

ANZ NOTICE OF MEETING

2014 ANNUAL GENERAL MEETING

TABLE OF CONTENTS

Location of the Annual General Meeting	02
ANZ Shareholder Centre Website	03
2014 Annual Report and 2014 Shareholder Review	03
Annual General Meeting Agenda	04
How the Annual General Meeting will be conducted	04
Notice of 2014 Annual General Meeting	05
Explanatory Notes	07

For personal use only

LOCATION OF THE ANNUAL GENERAL MEETING

Thursday, 18 December 2014 10:00am (Melbourne time)

Melbourne Room, Level 2, Melbourne Convention Centre
1 Convention Centre Place, South Wharf, Victoria



THE MELBOURNE CONVENTION CENTRE

The Melbourne Convention Centre is located on the banks of the iconic Yarra River in South Wharf. It is a short walk from Melbourne's central business district and just a 20-minute drive from Melbourne Airport.

The Centre is easily accessible by car, train, bus, taxi and on foot.

TRAVELLING BY PUBLIC TRANSPORT

BY TRAM

Catch any of the following trams and get off at the stop opposite the Clarendon Street entrance of the Melbourne Exhibition Centre:

Route 12 – Victoria Gardens to St Kilda

Route 96 – St Kilda to East Brunswick

Route 109 – Port Melbourne to Box Hill

Alternatively catch tram number 70 from Flinders Street Station and get off at the South Wharf stop. Then take

a short walk towards the Yarra River, and cross the Seafarers Bridge. For tram timetable information and trip planning, visit the Public Transport Victoria website.

BY TRAIN

Take any train that goes to Southern Cross Station. Get off at Southern Cross Station and catch tram number 12, 96 or 109. For train timetable information and trip planning, visit the Public Transport Victoria website.

BY BUS

The SkyBus transports visitors directly from Melbourne Airport to Southern Cross Station.

Bus route 237 operates from Southern Cross Station to Lorimer Street South Wharf and back. For bus timetable information and trip planning, visit the Public Transport Victoria website.

TRAVELLING BY CAR

DRIVING YOURSELF

If you're driving to the Melbourne Convention Centre, there are five car parks available for use.

1. MELBOURNE EXHIBITION CENTRE PARKING

1060 undercover parking spaces are available. Entrance and exit off Normanby Road. Open 24 hours, seven days a week.

2. SIDDELEY STREET PARKING

Open 24 hours, seven days a week.

3. FREEWAY PARKING

This car park is located at Munro Street. You can access this car park via Normanby Road and Munro Street.

4. SOUTH WHARF PARKING

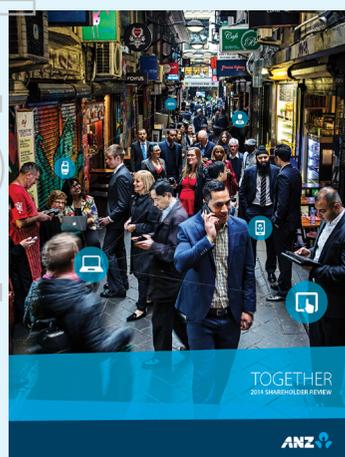
550 open air parking spaces are available. Entrance off Normanby Road. Open 24 hours, seven days a week.

5. MONTAGUE STREET PARKING

This car park is located at the corner of Montague Street and Munro Street.

CATCH A TAXI

Ask the taxi driver to drop you off at Convention Centre Place, next to the Hilton Melbourne South Wharf and DFO South Wharf.



ANZ SHAREHOLDER CENTRE WEBSITE

Our shareholder website has recently been updated to better serve our shareholders. Shareholders are able to view information in the manner that best suits them. Documents are available in various formats – view online, download or request a hard copy.

2014 ANNUAL REPORT AND 2014 SHAREHOLDER REVIEW

The Annual Report provides detailed financial data and information on the Group's performance as required to comply with applicable regulatory requirements. We also issue a Shareholder Review which is a non-statutory document covering key performance areas, financial information, remuneration details and corporate responsibility.

These documents are available at anz.com/annualreport or by calling the Share Registrar on 1800 11 33 99 (within Australia) or (61 3) 9415 4010 (outside Australia) to request a hard copy.

ANNUAL GENERAL MEETING AGENDA

Thursday, 18 December 2014

9:00am	Registration Opens
9:15am	Morning Tea
10:00am	Annual General Meeting commences Welcome to Shareholders – Chairman Chief Executive Officer’s presentation Items of Business

Please join the Chairman, David Gonski, the Directors and senior executives of ANZ for refreshments after the Annual General Meeting

HOW BUSINESS WILL BE CONDUCTED AT THE MEETING

The Annual General Meeting is an important event and we encourage shareholders to actively participate.

Important information about the conduct of the Meeting is set out below.

DISCUSSION AND ASKING QUESTIONS

Discussion will take place on all the items of business as set out on page 5.

The Explanatory Notes also provide further information relating to the items of business.

Shareholders will have the opportunity to ask questions at the Annual General Meeting (including an opportunity to ask questions of the Auditor).

To ensure that as many shareholders as possible have the opportunity to speak, shareholders are requested to observe the following guidelines:

- please keep questions as brief as possible and relevant to the matters being discussed;
- if a shareholder has more than one question, please ask all questions at the one time; and
- shareholders should not ask questions at the Meeting that they may have as an individual customer. These questions should be taken up with the ANZ representatives after the Meeting.

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so.

A Questions from Shareholders form has been included in the AGM mailing and is also available on the website. We will attempt to address as many of the more frequently asked questions as possible in the Chairman’s and Chief Executive Officer’s presentations to the Meeting.

A shareholder information stand will be available in the area outside the Meeting room. In addition Directors and senior executives will be available after the Meeting.

Discussion will take place on each item of business prior to shareholders being asked to vote.

WEBCAST AND PHOTOGRAPHY

We have arranged for the Annual General Meeting to be filmed and broadcast via a webcast which can be viewed at anz.com/agm. After the Meeting you can also watch an archived recording on the ANZ website.

We have arranged for photographs to be taken at the Meeting. If you attend the Meeting in person, you may be included in photographs or the webcast recording.

For the safety and security of all those present at the Meeting, cameras and recording devices are not permitted.

Upon entry to the Meeting room, you will be asked to present your bag for a security search.

NOTICE OF 2014 ANNUAL GENERAL MEETING

Notice is given that the 46th Annual General Meeting of Australia and New Zealand Banking Group Limited will be held in the Melbourne Room, Level 2, Melbourne Convention Centre, 1 Convention Centre Place, South Wharf, Melbourne, Victoria on Thursday, 18 December 2014 at 10:00am (Melbourne time).

BUSINESS

1. ANNUAL REPORTS

To consider the Annual Report, Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 September 2014.

2. ADOPTION OF THE REMUNERATION REPORT

To adopt the Remuneration Report for the year ended 30 September 2014.

The vote on this resolution is advisory only.

3. GRANT OF PERFORMANCE RIGHTS TO MR MICHAEL SMITH

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for the Company to grant to the Company's Chief Executive Officer, Mr Michael Smith, Performance Rights under the ANZ Share Option Plan on the terms set out in the Explanatory Notes to this Notice of Meeting."

4. ELECTION OF BOARD ENDORSED CANDIDATES

(a) TO ELECT MR D. M. GONSKI

Mr Gonski, having been appointed by the Board after the date of the 2013 Annual General Meeting, is retiring in accordance with the Company's Constitution and, being eligible, offers himself for election as a Director.

(b) TO ELECT MR J. T. MACFARLANE

Mr Macfarlane, having been appointed by the Board after the date of the 2013 Annual General Meeting, is retiring in accordance with the

Company's Constitution and, being eligible, offers himself for election as a Director.

(c) TO ELECT MS I. R. ATLAS

Ms Atlas, having been appointed by the Board after the date of the 2013 Annual General Meeting, is retiring in accordance with the Company's Constitution and, being eligible, offers herself for election as a Director.

5. RESOLUTION REQUISITIONED TO AMEND THE CONSTITUTION

(The following special resolution has been requisitioned under section 249N of the Corporations Act 2001 (Cth) (**Corporations Act**) by a group of shareholders holding less than 0.01% of the Company's ordinary shares on issue. This means that, to be passed as a special resolution, at least 75% of the votes cast by shareholders entitled to vote on the resolution must be voted in favour of the resolution. **The resolution is not endorsed by the Board.**)

To consider and, if thought fit, to pass the following resolution as a special resolution:

"At the end of Clause 13 'MEETINGS OF MEMBERS' insert the following new sub-clause 13.13 "That, each year at about the time of the release of the Annual Report, at reasonable cost and omitting any proprietary information, the Directors report to shareholders their assessment of the quantum of greenhouse gas emissions we are responsible for financing calculated, for example, in accordance with Greenhouse Gas (GHG) Protocol guidance.""

Note: The Board recommends that shareholders vote against item 5 for the reasons set out on pages 11 and 12 of the Explanatory Notes to this Notice of Meeting. The Chairman of the Meeting intends to vote undirected proxies **against** item 5.

VOTING RESTRICTIONS

VOTING RESTRICTIONS FOR ITEM 2 (REMUNERATION REPORT)

Item 2 is a resolution connected directly with the remuneration of members of the key management personnel (KMP) of the Company. The Corporations Act restricts KMP and their closely related parties from voting on such resolutions. Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

Any votes cast in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in item 2 by or on behalf of:

- directors and the other members of the KMP details of whose remuneration are included in the remuneration report; and
- closely related parties of those persons,

will be disregarded. In addition, any votes cast as a proxy on this item by any other members of the KMP (and their closely related parties) will also be disregarded.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman of the Meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of item 2.

VOTING RESTRICTIONS FOR ITEM 3 (GRANT OF PERFORMANCE RIGHTS)

Item 3 is also a resolution connected directly with the remuneration of a member of the KMP (Mr Smith).

In accordance with the Corporations Act and the ASX Listing Rules, any votes cast in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in item 3 by Mr Smith and any other Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company), and any of their associates, will be disregarded.

In addition, any votes cast as a proxy on item 3 by any other members of the KMP and closely related parties of members of the KMP will be disregarded. However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman of the Meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of item 3.

If you do not wish to appoint the Chairman of the Meeting to vote in favour of items 2 and/or 3, it is important that you complete the voting directions in respect of those items in Step 2 of the Proxy Form.

Questions on Voting Restrictions

If shareholders (including nominees, custodians or fiduciaries) have questions on the voting restrictions, they should contact the Company's Share Registrar, Computershare, on 1800 11 33 99 (within Australia), 0800 174 007 (within New Zealand), 0870 702 0000 (within the United Kingdom) or (61 3) 9415 4010 (outside Australia).

UNDIRECTED PROXIES

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the voting restrictions above) in favour of each item of business, except for item 5 (resolution requisitioned to amend the Constitution). The Chairman of the Meeting intends to vote any undirected proxy against item 5.

ENTITLEMENT TO ATTEND AND VOTE

The Board has determined that, for the purposes of the Meeting (including voting at the Meeting), shareholders are those persons who are the registered holders of the Company's ordinary shares at 7:00pm (Melbourne time) on Tuesday, 16 December 2014.

Holders of the Company's ordinary shares may vote on all items of business, subject to the voting restrictions described above for items 2 and 3.

VOTING BY PROXY

A shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a shareholder. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy,

it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A shareholder who is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

The following addresses are specified for the purposes of receipt of proxy appointments and any authorities under which proxy appointments are signed (or certified copies of those authorities):

Australia

ANZ Share Registrar GPO Box 242 Melbourne Victoria 3001 Australia	ANZ Share Registrar Yarra Falls 452 Johnston Street Abbotsford Victoria 3067 Australia
---	---

United Kingdom

ANZ Share Registrar
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

New Zealand

ANZ Share Registrar
Private Bag 92119
Auckland 1142
New Zealand

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be sent by fax to facsimile number 1800 783 447 (within Australia) or (61 3) 9473 2555 (outside Australia).

Shareholders may also submit their proxy instructions electronically to the Company's Share Registrar by visiting www.investorvote.com.au, and Intermediary Online subscribers only (custodians) should visit www.intermediaryonline.com

To be effective, a proxy appointment and, if the proxy appointment is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at least 48 hours before the commencement of the Meeting.

For more information concerning the appointment of proxies and the addresses to which Proxy Forms may be sent, please refer to the Proxy Form.

VOTING BY ATTORNEY

A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the commencement of the Meeting.

CORPORATE REPRESENTATIVES

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

By Order of the Board



John Priestley
Secretary
Melbourne
17 November 2014

EXPLANATORY NOTES

ITEM 1 ANNUAL REPORTS

A copy of the Company's 2014 Annual Report, including the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 September 2014, can be found on the Company's website at anz.com/annualreport

As a shareholder you may elect to receive by mail, free of charge, the Company's 2014 Annual Report (which includes detailed financial statements and reports) or the 2014 Shareholder Review (a non-statutory document covering key performance areas, financial information, remuneration details and corporate responsibility). If you would like a hard copy of either document, please contact the Company's Share Registrar, Computershare.

The Company mails a copy of the Annual Report or the Shareholder Review as applicable (when they are released each year) only to those shareholders who have made an election to receive them.

ITEM 2 ADOPTION OF THE REMUNERATION REPORT

As required by the Corporations Act, the Board presents the Remuneration Report to shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and most senior executives;
- a description of the relationship between the remuneration policy and the Company's performance; and
- remuneration details for key management personnel (including the Directors of the Company) for the period ended 30 September 2014.

The Remuneration Report, which is part of the 2014 Annual Report, can be found on the Company's website at anz.com/annualreport or can be obtained by contacting the Company's Share Registrar, Computershare.

Board Recommendation: The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide

rewards that are commensurate with the Company's performance and competitive with the external market. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 2.

ITEM 3 GRANT OF PERFORMANCE RIGHTS TO MR MICHAEL SMITH

The Company is seeking the approval of shareholders for the proposed grant of Performance Rights to the Chief Executive Officer, Mr Michael Smith, under the ANZ Share Option Plan on the terms and conditions set out below.

Grant of Performance Rights

At a glance:

- LTI Grant of \$3,400,000 and this will be split into two equal tranches
- Performance condition is Relative TSR against a set comparator group for each tranche
- Performance is assessed at the end of a 3 year Performance Period (with no re-testing)
- Nil vesting below median, 50% vesting at median and increasing to 100% vesting at 75th percentile of relevant comparator group

In more detail:

A Performance Right is a right to acquire an ordinary fully paid share in the Company at nil cost (i.e. nil exercise price), subject to meeting the applicable performance condition. Upon exercise, each Performance Right entitles Mr Smith to one ANZ ordinary share which will rank equally with shares in the same class (there will be an exercise period ending 2 years after the vesting date). Mr Smith is not required to pay any amount on grant of the Performance Rights, nor on their vesting and exercise, as the Performance Rights form part of Mr Smith's 'at risk' remuneration.

Performance Rights granted under the ANZ Share Option Plan do not carry any dividend or voting rights until they vest and are exercised.

If approval is obtained, it is the intention of the Board that the Performance Rights will be granted to Mr Smith on 18 December 2014 (but, in any event, not more than 12 months after the date of this Annual General Meeting).

Grant value and calculation of the number of Performance Rights to be granted

It is proposed that Mr Smith be granted Performance Rights with a grant value of \$3,400,000. The actual number of Performance Rights to be granted is not known at this stage as it will depend on the Allocation Values at the start of the Performance Period. However, the total value of the Performance Rights allocated will not exceed the \$3,400,000 grant value.

The grant value will be split into two equal tranches of Performance Rights (**Tranche 1** and **Tranche 2**). Each tranche will be measured independently from the other.

The Allocation Value of a Performance Right in each tranche is independently valued by PricewaterhouseCoopers at the start of the Performance Period. The valuation methodology takes into account a range of factors such as the life of the Performance Right, the likelihood of meeting the applicable performance condition, the current price of the underlying shares, expected volatility of the share price and the dividends expected to be paid in relation to the shares. In accordance with AASB 2, the model reflects both the performance condition and the non-transferability of the Performance Rights (noting that the performance condition must be met before the Performance Rights vest and become exercisable).

For example, the total grant value of \$3,400,000 would be split into two equal tranches of \$1,700,000 each. If the Allocation Value was, for example, \$16.10 for each Performance Right allocated under Tranche 1 and \$16.20 for each Performance Right allocated under Tranche 2, the number of Performance Rights that would be allocated is 105,590 under Tranche 1 and 104,938 under Tranche 2. The Allocation Value will be determined on 21 November 2014 and details will be announced to the ASX. We will also advise shareholders at the 2014 Annual General Meeting of the actual number of Performance Rights to be granted, and also the face value of the Performance Rights (based on the one week volume weighted average price (**VWAP**) of the Company's shares traded on the ASX in the week up to, and including, 21 November 2014).

Note that the LTI value at the start of the Performance Period may vary from the value at some future date, as it will depend on the Total Shareholder Return (**TSR**) of the Company relative to each of the two separate comparator groups and the share price at the time of vesting. The grant may be worth \$0 at the end of the period if no vesting occurs.

Performance condition

The Board has determined that the Performance Rights to be granted to Mr Smith (if approval is received) will be subject to a TSR hurdle which ranks the TSR performance of the Company

with the TSR performance of two separate comparator groups.

The Tranche 1 Comparator Group will be a select group of financial services companies which includes the Commonwealth Bank of Australia, National Australia Bank Limited, Westpac Banking Corporation, Suncorp Group Limited, Macquarie Group Limited, AMP Limited, ASX Limited, QBE Insurance Group Limited and Insurance Australia Group Limited.

The Tranche 2 Comparator Group will be the companies making up the S&P/ASX 50 Index as at the commencement of the Performance Period (21 November 2014).

Broadly, TSR is the growth in share price, plus the value of the dividends and distributions on the relevant shares. The TSR is measured over a three year performance period starting on 21 November 2014 and ending on 20 November 2017 (**Performance Period**). The proportion of the Performance Rights that will become exercisable will depend on the Company's TSR relative to the TSR of each Comparator Group at the end of the Performance Period.

The level of performance required for each level of vesting, and the percentage of Performance Rights that vest at each level of performance, is set out in the table below. The Performance Rights lapse if the performance condition is not met. There is no re-testing.

IF THE TSR OF THE COMPANY COMPARED TO THE TSR OF THE RELEVANT COMPARATOR GROUP:	THE PERCENTAGE OF PERFORMANCE RIGHTS WHICH WILL VEST IS:
Does not reach the 50th percentile	0%
Reaches or exceeds the 50th percentile but does not reach the 75th percentile	50%, plus 2% for every one percentile increase above the 50th percentile
Reaches or exceeds the 75th percentile	100%

Mr Smith is not entitled to trade, transfer or otherwise deal in (including entering into any hedging arrangements in respect of) the Performance Rights or the underlying shares prior to vesting.

Treatment on termination of employment

if Mr Smith:

- resigns, all unexercised Performance Rights will lapse;
- is terminated by the Company with notice or ceases employment by mutual agreement, all Performance Rights which have vested or which will vest during the notice period will be retained and become exercisable; all remaining Performance Rights will vest and become exercisable, subject to the relevant time and performance condition being satisfied, unless the Board determines otherwise;
- is terminated by the Company without notice, all unexercised Performance Rights will lapse (whether or not the Performance Rights have vested); or
- ceases employment in circumstances of death or total and permanent disability, the performance condition will be waived and all unvested Performance Rights will vest.

In determining whether a different treatment should apply to that set out above where Mr Smith is terminated by the Company on notice, the Board will have regard to factors including, but not limited to, performance and the proportion of the Performance Period that has expired at the time of cessation of employment.

Treatment on change of control

In the event of a takeover, scheme of arrangement or other change of control event occurring, the performance condition applying to the Performance Rights will be tested and the Performance Rights will vest based on the extent the performance condition is satisfied. No pro rata reduction in vesting will occur based on the period of time from the date of grant to the date of the change of control event occurring, and vesting will only be determined by the extent

to which the performance condition is satisfied.

Any Performance Rights which vest based on satisfaction of the performance condition will vest at a time (being no later than the final date on which the change of control event will occur) determined by the Board.

Any Performance Rights which do not vest will lapse with effect from the date of the change of control event occurring, unless the Board determines otherwise.

Other information

The ASX Listing Rules require that the following additional information be provided in relation to the proposed grant of Performance Rights to Mr Smith.

Mr Smith is the only Director entitled to participate in the ANZ Share Option Plan. No associate of any Director is entitled to participate.

Mr Smith was granted 201,086 Performance Rights at no cost, as approved by shareholders at the 2013 Annual General Meeting, which will be tested against the performance condition at the end of a three year performance period.

There is no loan scheme in relation to the Performance Rights (or the shares underlying them).

On vesting of the Performance Rights, shares may be issued or acquired on market, or the Board may determine to settle the Performance Rights with a cash equivalent amount. Details of any shares issued under the ANZ Share Option Plan will be published in the Company's annual report for the relevant period.

The Board retains discretion to reduce any equity grant made to Mr Smith (including reducing it to zero) if the Board considers such an adjustment necessary to protect the financial soundness of ANZ, to meet unexpected or unknown

regulatory requirements or if the Board subsequently considers that having regard to information which has come to light after the grant of equity, the grant was not justified.

The rules of the ANZ Share Option Plan address the impact of rights issues and bonus issues on the Performance Rights.

A copy of the ANZ Share Option Plan rules is available on request from the Company Secretary.

Board Recommendation: The Board considers that the granting of Performance Rights is appropriate and is in the best interests of the Company and its shareholders, as the grant strengthens the alignment of Mr Smith's interests with shareholders, and the Performance Rights provide a strong link between the reward for Mr Smith's performance and total shareholder returns over the next three year period. Accordingly, the Board (excluding Mr Smith) recommends that shareholders eligible to do so vote in favour of item 3.

ITEM 4 ELECTION OF BOARD ENDORSED CANDIDATES

The Board endorsed candidates standing for election as Directors, and their details, are set out below. Mr Gonski, Mr Macfarlane and Ms Atlas, having been appointed by the Board after the date of the 2013 Annual General Meeting, are retiring in accordance with the Company's Constitution and offer themselves for election.

In considering whether to appoint Mr Gonski, Mr Macfarlane and Ms Atlas as Directors, and in endorsing their election at the 2014 Annual General Meeting, the Board undertook relevant background checks and assessments. Details of the Board's processes are described in the Corporate Governance Statement contained in the Company's 2014 Annual Report.

**ITEM 4(a)
TO ELECT MR D. M. GONSKI**

Mr Gonski

Mr D. M. Gonski, AC
BCom, LLB, FAICD(Life), FCPA

Chairman and Independent Non-Executive Director, appointed as a Director in February 2014 and as Chairman in May 2014.

Mr Gonski is Chair of the Governance Committee and an ex officio member of all Board Committees. He is Chairman of Coca-Cola Amatil Limited, The University of New South Wales Foundation Limited and Sydney Theatre Company Ltd. He is a director of Singapore Telecommunications Limited and a member of the board of the Lowy Institute for International Policy and the ASIC External Advisory Panel. He is also Chancellor of the University of New South Wales.

Mr Gonski is a former Chairman of Guardians of the Future Fund of Australia, Investec Bank (Australia) Limited and Swiss Re Life & Health Australia Limited.

Lives in Sydney. Age: 61.

Mr Gonski is one of Australia's most respected business leaders and company directors with business experience in Australia and Asia, and a broad range of involvement with the government, education and community sectors. Mr Gonski served previously as a Director of the Company from 2002 to 2007.

Board Recommendation: The Board (excluding Mr Gonski because of his interest) endorses the election of Mr Gonski as a Director.

**ITEM 4(b)
TO ELECT MR J. T. MACFARLANE**

Mr Macfarlane

Mr J. T. Macfarlane
BCom, MCom (Hons)

Independent Non-Executive Director, appointed in May 2014.

Mr Macfarlane is a member of the Audit Committee, Risk Committee and Technology Committee. He is Chairman of AGInvest Holdings Limited and a director of St. Vincent's Institute of Medical Research, Colmac Group Pty Ltd and Craigs Investment Partners Limited.

Lives in Melbourne. Age: 54.

Mr Macfarlane is one of Australia's most experienced international bankers. Most recently he has served as Executive Chairman of Deutsche Bank Australia and New Zealand and CEO of Deutsche Bank Australia following 7 years as Chief Country Officer Deutsche Bank Japan. Prior to joining Deutsche Bank he was CEO of Bankers Trust New Zealand. Mr Macfarlane has also worked in the USA and PNG, and brings to the Board a depth of banking experience in the Company's key markets in Australia, New Zealand and the Asia Pacific.

Board Recommendation: The Board (excluding Mr Macfarlane because of his interest) endorses the election of Mr Macfarlane as a Director.

**ITEM 4(c)
TO ELECT MS I. R. ATLAS**

Ms Atlas

Ms I. R. Atlas
BJuris (Hons), LLB (Hons), LLM

Independent Non-Executive Director, appointed in September 2014.

Ms Atlas is Chairman of The Bell Shakespeare Company Limited, a director of Coca-Cola Amatil Limited, Westfield Corporation Limited and Treasury Corporation of New South Wales and a member of the Australian Institute of Company Directors' Corporate Governance Committee.

Lives in Sydney. Age: 60.

Ms Atlas brings a strong financial services background and legal experience to the Board. Her last executive role was Group Executive, People, at Westpac, where she was responsible for human resources, corporate affairs and sustainability.

Prior to that, she was Westpac's Group Secretary and General Counsel. Before her 10 years at Westpac, Ms Atlas was a partner in law firm Mallesons Stephen Jaques (now King & Wood Mallesons). In addition to her practice in corporate law, she held a number of management roles in the firm including Executive Partner, People and Information, and Managing Partner.

Board Recommendation: The Board (excluding Ms Atlas because of her interest) endorses the election of Ms Atlas as a Director.

ITEM 5 RESOLUTION REQUISITIONED TO AMEND THE CONSTITUTION (NON-BOARD ENDORSED ITEM)

A group of shareholders holding less than 0.01% of the Company's ordinary shares on issue have proposed a special resolution under section 249N of the Corporations Act to amend the Company's Constitution to require Directors to report each year on their assessment of the quantum of greenhouse gas emissions that the Company is responsible for financing.

The same group of shareholders have also requested the Company, under section 249P of the Corporations Act, to provide the following statement to shareholders:

Currently, in aggregate, fossil fuel companies are estimating with 90% certainty that they will be able to extract freely (for subsequent sale and combustion) over three times more carbon than is compatible with the internationally agreed ceiling. This inconsistency between financial accounting, physical reality and political intent is referred to as the 'unburnable carbon bubble'. It is akin to a traditional speculative bubble because all investor's expectations cannot be met. As the bubble bursts it is likely reserves and other fossil fuel specific assets will become stranded, ie written down in value prior to the end of their economic life.

Our bank is a significant debt and equity financier of companies in greenhouse gas emissions intensive industries such as coal mining, coal ports, oil and gas production, and fossil fuel based electric power generation.¹

For example, we understand (from third-party sources) our bank made loans equivalent to 14% of our bank's equity to such Australian carbon intensive businesses in the period 2008 to 2013, the highest reported exposure of the top 4 Australian banks.

In addition as shareholders we are exposed to the risk of loss on carbon intensive shares held in the share portfolios of our now closed defined benefit superannuation scheme and our insurance operations.

Further, there is a risk of legal, regulatory or reputational exposure in the event our wealth management operations fail to adequately address this unburnable carbon risk.

All banks contribute to climate change through their financed emissions, which are the emissions induced by a bank's debt and equity investments in companies that themselves emit greenhouse gases (for example, fossil fuel power generators) and companies whose products and services result in greenhouse gas emissions (for example, thermal coal miners). A bank's financed emissions typically dwarf its own operational climate impacts and expose it to risk of loan default, share value write down as well as legal, reputational and regulatory risks. Measurement of financed emissions is facilitated by tools developed by the Greenhouse Gas Protocol. Our bank currently reports its own operational emissions but not its financed emissions.

Our bank has a policy on climate change. Our bank's policy states

"... In financing the energy sector, we therefore recognise the importance of playing a role in supporting and encouraging our customers to build carbon risk into their business strategies." We think it is time ANZ played a role which provided support to its own shareholders to assess and reduce carbon risk.

In view of the potential quantum of risk it is inappropriate that shareholders should be obliged to rely on third-party commentators to endeavour to assess the extent of our bank's financed emissions and exposure to 'unburnable carbon risk' and the steps taken by our bank to mitigate those risks.

Other shareholders should be aware that our concerns are widely held. For example, in the 2014 US proxy season 132 resolutions were filed with 118 US companies dealing with climate change issues.² In particular, resolutions requesting disclosure of financed emissions considered at the AGM's of Bank of America and PNC Financial attracted the support of roughly one quarter of shareholders voting.

The Board acknowledges that climate change is a global issue facing governments, individuals, businesses and communities. The Company recognises that its most material risks and opportunities relating to climate change result from lending to customers with significant greenhouse gas (GHG) emissions.

In financing its customers, the Company therefore recognises the importance of playing a role in supporting and actively encouraging customers to build carbon risk management into their business strategies. As part of the due diligence process before providing finance, the Company assesses the extent to which its customers are engaged in understanding their carbon risk.

The Board does not, however, consider the proposed resolution will provide shareholders with a meaningful understanding of the Company's carbon risk management or exposure, for the reasons outlined below. Given this, the Board does not believe the proposed resolution to be in the best interests of the Company and recommends that shareholders vote against it.

Why does the Board not endorse the proposed resolution?

First, banking is a heavily regulated sector both offshore and domestically. There are already significant requirements around reporting lending exposures including the quarterly Prudential Standard APS330 public disclosures that contain details of the Company's exposure to the energy and extractive industries. Over and above that, the Company provides extensive disclosures at the time of reporting its half and full year results, including a more detailed breakdown of the Company's credit exposure at default to specific sectors such as coal and oil and gas.

Secondly, the Company's customers in Australia and New Zealand that are significant GHG emitters report their emissions. This is mandated by governments to assist in national strategies to minimise GHG emissions. These countries' GHG emissions are well understood and disclosed, and public policy frameworks and private sector management strategies are in place to reduce these emissions over time. Coordinated national and international strategies to reduce GHG emissions are the most effective means of responding to climate change.

Thirdly, it is not practicable for the Company to obtain information from, for example, the approximately 440,000 Australian farmers and small

¹ See 'Financed emissions, unburnable carbon and Australia's top four banks', at http://www.accr.org.au/big_banks

² See <http://www.ceres.org/press/press-releases/shareholders-seeking-stronger-responses-from-companies-as-climate-change-concerns-deepen>

business customers regarding their GHG emissions. In addition, even if some customers were able to provide information regarding their emissions, there would be practical difficulties associated with determining what proportion of those emissions result from finance provided by the Company.

The Company also undertakes management activities to help customers manage their environmental impacts. These include:

- The Company factors climate change risks into customer evaluations, including in the energy and extractive industries. It is recognised that the Company's customers could be impacted by climate change and changes to laws or regulations, or other policies adopted by governments or regulatory authorities, including carbon pricing and climate change adaptation or mitigation policies. The Company also has individual entity, sectoral and country limits that help to manage its credit risks.
- The Company has been a signatory to the Equator Principles since 2006. The Equator Principles are a set of voluntary standards designed to help banks identify and manage social and environmental risks associated with the direct financing of large infrastructure projects such as dams, mines or pipelines. The Company applies the Principles to all projects that it finances and the Company is currently implementing the third version of the Principles, which includes enhanced reporting by signatories of customer GHG emissions for certain projects.

- The Company supports customers in examining lower carbon options. The Company's Energy Policy sets out emissions thresholds for staff to consider in decision-making and those thresholds are consistent with international and industry standards. High emissions production proposals go directly to the Company's Reputation Risk Committee that is chaired by the Chief Risk Officer for consideration.
- The Company has a unique public target to increase its gas and renewables portfolio (as a proportion of the total project and structured finance energy portfolio) by 15 to 20 per cent by 2020. The Company is on track to achieve this target and has committed over \$800,000,000 to renewable energy projects in that portfolio. The Company connects customers to commercial opportunities that support the transition to a lower carbon economy, such as energy efficiency retrofits of existing commercial buildings.
- The Company is transparent regarding its approach to reducing its own GHG emissions, and to dealing with the risks of climate change, including the "unburnable carbon risk" argument. The Company has participated in the Carbon Disclosure Project (CDP) climate change program since 2006. CDP is an international, not-for-profit providing a global system for companies and cities to measure, disclose, manage and share vital environmental information, and seeks to motivate companies to disclose their impacts on the environment and natural resources and take action to

reduce them. The Company recently achieved a score of 98 out of 100 for its 2014 CDP submission, which places it in the Leaders index for the financial sector.

- The Company reports on the progress of implementing its Corporate Sustainability approach and strategy on an annual basis. The Company's 2013 Corporate Sustainability Review is available on the Company's website. The objective of this reporting is to inform stakeholders how the Company is managing and anticipating current and future social, environmental and economic opportunities and risks.

Board Recommendation: Taking into account the management and reporting activities detailed above, and given that there is, in the Board's view, uncertainty as to how the Board would practically comply with the proposed rule if it was incorporated into the Company's Constitution, the Board does not consider the proposed resolution to be in the best interests of the Company and its shareholders.

Therefore the Board recommends that shareholders vote against item 5.