

## **ANZ 2015 AGM Address**

**Mike Smith**  
**Group Chief Executive Officer**

---

Good morning to everyone.

It is a pleasure to be here in Adelaide with shareholders for one of my last official duties as Chief Executive of ANZ.

South Australia is an important state for us.

We have almost one thousand staff working in 90 offices and branches across South Australia. And we support more than half a million customers here.

And more than 35,000 South Australians directly own ANZ shares.

As a bank we are confident about the future of this state.

There are real opportunities for growth in areas like resources, renewable energy, education, health, tourism and of course food and wine.

Our own surveys show business confidence in South Australia is improving.

2015 was another record year for ANZ. We helped more Australians buy a home and we grew market share in credit cards and in small business. Over 150,000 new retail customers choose to bank with us this year alone.

Commercial banking in Australia also performed well and this continues to be an area of real opportunity for us.

In 2015 we pledged \$2 billion in lending to help small businesses grow. Small businesses are not only the backbone of the economy, they are one of the most important sources of innovation.

In New Zealand, ANZ is the country's largest bank. One in three New Zealanders have their home loans with us and we are the leading bank for small to medium sized business.

More people are also choosing to bank with us in New Zealand and this year we continued to increase customer satisfaction and to simplify the business.

In our Global Wealth business, innovation and a strong position in life insurance and private banking has also seen us attract more customers and increase profit.

In Asia, we are deepening our presence in institutional banking with growth in key markets.

You may be surprised to learn that Greater China is now our third largest market after Australia and New Zealand. This year their profits were up by 20 per cent.

While we have made significant progress this year, I won't shy away from the fact that our 2015 financial performance wasn't all I hoped it could be.

Low commodity prices and high levels of liquidity globally were a feature of the operating environment which particularly impacted our trade and cash management businesses.

And after a good performance for most of the year, Global Markets saw a disappointing trading outcome in the final weeks of 2015, really as a result of market volatility that has impacted most banks globally.

But to sum up, 2015 was another good year for ANZ; a record year that reflected a consistent focus on our core strategy while continuing to adapt to changing and sometimes volatile conditions.

However we still have much to do.

Under Shayne Elliott's leadership our strategy will continue to evolve, the immediate focus for the management team is in three key areas - improving returns, controlling costs, and managing credit quality.

In talking to shareholders though, I know that you are not only interested in our short term performance but also how we are positioning ANZ to be successful over the long term - beyond any CEO's tenure.

My eight years as chief executive is just a small part of our proud 180 year history.

I joined ANZ in late 2007 with a vision to strengthen our position in Australia and in New Zealand, and to build a bank of global quality with an Asia-Pacific focus.

Our aim was to use ANZ's international and business heritage, our home market advantage, and the opportunity of the Asian Century to build a 'super regional' bank.

And we have done that.

To achieve this, we have built a stronger, more customer-focussed and more profitable bank.

We have significantly strengthened capital. Common Equity Tier 1 capital has increased from 4 per cent in 2007 to over 9 and a half per cent in 2015.

Our balance sheet is higher quality, more diversified and better funded than at any time in our recent history.

Total assets have more than doubled to nearly \$900 billion and our loan-deposit ratio has improved from around 170% to 130%.

Our management depth, the capability and diversity of our people, and our culture and values are also stronger.

Importantly, we have created a better bank for our customers with a stronger brand, growing market share and more retail, commercial and institutional customers choosing to bank with us.

The result is that over the eight years our profits are up by more than 80% to over \$7 billion.

Over those years through, there were times at which I felt we had to swim against the current.

In 2007, Australia didn't see itself as part of Asia. Today we all understand our economic future is directly tied to Asia.

Australia's top three trading partners are in Asia .... and Asia is our largest source of foreign investment which underpins growth in the resources sector, in agriculture, in education, in construction and in tourism.

Last month we released a survey of Australian business experience in Asia.

More than half of businesses in the survey said they are now active in Asia; and three quarters of them said their Asian operations are helping them to substantially increase their profits.

And Asia is only going to grow in importance.

At ANZ, we have turned our presence in Asia - which in 2007 was small and based on limited capabilities - into a real business contributing over 20% of our bank's revenue.

Today we have a physical on the ground presence in 32 key markets around the world and we connect our Australian and New Zealand customers with opportunities in what is the fastest growing region in the world.

I'm particularly pleased that we are now ranked as one of the top four corporates banks in Asia.

We have achieved that by being prepared to make significant investments in our home markets and in Asia.

We have established a presence in four new countries including India, Myanmar and Thailand.

Our offices and branches have been upgraded in almost every city and town in the 34 countries where we have a presence, including here in Adelaide; and in 53 new international locations - 11 in China alone.

Importantly, we have deepened our capability, particularly in Asia, which has allowed us to do more business, for more customers.

As David indicated, having made those investments, we are now seeking stronger returns from realising the connectivity of our presence in the region.

We have also transformed ANZ in other ways.

While business has always had to deal with change it has never had to deal with the incredible pace of change and the speed of disruption we see today.

Right now almost two million of our customers do their banking on their mobile phone.

Using our goMoney or Grow apps are like having your bank in your pocket. And day in, day out our customers are doing over 400,000 transactions on their mobile phone.

But it's not only retail customers doing business with us digitally. Thousands of companies use our online services to do everything from paying their staff and suppliers, to managing foreign exchange.

While most customers now prefer to deal with us on their computer or mobile, we know that people still want to come into a branch for the big financial conversations.

So we are redesigning our branches to a 'digital format' to make sure they are more flexible, to better meet what our customers want. This includes our first dedicated home loan centre launched this week.

And our award winning social media initiatives, including BlueNotes – our digital publication for news and insight, which are helping to engage a new generation of customers.

We have also created a bank that better responds to community expectations.

Our financial literacy program is now in its 15th year, helping some of the most disadvantaged people in our communities understand and manage their money.

I am also proud of how our people continue to be there for our customers and for the community in times of trouble – from earthquakes in New Zealand and in China, to drought and fires in Australia including most recently here in South Australia.

This is how it should be.

We are also a better bank for our employees.

Our organisational values are integrity, collaboration, accountability, respect and excellence.

They help us guide: how we work as individuals and as a team to grow our business; how we attract and retain employees; and how we gain the respect of our stakeholders.

We have supported our values with our code of conduct and ethics, and specific policies and training that promote responsible behaviour among our staff.

They also set out the consequences where behaviour doesn't meet those standards.

Over the past eight years we have also worked hard to build a diverse and inclusive workforce.

We believe this helps us innovate, identify new markets, connect with customers, and make better informed decisions.

In 2015, we continued to make progress, with the proportion of women in management exceeding 40% for the first time.

And we have responded to the needs of today's employees through the introduction of flexible working practices.

And by providing employment opportunities to support disadvantaged or under-represented groups, for example those with a disability.

The result is that we saw employee engagement – a measure of how committed and motivated our staff are – increase from 64% in 2007 to 76% in 2015.

Tens of thousands of ANZ people have worked hard to realise our super regional vision and to support our customers over the past eight years.

I am very proud what we have achieved and on behalf of shareholders I would like to join David in thanking them for their contribution.

In closing, I would also like to thank the Chairman, the Board, the management team, and all our people at ANZ for their support and guidance during my time at the bank.

I know I am leaving ANZ in good hands and I know the best for ANZ is yet to come.

Thank you for your support – it has been both an honour and a privilege to serve as your chief executive.

I wish you all a very happy Christmas and safe and prosperous New Year. Many thanks.