in our 2011 report.

Mark Clover leads ANZ's renewable energy Project Finance team which has been providing project finance for renewable energy projects for the past 18 years including Australia's first completed wind farm at Challicum Hills, Victoria.

INSTITUTIONAL DIVISION

SHAYNE ELLIOTT CHIEF EXECUTIVE OFFICER



Business Profile

Institutional provides global financial services to government, corporate and institutional clients. We are focused on providing solutions for clients with complex financial needs, based on a deep understanding of our clients' businesses and industries, in particular natural resources, agriculture, infrastructure and property. We deliver transaction banking, specialised and relationship lending and markets solutions in Australia, New Zealand, Asia Pacific, Europe and America.

Business Highlights

- Underlying profit up 23%.
- Record revenue growth despite currency headwinds. Strong customer revenue up 9% reflecting growth in client numbers and the strength of client relationships.
- Specialised and Relationship Lending revenue up 15%, driven by improved margins; Transaction Banking revenue up 9%, from strong deposit growth, particularly in Asia, and improved margins. Global Markets, revenue while down on the unusually strong performance in 2009, recorded circa 22% compound annualised growth on 2008.
- Provision charge decreased 48% reflecting an improvement in the economic environment and disciplined risk management.

- Asia Pacific, Europe and America revenue increased 7%.
- ANZ is number one in Australia and New Zealand capital markets¹. ANZ raised more debt capital in Asia for Australian and New Zealand corporate borrowers than any other bank. ANZ moved to number 5 in bond issuance in Asia Pacific (ex-Japan)¹. ANZ moved to third overall ranking in the 1H 2010 Thomson Reuters Asia-Pacific (ex-Japan) Loan Arranger League Table.
- Australia ANZ ranked first, or equal first, on 14 of 26 qualitative relationship categories in the Peter Lee Associates survey of corporate and institutional clients. Ranked No. 1 in 'overall penetration' (domestic plus offshore), reflecting strength and quality of client relationships. In New Zealand, ANZ is ranked first on overall satisfaction, relationship strength and penetration and performed very strongly, ranking first across a further 17 measures.
- Increased financing of renewables to around 30% of our Project Finance energy portfolio.
- Further integrated clear policies, assessment tools and escalation procedures to actively manage social and environmental risks and opportunities in our lending decisions.

¹. According to Bloomberg League Tables

Responsible Lending in Resources and Energy Generation

ANZ is one of the leading banks supporting the Australian natural resources sector – a significant contributor to economic growth.

While our economy and communities continue to benefit from the success of the sector, particularly mining, we are mindful of the potential impacts some businesses can have on local communities and the environment. We have put in place clear governance structures, policies and staff training to help balance and guide our decisions.

For example, we recognise the importance of transitioning to a lower-carbon future, but that this will take significant capital investment and time.

Secure and reliable energy supplies remain critical to the strength of our economy where 80% of Australians rely on electricity generated from coal-fired power stations to run their households and businesses.

Our approach is to support our clients committed to managing their impacts responsibly while helping them plan for their future, including a likely price on carbon emissions.

We are a leading renewable energy financier, providing support to generate 1,145MW of wind power, as well as landfill gas, waste coal seam methane, hydro and geothermal power stations.

These renewable energy projects represent around a third of our project finance power portfolio and the proportion of lower-carbon energy projects continues to grow significantly, as demand increases.

We have also applied the Equator Principles, a set of voluntary social and environmental standards, to all Project Finance decisions since 2008.

FINANCIAL PERFORMANCE# (\$m)	2010	2009	Movt %
Operating income	4,865	4,965	-2%
Operating expenses	(1,706)	(1,555)	10%
Profit before credit impairment and income tax	3,159	3,419	-7%
Provision for credit impairment	(740)	(1,410)	48%
Profit before income tax	2,419	2,000	21%
Income tax expenses and non-controlling interests	(665)	(570)	17%
Profit after tax	1,754	1,430	23%
Total assets	183,501	185,082	-1%
% Contribution to group earnings	35%	38%	-3%

NON FINANCIAL PERFORMANCE	2010	2009	Movt
Relationship Strength Index ¹ ranking			
– Australia	(equal) 1	2	
– New Zealand	1	3	↑
Total Employees (FTE)	6,044	4,963	↑
Employee Engagement (%)	66	64	↑
Total Women in Management ² (%)	31.4	N/A ³	N/A

Underlying profit is adjusted for material 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. ¹. According to the Peter Lee Associates Large Corporate and Institutional Relationship Banking report. ². Women in management is calculated by 'PeopleSoft' which, in addition to capturing staff currently actively working for and being paid by ANZ (FTE) also captures staff on special leave including leave without pay, parental leave and long-term sick leave. ³. Employee data was collected at a Regional level in 2009.

Katie Rattigan manages ANZ's financial hardship programs, which have this year provided support to more than 10,000 customers facing financial difficulty.

ANZ IN YOUR WORLD

We want to be a role model for responsible business growth and business behaviour as we pursue our goal to become a super regional bank.

Our approach and commitment to corporate responsibility delivers benefits for our shareholders and the broader community. It assists us to:

- show our customers and communities that we live in their world, care about and are responding to issues that matter to them both locally and globally;
- build trust among governments and regulators seeking responsible corporations to invest in their countries;
- attract the best employees who want to work for respected companies that are making a sustainable contribution to society; and
- encourage and attract investors who target well-managed companies with superior prospects for medium to long-term growth.

Each year we set public targets and report progress on a business-wide program of work to respond to the most important issues and opportunities for our industry.

Our approach and results saw ANZ assessed as the leading bank globally on the 2010 Dow Jones Sustainability Index.

More information about our approach, progress and performance is available at anz.com/cr.

ANZ's Corporate Responsibility framework guides our decisions, investments and initiatives.

Shared Priorities

Our corporate responsibility framework and priorities were developed following consultation with more than 600 people across our region including our staff, customers, community groups, government and regulators.

It emphasises the role we play in society – helping to create prosperity and build thriving communities while growing our business responsibly.

On the following pages we describe how we apply the framework to our decisions, investments and initiatives. Our goal is to use our resources and skills to make a significant and lasting contribution to the world we live in.

ANZ Corporate Responsibility Framework and Priorities



RESPONSIBLE PRACTICES

Governments, regulators, customers, communities and our employees expect us to grow our business responsibly. This is especially important as we enter and expand in countries where legal and regulatory frameworks are different to those in our traditional markets of Australia and New Zealand.

We have strengthened our governance structures; are improving management of social, environmental and reputation risks and opportunities; and continuing to apply the lessons for ANZ, and banks generally, from the global financial crisis.

Strengthening Governance

Our Corporate Responsibility (CR) Committee is chaired by our Chief Executive Officer, Mike Smith. It identifies, responds to, and monitors current and emerging risks and opportunities for our business. This year, the Committee guided implementation of our new CR framework and priorities; human rights standards; carbon neutral strategy and approach to supporting disaster relief and recovery efforts.

In addition, ANZ's Reputation Risk Committee oversees management of social, environmental and regulatory risks particularly in our Corporate and Institutional client portfolio including sensitive sectors such as energy, defence and forestry. It also provides a forum for staff to obtain advice on complex or controversial issues involving clients, transactions or products.

RESPONSIBLE PRACTICES CONTINUED

Providing Safe, Uncomplicated Products and Services

A new Global Product Management Policy provides clear guidelines for the development of safe, uncomplicated products – from the concept through to decommissioning. A supporting project is streamlining and simplifying the number of products we have to ensure they meet expectations, including those of customers and regulators.

The policy also forms part of our response to the issues in relation to the marketing and promotion of the ING Diversified Yield Fund (DYF) and the ING Regular Income Fund (RIF) in New Zealand. In addition to NZ\$500 million made available by ANZ New Zealand and ING in 2009, we have reached settlement with the New Zealand Commerce Commission and Securities Commission to pay a further NZ\$45 million to investors in the two funds.

Providing the Right Incentives For Staff

Our Remuneration Policy was reviewed to ensure our pay and bonus systems encourage and reward appropriate risk-taking and achievement of sustainable shareholder returns.

The Board is able to reduce or eliminate deferred performance-based remuneration which has not yet vested if it considers the initial grant was not justified in light of information arising after the grant was made or to protect the financial soundness of ANZ.

Performance assessments for all employees, including our senior executives, are based on a combination of financial and non-financial measures which consider risk, reputation, stakeholder interests and sustainable practices.

Building an Ethical and Risk-aware Culture

Almost 46,000 employees completed our 'Leading' or 'Understanding Risk in our World' learning programs, which reinforce the message that identifying and managing risk is everyone's responsibility.

All staff are also required to complete an annual training course, 'Living the Code', which includes a declaration of compliance with our Code of Conduct and Ethics. This confirms that each employee understands the Code's principles and has complied with them over the previous 12 months. We have recorded a 98% completion rate for this essential training and compliance program. We track and report breaches of the Code annually.

The majority of breaches of our Code of Conduct and Ethics relate to 'Compliance with the Code, law and ANZ procedures' and more specifically the inappropriate use of our email and intranet systems.

Taking into account the increase in staff numbers this year, the proportionate number of breaches of the Code has declined.

TYPES OF CODE OF CONDUCT AND ETHICS BREACHES

Based on total head count (including contractors) 54,810 in 2010 and 43,523 in 2009 (a 26% increase in total staff year on year).

	2010	2009
ANZ's best interests/reputation on impact	126	20
Compliance with Code, law and ANZ procedures (mainly related to inappropriate use of email and systems)	1,021	822
Conflicts of interest	9	11
Honesty and integrity	83	167
Improper payments, benefits or gains	6	7
Personal transactions and gain	4	12
Privacy and confidentiality	16	33
Failure to report breaches of the Code, law and ANZ policies and procedures	13	14
Treat others with respect, maintain a safe workplace	16	7
Total	1,294	1,093

Outcomes arising from breaches of the Code included 195 dismissals, 69 resignations, 174 staff being counselled and numerous reprimands. We continue to improve our reporting systems and increase awareness of the ethical standards expected of all our employees.

Whistleblower Protection

Our Whistleblower Protection Program enables all employees, contractors and consultants to confidentially report concerns about conduct, practices or issues they are concerned about without fear of reprisal, dismissal or discrimination.

WHISTLEBLOWER PROTECTION

	2010	2009
Reports received	18	12
Reports closed	16	10 ¹
Reports still under investigation	6	4

1. Two cases carried over from 2008.

Responsible Decisions in our Institutional Lending Portfolio

Our shareholders, customers and non-government organisations are increasingly interested in ANZ's approach to managing social and environmental issues related to large corporate clients and projects.

We have clear policies in place to guide our involvement in sensitive sectors, such as energy, mining and defence, and we consult regularly with interested parties in order to better understand their concerns.

For example, a respected Australian faith-based organisation approached us concerned about our involvement with a hydroelectric project in the Mekong region and its potential to adversely impact local people, communities and the environment.

ANZ has supported this project over time recognising it will deliver much needed and secure electricity supplies to a developing nation. Properly managed from a social and environmental perspective, the project will also improve the lives of local communities through the availability of better health, transport and educational infrastructure, and improved household and community income levels.

Our client, with our support, provided a key representative from the community organisation with the opportunity to see first hand how the project sponsor was managing the issues, working with local people, and seeking to make a positive contribution to the economic and social development of the impacted communities.

Through the visit, both parties were able to share perspectives on the positive and negative aspects of the project and discuss details of remedial strategies in place to respond to key issues regarding the social and environmental impacts.

Respecting People and Communities – Our Approach to Human Rights

A new set of standards, 'Respecting people and communities – ANZ's approach to human rights' formalises our commitment to be respectful of local cultures and priorities, comply with laws and go further in situations where we have the responsibility, skills, resources and expertise to do so.

The standards were developed in consultation with stakeholders, including shareholders, community groups and our staff, who want to know where we stand on these issues and to see evidence our commitments are 'more than words'.

Practical actions we have taken to embed our standards in everyday business include establishing occupational health,

safety and wellbeing plans for countries in our network and providing training covering social and environmental issues and opportunities relevant to our lending decisions for senior bankers.

We also support internationally accepted human rights standards, including the UN Global Compact and OECD Guidelines for Multinational Enterprises, and apply the Equator Principles to all project finance transactions.

In applying our standards, we understand our responsibility to respect the national sovereignty of host governments. Our response to human rights issues and ability to effect change may depend in some cases on local conditions and cultures, legal frameworks and the extent of our management control over another entity.

Over the coming year we will work with our customers, business partners and suppliers to encourage their support for our approach and standards while further incorporating them into our business practices including training, communications, contracts, agreements and due diligence processes.

Supporting Customers in Financial Hardship

Dedicated teams in Australia and New Zealand are helping customers to manage and emerge from periods of financial difficulty. In Australia for example, our Customer Connect team assisted over 10,000 customers this year.

A new program has been trialled to identify customers showing early signs of financial stress so that we can offer prompt assistance and help them avoid more serious problems down the track.

More than 3,500 credit card customers were contacted and while the majority felt comfortable managing their situation, 11% accepted our offer of support such as changes to their credit card product, more convenient ways of managing their account or access to financial education and literacy programs.

A new confidential debt advice service is also being piloted offering customers in financial difficulty direct and timely access to over-the-phone assistance from independent financial counsellors. The service will help customers assess their overall financial situation, prioritise debts, arrange temporary repayment packages and plan the most appropriate course of action.

These measures enhance our long-term investment to ensure our most vulnerable customers are protected from inappropriate offers of credit and that those who find themselves in financial difficulty receive timely, appropriate and sensitive support.

Andrew Wilson-Annan, an executive in our Regional Commercial Banking business is also a Country Fire Authority (CFA) volunteer in Woodend, Victoria. We provide Andrew with volunteering leave and flexible working hours so he can perform his duties to support the CFA's vital work protecting his community.



RESPONSIBLE PRACTICES CONTINUED

Training Fund Builds New Careers

More than \$640,000 in training grants have been provided to help staff build new careers outside the bank or find alternative positions with us if their roles are offshored.

In partnership with the Finance Sector Union (FSU) in Australia and FINSEC in New Zealand, the initiatives include:

- Committing up to \$10 million to a New Career Training Fund to help impacted employees find new jobs and careers outside ANZ.
- Improving processes to support higher rates of redeployment and retraining for roles within the bank to minimise redundancies.
- Establishing a Past Employee Care Fund to help eligible individuals facing a period of financial hardship after leaving ANZ.

In 2010, 80% of staff impacted by offshoring decisions who have expressed a wish to stay at ANZ have been redeployed in other roles within the bank.

For staff who have elected to leave ANZ, more than 90 are now pursuing a range of vocations including in nursing, teaching and photography, after receiving a New Career Training Fund grant.

Twelve former staff members affected by offshoring decisions have also been supported by the Past Employee Care Fund, which provides one-off cash payments of up to \$15,000 to help staff through a period of financial hardship after leaving ANZ.

TOTAL NUMBER OF EMPLOYEES AND CONTRACTORS IN AUSTRALIA AND NEW ZEALAND IMPACTED BY OFFSHORING DECISIONS

	2010	2009
AUSTRALIA		
Permanent staff made redundant	56	202
Contractors whose contracts finished	75	353
NEW ZEALAND		
Permanent staff made redundant	7	187
Contractors whose contracts finished	11	55

“Our partnership with ANZ ushers in a new era of engagement in the region – it will be based on participation, mutual learning and an inclusive approach to sustainable development.”

DIMITY FIFER, CEO, AUSTRALIAN VOLUNTEERS INTERNATIONAL

Supporting Our Communities

This year we expanded our volunteer program giving all employees globally access to one day of paid leave for volunteering. We also established a partnership with Australian Volunteers International (AVI) to provide skilled volunteering opportunities for our employees in Asia Pacific.

ANZ and AVI's first pilot project is with respected community organisation Bahay Tuluyan, in the Philippines. Our local team will share their professional skills in areas such as finance, governance, IT and human resources so Bahay Tuluyan is better equipped over the long term to deliver its services that create education opportunities for children in need.

Our staff contributed over 91,000 hours of volunteering this year – short of our 100,000 hours target. With increased organisational support and a more stable economic environment, we aim to achieve this target in 2010–2011.

A new Disaster Relief and Recovery Policy is helping to ensure we provide timely, effective and appropriate support when our customers and communities are impacted by natural disasters.

Following a 7.1 magnitude earthquake which hit the area around Christchurch, New Zealand in September, ANZ donated NZ\$1 million to the New Zealand Red Cross Canterbury Earthquake Appeal. We also matched donations to the appeal from our New Zealand staff, provided volunteers to assist the New Zealand Red Cross with their hotline and offered a special package of relief measures to impacted customers and business clients.

We have also contributed to rebuilding efforts for communities affected by earthquakes in Indonesia and China; Typhoon Ketsana which swept across Vietnam, the Philippines, Laos and Cambodia; flooding in Queensland and India; and the tornado which devastated the Liangping Chongqing region of China.

KEY GOALS WE SET OUT TO ACHIEVE IN 2010

KEY GOALS WE SET OUT TO ACHIEVE IN 2010	PERFORMANCE
Implement our new CR framework across the Group with a specific focus on programs and initiatives in the Greater Mekong region.	
Implement our revised Human Rights Statement across our business.	
Pilot a debt advice service for retail customers in financial difficulty.	
Implement consistent social and environmental assessment processes and guidance for the evaluation and credit approval of sensitive sector Institutional clients in our Asia Pacific operations.	
Improve our retail customer satisfaction in Australia and New Zealand.	
Improve our performance on the Peter Lee and Associates survey of corporate and institutional clients.	
Reduce our Lost Time Injury Frequency Rate (LTIFR) in Australia and New Zealand by a further 10% and continue the global implementation of our health and safety system.	
Achieve an employee engagement score of 69% in 2010.	
Implement a new Group-wide community investment model and enable staff to contribute 100,000 hours volunteering.	
Implement our revised sustainable sourcing framework and publicly report on verification, audit processes and spot checks used to assess compliance and corrective actions required.	
Implement products and services to assist clients and customers with the transition towards a lower-carbon economy.	
Implement a tailored learning program and tools for senior leaders and employees to further embed a strong risk management culture across ANZ.	

ACHIEVED OR ON TRACK TO ACHIEVE PARTIALLY ACHIEVED OR IN PROGRESS DID NOT ACHIEVE

See anz.com/cr/performance for more detail



John Harries, General Manager, Australia Operations, has led our Disability Action Plan Steering Committee since 2007. For the second year in a row, ANZ achieved its target to employ a further 35 people with disability across our business.

EDUCATION AND EMPLOYMENT OPPORTUNITIES

Education and employment opportunities are key to changing people's lives and are high on the development agendas of individuals and governments across our region.

We know that a good education leads to employment, and combined, they can make a significant and sustainable difference to the lives of disadvantaged groups and people that are under-represented in the workforce.

By actively improving the diversity of our staff, we are better able to understand and serve an increasingly wide range of customers across multiple countries and cultures. Ideas and views drawn from different backgrounds and life experiences also contribute to better decisions and innovation for our customers.

Advancing Women at Work

We have invested significantly over many years to develop an organisational culture that enables and promotes the advancement of women at ANZ.

This has included setting public targets to increase the number of women in management every year since 2005 and getting more women into strategic and line management roles:

- There are now three women on our Management Board of 12 executives, where in 2007 there was none.
- Five female country CEOs lead our business in important markets in Asia such as China, Vietnam and Hong Kong.
- Senior women now run key businesses including leading our operations in Bangalore, India; Private Bank in Australia and New Zealand; Retail and Wealth businesses in Asia and the Pacific; Global Capital Markets business; and our Global Shared Services function.

Indigenous Traineeships Build Long-term Careers

Our traineeships are continuing to kick-start careers and provide a pathway to long-term prosperity for Indigenous Australians.

Spanning one to two years, the traineeships provide practical banking and workplace experience while developing participants' capabilities and confidence to broaden their future employment or academic aspirations and opportunities.

This year we recruited 215 new trainees, with a total of 475 Indigenous youth participating since the program's inception in 2003.

A priority is supporting participants to complete the full duration of their traineeship. We have enhanced interview and screening processes to include a voluntary week of work experience before the traineeship commences, helping the prospective trainees to decide if the program is right for them. Greater emphasis on managing expectations and selecting the most suitable candidates is also in place.

This year, around 70% of participants successfully completed the traineeship, well in excess of the non-trade Indigenous sector average of 30%, and on par with traineeship completion rates for non-Indigenous workers¹.

¹ National Centre for Vocational Education Research (2008).

This year we increased the proportion of women in management from 36.8% to 38.4% and aim to have 40% female managers by 30 September 2011.

Despite steady progress, feedback from our own employees supports global research highlighting the challenges some women face in their careers, for example, the loss of career momentum and responsibilities after taking time out for family.

Affordability and access to childcare remain key issues for our employees, who are also asking us to further develop and embed flexible work arrangements across our business.

In response, we announced a range of measures including a \$4,000 childcare allowance for our Australian staff returning from parental leave and superannuation payments on all forms of their paid parental leave.

A Senior Executive Diversity Council chaired by our CEO, mentoring programs, a Gender Action Network and clear guidelines for recruitment, selection and remuneration of employees to reduce gender bias are among the initiatives in place to help to support, develop and promote women.

WOMEN IN MANAGEMENT 2009-2010

GROUP	2010 %	2009 %
Senior executives	23.9	24.7
Senior managers	27.6	27.6
Managers	40.6	38.3
Total	38.4	36.8

ANZ INDIGENOUS EMPLOYMENT PROGRAM KEY FACTS:

Traineeships since 2003	475
Length of traineeship	1 – 2 years
Completion rate for 2009/2010 traineeship programs	70%
Trainees now employed at ANZ	218

New ASX diversity requirements

ANZ is an early adopter of the recently announced Australian Stock Exchange's (ASX) Governance Principles relating to diversity, having set and reported on public targets for women in management for the past five years. We also set measurable diversity objectives for the employment of Indigenous people, people with disability and refugees in our business.

Donna Anderson, Branch Manager at Shepparton in Victoria is one of many staff supporting the delivery of our Saver Plus matched savings and financial literacy program in 60 communities across Australia.

EDUCATION AND EMPLOYMENT OPPORTUNITIES CONTINUED

Improving Career Opportunities for People with Disability

Our second Disability Action Plan (DAP) was launched in May and reaffirms our long-term commitment to making ANZ a place that welcomes and supports customers and staff with disability.

Together with targets to employ more people with disability, we are boosting information and services to encourage greater awareness and understanding of disability, mental health and wellbeing so we can better support our staff and customers.

Progress against of first DAP (2008–2010) includes:

- exceeding our public target to employ an additional 35 people with disability;
- implementing flexible employment policies to support staff with a disability and those who care for family members with an impairment;
- delivering audio-enabling to more than 2,000 ATMs;
- making nine of our most commonly used product brochures available to customers in Braille, large print and audio CD format; and
- improving compliance with the WC3 accessibility standards for our intranet and external website.

A number of our Australian staff voluntarily participate in our Abilities Network, helping to find better ways to support staff with disability and their managers. Thirty-seven executives and senior managers also joined our 'Willing and Able' program providing mentoring and advice to assist students with a disability as they transition into full-time employment.

Employment opportunities can also be generated through procurement decisions. We are updating our sourcing criteria to encourage and develop more relationships with inclusive companies who employ and support people with disability.

"The Disability Action Plan demonstrates a true commitment to systemic change within ANZ towards disability and it also shows leadership on the same front to the sector and the community at large."

VISION AUSTRALIA: WWW.VISIONAUSTRALIA.ORG



KEY GOALS WE SET OUT TO ACHIEVE IN 2010

Increase the percentage of women in management across all levels of our business.	⚙️
Employ an additional 180 Indigenous trainees.	✅
Employ an additional 35 people with disability across our global business.	✅

PERFORMANCE

⚙️
✅
✅

ACHIEVED OR ON TRACK TO ACHIEVE
 PARTIALLY ACHIEVED OR IN PROGRESS
 DID NOT ACHIEVE

See anz.com/cr/performance for more detail

FINANCIAL CAPABILITY

Helping to build individual prosperity in our communities is a fundamental purpose of our business. We do this by providing simple, fair and affordable products and services, sound advice and support, and clear information so our customers can make informed and effective decisions about the management of their money.

A significant investment over a number of years has helped us to create innovative programs that are improving the financial capability of people on low-incomes and from disadvantaged groups including women, Indigenous communities, people with disabilities and migrants.

Successful programs such as Saver Plus and MoneyMinded are now being adapted for new cultures and contexts so that more people in our region can benefit.

OUR FINANCIAL CAPABILITY PARTNERS

- Brotherhood of St Laurence
- The Smith Family
- The Benevolent Society
- Berry Street
- Mission Australia
- Anglicare SA
- Kildonan UnitingCare
- First Nations Foundation
- Te Rūnanga o Ngāi Tahu
- Australian Government (Department of Families, Housing, Community Services and Indigenous Affairs, FaHCSIA)

FINANCIAL CAPABILITY CONTINUED

Saver Plus Helps More Communities

A further 7,600 Australians are expected to participate in our Saver Plus matched savings and financial capability program over 2009–11, supported by a \$13.5 million grant from the Australian Government.

This year, the program (developed in partnership with Brotherhood of St Laurence) expanded from 20 to 60 locations across Australia, and continues to help people from disadvantaged and low-income backgrounds to improve their financial skills, knowledge and confidence and save for their children's or their own education expenses.

We work with a range of community partners who provide Saver Plus participants with financial education, personal coaching and support to help them reach their savings goal. Those who complete the program have their earned savings matched dollar-for-dollar up to \$500 by ANZ. Over 86% of program participants are women.

Long-term research conducted by RMIT shows Saver Plus has a lasting impact on financial habits, overall confidence and economic and social inclusion of those involved.

- 96% of participants have successfully met or exceeded their savings goal.
- More than 70% have continued saving at the same rate or more, long after completing the program.
- More than 48% of participants who met or exceeded their saving goal decreased their level of debt during the program.

Expansion of the program includes a focus on communities identified by the Australian Government as more vulnerable to an economic downturn because of location, industry composition, demographic profile, skill mix and past economic performance.

Getting MoneyMinded

Our MoneyMinded financial education program is being adapted to increase its reach and impact among local cultures in Australia, New Zealand and the Pacific.

MoneyMinded is delivered by government and community partners and provides basic budgeting, savings and money management skills, empowering people to live within their means, increase their savings and assets, manage credit and debt, and plan for their future.

An adaption called MoneyBusiness has been created for Indigenous Australian communities and is now available in 167 communities in partnership with the Australian Government.

MoneyMinded Pacific has been introduced to more than 2,000 of our staff across 11 Pacific countries this year and there are plans to introduce a community based version of the program in 2011, in conjunction with local community partners. While in New Zealand, we are working with the Te Rūnanga o Ngāi Tahu and the South Island Māori community to tailor MoneyMinded for local indigenous culture and experiences.

Over 125,000 people have participated in MoneyMinded since it commenced, including 31,910 low-income Australians this year.

Participants come from a diverse range of backgrounds and life experiences, including sole parents, young people with disabilities, and migrants.

"Saver Plus really made me think about my day-to-day spending, and realise how much money you can waste," says Alison.

"My children knew I was saving for the laptop and I think that by having a goal and planning for it, I'm sure it will rub off on my children for their future."



Progress Loans for Low-income Earners

We are developing new ways to deliver our small loans program to more Australians on low-incomes including using telephone and online sales and through selected branches.

Developed by ANZ and the Brotherhood of St Laurence (BSL), Progress Loans provide much needed access to small loans of between \$500 and \$5,000 for people who might normally have difficulty accessing credit from a mainstream bank.

The loans provide health care and pensioner concession card holders with affordable, fair and safe access to credit from a mainstream financial institution, thereby reducing the need for them to seek alternative financing, which can be high cost, unsafe and lead to unmanageable debt.

We are piloting the introduction of alternative, lower cost distribution channels designed to increase the reach of Progress Loans. Our goal is to achieve 1,000 new Progress Loans between 2009 and 2011 and we are on track to achieve this goal with almost 500 loans, worth \$1.3 million, provided this year.

As part of the pilot, BSL Loans Officers will be seconded to selected ANZ branches to build awareness of Progress Loans among staff, assist with development of the best process for managing applications in the branch and to deliver loans to ANZ customers.

We will also trial an ANZ telesales service with a specially trained consultant dedicated to managing phone applications. BSL is also exploring opportunities to enhance community referrals through a community champions network.

Recognising the vital role Progress Loans play in helping people on low incomes to meet household expenses and reduce their vulnerability to unexpected events, the Australian Government has provided the partners with \$1 million towards the pilot.

How Saver Plus Works

					
PARTICIPANT	AGREEMENT	SAVE	EDUCATION	MATCHING	OUTCOMES
– Over 8,300 participants since 2003. – 86% are women.	Meets with a Saver Plus worker from partner community organisation. Makes agreement to save an amount of money over a 10-month period.	Opens an ANZ savings account and makes regular deposits.	Attends financial sessions developed by ANZ and receives support and encouragement from Saver Plus worker when required.	Reaches savings goal. ANZ matches savings dollar-for-dollar up to \$500. Money used for their children's or own education expenses.	– 70% continue to save same amount or more 2-3 years later. – 96% successfully complete program.

KEY GOALS WE SET OUT TO ACHIEVE IN 2010

Work with our community partners and the Australian Government to enrol 7,600 people in our Saver Plus program over two years.	✓
Reach an additional 30,000 low-income and disadvantaged people with our MoneyMinded financial education program in partnership with community organisations.	✓
Work with the Brotherhood of St Laurence to write 1,000 new Progress Loans over two years using funding from the Australian Government to pilot new approaches to support long-term financial and social sustainability.	✓

PERFORMANCE

✓ ACHIEVED OR ON TRACK TO ACHIEVE
 ⚙️ PARTIALLY ACHIEVED OR IN PROGRESS
 ✗ DID NOT ACHIEVE

See anz.com/cr/performance for more detail

ANZ IN YOUR WORLD

ANZ Centre was named the Commercial Building of the Year in the prestigious Leading European Architects Forum (LEAF) Awards for 2010.

“ANZ Centre will set a global environmental and social sustainability benchmark for others to follow.” LEAF AWARDS JUDGES COMMENTS



ANZ CENTRE ENVIRONMENTAL FEATURES

- Solar Power
- Wind Turbines
- Tri-generation
- Underfloor Air Conditioning
- Stormwater Re-use
- Passive Sun Shading
- Black Water Recycling
- River Cooling

URBAN SUSTAINABILITY

Our growth strategy focuses on urban markets in Asia where our customers and local communities face congestion, air quality and sanitation challenges, particularly as populations grow.

In this context, we seek to better understand the social and environmental pressures on cities where we operate, and identify how we can help to improve environmental and social sustainability.

Sharing our Knowledge for Better Buildings

ANZ Centre, our new global headquarters in Melbourne is creating a lasting impression, not just on the environment, but also on the 6,500 staff who work there.

The ANZ Centre was designed to be one of the most environmentally progressive buildings and has since been awarded the '6 Star Green Star' Design rating from the Green Building Council of Australia.

It is also attracting significant interest from builders, architects, governments, and educators with hundreds of people visiting the Centre in the past year to learn more about these features and how they can implement similar initiatives in their own properties.

ANZ's new global headquarters at 833 Collins Street Melbourne is one of the largest commercial office buildings in the Southern Hemisphere and also one of the most environmentally and socially sustainable.

Designed to produce 70% less greenhouse gas (GHG) emissions than a standard commercial office building, ANZ Centre's environmental features include the use of under floor air distribution, river cooling, on-site generation of electricity using natural gas, wind and solar energy and black water recycling.

It also includes innovative features to support the health and wellbeing of our staff, including:

- flexible work zones, allowing staff space to work either collaboratively or individually as required;
- floor-to-ceiling glazing and central atriums ensuring maximum use of natural light;
- under floor air distribution system, enabling 90% fresh air intake, which far exceeds Australian building standards;
- over 500 bicycle spaces with easy access to bike paths for staff who wish to reduce the environmental impact of their travel to work; and
- a wellness centre offering a range of fitness, health and wellbeing programs.

Investing in a Renewable Energy Future

Around \$20 billion in renewable energy investment will be needed over the next 10 years to meet Australia's target of having 20% of its electricity generated from renewable sources by 2020.

Today, ANZ is a leading renewable energy financier – representing around 30% of our project finance energy sector lending portfolio. Our involvement has grown steadily over time, in line with increasing demand.

ANZ's current wind portfolio extends to some 1,145MW – enough renewable power to supply around 630,000 homes spread across 14 projects, of which over 80% are in Australia.

We financed Australia's first renewable energy project in 1992, providing project finance for Energy Developments BioEnergy landfill gas projects in Victoria. We also financed New South Wales' and Australia's first completed wind farm at Chalicum Hills in 2002.

For 2011, we have set a public goal to implement products and services to assist clients and customers with the transition towards a lower carbon economy and will continue to increase the proportion of lending to the renewable energy sector.

Implementing our Commitment to Carbon Neutrality

ANZ will achieve its commitment to become carbon neutral across our business globally at the end 2010 by purchasing a range of international carbon offsets.

Our commitment to carbon neutrality is aligned with the Australian Government's National Carbon Offset Standard (NCOS), a voluntary framework that provides accreditation for companies to become carbon neutral.

ANZ's carbon inventory will include a number of additional emissions beyond the NCOS standards, such as hotel accommodation, print paper, road transport and transmission losses.

Programs are in place to measure, reduce and offset our emissions associated not only with premises energy but also with air travel, accommodation and taxis, given the travel associated with our growing regional footprint.

We also continue to focus on reducing our travel emissions by promoting alternatives such as advanced video conferencing technology to communicate between our key offices.

A carbon management services provider has been appointed and is undertaking portfolio selection, detailed project assessment and evaluation of benefits.

Consistent with ANZ's super regional strategy, the projects supported by ANZ's carbon offsets will be primarily based in developing countries where we have a presence such as India, China, Cambodia, Thailand and Indonesia.

Our original timeframe to achieve carbon neutrality was delayed late last year due to a reshaping of our business and regulatory developments in Australia. However, the commitment will be applied retrospectively from 1 October 2009, thereby achieving our original target.

KEY GOALS WE SET OUT TO ACHIEVE IN 2010	PERFORMANCE
Implement our carbon neutral strategy and become carbon neutral globally in line with the Australian Government's National Carbon Offset Standard.	✓
Work towards achieving our two-year environmental goals in Australia and New Zealand:	⚙️
– Absolute reduction in GHG: -6% AUS / -2% NZ	⚙️
– Premises energy per FTE: -6% AUS / -2.5% NZ	⚙️
– Paper consumed per FTE: -10% AUS / -10% NZ	⚙️
– Water use per FTE: -10% AUS / Baseline NZ	⚙️
– Waste recycled: +10% (AUS) +10% (NZ)	⚙️
Review our Environmental Management System (EMS) for implementation across our key markets.	⚙️

✓ ACHIEVED OR ON TRACK TO ACHIEVE
 ⚙️ PARTIALLY ACHIEVED OR IN PROGRESS
 ✗ DID NOT ACHIEVE

See anz.com/cr/performance for more detail

Elizabeth Rova, Team Leader Rural Banking in Fiji, joins her colleagues delivering much needed basic banking services to rural and remote communities across the Pacific.

HELPING BRIDGE URBAN AND RURAL ECONOMIC AND SOCIAL DIVIDES

Reducing the economic and social divides that exist between urban and rural regions is a significant priority for governments and communities in many Asian and Pacific markets where we operate. As one of Australia's largest investors in the Asia Pacific region, there is much we can do to help bridge these divides.



We support the local and international businesses which create the industries, jobs, products and services that underpin thriving communities. We are also working with governments, multilateral and community organisations in a number of markets to improve financial capability and inclusion among under-banked and rural communities – at the same time developing new markets and customers for our future.

Supporting Economic Development in Rural China

As part of our growth strategy and long-term commitment to China, we opened our Chongqing Liangping Rural Bank becoming the first Australian bank to invest in China's rural finance area. In addition, we obtained preparatory approval to establish a city branch in Chongqing and, pending final regulatory approval, aim to launch the Chongqing branch by the end of 2010.

This area of Western China is a priority economic development zone. It is home to more than 31 million people, including some 900,000 in the county of Liangping, where around 90% are rural residents.

Since establishing a presence in this region, we have built a strong commercial loans business, providing much needed access to finance for small business loans among rural Chinese while sharing our banking expertise to help strengthen this local community and economy.

Our CEO, Mike Smith, is a member of the Chongqing Mayor's International Economic Advisory Council and we have also supported a year-long training initiative to improve the sustainability of the pomelo industry, a major contributor to the Liangping economy.

The training provides farmers with advice on business management, marketing, branding and trademarks, and plantation and cultivation skills with practical sessions to improve yields.

Around 2,000 farmers, agricultural committee officials and representatives of local pomelo industry associations have participated in the program to date.

We are continuing to improve access to basic banking services and loans for individuals and businesses, while extending the agricultural, marketing and financial literacy program to more farmers in the region.

Building Prosperity in Rural Fiji

Our rural banking service is playing a significant role in improving financial inclusion and family wellbeing in rural households across the Pacific.

Launched in Fiji in 2004, the service reaches more than 85,000 people throughout Fiji, the Solomon Islands, Samoa and Vanuatu. Purpose-built trucks travel between remote villages providing access to transactions and savings accounts and, in some areas, micro-loans for small enterprises.

According to a report released this year the service (together with a supporting United Nations financial education program), is helping to enhance the lives and livelihoods of the 300 rural Fijian communities we serve.

The *Financial Capability, Financial Competence and Wellbeing in Rural Fijian Households** study measured the financial skills of rural Indigenous Fijian villagers and used ANZ's rural banking services as a case study to illustrate how providing banking services creates greater financial inclusion and prosperity for people living in remote locations.

Among its findings, the study found villagers who have access to banking services and financial education are more likely to have funds to re-invest in their farm or business and the ability to manage spending and re-invest any surplus funds has a positive impact on the overall family well-being.

We are currently exploring opportunities to use technology to provide lower-cost and more convenient options to deliver banking services to rural communities; increasing access to micro-loans to further support economic development in the region; and expanding our MoneyMinded financial education program across the Pacific.

**The study was conducted by the United Nations Development Program (UNDP) Pacific Centre in conjunction with Massey University, New Zealand and the National Centre for Small and Micro Enterprise Development.*

"The research shows that the combination of financial literacy and access to reliable financial services has a direct impact on helping to lift communities out of poverty.

"It provides households with the ability to manage their resources to provide funds for education, food, electricity, water, improved sanitary conditions and medical services."

KNUT OSTBY, UN RESIDENT COORDINATOR IN FIJI

HELPING BRIDGE URBAN AND RURAL ECONOMIC AND SOCIAL DIVIDES CONTINUED

Improving Economic and Financial Inclusion in Cambodia

More than 180,000 Cambodians, many of whom had little or no access to financial services, have registered for our mobile banking service, called WING.

Fewer than 5% of Cambodians currently have bank accounts, while more than 80% have access to mobile phones. Mobile banking therefore provides affordable, accessible, secure and fast services to a largely unbanked population.

Customers access their WING accounts to make secure, immediate payments using a personal identification number via any mobile phone. They can also deposit savings and make or receive cash payments through more than 600 Cash Xpress outlets located in all of Cambodia's 24 provinces.

Using WING, customers can avoid the often costly and unsecured channels of taxis, couriers or middlemen, while gaining the security and speed of using mobile technology. Parents supporting children studying away from home, migrant workers sending money home to their families in villages and farmers receiving payments from markets all benefit from using WING.

A \$1.5 million grant from the Australian Government's AusAID Enterprise Challenge Fund has helped to extend the availability of WING outside urban centres.

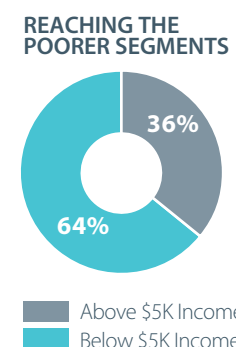
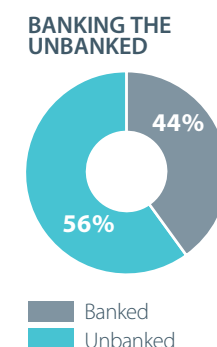
Our experience with WING has taught us much about the emerging market of mobile phone banking and payments, the 'next wave' of banking innovation.

In September, we launched goMoney™ – Australia's first iPhone banking application enabling customers to securely transfer money between friends, relatives and businesses using mobile phone details.

WING customer Kong Chan Ny is a market trader selling Chinese broccoli grown by local farmers in the Takhmau market – 15 km out of Phnom Penh. She uses WING to make her micro business more efficient.

"Getting money to my producers takes a lot of my time and it also can be a security risk. WING is easy and fast to use, I am encouraging my producers to use WING so I can transfer the money I owe for my vegetables."

KONG CHAN NY



Research conducted in partnership with the International Finance Corporation and released this year reveals 56% of WING customers were previously unbanked. Of these 67% are women, 48% live outside the capital Phnom Penh and 64% live in households where income is less than US\$5K per annum.

KEY GOALS WE SET OUT TO ACHIEVE IN 2010

Complete and release an evaluation of our programs supporting rural financial inclusion in Cambodia (WING).

Complete and release an evaluation of our programs supporting rural financial inclusion in the Pacific (Banking the Unbanked).

PERFORMANCE



ACHIEVED OR ON TRACK TO ACHIEVE
 PARTIALLY ACHIEVED OR IN PROGRESS
 DID NOT ACHIEVE

See anz.com/cr/performance for more detail

OUR CORPORATE RESPONSIBILITY TARGETS 2011

RESPONSIBLE PRACTICES

CUSTOMERS

Maintain our leadership position on customer satisfaction among the major banks in Australia and improve our performance in New Zealand.

Improve our performance on the Peter Lee and Associates survey of corporate and institutional clients.

Resolve 90% of retail customer complaints in Australia/New Zealand within 5 business days.

Publicly report evaluations and action plans arising from a review of our initiatives to support customers facing financial difficulty, including our Debt Advice and Early Assistance pilots in Australia and customer financial wellbeing initiatives in New Zealand.

Implement products and services to assist clients and customers with the transition towards a lower-carbon economy including increasing the proportion of lending to the renewable energy sector.

EMPLOYEES

Achieve an employee engagement score of 68% and implement actions to respond to feedback from our 2010 My Voice Employee Survey.

Engage 120 of our senior executives in a leadership program to identify and make the most of opportunities created by our super regional growth strategy.

Implement employee wellbeing programs and reduce our Lost Time Injury Frequency Rate (LTIFR) in Australia (by 5–10%), New Zealand (by 1–5%) and stay under an LTIFR of 1.0 in India.

Achieve 100,000 hours volunteering globally and undertake skilled volunteering pilots in Australia, the Philippines, Papua New Guinea and Vietnam.

Implement a new approach to payroll giving and achieve 15% employee participation in Australia and New Zealand.

SUPPLIERS

Develop, implement and report on a Global Sourcing policy and Global Supplier Code of Practice incorporating social, environmental and governance standards.

Continue to implement and report on our program of verification and spot checks for compliance with our sustainability standards among high-risk suppliers.

RESPONSIBLE PRACTICES CONTINUED

Enhance the criteria guiding our purchasing decisions, to encourage and develop more relationships with inclusive companies who employ and support people with disability.

GOVERNANCE

Continue implementation of our CR framework by developing clear criteria and flagship programs to support each of our priority areas.

Continue implementation of our human rights standards including publicly reporting our progress.

Complete a review of investment portfolios across our business against the guidelines set out in the UN Principles for Responsible Investment.

Implement enhanced social and environmental policies, training and evaluation processes for sensitive sector clients in Asia Pacific.

Continue to develop a strong risk-aware culture across the bank through employee training, proactive governance health checks and implementation of our Global Policy Governance Framework.

EDUCATION AND EMPLOYMENT OPPORTUNITIES

Increase the proportion of women in management at all levels of the organisation and achieve at least 40% in total by 2011.

Provide 100 additional traineeships to Indigenous Australians and convert at least 65% of those who complete the program to permanent ANZ employees.

Support the advancement of people with disability through a business mentoring program; by employing an additional 35 people with a self-nominated disability across our global business; and achieve at least a 75% retention rate for our 2009–2011 intake.

Achieve a 100% completion rate for the 15 participants in our Australian refugee employment pathway program.

Achieve a 2% increase in the number of Māori graduates in our New Zealand internship program.

Visit anz.com/cr/targets for more detail

ANZ IN YOUR WORLD

OUR TARGETS 2011 CONTINUED

BRIDGING URBAN AND RURAL SOCIAL AND ECONOMIC DIVIDES

Implement innovative products and services to support social, economic and financial inclusion.

Increase availability of our mobile phone savings and money transfer service in Cambodia to 185 districts and assist customers to save a total of \$450,000 by reducing the cost of remittances from urban to regional areas.

Achieve 15% growth in deposits and micro-loans in our Rural banking business in Fiji.

Achieve an above industry average loan-to-deposit ratio for ANZ Rural Bank in Liangping China and extend our agricultural education program to a further 2,000 farmers in the region.

FINANCIAL CAPABILITY

Reach an additional 30,000 people from low-income and disadvantaged backgrounds with our MoneyMinded financial capability program, adapted where appropriate for local cultures and contexts.

Work with our community partners and the Australian Government to enrol 7,600 people in our Saver Plus program over two years.

Work with the Brotherhood of St Laurence to write 1,000 new Progress Loans over two years using funding from the Australian Government to pilot new approaches to support long-term financial and social sustainability.

Visit anz.com/cr/targets for more detail

FINANCIAL CAPABILITY CONTINUED

Implement targeted initiatives that respond to our Financial Knowledge Survey of the Ngāi Tahu Māori community in NZ.

Conduct and publicly release our latest benchmark research into adult financial literacy in Australia.

URBAN SUSTAINABILITY

Support the design, building and construction sectors in advancing urban sustainability by conducting education sessions at our 6-Star Green Star Global Headquarters.

Maintain our carbon neutral commitment across our operations globally.

Work towards achieving our two-year environmental goals in Australia and New Zealand:	AUS	NZ
– Absolute reduction in GHG	–6%	–2%
– Premises energy per FTE	–6%	–2.5%
– Paper consumed per FTE	–10%	–10%
– Water use per FTE	–10%	Est base-line
– Waste recycled	+10%	+10%

Implement our revised Environmental Management System in a pilot market in Asia.

REPORTING AT ANZ

Our 2010 corporate responsibility (CR) reporting comprises the information contained in this review and the information contained on our website.

ASSURANCE

ANZ has used the AA1000 Accountability Principles Standard (AA1000APS – 2008) in the preparation of our 2010 reporting. Corporate Citizenship has provided an external assurance statement in keeping with the International Standard on Assurance Engagements (ISAE 3000) and the Accountability Assurance Standard (AA1000AS – 2008).

GLOBAL REPORTING INITIATIVE

We used the Global Reporting Initiative (GRI) Sustainability Guidelines (including the Financial Services Sector Supplement) and our engagement with stakeholders throughout the year, including customers, governments, regulators, employees, NGOs and external experts in determining the content for our reporting.

LONDON BENCHMARKING GROUP

ANZ uses the London Benchmarking Group (LBG) framework for measuring and reporting community contributions and achievements. Positive Outcomes has provided an assurance statement available at www.anz.com/lbg.

BEYOND THIS REPORT

Our website anz.com contains detailed information about ANZ and our CR agenda including our programs and initiatives, our performance against our goals and our approach to governance, stakeholder engagement and decision making.

FEEDBACK

We are interested in your views on how we report our performance, whether it's specific to your experiences with us or suggestions on how to make our business or reporting better.

Feedback is always welcome and you can tell us what you think by emailing: aboutus@anz.com.

FIVE YEAR SUMMARY

	2010 \$m	2009 \$m	2008 \$m	2007 \$m	2006 \$m
FINANCIAL PERFORMANCE¹					
Net interest income	10,862	9,890	7,855	7,302	6,943
Other operating income	4,920	4,477	4,440	3,765	3,146
Operating expenses	(6,971)	(6,068)	(5,406)	(4,953)	(4,605)
Profit before provisions and income tax	8,811	8,299	6,889	6,114	5,484
Provision for credit impairment	(1,820)	(3,056)	(2,090)	(567)	(407)
Income tax expense and non-controlling interests	(1,966)	(1,471)	(1,373)	(1,623)	(1,490)
Underlying profit ¹	5,025	3,772	3,426	3,924	3,587
Adjustments between statutory and underlying profit ¹	(524)	(829)	(107)	256	101
Profit attributable to shareholders of the Company	4,501	2,943	3,319	4,180	3,688
FINANCIAL POSITION					
Assets	531,739	476,987	470,293	392,773	334,640
Net assets	34,155	32,429	26,552	22,048	19,906
Tier 1 capital ratio ²	10.1%	10.6%	7.7%	6.7%	6.8%
Return on average ordinary equity ³	13.9%	10.3%	14.5%	20.9%	20.7%
Return on average assets	0.9%	0.6%	0.8%	1.2%	1.1%
Cost to income (underlying) ¹	44.2%	42.2%	44.0%	44.9%	45.6%
SHAREHOLDER VALUE – ORDINARY SHARES					
Total return to shareholders (share price movement plus dividends)	1.9%	40.3%	–33.5%	15.6%	17.1%
Market capitalisation	60,614	61,085	38,263	55,382	49,331
Dividend	126 cents	102 cents	136 cents	136 cents	125 cents
Share price – 30 September closing price	\$23.68	\$24.39	\$18.75	\$29.70	\$26.86
OTHER INFORMATION					
Points of representation	1,394	1,352	1,340	1,327	1,265
Number of employees (full-time equivalent)	46,917	37,687	36,925	34,353	32,256
Number of shareholders ⁴	411,692	396,181	376,813	327,703	291,262

¹ Adjusted for material 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. ² Basel II has been applied from 1 January 2008. Prior to that values were calculated using Basel I methodology. ³ Average ordinary shareholders' equity excludes non-controlling interests and preference share dividend. ⁴ Excludes employees whose only ANZ shares are held in trust under ANZ employee share schemes.

YOUR DIRECTORS

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.



JOHN MORSCHEL
Chairman
Chair of Governance Committee
DipQS, FAICD

Director since October 2004. Chairman since March 2010. Ex officio member all Board Committees.



GREGORY CLARK
Chair of Technology Committee
BSc (Hons), PhD, FAPS, FTSE

Director since February 2004. Member of the Governance Committee and Human Resources Committee.



PETER HAY
LLB (Melb), FAICD

Director since November 2008. Member of the Audit Committee, Human Resources Committee and Risk Committee.



IAN MACFARLANE, AC
Chair of Risk Committee
BEd (Hons), MEd, Hon DSc (Syd), Hon DSc (UNSW), Hon DCom (Melb), Hon DLitt (Macq), Hon LL.D (Monash)

Director since February 2007. Member of the Governance Committee and Technology Committee.



DAVID MEIKLEJOHN, AM
Chair of Audit Committee
BCom, DipEd, FCPA, FAICD, FAIM

Director since October 2004. Member of the Human Resources Committee and Risk Committee.



ALISON WATKINS
Chair of Human Resources Committee
BCom, FCA, F Fin, FAICD

Director since November 2008. Member of the Audit Committee and Risk Committee.



LEE HSIEN YANG
MSc, BA

Director since February 2009. Member of the Risk Committee and Technology Committee.



MICHAEL SMITH, OBE
Chief Executive Officer
Executive Director
BSc (Hons)

Chief Executive Officer since 1 October 2007.

The above information sets out Board Committee memberships as at 30 September 2010. Full biography details can be found on our website: www.anz.com/about-us/our-company/executive/board-of-directors.

DIRECTORS' REMUNERATION 2009 AND 2010	FINANCIAL YEAR	SHORT-TERM EMPLOYEE BENEFITS \$	POST EMPLOYMENT \$	TERMINATION BENEFITS \$	TOTAL \$
Current Non-Executive Directors					
JP Morschel (Appointed Director October 2004; Appointed Chairman March 2010) Independent Non-Executive Director, Chairman	2010	566,250	14,646	-	580,896
	2009	272,987	13,924	-	286,911
GJ Clark (Appointed February 2004) Independent Non-Executive Director	2010	261,000	14,646	-	275,646
	2009	251,083	13,924	-	265,007
PAF Hay (Appointed November 2008) Independent Non-Executive Director	2010	276,000	14,646	-	290,646
	2009	207,973	13,343	-	221,316
HY Lee (Appointed February 2009) Independent Non-Executive Director	2010	235,000	14,646	-	249,646
	2009	139,412	10,149	-	149,561
IJ Macfarlane (Appointed February 2007) Independent Non-Executive Director	2010	272,000	14,646	-	286,646
	2009	265,000	13,924	-	278,924
DE Meiklejohn (Appointed October 2004) Independent Non-Executive Director	2010	306,000	14,646	-	320,646
	2009	287,000	13,924	-	300,924
AM Watkins (Appointed November 2008) Independent Non-Executive Director	2010	303,000	14,646	-	317,646
	2009	231,943	13,477	-	245,420
Former Non-Executive Directors					
CB Goode (Appointed Director July 1991; appointed Chairman August 1995; retired February 2010) Independent Non-Executive Director	2010	334,483	7,231	1,398,845	1,740,559
	2009	783,000	13,924	-	796,924
JK Ellis (Appointed October 1995; retired December 2009) Independent Non-Executive Director	2010	51,546	3,615	478,333	533,494
	2009	253,014	13,924	-	266,938
2010 Total of all Non-Executive Directors		2,605,279	113,368	1,877,178	4,595,825

REMUNERATION OVERVIEW

The following provides a summary of the remuneration for the Chief Executive Officer and Key Management Personnel*. The summary delineates between remuneration paid or realised in the current year and that awarded in the current year that is realised in subsequent years. A more detailed Remuneration Report is contained in the Annual Report pages 15 to 45. The Report can be accessed via the ANZ website as well as in hard copy.

ANZ designed its remuneration framework to focus our people on creating and building 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 pay, short term incentive and long term incentive. In the case of the Chief Executive Officer his remuneration opportunity is split evenly between the three components. In the case of Executives, a significant portion of their remuneration is 'at risk' but will differ from executive to executive.

Remuneration Structure – Chief Executive Officer

The following table, relating to the CEO, shows:

- The actual amounts or grants made in respect of the years 2008/09 and 2009/10;
- Any amounts which had to be deferred in respect of the years 2008/09 and 2009/10; and
- The actual amounts received in respect of the years 2008/09 and 2009/10.

	FIXED PAY (\$)	STI (\$)	LTI ² (\$)	OTHER GRANTS/BENEFITS (\$)	TOTAL (\$)
CHIEF EXECUTIVE OFFICER (M SMITH)¹					
2009/10					
Amounts paid or granted in respect of 2009/10 year	3,000,000	4,750,000	–	5,500 ³	7,755,500
less amounts which must be deferred in respect of 2009/10 year	–	2,250,000	–	–	2,250,000
Amounts received in respect of 2009/10 year	3,000,000	2,500,000	–	5,500 ³	5,505,500
2008/09					
Amounts paid or granted in respect of 2008/09 year	3,000,000	4,500,000	–	1,594,000 ^{3,4}	9,094,000
less amounts which must be deferred in respect of 2008/09 year	–	2,100,000	–	1,589,000 ⁴	3,689,000
Amounts received in respect of 2008/09 year	3,000,000	2,400,000	–	5,000 ³	5,405,000

1. On commencement with ANZ, M Smith was granted three tranches of equity valued at \$3 million each. The first of these tranches of deferred shares became available on 2 Oct 08 – price at vesting \$19.0610 (based on 1 day VWAP as at 2 Oct 08). Therefore the value of this tranche at date of vesting was \$2,096,920. The second tranche became available on 2 Oct 09 – price at vesting \$23.5600 (based on 1 day VWAP as at 2 Oct 09). Therefore the value of this tranche at date of vesting was \$2,591,859. These amounts are not reflected in the table above as they relate to a specific equity arrangement associated with his commencement and are not a part of his standard remuneration arrangements. 2. LTI grants covering the CEO's first three years in the role were granted on his commencement and, therefore, no further grants were made in 2009/10 or 2008/09. A LTI grant is proposed for 2010/11, subject to approval by shareholders at the 2010 AGM. No value was received from previous LTI grants in either the current or previous years. 3. Provision of Australian taxation return services by PricewaterhouseCoopers. 4. Special equity grant – Dec 08 – 700,000 options valued @ \$2.27 per option.

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

Executives – Key Management Personnel

The following tables cover those disclosed Executives who were employed at the Executive level for 2009/10 and for comparison include tables for 2008/09 from last year's remuneration report. The tables detail:

- The actual amounts or grants made in respect of the years 2008/09 and 2009/10;
- Any amounts which had to be deferred in respect of the years 2008/09 and 2009/10; and
- The actual amounts received in respect of the years 2008/09 and 2009/10.

	FIXED PAY (\$)	STI (\$)	LTI (\$)	OTHER GRANTS/BENEFITS (\$)	TOTAL (\$)
CHIEF FINANCIAL OFFICER (P MARRIOTT)¹					
2009/10					
Amounts paid or granted in respect of 2009/10 year	1,000,000	1,140,000	500,000	2,595	2,642,595
less amounts which must be deferred in respect of 2009/10 year	–	470,000	500,000	–	970,000
Amounts received in respect of 2009/10 year	1,000,000	670,000	–	–	1,672,595
2008/09					
Amounts paid or granted in respect of 2008/09 year	1,000,000	850,000	500,000	–	2,350,000
less amounts which must be deferred in respect of 2008/09 year	–	325,000	500,000	–	825,000
Amounts received in respect of 2008/09 year	1,000,000	525,000	–	–	1,525,000
CHIEF RISK OFFICER (C PAGE)²					
2009/10					
Amounts paid or granted in respect of 2009/10 year	1,100,000	1,320,000	425,000	60,565	2,905,565
less amounts which must be deferred in respect of 2009/10 year	–	560,000	425,000	–	985,000
Amounts received in respect of 2009/10 year	1,100,000	760,000	–	60,565	1,920,565
2008/09					
Amounts paid or granted in respect of 2008/09 year	850,000	1,600,000	425,000	301,988	3,176,988
less amounts which must be deferred in respect of 2008/09 year	–	700,000	425,000	–	1,125,000
Amounts received in respect of 2008/09 year	850,000	900,000	–	301,988	2,051,988
DEPUTY CHIEF EXECUTIVE OFFICER (G HODGES)³					
2009/10					
Amounts paid or granted in respect of 2009/10 year	1,000,000	1,140,000	500,000	17,309	2,657,309
less amounts which must be deferred in respect of 2009/10 year	–	470,000	500,000	–	970,000
Amounts received in respect of 2009/10 year	1,000,000	670,000	–	17,309	1,687,309
2008/09					
Amounts paid or granted in respect of 2008/09 year	1,000,000	860,000	500,000	145,940	2,505,940
less amounts which must be deferred in respect of 2008/09 year	–	330,000	500,000	–	830,000
Amounts received in respect of 2008/09 year	1,000,000	530,000	–	145,940	1,675,940

1. **Marriott** – Equity which has been previously disclosed in remuneration reports in prior years that first vested in 2009/10 included STI Deferred Shares and Options granted 31 October 2008 and LTI Performance Rights granted 24 October 2006. At the respective vesting dates the total value of the equity was \$1,600,774. Other grants/benefits includes car parking. 2. **Page** – Other grants/benefits for 2009/10 includes relocation expenses and taxation services provided by PricewaterhouseCoopers and for 2008/09 includes relocation expenses. No equity from prior years first vested in 2009/10. 3. **Hodges** – Other grants/benefits for 2009/10 includes taxation services provided by PricewaterhouseCoopers and for 2008/09 includes relocation expenses including an annual leave payment on change of contracts on transfer from New Zealand to Australia. Equity which has been previously disclosed in remuneration reports in prior years that first vested in 2009/10 included STI Deferred Options and Rights granted 31 October 2008 and LTI Performance Rights granted 24 October 2006. At the respective vesting dates the total value of the equity was \$1,698,143.

Executives – Key Management Personnel Continued

	FIXED PAY (\$)	STI (\$)	LTI (\$)	OTHER GRANTS/BENEFITS (\$)	TOTAL (\$)
CHIEF EXECUTIVE OFFICER, ASIA PACIFIC, EUROPE AND AMERICA (A THURSBY)⁴					
2009/10					
Amounts paid or granted in respect of 2009/10 year	1,000,000	2,500,000	550,000	23,570	4,073,570
less amounts which must be deferred in respect of 2009/10 year	–	1,150,000	550,000	–	1,700,000
Amounts received in respect of 2009/10 year	1,000,000	1,350,000	–	23,570	2,373,570
2008/09					
Amounts paid or granted in respect of 2008/09 year	1,000,000	2,600,000	550,000	88,351	4,238,351
less amounts which must be deferred in respect of 2008/09 year	–	1,200,000	550,000	–	1,750,000
Amounts received in respect of 2008/09 year	1,000,000	1,400,000	–	88,351	2,488,351
CHIEF EXECUTIVE OFFICER, AUSTRALIA (P CHRONICAN)⁵					
2009/10					
Amounts paid or granted in respect of 2009/10 year	1,079,000	1,400,000	650,000	296,974	3,425,974
less amounts which must be deferred in respect of 2009/10 year	–	600,000	650,000	–	1,250,000
Amounts received in respect of 2009/10 year	1,079,000	800,000	–	296,974	2,175,974
CHIEF EXECUTIVE OFFICER, INSTITUTIONAL (S ELLIOTT)⁶					
2009/10					
Amounts paid or granted in respect of 2009/10 year	1,000,000	2,500,000	550,000	12,334	4,062,334
less amounts which must be deferred in respect of 2009/10 year	–	1,150,000	550,000	–	1,700,000
Amounts received in respect of 2009/10 year	1,000,000	1,350,000	–	12,334	2,362,334
FORMER EXECUTIVES					
FORMER CHIEF EXECUTIVE OFFICER, NEW ZEALAND (J FAGG)⁷					
2009/10					
Amounts paid or granted in respect of 2009/10 year	782,000	892,400	391,000	105,359	2,170,759
less amounts which must be deferred in respect of 2009/10 year	–	354,200	391,000	–	745,200
Amounts received in respect of 2009/10 year	782,000	538,200	–	105,359	1,425,559

4. Thursby – Other grants/benefits includes relocation expenses. Equity which has been previously disclosed in remuneration reports in prior years that first vested in 2009/10 included STI Deferred Shares and Options granted 31 October 2008. At the vesting dates the total value of the equity was \$778,843. In addition to remuneration shown above, Thursby received an equity grant in 2008/09 in accordance with his employment arrangements on joining ANZ. ANZ agreed to provide Thursby with three separate tranches of deferred shares to the value of \$1 million per annum. The first grant was made on 3 September 2007, the second on 28 August 2008 and the final tranche was granted on 22 September 2009. The shares are restricted and held in trust for three years from the date of allocation. The first tranche became available on 3 September 2010, valued at \$804,989 at vesting. **5. Chronican** – Chronican commenced on 30 November 2009 so payments reflect amounts received for the partial service for the 2009/10 year. Other grants/benefits includes relocation expenses and car parking. In addition to the remuneration shown above, Chronican received a LTI equity grant in December 2009. As Chronican joined ANZ in November 2009 he was not included in the LTI grants made to other Management Board members in early November. Accordingly, this grant was made in December on similar terms and conditions as those provided to Management Board for 2009, apart from the allocation value which varied to reflect different values at the respective grant dates. **6. Elliott** – Other grants/benefits includes relocation expenses and taxation services provided by Ernst & Young. No equity from prior years first vested in 2009/10. In addition to remuneration shown above, Elliott received an equity grant in 2008/09 in accordance with his employment arrangements on joining ANZ. ANZ agreed to provide Elliott with shares to the value of \$125,000 deferred for 1 year and shares to the value of \$125,000 deferred for two years. The shares were granted on 11 June 2009. The one year deferred shares became available on 11 June 2010, valued at \$172,589 at vesting. **7. Fagg** – Fagg stepped down on 1 September 2010 so actual payments have been prorated based on time as a Key Management Personnel in the 2009/10 year. Other grants/benefits includes relocation expenses and taxation services provided by PricewaterhouseCoopers. Equity which has been previously disclosed in remuneration reports in prior years that first vested in 2009/10 included LTI Performance Rights granted 24 October 2006. At the vesting date the total value of the equity was \$804,743. In addition to remuneration shown above, Fagg received a special equity grant in 2006/07 for retention purposes. ANZ agreed to provide Fagg with an allocation of three year deferred shares to the maximum value of \$300,000, granted on 3 September 2007. The deferred shares became available on 3 September 2010, valued at \$241,483 at vesting.

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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
- Pacific – American Samoa, Cook Islands, East Timor, Fiji, Guam, Kiribati, New Caledonia, Papua New Guinea, Samoa, Solomon Islands, Tonga, Vanuatu
- Europe
- Middle East
- United Kingdom
- United States of America

IMPORTANT DATES FOR SHAREHOLDERS*

DATE	EVENT
3 MAY 2011	Interim Results Announcement
12 MAY 2011	Interim Dividend Ex-Date
18 MAY 2011	Interim Dividend Record Date
1 JULY 2011	Interim Dividend Payment Date
3 NOVEMBER 2011	Annual Results Announcement
10 NOVEMBER 2011	Final Dividend Ex-Date
16 NOVEMBER 2011	Final Dividend Record Date
16 DECEMBER 2011	Final Dividend Payment Date
16 DECEMBER 2011	Annual General Meeting

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



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