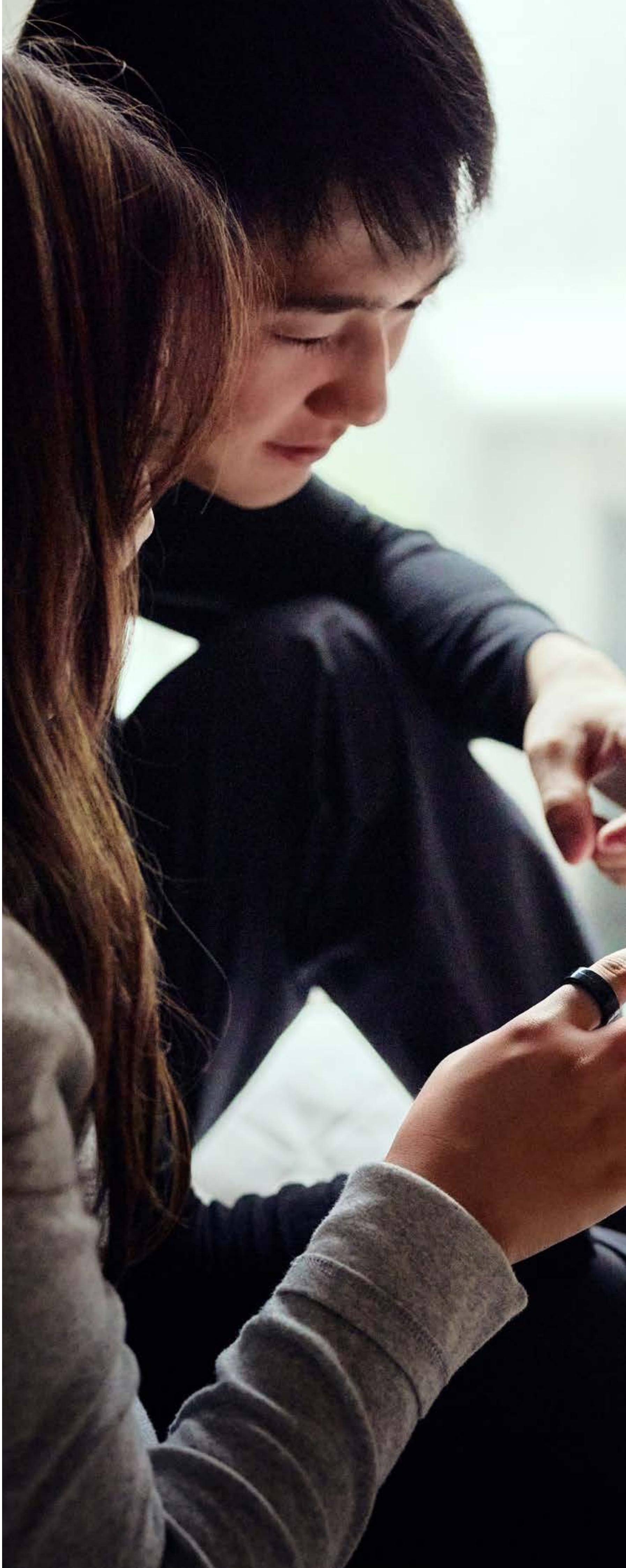
WE'RE CONTINUING TO
SHAPE A WORLD WHERE PEOPLE
AND COMMUNITIES THRIVE

ANZ 2022 **ANNUAL REVIEW**

Contents



Many paths. One Purpose.

Since 1835, ANZ has been building a better bank, increasingly enabling customers to thrive. And more than ever, we continue to deliver our purpose creating even greater opportunities through:

Propositions our customers love that make it easier to develop and grow in a sustainable way

\+

Platforms that are flexible and resilient and leverage the kind of innovative technology that really makes a difference in our lives

\+

Partnerships that unlock new value with a great foundation and network to help our customers prosper

\+

People that are great at what they do and care about our customers and the value we create

By giving individuals and businesses alike the tools to grow, we help them achieve a whole new level of financial wellbeing.

Our 2022 reporting suite

2022 Annual Report
anz.com/annualreport

2022 Corporate Governance Statement
anz.com/corporategovernance

2022 Climate-related Financial Disclosures
anz.com/annualreport

2022 ESG Supplement
anz.com/annualreport

Integrated reporting

This report includes information on Australia and New Zealand Banking Group Limited's[1] financial and non-financial performance. In preparing pages 1 to 60, we have drawn on aspects of the International Integrated Reporting Framework to describe how our business model, strategy, governance and risk management processes help us manage risks and opportunities in our operating environment and deliver value for stakeholders. We outline our response to external social and environmental challenges, including how we are continuing to support our customers, employees and the community through the COVID-19 pandemic and strengthening our approach to climate change and human rights.

Annual Review structure

The various elements of the Directors' Report, including the Operating and Financial Review, are covered on pages 1 to 60. Commentary on our performance overview contained on pages 44 to 60 references information reported in the Financial Report pages 107 to 233.

The Remuneration Report on pages 62 to 103 and the Financial Report on pages 107 to 247 have been audited by KPMG. KPMG also provides limited assurance over Environment, Social and Governance (ESG) content within this Annual Report. A copy of KPMG's limited assurance report over the ESG content is on pages 242–243.

This report covers all ANZ operations worldwide over which, unless otherwise stated, we had control for the financial year 1 October 2021 to 30 September 2022. Monetary amounts in this document are reported in Australian dollars, unless otherwise stated.

Additional information

We produce a suite of reports to meet the needs and requirements of a wide range of stakeholders.

Our 2022 Corporate Governance Statement discloses how we have complied with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th edition' and is available at anz.com/corporategovernance. This year is our first reporting against the 4th edition.

We will release our 2022 Climate-related Financial Disclosures report prior to our Annual General Meeting.

Our ESG Supplement provides stakeholders with detailed ESG disclosures, including performance against our ESG targets.

The following documents are available at anz.com/shareholder/centre:

- News Release
- Consolidated Financial Report, Dividend Announcement & Appendix 4E
- Results Presentation and Investor Discussion Pack
- Annual Review[2]
- Principal Risks and Uncertainties Disclosure
- APS 330 Pillar III Disclosure

We are continually seeking to improve our reporting suite and welcome feedback on this report. Please address any questions, comments or suggestions to investor.relations@anz.com.

1. Australia and New Zealand Banking Group Limited (the Company) and the entities it controlled at the year end and from time to time during the financial year (together, the Group).
2. The 2022 Annual Review is comprised of pages 1 to 60, 248 to 249 and 257 to 258 of this Annual Report and a Remuneration Overview.

2022 performance snapshot

146c
Total Dividend for 2022 per share

$6.5B
Cash profit[1]

84%
employee engagement

More than
58K
participants in our financial education programs[2]

$20.75
Net tangible assets per share[3]

228.8c
Earnings per share (Basic)[1]

12.3%
Common equity Tier 1 Capital[4]

35.9%
of women in leadership[5]

10.4%
Cash return on equity[1]

$40.04B
funded and facilitated in sustainable solutions since 2019

Supported nearly
1.5M
customers in saving regularly[6]

Over
$4.4B
funded and facilitated to deliver more affordable, accessible and sustainable homes to buy and rent since 2018[7]

1. On a cash profit (continuing operations) basis. Excludes non-core items included in statutory profit and discontinued operations and is provided to assist readers in understanding the result of the ongoing business activities of the Group. For further information on adjustments between statutory and cash profit refer to page 45. **2.** Includes individuals who have participated in more than one program (for example, people who have participated in MoneyMinded as part of Saver Plus are counted twice as they are included in both the MoneyMinded and Saver Plus totals). **3.** Equals total shareholders' equity less total non-controlling interests, goodwill and other intangible assets divided by the number of ordinary shares. **4.** APRA Level 2. **5.** Measures representation at the Senior Manager, Executive and Senior Executive levels. Includes all employees regardless of leave status but not contractors (who are included in Full Time Equivalents (FTE)). **6.** On average, across Australia and New Zealand. **7.** In Australia and New Zealand.

Paul O'Sullivan
Chairman

Chairman's message

This was a year when we made significant progress strengthening the bank for the future while also delivering a solid financial outcome for shareholders.

During a period of significant global uncertainty, all our divisions contributed to a full-year statutory profit of $7.12 billion, up 16% on the prior year, driven by strong revenue growth as well as disciplined cost management.

As a result, we were pleased to pay a Total Dividend of 146c, which was up 4c on 2021, and meant more than $4.2 billion was returned to you, our shareholders.

With the bank in good shape, we are also prepared for a period of global uncertainty.

A key measure of strength, our Common Equity Tier 1 Ratio of 12.3%[1] is well above the Australian Prudential Regulation Authority's "Unquestionably Strong" benchmark of 10.5%.

We have maintained prudent reserves to help weather any external shocks with a collective provision balance of $3.9 billion, while materially improving the shape and composition of our lending book. An example of this is how our investment grade lending has increased by 50% since 2016.

We also made good progress on the continued digitisation of the bank with the launch of ANZ Plus, where we have effectively built a new retail banking platform that will be the future foundation of ANZ in Australia.

Another highlight for the year was the agreement announced in July to acquire Suncorp Bank.

While still subject to various Government and regulatory approvals, this will provide ANZ with a platform for growth for the

1. Pro forma CET1 of 11.1% when accounting for the recently announced acquisition of Suncorp Bank.

coming decades, particularly in the fast-growing Queensland market.

We believe this acquisition will help ANZ compete more effectively in Queensland and ultimately provide better services to customers across Australia.

The associated $3.5 billion capital raising was well received despite volatile market conditions. It was the world's largest equity raise this calendar year for a Mergers and Acquisitions (M&A) transaction, structured in a way to ensure all ANZ shareholders were treated equally, and I'd like to thank shareholders for their support.

The annual report also sets out our approach to climate change and we know this is important to all our shareholders.

We want to be the leading Australia and New Zealand-based bank in supporting customers' transition to net zero emissions by 2050. We also recognise we can have the most impact by working with our customers to reduce their emissions.

Our policy is to support customers through the transition, backing their plans by providing more finance for less emissions. We have high expectations, particularly for our customers in the energy sector. We expect our energy customers' plans to be net-zero aligned, public and specific.

We acknowledge some stakeholders have suggested that ANZ immediately cease lending to companies in carbon-intensive sectors like energy.

This approach may reduce ANZ's exposures of 'financed emissions'. However, it does not reduce emissions in the 'real world' if the company receives funding from an alternate source. We are also then precluded from actively supporting the development of their net-zero aligned transition plans.

Non-Operating Holding Company

Our core business is banking and that won't change.

However, to help us better compete in the future we are introducing a new corporate structure, known as a Non-Operating Holding Company. This will be subject to a shareholder vote in December.

Like other traditional banking businesses, ANZ faces significant disruption, largely from non-banking businesses competing in financial services. Understandably, these businesses are not regulated in the same way as banks like ANZ.

The proposed structure will allow our non-banking businesses to operate on a more level playing field with non-banking companies, while maintaining an appropriate regulatory environment for the bank as a whole.

These structures are not new and are common for many financial institutions around the world, including Barclays, Lloyds Bank, DBS, Citigroup and HSBC as well as Australian financial institutions Macquarie and Suncorp.

This will help make our banking business more efficient, providing us with greater strategic and operational flexibility and, importantly, allowing us to better meet our customers' needs.

All of your Directors intend to vote all the ANZ shares they own or control in favour of the Scheme. I would encourage you to look at the detailed scheme booklet, located at anz.com/schememeeting, which sets out in more detail the benefits and the costs of implementation of this proposal.

Board Renewal

I'd like to acknowledge the enormous contribution of Graeme Liebelt who is retiring from the Board at the upcoming Annual General Meeting.

Graeme has given tireless service over the last nine years, particularly in his roles chairing the Human Resources and Risk committees. I will personally miss his wise counsel, strategic insight and experience. It has been an honour to serve on the Board with him and on behalf of all shareholders I wish him well with his future endeavours.

I am also pleased to formally welcome Jeff Smith who joined the Board in August and will stand for election at the upcoming AGM. Jeff is an experienced global business and technology executive having been Chief Information Officer at several organisations – including IBM, Suncorp and Telstra – and has already made a significant contribution for shareholders.

Finally, I'd like to also thank my fellow shareholders for their support in what has been a transformational year and acknowledge the more than 39,000 people who work tirelessly each day for their customers.

Paul O'Sullivan Chairman

CEO's message

We go into the new year with solid momentum and cash profit before provisions excluding large/notable items growing at 20% in the second half, which is the fastest half-on-half growth we have recorded in more than a decade.

We also did what we said we would do.

We restored momentum in Australian home loans with application approval times back in line with industry peers. This was assisted by our decision to bring Australia Retail and Digital Transformation together as one division.

We continued the re-platforming of Australia Retail onto ANZ Plus, which is our new digital bank, with deposits growing at a rate faster than any new digital bank in Australia. Around a third of those customers joined ANZ for the first time.

In New Zealand, we maintained an industry leading position across our key segments while also reaching the final stages of BS11. This was one of the largest regulatory programs implemented in New Zealand banking history. It now means we are well positioned to focus on the future and further build the franchise.

Institutional continues to benefit from our multi-year transformation as rising rates across the globe create favourable conditions for the business.

The expansion of our platforms strategy, where we lead the market in providing banking services for other financial institutions, resulted in the volume of payments processed using ANZ's infrastructure growing by 85%. We also continued to innovate in our approach to digital assets, executing the first ever Australian bank-issued Australian dollar stablecoin.

Australia Commercial delivered a strong first-up result as a stand-alone division and is already benefiting from increased focus and a refreshed strategy. A highlight was the commencement of the ANZ Worldline joint venture that will allow us to provide business customers with world-leading point-of-sale and online payment technology.

We've achieved all this while also preparing the bank for the future.

We agreed the acquisition of Suncorp Bank which, if approved by government and regulators, will provide an important platform for growth, particularly in the fast-growing and rapidly diversifying Queensland economy.

Suncorp Bank is a well-run business that will see more than one million new retail customers join ANZ, sharing in the benefits of a wider range of products and services. It also means the Suncorp Group is able to focus on its core mission of being the best insurance company in Australia and New Zealand.

The 'non-operating holding company' structure, which shareholders will have the opportunity to vote on in December, is another important step that will help us further strengthen and grow our core business.

We are a safer bank

We continued the systematic de-risking of the bank, highlighted by the sale of our margin lending business and the formal separation of our Wealth businesses to Insignia, formerly known as IOOF, and Zurich last month.

Combined with the exit of Financial Planning & Advice, as well as all the associated remediation being at the very final stage, we are the only major bank in Australia to have removed the risks associated with wealth management for shareholders.

We further strengthened our loan portfolio, particularly in Commercial and Institutional banking, where we have deliberately exited high-risk portfolios while increasing our focus on investment grade lending.

During the year we invested significantly to help prevent customers falling victim to fraud as well as continually improving our cyber defences.

A good example of this is the behavioural biometrics capability we implemented which has detected approximately 3,600 fraudulent applications, preventing nearly $40 million of identity fraud.

While preventing cybercrime remains a challenge for all businesses, we take our role seriously and maintain a sophisticated, 24/7 internal Security Operations Centre, analysing millions of events daily. As you would expect, our team works closely with other banks and government agencies around the world to protect against the ever-evolving cyber security threats.

ANZ Plus

As mentioned earlier, we launched this year our new retail banking platform in Australia, ANZ Plus.

ANZ Plus is effectively a new retail bank; one that is focused on improving the financial wellbeing of our customers. This is good for customers and the early signs are promising with solid deposit growth, particularly with customers new to the bank.

A key feature of ANZ Plus is the ability to easily save for multiple goals without the need to open a new account. This is important because we know a savings habit is core to financial wellbeing.

We have seen strong growth in the number of savings goals created with 45% of our active customers taking advantage of the functionality, compared with less than 5% on our traditional platform.

ANZ Plus also has the very high levels of security our customers and regulators expect with market-leading fraud prevention technology already having a material impact.

We will begin moving existing customers across to ANZ Plus while also piloting a new digital home loan in the coming weeks. This will see the introduction of a fully automated digital home loan offering, initially focused on the re-finance market, later in 2023.

Sustainability

ANZ has been taking important steps to not only reduce our own emissions but also help our customers, particularly 100 of our largest emitting business customers, reduce their emissions and enhance their resilience to a changing climate.

During the year we formed a strategic partnership with Pollination, a market-leading global climate change investment and advisory firm, that will focus on the transition needs of ANZ's customers globally in the areas of Sustainable Finance, Project & Export Finance, Carbon Markets and Corporate Advisory, including mergers and acquisitions.

An example is the partnership we announced in Australia with INPEX Corporation and Qantas to explore a carbon farming and renewable biofuels project in the Wheatbelt region of Western Australia. This is an exciting opportunity with two important customers that has the potential to develop a domestic, sustainable aviation fuel industry in Australia.

In New Zealand, we launched our Good Energy Home Loan which allows customers to borrow up to $80,000 at a 3-year fixed rate of 1% to make their homes more energy efficient. We also introduced a similar initiative for business and corporate customers, allowing them to access up to $3 million at a special floating interest rate for up to five years to be used on environmental initiatives.

There are economic risks ahead, but we are entering 2023 in great shape and with positive momentum.

We have a balanced portfolio of businesses, leadership in intermediating trade and capital flows, particularly aligned to sustainability and a strong balance sheet which means ANZ is better positioned than most for the opportunities ahead.

Finally, I want to thank the entire team at ANZ for their ongoing commitment to our customers and the community.

Our culture is strong, we have industry leading employee engagement and we have an embedded sense of purpose – to shape a world where people and communities thrive.

Shayne Elliott Chief Executive Officer

Shayne Elliott
Chief Executive Officer

This has been a transformational year during which we delivered a strong financial result with all our divisions making a material contribution, demonstrating the benefits of a well-managed and diversified portfolio.

How we create value

Value drivers

Products and services

Loans, transaction banking services, deposits and other financial products developed for our customers.

Finance

Access to capital through customer deposits, debt and equity investors, and wholesale markets to support our operations and execution of our strategy.

People

Engaged workforce with the skills required to reinvent banking, in line with our purpose and culture.

Technology, data and risk management

Flexible, digital-ready infrastructure to provide a great customer experience, with systems and processes that are less complex, less prone to error and more secure.

Social

Trusted relationships with our customers, business partners and the community to strengthen our brand and reputation.

Environment

Minimising the impact of our operations, including through:

- The customers we choose to bank
- How we design and distribute our products
- Collaboration with partners

Our strategy and business model

To embrace the opportunities, address the risks presented by the external environment and realise our vision, we are pursuing four strategic imperatives to: create a simpler, better capitalised, better balanced bank; build a superior experience for our people and customers in order to compete in the digital age; focus our efforts on attractive areas where we can carve out a winning position; and drive a purpose- and values-led transformation of the bank.

…creating value for our stakeholders[1]

Shareholder value

We generate stronger long-term financial results (in terms of sustainable economic profits) enabling shareholders to meet their goals.

228.8c
cash earnings per share (Basic)[2]

10.4%
cash return on equity[2]

Proposed final dividend per share of

74c
and interim dividend per share of 72 cents

Customer value

Our customers are financially better off over their lifetime and implement more sustainable business practices than others.

$374B
home loan portfolio, increase of $6 billion in 2022 (Australia and New Zealand)

Business lending balance[3]

$93B
(Australia and New Zealand)

$357B
Retail & Business customer deposit balances (Australia & New Zealand) and $259 billion of Institutional deposits

Employee value

Our diverse teams are engaged and optimised for success.

84%
employee engagement

35.9%
Women in leadership

$5.3B
in employee salaries and benefits

Community value

Our practices and services provide more opportunity for the community and we have supported and improved positive economic development and transition.

Funded and facilitated over

$4.4B
to deliver more affordable, accessible and sustainable homes to buy and rent since 2018[4]

$3.4B
in taxes paid to government[5]

More than

58K
people reached through our financial literacy programs MoneyMinded and Saver Plus[6]

$40.04B
Funded and facilitated in sustainable solutions since 2019

1. All figures below relate to the period 1 October 2021 – 30 September 2022 unless otherwise stated. **2.** On a cash profit (continuing operations) basis. Excludes non-core items included in statutory profit and discontinued operations and is provided to assist readers in understanding the result of the ongoing business activities of the Group. For further information on adjustments between statutory and cash profit refer to page 45. **3.** Includes Private Bank. **4.** In Australia and New Zealand. **5.** Represents statutory income tax expense (including discontinued operations), unrecovered GST/VAT, employee related taxes, and other taxes/duties. **6.** Includes individuals who have participated in more than one program (for example, people who have participated in MoneyMinded as part of Saver Plus are counted twice as they are included in both the MoneyMinded and Saver Plus totals).

What matters most
to our stakeholders

Through our materiality assessment, we seek to identify those issues with the most potential to impact our ability to operate successfully and create value for our shareholders and other stakeholders. We engage with internal and external stakeholders to inform our identification of and responses to ESG risks and opportunities.

We use the results to inform our strategy, ESG targets, group remuneration scorecard and external reporting.

This year, our materiality assessment again highlights the importance of continuing to act on **climate change**. Greenwashing was identified as an emerging topic.

The importance of **information security** has increased commensurate to the scale and sophistication of scams targeting individuals. This is part of a broader theme of payments system safety.

Innovation and technology is recognised as foundational to providing customers with a digitally connected experience, while also ensuring the responsible use of emerging technologies.

Customer experience is determined by the products we offer customers and the value they deliver, and ensuring we have empathetic and helpful processes for when things go wrong, such as managing complaints and for customers in financial difficulty. This is of particular importance given the emerging impact of macroeconomic conditions on the cost of living and housing affordability.

As staff return to workplaces, **employee capability and wellbeing**, including mental health, was viewed as essential to maintain an engaged and resilient workforce.

Top 5 material issues:

Climate change

Managing the business risks and opportunities associated with climate change. Includes the role we play in supporting our customers to transition to a low carbon economy.

Information Security

Policies and processes in place to protect our systems, data and customers against scams and cyber attacks. Includes customer access to personal data.

Innovation and technology

Keeping pace with digital innovation to ensure we are offering our customers reliable and convenient products and services in a rapidly changing market.

Customer experience

Delivering value and improved customer experience through appropriate financial products and services for all customers, small business and personal.

Employee capability and wellbeing

Attracting and retaining a capable and engaged workforce, that is diverse and inclusive, helping us serve our customers better and drive strong business performance across the markets in which we operate. Includes supporting the physical and mental health and wellbeing of employees.

Insights from the assessment were presented to our executive Ethics and Responsible Business Committee and Board Ethics, Environment, Social and Governance Committee.

Our material ESG issues are 'mapped' to the bank's Key Material Risks on pages 40–42.

The full list of our material ESG issues and key steps in the materiality assessment process are discussed in our 2022 ESG Supplement available at anz.com/annualreport

Detailed information on other ways in which we have engaged with stakeholders is also included in the 2022 ESG Supplement.

Our operating environment

CHALLENGE		OUR RESPONSE
Rising inflation and interest rates, and moderating credit growth	• Consumers are facing abrupt cost of living adjustments through rises in prices of energy and other items, and more recently, interest rates • After a period of strong growth, credit growth is moderating – driven by lower demand for housing credit	• Effectively assessing borrowers' resilience to rising rates • Ensuring consumers are offered financially appropriate products and services • Dealing appropriately with customers experiencing financial hardship or needing extra care • Adjusting our staff salaries appropriately
Increased public and regulatory scrutiny	• Challenges arising from regulatory expectations, and changing community standards and expectations, particularly as they relate to ESG	• Ensuring our products and services are appropriate for customers • Building trust by 'doing what we say' • Working cooperatively with regulators, government and NGOs • Strengthening our ESG policies and processes and ensuring we implement them effectively – transparently disclosing our progress
Increased competition	• Ongoing competitive intensity, from both 'traditional' and new, digitally-enabled competitors	• Deploying new and improved digital services, products and processes to help meet customer needs for efficient and accessible banking • Investing in underlying technology and systems to establish more flexible and responsive platforms
Cyber-security threats	• Increased cyber-attacks, scams and attempted fraud	• Ongoing investment in cyber-security and scams detection capabilities and raising customer awareness as to the relevant risks
Geopolitical tension	• Heightened tension in our operating regions and other nations, affecting the global economy and creating significant societal disruption	• Contingency plans have been developed for our medium-to-higher risk jurisdictions with trigger events identified and monitored
Climate change and biodiversity loss	• Increasing regulatory, political and societal focus on the transition risks associated with climate change, including financial risks associated with lending to customers impacted by climate change	• Providing sustainable banking and finance products and services, such as green and sustainability-linked loans and bonds, that drive the transition to a low carbon economy • Strengthening our strategy, policies, processes, products and services to manage the risks and opportunities associated with climate change and biodiversity loss

We provide banking and financial products and services to around 8.5 million retail and business customers, and operate across 32 markets.

Our expertise, products and services make us a bank. Our people, purpose, values and culture make us ANZ.

About our business

Our divisions

Australia Retail – serves retail customers across Australia through our branch network, ATMs, digital and mobile banking applications including ANZ Plus.

Australia Commercial – serves commercial and private banking customers across Australia through our business centres, digital and mobile banking applications.

Institutional – serves institutional and business customers across Transaction Banking, Loans and Specialised Finance and Markets.

New Zealand – serves retail and commercial banking customers in New Zealand and is one of the largest New Zealand companies based on profit and assets.

Pacific – provides products and services to retail and commercial customers located in the Pacific Islands, where our history dates back 139 years.

Group Centre – provides support to the operating divisions, including technology, property, risk management, financial management, strategy, marketing, human resources and corporate affairs.

Our purpose and strategy

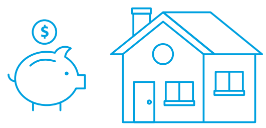
Our purpose is to shape a world where people and communities thrive. It explains 'why' we exist and drives everything we do at ANZ, including the choices we make each day about those we serve and how we operate.

We bring our purpose to life through our strategy; to improve the financial wellbeing and sustainability of customers through excellent services, tools and insights that engage and retain them, and help positively change their behaviour.

Through our purpose we have elevated areas facing significant societal challenges aligned with our strategy and our reach which include commitments to:

- Improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives;
- Supporting household, business and financial practices that improve environmental sustainability; and
- Improving the availability of suitable and affordable housing options for all Australians and New Zealanders.

In particular, we want to help customers:



Save for, buy and own a liveable home

+

Start or buy and sustainably grow their business

+

Move capital and goods around the region and sustainably grow their business

Fundamental to our approach is a commitment to fair and responsible banking – keeping pace with the expectations of our customers, employees and the community, behaving fairly and responsibly and maintaining high standards of conduct, as well as addressing issues identified through our annual materiality assessment.

Achieving our strategy

Integrating ESG and purpose into our strategy has created an opportunity for us to better serve our customers and generate long-term shareholder value.

We will achieve our strategy through…

Propositions our customers love... with easy-to-use services that evolve to meet their changing needs.

Through better use of data we will be able to provide valuable insights about our customers and how they can improve their financial wellbeing and sustainability over their lifetime, enabling us to create superior propositions.

Flexible and resilient digital banking **platforms**... powering our customers and made available for others to power the industry.

Platforms underpin our own propositions and will increasingly underpin those of our customers, notably other banks or institutional corporations.

Partnerships that unlock new value... with ecosystems that help customers further improve their financial wellbeing and sustainability.

We recognise that no one institution can do everything or innovate at the pace necessary to satisfy customers' needs – strong relationships with partners are therefore vital.

Purpose- and values-led **people**... who drive value by caring about our customers and the outcomes we create.

Our people listen, learn, adapt and do the right thing the first time – delivering the outcomes that address financial and sustainability challenges.

Building the financial wellbeing and sustainability of our customers creates a positive cycle of benefits. It directly benefits customers and also grows shareholder returns; it leads to a strong and positive reputation; it ultimately means it costs less to acquire customers; and it grows loyalty, which in turn generates better returns – delivering more capital so we can invest in building a better bank and continue to improve the lives of our customers.

Our values

Our values shape how we deliver our purpose-led strategy. They are the foundation of 'how' we work – living our values every day enables us to deliver on our strategy and purpose, strengthen stakeholder relationships and earn the community's trust. All employees and contractors must comply with our Code of Conduct, which sets down the expected standards of professional behaviour and guides us in applying our values.

Our values are:

- **I**ntegrity
- **C**ollaboration
- **A**ccountability
- **R**espect
- **E**xcellence

Supporting sustainable development

We are committed to the United Nations Sustainable Development Goals (SDGs) and believe that business has an important role to play in their achievement. Our 2022 ESG targets supported 12 of the 17 SDGs.

In 2019 we became a founding signatory to the UN Principles for Responsible Banking. Under the Principles we are required to set at least two targets that address our most significant (potential) positive and negative impacts, aligned with the SDGs and the Paris Climate Agreement.

Further information on our progress towards implementing the Principles, including targets we have set, is in our 2022 ESG Supplement.

Our approach
to societal challenges

We're focused on bringing our purpose to life through helping tackle complex issues that are core to our business strategy and matter to society. This work is underpinned by our commitment to fair and responsible banking and informed through our materiality assessment.

Performance against our Environment, Social and Governance (ESG) targets and further information on our ESG approach can be located in our ESG Supplement available at anz.com/annualreport

Improving the availability of affordable and sustainable housing, and supporting customers through a changing economy

We remain committed to helping improve the availability of suitable and affordable housing options for all Australians and New Zealanders. Our work spans many sub-sectors of the market such as affordable housing, specialist disability accommodation, aged care and homelessness, as well as working with community partners to provide housing for people in need of additional support.

We have targets to:

- Fund and facilitate $10 billion of investment by 2030 to deliver more affordable, accessible and sustainable homes to buy and rent in Australia and New Zealand. Since 2018 we have funded and facilitated over **$4.4 billion** towards the target.
- Support more customers into healthier homes in New Zealand by 2025. Since 2020 we have supported **1,446** households in New Zealand.

We strive to support our customers to achieve their home ownership goals in a way that also improves their financial wellbeing. This includes ensuring home loan customers are financially informed about the details of their mortgage, have borrowed within their means, and are resilient to potential future events.

During the pandemic, our default response was to keep repayments at the same level to help Australian customers get ahead on their mortgage, meaning we did not automatically reduce minimum repayments as interest rates decreased. This assisted customers to build repayment buffers ahead of rising interest rates in Australia.

With interest rates on an upwards trajectory across many geographies and costs for both discretionary and non-discretionary items growing, staying on top of household budgets and mortgage repayments has been a key issue for our customers. We are using real-time transaction data to adopt a proactive approach to identifying and contacting customers heading towards difficulty to discuss how we can help them before they get into trouble.

To help our customers buy and own a home, this year in Australia we increased our home loan balance by **$6 billion** to **$284 billion** and our home loan balance in New Zealand grew **NZ$8 billion** this year to **NZ$101 billion**.

Image: Assemble Kensington resident Sophie.

Improving the financial wellbeing of our people, customers and communities

Financial wellbeing is at the heart of the bank we're building to create better financial outcomes and resilience for our customers. This is particularly important as our customers navigate an economic environment with rising interest rates and cost of living challenges.

We are committed to improving the financial wellbeing of our people, customers and communities by helping them make the most of their money throughout their lives. We continue to work closely with our partners to ensure we are supporting customers and the community in a respectful, fair and appropriate way.

This year we launched the first ANZ Plus retail banking proposition, taking a digital-first approach to designing banking products which drive positive financial wellbeing outcomes for customers.

At the heart of ANZ Plus are nine financial wellbeing principles which aim to impart knowledge, provide clarity and empower customers to make better financial decisions:

1. Spend less than you earn
2. Put money aside for a rainy day
3. Save regularly towards your goals
4. Protect what you can't afford to lose
5. Borrow within your means
6. Pay your most expensive debt first
7. Build towards your retirement
8. Invest in things that grow
9. Give back to family, friends and the community when you can

We play a key role in the community by leading considerations into what is influencing financial wellbeing and applying insights from research to our financial education programs, Saver Plus and MoneyMinded. These programs involve close collaboration with partners from the community and government sectors.

Supporting employee capability and wellbeing

ANZ's strong and inclusive culture, built over decades, has supported our people to maintain a strong alignment to our strategy and purpose while the majority of our workforce continued to work flexibly as the impacts of the pandemic lingered in some geographies. This strong culture supported team connectivity and contributed towards a high level of engagement despite a period of significant change.

As employees have started to return to the office, we've evolved and simplified the behaviours that will continue to build our future success. Our new behaviour framework was introduced in February 2022.

Our behaviours:

Create opportunities

+

Deliver what matters

+

Succeed together

Peoples' needs and expectations of when and where they work have changed, and we know that our employees are seeking value from their day-to-day work. Responding effectively to this is a key enabler of a stable, future-fit workforce.

For many years, we have successfully operated a workforce based across multiple geographies and supported flexibility for all roles. We are committed to hybrid working and the pandemic has uplifted our flexible working capacity and capability. Key to this is how we support our people leaders and teams to create opportunities, deliver what matters and succeed together while working in a hybrid, flexible manner. We continued to provide psychological and ergonomic support to our workforce, who have worked from home for the majority of the year.

We are future proofing our workforce in the face of a turbulent external environment and a volatile talent market by focusing on the most important capabilities that will drive our strategic agenda. This year we have continued to invest in key capabilities such as Engineering, Cloud, Data and Digital, and Customer Coaching.

ANZ is well positioned to attract and retain talent, and our people tell us that they join and stay because we offer challenging, interesting and complex work that matters. They are empowered to work in a way that suits them and ANZ, and because they want to belong to a community that celebrates the value of diversity.

Our focus on employee wellbeing and how we are future-proofing our workforce builds on our long history of support for employee diversity, underpinned by a strong culture. We help our people thrive in an internal environment that continues to adapt and evolve to ever-changing external demands.

Fair and responsible banking

Underpinning everything we do is a commitment to fair and responsible banking. Keeping pace with the expectations of customers, employees and the wider community, while behaving fairly, responsibly and maintaining high standards of conduct. We are committed to supporting customers in times of need and ensuring our products and services are accessible and inclusive to all.

We continue to make progress implementing our strategy to assist customers who may require extra care and those facing financial difficulty in Australia. We are focused on delivering better customer outcomes by strengthening frontline capability and proactive external engagement, as well as improving product design and data use to improve accessibility and limit harm.

We have improved support for customers by changing the way we manage and think about customer complaints. We have been embedding a culture where complaints are valued as an opportunity to learn, improving products and services, and delivering better customer outcomes. We strive to deliver excellent products and services to our customers but if we get things wrong, we want to know, and seek to resolve complaints with empathy and fairness.

The expanded use of digital and real time payments has made it easier for criminals to move funds quickly and easily through various accounts, and ultimately offshore, making recall and recovery increasingly difficult. We are investing in new technology and tools to protect our customers from scammers looking to steal their data and money.

Our approach to climate change

We want to be the leading Australia- and New Zealand-based bank in supporting customers' transition to net zero emissions by 2050.

Our environmental sustainability strategy identifies priority sectors, technologies and financing opportunities to help achieve our ambition. Our climate change commitment provides the framework for our strategy and our commitment to enable the transition by aligning our lending portfolio with net zero emissions by 2050. We joined the Net-Zero Banking Alliance (NZBA) in 2021, reflecting that commitment.

The most important role we can play in meeting the Paris Agreement goals is to help our customers reduce emissions and enhance their resilience to a changing climate. We support an orderly transition that recognises and responds to social impacts. This aligns with our purpose to shape a world in which people and communities thrive.

To achieve our environmental sustainability strategy we are:

- Directing our finance into key priority areas (as per diagram to the right);
- Aligning our lending decisions to the Paris Agreement goals and have disclosed metrics and targets for our power generation portfolio and large-scale commercial buildings;
- Progressively developing metrics and targets for key sectors, in line with our NZBA commitment, which is aimed at ensuring the majority of our portfolio emissions are covered by end 2024;
- Funding and facilitating $50 billion of sustainable solutions by 2025, to support customers in their efforts to achieve improved environmental outcomes, including the reduction of their greenhouse gas emissions. This year, 140 transactions worth $18.09 billion have been completed, bringing our progress towards our $50 billion target to $40.04 billion since October 2019;
- Equipping our employees with a deeper understanding of climate risks and opportunities focusing on our Institutional bankers in key customer segments such as resources, energy and Agribusiness;
- Reducing emissions from our operations including a target to increase renewable energy use to 100% by 2025 and setting updated targets for our environmental footprint;
- Implementing strategic partnerships, for example with climate advisory and investment firm, Pollination;
- Actively participating in recognised industry associations to help shape policy development and settings to enable the development of taxonomy and standards; and
- Engaging constructively with stakeholders on our approach through Environmental, Social and Governance (ESG) market briefings, investor roundtables, civil society engagement and other avenues.

Refer to our ESG Supplement available at anz.com/annualreport for an update on our ESG Targets.

Our 2022 Climate-related Financial Disclosures will be released prior to our Annual General Meeting (AGM). This will be our sixth report using the Task Force on Climate-related Financial Disclosures, (TCFD) recommendations and will be available at **anz.com/annualreport**. This report will provide a more detailed update on our approach to climate change including our customer engagement program.

Supporting our customers to transition to net zero

Key priority areas and sectors we'll pursue

1. Supporting sustainable resource extraction in areas such as iron ore, lithium, nickel, cobalt, rare earths, copper and bauxite. **2.** Supporting basic materials production including green steel and low-carbon aluminium production. **3.** Supporting new technology projects focused on upstream hydrogen and carbon capture use and storage. **4.** Initial focus on financing high-efficiency residential buildings and retrofits. **5.** Supplying green investment options for environmental sustainability-focused funds/insurers and partnering with financial institutions to deliver alternative capital.

Our progress on the task force on Climate-related Financial Disclosures

Disclosures on our ESG Targets are outlined in our ESG Supplement and our detailed 2022 Climate-related Financial Disclosures will be released prior to our AGM and will be available at **anz.com/annualreport**

	OUR PROGRESS TO DATE	FOCUS AREAS – 2022/23
Governance	• Board Risk Committee oversees management of climate-related risks • Board Ethics, Environment, Social and Governance (EESG) Committee approves climate-related objectives, policy and targets • Ethics and Responsible Business Committee (ERBC) consisting of executive management oversees our approach to climate-related risks and opportunities • Climate Advisory Forum, chaired by our Group Executive Institutional, supports execution of our climate-related policy, opportunities and disclosures, subject to approval by ERBC and EESG	• Enhance alignment with Australian Prudential Regulation Authority (APRA) CPG229 guidance on Climate Change Financial Risks and the *New Zealand Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021*
Strategy	• ANZ's Environmental Sustainability Strategy and Climate Change Commitment (available at anz.com.au/about-us/esg/environmental-sustainability/climate-change/) confirms our support for the Paris Agreement goals, our priority sectors, technologies and financing opportunities via products and services to help achieve our ambition and our focus in supporting customers' transition to net zero emissions by 2050	• Continue to engage with 100 of our largest emitting business customers to support them to, by end 2024: – implement and strengthen their low carbon transition plans and – enhance their efforts to protect biodiversity. • Continue to enhance banker capability to identify climate risks and opportunities • Extend transition plan engagement with other large emitting business customers into our regular customer assessments • Pilot the Taskforce on Nature-related Financial Disclosures (TNFD)
Risk management	• Included climate risk in our Risk Appetite Statements for Institutional bank, and lending criteria in the Australian Retail, Commercial and New Zealand portfolios • Enhanced credit approval process applied to new Agribusiness customers and agricultural property purchases in regions of low average rainfall or measured variability • Reviewed and assessed current and emerging regulatory requirements across the jurisdictions in which we operate • Developed and piloted Climate Change Risk Assessment methodology in our Project Finance business (Australia) • Participated in the Australia Prudential Regulation Authority's (APRA) climate vulnerability assessment which assessed the potential impact of transition and physical risks to parts of our portfolio • Completed analysis of physical and financial risks of flooding for home loan customers in a major regional location of Australia and of coastal flooding (nationwide) and inland flooding (Auckland) for the Reserve Bank of New Zealand's climate sensitivity analysis (New Zealand)	• Prepare a set of climate risk standards, based on regulatory obligations to be applied across all jurisdictions where ANZ operates • Extend our Climate Change Risk Assessment methodology beyond our Project Finance business, starting with Institutional customers in higher emitting sectors such as resources and energy • Develop a data strategy to inform our approach to sourcing and integrating climate data into sectoral pathways, scenario analysis, stress testing and analytics. This will include learning from the New Zealand climate risk program • Enhance risk assessment capability for our bankers through extending our Climate Change Risk Assessment • Extend analysis of physical climate risks of fire and flood to segments of Australian retail customers • Conduct scenario analysis for key New Zealand sectors • Conduct analysis of drought vulnerability for our Agricultural portfolio (Australia and New Zealand) and the impacts of a change in carbon price (New Zealand)
Metrics and targets	• Transition Risk: Continued engaging 100 of our largest emitting business customers, to support them towards a 'well developed' or 'advanced' stage of transition planning; and enhance their efforts to protect biodiversity, by end 2024 • Capital Deployment: $50 billion target to fund and facilitate sustainable solutions by 2025, $40.04 billion achieved to date • Greenhouse gas (GHG) emissions: Develop metrics, pathways and targets to enable progress tracking as we reduce 'financed emissions[1]'. Announced targets for large-scale commercial property and power generation (November 2021) in line with our commitment to the Net Zero Banking Alliance • GHG emissions: Target to procure 100% renewable electricity for ANZ's operations by 2025[2], and reduce emissions in line with Paris Agreement goals • Management incentives for delivering our climate change strategy are in place at the most senior levels of the organisation including our Group Executive Committee and senior leaders. Our Group Performance Framework incorporates whether we have: Strengthened our position as a leading Sustainability bank in the region, and our performance against the S&P Global corporate sustainability assessment. Refer to page 79 of the Remuneration Report	• Expand our metrics, pathways and targets for 'financed emissions' to other key sectors • Develop financed emissions reporting across majority of the New Zealand portfolio • Consider the use of emerging metrics to track our progress in helping to minimise biodiversity loss

1. Scope 3 emissions attributable to lending. **2.** Self-generated renewable electricity, direct procurement from offsite grid-connected generators e.g. Power Purchase Agreement (PPA) and default delivered renewable electricity from the grid, supported by credible attributes in accordance with RE100 technical guidelines.

Our divisions
Australia Retail

Financial Performance Cash continuing[1]

	FY22	FY21	Growth
Cash profit ($m)	2,140	2,316	-8%
Net Loans & Advances ($b)	290.3	284.0	2%
Return on Avg. RWAs (%)	1.8%	2.1%	
Customer Deposits ($b)	150.0	141.4	6%

This year we've delivered strong returns by growing momentum in our home loans and deposits business. We've invested in the foundation of our future bank, ANZ Plus and helped more customers with simple banking needs switch to mobile and digital channels.

Maile Carnegie
Group Executive Australia Retail

Operating environment

Economic activity recovered in 2022, in part due to a strong housing market and employment growth, however high inflation and increasing cost-of-living pressures are front of mind for our Retail customers. Competition for home loans has intensified further with Retail customers across the sector proactively engaging with mortgage providers and third-party originators leading to increased levels of refinance activity in the industry.

Our Retail customers continue to display positive financial wellbeing behaviours – offset accounts continue to grow; a large portion of our home loan customers remain ahead in their repayments; and savings have increased for those without a mortgage. Faced with a higher interest rate environment, support established through the peak of the COVID pandemic remains in place for our customers who are navigating uncertainty or having difficulty managing their loans. Comfort with and trust of digital and mobile banking channels continues to increase among customers.

Looking ahead to 2023, we face a more subdued lending environment and increased demands on customer cashflows. We remain focused on growing revenue responsibly and committed to our automation and simplification initiatives to help reshape our business, deliver easy, personalised services to our customers and sustainably grow returns for our shareholders over the long-term.

Strategy and focus

Our strategy in Australia Retail is to support our customers to achieve their financial goals, in a way that also helps improve their overall financial wellbeing.

For our one million home loan customers, this means making sure they are financially informed about their mortgage, that it's within their means and they are resilient to potential future events.

This year we've built momentum in our home loans business by improving turnaround times, enhancing our processing capacity, and simplifying our home loan product offering. We've also invested in tools like the home loan calculator to help our customers understand how changes to interest rates will impact their repayments, and a free home loan check-in to help them find ways to fine-tune their home loan so it continues to meet their needs.

We've invested in building the foundation of our future business, ANZ Plus, with 20 modern cloud-based technology platforms now in place and working at scale. We have launched the first ANZ Plus transaction and savings product with deposits growth outpacing any new digital bank in Australia. Efforts to migrate our current 'transact and save' account customers from ANZ to ANZ Plus will continue to be a focus into 2023 and beyond.

We've been helping customers make the move to digital and mobile channels, so they can bank when and where it is most convenient for them. We launched the Message Us feature in the ANZ App – a secure way for our customers to ask questions regarding their personal accounts, including Home Loans, inside the app. Customers can now receive comprehensive help through a messaging experience without having to call or visit a branch. We also introduced Broker Chat, a real-time 'live chat' function via the ANZ Broker Portal for brokers to easily obtain an expected credit response date on an application, check on the assessment for applications and organise call backs from assessors.

1. On a cash profit (continuing operations) basis. Excludes non-core items included in statutory profit and discontinued operations and is provided to assist readers in understanding the result of the ongoing business activities of the Group. For further information on adjustments between statutory and cash profit refer to page 45.

The changing face of customer service

Our customers continue to expect convenient, flexible and comprehensive digital banking options, many shifting towards higher levels of self-service, with just eight per cent of our customers relying solely on branches for their everyday banking needs.

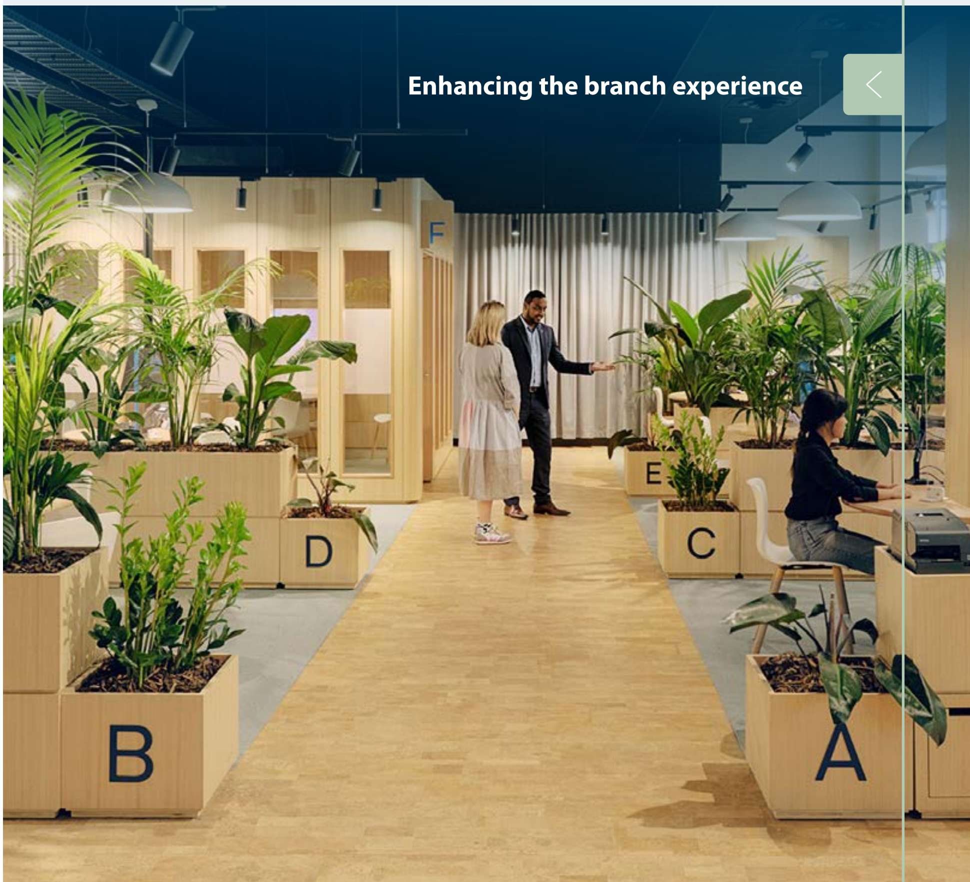
Over-the-counter cash and cheque transactions declined 20 per cent YOY for the past two years and ATM transactions declined by 18 per cent in FY22, while the number of customers using digital channels increased steadily – 43 million transactions were completed in digital channels and digital logins increased 15.4 per cent.

This increased uptake of digital channels and services has shifted the expectations of customers when it comes to face-to-face interactions with our bankers. The role of bankers has changed significantly and we're responding by adapting our bricks and mortar presence to enable staff and customers to focus on digital adoption and financial wellbeing conversations, rather than just transactions.

We've rolled out new branch formats across 32 locations and are piloting two ANZ Plus stores to meet the demand from our customers who now often visit a branch by appointment when they want help with more complex needs, like home loans or improving financial wellbeing. It is at these times that relationships and coaching are critical.

We have also built the principle of self-service into ANZ Plus, with a comprehensive support section housed in the app. Customers can query suspicious transactions; lock, block, cancel or reorder their card; search years of transaction history and change their email address, postal address, Tax File Number, PIN and more – all in the app. We will continue to build-in convenient self-service options as the ANZ Plus product suite expands.

Image: Open layout in one of ANZ's award-winning new branches.



Ongoing customer remediation work continues to progress well, and we remain committed to growing our revenue responsibly and reinvigorating our product offering to ensure we get things right for our customers the first time.

Looking ahead, we want to be the leading destination for homeowners and for people who are serious about one day owning a home. We'll be the bank customers trust to better anticipate their needs and help them make the most of their money throughout their lives – whether they are just starting to save, ready to purchase their first home or paying off the family home quicker than planned. Progressing our ANZ Plus home loan offering will be a key factor in this and is a core priority for 2023.

Performance highlights

The Retail and Digital businesses were combined in Australia this year, creating a new Australia Retail Division to increase focus on customers' needs and better position the business for future opportunities. With an emphasis on responsible growth, amidst a challenging operating environment, the Australia Retail Division delivered Cash Profit of $2.1 billion.

Improvements in operational capacity and resilience helped restore Home Loan momentum, with volume growing $5.9 billion in the second half. This was achieved while balancing margins and returns in an extremely competitive environment.

Customer deposits were up $8.5 billion in the year, representing a 6% increase on the prior year. Many customers are still demonstrating a cautious approach and increasing their savings buffers. In the rising-rate environment, customers are also moving their money from at-call products back to term deposits.

Disciplined cost management saw a reduction in run-the-bank expenses, while the Division continued to invest for the future. This saw substantial progress on ANZ Plus, as well as the modernisation of the contact centre and physical branches to better support our digital transformation journey.

Our divisions
Australia Commercial

Financial Performance Cash continuing[1]

	FY22	FY21	Growth
Cash profit ($m)	1,510	1,107	36%
Net Loans & Advances ($b)	59.7	57.2	4%
Return on Avg. RWAs (%)	2.9%	2.1%	
Customer Deposits ($b)	112.2	111.1	1%

This year we announced Australia Commercial as a new division to better prepare it for future growth opportunities. Improving the visibility, focus and accountability of Commercial enables us to better support customers striving to start, run, or grow their businesses.

Shayne Elliott
CEO/Interim Group Executive, Australia Commercial

Operating environment

Australia's small-to-medium business (SME) sector experienced moderate growth against a backdrop of intermittent COVID-19 related shutdowns, high inflation, increasing input costs, supply chain issues, and workforce shortages. Adapting to the operating conditions, we continued to see many customers invest, better manage costs, and pivot their businesses towards new market opportunities.

With the unemployment rate reaching a 50-year low, employee vacancies were an ongoing issue for many customers particularly for businesses in regional Australia. This downward trend is expected to continue until early 2023 which will likely put upward pressure on wages, further increasing costs for some businesses.

While inflation and interest rate rises lowered consumer confidence, consumer spending remained relatively strong creating buoyancy across the sector. Higher mortgage payments, and price increases for essential goods and services could inhibit future spending although savings buffers, population growth and accelerating wages should limit any impacts.

Strategy and focus

Australia Commercial provides banking products and services to ~630,550 Australian small and medium businesses, as well as high net-worth, private banking customers across Australia. Our ~2,800 Commercial employees include bankers and specialists working across all industry sectors who assist customers manage working capital, optimise cash-flow and support growth with business loans, asset finance, and transaction banking. Australia Commercial also works closely with ANZ's Retail and Broker teams to deliver customers' home lending needs.

Through our direct customer relationships and a strong broker network, our Commercial lending increased by 4% during FY22. This result was also driven by the introduction of several self-service features and enhancements to both internet banking and the ANZ App. In a first for a major Australian bank, eligible customers can join ANZ and open a business transaction account in just a few minutes via ANZ's app using a driver's licence or passport, and an ABN, creating a fast and simple onboarding experience.

We also expanded our suite of business management tools and personalised digital experiences to help our customers be financially ready. This includes investment in online business lending platforms such as ANZ GoBiz which uses customer accounting data to enable online applications for unsecured overdrafts up to $300,000 and term loans up to $500,000, with lending approvals issued in less than 48-hours. The platform assists customers with both cash-flow and investment opportunities.

This work resulted in ANZ being awarded Canstar's 2022 Bank of the Year – Small Business, which recognised our business banking products, services, and customer satisfaction relative to peers.

Aligned with building our digital capabilities, in April we commenced ANZ Worldline Payment Solutions, a joint venture with leading European payments provider Worldline.

The new joint venture will provide ANZ Commercial and Institutional customers in Australia access to market-leading point-of-sale and online payment technology.

1. On a cash profit (continuing operations) basis. Excludes non-core items included in statutory profit and discontinued operations and is provided to assist readers in understanding the result of the ongoing business activities of the Group. For further information on adjustments between statutory and cash profit refer to page 45.

As customers refocused and rebuilt following the COVID-19 pandemic, we continued to look for ways to further support investment. This included an increase in our maximum loan term for eligible small business customers from 15-years to 30-years for facilities secured by standard commercial property.

In addition, we simplified our refinance process for business lending up to $1m for eligible customers, creating quicker loan approvals and access to appropriate capital.

Performance highlights

Australia Commercial delivered a strong first set of financial results as a standalone division, increasing cash profit by 36% and revenue by 18% year-on-year. This result was driven by volume growth and disciplined margin management, assisted by the rising rate environment. Expenses were also tightly managed.

Net loans and advances grew 4% driven by strong lending growth in our specialist segments which include agribusiness, health, and property. Our larger Commercial customers had the strongest credit appetite, while smaller business customers continued to prioritise financial solutions to aid cash-flow.

Customer deposit growth of 1% was more subdued this year, following unprecedented government support during COVID-19 in the prior year. An improvement in our risk adjusted returns also demonstrated the continued strength in the credit quality of our Commercial loans.

Building a gem of a business with help from ANZ GoBiz

Brisbane jeweller and Managing Director Ashley Portas is funding the next growth chapter of his successful jewellery store, Diamondport, with help from an ANZ GoBiz loan.

Founded in 2015 with an initial import focus, the family business expanded four years later when it established its own workshop to enhance its design and production services. This led to 65% year-on-year growth and opened the door to new opportunities.

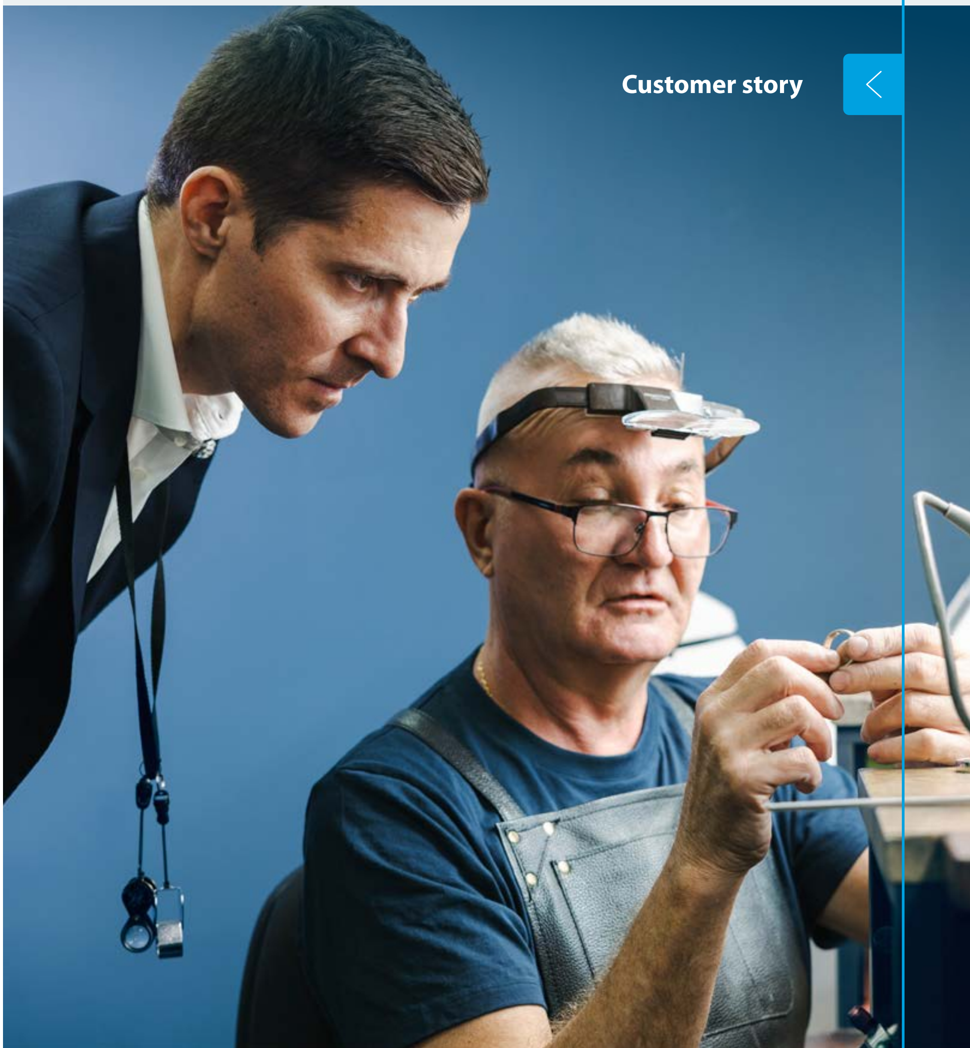
"When you grow this fast, you need more money to grow. Suddenly, we found ourselves needing more diamonds, new tools, more rings to market and sell," said Ashley.

To support the next growth phase Ashley decided to apply for a $200,000 business loan. After approaching an online lender and his existing bank, Ashley discovered ANZ GoBiz offered a more convenient digital-enabled alternative.

"I found the ANZ GoBiz offer online and really liked what I saw. It only took me 20 minutes to apply," said Ashley.

"I applied on a Wednesday and was approved by Friday," Ashley said. "I had no problems sharing my accounting details and banking information with ANZ, and I found it so refreshing to see a bank like ANZ put their trust in us."

Now, with finances in place, Diamondport is expanding its portfolio of engagement rings. Alongside traditional designs like solitaire and halo, the team is creating more unique and bespoke engagement ring designs to appeal to a wider customer base.



Customer story

Our divisions
Institutional

Financial Performance Cash continuing[1]

Cash profit ($m)

FY22	1,761	Growth -7%
FY21	1,887	

Net Loans & Advances ($b)

FY22	196.8	Growth 24%
FY21	158.2	

Return on Avg. RWAs (%)

FY22	0.9%
FY21	1.1%

Customer Deposits ($b)

FY22	259.4	Growth 8%
FY21	239.6	

In the past year, some of the headwinds facing Institutional started to pivot to tailwinds, driving momentum in key businesses. Customer lending was robust, and we made significant progress delivering on our strategy – including through our digital offering, platforms and sustainability partnerships.

Mark Whelan
Group Executive Institutional

Operating environment

In 2022, Institutional customers remained resilient despite economic challenges, market volatility and geopolitical issues. In a clear signal that investment is strengthening, we saw significant demand for lending even as inflation and interest rates rose and consumer sentiment declined. Our business was well positioned for the market conditions, underpinning a solid performance in Payments and Cash Management, Trade and Corporate Finance.

A sharp climb in energy prices brought issues such as climate change and energy policy to the forefront of the global economic debate, intensifying our strategic focus on supporting customers in their transition to net zero. Geopolitical uncertainty continued, highlighting the importance of a reliable banking partner with a strong international trade network and a deep understanding of global markets.

Strategy and focus

ANZ Institutional Bank is focused on supporting companies moving goods and capital around the region. Our past efforts to build a simpler, more efficient Division positioned us well to respond quickly to our customers' needs through the pandemic and provide support during a challenging period.

In 2022, we made significant progress in delivering strategic initiatives, including growing the Markets' customer-franchise business, maximising benefits from our international network, implementing an improved customer coverage model, building on our digital self-service offering, rolling out more efficient digital credit processes and establishing a market-leading Digital Asset Services Team.

We also focused on extending our platforms as a service to customers. The volume of agency payments, processed by financial institutions for their customers, using ANZ's infrastructure, grew 85% year-on-year. Overall payments volumes grew 52%, as we continued to invest in digital platforms.

We continued to build our position as a regional leader in environmental sustainability, participating in $155 billion of sustainable finance deals in FY22 while rolling out sustainability education programs internally. Looking ahead, we see increasing opportunities for our customers as a result of the super cycle of activity that is underway.

Performance highlights

ANZ Institutional delivered a strong performance, with a cash profit of $1.8 billion while revenues were up 1% for the year and 10% half-on-half. The high-quality result was achieved despite challenging market conditions, reflecting strong customer momentum and effective margin management. In addition, lending momentum remained robust, up 24% year-on-year.

ANZ also maintained our position as the region's leading Institutional bank in key markets where we operate. In Australia, we were named #1 Lead Institutional bank for overall market penetration for the 7th consecutive year by Peter Lee Associates[2]. In New Zealand, Peter Lee Associates recognised ANZ as #1 for Overall Market Penetration and Lead Bank Penetration, and #1 for Relationship Strength.[3]

1. On a cash profit (continuing operations) basis. Excludes non-core items included in statutory profit and discontinued operations and is provided to assist readers in understanding the result of the ongoing business activities of the Group. For further information on adjustments between statutory and cash profit refer to page 45. **2.** Peter Lee Associates, Australia Large Corporate Relationship Banking 2016–2022. **3.** Peter Lee Associates, New Zealand Large Corporate Relationship Banking 2022.

In International, we held our top ranking for overall relationship quality in Asia for the fifth consecutive year according to the Coalition Greenwich 2021 Asian Large Corporate Banking Study.

Our focus on environmental sustainability was recognised in the market, with ANZ named market leader in Environmental, Social and Governance (ESG)/Sustainable Finance in Australia[4] for the second consecutive year and ESG Bank of Choice in New Zealand[5], according to Peter Lee Associates.

In addition, ANZ formed a strategic collaboration with INPEX Corporation and Qantas Airways Limited to enter into a Memorandum of Understanding, for a project bringing together carbon farming and renewable biofuels in the Wheatbelt region of Western Australia. We also launched a comprehensive hydrogen guide to support customers in exploring opportunities associated with the emerging sector's rapid commercialisation.

ANZ led the market in our approach to digital assets, successfully executing the first ever Australian bank issued Australian dollar stablecoin (A$DC) payment through a public permissionless blockchain transaction. The team delivered the stablecoin for Victor Smorgon Group, closely followed by the purchase of tokenised Australian carbon credits using the new stablecoin.

4. Peter Lee Associates, Australia Large Corporate Relationship Banking 2021–2022. **5.** Peter Lee Associates, New Zealand Large Corporate Relationship Banking 2022.

ANZ leads landmark tokenised carbon credits transaction

ANZ has taken an important next step in progressing its digital asset strategy, supporting long-standing customer Victor Smorgon Group in successfully purchasing tokenised Australian carbon credits (BCAU) using the ANZ-issued stablecoin A$DC.

This is an important step for ANZ as the bank explores greater circulation of the stablecoin. In this transaction, Victor Smorgon Group used A$DC as a medium of exchange to purchase the BCAU carbon tokens from Zerocap, an Australian digital asset investment platform. Zerocap sourced the BCAU from BetaCarbon, which tokenises Australian Carbon Credit Units (ACCUs) into digital tokens, with each representing 1kg of carbon captured. This transaction is also significant as it provided A$DC/BCAU liquidity, while offering both Victor Smorgon Group and Zerocap redemption rights for A$DC.

This latest A$DC transaction came after ANZ successfully executed the first Australian-bank issued Australian-dollar stablecoin payment through a public permissionless blockchain transaction in March. A$DC remains fully collateralised by the Australian dollar and is redeemable at par with funds held in an ANZ-managed reserve account.

Victor Smorgon Group CEO Peter Edwards said: "Victor Smorgon Group is one of Australia's most established and successful family offices, operating across multiple asset classes, including digital assets. Through the Zerocap platform and continuing our multi-generational working relationship with the ANZ Bank, we are excited to now have an Australian dollar stablecoin giving us a safe and secure gateway to the digital economy."

ANZ Banking Services Lead Nigel Dobson said: "This milestone transaction brings together two key focus areas for ANZ, sustainability and digital assets. We're seeing increasing customer appetite to use A$DC to enter the digital economy, and will continue to partner with our clients to explore how this technology can help them achieve their goals."

A milestone transaction and partnership

Our divisions
New Zealand

Financial Performance Cash continuing[1]

Cash profit (NZ$m)

FY22	1,768	Growth 10%
FY21	1,607	

Net Loans & Advances (NZ$b)

FY22	140.4	Growth 4%
FY21	134.5	

Return on Avg. RWAs (%)

FY22	2.3%
FY21	2.2%

Customer Deposits (NZ$b)

FY22	108.0	Growth 5%
FY21	102.3	

We are proud of our many achievements over this year and the role we will continue to play to help Kiwis navigate the months ahead.

With the pace and scale of change across the world, it will be essential to continue to adapt and help our personal and business customers stay focused on long-term financial wellbeing.

Antonia Watson
CEO of New Zealand

Operating environment

Rapidly rising interest rates, inflation and heightened commodity prices have become a reality at home and around the globe. Economic disruption fuelled by the war in Ukraine and continued supply chain issues add to the challenges that we knew would linger as long as COVID-19 was around.

While we successfully navigated the year alongside our customers, there's been a noticeable shift in consumer sentiment and it's clear the broader environment has become increasingly challenging for many.

The data tells us many customers are more resilient than many may think – making the right moves by prioritising home loan repayments, savings and paying down credit card debt. We continue to work with our business customers on sustainable financing solutions – where borrowing more is often not the answer. Being well capitalised provides important assurance for our customer base.

Strategy and focus

Despite the onslaught of COVID-19 and being required to work from home for much of the past two years, our accelerated strategy work has progressed well. In that time, we've delivered a number of projects beneficial to customers and staff, such as voice-identity confirming proof of a bank account in goMoney, digital multi-authorisation for payments, automated customer communications, and digital home loan rate refixing among others.

The speed of customers' adoption of our digital banking tools has continued at pace, with an increase of 81,000 active users since March 2020. The pandemic has accelerated the decline in over-the-counter branch transactions by 40%. Technology will continue to be central to how we make things easier for staff and customers.

We're bringing forward a major project to install a modern banking platform that is "cloud-based", providing us with more flexibility to quickly add functions for our customers and staff. By moving to a modern banking platform we will have a new core system which can continue to deliver reliable, efficient and secure services for our customers.

That's why we've also lifted this program above our strategic acceleration work and given it a foundational title: "Ngā Tapuwae o ANZ – The Footsteps of ANZ".

Ngā Tapuwae is our statement about ensuring quickness of feet either in the depths of our intellectual pursuits or physical prowess. Ngā Tapuwae calls for us all to transform as a bank, in a fleet footed manner, to serve the needs of an ever-changing customer base and Aotearoa New Zealand.

We recently launched our Good Energy Home Loan, which allows customers to borrow up to $80,000 at a 3-year fixed rate of 1% to make their homes more energy efficient.

This was followed by our ANZ Business Green Loan, the first product of its kind in the market. Our Business and Corporate customers with environmental initiatives that meet eligibility criteria can access funding of up to $3 million at a special floating interest rate for up to five years. Customers can also re-finance existing business loans if they meet the criteria.

Importantly, it's the only advertised loan in market aligned to internationally-recognised Green Loan Principles (GLP) for assets that demonstrate a clear environmental benefit.

1. On a cash profit (continuing operations) basis. Excludes non-core items included in statutory profit and discontinued operations and is provided to assist readers in understanding the result of the ongoing business activities of the Group. For further information on adjustments between statutory and cash profit refer to page 45.

ANZ's People Agenda is critical to the performance of our bank. This year saw the launch of Tākiri Ā Rāngi – ANZ New Zealand's Te Ao Māori strategy out to 2040. We are committed to growing cultural competency and understanding of Te Ao Māori (the Māori world view) with our staff and enhancing the financial wellbeing of Māori.

This year we released a report called Watch Women Win, which examined the motivations for, and obstacles preventing, women's success. A key finding was women are inspired by seeing other women celebrated for doing well. We undertook a number of engagements throughout the year meeting successful women and hearing and sharing their stories.

In February we also launched our Equity, Diversity and Inclusion Strategy, 'Bringing EDI to Life'. This supports our business to create an equitable and inclusive workplace where the diversity of our workforce in its broadest sense can be leveraged to the benefit of our customers and Aotearoa New Zealand.

Performance highlights

New Zealand delivered another strong year with Cash Profit of NZ$1.77 billion. Home lending continues to be a key driver for us. We increased our share of the New Zealand home loan market over the year, from 30.38% in September 2021 to 30.51% in August 2022.

Lending to Business and Institutional customers also grew, increasing by NZ$900 million over the first half. Overall, Business and Institutional customers managed well through the COVID-19 disruptions in the first half of the financial year.

Our Contact Centre is experiencing increasing demand. We've seen an increase in customer calls, particularly related to an uptick in fraud and scam cases, the wind-up of Bonus Bonds, interest rates and a surge in home loan rollovers.

Our Staff Foundation distributed over NZ $1.1 million in donations to 93 charities across New Zealand.

Supporting a more sustainable and self-sufficient future

Changes to the social, physical and financial operating environment mean businesses must become more sustainable and energy-efficient.

There is a growing sense that if they are to survive and thrive in a warmer world, they must adapt, invest in technology and become more self-sufficient and resilient.

One Canterbury business demonstrates this in spades. Hagley Windows and Doors – set up by builder Geoff Ball – has grown from having just two employees in 1983 to more than 190 today.

In recent years, Hagley has invested millions of dollars in computer-controlled robotic glass-cutting and double-glazing machines, giving it an edge over competitors.

Its high-tech double-glazed window units are a growing part of its business, and now help make thousands of homes and businesses in the South Island warmer, dryer and more energy efficient.

The company has also made substantial investments in solar power for its own premises.

It takes considerable power to run a factory the size of two football fields, dozens of machines and an energy-hungry glass-toughening furnace.

To meet some of these electricity demands, the company has put its abundant roof space to work, installing over 2900 solar panels.

It is one of the largest solar arrays in the South Island, and now generates over 20 per cent of the company's power requirements.

As the country's largest bank, we're seeing our customers increasingly turning to us for support and help as they consider how best to adapt and invest in their future.

As with any investment, making a business more sustainable comes at a price, but our Business Green loan removes some of that cost barrier.

It is currently the only advertised green loan product in the market available to business customers and linked to the Green Loan Principles.

ANZ has led the way with sustainable finance for our Institutional Business customers and we're proud to now offer a Business Green Loan which will support many more businesses start down the road of becoming more sustainable, resilient and self-sufficient.

Customer story

Governance

Corporate governance framework

- SHAREHOLDERS
- BOARD OF DIRECTORS
  - Audit Committee
  - Ethics, Environment, Social and Governance Committee
  - Risk Committee
  - Human Resources Committee
  - Digital Business and Technology Committee
  - Nomination and Board Operations Committee
  - BOARD RESERVED POWERS AND DELEGATION OF AUTHORITY
- CHIEF EXECUTIVE OFFICER
- GROUP EXECUTIVE COMMITTEE

Board of Directors

ANZ's strong governance framework provides a solid structure for effective and responsible decision-making within the organisation.

The Board is responsible for the oversight of ANZ and its sound and prudent management, with specific duties as set out in its charter available at anz.com/corporategovernance.

There are six principal Board Committees – the Audit Committee, the Ethics, Environment, Social and Governance Committee, the Risk Committee, the Human Resources Committee, the Digital Business and Technology Committee and the Nomination and Board Operations Committee.

Each Committee has its own charter setting out its roles and responsibilities. At management level, the Group Executive Committee comprises ANZ's most senior executives. There is a delegation of authority framework that clearly outlines those matters delegated to the CEO and other members of senior management.

For further detail on ANZ's governance framework see our 2022 Corporate Governance Statement available at anz.com/corporategovernance.

Full biography details can be found on our website at anz.com/directors and on pages 31-35 of this report.

Paul O'Sullivan

Chairman, Independent
Non-Executive Director

Shayne Elliott

Chief Executive Officer,
Executive Director

Ilana Atlas, AO

Independent
Non-Executive Director

Jane Halton, AO PSM

Independent
Non-Executive Director

RT Hon Sir John Key, GNZM AC

Independent
Non-Executive Director

Graeme Liebelt

Independent
Non-Executive Director

John Macfarlane

Independent
Non-Executive Director

Christine O'Reilly

Independent
Non-Executive Director

Jeff Smith

Independent
Non-Executive Director

Directors' meetings

The number of Board, and Board Committee, meetings held during the year and each Directors' attendance at those meetings are set out below:

	Board		Risk Committee		Audit Committee		Human Resources Committee		Ethics, Environment, Social and Governance Committee		Digital Business and Technology Committee		Special Committee of the Board		Committee of the Board[1]		Nominations and Board Operations		Shares Committee[1]	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Paul O'Sullivan	18	18	8	8	8	8	7	7	6	6	4	4	1	1	1	1	4	4	3	3
Ilana Atlas, AO	18	18			8	8	7	7	6	6			1	1	1	1	4	4	1	1
Paula Dwyer[2]	4	4	2	2	2	2	2	2												
Shayne Elliott	18	18											1	1	2	2			2	2
Jane Halton, AO PSM	18	18					7	7	6	6	4	4					4	4		
RT Hon Sir John Key, GNZM AC	18	17	8	8					6	6	4	4	1	1			4	4		
Graeme Liebelt	18	18	8	8	8	8	7	7					1	1	2	2	4	4		
John Macfarlane	18	18	8	8	8	8					4	4	1	1	1	1	4	4		
Christine O'Reilly[3]	16	16	6	6	7	7	5	4					1	1	2	2	4	4		
Jeff Smith[4]	1	1															1	1		

Column A Indicates the number of meetings the Director was eligible to attend as a member. **Column B** Indicates the number of meetings attended. With respect to Committee meetings, the table above records attendance of Committee members. **1.** The meetings of the Committee of the Board and Shares Committee as referred to in the table above include those conducted by written resolution. **2.** Paula Dwyer ceased as a Non-Executive Director on 16 December 2021. **3.** Christine O'Reilly commenced as a Non-Executive Director on 1 November 2021. **4.** Jeff Smith commenced as a Non-Executive Director on 1 August 2022.

"The Board continues to focus on immediate and longer-term strategic matters. The Board closely monitored the rapidly changing operating environment, including inflation and interest rates and the continuing impact of COVID-19, together with ANZ's approach to dealing with those matters in alignment with ANZ's purpose."

Paul O'Sullivan
Chairman

Executive Committee

Shayne Elliott

Chief Executive Officer (appointed CEO on 1 January 2016)

Joined the Executive Committee on 1 June 2009

Maile Carnegie

Group Executive Australia Retail

Joined the Executive Committee on 27 June 2016

Kevin Corbally

Group Chief Risk Officer

Joined the Executive Committee on 19 March 2018

Farhan Faruqui

Chief Financial Officer (appointed CFO on 11 October 2021)

Joined the Executive Committee on 1 February 2016

Gerard Florian

Group Executive Technology

Joined the Executive Committee on 30 January 2017

Kathryn van der Merwe

Group Executive Talent & Culture and Service Centres

Joined the Executive Committee on 1 May 2017

Antonia Watson

Chief Executive Officer New Zealand

Joined the Executive Committee on 17 June 2019

Mark Whelan

Group Executive Institutional

Joined the Executive Committee on 20 October 2014

Full biography details can be found on our website at anz.com/exco

Board areas of focus

The Board and its Committees engage in key strategic, governance and oversight activities each year. The topics below are illustrative to provide stakeholders with an insight into some of the key matters considered by the Board and its Committees during the 2022 financial year and is not intended to be a comprehensive list.

Strategy and growth

During the financial year, the Board and its Committees continued to focus on longer-term strategic matters.

In addition to participating in regular strategy sessions, the Board regularly discussed and reviewed ANZ's strategic and growth priorities.

At each regular Board meeting, there continued to be unstructured discussion with the Chief Executive Officer in relation to the progress of Management's key priorities as agreed with the Board.

The Board also received regular reports on progress (from both a strategic/operational viewpoint and a technology viewpoint) in the design and build and implementation, including customer migration strategy, relating to ANZ Plus.

Mergers & Acquisitions was a key topic of consideration during the year with discussions taking place at both regular and specially convened Board meetings in relation to key potential transactions that have been disclosed to the market, including the acquisition of Suncorp Bank.

At the Interim Results in May, ANZ announced its intention to apply for approval to implement a non-operating holding company structure. The Board received regular reports throughout the year on the strategic rationale and details of how such a revised structure would work in practice, including in relation to governance and operations. The Board played a key role in the ultimate design and application of the proposed revised structure.

Risk, regulation and reputation

The Board Risk Committee and the Board played a key role in reviewing the Group's approach to managing non-financial risk and the design and implementation of ANZ's revised operational risk and compliance framework.

The Board and its Committees continued their oversight of the Group's risk appetite settings.

The Board continued to meet with ANZ's key Australian regulators during the course of the year with the purpose of maintaining constructive two-way dialogue.

The Board also received regular education and briefing materials and held education sessions on key areas such as sanctions, competition law and cyber security, as well as participating in Banking Executive Accountability Regime (BEAR) scenario training.

Financial/Operational

While the Board and its Committees have had a strong focus on the long-term future of the Group, the Board (and its Committees) maintained an equally strong focus on the current performance of the Group, including:

- reviewing and ultimately approving ANZ's revised structure for its Australia Retail & Commercial businesses.
- having regular and broad discussions with the heads of each major business regarding the performance of their business, key issues being focused on and the ongoing changes in the operating environment.
- receiving regular reports on the performance of the Australian home loans business against the backdrop of the rapidly changing operating environment.
- reviewing, challenging and ultimately endorsing ANZ's operating and strategic plans, both annual and longer-term.
- providing oversight of key capital management matters, including the approval of the recent renounceable entitlement offer.

Changing operating environment

The Board and its Committees closely monitored the rapidly changing operating environment, including geopolitical matters, inflation and interest rates and the continuing impact of COVID-19, together with ANZ's approach to dealing with those matters.

Audit Committee

Ethics, Environment, Social and Governance Committee

Risk Committee

Human Resources Committee

Digital Business and Technology Committee

Nomination and Board Operations Committee

Directors' qualifications, experience and special responsibilities

As at the date of this report, the Board comprises eight Non-Executive Directors and one Executive Director, the Chief Executive Officer. The names of the current Directors, together with details of their qualifications, experience and special responsibilities are set out below. Jeff Smith joined the Board on 1 August 2022 as a Non-Executive Director and will stand for election as a Director at ANZ's AGM on 15 December 2022. Paula Dwyer ceased as Non-Executive Director on 16 December 2021, after serving on the Board since 2012. Graeme Liebelt will cease as a Non-Executive Director at the conclusion of the 2022 AGM.

Paul O'Sullivan

Chair — Ethics, Environment, Social and Governance Committee; Nomination and Board Operations Committee

Member — Audit Committee; Risk Committee; Human Resources Committee; Digital Business and Technology Committee

Position

Chairman, Independent Non-Executive Director

Qualifications

BA (Mod) Economics, Advanced Management Program of Harvard

Responsibilities

Chairman since October 2020 and a Non-Executive Director since November 2019.

Paul is an ex-officio member of all Board Committees and Chair of the Ethics, Environment, Social and Governance Committee and Nomination and Board Operations Committee.

Career

Paul has experience in the telecommunications and oil and gas sectors, both in Australia and overseas. He has held senior executive roles with Singapore Telecommunications (Singtel) and was previously the CEO of Optus. He has also held management roles with the Colonial Group and the Royal Dutch Shell Group in Canada, the Middle East, Australia and United Kingdom.

Relevant other directorships

Chairman: Singtel Optus Pty Limited (from 2014, Director from 2004) and Western Sydney Airport Corporation (from 2017).

Director: St Vincent's Health Australia (from 2019) and Australian Tower Network Pty Ltd (from 2021).

Relevant former directorships held in last three years include

Former Director: Telkomsel Indonesia (2010–2020), Healthscope Limited (2016–2019), National Disability Insurance Agency (2017–2020) and Coca-Cola Amatil (2017–2021).

Age 62 years
Residence Sydney, Australia

Shayne Elliott

Position
Chief Executive Officer
and Executive Director

Qualifications
BCom

Responsibilities
Chief Executive Officer and Executive Director since 1 January 2016.

Career
Shayne has over 30 years' experience in banking in Australia and overseas, in all aspects of the industry. Shayne joined ANZ as CEO Institutional in June 2009, and was appointed Chief Financial Officer in 2012.

Prior to joining ANZ, Shayne held senior executive roles at EFG Hermes, the largest investment bank in the Middle East, which included Chief Operating Officer. He started his career with Citibank New Zealand and worked with Citibank/Citigroup for 20 years, holding various senior positions across the UK, USA, Egypt, Australia and Hong Kong.

Shayne is a Director of the Financial Markets Foundation for Children and a member of the Australian Banking Association, the Business Council of Australia and the Australian Customs Advisory Board.

Relevant other directorships
Director: ANZ Bank New Zealand Limited (from 2009) and the Financial Markets Foundation for Children (from 2016).

Member: Business Council of Australia (from 2016), the Australian Banking Association (from 2016, Chairman 2017–2019) and the Australian Customs Advisory Board (from 2020).

Age 58 years
Residence Melbourne, Australia

Ilana Atlas, AO

Chair Member

Position
Independent Non-Executive Director

Qualifications
BJuris (Hons), LLB (Hons), LLM

Responsibilities
Non-Executive Director since September 2014. Ilana is Chair of the Human Resources Committee and is a member of the Audit Committee, Ethics, Environment, Social and Governance Committee and Nomination and Board Operations Committee.

Career
Ilana brings a strong financial services background and legal experience to the Board. Ilana was a partner at law firm Mallesons Stephen Jaques (now King & Wood Mallesons), where 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. She also worked at Westpac for 10 years, where her roles included Group Secretary and General Counsel and Group Executive, People, where she was responsible for human resources, corporate affairs and sustainability. Ilana has a strong commitment to the community, in particular the arts and education.

Relevant other directorships
Chairman: Jawun (from 2017, Director from 2014).

Director: Paul Ramsay Foundation (from 2017), Scentre Group (from 2021) and Origin Energy Limited (from 2021).

Member: Panel of Adara Partners (from 2015) and Council of the National Gallery of Australia (from 2021).

Relevant former directorships held in last three years include
Former Chairman: Coca-Cola Amatil Limited (2017-2021, Director from 2011).

Former Director: OneMarket Limited (2018–2019).

Former Fellow: Senate of the University of Sydney (2015–2019).

Age 68 years
Residence Sydney, Australia

Jane Halton, AO PSM

Chair

Member

Position

Independent Non-Executive Director

Qualifications

BA (Hons) Psychology, FIPAA, Hon. FAAHMS, Hon. FACHSE, Hon. DLitt, FAIM, FAICD, FAIIA

Responsibilities

Non-Executive Director since October 2016. Jane is Chair of the Digital Business and Technology Committee and is a member of the Human Resources Committee, Ethics, Environment, Social and Governance Committee and Nomination and Board Operations Committee.

Career

Jane's 33-year career in the public service includes the positions of Secretary of the Australian Department of Finance, Secretary of the Australian Department of Health, Secretary for the Department of Health and Ageing, and Executive Co-ordinator (Deputy Secretary) of the Department of the Prime Minister and Cabinet.

She brings to the Board extensive experience in finance, insurance, risk management, information technology, human resources, health and ageing and public policy. She also has significant international experience.

Jane has contributed extensively to community health through local and international organisations including the World Health Organisation and as co-chair of the COVAX coordination mechanism.

Relevant other directorships

Chairman: Vault Systems (from 2017), Coalition for Epidemic Preparedness Innovations (Norway) (from 2018, Member from 2016) and Council on the Ageing Australia (from 2017).

Director: Clayton Utz (from 2017).

Member: Executive Board of the Institute of Health Metrics and Evaluation at the University of Washington (from 2007).

Honorary Professor: Australian National University Research School of Psychology.

Adjunct Professor: University of Sydney and University of Canberra.

Council Member: Australian Strategic Policy Institute (from 2016).

Relevant former directorships held in last three years include

Former Director: Crown Resorts Limited (2018–2022) and Naval Group Australia Pty Ltd (2021–2022).

Former Member: National COVID-19 Commission Advisory Board (2020–2021).

Age 62 years

Residence Canberra, Australia

RT Hon Sir John Key, GNZM AC

Member

Position

Independent Non-Executive Director

Qualifications

BCom, DCom (Honoris Causa)

Responsibilities

Non-Executive Director since February 2018. Sir John is a member of the Ethics, Environment, Social and Governance Committee, Risk Committee, Digital Business and Technology Committee and Nomination and Board Operations Committee.

Career

Sir John was Prime Minister of New Zealand from 2008 to 2016, having commenced his political career in 2002. Sir John had a long career in international finance, primarily for Bankers Trust in New Zealand and Merrill Lynch in Singapore, London and Sydney. He was previously a member of the Foreign Exchange Committee of the Federal Reserve Bank of New York (from 1999 to 2001).

Sir John was made a Knight Grand Companion of the New Zealand Order of Merit in the 2017 Queen's Birthday Honours. In 2017 Sir John became a Companion of the Order of Australia for advancing the Australia–New Zealand bilateral relationship.

Relevant other directorships

Chairman: ANZ Bank New Zealand Limited (from 2018, Director from 2017).

Director: Palo Alto Networks (from 2019).

Relevant former directorships held in last three years include

Former Director: Air New Zealand Limited (2017–2020).

Age 61 years

Residence Auckland, New Zealand

Graeme Liebelt

Chair **Member**

Position

Independent Non-Executive Director

Qualifications

BEc (Hons), FAICD, FTSE, FIML

Responsibilities

Non-Executive Director since July 2013. Graeme is Chair of the Risk Committee and is a member of the Audit Committee, Human Resources Committee and Nomination and Board Operations Committee.

Career

Graeme brings to the Board his experience of a 23-year executive career with Orica Limited (including a period as Chief Executive Officer), a global mining services company with operations in more than 50 countries. He has extensive international experience and a strong record of achievement as a senior executive, including in strategy development and implementation. Graeme is committed to global trade and cooperation, as well as community education.

Relevant other directorships

Chairman: Amcor Limited (from 2013, Director from 2012).

Director: Australian Foundation Investment Company Limited (from 2012) and Carey Baptist Grammar School (from 2012).

Relevant former directorships held in last three years include

Former Chairman: DuluxGroup Limited (2018–2019, Director from 2016).

Age 68 years

Residence Melbourne, Australia

John Macfarlane

Member

Position

Independent Non-Executive Director

Qualifications

BCom, MCom (Hons)

Responsibilities

Non-Executive Director since May 2014. John is a member of the Audit Committee, Risk Committee, Digital Business and Technology Committee and Nomination and Board Operations Committee.

Career

John is one of Australia's most experienced international bankers having previously served as Executive Chairman of Deutsche Bank Australia and New Zealand, and CEO of Deutsche Bank Australia. John has also worked in the USA, Japan and PNG, and brings to the Board a depth of banking experience in ANZ's key markets in Australia, New Zealand and the Asia–Pacific. He is committed to community health, and is a Director of the Aikenhead Centre of Medical Discovery Limited (from 2016).

Relevant other directorships

Director: Colmac Group Pty Ltd (from 2014), AGInvest Holdings Limited (MyFarm Limited) (from 2014, Chairman 2014–2016), Balmoral Pastoral Investments (from 2017) and L1 Long Short Fund (from 2018).

Relevant former directorships held in last three years include

Former Director: Craigs Investment Partners Limited (2013–2020).

Age 62 years

Residence Melbourne, Australia

Christine O'Reilly

Chair **Member**

Position

Independent Non-Executive Director

Qualifications

BBus

Responsibilities

Non-Executive Director since November 2021. Christine is Chair of the Audit Committee and a member of the Risk Committee, Human Resources Committee and Nomination and Board Operations Committee.

Career

Christine is one of Australia's leading non-executive directors. Christine has held executive roles in the infrastructure and financial services industries. This includes being CEO of GasNet Australia and Co-Head of Unlisted Infrastructure Investments at Colonial First State Global Asset Management and follows an early career including investment banking and audit experience at Price Waterhouse.

Relevant other directorships

Director: The Baker Heart & Diabetes Institute (from 2013), Stockland (from 2018) and BHP Group Limited (from 2020).

Relevant former directorships held in last three years include

Former Director: Medibank Private Limited (2014–2021), CSL Limited (2011–2020) and Transurban Group (2012–2020).

Age 61 years

Residence Melbourne, Australia

Jeff Smith

Member

Position

Independent Non-Executive Director

Qualifications

BAppSc, MBA

Responsibilities

Non-Executive Director since August 2022. Jeff is a member of the Nomination and Board Operations Committee.

Career

Jeff is an experienced global business and technology executive, with over 30 years corporate experience which includes senior executive roles in a number of companies including Telstra, Honeywell and Toyota. Jeff was previously Chief Information Officer at IBM Corporation where he was globally responsible for IT strategy, resources, systems and infrastructure and also led the company's Agile transformation. Jeff was also CEO of Suncorp Business Services and Suncorp Chief Information Officer. Since 2017, Jeff has been Chief Operating Officer of World Fuel Services Corporation, a role he will step down from at the end of 2022.

Jeff also served on the Australian Fulbright Commission awarding Australian post-graduate scholarships to US universities.

He was previously a member of ANZ's International Technology and Digital Business Advisory Panel until 2019.

Relevant other directorships

Director: Sonrai Security Inc (from 2021).

Advisor: Zoom Video Communications, Inc (from 2018) and Box, Inc. (from 2018).

Relevant former directorships held in last three years include

Former Member: ANZ International Technology and Digital Business Advisory Panel (2016–2019).

Age 60 years
Residence USA

Company Secretaries' qualifications and experience

Currently there are two people appointed as Company Secretaries of the Company. Details of their roles are contained in the Corporate Governance Statement. Their qualifications and experience are as follows

Ken Adams

Position

Group General Counsel

Qualifications

BA, LLB, LLM

Ken joined ANZ as Group General Counsel in August 2019, having assisted ANZ with major legal issues for over 10 years. Prior to ANZ, Ken was a Partner of Freehills and later Herbert Smith Freehills for 21 years, and for six years was a member of the Herbert Smith Freehills Global Board. Ken is one of Australia's leading commercial lawyers with significant experience in class actions and other complex legal issues. He holds a Master of Laws from the University of Melbourne and is a co-author of *Class Actions in Australia*.

Simon Pordage

Position

Company Secretary

Qualifications

LLB (Hons), FGIA, FCG (CS, CGP)

Simon joined ANZ in May 2016. He is a Chartered Secretary and Chartered Governance Practitioner and has extensive company secretarial and corporate governance experience. From 2009 to 2016 he was Company Secretary for Australian Foundation Investment Company Limited and a number of other listed investment companies. Other former roles include being Deputy Company Secretary for ANZ and Head of Board Support for Barclays PLC in the United Kingdom. He is a formal brand ambassador for, and is a former National President and Chairman of, Governance Institute of Australia. He is also a member of the Chartered Governance Institute's Global Thought Leadership Committee. Simon is committed to the promotion and practice of good corporate governance, and regularly presents on governance issues.

Risk management

The evolving macroeconomic and geopolitical conditions have continued to challenge our operating environment. Our Risk Management Framework (RMF) has remained robust in the face of these challenges, enabling the sound management of our business.

Over the last year we have continued to work towards a stronger and simpler risk and governance framework. Our ability to respond to changes in existing risks, and to deal with emerging risks as they arise has been strengthened, including those discussed below.

Macroeconomic and Geopolitical environment

The rising geopolitical tensions including the conflict in Ukraine, trade tensions, energy security issues in the European Union accompanied with economic challenges relating to rising interest rates, inflation and real cost of living pressures, are creating uncertainty for many of our customers. The Board and management continually monitor these developing conditions, and maintain provisions and strong capital levels for a range of potential scenarios. In addition, we have focused on the following to help support our customers and their financial resilience:

Home Loans and Consumer Lending – We continue to engage with our home loans customers to help them better manage their home loan and personal finances. 70 per cent of our customers have paid additional funds to reduce their principal debt with over half of those more than 2 years ahead on their repayments. Measures such as interest rate floors and higher interest rate buffers when assessing home loans, and higher household expenditure measures, have contributed to customers being better placed to service their loans.

We have proactively communicated with our customers to provide reassurance that where required, we have options available to continue to support them.

Data Analytics – Data and analytics play an important role in early identification of customers heading towards financial difficulty. We have invested in our retail risk systems to provide quality data analytics to assist our Collections and Hardship teams. Our analytics have focused on customer transaction data and the identification of customers that may need additional support. We are using data analytics to look at savings, credit, and offset accounts to better understand customers' financial behaviour and potential future outcomes. The analysis considers interest rate changes, increases in living expenses and cashflow. In our Wholesale portfolio, we are using external (e.g., ASIC's insolvency register, ATO arrears) and internal data sources (e.g., stress sensitivities and savings levels) to identify areas of systemic emerging risks to proactively manage the portfolio.

Financial health and Wellbeing – We have transformed our retail platform by simplifying and rebuilding products, systems and processes to improve the financial wellbeing of our customers. Our initial 'transact and save' product within the ANZ Plus App has provided functionality to enable customers to have better visibility and control over their money.

The lessons we have learnt from COVID-19 and recent natural disasters, have been used to develop financial hardship assistance options that can be implemented quickly.

Portfolio management – Our new Head of Geopolitical Risk provides additional insights to support our customer management and understand the geopolitical impacts to our portfolio. The introduction of this role has provided focused analysis of global issues which allows us to better inform and support our customers and the Board.

Risk Culture

Risk culture is an important component of our organisational culture and underpins the shared values, behaviours and practices that drive how risk is considered in decisions.

Keeping our community safe

As part of ANZ's ongoing focus on keeping communities safe, members of the ANZ financial crime team have security clearance to support intelligence initiatives.

Leveraging lessons from previous operations involving fugitives and high-risk law enforcement targets, the team regularly checks internal and external intelligence sources for information.

In 2022, a member of the Financial Crime team proactively reached out to law enforcement and regulatory partners to support a live child abduction case. The alleged perpetrator was on the run and actively being sought by law enforcement agencies. The team member checked our systems for the main perpetrators and any known associates, which led to the identification of accounts with activity outside of the account holder's normal spending behavior.

Close examination of those accounts suggested the alleged perpetrator was using the account of a family member to avoid detection. This information was then shared with law enforcement. Law enforcement partners were able to follow up on ANZ's leads and located the victim unharmed.

We have made progress in strengthening risk culture through achieving greater awareness of the approach to risk culture and establishing strong leadership to deliver on our risk culture plans. This will allow us to achieve our defined target state.

We have defined key risk culture principles that form the foundation of our risk culture approach and have embedded a framework for assessing each risk culture principle across the organisation. This framework incorporates desired risk behaviours and business and risk outcomes. We are monitoring risk culture through our Risk Culture Dashboard which captures risk management and business-related information. Our annual Risk Culture Survey informs us on the perceived and actual effectiveness of our risk behaviours, policies and processes, and decision making. Our Board Risk Committee receives half-yearly updates from management to assist the Board in forming a view on risk culture and the effectiveness of plans and actions.

Risk culture is included as a performance objective for all Group Executives and risk is a key element of the balanced scorecard for our people's performance and remuneration. Behaviours supporting the target risk culture are reinforced through the Enterprise Accountability Group (page 90).

We acknowledge individuals who role model outstanding risk behaviours for their work to manage and mitigate the organisation's risks.

Financial crime

We continue to maintain an effective financial crime risk management program that anticipates and navigates criminal threats supported by the right people with the right tools. The Financial Crime team continues to be responsible for the delivery of enhanced detection, investigative and/or intelligence capability that is focused on identifying, mitigating and managing financial crime risk and protecting the community via:

- Partnering with AUSTRAC's Fintel Alliance, and similar programs globally.
- The development and maintenance of a central data repository, intelligence systems and tools.
- The creation and delivery of Dynamic Algorithms to meet new threats.

Non-financial risk

We have made further inroads in our non-financial risk management. We continue to uplift our non-financial RMF (the I.AM – Identify, Act, Monitor framework) to provide a holistic approach to risk management with insights that enable us to anticipate and navigate a changing environment and protect our customers, shareholders and the community from harm.

We are improving how we manage our non-financial risk by updating our approach to be more standardised, integrated, dynamic and automated, so that it is both more effective and efficient.

Conduct Risk

The interests of our customers and community are fundamental to our strategy. We continue to responsibly manage our Conduct Risk, including by identifying, managing, and mitigating instances where our activities, products and/or services may result in unfair customer outcomes and/or damage to market integrity. The articulation of Conduct Risk as a Risk Theme under the new Compliance and Operational Risk model will help manage Conduct Risk as a key material risk for ANZ. To support this, we have developed a global Conduct Risk Framework and Conduct Risk taxonomy which facilitate a clear and consistent way of managing and monitoring the risk, in conjunction with the Compliance and Operational Risk Framework (I.AM).

Our 2022 Climate-related Financial Disclosures will be released prior to our Annual General Meeting (AGM) and will be available at anz.com/annualreport

Emerging risks

Risks that continue to evolve and that we are paying particular attention to are:

Cyber security risk: We take the security of our bank, our customers and our customers' information very seriously. Cyber security threats continue to be significant and our approach to mitigating cyber security risk involves a range of controls relying on people, technology and process. We are continually testing our defences internally and through independent third parties. We have a very sophisticated cyber security protection capability and have invested heavily in a range of recognised industry practices and technologies, processes and defences. We maintain a 24/7 sophisticated internal Security Operations Centre, analysing millions of data events daily including unusual or infrequently seen activities identified by our security team. In addition, we are cooperating with our counterparts, governments and associated entities around the world to protect against cyber security threats, which have increased since COVID-19 and the consequent shift to digital banking and remote working.

We provide continuing staff education and run customer focused campaigns. We have developed threat intelligence newsletters and a 'Simplifying Cyber for Business' guide. We have continued to sponsor the Australian Computing Academy's Schools Cyber Security Challenges, contributing to content and co-producing cyber security modules for students and teachers as part of the digital curriculum.

Climate change risk: The financial risks associated with climate change remain a key focus. Climate-related events can include severe storms, drought, fires, cyclones, hurricanes, floods and rising sea levels. The impact of these events can be widespread. The impact of these losses on the Group may be exacerbated by a decline in the value and liquidity of assets held as collateral, which may impact the Group's ability to recover its funds when loans default.

Recent examples in Australia include severe drought conditions, bushfires in 2019/2020, and severe flooding in 2021 and 2022. In addition, geological event impacts have occurred in New Zealand in recent years.

We continue to improve our management of climate risks through workstreams focused on regulatory monitoring, policy governance, risk appetite, data and analytics. We have set a public ESG target to develop an enhanced RMF that anticipates potential climate-related impacts, and associated regulatory requirements, by the end of 2022.

For details on our performance against our ESG Targets refer to our ESG Supplement available at anz.com/annualreport

Our Climate Advisory Forum, chaired by the Group Executive, Institutional and includes the Group Chief Risk Officer, supports execution of our climate policy, disclosures and related matters across the Group.

We are focusing on: aligning our lending portfolio with the goals of the Paris Agreement and supporting customers to expand in low or zero emission technologies; and factoring climate change risk into lending decisions for large business customers, assessing their capacity to respond to climate change and the evolving regulatory landscape.

We participated in APRA's Climate Vulnerability Assessment (CVA), which aims to examine the material exposures and financial risks that banks, the financial system and economy may face due to climate risks. APRA's CVA comprised two stress tests, a counterparty assessment and a data assessment. APRA intends to disclose the outcomes of the CVA in late 2022, which may also be used to inform future supervisory guidance.

Biodiversity risk: Risks associated with biodiversity loss, including as a result of species extinction or decline, ecosystem degradation and nature loss, are emerging risks that we are seeking to understand further. We acknowledge biodiversity risks are closely linked to climate-related risks. In relation to biodiversity, risks can arise from lending to customers that are significantly dependent on biodiversity and ecosystem services, or who may have negative impacts on biodiversity. In addition to physical risks associated with biodiversity loss, risks can also arise from changing societal preferences and regulatory or policy changes (including potential reforms to halt and reverse forest loss, species extinctions and land degradation). These changes may impact the bank directly, but the greater impact is likely to be through the impact of these changes on some of the bank's customers. We understand that failure to manage these risks may lead to financial and non-financial risks and adverse impacts to the Group's Position.

Biodiversity and natural capital loss are addressed in various ways by ANZ's risk policies and processes. In line with our Social and Environmental Risk Policy, we expect our business customers to use internationally accepted industry practices to manage social, environmental and economic impacts, including potential results on biodiversity. This year we also broadened our engagement with 100 of our largest emitting business customers to include a focus on biodiversity, encouraging and supporting them to identify and manage their potential impacts.

We welcome the establishment of the Taskforce on Nature-related Financial Disclosures (TNFD) and have joined the TNFD Forum to support their work. We recognise their important role in driving widespread and improved disclosures of biodiversity impacts.

Our Risk Management Framework

The Board is ultimately responsible for establishing and overseeing the Group's RMF which is supported by the Group's underlying systems, structures, policies, procedures, processes and people. The Board has delegated authority to the Board Risk Committee (BRC) to develop and monitor compliance with the Group's risk management policies. The Committee reports regularly to the Board on its activities. The key pillars of the Group RMF include:

- The Risk Management Strategy (RMS), which describes the approach for managing risk arising from the Group's purpose and strategy. The RMS includes: how the risk function is structured to support the Group's purpose and strategy, and the execution of the Group Chief Risk Officer's prescribed responsibilities as an Accountable Person for the Group under the Banking Executive Accountability Regime; the values, attitudes and behaviours required of employees in delivering on strategic priorities; a description of each material risk; and an overview of how the RMF addresses each risk, with reference to the relevant policies, standards and procedures. It also includes information on how the Group identifies, measures, evaluates, monitors, reports and then either controls or mitigates material risks and the oversight mechanism and/or committees in place.
- The Risk Appetite Statement (RAS), which sets out the Board's expectations regarding, for each material risk, the maximum level of risk that the Group is willing to accept in pursuing its strategic objectives and its operating plans considering its shareholders', depositors' and customers' interests.
- The Risk Culture principles, which are a subset of the Group's organisational culture and an intrinsic part of the Group's RMF.

The Group operates a Three Lines-of-Defence Model in regard to risk management, helping to embed a culture where risk is everyone's responsibility.

The business has first line of defence responsibility for day-to-day ownership of risks and controls and accountability for implementation and ongoing maintenance of the RMF.

The Group Risk (including Compliance) teams form the second line of defence, providing independent oversight of the Group's risk profile and RMF.

Internal Audit is the third line of defence, providing independent evaluation and assurance on the appropriateness, effectiveness and adequacy of the Group's RMF.

The governance and oversight of risk management, while embedded in day-to-day activities, is also the focus of committees and regular forums across the bank (see diagram next page). The committees and forums discuss and monitor known and emerging risks, review management plans and monitor progress to address known issues.

BOARD OF DIRECTORS

Principal Board Committees

- Audit Committee
- Ethics, Environment, Social and Governance Committee
- Risk Committee
- Digital Business and Technology Committee
- Nomination and Board Operations Committee
- Human Resources Committee

Executive Committee
ANZ's most senior executives meet regularly to discuss performance and review shared initiatives.

Group Performance Execution Committee
ANZ's key Management Committee charged with oversight of the Group's overall operational performance and position and execution of the operating plan.

Enterprise Accountability Group

KEY MANAGEMENT COMMITTEES

Group

- Credit and Market Risk Committee
  - Credit Ratings System Oversight Committee
- Group Asset and Liability Committee
  - Capital and Stress Testing Oversight Committee
- Operational Risk Executive Committee
  - Financial Crime OREC Sub-Committee
- Ethics and Responsible Business Committee
- Investment Committee
- Group Executive People Committee
- Risk Governance and Oversight Committee

Division

- Modelling Ratings Working Groups and Usage Forums
- Divisional Initiatives Review Committees/ Project Advisory Councils
- Divisional Risk Management Committees
- Various Divisional Specific Management Committees
  - Operational Risk Committee
  - Product Committee
- Divisional/ Functional Accountability Groups

Country

- Regional or Country Risk Management Committees
- Country Assets and Liability Committees

Key material risks

The material risks facing the Group per the Group's RMS, and how these risks are managed, are summarised below.

As part of the annual review of our RMS we have classified Financial Crime Risk (previously captured under Operational Risk) as a key material risk to enhance its profile. We also specified the risk management approach for: Money Laundering risk, Terrorism Financing risk, Sanctions risk and Fraud risk, complying with better practice and align with the direction of the Compliance and Operational Risk Strategy to identify significant obligations and material risks that matter to the Group.

For further information about the principal risks and uncertainties that the Group faces, see our "Principal Risks and Uncertainties" disclosure available at anz.com/shareholder/centre

Climate change

Information security

Innovation and technology

Customer experience

Employee capability and wellbeing

Risk type	Description	Managing the risk	Material ESG issues
Capital Adequacy Risk	The risk of loss arising from the Group failing to maintain the level of capital required by prudential regulators and other key stakeholders (shareholders, debt investors, depositors, rating agencies, etc.) to support the Group's consolidated operations and risk appetite.	We pursue an active approach to Capital Management, which is designed to protect the interests of depositors, creditors and shareholders through ongoing review, and Board approval, of the level and composition of our capital base against key policy objectives.	
Compliance Risk	The risk of failure to act in accordance with laws, regulations, industry standards and codes, internal policies and procedures and principles of good governance as applicable to the Group's businesses.	Key features of how we manage Compliance Risk as part of our Operational Risk and Compliance Framework include: • Centralised management of key obligations via a Global Obligations Library, enable our change management capability in relation to new and revised obligations, • An emphasis on the identification of changing regulations and the business environment, to enable proactive assessment of emerging compliance risks. • Recognition of incident management as a separate element to enhance ANZ's ability to identify, manage and report on incidents/breaches in a timely manner.	
Credit Risk	The risk of financial loss resulting from: • A counterparty failing to fulfil its obligations; or • A decrease in credit quality of a counterparty resulting in a financial loss Credit Risk incorporates the risks associated with our lending to business and retail customers who could be impacted by climate change or by changes to laws, regulations, or other policies adopted by governments or regulatory authorities, including carbon pricing and climate change adaptation or mitigation policies.	Our Credit Risk framework is top down, being defined by credit principles and policies. Credit policies, requirements and procedures cover all aspects of the credit life cycle from initial approval and risk grading, through ongoing management and problem debt management.	

Risk type	Description	Managing the risk	Material ESG issues
Liquidity and Funding Risk	The risk that the Group is unable to meet its payment obligations as they fall due, including: • Repaying depositors or maturing wholesale debt; or • The Group having insufficient capacity to fund increases in assets.	Key principles in managing our Liquidity and Funding Risk include: • ANZ's short-term liquidity scenario modelling stresses cash flow projections against multiple survival horizons' over which the Group is required to remain cash flow positive; • Longer term scenarios are in place that measure the structural liquidity position of the balance sheet.	
Market Risk	The risk stems from our trading and balance sheet activities and is the risk to the Group's earnings arising from: • Changes in any interest rates, foreign exchange rates, credit spreads, volatility, and correlations; or • Fluctuations in bond, commodity or equity prices.	We have a detailed market risk management and control framework to support our trading and balance sheet activities, which incorporates an independent risk measurement approach to quantify the magnitude of market risk within the trading and balance sheet portfolios. This approach, along with related analysis, identifies the range of possible outcomes, that can be expected over a given period of time, and establishes the likelihood of those outcome and allocates an appropriate amount of capital to support these activities.	
Operational Risk	The risk of loss and/or non-compliance with laws resulting from inadequate or failed internal processes, people and/or systems, or from external events. This definition includes legal risk, and the risk of reputation loss, but excludes strategic risk.	We manage Compliance and Operational Risk in the best interests of our customers and the community and to meet expectations of the regulators. The Compliance and Operational Risk Principles (Level 1) establish the fundamental requirements at ANZ which inform policies, processes, and procedure development of ANZ's management of Compliance and Operational Risk, through timely and appropriate identification, action and monitoring. It is part of ANZ's RMF and ANZ's I.AM (Identify, Act, Monitor) Framework (Level 2). We take a risk-based approach to the management of operational risk and obligations. This enables the Group to be consistent in proactively identifying, assessing, managing, reporting and escalating operational risk-related risk exposures, while respecting the specific obligations of each jurisdiction in which the Group operates. Day-to-day management of operational risk is the responsibility of business unit line management and staff. Risk management, supported by a strong Risk Culture, helps to seek to ensure all staff are thinking about and managing risk on a daily basis – "Risk is Everyone's Responsibility".	
Strategic Risk	Risks that affect or are created by an organisation's business strategy and strategic objectives. A possible source of loss might arise from the pursuit of an unsuccessful business plan. For example, Strategic risk might arise from making poor strategic business decisions, from the sub-standard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.	Strategic risks are discussed and managed through our annual strategic planning process, managed by the Executive Committee and approved by the Board. Where the strategy leads to an increase in other Key Material Risks (e.g. Credit Risk, Market Risk, Operational Risk) the risk management strategies associated with these risks form the primary controls.	

Risk type	Description	Managing the risk	Material ESG issues
Technology Risk	The risk of loss and/or non-compliance with laws from inadequate or failed internal processes, people or systems that deliver Technology assets and services to customers and staff. This risk includes Technology assets and services delivered or managed by third parties, and external events. The risk specifically includes Information Security and Cyber Security and how information held by the Group needs to be protected from inappropriate modification, loss, disclosure and unavailability.	Our approach to manage Technology Risk is to manage our operational risks caused by the use of technology, including risks associated with cyber security and third party providers, in a manner that seeks to ensure customer information is secure and service disruption is within acceptable levels.	
Conduct Risk	The risk of loss or damage arising from the failure of the Group, its employees or agents to appropriately consider the interests of customers, the integrity of the financial markets and the expectations of the community in conducting its business activities. The Risk may arise not only from deliberate or negligent actions of individual employees but may also be inadvertent and caused by inadequacies in the Group's systems, processes and procedures.	Approach to manage Conduct Risk is to seek to ensure that risks to customers, community and market integrity are identified, assessed, measured, evaluated, treated, monitored and reported with appropriate governance and oversight. The articulation of Conduct Risk as a Level 1 Risk Theme under the new NFR model will help manage Conduct Risk as a key material risk for ANZ. To support the NFR model (and our obligations under Prudential Standard CPS 220 Risk Management), ANZ has developed a global Conduct Risk Framework and Conduct Risk taxonomy which facilitate a clear and consistent way of managing and monitoring the risk, and the risk is managed in conjunction with the Compliance and Operational Risk Framework (I.AM).	
Financial Crime Risk	Financial Crime Risk covers the following risks at ANZ: • Money Laundering (ML) Risk – the risk that we may reasonably face from our products and/or services being misused to facilitate the processing of the proceeds of crime to conceal their illegal origins and make them appear legitimate. • Terrorism Financing (TF) Risk – the risk that we may reasonably face from our products and/or services being misused to facilitate the provision or collection of funds with the intention or knowledge that they be used to carry out acts associated in support of terrorists or terrorist organisations. • Sanctions Risk – the risk of failing to comply with laws and regulations relating to sanctions imposed by governments and multinational bodies as a result of our products and services being misused to facilitate prohibited sanctions activities. • Fraud Risk – the risk that we may reasonably face from our products and/or services being misused to facilitate intentional acts by one or more individuals, involving the use of deception to obtain an unjust or illegal advantage arising from internal or external sources.	Financial Crime Risk at ANZ is managed using a risk-based approach in accordance with the Conduct Risk Framework, and in conjunction with the Compliance and Operational Risk Framework (I.AM) and a three lines of defence model. In additional to a risk-based approach to risk management, for Sanctions there is a rules-based lens to ensure compliance with Sanctions legislation. For the Business to identify and manage Financial Crime Risk, it must identify its regulatory obligations and impacted business activities and maintain and monitor key controls.	

Climate change | Information security | Innovation and technology | Customer experience | Employee capability and wellbeing

Performance overview

GROUP PERFORMANCE

The results of the Group's operations and financial position are set out on pages 44-59. Page 13 outlines the Group's strategy and pages 11-25 describe in further detail the Group's prospects in terms of future financial position and performance. Discussion of our approach to risk management, including a summary of our key material risks, is outlined on pages 36-42.

GROUP PROFIT RESULTS

	2022		2021	
Income Statement	Statutory $m	Cash $m	Statutory $m	Cash $m
Net interest income	14,874	14,874	14,161	14,161
Other operating income	4,552	3,673	3,259	3,286
Operating income	19,426	18,547	17,420	17,447
Operating expenses	(9,579)	(9,579)	(9,051)	(9,051)
Profit before credit impairment and income tax	9,847	8,968	8,369	8,396
Credit impairment (charge)/release	232	232	567	567
Profit before income tax	10,079	9,200	8,936	8,963
Income tax expense	(2,940)	(2,684)	(2,756)	(2,764)
Non-controlling interests	(1)	(1)	(1)	(1)
Profit after tax from continuing operations	7,138	6,515	6,179	6,198
Profit/(Loss) after tax from discontinued operations	(19)	(19)	(17)	(17)
Profit for the year	7,119	6,496	6,162	6,181

Statutory profit after tax for the year ended 30 September 2022 increased 16% on the prior year to $7,119 million. Statutory return on equity is 11.4% and statutory earnings per share is 250.0 cents, an increase of 16% on prior year.

The Group uses cash profit, a non-IFRS measure, to assess the performance of its business activities. It is an industry-wide measure which enables comparison with our peer group. We calculate cash profit by adjusting statutory profit for non-core items. In general, it represents the financial performance of our core business activities. We use cash profit internally to set targets and incentivise our Senior Executives and leaders through our remuneration plans. Refer to page 45 for adjustments between statutory and cash profit. The adjustments made in arriving at cash profit are included in statutory profit which is subject to audit within the context of the external auditor's audit of the 2022 Financial Report. Cash profit is not subject to audit by the external auditor. Our external auditor has informed the Audit Committee that adjustments between statutory and cash profit have been determined on a consistent basis across each of the periods presented.

DISCONTINUED OPERATIONS

We completed the sale of our aligned dealer groups business and our OnePath pensions and investment business to IOOF Holdings Limited (IOOF, now known as Insignia Financial Limited), and our life insurance business to Zurich Financial Services Australia (Zurich) across the 2020 and 2019 financial years. The financial results of these divested businesses are treated as discontinued operations from a financial reporting perspective. The financial results after transaction completion primarily relate to residual operational costs on separation and partial recovery of certain costs based on the respective Transition Service Agreements. The separation of the business sold to Zurich completed in early April 2022, and the businesses sold to IOOF completed in early October 2022. There were no material financial impacts from the discontinued operations in each of the periods presented.

PENDING ORGANISATIONAL CHANGES WITH IMPACT TO FUTURE REPORTING PERIODS

Non-Operating Holding Company

On 4 May 2022, the Group announced its intention to lodge a formal application with APRA, the Federal Treasurer and other applicable regulators to establish a non-operating holding company and create distinct bank and non-bank groups within the organisation to assist ANZ to better deliver its strategy to strengthen and grow its core business further.

Should the proposed restructure proceed, ANZ will establish a non-operating holding company, ANZ Group Holdings Limited, as the new listed parent holding company of the ANZ Group by a scheme of arrangement and to separate ANZ's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group. The ANZ Bank Group would comprise the current Australia and New Zealand Banking Group Limited and the majority of its present-day subsidiaries. The ANZ Non-Bank Group would house banking-adjacent businesses developed or acquired by ANZ Group, as we continue to seek ways to bring the best new technology and banking-adjacent services to our customers.

The Explanatory Memorandum has been registered with the Australian Securities and Investments Commission and ANZ shareholders will be asked to vote on the scheme on 15 December 2022. A copy of the Explanatory Memorandum will be made available on ANZ's website (www.anz.com/schememeeting).

Suncorp Bank Acquisition

On 18 July 2022, the Group announced an agreement to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The acquisition is subject to a minimum completion period of 12 months and to certain conditions, being Federal Treasurer approval, Australian Competition and Consumer Commission authorisation or approval and certain amendments to the *State Financial Institutions and Metway Merger Act 1996 (Qld)*. Unless the parties agree otherwise, the last date for satisfaction of these conditions is 24 months after signing (after which either party may terminate the agreement). The final purchase price is subject to completion adjustments and may be more or less than $4.9 billion. In addition, ANZ will also acquire Suncorp Bank's Additional Tier I capital notes at face value ($0.6 billion as at June 2022). Completion is expected in the second half of calendar year 2023.

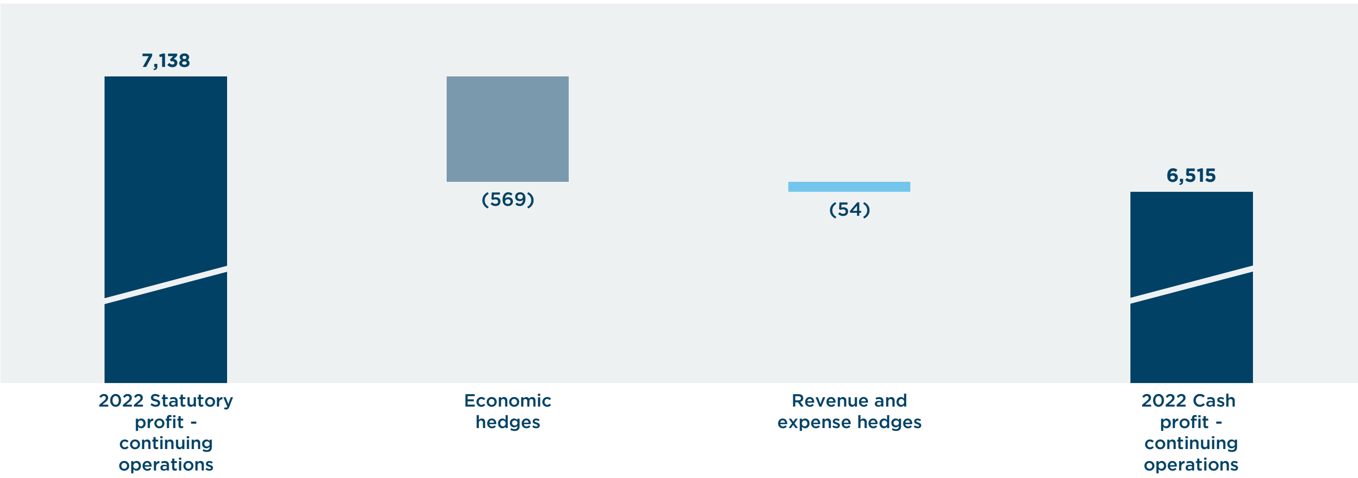
CONTINUING OPERATIONS

Key measures of our financial performance are set out below.

	2022	2021
Net interest margin – cash[1] (%)	1.63	1.64
Operating expenses to operating income – cash[1] (%)	51.6	51.9
Credit impairment charge /(release) – cash[1] ($m)	(232)	(567)
Cash profit[1] ($m)	6,515	6,198
Return on equity – cash[1] (%)	10.4	9.9
Earnings per share – cash[1] (cents)	228.8	216.5
Common equity tier 1 (%)	12.3	12.3
Dividend per share (cents)	146	142

1. Information has been presented on a cash profit from continuing operations basis.

ADJUSTMENTS BETWEEN STATUTORY PROFIT AND CASH PROFIT ($m)



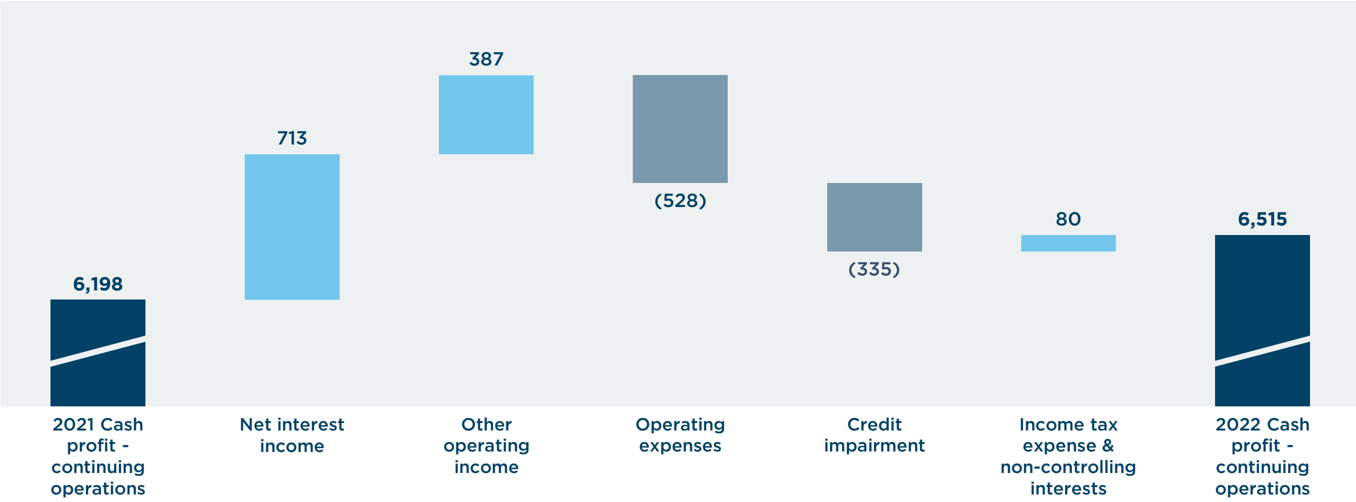
Adjustments between continuing operations statutory profit and cash profit are summarised below:

Adjustment	Reason for the adjustment
Economic hedges 2022: ($569) million 2021: ($77) million Revenue and expense hedges 2022: ($54) million 2021: $96 million	The Group enters into economic hedges to manage its interest rate and foreign exchange risk which, in accordance with accounting standards, result in fair value gains and losses being recognised within the Income Statement. We remove the fair value adjustments from cash profit since the profit or loss resulting from the hedge transactions will reverse over time to match with the profit or loss from the economically hedged item as part of cash profit. This includes gains and losses arising from derivatives not designated in accounting hedge relationships but which are considered to be economic hedges, including hedges of foreign currency debt issuances and foreign exchange denominated revenue and expense streams, primarily NZD and USD (and USD correlated), as well as ineffectiveness from certain designated accounting hedges.

GROUP CASH PROFIT PERFORMANCE FROM CONTINUING OPERATIONS

Cash profit performance and the analysis thereof has been presented on a cash profit from continuing operations basis.

CASH PROFIT FROM CONTINUING OPERATIONS ($m)



	2022 $m	2021 $m	Movt
Net interest income	14,874	14,161	5%
Other operating income	3,673	3,286	12%
Operating income	18,547	17,447	6%
Operating expenses	(9,579)	(9,051)	6%
Profit before credit impairment and income tax	8,968	8,396	7%
Credit impairment (charge)/release	232	567	-59%
Profit before income tax	9,200	8,963	3%
Income tax expense	(2,684)	(2,764)	-3%
Non-controlling interests	(1)	(1)	0%
Cash profit from continuing operations	6,515	6,198	5%

Cash profit from continuing operations increased $317 million (5%) compared with the 2021 financial year.

Net interest income increased $713 million (5%) driven by a $46.3 billion (5%) increase in average interest earning assets, partially offset by a 1 bps decrease in net interest margin. The increase in average interest earning assets was driven by higher central bank balances, higher average net loans and advances, partially offset by lower trading assets and investment securities. The decrease of 1 bps was driven by home loan pricing competition in the Australia Retail and New Zealand divisions, growth in lower yielding liquid assets, unfavourable asset and funding mix, and lower average yield in Markets averages earning assets. This was partially offset by improvement in deposit margins from a rising interest rate environment, and higher earnings on capital and replicating deposits.

Other operating income increased $387 million (12%) driven by a $326 million increase from business divestments/closures, including a $307 million gain on completion of the ANZ Worldline partnership, a $251 million loss on divestment of ANZ Share Investing business in the prior year, and an increase in share of associates' profit of $353 million. This was partially offset by a decrease of $270 million in Markets other operating income as Balance Sheet and Derivative Valuation Adjustments were impacted by high volatility and yield curve movements, and a $156 million decrease in net fee and commission income primarily driven by Breakfree package changes in the Australia Retail division.

Operating expenses increased $528 million (6%) driven by investment spend to develop digital capabilities, meet regulatory and compliance obligations and drive volume growth. The inclusion of Cashrewards Limited (Cashrewards) after obtaining control in December 2021 and wage inflation also contributed to the increase.

Credit impairment release decreased $335 million (-59%) driven by a decrease in the collectively assessed credit impairment release, partially offset by a decrease in the individually assessed credit impairment charge.

Income tax expense decreased $80 million (-3%). The effective tax rate decreased by 160 bps to 29.2% primarily from the non-tax assessable gain on completion of the Worldline partnership.

LARGE/NOTABLE ITEMS INCLUDED IN CASH PROFIT FROM CONTINUING OPERATIONS

Within continuing cash profit, the Group recognised a number of large/notable items. The impact of these items on a post-tax basis is as follows:

Gain/(Loss) from divestments/closures	2022 $m	2021 $m
ANZ Worldline partnership	335	-
ANZ Share Investing business	-	(251)
Financial planning and advice business	(60)	-
Legal entity rationalisation	(65)	-
Other divestments	(13)	13
Completed divestment business results		
ANZ Worldline partnership	42	86
Financial planning and advice business	4	6
Other large/notable items		
Customer remediation	(166)	(221)
Litigation settlements	(10)	(48)
Restructuring	(68)	(92)
Withholding tax	(126)	-
Lease modification	(17)	-
Merger and acquisition related costs	(10)	-
Asian associate items	-	(347)

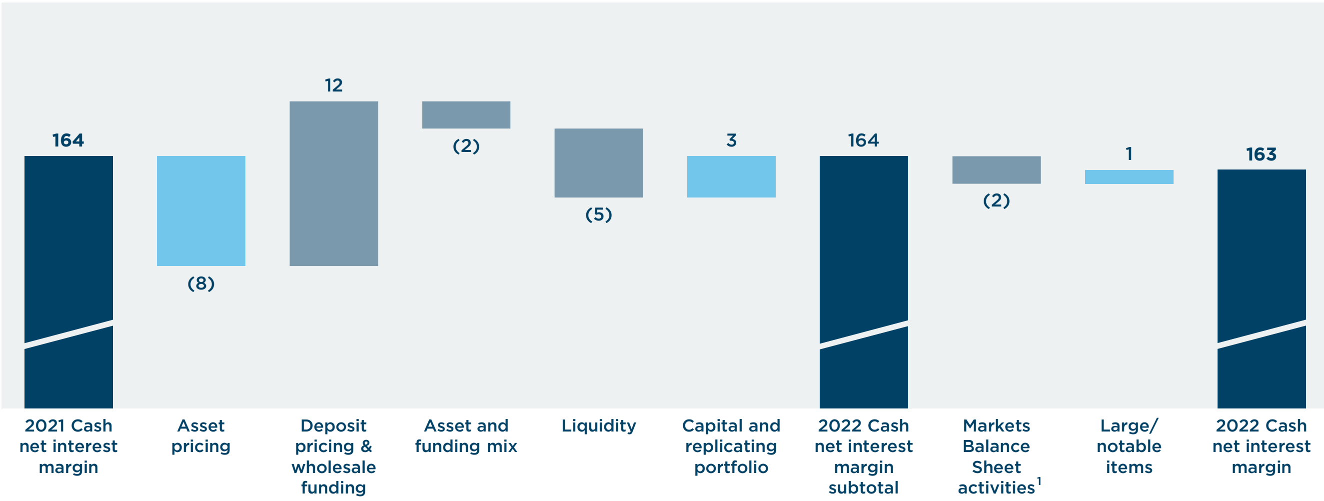
Description of large/notable items:

Item	Description
Gain/(Loss) from divestments/closures	The 2022 financial year included a gain on completion of the ANZ Worldline partnership, a loss on disposal of the financial planning and advice business, and losses associated with legal entity rationalisation from release of foreign currency translation reserves, and impacts from other divestments. The 2021 financial year included a loss on divestment of ANZ Share Investing business, and a gain on sale of a legacy insurance portfolio.
Completed divestment business results	Completed divestment business results relate to the ANZ Worldline partnership and financial planning and advice business, which completed during the 2022 financial year.
Merger and acquisition (M&A) related costs	During the 2022 financial year, the Group incurred transaction related external legal and advisor costs of $10 million after tax associated with M&A activities during the period, including the Suncorp Bank acquisition.
Customer remediation	Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation costs and outcomes.
Litigation settlements	During the 2022 financial year, the Group entered into an agreement to settle a United States class action related to the trading of products based on certain benchmark reference rates and recognised expenses of $10 million after tax in relation to the proposed settlement and related costs. The settlement is without admission of liability and remains subject to negotiation and execution of complete settlement terms as well as court approval. During the 2021 financial year, the Group reached an agreement to settle a separate United States class action related to other benchmark-based products and activities and recognised expenses of $48 million after tax. The settlement is without admission of liability and remains subject to court approval.
Restructuring	In addition to the restructuring expenses of $18 million after tax included within business divestments/closures (2021: nil), the Group recognised restructuring expenses of $68 million after tax in 2022 (2021: $92 million) relating to operational changes across multiple divisions.
Withholding tax	During the 2022 financial year, a dividend payment of $714 million (net of withholding tax) was made by ANZ Papua New Guinea (ANZ PNG) to Australia and New Zealand Banking Group Limited (ANZBGL) in order to rebalance capital positions within the Group in response to APRA's changes in the capital requirements for subsidiaries. ANZBGL made a capital injection into ANZ PNG equivalent to the dividend, net of withholding tax. As a result of the dividend payment, a dividend withholding tax expense of $126 million was recognised during the period.
Lease modification	During the 2022 financial year, the Group early terminated the head lease on the 55 Collins Street Melbourne building and recognised a net loss after tax of $17 million. The loss comprised a $31 million gain in Other operating income on lease modification arising from remeasurement of the lease liability and right-of-use asset net of a $8 million lease termination payment, a $47 million loss in Operating expenses associated with lease exit costs including accelerated depreciation and asset write-offs, and an income tax benefit of $7 million.
Asian associate items	During the 2021 financial year, the Group recognised a $347 million reduction in equity accounted earnings after tax, comprising $212 million reflecting its share of the settlement provision following AMMB Holdings Berhad's (AmBank) agreement with the Malaysian Ministry of Finance to resolve potential claims relating to its involvement with 1Malaysia Development Berhad (1MDB), and $135 million reflecting its share of the impairment of AmBank goodwill.

ANALYSIS OF CASH PROFIT PERFORMANCE

Net interest income

GROUP NET INTEREST MARGIN (bps)



1. Markets Balance Sheet activities includes the impact of discretionary liquid asset holdings and other Balance Sheet activities.

	2022 $m	2021 $m	Movt
Net interest income[1]	14,874	14,161	5%
Net interest margin (%) - cash[1]	1.63	1.64	-1 bps
Average interest earning assets	910,037	863,691	5%
Average deposits and other borrowings	780,373	712,540	10%

1. Includes the major bank levy of -$340 million (2021: -$346 million).

Net interest income increased $713 million (5%) driven by a $46.3 billion (5%) increase in average interest earning assets, partially offset by 1 bps decrease in net interest margin.

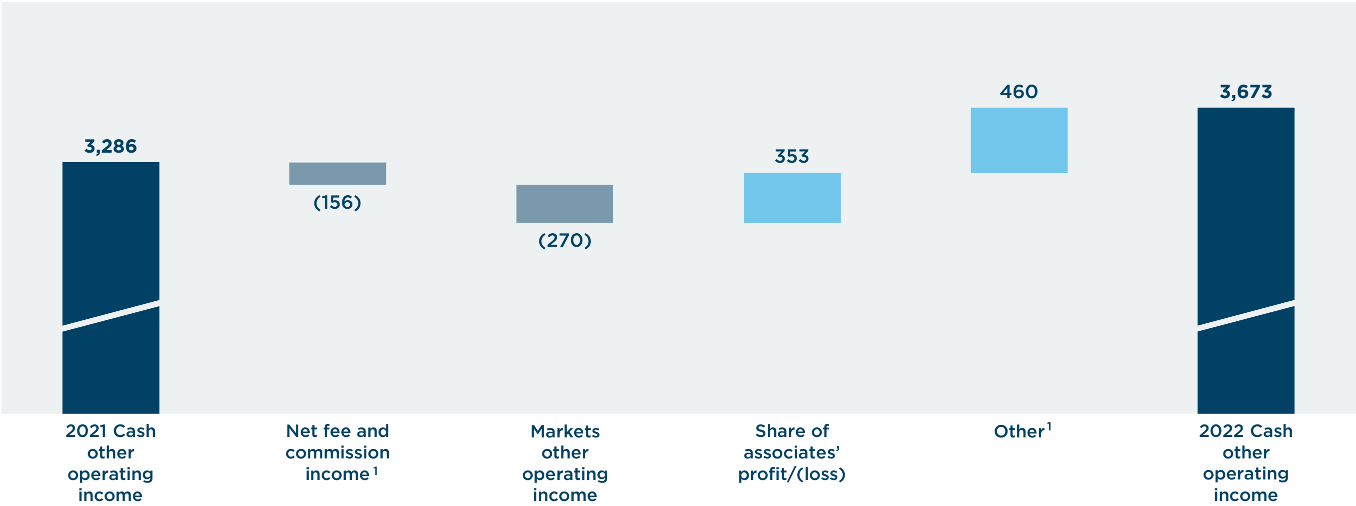
Net interest margin decreased 1 bps driven by home loan pricing competition in the Australia Retail and New Zealand divisions, growth in lower yielding liquid assets to replace Committed Liquidity Facility (CLF) which, consistent with APRA requirements, will reduce to $0 on 1 January 2023, unfavourable asset and funding mix primarily from customers switching from variable to fixed home loans and lower unsecured lending, and lower average yield in Markets averages earning assets as a results of portfolio rebalancing in the prior year. This was partially offset by improvement in deposit margins from a rising interest rate environment, favourable deposit mix with growth in at-call deposits, and higher earnings on capital and replicating deposits.

Average interest earning assets increased $46.3 billion (5%) driven by higher central bank balances, lending growth in the Institutional and Australia Commercial divisions, and home loan growth in the New Zealand division. This was partially offset by lower trading assets and investment securities, lower reverse repurchase agreements, and decline in the Australia Retail division.

Average deposits and other borrowings increased $67.8 billion (10%) driven by growth in at-call deposits across all divisions and increases in commercial paper, partially offset by lower term deposits and certificates of deposit.

Other operating income

OTHER OPERATING INCOME ($m)



	2022 $m	2021 $m	Movt
Net fee and commission income[1]	1,907	2,063	-8%
Markets other operating income	860	1,130	-24%
Share of associates' profit/(loss)	177	(176)	large
Other[1]	729	269	large
Total cash other operating income	3,673	3,286	12%

1. Excluding the Markets business unit.

Net fee and commission income decreased $156 million (-8%) driven by Breakfree package fee changes in the Australia Retail division, lower divested business results, and removal or reduction of funds under management fees in the New Zealand division. This was partially offset by lower customer remediation, higher cards revenue due to recovery in consumer spending, and higher volume-related fees in the Institutional division.

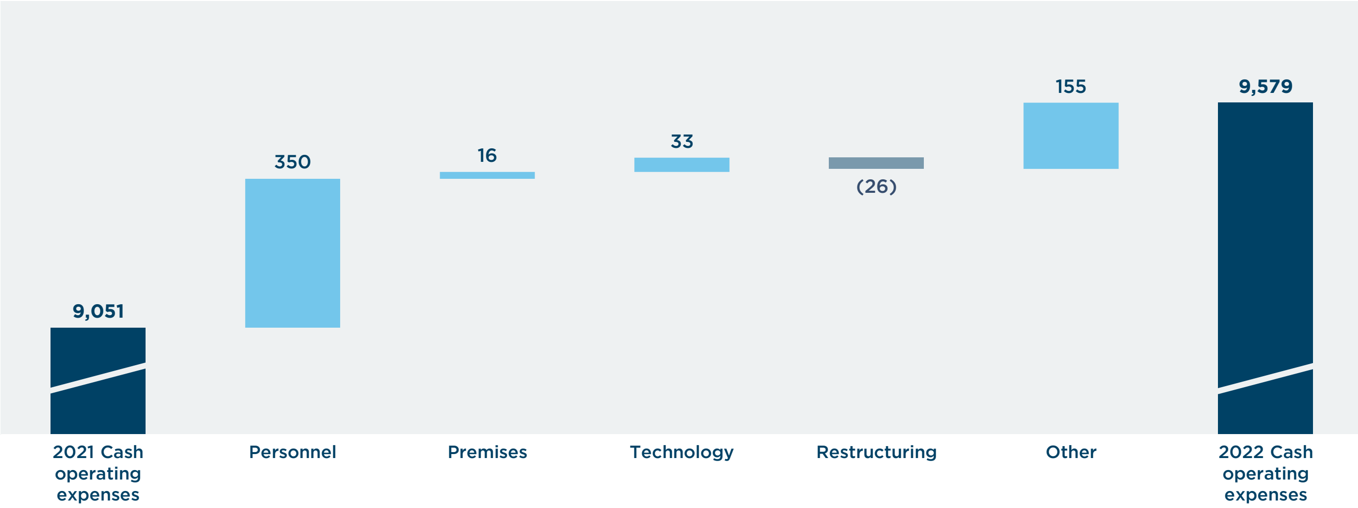
Markets other operating income decreased $270 million (-24%) as Balance Sheet and Derivative Valuation Adjustments were impacted by high volatility and yield curve movements, and lower income in Credit and Capital Markets was driven by less favourable credit trading conditions and lower levels of customer issuances amid more volatile market conditions. This was partially offset by higher Foreign Exchange, Rates and Commodities income driven by customer demand and more favourable trading conditions.

Share of associates' profit increased $353 million driven by the Group's equity accounted share of AmBank 1MDB settlement and goodwill impairment of $347 million in 2021 and increase in other equity accounted share of profits.

Other increased $460 million primarily driven by a gain on completion of the ANZ Worldline partnership and a loss on divestment of the ANZ Share Investing business in 2021, partially offset by a loss on sale of the financial planning and advice business.

Operating expenses

OPERATING EXPENSES ($m)



	2022 $m	2021 $m	Movt
Personnel	5,296	4,946	7%
Premises	721	705	2%
Technology	1,621	1,588	2%
Restructuring	101	127	-20%
Other	1,840	1,685	9%
Total cash operating expenses	9,579	9,051	6%
Full time equivalent staff from continuing operations[1]	38,987	39,684	-2%
Average full time equivalent staff from continuing operations[1]	39,546	38,043	4%

1. Excludes FTE of the consolidated investments managed by 1835i Group Pty Ltd.

Personnel expenses increased $350 million (7%) driven by higher average resourcing supporting investments to develop digital capabilities, meet regulatory and compliance obligations and drive volume growth. The inclusion of Cashrewards after obtaining control in December 2021 and wage inflation also contributed to the increase. This was partially offset by benefits from customers continuing to embrace digital channels, productivity improvements arising from technology and back-office optimisation, higher employee leave utilisation and lower customer remediation.

Premises expenses increased $16 million (2%) driven by the modification of a significant lease arrangement, partially offset by ongoing optimisation of property footprint.

Technology expenses increased $33 million (2%) driven by higher software licence costs and increased spend on investment initiatives, partially offset by lower amortisation.

Restructuring expenses decreased $26 million (-20%) primarily driven by lower charges in the Group Centre and Australia Retail divisions.

Other expenses increased $155 million (9%) driven by increased spend on investment initiatives to develop digital capabilities and meet regulatory and compliance obligations.

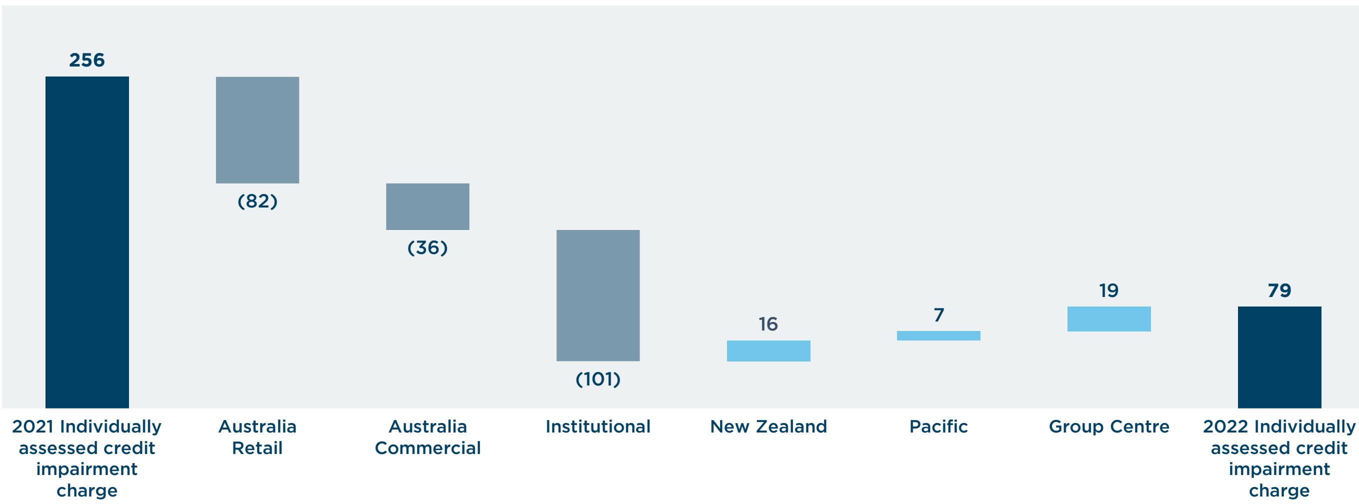
Credit impairment

	2022	2021	Movt
Collectively assessed credit impairment charge/(release) ($m)	(311)	(823)	-62%
Individually assessed credit impairment charge/(release) ($m)	79	256	-69%
Credit impairment charge/(release) ($m)	(232)	(567)	-59%
Gross impaired assets ($m)	1,445	1,965	-26%
Credit risk weighted assets ($b)	359.4	342.5	5%
Total allowance for expected credit losses (ECL) ($m)	4,395	4,882	-10%
Individually assessed as % of gross impaired assets	37.5%	35.0%	
Collectively assessed as % of credit risk weighted assets	1.07%	1.22%	

COLLECTIVELY ASSESSED CREDIT IMPAIRMENT CHARGE/(RELEASE) ($m)

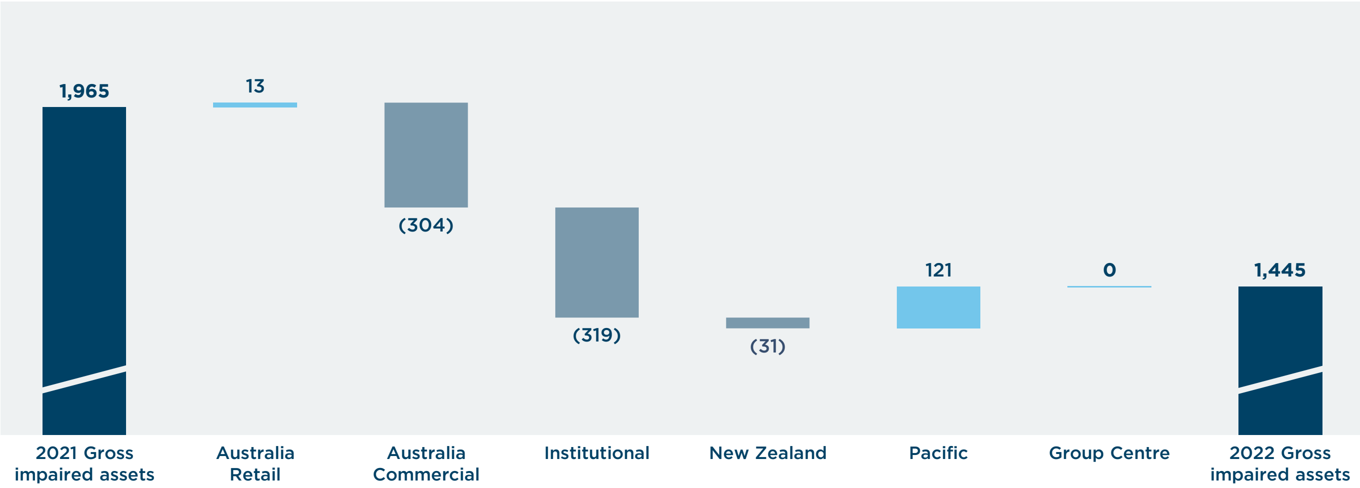
The collectively assessed impairment release of $311 million for the 2022 financial year was driven by improvements in credit risk, favourable changes in portfolio composition, and a net release of management temporary adjustments. This was partially offset by an increase for the downside risks associated with the economic outlook. The collectively assessed impairment release of $823 million for the 2021 financial year was driven by improving economic outlook, lower lending volumes, favourable changes in portfolio composition, and improvements in credit risk. This was partially offset by an increase in management temporary adjustments.

INDIVIDUALLY ASSESSED CREDIT IMPAIRMENT CHARGE/(RELEASE) ($m)



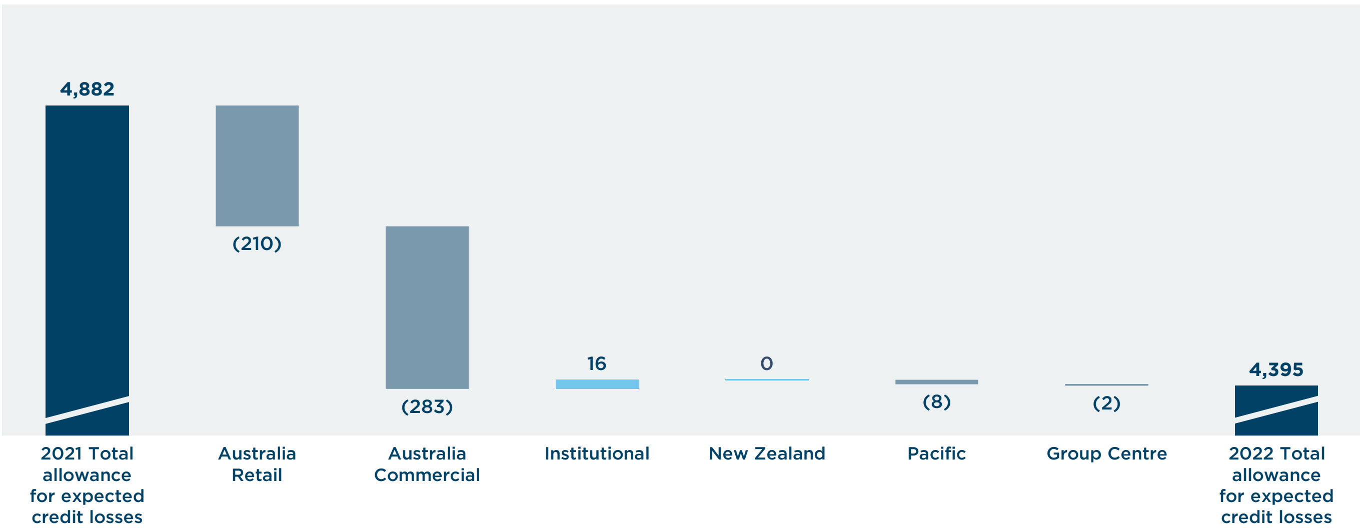
The individually assessed credit impairment charge decreased by $177 million (-69%) driven by decreases in the Institutional division with no material impairments during the 2022 financial year, and the Australia Retail and Australia Commercial divisions with underlying delinquency and impairment flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting.

GROSS IMPAIRED ASSETS BY DIVISION ($m)



Gross impaired assets decreased $520 million (-26%) driven by decreases in the Institutional division driven by the upgrade and repayments of several single name exposures, and the Australia Commercial division due to underlying delinquency flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting and the upgrade and repayments of several single name exposures. This was partially offset by the Pacific division driven by exposures rolling off local COVID-19 support packages being classified as restructures.

TOTAL ALLOWANCE FOR EXPECTED CREDIT LOSSES ($m)



The decrease in total allowance for expected credit losses was driven by a $342 million decrease in the collectively assessed expected credit loss, and a $145 million decrease in the individually assessed allowance for expected credit losses.

The decrease in collectively assessed allowance for expected credit losses was driven by reduction of $344 million from improvements in credit risk, $258 million from changes in portfolio composition, $24 million in lower management temporary adjustments, and $31 million from foreign currency translation and other impacts. This was partially offset by an increase of $315 million for the downside risks associated with the economic outlook.

The decrease in individually assessed allowance for expected credit losses was driven by decreases in the Institutional division with no material impairments during the 2022 financial year, and the Australia Retail and Australia Commercial due to underlying delinquency and impairment flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting.

DIVISIONAL PERFORMANCE

On 1 March 2022, the Group announced a structural change to the existing Australia Retail and Commercial division, and the digital businesses in the Group Centre division (formerly known as the Technology, Services & Operations (TSO) and Group Centre division). This involved the integration of the Australian retail and digital businesses, and the separation of the Australian commercial business into a new division to improve productivity and accountability within the organisation. As a result of these changes there are now six divisions: Australia Retail, Australia Commercial, Institutional, New Zealand, Pacific and Group Centre, aligned to distinct strategies and opportunities within the Group. Comparative information has been restated accordingly.

Other than those described above, there have been no other significant changes.

2022	Australia Retail	Australia Commercial	Institutional	New Zealand	Pacific	Group Centre	Group
Net interest margin	2.25%	2.10%	0.85%	2.47%	2.82%	n/a	1.63%
Operating expenses to operating income	52.2%	41.8%	49.6%	36.5%	93.3%	n/a	51.6%
Cash profit from continuing operations ($m)	2,140	1,510	1,761	1,633	9	(538)	6,515
Net loans and advances ($b)[1]	290.3	59.7	196.8	123.7	1.8	0.1	672.4
Customer deposits ($b)	150.0	112.2	259.4	95.1	3.8	(0.1)	620.4
Number of FTE	11,846	2,799	6,236	6,873	1,086	10,147	38,987

2021	Australia Retail	Australia Commercial	Institutional	New Zealand	Pacific	Group Centre	Group
Net interest margin	2.27%	1.98%	0.81%	2.33%	2.98%	n/a	1.64%
Operating expenses to operating income	48.0%	49.4%	49.1%	39.7%	89.4%	n/a	51.9%
Cash profit from continuing operations ($m)	2,316	1,107	1,887	1,508	(3)	(617)	6,198
Net loans and advances ($b)	284.0	57.2	158.2	128.5	1.8	-	629.7
Customer deposits ($b)	141.4	111.1	239.6	97.7	3.8	-	593.6
Number of FTE	11,764	3,095	6,196	7,060	1,089	10,480	39,684

1. During 2022, the Group revised its treatment of ongoing trail commission payable to mortgage brokers to recognise a liability within Payables and other liabilities equal to the present value of expected future trail commission payments and a corresponding increase in capitalised brokerage costs in Net loans and advances. The balance at 30 September 2022 was $1,226 million for the Australia Retail division and $94 million for the Australia Commercial division. Comparative information has not been restated.

DIVISIONAL PERFORMANCE

Australia Retail

Lending volumes increased driven by home loan growth, partially offset by lower unsecured lending. **Net interest margin** decreased driven by asset margin contraction from competitive pressure and unfavourable lending mix from stronger growth in lower margin fixed rate home loans. This was partially offset by improvement in deposit margins from rising interest rate environment and favourable deposit mix. **Other operating income** increased driven by the loss on divestment of ANZ Share Investing business in the prior year and higher cards revenue due to recovery in consumer spending, partially offset by Breakfree package fee changes. **Operating expenses** increased driven by higher investment spend on ANZ Plus and home loans momentum, partially offset by lower restructuring expenses. **Credit impairment release** decreased driven by a lower collectively assessed credit impairment release, partially offset by lower individually assessed credit impairment charge with underlying delinquency and impairment flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting.

Australia Commercial

Lending volumes increased driven by Specialist Business lending growth. **Net interest margin** increased driven by improvement in deposit margins from a rising interest rate environment and favourable deposit mix. This was partially offset by unfavourable lending mix with stronger growth in lower margin large commercial customers, and asset margin contraction from competitive pressure. **Other operating income** increased driven by the gain on sale relating to the ANZ Worldline partnership. This was partially offset by the loss on sale of the financial planning and advice business and divested business results impact following ANZ Worldline partnership. **Operating expenses** decreased driven by lower restructuring expenses and lower impact of divested business results. **Credit impairment release** decreased driven by a lower collectively assessed credit impairment release, partially offset by lower individually assessed credit impairment charge with underlying delinquency and impairment flows remaining subdued with the benefit from previous government and bank COVID-19 support packages persisting.

Institutional

Lending volumes increased across Corporate Finance, Markets and Transaction Banking following strong core lending and customer flows during the period. Customer deposits increased predominantly in Transaction Banking. **Net interest margin** ex-Markets increased primarily driven by improvement in deposit margins from a rising interest rate environment. **Other operating income** decreased driven by lower Markets revenues as Balance Sheet and Derivative Valuation Adjustments were impacted by high volatility and yield curve movements. **Operating expenses** increased driven by higher technology costs, partially offset by lower litigation settlements. **Credit impairment release** decreased driven by collectively assessed credit impairment release in the prior period, partially offset by release of individually assessed credit impairment charges in Transaction Banking. **Income tax expense** increased driven by the dividend withholding tax on the dividend payment from ANZ PNG to ANZBGL, partially offset by tax rate differentials on profits earned in International, and tax refunds and write-backs.

New Zealand

Lending volumes increased driven by home loan growth. **Net interest margin** increased driven by improvement in deposit margins from a rising interest rate environment, partially offset by lower home loan margins due to competition, and a higher mix of fixed rate home loans. **Other operating income** is flat as gains on sale of government securities was offset by lower fees from the removal or reduction of funds under management fees. **Operating expenses** increased driven by higher investment spend and inflation impacts, partially offset by productivity gains and other savings. **Credit impairment charge** increased primarily driven by collectively assessed credit impairment charge in the current year as opposed to a release in the prior year.

Pacific

Financial performance for the Pacific division is largely consistent with the prior year.

Group Centre

The 2022 financial year included the recycling of foreign currency translation reserves from Other comprehensive income to profit or loss on dissolution of Minerva Holdings Limited and ANZ Asia Limited, and a net charge on lease modification impacts of a signification lease arrangement.

The 2021 financial year included the losses from the Group's share of AmBank 1MDB settlement and goodwill impairment.

FINANCIAL POSITION OF THE GROUP

Condensed balance sheet

	As at		
	2022 $b	2021 $b	Movt
Assets			
Cash / Settlement balances owed to ANZ / Collateral paid	185.6	168.0	10%
Trading assets and investment securities	121.4	127.8	-5%
Derivative financial instruments	90.2	38.7	large
Net loans and advances	672.4	629.7	7%
Other	16.0	14.7	9%
Total assets	1,085.6	978.9	11%
Liabilities			
Settlement balances owed by ANZ / Collateral received	30.0	23.1	30%
Deposits and other borrowings	797.3	743.1	7%
Derivative financial instruments	85.1	36.0	large
Debt issuances	93.7	101.1	-7%
Other	13.2	11.9	11%
Total liabilities	1,019.3	915.2	11%
Total equity	66.4	63.7	4%

Cash / Settlement balances owed to ANZ / Collateral paid increased $17.6 billion (10%) driven by increases in balances with central banks.

Trading assets and investment securities decreased $6.4 billion (-5%) primarily driven by lower revaluations in Markets as a result of interest rate increases.

Derivative financial assets and liabilities increased $51.5 billion and $49.1 billion respectively driven by the impact of market rate movements, primarily the significant strengthening of the USD.

Net loans and advances increased $42.7 billion (7%) driven by higher lending volumes in the Institutional ($34.6 billion) and Australia Commercial ($2.5 billion) divisions and increased home loan growth in the Australia Retail ($6.4 billion) and New Zealand ($5.2 billion) divisions, partially offset by the impact of foreign currency translation movements.

Settlement balances owed by ANZ / Collateral received increased $6.9 billion (30%) driven by higher collateral received, partially offset by lower cash clearing account balances.

Deposits and other borrowings increased $54.2 billion (7%) driven by increases in customer deposits across the Institutional ($11.6 billion), Australia Retail ($8.5 billion) and New Zealand ($5.0 billion) divisions, increases in deposits from banks and repurchase agreements ($14.5 billion) and commercial paper ($13.9 billion), and the impact of foreign currency translation movements. This was partially offset by decreases in certificates of deposit ($3.9 billion).

Debt issuances decreased $7.4 billion (-7%) primarily driven by the maturity of unsubordinated debt and movement in hedge revaluations.

Total equity increased $2.7 billion (4%) primarily driven by a share entitlement offer of $3.5 billion.

Liquidity

	Average 2022	2021
Total liquid assets ($b) [1]	241.7	225.9
Liquidity Coverage Ratio (LCR) [1]	131%	137%

1. Full year average, calculated as prescribed per APRA Prudential Regulatory Standard (APS 210 *Liquidity*) and consistent with APS 330 requirements.

The Group holds a portfolio of high quality unencumbered liquid assets in order to protect the Group's liquidity position in a severely stressed environment, as well as to meet regulatory requirements. High Quality Liquid Assets comprise three categories, with the definitions consistent with Basel III LCR:

- Highest-quality liquid assets: cash, highest credit quality government, central bank or public sector securities eligible for repurchase with central banks to provide same-day liquidity.
- High-quality liquid assets: high credit quality government, central bank or public sector securities, high quality corporate debt securities and high quality covered bonds eligible for repurchase with central banks to provide same-day liquidity.
- Alternative liquid assets: assets qualifying as collateral for the CLF and other eligible securities listed by the RBNZ.

The Group monitors and manages the size and composition of its liquid assets portfolio on an ongoing basis in line with regulatory requirements and the risk appetite set by the Board.

Committed Liquidity Facility

As part of meeting LCR requirements, the Group has a CLF with the Reserve Bank of Australia (RBA). The CLF was established to offset the shortage of available High Quality Liquid Assets (HQLA) in Australia and provides an alternative form of contingent liquidity. The CLF is collateralised by assets, including internal residential mortgage backed securities, that are eligible to be pledged as security with the RBA. In September 2021, APRA wrote to ADI's to advise that APRA and the RBA consider there to be sufficient HQLA for ADI's to meet their LCR requirements, and therefore the use of the CLF should no longer be required beyond 2022 calendar year.

Consistent with APRA's requirement to reduce the $10.7 billion CLF with four equal reductions during the 2022 calendar year to $0 on 1 January 2023, ANZ's CLF was $2.7 billion as at 30 September 2022 (2021: $10.7 billion).

The LCR remained above the regulatory minimum of 100% throughout this period.

Funding

	2022 $b	2021 $b
Customer liabilities (funding)	628.4	601.7
Wholesale funding	300.3	274.3
Shareholders' equity	66.4	63.7
Total funding	995.1	939.7
Net Stable Funding Ratio	119%	124%

The Group targets a diversified funding base, avoiding undue concentration by investor type, maturity, market source and currency.

Net Stable Funding Ratio remained above the regulatory minimum of 100% throughout this period.

$15.7 billion of term wholesale debt funding (excluding Additional Tier 1 Capital) with a remaining term greater than one year as at 30 September 2022 was issued during the year. In addition, the Group issued $1.3 billion of Additional Tier 1 Capital during the year (excluding ANZ Bank New Zealand Limited perpetual preference shares, which is classified as a non-controlling interest in the Group).

RBA Term Funding Facility

As an additional source of funding, in March 2020, the RBA announced a Term Funding Facility (TFF) for the banking system to support lending to Australian businesses. The TFF is a three-year secured funding facility to ADIs at a fixed rate of 0.25% for drawdowns up to 4 November 2020, and reduced to 0.10% for new drawdowns from 4 November 2020 onwards. The TFF was closed to drawdowns on 30 June 2021.

As at 30 September 2022, ANZ had drawn $20.1 billion under the RBA's TFF.

RBNZ Funding for Lending Programme and Term Lending Facility

Between May 2020 and July 2021, the RBNZ made funds available under a Term Lending Facility (TLF) to promote lending to businesses. The TLF is a five-year secured funding facility for New Zealand banks at a fixed rate of 0.25%.

In November 2020 the RBNZ announced a Funding for Lending Programme (FLP) which aimed to lower the cost of borrowing for New Zealand businesses and households. The FLP is a three-year secured funding facility for New Zealand banks at a floating rate of the New Zealand Official Cash Rate (OCR). New Zealand banks were able to obtain initial funding of up to 4% of their lending to New Zealand resident households, non-financial businesses and non-profit institutions serving households as at 31 October 2020 (eligible loans). The initial allocation closed on 6 June 2022. An additional allocation of up to 2% of eligible loans is available, subject to certain conditions until 6 December 2022.

As at 30 September 2022, ANZ Bank New Zealand Limited had drawn $0.3 billion under the TLF and $2.3 billion under the FLP.

Capital management

	2022	2021	Movt
Common Equity Tier 1 (Level 2) - APRA Basel III	12.3%	12.3%	
Credit risk weighted assets ($b)	359.4	342.5	5%
Total risk weighted assets ($b)	454.7	416.1	9%
APRA Leverage Ratio	5.4%	5.5%	

APRA, under the authority of the *Banking Act 1959*, sets minimum regulatory requirements for banks including what is acceptable as regulatory capital and provides methods of measuring the risks incurred by the Bank.

The Group's Common Equity Tier 1 ratio was 12.29% based on APRA Basel III standards, exceeding APRA's minimum requirements. It decreased 5 bps driven by the impact of dividends paid during the year, higher underlying CRWA and non-CRWA usage and the impact of the completed share buy-back. This was partially offset by cash earnings and the equity raising to support the acquisition of Suncorp Bank.

At 30 September 2022, the Group's APRA leverage ratio was 5.4% which is above the 3.5% proposed minimum for internal ratings-based approach ADI (IRB ADI), which includes ANZ.

Dividends

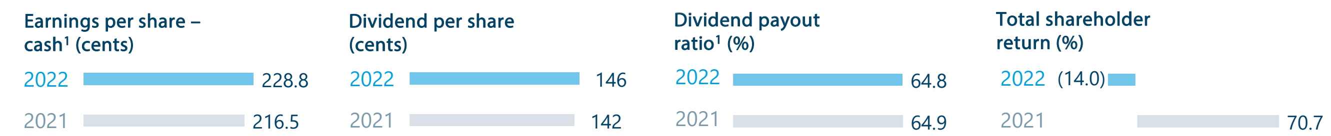
Our financial performance allowed us to propose that a final dividend of 74 cents be paid on each eligible fully paid ANZ ordinary share, bringing the total dividend for the year ended 30 September 2022 to 146 cents per share. This represents a dividend payout ratio of 64.9% of cash profit from continuing operations.

The proposed 2022 final dividend of 74 cents per share will be fully franked for Australian taxation purposes, and carry New Zealand imputation credits of NZD 9 cents per ordinary share. It will be paid on 15 December 2022 to owners of ordinary shares at the close of business on 8 November 2022 (record date).

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the proposed 2022 final dividend. For the 2022 final dividend, ANZ intends to provide shares under the DRP and BOP through the issue of new shares.

Further details on dividends provided for or paid during the year ended 30 September 2022 are set out in Note 6 Dividends in the Financial Report.

Shareholders returns



1. Information has been presented on a cash profit from continuing operations basis.

FIVE YEAR SUMMARY

		2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Financial performance - cash[1]						
Net interest income		**14,874**	14,161	14,049	14,339	14,514
Other operating income		**3,673**	3,286	3,703	4,690	4,853
Operating expenses		**(9,579)**	(9,051)	(9,383)	(9,071)	(9,401)
Profit before credit impairment and income tax		**8,968**	8,396	8,369	9,958	9,966
Credit impairment charge		**232**	567	(2,738)	(795)	(688)
Income tax expense		**(2,684)**	(2,764)	(1,872)	(2,678)	(2,775)
Non-controlling interests		**(1)**	(1)	(1)	(15)	(16)
Cash profit from continuing operations[1]		**6,515**	6,198	3,758	6,470	6,487
Cash profit/(loss) from discontinued operations[1]		**(19)**	(17)	(98)	(309)	(682)
Cash profit[1]		**6,496**	6,181	3,660	6,161	5,805
Adjustments to arrive at statutory profit[1]		**623**	(19)	(83)	(208)	595
Profit attributable to shareholders of the Company		**7,119**	6,162	3,577	5,953	6,400
Financial position						
Assets		**1,085,729**	978,857	1,042,286	981,137	943,182
Net assets		**66,401**	63,676	61,297	60,794	59,405
Common Equity Tier 1		**12.3%**	12.3%	11.3%	11.4%	11.4%
Common Equity Tier 1 – Internationally Comparable Basel III[2]		**19.2%**	18.3%	16.7%	16.4%	16.8%
Return on average ordinary equity (statutory)[3]		**11.4%**	9.9%	5.9%	10.0%	10.9%
Return on average assets (statutory)		**0.7%**	0.6%	0.3%	0.6%	0.7%
Cost to income ratio (cash)[1]		**52.0%**	52.2%	53.8%	49.5%	52.0%
Shareholder value – ordinary shares						
Total return to shareholders (share price movement plus dividends)		**-14.0%**	70.7%	-36.9%	9.2%	0.6%
Market capitalisation		**68,170**	79,483	48,839	80,842	80,979
Dividend (cents)		**146**	142	60	160	160
Franked portion	– interim	**100%**	100%	100%	100%	100%
	– final	**100%**	100%	100%	70%	100%
Share price	– high (dollars)	**$28.98**	$29.64	$28.67	$29.30	$30.80
	– low (dollars)	**$20.95**	$16.97	$14.10	$22.98	$26.08
	– closing (dollars)	**$22.80**	$28.15	$17.22	$28.52	$28.18
Share information (per fully paid ordinary share)						
Earnings per share (cents) (statutory)[4]		**250.0**	215.3	125.3	208.2	219.7
Dividend payout ratio (statutory)		**59.3%**	65.3%	47.6%	76.2%	72.1%
Net tangible assets per ordinary share[5]		**$20.75**	$21.09	$20.04	$19.59	$18.47
No. of fully paid ordinary shares issued (millions)		**2,990**	2,824	2,840	2,835	2,874
Dividend reinvestment plan (DRP) issue price						
	– interim	**$25.52**	$27.91	$18.06	$27.79	$27.76
	– final	**-**	$27.68	$22.19	$25.03	$26.03
Other information						
No. of employees (full time equivalents)		**39,196**	40,221	38,579	39,060	39,924
No. of shareholders		**541,788**	534,166	553,171	506,847	509,238

1. Cash profit excludes non-core items included in statutory profit and is provided to assist readers in understanding the result of the ongoing business activities of the Group. Cash profit is not audited; however, the external auditor has informed the Audit Committee that the adjustments have been determined on a consistent basis across each period presented.
2. Internationally Comparable Methodology aligns with APRA's information paper entitled 'International Capital Comparison Study' (13 July 2015). Basel Internationally Comparable ratios do not include an estimate of the Basel I capital floor requirement.
3. Average ordinary equity excludes non-controlling interests.
4. Earnings per share has been restated to reflect the bonus element of the share entitlement issue made in 2022, in accordance with AASB 133 *Earnings per Share*.
5. Equals shareholders' equity less total non-controlling interests, goodwill and other intangible assets, divided by the number of ordinary shares.

FIVE YEAR SUMMARY (CONTINUED)

	2022	2021	2020	2019	2018
Fair and responsible banking					
Net Promoter Score Ranking (relative to peers)					
Australia Retail[1]	**4**	4	3	4	3
Australia Commercial[2]	**4**	4	4	3	3
Australia Institutional[3]	**2**	2	1	1	1
New Zealand Retail[4]	**4**	4	4	4	4
New Zealand Commercial and Agricultural[5]	**5**	5	5	5	5
New Zealand Institutional[6]	**1**	1	1	1	1
Code of Conduct					
Breaches	**518**	573	569	784	1,114
Investigations resulting in termination	**95**	114	93	151	226
Whistleblower reports	**142**	157	157	156	137
Financial wellbeing					
People reached by our financial inclusion programs[7]	**>58,000**	>67,600	>61,352	>90,850	>88,224
Employees					
Employee Engagement (%)	**84**	81	86	77	73
Total Women in Leadership (%)[8]	**35.9**	35.3	33.4	32.5	32.0
Recruitment of people from under-represented groups[9]	**320**	255	185	224	260
Community					
Total community investment ($million)[10]	**136.4**	139.7	139.5	142.2	136.9
Volunteer hours	**52,444**	54,645	66,402	134,930	124,113
Employee volunteering participation rate (%)	**13.8**	15.5	20.5	42.4	34.6
Sustainable finance					
Total funded or facilitated towards:					
Environmentally sustainable solutions (AU$ billion)	**16.18**	9.18	7.57	7.60	4.65
Housing (AU$ billion)[11]	**0.53**	1.40	1.45		
Other social (AU$ billion)[12]	**1.37**	2.29	0.06		
Environmental sustainability					
Environmental footprint					
Total scope 1 & 2 (tCO_2e)	**101,879**	111,409	134,093	156,568	171,012
Total scope 1, 2 & 3 GHG emissions (tCO_2e)	**140,514**	153,697	203,700	250,857	266,906
Project finance portfolio[13]					
Renewables (%)	**90**	88	87	83	76
Coal (%)	**2**	3	5	9	13
Gas (%)	**8**	9	7	8	10
Project finance commitment to renewable energy ($million)	**1,505**	1,425	1,501	1,371	1,076

1. Roy Morgan Single Source, Australian population aged 14+, Main Financial Institution, six-month rolling average to Sep'18, Sep'19, Sep'20, Sep'21 & Sep'22. Ranking based on the four major Australian banks. **2.** DBM Atlas (Business). Base: Commercial (<$100 million annual turnover) Main Financial Institution customers. Six-month average to Sep'18, Sep'19, Sep'20, Sep'21 & Sep'22. Ranking based on the four major Australian banks. **3.** Peter Lee Associates, 2018–2022 Large Corporate and Institutional Relationship Banking surveys, Australia. Ranking based on the four major Australian banks. **4.** Retail Market Monitor, Camorra Research, six month rolling average to Sep'18, Sep'19, Sep'20, Sep'21 & Sep'22. **5.** Business Finance Monitor, Kantar Research. Base: Commercial ($3 million–$150 million annual turnover) and Agricultural (>500K annual turnover) customers. Four quarter rolling average to Q3'18, Q3'19, Q3'20, Q3'21 & Q2'22. **6.** Peter Lee Associates Large Corporate Relationship Banking Survey, New Zealand 2018–2022. **7.** Includes individuals who have participated in more than one program or product (for example, people who have participated in MoneyMinded as part of Saver Plus are counted twice as they are included in both the MoneyMinded and Saver Plus totals. **8.** Measures representation at the Senior Manager, Executive and Senior Executive levels. Includes all employees regardless of leave status but not contractors (which are included in FTE). **9.** Including Aboriginal and Torres Strait Islander peoples, people with disability and refugees. Total may have duplicates as employees can identify with more than one under-represented group. **10.** Figure includes forgone revenue, being the cost of providing low or fee free accounts to a range of customers such as government benefit recipients, not-for-profit organisations, students and the elderly. International transfer fees were waived for funds sent from Australia and New Zealand to the Pacific to support communities impacted by COVID-19. **11.** Commenced reporting in 2020. **12.** Commenced reporting in 2020. Includes transactions eligible for inclusion in $50 billion target but unable to be allocated to environmentally sustainable solutions, housing or financial wellbeing. **13.** Breakdowns for 2020 and 2018 do not total to 100% due to rounding.

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Remuneration overview

The following pages provide a summary of the remuneration for our Key Management Personnel (KMP): Non-Executive Directors (NEDs), Chief Executive Officer (CEO) and Disclosed Executives. In this section we have included the remuneration tables that feedback from shareholders has told us are of the most interest. The full Remuneration Report is contained in the Annual Report from page 62 onwards – it includes discussion of the Board's decisions concerning executive remuneration outcomes, with particular reference to the CEO, together with outlining our remuneration strategy and framework – including changes to the remuneration structure in 2022. The report can be accessed via the ANZ website at anz.com/annualreport.

Non-Executive Director (NED) remuneration

NEDs receive a fee for being a Director of the Board, and additional fees for either chairing, or being a member of a Board Committee. The Chairman of the Board does not receive additional fees for serving on a Board Committee.

The Human Resources (HR) Committee and Board reviewed NED fees for 2022 and determined that the NED member fee and Committee fees for the Audit Committee chair and members would remain unchanged (noting that the Chairman, NED and Committee fees have remained unchanged since 2016 with the exception of the Digital Business & Technology Committee Chair fee which has remained unchanged since 2020). From 1 April 2022 fees increased for the Chairman, and for the chairs and members of the Risk Committee, HR Committee, Digital Business & Technology Committee, and Ethics, Environment, Social & Governance Committee. See section 7 of the full Remuneration Report contained in the Annual Report for details on the NED fee increases.

2022 statutory remuneration – NEDS

The following table outlines the statutory remuneration of NEDs disclosed in accordance with Australian Accounting Standards.

In addition to the fee shown below, Sir John Key received NZD 422,050 in 2022 and NZD 391,000 in 2021 for his role as Chairman for ANZ Bank New Zealand Limited.

2022 statutory remuneration – NEDS

		Short-term NED benefits		Post-employment	
	Financial year	Fees[1] $	Non monetary benefits[2] $	Super contributions[1] $	Total remuneration[3] $
Current Non-Executive Directors					
P O'Sullivan	**2022**	**813,501**	**6,128**	**23,999**	**843,628**
	2021	764,033	19,931	22,163	806,127
I Atlas	**2022**	**330,751**	**–**	**23,999**	**354,750**
	2021	322,337	–	22,163	344,500
J Halton	**2022**	**318,001**	**–**	**23,999**	**342,000**
	2021	306,837	–	22,163	329,000
J Key	**2022**	**290,251**	**–**	**23,999**	**314,250**
	2021	278,837	–	22,163	301,000
G Liebelt	**2022**	**360,427**	**–**	**6,323**	**366,750**
	2021	341,337	–	22,163	363,500
J Macfarlane	**2022**	**301,501**	**–**	**23,999**	**325,500**
	2021	296,337	–	22,163	318,500
C O'Reilly[4]	**2022**	**302,863**	**–**	**22,579**	**325,442**
J Smith[5]	**2022**	**36,003**	**–**	**3,780**	**39,783**
Former Non-Executive Directors					
P Dwyer[6]	**2022**	**76,372**	**4,944**	**–**	**81,316**
	2021	365,000	–	–	365,000
Total of all Non-Executive Directors	**2022**	**2,829,670**	**11,072**	**152,677**	**2,993,419**
	2021	2,674,718	19,931	132,978	2,827,627

1. Year-on-year differences in fees relate to changes to the NED fees and also to the superannuation Maximum Contribution Base. From 1 October 2021 to 30 June 2022, G Liebelt, and from 1 October 2020 to the date of retirement P Dwyer, elected to receive all payments in fees and therefore did not receive superannuation contributions during this period. **2.** Non monetary benefits generally consist of company-funded benefits (and the associated Fringe Benefits Tax) such as car parking and gifts provided upon retirement. **3.** Long-term benefits and share-based payments do not apply for the NEDs. **4.** C O'Reilly's 2022 remuneration reflects a partial service year as she commenced as a NED on 1 November 2021. **5.** J Smith's 2022 remuneration reflects a partial service year as he commenced as a NED on 1 August 2022. **6.** P Dwyer's 2022 remuneration reflects a partial service year as she retired as a NED on 16 December 2021.

CEO and Disclosed Executives' remuneration

2022 actual remuneration received

This table shows the remuneration the CEO and Disclosed Executives actually received in relation to the 2022 financial year as cash, or in the case of prior equity awards, the value which vested in 2022. The final column also shows the value of prior equity awards which lapsed/were forfeited in 2022 (these are the 2018 performance rights awards which partially met their performance hurdles when tested in November 2021).

Fixed remuneration was increased for the Chief Risk Officer on 1 October 2021 from $1.1m to $1.2m to improve alignment with the market. There were no other market adjustments to fixed remuneration for Disclosed Executives in 2022.

Actual remuneration received in 2022 – CEO and Disclosed Executives:

Received value includes the value of prior equity awards which vested in that year

	Fixed remuneration $	Cash variable remuneration $	Total cash $	Deferred variable remuneration which vested during the year[1,2] $	Actual remuneration received[3] $	Deferred variable remuneration which lapsed/forfeited during the year[1,4] $
CEO and Current Disclosed Executives						
S Elliott	2,500,000	930,000	**3,430,000**	2,570,069	**6,000,069**	(1,476,258)
M Carnegie	1,200,000	460,000	**1,660,000**	1,213,496	**2,873,496**	(557,157)
K Corbally	1,200,000	442,500	**1,642,500**	775,802	**2,418,302**	–
F Faruqui[5]	1,164,000	579,575	**1,743,575**	1,747,173	**3,490,748**	(731,262)
G Florian	1,100,000	442,500	**1,542,500**	788,778	**2,331,278**	(348,210)
K van der Merwe	1,000,000	400,000	**1,400,000**	831,518	**2,231,518**	(383,026)
A Watson[6]	1,062,629	422,742	**1,485,371**	426,037	**1,911,408**	(40,188)
M Whelan	1,400,000	535,000	**1,935,000**	1,697,449	**3,632,449**	(757,400)
Former Disclosed Executives						
S Buggle[5]	33,000	n/a	**33,000**	–	**33,000**	–
M Hand[5]	492,000	n/a	**492,000**	770,215	**1,262,215**	(348,210)

1. The point in time value of previously deferred remuneration granted as deferred shares/deferred share rights and/or performance rights is based on the one day Volume Weighted Average Price (VWAP) of the Company's shares traded on the ASX on the date of vesting or lapsing/forfeiture multiplied by the number of deferred shares/deferred share rights and/or performance rights. **2.** The vested value includes 51.6% of the performance rights awarded in November/December 2018 which vested in November/December 2021, noting that for the CEO they were settled by delivery of shares, which remain subject to a further one-year restriction period. **3.** The sum of fixed remuneration, cash variable remuneration and deferred variable remuneration which vested during the year. **4.** The lapsed/forfeited values relate to 48.4% of the performance rights awarded in November/December 2018 which lapsed in November/December 2021 due to the performance hurdles not being fully met. **5.** Fixed remuneration prorated for time as a Disclosed Executive. **6.** Paid in NZD and converted to AUD. Year to date average exchange rate used to convert NZD to AUD as at 30 September for the relevant year.

Year-on-year STVR awarded

These tables show a year-on-year comparison of Short Term Variable Remuneration (STVR) awarded to the CEO (previously referred to as Annual Variable Remuneration (AVR)), and Disclosed Executives for the 2021 and 2022 performance periods (noting that for Disclosed Executives the STVR equivalent in previous periods relates to the cash and deferred shares component of variable remuneration). See the full Remuneration Report contained in the Annual Report for details on changes to the remuneration structure in 2022 for the CEO and Disclosed Executives.

2022 remuneration outcomes reflect both the overall performance of the Group and the performance of each individual/Division. Note there was no 2022 Long Term Variable Remuneration (LTVR) award made as we transition awarding LTVR at the beginning of the financial year rather than the end. The CEO's proposed 2023 LTVR of $3.375m ($3.5m in 2021) will be subject to a shareholder vote at the upcoming Annual General Meeting.

CEO

Year-on-year comparisons of maximum opportunity on a percentage basis (as shown in the below table) are not comparable – as the maximum opportunity has been reduced from 150% to 125% of STVR target in 2022. However when comparing outcomes as a percentage of target, the table highlights that despite the CEO's 2022 STVR outcome being higher as a % of target than 2021 (reflecting his better performance in 2022), his actual 2022 STVR dollar outcome is lower due to the reduced STVR opportunity in the new remuneration structure.

Year-on-year STVR awarded in the relevant financial year – CEO

			Actual STVR			STVR as % of	
	Financial year	STVR maximum opportunity $	Total STVR $	STVR cash $	STVR deferred shares $	Target opportunity	Maximum opportunity
CEO							
S Elliott	2022	2,500,000	1,860,000	930,000	930,000	93%	74%
	2021	3,750,000	2,000,000	1,000,000	1,000,000	80%	53%

Disclosed Executives

- The average STVR outcome for current Disclosed Executives is 78% of maximum opportunity, reflecting the overall ANZ Group performance assessment of 'slightly below expectations'. Outcomes as a percentage of maximum opportunity range from 71% to 96%. See Remuneration Report for further details.
- For the 2022 Disclosed Executives who were in role for full year 2021 and 2022, the year-on-year STVR dollar outcome has reduced on average by 31%, primarily due to the lower STVR opportunity in the new structure. For example as shown below, even where performance as a percentage of target is similar year-on-year, Disclosed Executives are receiving substantially reduced dollar outcomes. However, the outcomes as a percentage of maximum opportunity appear higher year-on-year because the maximum opportunity has been reduced from 150% to 125% of target in the new structure.
- Variable remuneration continues to differ both year-on-year and between different executives demonstrating the at risk nature of this element of remuneration and the variability in Group and individual performance year-on-year.

Year-on-year comparisons of maximum opportunity on a percentage basis (as shown in the below table) are not comparable – as the maximum opportunity has been reduced from 150% of the combined variable remuneration target under the previous structure, to 125% of just the STVR target under the new structure. The 2022 STVR opportunity is significantly lower in 2022 due to the changes in the remuneration structure.

Year-on-year STVR awarded in the relevant financial year – Disclosed Executives

			Actual STVR (STVR equivalent for 2021)			STVR as % of	
	Financial year	STVR maximum opportunity[1] $	Total STVR $	STVR cash $	STVR deferred shares $	Target opportunity	Maximum opportunity
Current Disclosed Executives							
M Carnegie	**2022**	**1,250,000**	**920,000**	**460,000**	**460,000**	**92%**	**74%**
	2021	2,376,000	1,138,500	569,250	569,250	72%	48%
K Corbally	**2022**	**1,250,000**	**885,000**	**442,500**	**442,500**	**89%**	**71%**
	2021	1,960,200	1,227,600	613,800	613,800	94%	63%
F Faruqui[2]	**2022**	**1,212,500**	**1,159,150**	**579,575**	**579,575**	**120%**	**96%**
G Florian	**2022**	**1,150,000**	**885,000**	**442,500**	**442,500**	**96%**	**77%**
	2021	2,147,310	1,353,000	676,500	676,500	95%	63%
K van der Merwe	**2022**	**1,040,000**	**800,000**	**400,000**	**400,000**	**96%**	**77%**
	2021	1,795,860	1,188,000	594,000	594,000	99%	66%
A Watson[3]	**2022**	**1,108,830**	**845,483**	**422,742**	**422,742**	**95%**	**76%**
	2021	2,135,790	1,374,335	687,167	687,167	97%	64%
M Whelan	**2022**	**1,460,000**	**1,070,000**	**535,000**	**535,000**	**92%**	**73%**
	2021	2,526,480	1,620,300	810,150	810,150	96%	64%
Former Disclosed Executives							
S Buggle[2,4]	**2022**	**41,250**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2021	1,393,920	924,000	462,000	462,000	99%	66%
M Hand[2]	**2022**	**615,000**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2021	2,376,000	1,089,000	544,500	544,500	69%	46%

1. The 2022 maximum STVR opportunity is based on the Disclosed Executive's new fixed remuneration. A ~4% fixed remuneration structural increase for Disclosed Executives (excluding CEO) was determined so as to not materially disadvantage Disclosed Executives as a result of the structural changes. The Board decided to defer the payment of this increase to 2023, and that the 2022 STVR opportunity would be based on the fixed remuneration had the structural increase been effective for 2022. **2.** STVR prorated for time as a Disclosed Executive. **3.** Paid in NZD and converted to AUD. Year to date average exchange rate used to convert NZD to AUD as at 30 September for the relevant year. **4.** S Buggle's 2021 and 2022 STVR reflects the period he acted as Chief Financial Officer.

Independent Limited Assurance Report to the Directors of Australia and New Zealand Banking Group Limited

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the specified ESG Information in the ANZ 2022 Annual Report and ANZ 2022 Annual Review which has been prepared by ANZ in accordance with the Criteria for the year ended 30 September 2022.

Information Subject to Assurance

Australia and New Zealand Banking Group Limited (ANZ) engaged KPMG to perform a limited assurance engagement in relation to the ESG Information in the ANZ 2022 Annual Report and ANZ 2022 Annual Review. The scope of work comprised limited assurance over the material text and data claims as specified in the table below:

ESG Information	Page
2022 Performance Snapshot	3
What matters most to our stakeholders	10
Our approach to societal challenges	14-15
Our approach to climate change	16-17
Performance overview (Five year summary)	60

The ANZ 2022 Annual Report and ANZ 2022 Annual Review covers ANZ's global operations for the year ended 30 September 2022 unless otherwise indicated.

Criteria

The ESG Information has been extracted from and prepared by ANZ on a consistent basis with the information in the ANZ 2022 ESG Supplement and accompanying ANZ 2022 ESG Supplement Data Pack, copies of which are available at anz.com/annualreport (the criteria). The ANZ 2022 ESG Supplement and ANZ 2022 ESG Supplement Data Pack has been prepared in accordance with the GRI Standards published by the Global Reporting Initiative, version dated 2016 and management's basis of reporting, a summary of which is included in the Explanatory Notes section in the ANZ 2022 ESG Supplement.

Basis of our Conclusion

We conducted our work in accordance with *International Standard on Assurance Engagements ISAE 3000* (Standard). In accordance with the Standard we have:

- Used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the ESG Information, whether due to fraud or error;
- Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- Interviews with relevant employees responsible for developing the content (text and data) within the ESG Information to understand the approach for monitoring, collation and reporting of such information and the accuracy, completeness and existence of reported text and data;
- Undertaking analytical review procedures to support the reasonableness of the data;
- Identifying and testing assumptions supporting the calculations;
- Comparing text and data (on a sample basis) presented to underlying sources; and
- Reviewing the ANZ 2022 Annual Report, ANZ 2022 Annual Review and ANZ 2022 ESG Supplement and ANZ 2022 ESG Supplement Data Pack in their entirety for consistency with the ESG Information and our knowledge obtained through our assurance engagement.

How the Standard Defines Limited Assurance and Material Misstatement

A limited assurance engagement is restricted primarily to enquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The Standard requires our report to be worded around what we have not found, rather than what we have found.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of ANZ.

Use of this Assurance Report

This report has been prepared for the Directors of ANZ Banking Group Limited for the purpose of providing an assurance conclusion on the ESG Information within the ANZ 2022 Annual Report and ANZ 2022 Annual Review and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of ANZ, or for any other purpose than that for which it was prepared.

ANZ's responsibility

- Determining that the criteria is appropriate to meet their needs;
- Preparing and presenting the ESG Information in accordance with the criteria; and
- Establishing internal controls that enable the preparation and presentation of the ESG Information that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the ESG Information for the year ended 30 September 2022, and to issue an assurance report that includes our conclusion.

Our Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control. We have also complied with ANZ's Stakeholder Engagement Model for Relationship with External Auditor (available on anz.com).

KPMG

KPMG

Adrian V. King

Adrian King
Partner

KPMG Melbourne
26 October 2022

Important dates for shareholders[1]

MAY 2023

4 May Half Year Results Announcement

9 May Interim Dividend Ex-Date

10 May Interim Dividend Record Date

11 May DRP/BOP/Foreign Currency Election Date

JULY 2023

3 July Interim Dividend Payment Date

OCTOBER 2023

TBC Closing date for receipt of Director Nominations

TBC Annual Results Announcement

NOVEMBER 2023

TBC Final Dividend Ex-Date

TBC Final Dividend Record Date

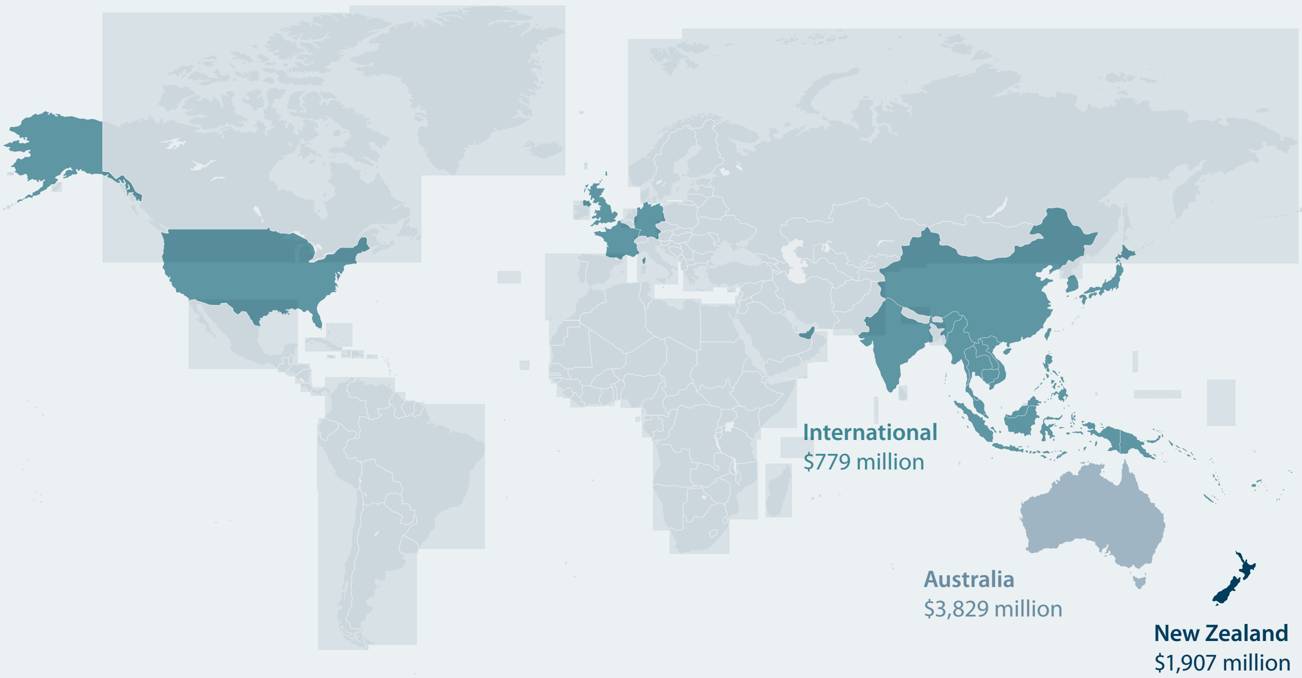
TBC DRP/BOP/Foreign Currency Election Date

DECEMBER 2023

TBC Final Dividend Payment Date

TBC Annual General Meeting

Our international presence and earning composition by geography[2]



International

Asia

China
Hong Kong
India
Indonesia
Japan
Laos
Malaysia
Myanmar
The Philippines
Singapore
South Korea
Taiwan
Thailand
Vietnam

Pacific

American Samoa
Cook Islands
Fiji
Guam
Kiribati
Papua New Guinea
Samoa
Solomon Islands
Timor-Leste
Tonga
Vanuatu

Europe

France
Germany
United Kingdom

Middle East

United Arab Emirates (Dubai)

United States of America

1. If there are any changes to these dates, the Australian Securities Exchange will be notified accordingly. **2.** On a Cash profit (continuing operations) basis. Excludes non-core items included in statutory profit and discontinued operations included in cash profit. It is provided to assist readers in understanding the result of the ongoing business activities of the Group. For further information on adjustments between statutory and cash profit refer to page 45.

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MORE INFORMATION

General information on ANZ can be obtained from our website at anz.com. Shareholders can visit our Shareholder Centre at anz.com/shareholder/centre. ANZ Corporate Governance: for information about ANZ's approach to Corporate Governance and to obtain copies of ANZ's Constitution, Board/Board Committee Charters, Code of Conduct and summaries of other ANZ policies of interest to shareholders and stakeholders, visit anz.com/corporategovernance.

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

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

S&P Global

Founding Signatory of:
UNEP FINANCE INITIATIVE | PRINCIPLES FOR RESPONSIBLE BANKING

CDP DISCLOSURE INSIGHT ACTION

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