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Transcript of First Half 2019 Results Presentation

A transcript of the presentation of ANZ's First Half 2019 result on Wednesday 1 May by ANZ's CEO Shayne Elliott and CFO Michelle Jablko follows.

This document should be read in conjunction with ANZ's Half Year Financial materials released via the Australian Stock Exchange, which are available in the Shareholder Centre on the ANZ website.

All results materials are all available on shareholder.anz.com

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TRANSCRIPTION

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[START OF TRANSCRIPT]

Jill Campbell: Good morning everyone. I'm Jill Campbell, I'm the Head of Investor Relations for ANZ. Welcome to all of those joining us in Sydney today for the presentation of ANZ's Half Year Financial Results 2019, and also anyone listening on the phone or via the webcast.

We're also livestreaming today's presentation on social media, through Periscope and Twitter. You can access that feed by searching for ANZ Media on Twitter.

We've lodged a number of documents this morning with the ASX, and they're all available on our website in the Shareholder Centre. You can access a replay of the presentation along with the Q&A via our website from around mid-afternoon today.

Our CEO Shayne Elliott, and CFO Michelle Jablko, will present for around 40 minutes, and then we'll go to Q&A. Thanks Shayne.

Shayne Elliott: Good morning. In the six years of reporting to you as either CFO or CEO, I cannot recall a time when the outlook for the home market operating environment was more different than the past, but we're well prepared and have delivered a balanced result for the times. We made progress improving returns, strengthening capital, and delivering higher earnings per share.

We've made further improvements in preparing for a more difficult future, a future where competitive advantage and long-term success will go to those that understand the need for change and deliver on it at pace.

Three years ago, we laid out a plan based on a simple belief that the way to succeed in an environment of slower growth, faster change and lower margins, was to do a few things and do them well. As a result, we set about building a simpler, stronger and safer - more productive ANZ.

On the cost front, we've absorbed $550 million of inflation in that time, and took out over $300 million in cost, over and above the benefit we got from selling businesses.

On capital, we've sold 23 businesses and reduced risk-weighted assets in Institutional by $50 billion. These and other actions freed up $12 billion of capital, which we used to re-balance our portfolio, return capital to shareholders and invest in targeted growth.

On simplification, we've cut the number of products in Australia by a third, and successfully transferred two million customers from legacy products onto contemporary platforms.

We've simplified processes, decommissioned systems and reduced our branch footprint in across both Australia and New Zealand by more than 20%, as customers moved aggressively to online solutions.

We've built a stronger and safer balance sheet. Yes, we've got more capital, but beyond that only 18% of our Australian Home Book today is interest-only, and 86% of our Institutional book is investment grade. I feel good about those settings. With the lower software capitalisation balance of our peers, because we expense more of our investment up-front.

On remediation, we resourced a team early and are well-progressed on getting funds back to customers and learning from our mistakes.

Finally, on people, we invested in and rebuilt our senior leadership, made significant progress changing the way we pay people, skewed our resourcing more heavily to software engineering and data, and changed the way we work, adopting agile methodology across much of the Bank.

This is the most fundamental change in the structure and way of working in decades, and is delivering results in terms of productivity, engagement and speed.

These actions sometimes came at a short-term cost, but we're more focused and capable as a result.

We recognise that community, regulatory and customer expectations have changed. This is not the time to do everything. It's not the time to focus on absolute market share growth. This is the time for prudent and targeted growth. A time to focus on the long-term, recognising that the cost of getting it wrong will be more than just credit losses.

Non-financial risk, including regulatory, legal and capital costs are playing an increasing role in our assessment of risk and reward.

So, in summary, we have chosen a strategy of action over hope. We're working hard, we've more to do, but are better prepared and have delivered a balanced result despite the difficult conditions and outlook.

Let me now just quickly summarise the half-year result.

Relative to this time last year, profits are continuing. Operations is up 2%, and earnings per share up 5%. Return on equity increased to 12%, while strengthening tier 1 equity by a further 45 basis points. Net tangible assets per share increased 4%.

Sustainable revenue growth was always going to be tough, but our diversified business did generate a decent result overall. Absolute costs were down another 1%, despite FX translation moving against us, despite absorbing inflation, and despite the increased cost of compliance.

Our discipline in managing shareholders' capital is a strength. We're comfortably above APRA's unquestionably strong target, well ahead of the 2020 deadline, even after using some of our surplus capital to reduce shares on issue.

Organic capital generation remains strong, and announced asset sales will further strengthen our position.

The Board has declared a fully franked dividend of $0.80 per share, and we will again be fully neutralising the DRP on market

So, in summary, it is a tough environment but our business mix is an advantage and our capability and determination in managing the three Cs of capital, cost and change, have prepared us well.

Turning to the operating businesses. New Zealand is performing well. There are, however, obvious concerns about potential changes to the capital regime. Our primary focus is the impact of these proposals on the New Zealand economy. Let's be clear; what's good for New Zealand is good for ANZ. We understand and support the desire for a sound financial system, but all insurance policies come with a cost. We need to understand what level of insurance is appropriate and affordable for the New Zealand community.

It's too early to comment on the impact for ANZ, other than to say we're in a better position to manage any change, given the simplification and strengthening of our New Zealand business. If the rules do change, we have a number of practical options to manage and optimise our capital, and we have a responsibility to do so.

We've been active in New Zealand since 1840, longer than any other bank, and we're one of New Zealand's biggest investors. It's our intention to be active and successful in New Zealand, employing thousands of Kiwis, paying a significant amount of tax, and helping New Zealanders thrive for many years to come, but we cannot expect our shareholders to unreasonably subsidise those ambitions. We will therefore be making an active contribution to the debate, because it's important for New Zealand to get this right.

Institutional is now a very well-managed business, delivering better consistent results for shareholders and customers. Our institutional return on equity reached almost 11% in the half, and we know we can do even better.

While we manage it as a whole, the contribution from a well-managed, improving Asian network added diversification, growth and quality to the Group's result, and I'm proud of that, but we know better than most that Institutional is a tough business. Most competitors fail to generate consistently decent returns. Most fail to generate a fair balance between customers, shareholders and staff. We know that the credit cycle can be particularly savage to poorly-disciplined institutional balance sheets.

Recognising those weaknesses is the first step in managing them, and we're managing them well. With the Institutional business in much better shape, our primary objective is to maintain discipline on cost, on capital, and on customer selection. In doing so, make further improvements to generate a sustainable, decent return for shareholders.

Australia Retail and Commercial has had the toughest headwinds. Slower growth, tighter margins, changing customers preferences and higher remediation costs. Our data shows that there is more stress in parts of Australia, particularly for retail borrowers, and particular those converting from interest-only to principal and interest. Unsurprisingly, some of that is due to stubbornly low wage growth, the fall in house prices, and the extension in time it takes for houses to sell.

In terms of our approach to the market, we continue to favour owner-occupiers, even though that comes with a drag on margins. This is a marathon and not a sprint, and we've made conscious choices about where we think value resides. We tightened standards, particularly in home lending, partly in response to our assessment of risk and reward, and partly due to changing definitions with respect to responsible lending.

I regret neither change. They are the right thing to do, but I do accept that we could have implemented the changes in a more thoughtful and balanced way, and not doing so put unreasonable stress on our processes, our people and our customers.

Thinking about what's changed, it's important to remember that the industry has benefitted from 30 years of stable, high return growth. So, we engineered a production line to maximise efficiency and deliver those high returns.

But as we learnt in the Royal Commission, while it was an efficient process, it did fail some people badly. We are now asking that same process to deal with nuance, judgment and exceptions at an unprecedented scale and unsurprisingly, that process is struggling and in many cases, is no longer appropriate.

So we have two choices. We can assume the world will return to the way it was and focus on practical solutions to manage the short term, or we can assume that these changes require material re-engineering for the long term. I acknowledge that some in the industry will take the first option; it's an attractive choice, involves less disruption and will deliver better short-term results. But at ANZ we think this would be a fundamental misreading of the environment.

Our customers and the community are demanding a different banking system and ANZ is adapting to those expectations. We do not believe there is any going back. That means rethinking the basis on which we compete, which segments we focus on, what we do where and how we responsibly fulfil the needs of our customers and we're well advanced in that work. In the short term, we are taking targeted actions, while respecting our risk appetite and responsible lending obligations and at the same time, investing in a more strategic re-engineering for the long term.

The challenge for our Australian business is complex. Completing our remediation task and rebuilding momentum in chosen areas and ensuring our bankers and customers have the tools needed for long-term success in a fast-changing world, it became clear that a single governance model for such a complex business was no longer optimal.

Other parts of our business are running well and so we can focus more of our resources on building the foundation for longer-term success in our Australian business, so we've made changes to the way we organise ourselves, how we prioritise work and the leadership of the team. I'm excited about these changes. We've been able to take advantage of the diverse skills and experience at ANZ to build a strong, capable team, fit for the times and to maximise the opportunity ahead.

While we've transformed our Bank more in the last three years then any time in our history, the market has been changing even faster. Headwinds that we foresaw in 2016 are stronger than predicted and as we said before, we're fortunate that we started getting costs and our balance sheet in shape early, as it's not something you would want to be starting now. We're not sitting idly, hoping for a return to the golden years of banking, so today I want to outline the actions we're taking over the next three years. This is not a change in strategy, but more work constructing a simpler, safer, more agile bank. We have five priorities.

First, facing into the mistakes of the past; in these three years we will make substantive progress on remediation with the vast bulk of refunds to customer made and processes re-engineered to avoid repeat. We will be a stronger, safer bank for customers and these costs will largely be behind us. Second, we will continue to simplify and strengthen the Bank, including exiting, shrinking and closing non-core businesses and assets. Third, we will step up investment to reposition and retool the Australian business for targeted and improved growth, with lower cost, more flexible platforms.

Fourth, despite ongoing investment, we will continue our intense focus on cost. All else being equal, in 2022 we expect to run this Bank for less than $8 billion, with a global workforce and branch network to match. Finally, we will make further investment in transforming our skills and capabilities. This includes increased investment and training in leadership, changing the fundamental reward structure for our people and strengthening our accountability and consequence frameworks. None of these are easy tasks, but they will result in prudent and targeted growth, a safer bank and better returns.

Our track record, simplifying New Zealand, transforming Institutional and the hard decision selling 23 businesses demonstrates our capability, determination and willingness to act. Part of adapting to these new expectations is embedding our core purpose in everything we do, how we bank, how we behave and what we care about and our purpose is to shape a work where people and communities thrive. It's an integral part of our strategy and how we will drive long-term value.

Our purpose guided our decision to provide relief to farmers impacted by natural disaster even though it came at a short-term cost. It informed our approach to sustainable and affordable housing, an area of particular interest. We will fund and facilitate $1 billion in projects to deliver more than 3000 affordable, secure and sustainable homes, to buy and rent here in Australia and to support our ambitions in New Zealand, we launched a Healthy Homes Incentive to encourage Kiwis to improve the environmental sustainability of their homes. We also continued our work with larger customers, where we funded and facilitated more than $3 billion of environmentally sustainable solutions in the last half, taking our total commitments to almost $15 billion.

To ensure customers have the most appropriate product, we've already proactively contacted over 275,000 customers to help them get better value from their banking. Our approach to remediation has been driven by the need to rebuild trust and led to the creation of a centralised responsible banking team. That team is currently resolving issues with more than 2.6 million customer accounts in Australia. That's not a number that anyone is proud of. But I am proud of ANZ's focus, approach and commitment to put things right as quickly as we can, to learn and to improve and all known remediation challenges are fully provided for.

At the end of March, we'd successfully made remediation payments to approximately $420,000 customer accounts and in some cases, getting refunds into our customers' hands in half the time it took previously.

But in terms of the future, we're confident Institutional and New Zealand can continue to deliver, not without challenges, but each with strong teams and track records of delivery. In Australia, the environment will continue to be challenging. There will be less high quality value in the home loan market and we don't want to chase volume for the sake of it. We will continue to invest in targeting the right customers, better risk-based pricing and being easier and faster to deal with. At a Group level, our focus is continuing to build a safer, stronger and simpler Bank and our focus on capital efficiency, cost and safety will remain.

If you walk away today with only three points from my presentation, I want them to be these. First, we've prepared well for this increasingly difficult environment; second, future success requires a different focus; and third, this is a team with a track record and the courage to create log-term competitive advantage as a result.

I'll now hand over to Michelle.

Michelle Jablko: Good morning. As Shayne said, we've been positioning ANZ to be simpler, stronger and more productive for the longer term. We've taken some hard decisions, knowing at times they'll have short-term negative impacts. Our actions to date have helped us deliver a balanced result in tough conditions. ROE for the half was 12%. Cash profit was $3.6 billion, which is up 2% compared to the same period last year. It's up 19% half on half, remember we took large remediation and other charges in the second half of last year.

EPS is up 5% PCP and 20% half on half, assisted by our $3 billion share buyback and our balance sheet is strong. We achieved this result with good contributions from Institutional and New Zealand, another half of absolute cost reduction and continuing low credit losses. The Australian business has had its challenges, but we've largely offset that elsewhere.

We've taken a very deliberate approach to ensuring we have a strong balance sheet and that we're maximising capital efficiency across the Group. This has positioned us well. Under our capital strategy, we've bought back $3 billion worth of shares so far and we've neutralised the DRP for five halves in a row. Average shares on issue are down 2% over the past 12 months, contributing to our 5% increase in EPS.

Our APRA CET1 ratio is 11.5%, well above unquestionably strong and we've reached this before the completion of our Australian wealth sales. We'll pay an $0.80 per share fully franked dividend and as I mentioned, we'll again fully neutralise the DRP. Our funding and liquidity metrics are also strong. So we're safer and stronger and we've released some capital, which has enhanced shareholder returns.

As we look forward, we're on track to complete our Australian life insurance sale at the end of May. Following this, our capital management approach in terms of buybacks, dividends and franking will depend on three factors: the impact and timing of regulatory requirements; ongoing business needs; and the earnings and growth outlook for the Group, including its composition. We'll then look at the most efficient and effective way to return any capital surplus to shareholders.

As part of this, we'll need to consider RBNZ's proposal to increase capital in New Zealand. As drafted, it could mean NZ$6 billion to NZ$8 billion of additional capital over the next five years, around 50% more than we hold today. But it's really too early to conclude as we're still working through the consultation process. It will also be driven by any business decisions we make about the size and composition of our New Zealand balance sheet in the future and any impact on the Group will depend upon a number of reviews that APRA has underway.

We'd hope to have clarity on all of this over the coming months. Even in the worst case, we're starting with an unquestionably strong capital position and we've shown in the past that we're prepared to make hard decisions on capital allocation, just as we've done in Institutional, Asia Retail and Wealth.

In terms of franking capacity, as I've said before, our position is tight. This has become more pronounced this half, given the lower contribution of the Australia geography to overall earnings and clearly our franking capacity for dividends going forward will depend on future Australian earnings.

This slide takes you through some of the larger items to consider when comparing business trends to prior periods. Cash profit this half included a net gain of $86 million related to divestments and other large and notable items. The total cash profit impact of these items is similar to the same period last year, however the difference is more pronounced when comparing half on half. If you look through large and notable items, cash profit was up 2% PCP and flat half on half.

Customer remediation continues to be a priority. In this half, we took remediation charges to $175 million before tax. At the end of the half, total balance sheet provisions for remediation stood at around $700 million. We're working hard to put customers right. We're also completing product and service reviews to identify any other failures and we're fixing systems and processes to ensure these don't happen again. We resourced our team early and we're well progressed. We essentially dealt with salary planner fee-for-no-service issues in prior years and we took a large provision last year for our previously owned aligned dealer groups.

In our Australian business, we've been working through our reviews over the past 18 to 24 months. Larger and higher risk products were reviewed first. So many of them have already been provided for.

Here you can see the components of our cash profit movement half on half. I'll spend a few minutes now talking you through the key drivers and then talk about each of our businesses. I will do this on a half on half basis in order to better highlight the trends despite seasonality. As Shayne said, we think this is the time for prudence and targeted growth. You can see how this shows up in our balance sheet.

Total loans in the Australia division fell $4.7 billion or 1% half on half. This was most pronounced in investor and interest-only home loans, unsecured retail lending and consumer asset finance.

We offset this with growth of around $2.5 billion each in institutional and New Zealand. Our balance sheet mix had an impact on margins but was positive on a risk adjusted basis.

Margins in our core customer businesses were flat for the half. If you look at the chart you can see mix had a negative 2 basis point impact offset by deposit and asset margins which were up 1 basis point each. The mix impact was split between home loan switching from interest-only to P&I which continued the trend from last half and other mix shifts like lower unsecured retail lending and growth in lower risk segments in institutional.

Deposit margins were up mostly in institutional due to rising rates and deposit optimisation. Asset margins also improved. However the underlying trend was different. Australian home loans were repriced in September but there were a number of offsets through the half. These include lending competition in all businesses, support for customers in drought affected communities and regulatory changes in Australian credit cards. Looking forward underlying margin pressures are likely to continue.

Now we could have achieved better margins by taking more risk. But we think that would have been the wrong thing to do at this time. We improved risk adjusted margins for the group by 3 basis points. In institutional they increased 7 basis points with the continuation of our strong balance sheet discipline and by 5 basis points in New Zealand driven by strong risk and price discipline in commercial and agri.

In Australia risk adjusted margins were down slightly. This was because of mix given lower volumes in the higher margin cards business. Notwithstanding this we improved risk adjusted margins in each of home loans, cards and personal loans.

I've already said it, but it's a point worth repeating. We achieved another half of absolute cost reduction. Costs were down 1% for the half. We achieved this even though we had a higher regulatory and compliance spend in Australia and New Zealand, a greater proportion of our OpEx on our investment spend and adverse FX impact. Excluding FX costs were down 2%.

Personnel costs were up $78 million as the benefit of FTE reductions were more than offset. Some of this is timing to do with when we accrue for long service leave and incentives. We also brought some technology services in-house which benefited costs overall. Other costs were down $165 million or 7%. We drove lower property costs, lower D&A and lower managed services and consulting spend. We expect costs to be slightly higher in the second half given normal seasonal differences in marketing and investment spend. For the full year we expect costs to be down excluding any adverse FX impacts.

We're pleased with our progress and our commitment to absolute cost reduction remains the same. It may not always be linear but lower costs remain an intense focus.

One of the positive outcomes of the changes we've made in our business is the low provision charge. At $393 million for the half and with a 13 basis point loss rate it was a strong outcome without the same tailwind some write-backs and recoveries that we had last year. These were $128 million lower half on half. New and increased individual provision charges were both lower than last year. The collective provision balance is very healthy at $3.4 billion.

You will recall with the transition to AASB 9 we topped up the CP provision balance by $813 million. At the end of the half we increased it slightly to reflect a more cautious outlook. This offset reductions because of portfolio change and compares to CP releases in both halves of last year. While the more benign environment has helped provision charges our internal ROE on loss rate is now

10 basis points or 27% lower than March 2016 reflecting the significant changes we've made rebalancing our business.

Australia home loan losses remain very low in absolute terms at $45 million. But 90 day past due rates increased and were 100 basis points at the end of March. This was driven by four main factors. Around half is due to the denominator given lower volumes. Then there was the impact of customers switching from interest-only to P&I. We saw $8 billion of contracted switching this half. Interest-only lending is now down to 18% of our mortgage portfolio, around half of what it was two years ago.

We've also seen customers taking longer to come out of delinquency which makes sense as the property market has slowed and more customers going into hardship particularly in New South Wales, although off a very low base. This is an area we are managing closely. But to put it in context when we look at the increase this half 12% are in negative equity with WA and Queensland making up 82% of this. Importantly more recent home loan vintages continue to perform better than older vintages reflecting our more cautious strategy and risk settings.

You can see on this slide that it was a difficult half for the Australia division. Profit was down 8% half on half with revenue down 4%. Expenses were well managed and credit charges were up 3% on the back of higher CP. I've said already that loan volumes were down and margin benefits from repricing were largely offset by mix and competition impact. Fee income fell $131 million of which around half was seasonal and the remainder due to our deliberate decisions to reduce or remove fees across the business.

We know that across the market there is house price moderation, lower borrower capacity and longer application approval times. We think it's right to be selective in this environment but we clearly could have done better in the implementation of some of our settings and Shayne spoke about this.

Stepping through some key data points. During this half growth in owner occupied lending was flat and investor lending was down 3%. Both were below system. P&I lending was up 4% as a result of customer switching. Interest-only lending was down 19% driven by the back book cooling off and a more cautious approach to front book volumes. All of this impacted our margins but enhances the quality of our overall portfolio and provides less of a headwind over the medium term.

Unsecured lending was also lower in both credit cards and personal loans which is in line with our more cautious stance on both of the portfolios and changing customer preferences. In response to moderating loan volumes we've optimised deposit mix over fund growth with deposit margins up slightly this half and volumes down 2%.

Looking forward there are a number of uncertainties that make it hard to predict too far into the future. We're refining some of our processes but the market has slowed. We're sticking to our prudent approach. Improvements will also take time to flow through into fund growth and revenue. This means that the home loan balance sheet in the second half is likely to continue to decline and take some time to stabilise. But we'll have the benefit of seasonality in non-interest income.

Commercial loan volumes were also lower this half. We continue to run off our consumer assets finance book and remain selective in unsecured lending and commercial property. Our small business volumes were also lower against a backdrop of weaker sector growth. We're investing in better customer tools which should provide more opportunity into next year and beyond. Deposit volumes were up half on half. Many of these customers will broaden their banking needs over time.

Overall it's a difficult time for our Australian business. We know we can do better and have already started work here. But we think our strategy settings are right.

In the institutional division we continue to see the benefits of building a simpler, more focused and higher returning business. Having significantly rebalanced the business we achieved a disciplined and targeted return to growth. The highlights were consistent customer revenue growth, higher risk adjusted margins, a sixth consecutive half of absolute cost reduction and continued low credit losses. Revenue increased 6% half on half with customer revenue up 4%. Operating costs were down 2% with lower software amortisation and the benefit of FTE reductions.

Institutional has now reduced FTE by 25% since September 2015. With the reshaping and simplification of the business ongoing we plan to continue the trend of absolute cost reduction.

All businesses in institutional performed well this half. Cash management had another record result with revenue up 8% as we benefited from higher deposit margins on the back of US dollar rate rises in our international business. Loans and specialised finance revenue was up 3% with growth being weighted towards higher credit quality customers. 86% of our lending exposure is now investment grade. Trade finance revenue was up 5%.

Global markets revenue was $947 million, up 6%. This was a good result in a challenging environment largely driven by good customer volumes and improving risk sentiment in Asia. So overall a strong start to the year for institutional with good momentum through the half.

It was a solid underlying performance by the New Zealand business. Volume growth was solid; margins were down; but risk adjusted margins improved 5 basis points driven by better pricing for risk in commercial and agri.

Expenses were up slightly by $6 million with the benefit of branch consolidation offset by regulatory requirements. Credit quality remains sound with gross impaired assets down 3% and 93% of our home loan portfolio at a dynamic LVR of 80% or less. Higher provisions were because of CP overlay releases in the previous half rather than anything unusual this half.

So we're well on the way to creating a simpler, stronger and more productive ANZ. You can see this in our strong balance sheet, our performance on costs, our credit quality and in institutional and New Zealand. It's been a tough time for the Australian business in a tough banking environment. The market has slowed and there have been heightened regulatory and competitive pressures. We know where we need to improve but think our strategy settings are right. Our strengths elsewhere have helped to balance this result.

I'll now hand back to Shayne.

Shayne Elliott: As you know the royal commission produced its final report in February. The process, including Commissioner Hayne's recommendations caused us to reflect more broadly on the issues we face in reshaping our Bank.

This included how we govern the Bank, we ask our people to do, how we pay them, how we hold ourselves to account when things go wrong and how we ensure that our products and services are appropriate, fair and responsible.

Within weeks of the final report, we announced the first phase of our response, with 16 initiatives to improve the treatment of our customers and four of those have already been fully implemented. While it's good to have a checklist, we've not treated this as a compliance exercise. Rather, we also want to respond to the spirit of the report and so there are a lot more material changes than those shown here.

Our new set of dispute resolution principles is a tangible example of the approach we're taking. While not a formal recommendation, some customers' frustration with the sector's approach to redress was an important element of the hearings and we felt our public commitment to being a model litigant represented an important part of the process - of our response.

The Royal Commission and planned law changes are having a profound impact on Australia and not just the finance industry. It means that changing customer expectations, more scrutiny from regulators, increased accountability and penalties and a complete rethink of businesses' role in balancing the needs of stakeholders. The risk and the cost of doing business has risen as a result and that's not a complaint, but a reality. The work has already begun at ANZ to re-earn the trust of our customers and the broader community and to reshape our Bank for the long term. We believe we are changing to better serve our customers and society and that ANZ will emerge better and stronger for it, driving better outcomes for customers and shareholders.

In our rehearsals for this event, I was told that my talking notes may be too sombre and too down-beat. That was not my intention, but I did want you to know that we get it, that we get that it's tougher than before and it's tougher than we would like. But we get the need to adapt and change and quickly. This is not the time for waiting and hoping, it is the time for decisive action. But this is not a defensive strategy. We believe there is real opportunity to create value and we want to grab it.

I often get asked by people whether our people at ANZ are up for the challenge. Let me reassure you that they are and our internal surveys support that. Our people are dealing with new challenges, but they've risen to the occasion, they're energetic, they're working harder and more collaboratively than before and I want to thank them for their ongoing support and their focus on building the ANZ that we all want and deserve. Thank you.

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