Australian Shareholders' Association Limited
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All I want for Christmas is approval to acquire the Suncorp Banking Business!

Company/ASX Code	**ANZ Group Holdings Limited/ANZ**
AGM time and date	9.00am (Brisbane Time) Thursday, 21 December 2023
Location	Brisbane Convention & Exhibition Centre, Glenelg Street, South Brisbane, Queensland
Registry	Computershare
Type of meeting	Physical/Webcast-https://meetnow.global/ANZ2023
Monitor	Chris Lobb assisted by Mike Robey
Pre-AGM Meeting	Yes, with Chairman, Paul O'Sullivan, Group General Manager Investor Relations, Jill Campbell, Company Secretary, Simon Pordage, Head of ESG, Gerard Brown and Revenue and Governance Specialist – Talent & Culture, Rochelle Howard

Monitor Shareholding: The individuals, or their associates, involved in the preparation of this voting intention have a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
2	Election of Board Endorsed Candidate – to elect Ms H S Kramer	Undecided
3	Adoption of the Remuneration Report	For
4	Grant of Restricted Rights and Performance Rights to Mr S C Elliott	For

Upon registering online, you will be able to ask written questions via on-line text but **not** be able to vote or ask questions/vote by phone during the meeting. For non-attendee shareholders, to register your vote, the share registry must have received a valid proxy form 48 hours **prior** to the meeting.

2. Summary of Issues and Voting Intentions for AGM

While this year's AGM agenda is minimal, with shareholders formal voting required on three resolutions, there are numerous issues that could be raised at the meeting.

In an effort to control the length of the meeting, the Bank has decided not to hold a hybrid meeting this year. ASA voiced their disappointment at this decision, as we believe a hybrid format is the fairest to all shareholders, based on time and cost constraints making it not possible for all shareholders to attend the meeting personally.

In our review of the Bank for the year ended 30 September 2023 and arriving at our voting intentions, we reviewed a number of areas and reports, including those listed below.

3. Matters Considered

Accounts and reports

Whilst statutory profit was flat year on year, Cash Profit reached a new all-time high with a 14% increase to $7,405 million. Other metrics were also positive, with all four core divisions contributing to these results. Most of this was growth orientated but also reflects the strategy to “de-risk” aspects of the business by focussing on key geographical regions and/or customers.

The roll out of the Bank’s new on-line platform ANZ Plus continues to provide exciting growth opportunities, whilst at the same time reduce the costs of doing business. Given this, the intention is to progressively provide further enhancements and transition opportunities to many of the Bank’s current services. In the Institutional division, the Bank has become the dominant player in the market for payments and cash management services in Australia and New Zealand. In short, the substantial investment in technology over recent years has contributed to the results achieved in FY23 and should continue to do so.

The capital position remains “overweight” after last year’s successful $3.5 billion capital raising, awaiting the required regulatory approvals and legislative amendments for the proposed Suncorp Bank acquisition to proceed.

Dividends paid or declared were up 20%, partly due to a “special” dividend of 13 cents (unfranked) to compensate for the lack of availability of franking credits for the final dividend. This reflects their geographic diversity and the results achieved in overseas jurisdictions this year.

Five Year Financial performance

(As at FYE -30 September)	**2023**	**2022**	**2021**	**2020**	**2019**
NPAT ($m)	7,098	7,119	6,162	3,577	5,953
Cash NPAT ($m)	7,405	6,496	6,181	3,660	6,161
Share price ($)	25.66	22.80	28.15	17.22	28.52
Dividend (cents)	175	146	142	60	160
Simple TSR (%)	20	(14)	71	(37)	9
EPS (cents)	237	250	215	125	208
CEO total remuneration, actual ($m)	4.6*	6.0	5.7	3.7	4.1

*Lower in 2023 compared to 2022 primarily due to there being no Long-Term Variable Remuneration due for testing in 2023.

Notwithstanding the Annual Report is again over 200 pages this year, the Bank supplements this with additional annual reporting by way of a Corporate Governance Statement, an Environment, Social and Governance (ESG) Supplement and Climate Related Financial Disclosures for a wide range of stakeholders. In addition, it is required to produce annual financial statements for the Australian banking group, the NZ banking division and numerous ASX disclosures as required under the continuous disclosure regime.

Governance and culture

A skills matrix for the non-executive directors is presented in the Corporate Governance Statement capturing skills and experience within 10 categories. However individual directors are not identified and there is no detail in the level associated with each skill. ASA believes the disclosed matrix has limited value for shareholders in objectively assessing the individual director's skills and experience. More useful information can be gained from the summaries presented for each director in the Annual Report and in the Notice of Meeting for the director subject to election.

As noted under Resolution 3 below, dealing with the Remuneration Report, senior executives are now assessed on risk culture within their performance assessment and compensated accordingly.

Key event – Suncorp Bank Acquisition

A review is underway by the Australian Competition Tribunal of the decision by the Australian Competition and Consumer Commission in August 2023 to reject the proposed acquisition of predominately Queensland based Suncorp Bank. Its decision is currently expected in February 2024 and if favourable, will require legislative changes by the Queensland Government and the approval of the Federal Treasurer to meet the conditions precedent. The Bank is aiming therefore to formally commence integration by July 2024, although a great deal of preparatory work has been completed and remains ongoing.

The Bank holds the view that they are underrepresented in a growing Queensland market and that a successful acquisition outcome will allow them to compete more aggressively and more fully utilise their digital technology investments.

Key board or senior management changes

Two directors will be retiring at the conclusion of the AGM – Ms Ilana Atlas and Mr John Macfarlane – both of whom have been on the Board since 2014. A further director, Mr Graeme Liebelt retired at the conclusion of the 2022 AGM, having joined in 2013. To date, one new director has been added, Ms Holly Kramer (see Resolution 2 below). The recruitment of an additional director (or directors) is expected in the near term following the prior engagement of an external search consultant to identify the type of skills required of directors for banks of the future. It is this level of detail we would expect to see in the future board skills matrix, to replace the inoffensive version in the 2023 Corporate Governance Statement.

Key Executive movements have been minimal, with the commencement of Ms Claire Morgan as Group Executive, Australia Commercial in March 2023 being the only external appointment. She was compensated by a one-off cash payment and equity allocation for awards foregone from her previous employer, the CBA.

Environment Social Governance (ESG)

ANZ have provided targets and performance against these in their ESG Supplement for 2023 and set revised targets for some of these in 2024. They continue their program of working with their largest 100 emitters with plans to revise this target in 2024 to include a new phase of engagement with them. The Bank has committed to fund and facilitate at least $100 billion by 2030 in social and environmental outcomes through customer activities and direct investments. The Bank provides further detail in their Annual Report and ESG Supplement which is beyond the breadth of this summary report. However, it is pleasing to note that as well as environmental objectives the Bank is assisting in addressing housing availability and the financial education of customers.

The Bank is also undertaking its own sensitivity analysis of potential disaster events – fire, flood, etc. and any impact they may have on the recoverability of outstanding loans and existing provisions. APRA undertook a similar exercise as part of its prudential requirements and the Bank is not expecting any material differences in outcomes of their own analysis.

Shareholders should also note that a group of shareholders (holding approximately .01% of the Bank's ordinary shares on issue) have requested pursuant to the Corporations Act that a statement be provided to shareholders relating to their concerns that the Bank has not demonstrated adequate management of material climate-related financial risks. This statement, together with the Bank's response is attached as an Appendix to the Notice of Meeting. No agenda item or resolution relates to this statement or is required.

ASA focus issues (not already covered)

In addition to those matters listed above, ASA sought in 2023 to focus on disclosures relating to:

- External Audits
- The 2023 Indigenous Voice Referendum and any contributions to the campaigns

The Bank has retained KPMG (or its predecessors) for over 50 years. Whilst they acknowledge this fact, they are challenged to identify a suitable replacement firm given the scale of their business and the number of audit firms with the capability to undertake their audit which are not already undertaking an audit of their peers. Their view is that if they were to change firm to one already operating on behalf of a competitor (s), they would be engaging a less capable team from that firm. The audit partner and peer review partner are rotated every five years, as legally required. In addition, other safeguards are in place, such as restrictions on non-audit business. ASA believe a competitive tender is well overdue, notwithstanding the limitations within the audit industry in Australia.

In terms of the Federal Government referendum held earlier this year, the Bank did contribute funds/in kind contributions to the campaign, the amount of which remains undisclosed at this time. They see their contribution forming part of their Reconciliation Action Plan which they first commenced in 2007.

4. Rationale for Voting Intentions

Resolution 2 Election of Board Endorsed Candidate – to elect Ms H S Kramer (undecided)

Ms Kramer joined the Board on 1 August 2023 as an independent non-executive director. She is therefore seeking election from shareholders of ANZ for the first time. Ms Kramer is an experienced director, having served as a director for a number of major listed and unlisted boards in Australia and New Zealand, one of which was AMP. During her time at AMP (2015 to 2018) which was not disclosed in the Notice of Meeting, this company suffered a share price rout. Ms. Kramer was one of the directors who stepped down following the damning revelations of poor culture and practice unearthed by the Hayne Royal Commission into Banking, Superannuation and Financial Services. We are therefore undecided about support for her election. We need evidence that this scarring experience and her other experience and skills listed in the Notice of Meeting, outweigh the AMP legacy, which destroyed about 40% of the value of the company. We therefore intend to test how she has changed since her time on the AMP board, by questioning her at the AGM.

If we are satisfied that she has indeed learned from the scars received from her AMP experience, the ASA will vote all undirected proxies in favour of her election.

Resolution 3 Adoption of Remuneration Report (for)

As is now the norm, the Bank provides a high level of detail in their annual report, most of which is required under accounting or APRA regulation. However, the Bank also provides some clear disclosure on “take home” remuneration, which cuts through some of this detail (refer to Appendix 1 for a summary).

To their credit, ANZ was the first major bank to adopt the new prudential standard (APRA 511 Remuneration), which requires mandatory non-financial performance measures in long term executive incentives. This standard followed the findings of the 2017 Royal Commission around serious culture deficiencies in the finance industry. The effectiveness of these measures will be determined in the future as they rely on a Board assessment of long-term restricted rights and performance rights (over four-to-six-year periods) issued and the resultant vesting of these rights. These new requirements, adopted by ANZ last year, make prior year direct comparisons misleading over the transition period.

Importantly executive packages do contain an appropriate level of “at risk” remuneration, with Board discretion, claw back and other safeguards included.

In terms of adjustments to fixed remunerations, only executives (excluding the CEO) received average increases of 4% to reflect structural changes referred to above. The CEO and non-executive directors received no increase in the year under review.

The CEO received his first “above target” assessment in terms of the Short-Term Variable Remuneration award since his commencement in the role in 2016 resulting in him receiving 96% of his maximum opportunity. Disclosed Executives received outcomes which ranged from 80% to 100% of maximum opportunity (average 89%).

In terms of Long-Term Variable Remuneration (LTVR) no rights were due for testing in 2023, due to an extension in 2019 in performance periods from 3 to 4 years. In relation to 2024 LTVR awards refer to the commentary under resolution four noting the Board has adopted a near identical approach to Disclosed Executives.

ASA intends voting all undirected proxies in favour of the Remuneration Report.

Resolution 4 Grant of Restricted Rights and Performance Rights to Mr S C Elliott (for)

As noted under the Remuneration Report resolution, the granting of LTVR restricted rights and performance rights have been impacted by new regulatory requirements. In this instance the Bank is proposing to issue the CEO and Executive director, Mr Shayne Elliott with 66,619 restricted rights and 66,618 performance rights as part of his 2024 variable remuneration. These awards are calculated from the maximum opportunity value of $3,375,000 being 135% of his current fixed remuneration. The number of rights or performance shares is calculated by way of using the Volume Weighted Average Price (VWAP) of the bank’s ordinary shares traded on the ASX in the five trading days up to and including 1 October 2023, being the start of the performance period.

This is $25.33. Details on how these awards are assessed and the relevant testing and holding periods are provided in the Annual Report and Notice of Meeting.

ASA intends voting all undirected proxies in favour of this grant.

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Appendix 1
Remuneration framework detail

CEO rem. Framework for FY23	Received $m	% of Total	Target $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration (FR)	2.5	55	2.5	35	2.5	30
STVR - Cash	1.16	25	0.967	13	1.208	14
STVR- Equity	0.919	20	1.033	14	1.292	16
LTVR	N/A	-	2.7	38	3.375	40
Total	4.579	100	7.2	100	8.375	100

Received (sometimes referred to as Actual)

Received reflects the actual remuneration received in the year (i.e., cash paid and the value of prior years' Short Term Variable Remuneration (STVR) deferred shares and Long-Term Variable Remuneration (LTVR) performance rights which vested in the year. In 2023 no LTVR performance rights vested due to changing from a 3-year to a 4-year performance period in November/December 2019.

Target (sometimes referred to as Budget)

Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year or "as expected" assessment, with deferred share amounts subject to hurdles in subsequent years (STVR 2 and 3 years and LTVR 4 to 6 years) and normally, continuing employment, before vesting.

Maximum Opportunity

Maximum opportunity is based on the limitations placed on the at-risk variable components; In the bank's case this is a set percentage of Fixed Remuneration (FR). For STVR-this is limited to 100% of FR and for LTVR 135% of FR. Actual remuneration can vary in subsequent years from the framework set as the maximum opportunity amount, often due to an increase/decrease value in the share price on vesting or partly/not vesting at all due to performance hurdles not being met/fully met.