

News Release

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ANZ 2022 Annual General Meeting Chairman's Address

Ladies and Gentlemen, my name is Paul O'Sullivan and, on behalf of your board, I have the privilege of welcoming you to the 2022 hybrid Annual General Meeting of Shareholders.

I'd like to acknowledge the Kurna people as the Traditional Custodians of the land from which we are presenting and pay my respects to their Elders, past, present and emerging. I extend that respect to other Aboriginal and Torres Strait Islander people joining us today.

After two years of virtual meetings, it really is great to be back meeting some of you in person and it's particularly pleasing to be here in Adelaide – a city where ANZ has a long history.

We opened our first branch in Glenelg in 1837, just 10 kilometres from where we are meeting today.

It wasn't your typical branch. It was actually a large tent sewn together by our first bank manager, Edward Stephens, on his voyage over from England.

And it sounds like it was quite the tent given it also served as Mr Stephen's home – and a Church on Sundays.

From those humble beginnings, we now have around 650 people serving our customers in South Australia, while also contributing more broadly to the community.

We continue to be mindful of the role we play in all the markets in which we operate, particularly when our customers find themselves in need.

The recent floods across large parts of Australia, including here in South Australia, saw us again doing all we can help our customers get back on their feet.

We have enacted our disaster relief policy seven times this year across Australia, New Zealand and the Pacific, supporting thousands of customers through difficult times.

Now let me begin the formalities of the meeting with a review of 2022.

Performance & Dividend

After almost three years of living with COVID, the operating environment remains highly uncertain stemming from rapidly rising inflation, geopolitical tensions – most notably the War in Ukraine – and the impact of rapidly tightening monetary policy across the globe.

While data from the Reserve Bank show household balance sheets are in the best shape they have been for 15 years, the reality is cost-of-living pressures are starting to have a meaningful impact and the next six months will be testing for many.

Despite these significant challenges, your bank remains in good shape and we are delivering on our commitment to customers and shareholders alike.

The work done by Shayne and his team over many years has left us in a good position and the Board was pleased with the performance.

Our profit of \$7.12 billion was up 16% on the prior year with good momentum going into this year.

As a result, we were able to declare a fully franked Final Dividend of 74 cents, taking the Total Dividend to 146 cents per share.

This was up 4 cents from the prior year and equates to more than \$4 billion being distributed to shareholders.

From a capital perspective, even when allowing for what we plan to spend on acquiring Suncorp Bank, our Common Equity Tier 1 capital ratio, or CET1 as it is also known, is 11.1% and well above APRA's 'unquestionably strong' benchmark of 10.5%.

We also maintained prudent reserves to weather any external shocks. We have a collective provision balance of \$3.9 billion, which is over half a billion more than what we held in March 2019 before COVID.

All this is on top of the work we have done to materially improve the quality of our business lending book which is best highlighted by the value of investment grade lending increasing by 50% since 2016.

Essentially, we are focussing on strong performance today while still actively preparing the bank for tomorrow.

ANZ Plus

Core to this has been the continued digitisation of the bank and in particular the launch of ANZ Plus with deposits growing at a rate faster than any new digital bank in Australia.

Shayne will talk more about this in his address and we have some of the team here in the foyer ready to answer any questions you may have.

What we have effectively built is a new digital banking platform that will be the backbone of ANZ's retail and commercial bank in Australia for years to come.

Suncorp Bank

As I'm sure you are aware, we also announced the acquisition of Suncorp Bank in July and this closely aligns with our ambition to grow our retail and commercial businesses in Australia.

While the sale is still subject to various Government and regulatory approvals, the Board is confident this will provide ANZ with a platform for growth in the fast-growing Queensland market, where traditionally we have been underrepresented.

Importantly, the acquisition gives customers benefits of a wider range of products while allowing Suncorp Group to focus on its goal of being the best insurance company in Australia and New Zealand.

Of course, the acquisition will be largely funded by the successful \$3.5 billion equity capital raising we conducted earlier in the year.

You may not know this but it was actually the world's largest equity raise for an M&A transaction this year, and importantly, structured in a way to ensure all shareholders were treated equally.

We also continued the systematic de-risking of the bank, highlighted by the sale of our margin lending business to Bendigo & Adelaide Bank, and we completed the formal separation of our Wealth business to Insignia and Zurich in September.

Non-Operating Holding Company

Another important part of preparing for tomorrow is our proposal to introduce a new corporate structure – known as a Non-Operating Holding Company, or a NOHC – which is the subject of an Extraordinary General Meeting later today.

The proposed structure will allow what we call our non-banking businesses, like our joint venture with Worldline, to operate on a more level playing field with other companies, while at the same time maintaining an appropriate regulatory environment for the bank as a whole.

I will talk more about the rationale for change later but from the outset I want to be really clear, our core business is banking and that will not change. Rather the new structure will allow us to more effectively access the best technology and people to make ANZ an even better bank.

Resolutions

I would like to take the opportunity to give the Board's perspective on some of the resolutions being put to today's meeting.

Ilana Atlas, the Chair of the HR committee, will talk specifically to our approach, however I will make some initial comments.

As a Board, I believe we have struck a balance between rewarding good performance while also holding management to account for areas where we did not achieve expectations.

Management had a good year this year, delivering a strong financial outcome for shareholders particularly in the second half of the year.

In line with the financial performance discussed earlier, home loan growth was back in line with market and we've made solid progress preparing for the future, highlighted by as I mentioned the progress with ANZ Plus and the agreed acquisition of Suncorp Bank.

While the Board was pleased with progress, we did determine a short-term variable remuneration outcome of 74% of maximum opportunity was appropriate for the CEO.

Climate change

The other resolution I want to specifically address – and I know this is of interest to many shareholders – relates to climate change and our lending to the natural resources sector.

As we have outlined in the past, we are already the largest institutional bank in Australia and New Zealand and we are determined to be the leading bank in supporting these economies to make the transition to net zero emissions by 2050.

We have made meaningful progress. Among other things, we are:

- The first Australian bank globally to align disclosures with the Financial Stability Board's TCFD or Task Force of Climate-related Financial Disclosures;
- The first Australian bank to join Net Zero Banking Alliance; and
- The first bank to issue a Sustainable Development Goal bond in Australia.

Perhaps most importantly, we were also the first Australian bank to engage with our 100 largest emitting business customers – an approach which has now been followed by our peers.

We did this to support customers through the transition, backing their plans by providing more finance for less emissions.

We have high expectations, in particular for our customers in the energy sector, and we expect our energy customers' plans to be net-zero aligned, public and specific.

We have also committed to publicly disclose how our lending will back our customers' reductions in their carbon emissions intensity, in line with the Paris Agreement Target of 1.5 degrees maximum warming.

Recent events both here in Australia and also in Europe have shown the importance of a planned and carefully managed transition of the energy sector.

The reality is those who suffer most from energy shortages and high prices are those on low incomes or with jobs in areas most exposed to energy costs.

However, it is clear that those who have lodged this resolution are seeking an immediate withdrawal of financing for companies that continue to have any exposure to fossil fuels.

Let me be clear. We do not accept it is in our shareholders' or the community's best interests that we abandon support and services for leading companies genuinely committed to effective climate transition plans.

Such a step would remove a key support for energy companies to reduce emissions and potentially push them to source finance from lenders with no requirements on emissions reduction.

We are on track to set targets for nine priority sectors by the end 2024 aimed at ensuring at least 75% of our portfolio emissions are on a Net Zero pathway.

We commenced this work last year, setting emissions intensity targets for power generation and large-scale commercial real estate.

And just last month, we disclosed new reduction pathways and targets in four key sectors: Oil and Gas, Aluminium, Cement and Steel. These are the most comprehensive set of pathways for any Australian bank.

Our customers have welcomed our proactive engagement. They understand the market dynamic is changing and they want to work with us.

Scams

Let me turn briefly to the issue of scams and security.

Clearly cyber security has been forefront in the national conversation, and while Shayne will talk more about our approach, I wanted to cover the work we are doing to protect our customers from the rapid rise of scams.

We know we have a critical role to play which is why we have hundreds of people working on the front-line to help protect customers.

Scams are having a significant impact on the community with the ACCC estimating around half a billion dollars lost already in 2022.

It's also why we implemented new artificial intelligence technology that averted tens of millions in scam transactions this year alone.

We also implemented a new behavioural biometrics capability which detected approximately 3,600 fraudulent applications last year, preventing nearly \$40 million of identity fraud

As a bank, we are committed to the strongest possible technology defence and every one of our staff is aware it is their responsibility to protect the security of the bank and its customers.

And I think it's fair to say, Australian banks are at the forefront of cyber and are investing heavily in our defences, however it's also fair to say, as customers, we are all the first line of defence.

As such, we have some of our best people in the foyer here today and I'd encourage you to have a chat to them after the meeting about how you can protect yourself. We also have material to take home and there are comprehensive resources available on anz.com.

Conclusion

In summary, it has been good year for the bank particularly with the substantial progress made to prepare the bank for the future.

I'd also like to acknowledge the enormous contribution of Graeme Liebelt who is retiring from the Board at the conclusion of today's meeting.

Graeme has served on the Board for the past nine years and during that time has chaired our Human Resources and our Risk committees.

He can be proud of his contribution and speaking personally I will miss his wise counsel and strategic insight. On behalf of all shareholders, we wish him and his family well for the future and thank him for his service.

I'd also like to welcome Jeff Smith to the Board. Jeff is standing for election a little later on this morning.

Jeff is a very experienced technology executive and brings the necessary skills to a modern Board.

While Jeff will introduce himself shortly, as a former CIO at several large organisations, including IBM, Suncorp and Telstra, he is already making a significant contribution to ANZ.

Finally, I'd like to thank our team of more than 39,000 people working hard every day for all our stakeholders.

I'd also like to acknowledge our customers for again trusting us with their business and you, our shareholders, for supporting us through the year.

We don't take it for granted and your support is much appreciated by the Board.

And with that, I will now ask our Chief Executive Officer Shayne Elliott to address the meeting.

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