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ANZ 2024 Annual General Meeting Chairman's Address

Good morning ladies and gentlemen and thank you Alex for a wonderful Acknowledgment of Country.

I too acknowledge the Wurundjeri people as the Traditional Custodians of the lands on which we meet today.

I also pay my respects to elders past and present and extend that respect to other Aboriginal and Torres Strait Islander people joining us today.

As Alex said my name is Paul O'Sullivan, Chairman of ANZ and, on behalf of your board, I have the privilege of welcoming you to the 2024 Annual General Meeting of ANZ Group Holdings Limited.

The last AGM held in Melbourne was at the height of the COVID pandemic, so it's great to be here today in front of a room full of fellow shareholders.

Melbourne is of course our home, and we are proud of the contribution we have made to Victoria for almost 200 years.

We remain one of Victoria's largest employers and our operations here result in business and job opportunities for the many thousands who partner with ANZ.

So, I would like to begin today by expressing our thanks to our shareholders, our customers and our partners who have contributed to our business this year here in Victoria.

While Melbourne is our home, we also have a long history in the Pacific, with a major presence in Vanuatu which experienced a significant earthquake this week.

This is a distressing situation and our thoughts are with all those who have been impacted. I can assure shareholders we will do all we can to support our customers, our employees and the people of Vanuatu.

Turning to this year, from an ANZ perspective, 2024 will be remembered as a mixed year.

There have been many significant achievements, in fact it has been one of the strongest ever trading performances by the Bank.

But, as I'm sure many shareholders are aware, our financial performance was overshadowed by issues relating to our management of non-financial risks.

This made it difficult to judge our performance.

As your Board of Directors, we have a duty to act in the best interests of the business by basing our judgements on facts when we assess the Bank's performance.

This is especially important to our shareholders, as well as to our staff, who both need to have confidence in our reward systems and that we arrive at just and fair outcomes.

In a moment I will outline the extra steps your Board took this year to ensure a robust and independent process to assess Management's performance and remuneration.

But let me also acknowledge today the feedback we are all seeing in the voting pattern on our remuneration report.

Although a majority of shareholders, roughly 60%, support the adoption of the remuneration report, a significant number of shareholders do not.

As a Board we are listening closely to this feedback, we are deeply respectful of it, and we are committed to taking it into account moving forward.

Strategy

But first, let me put this year's performance in the context of increasing the value of ANZ to our customers and shareholders.

Many of you will be aware of the commentary that ANZ does not attract an equivalent valuation to the other major banks in Australia and New Zealand.

A major driver of this difference is that historically ANZ has a lower Return on Tangible Equity compared to its peers.

Put simply, going back many years, ANZ had significant capital tied up in businesses which were not core and not generating a strong return.

Since 2016, ANZ has sold more than 30 businesses, which along with the rebalancing of the institutional business has released around \$14 billion in capital.

Some of those funds have been returned to you, our shareholders, and the remainder reinvested in ways designed to generate stronger returns in the future, particularly into the technology that serves our customers.

An example of this is the investments we have made in ANZ Plus and also in Transactive Global.

We have been describing this as our dual platform strategy and Shayne will talk to this in more detail in his remarks.

Very importantly, we are not just starting.

In fact, we have already invested \$2.5 billion over the last five years to build these two world class technology platforms that will underpin your Bank's competitive positioning for years to come.

Also in 2024, after a lengthy regulatory process, we received the required approvals to acquire Suncorp Bank which gives us a stronger competitive position in Queensland and the opportunity to significantly scale up the ANZ Plus platform by migrating around 1.2 million Suncorp customers.

We completed the sale of our stake in AmBank in Malaysia, releasing approximately \$900 million in capital, with much of it returned to shareholders through our 2 billion buy-back.

We also continued to refocus our lending in our Institutional Bank to better quality customers.

Indeed, that part of the bank had its best financial result in our history including an ROE in the mid-teens: almost twice that of five years ago and well above most of its global peers.

From a credit risk perspective, this year your bank delivered the best performance of the big four Australian banks as measured by the lowest risk intensity and by measures of non-performing loans.

Our revenue result was the second highest in our history and our cash profit the second highest since 2017.

So, in summary, this was a year in which ANZ delivered strong financial and business results consistent with our strategy.

All up, this resulted in a total shareholder return of 27% and a return of 50% across the last two financial years.

It also meant your Board was able to determine a Total Dividend for the year of 166 cents per share, returning almost \$5 billion to shareholders and the fourth highest dividend in our history.

Non-financial risk

However, this was also a year when your bank faced into negative issues relating to our management of Non-Financial Risk.

As I have outlined, we have a good track record when it comes to managing financial risk, but we are still building capability when it comes to our management of non-financial risk.

Put simply, these are the risks that we run from managing our operations, our processes and our systems.

This was underlined by our prudential regulator, APRA, requiring ANZ to hold an additional operational risk capital overlay due to concerns in this space as well as publicised issues within our Markets business, which I will address shortly.

As of late last year, our non-financial risk program, known internally as I.A.M. Amplified, was making good progress but the events within our Markets business highlighted the need to do much more.

As shareholders would expect, the Board is requiring further focus from the management team, particularly around strengthening risk culture and embedding non-financial risk processes across the bank, and we will keep shareholders up to date on our progress.

Related to these issues were events that took place in our Markets business.

For those who are unfamiliar with the issue, during the year it was reported that ASIC is investigating potential misconduct by ANZ's Markets business during a 2023 bond issuance for the Australian Government.

These are serious issues and while no specific allegations have been made, we continue to cooperate with the regulator to get to the bottom of what happened.

Additionally, there have also been conduct and data issues identified within the same part of our Markets business.

In response the Board has taken the following actions.

Firstly, we are assessing reports from independent experts in financial markets appointed to analyse trading activity and reporting directly to the Board.

Secondly, we have engaged external legal advisors, independent of management, to ensure rigorous and thorough outcomes from the expert reviews.

Thirdly, we established a sub-committee of directors with relevant experience, chaired by me, to evaluate and test technical issues relating to these matters.

And finally, we have commissioned Oliver Wyman, in consultation with APRA, to undertake a thorough independent review of culture and controls within the Markets business.

A key goal for the Board and Management is to put Non-Financial Risk Management on a par with our strong performance of the management of Financial Risk.

Resolutions

Let me now turn to the resolutions being voted on today, and in particular the adoption of the Remuneration Report.

The new chair of the People & Culture Committee, Holly Kramer, will speak to this shortly, but given the interest this year I also wanted to make some comments.

The Board has applied what it considers appropriate consequences for these non-financial risk matters.

Should new information come to light, the Board has the discretion to freeze or reduce future vesting to accountable executives and we remain satisfied the quantum of their outstanding equity is sufficient for this.

As mentioned earlier, although a majority of shareholders are voting to support the remuneration report today, a sizeable group is voting against it.

In addition, while prior to the meeting, we received majority support from shareholders to grant our CEO his long term variable remuneration, a substantial proportion of shareholders voted against the resolution.

In recognition of shareholders views, and to limit the impact on the bank, Shayne has decided to forfeit this year's long term variable remuneration.

Therefore item 4 has been withdrawn.

Now, I have met with many shareholders in recent weeks and almost universally there has been acknowledgement that the Board had demonstrated independence and appropriate due diligence in investigating these matters.

However, in these same meetings I encountered a wide variety of views on the appropriate quantum of downward adjustment that should be applied to our Executive remuneration.

It is clear this is an issue where reasonable minds can differ.

Your Board is paying close attention to this feedback and with appropriate humility and respect, we will ensure we take the lessons into account in our future deliberations.

Climate

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

Our ambition is to be a leading bank in supporting an effective and orderly transition for our business customers.

This is why we were the first Australian bank to formally engage with 100 of our largest emitting business customers on their transition plans and to disclose their progress – both since followed by our domestic and global banking peers.

And while ANZ firmly believes that climate change is a risk that needs to be managed now, the Board does not consider the proposed amendment to the Company's Constitution at Items 5 and 6 to be in shareholders' best interests.

Item 5 seeks to amend our constitution notwithstanding that shareholders have many existing avenues for engaging and providing feedback or concerns, or to raise issues.

We meet regularly with shareholders, along with other important stakeholders, to gain insights into differing perspectives on our operations.

In regard to Item 6, which will only be put to the meeting if Item 5 is approved, we are determined to be a leading bank in supporting the transition to net zero emissions by 2050.

Through our Large Emitters Engagement Program (LEEP) we encourage and support customers to focus on their transition plans.

We are very clear about our expectations.

For all LEEP customers, we expect their public targets and strategy, to be aligned with the Paris goal of limiting global temperature increases to well below 2 degrees and striving for 1.5.

And if we don't see adequate commitment or progress, we may decline to participate in new lending, reduce our existing limits or sell down our exposures.

Changes in our exposure are visible to shareholders in our annual carbon disclosures.

We firmly believe, that as a bank, we can have the most positive impact for the community by working with our customers to reduce their emissions - not by withdrawing finance and forcing them to borrow from lenders with lower or no carbon emissions standards.

CEO succession

I want to close by talking about CEO succession.

As shareholders are no doubt already aware, our Chief Executive Shayne Elliott is stepping down from ANZ next year, having served with distinction as CEO for more than nine years.

Shayne joined ANZ in 2009 to lead our institutional business.

He went on to become CFO, leading the charge on improving capital efficiency, before being appointed Chief Executive on 1 January 2016.

Shayne has been very clear that he still has much to do before he finishes next year.

There will be a time and place in the New Year to properly acknowledge Shayne's enormous contribution, however I will say he will be remembered as a CEO that set ANZ on the path to long-term, sustained success.

We also look forward to welcoming Nuno Matos as our new Chief Executive Officer next year.

Nuno, who was most recently the Chief Executive of Wealth and Personal Banking at HSBC, is a worthy successor as CEO and his appointment was the culmination of systematic work by your Board to identify the next leader of ANZ.

Critically, Nuno has led several bank migrations and transformations, which will be a significant benefit as we prepare to scale the migration of customers, including many from Suncorp Bank, across to ANZ Plus.

I know shareholders may be concerned an international appointment of this nature may be a signal we are looking to change course.

I can assure you the Board and the incoming CEO are aligned: we have the right strategy in place and while it will of course continue to evolve, we are not signalling a return to an Asian expansion strategy.

Indeed, our immediate focus is on improving our delivery capability, particularly around the rollout and migration to our new technology platforms, and a continued focus on non-financial risk.

Board

In terms of Board membership, the process of renewal continues with a particular focus on appointing directors with deep financial services experience.

First, I'd like to acknowledge the contribution of Sir John Key who retired from Board during the year, having also served as Chairman of ANZ New Zealand.

Sir John made an enormous contribution to ANZ with his international business and political experience playing a critical role.

In turn, we welcome both Scott St John and Richard Gibb who bring significant banking experience to the Board.

While they will outline their relevant experience when they address the meeting shortly, I know they will continue to make a valuable contribution on behalf of all shareholders.

As a part of our group structure we also have two Bank-only Company Directors who I am pleased to introduce to you up on stage today.

Graham Hodges, who many of you will remember as a former CEO of ANZ New Zealand and Deputy CEO of ANZ Group.

While Graham retired from ANZ in 2018, he has more than 30 years banking experience and joined the Board in 2023.

And John Cincotta who has more than 30 years' experience in banking including as Chief Operating Officer of Deutsche Bank Australia & New Zealand and as a founding member of Barrenjoey Capital Partners.

Conclusion

Finally, I would also like to acknowledge the more than 40,000 people who come to work at ANZ each day across 29 markets internationally.

I'd also like to thank our customers for again trusting us with their business as well as you, our shareholders, for supporting us.

Your continued support is much appreciated.

I'll now invite your CEO to say a few words.

For media enquiries contact:

Lachlan McNaughton
Head of Media Relations
Tel: +61 457 494 414

Amanda Schultz
Media & Public Relations Manager
Tel: +61 401 532 325

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