

2014 CRD IV DISCLOSURE

AS AT 30 SEPTEMBER 2014

REMUNERATION DISCLOSURE

Important notice

This document has been prepared by Australia and New Zealand Banking Group Limited (ANZ) to meet its disclosure obligations under the Prudential Regulation Authority's (PRA's) Senior Management Arrangements, Systems and Controls sourcebook (SYSC) 19A.3.12A R as applicable to ANZ's United Kingdom (UK) operations.

This disclosure was prepared as at 30 September 2014. ANZ has a continuous disclosure policy, under which ANZ will immediately notify the market of any material price sensitive information concerning the Group, in accordance with legislative and regulatory disclosure requirements.

Remuneration Disclosure

Basis of Disclosure

The Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD) (together, CRD IV) came into force on 1 January 2014. These rules are enforced in the United Kingdom (UK), together with implementing rules, by the Prudential Regulation Authority (PRA). This document presents the 2014 remuneration disclosures of ANZ as required by the remuneration disclosure requirements of the Prudential Regulation Authority's (PRA's) Senior Management Arrangements, Systems and Controls sourcebook (SYSC) 19A.3.12A R.

The disclosures contained in this document are based on information that is consistent with information provided to ANZ's external auditor. Additional information on ANZ's remuneration policies and structures is contained in the ANZ 2014 Annual Report and in the ANZ 2014 APS 330 Basel III Pillar 3 remuneration disclosures report.

Bodies that oversee Remuneration

The ultimate responsibility for the sound and prudent management of remuneration at ANZ rests with the ANZ Board. The Board is assisted in overseeing remuneration matters, including adherence to ANZ remuneration policies and practices, by the Board Human Resources Committee (HRC).

Throughout the course of the year the HRC has made all remuneration-related decisions and recommendations to the Board independently of Management. The HRC also has free and unfettered access to ANZ employees and to relevant external advisors, when required.

Design and Structure of Remuneration Processes

The ANZ Remuneration Policy provides the HRC and management with a consistent framework for managing remuneration and remuneration-related matters. Where overseas legislative/regulatory requirements for foreign-owned financial services companies exceed ANZ's Remuneration Policy requirements, the ANZ Remuneration Policy has adopted specific country addendums to apply the local regulatory requirements to any impacted employees in the relevant jurisdiction.

ANZ's remuneration framework addresses:

- Remuneration mix and market positioning;
- Fixed and variable remuneration;
- Shareholding guidelines and hedging prohibitions;
- Independence of Risk and Financial Control Personnel;
- Requirements for other ANZ Australian Prudential Regulatory Authority (APRA) Regulated Entities and Registered Superannuation Entity Licensees and UK based employees; and
- Engagement of remuneration consultants.

The primary objectives of the ANZ Remuneration Policy are:

- creating and enhancing value for all ANZ stakeholders;
- emphasising the 'at risk' components of total rewards to increase alignment with shareholders and encourage behaviour that supports both the long term financial soundness and the risk management framework of ANZ, and deliver superior long term total shareholder returns;
- differentiating rewards in line with ANZ's culture of rewarding for outperformance and demonstration of values led behaviours; and
- providing a competitive reward proposition to attract, motivate and retain the highest quality individuals in order to deliver ANZ's business and growth strategies.

Performance and remuneration outcomes for all Risk and Financial Control Personnel are determined by the appropriate reporting manager within these functions directly, and not the business that the individual supports. This ensures individuals are remunerated independently of the business they oversee.

An effectiveness review of the ANZ Remuneration Policy is conducted by management for review by the HRC and Board on an annual basis to ensure that it remains appropriate for its intended purpose, and is compliant with the APRA Prudential Standard (CPS) 510: Governance and the specific overseas legislative/regulatory requirements for foreign-owned financial services companies where relevant. The HRC last reviewed the ANZ Remuneration Policy in February 2014 with minor updates approved by the Board at the time. The ANZ Remuneration Policy and its specific country addendums remain appropriate for their intended purpose and are compliant.

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