

## News Release

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

**Andrew Cornell:** Morning Shayne, thanks very much for joining us for this trading update. We still are in a period of uncertainty – restrictions, lockdowns in Australia, New Zealand, around the world – but you’ve described this result as “strong in difficult conditions”. So perhaps a bit better than we would have expected six months ago. So can you break that down into the elements that are because the scenarios are not as bad as we thought and, secondly, what is in this result that is still a response to the pandemic? And then perhaps most importantly, what are the underlying numbers in here that tell you a story about the bank?

**Shayne Elliott:** Yes sure. Look what have we learnt over the last year? We’ve learnt that the world changes and it changes really fast. Whether that’s the health situation which has been incredibly volatile in the way that people have to go about their lives or, really importantly from the bank’s perspective, the level of government support and the nature of that support. I mean, first we’re blessed – we live in well run countries that have managed this incredibly well and governments have been incredibly flexible. And so that means the environment is moving literally day-to-day.

And what’s great about ANZ is over some many years now we’ve built really strong foundations that says we’re also able to flex and change with the operating environment. So we went into this situation last year in a really strong position – we had everything set well, we had lots of capital, we had lots of liquidity, we had good customer relationships, we knew what we were doing and we had amazing operational resilience. And, in the last period ... the trading update period – the last quarter of 2020 – that really just came to the fore. And it really showed the strength of our position. So we were able to really flex and change whether operationally – we could deal with lockdowns – or whether it’s about getting out there and actually doing what we’re supposed to do, which is lean in and support the economy. And we lent really strongly – we saw really good lending growth through that period for those that needed it – businesses, homeowners. We were able to provide support for those that needed in in terms of deferrals and other forms of assistance. And all the while, doing it in a really well run, safe manner.

Now you mentioned ... the underlying real benefits of our business is the diversification. We’re not just a business here in Australia or just with New Zealand. We’ve also got our international franchise and what was pleasing to me was that all of our businesses performed well and contributed not only for their own customer base but also for shareholders. And there’s lots to be proud of in that response – good

customer outcomes, good returns, decent returns for shareholders and actually a stronger bank today than even when we started three or four months ago into this quarter.

**Andrew Cornell:** And the unwinding of some provisions that were set last year when we perhaps thought things were going to be worse than they are. That's not as significant as this underlying performance you're talking about.

**Shayne Elliott:** No, I mean it's there and you can see it in the numbers and we did unwind a little. Let's not forget that last year we set aside \$A1.7 billion of collective provisions in case we needed them, in case the COVID situation continued to deteriorate. And that was based on a whole bunch of scenarios around house prices falling and unemployment being high et cetera. Now as I said, actually during the December quarter what we found is that the outlook isn't quite as bad as that and so that meant we were able to just trim those back a little bit. So literally we released about 10 per cent of those provisions. So we're still incredibly well provided if and when things did ... deteriorate further but the outlook is a lot more positive today where we sit today Andrew than it was going into the fourth quarter of 2020.

So that's an important driver but, I look through that and look at what's going on in our core business. We grew share in Australian home loans - our single biggest business, we had record volumes in our New Zealand home loans business - we've been really run off our feet there in terms of supporting Kiwis into homes. Our Institutional bank and particularly on the international side, really performed well supporting those customers who needed liquidity. And if you remember a year ago, we said we're going to stand there ready to support those big end of town customers if the risk-reward was right. And we saw that come through in terms of the margin expansion in that business. So I think it was an all-round really good result and we now enter into '21 feeling really well set for whatever may come during what is likely to be another volatile year.

**Andrew Cornell:** And when you look at that underlying result then, there's some elements there that you've called out in the press release and the ASX announcement - the balance sheet is strong, a good performance on costs, capital. Are they the elements that you thought were particularly good in this last period?

**Shayne Elliott:** What I love about this result is there's lots to like about every part of it and that's what I'm really pleased with the progress that we go into the year in an incredibly strong position to help our customers through what will be a tough time. We've got real momentum in terms of our lending into those segments that we like and the segments where we want to grow - so primarily home owners and small business. So that is going really well and we have lent into that - so that's on the revenue side.

Our expenses, yet again we've shown that we can run the bank at slightly less than it used to cost. So we've kept our "run the bank" costs really tight while still investing at record amounts for the future in terms of digital and automation and new products and features which we're really excited about. And then of course the credit line right now is pretty benign in terms of real losses. So again, it was right across the board.

Now when you add all that up it says at the end of the day you end up with ... being able to add to our capital position. So we closed the quarter at record levels of capital, we've never had so much capital in terms of ratio or absolute amounts and that's a good thing because it means we're well positioned, as I said, to take whatever may come this year.

**Andrew Cornell:** Are there areas then that you want to focus on for improvement?

**Shayne Elliott:** Well there are always areas to improve. I think we've got our focus right on customers in stress and there is still going to be some and they're still going to need some help. We've got our focus on customers in need of growth funds and there's good opportunity there. But in terms of running the bank, I would say our real focus where we need to do more is on the pace of execution. And what we saw in 2020 was this massive shift of customers towards digital choices – you know, more and more Australians and New Zealanders want to bank online and using their mobile phones and they want to do more things on there. And we've got a really exciting agenda of releases over the coming year and that's... we want to get on with that and we want to be able to do that and I'm feeling that we have the capacity to do it.

We'll do the right thing about COVID, we'll do the right thing looking after customers and be on the front foot about some really exciting new propositions for those that need them.

**Andrew Cornell:** Given the outlook for the year ahead, and obviously it's a brave person who is going to assume that it will continue this way, but it does look sort of more promising with vaccines. What then can we look forward to in terms of the growth outlook for the bank and for shareholders too, the shareholders in the bank?

**Shayne Elliott:** Sure. So first of all, we're really conscious that we're managing other people's money and that the bank belongs to those shareholders. And we're also conscious that we asked a lot of them last year – we asked them to delay dividends and take a reduced payout. That was the right thing to do to protect their interests for the long-term and we're going to continue to have that approach. We'll continue to manage it really prudently.

We're sitting on a lot of capital - that's our shareholders' money. And at some point, when the environment is more certain, we'll be in a great position to decide what's the best way forward. What are the options? Well obviously we've got to think about the dividends and that will be a decision for the board. There are other capital management opportunities and of course there's growth. And we do see growth opportunity – our ability to redeploy some, maybe not all of that capital, to really sow the seeds for future growth and opportunity for shareholder interests over the long-term.

**Andrew Cornell:** Well thanks very much for joining us this morning Shayne.

**Shayne Elliott:** Thank you.

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