

## 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 at bluenotes. This result is of course dominated by COVID, but is there a sense you can give as to perhaps, maybe an underlying profit behind the COVID frame for it?

SHAYNE ELLIOTT: Sure. I mean I think from the bank's position we have to remember that while COVID is having a massive impact on people's lives and the economy, actually at the bank that doesn't really come through in the result for 2020. That may yet come and more likely to have real impacts in 2021. So if we look through our underlying business, actually our revenue was flat year-on-year. Now, the composition changed, but basically the revenue numbers were pretty much the same, the costs of running the bank were pretty much the same - there were some changes in there, we were able to continue to invest in the future. But the real COVID impact, if you will, was really restricted to the massive amount of money we've put aside to protect the bank from the potential for any future credit losses that may come if people really did get themselves into difficulty in the future. So ... if you can look through COVID, actually the bank performed pretty decently in what was a very, very difficult environment. But our focus is really on the future.

ANDREW CORNELL: And you've spoken then of a balance between sort of softening the impact of COVID on the community, on business, but also maintaining a healthy bank - the sustainability of the bank. So what's the essence of that balance?

SHAYNE ELLIOTT: Our first priority obviously is to protect the bank, protect our customers, protect our people and shareholders, right? We've got to make sure that we're looking after people both from a health perspective and making sure they can get by in their day-to-day lives. And make sure that the balance sheet of the bank is well prepared for any shocks that come. What you need to be able to do as a bank, because let's not forget we're a highly leveraged organisation, you need to have the ability to both protect what you have, but also prepare for the future. Because what we know is that the future is going to be very different. Our customers are going to have different needs, whether that's because they're under stress or because they see opportunity. And so we need to be balanced. Yes, we need to protect all the things that are really important and we need to be able to have the capacity and the courage and the financial wherewithal to be able to continue to invest to prepare to meet all those future needs of our customers.

ANDREW CORNELL: And you've spoken of the confidence that you have that this can... that you can do this. Where in the result, where's that confidence coming from? For example, you spoke about the data insights that you're getting.

SHAYNE ELLIOTT: Yes, so first of all you have confidence if you have the right resourcing and as we've pointed out, we've got more capital than we've ever had, we've got significantly more than we need to under the 'unquestionably strong' framework. We've got record levels of credit provisions. The business continues to run profitably every single day - not as profitably as it used to be - but still very, very decent. So we've got the resources. We've got the management depth. Yes, our people are really, really busy dealing with thousands of customers who are going through a hard time, but we've got the capacity and we hired more people to be able to do that. And we've been able to actually invest at a record level, you know, in our last five to 10 years we would normally invest in new systems

and compliance and maintenance and things like that, about \$A1.2 billion a year. This year we actually spent over \$A1.7 billion. We have this amazing insight into customers today that we've never had before. We're literally able to see in real-time how people are behaving. What they're spending, where they're spending, we can see it at postcode level, we can see it by industry segments and of course we can see it at a customer level. That really gives us an ability to deal with customers as individuals. And so our ability to really understand what's going on with this particular small business or this particular home owner and determine what's right for them – that's a massive capability that we have and it's going to prove to be a real advantage for us in terms of helping the community.

ANDREW CORNELL: These results show that the capital position of the bank is strong, you have reduced the dividend however. Can you talk us through the thinking there?

SHAYNE ELLIOTT: Sure. First thing we need to do is make sure that we protect the bank for the long-term, and so having lots of capital around is a really, really good thing. And what we've showed through this year is our ability to maintain extremely high capital levels, while still putting more money away for potential future credit losses, and having sufficient left over to pay a modest, and albeit reduced, dividend. And what we did there, and I'm very proud of the fact that we were able to do that without diluting shareholders. And what do I mean by that? We didn't put our hand out to shareholders for more capital, we've kept our share count the same and I think it's a pretty balanced and good result to be able to do all of that. More capital, credit reserves up and be able to pay a modest dividend.

ANDREW CORNELL: You've spoken about the investment spend continuing, but also the need to focus on opportunity. So when we look beyond this result, where are those opportunities and where will the focus of that investment spend be?

SHAYNE ELLIOTT: So some of those opportunities are probably, reasonably obvious and some we don't know. What we do know that through history, in times of crisis – which is just extreme periods of change – customers have suddenly all these new needs, these unmet needs. So the banks that can prepare for that and meet some of those needs are going to be the banks that survive. So what are some of those things? Well, as we've said, more and more people are going to be remote working, more and more businesses are going to have to invest in different sort of logistics solutions for moving goods around etc. Because of a lot of the geopolitical issues that we have around the world, big companies are thinking increasingly about diversifying their supply chains. Where do I get my goods from, where do I sell them etc.? All of that opens up opportunity for us to be able to pivot our resources to help. But on the other hand, we also know that in times of crisis great companies really emerge, new companies come about, it's sort of interesting. You look at a lot of the tech companies like a Microsoft or an Apple or an Airbnb, they all came about at a time of recession. That's when they started because they were meeting these unmet needs. And great companies that have been around for a long time, really take a step forward. And so we're ready for that. And it'll be in our core businesses – helping people buy and own a home, helping people start and run a small business, and helping... facilitating the movement of goods and capital around the region. But we're actually reasonably excited about those opportunities and I feel good about the fact that we're able to even talk about it. Because a lot of the time in times of crisis, companies feel very much on the back foot, you sort of hunker down, it's all about protect. And that's obviously the most important thing you're doing, but it's great that we've got the capacity to be even thinking about – and have the financial wherewithal – to be able to take advantage of opportunities if and when they come along.

ANDREW CORNELL: And we've had just this week the good news that Victoria has come through a second wave and things are looking very optimistic. How do you see that recovery in Victoria playing out and helping the nation overall?

SHAYNE ELLIOTT: Well Victoria is a very important part of Australia as we know – economically and otherwise. It's really interesting actually, because sitting on massive amounts of customer and industry data, what we've seen in other parts of the country, that actually as the economies and businesses and people do emerge from these lockdowns, you

really do get quite a sharp recovery. Just like – an interesting data point – in Western Australia, which has come out of this very well, today spending in cafes and restaurants is not just back to where it used to be, it's actually 18 per cent higher than it was a year ago pre-COVID. So there will be a bounce back. And so we've seen it happen everywhere else. We're very, very confident it will happen here in Victoria. Our job is actually to enable that. Businesses have to stock up, get their inventory, get their staff back. There'll be a lot of need for working capital and all sorts of other things and that's exactly what we do. So there is a sense of optimism and it'll be great to have the great state of Victoria – which is a quarter of the Australian economy – back on its feet and growing again.

ANDREW CORNELL: We obviously, as Victorians, all hope that and I'm sure all Australians do. Thanks very much for your time then this morning Shayne.

SE: Thank you.

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