

## News Release

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### Transcript of *bluenotes* video interview with ANZ CEO Shayne Elliott on Chief Financial Officer appointment

**Andrew Cornell** Morning, Shayne, thanks very much for joining us on *bluenotes*. You've just announced a new Chief Financial Officer, Farhan Faruqui, who was running our international business before this. So what kind of CFO were you looking for? Did you see a different sort of role, for example, to his predecessor, Michelle Jablko?

**Shayne Elliott** Well, first of all, I'm really excited to have Farhan as our CFO. He's going to make a terrific Chief Financial Officer and a great partner for me because, you know, the partnership between a CEO and a CFO is really, really core to the success of a business. And I've been lucky to sit on both sides of that table. So I have a little bit of knowledge about what makes a good CFO or what the challenges are at least.

So what we're looking for here is different to what Michelle brought - and Michelle was a terrific CFO and continues to be so at another firm. She brought a lot of really great market knowledge and intelligence when we were going through our simplification program, which was essentially resulted in us exiting and rethinking the sort of businesses that we run.

And of course, Farhan, is an executive with enormous experience around the world and multiple markets in good times and bad times, in businesses that have been building and going through lots of change. And so he really brings that depth of knowledge and commercial understanding but also the intellect around how do we create long-term sustainable value for our shareholders.

**Andrew Cornell** And what particular things when you talk about that value creation role, what particular things about Farhan stood out to you against, for example, an external candidate?

**Shayne Elliott** Yeah, well, first of all, of course we did look externally. It's one of the most important roles that a board considers as well. So we very much understand the value of the job. So, yes, we conducted a full search internationally and locally, looking at people either from banking or not, people with finance experience or those not. And through that rigorous process, you know, Farhan came out on top as the person that we felt could add the most value over this period of time. Now, here's a person, as I said, who's really got hands on experience running big teams, running complex businesses across multiple geographies.

ANZ is a... continues to be a portfolio of businesses. Even though we're a lot simpler than we used to be, we still are very large and we've got lots of various moving parts in the business. So it's good to have somebody who understands how all of that works. But as I said, this is about value. You know, banking has gone through a lot of

change even in my time at ANZ. It's not all about just, you know, booking more loans or just generating more revenue. It's about how do you create an ecosystem where all the parts work together in harmony that drives great outcomes for customers - big, small retail, institutional, Australian, New Zealand, international - and actually generates really decent and fair, sustainable returns for shareholders. So there's a lot of complexity in the role. And he's got the kind of experience that really understands that and has a proven track record on execution.

**Andrew Cornell**

And you talk about the importance of the partnership there in the strategic focus. Is there a particular strategic focus that you see this partnership kicking off with, for example?

**Shayne Elliott**

Now we've got a strategy that's been really clear and in place now for five years, and we're getting better and better at the execution. And now I need somebody to sit right with me to really focus on the next phase of that execution, which now we're getting right down into much more detail. You know, the investments we're making, which are significant in data, the massive investments we're making in new technology to bring better services and propositions to our customers, the implications that all of that has on our cost base. And we know we've got to reduce our cost base to be competitive with a lot of these new people.

And another thing Andrew which is really important - somebody has the respect of their peers. You know, we're a team. We've got a great team at ANZ in terms of our executive committee of which Farhan has been a member now for a period of time. And he's really well respected. And of course, you need to have impact when you're CFO so that you can get things done.

**Andrew Cornell**

And with Farhan's previous role in international, are you going to rethink that role or do you have a candidate there?

**Shayne Elliott**

Well, international is... continues to be a really important part of ANZ and sort of in many ways defines who and what we are and why we're a bit different to many of our peers. We've been an international bank since the day we were founded and it continues to be a massive generator of value for us. And in fact, it was Farhan with Mark Whelan's leadership that's really changed the nature of that business. And now it is a contributor from a value perspective.

Yes, it's important. Yes, we're going to continue to have a big focus on international and the opportunities it presents for us. And as a result of this move, we'll have to rethink the leadership there. And I'm confident we've got some great talent in the firm that we'll consider as we think about the best way to run it from tomorrow.

**Andrew Cornell**

And looking a bit more broadly now, we're entering a new, more dangerous phase of the virus, not just in Australia, but across the markets that ANZ operates in. Our economists, for example, have just downgraded their forecasts for Southeast Asia. So how are you thinking about the current situation?

**Shayne Elliott**

Well, it continues to be volatile, doesn't it? I mean, what have we learnt throughout this? You just don't know where this thing's going to go globally or locally, for that matter. And so the only real strategy is to remain incredibly flexible and to sort of shore up your strengths. And when I say strengths, I mean both financially - and we are very

fortunate at ANZ to be in a very, very strong financial position with high levels of capital, lots of liquidity, you know, as the benefit of the strategy we've been executing for the last five years.

But also cultural strength - the strength of our people. You know, at the end of the day, we need our people to remain optimistic, to remain resilient, to be able to continue to get their work done etc. And, you know, it is the culture at the end of the day that differentiates us. And I'm proud of the people at ANZ and the way they've been able to - because of that strength - lean in and really help customers through this difficult period. What we're seeing at the moment is unprecedented, an overused word, but it is. And of course, we don't know what's going to happen over the coming weeks and months but what we do know is that we're in a really strong position to help customers.

One of the interesting points about the data, Andrew, and it's sort of it's really interesting from my perspective and challenging. This is so unlike any sort of crisis any of us have lived through in the past. And the reason it's different is that banks aren't at the centre of this. Normally in a crisis, we're right in the middle of it. And we're worried about our own survival and thinking about, you know, bad debts and liquidity problems and capital and all of that. Well we're not - because we've worked so hard to strengthen ourselves, we're now in that position where we're actually on the front foot and able to help customers. And we've also built out our data capability so we know far more about our customers and what's going on in their businesses, not quite in real-time, but almost.

So we've got the flexibility and we've got the strength to continue to operate really well. And, you know, I'm confident that we'll continue to be able to do the right thing and help as many people through this as we can.

**Andrew Cornell**

And when we look at Australia in particular then, the New South Wales outbreak doesn't appear to be improving and it has spread to some other states. So when you're looking at that data and you're listening to customers, are you starting to see more duress? Are there people asking for extensions to loans, for example?

**Shayne Elliott**

So we've built a capability over the last year and a half since this all started when, you know, to be honest, in March and April last year, this was all a real shock. And we had to sort of scramble round. Today, we've got data. So I've got on my desktop, I can see every day how many people phoned in and from where. I mean is it small businesses or mums and dads with a mortgage needing or asking for help and what kind of help they need. So we do look at that data.

The interesting thing about the data at the moment, despite the issues that we're in, it's the data is continues to be very, very modest. The number of people who are actually putting up their hands is low. It's significantly lower than it was a year and a year and a half ago. And actually, also interesting, the rate of change in there is relatively modest. So we're not seeing a spike in numbers. We're seeing a gradual increase day after day, as you would expect, as people sort of digest what's happening and pick up the phone to the bank. So it's completely manageable. What I think is interesting in that data is that it tells us there is an underlying strength and resilience in the Australian economy.

Now, over the last 18 months, people have learnt through bitter experience that things can go wrong really quickly. And so they've done the right thing - they've put money aside into their deposits, they've paid down their most expensive debt, they've reached out to the bank or their landlord or whoever it might be when needed. And of course, the government itself in various guises whether state or federal has been there with a range of programs to really offer that support. And so right now the data that we see suggests that this is, while devastating for some, it is relatively a small number of people who are really in harm's way and the banks and the governments stand there and are able and willing to lean in and help those people through this.

**Andrew Cornell**

Well, thanks Shayne. We can only hope that vaccination continues to grow and the situation does improve. But thank you for your time.

**Shayne Elliott**

Thank you.

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