

## News Release

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

ANDREW CORNELL: Morning Shayne, thanks for joining us on bluenotes. ANZ's Digital business - including ANZx - is being combined with Australian Retail. And the Commercial division is being sort of given its own... it will become a standalone business. So what's the rationale for these decisions?

SHAYNE ELLIOTT: Well, we have to step back a little bit in time to get the context for where we are and why we're making these changes. So four or five years ago, it was pretty apparent to us when we were thinking about the future and the changing shape of banking, particularly here in Australia and New Zealand for retail and commercial businesses, that the world looked very different. And when we stood and identified what customers were going to want in the future, what competition was going to demand of us, what regulators were going to demand of us. We realised that the infrastructure and the way we were running the business really wasn't a contemporary way of doing that, and we weren't going to get to where we needed to be. So we took it on ourselves to fundamentally undertake quite a significant rebuild. Now it tends to be talked about in the terms of technology because that's the bits and pieces you see. But it was really wrapped around this idea of financial wellbeing and how do we enhance the financial wellbeing of our customers so that they choose ANZ and stay with us for longer? So we went about and we set up a new division - Digital. And today we sort of affectionately call it ANZx, which is where the teams go and are really rebuilding and reimagining what banking looks like for the future. But at the time, we recognised we've still got to run the bank for six million customers in Australia. Oh, and by the way, we had this massive remediation task which nobody is proud of but the entire industry faced. And we needed to do that and that was most famously through the Royal Commission. So we said, "we've got to run the place, we've got to remediate the place, oh and by the way, we're building a whole new business". So we decided the best way was to split out the build, give it some space. Because remember at the time it was like half a dozen people. Give it some space, give it the ability to grow to a certain scale. Well, we're there. Now today we're on the verge of launching our first big proposition into market under a new brand called ANZ Plus. And so it's entirely appropriate that we re-merge our retail offering. And we're really excited about this because it really is going to lay the foundations for the future ANZ and what ANZ will be about for the next 10 years and beyond. But when thinking about that, we said, "hey but we've got this other business, this Commercial bank". Frankly, we haven't... I haven't given it enough attention over the last five years. We've been busy on other things but it's a really valuable part of who and what ANZ is. And so now it's time to also move my attention, the Board's attention and management's attention to how do we nurture this business to be something really relevant and contemporary for the future? And we decided the best way to do that was to build it into its own division and have that report directly into me.

ANDREW CORNELL: And indeed, historically, the Commercial bank was one of the big parts of ANZ before the boom in retail banking and mortgages. So does this impact the strategy of the bank per se splitting out these divisions? Or does it give you just clearer focus?

SHAYNE ELLIOTT: It's a little bit of both. I mean, you're right. You're right to recognise that it was really part of ANZ's history and DNA. ANZ has always been a great business bank. Probably most famously big, big end of town and Institutional. But it's always been core to

what we are. And you're right. We focused very much over the last sort of 10 to 15 years, perhaps even longer, about really trying to build the Retail bank. We are subscale in Retail, we are one of the smaller of the of the major banks so we wanted to boost it and that's why we're doing ANZ Plus etc. So it's time, it's time to go back and refocus on Commercial and start to think about how do you build something that's really differentiated in the marketplace and build a sustainable, high-quality business for the long-term? You asked a question about strategy, it's a good question. ANZ's strategy or ANZ's portfolio is inherently a bit more complicated than some of our peers. Now we happen to think that's a good thing because we have diversity. We're going to have three great businesses. We've got a great Institutional bank focused on intermediating trade and capital flows in the region. We are building a great Retail franchise which will really be around helping people buy and own a home, but really going to be... you're going to see through this ANZ Plus launch. And we need to build a really terrific Commercial bank for helping people start, run and grow a small business. And that's really where we want to start putting more of our investment dollars to work and more of our time and effort.

ANDREW CORNELL: Now Mark Hand, who was - or is at the moment - the head of Retail and Commercial for Australia. 30-year veteran of the bank. He'll help you set up that new Commercial division but then he's moving on from the bank. So what's behind that decision?

SHAYNE ELLIOTT: Look, Mark's been a great, loyal member of the team for 30 years, as you mentioned. He's a terrific guy, knows the bank incredibly well. You know, Mark is part of this team today and he was very much of the mind with us that the right thing to do was to split it as we had done in the past. And now the right thing to do for the bank is to rebuild the retail proposition. And one of the great things about Mark, he always puts the bank first. And so he agreed with the decision and in coming to that, obviously we have lots of conversations about the future. The future shape of the business and the future for himself. And he decided that the best thing for him was to move on. So I've asked him to stay for four months, helping me think through this Commercial bank strategy. Mark's got a deep experience in that space and his input and advice will be enormously valuable.

ANDREW CORNELL: Were those well-publicised issues around the home mortgage processing a factor in Mark's decision to leave now?

SHAYNE ELLIOTT: No, the decision about the future of the bank was really always planned. It was all about the timing. When do we bring our digital propositions back in line with our traditional ANZ retail proposition? And the real factor is that we've got our first proposition in market under the ANZ Plus brand and that's really the driving reason for why now.

ANDREW CORNELL: And is that reflected in terms of the Commercial bank? Is that tracking well, too?

SHAYNE ELLIOTT: So Commercial bank is really interesting because we tend to throw everything in and call it small business or commercial. Let's not forget it goes everything from sort of sole trader up to reasonably mid-sized corporates who are quite complex in their needs. And, you know, all sorts of industries, whether they're in the healthcare industry or agri or in manufacturing or tourism or whatever it might be. So it is a mixed bag. The good news is small business, in general, is doing pretty well across the economy and really driving some of the recovery that we're seeing in employment and investment. And so as a bank, we're a natural beneficiary of that. So we are seeing commercial lending growth. In fact, I was just talking to one of the team who run it, who was talking about the fact that applications for new credit across the small business spectrum are up almost 30 per cent versus a year ago. So there's a lot of demand, which is a good thing. It's a great sign for the economy and you know, we're positioned to benefit from that.

ANDREW CORNELL: Well, thanks very much for your time this morning. Good luck with the transformation.

SHAYNE ELLIOTT: Thank you.

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