



ANZ 2013 Annual General Meeting

Chairman's Address

Ladies and gentlemen, good morning and I want to welcome all of you who have joined us for ANZ's Annual General Meeting here in Brisbane and on-line via our webcast.

My name is John Morschel and as Chairman of the ANZ Board I will chair today's meeting.

Now, as a quorum is present, I formally declare this Annual General Meeting of Shareholders open. I propose to take the Notice of Meeting as read.

Let me first say that it gives me great pleasure to be in Queensland for our 45th Annual General Meeting of shareholders.

This state is a very important market for us. It leads the country in business investment, has a diverse and very successful mix of industries from tourism to agriculture and mining, and a young and fast growing population.

We first opened for business in Brisbane in 1853, 160 years ago. Since then we have grown with Queensland. Today we employ 2,300 Queenslanders and have 154 branches and over 500 ATMs serving more than 1 million customers.

ANZ's growing network and our capability in Asia are perfectly suited to supporting Queensland's vibrant, outward-oriented economy and we are also working hard to support the Queensland community.

For example, our partnership with the Smith Family has helped thousands of low income earners in Queensland learn how to better manage their money and to save for their children's education through our Saver Plus and Money Minded programs. The Smith Family are here today and I encourage you to support their Christmas Appeal.

I would now like to introduce your directors and the executives on stage.

To my right is our Chief Executive Officer Mike Smith. Further to my right is Alison Watkins. Alison chairs the Human Resources Committee.

Earlier this month, Alison advised that she will resign from the board in April next year when she takes up the role of Group Managing Director at Coca-Cola Amatil. Her decision to step down reflects workload commitments in her new position.

At ANZ, her role as Chair of the Human Resources Committee has involved consideration of very significant changes in remuneration practices and regulatory reporting. She will be greatly missed and we wish her every success with her well-deserved appointment.

Then we have Greg Clark. Greg is the Chairman of the Technology Committee and is retiring at the conclusion of this meeting in accordance with ANZ's practice of directors serving three, three-year terms.

His contribution to the board has been incredibly important given the growing pace of technological change in recent years.

Then there is Peter Hay who chairs the Governance Committee; and Graeme Liebelt. Graeme joined the Board in July of this year to succeed Greg Clark and he is standing for election today.

To my left is Shayne Elliott, our Chief Financial Officer.

Next, David Meiklejohn who having joined the board in 2004, is also retiring at the conclusion of this meeting.

David has served on most Board committees and in particular on the Audit Committee which he has chaired for virtually his entire time on the Board. David has also provided guidance to the finance teams through some difficult and challenging times.

Then we have Lee Hsien Yang who is a member of the Risk, Human Resources and Technology Committees; and who provides advice and counsel in relation to our Asian operations.

Seated next to Hsien Yang is Paula Dwyer. Paula joined the board last year to succeed David Meiklejohn and she will be the new Chair of the Audit Committee.

And finally on my far left is Ian Macfarlane who chairs the Risk Committee. Ian is standing for re-election at today's meeting.

Alison, Greg and David have all made a very substantial contribution to ANZ. I would like you all to join me in thanking them for their very substantial contribution, and in wishing them every success in the future.

I also want to confirm to shareholders my intention to retire from the ANZ Board in 2014.

As you know, last year I was re-elected to the board to facilitate a transition to a new Chairman.

I am pleased to be able to tell you that one of Australia's most experienced company directors, David Gonski AC, will re-join the ANZ Board and succeed me as Chairman.

David will join the ANZ board in February next year.

After relinquishing some of his current commitments, he will succeed me as Chairman in May 2014, at which point I will retire. David will stand for election as a director at the 2014 Annual General Meeting.

David is one of Australia's most respected business leaders and company directors. He knows ANZ well having previously served as a director from 2002 to 2007. It is very pleasing to have someone of his calibre join the Board and to succeed me.

These changes to the Board, with the exception of Alison's departure, complete a period of carefully planned transition which started with the appointment of Paula Dwyer, then with Graeme Liebelt and finally today's announcement regarding David Gonski.

Turning to our senior management team, along with Mike Smith and Shayne Elliott this group is critical to the performance of the bank. ANZ has a very strong international management team - all with extensive international banking experience and they are seated in the front row.

Let me now move to ANZ's performance in 2013.

ANZ's goal is to help our customers to progress and in doing so deliver a peer-leading combination of growth and returns for our shareholders.

To realise this goal, ANZ is building a super regional bank – the best connected, most respected bank in the Asia Pacific region.

It is a bank with strong foundations in Australia, New Zealand and the Pacific, as well as a growing network in Asia.

This strategy provides ANZ with attractive growth opportunities by supporting capital, trade and wealth flows into and across Asia – the fastest growing region in the world economy - while also building on our significant presence in Australia and New Zealand.

The importance of this is the 21 economies of Asia now account for 54 per cent of global GDP.

Of those 21 economies, China remains the key driver of the global economy. It is the world's fastest growing major economy, the world's largest manufacturer, the largest exporter and the second largest importer.

China is also Australia and New Zealand's major trading partner.

As a group, the region is expected to have grown by almost 6 and a half per cent in 2013 and by a similar amount in 2014. This compares to growth in Australia of around 3 per cent, and in major developed economies of around 2 per cent on average.

Your company, ANZ, is the only Australian bank with a meaningful presence in Asia and the only Australian bank with a strategy to benefit from its growth.

Our strategy is based on three inter-connected pillars.

The first is growing the already large franchises we have in our home markets of Australia and New Zealand.

The second is profitable growth opportunities in Asia based on capturing trade, capital and wealth flows into and across the region.

And the third pillar involves building the businesses on common platforms and processes to reduce unit costs, complexity and risk, and to improve the customer experience.

You can see the benefits of our distinctive long-term strategy in ANZ's 2013 results.

Our statutory profit after tax increased by 11 per cent to \$6.3 billion.

Other key measures of shareholder value creation also increased. On a cash basis, earnings per share were up 9 per cent and return on equity rose to 15.3 per cent.

We increased the total dividend for the year by 13 per cent to 164 cents per share fully franked.

This means shareholders will have received \$4.5 billion in dividends this year, the majority going to retail shareholders and to superannuation funds held on behalf of millions of Australians.

Our final dividend of 91 cents was deposited into shareholders' bank accounts earlier this week.

ANZ is creating long-term value as well. Our total shareholder return for the past five years was 121 per cent. This compares to 110 per cent for the S&P/ASX 200 Banks Accumulation Index and 13 per cent for the S&P/ASX200 Index as a whole.

Our capital position remained very strong with our Common Equity Tier One ratio at 8.5 per cent.

Mike will talk to you in greater detail about our strategy and how our performance in 2013 demonstrates the progress we are making in creating a better bank for our customers and a better bank for our shareholders.

While our super regional strategy is now six years old, it's a perfect extension of ANZ's 178 year history.

From our earliest history in 1835 when Australia was riding the sheep's back with wool becoming the nation's main industry, we have been a bank that supported people who wanted to build businesses and take on the world.

In those times, our customers were new migrants to Australia and to New Zealand from England, Scotland and Wales who were building a new country and a new future for themselves and their families.

Today, our super regional strategy is seeing us extend that support to a now large and diverse Australian population as well as the new wave of Asian students, migrants and investors who are contributing to the Australia of the 21st Century.

These linkages highlight how Asia's contribution to Australia and New Zealand is much more than being an export destination – it is a source of intellectual capital and new energy that we need to grow our economies.

Increasingly Asia is also the source of the financial capital that we need to bring innovations to our market; innovations that boost productivity, economic growth and jobs.

In the 21st Century, Asia will grow to become our largest source of foreign capital.

But with Australia facing many economic challenges, we have to have a more thoughtful and a more consistent national conversation about foreign investment because when we turn away foreign intellectual and financial capital, we turn away opportunity.

Finally, let me turn to the outlook.

After five years of turbulence following the global financial crisis the economic outlook is more settled, with the global economy growing at a moderate although uneven pace.

While some risks remain, some of the world's most important economies – the United States and China – have performed well in the last half of 2013 which gives us increasing confidence that global growth will pick up moderately over the next two years.

However, as I have said this is an uneven picture. The outlook in the US is improving; the euro zone's economic recovery remains patchy; and Japan's economic recovery is underway although not without set-backs.

In Asia, concerns about a slow-down in China, its largest economy, have been overdone although the outlook is balanced between the positive of improving growth prospects in the US - which will boost trade and economic growth – and the need for continued economic reform and structural adjustments.

We see growth in China of around 7 and a half per cent this year and 7 per cent in 2014. This is good news for Australia and New Zealand; and good news for ANZ's super regional strategy.

In Australia, the slowdown in mining investment is being gradually replaced by the non-resource sectors. This is being helped by a lower dollar and supportive monetary policy. In New Zealand the outlook is increasingly positive.

In short, ANZ is in the right place at the right time with the right strategy, people and financial strength to benefit from the best opportunities for growth in the global economy.

I now ask our Chief Executive Officer, Mike Smith to address the meeting.