

ANZ Group 2021 AGM Report

ASX Code	ANZ
Meeting Time/Date	10am, Thursday 16 December 2021
Type of Meeting	Virtual using Lumi (video) and Chorus Call (audio questions) technology
Monitor	John Whittington assisted by Michael Muntisov and Peter Rae
Pre AGM Meeting?	Yes, with Chair Paul O'Sullivan and GGM Investor Relations Jill Campbell

No Controversies – Focussed on Environmental Issues

What the Company Does

ANZ Group provide retail banking services in Australia, New Zealand, and the Pacific Islands (~71% of operating income) and institutional banking services worldwide (~29% of operating income).

Developments in the Financial Year

ANZ's FY21 results were up substantially on Covid affected FY20 (statutory net profit after tax up 72%) and marginally up on pre-Covid FY19 (statutory net profit after tax up 4%).

Cash ("underlying") figures for the three years show the variation.



Source: ANZ FY21 Result Presentation, 28 October 2021

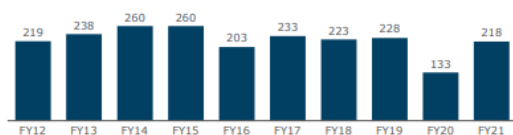
A substantial part of the profit increase over FY20 (\$3,282m) was the partial reversal of Covid related credit provisions made in FY20. Without these, profit was flat year-on-year.

SHAREHOLDER RETURNS

10 YEAR PERFORMANCE

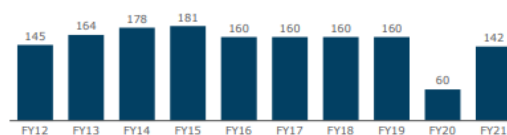
EARNINGS PER SHARE^{1,2}

cents



DIVIDEND PER SHARE

cents



SHARE PRICE

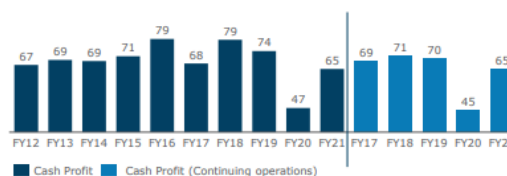
Total Shareholder Return (as reported)									
35.4%	31.5%	5.9%	-7.5%	9.2%	13.1%	0.6%	9.2%	-36.9%	70.7%



- 1. Cash Continuing basis
- 2. As reported

DIVIDEND PAYOUT RATIO

%



Source: ANZ FY21 Result Presentation, 28 October 2021

Summary of Historical ASA Issues with the Company

ANZ seems to have weathered the storm following the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry better than its main competitors. It has also seemed to avoid some of the risk management mistakes (eg AUSTRAC) of some of its competitors. We however have continued to ask questions on these matters, particularly around getting rid of the “bad apples” and the ability to claw back financial awards to those who have damaged the bank.

Over a number of years, we have expressed concern that the company makes political donations – typically \$100,000 to each of the Liberal party and ALP. In recent years they had also implemented a policy prohibiting anyone representing ANZ going to paid political functions however unfortunately this policy is no longer, and such political payments are occurring again.

We have also called for improved clarity and understandability of the remuneration report (it was really bad a few years ago), improved disclosure regarding the tenure of the current auditor, and that the presentation of cash flows in the Annual Report. There has been significant improvement on the first point, some on the second, and none on the third.

The quantum of remuneration paid, and the structure of incentive programmes has generally been acceptable, and we have supported the remuneration report since 2015.

Debate and Voting at the AGM

A full recording of the meeting [can be accessed here](#).

The meeting was a virtual meeting using Lumi technology for the video stream, voting, and text-based questions, and using a conference call provider for the oral/audio questions. The Lumi stream was about 30 seconds behind the conference call stream.

The meeting was opened by the Chair who then passed to the MC for instructions on voting and asking questions. This was followed an [address from the Chair](#) focusing on the performance and

dividend, capital management, costs, customer outcomes, culture, and the shareholder-initiated climate resolutions, and an [address from the CEO](#) focussing on the financial results, environmental sustainability and the ANZx project which will lead to new products under the ANZ Plus brand.

The Chair indicated that as there was a specific item on the agenda referring to environmental issues that all such questions be asked at that part of the meeting. Indeed, before being placed in the oral/audio question queue, shareholders were asked the topic of their question so they would be scheduled for the right section of the meeting. Despite this however, there were many oral questions asked environmental issues in the discussion of other items.

Since many ASA members had felt disenfranchised by the lack of paper proxy voting forms being sent out to those who had requested shareholder communication by post, the ASA's first question was on this subject. We pointed out that the company had sent out six sheets of A4 paper plus a reply-paid envelope to these shareholders but not a one-page proxy form. The Chair indicated that they were trying to get the right balance between costs and environmental impact as the last time they only got a 2% response. However, he indicated that they were considering printing a proxy form on the back of the Chair's letter next year.

The ASA also applauded the company's reporting of net promoter score but asked why ANZ had the lowest score in all markets but institutional – there is no value in having great products and services if no one wants to do business with you. The Chair that they were not happy with their results and so were using this information to redesign products (including ANZx), and that this will be an ongoing focus at which they expect to do better.

We also asked, given that the company had had the same auditor since 1969, when the last competitive audit tender was held and when the company planned to hold the next one. The Chair did not provide an answer but indicated that there were limited options for other auditors given three major audit companies and four major banks in Australia.

Other questions asked covered topics such as climate change and funding of fossil fuel developments (many on this subject), credit provisioning, capital management, dividends, remediation costs, skeletons in the closet, treatment of small landlords during Covid with closure of branches, offline subscriptions to Capital Notes 6, home loan processing issues, legal liability of staff working extended hours, is the bank over-capitalised, would Chair sack executives if the contravened the code of conduct, migration, customer disputes, expertise in small business, using economic profit added as a metric, being passed by Macquarie in market capitalisation, people cheating on tests at audit companies, is the company focussing less on business and more on home loans, how to get future meetings where agenda items are covered at the correct time, support of gambling, how many shareholders voted, is there voter suppression.

Both directors standing for election/re-election spoke to their election with a pre-recorded video. We asked live questions of both, but only Ms O'Reilly responded (well). Both were easily elected/re-elected with 99% and 98% support.

The remuneration report and grant of performance rights had few questions and strong support (94% and 98%).

This led to the shareholder resolution on changing the constitution and about half an hour of additional questions (many of which had already been asked but not answered in the earlier part of the meeting) on issues of climate change and funding of fossil fuel projects. This resolution only achieved under 6% support so the contingent resolution on transition planning disclosures was not put to the meeting.

The meeting concluded in just over three hours.

It was interesting to see that attendance numbers at this meeting were substantially lower than last year and only a few higher than the last face-to-face AGM held in Brisbane.

Outlook Statements from the Company

No specific outlook statements were made at the AGM other than it is uncertain. It was announced that ANZ Plus will be launched early in 2022 and a digital home loan proposition will be launched towards the end of the year.

Meeting Statistics

Number of Holdings Represented by ASA	1053
Number of Shares represented by ASA	4.7m (equivalent to 15th largest holder in Top 20 list)
Value of Shares represented by ASA	\$129m
Number Attending Meeting	191 share and proxyholders plus 127 guests
Market capitalisation	\$77bn
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

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