3 November 2021

Market Announcements Office
ASX Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

**ANZ 2021 Annual Review**

Australia and New Zealand Banking Group Limited (ANZ) today released its 2021 Annual Review.

It has been approved for distribution by ANZ's Board of Directors.

Yours faithfully

**Simon Pordage**
**Company Secretary**
Australia and New Zealand Banking Group Limited

2021 ANNUAL REVIEW

# THE BANK WE'RE BUILDING

**In 2017 we introduced our purpose...**

# Shape a world where people and communities thrive

**2017**

Established our Ethics and Responsible Business Committee

**2018**

Implemented our Ethical Decision Making Framework

**2019**

Committed to fund and facilitate **$50 billion** by 2025 in sustainable solutions for our customers

**2020**

Committed to fund and facilitate **$10 billion** of investment by 2030 to deliver more affordable, accessible and sustainable homes[1]

**2021**

Reached more than **67,600 people** through our financial wellbeing programs, MoneyMinded and Saver Plus[2]

**1.** Refers to homes to buy and rent in Australia and New Zealand. **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) in the period 1 October 2020 – 30 September 2021.

**We're building an ANZ that improves the financial wellbeing and sustainability of customers, focused on:**

Helping people **save for, buy and own** a sustainable, liveable and affordable home.

Helping people **start or buy** and **sustainably grow** their business.

Helping companies **move goods and capital** around the region and **sustainably grow** their business.

## CONTENTS

# Our 2021 reporting suite


**2021 Annual Report**
anz.com/annualreport


**2021 ESG Supplement**
anz.com/annualreport


**2021 Climate-related Financial Disclosures**
anz.com/annualreport


**2021 Corporate Governance Statement**
anz.com/corporategovernance

## ABOUT THIS ANNUAL REVIEW

This Annual Review contains sections from our 2021 Annual Report. It includes information on Australia and New Zealand Banking Group Limited's[1] financial and non-financial performance providing readers with a holistic view of our performance. 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.

KPMG provides limited assurance over Environment, Social and Governance (ESG) content within this Annual Review. A copy of KPMG's limited assurance report over ESG content is on page 78 to 79.

This review covers all ANZ operations worldwide over which, unless otherwise stated, we had control for the financial year 1 October 2020 to 30 September 2021. Monetary amounts in this document are reported in Australian dollars, unless otherwise stated.

## REPORTING SUITE

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

Our 2021 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.

Our ESG Supplement provides stakeholders with detailed ESG disclosures, including performance against our ESG targets. We will release our 2021 Climate-related Financial Disclosures report prior to our Annual General Meeting.

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

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

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

## DISCLAIMER & IMPORTANT NOTICE:

The material in the Annual Review contains general background information about the Bank's activities current as at 27 October 2021. It is information given in summary form and does not purport to be complete. It is not intended to be and should not be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate. The Annual Review may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to ANZ's business operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices. When used in the Annual Review, the words 'forecast', 'estimate', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements or opinions. Those statements: are usually predictive in character; or may be affected by inaccurate assumptions or unknown risks and uncertainties; or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. These statements only speak as at the date of publication and no representation is made as to their correctness on or after this date. Forward-looking statements constitute 'forward-looking statements' for the purposes of the *United States Private Securities Litigation Reform Act of 1995*. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

**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).

# 2021 performance snapshot

$139.7M

in community investment[2]

142c

Dividend for 2021 per share

$6.2B

Cash profit[1]

81%

employee engagement

$21.09

Net tangible assets per share[3]

218.3c

Cash earnings per share[1]

35.3%

of women in leadership[5]

12.3%

Common equity Tier 1 Capital[4]

9.9%

Cash return on equity[1]

$21.95B

funded and facilitated in sustainable solutions since 2019

Supported around

151,600

customers to build a savings habit since 2020

SOLD

$1.43B

funded and facilitated to deliver more affordable, accessible and sustainable homes to buy and rent since 2020[6]

**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 57. **2.** Figure includes forgone revenue of $106m, 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. **3.** Equals shareholders' equity less preference share capital, goodwill, software 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.** In Australia and New Zealand.

# Chairman's message

The bank has navigated a year of historic health and economic challenges while also supporting our customers and the community.

As we reflect on the events of 2021, I don't think many of us would have imagined enduring months of further lockdowns this year in Melbourne, Sydney and, most recently, Auckland.

While it has been an incredibly difficult period for many, the future does look much brighter as we adjust to the new phase of living with the virus. Impressive vaccination rates provide hope and if we've taken anything from previous lockdowns, it has been the resilience of our people and our customers.

From a bank perspective, we delivered a solid financial outcome. Our full-year statutory profit was up 72% to $6.16 billion. While improving economic conditions meant we were able to release some of the credit reserves we put in place for expected losses, the result also demonstrates the benefits of a diverse portfolio.

Prudent risk management over many years has resulted in much lower than anticipated loss rates, capital buffers remain at an historically high-level with a CET1 of 12.3%, while earnings have returned to near where they were pre-COVID-19 and Total Shareholder Returns have substantially improved.

The overall improved performance of the business has been reflected in our decision to restore dividends close to what they were before the pandemic struck and to lead the industry in returning capital to shareholders.

In fact, on a pro-forma basis we will have approximately $6 billion of capital above 'unquestionably strong' and will continue to consider the best use of any surplus capital.

Highlights this year have included New Zealand having a strong year and Institutional providing good returns for shareholders.

However, we did face challenges and although revenue in our Australia Retail & Commercial business in Australia increased, elevated demand for home loans impacted our ability to process applications in a timely manner which resulted in a loss of market share. There was also a delay with one of our key digital transformation products.

The Board has exercised its discretion to reduce the variable remuneration as a percentage of target for relevant executives and we are confident the systematic actions being taken by management will address these issues.

## THE BANK WE ARE BUILDING

A joint-venture announced with European-based global payments leader Worldline to provide the most advanced payments technology and merchant services in Australia is the latest example of our simplification program. While we still have some non-core assets, namely our minority investments in Asian banks, the Board and management team are now focused primarily on growing our core franchise.

Rapid change and disruption of traditional banking business models are the new normal. At ANZ we are taking advantage of these changes with the 'Bank We Are Building' transformation.

We will continue to focus on driving simplification and efficiency in our core business while also making significant investments in our digital platforms and advanced analytics capability so we can offer compelling products and services to our customers.

Investments will also focus on new pivotal partnerships in the emerging digital ecosystems our customers are increasingly using. Our Chief Executive Officer Shayne Elliott discusses this work in more detail in his update.

We are also acutely aware of the leadership role we play in relation to climate change. While the rapid decarbonisation of the global economy will be a significant business opportunity, there are financial risks associated with lending to customers impacted by climate change. We are committed to play our part in the path to net zero by 2050 and will work with customers to assist them with their transition.

## SUPPORTING OUR COMMUNITIES

COVID-19 has reinforced the importance of community and I'm proud of the way ANZ has supported those in need through the pandemic.

The early days rightly prioritised supporting those who had been most impacted by various lockdowns through loan deferrals. These deferrals provided tens of thousands of customers with the critical time required to manage their cashflow through this difficult period.

There was less demand for customer deferrals this year, however equally important has been our support of the Government loan guarantee programs in Australia and New Zealand.

> We also utilised our long experience with financial education to set up a program to specifically help Pacific islanders, arriving in Australia to fill labour shortages, better understand how to manage their money.

ANZ of course has large operations in some of the countries hardest hit by COVID-19. India, for example, a country in which we have a deep history, was devastated by its Delta outbreak this year.

While we worked hard to support our staff in India, we also donated $1 million to World Vision's India COVID-19 appeal as well as setting aside a further $1 million to match customer and staff donations.

We have also taken action to ensure our people across our network are supported. Despite almost two years of remote working, our people remain highly engaged and we were pleased to be awarded the Number 1 position in the Australian Financial Review's 'Best Place to Work' awards within our sector.

## BOARD RENEWAL

Firstly, I'd like to acknowledge our former Chairman David Gonski. David retired from the ANZ Board in October last year having made an enormous contribution to our bank during his seven years as Chair. He helped build an organisation with a strong focus on governance, accountability, culture and better customer outcomes. There is no doubt ANZ is in much better shape as a result of his stewardship and on behalf of all shareholders, I thank David for his leadership.

Paula Dwyer will retire from the Board following our Annual General Meeting (AGM) on 16 December 2021. Paula is one of Australia's most respected non-executive directors and we have been incredibly fortunate to have her serve on our Board for the past nine years, particularly in her role as Chair of the Audit Committee. From a personal perspective, I feel privileged to have been able to serve with her and on behalf of all shareholders thank Paula for her dedicated service to our company and wish her well with her future endeavours.

We are very fortunate to be welcoming Christine O'Reilly to the Board. Christine is an outstanding company director and she will make a significant contribution on behalf of all shareholders. While Christine formally joins the Board on 1 November 2021, she will stand for election as a Director at our AGM .

Finally, as a relatively new Chairman of ANZ, I would like to thank our shareholders for their support through the year. I also acknowledge the hard work and dedication of the 40,000 professionals working at ANZ. The pandemic has meant it has been another challenging year but our team has again stepped up for our customers and shareholders.

**Paul D O'Sullivan** | Chairman

# CEO's message

## It has been another significant year in the transformation of ANZ, particularly when considering the impacts COVID-19 is having on our customers and colleagues.

As we approach the final months of the year, I'm sure we all hoped the pandemic would be largely behind us. It isn't but there are positive signs of a more optimistic 2022.

It was five years ago we outlined our vision for the future. A future that would see traditional banking models under significant pressure from a range of new competitors.

Customers want the same experience in banking they can get from online shopping or travel – convenient, safe, always on. At the same time, society expects more from us. Investors and regulators are rightly more sensitive to banks operating in an ethical, environmentally sustainable and transparent manner. Politicians are also holding the industry to greater account.

The pace of change has been faster than anticipated. Fortunately, we had already made significant progress in readying the organisation for the next phase of our evolution.

We're now a much simpler and lower risk bank. We focus on the customers for whom we can add value and we've delivered on what we said we would. We are clear on who we bank and how we will drive value for customers and shareholders.

As the Chairman mentions in his update, we've delivered a solid result this year with highlights being the strong performance in New Zealand and Institutional.

This leads to the next chapter of the bank we are building.

It is our purpose – to shape a world where people and communities thrive – which directly underpins our strategy of improving the financial wellbeing and sustainability of our customers.

For the last couple of years we have been working on a program we've internally referred to as 'ANZx'. This is not just a set of new products, rather it's improving the digital capability, the digital 'mindset' if you like, of our entire organisation.

The first phase of this will be the launch soon of a new proposition we are calling ANZ Plus. Initially focused on savings and deposits, ANZ Plus has been in pilot for a few months and has been specifically designed to help people manage their money better.

But ANZ Plus is just the very first step in what will be a multi-year roll out of what will eventually become the cornerstone of how our retail and small business customers bank with us in the future.

It's a growth-oriented strategy – taking the best technology and fintech mindset and applying it to our already strong brand and customer base.

Above all, it will be a radically different approach focused on growing the financial wellbeing of our customers and we will continue to update shareholders on our progress through the year.

To help prepare for this new world we also separated our ventures and incubator business, formerly known as ANZi, into a stand-alone entity. This small but important change will accelerate our growth and deliver new digital solutions for our customers.

Now known as 1835i, this independent venture business will operate more like a start-up. We will invest where we see a path to acquire more customers, deepen relationships with existing customers or co-develop new propositions we couldn't develop on our own. ANZ will, of course, continue to fund 1835i's investments and oversee its governance.

An example of how digital solutions can rapidly improve our operations was the launch this year of ANZ GoBiz. This allows customers to plug their accounting software straight into our systems so we can understand their financials almost instantly and approve working capital loans much faster. We have also digitised processes in the back-end.

It works with all the major accounting software packages – Xero, MYOB and QuickBooks – covering about 70% of all small businesses in Australia and effectively reduces the time it takes to get the money in the hands of small businesses from 30 to 2 days.

We are also preparing for one of the mega-trends of the global economy – the rapid transformation of how we produce, distribute and consume energy.

This is one of the most exciting opportunities for ANZ and we are well-placed to shape and support the required economic transition. In fact, this is a major business opportunity and one in which we already have made significant gains.

Key areas of interest for us include supporting the electrification of the transport supply chain, commercialisation of hydrogen, financing energy efficient buildings and assisting our customers to establish and develop their own transition plans. As well as being a signatory to the Net-Zero Banking Alliance, these are significant areas of commercial opportunity that will underpin ANZ's business for many years to come.

As we look to our strengths, one of the highlights this year has been the progress we have made in improving the diversity of our workforce. In fact, this year saw the fastest improvement in the representation of Women in Leadership which increased to 35.3%. This is in addition to my executive team which has 40% women and our Board which has 38%.

We know there is more to be done which is also why we signed up to Hesta's 40:40 initiative and I was proud we were the only bank among the first ten signatories.

Our progress in building a talented and diverse team has meant some of our most senior women, in particular our former Deputy CEO Alexis George and former CFO Michelle Jablko, have been selected for high-profile and challenging roles outside of the organisation.

While this could easily be seen as a negative, I'm incredibly proud we are seen as an organisation that provides people with the opportunities they deserve. It also means we are able to broaden the experience of other executives on the team and, in the case of the CFO, appoint Farhan Faruqui to the role.

Farhan is a deeply experienced global banker who played a crucial role in the re-shaping of ANZ's Institutional and International business and he will make just as important a contribution as our next CFO.

Finally, while this is a period of significant disruption, I'm confident in our ability to continue to deliver for all of our stakeholders. We have never been financially stronger, we are investing for growth and we have the team with the mindset and agility to deliver.

I would like to acknowledge our terrific team across the world who have done an outstanding job for their customers, our shareholders and the community. It has been a difficult year for everyone but I continue to be impressed with their resilience and hard work.

**Shayne Elliott** | Chief Executive Officer

TENACIOUS OF PURPOSE

## **70 years** as ANZ

### This is a milestone year for us as it marks a major anniversary since the start of the 'modern' ANZ.

It was in October 1951, 70 years ago, The Bank of Australasia joined with Union Bank of Australia and became ANZ Bank. This was a significant incarnation of a bank whose antecedents stretched back to Cornwall Bank, formed in Launceston in then Van Diemen's Land in 1828.

In 1963 the bank was the first to 'computerise' and in 1970 merged with the English, Scottish and Australian Bank (ES&A) to become Australia and New Zealand Banking Group Limited – in what was at the time the largest merger in Australian banking history.

While much has changed during this time, we are still the most international of the Australian banks and I'm proud we've retained a culture so focused on our customers, no matter their size or where they are in the world.

COMMUNITY STORY

# 50,000 people saving for the future

This year Saver Plus reached a significant milestone.

The program has now enabled more than 50,000 lower income Australians to save around $26 million for their education costs, with ANZ providing matching of $21 million.

**50,840**[1]
**Total participants since 2003**

**86%** Female participants

**14%** Male participants

**75%** Saving for children's education

**17%** Saving for own education

**8%** Saving for both

**$26M**[1]
**Amount saved**

**$21M**[1]
**Amount received in matching from ANZ**

Program participant Daisy from Greenacre Hill in New South Wales says: "Saver Plus showed me how to save more money. Looking at my needs versus wants when shopping with my kids, I realised I can save so much more by using a list and shopping fortnightly. I'm still using the ANZ account and making deposits every single month."

Melinda Moore, Acting Director Community Programs at Brotherhood of St Laurence (BSL), says the Saver Plus program has a lasting and sometimes life-changing impact on participants.

"Research shows many participants go on to establish a lasting savings habit that sees them achieve their financial goals and improve their financial wellbeing," she says.

## FINANCIAL WELLBEING AFTER SAVER PLUS[2]

| Average financial wellbeing score before Saver Plus: | Average financial wellbeing score after Saver Plus: | Australia average financial wellbeing score: |
|---|---|---|
| 36 | 64 | 59 |

Saver Plus is the world's largest and longest running matched savings and financial education program and was co-developed by BSL and ANZ.

**Further information on our financial wellbeing programs is in our 2021 ESG Supplement available at anz.com/annualreport.**

**1.** As at 30 June 2021. **2.**2018 Saver Plus: Pathways to Wellbeing Report.

# What matters most

Through our annual materiality assessment, we engage with internal and external stakeholders to inform our identification of ESG risks and opportunities. 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 use the assessment to inform our strategy, public ESG targets and external reporting.

This year we obtained stakeholder views on a broad range of ESG issues.

Overall, **climate change** emerged as the highest priority issue – with stakeholders noting both the social and environmental impacts and the influence ANZ can have by deploying capital to finance the transition to a net zero carbon economy. Stakeholders highlighted the risks associated with our current exposure to high emitting sectors, but also emphasised the opportunities associated with the strong growth in sustainable finance.

**Fairness and ethical conduct** continued to be seen as critical to everything we do and key to our social license to operate. **Financial wellbeing** was viewed as 'core business' and our efforts in this area can improve **customer experience** and positively impact the broader community. Finally, **innovation and technology** were seen as essential to supporting customer experience in today's digital world.

## INCREASING IMPORTANCE OF ESG IN BUSINESS STRATEGY

The bank's response to COVID-19 was well regarded by external stakeholders participating in the assessment, with several commenting there is a continuing role for banks to support customers who find themselves in longer-term financial difficulty. COVID-19 was seen as accelerating the importance of ESG – with a heightened expectation that banks incorporate ESG considerations in their business strategy.

"Every decision made now should be integrating these ESG risks and taking advantage of ESG-related opportunities."

**External stakeholder**

**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.

**Fairness and ethical conduct:** a strong corporate culture, known for ethics, values, fairness and transparency. Simple and understandable products and communications (i.e. product disclosure, including bank fees and charges) and appropriate hardship/collections policies.

**Financial wellbeing:** promoting and enabling access to safe and affordable products and services, particularly for lower-income and vulnerable consumers. Work with cross-sector partners to help customers, employees and the broader community meet current financial commitments and needs, and improve their financial resilience.

**Customer experience:** delivering value and improved customer experience through appropriate financial products and services for all customers, small business and personal.

**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.

Insights from the assessment were presented to our executive Ethics and Responsible Business Committee and Board Ethics, Environment, Social and Governance Committee and helped to inform the development of our public ESG targets.

**Our material ESG issues are 'mapped' to the bank's Key Material Risks on pages 54 to 55.**

**The full list of our material ESG issues, as well as the key steps in the materiality assessment process, are discussed in our 2021 ESG Supplement available at anz.com/annualreport.**

Detailed information on other ways in which we have engaged with stakeholders is also included in the 2021 ESG Supplement.

# About our business

## We provide banking and financial products and services to around 8.7 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.

### OUR DIVISIONS

**Australia Retail and Commercial** – serves retail, commercial and private banking customers through our branch network, business centres, ATMs, and digital and mobile banking applications.

**Institutional** – serves institutional and business customers across Australia, New Zealand, Asia, Europe and America including Papua New Guinea and the Middle East.

**New Zealand** – serves retail, commercial and private 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 138 years.

**Technology, Services & Operations and Group Centre** – comprised of functions that support our business including Risk, Finance, Communications and Public Affairs, Internal Audit and Talent & Culture.

### OUR PURPOSE AND VALUES

Our purpose is to shape a world where people and communities thrive.

Launched five years ago, our purpose explains 'why' we exist, guides the decisions we make each day and drives everything we do.

Our values 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 out the expected standards of professional behaviour and guides us in applying our values.

**OUR VALUES ARE**

INTEGRITY | COLLABORATION | ACCOUNTABILITY | RESPECT | EXCELLENCE

### OUR ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) FOCUS AREAS

We are helping to respond to complex societal issues central to our customers and our business strategy. In particular, we are focusing our efforts on:

**Financial wellbeing** – improving the financial wellbeing of our people, customers and the community by helping them make the most of their money throughout their lives

**Environmental sustainability** – supporting household, business and financial practices that improve environmental sustainability

**Housing** – improving the availability of suitable and affordable housing options for all Australians and New Zealanders

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.

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

### Supporting sustainable development

We are committed to the United Nations (UN) Sustainable Development Goals (SDGs) and believe that business has an important role to play in their achievement. Our 2022 ESG targets support 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 2021 ESG Supplement available at anz.com/annualreport.**

# Our strategy

## To build a better bank we are bringing our purpose to life, integrating our values and culture into our strategy.

Our strategy is to improve the financial wellbeing and sustainability of our customers. We will do this by providing excellent services, tools and insights that engage and retain customers and positively change their behaviour.

**In particular, we want to help customers:**

Save for, buy and own a sustainable, liveable and affordable home

Start or buy and sustainably grow their business

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

**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 is therefore vital.*

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

**We will know we have built a better bank when:**

- We support a **higher share of customers** in our target segments
- Our customers have **greater financial wellbeing over their lifetimes**, and implement more sustainable business practices than others
- Our customers are **more engaged, more loyal** and avail themselves of more of the right products and services than those banking with peers
- We **serve our customers more efficiently** than peers and our **systems are safer** and more reliable
- We **attract and retain** more of the people with the **skills required to reinvent banking**, in line with our purpose and culture
- We generate stronger **long-term financial results** (in terms of sustainable economic profits) than our peers
- Our **reputation** with customers, community, potential employees and regulators is better, both absolutely and relative to (domestic) competitors (existing and emerging)
- Our practices and services provide **more opportunity for the community** and we have supported and improved positive economic development and transition.

# 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 enables us to run our operations and execute 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 great customer experience, with systems and processes that are less complex, less prone to error and more secure.

### Social

Trusted relationships with our customers and the community are essential to our brand and reputation.

### Environment

Use of natural resources and impact on the environment, resulting from our operations and the products and services we provide our customers.

## ...ENABLE OUR BUSINESS ACTIVITIES...

Our value creation model outlines how we deliver positive outcomes for our key stakeholders through our business activities, and identifies the value drivers (or capitals) that we rely on to meet our strategic goals and build a better bank. Long-term value creation is dependent on our ability to successfully manage the risks and opportunities in our operating environment.


## ...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

- 218.3 cents earnings per share[2]
- 9.9% cash return on equity[2]
- Proposed final dividend per share of 72 cents and interim dividend per share of 70 cents
- $21.09 net tangible assets per share[3]
- 70.7% total shareholder return (TSR) in 2021
- 31.8% TSR over the past 5 years

### CUSTOMER VALUE

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

- $368 billion home loan portfolio, increase of $12 billion in 2021 (Australia and New Zealand)
- Business loan balance of $91 billion and customer deposits of $105 billion (Australia and New Zealand)
- $12.8 billion funded and facilitated in sustainable solutions

### EMPLOYEE VALUE

Our diverse teams are engaged and optimised for success

- 81% employee engagement
- 35.3% Women in leadership
- $4.9 billion in employee salaries and benefits
- Over 1,275,000 hours of training provided

### COMMUNITY VALUE

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

- Invested $1.29 billion in social and sustainable housing in Australia and NZ$150 million in New Zealand
- $2.4 billion in taxes paid to government[4]
- More than 67,600 people reached through our financial literacy programs MoneyMinded and Saver Plus[5]
- Engaged with 100 of our largest emitting business customers to support their low carbon transition

**1.** All figures below relate to the period 1 October 2020 - 30 September 2021 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 57. **3.** Equals shareholders' equity less preference share capital, goodwill, software and other intangible assets divided by the number of ordinary shares. **4.** Total taxes borne by the Group, includes unrecovered GST/VAT, employee-related taxes an other taxes. Inclusive of discontinued operations. **5.** 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).

# Our operating environment

The COVID-19 pandemic has fundamentally changed the external environment across the geographies in which we operate. A summary of the key external challenges currently affecting our business and our response to them is outlined below.

| CHALLENGE | OUR RESPONSE |
|---|---|
| **Social and economic impacts of COVID-19**<br>• Many customers continue to be financially impacted by the pandemic, and need to adapt to a new environment<br>• Changed employment proposition due to continued stay-at-home restrictions and employees moving to 'blended' models of working where restrictions allow a return to office. | • Responding to customer circumstances, by providing financial support and information<br>• Working cooperatively with government on policies to see our customers through the COVID-19 pandemic and into a period of growth<br>• Providing targeted wellbeing and safety support to employees. |
| **Limited growth**<br>• The economic contraction expected as a consequence of prolonged lockdowns in New South Wales and Victoria will impact households and many businesses. It could push unemployment higher and cause more customers to defer loan repayments. Further pandemic-related disruptions are possible over the coming year across our markets of operation. | • Maintaining our focus on core banking services to improve customer outcomes, together with efficient allocation of capital and resources. |
| **Increased public and regulatory scrutiny**<br>• Challenges arising from regulatory expectations and changing community standards and expectations<br>• Failure to meet our ESG commitments and related social expectations could lead to customer and community impacts and reduced shareholder value. | • Supporting our customers, employees and the community through the pandemic and ensuing recovery period<br>• Building trust by 'doing what we say'<br>• Working cooperatively with regulators, government and NGOs<br>• Strengthening our ESG policies and processes and ensuring we implement effectively – transparently disclosing our progress. |
| **Increased competition**<br>• Increased competition from digitally enabled competitors. | • Deploying new and improved digital services, products and processes to help meet customer needs for efficient and accessible banking. |
| **Cyber security threats**<br>• Increased cyber-attacks, scams and attempted fraud. | • Meeting customer needs for safe, secure and reliable banking through investing in our cyber security capabilities. |
| **Climate change**<br>• Increasing regulatory, political and societal focus on the transition risks associated with climate change<br>• Potential financial risks associated with lending to business and retail customers impacted by climate change. | • Providing sustainable finance products and services, such as green and sustainability-linked loans and bonds, that drive the transition to a low carbon economy<br>• Strengthening our policies, processes, products and services to manage the risks and opportunities associated with climate change. |
| **Globalisation and geopolitical changes**<br>• The COVID-19 pandemic and changing geopolitical environment has hurt global prosperity and cooperation, threatening flows of trade, investment and people. This may challenge supply chains and productivity across our geographies. | • Developing new markets to leverage business opportunities in Australia and the region as economies recover from the pandemic. |

# Our customers

We are focused on developing the best propositions, across our platforms and in partnerships, to build the financial wellbeing of our customers. Whether those customers are buying homes, growing small businesses or, in the case of large businesses, trading internationally across our network, we want to help them to succeed.

## SUPPORTING CUSTOMERS THROUGH THE COVID-19 PANDEMIC

In Australia, our approach to assisting customers financially impacted by the pandemic has been guided by our 'Statement of Intent' (available at anz.com), which we developed with key stakeholders. The Statement outlines the support measures available and our commitment to work with customers on a solution that is respectful, fair and appropriate. It is underpinned by four key principles:

**Protect** what matters

**Adapt** to the changing environment

**Engage** with stakeholders

**Prepare** for the future

Financial relief measures and ongoing hardship support has been provided for home loan and business customers affected by continuing lockdowns (particularly in New South Wales and Victoria), or those still recovering from earlier lockdowns.

All retail and commercial customer applications for hardship assistance are managed by our Customer Connect team. Relief measures have been offered after assessing each customer's individual needs and the suitability of hardship assistance.

Since the start of the pandemic, we have significantly increased investment in our hardship capabilities. In 2020 we mobilised employees across our branch network and operational teams to meet demand from customers seeking assistance. This cross-skilling of teams has resulted in greater flexibility across our workforce, meaning we can better match capacity to demand as hardship applications fluctuate in response to lockdowns. We have also established hardship teams in New South Wales, Western Australia and Queensland (in addition to our existing team in Victoria) to enhance local support for our customers and bankers. In addition, we have made it easier for customers to access support, creating a digital hardship portal that allows customers to submit their details (including financial information) online to the Customer Connect team.

In New Zealand, support measures were reintroduced to help business customers through COVID-19 disruptions in late August. Short-term relief measures included waiving fees for contactless debit cards, access to temporary overdrafts and removing fees for loan restructuring.

## WE HAVE OFFERED A RANGE OF SUPPORT MEASURES FOR CUSTOMERS IMPACTED BY COVID-19 LOCKDOWNS

### Home owners

- Pausing loan repayments (deferrals)
- Reducing repayments to the minimum repayment amount
- Accessing redraw and/or offset balance
- Changing repayments to interest only
- Refinancing and consolidating any other debts
- Applying for financial assistance.

### Business loans

- Pausing loan repayments (deferrals)
- Providing access to new loans and government support schemes
- Temporary increases in overdraft facilities for 12 months
- Additional support for Asset Finance, Commercial Cards, Trade and Merchants products.

### HIGHLIGHT

In partnership with a specialist wellbeing organisation, Benestar, we have introduced a customer support program providing free and confidential counselling to Australian based customers experiencing distress – whether it be as a result of domestic violence, mental health difficulties, bereavement or a range of other factors. The program includes up to five free counselling sessions with clinicians specialising in psychological support. If a customer requires ongoing support they may be referred to relevant community services.

**Further information on support available to customers experiencing financial hardship or vulnerability is in our 2021 ESG Supplement available at anz.com/annualreport.**

"I've banked with ANZ since the 1980s and the method of banking has changed so much. I now use my iPad and iPhone to check my accounts on internet banking regularly."

**Guy "Ted" Salmond** | 95 years old

## IMPROVING FINANCIAL WELLBEING THROUGH SUPERIOR DIGITAL EXPERIENCES

As the COVID-19 pandemic continues, customers are increasingly using digital banking solutions for simple transactions, saving time and reducing unnecessary visits to a branch or calls to the contact centre.

Digital wallet payments have increased by more than 74% in transaction amounts and more than 63% in transaction volumes in 2021, compared to 2020.

In the past 12 months, only 8% of our customers in Australia have relied solely on branches – meaning more than 90% are already using at least one self-service channel.

Over the past two years, we have been developing features within the ANZ App (Australia) and goMoney App (New Zealand) to help our customers do more of their everyday banking via self-service.

**In Australia**, more than 3.7 million customers are now using the ANZ App, with almost 430,000 new registrations in 2021. More than 2.1 million customers are actively using ANZ Internet Banking and Internet Banking for Business. New registrations for Internet Banking for Business are up 20% compared to last year, and business transactions have increased by 11%, indicating our business customers are also increasingly moving towards digital self-service.

We have added features to the ANZ App to enhance our customers' financial wellbeing. For example:

- New customers can now join ANZ and open their first savings account through the App. More than 68,000 savings accounts have been opened since the feature was launched in October 2020, representing almost 50% of all new Progress Saver accounts opened.
- We have enhanced the 'Save for a Goal' feature, introducing two new 'nudges' to kick start customers' savings goals, informing them when they're falling behind their goal target and providing ideas for how to get back on track. Customers have now set up over 500,000 savings goals in the App.
- Customers can apply a gambling block to prevent gambling transactions on an eligible credit card.
- Customers with an ANZ Smart Choice Super account can search and consolidate their super by using the updated Australian Taxation Office SuperMatch service in the App.

**In New Zealand**, almost 1.6 million customers are now using our digital self-service channels, goMoney App and Internet Banking, with over 97,000 new registrations in 2021. This year, more than 72,800 accounts have been opened using Internet Banking or goMoney. In the past three months digital sales represented 49% of all new accounts opened.

New features added to the goMoney App include:

- Eligible new customers can join ANZ via the goMoney App, with the majority also able to complete the identity and credit check process within the App.
- The ability to decrease credit card limits, helping customers take control of their spending and manage their credit card. A total of 12,287 decreases have been completed this year, for a total limit value of NZ$39.2 million.
- Payments requiring more than one authoriser can now be created and authorised in Internet Banking and goMoney, without the need to visit a branch or contact us. Since the feature was enabled, 128,485 payments have been authorised. This was a key part of helping our customers with their banking while we removed cheques as a payment method. We also ran customer education campaigns, focused particularly on supporting vulnerable customers. At the end of May 2021, ANZ became the first major New Zealand bank to remove cheques as a payment method.

Self-service banking sits within the context of a broader societal shift – in the way people shop, interact with services – and even interact with each other.

We want to support customers of all ages and abilities to bank digitally with confidence and will seek to ensure our apps continue to incorporate the latest adaptive and assistive technologies of the major smartphone platforms.

In July 2020, we established a new Retail Customer Care team in Australia to contact all customers older than 65 years, as well as frequent branch users impacted by branch closures. Since then we have contacted 105,000 customers to discuss alternative ways to bank and the self-service options available.

## DIGITAL TRANSFORMATION – THE KEY TO BUILDING A BETTER BANK

A key element of our strategy is the delivery of a digital transformation that will help us build a substantially better bank – one that provides tools, support and insights customers need to improve their financial wellbeing.

We are investing heavily in this transformation, prioritising digital products; improved use of data and analytics; innovative strategic partnerships; a refreshed brand proposition; and human-centred design.

### Our Australian business

Our transformation goals are focused on the delivery of:

- A small number of purpose-led propositions that people love to use
- A mobile-first human supported distribution model
- A simplified, high integrity, highly automated digital platform
- A customer-centric culture and leading workplace.

Retail customers in Australia will soon see change delivered through our new and different ANZ Plus customer proposition.

One of the first things our customers will see is a new digital banking proposition to help people to manage their money better – by spending less, saving more and creating healthy money habits.

ANZ Plus includes, among other things, an intelligent mobile banking app, two new bank accounts, and access to coaches – all designed to help our customers improve their financial wellbeing over time.

We are simplifying what we do, reducing the number of systems we operate, cutting the length of customer terms and conditions, and using the right tools and technology to build a quality, automated, digital experience.

### Our Institutional business

In our Institutional business, the digital transformation is focused on making it simple and easy for our customers to do business with us by providing them with a digitally connected experience.

An example is the work we have done to build a business that allows our customers to integrate their systems with ours to automate payments and reconciliations processes. Receivables data has increased by 37% since 2019, helping more customers auto-reconcile their incoming payments, enabling funds to be deployed as quickly as possible.

Another example is our platform and payments work to help our customers provide payments to their customers and employees. Payments through our digital channels has grown by 30% since 2019, powering transactions for our customers, as well as customers of other banks where we process payments on their behalf.

Working with **300** business owners and their accountants and bookkeepers, we created the ANZ GoBiz platform to enable **faster lending** to our small business customers.

## NEW PLATFORMS AND PARTNERSHIPS TO HELP OUR BUSINESS CUSTOMERS GROW

As the economy recovers from the pandemic we have a role to play in supporting businesses – both large and small – to grow, and we are developing innovative solutions to help make this happen. Earlier this year we launched our new digital lending platform for small businesses, ANZ GoBiz.

Using agile ways of working, we established cross-functional delivery 'squads' comprised of frontline bankers, technology architects, experience designers, data engineers, credit risk and assurance experts. Collaborating remotely, the team devised a way to integrate external financial data to provide the instant lending decisions our business customers were seeking. A process that previously took more than 30 days to complete now takes around two days, with loan applications made via a smart phone receiving conditional approval within minutes.

CASE STUDY

### Helping women start, run and grow a small business

The ANZ Business Growth Program, established in 2014, is delivered by The Australian Centre for Business Growth, University of South Australia.

Online courses, seminars and webinars are open to all Australian businesses participating in the program. ANZ business banking customers can also be selected to participate in targeted one-day clinics and an intensive nine-month program.

Results are impressive, with companies going through the program reporting increased revenue, profit, expansion of employees and some also now exporting to new markets.

This year, there was a 27% uptake of women in leadership roles participating in the one-day Business Growth CEO Clinics.

One of these women was Maria Konecsny, who co-founded Gewürzhaus, a specialist Australian spice retailer, with her sister Eva.

Passionate about creating a workplace and a business that challenges "business as usual", Maria uses care and creativity to responsibly address sustainability at Gewürzhaus.

On her success, Maria says it was about doing things for the right reasons from the start – "no compromise on quality, no compromise on deeply engaging with our customers."

We are assisting our Institutional customers through our market-leading New Payments Platform (NPP)[1] offering. The platform enables smaller or foreign banks to participate in real time payments within Australia using our systems. Over the last few years, our Institutional business has won 10 mandates from our Financial Institution customers. Four of these are live, with these customers now transacting on the platform.

With respect to our entire agency and clearing offering, Institutional won 37 new mandates this year, and we expect this number to increase as we further develop our platforms strategy.

**CASE STUDY**

### Digitising insurance claims to be real-time, simple and streamlined

Making an insurance claim can sometimes be a difficult and slow process.

In partnership with global Institutional customer Chubb Insurance, we have been working to solve this issue, developing the first real-time Australian claims process to help make the experience for claimants quick and simple.

Using the banking industry's New Payments Platform (NPP)[1] infrastructure and Application Program Interface (API) connectivity – the technology enabling real-time exchange of information between Chubb Insurance's internal and customer facing web-based applications – ANZ has been able to develop this innovative solution.

Developed as part of Chubb Insurance's wider global transformation program to streamline its claims payment experience, the solution improves the claims process by automating near immediate payment once a claim is approved.

"The ability to make faster and simpler claim payments creates a much better customer experience, particularly for people in urgent or emergency situations," said Gerard Sitaramayya, Chief Financial Officer of Chubb Insurance Australia and New Zealand.

"By using the NPP, it means our customers can submit a claim and have it paid into their nominated bank account in near real-time, 24/7, 365 days a year," Gerard said.

Depending on the insurance type and/or amount, customers can use either a web-based self-service portal or raise a claim request over the phone with a claim examiner who can approve and process the payment in real-time.

This API solution marks a further shift in the transition from legacy payments infrastructure, such as cheques and direct entry with remittance-based payments, to real time payments, reducing the risk of potential fraud, delays and complications.

## FINANCING SUSTAINABILITY THROUGH PRODUCT INNOVATION

We continue to innovate our product suite in order to support our customers' sustainability and transition strategies:

**Green, Sustainability, Sustainability-Linked and Transition Loans** – lending to deploy capital into green, transition and sustainability initiatives

**Green and Sustainable Infrastructure Project Finance** – greenfield project financing to support the development of long-term sustainable infrastructure such as renewable energy

**Green, Social, Sustainability, Sustainability-Linked and Transition Bonds** – distribution of capital into green, transition and sustainability initiatives such as energy efficient buildings

**Corporate finance advisory services for renewables** – provision of advice in relation to the purchase, sale and raising of capital for renewable energy projects

**Green Guarantees and Sustainable Supply Chain** – trade facilities supporting green and sustainability initiatives

**Sustainability-Linked Derivatives** – hedging of interest rate and FX risks on Sustainability-Linked Bond or Sustainability Linked Loan transactions. The same sustainability targets of the underlying Bond or Loan are connected to the derivative, further supporting the customer's sustainability strategy

**ANZ/Clean Energy Finance Corporation Energy Efficiency Asset Finance program** – financing to incentivise corporate and retail customers to invest in energy efficient and renewable energy technologies to help reduce their energy costs and carbon emissions

In addition, we are supporting customers through our **$50 billion** target to help fund and facilitate initiatives that improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing.

**1.** The New Payments Platform is a centralised platform and open infrastructure system that facilitates fast, real-time clearing and settlements of payments between participating Australian financial institutions.

## A RECORD YEAR FOR SUSTAINABLE FINANCE

The sustainable finance market represents a significant opportunity for ANZ, as demand for sustainable finance products and services continues to increase.

Our Sustainable Finance team is working closely with customers, particularly our Institutional customers, to help fund their transition to a low carbon economy.

In 2021 we saw record growth, completing 81 transactions, in comparison to 39 transactions in 2020. These transactions, comprising capital markets distribution and balance sheet lending, totalled $10.5 billion compared to $6.5 billion in 2020. This business contributes materially to ANZ's $50 billion sustainable solutions target.

**Further information on sustainable finance is in our 2021 ESG Supplement available at anz.com/annualreport.**

**HIGHLIGHT**

### Executing on innovative sustainable finance deals

ANZ customer, Wesfarmers, issued the first Sustainability-Linked Bond (SLB) in June 2021 into the Australian medium-term note market. The sustainability-linked bond commits Wesfarmers to key sustainability targets.

As part of the transaction, Wesfarmers has committed to obtain all of the electricity volume requirements for its Bunnings, Kmart Group and Officeworks retail businesses from renewable sources by the end of 2025. The company has also committed to limit the average emissions intensity of its ammonium nitrate production plant to 0.25 tonne of carbon dioxide equivalent ($CO_2e$) per tonne produced by the end of 2025.

In May 2021, ANZ Bank New Zealand partnered with **Kathmandu Holdings Limited** to establish a syndicated $100 million Sustainability-Linked Loan (SLL) facility, the largest syndicated SLL in the New Zealand market to date.

Kathmandu's SLL will be measured against a reduction in greenhouse gas emissions, B Corp certification, and improving the transparency, wellbeing and labour conditions for workers in its supply chain.

Kathmandu Holdings Group CFO Chris Kinraid commented: "Sustainability is in our DNA and is a core foundation of the Group, linking our financial arrangements to our sustainability goals made perfect sense. It reinforces to our shareholders and stakeholders that we are committed to sustainability across all aspects of our Group".

ANZ worked with both Wesfarmers and Kathmandu to structure their deals in line with market best practice, ensuring targets set were ambitious and material.

CUSTOMER STORY

# Sustainable investment delivering real impact

## Fund manager Kilter Rural invests in the regeneration of rural farmland, water assets and environmental protection.

As Kilter Rural CEO Cullen Gunn explains, "We focus on improving Australian farmland and delivering returns while doing it. We work with investors – mainly based in urban centres – and deliver resources into under-capitalised rural regions."

By 2050 it is estimated 50% more people will need to be fed, globally. Cullen believes to achieve this, the world's current agricultural footprint must be stabilised and more food needs to be produced through the regeneration of existing, often degraded, farmland.

"Australia is in a really good position to do this. We are regenerating already highly modified, under-utilised farmland and remediating it for agricultural and conservation purposes," Gunn says.

ANZ is supporting investment opportunities that achieve commercial, environmental and social outcomes and is providing around $5 million of working capital for Kilter Rural's Australian Farmlands Fund (KAFF).

Established in 2018, the KAFF has a mandate to invest in a portfolio of irrigated farmland and water entitlements within the southern Murray-Darling Basin.

Up to 30% of farmland will be actively reforested for biodiversity protection and climate change mitigation outcomes. It aims to build long-term investor value through improving the condition of natural capital and earning payments for carbon sequestration.

To date, the fund has raised $44 million and purchased five farms in Northern Victoria which were under-utilised and considered unproductive in terms of financial and environmental outcomes.

## IMPROVING THE AVAILABILITY OF AFFORDABLE AND SUSTAINABLE HOUSING

Throughout 2021 we have continued to support our home loan customers experiencing financial difficulty due to the impacts of COVID-19.

While no new COVID-19 home loan deferrals were issued after 31 January 2021, we have assisted customers experiencing ongoing financial hardship through our existing hardship support program. Current deferrals make up only ~1% of the total deferrals provided up to 31 January 2021.

This year in Australia we increased our home loan balance by $3 billion to **$278 billion** to help our customers buy and own a home.

Our home loan balance in New Zealand grew NZ$10 billion this year to **NZ$94 billion** to help our customers buy and own a home.

We are committed to improving the availability of suitable and affordable housing options for all Australians and New Zealanders, and 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
- Support more customers into healthier homes with our Health Home Loan Package and Interest-free insulation loans in New Zealand.

Our work spans many sub-sectors of the market, including affordable housing, specialist disability accommodation, aged care and homelessness. Key initiatives delivered include:

- Joint arranger of all five bond issuances for the Commonwealth's National Housing Finance and Investment Corporation (NHFIC) over the last three years totaling approximately $2 billion. The capital raised allows NHFIC to provide low cost, long-term loans to registered community housing providers to support the provision of more social and affordable housing.
- Lead commercial financier of over $226 million in committed facilities in the Specialist Disability Accommodation sector.
- Lead financier to the Land Lease Community sector, designed to deliver affordable seniors housing.
- Advocating for institutional investment in long-term rental housing through the backing of a range of 'build-to-hold' and 'build-to-rent' projects.

**CASE STUDY**

### Providing affordable accommodation for essential workers

Australia has among the highest levels of home ownership in the world, but is also ranked in the top 10 for the highest levels of unaffordability for home purchase and rental. The availability of suitable and affordable housing is an issue for many in the community, particularly as house prices have risen sharply in the past 12 months.

Many key workers in essential industries such as health, education, emergency services and law enforcement are directly impacted. Due to a lack of affordable housing in Australian metropolitan areas, many key workers are unable to pay market rents close to their place of work, on top of their general living expenses.

The difficulty of finding affordable housing close to their workplaces means that many key workers have to relocate or travel long distances to get to work. A long commute is expensive and can also impact the ability of these workers to participate in family and community life.

To increase the availability of affordable rental housing for key workers, we have supported both Aware Super and their community housing provider partners. This support includes the provision of a $90 million funding facility to assist in financing Aware Super's portfolio of key worker affordable housing. We intend to increase our funding in this area as the portfolio grows.

The portfolio currently consists of around 235 units across New South Wales and Victoria – a combination of completed projects and developments still under construction. Once developed, these properties will be rented at a 20% discount off market rent to key workers.

**Further information about housing is in our 2021 ESG Supplement available at anz.com/annualreport.**

CUSTOMER STORY

# Increasing suitable housing for people with disability

## Australia suffers from a chronic lack of housing supply for people with disability.

It is estimated there is an immediate need for at least 10,000 new Specialist Disability Accommodation (SDA) places in Australia, with an associated cost of over $10 billion. This investment is necessary to provide suitable alternative accommodation for younger people in aged care and others with unmet needs.

ANZ is committed to growing the pipeline of new purpose-built housing in the SDA sector. We are the largest commercial financer of SDA, investing over $226 million in committed facilities. This investment ensures the development of new SDA homes for approximately 650 Australians - around 6.5% of required SDA places.

In 2021 we provided a $100 million loan to a portfolio of SDA, to support Macquarie Assett Management and Summer Housing. This loan is understood to be the largest SDA deal to date, and will allow for the expansion of homes across New South Wales, Queensland, Victoria and Western Australia. The transaction is structured to allow for new SDA providers to be added as the pipeline of homes increase.

To further increase the supply of housing for people with disability, we are also working with SDA providers and our existing property clients to facilitate the inclusion of SDA in future property developments.

These initiatives will go some way to easing the acute shortage of Australian purpose-built housing for people with disability needs and will allow residents to achieve as much independence as possible.

Our SDA financing contributes to our target to fund and facilitate $10 billion of investment in affordable, accessible and sustainable housing by 2030.

## BECOMING A FAIRER AND MORE RESPONSIBLE BANK

### Our response to the Royal Commission

We continue to act in response to the 'spirit and letter' of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Royal Commission).

We provide public updates on our progress to implement the Royal Commission recommendations to the House of Representatives Standing Committee on Economics. Our most recent update (as at 9 September 2021) is available at anz.com.

- 41 of the Royal Commission's 76 recommendations are assessed as directly applicable to ANZ. Of these, we have completed actions relevant to 11 recommendations, including the four directed at banks for direct implementation. Work relevant to 13 recommendations is underway. The remaining 17 recommendations require actions by government, regulators or the ABA before we take any further steps.
- We also made 16 commitments in February 2019, taking action to respond to a number of Commissioner Hayne's recommendations and comments. These commitments were made to improve the treatment of retail customers, small businesses and farmers in Australia.
  - We have completed 12 of our 16 commitments. This year we completed the requirements of the *Financial Sector Reform Act 2021* in relation to ongoing fee arrangements (commitment 16).
  - Of the four remaining commitments, three are dependent on reforms to the Banking Executive Accountability Regime that will be effected through the Financial Accountability Regime, and one relates to our ongoing work on culture.

Many of the recommendations in the Royal Commission's final report require legislative change. We continue to engage constructively with government, regulators and industry as they respond to these.

### Our APRA Risk Governance Self-Assessment Plan

Our Risk Governance Oversight Committee (formerly the Royal Commission and Self-Assessment Oversight Group) monitors progress with our Risk Governance Self-Assessment (RGSA) Plan. The Committee is chaired by our Chief Risk Officer and provides regular progress updates to the Executive Committee and the Board.

We have made significant progress across the five focus areas in our RGSA Plan: Culture; Governance and Accountability; Management of Operational Risk; Remediation; and Simplification. For example, we have:

- Built a strong, purpose-led culture (see page 29)
- Ensured accountabilities are clear and applied consequences where there are failings, in line with our strengthened Accountability and Consequence Framework (introduced in 2019)
- Matured our approach to risk culture and risk management (see page 29)
- Remediated customer accounts (see below)
- Simplified our business, products and processes

Our RGSA Plan is well progressed, with clear accountability for and commitment to the remaining actions.

It is important to us that all of these actions deliver better outcomes for our customers, our shareholders and the community, and the changes we have made will endure.

### Customer remediation

As discussed above, we are working hard to rebuild trust by identifying our mistakes, fixing them and providing fair, consistent and timely remediation to our customers when we fail to get it right. Across the Group we have close to 830 people focused on the execution of customer remediation[1], both within and outside dedicated remediation teams. Since its inception in 2018, our Australian Retail and Commercial Responsible Banking team has increased the number of resources committed to remediating our customers from around 150 to around 390. In addition, 187 people throughout the Australia Retail and Commercial business are also focused on customer remediation activity.

## LINKS TO 2021 GROUP PERFORMANCE FRAMEWORK

We have continued to demonstrate our commitment to improve the financial wellbeing of our customers. Sound progress has been made to deliver great outcomes across key segments, however after a strong first half, we experienced material challenges processing home loan application volumes in Australia. This has resulted in our customers experiencing longer than expected wait times for loan approval decisions and increased volumes in our assessment backlog. While we were able to tactically manage and improve the situation, strengthening our policy and processes in this area remains a high priority focus.

**See section 4.5.3 of the Remuneration Report for more details.**

1. In addition, there are ~385 staff working on APRA remediation plans and ~504 staff working on other remediation related initiatives in Australia Retail and Commercial (as at September 2021).

Across our Australia Retail and Commercial business, we are resolving discrepancies such as fee or interest charges identified with over 6.5 million customer accounts. Since April 2018 we have remediated approximately $410 million across approximately 5.3 million customer accounts.[2] This includes approximately $187 million in 2021. The team continues to focus on ways to increase the pace of remediation.

Our Responsible Banking team in New Zealand has more than 130 dedicated remediation resources. As at 30 September 2021, they have remediated over 216,000 customer accounts and made payments of NZ$23 million.

Our Wealth Remediation team has completed all legacy advice-related reviews pertaining to the ANZ Financial Planning business, specifically inappropriate advice and fee for no service remediation. The team has almost 125 people dedicated to remediation matters. As at 30 September 2021, the team has remediated over 52,000[3] cases for inappropriate advice and fees for no service in total and made payments of $183.3 million. This includes the remediation matters which are being completed for the ex-ANZ-owned aligned dealer groups (RI Advice, Financial Services Partners, and Millennium 3) now owned by IOOF. ANZ acts as the agent for IOOF to complete the remediation.

The Group's customer remediation activities are regularly reviewed by the Board. Directors are provided an overview of the status of remediation matters; regulator engagement; repayments and provisioning; and reviews underway to identify new matters.

### Managing customer complaints

We seek to resolve complaints with empathy and fairness and are committed to listening to, and learning from, customer feedback so that we can improve our products and services and deliver better customer outcomes.

During the year we have enhanced our complaints handling capabilities in Australia, delivering a new complaints recording and management program to around 11,000 customer facing staff who service our Retail and Commercial customers. More than 16,000 staff completed mandatory complaints awareness training, ensuring a consistent understanding of our approach to resolving customer complaints.

A Complaint Governance Forum has been established to provide oversight of the end to end complaint management program, and complaints data and insights are regularly reported to senior management and the Board.

**Further information on customer complaints management is in our 2021 ESG Supplement, available at anz.com/annualreport.**

### Improving customer experience

One of the ways we measure the experience of our customers is through our strategic Net Promoter Score (NPS). NPS enables us to gauge whether we are meeting customer needs and expectations and how we are performing relative to peers. It is measured by asking customers how likely they are to recommend ANZ (on a 0–10 scale) and is calculated by subtracting the percentage of detractors (those who give a score of 0–6) from the percentage of promoters (those who give a 9 or 10).

While our NPS has improved for our retail customers in New Zealand, it has decreased for our Retail and Commercial customers in Australia and our commercial and agricultural customers in New Zealand. We have failed to improve our performance relative to our peers. Our Institutional NPS has increased in both Australia and New Zealand compared to prior years. We are ranked a close second in Australia and remain number one in New Zealand.

## NET PROMOTER SCORE

### AUSTRALIA

**Retail: scored -4.3, ranked 4th[4]**
(down from -1.3, ranked 3rd at end of 2020)

**Commercial: scored -19.0, ranked 4th[5]**
(down from -17.1, ranked 4th at end of 2020)

**Institutional: scored 36, ranked 2nd[6]**
(up from 33, ranked 1st in 2020)

### NEW ZEALAND

**Retail: scored 28.4, ranked 4th[7]**
(up from 27.3, ranked 4th at end of 2020)

**Commercial and agricultural: scored -13.1, ranked 5th[8]**
(down from -11.1, ranked 5th at end of 2020)

**Institutional: scored 33, ranked 1st[9]**
(up from 28, ranked 1st in 2020)

**2.** Inclusive of one-off adjustments relating to remediation payments made in prior reporting periods and in certain instances:
- We make a community service charity payment. As at 30 September 2021 charity payments have been made for ~850k accounts totaling ~$2.6m
- We pay the customer via cheque. As at 30 September 2021 cheques have been issued for ~775k accounts totaling ~$112m. A portion of the cheques remain unpresented
- We offer certain customers access to payment via a payment portal. As at 30 September 2021 offers to access payment via payment portal have been issued for ~55k accounts totaling ~$2m. A portion of the offers remains unclaimed
- We transfer payments through a process for unclaimed monies (includes payments for de-registered companies). As at 30 September 2021 payments transferred via this process have been made for ~56k accounts totaling ~$10m

**3.** Doesn't include the number reviewed, only those which have been paid. **4.** Roy Morgan Single Source, Australian population aged 14+, Main Financial Institution, six-month rolling average to Sep'20 and Sep'21. Ranking based on the four major Australian banks. **5.** DBM Atlas (Business). Base: Commercial (<$100 million annual turnover) Main Financial Institution customers. Six-month average to Sep'20 and Sep'21. Ranking based on the four major Australian banks. **6.** Peter Lee Associates, 2020 – 2021 Large Corporate and Institutional Relationship Banking surveys, Australia. **7.** Retail Market Monitor, Camorra Research, six-month rolling average to Sep'20 and Sep'21. Ranking based on the five major New Zealand banks. **8.** Business Finance Monitor, TNS Kantar Research. Base: Commercial ($3 million – $150 million annual turnover) and Agricultural (>500K annual turnover) customers. Four-quarter rolling average to Q3'20 and Q3'21. Ranking based on the five major New Zealand commercial/agricultural banks. **9.** Peter Lee Associates Large Corporate Relationship Banking surveys, New Zealand 2020 – 2021, ranked against the Top 4 competitors.

OUR DIVISIONS

# Australia Retail and Commercial

As our customers navigate the current uncertainty – and their lives in general – we're here, ready to help with services and strategies to improve their financial wellbeing.

**Mark Hand** | Group Executive Australia Retail and Commercial Banking

## OPERATING ENVIRONMENT

While COVID-19 lockdowns continue to impact business activity and customer spending, we expect economic activity will bounce back once the vaccine rollout is complete. Until then, we remain flexible to help our customers navigate the uncertainty.

Our Retail customers are increasing their use of digital and mobile banking options. Home loan activity within the economy is particularly strong. Our Retail customers are working on their financial wellbeing by saving more, reducing debt and reviewing their home loans. Our Commercial customers are tackling the uncertainty by innovating, adapting and reviewing their financial commitments. As we head into 2022, we face considerable challenges including a low-growth and interest rate environment and margin pressures.

## STRATEGY AND FOCUS

We are delivering on our strategy, in line with our purpose by supporting business owners and home owners in uncertain times, as we prepare for a digitally-enabled future. Since 2019, home loan application volumes have doubled, particularly in the refinance market with customers moving to fixed rates, resulting in pressure on our application turnaround times. We have made progress on improving turnaround times for our customers and are increasing our focus on opportunities to automate and simplify.

For our business owners, we have identified the need to modernise our platforms and processes to meet customer expectations for efficient and digital service. We have commenced building the foundations through delivering new digital propositions, including our Online Business Lending platform, ANZ GoBiz. We continue to explore innovative ways to support our business owners.

In preparation for a digital-enabled future, we have been progressively reshaping our branch network and supporting simpler customer requests digitally. This is a key part of the bank's transformation agenda.

Our customer remediation work is well-progressed and continues to be well-managed and ensure our customers are treated fairly. We have also invested in staff training and a new complaints management system to ensure we are delivering on customer promises and continuously improving our products and services.

Looking ahead, our vision is to be the partner of choice for home owners and business owners and to improve their financial wellbeing. To do this we will focus on a small number of purpose-led propositions that serve our customers through a digital-first, human-supported model. As we improve efficiency and reliability, disciplined cost and margin management will remain a key focus.

## PERFORMANCE HIGHLIGHTS

On balance, we have delivered a solid performance across a diverse business while navigating some strong headwinds.

Cash profit increased 55% year on year, with growth in both lending and customer deposits, a good margin performance and continued cost discipline. While home loan revenue growth was in the low double digits, second half volumes were impacted by a competitive refinancing market, customers paying down their loans faster and processing issues. We have been working on a range of operational and policy changes and those actions are already having a positive impact on processing times.

Customer deposits were up ~$18 billion in the year, with Retail, and Commercial and Private Bank deposits growing 6% and 10% respectively. Many customers are moving their money from term deposits to at-call so they have greater flexibility.

Commercial lending remained broadly flat year-on-year in an environment of economic uncertainty and lower levels of business confidence. Despite the weaker demand, lending was up 1% in our business banking segment in the second half.

Applications for ANZ GoBiz have averaged 2,900 per-month since launching in May 2021, providing real-time conditional approval through an online platform, including new-to-bank customers.

## FINANCIAL PERFORMANCE CASH CONTINUING[1]

| | FY21 | FY20 | Growth (%) |
|---|---|---|---|
| Cash profit ($m) | 3,617 | 2,337 | 55% |
| Net Loans & Advances ($b) | 341,233 | 339,381 | 1% |
| Return on Avg. RWAs (%) | 2.21% | 1.44% | 53% |
| Customer Deposits ($b) | 252,504 | 234,594 | 8% |

**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 57.

OUR DIVISIONS

# Institutional

This year our global banking network, insights and expertise supported companies needing to move goods and capital around the region. We continued to deliver for both shareholders and clients, deepening relationships with our high-quality customer base and delivering strong returns, while building and supporting a market-leading team.

**Mark Whelan** | Group Executive Institutional

## OPERATING ENVIRONMENT

Market conditions normalised in 2021, as companies re-established and re-configured supply chains following periods of significant interruption in the early stages of the COVID-19 pandemic. Customers were initially more focused on repaying facilities, which reduced demand for credit. As customers adapted to changing market conditions they sought opportunities to grow their businesses, including through mergers and acquisitions. This led to in an increase in activity for our Corporate Finance and Corporate Advisory services across the network (particularly in Australia), and a 4% increase in revenue.

As expected, income from our Markets businesses steadied to $2 billion in 2021 as the market volatility experienced in 2020 normalised, and liquidity increased. Record low interest rates continued to constrict margins for our Payments and Cash Management products.

## STRATEGY AND FOCUS

Over the past five years the Institutional business has transformed. We have scaled back the number of customers we support, and simplified our business significantly to ensure a better experience for both our people and our customers. These changes positioned the business well for the challenges and opportunities created by the COVID-19 pandemic. We have been able to respond quickly to shifts in customer demand and have proven to be more resilient through the cycle.

We have stronger customer relationships, improved margins and risk management, disciplined growth, focused cost management and a return on equity above the cost of capital. Our network across 32 markets continued to differentiate us from domestic competitors and drove significant activity and volumes in our home markets. It also provided diversification for our customers at times when supply chains faced challenges.

Our ongoing investment in digital platforms helped drive efficiencies and improve customer experience. Payments volumes grew by 24% while in cyber security, we have continued to reduce fraud for our customers, down year-on-year by 17%.

## PERFORMANCE HIGHLIGHTS

A focus on execution, responsible growth and risk management saw Institutional again deliver $1.9 billion in profit at returns above the cost of capital despite the challenging environment. The division's focus on productivity contributed to another year of cost reduction, with costs falling by 4% in 2021. The division has now reduced costs for 11 consecutive half-year periods.

Net loans and advances were flat with improved momentum in the second half of the year (half-on-half growth 7%), while customer deposits grew by 7%. Credit charges were negative for the year reflecting the continued strength in the credit quality of the book.

ANZ maintained its position as the #1 Institutional bank in Australia and New Zealand for relationship quality, as measured by a survey of Corporate and Institutional customers by Peter Lee and Associates, for the sixth year in a row. Customers called out ANZ's support for customers through the pandemic, rating the bank #1 for COVID-19 support.

Similarly, ANZ Institutional was again named #1 for Relationship Quality in Asia, and a top five Corporate Bank for overall market penetration in Asia by Greenwich.

Peter Lee also ranked ANZ as clear market leader in ESG and Sustainable Finance. Globally, ANZ participated in $119 billion of Sustainable Finance deals, up from $4 billion five years ago. Our bankers are assisting businesses in their transition to a low carbon economy and helping directly link their funding costs to sustainable business goals.

## FINANCIAL PERFORMANCE CASH CONTINUING[1]

| | FY21 | FY20 | Growth (%) |
|---|---|---|---|
| Cash profit ($m) | 1,887 | 1,854 | 2% |
| Net Loans & Advances ($b) | 158,231 | 157,634 | 0% |
| Return on Avg. RWAs (%) | 2.24% | 1.49% | 11% |
| Customer Deposits ($b) | 239,628 | 223,288 | 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 57.

## OUR DIVISIONS

# New Zealand

Although the landscape we operate in has changed for many in the wake of COVID-19, I'm proud that we continue to prioritise what's best for our customers, our environment, and our people. This stems from our recognition that an organisation's success is dependent on the success of the communities they are part of.

**Antonia Watson** | Chief Executive Officer New Zealand

### OPERATING ENVIRONMENT

New Zealand experienced a strong rebound in economic activity following the 2020 COVID-19 lockdowns. Household and business confidence surveys recovered quickly and investment had picked up prior to the August 2021 outbreak. However, the environment remains uncertain.

The Government's income support measures have kept workers employed and most businesses afloat. Provided that Aotearoa does not see continued outbreaks, the labour market should continue to tighten. Record house price inflation following the 2020 lockdown has caused concern about affordability, especially for first home buyers, although this inflation has now slowed. Consistent with a slowing global recovery, commodity prices may have reached their cyclical peak, which could weigh on export returns.

The Reserve Bank of New Zealand has projected rate increases over the next two years but this outlook could change. Uncertainty will linger as long as the threat of future lockdowns remain.

### STRATEGY AND FOCUS

In line with our simplification strategy we have implemented our new customer referral model. This aims to match customers' personal and business banking needs with the most appropriate banking specialist to meet their needs. We reintroduced targeted support measures to help customers through the COVID-19 lockdowns, including waiving fees for contactless debit cards and access to temporary overdrafts.

To help bring balance to the housing market and help New Zealanders into homes, we voluntarily increased the deposit required from residential property investors to 40%, lowered the deposit required for people to buy small apartments and introduced a discount to the floating rate on new builds.

We commenced the wind up of the Bonus Bonds Scheme by contacting customers to pay out refunds and reserves payments.

We continued to engage industry frameworks to support the transition to net zero, including being a founding sponsor of Toitū Tahua, the Centre for Sustainable Finance, and playing a critical role in developing the Sustainable Agriculture Finance Initiative. On sustainable finance, this year we acted as a lead manager on 13 green, social or sustainable (GSS) bond transactions and one Sustainability Linked Loan totalling over NZ$5 billion.

Our proportion of women in leadership increased to 37% and we appointed our first Te Kaitohu Rautaki Māori (Head of Te Ao Māori Strategy).

### PERFORMANCE HIGHLIGHTS

We saw strong revenue momentum and lower credit impairment charges driven by a credit impairment release, reflecting an improved economic outlook. Net loans and advances grew 7% driven by strong home lending growth of 10%, reflecting the market's historically low interest rates and supply constraints. Unsurprisingly, we have seen subdued customer deposit growth of 4% in this low rate environment.

We have maintained a leading position in core banking products with ~30% share of mortgages, ~33% share of household deposits (August 2021) and ~21% share of KiwiSaver (June 2021).

Our focus on improving customer experiences has seen strong migration to our digital channels, with a reduction in over-the-counter transactions and contact centre calls.

Our Staff Foundation distributed over NZ$1.2 million in donations to 103 charities across New Zealand.

### FINANCIAL PERFORMANCE CASH CONTINUING[1]

| | FY21 | FY20 | Growth (%) |
|---|---|---|---|
| Cash profit (NZDm) | 1,607 | 1,079 | 49% |
| Net Loans & Advances (NZDb) | 134,537 | 125,981 | 7% |
| Return on Avg. RWAs (%) | 2.24% | 1.49% | 50% |
| Customer Deposits (NZDb) | 102,336 | 98,304 | 4% |

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 57.

# Our people

## COVID-19 has undoubtedly changed the way we work. In moving to our new ways of working we have been conscious of how we can continue to build and maintain ANZ's culture while giving our people the opportunity to work flexibly and continue doing their best work.

We now have many flexible working modes: workplace first, where employees perform their work from an ANZ workplace most or all of the time; blended, where employees spend some time in the week in an ANZ workplace; and remote first, where employees perform their work remotely, occasionally visiting an ANZ workplace. The vast majority of our employees' roles , now and in the future, fit within the blended mode.

Coming together in our ANZ workplaces plays an important role in how we learn and grow and helps employees who are new to ANZ to build their networks and develop an understanding of our culture. Enabling the majority of our people to work in a blended way gives them the best of both worlds: the opportunity to structure their working life in a way that provides greater flexibility to work from home, and to be in the office for the critical, and often intangible, benefits of developing our culture, building social networks and learning from – and mentoring – colleagues.

### CULTURE

We continue to develop and embed a culture focused on delivering great customer outcomes, making things simpler and 'always learning'. This work is underpinned by our purpose and values.

This year, we finalised the design of a new culture and behaviour framework. Developed with input from across the Group, the framework complements our values, building on and respecting our past, while orienting us towards the future. To deliver our purpose and strategy, we need to: create opportunities by bringing in the best ideas from inside and outside ANZ to create long-term value for our customers and the bank; deliver what matters by executing well on the things that matter most; and succeed together by engaging the right people, listening to and challenging each other. As we head into the new financial year, we will start to see this come to life, with a focus on ensuring it is real and relevant to our people and reinforced through our learning programs, people processes and systems.

We have made considerable progress in promoting the importance, understanding and awareness of our risk culture. Our target risk culture is founded on embedding those risk behaviours and practices aligned to the five principles of: living the purpose; risk management accountability; risk management execution; risk management effectiveness; and proactive risk management. Plans and actions are in place to further embed risk culture maturity. These include the insights from our first risk culture survey. Refer to page 51 for further detail on the risk culture survey undertaken this year.

### CULTURE REVIEWS AND ASSESSMENTS

Our Talent and Culture team delivers data-led insights – qualitative and quantitative – that are actionable and help drive sustainable cultural change. Multiple listening tools such as surveys, focus groups and interviews enable the business to respond to employee feedback on our culture.

Our Enterprise Steering Culture Group (ESCG), chaired by the CEO and whose membership includes other members of the Executive Committee, comes together twice a year to discuss key cultural themes, strengths and areas for improvement. This year, the ESCG has reinforced our ongoing commitment to employee wellbeing and listening, as well as our learning strategy – prioritising the reskilling and upskilling of employees in critical capabilities required for a digital future, and building an 'always learning' culture. They oversaw a significant jump in our speak up culture scores which were a key area of focus.

Our Internal Audit (IA) culture team provides independent assessments of our current organisational culture. The assessments are designed to: inform Board and management by providing insights as to how organisational culture is enabling the bank's purpose and strategy; support the Board in meeting community and regulatory expectations (e.g. the Australian Prudential Regulation Authority Prudential Standard CPS 220); identify and focus on cultural root causes of issues; and strengthen the bank's overall approach to strategic delivery and risk management.

Once an assessment is complete, a report on cultural themes, including underlying issues and related impacts, is provided to the business. The business then develops an action plan in response to any identified cultural challenges. The plan is monitored and an actions effectiveness or reassessment is completed to determine how effective it has been in shifting towards the desired culture.

In 2021, IA completed 19 culture reviews, of which nine were reassessments. The reassessments have highlighted leadership accountability as key to building a better bank and creating a culture that will deliver what matters for our customers, employees and shareholders.

**HIGHLIGHT**

In 2018 a culture review identified a business area within the bank experiencing issues with inconsistent leadership, resulting in a reluctance amongst team members to work effectively together, raise issues and challenge constructively.

Following the assessment, the leadership team developed an action plan focused on improving leadership capabilities and engagement through focusing on aligning as a leadership team and initiatives to embed desired leadership behaviours (e.g. using the leadership 180 survey tool that gathers feedback on how well a leader is demonstrating our values and leadership behaviours) supported by development plans; and implementing engagement plans to listen, provide transparency and connect with staff.

Our reassessment of the business revealed a 25% increase in staff's perception of leadership and a 26% increase in their comfort to raise concerns and challenge constructively.

## ACCOUNTABILITY AND CONSEQUENCE FRAMEWORK

Throughout 2021, we continued to strengthen ANZ's Accountability and Consequence Framework (A&CF). The Enterprise Accountability Group (EAG), chaired by the CEO, supports the Board in monitoring the implementation and ongoing effectiveness of ANZ's A&CF, being cognisant of its impact on the culture of ANZ. The EAG reviews the most material risk, conduct and audit events, accountability and the application of consequences, where appropriate. See section 6 of the Remuneration Report for more details.

## CHANGES TO REMUNERATION

The introduction of a new remuneration standard by APRA has driven a review of how we reward our executives. The new regulatory standard does not come into effect until 1 January 2023, however a range of changes are being considered for implementation in 2022, subject to Board approval. These changes are designed not only to meet both the letter and spirit of APRA's new prudential standard, but also to maintain our strong focus on performance and risk management, and to attract, motivate and retain the best talent.

We have implemented the recommendations from Stephen Sedgwick's 'Retail Banking Remuneration Review' (noting the industry wide recommendations are ongoing). This review was focused on strengthening the alignment of retail bank incentives, sales practices and good customer outcomes. Mr Sedgwick completed his final review of the implementation of the recommendations, with a report submitted to the Australian Banking Association in June 2021. The report determined that significant progress has been made across the industry to align to the 2017 recommendations, with substantial investment in a customer-centric culture, policies and practices evident across the majority of banks. We continue to review our processes to ensure ongoing adherence to the Sedgwick recommendations.

### LINKS TO 2021 GROUP PERFORMANCE FRAMEWORK

Our consistently strong management of people and culture was again a highlight and reflects multiple years of purposeful investment in building the right leadership behaviours and enhancing our culture frameworks. Staff engagement survey results remained strong, and following a global trend which saw employer scores spike in 2020, ANZ's 2021 results expectedly returned to a steady positive trend. The wellbeing of our people continued to be a priority, with all staff supported to complete mental health awareness training. Embedding of our reward and performance framework continued, with a focus on continuous performance management capabilities, employee recognition, and reward arrangements for high performers in critical talent populations.

**See section 4.5.3 of the Remuneration Report for more details.**

## EMPLOYEE ENGAGEMENT

In August, our overall engagement result was **81%**. While this result is down five percentage points from April 2020, it remains higher than pre-pandemic levels (77% in 2019).

**82%** of employees said they felt supported in managing their psychological wellbeing.

## WELLBEING

The health and wellbeing of our people remains a priority with the management of COVID-19 and the impacts on our employees, contractors and visitors continuing throughout the year.

Targeted wellbeing and safety support has been provided to employees and local leadership teams in different locations. For example, due to the surge in COVID-19 cases in India, enhanced support was provided to our employees including: access to personal health insurance top-ups; unlimited free tele-consultation medical services for employees and up to four family members; assistance to access medical care; assistance with hospitalisation where required; and provision of specific medical equipment at home or in hospital.

We have formalised a Chief Medical Officer arrangement, providing access to specialist medical advice and ongoing guidance in managing the COVID-19 pandemic and other medical or health challenges as they arise. We have developed a COVID-19 vaccination position statement, supporting the rollout of vaccines as an important step in the global response to COVID-19. We encourage all employees who are medically eligible for COVID-19 vaccines to be vaccinated where it is locally available and approved by regulatory authorities. During the most recent outbreak in New South Wales, we offered a vaccination program to employees and their households located in Local Government Areas with high case numbers. This has since been extended to all of Greater Sydney and Wollongong. We have provided a total of 315 vaccinations as part of the program, 70% of which were family members of employees.

Special paid leave has also been made available to employees who may require time away from work due to COVID-19 impacts. This may include recovery from COVID-19, isolation requirements and caring responsibilities.

We recognise the impact of restricted movement and lockdowns on mental wellbeing and are focused on empowering our employees and leaders to support others and recognise the signs of psychological distress in themselves. To support our employees and leaders in their understanding of and confidence in responding to mental health issues, a digital mental health awareness program has been mandated for all employees. To date over 46,600 individuals have completed this training. We have implemented Mental Health First Aid training for our people in the United Kingdom and have commenced the rollout of this program in New Zealand. We have also piloted a Mental Health First Aid training course in Australia, with planning for further rollout underway.

We continue to provide our employees with access to digital wellbeing resources, developed in partnership with external specialists, including psychologists and physiotherapists, to help them develop strategies to maintain mental, social and physical health.

With many employees working remotely more frequently, we provided funding for ergonomic equipment to enable employees to be set up for optimal safety and productivity. Since the onset of the pandemic, over 14,700 employees have accessed this funding. Further specialist support is provided to employees requiring tailored ergonomic assistance or other workplace adjustments to maintain their wellbeing.

## DIVERSITY AND INCLUSION

We believe our diverse workforce and inclusive culture will improve the quality of decision making and drive innovation, making us a better bank for our customers and helping us to shape a world where people and communities thrive.

The representation of Women in Leadership increased this year to 35.3% (up from 33.4% as at September 2020), exceeding our target of 34.4% by the end of 2021. Our progress is monitored monthly by the CEO and the Group Execution and Performance Committee.

We are focused on growing female talent by providing female employees with the critical skills and experiences required to move into senior roles, delivering a number of women in leadership training programs throughout the year.

With the departure of Alexis George and Michelle Jablko, our Key Management Personnel has dropped from 50% to 33.3%, below our target to maintain at least 40% women as Key Management Personnel. Importantly, however, women hold key line roles on our Executive Committee and the portfolio of Kathryn van der Merwe, our Group Executive Talent & Culture, has been expanded to include responsibility for our Service Centres, a critical part of our network and service offering. We are also proud to have a strong alumni of successful executive women in significant roles outside ANZ.

Our numerous employee networks continue to play an important role in building a strong sense of community and belonging by advocating for and supporting the diverse communities they represent. Particularly as the COVID-19 pandemic has evolved, the voice of our networks has ensured we are taking an inclusive approach to supporting our people.

We have continued to develop capability across our recruitment communities to create inclusive and accessible recruitment processes for women, people with disability, Aboriginal and Torres Strait Islander people, Māori and Pasifika people, people from different cultural and religious backgrounds, and people from the LGBTIQ+ community. Our Diversity and Inclusion Policy is available at anz.com/corporategovernance.

The representation of Women in Leadership increased this year to **35.3%** (up from 33.4% as at September 2020), exceeding our target of **34.4%** by the end of 2021.

### NEW DIVERSITY AND INCLUSION STRATEGY

This year we finalised our new Diversity and Inclusion Strategy. It was co-created with employees from all levels and geographies, including representatives from our employee networks, and has been endorsed by ANZ's Executive Committee and the Human Resources Committee of the Board.

We now have a vision for diversity and inclusion that is unique and relevant to ANZ, aligning with our purpose and business strategy, and the expectations of our customers, suppliers and community.

**We have established the following five strategic priorities:**

1. Create an inclusive culture and improve the experience of our employees who represent all dimensions of diversity
2. Build the confidence and capability of people leaders to lead diverse and inclusive teams
3. Improve the diversity of our leadership population
4. Strengthen and empower our employee networks
5. Improve accountability and governance

There are many dimensions of diversity, and all are important at ANZ. Therefore, the focus on creating an inclusive culture is our most critical strategic priority.

Our strategy will assist us to make decisions about where we will focus our effort and resources to maximise impact.

CASE STUDY

# Empowering Aboriginal youth for a bright future

Juggling the final year of high school, two after-school jobs, a Certificate II in Business, a school-based traineeship and a local Aboriginal school-to-work transition program, young Indigenous Australian woman Talia Trimboli is seizing every opportunity that comes her way.

Talia is one of 15 Aboriginal students participating in Ganbina's Youth Leadership Program in Shepparton, Victoria. ANZ is a financial supporter and corporate partner of Ganbina.

The program, which identifies Aboriginal youth who have the potential to be leaders within their community, helps them unlock their full potential by keeping them engaged in education, training and employment.

Talia is also undertaking a school-based traineeship with ANZ in Shepparton. Her favourite part of the traineeship has been developing her customer service and communications skills, as well as the relationships she has formed with her colleagues at the branch.

"Out of all the skills I'm learning, I enjoy developing my customer service skills the most because I really enjoy talking to the people who come into the bank," says Tahlia.

CASE STUDY

### Supporting mid-career and mature aged workers

This year, we had the opportunity to support mid-career and mature aged workers to reignite their career, or embark on a new career in ANZ.

In August, we announced a collaboration with the Victorian government to pilot a Digital Jobs Program in ANZ, supporting unemployed and underemployed Victorians to transition into new roles.

The program involves:

- 12 weeks of free training in a high-quality, industry-backed digital course
- 12 weeks in a paid digital role with a Victorian business
- Ongoing support from a mentor throughout the program.

The first placements for the program commenced in October, and are working with leaders and mentors over the 12-week program in our Technology, Australia Business Transformation, Finance and Institutional teams.

"The Digital Jobs Program is giving ANZ an opportunity to support unemployed and underemployed Victorians to move into new roles which we expect to be in high demand both now and in the future", said Kathryn van der Merwe, Head of Talent & Culture and Service Centres. "We believe that strong partnerships like this are key to building the capability we need for the future."

"Employees who come to us from other roles bring professional skills and experiential diversity which can help us think differently about solutions for our customers and staff. They are also more likely to have the skills that position them for a faster career trajectory than people who are just starting out in their careers."

We also launched an initiative encouraging mature aged workers to email their resumes directly to our Chief Executive Officer, Shayne Elliott, to be considered for roles in ANZ. We received close to 500 applications and have placed successful candidates in our Legal, Talent and Culture and Australia Retail and Commercial teams.

"What we found is that a lot of people, particularly women who were older and for whatever reason had moved out of the workforce, somehow felt they weren't worthy or capable of coming back", said Shayne Elliott. "So we've got a program to bring people back to the workforce and it has been enormously successful."

## INVESTING IN STRATEGIC CAPABILITIES

We use people analytics and modelling to understand the current state of our workforce and identify potential skills shortages/gaps. This analysis informs employee development and recruitment programs, ensuring we continue to develop the capabilities aligned to our strategy.

This year we launched our PeopleHub program, designed to replace legacy human resources systems with 'smarter', more integrated technology, supporting new functionality and improved processes across the Group.

The program will strengthen our ability to 'future-proof' our workforce, by providing greater visibility of the current state of our workforce and identifying potential skills shortages and gaps.

Data and engineering continued to be an area of focus in 2021. COVID-19 has exacerbated the scarcity of critical technology talent, with job vacancies at historically high levels creating talent competition across our major geographies.

We have refined our attraction, engagement and recruitment strategies. For each of our key geographies, we have dedicated teams focused on talent marketing and proactive sourcing of top candidates in our strategic demand areas of data and engineering. We are working harder to contact candidates via non-traditional methods, for example approaching a candidate through their blog or other social media. While first engagement is taking longer, our time to offer has only slightly increased. In 2021, we recruited over 5,100 technology candidates, a 92% increase from 2020.

In addition to hiring new talent, we continue to build the engineering capability of our existing workforce by implementing targeted learning initiatives designed to develop both deep technical skills and core 'soft skills'. Our #TechLearningAcademy and engineering career hubs enable our engineers to identify their strengths and growth opportunities and provide self-guided learning on priority capabilities. Sixteen hours of dedicated learning time has now been scheduled for everyone in Technology.

We rolled out PluralSight, an online education provider, to more than 1,620 people in Technology, providing our people with opportunities to build valuable new technology skills such as cloud computing, software development, cyber security and machine learning.

In India, we have continued the rollout of our Digital Transformation Academy, providing our people with a self-directed learning platform to upskill in the latest digital transformation tools. The program covers topics on emergent technologies like robotic process automation, machine learning, artificial intelligence and blockchain. To date, over 2,100 of our people have completed the program.

**Further information on employee learning and development and our approach to diversity and inclusion is in our 2021 ESG Supplement, available at anz.com/annualreport.**

# Our community

We invest significantly in the communities in which we operate and play a role in supporting their capacity, resilience and financial wellbeing. Strong relationships with our stakeholders and the broader community is one of our key value drivers.

**IN 2021**

15.5% **of our employees volunteered[1] over 54,645 hours to community organisations**

We matched employee donations, collectively contributing **$3.2m** through our workplace giving programs. Investing a total of **$139.7m** in the community[2]

Around **$2m** was distributed to communities through our community grants programs, including our Staff Foundations in Australia, New Zealand and Fiji, and our Seeds of Renewal grants program that provides funding for community groups in rural and regional Australia.

## SUPPORTING THE COMMUNITY THROUGH THE COVID-19 PANDEMIC

We have continued to work closely with our community partners to support the communities in which we live and work during the COVID-19 pandemic.

In April 2021, in response to the devastating health crisis in India, we donated $1 million to World Vision Australia's India COVID-19 Appeal to provide funding for more beds, oxygen machines and hospital medical supplies in some of the worst hit districts.

In addition, we launched an India COVID-19 Appeal encouraging employees and customers to donate, with ANZ matching donations dollar-for-dollar over two months – a total of approximately $1.6 million was raised. FJ$60,000 was also committed to grassroots organisations across Fiji to support communities impacted by COVID-19.

## RECONCILIATION ACTION PLAN

After two years of reflection, development and consultation, we will commence our second Stretch Reconciliation Action Plan (RAP) in October 2021, our fifth RAP as an organisation. Through our RAP we will partner with Aboriginal and Torres Strait Islander organisations to create meaningful opportunities for Aboriginal and Torres Strait Islander peoples and businesses by:

- Improving financial wellbeing
- Providing employment and facilitating career progression
- Building the capacity of Aboriginal and Torres Strait Islander businesses
- Improving understanding of Aboriginal and Torres Strait Islander cultures within our organisation.

Credit: Marcus Lee

We have set a target to achieve the 17 actions set out in our RAP by the end of 2024, elevating accountability for delivery to our Executive Committee. We have also implemented an Aboriginal and Torres Strait Islander employee reference group we will consult with on any matters that impact them as ANZ employees to ensure we are listening to the voices of First Nations employees.

**1.** Our Volunteer Leave Policy, that applies to permanent, regular and fixed-term employees, provides for at least one day of paid volunteer leave each year. **2.** Figure includes forgone revenue of $106m, 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.

## OUR FINANCIAL EDUCATION PROGRAMS

Beyond providing core banking services, we can play a key role in the community by leading thinking about the 'drivers' of financial wellbeing and applying insights from our research to our financial education programs, Saver Plus and MoneyMinded. These programs involve close collaboration with partners from the community and government sectors.

More than 841,900 people have been reached through these programs since 2002[3].

**Saver Plus:** our matched savings and financial education program, developed in partnership with the Brotherhood of St Laurence. Participants open an ANZ savings account, set a savings goal and make deposits regularly over 10 months while also attending MoneyMinded financial education sessions. On reaching their goal, savings are matched by ANZ dollar for dollar, up to $500, which must be spent on education.

**MoneyMinded:** supports adults with low levels of financial literacy and those on lower incomes build their financial skills, knowledge and confidence. The program is delivered by community organisations in Australia and New Zealand, and a mix of community organisations and ANZ employees in 15 markets across Asia and the Pacific region.

**MoneyBusiness:** developed in partnership with the Australian Government in 2005, following our research which showed that financial exclusion was a significant problem for First Nations people, particularly those living in remote communities. Program materials have been developed in consultation with local First Nations communities and community workers, ensuring the information is culturally appropriate.

**Further information about our community investment and financial education programs is in our 2021 ESG Supplement available at anz.com/annualreport.**

### COMMUNITY STORY

# Pacific workers picking financial skills and fresh produce

Our MoneyMinded financial education program – designed to help adults build budgeting, saving and money skills – has been helping Pacific workers during their mandatory two-week quarantine period in Australia.

The Australian agriculture industry, particularly the fresh produce sector, relies on seasonal interstate and overseas labour.

However, the availability of workers has been heavily impacted by COVID-19, with lockdowns and border closures making it difficult for backpacker and overseas work programs to operate.

Many Australian farmers have therefore been left with unharvested crops and wasted produce.

The Australian Government's 'Pacific Labour Scheme' has helped fill regional and rural labour shortages, connecting Australian businesses with workers from nine Pacific Islands and Timor-Leste to help farmers harvest crops.

Arriving from the Pacific, workers are required to complete 14 days of mandatory quarantine when they arrive in Australia, before they can start work assisting farmers to harvest crops.

ANZ has provided MoneyMinded training and resources to Powerpac, an approved provider of the Federal Government's Pacific Labour Scheme. Powerpac is delivering MoneyMinded to arriving workers during their quarantine period.

Around 240 people have been through the first delivery of MoneyMinded, with hundreds more expected over coming months.

**3.** 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).

CASE STUDY

### Financial education goes virtual

As schools and other educational facilities moved online because of the pandemic, so too did MoneyMinded.

Of the 64,011 participants estimated to have completed MoneyMinded between 1 October 2020 – 30 September 2021, more than 4,900 of those were part of the MoneyMinded Online program, an increase from 1,700 the previous year.

In the 2020 MoneyMinded Impact Report, 81% of online participants reported the program had a positive impact on their financial wellbeing.

Sharon, a coach working with vulnerable families in Melbourne as a case manager at MacKillop Family Services, completed her MoneyMinded training with the Brotherhood of St Laurence through virtual sessions and started using similar delivery methods with her clients during the year. Sharon was able to run classes in the evening which allowed her participants to manage other commitments during the day.

While virtual program delivery has benefited many, it has also highlighted the digital divide, with a number of people reporting a lack of internet access or access to a suitable device, or the confidence to use a digital medium, as a barrier to participation.

We are working with our community partners and facilitators to find ways to adapt our programs post COVID-19, without unintentionally excluding those who cannot easily access online modules and virtual sessions.

"I managed to pay off a number of small but significant debts completely since starting MoneyMinded Online. I'm able to plan for the future and start looking at options for home loans and how to progress to the point when we're ready to purchase a house."

**MoneyMinded** | participant

## CONTRIBUTION TO PUBLIC POLICY

We seek to contribute constructively to public policy formation and understand the perspectives of our community's elected representatives, policymakers and regulators. We contribute to policy formation on business, economic, social and environmental issues affecting our customers and shareholders.

We are also a member of a number of industry associations that contribute to public policy debate and formation.

In 2021, our key membership payments included:

Australian Banking Association **$3,055,932**

Business Council of Australia **$93,500**

New Zealand Bankers' Association **NZ $746,796**

Business New Zealand **NZ $46,460**

Payment to the New Zealand Bankers' Association includes our annual fee as well as expenditure related to the trial of regional banking hubs, contribution to an industry partnership with a nationwide financial capability charity, the establishment of an industry whistle-blower scheme run by the Banking Ombudsman, and industry initiatives in response to COVID-19 and regulatory issues.

We understand our stakeholders are interested in the position we take on issues such as banking accessibility, problem gambling and climate change, and our membership of industry associations that develop policies and undertake advocacy on these issues.

We have begun a process of periodically reviewing our membership of key associations and will publicly disclose outcomes and any material change to our position.

## LINKS TO 2021 GROUP PERFORMANCE FRAMEWORK

2021 has continued to be a challenging year for many. Our focus on our purpose and values, combined with strong governance and leadership, has enabled us to continue to help support the communities in which we live and work during the COVID-19 pandemic. ANZ ranked #1 overall amongst major domestic peers in the RepTrak™ corporate reputation survey and ANZ was again the leading Australian bank as measured by the 2020 Dow Jones Sustainability Index, ranked in the 97th percentile globally in the banking sector.

**See section 4.5.3 of the Remuneration Report for more details.**

# Improving our approach to human rights

## This year we have significantly upgraded our Human Rights Statement (Statement) and developed a new Grievance Mechanism (Mechanism) for people whose human rights may have been impacted by our large business lending customers.

We committed to these two actions in the 2020 Statement of the Parties setting out the resolution of a complaint brought against ANZ by Inclusive Development International and Equitable Cambodia concerning a loan made to Phnom Penh Sugar in 2014. Agreement was reached with the assistance of the Australian National Contact Point.

Our Statement and Mechanism have been informed by an external multi-stakeholder working group including civil society organisations, academics, business representatives and customers. Their involvement did not infer endorsement of the outcomes of this review or other work carried out by ANZ.

**The Statement outlines our respect for international human rights standards and includes:**

- No tolerance for retaliation against individuals or communities
- Reference to climate change and associated human rights impacts
- Support for an open civic space and human rights defenders
- Scenarios where domestic laws conflict with international human rights standards
- Our process when a customer's human rights practices are inconsistent with our expectations.

International standards we respect include the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights (UNGPs).

The UNGPs are the global standard for preventing and addressing the risk of adverse human rights impacts linked to business activities. They incorporate three pillars, including governments' duty to protect human rights and the responsibility of businesses to respect human rights.

Our Statement is aligned with the UNGP second pillar, including support and respect for human rights of our employees, customers and communities. We expect the same from everyone who works for or with us, including business customers, suppliers and partners.

The UNGP third pillar refers to the need for victims of business-related abuses to have access to remedy. We support access to remedy through our new Grievance Mechanism and participation in the Organisation for Economic Co-Operation and Development (OECD) National Contact Point (NCP) remediation processes.[1]

Our new Mechanism will help encourage responsible business conduct, including by our large business lending customers. In establishing this Mechanism, we sought to provide a framework through which:

- Efforts can be made to resolve complaints by affected communities about adverse human rights impacts associated with ANZ customers; and
- Feedback and recommendations aimed at strengthening our due diligence processes can be provided.

The Mechanism is designed to be informal and flexible, and we are committed to handling complaints in a way that builds confidence in its effectiveness. As this is new we understand the need to promote its availability, and will use any complaints submitted as an opportunity for learning and reflection.

Implementation of the new Statement and Mechanism will continue in 2022 through our governance, policies, staff training and disclosures.

Engagement will again be sought with external stakeholders in reviews of the Mechanism in 2023 and the Statement in 2024. We will also report on complaints submitted to the Mechanism.

**The Statement and the Grievance Mechanism are available at anz.com.**

**Information on our approach to modern slavery is in our 2021 ESG Supplement available at anz.com/annualreport.**

**1.** NCP is responsible for promoting the OECD Guidelines for Multinational Enterprises (an international standard on responsible business conduct) and providing conciliation services to resolve complaints against multinational enterprises.

# Our approach to climate change

## We are committed to playing our part in supporting the transition to net zero emissions by 2050.

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.

Our climate change statement outlines our approach and commitments in support of a global transition to net zero. We are reviewing our position. Our updated position will be released prior to our Annual General Meeting together with our 2021 Climate-related Financial Disclosures (our fifth report using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)), available at anz.com/annualreport.

### CUSTOMER ENGAGEMENT

We have engaged with 100 of our largest emitting business customers, supporting them to establish and, where appropriate, strengthen existing transition plans.

Customers have valued our engagement on this topic, and our perspectives. A number of customers outside of the 100 have sought to engage with us, seeking clarity on our expectations, or requesting suggestions to improve their approach.

Following initial engagement, customer transition plans were grouped into levels of maturity – advanced, developing/intermediate, underdeveloped/starting out, and no public plans.

Within each industry our customers have different starting points. Since this initial assessment, nine customers have sufficiently improved their governance, strategies and targets or disclosures, leading to an improved ranking. Many other customers have also clearly demonstrated improvement since their initial assessment. For example, we observed a rise in the intention to develop 'Paris aligned' or 'science-based' targets or report under the TCFD framework, and a similar rise in interest in engaging with ANZ on this topic.

While we consider this to be good progress, we understand there is still much to be done. That is why we have committed to continue supporting these larger emitting customers to implement and, where appropriate, strengthen their low carbon transition plans and enhance their efforts to protect biodiversity, by end 2024. As part of this engagement we expect that more customers will improve their plans to a developing/intermediate, or advanced stage over the next three years.

**CASE STUDY**

coles

Food, liquor and convenience retailer Coles is one of Australia's most trusted brands with an average of 20 million customer transactions each week across its network of almost 2,500 stores and its online platforms.

In March 2021, Coles launched its *Together to Zero* sustainability ambitions. A focus area is *Together to zero emissions* underpinned by new targets to accelerate climate action and reduce greenhouse gas emissions, as well as its ambition to deliver net zero greenhouse gas emissions by 2050 and its target to have the entire Coles Group powered by 100% renewable electricity by the end of FY25.

Having banked Coles since its demerger from Wesfarmers in 2018, we are supporting the retailer's ambition to minimise its environmental footprint and mitigate the environmental and social impacts of climate change.

In late August 2021, ANZ worked as a Joint Sustainability Coordinator on Coles' $1.3bn sustainability-linked loans, the first within the supermarket sector in Australia and the largest in the local market.

Coles replaced $1.3bn of its existing bank debt facilities with sustainability-linked loans to draw a direct link between its sustainability performance and its cost of capital, providing transparency and accountability as it works to achieve its sustainability targets.

Commenting on the deal, Coles Chief Financial Officer, Leah Weckert, said:

"Coles believes that sustainable businesses are better businesses, and our Sustainability-Linked Loans reflect our commitment to working with all our stakeholders to make positive changes.

"The SLL incentive structure is linked to our progress against company-wide sustainability goals, with delivery of those goals delivering improved cost of capital, therefore being an effective tool to drive sustainability throughout our business."

## OUR PROGRESS ON THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

| | Our progress to date | Focus areas – 2022/23 | Beyond 2022 vision |
|---|---|---|---|
| Governance | • Board Risk Committee oversees management of climate-related risks<br>• Board Ethics, Environment, Social and Governance (EESG) Committee approves climate-related objectives, policy and targets<br>• Ethics and Responsible Business Committee (executive management) oversees our approach to environment, social and governance (ESG) risks and opportunities, and reviews climate-related risks | • Align with regulatory guidance on climate-related risk governance, including stress-testing of selected portfolios | • An enhanced risk management framework that anticipates potential climate-related impacts, and associated regulatory requirements |
| Strategy | • ANZ's Climate Change Statement (available at anz.com) confirms support for the Paris Agreement goals and transition to a net zero carbon economy<br>• Managing the net zero carbon transition focuses on an orderly transition that recognises and responds to social impacts<br>• Participated in APRA's climate vulnerability assessment (CVA) to assess portfolio transition and physical risks<br>• Low carbon products and services within our Institutional business focused on climate-related opportunities<br>• Analysis of flood-related risks for our home loan portfolio in a major regional location of Australia and associated test-pilot of socio-economic indicators showing financial resilience of home loan customers with respect to flood risk | • Extending analysis of flood-related risks to incorporate bushfire and other risks relating to retail customers through the CVA<br>• Include climate risk reference in lending guidance documents for relevant industry sectors used by our front line bankers | • ANZ business strategy to grow in a way that is more closely aligned to a resilient and sustainable economy that supports the Paris Agreement goals and Sustainable Development Goals (SDGs) |
| Risk management | • Climate change risk added to Group and Institutional Risk Appetite Statements<br>• Climate change identified as a Principal Risk and Uncertainty in our UK Disclosure and Transparency Rules (DTR) Submission<br>• Guidelines and training provided to over 1,000 of our Institutional bankers on customers' transition plan discussions<br>• Enhanced financial analysis and stronger credit approval terms applied to agricultural property purchases in regions of low average rainfall or measured variability<br>• New agribusiness customers assessed for financial resilience and understanding of rainfall and climate trends in their area, and water budgets considered if irrigating | • Encouraging and supporting 100 of our largest emitting business customers to implement and, where appropriate, strengthen their low carbon transition plans and enhance their efforts to protect biodiversity, by end 2024<br>• Customer engagement to identify customer or sector-specific transition or physical risks, focused on corporate and Institutional customers<br>• Further develop an enhanced climate risk management framework that strengthens our governance and anticipates potential climate-related impacts and associated regulatory requirements | • Further integrate assessment of climate-related risks into our Group risk management framework<br>• Standard discussions with business customers include climate-related risks and opportunities<br>• Assessment of customer transition plans part of standard lending decisions and portfolio analysis |
| Metrics and targets | • Support 100 of our largest emitting business customers to establish or strengthen low carbon transition plans by 2021, with metrics developed to track progress<br>• Metrics to enable our progress to be tracked in reducing 'financed emissions', beginning with two key sectors: large-scale commercial property and power generation. Metrics are tailored to each sector (e.g. carbon emissions per square metre of net lettable space for commercial property) and disclosed every 12 months<br>• $50 billion target to fund and facilitate sustainable solutions by 2025<br>• Target to procure 100% renewable electricity for ANZ's operations by 2025<br>• Ongoing emissions reduction targets for ANZ energy use aligned with the Paris Agreement goals | • Complete transition plan engagement with high emitting customers and consider how to integrate into our regular customer assessments<br>• Implement targets to reduce metrics for 'financed emissions' in key sectors by 2030 towards a long-term net zero goal by 2050<br>• Consider expanding new metrics for measuring impact of our progress on environmental sustainability to other key sectors | • Continue to evolve our reporting with leading practices to measure the alignment of our lending with the Paris Agreement goals<br>• Reduce ANZ's operational emissions in line with the decarbonisation trajectory of the Paris Agreement goals |

# 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 delegations 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 2021 Corporate Governance Statement available at anz.com/corporategovernance.

**Full biography details can be found on our website at anz.com/directors and on pages 46-50 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

**Paula Dwyer**

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

# 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** | 15 | 15 | 9 | 9 | 8 | 8 | 5 | 5 | 4 | 4 | 6 | 6 | 4 | 4 | | | 3 | 3 | 2 | 2 |
| **Ilana Atlas, AO** | 15 | 15 | | | 9 | 9 | 5 | 5 | 5 | 5 | | | | | | | 3 | 3 | 1 | 1 |
| **Paula Dwyer** | 15 | 15 | 9 | 9 | 9 | 9 | 5 | 5 | | | | | 4 | 4 | 2 | 2 | 3 | 3 | | |
| **Shayne Elliott** | 15 | 15 | | | | | | | | | | | 4 | 4 | 2 | 2 | | | 1 | 1 |
| **David Gonski, AC[2]** | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | | | | | | 1 | 1 | | |
| **Jane Halton, AO PSM** | 15 | 15 | | | | | 5 | 5 | 5 | 5 | 6 | 6 | | | | | 3 | 3 | | |
| **RT Hon Sir John Key, GNZM AC** | 15 | 13 | 9 | 8 | | | | | 5 | 5 | 6 | 6 | | | | | 3 | 3 | | |
| **Graeme Liebelt** | 15 | 15 | 9 | 9 | 9 | 9 | 5 | 5 | | | | | 4 | 4 | | | 3 | 3 | | |
| **John Macfarlane** | 15 | 15 | 9 | 9 | 9 | 9 | | | | | 6 | 6 | 4 | 4 | | | 3 | 3 | | |

**Column A** Indicates the number of meetings the Director was eligible to attend as a member. **Column B** Indicates the number of meetings attended. The Chairman became an ex-officio member of the Risk, Audit, Human Resources, Ethics, Environment, Social and Governance, Digital Business and Technology and Nomination and Board Operations Committees on 28 October 2020, upon David Gonski's retirement. With respect to Committee meetings, the table above records attendance of Committee members. Any Director is entitled to attend these meetings and from time to time Directors attend meetings of Committees of which they are not a member.

**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.** David Gonski retired as Chairman and as a Non-Executive Director on 28 October 2020.

"The Board has remained responsive to the continuing disruption brought about by the COVID-19 pandemic, allocating appropriate time throughout the year for open and transparent discussions at Board and Committee meetings in alignment with ANZ's purpose, and to facilitate greater focus on the achievement of the Bank's long-term strategy."

**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 Digital and Australia Transformation

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

**Emma Gray**

Group Executive Data and Automation

Joined the Executive Committee on 1 May 2020

**Mark Hand**

Group Executive Australia Retail and Commercial Banking

Joined the Executive Committee on 15 May 2018

**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.**

*previously known as Management Board.

# 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 2021 and are not intended to be a comprehensive list.

## Strategy and the future

**The Board and its Committees continued to focus on longer-term strategic matters. During the year, Directors participated in three specific Board strategy sessions, using internal and external experts to provide different points of view. The sessions included assessing the external operating, technological, economic and competitive environment and challenging ANZ's long-term response and plans.**

The Board regularly discussed and revisited ANZ's strategic and growth priorities, including adjusting the Board agenda to ensure appropriate, distinct and continuous focus on growth matters at each Board meeting.

As a key part of this, the Board regularly discussed and provided oversight with respect to ANZ's approach to the long-term transformation of its Australian business, including technology and digital-related matters. The Board received 'deep dives' into the design of the technology to best meet customer needs, and the Board, utilising the breadth of focus of its Committees received numerous reports overseeing key aspects of the transformation, including testing and implementation.

An additional important focus of the Board during the year was succession planning and development focus in respect of ANZ's most senior executives, and in respect of its own composition.

## COVID-19 pandemic

**The Board and its Committees continued to play an active role in providing oversight of the impact of, and ANZ's response to, the COVID-19 pandemic, including:**

- The relief measures in place to support our customers, including customer take up, delivery and ongoing communications.
- The impact of COVID-19 on the economy, domestic and international, considering both the immediate and longer-term impacts.
- The impact of the pandemic on our people, and the different geographic responses undertaken in the jurisdictions in which we operate. This included consideration of vaccination trends, the future of the workplace and actions required to protect and support our people operating remotely.

## Risk, regulation and reputation

**The Board and its Committees also continued to oversee the important work carried out by management to progress ANZ's risk governance roadmap. Management provided regular reports on progress, as well as ANZ's approach to improving and simplifying organisational and risk culture.**

As part of this, the Board approved ANZ's approach to risk culture and what ANZ's target risk culture is, with the Risk Committee providing ongoing oversight of work to achieve that, with the Human Resources Committee and Board continuing to focus on and discuss Management's actions to strengthen and simplify ANZ's broader organisational culture

The Board also met with ANZ's key Australian regulators during the course of the year with the purpose of maintaining constructive and two-way dialogue.

As a key aspect of ensuring the correct focus on ANZ's strategy and growth, the Board regularly discussed second and third line's assessment of the risks associated with the implementation of ANZ's strategic transformation agenda.

The Board and its Committees continued to review ANZ's approach and performance in relation to compliance as well as reviewing ANZ's preparedness for regulatory change, including in relation to breach reporting, design and distribution obligations and responsible lending laws. It also received regular education and briefing materials on key areas such as anti-money laundering and counter-terrorism financing, competition law, whistleblowing and cyber security.

The Board also discussed and reviewed the current status of embedding ANZ's purpose throughout the business, reflecting on progress since its introduction five years ago.

The Board considered and discussed 'how we bank' – with an ethical and Environment, Social and Governance (ESG) lens, including ESG focus areas, customers experiencing vulnerability, product suitability, accessibility and diversity and our COVID-19 Statement of Intent. The Board also considered 'who we bank', through industry sector and country specific reviews, human rights policy and modern slavery and climate change policy.

## 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) maintains an equally strong focus on the current performance of the Group, including:**

- Reviewing, challenging and ultimately endorsing ANZ's operating and strategic plans, both annual and longer-term, including in relation to ANZ's investment and business as usual cost ambitions.
- Regularly discussing merger and acquisitions matters.
- Providing oversight of key capital management matters, including the approval of the issue of Capital Notes 6 and ANZ's on-market share buyback.
- Developing and implementing standardised Business Performance Templates for discussion at each Board meeting with the Group Executives leading each of ANZ's major businesses.

# Directors' qualifications, experience and special responsibilities

As at the date of this report, the Board comprises seven 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. It was announced in August 2021 that one of Australia's leading non-executive directors, Christine O'Reilly, will join the Board on 1 November 2021 as a Non-Executive Director. Following her appointment, Christine will stand for election as a Director at ANZ's AGM on 16 December 2021.

Audit Committee

Ethics, Environment, Social and Governance Committee

Risk Committee

Human Resources Committee

Digital Business and Technology Committee

Nomination and Board Operations Committee

## Paul O'Sullivan

**Chair**

**Member**

**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** 61 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** 57 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).

### Relevant former directorships held in last three years include

**Former Chairman:** Coca-Cola Amatil Limited (2017–2021, Director from 2011).

**Former Director**: Westfield Corporation Limited (2014–2018) and OneMarket Limited (2018–2019).

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

**Age** 67 years | **Residence** Sydney, Australia

## Paula Dwyer

**Chair**

**Member**

**Position**

Independent Non-Executive Director

**Qualifications**

BCom, FCA, SF Fin, FAICD

**Responsibilities**

Non-Executive Director since April 2012. Paula is Chair of the Audit Committee and is a member of the Risk Committee, Human Resources Committee and Nomination and Board Operations Committee.

**Career**

Paula has extensive experience in financial markets, corporate finance, risk management and investments, having held senior executive roles at Calibre Asset Management, Ord Minnett (now J P Morgan) and at Price Waterhouse (now PricewaterhouseCoopers). Her career as a company director spans financial services, investment, insurance, healthcare, gambling and entertainment, fast-moving consumer goods, property and construction and retail sectors. Paula has a strong interest in education and medical research, having served as a member of the Geelong Grammar School Council and the Business and Economics Faculty at the University of Melbourne and as Deputy Chairman of Baker IDI.

**Relevant other directorships**

**Chairman:** Kin Group Advisory Board (from 2014) and Allianz Australia Limited (from 2020, Director from 2019).

**Director:** Lion Pty Ltd (from 2012).

**Member:** Kirin International Advisory Board (from 2012) and Australian Government Takeovers Panel (from 2017).

**Relevant former directorships held in last three years include**

**Former Chairman:** Tabcorp Holdings Limited (2011–2020, Director from 2005) and Healthscope Limited (2014–2019).

| **Age** 61 years | **Residence** Melbourne, 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

**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 National Aboriginal and Torres Strait Islander Health Council.

**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), Crown Resorts Limited (from 2018) and Naval Group Australia Pty Ltd (from 2021).

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

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

| **Age** 61 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 Chairman:** The International Democratic Union (2014–2018).

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

| **Age** 60 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** 67 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:** St Vincent's Institute of Medical Research (2008–2018) and Craigs Investment Partners Limited (2013–2020).

**Age** 61 years | **Residence** Melbourne, Australia

## 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, and is a member and former Chairman of its National Legislation Review Committee. Simon is committed to the promotion and practice of good corporate governance, and regularly presents on governance issues.

# Risk management

## The COVID-19 pandemic has continued to impact our operating environment. Our Risk Management Framework has underpinned our response during this challenging time and has enabled us to maintain sound risk management practices.

Over the last year we have continued to invest in our Risk Management Framework, processes and systems, strengthening our ability to respond to changes in existing risks, and to deal with new risks as they arise in our increasingly complex external environment, including those discussed below.

### COVID-19

We have maintained a range of support measures to assist employees and customers, and to deliver safe and secure operations throughout the pandemic. The Risk function has helped with the transition of staff to remote working, or conversely, their return to the office. We are continuing to assess the implications of 'living with COVID', which is still evolving. The Risk function has also partnered with our divisions to protect the bank through the management of credit risk associated with customer COVID-19 support, as well as industry deep dives and portfolio reviews.

We recognise the mental health and wellbeing risks associated with staff fatigue after almost two years of COVID-induced change. We are working together with our Talent & Culture team to ensure appropriate supports are in place. For further detail on how we have supported our people see page 30.

### RISK CULTURE

We strive for a risk culture where our employees demonstrate the right risk behaviours, have clear risk roles and responsibilities and are enabled by effective policies and processes. This year we conducted an internal Risk Culture survey for the first time. The survey gathered the perceptions of target risk behaviours from more than 24,000 employees. We have undertaken a lot of work over the past three years to encourage a strong 'speak up' and risk culture and, pleasingly, responses to the survey confirmed our people believe they can speak up and challenge each other respectfully if they see unethical behaviour, with over 80% of staff expressing a very positive sentiment for ANZ's risk culture.

Risk culture (as a critical component of our organisational culture) remains an important focus. We have refined our risk culture principles and defined our target risk culture. A framework for assessing each risk culture principle is embedded across the organisation and incorporates desired risk behaviours and business and risk outcomes. Risk culture maturity is assessed at an organisational level, as well as divisional and functional levels, with risk culture plans in place to address identified gaps. Risk culture goals have been set to monitor progress and drive sustainable change towards our aspirational culture.

A priority this year has been transforming behaviours through formal mechanisms (including systems, structures, policies, procedures and processes) as we seek to ensure leaders demonstrate accountability for managing risk within a 'speak up' environment, with clear consequence management processes. Guided by our purpose, our behaviours help us to bring our values to life and to execute our strategy. To further strengthen and evolve our risk culture, this year the Enterprise Accountability Group (see page 30) recognised over 40 individuals as role modelling outstanding risk behaviours for their work to manage and mitigate the organisation's risks and their continuous improvement of our risk culture. The recognition provided included personalised messages from the CEO, the opportunity to meet with the Board and ExCo and having their achievements profiled on our intranet and in internal newsletters .

### CONDUCT RISK

Providing our products and services in a manner that delivers fair customer outcomes and promotes market integrity is integral to our strategy. This year Conduct Risk was elevated as a key material risk for the bank, highlighting its importance in our Risk Management Framework. In addition to key initiatives to strengthen our Conduct Risk management approach, our Code of Conduct was enhanced to provide clear guidance to our people. For example, there is guidance relating to some of the ethical considerations employees may encounter in daily decision-making, when dealing with customers and/or undertaking market activities – we expect our people to consider not only whether 'can we' do something, but also 'should we'?

### LINKS TO 2021 GROUP PERFORMANCE FRAMEWORK

Our already strong risk management framework enabled ANZ to continually manage the evolving risks presented by COVID-19. Clear progress continues to be made on risk culture maturity, evidenced in employee engagement scores including 'My business leaders demonstrate personal accountability for managing risk and sound risk behaviours' (87%) and 'I can raise issues and concerns in ANZ without fear of reprisals or negative consequences' (80%), exceeding the record highs reached in 2020.

These results are the product of sustained efforts over several years to encourage a speak up and risk culture where people feel they can challenge each other respectfully. Sound progress has been made in addressing the findings of the Risk Governance Self-Assessment and on key regulatory/non-financial risk projects. However, a $500 million APRA capital overlay remains in place pending confirmation of an improvement in operational risk management across the bank.

**See section 4.5.3 of the Remuneration Report for more details.**

## NON-FINANCIAL RISK

We are improving how we manage our obligations and operational risks by strengthening our non-financial risk, control, governance and compliance focus in line with our Risk Management Framework. This year, to further enhance non-financial risk management, we have adopted a new taxonomy into our Operational and Compliance Risk Framework. Our Compliance and Operational Risk Strategy provides a comprehensive, proactive and well-planned approach to improving our management of non-financial risk by driving transformation across our processes, policies, systems and people, guided by our purpose and contributing to the bank's strategic priority to improve the financial wellbeing of our customers.

Last year we reviewed our Risk Appetite Statement (RAS) metrics to ensure appropriate coverage of our non-financial risks. The review concluded earlier this year, with the Board Risk Committee approving a collection of over 36 metrics and indicators. This is an increase from 12 prior to the review, and demonstrates the growing importance of non-financial factors in helping inform decisions within our Risk function.

We have developed and launched a new tool that streamlines how we capture and report against the RAS metrics, reducing the time it takes from weeks to days. In addition, we developed a purpose-built dashboard to support the proactive management of our risk appetite using trend analysis technology.

These changes have provided our Board Risk Committee and management with greater visibility and control over our non-financial risk appetite.

## FINANCIAL CRIME

We continue to improve our financial crime risk management program. We have invested significantly in enhancing data analytics capability for the bank, creating a central Financial Crime Data Hub and Intelligence ecosystem that uses a range of analytical tools, including:

- Network and link analysis capability – using these tools we can better detect syndicated crimes and demonstrate a 'big picture' view of criminal activity
- Dynamic algorithms – using agile monitoring and detection solutions, we can detect changes in customer behaviours, which can assist AUSTRAC and police investigations.

**Further information on financial crime is available in our 2021 ESG Supplement at anz.com/annualreport.**

## EMERGING RISKS

Two 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. 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 are now blocking around 16 million malicious emails a month – compared to about four million pre-COVID-19 in October 2019.

### CYBER SCAMMERS ON THE RISE

There has been a significant increase in 'business email compromise' (BEC), with cyber scammers targeting transactions and payment systems by intercepting business correspondence.

Many of these compromised emails appear to represent existing suppliers, customers and professional advisors such as accountants or lawyers, and request changes to account or payment details.

A publication released by the Australian Cyber Security Centre (ACSC) shows total losses for the 2020–21 financial year were approximately $81million, an increase of nearly 15% from the previous financial year. Average loss per successful BEC transaction also increased by 54%.

To assist our customers to protect their businesses against these types of scams, we encourage them to take a number of steps including making an organisational PACT[1] to protect their virtual valuables. In addition, we are educating our customers on data protection and privacy through focused campaigns, threat intelligence newsletters and cyber security business guide books.

**Climate change risk:** The financial risks associated with climate change remain a key focus. We have set a public ESG target to develop an enhanced risk management framework that anticipates potential climate-related impacts, and associated regulatory requirements, by the end of 2022. To help deliver on this target, a number of work streams have been established, including regulatory monitoring and carbon metrics. A new Climate Advisory and Coordination Forum, which is Chaired by the Group Executive, Institutional and includes the Group Chief Risk Officer, has also overseen the development of an updated climate change statement that will be released prior to our Annual General Meeting.

We are continuing to work with our customers to better understand how they are transitioning to a low carbon future. We have now engaged with 100 of our largest emitting business customers to encourage and support them to develop their low carbon transition plans. The majority of the 100 customers recognise climate change risk and have started their transition plan 'journey'. Some customers have advanced plans towards net zero by 2050. We are using what we learn from this customer engagement to inform how we manage the risks in higher emitting customer portfolios.

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

1. PACT: **P**ause before sharing your personal information; **A**ctivate two layers of security; **C**all out suspicious messages; **T**urn on automatic software updates.

## OUR RISK MANAGEMENT FRAMEWORK

The Board is ultimately responsible for establishing and overseeing the Group's Risk Management Framework (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's RMF include:

- The Risk Management Statement (RMS), which describes the approach for managing risks arising from the Group's purpose and strategy and the key elements of the RMF that give effect to that 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.
- 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 stakeholders', depositors' and customers' interests.
- The Risk Culture, an important component 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 final 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 below). The committees and forums discuss and monitor known and emerging risks, review management plans and monitor progress to address known issues.

### BOARD OF DIRECTORS

**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
- Group Asset and Liability Committee
- Operational Risk Executive Committee
- Eithics and Responsible Business Committee
- Investment Committee
- Risk Governance Oversight Committee
- Credit Ratings System Oversight Committee
- Capital and Stress Testing 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 Committee
- Country Asset and Liability Committees

# Key material risks

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

As part of the annual review of our Risk Management Strategy we have classified Conduct Risk as a key material risk to enhance the profile and maturity, comply 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.**

Fairness and ethical conduct | Customer experience | Innovation and technology | Climate change | Financial 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:<br>• Centralised management of key obligations via a Global Obligations Library, enable our change management capability in relation to new and revised obligations, and emphasis on the identification of changing regulations and the business environment, to enable proactive assessment of emerging compliance risks.<br>• 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:<br>• A counterparty failing to fulfil its obligations<br>• A decrease in credit quality of a counterparty resulting in a financial loss.<br>Credit Risk incorporates the risks associated with us 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. | |
| **Liquidity and Funding Risk** | The risk that the Group is unable to meet its payment obligations as they fall due, including:<br>• Repaying depositors or maturing wholesale debt; or<br>• The Group having insufficient capacity to fund increases in assets. | Key principles in managing our Liquidity and Funding Risk include:<br>• 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; and<br>• Longer-term scenarios are in place that measure the structural liquidity position of the balance sheet. | |

| Risk type | Description | Managing the risk | Material ESG issues |
|---|---|---|---|
| **Market Risk** | The risk to the Group's earnings arising from:<br>• Changes in any interest rates, foreign exchange rates, credit spreads, volatility, and correlations; or<br>• 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 outcomes 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, or damage arising from inadequate or failed internal processes, people and systems, but excludes strategic risk. | The Group's foundational operational risk policy is the Operational Risk Approach. The Operational Risk Approach and its supporting requirements includes management and measurement of operational risks and compliance with laws, regulations, industry standards, codes and principles of good governance, and internal policies and procedure. The Group takes 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, which respecting the specific obligations of each jurisdiction in which the Group operates. | |
| **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. | |
| **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.<br><br>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. | 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.<br><br>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 in a structured environment with appropriate governance oversight. | |

# Performance overview

## GROUP PERFORMANCE

The results of the Group's operations and financial position are set out on pages 56-71. Page 11 outlines the Group's strategy and pages 10-28 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 51-55.

### CORONAVIRUS (COVID-19)

The COVID-19 pandemic continues to cause major disruptions to community health and economic activities with wide-ranging impacts across many business sectors in Australia, New Zealand and globally.

During the 2021 financial year, the spread of the Delta variant resulted in new and extended lockdowns in Sydney, Melbourne and Auckland. The Group continues to offer support to our customers to counteract the impact of COVID-19, however loan deferrals at 30 September 2021 were less significant than the previous financial year. Facilities which transitioned to interest-only or took up term extensions offered as a result of COVID-19, are now subsumed within the normal loan population and are managed accordingly.

The ramifications of COVID-19 remain uncertain and it is difficult to predict the ongoing impact or duration of the pandemic and relaxation of restrictions. In preparing the financial statements, we made various accounting estimates for future events based on forecasts of economic conditions which reflect expectations and assumptions as at 30 September 2021 that we believe are reasonable under the circumstances.

While pervasive across the financial statements, the estimation uncertainty is predominantly related to expected credit losses (ECL) where we recognised a credit impairment release of $567 million pre-tax in the 2021 financial year (2020: $2,738 million charge). The credit impairment release in the current period was primarily driven by the release of allowance for collectively assessed ECL largely reflecting the impact of an improved economic outlook relative to the outlook at 30 September 2020, together with improvements in portfolio mix.

## GROUP PROFIT RESULTS

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Income Statement | Statutory $m | Cash $m | Statutory $m | Cash $m |
| Net interest income | 14,161 | 14,161 | 14,049 | 14,049 |
| Other operating income | 3,259 | 3,286 | 3,588 | 3,703 |
| Operating income | 17,420 | 17,447 | 17,637 | 17,752 |
| Operating expenses | (9,051) | (9,051) | (9,383) | (9,383) |
| Profit before credit impairment and income tax | 8,369 | 8,396 | 8,254 | 8,369 |
| Credit impairment (charge)/release | 567 | 567 | (2,738) | (2,738) |
| Profit before income tax | 8,936 | 8,963 | 5,516 | 5,631 |
| Income tax expense | (2,756) | (2,764) | (1,840) | (1,872) |
| Non-controlling interests | (1) | (1) | (1) | (1) |
| **Profit after tax from continuing operations** | 6,179 | 6,198 | 3,675 | 3,758 |
| Profit/(Loss) after tax from discontinued operations | (17) | (17) | (98) | (98) |
| **Profit for the year** | 6,162 | 6,181 | 3,577 | 3,660 |

Statutory profit after tax for the year ended 30 September 2021 increased 72% on the prior year to $6,162 million. Statutory return on equity is 9.9% and statutory earnings per share is 217.1 cents, an increase of 72% 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 57 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 2021 Financial Report.

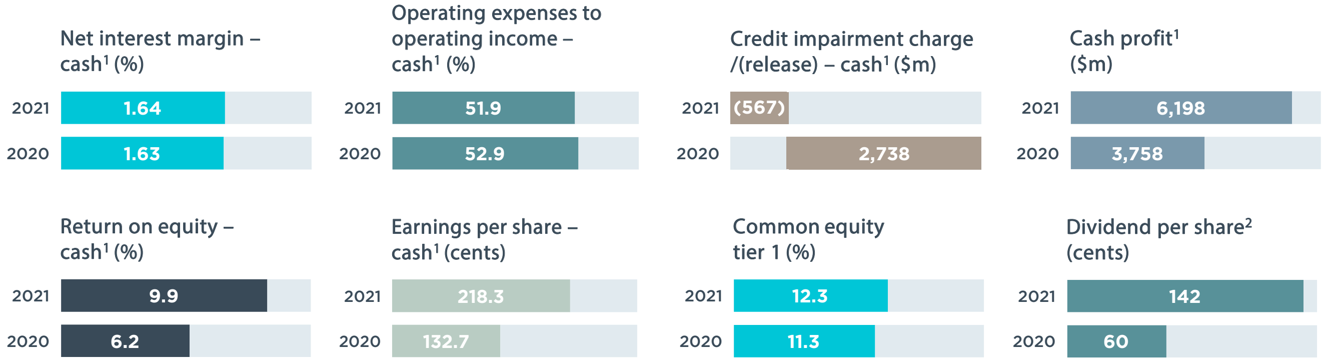
Cash profit is not subject to audit by the external auditor. Our external auditor has informed the Audit Committee that adjustments between statutory and cash profit have been determined on a consistent basis across each of the periods presented.

### DISCONTINUED OPERATIONS

We completed the sale of our aligned dealer groups business and our OnePath pensions and investment business to IOOF Holdings Limited, and our life insurance business to Zurich Financial Services Australia across the 2020 and 2019 financial years. The financial results of these 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 part recovery based on the respective Transition Service Agreements. There were no material financial impacts from the discontinued operations in the 2021 or 2020 financial years.

## CONTINUING OPERATIONS

Key measures of our financial position and performance are set out below.




1. Information has been presented on a cash profit from continuing operations basis.
2. The Directors propose a final dividend of 72 cents fully franked for Australia tax purposes (30% tax rate) and carry New Zealand imputation credits of NZD 8 cents per ordinary share.

### ADJUSTMENTS BEWEEN STATUTORY PROFIT AND CASH PROFIT ($m)

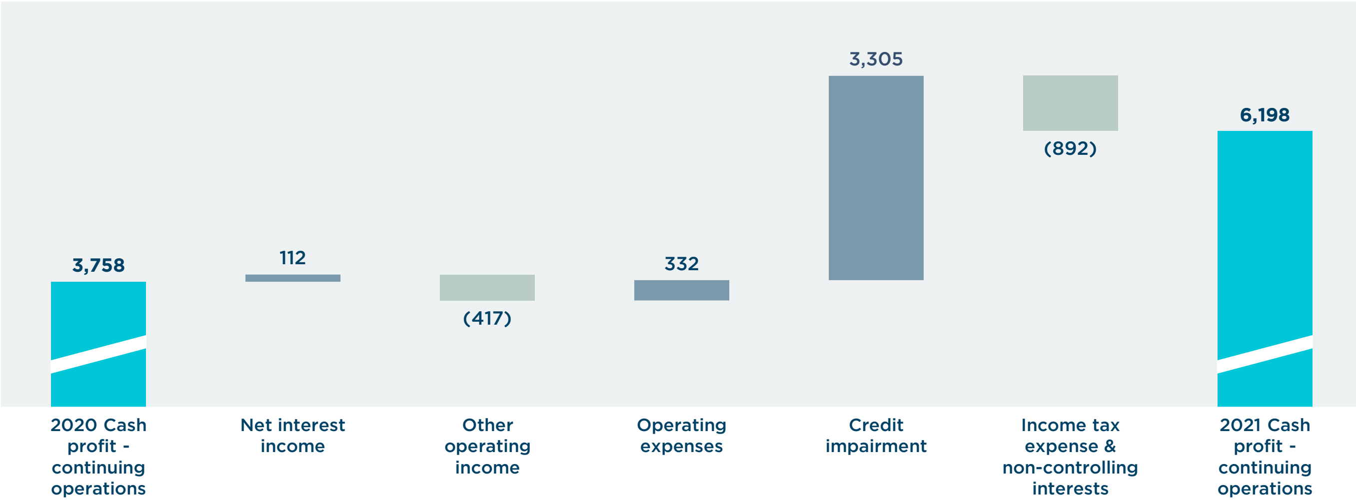

Adjustments between continuing operations statutory profit and cash profit are summarised below:

| Adjustment | Reason for the adjustment |
|---|---|
| Economic hedges<br>2021: ($77) million<br>2020: $121 million<br><br>Revenue and expense hedges<br>2021: $96 million<br>2020: ($36) 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. |
| Structured credit intermediation trades<br>2021: nil<br>2020: ($2) million | ANZ entered into a series of structured credit intermediation trades prior to the Global Financial Crisis involving the selling of credit default swaps (CDSs) as protection over specific debt structures and purchasing CDS protection over the same structures. We have subsequently exited our positions with the remaining two CDS deals having matured during the 2021 financial year. |

## 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)




| | 2021 $m | 2020 $m | Movt |
|---|---|---|---|
| Net interest income | 14,161 | 14,049 | 1% |
| Other operating income | 3,286 | 3,703 | -11% |
| Operating income | 17,447 | 17,752 | -2% |
| Operating expenses | (9,051) | (9,383) | -4% |
| Profit before credit impairment and income tax | 8,396 | 8,369 | 0% |
| Credit impairment (charge)/release | 567 | (2,738) | large |
| Profit before income tax | 8,963 | 5,631 | 59% |
| Income tax expense | (2,764) | (1,872) | 48% |
| Non-controlling interests | (1) | (1) | 0% |
| Cash profit from continuing operations | 6,198 | 3,758 | 65% |

**Cash profit from continuing operations** increased $2,440 million (65%) compared with the 2020 financial year.

**Net interest income** increased $112 million (1%) driven by 1 bps increase in net interest margin. The increase of 1 bps was driven by deposit margin management across all divisions, favourable wholesale funding costs, and a reduction in lower margin Markets average interest earning assets as a result of lower reverse repurchase agreements. This was partially offset by growth in lower yielding liquid assets and the impact of low interest rates on earnings on capital and replicating deposits. Average interest earning assets increased $0.8 billion driven by higher central bank balances, higher liquid assets, and home lending growth across the New Zealand and Australia Retail and Commercial divisions. This was partially offset by a decrease in Institutional lending, lower reverse repurchase agreements and the impact of foreign currency translation movements.

**Other operating income** decreased $417 million (-11%) driven by a decrease of $754 million in Markets other operating income following normalisation of financial market conditions and the impact of surplus system liquidity, a decrease in share of associates' profit of $331 million, a loss of $251 million associated with the disposal of ANZ Share Investing, and a decrease in net fee and commission income driven by lower volumed related fees due to the impact of COVID-19. This was partially offset by the impairment of Asian associates of $815 million in the prior year and favourable adjustments to loans measured at fair value.

**Operating expenses** decreased $332 million (-4%) driven by an accelerated software amortisation charges of $197 million, goodwill impairment of $77 million and lease-related items of $50 million all in the prior year, lower restructuring expenses of $34 million and productivity benefits, partially offset by higher investment spend and a litigation settlement of $69 million.

**Credit impairment charges** decreased $3,305 million driven by a decrease in the collectively assessed credit impairment charges reflecting an improved economic outlook together with improvements in portfolio mix, and a decrease in individually assessed credit impairment charges.

## 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) on sale from divestments | 2021 $m | 2020 $m |
|---|---|---|
| UDC Finance (UDC) | - | (34) |
| New Zealand legacy insurance portfolio | 13 | - |
| ANZ Share Investing | (251) | - |
| **Divested business results** | | |
| UDC Finance (UDC) | - | 57 |
| **Other large/notable items** | | |
| Customer remediation | (221) | (279) |
| Litigation settlements | (48) | - |
| Accelerated software amortisation | - | (138) |
| Asian associate impairments | - | (815) |
| Asian associate items | (347) | (66) |
| Lease-related items | - | (34) |
| Restructuring | (92) | (115) |
| Goodwill write-off | - | (77) |

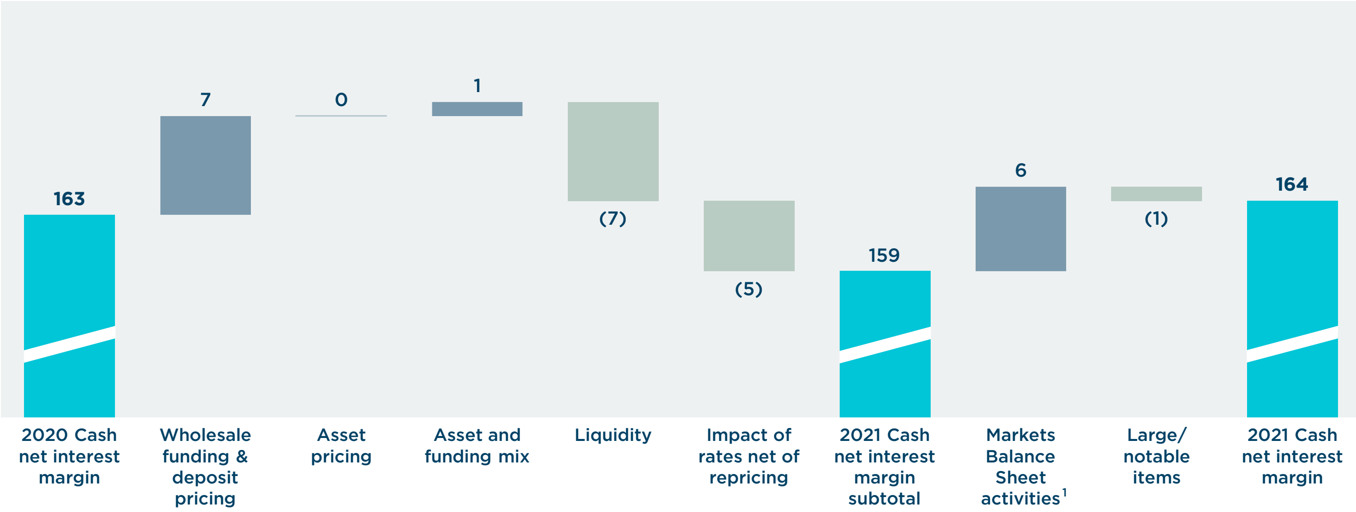
Description of large/notable items:

| Item | Description |
|---|---|
| Gain/(Loss) on sale from divestments | The 2021 financial year included a loss on disposal of ANZ Share Investing, and a gain on sale of the New Zealand legacy insurance portfolio. The 2020 financial year included a loss on sale of the UDC business. |
| Divested business results | The 2020 financial year included the divested business results of UDC. |
| Customer remediation | Customer remediation includes provisions for expected refunds to customers, remediation project costs and related customer and regulatory claims, penalties and litigation outcomes. |
| Litigation settlements | During the 2021 financial year, the Group reached an agreement to settle a United States class action related to the Bank Bill Swap Rate (BBSW) and the trading of BBSW-based products. The settlement is without admission of liability and remains subject to negotiation and execution of complete settlement terms as well as court approval. The Group recognised a provision in relation to the settlement and related expenses during the year. |
| Accelerated software amortisation | During the 2020 financial year, the Group recognised an accelerated amortisation charge arising from the revised application of the Group's software amortisation policy in the 2020 financial year reflecting the shorter useful life of software caused by rapidly changing technology and business requirements. |
| Asian associate impairments | During the 2020 financial year, the Group recognised an impairment in respect of two of the Group's investments to adjust their carrying values in line with their value-in-use calculations. No further impairments were recognised in the 2021 financial year (refer to Note 26 Investments in Associates in the Financial Report for further details). |
| Asian associate items | The Group recognised the following adjustments to equity accounted earnings from its Asian associates:<br>• AmBank 1MDB settlement: 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), the Group recognised a $212 million reduction in equity accounted earnings after tax reflecting its share of the settlement provision during the 2021 financial year.<br>• AmBank goodwill impairment: during the 2021 financial year, AmBank partially impaired goodwill and the Group recognised a $135 million reduction in equity accounted earnings after tax reflecting its share of the impairment.<br>• PT Panin AASB 9 adjustment: when the Group adopted AASB 9 *Financial Instruments* on 1 October 2018, an estimate of PT Bank Pan Indonesia (PT Panin)'s transition adjustment was recognised through opening retained earnings to align accounting policies. PT Panin adopted AASB 9 during the 2020 financial year recognising a transition adjustment in retained earnings. The $66 million represents the Group's equity accounted share of the transition adjustment net of amounts previously adjusted by the Group on 1 October 2018. |
| Lease-related items | Following the adoption of the new lease accounting standard (AASB 16) on 1 October 2019, the Group recognised additional charges which were presented as a large/notable item at the time as the 2019 comparatives were prepared under the previous lease accounting standard (AASB 117). The ongoing AASB 16 impacts for the 2020 financial year are now presented on a consistent basis to the 2021 financial year. The residual lease related item relates to non-recurring items recognised in the 2020 financial year. |
| Restructuring | Restructuring charges largely related to business and property changes in Australia Retail and Commercial division and operational changes in Technology, Services & Operations (TSO) and Group Centre division. |
| Goodwill write-off | The Group recognised the following goodwill write-off during the 2020 financial year:<br>• Pacific division: the impact of COVID-19 on the economies of the Pacific region had been significant and conditions were expected to take some time to recover. Goodwill of $50 million was impaired.<br>• New Zealand division: as a result of changes in the economic environment and outlook, the Group announced its intention to begin winding up the Bonus Bonds business in the New Zealand division by 31 October 2020. As a result, the Group wrote off the associated goodwill of $27 million. |

## ANALYSIS OF CASH PROFIT PERFORMANCE

### Net interest income

**GROUP NET INTEREST MARGIN FROM CONTINUING OPERATIONS (bps)**




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

| | 2021 $m | 2020 $m | Movt |
|---|---|---|---|
| Net interest income[1] | 14,161 | 14,049 | 1% |
| Net interest margin (%) - cash[1] | 1.64 | 1.63 | 1 bps |
| Average interest earning assets | 863,691 | 862,882 | 0% |
| Average deposits and other borrowings | 712,540 | 679,336 | 5% |

1. Includes the major bank levy of -$346 million (2020: -$406 million).

**Net interest income** increased $112 million (1%) driven by 1 bps increase in net interest margin.

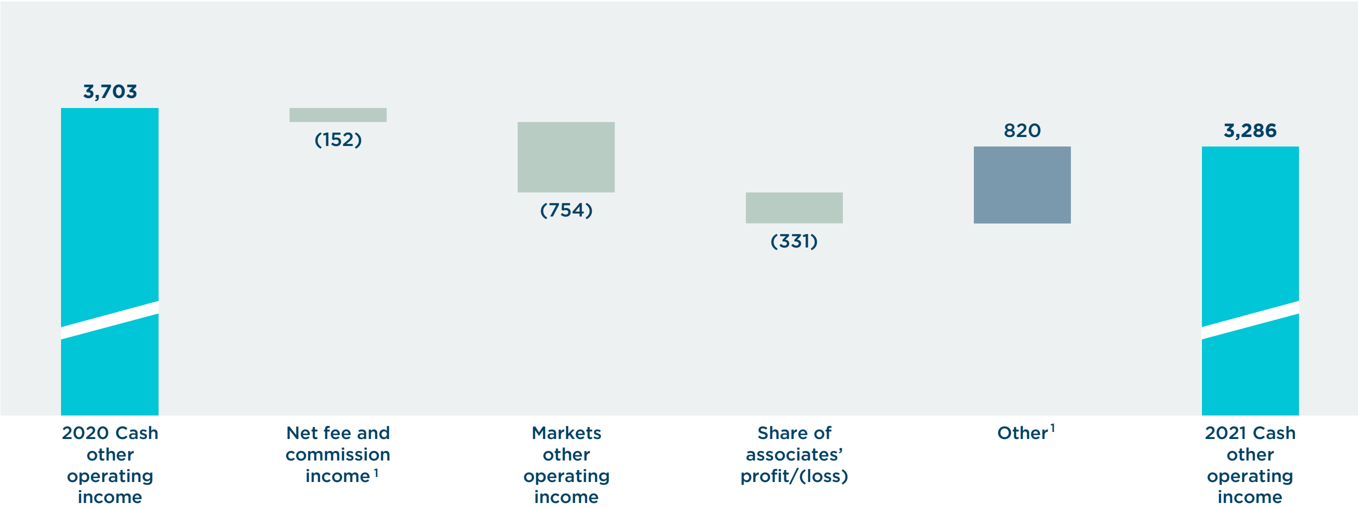
**Net interest margin** increased 1 bps driven by deposit margin management across all divisions, favourable wholesale funding costs, and reduction in lower margin Markets average interest earning assets as a result of lower reverse repurchase agreements. This was partially offset by growth in lower yielding liquid assets and the impact of low interest rate on earnings on capital and replicating deposits.

**Average interest earning assets** increased $0.8 billion (flat) driven by higher central bank balances, higher liquid assets, and home lending growth across the New Zealand and Australia Retail and Commercial divisions. This was partially offset by a decrease in Institutional lending, lower reverse repurchase agreements and the impact of foreign currency translation movements.

**Average deposits and other borrowings** increased $33.2 billion (5%) driven by growth in at-call deposits across all divisions and increases in commercial paper and certificates of deposit, partially offset by lower term deposits and the impact of foreign currency translation movements.

## Other operating income

**OTHER OPERATING INCOME ($m)**




| | 2021 $m | 2020 $m | Movt |
|---|---|---|---|
| Net fee and commission income[1] | 2,063 | 2,215 | -7% |
| Markets other operating income | 1,130 | 1,884 | -40% |
| Share of associates' profit/(loss) | (176) | 155 | large |
| Other[1] | 269 | (551) | large |
| Total cash other operating income | 3,286 | 3,703 | -11% |

1. Excluding the Markets business unit.

Net fee and commission income decreased $152 million (-7%) driven by lower volume related fees due to the impact of COVID-19, higher customer remediation, reduction or removal of fees, and reduced commission income from the wind-up of the Bonus Bonds business.

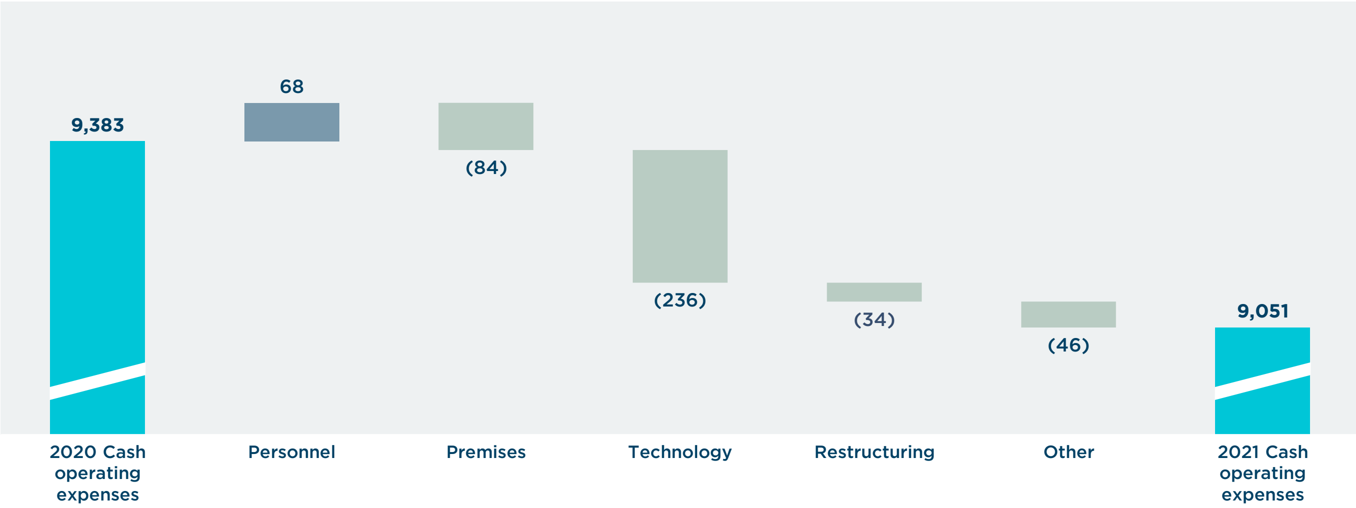
Markets other operating income decreased $754 million (-40%) driven by lower income across the Rates, Credit and Capital Markets, Foreign Exchange and Commodities businesses following normalisation of financial market conditions and the impact of surplus system liquidity, and a credit valuation adjustment gain in the prior year. This was partially offset by higher Balance Sheet income from net realised gains during the period and customer remediation provision releases.

Share of associates' profit decreased $331 million driven by the Group's equity accounted share of AmBank 1MDB settlement and goodwill impairment of $347 million, and a decrease in equity accounted share of profits of $52 million. This was partially offset by the Group's equity accounted share of PT Panin's transition adjustment on its adoption of AASB 9 of $68 million in the prior year.

Other increased $820 million driven by the impairment of the Asian associates of $815 million in the prior year, higher realised gains on economic hedges against foreign currency denominated revenue streams, favourable adjustments to loans measured at fair value in the Institutional division, higher insurance income and a loss on sale of the UDC business in the prior year. This was partially offset by the loss associated with the disposal of ANZ Share Investing of $251 million.

## Operating expenses

### OPERATING EXPENSES ($m)




| | 2021 $m | 2020 $m | Movt |
|---|---|---|---|
| Personnel | 4,946 | 4,878 | 1% |
| Premises | 705 | 789 | -11% |
| Technology | 1,588 | 1,824 | -13% |
| Restructuring | 127 | 161 | -21% |
| Other | 1,685 | 1,731 | -3% |
| Total cash operating expenses from continuing operations | 9,051 | 9,383 | -4% |
| Full time equivalent staff (FTE) from continuing operations | 39,684 | 37,506 | 6% |
| Average full time equivalent staff (FTE) from continuing operations | 38,043 | 37,728 | 1% |

**Personnel** expenses increased $68 million (1%) driven by an uplift in investment in digital capabilities, cloud enabled simplification and meeting regulatory and compliance obligations, as well as additional resourcing for COVID-19 hardship support, regulatory mandated complaints support and Home Loans operations. This was partially offset by the continued benefits enabled by customers embracing digital channels, and favourable foreign currency translation movements.

**Premises** expenses decreased $84 million (-11%) driven by ongoing optimisation of property footprint across all geographies and lower lease-related costs.

**Technology** expenses decreased $236 million (-13%) driven by accelerated amortisation of $197 million and lease-related items of $50 million in the prior year, benefits from vendor contract negotiations, lower amortisation and favourable foreign currency translation movements. This was partially offset by increased spend on investment initiatives.

**Restructuring** expenses decreased $34 million (-21%) driven by lower charges in the Australia Retail and Commercial and New Zealand divisions, partially offset by operational changes in the TSO and Group Centre division.

**Other** expenses decreased $46 million (-3%) driven by a goodwill write-off of $77 million in the prior year, lower travel expenses and lower freight and cartage. This was partially offset by increased spend on investment initiatives, and a litigation settlement of $69 million.

## Credit impairment

| | 2021 | 2020 | Movt |
|---|---|---|---|
| Collectively assessed credit impairment charge/(release) ($m) | (823) | 1,717 | large |
| Individually assessed credit impairment charge ($m) | 256 | 1,021 | -75% |
| **Credit impairment charge/(release) ($m)** | (567) | 2,738 | large |
| Gross impaired assets ($m) | 1,965 | 2,459 | -20% |
| Credit risk weighted assets ($b) | 342.5 | 360.0 | -5% |
| Total allowance for expected credit losses (ECL) ($m) | 4,882 | 5,899 | -17% |
| Individually assessed as % of gross impaired assets | 35.0% | 36.2% | |
| Collectively assessed as % of credit risk weighted assets | 1.22% | 1.39% | |

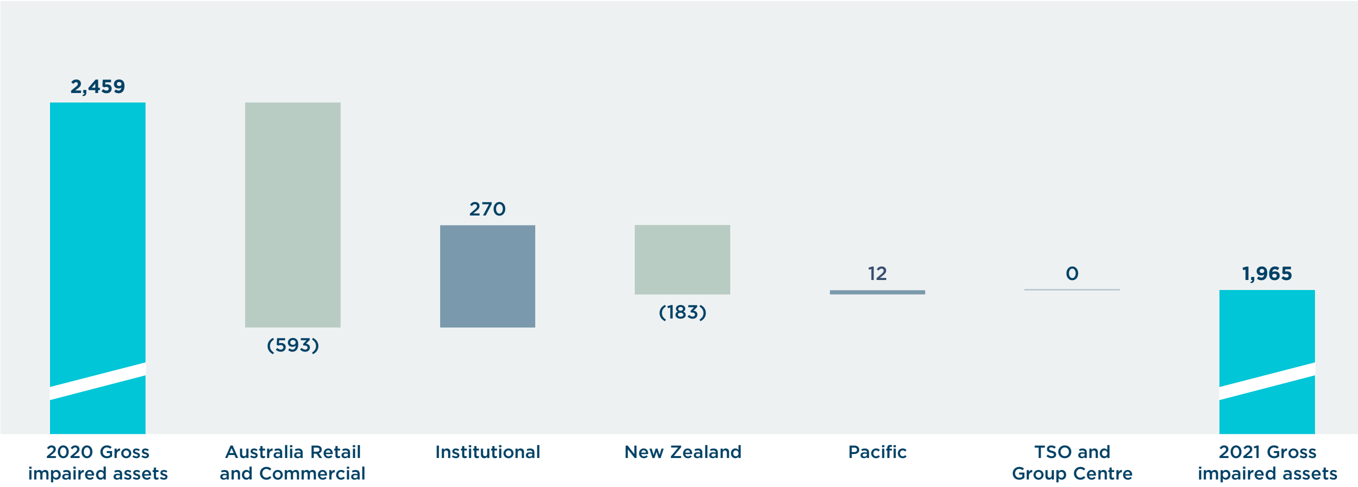
### COLLECTIVELY ASSESSED CREDIT IMPAIRMENT CHARGE/(RELEASE) ($m)


The collectively assessed credit impairment charge decreased $2,540 million. Collectively assessed credit impairment provision increased substantially in the prior year driven by the forward-looking impacts of the COVID-19 pandemic. Improvement in the economic outlook together with improvements in portfolio mix resulted in collectively assessed credit impairment provision releases in the current year.

### INDIVIDUALLY ASSESSED CREDIT IMPAIRMENT CHARGE ($m)


The individually assessed credit impairment charge decreased by $765 million (-75%). The decrease in the Australia Retail and Commercial division was driven by lower impairments as the underlying flows remained subdued due to the impact of various COVID-19 support initiatives. The decrease in the Institutional division was driven by a number of impairments in the prior year. The decrease in the New Zealand division was driven by lower transitions to impairment and the write-back of a large Agri customer.

## GROSS IMPAIRED ASSETS BY DIVISION ($m)




Gross impaired assets decreased $494 million (-20%). The decrease in the Australia Retail and Commercial division was driven by the repayment of a single name restructured exposure and decreases in the retail portfolio as underlying delinquency flows remained subdued due to the impact of various COVID-19 support initiatives. The decrease in the New Zealand division was driven by upgrade of a large Agri customer and a number of Agri asset sales. The increase in the Institutional division was driven by impairments of a small number of well secured single name exposures.

## TOTAL ALLOWANCE FOR EXPECTED CREDIT LOSSES ($m)


The collectively assessed allowance for expected credit losses decreased $813 million (-16%) driven by a reduction of $448 million from the improving economic outlook partially offset by changes to scenario weightings and an allowance for model uncertainty due to the continuing pandemic and reductions in government support programs, a reduction of $282 million due to lower lending volumes and changes in portfolio composition, and a reduction of $153 million attributable to changes in credit risk. This was partially offset by an increase of $60 million in management adjustments and an increase of $10 million from foreign currency translation movements.

The individually assessed allowance for expected credit losses decreased $204 million (-23%) due to the impact of COVID-19 support initiatives.

## DIVISIONAL PERFORMANCE

| 2021 | Australia Retail and Commercial | Institutional | New Zealand | Pacific | TSO and Group Centre | Group |
|---|---|---|---|---|---|---|
| Net interest margin | 2.58% | 0.81% | 2.33% | 2.98% | n/a | 1.64% |
| Operating expenses to operating income | 45.3% | 49.1% | 39.7% | 89.4% | n/a | 51.9% |
| Cash profit from continuing operations ($m) | 3,617 | 1,887 | 1,508 | (3) | (811) | 6,198 |
| Net loans and advances ($b) | 341.2 | 158.2 | 128.5 | 1.8 | - | 629.7 |
| Customer deposits ($b) | 252.5 | 239.6 | 97.7 | 3.8 | - | 593.6 |
| Number of FTE | 14,480 | 5,332 | 7,060 | 1,089 | 11,723 | 39,684 |

| 2020 | Australia Retail and Commercial | Institutional | New Zealand | Pacific | TSO and Group Centre | Group |
|---|---|---|---|---|---|---|
| Net interest margin | 2.59% | 0.76% | 2.26% | 3.10% | n/a | 1.63% |
| Operating expenses to operating income | 45.1% | 43.9% | 44.8% | 106.2% | n/a | 52.9% |
| Cash profit from continuing operations ($m) | 2,337 | 1,854 | 1,017 | (62) | (1,388) | 3,758 |
| Net loans and advances ($b) | 339.4 | 157.6 | 116.6 | 1.9 | 1.6 | 617.1 |
| Customer deposits ($b) | 234.6 | 223.3 | 91.0 | 3.5 | - | 552.4 |
| Number of FTE | 14,078 | 5,291 | 6,679 | 1,113 | 10,345 | 37,506 |

## DIVISIONAL PERFORMANCE

### Australia Retail and Commercial

Lending volumes increased driven by home loan growth, partially offset by lower unsecured lending due to COVID-19 lockdown impacts and a decrease in commercial lending. Net interest margin decreased driven by unfavourable lending mix from stronger growth in lower margin fixed rate home loans, deposit margin compression and lower earnings on capital. This was mostly offset by deposit and asset repricing benefits, favourable funding deposit mix due to strong deposit growth, and lower funding costs. Other operating income decreased driven by the loss associated with the disposal of ANZ Share Investing and lower credit card and international transaction volumes due to COVID-19 impacts. Operating expenses decreased driven by productivity benefits, lower restructuring expenses, and lease-related items and accelerated amortisation in the prior year. This was partially offset by higher investment spend and customer remediation. Credit impairment charges decreased driven by a collectively assessed credit impairment release reflecting an improved economic outlook, and lower individually assessed credit impairment charge as the underlying flows remained subdued due to the impact of various COVID-19 support initiatives.

### Institutional

Lending volumes increased in Corporate Finance and Transaction Banking, partially offset by a decrease in Markets. Customer deposits increased in Transaction Banking and Markets. Net interest margin ex-Markets increased driven by improved lending margins. Other operating income decreased driven by lower Markets revenue following normalisation of financial market conditions and the impact of surplus system liquidity, partially offset by lower customer remediation. Other operating expenses decreased driven by productivity benefits and accelerated amortisation in the prior year, partially offset by a litigation settlement and higher restructuring expenses. Credit impairment charges decreased driven by a collectively assessed credit impairment release reflecting an improved economic outlook, and lower individually assessed credit impairment charges in Transaction Banking.

### New Zealand

Lending volumes increased driven by home loan growth. Net interest margin increased driven by favourable deposit mix, lower funding costs and deposit repricing benefits, partially offset by headwinds from lower home loan margins due to competition, unfavourable lending mix with growth weighted to fixed rate home loans, and lower income post UDC sale completion in the prior year. Operating expenses decreased driven by lower customer remediation and restructuring expenses, lower expenses post UDC sale completion, realisation of productivity benefits, and goodwill impairment and accelerated software amortisation in the prior year. This was partially offset by higher personnel costs and investment spend. Credit impairment charges decreased driven by collectively assessed credit impairment release reflecting an improved economic outlook, and lower individually assessed credit impairment charge due lower transitions to impairment and the write-back of a large Agri customer.

### Pacific

Operating income decreased driven by the full year impact of Commercial portfolio repricing and reduced card fees due to border closures. Operating expenses were lower largely due to a goodwill write-off in the prior year. Credit impairment charges decreased driven by lower collectively assessed credit impairment charges.

### TSO and Group Centre

The 2021 financial year included the losses from the Group's share of AmBank 1MDB settlement and goodwill impairment. The 2020 financial year included the impairment of the Asian associates and a loss on sale of UDC.

## FINANCIAL POSITION OF THE GROUP – INCLUDING DISCONTINUED OPERATIONS

### Condensed balance sheet

| | As at | | |
|---|---|---|---|
| | 2021 $b | 2020 $b | Movt |
| **Assets** | | | |
| Cash / Settlement balances owed to ANZ / Collateral paid | 168.0 | 129.7 | 30% |
| Trading and investment securities | 127.8 | 144.3 | -11% |
| Derivative financial instruments | 38.7 | 135.3 | -71% |
| Net loans and advances | 629.7 | 617.1 | 2% |
| Other | 14.7 | 15.9 | -8% |
| **Total assets** | 978.9 | 1,042.3 | -6% |
| **Liabilities** | | | |
| Settlement balances owed by ANZ / Collateral received | 23.1 | 31.5 | -27% |
| Deposits and other borrowings | 743.1 | 682.3 | 9% |
| Derivative financial instruments | 36.0 | 134.7 | -73% |
| Debt issuances | 101.1 | 119.7 | -16% |
| Other | 11.9 | 12.8 | -7% |
| **Total liabilities** | 915.2 | 981.0 | -7% |
| **Total equity** | 63.7 | 61.3 | 4% |

**Cash / Settlement balances owed to ANZ / Collateral paid** increased $38.3 billion (30%) driven by an increase in balances with central banks, partially offset by decreases in reverse repurchase agreements, collateral paid and the impact of foreign currency translation movements.

**Trading and investment securities** decreased $16.5 billion (-11%) driven by a decrease in liquid assets in Markets.

**Derivative financial assets and liabilities** decreased $96.6 billion (-71%) and $98.7 billion (-73%) respectively driven by a reduction following a change in legal arrangements for the settlement of derivative transactions with a central clearing counterparty (reduction of $55.1 billion in derivative assets and $55.2 billion in derivative liabilities), and the impact of market rate movements.

**Net loans and advances** increased $12.6 billion (2%) driven by increases across the New Zealand ($8.2 billion) and Australia Retail and Commercial ($1.9 billion) divisions reflecting home loan growth, and the impact of foreign currency translation movements.

**Settlement balances owed by ANZ / Collateral received** decreased $8.4 billion (-27%) driven by decreases in collateral received and cash clearing account balances.

**Deposits and other borrowings** increased $60.8 billion (9%) driven by increases in customer deposits across the Australia Retail and Commercial ($17.9 billion), Institutional ($17.6 billion) and New Zealand ($3.9 billion) divisions, increases in commercial paper ($16.5 billion) and certificates of deposit ($5.2 billion), a further $8.1 billion drawdown of the RBA Term Funding Facility (TFF) and $1.2 billion drawdown of the Reserve Bank of New Zealand's (RBNZ) Funding for Lending Programme (FLP) and Term Lending Facility (TLF), and the impact of foreign currency translation movements. This was partially offset by decreases in deposits from banks and repurchase agreements ($10.0 billion).

**Debt issuances** decreased $18.6 billion (-16%) driven by lower senior debt issuances which were partially replaced by the further drawdown of the TFF, classified in Deposits and other borrowings.

## Funding

| | 2021 $b | 2020 $b |
|---|---|---|
| Customer liabilities | 601.7 | 561.3 |
| Wholesale funding | 274.3 | 277.5 |
| Shareholders' equity | 63.7 | 61.3 |
| Total funding | 939.7 | 900.1 |
| Net Stable Funding Ratio | 124% | 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.

$10.7 billion of term wholesale debt with a remaining term greater than one year as at 30 September 2021 was issued during the year. In addition, the Group drew down $8.1 billion of supplementary TFF funding in Australia.

**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 Authorised Deposit-taking Institutions (ADIs) at a fixed rate of 0.25%. APRA has determined that the TFF qualifies for inclusion in determining the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). ADIs can obtain initial funding of up to 3% of their existing credit outstanding to Australian households and businesses, and have access to additional funding if they increase lending to business, especially to small and medium-sized businesses. As at 30 September 2021, ANZ had drawn $20.1 billion under the RBA's TFF. The TFF closed to drawdowns on 30 June 2021.

**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 three to 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 NZ banks at a floating rate of the New Zealand Official Cash Rate (OCR). New Zealand Banks can 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). An additional allocation of up to 2% of eligible loans is available, subject to certain conditions. The additional allocation is available until 6 December 2022, and the initial allocation is available until 6 June 2022.

As at 30 September 2021, ANZ Bank New Zealand Limited had drawn $0.3 billion under the TLF and $0.9 billion under the FLP.

## Liquidity

| | Average 2021 | 2020 |
|---|---|---|
| Total liquid assets ($b) [1] | 225.9 | 213.9 |
| Liquidity Coverage Ratio (LCR) [1] | 137% | 139% |

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 3 LCR:

- Highest-quality liquid assets (HQLA1): 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 (HQLA2): 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 (ALA): assets qualifying as collateral for the Committed Liquidity Facility (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.

COVID-19 has impacted the normal operations of financial markets including funding markets, however the actions of governments globally and central banks including the RBA, RBNZ and the US Federal Reserve have provided significant liquidity support to the system and financial markets generally. ANZ's liquidity measures have remained above the regulatory minimum of 100% throughout this period.

## Capital management

| | 2021 | 2020 | Movt |
|---|---|---|---|
| Common Equity Tier 1 (Level 2) | | | |
| - APRA Basel 3 | 12.3% | 11.3% | |
| Credit risk weighted assets ($b) | 342.5 | 360.0 | -5% |
| Total risk weighted assets ($b) | 416.1 | 429.4 | -3% |
| APRA Leverage ratio | 5.5% | 5.4% | |

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 12.3% based on APRA Basel 3 standards, exceeding APRA's minimum requirements. It increased 100 bps driven by cash earnings, benefits from credit impairment release, partially offset by the impact of dividends during the year.

At 30 September 2021, the Group's APRA leverage ratio was 5.5% which is above the 3.5% proposed minimum for internal ratings-based approach ADI (IRB ADI), which includes ANZ.

## Dividends

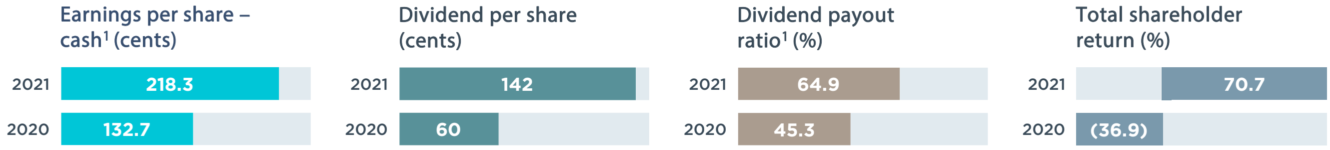
Our financial performance allowed us to propose that a final dividend of 72 cents be paid on each eligible fully paid ANZ ordinary share, bringing the total dividend for the year ended 30 September 2021 to 142 cents per share. This represents a dividend payout ratio of 64.9% of cash profit from continuing operations.

The proposed 2021 final dividend of 72 cents per share will be fully franked for Australian taxation purposes, and carry New Zealand imputation credits of NZD 8 cents per ordinary share. It will be paid on 16 December 2021 to owners of ordinary shares at the close of business on 9 November 2021 (record date).

ANZ has a Dividend Reinvestment Plan (DRP) and a Bonus Option Plan (BOP) that will operate in respect of the proposed 2021 final dividend. For the 2021 final dividend, ANZ intends to provide shares under the DRP through an on-market purchase and BOP through the issue of new shares.

Further details on dividends provided for or paid during the year ended 30 September 2021 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

| | | 2021 $m | 2020 $m | 2019 $m | 2018 $m | 2017 $m |
|---|---|---|---|---|---|---|
| **Financial performance - cash**[1] | | | | | | |
| Net interest income | | **14,161** | 14,049 | 14,339 | 14,514 | 14,875 |
| Other operating income | | **3,286** | 3,703 | 4,690 | 4,853 | 4,941 |
| Operating expenses | | **(9,051)** | (9,383) | (9,071) | (9,401) | (8,967) |
| Profit before credit impairment and income tax | | **8,396** | 8,369 | 9,958 | 9,966 | 10,849 |
| Credit impairment charge | | **567** | (2,738) | (795) | (688) | (1,199) |
| Income tax expense | | **(2,764)** | (1,872) | (2,678) | (2,775) | (2,826) |
| Non-controlling interests | | **(1)** | (1) | (15) | (16) | (15) |
| **Cash profit from continuing operations**[1] | | **6,198** | 3,758 | 6,470 | 6,487 | 6,809 |
| Cash profit/(loss) from discontinued operations | | **(17)** | (98) | (309) | (682) | 129 |
| **Cash profit** | | **6,181** | 3,660 | 6,161 | 5,805 | 6,938 |
| Adjustments to arrive at statutory profit[1] | | **(19)** | (83) | (208) | 595 | (532) |
| **Profit attributable to shareholders of the Company** | | **6,162** | 3,577 | 5,953 | 6,400 | 6,406 |
| **Financial position** | | | | | | |
| Assets | | **978,857** | 1,042,286 | 981,137 | 943,182 | 897,326 |
| Net assets | | **63,676** | 61,297 | 60,794 | 59,405 | 59,075 |
| Common Equity Tier 1 | | **12.3%** | 11.3% | 11.4% | 11.4% | 10.6% |
| Common Equity Tier 1 – Internationally Comparable Basel 3[2] | | **18.3%** | 16.7% | 16.4% | 16.8% | 15.8% |
| Return on average ordinary equity (statutory)[3] | | **9.9%** | 5.9% | 10.0% | 10.9% | 11.0% |
| Return on average assets (statutory) | | **0.6%** | 0.3% | 0.6% | 0.7% | 0.7% |
| Cost to income ratio (cash)[1] | | **52.2%** | 53.8% | 49.5% | 52.0% | 46.1% |
| **Shareholder value – ordinary shares** | | | | | | |
| Total return to shareholders (share price movement plus dividends) | | **70.7%** | -36.9% | 9.2% | 0.6% | 13.1% |
| Market capitalisation | | **79,483** | 48,839 | 80,842 | 80,979 | 86,948 |
| Dividend (cents) | | **142** | 60 | 160 | 160 | 160 |
| Franked portion | – interim | **100%** | 100% | 100% | 100% | 100% |
| | – final | **100%** | 100% | 70% | 100% | 100% |
| Share price | – high (dollars) | **$29.64** | $28.67 | $29.30 | $30.80 | $32.95 |
| | – low (dollars) | **$16.97** | $14.10 | $22.98 | $26.08 | $25.78 |
| | – closing (dollars) | **$28.15** | $17.22 | $28.52 | $28.18 | $29.60 |
| **Share information** (per fully paid ordinary share) | | | | | | |
| Earnings per share (cents) (statutory) | | **217.1** | 126.4 | 210.0 | 221.6 | 220.1 |
| Dividend payout ratio (statutory) | | **65.3%** | 47.6% | 76.2% | 72.1% | 73.4% |
| Net tangible assets per ordinary share[4] | | **$21.09** | $20.04 | $19.59 | $18.47 | $17.66 |
| No. of fully paid ordinary shares issued (millions) | | **2,824** | 2,840 | 2,835 | 2,874 | 2,937 |
| Dividend reinvestment plan (DRP) issue price | | | | | | |
| | – interim | **$27.91** | $18.06 | $27.79 | $27.76 | $28.80 |
| | – final | **-** | $22.19 | $25.03 | $26.03 | $29.02 |
| **Other information** | | | | | | |
| No. of employees (full time equivalents) | | **40,221** | 38,579 | 39,060 | 39,924 | 44,896 |
| No. of shareholders | | **534,166** | 553,171 | 506,847 | 509,238 | 522,425 |

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 applied for 2017–2021 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. Equals shareholders' equity less total non-controlling interests, goodwill and other intangible assets, divided by the number of ordinary shares.

## Five year summary (continued)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Fair and responsible banking** | | | | | |
| **Net Promoter Score Ranking (relative to peers)** | | | | | |
| Australia Retail[1] | 4 | 3 | 4 | 3 | 4 |
| Australia Commercial[2] | 4 | 4 | 3 | 3 | 4 |
| Australia Institutional[3] | 2 | 1 | 1 | 1 | 2 |
| 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 | 3 |
| **Code of Conduct** | | | | | |
| Breaches | 573 | 569 | 784 | 1,114 | 1,443 |
| Investigations resulting in termination | 114 | 93 | 151 | 226 | 262 |
| Whistleblower reports | 157 | 157 | 156 | 137 | 121 |
| **Financial Wellbeing** | | | | | |
| **People reached by our financial inclusion programs[7]** | >67,600 | >61,352 | >90,850 | >88,224 | >80,074 |
| **Employees** | | | | | |
| Employee Engagement (%)[8] | 81 | 86 | 77 | 73 | 72 |
| Total Women in Leadership (%)[9] | 35.3 | 33.4 | 32.5 | 32.0 | 31.1 |
| Recruitment of people from under-represented groups[10] | 255 | 185 | 224 | 260 | 250 |
| **Community** | | | | | |
| Total community investment ($million)[11] | 139.7 | 139.5 | 142.2 | 136.9 | 131.1 |
| Volunteer hours | 54,645 | 66,402 | 134,930 | 124,113 | 113,127 |
| Employee volunteering participation rate (%)[12] | 15.5 | 20.5 | 42.4 | 34.6 | 29.4 |
| **Sustainable Finance** | | | | | |
| **Total funded or facilitated towards:** | | | | | |
| Environmentally sustainable solutions (AU$ billion) | 9.18 | 7.57 | 7.60 | 4.65 | 4.51 |
| Housing (AU$ billion)[13] | 1.40 | 1.45 | | | |
| Other social (AU$ billion)[14] | 2.29 | 0.06 | | | |
| **Environmental Sustainability** | | | | | |
| **Environmental footprint** | | | | | |
| Total scope 1 & 2 ($tCO_2e$) | 111,409 | 134,093 | 156,568 | 171,012 | 180,993 |
| Total scope 1, 2 & 3 GHG emissions ($tCO_2e$) | 153,697 | 203,700 | 250,857 | 266,906 | 273,216 |
| **Project finance portfolio[15]** | | | | | |
| Renewables (%) | 88 | 87 | 83 | 76 | 70 |
| Coal (%) | 3 | 5 | 9 | 13 | 16 |
| Gas (%) | 9 | 7 | 8 | 10 | 13 |
| Project finance commitment to renewable energy ($million) | 1,425 | 1,501 | 1,371 | 1,076 | 1,141 |

**1.** Roy Morgan Single Source, Australian population aged 14+, Main Financial Institution, six-month rolling average to Sep'17, Sep'18, Sep'19, Sep'20 & Sep'21. 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'17, Sep'18, Sep'19, Sep'20 & Sep'21. Ranking based on the four major Australian banks. **3.** Peter Lee Associates, 2017–2020 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'17, Sep'18, Sep'19, Sep'20 & Sep'21. Ranking based on the five major New Zealand banks. **5.** Business Finance Monitor, TNS Kantar Research. Base: Commercial ($3 million–$150 million annual turnover) and Agricultural (>500K annual turnover) customers. Four quarter rolling average to Q3'17, Q3'18, Q3'19, Q3'20 & Q3'21. Ranking based on the five major New Zealand commercial/agricultural banks. **6.** Peter Lee Associates Large Corporate Relationship Banking surveys, New Zealand 2017–2021, ranked against the Top 4 competitors. **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.** The 2017 engagement survey was run as a pulse survey sent to 10% of the bank's employees with a 57% response rate. **9.** 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). **10.** Including Aboriginal and Torres Strait Islander peoples, people with disability and refugees. **11.** 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. **12.** Commenced reporting in 2017. **13.** Commenced reporting in 2020. **14.** 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. **15.** Breakdowns for 2020, 2018 and 2017 do not total to 100% due to rounding.

# 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 shareholder feedback has told us are of the most interest. The full Remuneration Report is contained in the Annual Report from page 74 onwards – it includes discussion of the Board's considerations around executive remuneration outcomes, with particular detail for the CEO, together with outlining our remuneration strategy and framework. The report can be accessed via the ANZ website at anz.com/annualreport.

## NED REMUNERATION

The Human Resources (HR) Committee reviewed NED fees for 2021 and determined not to increase their fees.

### 2021 STATUTORY REMUNERATION – NEDS

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

In addition to the fees shown below, Sir John Key also received NZD 391,000 in each of 2020 and 2021 for his role as Chairman for ANZ Bank New Zealand Limited.

#### 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[4]** | 2021 | 764,033 | 19,931 | 22,163 | 806,127 |
| | 2020 | 243,331 | – | 19,207 | 262,538 |
| **I Atlas** | 2021 | 322,337 | – | 22,163 | 344,500 |
| | 2020 | 323,324 | – | 21,176 | 344,500 |
| **P Dwyer** | 2021 | 365,000 | – | – | 365,000 |
| | 2020 | 354,326 | – | 10,674 | 365,000 |
| **J Halton** | 2021 | 306,837 | – | 22,163 | 329,000 |
| | 2020 | 307,824 | – | 21,176 | 329,000 |
| **J Key** | 2021 | 278,837 | – | 22,163 | 301,000 |
| | 2020 | 279,824 | – | 21,176 | 301,000 |
| **G Liebelt** | 2021 | 341,337 | – | 22,163 | 363,500 |
| | 2020 | 342,324 | – | 21,176 | 363,500 |
| **J Macfarlane** | 2021 | 296,337 | – | 22,163 | 318,500 |
| | 2020 | 297,324 | – | 21,176 | 318,500 |
| **Former Non-Executive Directors** | | | | | |
| **D Gonski[5]** | 2021 | 57,348 | 3,363 | 5,424 | 66,135 |
| | 2020 | 803,824 | – | 21,176 | 825,000 |
| **Total of all Non-Executive Directors** | 2021 | 2,732,066 | 23,294 | 138,402 | 2,893,762 |
| | 2020 | 2,952,101 | – | 156,937 | 3,109,038 |

**1.** Year-on-year differences in fees relate to changes in Committee memberships and changes to the superannuation Maximum Contribution Base. From 1 January 2020 to 30 September 2021, 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.** P O'Sullivan commenced as a NED on 4 November 2019 and as Chairman from 28 October 2020, so 2020 remuneration reflects a partial service year. **5.** D Gonski retired as Chairman on 28 October 2020, so 2021 remuneration reflects a partial service year.

# CEO AND DISCLOSED EXECUTIVES' REMUNERATION

## YEAR-ON-YEAR REMUNERATION AWARDED

### The awarded value may be higher or lower than future realised value

These tables show a year-on-year comparison of remuneration awarded to the CEO and Disclosed Executives for the 2019, 2020 and 2021 performance periods. Remuneration awarded includes any cash payments (e.g. fixed remuneration and cash variable remuneration) and the value of deferred shares and performance rights awarded for the year but which have not yet vested (i.e. the value was not received during the year).

2021 remuneration outcomes reflect both the overall performance of the Group and the variability in the performance of each individual/ Division. In particular, the outcomes for the CEO, the Group Executive, Australia Retail and Commercial Banking, and Group Executive, Digital and Australia Transformation, have been most impacted by the Australian mortgage business loan processing challenges and delivery delays in some areas of our digital transformation agenda.

Variable Remuneration outcomes for the CEO and Disclosed Executives are higher in 2021 compared to 2020. In 2020, the Board used its discretion and applied a 50% reduction to the 2020 variable remuneration outcomes (Annual Variable Remuneration (AVR) for the CEO and Variable Remuneration (VR) for Disclosed Executives), having regard to the impact of COVID-19 on the business, shareholders, as well as the broader community. If we compare 2021 to 2020 without the 50% COVID-19 reduction, the CEO's total remuneration would be lower.

The 2021 Long Term Variable Remuneration (LTVR) shown below has not yet been awarded to the CEO, approval will be sought from shareholders at the 2021 AGM.

### CEO

| | | | | | | Threshold vesting | | Full vesting | | AVR as % of | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Financial year | Fixed remuneration $ | AVR cash $ | AVR deferred shares $ | Total AVR $ | LTVR performance rights $ | Total remuneration awarded $ | LTVR performance rights $ | Total remuneration awarded $ | Target opport-unity | Maximum opport-unity |
| **CEO** | | | | | | | | | | | |
| **S Elliott** | 2021 | 2,500,000 | 1,000,000 | 1,000,000 | 2,000,000 | 1,750,000 | 6,250,000 | 3,500,000 | 8,000,000 | 80% | 53% |
| | 2020 | 2,500,000 | 625,000 | 625,000 | 1,250,000 | 1,750,000 | 5,500,000 | 3,500,000 | 7,250,000 | 50% | 33% |
| | 2019 | 2,100,000 | 750,000 | 750,000 | 1,500,000 | 2,100,000 | 5,700,000 | 4,200,000 | 7,800,000 | 71% | 48% |

## DISCLOSED EXECUTIVES

| | Financial year | Fixed remuneration $ | VR cash $ | VR deferred shares[1] $ | Threshold vesting: VR performance rights[2] $ | Threshold vesting: Total remuneration awarded $ | Full vesting: VR performance rights[2] $ | Full vesting: Total remuneration awarded $ | VR as % of: Target opport-unity | VR as % of: Maximum opport-unity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Current Disclosed Executives** | | | | | | | | | | |
| **S Buggle** | 2021 | 704,000 | 462,000 | 462,000 | 476,000 | 2,104,000 | 952,000 | 2,580,000 | 99% | 66% |
| | (8 months Acting in role) | | | | | | | | | |
| **M Carnegie** | 2021 | 1,200,000 | 569,250 | 569,250 | 586,500 | 2,925,000 | 1,173,000 | 3,511,500 | 72% | 48% |
| | 2020 | 1,200,000 | 409,200 | 409,200 | 421,600 | 2,440,000 | 843,200 | 2,861,600 | 52% | 34% |
| | 2019 | 1,000,000 | 495,000 | 495,000 | 510,000 | 2,500,000 | 1,020,000 | 3,010,000 | 75% | 50% |
| **K Corbally** | 2021 | 1,100,000 | 613,800 | 613,800 | 632,400 | 2,960,000 | 632,400 | 2,960,000 | 94% | 63% |
| | 2020 | 1,100,000 | 429,000 | 429,000 | 442,000 | 2,400,000 | 442,000 | 2,400,000 | 66% | 44% |
| | 2019 | 950,000 | 478,500 | 478,500 | 493,000 | 2,400,000 | 493,000 | 2,400,000 | 85% | 57% |
| **G Florian** | 2021 | 1,084,500 | 676,500 | 676,500 | 697,000 | 3,134,500 | 1,394,000 | 3,831,500 | 95% | 63% |
| | 2020 | 1,075,000 | 371,250 | 371,250 | 382,500 | 2,200,000 | 765,000 | 2,582,500 | 52% | 35% |
| **M Hand** | 2021 | 1,200,000 | 544,500 | 544,500 | 561,000 | 2,850,000 | 1,122,000 | 3,411,000 | 69% | 46% |
| | 2020 | 1,200,000 | 462,000 | 462,000 | 476,000 | 2,600,000 | 952,000 | 3,076,000 | 58% | 39% |
| | 2019 | 726,000 | 198,000 | 198,000 | 204,000 | 1,326,000 | 408,000 | 1,530,000 | 41% | 28% |
| | (9 months as Disclosed Executive) | | | | | | | | | |
| **K van der Merwe** | 2021 | 907,000 | 594,000 | 594,000 | 612,000 | 2,707,000 | 1,224,000 | 3,319,000 | 99% | 66% |
| | 2020 | 850,000 | 330,000 | 330,000 | 340,000 | 1,850,000 | 680,000 | 2,190,000 | 59% | 39% |
| **A Watson[3]** | 2021 | 1,078,682 | 687,167 | 687,167 | 707,991 | 3,161,008 | 1,415,981 | 3,868,998 | 97% | 64% |
| | 2020 | 1,015,599 | 334,681 | 334,681 | 344,822 | 2,029,783 | 689,645 | 2,374,605 | 50% | 33% |
| | 2019 | 219,440 | 170,255 | 113,504 | – | 503,199 | – | 503,199 | 65% | 43% |
| | (3.5 months in role) | | | | | | | | | |
| **M Whelan** | 2021 | 1,276,000 | 810,150 | 810,150 | 834,700 | 3,731,000 | 1,669,400 | 4,565,700 | 96% | 64% |
| | 2020 | 1,200,000 | 363,000 | 363,000 | 374,000 | 2,300,000 | 748,000 | 2,674,000 | 46% | 31% |
| | 2019 | 1,200,000 | 874,500 | 874,500 | 901,000 | 3,850,000 | 1,802,000 | 4,751,000 | 110% | 74% |
| **Former Disclosed Executives** | | | | | | | | | | |
| **A George** | 2021 | 913,000 | n/a | n/a | n/a | 913,000 | n/a | 913,000 | n/a | n/a |
| | (10 months to term date) | | | | | | | | | |
| | 2020 | 1,100,000 | 363,000 | 363,000 | 374,000 | 2,200,000 | 748,000 | 2,574,000 | 50% | 33% |
| | 2019 | 1,000,000 | 528,000 | 528,000 | 544,000 | 2,600,000 | 1,088,000 | 3,144,000 | 80% | 53% |
| **M Jablko** | 2021 | 528,000 | n/a | n/a | n/a | 528,000 | n/a | 528,000 | n/a | n/a |
| | (6 months to term date) | | | | | | | | | |
| | 2020 | 1,100,000 | 363,000 | 363,000 | 374,000 | 2,200,000 | 748,000 | 2,574,000 | 50% | 33% |
| | 2019 | 1,000,000 | 544,500 | 544,500 | 561,000 | 2,650,000 | 1,122,000 | 3,211,000 | 83% | 55% |

**1.** Deferred share rights for the Acting CFO. **2.** Deferred share rights for the CRO. **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.

## 2021 VARIABLE REMUNERATION AWARDED

This table shows the variable remuneration awarded to the CEO and Disclosed Executives for the year ending 30 September 2021. For Disclosed Executives, the average outcome was 60% of maximum opportunity (ranging from 46% to 66%).

### CEO

| | Cash | Deferred shares or deferred share rights | Maximum opportunity |
|---|---|---|---|
| **S Elliott**[1] AVR $2,000,000 | $1,000,000 | $1,000,000 | **53%** of max |

+

LTVR $3,500,000 performance rights face value at full vesting (subject to shareholder approval at the 2021 AGM)

=

Total variable remuneration $5,500,000

### CURRENT DISCLOSED EXECUTIVES[2]

| | Cash | Deferred shares or deferred share rights | Performance rights face value at full vesting[4] | Maximum opportunity |
|---|---|---|---|---|
| **S Buggle** VR $1,876,000 | $462,000 | $462,000 | $952,000 | **66%** of max |
| **M Carnegie** VR $2,311,500 | $569,250 | $569,250 | $1,173,000 | **48%** of max |
| **K Corbally**[3] VR $1,860,000 | $613,800 | $613,800 | $632,400 | **63%** of max |
| **G Florian** VR $2,747,000 | $676,500 | $676,500 | $1,394,000 | **63%** of max |
| **M Hand** VR $2,211,000 | $544,500 | $544,500 | $1,122,000 | **46%** of max |
| **K van der Merwe** VR $2,412,000 | $594,000 | $594,000 | $1,224,000 | **66%** of max |
| **A Watson** VR $2,790,316 | $687,167 | $687,167 | $1,415,981 | **64%** of max |
| **M Whelan** VR $3,289,700 | $810,150 | $810,150 | $1,669,400 | **64%** of max |

Cash | Deferred shares or deferred share rights | Performance rights face value at full vesting[4]

**1.** Variable remuneration for the CEO = AVR + LTVR. **2.** 2021 VR not awarded for former Disclosed Executives A George and M Jablko. **3.** CRO receives deferred share rights instead of performance rights. **4.** Divide by two to convert to face value at threshold vesting for performance rights.

## 2021 ACTUAL REMUNERATION RECEIVED

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

This table shows the remuneration the CEO and Disclosed Executives actually received in relation to the 2021 performance year as cash, or in the case of prior equity awards, the value which vested in 2021. The final column also shows the value of prior equity awards which lapsed/were forfeited in 2021.

### CEO AND DISCLOSED EXECUTIVES

| | Fixed remuneration $ | Cash variable remuneration $ | Total cash $ | Deferred variable remuneration which vested during the year[1] $ | Other deferred remuneration which vested during the year[1] $ | Actual remuneration received $ | Deferred variable remuneration which lapsed/forfeited during the year[1, 2] $ |
|---|---|---|---|---|---|---|---|
| **CEO and Current Disclosed Executives** | | | | | | | |
| **S Elliott** | 2,500,000 | 1,000,000 | **3,500,000** | 2,252,821 | – | **5,752,821** | (1,895,738) |
| **S Buggle** | 704,000 | 462,000 | **1,166,000** | – | – | **1,166,000** | – |
| **M Carnegie** | 1,200,000 | 569,250 | **1,769,250** | 807,983 | – | **2,577,233** | (499,918) |
| **K Corbally** | 1,100,000 | 613,800 | **1,713,800** | 297,341 | – | **2,011,141** | (39,997) |
| **G Florian** | 1,084,500 | 676,500 | **1,761,000** | 424,282 | – | **2,185,282** | (257,321) |
| **M Hand** | 1,200,000 | 544,500 | **1,744,500** | 329,920 | – | **2,074,420** | (59,348) |
| **K van der Merwe** | 907,000 | 594,000 | **1,501,000** | 378,251 | – | **1,879,251** | (154,402) |
| **A Watson[3]** | 1,078,682 | 687,167 | **1,765,849** | 309,419 | – | **2,075,268** | (37,204) |
| **M Whelan** | 1,276,000 | 810,150 | **2,086,150** | 1,561,716 | – | **3,647,866** | (963,057) |
| **Former Disclosed Executives** | | | | | | | |
| **A George** | 913,000 | n/a | **913,000** | 582,907 | – | **1,495,907** | (4,344,826) |
| **M Jablko[4]** | 528,000 | n/a | **528,000** | 991,724 | 119,239 | **1,638,963** | (5,514,701) |

**1.** The point in time value of previously deferred remuneration granted as shares/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 shares/share rights and/or performance rights. **2.** The lapsed/forfeited values relate to 56.7% of the performance rights we awarded in November/December 2017 which lapsed in November/December 2020 due to the performance hurdles not being met, and for A George and M Jablko forfeiture on resignation of unvested deferred remuneration. **3.** Paid in NZD and converted to AUD. **4.** Other deferred remuneration for M Jablko relates to previously disclosed compensation for deferred remuneration forfeited as a result of joining ANZ.

# 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 of the specified ESG Information in the ANZ 2021 Annual Report and ANZ 2021 Annual Review which has been prepared by ANZ in accordance with ANZ's Basis of Reporting for the year ended 30 September 2021.

## WHAT DID KPMG'S WORK INVOLVE – SCOPE OF WORK

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 2021 Annual Report and ANZ 2021 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 |
|---|---|
| **2021 performance snapshot** | 3 |
| **What matters most** | 9 |
| **Our customers** | 15 - 23 |
| **Becoming a fairer and more responsible bank** | 24 - 25 |
| **Our people** | 29 - 33 |
| **Our community** | 8, 34 - 36 |
| **Improving our approach to Human Rights** | 37 |
| **Our approach to climate change** | 38 - 39 |
| **Five year summary** | 72 |

The ANZ 2021 Annual Report and ANZ 2021 Annual Review covers ANZ's global operations for the year ended 30 September 2021 unless otherwise indicated.

## WHAT WAS THE REPORTING CRITERIA USED?

The ESG Information was prepared in accordance with the Management's Basis of Reporting, which draws upon the Integrated Reporting Framework published by the International Integrated Reporting Council ("the criteria").

## WHAT WAS THE BASIS FOR KPMG'S 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.

## WHAT DID KPMG DO TO SUPPORT THE SCOPE OF WORK – OUR PROCEDURES

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

- Enquiries of relevant management to understand ANZ's process for determining material ESG issues;
- Interviews with relevant management concerning ANZ's ESG framework and policies for material ESG issues, and the implementation of these across the business;
- Interviews with relevant staff responsible for developing the content (text and data) within the ESG Information to understand the approach for management, 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;
- Reviewing the ANZ 2021 Annual Report and ANZ 2021 Annual Review in their entirety for consistency with the ESG Information; and
- Reviewing other ANZ reporting including the ESG Supplement in its entirety to ensure it is consistent with our knowledge obtained through our assurance engagement.

## WHAT IS 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 for the purpose of providing an assurance conclusion on the ESG Information within the ANZ 2021 Annual Report and ANZ 2021 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 is responsible for:

- 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.

### KPMG is responsible for:

Our responsibility is to perform a limited assurance engagement in relation to the ESG Information for the year ended 30 September 2021, and to issue an assurance report that includes our conclusion.

### KPMG Independence and Quality Control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* 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 at anz.com).

KPMG

**KPMG**

27 October 2021

Adrian V. King

**Adrian King** | Partner

Melbourne
27 October 2021

# Important dates for shareholders[1]

**MAY 2022**

| | |
|---|---|
| **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 2022**

| | |
|---|---|
| **1 July** | Interim Dividend Payment Date |

**OCTOBER 2022**

| | |
|---|---|
| **13 October** | Closing date for receipt of Director Nominations |
| **27 October** | Annual Results Announcement |

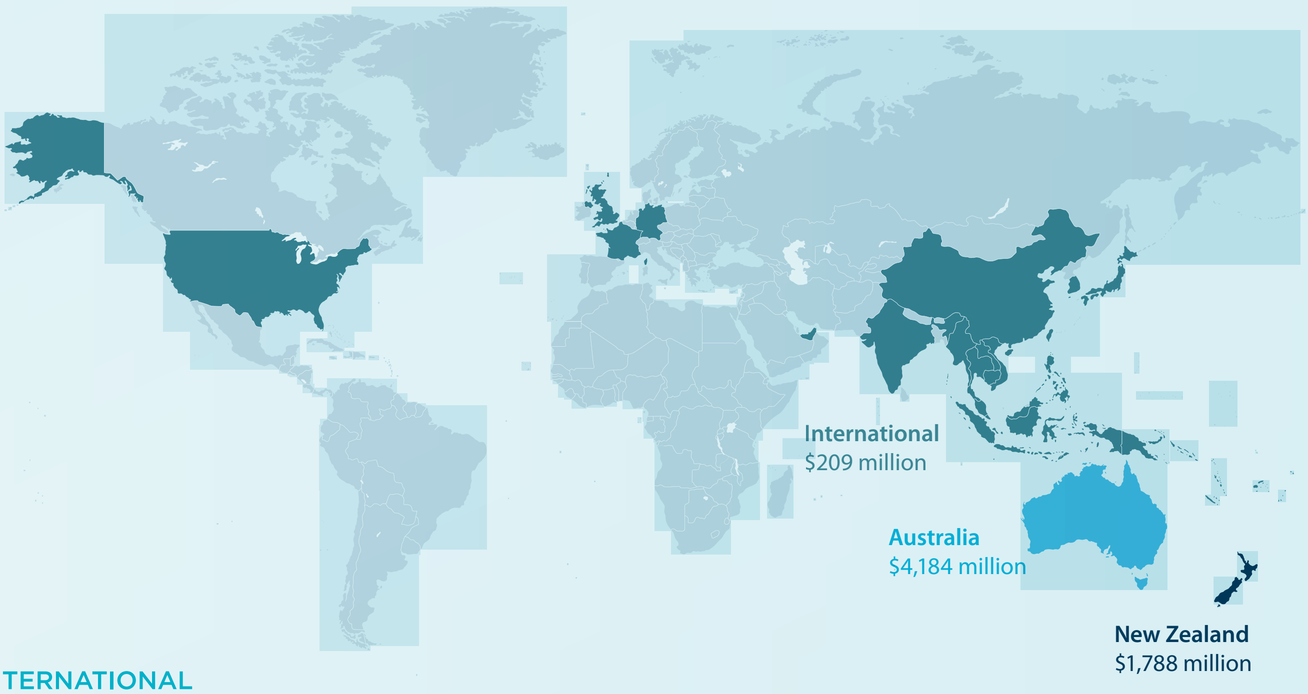
**NOVEMBER 2022**

| | |
|---|---|
| **7 November** | Final Dividend Ex-Date |
| **8 November** | Final Dividend Record Date |
| **9 November** | DRP/BOP/Foreign Currency Election Date |

**DECEMBER 2022**

| | |
|---|---|
| **15 December** | Final Dividend Payment Date |
| **15 December** | 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 activitives of the Group. For further information on adjustments between statutory and cash profit refer to page 57.

# Contacts

## REGISTERED OFFICE

**ANZ Centre Melbourne**
Level 9, 833 Collins Street
Docklands VIC 3008 Australia

Telephone: +61 3 9273 5555
Facsimile: +61 3 8542 5252

Company Secretary: Simon Pordage

## INVESTOR RELATIONS

Level 10, 833 Collins Street
Docklands VIC 3008 Australia

Telephone: +61 3 8654 7682
Facsimile: +61 3 8654 8886
Email: investor.relations@anz.com
Web: shareholder.anz.com

Group General Manager Investor Relations: Jill Campbell

## COMMUNICATIONS AND PUBLIC AFFAIRS

Level 10, 833 Collins Street
Docklands VIC 3008 Australia

Telephone: +61 2 6198 5001
Email: Tony.Warren@anz.com

Group General Manager Communications
and Public Affairs: Tony Warren

## SHARE AND SECURITIES REGISTRAR AUSTRALIA

### Australia

**Computershare Investor Services Pty Ltd**
GPO Box 2975
Melbourne VIC 3001Australia

Telephone within Australia: 1800 11 33 99
International Callers: +61 3 9415 4010
Facsimile: +61 3 9473 2500
Email: anzshareregistry@computershare.com.au

**Austraclear Services Limited**
20 Bridge Street
Sydney NSW 2000 Australia

Telephone:1300 362 257

### Japan

**Japan Securities Depository Center, Incorporated**
1-1, Nihombashi Kayabacho 2-chome,
Chuo-ku, Tokyo 103-0025 Japan

Telephone: +81-3-3661-0139

### Luxembourg

**Deutsche Bank Luxembourg S.A.**
2, Boulevard Konrad Adenauer
L-1115 Luxembourg, Luxembourg

Telephone: +352 4 21 22 1

### New Zealand

**Computershare Investor Services Limited**
Private Bag 92119
Auckland 1142 New Zealand

Telephone: 0800 174 007
Facsimile: +64 9 488 8787

### United Kingdom

**Computershare Investor Services PLC**
The Pavilions Bridgwater Road
Bristol BS99 6ZZ UK

Telephone: +44 870 702 0000
Facsimile: +44 870 703 6101

### United States

**The Bank of New York Mellon**
240 Greenwich St, Floor 7E
New York, NY 10286 USA

Telephone: +1 212 495 1784

**BNY Mellon Shareowner Services**
PO Box 505000
Louisville, KY 40233-5000 USA

USA Toll Free Telephone: 1888 269 2377
Telephone for International Callers: 1201 680 6825
Web: www-us.computershare.com/investor
Email: shrrelations@bnymellon.com

**Deutsche Bank Trust Company Americas**
60 Wall Street
New York, NY 10005 USA
Telephone: +1 212 250 2500

### Germany

**Deutsche Bank AG**
Taunusanlage 12
60262 Frankfurt am Main Germany

Telephone: +49 69 910 00

## 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".

Member of
Dow Jones
Sustainability Indices

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

CDP DISCLOSURE INSIGHT ACTION

# **186 years** old and **70 years** as ANZ

"The values forged in this merger 70 years ago are still part of the fabric of who we are today. We are still a bank that wants to back people with a vision for a better life."

**Shayne Elliott** | Chief Executive Officer

### **70 years** of ANZ

**TENACIOUS OF PURPOSE**

### 1835

Bank of Australasia was an Australian Bank in operation from 1835–1951. Headquartered in London and incorporated by Royal Charter in March 1834.

### 1837

The Union Bank of Australia was an Australian Bank in operation from 1837–1851. Was established in London in October 1837.

### 1951

The Union Bank of Australia merged with the Bank of Australasia to form the Australia and New Zealand Bank Ltd (ANZ).

### 1958

ANZ adopted a new electronic bookkeeping machine that revolutionised ledger-posting procedures.

### 1961

Mobile branches in vans visited factories and workplaces bringing banking to staff.

### 1965

ANZ's first computer – EMANZA (Electronic Method of ANZ Accounting) – was installed at 177 Toorak Road, South Yarra.


**01 December 1982**


## 1970

In what was then the largest merger in Australian banking history, ANZ Ltd merged with the English, Scottish and Australian Bank Limited to form Australia and New Zealand Banking Group Limited – the modern ANZ.

## 1982

ANZ launches Night and Day Bank (ATM).

## 1997

Asian language phone banking launched, a first among major Australian banks.

## 2010

ANZ launched a free mobile banking application for the iPhone called ANZ goMoney. ANZ was the first bank in Australia to offer customers a mobile-to mobile payment application.

## 1973

Miss Enid O'Toole appointed at Rockhampton North branch as the first female ANZ branch accountant.

## 1983

ANZ appoints Australia's first female bank Director – Dame Leonie Kramer DBE.

## 2007

ANZ Reconciliation Action Plan launched – Australian-first.

shareholder.anz.com