

CEO ADDRESS

2021 ANNUAL GENERAL MEETING

16 December 2021

Melbourne

Thank you Paul and good morning.

I would 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 on-going pandemic has created challenges for all of us. 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.

And 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.

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 experienced management team mean we

are well positioned to help our customers through the uncertain period ahead.

Whether it's our support of Government-backed loan schemes or working with individual customers on what's right for them...we will continue to support our customers and the economic recovery of Australia and New Zealand and all our markets.

Financial Results

While Paul has covered our financial performance in some detail, I want to give my perspective on how we performed in financial year '21, particularly at a divisional level.

In our largest business, Australian Retail & 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.

This was due to a couple of factors.

Firstly, customers were paying down loans faster. Secondly, the speed with which we were able to process an increasing number of applications just wasn't sufficient.

As shareholders would expect, we took urgent action to fix these processing issues by materially increasing our assessment capacity as well as simplifying and automating processes.

We also appointed our Chief Data Officer Emma Grey, an expert in data and automation, to temporarily lead the Australian operations team.

While it is still early days and there is still much to do, I'm pleased to see improvements in our processing times and a modest return to balance sheet growth.

Turning to New Zealand where we had one 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 the cost of capital.

As you know, there has been significant work undertaken in recent years to simplify and focus the Institutional business and we are now well positioned to take advantage of the 'structural tailwinds' we see impacting the sector over the coming years.

Environmental Sustainability

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.

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.

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.

And this change is also impacting financial markets – particularly around how climate risk is assessed, managed, reported and priced.

Your bank is embracing this challenge and as Australia's only truly regional bank, we are well placed to shape and support the required transition.

Our strength in the natural resources sector means we have deep relationships with those companies that will lead the transition.

And with our dominant position in trade finance, debt capital markets and syndicated loans, we are starting from a position of strength.

In fact, we estimate we already have a share of around 5% of global flows in the Sustainable Finance market.

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

This isn't just a shift happening at the big-end-of-town.

We have already helped finance around 1,000 SME business customers to reduce their emissions, such as our partnership with the Clean Energy Finance Corporation to finance zero emission electric city buses in NSW.

ANZx

I also wanted to share today our progress in building a better retail and commercial bank here in Australia.

We know 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.

In response we've spent the last couple of years working on a program, internally referred to as 'ANZx', using the latest technology to help people better save and manage their money.

Effectively, it's based on the pillars of financial well-being such as spending less than you earn, protecting what you can't afford to lose and paying your most expensive debt first.

The program is progressing well and we are currently testing our first 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 and probably the best way to describe how this all works is through this short video prepared for today.

[roll clip]

Now ANZ Plus will be the foundation of the new ANZ.

It will also allow us to provide non-bank services and deepen engagement with customers.

Much of this will be delivered by the strategic partnerships we are building through our ventures and incubator business, 1835i, which was named after the year in which ANZ's forbear bank first traded.

Through 1835i, we only invest where we see a path to acquire more customers, deepen relationships or co-develop new propositions we couldn't develop on our own.

For example, recently we announced we had entered a Deed to take over Cashrewards, Australia's leader in the "buy-now-save-now" sector.

It's a great fit with our customer proposition of financial wellbeing and 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 have also invested in eight FinTechs, like Lendi and Airwallex, and launched three start-ups, each intended to drive customer acquisition and deepen engagement.

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 in the hands of small businesses from 30 days to two.

While it is early days, GoBiz is making life easier for our customers while also driving solid growth in our commercial business.

70 years

We have come through an incredibly tough two years in very good shape.

We are one of the most strongly capitalised banks in the world.

We have protected the interests of shareholders by focussing on improving earnings per share.

We know the immediate period ahead will continue to be uncertain.

Credit conditions are the most benign they have been in a generation. That won't last.

Customers are demanding more from their banks. Competition is increasing, while regulation is becoming more pervasive.

Put simply, while there are tailwinds beginning to emerge, it will still be a tough environment for some time.

We are laser focussed on what is important for shareholders:

We will continue to regain momentum in Australian home loans.

We'll 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 Institutional, particularly through sustainability.

We'll continue to invest in our commercial franchise, particularly through our GoBiz proposition.

We will complete the regulatory work in New Zealand and continue to improve returns.

We'll continue to prudently manage shareholders capital and seek to invest for decent and sustainable returns.

We will 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 will be prudent, methodical and guided by our purpose.

In summary we are well placed but the outlook remains uncertain.

This will be another big year of change and transformation but I am confident we have the team to deliver.

As such, I would like to acknowledge my 39,000 colleagues who have been unwavering in their support of their customers and the community, in an extraordinarily challenging time for everyone.

Our people continue to be true to our purpose and embody the best of our culture and I thank them for their ongoing commitment.

Finally, while we are going through a period of significant disruption and change at the moment, I should acknowledge it was 70 years ago 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 will continue to manage ANZ for future generations with that same spirit.

Coincidentally, it also launched a new motto, “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 we do and we will continue to pursue it with tenacity.

With that, I will pass back to Paul.