

News Release

For Release: 21 December 2023

ANZ 2023 Annual General Meeting CEO Address

Thank-you Paul, and good morning.

Ladies and gentlemen, I'm pleased to be here today in Brisbane to meet with you.

I am joined by several of my Executive Committee colleagues, could they please stand up:

- Maile Carnegie, Group Executive Australia...
- Elisa Clements, Group Executive Talent and Culture...
- Kevin Corbally, Group Chief Risk Officer...
- Mark Whelan, Group Executive Institutional...
- Farhan Faruqui, Chief Financial Officer, seated to my right ...
- And Clare Morgan, Group Executive Australia Commercial, who is our moderator today.

Before I begin, I would like to join the Chairman in acknowledging those who have been impacted by Tropical Cyclone Jasper in Far North Queensland.

We have a customer relief package in place and, while staying safe is everyone's first priority, I encourage customers needing financial assistance to reach out.

I would like to thank all the emergency services members and volunteers who have helped hundreds of Queenslanders during this extremely difficult time.

We are also seeing challenges globally, and I echo the Chairman's comments about conflicts in the Middle East and elsewhere.

For people with family or friends in these regions, I can only imagine that witnessing the loss of life and suffering has been incredibly hard to bear.

It is distressing to see people being subject to prejudice. We cannot allow any form of racial or religious intolerance, including antisemitism, to take hold in our society.

At ANZ, our purpose is to help shape a world where people and communities thrive.

Here in Queensland, as the Chairman noted, we have a deep 170-year history and a strong presence supporting our customers, the economy and the community.

One such customer is the iconic, family-owned Story Bridge Hotel, where we held an outstanding event for our Board and local team.

Richard Deery, the co-owner, told me first-hand how the business steadily evolved over a century and a half to adapt to a changing market and reward the loyalty of its customers. What started as a backpackers' stay then a village pub is now a tourist destination with several bars and restaurants.

It's a great reminder that we always have plenty to learn from small businesses. They are nimble, stay close to their customers and are willing and able to innovate and change with the times.

We also need to continually innovate to meet the changing preferences of our customers, and engage in a way that is most convenient for them – whether that is in a branch, over the phone, online or through a relationship manager.

One example is our new business cash hub concept for small businesses, which we piloted here in Queensland, in Maroochydore.

These are dedicated locations to help our business customers by making it faster and easier for them to carry out their banking needs, and we now have nine across the country.

Looking ahead, we have exciting plans to support more customers, as well as the economic growth of Queensland, which is one of the fastest growing states.

As part of our plan to acquire Suncorp Bank we will establish a major tech hub in Brisbane, creating 700 jobs in digital, cloud and data while establishing strong career pathways for Queenslanders.

We believe young Queenslanders should be able to access world-class jobs such as these, in their home state.

Our diversification

A year ago, I described our 2022 results as “one of the best set of results we have delivered” and 2023 is undoubtedly our best-ever.

Pleasingly, all four of our Divisions - Australia Retail, Commercial, Institutional and New Zealand – contributed to this strong outcome.

Relative to our peers, it's clear that ANZ is running the most diversified and well-balanced set of businesses.

Each of them has a strong sense of purpose, a clear strategy built on unique strengths, and generates returns sustainably above cost of capital.

Our Commercial bank is deposit-rich, serving 650,000 hardworking, creative and entrepreneurial small businesses across Australia, and we are excited about the opportunities to grow this further.

Meanwhile Institutional is the most international of the Australian banks – serving the world's very best companies - with returns increasingly driven by payments and currency processing.

Australian Retail is the smallest of our peers but a great business helping Australians save for, buy and own a home. We are rapidly transforming to a digital first, financial-wellbeing proposition by growing our newest business, ANZ Plus.

In New Zealand we have completed BS11, the single largest regulatory program in our history, ahead of our competitors and continue to be #1 at almost everything we do in New Zealand.

This has allowed us to invest in better outcomes for the almost one-in-two Kiwis we serve, while generating reliable returns to shareholders.

Today, I am confident this diversity is our strength. It allows us to face into more challenging environments such as the one that exists today.

I was reminded of this while recently visiting Vietnam to celebrate 30 years since ANZ became the first Western bank to set up local operations.

Today ANZ Vietnam is thriving, connecting trade flows throughout Asia, Australia and globally, generating opportunities for businesses - including those here in Queensland - and new sources of revenue for our shareholders.

Our diversified business helps Australian businesses, big and small, succeed on the world stage by making trade easier and attracting much needed investment from our network of multi-national companies.

This is of critical importance in Queensland, which is a key state for international trade.

It's this global footprint that makes ANZ unique but also adds value by developing trading opportunities for customers and creating jobs for Australians, by supporting trade and investment flows in and out of our home markets.

Payments & Platforms

While our job connecting Australia and New Zealand with global opportunity hasn't changed, the way we go about it has.

Our work and the Group's revenue is increasingly driven by our payments and currency processing businesses, which are low-capital and high-return. These are areas where ANZ excels.

You might be surprised to hear that at ANZ we process around 60% of all the money flowing into Australia and New Zealand and provide services to more than 90% of the world's globally systemic banks.

In fact, we facilitate an incredible \$164 trillion in payments in, out, and around the markets in which we operate every year. Most of that is cross-border payments, leveraging the strength of our international network.

This is only possible after many years of targeted investment and it's really setting us apart from our peers.

ANZ Plus

As the Chairman noted, we are also seeing the benefits of our investment in ANZ Plus.

Two years ago we had the courage to offer Australians a completely new way to bank – built on the very latest technology, with the very best security, while making banking as easy as can be.

Today, ANZ Plus is a fully-fledged business line within our Australian retail business.

The results in terms of customer and deposit acquisition have significantly exceeded our expectations with already around 550,000 Australians choosing ANZ Plus.

Importantly, ANZ Plus is operating at a marginal acquisition cost 40% lower than our classic business, with variable servicing costs 20% lower and falling further as we grow.

Just last month we reached a major milestone when we launched the ANZ Plus digital home loan. This dramatically reduces the time and cost it takes to assess, approve and settle a loan for customers.

Better for our customers and better for ANZ too.

Cyber-security & Scams

I know many shareholders here today will be concerned about how we are managing security and stability, and the increased risk associated with cyber-crime, technology outages and scams.

Many of these come across my desk and I can feel the heartbreak and very real impact these criminals are having on hardworking, every-day families.

I want to assure you that we work hard every day to protect our customers as much as possible from the criminal gangs that target them with scams and frauds, and that will remain a top priority.

Each month, we block up to 3 million malicious emails and 12 million attacks against our public facing web services.

Earlier this year we ran a pilot using artificial intelligence tools to identify and close suspected mule accounts linked to fraud, scams, money laundering and other financial crimes.

As a result, we have invested in this new mule detection technology and it is being utilised daily by our 450 customer protection officers.

We also introduced biometrics to identify payment anomalies and removed about 1600 phishing or fraudulent websites impersonating ANZ and put in place measures to stop scammers impersonating ANZ in text messages.

We regularly deliver education campaigns, and I recently wrote to all customers in Australia to warn them of the dangers of scams and how to avoid them.

A number of customers have written back letting me know how valuable these tips can be.

You may have also seen the scams booth here today and the video we played earlier.

But we recognise there is always more to do and we will continue to invest in keeping our customers as safe as possible.

Employee Engagement

The strong financial and strategic results of 2023 are not possible without the right people and culture.

We've worked hard to develop teams with the right behaviours and skills needed to continue our transformation.

We actively invest in employee engagement, and with our most recent score of 87%, we are best-in-class, for any industry, anywhere in the world.

This may not sit on our balance sheet, but it is a real asset and part of the reason we secured over 90% support for our recent enterprise bargaining agreement.

We were also named best finance graduate program in Australia for two years running, allowing us to attract the best talent in the country.

We have a proven leadership team with breadth and depth of experience, capable of managing through challenging times and making the tough calls.

I am confident we have the right people in place for continued success.

Economic outlook

Looking ahead, our job is to ensure your bank has the strength and agility to manage any external environment.

The economies in Australia and New Zealand remain remarkably robust with unemployment holding at low levels and wage growth solid.

But the outlook is certainly more challenging, with interest rates and inflation expected to remain high, geopolitical risks rising and capital flows changing faster than we have seen in some time.

Our economists expect slower economic growth in both Australia and New Zealand in 2024 and only modest movements in interest rates and inflation.

On the bright side, our home markets will be supported by resilient household balance sheets, strong housing markets, government activity and solid business investment intentions.

Even so, pockets of weakness are already emerging, and we know this can disproportionately impact those with less secure employment, on lower incomes or renters, many of whom are younger.

Our savings tools in ANZ Plus and our Saver Plus program, as well as our support for build-to-rent and other entry level housing programs, are helping - but more needs to be done.

Thankfully, for those with existing loans, even first-home buyers, the number of customers experiencing financial difficulty remains modest by historic standards.

That is not to diminish the stress felt by those increasingly on the edge. For each customer who is struggling, these times will be highly distressing.

And we know things can change quickly.

That's why over the past 18 months, we have proactively contacted more than 20,000 home loan customers each month to check in and ensure the ongoing suitability of their loan arrangements.

These efforts are making a difference, with over 70 per cent of customers who contact us in hardship back on track with their home loans within 12 months.

In the coming year we expect to be required to provide more support for our customers, and our strong results mean we stand ready and able to do so.

ANZ performance update

We've started the new Financial Year well.

Despite high levels of competition and concerns around a slowing of the economy, we are confident that our strong balance sheet and diversified business provides us with resilience and an ongoing ability to support our customers.

As we approach the end of the first quarter, Group revenue is in line with the second half of the 2023 Financial Year.

ANZ has demonstrated a proven ability over many years to manage our expenses well. While facing into ongoing inflationary pressures, we continue to execute on productivity initiatives to partially offset these headwinds.

Lending growth remains strong across our Australia Retail and Commercial franchises in particular.

Our investment in home loan processing capability and capacity and improved broker experience are providing ongoing benefits. We want to grow our Australian Home Loan book profitably by continuing to offer reliable turnaround times, and in line with that we are competitive but not market leading on pricing.

Our Markets business in Institutional has had a good start, with revenues in the first quarter to date in line with the first half of 2023 average, and stronger than the second half of 2023.

The Institutional Division's Payments and Cash Management business, a leader in the platform services space, continues to effectively leverage our multiyear investment in technology.

Our focus on high quality customer selection and prudent risk appetite means credit quality remains strong, with no material increase in credit costs in the quarter.

Wrap-up

Today we are seeing the benefits of being a stronger and simpler bank for shareholders and customers.

In more challenging times, delivery excellence, strategic consistency and the ability to flex resources is critical.

Our 2023 performance reflects all of those elements - be it strategy, capital, risk, productivity or our experienced team.

We have held a steady hand, and structurally we find ourselves in the right place, at the right time, off the back of years of investment and diligent execution.

Our priorities for the coming year build on that. We will:

- Continue to run the Group prudently, using our strength to support customers through challenging times and seek opportunity from our regional network,
- Further improve productivity, using tools like Generative AI to build further capacity for investment,
- Grow the number of customers using ANZ Plus and deepen their engagement,
- Continue to invest wisely in Commercial, Institutional and New Zealand,
- And finally, complete the acquisition of Suncorp Bank, delivering the benefits of our superior technology and customer propositions to their 1.2 million customers.

While the acquisition of Suncorp Bank would significantly increase the scale of our retail and commercial bank, helping us to compete even more effectively, if the transaction is blocked we remain confident in the execution of our Australian growth strategy.

We have a fortress balance sheet, the right portfolio, and a proven team, to ensure we can support our customers while delivering for our shareholders through challenging times.

Let me finish by thanking our people at ANZ for their hard work, and wishing you and your families a very happy festive season and a prosperous 2024.

Thank you very much

For media enquiries contact:

Elizabeth Rudall
(Acting) Head of Media Relations
Tel: +61 403 130 207

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

Approved for distribution by ANZ's Continuous Disclosure Committee