

## 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 on bluenotes in quite extraordinary circumstances. Normally at these results we talk through the March half and touch on the post balance date outlook but these are extraordinary times indeed so what do these numbers actually tell us?

SHAYNE ELLIOTT: Yes it's a good point and good morning Andrew. These are extraordinary times and in fact they are probably the most extraordinary times in a generation. And you're right we normally sit there and talk at some length about what the results mean in terms of our core business. But clearly everybody's focus this time is really about the future and how do we enter that?

So really what these numbers tell us is that ANZ enters into this crisis in the best possible shape. You know our core businesses are performing well, our capital levels are strong, our liquidity levels are strong and that really should give a lot of optimism and confidence about our ability to stand up and do the right thing by our customers, but also the broader economy and that's the real message here. Now we don't know what the future holds there is an enormous amount of uncertainty but we're in very good shape to be able to deal with that uncertainty.

ANDREW CORNELL: Now the uncertainty really is no surprise given what we've seen and what's happened with some other banks but the dividend decision will come as a shock. What do you mean when you say the decision on the dividend will be deferred?

SHAYNE ELLIOTT: Right so, given the extraordinary level of uncertainty and the potential impacts that will have right across the economy, the Board took a very prudent decision to say 'now is just not the right time to be making such a huge decision', let's not forget the impact of making a dividend at the moment is, it's a couple of billion dollars. That's an enormous decision to be making and so the board felt, that it was not the right time to be doing that and you may recall that actually only recently APRA, our regulator had written to all large financial institutions and expressed a similar view that said 'given what's happening in the world, given what's happening in Australia, this probably isn't the best time to be making that kind of decision'. So unlike other regulators that actually put out, in other markets put an outright ban on the dividends, APRA just said 'we want you to think really hard about whether this is the right time'. And so our Board actually concurred with that and so we've decided to defer the decision about making a dividend until later in the year when we will have more insight into the economic impacts and the ramifications for the bank.

ANDREW CORNELL: And does that tell us anything about the shape of the bank as we are going forward? Should we read anything more into that?

SHAYNE ELLIOTT: I don't think so. I think again to me it shows that the bank will continue to manage the situation in a very prudent way. We're here for the long term and it's in the long term interests of shareholders that ANZ not only just survives, but actually is well prepared for whatever situations may come. And so I think it tells you a lot about the mindset of a board, about a prudent approach, a conservative approach and an approach that is really focused on the long term interests of stakeholders.

ANDREW CORNELL: And indeed there is a tension between supporting customers and government initiatives which the banks, ANZ and other banks are doing, and returns to shareholders. So how do you balance that tension?

SHAYNE ELLIOTT: That's a good question. And that probably is a more pointed tension than we might normally see in more normal times. But in reality if we stand back and think about it, I am not sure that there really is a contention there, they're actually ... there's a strong sense of alignment. At the end of the day what is good for our customers is ultimately very good for ANZ. And given the nature of what we do and the breadth of our operations and the way that we're an integral part of the broader economy, what's good for Australia, what's good for New Zealand is good for ANZ so there's actually a natural alignment of interests here. It's in our interests that customers are able to survive through these shutdowns. That's in our interests. It's in our interests that our customers have the wherewithal to get through and come out the other side in decent shape. That is in the interests of the economy, that is in the interest of the Government, that is in the interest of our regulators and it's absolutely in the interests of our customers and our shareholders. So there is a strong alignment there and actually one of the highlights, I think – if there is such a thing in such a dreadful time – is to see the sort of alignment and coordination amongst the various stakeholders in the economy. And I think that really differentiates the way that the community is dealing with this crisis as opposed to some that we've seen in the past where I think, in hindsight you could argue – and there are people who are more educated in this than me – but looking back as far as the great depression, but certainly the 1990 recession in Australia, that in many aspects the regulators and the Governments in those cases were too slow to lean into this. And there might be many criticisms about the way that this is being handled but I do not believe for a minute that anybody can criticise the scale of the alignment and coordination from the Government and the private sector and also the speed at which decisions are being made. So I think that actually is a very good sign for it, but going to your question there is a strong alignment of interests here.

ANDREW CORNELL: Those support measures whether on the bank side or on the Government side there's roughly a six month sunset on a lot of them, so how do you see these support measures playing out for that six months and perhaps beyond if necessary?

SHAYNE ELLIOTT: So a lot of the support measures that we are talking about here are really about buying time and, without overusing the analogy, it is literally about flattening the curve. What we're seeing here ... what is in nobody's interest is to see families being put under immense stress or businesses. And so what we are trying to do here, and Government policy and the banks interest, is to flatten the curve of financial stress, to buy time so that people have the time to consider their options and make sure that they can have the best possible chance of surviving through. And that's why the banks like ANZ are deferring, or offering at least, for people who need it, the ability to defer your payments on your loans if that's what you need and there's a whole range of other support packages in there. Now of course you might at some level say 'well that's fine you're buying time, it's not a cure, it's not a cure for the stress'. But it absolutely buys time just like with the health crisis to find a vaccine and the vaccine ultimately in financial terms is to make sure that the economy comes out of this in really good shape. So, yes the focus should be on support packages, flattening the curve of financial failure and now the banks, we're at ANZ already working really hard preparing for the rebound. How can we be in a position to allocate capital, provide loans, support people as they do get back to work and come through this in better shape. And that's exactly the focus of ANZ at the present and that's why preserving some of our resources to enable that rebound is so important. And going back to where we started having financial capacity to do that is so important for a bank and we feel that ANZ is in the best possible position to be able to fulfil that role as well.

ANDREW CORNELL: And given that position, the starting position, but also given the considerable uncertainty here, are you able to give us some kind of outlook for the bank over the foreseeable future and perhaps the shape of the economy?

SHAYNE ELLIOTT: The reality is there is a lot of uncertainty and we need to be prepared for the worst, sadly. And in a case like this, this is all new. None of us have really experienced,

certainly in our lifetime, a crisis of this nature. Now, on the other hand sadly in banking we do experience crises actually with some reasonable regularity. They look different and they have different sources and they transmit differently through the economy. I mean the most recent example, obviously is the GFC. But even prior to that we had the Asian financial crisis, we had the tech wreck in the late 90s, we've had the very famous recession here in the early 90s in Australia, which was quite devastating, we had the '87 market crash. So actually banks have learned what works in general around these sorts of crises. All you can do is be prepared and you sort of have to be extremely pragmatic, being able to make decisions very, very quickly. And what we do know, what works in these is making sure you have a lot of liquidity as a bank, making sure that we retain our strength from a liquidity point of view. Making sure we have a lot of capital. You know, the banks today and ANZ, we have got three times the amount of capital today that we had when we entered the GFC, which is only ten years ago, so we've enormously strengthened our position. So we don't know what the outlook looks like, but we know that we're more prepared than ever.

And another thing that probably doesn't get enough discussion, I think, we focus very much on the financial preparedness, but there's also a managerial preparedness and a cultural one. I think that coming through the Royal Commission means that actually banks are probably more and more attuned to culture and how we behave. We've got a real opportunity to show our value to the community here that we can and will do the right thing by customers and that gives us an enormous opportunity. And then at ANZ, I know here we've got enormous management experience and depth; people who have been through those crises I referred to before.

So Andrew, I don't know what the future looks like. We are prepared for a fairly grim outlook and that's probably in banking the right thing to do, to be extremely conservative as you go into things like this. We've got a lot of resources to draw on whether they're financial, whether they're managerial, our people, our intellectual resources and just culturally. So we don't relish this situation, it's going to be incredibly difficult. A lot of ... it's going to be devastating for many people in the community. But we are here, we have a capacity to help, we have the intention to help and I'm very confident that we can play a very significant role in ensuring that all the communities in which we operate can come through this in the best possible shape. And that we are ready and able to help people not only survive through this but actually come out the other side ready to take on the challenges of the new world that will emerge post-COVID.

ANDREW CORNELL: Well thanks very much for your time Shayne. Good luck, well good luck to all of us.

SHAYNE ELLIOTT: Thank you.

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