

News Release

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

BRETT FOLEY: Morning, Shayne. Thanks for joining bluenotes on the morning of the half year result. Now you're coming off a record year in financial 2023, and the numbers are again strong this year, but you've talked a lot about consolidation and delivery, so can you explain what you mean by that?

SHAYNE ELLIOTT: First of all, 2023 was a fantastic year and it was a record, not just in financial terms, but we really achieved a lot strategically in that year and the first half year is a continuation of that. So what we set about to do in 2024, we use this idea of consolidation and delivery, to say, hey, there's been a lot of repositioning of the bank over the last seven to eight years. We've sold a lot of businesses, we've restructured the bank, we've got things going, we've got real momentum. And this was a year to really double down on delivery. And that's what we're really pleased with in the half. All of our four businesses are performing really well, contributing positively in terms of returns. But beneath that, or more importantly from my perspective, making strategic progress in terms of strengthening their businesses for long term sustainable value creation.

BRETT FOLEY: Another consistent theme is diversification. You've spoken about ANZ having options that some of our peers don't. Can you explain a little bit about what you mean by that?

SHAYNE ELLIOTT: One of the great strengths of ANZ is this diversification, which we've worked hard to build. We have four great businesses – our Institutional bank, New Zealand, the Australian Retail bank, and Australia Commercial. And they each have terrific market positions. But because we have the four, depending on what's happening in the environment, either economically or with our customers, we're able to deploy capital differently, move resources around, invest in a differentiated way. And it's great to have those options and that's what's really come through in this result. Particularly, you notice this time, the Institutional bank really outperformed. And again, that's a business that ANZ does better than most, and a real strength and a point of difference for us. So, it's about how we leverage that differentiation to drive value for our customers and for our shareholders.

BRETT FOLEY: And can we talk about productivity? There have been gains again this year, but can you elaborate for us on how, and what you're doing with the proceeds?

SHAYNE ELLIOTT: Our costs are going up and that's just the reality of banking today. So we have to work really hard to drive productivity, to be more efficient so that we can deliver our services at competitive prices. It's something that ANZ's getting better and better at. We've been doing this – it didn't start this year – we've been doing it for the last seven or eight years. We've driven a lot of productivity gains and we take those gains by getting more efficient and some of those go back to our shareholders in the form of dividends and others, a lot of it, gets reinvested into the business and that's really what we're able to do again this

year. So this year – this half – was a really good, another good result there. And that enabled us to reinvest that money into growth options for the future.

BRETT FOLEY: Can you give us an example of some of the growth options or where some of the funds are going?

SHAYNE ELLIOTT: In fact, we're spending more in terms of growth investments than we have for many, many years. We've got, of course, our sort of flagship programs like ANZ Plus, which is going extraordinarily well. We've obviously got to invest – we're already investing – into the preparation for the acquisition of Suncorp Bank, which again will be a great addition to the family. And then we're investing in areas like our Commercial bank, which is a great opportunity where we service about 650,000 small businesses across Australia – but we need to invest there in terms of technology and people and processes to make sure that we've got the very, very best propositions out in the market.

BRETT FOLEY: And just staying on ANZ Plus for a minute – how is it progressing? It seems like it's becoming a much more integrated part of the bank.

SHAYNE ELLIOTT: Yeah, look, I'm really excited about where we are with ANZ Plus. I mean already today we've got over 650,000 customers, who have chosen to come on to the Plus platform. It's got about \$13 billion in deposits. That's already more than 8 per cent of all of our Retail bank deposits sitting on our Plus platform, and that's in a couple of years from launch as a start-up. So it's really going well. 47 per cent of our customers in Plus are engaging with the platform in one of the financial wellbeing features, which really is what underpins the Plus proposition. So it's really exciting, it's great to see growth, it's great to see the customers react so positively to it. Most importantly, we've built it as a platform that allows us to continually roll out new features and functionality, and it's just great to be able to start to see those things coming to fruition now and our customers really embracing them and using them.

BRETT FOLEY: One other major issue for big companies is cybersecurity and scams and fraud. Can you tell us a little about what ANZ's doing to help keep customers safe?

SHAYNE ELLIOTT: This year we're 196 years old as an organisation, and right from day one, we've been in the security business – that's what banks do. Our prime responsibility is to secure the money of our customers, whether that's in deposits or whatever. It's what we do every day when we wake up in the morning – think about how do we keep the bank safe. And of course, the way we do that has changed a lot. We have to keep it safe from criminals in terms of cyber hackers and people who try to come in and attack our systems. And we also now have to help keep our customers' money safe from scammers, which is a terrible scourge on the community. And we've all seen the numbers and we all know somebody who's been scammed. And so we have a responsibility there, so we spend hundreds of millions of dollars in terms of cybersecurity and making sure that our systems are safe, but we're also spending a lot of money in terms of giving tools and education to customers to protect them from scams and frauds. A lot of that's been built into areas like ANZ Plus, which we talked a little bit about, but, also just more broadly. Now the good news is that while the numbers are still way too high and people are still sadly losing money to these criminal gangs, the numbers are starting to move in the right direction. And so, we've still got a lot more work to do and we will continue to invest appropriately – with the industry and on our own – to really improve the situation for our customers.

BRETT FOLEY: Turning to the external environment now, there's still a lot of uncertainty out there. So how do you see conditions for the rest of the year and how are customers faring with higher rates and cost of living challenges?

SHAYNE ELLIOTT: So clearly there are very real stresses in the economy. I mean interest rates have risen a lot relatively quickly. People are paying more tax because of bracket creep, and of course things like rents, and food and groceries, have been increasing at a pretty rapid rate. So there's clearly stress, and we can see that, we can see that in the broader data. Having said that, the reality is that banks – and ANZ – are in a really strong position to help those customers that do find themselves in a difficult position. And when we look into the data and say, well, how many of our people – how many of our customers – are calling in and saying, “Hey, I need help,” those numbers are still remarkably low. Now, that's a dreadful situation for those people to be in, and we do everything we can to assist them. But when you stand back and think about the bigger picture, the numbers are still very, very low. And in fact, they're much lower than they were even before COVID. So you sort of go back to more recent normal times. You might ask yourself, well, “How can that be? You know, I'm hearing about all the stress and cost of living — it really is happening and interest rates have gone up. How can it be?” One of the reasons is that it's actually been really difficult for many customers to get a home loan in the first place, or to get a credit card, or to run their business. Now, there's lots of issues with that, I think about for the broader community and access to credit, which we can talk about another time. But the flip side of that says that banks' credit quality has been really, really strong. And so that means that the people who do have home loans or who are running their businesses are actually pretty resilient. So they're a little bit better off than you might think. Just to give you a data point — and I think this is quite a surprising, and not an intuitive number — 79 per cent of ANZ's home loan customers are ahead on their repayments, they're paying more than they need to. That's a remarkable number, and that number's higher than it was a year ago. So despite all of that, the people with a home loan out there, which is about a third of all Australians, are actually still, not just paying their home loans, but getting ahead. So it tells you that despite stress, there's still resilience, that people are very prudent in the way that they manage their money, and people are getting through. But as I said, we would expect the number of people under stress to increase. Those interest rates will — are — continuing to hurt. So you'd expect there to continue to be a slowdown and there will be, we will see, more customers get into stress. And that's why having a strong bank like us who's able to lean in, who has the resources to be able to help where we can, is so important.

BRETT FOLEY: You touched on it earlier, but we can't let you go without asking about Suncorp Bank — what's the latest there?

SHAYNE ELLIOTT: We're making progress. I mean, these things take time. We're really pleased we got the Tribunal's approval. There's still a couple more steps to go through. We need the Queensland Government to pass some legislation, which they're on track to do and they've been nothing but supportive of this transaction and we thank them for that. And then it has to go to the Federal Treasurer. That'll take place over the coming months. All going well, we'd be looking at maybe getting to a completion of final approval sometime in the calendar third quarter. But there's still steps and still a lot of work to go through. Once we get there, we'll be in a position then to update the market on what our plans will be and how we bring in the Suncorp Bank 1.2 million customers into the ANZ fold.

BRETT FOLEY: Shayne, thanks very much for your time.

SHAYNE ELLIOTT: Thank you.

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