

News Release

For Release: 15 December 2022

ANZ 2022 Annual General Meeting CEO's Address

Thank you Paul and good morning.

I'd also like to acknowledge the Kurna people as the Traditional Custodians of the land on which we are meeting and pay my respects to their elders past, present and emerging.

I extend that respect to other Aboriginal and Torres Strait Islander people joining us today, either here in the room or online.

Ladies and gentlemen, it is pleasing to be back together to meet in person and it's terrific being here in Adelaide.

As the Chairman mentioned, we have a deep history and a strong presence supporting South Australian customers, the economy and the community.

A recent example of this is the ANZ Community ball held here in Adelaide which has quickly become one of the preeminent events on the social calendar.

The ball was an initiative driven solely by our team and they can be proud of the impact they have had with almost \$1 million raised since 2018 for worthy local charities.

And as we have done for more than 180 years, we are backing our customers here in South Australia.

Companies like Coopers, featured in the earlier video, who we have banked from the beginning, and which has gone on to become a significant Australian champion.

Or Drakes Supermarkets, another long term ANZ customer based here in South Australia who have invested and grown to become Australia's largest independent grocery retailer.

Growing ANZ is a lot easier when you back those with a great vision, generation after generation.

I believe that strength and our long-term commitment to backing customers, was a key reason we were recently appointed the sole provider of core-banking services for the South Australian Government.

This was a very competitive tender, and we were honoured to have been selected.

Your team will be working really hard to make sure we improve on the banking services provided to the Government for the benefit of citizens, taxpayers and all those driving the economy across South Australia.

While Paul outlined the headline results, I wanted to give some more detail on the key drivers of the business in Financial Year 2022.

First, this was one of the best sets of results we have delivered, demonstrating the benefits of a simpler, well-balanced portfolio.

The recent environment has been supportive however, looking back on the year, we achieved our five clear priorities:

- We restored momentum in Australian home loans
- We successfully launched ANZ Plus, our new Australian Retail platform,
- We drove disciplined growth in Institutional and the Commercial division
- We completed major regulatory programs as we had committed; and
- We continued the simplification and de-risking of the business.

We have four key businesses at ANZ, Institutional, New Zealand, Australia Retail and Australia Commercial, and they each made a material contribution this year.

Institutional continues to be a key differentiator for ANZ and it's benefiting from our multi-year transformation as rising rates across the globe create favourable conditions.

The transition from a business driven by lending to a leader in providing banking infrastructure and services to governments, funds and other financial institutions, has been dramatic and is one of the reasons we were successful in winning the South Australian Government contract.

New Zealand

Turning to New Zealand, we are the country's oldest and largest bank with a well-diversified, high performing and very well-run business.

In addition to all the services you would be familiar with here in Australia, it's also worth reminding shareholders we are New Zealand's largest private sector fund manager, overseeing \$34 billion in funds under management with good prospects for future growth.

Those who are familiar with New Zealand may know that the Reserve Bank of New Zealand asked the banks to implement one of the largest regulatory programs implemented in New Zealand banking history.

Known as BS11, after five years of hard work your team have largely completed the work, and this investment means we are well positioned to focus on the future and further build the New Zealand franchise.

ANZ Plus

Closer to home, with growth restored in Australia Retail, the re-positioning of our Australian retail bank onto the ANZ Plus platform continues with exceptionally strong early signs.

ANZ Plus is effectively a new retail bank and one focused on winning business and driving better shareholder results by improving the financial wellbeing of our customers.

The early signs are very promising, with strong deposit growth, and extremely positive customer ratings, particularly with those customers new to the bank.

In fact, as Paul said, deposits and customers are growing at a faster rate than any bank ever launched in Australia.

Today, we have more than 113,000 customers – around a third of which are new to the bank – and over \$2.3 billion in deposits.

To put this into better perspective, those numbers have more than doubled since we announced our result at the end of October.

If you are interested in joining, we have an ANZ Plus stand outside the room where we have some of our team who can help you sign up and take advantage of a great 3.5 per cent interest rate currently available on savings balances.

With our deposit product taking off, we hit a major milestone this month with the launch of a staff pilot for our new digital home loan.

To be clear, this will not be a fancy digital frontend but paper-based backend like many in the market offer today, but a fully digital end-to-end experience from application all the way through to settlement.

That means we will have the capability to accept a loan application from a mobile device and have it fully assessed, approved and settled without any manual intervention.

We still have more testing to do but will introduce the product to all Plus customers later in 2023, initially focused on the re-finance market.

Commercial

So, with other parts of the business performing well, the time was right to focus attention on the next biggest opportunity, banking small and mid-sized businesses in Australia.

Banking small businesses has always been core to what we do with a strong focus on trading businesses – sole traders, tradespeople, cafes, restaurants and the like all the way up to mid-sized manufacturing companies, health service providers and operators right across the food and agricultural sector

To fast track this, we separated out our small business segment, creating a stand-alone Australia Commercial division, and are backing the team with the largest investment in new technology and capability that we have ever made.

Last week, I also announced Clare Morgan to join my team as the new Group Executive to lead this division.

Clare is a very experienced banker joining from Commonwealth Bank and I know she will do a terrific job leading the team that is working hard for our customers in Australia. I look forward to introducing her to shareholders in future.

Another highlight was the commencement of the ANZ Worldline joint venture which will allow us to provide business customers with world-leading point-of-sale and online payment technology.

Why is this important?

We all know today that paying for goods and services is mostly cashless and there is a myriad of ways to pay and get paid – mainly revolving around those payment devices that shops and traders have on their service counters, or through an array of online services.

I have been in banking for 30 years and it's fair to say I have never seen the pace of change and innovation we are experiencing in this area.

Essentially, there is a technology arms race in the payments space and it's not feasible for a domestic only operator to bring the world's best solution. And our customers deserve the World's best solution.

That's why we were the first bank to offer Apple Pay in 2016 and our customers have never looked back.

Security

While on the subject of payments, I know many shareholders are concerned about how we are managing security with the increased risk associated with cyber-crime and scams.

It is a threat environment that is dynamic, rapidly changing and impacting all industries.

First and foremost, protecting customers and the bank remains a key focus. In fact, protecting the bank from criminals has been core since we opened our first branch.

It's just that now methods have changed, from old fashioned robberies, to sophisticated cyber-attacks targeting the jewels of today: data. Data about your identity and data about your money.

In days gone by we protected our customers by investing in vaults and security guards and today we protect customers by investing in digital tools and virtual vaults.

We continued to invest in and improve our cyber defences this year, with the amount spent on cyber now around double what we spent 2016.

We remain on high alert ingesting more than 10 billion data events each day into our 24/7 Security Operations Centre, as part of monitoring and detecting activity across our network.

Yes, I will repeat that – we scan 10 billion data events every day.

As the Chairman mentioned, most of the impact on customers is actually from the increasing prevalence of scams and we have a team of people outside that are able to provide you with additional tips on how you can better protect yourself.

Suncorp Bank

This year was also about preparing for the future with a key milestone being the announced acquisition of Suncorp Bank.

While there is a comprehensive approval process to work through, we believe a stronger ANZ will be able to compete more effectively in Queensland, offering better outcomes for customers.

The acquisition will provide a platform to invest and grow in Queensland, one of the fastest growing economies in Australia and one in which we believe we have many great opportunities.

Suncorp Bank has a great brand, a simple business and a terrific team. Our goal is to capitalise on their strengths and find ways in which we can add value – not just to employees and customers but to Queensland overall.

In fact, many of you may recall the acquisition of the National Bank in New Zealand in 2004.

This proved to be a very successful acquisition for customers and shareholders alike and a major reason why we are so successful in New Zealand today.

Now many of the team who managed the integration of National Bank and ANZ in 2013, are still with us – in fact I was on the NZ Board at the time - so the learnings and experience from that integration will guide us as we seek to replicate the success of that transaction.

Outlook

Looking ahead, the world has entered a period of significant uncertainty.

Central banks are battling to control inflation while geopolitical uncertainty, most notably the war in Ukraine, continues to weigh heavily.

Closer to home, there are many factors at play. While some indicators are weakening, many others support the strong underlying health of the economy.

There is particular stress with regard to cost of living and the resulting rise in inflation expectations does drag on consumer confidence.

I can't over emphasise the impact that cost-of-living pressures are having in the community.

While we know some in the community are doing it tough – and we are well positioned to support them – our data shows they are entering this period of stress in strong shape.

But our focus is on those customers most exposed to stress. Those with less secure employment, those who possibly bought homes right at the peak of the cycle, those more exposed to cost of living increases, or those who have suffered other shocks like family breakdown or illness.

For those few that will experience stress, we have kept in place the additional hardship resources we built during COVID. So, while the future is uncertain, both the bank and our customers are well positioned for what may come.

One of the great lessons of COVID was the value of data and the ability to analyse these stresses at a granular level and proactively intervene.

For example, we can quickly identify home loans that are already in, or approaching, negative equity, actively monitor and help them as needed.

To finish, this was a strong year with all divisions making a material contribution.

There are economic risks ahead but we are entering 2023 in great shape, with positive momentum, and well prepared for whatever challenges lie ahead.

We achieved what we set to achieve.

We have differentiated strategies for all our businesses and a clear roadmap to continually improve our technology infrastructure.

The NOHC structure we are voting on later today is an exciting development that will provide us with greater flexibility and, most importantly, allow us to better meet our customers' needs.

I'm also confident we have the right team and strategy in place to build a bank you can all be proud of – a bank which builds on our heritage and culture.

With that let me finish by thanking our team for their hard work and wishing you and your families a very happy festive season and a prosperous 2023.

Thank you very much.

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