

News Release

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

ANDREW CORNELL: Morning Shayne, thanks very much for joining us again. This is the largest transaction in Australian financial services for probably more than a decade now. What's the strategic intention here?

SHAYNE ELLIOTT: Well, this is a really exciting transaction not just for ANZ but also, we hope, for the customers of Suncorp Bank. So our strategy has been really clear at ANZ for a number of years. We want to have four great businesses - a great Institutional bank, a great business in New Zealand, a great Retail bank here across Australia and, of course, a great business servicing small businesses across Australia as well. For the early years we really focused on doing lots of hard work getting our Institutional bank and New Zealand into great shape and they're in really good running order. And we've now wanted to allocate more capital and more of our management time to really grow a quality franchise - or improve the quality of our franchise - across Australia. And we had this opportunity. And Suncorp is an amazingly good business. They've done a lot of hard yards themselves in terms of getting their business into great shape. And what we know about the business, there's a lot of affinity with ANZ - really similar cultures, really purpose driven organisations. And it's a great geographic diversification for us and brings together two really great franchises into something that we think can be even better and drive much better outcomes for our combined customers for many, many years to come.

ANDREW CORNELL: And the banking business of Suncorp spans Commercial and Retail but obviously there's a strong focus on Queensland. So is this a bet on Queensland as well?

SHAYNE ELLIOTT: Absolutely a bet on Queensland. Queensland's a great state. Lots to like about it in terms of the demographics, in terms of the growth profile, the diversification of the economy, the major commitment the state has made around sustainability and renewable energy etc. So there's lots to like about Queensland. We've been in Queensland ourselves since 1851. We've got a really good business there, predominantly focused on Institutional banking. This really rounds out our capabilities right across the state and really is a platform for growth. Now having said that, Suncorp Bank is more than just Queensland. It's got a really strong franchise in New South Wales and right across the country. So I wouldn't want people to think it's only about Queensland but clearly this will be a very big investment for ANZ to strengthen our presence there. Now, alongside the investment we're making in terms of the acquisition, we're also making some really serious commitments about funding into the state - mostly around the whole sustainability area including the Olympics for the future, and including infrastructure and renewable energy. So as I said, it's a platform for growth and a heavy focus on really making the best of the opportunity for Queensland.

ANDREW CORNELL: Now obviously there are going to be regulatory and government approvals required. But if the deal does complete how transformational will it be for ANZ?

SHAYNE ELLIOTT: Oh, it's a massively transformational deal for us. What it does for us is it rebalances our geographic split a little bit. So as of the moment we are very heavily focused - our business, our balance sheet - into Victoria and New South Wales. This brings Queensland up to a not dissimilar level. So it transforms the balance of our business. It adds over a million customers to our network, which is a really important step up from our

current six million. It adds a really important regional focus in terms of particularly around agriculture right across the state. And as I said, it will really strengthen the quality of our franchise while maintaining all those things that are really important to us in terms of purpose, culture, values, our commitment around sustainability and what really makes ANZ special. So it will transform the bank but actually in many cases it's adding to what's already great about ANZ.

ANDREW CORNELL: You've also announced a capital raising to go with the transaction. What will ANZ's balance sheet... capital position look like after this?

SHAYNE ELLIOTT: Being a custodian of shareholders' capital has been really important to our strategy from the beginning. You know, in the early days of my leadership we focused a lot on simplifying the bank and returning capital to shareholders. And we did so because that was the right thing to do. We made sure that when we entered into COVID-19, we had a really strong balance sheet and we didn't have to go to our shareholders for more capital and we managed prudently through that. And now of course, we're asking shareholders to reinvest back into the business to support this high-quality transaction. Now, the purchase price here is about \$A4.9 billion. We're not raising all of that in equity because we're using some of our excess capital. So we still will be in a very strong capital position. And while we've still got some time for this transaction to complete - maybe it'll complete and we'll sign the transfer of assets maybe in a year's time or thereabouts - we're raising the capital today as a sign of confidence in the transaction and really asking our shareholders for that support.

ANDREW CORNELL: Your stated intention is to keep Suncorp Bank in the acquisition as a separate entity here and to keep the branding for a number of years. Now, when you look at bank mergers and acquisitions, there are two models. One is you do merge everything together and the other is you keep distinct entities. So what's behind your decision to keep the Suncorp banking business as a distinct entity?

SHAYNE ELLIOTT: Well, firstly, it's because we're buying a high-quality franchise. Suncorp Bank has got a great brand. It's an iconic brand not just in Queensland but across the country. It's a well-run business and we really want to give the customers the reassurance that the business will continue - that they'll be dealing with the same people, with the same great services, with the same executive team and the same brand for some period of time. And that really buys us a period of time to really consider what's the long-term outlook for this? Do we continue to operate, should we merge it and become ANZ branded at some point or is there an opportunity to have a different brand altogether? We've got time to think those things through. But what's important here is Suncorp Bank is a strong brand and it gives customers the confidence that the organisation they're dealing with, by and large, yes the owner may have changed and now it's a different shareholder, but the great service, the great people and the great operations that they know and love will continue to be there for some period of time.

ANDREW CORNELL: And as you mentioned, ANZ is a much simpler organisation now than seven years ago and a lot of programs that were going on are starting to wind down. Nevertheless, there's the ANZ Plus transformation going along, the digital transformation keeps going on and this is a big transformational acquisition. Inevitably, investors worry about execution risk. Is there the capacity to carry this out without that execution risk?

SHAYNE ELLIOTT: Yes. Really, the last six or seven years have all been about getting prepared. The whole point of having our strategy about being simpler and stronger and better balanced was to allow us to even contemplate these sorts of investments. Whether it's the investment in ANZ Plus to completely revolutionise our technology platform or whether it's investments like this into a really high-quality franchise - Suncorp Bank. So yes, we've been strengthening not just our capital base and the financials and the numbers and all of those things but also the management depth within ANZ. The quality of the people, the way we organise ourselves, making sure that we're really focused and deliberate, building our capabilities on execution. So it's a great question, Andrew, because actually it

was the very first question that our Board quite rightly asked. "Yes, I can see all this on a PowerPoint slide and understand the strategic benefits. Can we do this and can we do it well?" And we're very, very confident that we can do this well. Now a part of that is, of course, what we're acquiring into is a high-quality team, a well-run bank in and of its own right. And that, of course, makes things a lot easier when you're working with people who are not just like-minded but of exceptional quality in terms of execution. Of course, when you're acquiring a business of any nature you're acquiring many things - we are acquiring the customer base that comes with that, we're acquiring the network, but really importantly, we're acquiring the management team. And I've been really impressed - from afar - from what we've seen at Suncorp Bank. And the real transformation that Clive and his team have led over a number of years. It's a simpler, stronger bank today. It's a high-quality franchise, lots to be proud of and so we want to bring that team into the broader ANZ family. And as a result of that, once it's completed and approved etc. Clive will be joining my executive team and I know that he can add a lot more than just managing the Suncorp banking business but actually be a significant addition to my executive team. And that's true of the people that will come right across the bank into the ANZ family.

ANDREW CORNELL: Well, I'm sure the market will be watching very closely, as will we all. Thanks very much for your time this morning Shayne.

SHAYNE ELLIOTT: Thank you.

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