

## News Release

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### **Transcript of bluenotes video interview with ANZ Chief Executive Officer Shayne Elliott**

ANDREW CORNELL: Morning Shayne and thanks for joining us again on bluenotes for the full year result at the end of what's been another extraordinary year, really. Looking through the pandemic though, this looks quite a solid result but can you perhaps talk us through what you see as the underlying business messages from this one?

SHAYNE ELLIOTT: Sure. And I think it's important, exactly as you said, you need to look through COVID. And let's not forget, COVID hasn't gone so it's still there and it's still having an impact on the economy. But that's why I think it's really important to look at some of the longer-term trends here. And what we saw at ANZ really was the benefit of diversification. We've got three great businesses and they all contributed in a really positive way.

So New Zealand had an outstanding year, actually, and is really firing on all cylinders, if you will, in that business. And really leaning into the rebuild in New Zealand and some extraordinary economic activity happening there. Institutional – again, very strong year. Didn't quite have the year it had before in our global markets business, which was a record year, but again a solid performance. And what we're seeing there is increasing customer activity. As the world emerges out of COVID or into the newer economy, there's lots and lots of activity – M&A activity is up, more trade volume, more capital flow etc. And so we're well positioned on that front. And here in Australia, of course, the economy has been bumpy but overall pretty good. And as we're coming out of these lockdowns there is increasing activity, whether it's in housing or small business and others. And that again drove a pretty decent outcome in our Australian businesses as well.

ANDREW CORNELL: And is that opportunity that you talk about, is that across those businesses? Diversification is obviously really good when you've got volatile times because it offsets. As we get through that, are some businesses better placed than others to seize opportunity?

SHAYNE ELLIOTT: Yes absolutely. I mean we want to have three great businesses and, as I said, in the last year they all performed very well. But if we look ahead and think about the world as it is shaping up – and let's not forget it's still very uncertain. I mean, COVID ... it's great that vaccination rates and other things are rising, but this is a living, mutating organism so it's certainly not over. We've got that still happening.

We've still got some underlying changes happening in the world around digitisation and the massive technology disruption that we're seeing – that's still going on. We're starting to see emerging signs of inflation, we're seeing challenges in supply chains. And then, of course, to top it all off we're seeing this massive shift in expectations around climate change, quite rightly. And so there's this huge transition happening in the economy where trillions of dollars need to get spent preparing the world for a low carbon future.

So you wrap all that up – lots going on, lots of challenges but equally lots and lots of opportunity. So in terms of your question, we see most of our opportunity, actually, interestingly in our Institutional business, which is really well positioned around the

sustainability transition, but also just the general levels of activity that are going to happen – or we think are going to happen – in the global economy.

ANDREW CORNELL: And we'll come back to sustainability because you do call that out as a big opportunity. But there's also some weaknesses in this result – around home loan processing for example. What are you doing on that front?

SHAYNE ELLIOTT: Yes. In Australia we started the year really well in home loans and then, of course, we saw just unbelievable levels of volume across the economy in terms of turnover, people buying and selling houses. Now we didn't prepare well and that's on me. So we struggled a little bit in terms of the volume. Overall, the year was pretty good. In fact, our home loan revenue was up double-digit levels, but it sort of fell off in the second half, so we've got to get back and ready for that and that's what we've been doing for the last few months. We've been hiring more people, putting more people on the tools, getting ready for the ... what we think will continue to be a pretty active market. And the good news there is July was the low point in that and every month since then we've been getting better and better and better in terms of our capacity.

ANDREW CORNELL: And capital was a good story, the bank is unquestionably strong and the dividend is coming back up now after COVID. What can investors look forward to on the capital management front?

SHAYNE ELLIOTT: Well look, we're here for the long-term and the most important thing we can do is protect the bank and make sure that our balance sheet is really robust and strong. And going back to the uncertainty that I talked about before, while it's good to be optimistic – and we are – it's still uncertain and so you want to have that ballast, you want to have that strength of a strong balance sheet, lots of capital, lots of credit reserves. And that's precisely where we sit today.

And I think it's really important that ANZ has been very prudent right throughout this. We didn't put our hands into shareholders' pockets during COVID because we had the strength because of the work we had done over very many years to simplify and strengthen the bank. And we announced a small share buyback of \$A1.5 billion – we were the first major bank to do so – we're about halfway through that, still got a little way to go. So that's another way to return capital to shareholders. We've increased our dividend back to more normal levels and we're still sitting on a very, very robust balance sheet.

Now, the best thing we can do with that capital is invest it for the long-term growth. And we do see opportunity, so we'll see. The next half is going to be really important just to see how the world settles down and whether we are going to see increased demand for lending and put that capital to use to drive long-term value for shareholders.

ANDREW CORNELL: And coming back then to sustainability, it is one of the major shifts that we're going to see in our generation's ... in the global economy. And COP26 is obviously coming up this weekend in Glasgow. But how does this sustainability factor into your strategic priorities?

SHAYNE ELLIOTT: Yes, so if we think about – again I'll just use the Institutional bank as an example. Our whole strategy there is about facilitating the movement of goods and capital around the region. Well guess what? A lot of those goods are resources and a lot of the capital has now got a sustainability lens on it. So, the kinds of resources that are needed for a low-carbon future are very different to the kinds of resources we've had in the past. The amount of money that is sitting around the world today, the amount of capital that is being invested with an ESG lens on it has grown exponentially.

So ANZ sits right at the epicentre of that. If you stand back and think about ... if that's the megatrend, what would you need to be good at to participate in it? Well many of those things are in our toolkit. You'd have to be really, really good at banking resource extraction. Well we're the leading bank in that in this country. You'd have to be really, really good at financing and banking large-scale infrastructure projects – plants to develop hydrogen for

example. You'd have to be really good at trade and connecting those goods with the rest of Asia. And, of course, you'd want to be banking the world's leading companies who are really at the forefront of sustainable transition and that's exactly where ANZ is.

So I think there are lots of positives for us. We're positioned really well for it and we're determined to make the best of that advantage because it's the right thing to do for the environment and it's the right thing to do for the broader community.

ANDREW CORNELL: And the other major project that you've called out and drawn attention to is ANZx, or ANZ Plus as it will become as it rolls out, which has been going a while. But it seems to be a fundamental rethink of how the bank operates. What's the essence of ANZx?

SHAYNE ELLIOTT: Some years ago we stood back and you start thinking about retail and small business banking as it operates today in Australia and New Zealand. And you could see that there were some real challenges in terms of that business model. Competition was getting more intense, regulation was allowing more and more disruptive technology to come in, there's lots and lots of things happening right across the space whether it's in the payments area, which we're seeing a lot on, whether it's in home lending etc and new competitors. So, we sat back and said, 'hey there are a couple of options here – we can muddle through, patch up things we've got, try to stay ahead of the game. Or we could really design for the long-term future and, if you will, disrupt ourselves'. And that's the path we've taken.

So we set up what was a small team, which is now a big team, we've got about 800 people in a different building and we've called it ANZx to give them some separation and the ability to get on with things at-pace. And we've really redesigned a new proposition for our retail and small business bank. I don't have time to go into it all now, Andrew, but it's all built around this idea of financial wellbeing. If we can improve the financial wellbeing of our customers, we'll acquire more customers at a lower cost and actually they'll stay with us longer. And so a lot of it has to do with technology – that's probably the piece that costs a bit of money and that's the bit that people will look at and see. But it really is a fundamental rethink about the relationship we have with our customers. So it's pretty exciting.

As you said, the very first parts of it are going to be visible in the coming months and from then it will be a rapid expansion not only in scale but also the kinds of offerings we have out in the market. Think of it as a little bit of a fintech meets big bank approach. It's fintech in its capability and the way it works but with the brand of an ANZ behind it and the capability and the strength of our balance sheet.

ANDREW CORNELL: Well thanks for your time today Shayne. Hopefully we'll continue to see the vaccination rates rise and economy recover. You and I are both going to try and do our bit by having haircuts if we can ever get in. But thanks for your time this morning.

SHAYNE ELLIOTT: Thank you.

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