

ANZ COVID-19 MEASURES

This document provides an update to the House of Representatives Standing Committee on Economics on ANZ's response to the COVID-19 pandemic.

Information updated since our June 2020 update is indicated with an asterisk ("**").

1. ANZ Loan Deferrals*

ANZ APPROVED AND PROCESSED LOAN DEFERRALS BY PRODUCT TYPE¹

<i>Approvals for the period 23 March to 13 July</i>	Number of approvals²	Value \$ of total loan balance which has been deferred³	% of all ANZ loan balances for this category⁴
Total business loan deferrals	43,047	9,813,422,421	6.5%
<i>Of these: SME</i>	41,075	8,074,796,285	18.7%
Total mortgage loan deferrals	96,841	33,659,365,367	12.4%
<i>Of these: business / commercial customers</i>	13,581	2,760,642,204	22.2%
<i>Of these: retail customers</i>	83,260	30,898,723,163	12.0%
Total unsecured loan deferrals	21,433	866,382,887	1.5%
<i>Of these: business / commercial customers</i>	6,833	662,086,885	1.4%
<i>Of these: retail customers</i>	14,600	204,296,002	2.5%

Notes:

1. This data has been produced for the purpose of reporting to the Australian Banking Association and Treasury and is unaudited. It may differ from ANZ's other external reporting because of the particular definitions used, timing or for other reasons. The Economic and Financial Statistics (EFS) standards of the Australian Prudential and Regulation Authority (APRA) are used for the categories of 'business loans' (loans for business purposes), including 'SME' (small and medium enterprise – turnover of less than \$50m); and 'mortgage loans', including those for 'business / commercial customers' (secured by residential mortgages), and 'retail customers' (personal and home loans). The category of 'Unsecured' will include personal loans, credit cards and some home loans that are identified as unsecured based on APRA EFS guidance. The data includes residents and non-residents.

2. Loan numbers and value of the loan balance deferred is based on approved and processed deferrals and are net of loans where relief was subsequently partially or fully unwound at the customer's request. There have been 2,135 of these unwinds. Loan deferrals are for the period up to 13 July 2020 and include temporary overdraft increases as part of the COVID package. Loan numbers is a product view; that is based on product accounts, contracts or similar arrangements. It is not the number of customers.

3. Outstandings as at 10th July 2020.

4. Balances used for calculation of "% of all ANZ loan balances for this category" are as at 30 April 2020.

2. Customer Measures

*During March 2020 ANZ announced reductions in variable interest home loan and business loan rates and introduced low fixed-rate home and business loans. We also announced a number of support measures for personal and small business customers to help them through the current COVID-19 pandemic. In July 2020 we provided an update on how we will continue to work with customers still experiencing ongoing financial difficulty due to COVID-19, including how we will work with customers to restructure loans and, in some cases, extend existing deferral periods.

Measure	Details
Home loan and small business interest rates	
Decrease in variable interest home loan rates in Australia by between 0.40%pa and 0.50%pa across all variable rate indices	<p>We announced on 20 March 2020 a decrease in variable interest home loan rates in Australia by 0.15%pa across all variable rate indices, effective from 27 March 2020.¹</p> <ul style="list-style-type: none"> • For Standard Variable Rate owner occupiers paying principal & interest the Index Rate was decreased by 0.15% to 4.39%pa. • For Standard Variable Rate investors paying principal & interest the Index Rate was decreased by 0.15%pa to 4.99%pa. • For Standard Variable Rate owner occupiers paying interest only the Index Rate was decreased by 0.15%pa to 4.94%pa. • For Standard Variable Rate investors paying interest only the Index Rate was decreased by 0.15%pa to 5.24%pa. <p>These decreases in variable interest home loan rates followed our earlier decreases between 0.25%pa and 0.35%pa announced on 3 March 2020, effective from 13 March 2020.</p>
Two-year fixed rate of 2.29%pa for owner occupiers	We are offering a two-year fixed rate of 2.29%pa for owner occupiers paying principal and interest. This rate was announced on 22 May 2020 and is a 10 basis-point increase on our previous two-year fixed rate announced in March 2020.
Decrease in variable interest small business loan rates by 0.50%pa	<p>We announced on 20 March 2020 a decrease in variable interest small business loan rates by 0.25%pa, effective from 27 March 2020.</p> <p>This decrease in variable interest small business loan rates followed an earlier decrease of 0.25%pa announced and effective on 13 March 2020, resulting in a 0.50%pa reduction for variable interest small business loan customers during March 2020.</p>

¹ Interest rate changes listed in this report are for Australia.

Measure	Details
Introduction of lower rate fixed-rate business loans	<p>We are offering a two or three-year fixed rate of 2.95% for secured small business loans up to \$1 million. This rate was announced on 5 June 2020 and is a 36 basis-point increase on our previous two or three-year fixed rate announced in March 2020. Applicants must have less than \$1 million total business lending with ANZ and must meet ANZ's security requirements.</p>
Personal customer support	
Deferral on home loan repayments*	<p>Customers can request a deferral of home loan repayments for up to six-months, with a review at three-months. Under a home loan repayment deferral, customers do not need to make repayments to their home loan for a period of time. Unpaid interest during this period is capitalised, meaning it is added to the customer's outstanding loan balance to be paid over the remaining loan term. This measure was announced as part of ANZ's COVID-19 support on 20 March 2020. We have begun the process of working with each of our impacted customers to assess their ability to begin repaying their loans.</p> <p>On 8 July 2020 we announced that for customers who continue to face financial hardship due to COVID-19, we will work with them as they come off the deferral period to restructure their loans, and in some circumstances will provide an extension to loan repayment deferrals of up to four months. Customers on existing loan repayment deferrals who have not been financially impacted by COVID-19 will be required to begin making normal repayments at the conclusion of their deferral agreement. Customers who are yet to apply for loan repayment deferrals are still able to do so.</p> <p>We are capitalising interest, rather than not charging interest, as we consider this allows us to keep lending to more customers. Interest represents the 'economic cost' of a loan. The cost includes the interest or returns required by people who provide the money that banks then lend out (wholesale lenders to banks, depositors and shareholders), the expected losses on loans and the cost of running the bank. Banks have been able to 'defer' receiving interest from borrowers and add it to the principal of the loan (that is, 'capitalise' it). Deferring or capitalising interest means the bank can continue to lend since we expect the interest will be paid when the economy recovers and customers are able to resume repayments. The payment history for customers with a deferral arrangement is not affected where the customer is up to date with repayments. If interest were not charged, even for a defined period, the economic value of that loan asset to the bank would be reduced by the amount of the waived interest and that reduction in value would be reported as a loss (reducing retained earnings and capital accordingly). This would make it more difficult to lend to others.²</p>

² This explanation is relevant for personal and business customer support arrangements listed in this report where we capitalise interest for repayment deferrals.

Measure	Details
Support for personal loan customers*	<p>Personal loan customers can request support including payment deferral and loan term extension (with interest capitalised) and waiving of the Loan Administration Charge for up to six-months, with a review at three-months.</p> <p>We have begun the process of working with each of our impacted customers to assess their ability to begin repaying their loans. We are in the process of finalising what further assistance could be provided to Personal Loans customers who continue to face financial hardship due to COVID-19. The extension of assistance will be subject to financial assessment.</p> <p>Customers on existing loan repayment deferrals who have not been financially impacted by COVID-19 will be required to begin making normal repayments at the conclusion of their deferral agreement. Customers who are yet to apply for loan repayment deferrals are still able to do so.</p> <p>ANZ has existing options available to customers to help with managing their personal loans, including reducing their repayments to the minimum (if they are making higher repayments) and access to funds in a redraw facility (available for Variable Rate Personal Loans) based on the extra repayments a customer may have paid in the past.</p>
Support for personal credit card customers*	<p>Personal credit card customers can request a support package that includes payment deferral of minimum monthly payments (with interest capitalised), a reduced interest rate, waiving of fees and a restriction on card use for up to six-months, with a review at three-months.</p> <p>We have begun the process of working with each of our impacted customers to assess their ability to begin repaying their minimum monthly payments. We are in the process of finalising what further assistance could be provided to personal credit card customers who continue to face financial hardship due to COVID-19. The extension of assistance will be subject to financial assessment.</p> <p>ANZ has existing options available to customers to help with managing their credit card debt, including transferring to a product with lower interest rates, changing credit limits, and setting up direct payments.</p>
Increased contactless card payments limit	<p>We have worked with AusPayNet to temporarily increase the limit for contactless card payments from \$100 to \$200, in order to reduce the risk of COVID-19 transmission through physical contact with cash or the payment terminal. The limit may not be available on all terminals and all cards.</p>

Measure	Details
Guidance to ANZ Smart Choice Super customers	We have provided information for ANZ Smart Choice Super customers on the ANZ website at anz.com. This includes information about the Australian Government's early access to superannuation scheme, insurance and the impact of COVID-19 on balances. ³
Advice on temporary branch closures	We publish a daily list of branches which are temporarily closed due to staffing availability or other issues associated with COVID-19. The list is available on the ANZ website at anz.com.
Support for passbook account customers*	We have contacted our passbook only customers to offer them an everyday account with Visa Debit access. This account can be set up entirely from their home over the phone. A Visa Debit card provides customers who usually rely on cash the ability to pay for goods and services over the phone or online. Customers can also set up a recurring transfer over the phone so that their pension income can be automatically moved from their passbook account.
Support for everyday transaction account customers*	We have begun issuing Visa Debit cards to our everyday transaction account customers who do not currently have Visa access. Customers can choose whether they activate these cards. A Visa Debit card provides customers who usually rely on cash or Eftpos the ability to pay for goods and services over the phone or online.
Information about COVID-19 assistance	<p>We regularly update a dedicated COVID-19 webpage which outlines the support available to customers.</p> <p>This webpage is available at anz.com/support/covid-19/.</p> <p>ANZ CEO, Shayne Elliott, has emailed 4 million customers informing them of the support available and how to access it. Our newsroom also provides information responding to Frequently Asked Questions about our COVID-19 response and information on Australian Government support.</p> <p>Due to the high volume of calls we continue to receive in response to COVID-19, customers can request online a call back. We will call customers back as soon as possible and they will not be disadvantaged by any delay in ANZ contacting them.</p>

³ Note: ANZ's Pensions & Investments (P&I) business, including Smart Choice Super, is owned by IOOF Holdings Limited (IOOF). The sale of the P&I business to IOOF was completed on 31 January 2020.

Measure	Details
<p>Business customer support</p> <p>Deferral on business loan repayments*</p>	<p>Impacted business customers can request a six-month payment deferral on loan repayments for term loans and asset finance, with interest capitalised. The six-month payment support is available to most ANZ business customers. This measure was announced as part of ANZ's COVID-19 support on 20 March 2020. We have already begun the process of working with each of our impacted customers to assess their ability to begin repaying their loans.</p> <p>On 8 July 2020 we announced that for customers who continue to face financial hardship due to COVID-19, we will work with them as they come off the deferral period to restructure their loans, and in some circumstances will provide an extension to loan repayment deferrals of up to four months. Customers on existing loan repayment deferrals who have not been financially impacted by COVID-19 will be required to begin making normal repayments at the conclusion of their six-month deferral agreement. Customers who are yet to apply for loan repayment deferrals are still able to do so.</p>
<p>Support for JobKeeper</p>	<p>ANZ is supporting eligible small and medium business customers that have registered with the ATO for the Federal Government's JobKeeper scheme to bridge the gap before they receive payments. Customers can call the dedicated hotline on 1800 571 123 or request a call back at anz.com.au/business/covid-19/.</p> <p>This measure was announced on 27 April 2020.</p>
<p>New business loans under the Australian Government's small business guarantee</p>	<p>In relation to the Australian Government's Coronavirus Small and Medium Enterprise Guarantee Scheme, eligible small business customers can apply for new ANZ business loans:</p> <ul style="list-style-type: none"> • a new three-year business loan up to \$250,000, with a six-month deferral on repayments (interest will be capitalised), or • a new six-month business overdraft of up to \$250,000, with a six-month deferral of interest. At the end of the six-months customers will have the option of fully repaying the overdraft or rolling the balance into a term loan for up to two and a half years (interest will be capitalised). <p>The loans are available to new and existing customers that are a small or medium-sized business with annual turnover of less than \$50 million. The loan must be used to support current and upcoming business cash flow needs only (including working capital, liquidity and operating expenditure). For customers already experiencing financial difficulty prior to the announcement of these measures, additional support measures are assessed on a case by case basis.</p>

Measure	Details
Temporary increases in overdraft facilities	<p>Small business and commercial customers can request temporary increases in overdraft facilities for 12 months by up to 10%.</p> <p>This measure was announced as part of ANZ's COVID-19 support on 20 March 2020.</p>
Deferral on Trade Finance Loan repayments	<p>Small business and commercial customers with an eligible ANZ Trade Finance Loan can request a six-month deferral on their Trade Finance Loans with interest capitalised if there are facility limits available.</p>
Merchant terminal fees relief	<p>ANZ Merchant Facility customers can request a three-month waiver of the Rental Fees for their ANZ Electronic Terminals.</p>
Online Marketplace to support small business customers	<p>Staff can purchase directly from a number of our small business customers through an Online Marketplace, replacing markets held in our Melbourne Headquarters.</p>
Information about COVID-19 assistance and other support	<p>Our business bankers are working directly with customers to inform them about support available. Customers can call us or request a call back online. We will call customers back as soon as possible and they will not be disadvantaged by any delay in ANZ contacting them.</p> <p>Severely impacted small and medium business customers are able to access to relief measures specifically to respond to their circumstances.</p> <p>We regularly update a dedicated COVID-19 webpage which outlines the support available to business customers.</p> <p>The webpage includes a series of Frequently Asked Questions to assist businesses to understand what assistance ANZ can offer them, as well as practical information such as how best to clean merchant terminals to protect their staff and customers.</p> <p>It also provides links to Australian Government resources which details government assistance available to businesses impacted by COVID-19.</p> <p>This webpage is available at anz.com.au/business/covid-19/.</p>

3. Community Response

ANZ has worked with our community partners throughout the COVID-19 pandemic.

Measure	Measure Details
<p>\$1.5 million to community partners to support Australia's most vulnerable</p>	<p>We have donated \$1.5 million to three of our charity partners to provide additional support to some of the country's most disadvantaged.</p> <p>The Brotherhood of St Laurence, The Smith Family and the Financial Counselling Foundation will each receive \$500,000 to support the financial wellbeing of vulnerable Australians. The organisations will use the funds for education, employment, aged care and financial counselling programs targeted at disadvantaged people further affected by COVID-19.</p>
<p>Double matching employee giving</p>	<p>We are encouraging employees to support our community partners during this time through our workplace giving program, where ANZ will double match employee donations.</p>
<p>Building financial wellbeing</p>	<p>We are working with community partners to adapt our financial inclusion programs such as MoneyMinded and Saver Plus, so participants can continue building their financial skills and knowledge during this time. For example, all 60 Saver Plus sites are now offering the program remotely with participants completing MoneyMinded financial education online, instead of face to face.</p>
<p>Understanding the financial wellbeing impacts of COVID-19*</p>	<p>We released the quarterly update for the ANZ Roy Morgan Financial Wellbeing Indicator in July. This showed a 6.9% decline in financial wellbeing from 60.7 (out of 100) in March 2020 to 56.5 in April/May 2020. All states and territories recorded falls in financial wellbeing for April/May 2020.</p> <p>People who were already 'struggling' prior to the crisis and young Australians were most impacted, due to low savings (less than one-month income in deposits) and negative employment events (stood down, reduced pay or hours).</p> <p>The proportion of people with the highest financial wellbeing – considered to have 'No Worries' with their financial situation – decreased from 22.4% of the population in March 2020 to 16.3% in April/May 2020.</p>

4. Corporate and Employee Response

ANZ is taking action to ensure the wellbeing of our employees and customers during the COVID-19 pandemic.

Measure	Measure Details
Protecting our branch employees and customers	<p>In line with Government requirements, we have asked customers to not visit our branches if any of the following have applied to them:</p> <ul style="list-style-type: none">• travel overseas in the past 14 days• contact with someone who has been diagnosed with COVID-19• experiencing fever, breathing difficulties, fatigue, a cough or sore throat.

Measure	Measure Details
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Protecting the wellbeing of our employees*

We have moved employees to work-at-home arrangements, split teams and introduced greater distance between those employees performing essential functions in the office. Approximately 90% of our non-branch employees are working from home. We introduced 10 days' paid coronavirus-related special leave, and provided a one-off payment to junior and mid-level employees as a contribution towards working from home work expenses.

To protect our employees, we have provided them with information and additional products to ensure good hygiene practices, as well as taken social distancing measures in our offices, including restricting meetings to video conferencing or phone calls and limiting the number of people in elevators. Our buildings have extensive measures to keep them as safe as possible, including thermal screening in our largest major buildings, perspex screens in our branches, regular cleaning, locking down floors, relocating teams and having hand sanitiser and personal protective equipment available wherever we can. We have provided additional support and protections for our employees working in locations which have seen a recent spike in COVID-19 cases. Face masks are being worn in all of our Victorian workplaces and New South Wales branches, with masks provided for staff use.

If an employee working from home is concerned about their personal safety (for example, in a domestic and family violence context), they are able to arrange with their manager to work in the office. If they are not comfortable talking directly with their manager, they can approach our Health & Wellbeing team for support. We have planned for the return of a limited number of our employees to the workplace in line with the advice of Commonwealth, state and territory governments. Actions we are taking to prepare for this includes considering staggering start times, enhanced cleaning protocols, and office physical distancing requirements throughout the workplace (including the use of lifts and stairs, meeting room limits and closing every second desk). We have also developed a series of COVID-19 Working Safely instructions including for visiting customers, driving, hosting meetings and domestic travel. During June, our South Australian and West Australian employees returned to the office with our Queensland teams returning during July.

We have a range of wellbeing resources available for all staff including a digital wellbeing app, focused on support during this COVID-19 period. We also have a comprehensive intranet site, a virtual physical activity program to support our employees to stay active and webcasts with external medical professionals. We are also providing support for our employees working from home, including to assist them in setting up their home workspaces appropriately, helping them to remain connected to their colleagues, and continuing to provide access to our Employee Assistance Program.

We have provided links to the COVIDSafe app on our internal social media platform and anz.com. We are encouraging staff to consider downloading it to as a way of improving the ability of our frontline health workers to trace contacts of those who have tested positive to COVID-19 and protect the workplace and the community.