



Media Release

For Release: 1 October 2015

Shayne Elliott to succeed Mike Smith as ANZ CEO

The Board of ANZ today announced that Shayne Elliott will become Chief Executive Officer and join the Board on 1 January 2016 succeeding Mike Smith.

Mr Elliott, 51, is currently ANZ's Chief Financial Officer responsible for all aspects of Finance as well as Group Strategy, Legal, Treasury, Investor Relations and Mergers and Acquisitions. Originally from New Zealand, Mr Elliott has over thirty years' experience in international banking including in Australia, New Zealand, Asia Pacific and the Middle East. He joined ANZ as CEO Institutional in June 2009.

Mr Smith will step down after eight years as Chief Executive Officer and as a Director on 31 December 2015.

ANZ Chairman David Gonski said Mr Smith had transformed ANZ into Australia's only international bank with a focus on Asia Pacific. "Mike was appointed Chief Executive as the world was entering the global financial crisis. Despite those headwinds and a volatile environment for banks around the world, his leadership has seen ANZ continue to grow market share in Australia and establish a strong, growing New Zealand business under one brand. He has transformed ANZ into one of Asia Pacific's leading banks with operations in 34 countries, delivering strong outcomes for our customers and for our shareholders.

"Mike has been a champion of ANZ and of Australia globally but particularly in Asia. He was the Chair of the B20's Financing Growth Taskforce and a leading advocate of increasing trade and investment linkages throughout Asia Pacific. He has also been instrumental in establishing ANZ's values-led culture and has been a leader in diversity and financial literacy. ANZ is uniquely well positioned because of the foundation Mike has created.

"Shayne was the outstanding candidate for the role of Chief Executive given his deep knowledge of the ANZ Group, his strategic vision, global financial services experience and his track record of building and leading strong international management teams.

"He has held senior positions in Citigroup in Australia and New Zealand, the UK, USA, Asia Pacific and in the Middle East. Prior to joining ANZ, Shayne was a senior executive with the investment bank EFG Hermes. For the past three years he has been Chief Financial Officer with responsibility for our most critical finance and strategic functions.

"Today's announcement is a result of a detailed review of external and internal candidates. Shayne's international banking and financial experience, together with his background in Australia and New Zealand makes him the right person to lead ANZ in a challenging global environment," Mr Gonski said.

Mr Elliott said he was honoured to have the opportunity to lead ANZ. "ANZ is a bank that plays an important role supporting our customers and communities in 34 countries. Our people are guided by a clear strategy and a strong set of values. I look forward to working with Mike during the transition period and to building on the foundation he has established."

Mr Smith said he was proud of what the management team and everyone at ANZ had achieved over the past eight years. "Our succession process saw a smooth transition to our new Chairman last year and now is the appropriate time for me to step down.

“Shayne and I have worked closely together for the last six years, particularly in his last three years as CFO. I know he will make an exceptional Chief Executive,” Mr Smith said.

Mr Smith, who has an invaluable understanding of and connections in Asia, will be retained as a non-executive advisor to the Board, initially for one year. The financial details of this advisory role and Mr Smith’s leaving arrangements are summarised in Attachment 1.

Details of the key terms of Mr Elliott’s employment contract, including the remuneration arrangements are set out in Attachment 2. His biography is Attachment 3.

Video interviews with Mr Smith and Mr Elliott can be found on ANZ BlueNotes www.bluenotes.anz.com.

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Attachments:

1. Mike Smith - Key Terms of Leaving Arrangements and Advisory Role
2. Shayne Elliott - Summary of Key Terms of Employment Agreement
3. Shayne Elliott – Biographical Details

Attachment 1

Mike Smith - Key Terms of Leaving Arrangements and Advisory Role

Under his existing employment contract Mr Smith is entitled to 12 months' notice and ANZ has the right to require him to work all or part of this notice period. Accordingly, ANZ has determined as follows:

1. Mr Smith will work in the role as Chief Executive Officer for the first 3 months (to 31 December 2015);
2. Mr Smith will be on leave for a period of approximately 6 months (gardening leave) (to 7 July 2016);
3. Mr Smith will then receive a payment for the remaining approximately 3 months in lieu of notice (to 30 September 2016).

As a result of the above, Mr Smith will continue to be paid his fixed remuneration (\$3.4m per annum) on a monthly basis to 7 July 2016 (items 1 and 2 above). On Mr Smith's departure from ANZ on 7 July 2016, in accordance with the terms of his existing employment contract, he will therefore be entitled to:

- A payment in lieu of notice for the approximately 3 month period (item 3 above) based on his abovementioned fixed remuneration; and
- A payment for pro rata long service leave and other statutory entitlements; and
- A payment to relocate Mr Smith and his family from Australia if he decides to relocate.

ANZ will also continue to provide life insurance coverage for Mr Smith for the period through to 7 July 2016. No ex gratia payments will be made.

2015 and 2016 Short Term Incentive

Any short term incentive payment for the 2015 financial year can only be assessed by the Board after year end. This will be paid part cash and part deferred shares and disclosed in the 2015 Remuneration Report. Mr Smith will not be eligible to be awarded any short term incentive for the 2016 financial year.

2015 Long Term Incentive

Mr Smith will not be awarded a Long Term Incentive in light of his impending departure.

Equity granted in prior years under STI and LTI

Equity granted in prior years under ANZ's short and long term incentive plans will, in accordance with the terms of their issue and Mr Smith's existing employment contract, remain on foot and will vest at the originally intended vesting dates to the extent to which the performance conditions (where applicable) are satisfied in accordance with the Conditions of Grant (and the terms approved by Shareholders for the Performance Rights). Where the rights have vested the Board may determine to settle in equity or a cash equivalent payment. There will be no accelerated or automatic vesting upon ceasing employment. Mr Smith will also be entitled to the value of the superannuation funds that he has accumulated over his 8 years with the Bank.

Post Employment Restraints

Mr Smith is subject to a restraint for 12 months after ceasing employment with ANZ on being concerned in the business of another financial institution in Australia, New Zealand or Asia. Mr Smith is subject to a restraint for 12 months after ceasing employment with ANZ, on soliciting away from ANZ, ANZ employees, customers or clients.

Services Agreement

Given his extensive knowledge and contacts in the region, ANZ will engage Mr Smith on a 12 month services agreement from 11 July 2016 to act as an advisor to the Board on International Affairs. The total payment under the services agreement is around \$250,000 for the 12 month period, plus reasonable expenses.

Attachment 2

Shayne Elliott - Summary of Key Terms of Employment Agreement

A summary of the material terms and conditions of the employment agreement entered into with Mr Elliott are provided below.

1. Appointment and Commencement Date

Mr Elliott has been appointed to the position of Chief Executive Officer and Executive Director of the Australia and New Zealand Banking Group commencing on 1 January 2016.

2. Term: The appointment is on-going with no fixed term.

3. Remuneration

At Target Mr Elliott's Total Remuneration will be \$6,300,000. There are three components of Mr Elliott's remuneration:

- Fixed Remuneration \$2,100,000 (an increase from Mr Elliott's current fixed remuneration of \$1,250,000 per annum). This includes salary, superannuation contributions and salary sacrificed benefits and will be reviewed annually.
- Short Term Incentive Target of \$2,100,000. Mr Elliott will be eligible for an annual discretionary short term incentive. The initial STI target will be \$2,100,000 (100% of fixed remuneration) and this will be pro rated for the period from the commencement date (1 January 2016) to 30 September 2016, with Mr Elliott's STI target for his current role as Group Chief Financial Officer applying from 1 October 2015 to 31 December 2015.
- Long Term Incentive Target of \$2,100,000. Mr Elliott will be eligible to receive an annual discretionary long term incentive. The initial award has a current value of \$2,100,000 at target vesting (50%) and \$4,200,000 at full (100%) vesting. Subject to shareholder approval at the 2015 Annual General Meeting this award will be delivered as 3 equal tranches of Performance Rights allocated on a face value basis. These Performance Rights will be measured over a three year performance period against the performance hurdles relevant to each tranche, as specified by the Board. Full details will be provided in the Notice of Meeting.

Mr Elliott's remuneration is linked to the Bank's performance, demonstration of values led behaviours and shareholder returns with the "at-risk" component (comprising short and long term incentives at target vesting) set at 67 per cent of his total remuneration. Fixed remuneration comprises 33 per cent of total remuneration.

The provisions of Mr Elliott's existing employment agreement will continue to operate prior to the Commencement Date.

Termination Provisions

The employment agreement may be terminated in the circumstances described below:

- Resignation: Employment may be terminated by the CEO on 12 months' notice;
- Termination on Notice by ANZ: The notice period is 12 months and ANZ may make a payment in lieu of notice (calculated on fixed remuneration);
- Termination Without Notice by ANZ for defined causes: In this case only fixed remuneration and statutory entitlements would be payable.

Post Employment Restraints

Mr Elliott is subject to a restraint for 12 months after ceasing employment with ANZ on being concerned in the business of another financial institution in Australia, New Zealand or Asia.

Mr Elliott is subject to a restraint for 12 months after ceasing employment with ANZ, on soliciting away from ANZ, ANZ employees, customers or clients.

Attachment 3

Shayne Elliott - Biographical Details

- Chief Financial Officer, ANZ
- CEO Institutional, ANZ
- Chief Operating Officer, EFG-Hermes
- 20 years at Citibank including key divisional and country CEO roles

Career

Shayne Elliott joined ANZ in June 2009 as CEO Institutional and a member of the Bank's Management Board reporting to Chief Executive Officer Mike Smith.

Mr Elliott was responsible for ANZ's largest corporate and financial institutional customers across 32 countries with the business focussed in four major areas: Transaction Banking, Global Markets, Global Loans and Relationship Banking.

In June 2012 he was appointed ANZ's Chief Financial Officer responsible for all aspects of Finance as well as Group Strategy, Legal, Treasury, Investor Relations and Mergers and Acquisitions.

From 2006 to 2009 Mr Elliott was based in Egypt as Chief Operating Officer at EFG-Hermes, the largest investment bank in the Middle East and the leading retail and institutional broker in Cairo, Dubai and Abu Dhabi.

Prior to EFG-Hermes, he spent 20 years at Citibank/Citigroup across six countries in a variety of roles including regional business management, country management, strategy and derivatives sales and trading.

In 2003 Mr Elliott was appointed CEO Global Transaction Services, Asia Pacific responsible for providing working capital and commercial banking services for 42,000 Corporate, Funds and institutional customers across 18 countries. From 2001 to 2003 he was Citigroup's Australia/New Zealand Corporate Bank Corporate Officer, which was Citigroup's chief representative for all businesses in Australia and New Zealand. In 1998 he moved from his role as Vice President Strategic Planning at Citibank's New York head office to CEO of the Bank's operations in Egypt.

Mr Elliott graduated with a Bachelor of Commerce, Management Studies and Finance from the University of Auckland, New Zealand. He lives in Melbourne with his wife and their daughter.

Career History

2012 – present: Chief Financial Officer, ANZ
2009 – 2012: CEO Institutional, ANZ
2006 – 2009: Chief Operating Officer, EFG-Hermes
2003 – 2006: Chief Executive Officer, Citigroup Global Transaction Services Asia Pacific
2001 – 2003: Chief Executive Officer, Citigroup Corporate Bank Australia/New Zealand
1998 – 2001: Chief Executive Officer, Citibank Egypt
1997 – 1998: Vice President, Strategic Planning, Citibank New York
1992 – 1997: Head of Investor Derivative Sales, Citibank London
1985: Joined Citibank New Zealand as a Management Trainee