Start of Transcript

Paul O'Sullivan: 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 am joined here at our Melbourne Head Office by our Chief Executive Officer, Shayne Elliott. All our other Directors are either in the room here in Docklands, or participating remotely.

Before we begin I would like to acknowledge the Wurundjeri people as the traditional custodians of the land from which we are presenting today, and to 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.

Now we had hoped to be hosting this year's meeting in Adelaide. However given the evolving nature of the virus and the ever-changing travel restrictions we thought it would be wiser to again revert to a virtual event. But there is strong interest among shareholders in the traditional format, and so we expect to be presenting live 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. Kath will now take us through some detail on voting and on asking questions. So over to you Kath.

Kathryn van der Merwe: Good morning ladies and gentlemen. As the Chairman said, my name is Kathryn van der Merwe and I am pleased to be the moderator for today's Annual General Meeting. The Chairman has asked me to run through some housekeeping matters, particularly in relation to voting and questions. I will also explain what will happen if there is an unexpected technical problem.

We have sent a Virtual Annual General Meeting Guide and an FAQ document to all shareholders explaining how to vote and ask questions. If you need another copy it is available at anz.com/agm. For voting when the Chairman opens the poll a new voting tab will appear. Selecting this tab will bring up a list of resolutions and present you with voting options.

To cast your vote simply select for, against, or abstain for each item where the poll is open. The selected box will change colours and your votes will automatically be recorded. There is no submit or send button, your selection is automatically recorded. Of course you can change your mind or cancel your vote at any time before the poll is closed. The Chairman will announce when that is about to happen.

Wayne Hopkins from Computershare has been appointed returning officer, and Martin McGrath, from our external Auditor KMPG, has been appointed as scrutineer. Martin will also be available in the event shareholders have a question of the Auditor.

In relation to asking questions, if you are submitting a question online please select the messaging tab at the top of the Lumi platform. At the top of the messaging page there is a section for you to type your question. Once you have finished typing please hit the arrow symbol to send. Questions and comments received from shareholders online will generally be read out verbatim, with changes only made to fix grammatical errors.

You can submit questions and comments in relation to any item online as soon as the Chairman allows questions to be submitted. If it is regarding a specific item of business it will be stored and put to the meeting when we get to that item. Please do not wait for that item before submitting your question. Please also note, you are limited to 1000 characters. We ask shareholders asking question via the phone to be equally concise.

If you do wish to ask a question in person over the phone, please ring the number you have been provided and provide your name as per your holding, and PIN, when asked by the operator. Once you have been verified you will be put through to the conference line. To ask a question please press star-one on your telephone keypad.

The Operator will ask which item number you wish to ask a question on, and you will be placed into the questions queue. Please note, you can still hear the meeting at this time. At the relevant time you will be introduced to ask your question.

We have two shareholder-raised resolutions which are item 5 and item 6. Item 6 is a contingent resolution and will not be put to the meeting unless item 5 is passed. We understand however that there are a number of shareholders who would like to put questions to the meeting on resolution 6. We will allow this at the appropriate time, being the discussion on item 5. At that time we will discuss both item 5 and item 6, together with any questions and comments generally relating to climate change.

We welcome your questions about climate changes impacts and ANZ's relevant policies, actions, business activities and disclosures. Shareholders will be aware, we cannot comment about our banking of individual customers or their business activities. This is a long-standing legal requirement. Please note that if you ask items on such matters before item 5, including via phone, they will not be answered until the appropriate time.

I can assure shareholders that ANZ takes its obligations relating to the proper running of the AGM very seriously. To give all shareholders the opportunity to participate equally, we ask shareholders submitting questions online try and limit their questions or comments to two per item of business, and to submit each question separately. Similarly for shareholders asking questions or making comments via phone, we would ask you to also try and limit your questions or comments to two per item of business. But to ask them at the same time when you join the meeting for that item.

This being a meeting of shareholders it's important to note we will not comment on specific customer matters, or any matters subject to legal or other dispute. As such these questions or comments will not normally be put to the meeting. As I am sure you can understand, ANZ will also not put any questions or comments to the meeting that are abusive, obscene or defamatory in nature.

The Chairman will, consistent with the Corporations Act, look to ensure that a reasonable opportunity is provided to shareholders to ask questions and make comments on each item of business and the meeting itself. Where we receive questions or comments that are the same, or fundamentally similar, we may read out one or a representative selection for the Chairman to address. In the case of multiple questions on the same topic that have already been responded to, the Chairman may opt to advise that those questions have been adequately answered and move on.

The Chairman has also asked me to outline the process should there be any technical issues that impact the meeting. If there are issues, on confirmation from the Chairman, we will either continue with the meeting if possible until the matter is resolved. Or if that is not possible we will temporarily suspend proceedings while we try to get back up and running.

If we cannot fix the problem in a reasonably short space of the time, the Chairman will formally adjourn the meeting and look to resume at 3pm Melbourne time this afternoon, using the same log-in details as now. If this happens, and we hope it does not, we will announce this to the ASX as soon as possible and also provide an update on anz.com.

Please note, we cannot control any internet problems experienced by individual shareholders or their representatives. We will not suspend proceedings should individuals be having problems of such a nature.

The Chairman will now address the meeting. Over to you Chairman.

Paul O'Sullivan: Thank you Kath. I now declare the polls open on items 2-to-5, and I encourage shareholders to begin submitting their questions ahead of the formal business of the meeting.

But let me begin with a review of financial year '21 and where it positions us today. In a year that began with so much optimism it quickly became obvious that Covid disruptions would again weigh heavily in 2021. As we sit here today, 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 here in Australia 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 the 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 the strong housing markets in Australia and New Zealand, is creating policy challenges for governments and for regulators. Unemployment has risen slightly, yet at the same time the lack of overseas migration has contributed to staffing shortages in critical sectors.

As the economy opens up again we are 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 the 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 cash flow through the lockdowns.

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

So let me talk a little bit now 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 whilst 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.

But whilst this was a pleasing outcome, it's important to recognise that the main driver was a partial reversal of COVID-19 related credit provisions. If we look through the impact of those provisions, profit was flat year-on-year. But actually this does reflect solid management of the Bank through this unprecedented crisis.

As a result we were pleased to pay a total dividend of $1.42, this is up from $0.60 last year. It's meant that more than $4 billion was returned to you, your 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 to you 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's important to report to you today on our performance. I am pleased to let you know that we have made solid gains in all of these areas.

Let me start with capital management, which remained a highlight. We are now one of the most strongly capitalised banks in the world, which a common equity tier 1 capital ratio of 12.3% at the end of our financial year. To put this in a broader perspective, this is $6 billion above APRAs unquestionably strong measure.

Very importantly, we achieved this 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 ANZ delivering 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 the second area, which is costs. We recognise the industry will continue to face downward pressure on margins. While we were early to this understanding, and indeed we have led the industry in this regard, we are maintaining relentless pressure on our cost base.

I am pleased with the focus of the Management Team. We were the only major bank to reduce the day-to-day cost of running the Bank. Allowing us to invest in new initiatives at a greater rate than our competitors.

Looking at the third area, customer outcomes. We recognise that 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 way. Unfortunately this resulted in a loss of market share, which to be frank, was a disappointing outcome.

Naturally this has been a major focus for the Board and Management. We are confident that the systematic actions being taken by Management will address these issues. These include increased investment in automation and process improvement. As a result we expect our Australian home loan portfolio will return to growth in this half, and that ANZ's growth will be in line with system growth some time in the second half of this financial year. I think it's important to note however, that margins across the Group were well-managed in what was a challenging environment.

The events of the past two years also highlight the benefits of a strong culture. We maintained very strong staff engagement, despite the majority of our people working remotely. We attracted hundreds of engineers and data scientists - many from companies like Apple, Amazon and Square - to help completely rebuild ANZ's digital capability.

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.

However the environment remains uncertainly and highly competitive and there are 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.

Let me turn now to resolutions, and I also want to give you the Board's perspective on some of the resolutions being put to the meeting today. I will begin with the adoption of the Remuneration Report. Ilana Atlas, who is the Chair of the Human Resources Committee, will talk specifically to our approach. But given its importance to many shareholders, I feel it is appropriate that 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. But 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 has 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 in particular 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 had led the Australian banking sector for several years with a focus on engaging with 100 of our largest emitting business customers, with a $50 billion sustainable financing target, and with industry-leading climate related disclosures. We know our stakeholders want further clarity on how we're aligning our lending portfolio 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.

For our power generation portfolio, our target is to achieve a 50% emissions intensity reduction by 2030. For our portfolio of large-scale commercial buildings in Australia, we have set a target to reduce emissions intensity by 60% within the same timeframe. We'll progressively expand these pathways to other key carbon-intensive sectors, including oil and gas, in 2022.

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

Specifically there are some who would prefer that ANZ no longer lends to fossil fuel companies at all. Such a ban would likely force these companies to source finance from banks that are less committed to emissions reduction.

ANZ's policy, however, is clear. We will only lend to energy companies with a target-driven, publicly disclosed plan to reduce their emissions in line with the Paris goals. We believe this will encourage and support companies genuinely committed to a lower emissions future.

Of course, we know it'll take some customers time to develop and implement their plans to reduce emissions, however, my message today is, we're prepared to work with those who are committed to driving this change and that 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 also encourage and support companies genuinely committed to a lower carbon 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.

Now, at the conclusion of this meeting, we will be saying goodbye to one of our longstanding 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've 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 we 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 you, our 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. Over to you, Shayne.

Shayne Elliott: Thank you, Paul and good morning, everybody. I'd also like to extend my welcome to you today and acknowledge the Wurundjeri people as the traditional owners of the land from which we are broadcasting this morning.

As already mentioned, the ongoing pandemic has created challenges for all of us and while many uncertainties remain, there are good reasons to be optimistic about the economies in our key markets.

Hopefully, high community vaccination rates will contribute to a rebound in summer trading and deliver a substantial economic bounce in the coming months. While the initial damage of COVID has receded and life is slowly getting back to normal, the emergence of the Omicron variant in the last couple of weeks is an important reminder that unpredictable challenges remain.

There will be new variants and governments will need to take the necessary steps to adjust to living with the virus. Now, there are also COVID-induced labour shortages and supply chain bottlenecks with which we will all need to contend with.

As we know, when confronted with rapid change, many in the community will adapt and thrive but some will continue to struggle. Fortunately at ANZ, our strong sense of purpose, our robust balance sheet and the experienced Management Team, mean we're well positioned to help customers through this uncertain period.

Now, whether it's our supportive government-backed loan schemes or working with individual customers on what's right for them, we'll continue to support customers and the economic recovery of Australia and New Zealand and all our markets.

Now, Paul has covered our financial performance in some detail but I want to give my perspective on how we performed in the financial year of 2021, particularly at a divisional level.

Now, in our largest business, Australia Retail and Commercial, we delivered a good margin performance and grew pre-provision and after-tax profit. Home loan revenue grew more than 10% and while this was a good outcome, the total number of home loans we have on our books fell during the second half and this was due to a couple of factors.

Firstly, customers were paying down their loans faster. Secondly, the speed with which we were able to process an increasing number of applications just wasn't sufficient. Now, as shareholders would expect, we took urgent action to fix these processing issues by material increasing our assessment capacity as well as simplifying and automating processes.

We also appointed our Chief Data Officer, Emma Gray, an expert in data and automation, to temporarily lead the Australian Operations Team. Now, while it's still early days and there's still much to do, I'm pleased to see improvements in our processing times and a modest return to balance sheet growth.

Now turning to New Zealand, we had one of our strongest performances ever. Revenue and profit were both up strongly while the investment required to comply with the Reserve Bank's BS11 regulation will finish in 2022, well ahead of schedule. Our Bank in New Zealand remains a well-run business, providing critical diversification at an important time.

Institutional had another good year, delivering earnings well above cost of capital. As you know, there's been significant work undertaken in recent years to simplify and focus the Institutional Business and we're now well positioned to take advantage of the structural tailwinds we see impacting the sector over the coming years.

Now, the most significant of these tailwinds is the rapid transformation of how the world produces, distributes and consumes energy. Literally trillions of dollars will be invested by 2050, making it one of the global mega trends impacting banking and society more generally.

Now, the reason for this is that for the world to decarbonise, a series of things are taking place. Firstly, the sectors that can decarbonise such as vehicle fleets and manufacturing are doing so at a rapid rate.

This takes considerable investment and at the same time, new sources of green electricity, improved battery storage, different distribution networks and hydrogen solutions will be developed with increased urgency. Again, significant investment will be required in these areas.

So this change is also impacting financial markets, particularly around how climate risk itself is assessed, managed, reported and priced. Now, your Bank is embracing this challenge and as a Australia's only truly regional Bank, we're well placed to shape and support the required transition.

Our strength in the natural resources sector means we've deep relationships with those companies that will lead the transition. With our dominant position in trade finance, debt capital markets and syndicated loans, we're starting from a position of strength. In fact, we estimate we already have a share of around 5% of the global flows in sustainable finance.

Now, to put this in better perspective, this year alone we participated in 81 transactions with a total deal size of $119 billion while our direct lending to renewables has also increased significantly to $1.4 billion.

Now, this isn't just a shift happening at the big end of town. We've already helped finance around 1000 small and mid-size business customers to reduce their emissions such as our partnership with the Clean Energy Finance Corporation to finance zero emission electric city buses in New South Wales.

Now, I also wanted to share today our progress in building a better Retail and Commercial Bank here in Australia. We know that the longer-term forces shaping the industry are leading to structurally lower returns and lower growth while also driving an unbundling of traditional banking.

This new reality required a different approach as well as a material transformation in the way we operate. So in response, we spent the last couple of years working on a program which internally we refer to as ANZx, which is using the latest technology to help people better save and manage their money.

Effectively, it’s based on the pillars of financial wellbeing such as spending less than you earn. Protecting what you can’t afford to lose and paying your most expensive debt down first.

The program is progressing well and we’re currently testing our first customer proposition with staff and will be ready to launch with new customers early in 2022 under a new ANZ Plus brand.

Pleasingly, we’ve absorbed the cost associated with this by driving productivity benefits elsewhere in the Group and that probably the best way to describe how all this works is through a short video we’ve prepared for today.

[Video played]

Shayne Elliott: ANZ Plus will be the foundation of the new ANZ. It will also allow us to provide non-Bank services and deepen engagement with our customers. Now, much of this will be delivered by the strategic partnerships we’re building through our ventures and incubator business, 1835i, which was named after the year in which ANZ’s forebear bank first traded.

Through 1835i, we only invest where we see a path to acquire more customers, deepen relationships or co-develop new propositions that we just couldn’t develop on our own. So for example, recently we announced we had entered into a deed to take over Cash Rewards, which was Australia’s leader in the buy now, save now, sector.

It's a great fit with our customer proposition of financial wellbeing and it brings over one million new customers to ANZ while also allowing us to provide additional value to our retail and hospitality customers. Through 1835i, we’ve also invested in eight fintechs like Lendi and Airwallex and launched three start-ups, each intended to drive customer acquisition and deepen engagement.

Now, another example of how digital solutions can rapidly improve our operations was the launch this year of ANZ GoBiz. GoBiz allows customers to plug the major accounting software packages straight into our systems, reducing the time it takes to get the money into the hands of small businesses from 30 days, right down to two.

While it's early days, GoBiz is making life easier for our customers while also driving solid growth in our Commercial Business.

We've come through an incredibly tough two years in very good shape. We're one of the most strongly capitalised banks in the world. We've protected the interests of shareholders by focussing on improving earnings per share. Now, we know the immediate period ahead will continue to be uncertain.

Credit conditions are the most benign they've been in a generation but that won't last. Customers are demanding more from their banks. Competition is increasing and regulation is becoming even more pervasive.

Put simply, while there are tailwinds beginning to emerge, it will still be a tough environment for some time. We're laser-focussed on what is important for shareholders. We will continue to regain momentum in Australian home loans. We will launch ANZ Plus early in 2022 as well as releasing a digital home loan proposition towards the end of next year.

We will seed further profitable high return growth in our Institution Business, particularly through sustainability. We'll continue to invest in our commercial franchise, particularly through our GoBiz proposition.

We'll complete the regulatory work in New Zealand and we'll continue to improve returns there. We'll continue to prudently manage shareholder's capital and we'll seek to invest for decent and sustainable returns.

We'll continue our work on simplification to enable low cost high resilience customer growth and finally, we'll continue to stand by customers at a time of uncertainty and continue to care for our people.

Whatever eventuates next year, we'll be prudent, methodical and guided by our purpose. So in summary, we're well placed but the outlook remains uncertain. This'll be another big year of change and transformation but I'm confident we've got the team to deliver.

As such, I'd like to acknowledge my 39,000 colleagues, who've been unwavering in their support of their customers and the community in an extraordinarily challenging time for everybody. Our people continue to be true to our purpose and embody the best of our culture. I really thank them for their ongoing commitment.

Finally, while we're going through a period of significant disruption and change at the moment, I should acknowledge it was 70 years ago that the modern ANZ was born with the merger of the Bank of Australasia and Union Bank of Australia. At the time, this was the largest corporate merger in Australia. It took foresight and ambition and we'll continue to manage ANZ for future generations with that same spirit.

Coincidentally, it was also the time we launched a new moto. Tenacious of purpose. Which resonates with the modern ANZ as strongly today as it did in 1951. Our purpose, to shape a world where people and communities thrive continues to guide all that we do and we'll continue to pursue it with tenacity. So with that, I will pass back to Paul.

Paul O'Sullivan: Thank you, Shayne. We now come to the Q&A section of the meeting. This year, we again invited shareholders to send in questions prior to the meeting and the key themes arising from those questions have been addressed in both mine and Shayne's opening statements.

We now turn to questions and comments in relation to the formal items of business. Can I please remind shareholders to continue to submit any questions they want to raise either online via the AGM platform or on the phone?

In terms of the online platform, we will store and respond to relevant questions and comments for when we get to the specific item of business. For those asking questions via the phone, you can also do that now or you can wait and dial in at the correct time.

As mentioned before, we will have discussion on items 5 and 6 at the same time, together with any questions and comments generally relating to climate change or the environment. This includes questions about climate change impacts and ANZ's relevant policies, actions, business activities and disclosures. Any questions on these matters asked before item 5, either online or via the phone, will not be considered until the appropriate time.

Out of respect for your fellow shareholders, if you could please try and limit questions or comments to two per item of business and if you're submitting online, please submit each question separately.

If you're asking questions by phone, please ask them both at the same time when you join the meeting for any specific item.

So let's start with questions and comments on item 1, the annual reports together with general comments and questions about the management of ANZ, excluding any of the relevant matters that I've just said we will discuss at item 5. So can I take the first question, please, Kath?

Kathryn van der Merwe: Thank you, Chairman. The first question is from Shareholder, [Robert Paul Kosovich]. With a much improved position as far as credit impairment charges are concerned in 2021, does internal modelling suggest this to reverse in any material way as official interest rates rise?

Paul O'Sullivan: Thank you, Robert, for the question and I think if there's anything we've learnt through COVID, it's that it's very difficult to predict what he outcomes and impacts will be. Indeed, there still remains considerable uncertainty.

I think it is also important to note that thanks to strong capital management over the last many years, ANZ entered into the current pandemic in a fairly strong position.

Your question specifically relates to interest rates and I do note that the RBA has been quite clear that it does not see itself raising interest rates in the short-term. I think that reflects the general uncertainty and the fact that there are other factors that we need to take into account in looking forward.

The RBA obviously is conscious of the fact that the impact of the pandemic is not yet clear. What is true, that household balances are at 25-year highs. That there is significant optimism and confidence about the rebound, it's also clear that there's a lot of uncertainty and therefore we're being very prudent about what comes next.

I should also note that in terms of the banking sector, it's also become a very competitive market place. So in looking forward, I think it's not simply a question of looking at interest rates, it's a question of looking overall and we're watching very closely to see what happens in the economy over the next period.

Hope I've answered your question and, Kath, onto the next question please.

Kathryn van der Merwe: We now have a question on the phone from John Whittington from the ASA. Operator, please put him through. Welcome, John. Please proceed.

John Whittington: Good morning, my name is John Whittington and I am the volunteer for the Australian Shareholders' Association. Today we hold proxies from 1053 ASA members and non-members for approximately for 4.5 million ANZ shareholders, which if consolidated, would make us fifteenth on your top 20 shareholder list.

Our thanks go to you, the Board, and all ANZ employees for producing such a strong result during this difficult year. Mr Chairman, my first question is about shareholder voting at this AGM.

This year, like last year, ANZ did not include proxy voting form amongst the six sheets of A4 paper plus a reply paid envelope sent to those shareholders who have opted to communications by post.

This can lead to disengagement of retail shareholders who are likely to feel their vote is not wanted. Can you inform the meeting today of the number of shareholders, not the number of shares, who voted this year compared with 2019 when you last mailed out proxy forms? Thank you.

Paul O'Sullivan: Thank you, John, and can I begin by also thanking you and all the volunteers in the ASA for the terrific work you do in making sure that retail shareholders have a voice. Thank you also for the question.

As a shareholder in ANZ, you would obviously want your Board and management to always be trying to get the right balance in terms of costs and efficiency as opposed to expenditure.

So this is really a challenge whereby we're seeing the world increasingly moving to digital and online. Yet we recognise there are people who don’t always have access to those digital platforms.

But the results are a question of cost in terms of printing and distribution and of course sustainability in terms of impact on the environment. So we do try to get the perfect balance.

I will note that the last time we printed a proxy form, only 2% of shareholders actually used that to respond. However, I'm conscious of the representation that you and your association have made and as a result of those, I have asked the team to look at the possibility for us to print a proxy form on the reverse side of the Chairman's letter when we issue it next year.

Hopefully that shows we are listening and responsive to the comments of you and your members. Thank you for your question and Kath, I'll move onto the next question please.

Kathryn van der Merwe: You have a question from Mr [Steven David Mayne]. CBA recently completed a $6 billion off market buy at a 14% discount to the market price with the fully franked dividend component being 74.6% of the buyback price.

It was flooded with almost $30 billion worth of stock tendered into the offer. Westpac is also attempting a similar $3.5 billion off market buyback but it has bombed so far because the dividend component was set to be less than half.

Has ANZ investigated an off market buyback? And given our franking credits balance, what proportion of such a buyback could be a fully franked dividend as opposed to a capital return? As this seems to be the key metric driving whether those off market buybacks are worthwhile and popular with shareholders.

Paul O'Sullivan: Yes, thank you, Steven for your question and this really goes to the question of capital management by the Board and by management. And without getting into the specifics of what you've asked, we're always very conscious of trying to make the best use of capital.

You'll note that we have actually got an outstanding CET1 as we come out of the year and we're also trying to manage that against the return on equity. In terms of returns to shareholders, we always look for the most efficient way in which to return anything to shareholders. And we're conscious that franking credits are worth a lot more to our shareholders than they ever are to us.

We're also conscious of the fact that when we look at what we should return, we need to take into account market conditions and look at issues such as the stress test on our capital balance and how we see the environment unfolding moving forward.

So this is an area of constant review and exercise by your Board. And I can assure you our desire would be to make sure we're returning capital as efficiently as possible to shareholders where appropriate. Next question please, Kath.

Kathryn van der Merwe: We have a question on the phone from Talitha Roberts. Operator, please put her through. Welcome Talitha. Please proceed with your question.

Talitha Roberts: …sustainable solutions between 2020 and 2025. I understand these solutions including funding for a variety of activities, including waste management, housing construction, and water procurement. How much will be directed to this funding renewable energy?

Paul O'Sullivan: Okay and I think we said at the beginning that we would take questions in terms of climate change and environment when we get to item 5. If I think about that question, I think it very much falls into that category.

So thank you for your question. What we'll do is we'll bring it back and we'll record it and bring it back and make sure that we answer it when we get to item 5 on the agenda. So thank you for that. Let's go to the next question please, Kath.

Kathryn van der Merwe: A question from shareholder, Mr Wolfgang Frank. Since the findings of the Hayne Royal Commission, what has been the total cost of all agreed fines, legal defence, remediation work, and refunds to customers?

How many senior executives have been held accountable for these adverse findings and failure of operational processes? Can executive management provide a guarantee that there are no further skeletons in the cupboard?

Paul O'Sullivan: Thank you, Mr Frank, for your question. If you look at our disclosures in our full year results, you'll see that we've disclosed that we've spent about $1.8 billion so far which is a combination of what we spent on remediating customers and on our own administration of that cost and process.

To give you a sense of the run rate, we still carry - we were still carrying in March of this year, about $1 billion in provisions for future remediation. That includes expenses. And as we got to the end of the financial year, that number was about $800 million.

So that gives you a sense of the run rate. We would hope that we're closer to the end and certainly as we look at the work we've done to date, we've come a long way in terms of a remediation activity. I would hope that sometime in the future, we're able to close it down.

Can I also say that we don’t see this exercise as purely being one about remediating customers and responding to the Royal Commission. We've actually used this as a platform for learning from the experiences and asking ourselves, how do we redesign our process on our products so that we run a better bank?

And interestingly, the name of the group we have working on this inside the bank is called a responsible banking tribe. In terms of accountability, there's full disclosure in our remuneration report of accountabilities and remuneration over the years.

And you will note, I think it was two years ago, we took a significant reduction in variable remuneration for our executives in reflection of the findings of the Royal Commission. Thanks for your question. It's an important topic. I would say we're not rushing this, we want to get it right, and it is an area of strong focus for your Board and management. Next question please, Kath.

Kathryn van der Merwe: We have a question on the phone from [Daniela Osiander]. Operator, please put her through. Welcome, Daniela. Please proceed with your question.

Daniela Osiander: Yes, good morning, team. I have a question, it does include the word environment but is very much about business risk so I would please want you to answer this now.

In October last year, the United Nations Environment Programme Finance Initiative, UNEP FI, signed an open letter requesting that assumptions made by companies in preparing financial statements under IFRS be compatible with the Paris Agreement.

As a member of the UNEP FI, what consequences do our clients, particularly those in high-emitting sectors such as energy, face if such assumptions are not disclosed?

Paul O'Sullivan: Daniela, thank you for your question and thank you also for your interest and activity in what's a really important topic. But can I also say that I've got an accountability this morning and that is in running the AGM. I need to make sure that it's a meeting whereby we allow an opportunity for as many shareholders as possible to ask their questions and to be heard.

And that requires a certain amount of discipline in how we run the agenda. So we have put questions relating to environment and sustainability and the risk associated with that to items 5 and 6.

We'll make sure that we have adequate time there to answer questions. But in this section of the meeting, I want to give shareholders a chance to ask questions on other topics so that we don’t crowd out the agenda.

So thank you and I suggest that question be taken when we get to item 5 and 6. Next question, Kath, please.

Kathryn van der Merwe: I have a question from Steven David Mayne. There have been a lot of horror stories about how the big four banks have been treating small landlords during the avalanche of branch closures since COVID first struck in February last year.

How many Australian branches have we closed since the start of 2020? How many do we still have? And what is our policy in terms of fair dealings when we break a lease or attempt to negotiate a new branch lease with a substantial reduction in rent?

Paul O'Sullivan: Steven, thanks for your question and this is another one of ours where we've got to find that golden balance between competing pressures. It's a very interesting statistic that when we look at branch customers, only 6% of customers in the average branch frequently or regularly visit their branch physically.

And as you've seen in the pandemic, there's been a strong move to using online. In fact, close on 50% of our sales last year in Australia were done on digital platforms. I'm going to pass to Shayne to provide some context on the branch network but let me also add that we're very conscious that our landlords are also customers and part of the community and therefore we're keen to be very responsible in the way that we manage any exits.

But Shayne, to provide some context on our branch network, our rationalisation, and how we handle landlords, can I pass to you?

Shayne Elliott: Sure. Thanks, Chairman. And thanks for the question, Steven. I think Paul has covered - it's important to give the context of why we close branches. And really, we're closing branches in response to changing customer behaviour as customers choose increasingly to use digital channels and have no real need for the branches.

To answer your specific questions, as of today, we have 421 branches across Australia and over the last two years, we've closed about 150 which is a significant number. The vast bulk of those closures though were in urban and city areas where we've been able to consolidate practices into some of our larger branch networks.

So those are the numbers. In terms of the treatment of the landlords, I'm a little bit surprised by the way you've articulated the question. That's certainly not the feedback we've had from our landlords.

We're very respectful of the way we treat the landlords where we have branches. And ideally, what we try to do is we time closures around the ending of a lease anyway. And we give those landlords quite a significant amount of notice in terms of our intentions.

But if there are landlords at the moment who have some concerns about the way that we deal with them, I'm more than happy to deal with those offline.

Paul O'Sullivan: Thanks Shayne. So Kath, we'll move to the next question please.

Kathryn van der Merwe: We have a question on the phone from [Luigi Bocello]. Operator, please put him through. Welcome Luigi. Please proceed with your question.

Luigi Bocello: (Shareholder) Yes, my question is so you've recently added capital notes issue number 6 which was all online. I was one of the persons that don’t have internet and all that sort of crap.

I was able to get a hard copy of the prospectus and I was also informed by Computershare that if I lodged my funds by a certain date and time at the Pakenham branch of the ANZ Bank, they would then take my details over the phone to issue with the notes.

I lodged my money on time and when the notes issue closed, I got a phone call back from Computershare, they never received my email for the details so they would not proceed with my application and my funds would be returned to me within 10 working days.

You had my money for three weeks. I got no interest on it. No satisfaction. My question is, the next issue of capital notes, is ANZ going to provide hard copies or leave it digital?

Paul O'Sullivan: Thank you, Mr Bocello and I'm sorry to hear about your experience. It clearly wasn’t a good one. I think this, again, is an example of us trying to navigate getting the right balance between the changes that there are in the world and how we manage our cost base.

I think it's important to say that our decision to move to online for these applications is actually consistent with market practice and if you look at market practice by other major players in recent times, they've taken the same approach. Obviously, there's a significant cost for the Bank associated with continuing to provide physical channels for these sorts of activities.

So, I respect your opinion, I apologise for the experience you had, but nonetheless in all honesty, to do the right thing by shareholders and in managing costs moving forward we will be sticking with what is established market practice and continuing to use the online platform. What I would like to do is if there are challenges in actually getting through that platform, please feel free to contact me and I will find someone at the Bank who can help support you in terms of registering and navigating your way through that process. Thank you for your interest in ANZ and for your willingness to invest with us.

Next question please.

Kathryn van der Merwe: The question from shareholder Wolfgang Frank: how can a major bank such as ANZ have processing issues in a longstanding and basic product such as housing loans resulting in a material drop of market share? A manual approval of a housing loan should take no more than 30 minutes if all loan criteria is met and supporting data is submitted. It appears there is far too much reliance on third party originators who are solely interested in obtaining an approval to generate their commission, thus resulting in a level of dodgy applications.

Paul O'Sullivan: Thank you Mr Frank and obviously that has been a big question for your Board and management through this year. I would like to provide some context on the performance and our loss of market share and I might ask Shayne in a moment to just provide some perspective on third party broker channels and the value that they do bring to the Bank.

Let me first of all put in context the home loans issue. It's important to stress that we actually increased our processing capacity year-on-year. In fact, we handled a much higher volume of home loan applications this year than last year and you can also see that in terms of our revenues in the Australian Retail and Commercial division, we actually grew revenues through the year.

However, we significantly underestimated the growth in market demand and that's reflective of the fact that with interest rates at historic lows a lot of customers were looking to lock in and fix their interest rates. Let me give you a statistic which gives you a sense of the volume of activity in the market this year. 30% of the ANZ Australian customer base in the mortgage book had a pricing event this year. That is a significant lift on previous volumes.

Let me be frank, we got it wrong. Although we expanded capacity, we didn't expand capacity enough and as a result we lost market share to those who could process it. We have spent a lot of time, our Board and Management, understanding this issue. There has been significant work done to bring in new processes, new ways of handling things and to look externally at best practice and to see what we can learn from that and improve ANZ.

I think it was clear from my comments and from Shayne's that we do see ourselves returning to growth in the home loan book this half and that our growth in the home loan book should be in line with system growth in the second half. So yes, it's been a disappointing performance, but there has been a lot of work done to get us back on track. Let me pass to Shayne now to just talk about the importance of the broker channels and the value they bring to ANZ.

Shayne Elliott: Thanks Chairman. I might just make some further comments about the home loan processing and thank you Mr Frank for the question. I can understand why it might seem that it should only take 30 minutes but I think it's important to remind shareholders of the regulatory environment, which is a good thing and around the responsible lending obligations we have.

We have an obligation not just to process the loan but to ensure and take reasonable steps to ensure that, quite rightly, that the applicant has the means to repay the loan without undue hardship. What we need to do is be able to look through their spending patterns, check their bank statements to understand the level of household expenditure they have, confirm their level of income is stable, et cetera, so it's not quite as simple as it may otherwise seem.

The other point I think it's worth just reminding shareholders, that quite rightly in your question you point out exactly the issue, you say if all loan criteria is met and supporting data is submitted. In reality, most applications do require some wee work where they don't always come with sufficient data and so that's generally why it takes a little bit longer.

Then the other point I think is interesting and ANZ is a little bit different to many of our peers, we have a very strong small business customer franchise and one of the things that the Bank specialises in is being able to give home loans to small business operators. Of course, small business operators don't have a payslip and so in order to be able to assess them for a home loan it's a little bit more complicated and it takes a little bit more time. About a third of all our home loan applications actually come through by self-employed people or small business operators which is something we're good at but it does take a little bit more time. It's a bit more complex.

In terms of the question about third parties, the broker channel, what we're doing here is we're responding to customer need and customer desire. Customers across the country are voting with their feet and they're deciding that they like the service they get from the broker channel. So, they go to brokers for various reasons, to get better price transparency, to understand the market, there's well over 100 providers of home loans in the market place and so brokers provide a valuable service and customers choose to go through them and so it's only appropriate that we respond and have the ability to accept applications through the broker channel.

At ANZ it's a little bit more than half of all the applications we get come through the broker channel. What's good for shareholders is that's a great channel for what we call new to bank customers, so people that may not already bank with ANZ. It's a great way for us to be able to put our proposition in front of people and earn the right to service those customers over time. We think there's a strong and there will always be a place for that broker channel in the future and it's appropriate that we have a really good position and processing relationship with the major brokers across the country.

Paul O'Sullivan: Thanks Shayne and I will just finish remarks and that actually by adding that brokers are seen by customers as valuable for getting a sense that they're getting a good deal and for checking the market, but we find that a large number of ANZ customers who go into that channel end up coming back to us. It has that important role of giving people confidence about the deal they're getting. Thanks for the question and now we'll go to the next question please.

Kathryn van der Merwe: We have a question on the phone from John Whittington from the ASA. Operator, please put him through. Welcome John, please proceed with your question.

John Whittington: (ASA, Shareholder) Mr Chairman, I've got two final questions for this section. Firstly, we applaud your reporting of net promoter score in the annual report. It is excellent disclosure appreciated by shareholders. Unfortunately, you seem to have the lowest net promotor score in all markets but Institutional and, if anything, they seem to be getting worse. This would seem to have significant implications for the future success of the Bank. There is no value in having great products and services if no-one wants to do business with you. How is the Board addressing this problem?

My second question is, thanks for the improved disclosure of the auditor tenure in the Annual Report and on your website which shows that you have had the same auditor since 1969. When was the last competitive audit tender held and when does the Company plan to hold the next one? Thank you.

Paul O'Sullivan: Thanks John for your question and for the benefit of everyone listening, so the net promotor score is a survey we do of customers and it looks at people who are willing to promote their experience as positive with the Bank offset with those who detract or say they've had a negative experience. Actually, there are many different net promotor scores. The one we're reporting externally is only one of many, but I acknowledge it has not been a strong performance and we are not satisfied with it.

I will say that we do also look at other net promotor scores, we call them touch point for example, which is a specific metric let's say if you've dealt with a branch or you've dealt on the phone at a specific point in time. The second comment I would make is that we're using that information to redesign a lot of our processes and products within the Bank and Shayne has referenced a bit of that in his talk. Work in ANZx is not merely about building a digital platform, it's actually about redesigning the end to end experience a customer has from the moment that they make a touch with the Bank to when we actually fulfil their needs with a product or service.

There's an ongoing focus on this John and we do believe that we will show significant improvement on this over the next few years. I should add a similar focus and effort is being made in the Institutional Bank where again we do score very highly. We are rated number one in a number of surveys on the Institutional Bank by customers in terms of their satisfaction. Nonetheless, we are not resting on our laurels in that area.

Let me turn to your second question which relates to audit tenure and audit competition. The challenge is that banks are big entities and there's only a finite number of companies that have the scale and resources to be able to undertake audits of the major banks. Of course, there's also the issue of competition tension whereby auditors may be working for a rival bank. It is true that we have had the same auditor for a long period of time. We did run a form of competitive process in 2015, but it was with the incumbents, so I would acknowledge it wasn't a full open tender.

The Board and the Audit Committee in particular are very focused on how do we make sure that we are getting a fresh set of eyes, that we're getting renewal and indeed we're getting challenge from people coming in to work on the audit who don't feel they are historically bound by what has been decided in the past. In that sense there's a strong program of rotation that we undertake with our auditor. There have been four rotations of the lead audit partner and of the engagement teams who undertake the ANZ audit over the last 10 years. That's specifically designed to make sure we are bringing fresh eyes, fresh questioning and fresh perspectives onto our audit.

It is going to be an ongoing challenge moving forward. There is a finite pool that we can fish in our competitors are using the other audit firms. We will continue to think about ways in which we can make sure we are getting the best quality audit for the Bank. Thanks for your questions and onto the next question please Kath.

Kathryn van der Merwe: We have two different questions from Mr [David Payne]. The first is: a banking competitor to ANZ recently had bad publicity regarding middle management staff working excessive unpaid overtime hours. If there are subsequent court findings adverse to that bank regarding this, is there any reasonable likelihood that this action may also flow onto ANZ and thus need to be reflected appropriately in provisions? Do staff consider ANZ as an employer of choice?

The second question: is the Bank now overcapitalised, i.e. $6 billion above required levels at the expense of shareholder returns? Will the level of issued hybrids be decreased in the medium term as a result of this current capitalisation level?

Paul O'Sullivan: Thanks for the questions, Mr Payne. Let me take the first one of those which relates to are we an employer or choice, do we aspire to be an employer of choice and also what do we learn from the findings, not only in the banking industry but indeed in general in terms of payments and conditions for staff? We do watch this very closely. We mentioned our staff engagement scores recently. The Board and Management look closely at this and it has been pleasing for us that our engagement score, despite all the disruption of people having to work from home through the pandemic, has come in at around 80% which is actually quite a high score for engagement by Australian standards.

We do feel we have got a good relationship with our employees. However, it is also important we are continuing to stay vigilant on this. In the area of payments, for example, which you mentioned, we actually have a strong process for not only regularly reviewing that we are paying in line with our EPA and the award system, we have also recently set up a centralised group to act as a control, to basically do the audit and checking to make sure that our processes are correct in terms of how we are paying and rewarding staff. We do look at what happens externally and we would of course make sure that any learnings from an outside court case were taken on board.

In terms of your second question, I partially mentioned this earlier and that is that the one thing we learned from COVID is just how uncertain things are and how quickly they can change. If you have a look at the Bank's capitalisation as we came out of the financial year, I noted in my speech that at a CET1 of 12.3% we are actually well above the Central Bank's requirements in terms of being unquestionably strong.

You mentioned the $6 billion number. The Board looks forward at this and thinks about capital management. We are always conscious of the need to strike the right balance between the external environment, the capital requirements of the Bank and what is appropriate in terms of expectations and returns to shareholders.

To give you an example and to go to your point, we're conscious for example, that if we were to reduce the amount that we're holding in terms of capital at the moment, let's say we sat at about a 10.7% CET1, that would improve our return in equity, which is going to be about 9.9% by about 40 basis points. So we're very conscious of the capital that's required and held on the balance sheet.

It's also fair to say that we think the environment is still significantly uncertain. So although there's a lot of positive coverage in the media about the end of the pandemic, just being confident about how the economy responds, about what it means once we get passed the initial opening up, what the new variant may mean and indeed the strong competition we're seeing in the banking sector, all of those still provide a degree of uncertainty.

So we'll be looking to have a very balanced approach to how we treat our capital and indeed what we may do in terms of future funding or in future returns to shareholders. I hope that's answered your question and, Kath, onto the next question, please.

Kathryn van der Merwe: We have a question on the phone from Julien Vincent from Market Forces. Operator, please put them through. Welcome, Julien, please proceed with your question.

Julien Vincent: (Shareholder) Thanks very much and thanks for [unclear] to take my question now because you made a comment, Chairman, in your earlier address about working with customers to reduce emissions and what's happening is that where it really matters most, you're failing to help customers reduce emissions.

You've got clients on your books such as Santos, Woodside and New Hope Group, which are trying to develop new fossil fuel projects that would add billions of tonnes of CO2 to the atmosphere that we can't afford and that's a fact that's been enshrined by even the IEA in their Net Zero by 2050 report this year.

So it's now been six years since the Paris Agreement's been signed and why is ANZ giving companies like this another four years before there's even an expectation of transition plans to be provided when within those four years, companies that you are currently exposed to are attempting to lock in billions of tonnes more CO2? That sounds like your engagement efforts to work with customers to reduce emissions are absolute lip service.

Paul O'Sullivan: Julien, thanks for your question and as I said at the beginning, I want to make sure we have time on the agenda for shareholders to ask their questions and I don't want to crowd out the agenda with questions on one topic. That's why we've said we'll hold questions on the environment and sustainability to items 5 and 6.

So please, submit your question there but can I also say, I think when we get to 5 and 6, I strongly believe we're on the same side and we're trying to get to the same place. Next question, please.

Kathryn van der Merwe: I have two questions from [Mr Steven Shuster]. Question 1, would the new Chairman dismiss members of the Executive Leadership Team, including the CEO, if it was proven that they blatantly breached the rules of the code of conduct?

The second question, how can the Bank claim to have a speak up culture when in reality, whistleblowers who report issues that question the integrity of executives are treated with disdain and people are actually scared to speak up, knowing what the ramifications would be.

Paul O'Sullivan: Okay, thank you, Mr Shuster for your question. We take the code of conduct very seriously but I'm also very much a believer in a fair go and in natural justice. So in answer to your question, I think it really depends on the context and the situation which we would find ourselves.

We do, in the annual report - I think it's on page 97, go through in some detail specific processes we have inside the Bank for holding people accountable and for any breaches of our code of conduct or of our values.

In fact, we disclose the number of cases we considered last year and the outcomes. So it is a very serious issue and we do take a lot of focus and attention on it. Clearly, no one is sacrosanct and all of us, including myself, ultimately have to be accountable for our actions and to take the consequences but I'm a strong believer that everyone should also be given a fair go and that natural justice should prevail.

In terms of the second point, in terms of speak up culture, it is a very important issue, particularly in a bank and in any organisation that people are willing to speak up. We actually do provide facilities for this.

We have a third party operated whistleblower line that employees can call and anonymity will be protected. We obviously are conscious of the whistleblower legislation and we have formal training internally on the - what the law requires in terms of preserving the anonymity and confidentiality of anyone whistleblowing if they require it and I think that's a very important point to stress.

We also measure this. So in our staff surveys, we actually ask people, do they feel comfortable they can speak up without there being negative consequences? In our most recent survey, we got a score of around 80% on that, which again by Australian benchmarks, is actually a high score.

So look, we never relax on that but it is an area of strong focus for us and I do believe we are creating the right processes and systems to enable it. Thanks for your question and Kath, onto the next question, please.

Kathryn van der Merwe: We have a question on the phone from [Christine] from [Accretion] Proprietary Limited. Operator, please put her through. Welcome, Christine, please proceed with your question.

Christine: (Shareholder) Thank you and thank you for the opportunity to engage at the AGM. So my questions are in relation to how we report on our exposure to various products so there are a couple of questions here.

So in the climate-related disclosures document, which shows that our exposure to oil and gas has declined year-on-year for the past two years, however, that still stands at a significant $14.6 billion. So part of the question is, what's driven that decline and do we intend for it to continue?

Further to that, in that document, it notes that that exposure includes exploration, extraction, transport, refining and retail of oil and gas. However, our major competitors, CBA and Westpac, disclose a breakdown of the exposure to each of these subsectors and I'm wondering when ANZ will do the same?

Similarly, with the electricity that we have, we have $12.3 billion of exposure to electric utilities and again, defined in a conglomerate. The electricity generators that own or operate a mix of thermal and renewable generation assets as well as transmission and distribution infrastructure, which doesn't tell us very much.

While CommBank, NAB, Westpac, they do disclose the breakdown of electricity generation exposure by fuel type, for example. Exposure to gas-fired power, hydroelectricity, et cetera. So when will ANZ provide such a breakdown of our electricity exposure?

Paul O'Sullivan: Christine, thanks for your questions and for your interest in what is a topic that a lot of people, including ourselves are very motivated by but look, I am focussed on making sure we preserve section 1 for questions other than environment and sustainability so that everyone gets a fair go. So please, resubmit that question when we get to items 5 and 6.

So Kath, next question, please.

Kathryn van der Merwe: I have a question from Steven David Mayne. Did any of the main proxy advisors, ACSI, Ownership Matters, Glass Lewis and ISS recommend a vote against any of today's resolutions?

Which of the proxy advisors are covering us and has there been a material proxy protest vote against any of today's resolutions? Will you disclose the proxy votes before the debate on today's resolutions so shareholders can ask questions about the reasons if there have been any protest votes?

Paul O'Sullivan: Steven, thanks for your question and for putting me in a wonderful dilemma. You know the proxy advisors are very important to us and I certainly don't want to get them off side unnecessarily.

They operate a subscription service and people pay for their advice so I don't think it'd be appropriate for me to start disclosing that advice here. So I think it's important to preserve that. I think you'll be able to deduce how they've recommended based on the voting that you see when the results come out.

In terms of the suggestion on changing the way we might run the AGM, look, we get quite a number of suggestions for different bespoke versions of an annual general meeting and different ways in which we might change it.

To be honest, unless there's an absolutely compelling rationale for change, the formula we have today is one that shareholders are accustomed to. It works well. We're confident it preserves legal obligations as well as providing a good platform for shareholders to engage with the Board and so we would be reluctant to change it unless there was a decision by the regulator or some other legislative instrument requiring us to make the change but thanks for the question.

Next question, please.

Kathryn van der Merwe: Question on the phone from [Peter Sainsbury]. Operator, please put them through. Welcome, Peter, please proceed with your question.

Peter Sainsbury: (Shareholder) Thank you very much, Operator and Chairman. My question relates to again the annual report where in page 7 - sorry, the Financial Related Financial - Climate-related Financial Disclosures, page 7 of the 2021 report.

We state that the Bank's stress-tested our agricultural portfolio for physical climate risk under two warming scenarios and that this was summarised in a UN - United Nations report published three-and-a-half years ago.

The findings show declines of revenue of up to 12% by 2025 and 22% by 2045 in a scenario of unmitigated global warming of four degrees Celsius. By contrast in 2019, the Commonwealth Bank [disclosed] that under the same scenario, the Australian grains, livestock and dairy industries faced declines in productivity and profitability of 40% to 50% by 2060.

So given our $30 billion exposure to agriculture, when will we be disclosing the anticipated change in default [rate] of the agribusiness book that we hold in a scenario of unmitigated global warming?

Paul O'Sullivan: Peter, thank you for your questions and for your interest. Again, this is a climate and environment-related question. I'll just note the fact that we do have such a significant disclosure which is industry leading, shows we're not reluctant to discuss these matters. In fact, we're an industry leader in terms of disclosure.

But as I said, to maintain fairness for all shareholders, we'll pick this up on item 5 and 6 so please resubmit your question then and if there are others on the telephone queue who would like to submit a question on climate, please note it is going to be item 5 and 6 where we take that.

So over, Kath, to the next question, please.

Kathryn van der Merwe: The question is from [Rita] from Denmark Dream Proprietary Limited. Chairman, ANZ has just agreed to a $25 million fine with ASIC for their serious contraventions in failing to provide their customers the entitled benefits they should receive via ANZ's Breakfree package, which they signed up and paid for. Also affected car loans where customers did not receive their associated ancillary benefits.

This highlights significant system failures which have unfairly impacted thousands of customers, causing them financial harm. The media reports ANZ collected around $1.9 billion in annual package fees alone from 2003 to 2021. ANZ has stated it will pay the last of the compensation to its customers in the 2023 financial year.

I am aware of several ANZ Breakfree package customers who have not yet been contacted by ANZ. Could you and the Board advise where ANZ has not contacted its affected customers in the remediation process, what those unfairly treated customers should do?

Paul O'Sullivan: Rita, thank you for your question and this relates to recent publicity around the Breakfree case and also by ASIC in terms of some action that they are taking.

Yes, we acknowledge that there were some problems with our systems and processes around the administration of this product that relates to work between - or products we sell between 2008 and 2020.

We've done a significant amount of work on remediation, not only for the customers in terms of payments but also to make sure we're fixing the systems and the processes that underpin it.

We have worked with ASIC to agree a statement of facts but other than that, given that this is about to go before the courts, I am really not in a position to say much more other than that we absolutely acknowledge the issue and we're working hard to rectify it. So thank you, Rita, for your question.

Next question, please.

Kathryn van der Merwe: We've a question on the phone from [Abigail Shepherd]. Operator, please put Abigail through. Welcome, Abigail, please proceed.

Abigail Shepherd: (Shareholder) Thank you. Good morning, yes, this is a question in two parts and it's specifically about possible legal risk issues. So the first question - and you don't have to answer it immediately, it will make more sense when I continue to the rest of it, is whether ANZ is aware of the advice of Noel Hutley SC published by the Centre for Policy Development, about corporate legal obligations in connection with climate issues.

Depending on what your answer to that question is, my - well my question is, is that we've had the benefit of more recent advice from Mr Hutley in which he identifies how important it is for companies to have a reasonable basis for their statements about climate goals and targets and about the risk of legal consequences of greenwashing. That is, making inaccurate comment - commitments or without a reasonable basis.

Now, ANZ has declared that it supports the Paris Agreements goals of transitioning to net zero emissions by 2050. Given that the international energy agency to which Australia belongs has reported this year that in a plan to achieve net zero by 2050, there is no need for investment in new fossil fuels and given that ANZ has continued to finance the fossil fuel industries, are you concerned about ANZ having engaged in greenwashing of the type identified by Mr Hutley in his advice?

Paul O'Sullivan: Abigail, thank you for your question and in a general sense, the Board is always ensuring that we keep ourselves updated on significant developments in terms of corporate governance. The Hutley opinion is one of those.

But look, the rest of your question really goes to climate and environment and again, to preserve space in the meeting for all shareholders to get a fair crack of the whip, I'm going to hold off those questions till we get to items 5 and 6. So please, resubmit your question then. Thank you.

On, Kath, to the next question, please.

Kathryn van der Merwe: Yes, a question from Erebor Proprietary Limited. ANZ had $151 billion of cash and cash equivalents at September 2021, earning 0.1%. Lower than the cost of at least 94% of its interest-bearing liabilities.

Historically, cash to meet liquidity has been circa $80 billion. Half the current level. Why is the level of cash still so high given the economic recovery? When will it come back to historic levels rather than continue to lose money given the negative NIM on this asset?

Paul O'Sullivan: Thanks. Thanks, for the question and I think we might take it in a general sense rather than get into the specifics as to what our actions might be in the future but I was going to - really, it's an operational question and I was going to pass to Shayne to provide some thinking and background on it.

Shayne Elliott: Great and thanks for the question. You're quite right, the banking system at the moment is flush with liquidity, largely as a result of the Government and regulatory response to the pandemic.

As we've seen, there's been lots of support across the economy for which many customers are enormously grateful and that's really helped cushion the impact of COVID on small and large businesses and frankly, also on households.

What's happened as a result of that support is a lot of that saving and liquidity has ended up in savings accounts with banks. I think all of the major banks have reported similar levels of high liquidity at the moment.

Not unsurprisingly, small business operators, mums and dads, large businesses are still a little bit cautious about the future and they want to sit on high levels of deposits. That's the results and exactly the sort of numbers you talk about there.

Now, that puts a burden on the Bank as you quite rightly say because we're unable to always utilise those deposits in terms of lending. So we're right at this sort of interesting pivot point where we've got lots of liquidity.

The economy is generally improving as you say and there's some really strong signs but it's yet - other than in the housing space, it's yet really to materialise into demand for borrowing from small and large businesses.

We expect that that's probably going to be that way for a little bit longer so we manage our margins and we manage those liquidity as best we can by trying to do the right thing by customers. Paying competitive rates but also making sure that we are able to generate a decent return in terms of margins for shareholders.

I think what the Chairman referred to earlier in his opening remarks is, ANZ actually has done a really good job, we think, in managed margins overall. In fact, as you saw in the last reporting period, we were the only major bank to actually improve our margins year-on-year.

So it's a constant area of focus but we imagine that the high levels of liquidity will be with us for some period of time.

Paul O'Sullivan: Thanks, Shayne. Kath, onto the next question, please.

Kathryn van der Merwe: We've a question on the phone from [Jane McNicol]. Operator, please put her though. Welcome Jane, go ahead.

Jane McNicol: (Shareholder) Yes, thanks. Yes, my question is - I have two questions, in fact. The first one is, the International Energy Agency stated earlier this year that no new fossil fuel projects could be approved in order to achieve net zero by 2050. In light of this, when will ANZ commit to provide no further finance to companies such as Woodside and BHP who are planning to develop the controversial Scarborough gas field of the WA coast?

My second question is, there is now irrefutable scientific evidence that the 40,000 year old Murujuga rock art on the Burrup Peninsula in Western Australia is being destroyed by acid rain produced by local industry. What is happening to this UNESCO-listed - short-listed rock art that has been referred to as the Juukan Gorge in slow motion. Woodside's proposed expansion of its Pluto facility would only exacerbate this process.

When will ANZ take a stand against the destruction of Aboriginal heritage by committing to provide no further financing to the companies developing the destructive Pluto expansion project? Thank you, Mr Chair.

Paul O'Sullivan: Okay, thank you, Jane, for your questions and these are important topics but I just want to reiterate to ensure everyone has a fair go in the meeting, we're taking questions on environment and climate as part of items 5 and 6. So please resubmit the question then. Next question please?

Kathryn van der Merwe: Question from [Mr Stephen Payne]. Do you expect that the significant drop-off in migration into Australia over the current two years will flow on to a further impact on the level of housing loans in the short-term and medium-term? Thus limiting growth opportunities in this market.

Paul O'Sullivan: Look, thank you for your question Mr Payne. I'm going to ask Shayne to add a comment in a moment. But it's just important to note that migration is just one factor that drives growth in the housing market. Obviously there's natural growth in the population, and of course it's people moving and wanting to change or upgrade or downsize their homes.

But Shayne, did you want to add any perspectives as to what you see in terms of the housing market?

Shayne Elliott: Yes, only a little bit really, Chairman you've covered it. I think it's an excellent question, and as you point our Chairman, there are a lot of factors at play here. Migration is a very important one. Migration has been a source of a large amount of Australia and New Zealand's population growth over many years. So it's we're at a point where we don't really know what the level of migration is going to be.

I think we are an interesting time where the borders are just opening up. We are certainly getting students back and others. So time will tell. But it's one of the factors. But if I assort of stand back and just think about the housing market in general, it's our view, and I think shared by many others, that the market will continue to grow, but at more modest levels. Perhaps we might see sort of 5% or 6% growth in the system, that sort of demand for home loans over the coming years.

But it's a very uncertain period of time. There are a lot of factors at play, of which Mr Payne has quite rightly pointed out one of the more material ones.

Paul O'Sullivan: Thanks Shayne, and thank you Mr Payne. So Kath, onto the next question please.

Kathryn van der Merwe: We have a question on the phone from [Talitha Roberts]. Operator, please put her through. Welcome Talitha, please proceed with your question.

Talitha Roberts: (Shareholder) Yes, all right, our Annual Report talks a lot about sustainability and the need to address climate change. But our Climate-Related Financial Report shows we have $15 billion-plus of exposure to fossil fuels, which is more than 10 times [our measly] $1.4 billion to renewable energy.

I note that we mentioned earlier that there was investment with the Clean Energy Finance Corporation for some buses in New South Wales, electrical buses. But do we really expect to be taken seriously on climate change when our loan book is so heavily weighted toward fossil fuels?

Paul O'Sullivan: Talitha, thanks for your question, a very important topic. But as I have said, the meeting will make sure we give enough time for questions on the general business in item 1. I'd ask you to please resubmit that question when we get to item 5 and item 6.

Thank you. Next question please.

Kathryn van der Merwe: This is a question from Rita from Denmark Dream Proprietary Limited. ANZ established a customer resolution portfolio in early-2020 and says it informs us when we are not meeting customer or community expectations. We have commenced a program to review and improve our IDR policies, systems and practices. ANZ has recently removed its own customers' right of appeal to its Customer Advocate, which provided another internal avenue from its own complaints handling decisions.

ANZ emailed its home loan customers saying, the consumer lending terms and conditions are being updated to remove the Customer Advocate as a review option if you make a complaint or have a dispute with ANZ and are not satisfied with our resolution of your complaint.

Chair, please provide a status of ANZ's program to review and improve its IDR policies, systems and practices? How is it fair to the Bank - for the Bank to remove their customers' ability to engage the Customer Advocate to appeal ANZ's adverse decisions when ANZ itself actively directly customers to their Customer Advocate?

Paul O'Sullivan: Rita, thanks for your question. Actually the Board spends a lot of time looking at our customers satisfaction and how we handle any complaints or disputes. In fact during the last 12/24 months we have made a significant investment in upgrading the technology that allows us to record any customer concerns, track how they are managed, and ensure that there is a resolution. Or indeed if there is an ongoing dispute, that it is escalated.

We have also met during the year with the Australian Financial Complaints Authority, that’s the board and the leadership of the authority. We have reviewed internally our progress in doing a better job of resolving disputes in a timely and effective manner. Indeed we noted that we were one of the most improved banks in terms of our perspective on that through the year.

It is our intention to have an escalation path internally to an equivalent of a Customer Advocate. You will hear more about that in the coming months. But can I just say, this is an area of strong focus for the Board, particularly with the learnings we have taken out of the Royal Commission. We see customer complaints, and indeed disputes, as an opportunity for us to learn and to redesign and re-engineer our processes so that we can provide a better experience for customers, and ultimately be a more successful bank.

Thanks for your question. Next question please.

Kathryn van der Merwe: The question comes from [Mr and Mrs Ambler]. How is ANZ ensuring its Small Business Banking Managers are qualified to evaluate the financing needs of small business who are introducing new concepts?

Paul O'Sullivan: Thank you Mr and Mrs Ambler. I'm going to pass to Shayne to talk about that. In fact there has been quite a bit of discussion between the Board and Management on the opportunities that we see in this important segment. Over to you Shayne.

Shayne Elliott: Thanks Chairman. Look, it's a great question. As I mentioned in my opening remarks, small business, or the SME space, is a really exciting area which we are well-positioned for and we think will be a major driver of economic recovery and growth over the coming years.

I think if I understand the question is really about, how do we ensure that our people are really well-equipped to understand the new economy, the new concepts when people, I mean innovators and entrepreneurs, come with perhaps less traditional businesses. Are we able to sort of assess the banking needs of those customers. Undoubtedly we won't always get that right. But I can tell you that we've got a great small business franchise. We have very experienced people in there.

Yes, they, we have specialist teams - so without going into too much detail - we have specialist teams in the health space, or in the agricultural space, in property areas. We actually have an area of emerging companies as well. So we try our best to make sure that our frontline are experienced around core banking, which really is terribly important in terms of a foundation, but are also open to new ideas.

ANZ is one of the only major banks in fact that will consider unsecured lending to start-up businesses. So businesses that don’t have a track record. That’s really because we are confident that we do have the right kind of people in the frontline, but also in the risk teams, to assess the risk of the new concepts and new business models that you refer to.

Paul O'Sullivan: Thanks Shayne, and thanks for the question. So Kath, onto the next question please.

Kathryn van der Merwe: Question from [Erabor] Proprietary Limited. Although you reported a profit of $6.163 billion, the true measure of Management's contribution to shareholder return is economic profit added. ANZ has reported that economic profit increased by a mere $85 million in 2021, with cumulative economic losses of $2.4 billion in the last four years.

Why isn't economic profit growth a key performance measurement for Management? Does the Board expect economic profit growth in FY22?

Paul O'Sullivan: Thank you for the question. Actually it is a key indicator that the Board and the Management spend some time looking at, because it ultimately gives us a good sense as to whether we are getting a better return over and above our cost of capital and what value we are creating in the Bank. So we do review it regularly.

It is something we take into account when we look at performance. We shortly will be discussing the Remuneration Report. But the Board is absolutely conscious of this as a metric when its forming its views on how it assesses overall performance for the year.

Clearly we are not in a position to give a forecast or guidance for the year ahead. That wouldn’t be appropriate. But nonetheless, I just want to assure you it's an area of strong focus for us.

Onto the next question please.

Kathryn van der Merwe: Question from Mr [Stephen Mayne]. As of today, the Big 5 Australian banks are capitalised as follows. Number 1, CBA, $167.5 billion. Number 2, NAB, $93.6 billion. Number 3, Macquarie Group, $78.3 billion. Number 4, ANZ, $77.4 billion. Number 5, Westpac, $77 billion.

Are we embarrassed to have been surpassed by Macquarie Group which, according to Joe Aston, the AFR's Rear Window column, has been stealing a lot of mortgage market share from us in recent times. Because they can process applications in less than 10 days, when it takes us 51 days, the longest in the market. What is wrong with our systems, and what are you doing to fix it?

Paul O'Sullivan: Thanks Stephen. There's really a couple of questions there. One is, what about market cap, and the other one is, what are we doing about home loans. Let me start with market cap. Look, it is a metric. I'm not sure it's the right metric to look at in terms of how we're performing. Be conscious of course that we have done a number of capital reductions over the last few years.

Actually what really matters I think is total shareholder return. If you look at TSR we actually led the industry this year in terms of our total shareholder return performance.

But obviously we could have a long debate about what other metrics to look at. That what we are focused on at the Bank is making sure we're running something which drives good long-term returns for shareholders.

In terms of the second topic that you raise, home loans. I think we've touched a little bit on the reasons why we got to where we did. In terms of our systems and what we're doing to fix it, we have got a two-pronged approach. The first one is, within our existing systems and processes we have added extra resources. We have brought in outside third-party expert advice. We are redesigning our systems and processes so that we can handle more capacity and delivery faster turnaround times and decision-making.

We realise the importance of that in the short-term, particularly in terms of being able to service third-party channels. I think I would also distinguish between the fact that some of these digital online platforms today are very good at processing what we call, simple mortgage applications. Those would be, let's say, a PAYG customer for something which is a basic vanilla mortgage.

For a customer who might, for example, have a small business and who might be looking to take on a home loan mortgage as well, that’s a more complex loan. I think you'll find that those digital platforms are not very efficient or effective in processing those. Indeed at ANZ we tend to get a lot more of the more complex loan decisions. However that’s not an excuse for our performance. As I have said earlier, we are very focused and are confident that Management has a plan to get that under control.

The second aspect to fixing this is the investment in new technology and new platforms. Shayne has talked about that in terms of his comments on ANZx. That’s a significant investment for the Bank. Effectively we are putting a new frontend capability into the Bank to allow us to deal with customers digitally, and to be able to do flow-through processing with the minimal amount of human intervention.

That’s a major project for the Bank. You will see evidence of that coming to market in the coming 12 months in terms of our savings products. We would have our home loan products coming to market some time after that.

I hope that’s answered your questions Stephen, and thanks for raising those matters.

Next question please.

Kathryn van der Merwe: This question comes from Rita from Denmark Dream Proprietary Limited. In September KPMG were fined $613,000 by the US Accounting Watchdog after a review found widespread cheating by staff on training tests over a four-year period. The US Public Company Accounting Oversight Board found that approximately 12%, or more than 1000, Australian staff had cheated on important professional compliance tests that ensure staff members are aware of various laws and accounting standards.

Is ANZ aware if their Auditor company, KPMG, has reported and informed ANZ of these or any other serious issues? Does the Board have any concerns regarding ANZ's financial audit reporting prepared by KPMG as its Auditor?

Paul O'Sullivan: Rita, thanks for the questions. I'm sure those who regularly read the financial press will have seen some pretty extensive coverage on this. So yes, absolutely, we do engage with our Auditor when we see issues like this arise. I want to assure all shareholders that we have engaged and been given adequate assurances by KPMG. We are satisfied with the way they have handled this matter as they have represented it to us, and that it has no consequences in terms of the quality or the assurance is required for the ANZ audit.

So thanks for the question, but let me assure shareholders that we have investigated this matter. Next question please.

Kathryn van der Merwe: This question comes from Mr Wolfgang Frank. Historically ANZ was regarded as the business bank amongst the big four, but over the past 10 years there’s been a material shift to focus on retail banking. Based on most recently half yearly results, ANZ Australia’s profit from its business bank was 16% of total profits compared to 42% at NAB, 31% at CBA and 19% at Westpac, according to Evans and Partners’ research. Are there not far greater growth and NIM opportunities in business lending, supported by a favourable economic outlook, rather than housing loans which is becoming a commoditised product?

Paul O’Sullivan: Thank you for the question, Mr Frank and delighted to see that you scrutinise the Annual Report so thoroughly, so thank you for that. I’m going to talk just briefly about our mix and then I’m going to pass to Shayne who has already partially answered some of the question. But whilst you call out that we’re a smaller bank in terms of business banking, let’s not confuse that with the fact that we actually have the largest institutional bank in Australia and indeed we’re the largest international-facing institutional bank of the Australian four major banks. So we do have a significantly different business mix overall than our big four competitors.

But Shayne, you've talked briefly about the focus we have on business banking and maybe you might like to add to that in response to this question.

Shayne Elliott: Sure, I'd be pleased to and thank you for the question. I think one of the difficulties when we're making comparisons is, as the Chairman mentioned, business banking is a broad array of size and scale of businesses. When we think about it in its full, ANZ is the largest business bank, quite rightly, as you've mentioned and that remains the case because of our significant presence in what we call institutional banking, which is the very large companies and that stretches not only here in Australia, but actually right around the world. That is the reason we have our international footprint, so we are the largest business banking overall.

If it's referring to some of the smaller end of businesses, again it's not always easy to do like-for-like comparisons. But the real heart of your question is where we see opportunity and the good news is that because we've got such a strong balance sheet, because we have lots of capital, because we've got lots of liquidity, we see actually opportunity right across the spectrum, whether that's in retail banking, whether that's in small business or in parts of our institutional franchise.

So what we do is we need to generate for shareholders that we get decent returns when we allocate the capital and so we have quite rigorous process for assessing risk-adjusted returns. So we consider the risk the reality is that business lending can actually be much riskier than retail lending, so we adjust for that and we think about the net returns to shareholders and we allocate capital appropriately. So I can just give you assurance that that is very much the way we go about thinking about where we put our resources to work, to generate the best mix of risk-adjusted returns that we can get for shareholders over the long term.

Paul O'Sullivan: Thanks Shayne. Next question please.

Kathryn van der Merwe: Question comes from Mr David Payne. What processes will ANZ implement for future AGMs to better consolidate environment and climate items into a single question-and-answer session, where each question topic is only asked once and not repeated over and over? Thank you for your consideration.

Paul O'Sullivan: Thanks for the question, David. And indeed, that's been my goal through this exercise this morning, which is to make sure that it's clear to everyone how we can give them the time to ask their questions at the relevant item of the agenda. We do have a process in place where we ask those calling in to advise what number their question pertains to, which resolution it pertains to and we have ANZ staff sitting in on this with the operator to make sure we fully understand.

We ask people to give us an idea of what the actual question is and we do say to people that if their question comes through on the wrong item number on the agenda, it won't be answered. So we're doing our bit and I'd encourage anyone who's calling in, make sure you identify the correct resolution for your question because as David has pointed out, that makes sure we have a more efficient meeting which is a better result for everyone and it makes sure we get time to answer your important questions.

So next question, please.

Kathryn van der Merwe: Thank you, Chairman, there are no more questions for this item.

Paul O'Sullivan: Thank you. We will now move to the formal resolutions, so let's move to items 2(a) and 2(b), which relate to the election and the re-election of Directors. Two of your Directors, Christine O'Reilly and Sir John Key, are seeking election and re-election respectively. Their experience and profiles are included in the Notice of Meeting.

The Board, excluding the interested Director in each case, recommends that shareholders vote in favour of each Director standing today. The resolutions in relation to each person will be introduced separately and there will be an opportunity for shareholders to ask questions about each candidate. So first, let's turn to the election of Christine O'Reilly. Christine joined the Board on 1 November this year and is retiring in accordance with the Company's constitution and being eligible, Christine offers herself now for election. We will play for you right now a short presentation from Christine in support of her candidacy.

Christine O'Reilly: Hello ladies and gentlemen. I am pleased to submit myself for election to your Board. To stand as a Director of ANZ is a great privilege. This is an opportunity I thought about deeply out of a desire to ensure that I could make a strong contribution. I bring a diverse range of board experience with significant Australian corporates, including my current directorships of several companies which sit at the heart of the Australian economy and community, such as BHP and Stockland.

In my role as Audit Committee Chair, an early career in chartered accounting and investment banking, together with experience as a CEO and within a significant Australian fund manager, places me well. Importantly, all these roles have helped to enable a deep insight into the skills and behaviours required of a Board member and an understanding of the importance of having affinity with what the Company does and why it exists, it's purpose. To me, a bank is very much at the heart of our community and at the forefront of technological and societal change. Being part of that is what appeals to me about joining ANZ.

This is an exciting but challenging time for the Bank as we face into a world emerging from a huge dislocation, one which will have long-term impacts, together the impacts and challenges arising from climate change and technological disruption. While ANZ has already demonstrated strong leadership, we must now continue to evolve in order to deliver long-term value to our shareholders while maintaining community relevance and demonstrating a strong commitment to creating social value for all our stakeholders.

I believe that my extensive experience as both a CEO and a non-executive director has equipped me with the breadth of skills, experience, insights and perspectives to contribute meaningfully to the discussions and deliberations at the Board and Board committees as we tackle these challenges. I have been a customer of the Bank and will also bring that perspective to Board discussions. I have the desire, energy and capacity to perform my role as a non-executive director at ANZ well.

I'm looking forward to working collaboratively with my Board colleagues and the ANZ team to deliver value. I would greatly appreciate your support in my election. Thank you.

Paul O'Sullivan: Thank you, Christine. Now I'll pass over to Kath to see are there any questions?

Kathryn van der Merwe: We have a question on the phone from John Whittington from the ASA. Operator, please put him through. Welcome John, please proceed with your question.

John Whittington: (ASA, Shareholder) Mr Chairman, I have a question for Ms O'Reilly since we prefer to hear directors up for election speak live to the meeting, rather than in pre-scripted, pre-recorded methods. Ms O'Reilly, welcome to the Board. Could you tell me what you believe the biggest contribution you personally can make to the Company in your time on the Board over the next nine years, say?

Paul O'Sullivan: Thanks John and yes, we are joined by Christine here at Docklands, so I'm going to pass over to Christine to respond to your question. Over to you, Christine.

Christine O'Reilly: Thanks Paul and thanks John for the question. As I mentioned my address, yes, which was pre-recorded on this occasion, I do bring, I think, a breadth of skills, but I have a core competency around financial skills and as such, I have been asked to take over and chair the Audit Committee. So I certainly hope to bring that breadth of experience to the work that I do in that regard.

I also do come from a business background, I have commercial experience, I have debt and capital markets experience and I have people experience and so I will bring all of those to the boardroom table and working collaboratively with my colleagues. Thank you.

Paul O'Sullivan: Thanks Christine and thanks for the question, John. Kath, have we any other questions?

Kathryn van der Merwe: Yes, we have a question from Mr Steven David Mayne. Could Christine please comment on why she left the Transurban Board earlier than expected when many of us were hoping she would become the next chair? Does she believe in serving the average term of eight to 10 years at major public boards, or is there a chance she could also quit ANZ earlier than expected?

Also, Treasury Wine Estates has voluntarily moved to annual elections for directors in line with best practice that occurs in both the US and the UK. Dual-listed companies like Newscorp, BHP and Rio Tinto all do this due to the laws in the us and UK and BHP has pledged to continue doing it even after its DLC ends next year. Can Christine and the Chair comment on whether they will support ANZ exploring whether to follow this lead and move to annual elections of directors at the 2022 AGM?

Paul O'Sullivan: Thanks for the question, Stephen. I'm going to take them initially and then I'll see whether or not it makes sense for Christine to take the questions further. But if I just start with the first part of your question, one of the things that you and others quite correctly stress is the importance of directors thinking about their portfolios deeply and making sure that they're able to balance those portfolios appropriately and that they're continuing to add value and participate in a meaningful way.

So I don't know that it's necessarily the case that you can draw any deductions from someone choosing to leave a board at a particular time and I'm not even sure it's appropriate that Christine should have to reveal publicly her motivation in deciding to do that.

In terms of the question you make about the laws and the changes in law in different jurisdictions, whilst there are Australian companies who may operate overseas who have chosen to reflect some of those laws in the way that they operate, we're very much an Australia and New Zealand based Company. And I'd note although there is annual elections in, let's say, the UK, it's also the case that they don't have rules such as the two-strikes rule in terms of the remuneration report, which if there are two strikes, requires the board to be willing to step down and stand for re-election.

So I think my overall view on that would be that we will continue to follow best practice in Australia and New Zealand. If there is to be any change in the way we operate, I'd be looking to see that as something that is done by a regulator or by law and that therefore means we're operating on a level playing field with other companies in this jurisdiction. I'm going to leave it at that because I don't think any of our directors should have to make any specific commentary on their personal motivation in terms of recent Board portfolios.

On to the next question please.

Kathryn van der Merwe: This question comes from Mr David Payne. I support and welcome the appointment of Christine to the ANZ Board and wish her well. In addition to her past experiences and professional qualifications, I note that Christine is also a member of the BHP Board and think that this is an important perspective that she may bring to ANZ.

Christine should give a direct link into the mining and minerals industry to provide insights to ANZ regarding progression of this industry in dealing with future issues such as addressing environmental and international market trends. Is the Board of ANZ of similar view to me?

Paul O'Sullivan: Yes, thank you Mr Payne for your question and actually, the Board is very conscious when it looks at the makeup of the Board that we're looking for complementary skills and for a variety of perspectives but also people with deep corporate governance experience who can make sure that we operate ANZ at the highest level of governance in terms of how we perform.

So Christine brings many perspectives. You've mentioned BHP. She has also been on the board of Medibank and Stockland. She also has extensive experience working in infrastructure and finance in Australia and with regulators. So we do believe she brings a number of important dimensions to the Board.

Let me also add that your Board has undertaken a formal process to look at the skills we need as the banking and financial services industry evolves over the next few years and we're working consciously on how we evolve the participation and skills in the Board to make sure we're well placed for that. Thanks for your question. As there appear to be no further questions, I'll now show details of the proxies received before the meeting.

We now come to the re-election of Sir John Key. Sir John joined the Board in February 2018 and was elected by shareholders at the 2018 AGM. Sir John is retiring in accordance with the Company's constitution and being eligible offers himself for re-election. Unfortunately, Sir John has been prevented from travelling because of the restrictions around travel from New Zealand so we'll now play a short presentation from John in support of his candidacy.

Sir John Key: Hello, I'm John Key. Thank you for the opportunity to say a few words. I'm seeking your support for re-election onto the ANZ Group Board. For the last four years, I've been in the privileged position of being Chairman of ANZ New Zealand and for the last three years, serving on the ANZ Group Board. As you may know, ANZ New Zealand is the largest asset that the group owns outside of Australia and we're very significant in that we represent around about a quarter of the Group's earning. I'd like to think that I bring to the Group Board a better understanding of the insights, challenges and opportunities here in New Zealand and so that the directors in Australia have a better understanding of those issues.

I also serve on the Group Board in a number of committees: on the Digital Committee, on the Risk Committee and the Ethics Committee. As well as being on the board of ANZ New Zealand and Chairman here at ANZ Group and here in New Zealand, I'm also on the board of a company called Palo Alto Networks based in Silicon Valley. We're the largest cyber security company in the world and so that gives me an opportunity to have a better understanding of what's happening in the digital space which is obviously having a very big impact in the financial services sector and also on the issue of cyber security.

So I seek your support for re-election and I pledge to you that I will work as hard over the next three years as I have in the last three years and in these challenging times for what is in the best interests of the shareholders of ANZ.

Paul O'Sullivan: Thank you Sir John and, Kath, I'm going to pass to you to see are there any questions?

Kathryn van der Merwe: Yes. We have a question from Mr Steven David Mayne. I strongly disagree with the position taken by ASA company monitor John Whittington in proposing to vote almost $200 million worth of undirected proxy votes from more than 1000 ANZ shareholders against the election of former New Zealand Prime Minister John Key solely on the grounds that he doesn't own enough shares in the Bank.

As an unlicensed proxy advisor for retail investors and Australia's only proxy aggregation solicitor, ASA should be super cautious with its against recommendations. Could John Key and the Chairman please respond with some commentary on the controversial ASA recommendation and whether Mr Key intends to acquire any more shares in the period ahead.

Paul O'Sullivan: Thanks, Steven for the question and, for the benefit of the wider audience, this relates to a requirement we have on the Board that directors hold at least 100% of their member fee in the form of shares or capital notes and that I as Chair in fact hold 200% and there is time given to get to that minimum holding level. That's about ensuring we have strong alignment between the Board and the shareholders that we represent.

Sir John is well aware of his obligations. Actually, he is within the guidelines in terms of his policy holding and is on track to meet his commitment by 2023. He is well aware of this obligation and he has given a commitment to ensure that he meets that timeframe and in fact recently has made some additional acquisitions.

In terms of Sir John on the Board overall, can I just say that as ANZ shareholders, we are very fortunate to have someone who's not only deeply involved in the New Zealand business and social community but also has an extensive global network.

He mentioned Palo Alto Networks, one of the world's leading cyber security firms. John's also by virtue of his history in leading New Zealand very well connected globally and brings a unique global perspective to the Board so we are very fortunate to have him. Thank you. I'll take the next question please.

Kathryn van der Merwe: We have a question on the phone from John Whittington from ASA. Operator, please put him through. Welcome John. Please proceed with your question.

John Whittington: Mr Chairman, I have a question for Sir John in the same way I did for Ms O'Reilly as we prefer to hear directors up for election speak live to the meeting and regarding Mr Main's question, we agree on some things and we disagree on other things but the ASA has a strong belief that directors should have skin in the game after seeing many examples where directors without skin in the game have led companies to bad results.

So my question is for Sir John. Sir John, after three and a half years on the Board, our calculations show that you are not on track to meet ANZs non-executive director shareholding guidelines let alone the ASAs. We see this as a lack of commitment to or confidence in the Company. When are we likely to see you hold what we would consider adequate quote skin in the game unquote? I.e. shares equivalent to one year's total fees. Thank you.

Paul O'Sullivan: John, thanks for the question and it's possible that because you're on the phone, you may not have heard my previous answer but I have already answered that.

Sir John is currently within policy in terms of his holdings. He is aware of the requirement to increase his holdings by 2023 and he's given a clear timeframe and commitment in order to achieve that and absolutely, our whole policy is designed for exactly the reasons you've said. We want to ensure that I and my fellow directors are aligned with all of our shareholders that we represent in terms of having skin in the game. So thank you and I'll take the next question please.

Kathryn van der Merwe: This question comes from Stephen Mayne. ANZ has long been the largest lender to Australia's notorious gambling sector which is now fleecing around $25 billion a year from Australian gamblers equivalent to $1000 a year for every Australian. This is 40% more in per capita terms than any other country. Hailing from New Zealand, was Mr Key aware of ANZs prominence in the gambling sector and could he and the Chair both comment on whether ANZ should treat its gambling sector exposure in a similar manner to its fossil fuels exposures.

Also why haven't we followed the lead of Macquarie, Citibank and many other major lenders by banning our credit cards from effectively being used to provide cash advances for gambling when this is the most expensive form of credit ANZ currently provides.

Paul O'Sullivan: So congratulations Stephen on finding a way to get a question for Shayne and I into a question when it comes to election of directors but this is really a question for us about ANZs exposure to gambling and let me start by answering the first part of it in terms of the policy and then Shayne can answer the question in terms of credit cards and we have made some steps in terms of how we handle credit cards.

But in terms of the first part of this, I'll just note that gambling - the companies that we work with operate in a highly regulated sector including regulation by AUSTRAC and so we are very aware of the obligations they have and whether or not they are complying with them. It is on the record that we are a significant lender and financier of Crown and we have been watching closely with developments through the year. It's also the case has emerged in some of the public enquiries that we had declined to bank some of the transaction accounts which were the source of controversy during those enquiries which is a demonstration of the controls that we have around the way in which we engage with the gambling sector.

I'm going to ask Shayne to comment on the steps we've taken to provide greater protection for credit card holders who might be in a vulnerable position if they're at a gambling establishment.

Shayne Elliott: Thank you and thank you Mr Main for the question. Look, we take this - we've thought a lot about this issue. I think the difference for ANZ is we are a main bank provider for many people in the community who look to use their credit cards widely for all sorts of purchases, many of whom pay off their balance regularly and don't occur - don't incur any interest at all and giving that some thought and also making it practical for people to go about their daily lives and partake in what is legal activity, we have put in place some of the strictest controls in terms of the usage of those credit cards.

So for example, there's a limit within your ability to use cards at ANZ for - at a gaming - we don't allow them to be used in gaming venues per se but for example, there's a limit on how much you can use of your limit and it will stop you going above that sublimit for gaming purposes or if we see extreme levels of activity that are used in gaming venues. I will just point out that it's not quite as simple as it sounds.

So for example, if you were to go to your local corner newspaper store or something and buy a lottery ticket, that term - it's very difficult for us for that card to know are you buying a newspaper or are you buying a lottery ticket?

So those are some of the practical things that we've put in place but I can assure you we take it seriously. We've had people come in from the sector to talk to us about making sure that we are banking responsible operators and that we have put in place as I mentioned some of the toughest credit card controls that we think are responsible and get the balance right for our customers.

Paul O'Sullivan: Thank you Shayne and I'll take the next question please.

Kathryn van der Merwe: Question from David Payne. Is Sir John involved with any charitable organisations? Thank you.

Paul O'Sullivan: So a good question Mr Payne and I have to honestly answer I'm not in a position to give you a specific answer to that. I'm pretty sure he is and given his extensive involvement in the New Zealand community, I would imagine he's involved in many different organisations. What I'll do is I'll take the question on notice and we might just provide something on our website to update his biography so you can see that next time that you check in. Next question please Cath.

Kathryn van der Merwe: Thank you Chairman. There are no more questions for this resolution.

Paul O'Sullivan: Okay. Well, with no more questions, I will now show details of the proxies received before the meeting.

We now move to matters concerning remuneration and Item 3 concerns the adoption of the remuneration report. Full details of how we structure compensation are contained in the remuneration report which is included in the annual report. To give you an overview of both the remuneration report and the proposed grant of performance rights to Shayne which is the next item of business, I now invite Ilana Atlas, the Chairman of the Human Resources Committee, to say a few words. Over to you Ilana.

Ilana Atlas: Thank you Chairman. Good afternoon shareholders. Despite difficult trading conditions in financial year ’21, management delivered a solid result that positions us well to take advantage of future opportunities. Our results highlight we are now a much simpler and lower risk bank with a strong diversified portfolio. Management delivered satisfactorily against our objectives exceeding or meeting most while also acknowledging there are areas where continued focus is required to improve.

We believe the Board struck the right balance in rewarding our executives for good performance while taking account of shortcomings. We’ve also balanced the year’s results with the significant work done to prepare the Bank for long-term success.

I know there’s always strong interest from shareholders in the performance and remuneration of our CEO. Shayne successfully led ANZ through a challenging year progressing our key initiatives while also responding to the impacts of the pandemic. Shayne personally role models ANZs values and is a respected leader amongst staff and externally. He also continues to engage well with regulators and government and proactively manages our reputation.

While the Australian home loan issue was a key factor impacting the overall assessment of the CEO’s 2021 performance, the Bank ended the year stronger financially and ready for the challenges and opportunities of 2022 and beyond. This resulted in an annual variable remuneration outcome of 53% of maximum opportunity for the CEO. For 2021, Shayne had no increase to fixed remuneration.

For disclosed executives the average variable remuneration outcome was 60% of maximum opportunity. There were no increases to fixed remuneration other than adjustments to three executives in May 2021 as a result of their roles expanding following the departure of the former deputy CEO.

Today we are seeking your approval for the granting of Shayne's performance rights. We noted in the remuneration report that the performance rights rewarded in December 2017 were tested at the end of last year. 43% of the performance rights vested and the remaining 57% lapsed.

The performance rights awarded in December 2018 were recently tested on the third anniversary of the grant and I'm pleased to advise have partially vested. This partial vesting related to ANZ's total shareholder return compared to its financial services comparator group over the three year performance period.

This resulted in investing 52% of Shayne's total long-term incentive for that award. The remaining 48% of that award did not vest. The vested performance rights have been converted to shares and are subject to a further one year restriction period, which commences on the vesting date.

Now turning to the future, we're seeking your approval today to allocate performance rights to the CEO with a current face value of $3.5 million at full vesting. This is the same face value as last year. Whether Shayne receives any value for these performance rights will again depend on the extent to which the performance hurdles in each Tranche are met in four years' time.

They will be delivered in two Tranches with forward-looking performance hurdles. These are: Tranche 1, 75% of the rights measured on ANZ's total shareholder return relative to a financial services comparator group. And Tranche 2, 25% of the rights measured against the absolute total shareholder return target set out in the notice of meeting. The hurdles remain very challenging and the Board recommend shareholders vote in favour of items 3 and 4. Thank you to you all and I look forward to seeing you in person next year. Thank you, Chairman.

Paul O'Sullivan: Thank you, Ilana and, Kath, are there any questions regarding the first part of Ilana's presentation namely the adoption of the remuneration report?

Kathryn van der Merwe: Yes, we have a question on the phone from John Whittington from the ASA. Operator, please put him through. Thank you John, go ahead.

John Whittington: (Shareholder) Mr Chairman, there's a problem. I actually wanted to go back in the queue for a question regarding Mr John Key and wondering if we could hear him live at the meeting. Unfortunately the system's obviously dropped me into the next item.

Paul O'Sullivan: My apologies John and we had Sir John available on the line but I think we've probably moved forward from that so I'm not sure he's available now. But I would be happy to take your question and see if I can answer it on his behalf.

John Whittington: (Shareholder) Well, as I asked in the previous question, which you answered, I was actually asking him to answer that question about his intentions regarding his shareholding.

Paul O'Sullivan: Okay, well look I don't want to create a logistical nightmare by trying to reconnect whatever connections there were. So I'm just looking around the room to see where we're at. So look, he has given us a specific commitment that he will be in line with policy and meet his obligations by 2023.

My apologies, John, if we misunderstood the situation but look, hopefully I've answered the question for you and I will just note Sir John was available on the phone so it's my mistake if we didn't connect you to him. Thanks for that and we will move on to the next question please.

Kathryn van der Merwe: Thank you Chairman, we have questions from David Payne. First question, I think the remuneration structure is reasonable, clear, and not excessive. Will the remuneration structure remain the same for the current financial year, i.e., FY22? If not, what changes are being made?

And the second question, are the remuneration structure and targets for each financial year put into place prior to the commencement of the financial year? I would expect this to be the case if they are to be true performance payments based predetermined, measurable targets.

Paul O'Sullivan: Thank you for the question, Mr Payne. In the annual report in the remuneration report section, you will see that Ilana has outlined some changes that we are anticipating in the year that lies in front of us right now.

Those are driven by regulatory requirements with an instrument called CPS 511. That's partly influenced by the Royal Commission looking to govern the way in which bank executives are remunerated. And we are required to comply with that.

So we flagged in Ilana's letter in the annual report the key changes that we anticipate making this year and before we make them we will be doing further consultation with major investors and with regulators before we finalise them.

But effectively they consist of, first of all, some changes for the disclosed executives in terms of the annual variable remuneration and the long-term variable remuneration. Effectively, in terms of our long-term scheme that's operated with Shayne, it's actually only vested twice and partially vested twice in the last eight years.

So there are some doubts about its effectiveness in doing what you would want us to do as shareholders, which is to motivate performance and set goals that align management with shareholders.

So the first change we're looking to make is to reduce the annual variable remuneration quantum but to provide more certainty around the potential vesting of the long-term variable remuneration.

The second change we'll make is in line with the requirements of the regulator around the CPS 511 and that is to extend the vesting periods. They're currently of the order of four years. They'll move out to five and six years, depending on the relevant Executive.

The third change we'll be making is in line with that to extent or to introduce clawback and malice for bonuses and finally, what we'll also be doing in the case of our disclosed executives, is similar to what we do with Shayne today, introducing our long-term variable remuneration scheme, similarly structured to what he has. Today they're on an annual variable remuneration scheme but which has a longer vesting period.

So those are the key changes. They will be implemented this year after widespread consultation. I think we've flagged very clearly what they will be about and we will provide an opportunity for shareholders to vote on them at the next AGM where they'll be part of the remuneration report.

In terms of the goals and objectives that drive the measurement of executives against performance, those are set in advance of the year and they're approved by the Board at its meetings before the financial year gets underway.

As you quite rightly point out, it's important that it's clear for Management how we're goaling them and how we are assessing the performance. You can see details of how we did that for the previous year in the scorecards that are included in the remuneration report section of the annual report.

Thank you and I'll take the next question, please.

Kathryn van der Merwe: This question comes from Steven Shuster. Would the new Chairman be prepared to follow policy clawback guidelines on Executives if it is proven that they preached the Bank's policies, including the code of conduct, reputation, OH and S, and HR and employee relations charters?

Paul O'Sullivan: Thank you and I think it's a question for the Board as much as it is for the Chair but the answer to it effectively is, provided we were operating within the requirements of the regulator, that we absolutely would. I think it's an important that we are able to demonstrate to shareholders and indeed to Management that we do exercise the accountability.

But as I said earlier, I'm also very firm on there needing to be natural justice and we need to make sure we fully investigated and understood any of the situations which might give rise to their being a potential for clawback.

Kath, any other questions?

Kathryn van der Merwe: No, Chairman, there are no more questions for this resolution.

Paul O'Sullivan: As there are no further questions, I will now show details of the proxies received before the meeting regarding the remuneration report. We now move to item 4, dealing with the grant of performance rights to Shayne Elliott, which forms part of his at risk pay, which Ilana also covered in her presentation.

The words of the proposed motion will now be displayed on the screen. Effectively, we're seeking shareholder's approval to grant Shayne Elliott 126,353 performance rights. The number of performance rights was determined by dividing the face value by the volume weighted average price of the Company's shares traded on the ASX in the five trading days up to and including 22 November 2021 and that's the start of the four year performance period. That price was $27.70 and we announced it to the market on 24 November 2021.

The number of performance rights that Shayne will ultimately be able to exercise and therefore the number of shares he will ultimately be entitled to require will depend on the extent to which the relevant performance conditions that Ilana outlined are met.

Details of those performance conditions are set out in the notice of meeting and as I said, Ilana has provided an overview of them in her summary. The Board, excluding Shayne because of his interest, recommends shareholders vote in favour of item 4. So I'm going to pause now and see if there are any questions.

Kathryn van der Merwe: There is a question from Stephen Mayne. Please advise approximately how many of ANZ's 550,000 shareholders voted either directly or by proxy before today's meeting commenced, including on this LTI grant resolution.

Why weren't shareholders who haven't signed up for electronic communications sent a printed copy of the notice of meeting and proxy form? Isn't this a form of voter suppression? Particularly for elderly investors who aren't confident navigating the internet or online voting.

Finally, when disclosing the outcome of today's resolutions, including this LTI grant, could you please include data on how many shareholders participated in the vote? Similar to what happens with a scheme of arrangement.

Paul O'Sullivan: So let me take those questions and I'm looking at the screen, Stephen, because there's quite a few questions in there that I want to unbundle. So first of all, we'll be showing the proxy votes very shortly that people can look at before they cast their vote if they haven't already.

In terms of the printed copy of the proxy form, I think I answered that earlier in terms of the question that came from John Whittington and said that given the representations that have been made, I'm looking that we would include a printed copy of that on the back of the Chairman's letter for the next meeting.

Certainly, it is absolutely not our desire to have any voter suppression. I would hope that the way in which we're running this meeting and the way in which we're providing ourselves available for questions demonstrates that we actually encourage and seek active participation by shareholders.

The next question you had was in relation to the outcome of today's resolutions, including the LTI grant. You wanted us to show how many shareholders participated in the vote. What we'll show is the number of votes cast.

I'm not sure that there's much value in showing number of shareholders because of the variety of ways in which shares are held. They can be held through beneficial ownership, people invest in large funds through their superannuation. So I'm not really sure that would add a lot of value so the answer at this stage is that no, we wouldn't be reporting on that.

I'll pass on to see if there are any other questions, please, Kath?

Kathryn van der Merwe: Yes, there's a question from Wolfgang Frank. 75% of the CEO's LTI is measured against the TSR hurdle. Vesting commences if TSR reaches 50th percentile of the comparator group, being other domestic and global banks.

Bonuses are paid to reward out-performance, achieving a 50% of comparator group is just a pass mark and not out-performance. Should the threshold be increased to 75th percentile?

Paul O'Sullivan: Thank you, Mr Frank, for your question and let me take a step back and just say, the purpose of our remuneration, of course, is to attract talent and to motivate it and to encourage it to perform and to reward it for that performance.

In terms of the relative performance you talk about, I'd note that actually our approach is consistent with practice in the market. So that's important, obviously, if we want to attract talent.

Let's also unpack what do we mean by the 50th percentile? What we mean is that if you look at the average performance in the market, we're performing in line with that. So our returns are as good as the average in the market and we think it's appropriate that we goal people to begin their threshold with vesting at that level.

If you go to the 75th percentile, what that means is, you're actually in the top 25% performers in the market and that's why we choose between 50 and 75. I think in fairness, any performance above the average should be rewarded. That's why we've chosen 50 and 75. We think it's very appropriate and it is very much aligned with the returns that we give to shareholders. Thank you and I'll take the next question, please.

Kathryn van der Merwe: Thank you, Chairman. There are no more questions for this resolution.

Paul O'Sullivan: Okay, well - and as Stephen was asking, I will now show details of the proxies received before the meeting. Thank you and now we come to the long-awaited item 5.

Item 5 is an external proposal to amend ANZ's constitution. This item has been requisitioned by a group of shareholders who hold approximately 0.01% of the Company's ordinary shares on issue. The wording of the resolution will now be displayed on screen.

The effect of this item would be to amend ANZ's constitution to allow shareholders to put non-binding advisory resolutions to general meetings such as the one you see in item 6 and full details are set out in the notice of meeting.

Let me just stress that this item is not endorsed by the Board. As set out in the notice of meeting, it is the Board's view that there are other appropriate mechanism available to effect change rather than to seek to change the constitution of individual companies.

For item 5 to be passed, at least 75% of the votes cast by shareholders who are entitled to vote on the resolution must be voted in favour of the resolution. If item 5 is not passed as set out in the notice of meeting, I will not put the resolution proposed in item 6 which is an example of such a non-binding resolution, to the meeting.

But, as mentioned earlier in the meeting, I will now take questions on both item 5 and item 6. Before we go to general questions and to demonstrate the openness and the desire to have participation in this meeting, I would like to give Jack Bertolus from Market Forces, the opportunity to say a few words on the resolution. Kathryn, do we have Jack on the line?

Kathryn van der Merwe: Yes, Operator, please put Jack through. Welcome, Jack. Please share you statement.

Jack Bertolus: (Shareholder) Hi, I'm Jack Bertolus from Market Forces. We worked with shareholders to coordinate items 5 and 6 and I'll speak briefly today in favour of the resolution calling on ANZ to commit to no longer finance new fossil fuel projects and to disclose targets to reduce fossil fuel exposure consistent with net zero greenhouse gas emissions by 2050.

ANZ supports the net zero by 2050 goal. Climate science and energy modelling make it abundantly clear that achieving this goal leaves no room for new fossil fuel projects and requires rapid declines in the production and use of coal, oil and gas.

Yet ANZ continues to provide funding for new fossil fuel projects and the companies pursuing them. Notably, its recently updated climate policy fails to rule out further funding for new oil and gas projects or companies engaged in the development of new thermal coal-mining projects and allows the Bank to retain or increase its $14.6 billion of exposure to oil and gas.

This resolution therefore presents a necessary opportunity to bring ANZ's fossil fuel lending into line with its stated support for global climate goals. Failure to bridge this gap would leave ANZ exposed to needless financial climate change transition risks as well as reputation and legal risks as the world moves to rapidly decarbonise.

Shareholders do not want to see this Company exposed to stranded fossil fuel assets, being publicly called out for funding climate-wrecking companies or for being sued over inconsistencies between its statements and actions.

We therefore ask shareholders to support this resolution with the long-term interests and sustainability of the Company in mind and thank those that have already cast votes in favour of this resolution. Thank you.

Paul O'Sullivan: Thank you, Jack and thank you for explaining the resolution to us. So Kath, I'm going to pass over for any questions.

Kathryn van der Merwe: Yes, thank you, Chairman. We'll start with two questions from Stephen Mayne. Question 1, given the interesting discussions across a range of topics today, including this constitutional amendment, could the Chair undertake to make an archived copy of the webcast plus a full transcript of proceedings available on the Company's website?

The second question, I remain puzzled why Australian Boards with the support of the ASA continue to recommend against these constitutional amendments that would give shareholders a greater voice at the AGM. By allowing them to put up opinion-based resolutions similar to item 6 today and similar to what happens hundreds of times every year in the US, did you seriously examine the issue or just automatically recommend against it?

Paul O'Sullivan: Thank you, Stephen and I'll take your first question, which relates to the recording of today's proceedings. We do have an archived version of last year's meeting available on our website and we will do that again this year. Given your representations on this matter, I will also undertake that we will provide a transcript of the meeting on the website. So thanks for your activism on that.

In terms of your second question, I think, as this meeting demonstrates, it's not particularly difficult to put up a resolution to this meeting. It's also the case that we engage very widely with a range of stakeholders ongoing so there are numerous ways in which people can have access to ANZ and its leadership. That includes the fact that our team meet with many of the environmental NGOs on a regular monthly basis.

So I don't see at this stage that there is a great difficulty in being able to put up resolutions. However, when it comes to the issue of the Company constitutions and amendments, we actually think this is an area that requires serious consideration. We also think it is important to have a consistent approach for shareholders to understand across all companies and for there to be a level playing field.

So we would look to see that as an area that should be governed by change driven by a regulator or by the law and not done on a piecemeal basis by individual companies. Thanks for your question and Kath, next question, please.

Kathryn van der Merwe: Yes, thank you. We have a question on the phone from Daniela Osiander. Operator, please put her through. Welcome, Daniela, please proceed with your question.

Daniela Osiander: (Shareholder) Yes, so I do note that there is a little bit of a drug dealer response going on here in response to [new] lending to fossil - to new fossil fuel projects, so I actually think this is a very good idea with this solution but anyway, my question was - and it has been moved onto this agenda item.

In October last year, the United Nations Environment Programme Finance Initiative, UNEP FI, signed an open letter requesting that assumptions made by companies in preparing financial statements under IFRS be compatible with the Paris Agreement.

As a member of the UNEP FI, what consequences do our clients, particularly those in high-emitting sectors such as energy, face if such assumptions are not disclosed?

Paul O'Sullivan: Right, thank you Daniela for the question and I'm not sure I'm fully - I fully understand some of the second part of your question but I think really what you're asking there is for us to understand our obligations in terms of disclosure and how - what sort of transparency and visibility we're giving to those as we do our annual publications of our results and other matters.

On that, I'd note that we do follow and we're the first Australian bank, to follow the TCFD mechanism for disclosure and we do provide a very comprehensive set of metrics and disclosures in our annual ESG supplement, which I've actually got in front of me here.

I'm not sure if I've fully understood or answered your question but perhaps if I haven't, you could issue a supplementary to me and I'm happy to receive that through our Investor Relations Team so I can make sure I answer it adequately. Next question, please.

Kathryn van der Merwe: The next question is from Rowena Macrae. I'm a mother of five, a business owner and a farmer from Coonamble, north central New South Wales. Gas pipeline company, APA Group proposes to run its Western Slopes Gas Pipeline straight through properties in our community, including my own, and lacks the consent of many landowners.

APA would bulldoze everything in its path to lay the pipeline with no regard for prime agricultural land, a rich array of cultural heritage sites and critically, our only source of water. Worse still, the pipeline will transport gas from Santos' highly opposed Narrabri gas project, enabling further disastrous impacts on our community.

As a funder of APA and Santos, when will ANZ commit to no longer fund invasive gas companies that have no regard for our environment, businesses and communities? I'm not asking for your comment on particular clients.

Paul O'Sullivan: Thanks, Rowena for clarifying that because yes and you - I don't think anyone watching would want a bank to be discussing their relationship in a public forum but if I take the question in a general sense, we are very conscious of the importance of this issue both ethically and reputationally.

We actually have a very clear and strong framework and policy that governs who we lend to and what we lend for. As part of that, our bankers are required to understand what is the impact that the customer may have in terms of their impact on the community. That could be in terms of infrastructure. It could be in terms of the environment. It could be in terms of a number of areas.

We not only seek to ensure that they've correctly identified that but we also want to see how they've engaged with the regulators who govern those specific issues and if there are any affected communities, what engagement has been done with them.

We would want to be confident that that's all been done in an appropriate and responsible way. If we don't see that, then we won't lend or if we see a deviation from that while we're in a lending relationship, we would seek to cut the lending and move away over time unless in consultation with the customer, there is significant action to address it and to rectify it.

So we're very aware and conscious of the potential impact of our customers on their communities and it is something we take a very structured approach to in making our decisions on lending. Thanks for your question and I'll move on to the next question, please.

Kathryn van der Merwe: The next question is on the phone from Belinda Baggs. Operator, please put her through. Welcome, Belinda. Please proceed with your question.

Belinda Baggs: (Shareholder) Hi, I'm co-founder of Surfers For Climate and living here on Wathaurong Country on the Great Ocean Road of Victoria. My family and I rely on healthy oceans for our livelihood but more importantly, surf, swim and share life experiences. For us, the coastline isn't just a place to visit but it's a part of who we are.

I'm aware that ANZ co-arranged a $600 million loan for Beach Energy in October. Beach Energy is currently pushing ahead with its plan for risky gas pipelines through Port Campbell National Park and expressed interest in further industrialising the pristine and wild ocean west of Apollo Bay.

Between threats of seismic testing, spills and obvious heightening of emissions caused by gas, I'm extremely concerned what the future will hold for the community here and I don't understand why any bank would be funding new fossil fuel projects in a climate emergency when there are abundant renewable alternatives.

When will ANZ commit to provide no further funding for companies pursuing destructive offshore oil and gas drilling in our beautiful marine environments?

Paul O'Sullivan: Thank you for your question and as Belinda said - sorry, as our previous caller said - obviously I won't discuss individual customers in responding. I also, I think in the last question, covered off who we bank and what we bank so hopefully you had a chance to hear the explanation in that.

Let me turn to your question on fossil fuels, and the reality is that there is a significant transition required for the world to make a successful move from its current dependency on fossil fuels to a lower carbon future. If we don't do that in a very measured and systematic way, we run the risk of lifting energy prices very significantly, which would actually have the most significant detriment and impact on people who are on lower income and people living on the margins.

So, in our approach to fossil fuels, we're conscious that there is a need to make a transition to a lower carbon future. We're very clear; ANZ will only lend to fossil fuel companies that have a clear, publicly committed plan for moving to lower carbon emissions that is consistent with the Paris Agreement goals of net zero by 2050. Those plans have not only got to be public, they've got to have clear metrics, strong internal governance and be time-bound.

But we think that's a responsible approach because by doing that, we will be funding companies to invest in making the transition to a lower carbon future. It would be easier this morning to put out an announcement saying, we're just not going to lend to fossil fuels moving forward at all, and that might be a nice hit on social media and a number of you might applaud it.

But actually, it would be very irresponsible, because what that would do is it would drive those companies to seek finance from lenders who are not as scrupulous and who do not have the sort of restrictions we have on insisting on time-bound plans to move to a lower carbon future in line with the Paris Agreement.

We think we've taken the more responsible approach and that we're doing what is better for the community. I realise it's a really important and sensitive topic; hopefully my comments give you a better understanding of our rationale and I thank you very much for your question and for your interest. Next question please.

Kathryn van der Merwe: The question comes from [Bin Bin Maryana]. ANZ's client Saptaindra Sejati is a subsidiary of Adaro Energy, one of the largest coal-mining companies in my country, Indonesia, and operates as an undiversified coal-mining contractor. Last year, Saptaindra Sejati produced 41.5 million tonnes of coal and critically, up until this point, has not disclosed any plan to reduce its coal-mining activities in line with the climate goals of the Paris Agreement or net zero by 2050.

This is entirely inconsistent with the conclusions of the International Energy Agency, which finds that lowering emissions to net zero by 2050 requires steep reductions in global coal demand, starting immediately, falling by 55% to 2030 and by 90% to 2050.

In light of ANZ's commitments to the Paris Agreement and net zero by 2050, how does the Bank justify giving undiversified coal producers at least another four years to publish transition plans, and please note, I'm not asking for your comment on individual clients.

Paul O'Sullivan: Thanks, Bin Bin, thanks for your question, which is clearly well researched and very thoughtful. Let me just take that in terms of a couple of important perspectives. First of all, we have made a public commitment to reduce our lending to thermal coal over time; it's down 75% since 2015 and it's now roughly [0.1%] of our balance sheet, so it's a - been a significant reduction.

But in terms of your general question on working with those high carbon emitters, we have made a public commitment to engage with our top 100 carbon emitting customers, and that includes those involved in the coal sector and in our ESG supplement this year, which is available on the website; you can see details of the progress we're making with those customers.

We've talked about the classification of the various stages of their plans, and we actually have a bar chart which shows a percentage of them complying with our requirements at different levels in terms of targets, governance, disclosure, et cetera. So, it's not the case that we're giving them until a future date in which to make up their minds whether to get there, we're actually working with them now to make sure that we're working with them to develop clear partnership plans that will allow us to fund them and support them in getting to a lower emissions future.

To show our sincerity on this and to demonstrate to you that this is not about us sitting back and waiting, there was an event during the year where we felt that a customer was not developing a significant enough plan. There was significant publicity on that in the marketplace, because we made the somewhat controversial decision to no longer provide finance to that customer and to exit our arrangements with them. So, hopefully that provides some confidence that ANZ is walking the walk and not just talking the talk.

Thanks for your question. Next question, please.

Kathryn van der Merwe: The next question is on the phone from Jane McNicol. Operator, please put her through. Welcome, Jane, please proceed with your question.

Jane McNicol: Yes. Thank you. I actually have two questions and I'll ask them one after the other. The International Energy Agency stated earlier this year that no new fossil fuel projects could be approved in order to achieve net zero by 2050. In light of this, when will ANZ commit to provide no further finance to companies such as Woodside and BHP, who are planning to develop the controversial Scarborough gas field off the WA coast?

My second question is that there is now irrefutable scientific evidence that the 40,000-year-old Murujuga rock art on the Burrup Peninsula in Western Australia is being destroyed by acid rain, produced by local industry. What is happening to this UNESCO short-listed rock art, has been defined as a Juukan Gorge in slow-motion. Woodside's proposed expansion of its Pluto facility would only exacerbate this process.

When will ANZ take a stand against the destruction of Aboriginal heritage, by committing to provide no further financing to the companies developing the destructive Pluto expansion project?

Thank you, Mr Chair.

Paul O'Sullivan: Jane, thanks for your question and also for your patience and perseverance, because if I recall correctly, you might have actually come in at the beginning of the meeting with that question, as well, and they're both important issues.

I hope you heard my answer to the previous questions around fossil fuels, but short-handing the response, effectively, we will only lend to energy companies who use fossil fuels who have a clear time-bound commitment to a lower emissions future, consistent with the Paris Agreement. And for the reasons I explained, we think that's far more responsible than simply walking away and washing our hands.

In terms of the Indigenous communities, we have very clear lending policies and frameworks which require us to understand the impact that a customer may have on the community in which they operate.

Let me say for the record, we are totally against the destruction of Indigenous heritage as we've witnessed in terms of the Juukan Gorge and indeed we would support legislation and regulation which would protect it.

But moving forward, our own lending process will make sure that we fully understand the potential impact a customer may have on a community and we will only lend in situations where we are satisfied that the proper engagement and abidance by regulations is being undertaken. Thanks for your question. So onto the next question, please.

Kathryn van der Merwe: Question from [Glen Walker]. The United Nations and International Energy Agency have both clearly said that Australia needs to stop burning coal for power generation by 2030 to meet the goals of the Paris Climate Agreement.

Given the Bank supports the Paris Climate Agreement will the Board commit to aligning its climate policies with this 2030 deadline as soon as possible by not funding companies burning coal beyond 2030? And specifically, will the Board commit to not funding AGL or its proposed spin-off company, Accel Energy unless that company brings forward the closure of its coal burning power stations from 2035 and 2048 to at least 2030?

Paul O'Sullivan: Thank you for the questions. I think I've answered the question initially in terms of funding fossil fuels. Although we have been quite clear that in terms of thermal coal, that we would look to exit all direct financing of power generation using thermal coal by 2030 and we are well on track for achieving that.

I don't talk about specific customers but I have been very clear in talking about the funding policies we use in deciding whether to support lending or finance to any company that is dependent on fossil fuels today and I don't think it's worthwhile repeating that. So onto the next question please.

Kathryn van der Merwe: The next question is on the phone from [Abigail Sheppard]. Operator, please put her through. Abigail, welcome and please proceed with your question.

Abigail Sheppard: (Shareholder) Good afternoon, sorry for my delay. I'm afraid my phone is running out of battery. Thank you, my question that I asked earlier was in two parts and you confirmed in respect to the first part of the question that you were aware of the legal advice that I referred to by Mr Hutley that identified how important it is for companies to have a reasonable basis for their statements about their climate goals and targets and about the risk of greenwashing and the legal risks that follow from that.

Now, given your commitment to support the Paris Agreement's goal to achieve net zero emissions by 2050 and the International Energy Agency's report which you've been referred to a number times about their plan, which states that there is absolutely no need for investment in new fossil fuel supply. But ANZ has continued to finance the fossil fuel industries. What my question was about is about whether you have been concerned that in the light of Mr Hutley's advice that ANZ is engaged in greenwashing?

Paul O'Sullivan: Thanks for your question Abigail and thanks again for your perseverance. Let me just say this is an area of significant focus for your Board. In fact, I personally chair the ESG Committee which looks as these issues and makes sure that we're taking account of the sort of opinions you've talked about and also to be very clear that we're confident the comments we're making and the commitments we're making about climate change are absolutely appropriate and that there is no element of greenwashing.

Let me just say in terms of our commitments, we've been totally clear. The IEA scenario is only one of a number of scenarios that guide our thinking on the future. We are absolutely committed and are the first bank in Australia to sign up to the Paris Agreement commitment to a net zero position.

We have in the last few weeks been the first bank in Australia to release specific disclosures on the emissions intensity pathways that are associated with two of our highest emitting sectors and how we will work with them to lower that intensity overtime and to do it in a way that's on a pathway consistent with net zero by 2050.

So I think, if anything, we've demonstrated a leadership position on this. We've been more than transparent and our commitments to delivering on the Paris goals are probably far more visible, far more measurable, than any other bank in Australia.

In terms of fossil fuels, I won't repeat myself. I think we've been very clear, we will only lend to fossil fuel companies that have a clear plan that aligns with the goals of the Paris Agreement. So thanks for your question and hopefully I've provided some reassurance. Next question please.

Kathryn van der Merwe: Thank you, Chairman. I have a comment and two questions from [Accretion] Proprietary Limited. It seems that any question that even mentions fossil fuels, coal, oil, gas, climate or environment gets fobbed off. The first question, our climate related disclosures document shows our exposure to oil and gas has declined year-on-year for the last two years but still stands at a significant $14.6 billion.

What has driven this decline and do we intend for this trend to continue? I note this $14.6 billion includes exploration, extraction, transport, refining, and retail of oil and gas. When will we disclose a breakdown of our exposure to each?

The second question, we have $12.3 billion of exposure to electric utilities defined as electricity generators that own or operate a mix of thermal and renewable generation assets as well as transmission and distribution infrastructure. Major competitors CommBank, NAB, Westpac disclose a breakdown of electricity generation exposure by fuel type, i.e., exposure to gas-fired power, hydroelectricity et cetera.

When will ANZ provide such a breakdown of our electric utilities' exposure?

Paul O'Sullivan: Thank you for your question and can I just say, for anyone who's been sitting in on this meeting, it's certainly not the case that we've been fobbing off questions. What we have been doing is making sure we have discipline in where in the agenda we take them so as to make sure everyone gets a fair crack at asking their questions. In terms of the first part of your question, our oil and gas exposure has declined over time and if you wanted to understand what's the oil and gas extraction exposure we have, it's about 0.5% of the balance sheet.

So hopefully that gives you a sense of the relativity but let me also be clear that we are committed to supporting reductions in emissions from this sector over time so that we can achieve the Paris Agreement goals. So therefore, our support for this sector may go up or down depending on the willingness of customers to sign up to those goals and they have clear plans in place.

In terms of the second part of your question which is exposure to renewables. I'll take on notice your request for disclosure but just know it - and I'm running off numbers that I have in front of me from a slightly earlier accounting period - but if I look at that, in terms of power generation, the majority of our lending if I look historically was to renewables in that sector but nonetheless, I'll need to double check on those stats and think about what we disclose in the future. Thank you for your question.

So Kath, I'll now go and see if there's another question please.

Kathryn van der Merwe: Yes, we have another question on the phone from Jack Bertolus. Operator, please put Jack through. Welcome Jack. Please proceed with you question.

Jack Bertolus: (Shareholder) Hi. According to analysis from Market Forces, since 2016, ANZ has loaned $2.7 billion to 14 companies pursing new or expanded fossil fuel projects. Earlier this year, the International Energy Agency concluded that achieving the global goal of net zero emissions by 2050 leaves no room for new fossil fuel supplied projects yet ANZ threatens to continue its track record of funding companies like New Hope, Santos and Woodside that are actively developing massive new and polluting coal and gas projects.

For example, major gas producer and ANZ customer Woodside recently announced its intention to develop the largest gas project Australia has seen in a decade. Over its lifetime, emissions from the Scarborough Pluto Project would total 1.6 billion tonnes of CO_2, equivalent to 15 coal-fired power stations running for 30 years. As a bank supposedly committed to net zero emissions by 2050 and the Paris Agreement, when will ANZ commit to stop funding companies whose business plans are consistent with the failure of these climate goals?

Paul O'Sullivan: Jack, thank you for the question. I think we're in danger of getting to a stage of being quite repetitive here because this is a variation of a question I think I've answered a few times already but effectively, just to be really clear, we will only lend to companies that have a - fossil fuel companies that have a commitment to reduce emissions in line with the Paris Agreement and in effect, although I'm sure you would look at this from a different perspective but actually, we're trying to get to the same place that you are which is a lower carbon future.

The second thing that I would also say is in terms of your question and the IEA scenario, it is one of a number of scenarios that we've looked at and that has guided our thinking in terms of our lending policies but I am being repetitive now. So I'll halt there and just see if there are any more questions on this - Resolutions 5 and 6. So Kath, back to you for any other questions.

Kathryn van der Merwe: Yes, we have a question from [Leslie Hughes]. The science is abundantly clear that there is no room for new fossil fuel projects if we're to achieve the goals of the Paris Climate Agreement. Does ANZ acknowledge that funding new fossil fuel developments is not consistent with the goals of the Paris Agreement?

Paul O'Sullivan: I apologise to those watching online that we are getting a degree of repetition now so I think I've already answered that question several times. So I'll move onto the next question please and if I'm seeing the same questions continuing to come through, I think we might decide that it might be time to allow a vote on the resolution. Let's move onto the next question.

Kathryn van der Merwe: From David Payne. Does the Bank appropriately assess proposed renewables projects through an environmental lens prior to financing them. Example some windfarm developments are devastating pristine bushlands and ecosystems and adversely impacting wildlife such as large birds. Components such as turbine blades are imported from countries which are the world's largest greenhouse emitters and seemingly have no credible plan to reach net zero by 2050.

Paul O'Sullivan: Yes. Look, thanks for the question Mr Payne and the short answer is yes, we do look to assess the impact that our customers' activities that we're funding will have on the environment and indeed on the communities in which they operate and actually, I've seen a very specific example recently where we've also looked to understand the manufacturer and the sourcing that's involved where a particular type of renewable energy equipment. So thank you for your question. Next question please.

Kathryn van der Merwe: Thank you Chairman. This is currently our last question and it's from Doctors [Diana] and Peter Sainsbury. I asked this question by phone and are resubmitting it as directed by the Chairman. Page 7 of our 2021 Climate Related Financial Disclosures states that we stress tested our agricultural portfolio for physical climate risk under two warming scenarios and that this is summarised in a United Nations report published three and a half years ago. The findings show declines in revenue of up to 12% by 2025 and 22% by 2045 in a scenario of unmitigated global warming of four degrees Celsius.

By contrast, in 2019, Commonwealth Bank disclosed that under the same scenario, the Australian grains, livestock and dairy industries faced declines in productivity and profitability of 40% to 50% by 2060. Given our $30 billion exposure to agriculture, when will we be disclosing the anticipated change in default rate of the Agricultural Business Book in a scenario of unmitigated global warming?

Paul O'Sullivan: Thank you for your questions Dr Diana and Dr Peter Sainsbury and the Board does take an active interest in this and there are a variety of scenarios and stress tests that are applied and we review these particularly with a view to understanding the governance that's applied in the Bank around risk because clearly, it's in the interests of the Bank that we manage our portfolio appropriately and that we're pricing risk accordingly in terms of the exposure we have in various sectors and that was the reason why this scenario was undertaken.

It's an ongoing process where our scenarios are not set in time and put away in a shelf. So we will continue to review it and continue to disclose the findings of those where we think it's relevant and necessary for the market to understand.

I understand there are now no more question for Item 5 and 6. Can I thank everyone for their engagement on this very, very important set of topics and I absolutely welcome the sincerity and conviction that we've heard from all those calling in today. I think we've had enough time now so and therefore I think it's appropriate for us to move to the vote. So with that, let me show the proxies received in terms of Item 5.

Ladies and gentlemen, I think we've given sufficient opportunity for questions on comment - for questions and comments on each item of business and that is now closed. Item 5 is the last of the resolutions that are not contingent. As such and as the voting on items 2 to 5 has been open since very early on in the meeting, I will now close the electronic voting on items 2 to 5 in approximately three minutes and while we wait for the results of that voting to come through, we'll play a short video.

[VIDEO PLAYING] The Australian economy in aggregate is in very good health. Growth is strong, unemployment has fallen and economic activity has been broadening to some of the areas that have lagged the recovery like services and domestic travel. Broad sectoral conditions are also robust. Consumer fundamentals are the strongest in decades. Business investment expectations have risen to levels not seen since the end of the mining boom. Commodity prices are supporting the export sector and policy settings including interests rates are very stimulatory.

Not every sector or strata of the community is benefitting to the same degree. In fact, one feature of this pandemic is that economic outcomes for some parts of the economy and some parts of the labour market have been unusually divergent. Capital city tourism and in fact, CBD activity in general continued to find conditions quite difficult. Some segments of the community have found school closures and other restrictions particularly challenging. The strong rise in house prices since 2020 while helpful to the economic recovery, has worsened intergenerational challenges and widened wealth inequality. These sectoral challenges are meaningful but the aggregate economic picture for Australia is strong.

Internationally, there are some parallels with this Australian story. Advanced economies as a broad grouping and much of Asia have rebounded with vigour out of 2020s downturn. That is likely to continue through 2022. Some economies have been increasing interest rates and the US Federal Reserve as the global price setter for capital is likely to follow over the next year. Australia will probably be a bit slower than that but interest rates in general are likely to rise over the next year or two.

Unequal vaccine distribution and take-up has meant that not all sectors have yet returned to normal operating conditions nor in fact all economies. The main global economic challenge apart from COVID itself resolves around China. The world's second largest economy growing at between 4.5% and 5% in 2022 is still a very solid result but China's demographic outlook as well as other challenges imply this long-term trend to slower growth is likely to continue in the medium to long term.

Climate change has emerged as something of an influence over this landscape over the last couple of years. 80% of world GDP has a net zero carbon commitment, investment is likely to be higher as a consequence and capital increasingly prefer these exposures. COVID-19 is unquestionably the largest single influence on the outlook. If COVID again causes widespread movement restrictions, border closures and consumer and business caution, this economic story could be interrupted. Managed well, then growth is likely to remain strong, unemployment continue to fall and interest rates rise over the next year or two. Heading into 2022, I'm hopeful we have COVIDs measure.

Paul O'Sullivan: The electronic voting on items 2 to 5 is now closed as is the ability to submit questions online. The results will shortly appear on screen and subject to a final check by Computershare and KPMG, we will release them to the ASX later today. You can see the results on screen now. The results show that each resolution having been passed with the exception of Item 5 which has clearly not received the necessary support from shareholders. As such, it has not been passed and so Item 6 will not be put at the meeting and a poll on it will not be held.

In addition, in the interests of transparency, I will now show the proxies received in advance of the meeting in respect of Item 6. This concludes the formal business of the meeting. I can also confirm that we did not receive any further general questions on new topics which have not been discussed. On behalf of my fellow directors, I thank you all for attending this virtual meeting and for your ongoing interest as shareholders of ANZ. I hope that as restrictions ease in the future, I and my fellow directors and members of management get to meet many of you in person at future AGMs.

I now declare the meeting closed and on behalf of Shayne and myself, wish you all the very best for the festive season.

End of Transcript