

## 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 speaking with bluenotes. It's the bank's annual result and you've described this as an outstanding result. But where did it come from? There's been COVID, rates are rising, there's war.

SHAYNE ELLIOTT: Well, first of all, it is an outstanding result. And why did we describe it like that? Because when we look at the underlying profit before provisions, so just revenue minus expense, the second half was the strongest growth we've had in that metric since 2009. And that tells you a lot about the momentum that's sitting in the business. Now, some of that is environmental because of the rate cycle we're entering into, the generally good health of the economy – and I'll talk about that later, undoubtedly – but also because of the transformation that we've undertaken at ANZ. You know, it's been a lot of years of really hard work getting the business ready to be simpler and better, and that really came through. What's pleasing about it is that all of our divisions, the four divisions we run today, Australia Retail, Australia Commercial, Institutional and New Zealand all contributed in a really positive way. We've got good volume growth pretty much everywhere and we saw margins expand, or recover really, after many years of falling. So contributions from right across the board, good underlying growth and the right sort of metrics. And really, also I should mention, strong productivity performances as well.

ANDREW CORNELL: So you speak of the diversification of ANZ as something which makes the bank different to other majors perhaps, and is obviously a strength here. Within that are there particular businesses that have done well and particular other areas where there needs to be some focus?

SHAYNE ELLIOTT: Yeah. So just again, we have these four businesses. If you look at the total contribution of each of those businesses, they each contribute about a quarter of our group revenue. So pretty nicely balanced. Not necessarily that's by design, but that's the way they are. And what I really like about our diversification, we are therefore exposed and are supporting every part of the economy. Right from homeowners through to small business, mid-sized corporates, and of course, the very large and the multinational businesses that engage and connect Australia, New Zealand, with the rest of the world. And so we get really amazing insight through that connectivity right across the economy. Now, as a result of that, our businesses are exposed to slightly different drivers than others. So, for example, because we've got a very, very big international business and we're by far the most international of the Australians, we've got a big exposure to what's going on in US dollars and that's been a net positive for banks during this period. The strength of the US dollar, the rising rate environment there, and you saw that come through in our results. And also similarly our exposure to New Zealand where we're the leading bank in New Zealand and New Zealand's going through a lot of change like we're seeing here in Australia. But from the bank's perspective, that's been actually very, very supportive in terms of our results.

ANDREW CORNELL: And you touched then on the economic outlook, which isn't great. I mean, in the Northern Hemisphere, in particular, geopolitical tensions. The question then becomes, is this sustainable, this kind of performance from ANZ?

SHAYNE ELLIOTT: Yeah, it is sustainable certainly for the short to medium term and you know, the long term and multiple years, who knows? There's lots going on. If we've learned anything over the last five years, it's that things change. But the environment, surprisingly – and I agree with you that there's lots of uncertainty, you know, there's lots of concern about growth and inflation and cost of living – from the bank's perspective, we go into that environment in really, really good shape. We've got more capital than we've had before, we're more liquid than we've been before, our business is better balanced and been de-risked. So we're sitting in a pretty good position, being able to weather what may come. Importantly, so are our customers. And again, if we look at the data today, Australian households and New Zealand households have never been wealthier, they've never been more employed. And they're also looking at a period of time where their incomes are rising. So despite those pressures and what might come in the future, despite those concerns, they're entering into this period in the best possible shape. Now, of course, in periods of volatility, whatever that might be, pandemics or just economic uncertainty, that's what banks do. Banks help and assist customers navigate their way through it. So starting in a good position, we've got the capacity to help our customers through. We think that we're actually entering a period when there's going to be sort of more demand, if you will, for our services, whether that's in the trade finance area, foreign exchange, whether that's people thinking about getting a better deal on their home loan or their deposits. So I think it's going to be a pretty good period of time for ANZ over the next year.

ANDREW CORNELL: And one of those businesses is the commercial business which you're reporting separately for the first time. Can you give us a sort of brief understanding of that business and how it performed? Because it's very difficult to compare across the Australian majors. Everyone defines this business a bit differently.

SHAYNE ELLIOTT: Yeah, no, that's true. So first of all, why now? I think it's important. We've been on this transformation journey for a number of years. We've been cleaning up, repositioning the bank, getting our footings right. We've launched ANZ Plus, which is really exciting, which will be the platform for growth. So it was time to turn our attention to commercial. What do we mean by commercial? Commercial for us is supporting small businesses. Really important bedrock part of the economy. ANZ supports about 650,000 small businesses. That's everything from sole traders all the way up to reasonably, chunky size, sort of mid-tier corporates who might be in manufacturing or might be in the farming sector or healthcare. So pretty broad array. What are those people do...certainly the ANZ customer base, they're generally trading businesses, yeah. And so what they really want to do is want to get paid and they want to pay their bills and they want to run their businesses. They're not generally big asset-heavy businesses, so they don't tend to borrow a lot. So what we do for that customer is we help them run and grow their business. As a result of that, we get a lot of their deposits and for every dollar of deposits we get in that sector, we lend back about 50 cents back in to help our small businesses grow. And of that 50 cents, about 40 cents of it is secured normally against property. So it's a really great business. It's very diverse, fast growing at this point in the cycle and really well set up for the future. So it's sort of supporting the lifeblood of the economy and the time was right for us to really focus on that now that we've got our other three businesses in good shape. So early days but really pleased, and you would have seen a very, very strong result from commercial in the second half.

ANDREW CORNELL: And you touched on ANZ Plus there, which is a complete rebuild really of the technology platform that underpins retail banking. And it's got a major product out there at the moment, a transaction account which has now got, just gone over a billion dollars in deposits, a home loan's coming. Are you happy with the pace of ANZ Plus and how it's performing?

SHAYNE ELLIOTT: Yeah, look, we're really pleased with where we are. Of course, you always want to do things faster and bigger, of course, but we're really pleased. We are essentially rebuilding the retail bank. You know, we had a look at the systems and the processes and the technology we had and said, look, it's just not fit for purpose. We're going to have to do better than this. We could renovate what we've got or we could rebuild. We went down the rebuild. That's risky, I get that. It's a big investment. We ask the shareholders to support us

in doing that, but I'm really confident we're building a platform for long term growth and it's exciting to be where we are today. We are in market, we've built a whole new bank, yeah. The core system's the same, but everything on top of that, all the backend banking technology is new and it's the world's best technology available today. And it's performing extraordinarily well, both technically, and we can see that in the, you know, hundred odd metrics we measure every day, but also from a customer perspective. And so I think it's important to note it's not just about the technology though. It's really a new business model. And the business model is built around this idea of financial wellbeing. We want to improve our customers' financial wellbeing so that they're better off over the long term and more secure in their finances. And we know that the single best way that you can improve somebody's financial wellbeing is getting them to start a savings habit. And so that's why we started with a savings and transaction proposition in ANZ Plus and it's really, really pleasing to see how customers are engaging with that. You can join ANZ Plus in three minutes, get access to a really great simple set of tools that are really intuitive. So it's a good start and very soon in the next few weeks we'll be launching our first digital home loan in pilot with staff. And that's a true digital home loan Andrew. There's a lot of stuff written about digital this and digital that out there. But what you find a lot of it is sort of very sexy digital front ends and then really pretty much pretty traditional back ends. We're talking about a truly digital end to end solution right from application all the way through to settlement. Now not everybody wants one of those. And if you're a first home buyer, for example, you probably need some help. But we're going to build it digitally and then know that we can insert human help, coaching, support, advice, etc. where needed. So that's pretty exciting. Get the pilot out in a few weeks with a launch, a really full launch probably later next year.

ANDREW CORNELL: And you've also asked shareholders to support you with the acquisition of Suncorp Bank in Queensland. The capital raising's already been done, but you're awaiting regulatory approvals and things. Where do you see Suncorp fitting then into the picture over this next year?

SHAYNE ELLIOTT: Well look, we really love this transaction. Suncorp Bank is a good bank and I think that's really important to note. It's well-run, it's a low risk, strong franchise with great customers. You know, everything that Suncorp Bank does today, we like. And we want to use this as a platform for growth. So we're really excited about the opportunity. We've still got a lot of work to do to get this approved. We take that very seriously. We're going to be put through a lot of tests with the ACCC, and government and regulators to make sure that, you know, in terms of the acquisition, we can show that this will be better for consumers, it will be better for competition, and we're highly confident about that. But we can't take that for granted. So we're really focused on going through and making our case to the various bodies that need to approve the transaction. If we're successful, we are ready and able to go and invest behind this acquisition to make it a platform for growth, not just in Queensland, but importantly in Queensland and right across. We're going to acquire 1.2 million new customers. That's really exciting. So we're really excited about the opportunity. But as I said, lots of hard work ahead of us.

ANDREW CORNELL: And at the half year you shared the intention to reorganize ANZ into a non-operating holding company, a NOHC structure which is common around the world. But can you talk to us about how this fits in with the strategy and why it's so important.

SHAYNE ELLIOTT: Yeah. So the first thing is we are a bank and we know that and we want to be a better bank. But the way that we're a better bank for our customers is to help our customers get ahead – own their home faster, run their businesses better. And so we want to be able to add a lot of ancillary tools to those customers – insights, the use of data, better technology. In order to be able to do that, we need to be able to hire the very best technology people, apply the very best technology. And, you know, doing so within a banking legal structure just slows all of that down because the regulation that we're subject to just isn't appropriate for some of those things. So we're still going to be extraordinarily well regulated as a bank, but we want to have a different arm of the bank, which will be extraordinarily well regulated for the technology services it provides. We need to have that, and a more appropriate legal structure. So look, it's not about changing our business. It's

not about changing our strategy. It's about being more effective in the way we go about our strategy. I see this as a really important low-cost option for the future, and so we are seeking shareholder support. To your point, it is a very common structure internationally for financial institutions. So we're going down a very well-trodden path. And in fact there are some examples here in Australia as well. So we're excited about it and it really will help unlock shareholder value and make us a faster, more effective customer focused organization.

ANDREW CORNELL: Well, thanks very much for your time today, Shayne.

SHAYNE ELLIOTT: Thank you.

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