

CHAIRMAN'S ADDRESS

2021 ANNUAL GENERAL MEETING

16 December 2021

Melbourne

Good morning and welcome to the 2021 Annual General Meeting of ANZ shareholders which, as there is a quorum present, I declare open.

My name is Paul O'Sullivan and I'm joined here at our Melbourne head office by our Chief Executive Officer Shayne Elliott.

All our other directors are available in person or participating remotely.

Before we begin, I'd like to acknowledge the Wurundjeri 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.

We had hoped to be hosting this year's meeting in Adelaide. However, given the evolving nature of the virus and ever-changing travel restrictions, we felt it wiser to again revert to a virtual event.

There is strong interest among shareholders in the traditional format and we expect to be presenting from South Australia again next year.

To help with the smooth running of today's meeting, our Group Executive, Talent & Culture and Service Centres, Kathryn Van der Merwe, will be assisting us.

Kathryn will now take us through some detail on voting and on asking questions.

Over to you Kathryn.

[Kathryn Van der Merwe]

Thank you Kathryn.

I now declare the polls open on items 2 to 5, and I encourage shareholders to begin submitting questions ahead of the formal business of the meeting.

Let me begin with a review of financial year '21.

In a year that began with such optimism, it quickly became obvious that COVID disruptions would again weigh heavily in 2021.

While there are reasons for optimism about the economy, there remain many ongoing challenges.

Pleasingly, vaccination rates in Australia and New Zealand are world-leading and domestic borders are reopening, most in time for the Christmas holiday period.

Moreover, the overall economy in Australia and New Zealand has remained in remarkably good shape with all indicators pointing to a solid rebound.

However, there will of course be issues to manage.

Tourism and hospitality have had a tough two years. In addition, inflation driven by supply chain bottlenecks and strong housing markets in Australia and New Zealand are creating policy challenges for Governments and regulators.

Unemployment has risen slightly. At the same time, the lack of overseas migration has contributed to staffing shortages in crucial sectors.

As the economy opens up again we're proud of the way ANZ has supported those in need through the pandemic.

In the early days we rightly prioritised supporting those who had been most impacted by various lockdowns, notably with loan deferrals.

These deferrals, which rolled off during the year, provided tens of thousands of customers with the critical time required to manage their cashflow through lockdowns.

Likewise, we took action to ensure our people across our entire international network were well supported and the Board is pleased with the continued positive results from our employee engagement surveys.

Performance & Dividend

Let me talk a little bit about the business performance in financial year '21.

From a bank perspective, the year demonstrated the benefits of a diversified portfolio as we successfully navigated the continuing impacts of COVID-19 while also providing solid returns for our shareholders.

For the 2021 financial year we posted a Statutory Profit of \$6.16 billion which was up 72% on the prior year.

While this was a pleasing outcome, the main driver was the partial reversal of COVID-19 related credit provisions.

Looking through the impact of provisions, profit was flat year-on-year but this actually reflects solid management of the Bank through the crisis.

As a result, we were pleased to pay a Total Dividend of 142 cents. This was up from 60 cents last year and meant more than \$4 billion was returned to you, our shareholders.

This was a particularly pleasing outcome given the heavy burden on investors through the pandemic as the banking sector stepped up to support customers and the community.

Now last year I stressed that your Board would be focused on four key areas to improve shareholder returns. In particular: the efficient use of capital, improving customer outcomes, reducing the cost to run the bank and the continual improvement of our culture.

I think it is important to report to you on our performance and I am pleased to let you know we made solid gains in all of these areas.

Capital management remained a highlight. We are one of the most strongly capitalised banks in the world with an APRA Common Equity Tier One capital ratio of 12.3% at the end of our financial year.

To put this in a broader perspective, this is \$6 billion above APRA's 'unquestionably strong' measure.

Very importantly, we achieved this result without the need to dilute existing shareholders by issuing new shares in order to raise additional capital.

In fact, our intense focus has led to sector leading Total Shareholder Returns over the 12 months to 30 September.

We achieved all this while returning additional capital to shareholders and paying a dividend more in line with our long-term payout ratio.

Let me turn to **costs**.

We know the industry will continue to face downward pressure on margins and while we were early to this understanding - and we've led the industry in this regard - we are maintaining relentless pressure on our cost base.

I'm pleased with the focus of the management team. We were the only major to reduce the cost of running the bank, allowing us to invest in new initiatives at a greater rate than our competitors.

Looking at **customer outcomes**, we need to better anticipate and ultimately make faster - and smarter - credit decisions.

This year major increases in demand for home loans in Australia impacted our ability to process applications in a timely manner. Unfortunately, this resulted in a loss of market share which was a disappointing outcome.

Naturally this has been a major focus for the Board and Management and we are confident the systematic actions being taken by management will address these issues, including increased investment in automation and process improvement.

As a result, we expect our Australian home loan portfolio to return to growth in this half and for ANZ's growth to be in line with system growth sometime in the second half of this financial year.

It is important to note that margin across the Group was well managed in a challenging environment.

The events of the past two years also highlighted the benefits of a strong **culture**.

We maintained very high levels of staff engagement despite the majority of our people working remotely - and we attracted hundreds of engineers and data scientists, many from

companies like Apple, Amazon and Square, to help completely rebuild our digital capability.

And, above all, while there is still more to be achieved, we also made the strongest improvement in gender diversity in several years, with female representation in leadership roles increasing by around 2 percentage points to 35.3%.

So, if I summarise our performance in financial year `21:

We strengthened our balance sheet

We returned to long term dividend payout levels while funding a share buyback

We led the sector on cost management.

Our staff remained highly engaged despite COVID-induced disruptions.

And we continued to invest in new digital banking platforms which will radically improve customer and staff experience.

The environment remains uncertain and highly competitive, with many challenges ahead.

We recognise we have more to do, particularly in the home loan processing space, but we have made good progress in building a bank to better compete in a highly competitive, fragmented market. Shayne will shortly discuss the work we are doing to address these challenges through our ANZx program.

Resolutions

I also want to give you the Board's perspective on some of the resolutions being put to the meeting today.

Let me begin with the adoption of the remuneration report.

Ilana Atlas, the Chair of the Human Resources Committee, will talk specifically to our approach however given its importance to many shareholders I feel it is appropriate I also make some initial comments.

On the whole, management had a good year, either exceeding or meeting most of the objectives set by the Board. Profit was up, capital management was strong and New Zealand and Institutional had particularly good years.

There were challenges and this is reflected in the final outcomes for our Disclosed Executives with the average variable remuneration being around 60% of their maximum opportunity.

The Board believes this struck the right balance considering all that was achieved this year, including our strong margin performance.

The other resolution I want to specifically address relates to climate change and our lending to the natural resources sector.

We recognise the most important role we play in enabling the transition to net zero by 2050 is to work with our customers to reduce their emissions.

This is not new for ANZ.

We have led the Australian banking sector for several years with a focus on engaging with 100 of our largest emitting business customers, a \$50 billion sustainable financing target and industry leading climate related disclosures.

We know our stakeholders want further clarity on how we're aligning our lending portfolios with the Paris goals.

This year ANZ became the first major Australian bank to join the global net zero banking alliance.

In line with this commitment, we recently announced new emission intensity reduction targets and pathways for two key sectors: power generation and large-scale commercial buildings portfolios – another first for an Australian Bank.

For our power generation portfolio, our target is to achieve a 50% portfolio emissions intensity reduction by 2030.

And for our portfolio of large-scale commercial buildings in Australia, we have set a target to reduce portfolio emissions intensity by 60% within the same time frame.

We will progressively expand these pathways to other key carbon intensive sectors, including oil and gas, in 2022.

While we are embracing our role, I accept there will be some listening today who feel we are not doing enough to act on climate change. Paradoxically there will be others who think we are moving too fast.

Specifically, there are some who would prefer ANZ no longer lend to fossil fuel companies at all.

ANZ's policy is clear: we will only lend to energy companies that have a target driven, publicly disclosed plan to reduce their emissions in line with the Paris goals.

We believe this will encourage and support companies that are genuinely committed to a lower emission future.

Whereas a simple ban on lending to the fossil fuel industry would likely force those companies to source finance from banks less committed to emissions reduction.

My message today is we're prepared to work with those who are committed to driving the change to a lower carbon emissions future.

That is a far better result for the community than simply washing our hands, walking away and pushing these companies into the hands of less responsible lenders.

We believe this will encourage and support companies genuinely committed to a lower emission future.

Ultimately the role of the Board is to ensure we are taking a prudent, measured approach and we feel we have considered the needs of our customers, investors and the community in our transition plans for a lower carbon future.

Concluding remarks

Now at the conclusion of this meeting we will be saying goodbye to one of our long-standing directors in Paula Dwyer, who is stepping down after nine-years of dedicated service.

Paula is one of Australia's most respected non-executive directors and we have been incredibly fortunate to have her serve on our Board, particularly in her role as Chair of the Audit Committee. Paula, we thank you for your service to the Bank and wish you well for the future.

We are of course very pleased to be able to welcome Christine O'Reilly, who will be standing for election later in the meeting.

Christine is an outstanding company director and her extensive experience makes her the ideal Director to take over as Chair of our Audit Committee.

Christine will address the meeting directly but I know, if elected, she will make a significant contribution on behalf of all shareholders.

Finally, it's reassuring to know we have a dedicated workforce of more than 39,000 people working hard every day for all our stakeholders.

On behalf of all shareholders I express our thanks to them.

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.

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, Shayne.