

4 September 2020

OPENING STATEMENT Shayne Elliott, ANZ CEO

Appearance before House of Representatives Standing Committee on Economics 04 September 2020

Thank you for inviting ANZ to appear today.

Joining me is Mark Hand, our Group Executive for our Australia Retail and Commercial division.

This has been a year in which your communities, and our customers, have faced significant loss and uncertainty.

The bushfires and the pandemic have profoundly disrupted lives and livelihoods.

In particular, our thoughts are with those families who have lost loved ones, including in ANZ's home state of Victoria.

While there have been challenges and distress, recent months have also seen resilience, patience and support.

Communities have worked together, businesses have adapted and Government policies, like JobKeeper, have been enormously successful.

This is also our moment to help where we can.

I want to highlight two of the ways in which we are doing this.

First, we are offering customers breathing room on their loans.

We are deferring payments on \$9.5 billion of business loans held by our Commercial Banking customers and on \$31 billion of home loans.ⁱ

As the deferrals finish, we believe most will resume paying down their loan.

And, encouragingly, we've already seen a number of customers make some kind of repayment.

However, the reality is that some will need further help.

I receive daily emails from customers telling me their stories and I've listened to check-in calls with customers on deferrals.

These have reinforced to me that the pandemic has impacted people in very different ways.

Some, like a business owner I listened to, have seen trade decline and will need more time before returning to full repayments.

Others, like a home loan customer I heard, are being supported by JobSeeker and may benefit from financial counselling.

Because people's situations differ, we'll need to work with our customers on solutions that are fair and appropriate for them.

This might involve paying interest only for a while, changing the length of a loan, consolidating debts or a further deferral.

Of course, there may sadly be cases where we need to help customers wind up their debts. Where this happens, I want to assure the Committee that we will be ethical and sensitive in our actions.

We stand ready to help and I would encourage any customer of ANZ who needs further assistance to contact us.

The second way we are helping is by funding business.

While the crisis has hurt many, some will come out of this stronger.

Times like this offer opportunities for new markets and new ways of serving customers.

It is, of course, unsurprising that demand for credit has dropped as business waits to see what the future brings.

Our job is to make it as easy as possible for those small businesses that reasonably need new funding.

For example, we've increased maximum interest only periods for business to 10 years and pushed loan terms out to 30 years.

And to support small businesses that are growing, we've launched a new online lending tool.

This gives around 1.5 million new and existing small business customers the ability to apply for conditional approval of loans up to \$200,000 in just 20 minutes and access to those funds in four days.

Together with the Government's second guarantee scheme, this will get capital to Australia's small business sector to grow and employ more people.

These measures build on our initiatives at the start of the crisis, including the offer of pre-approved limit increases to our Commercial customers with overdrafts.

While we are supporting small business, our expertise and balance sheet is weighted towards larger companies.

Banking these companies that employ millions is where ANZ can help the economy the most.

In March alone, we provided \$7 billion to our large institutional customers, about the same as we provided in net new lending over the previous year.

We have been able to help in these ways because the bank is in a strong position.

We have built the capital to give customers breathing room, to keep lending and to absorb potential losses.

The strength of ANZ's balance sheet has also allowed us to pay a prudent interim dividend.

We know many retirees and others rely on dividends, and we're pleased to have been able to declare one while balancing our customers' interests.

The bank is also stronger because we've learnt the lessons of the Royal Commission.

A sense of fairness and purpose is informing how we help our customers.

And by being a simpler bank, without advice, superannuation or insurance businesses, we can better focus on delivering what our customers need at this time.

If we look ahead, we remain cautiously hopeful about the economy.

Even though the streets of Melbourne are empty today, there are emerging bright spots around the country, like agriculture and resources.

We've also seen how quickly businesses can adapt, particularly when supported by effective policy.

For example, governments have temporarily aided the electronic signing of contracts and mortgages.

These reforms are welcome.

They help keep commerce moving when we can't be together physically.

Making changes like these permanent would provide a basis for the kind of innovation and growth that will aid the recovery.

To finish, we recognise that supporting our customers and the economy through the coming months will be one of the most significant challenges that our industry has faced.

We are, however, ready for the work ahead.

Reforms to our capital and culture over recent years, together with today's government policies, have given us the right settings to absorb some of the economic shock and help provide a path to growth.

Thank you and I now look forward to your questions.

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ⁱ See ANZ's 2020 Third Quarter Update Investor Discussion Pack (19 August 2020) pages 8-11 for more detail on these assistance measures. 'Business loans' refers to loans to customers in our 'Commercial Banking' portfolio. The Investor Discussion Pack is available at: <https://www.anz.com/content/dam/anzcom/shareholder/3Q20-investor-discussion-pack.pdf>.