

A MESSAGE FROM SHAYNE

THE ANZ WAY!



NEW

BRINGING OUR PURPOSE, STRATEGY, VALUES, CUSTOMER-FOCUS
AND BRAND, AND NEW WAYS OF WORKING TOGETHER





Hi!

As a kid in the 1970s, I was a huge fan of David Bowie. Truth is I still am. When I was preparing for my role as ANZ's chief executive 18 months ago, I read a quote from Bowie that reflected the challenge I saw for us at our bank.

Music itself is going to become like running water or electricity. So just take advantage of these last few years because none of this is ever going to happen again. You'd better be prepared for doing a lot of touring because that's really the only unique situation that's going to be left. It's terribly exciting. But on the other hand, it doesn't matter if you think it's exciting or not; it's what's going to happen.

DAVID
BOWIE

Bowie was talking about disruption in the music industry in 2002. This was a year after the iPod launch and before digital music, mobile and streaming services went global and changed the music world.

You probably think this is a pretty strange way to start a letter to everyone at ANZ. After all, we're not in the music business, we're in financial services.

But I think that quote captures the incredible change we are experiencing in our work and in our lives. In fact, the forces that changed Bowie's world aren't too different to those reshaping our business: technology, globalisation, regulation and customer and community expectations.

Change is happening fast. If ANZ is going to keep being successful we have to transform our 180-year-old business. I don't just mean financially. What's really important is being successful in the eyes of our customers and the community.

For Bowie, the huge shift to digital music was exciting. For us too, change is an exciting opportunity. Sure it's daunting, even uncomfortable. But imagine how much more we can do for our customers if we did things differently. Just think how much more we can contribute to society if we really embrace living ANZ's purpose. And if we do that, consider how it would feel to work at a place our customers and the community admire.

We've been running hard with change for almost two years. With so much going on, it can be easy to lose sight of the bigger picture. How will we rebuild community trust? How can we be the best bank for our customers today and in the future? How will we get there? Why will it matter?

In the next few weeks, we're going to share with you our refreshed values and our new brand positioning. (Don't worry, we're not changing the brand or logo. We're just refreshing what it stands for.)

So I think this is the right time to take stock and share with you how I see our purpose, strategy, values and everything else working together. It's important we're all clear on our ambition and what we're trying to create at ANZ.

This isn't your usual staff message; it's more like the essays I wrote back at high school. And given there's a lot to absorb, I've taken the unusual step of giving it to you in hard copy.

PLEASE TAKE 15 MINUTES OVER A COFFEE OR TEA TO READ IT. LET ME KNOW ON MAXCONNECT OR BY EMAIL WHAT YOU THINK. DISCUSS IT WITH YOUR COLLEAGUES SO WE ALL UNDERSTAND WHAT WE'RE DOING AT ANZ.

It's important because as individuals we can each do a little. But together we can accomplish a huge amount. If we work as a team, with a common understanding of our purpose, strategy, culture, values, our way of working and our promise to customers, we'll be in a great position.

This common vision is what I think of as *The ANZ Way*.



① WHY WE EXIST ANZ'S PURPOSE

Our purpose is to shape a world where people and communities thrive. That means striving to create a balanced, sustainable society in which everyone can take part and build a better life.

It's been our heritage from our earliest days in the 1830s. We've financed commerce and trade to help unlock opportunity for individuals, families, businesses and communities.

By using our insights, products and services, and our network of relationships in Australia, New Zealand and Asia, we help people achieve incredible things. They can own their own home, build a business and take it to the world; save for big things and small – retirement, children's education, a holiday – or pay for things in an instant.

BY HELPING PEOPLE MAKE THEIR
MONEY WORK, WE TRANSFORM
IDEAS, HARD WORK AND AMBITION
INTO REALITY. IT'S ACTUALLY
PRETTY COOL WHEN YOU THINK
OF IT LIKE THAT.

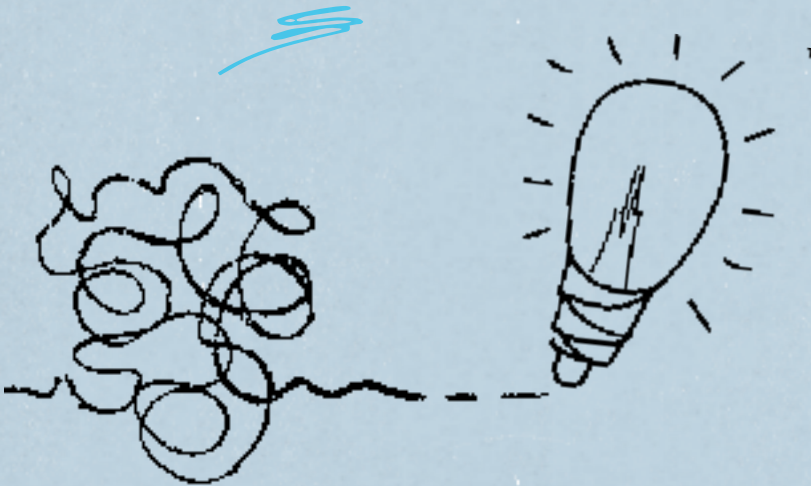
Importantly though, we need to do this responsibly and ethically. We need to balance the needs of everyone involved with our business – our customers, staff, shareholders and community.

That sounds great, but we all know the truth. Our industry's reputation has been tarnished because we haven't always evolved our thinking to keep up with changing community expectations. As a business based on trust, we simply can't allow this situation to continue.

The bottom line is that we're going to have to raise standards in everything we do. Already we're going beyond simply complying with laws and regulations. We're acting in a way that anticipates the needs and expectations of everyone who depends on our business. We're doing this through the decisions we make and the way we tackle issues of real concern to society.

I want us to be known as a company that's respected for being fair and balanced in the way we think about issues and for taking action to meet the expectations of our customers, employees and society.

So let's use our purpose to embrace the challenge presented to us by our customers and the community. Let's do things differently and make a long-lasting difference for future generations of which we can all be proud.



TURN ME OVER



② WHAT WE DO OUR BUSINESS STRATEGY

If that's why we exist, there are also some big shifts currently redefining our future.

- The rise of Asia is the single biggest economic, social and geopolitical event of the last 50-plus years. I know you probably get tired of hearing this, but it's literally changing the world we live in. We're just beginning to understand the impacts.
- The effects of technological change are huge. They're occurring very fast. We are facing new forms of competition. There are different patterns of work emerging including more people who are self-employed. And there is a rapid increase in consumer expectations of us.
- Community expectations of business are also changing. You only have to look at the news to see that we face much greater regulatory and public scrutiny. It means businesses like our's need to re-think their relationship with customers, communities, regulators and governments.
- Population growth and rising living standards are placing an increasing strain on resources and the environment. Together with other big shifts such as greater numbers of people living in cities and an ageing population, it's forcing us to think about how we contribute to solutions for everything from climate change, to infrastructure, education and healthcare.

So we've simplified ANZ's business strategy. We're focusing only on those areas where we can deliver exceptional customer outcomes, solve real customer problems and in doing so, make a decent return for our shareholders.

- In Australia and New Zealand, our aim is to be the best bank for people who want to buy and own a home and for people who want to start, run and grow a business.
- In our institutional business, we want to be the best bank in the world for customers who move goods and money around the Asia-Pacific region.

This means we're also choosing things we're not going to do. You've seen us make tough decisions to sell some of our businesses in Australia, New Zealand and Asia. These are good businesses but for various reasons we're no longer the best owner for them.

Of course these aren't the only tough decisions. A simpler business also means a smaller revenue base. At the same time we need to step up our investment in new technology and absorb the rising cost of regulation and compliance. Facing into this means managing expenses tightly. Finding new and more productive ways of working is part of an ongoing challenge for us and has to be part of our DNA.

OF COURSE FOCUSING ON WHERE WE ARE GOING TO WIN AND MANAGING COSTS WON'T BE ENOUGH. TO CONTINUE TO BE SUCCESSFUL, I BELIEVE WE NEED TO MAKE THREE BIG CHANGES AT ANZ.

1. Use our purpose and values to drive change so we help solve society's challenges, strengthen our relationship with customers and inspire our people.

2. Embrace digital technology to create a great experience for our people and customers. This isn't just about what we can do, it's about how we partner with others to provide this experience. And while technology is really important to this change, we also want to be known for our people and their ability to create relationships with customers.

3. Transform our financial performance which, put simply, involves building a simpler, better capitalised, better balanced bank.

To support these changes we've organised teams to lead four streams of work – service, connectivity, agility and culture. That might sound a bit complex but it means we are getting on with things based on having clear objectives and measuring our progress.

③ THE WAY WE DO IT OUR CULTURE AND VALUES

CULTURE IS A PRETTY SIMPLE IDEA:
IT'S THE WAY WE DO THINGS AROUND HERE.

Culture includes our values: Integrity, Collaboration, Accountability, Respect and Excellence (ICARE).

But culture isn't a fixed thing. It has to evolve to support our business strategy, our customers' needs and society's expectations of us.

The feedback from our Jam was that you believe our values are relevant and aligned with our ambition. But there are a few things I want to call out because they really matter.

First, rather than having rules for every situation, we have to be guided daily by our purpose and values. This means we're free to act and use good judgement to ensure our decisions are fair.

But ICARE is more than just a short-hand way of referring to our values – it's an attitude that says, in whatever situation we're in, we care about our customers, our colleagues and how our actions contribute to the community.

Second, we are a learning organisation that encourages us all to adapt and improve. This means we'll recognise and reward those who are curious and able to learn new skills. And we want to encourage people to try stuff out so we improve. We believe that with effort, we can all learn and grow.

Third, we're a relationship bank. This means valuing people who combine technology with empathy and insight to strengthen relationships with customers.

In some areas this will mean bringing together the best minds and skills from within and outside the bank to develop solutions for our customers and communities to thrive. In others, it's simply about having conversations that are open, authentic and grounded in mutual respect.

I know, however, the reality is that people look at leaders in the bank to really understand what is and isn't valued. That's why we expect leaders at every level to model our values and take responsibility for the positive difference they can make to our people, culture, performance and ANZ's longevity.

I want to be clear on this so we all know what to expect of leaders at every level of ANZ.

- Leaders create clarity and meaning that gives people certainty and purpose in their work. They bring people on the journey. They ensure people are united on the big goals and are energised and engaged.
- Leaders enable people to deliver great results by empowering and supporting them to think, decide and act with autonomy. They help people grow and be ready for a future that is constantly changing and value diverse perspectives.
- Finally, we expect leaders to connect with empathy. This is important. Empathy is key to building authentic relationships which earn trust – whether with our customers or colleagues.

Everything we
do defines our



CULTURE



④ THE WAY WE DO IT OUR PROMISE TO CUSTOMERS

I had the idea to write this letter partly because we're launching a new meaning for our brand soon.

A great brand has to be more than just a few slick ads on television or a clever tag line. The ANZ brand needs to mean something to our customers and to our people. It should tell them what we're about and demonstrate the practical value we can deliver to customers – no matter how large or small.



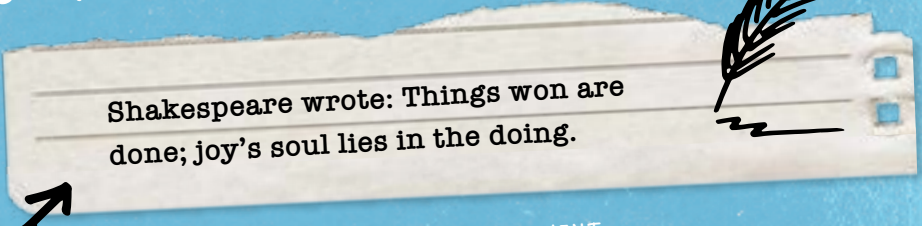
MY ASPIRATION IS THAT WE BUILD A BANK AND A BRAND
PEOPLE LOVE. IN TODAY'S ENVIRONMENT, THAT'S A BIG CALL.

We will be the bank that delivers realistic, tangible benefits for customers today. Let's face it, when it comes to money, everyone believes they could be doing a little more with what they have. We want to help customers make the most of what they have – regardless of how much they earn, how much is in their bank account, or how much they know about finance.

We still have a bit of work to finalise things but when it happens our brand relaunch will be breaking with the past. In particular, we're going to spend the first month discussing the brand with you and how we can deliver on our promise to customers every day.

BUILD
TRUST!

⑤ THE WAY WE DO IT NEW WAYS OF WORKING



Shakespeare wrote: Things won are done; joy's soul lies in the doing.

IN TRUTH, THAT'S JUST A FANCY WAY OF SAYING WE ALL TAKE ENJOYMENT FROM GETTING THINGS DONE BUT THE FULFILMENT IS IN THE DOING.

We know though that getting things done at ANZ can be hard, sometimes really hard. Too often we are slow, bureaucratic or we over-complicate things that should be simple.

We're making progress in fixing this but making progress in small steps isn't good enough. We have to do things differently. We need to be much more responsive to customers. That's why we are moving to *New Ways of Working* at ANZ.

It's based on a new model that's going to involve us all. It's an approach to organising and running our business based on what's called the 'agile' methodology. This is what successful tech companies like Spotify and Netflix have used to run their businesses. Increasingly successful financial services companies like ING and Capital One are adopting it too.

At ANZ, some areas of the bank have been using agile ways of working for a while now and others are already experimenting with it.

For many others though this is very new. *New Ways of Working* will be a focus for the Australia Division and supporting functions first and during 2018 we will bring the approach to the rest of the bank.

This is an exciting change for ANZ because it's a perfect match for the culture we are building – one where everyone is more engaged through clear goals, a learning orientation and working in ways that are less bureaucratic and more empowering.

Our aim is to respond much more quickly to customer needs and to make ANZ a better, more productive place to work. I know that's a familiar promise from management, but I do believe this is something different. It's about creating a less hierarchical ANZ, one built around small collaborative teams empowered and resourced to make genuine improvements to our customers' experience.

SO THAT'S IT

I hope this letter helps you see everything in context and understand *The ANZ Way*. We have big aspirations for ANZ and I know there are a lot of moving parts. But I genuinely believe they can work together to make something amazing.

Please share my letter around so your friends and family know about it too.

You're also going to notice a difference in the way we communicate with you about the big things affecting our future. To kick this off, I've joined Facebook where you can follow me and *The ANZ Way* journey.

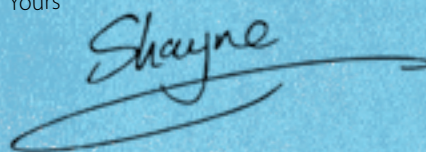
I also know change in our company is challenging and it can be tough personally. *The ANZ Way* is not just about embracing change and ensuring that everyone has the right support. It's also about acknowledging we all need to lean into change, support each other and give things a push along for the benefit of our customers and the community.

I can't promise it will be easy or quick. But I can promise it will be different, easier to navigate and get things done and more engaging. A bank where we all have the opportunity to learn, do a little better – and thrive.

That's important because what we do at ANZ matters. It matters to our customers, to the community, to our people and to our shareholders. I hope you also feel that if we work hard and get it right, we'll have done something worthwhile to make ANZ better for all of us and for future generations.

Thanks for reading this letter and for everything you do to support our customers. And thanks for contributing to our success each day.

Yours



Shayne
August, 2017



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SHAPE A WORLD
WHERE PEOPLE AND
COMMUNITIES ~~LIVE~~
THRIVE!

