

JOINT STANDING COMMITTEE ON TRADE AND INVESTMENT GROWTH

INQUIRY INTO THE PRUDENTIAL REGULATION OF INVESTMENT IN AUSTRALIA'S EXPORT INDUSTRIES

Australia and New Zealand Banking Group Limited (ANZ)

Senator Van: And could each of you, on notice, supply us with a snapshot of your shareholder register. I'm not interested necessarily in individual companies, but a breakdown by types of investors would be very helpful to this inquiry. (p. 18 Proof Committee Hansard)

Answer: As at June 2021, ANZ's share register breakdown by investor type is:

- Institutional: 57%
- Retail: 43%

Chair: I want to drill down into exposure. Some of you have already told me about that with thermal coal. Can I ask you to take this away and bring it back to us on notice: what's the value of your coal loan book in total? Again, could you split that into thermal and metallurgical—you've already told us about thermal, but please repeat that in writing. (p. 18 Proof Committee Hansard)

Answer: As disclosed, at 31 March 2021, our Exposure at Default ("EAD") to coal mining was \$1.1b comprised of:

- Thermal coal mining EAD: \$500m
- Metallurgical coal mining EAD: \$600m

Chair: How are your decisions on whether to invest in or refinance coal reached? Is it purely on a business case—commodity, price outlook et cetera—or is there other decision-making that's taken into account for specific refinance and lending requests that come to you? For instance, is there branding or marketing that's taken into account? If you can elaborate on that process, that would be very interesting. (p. 19 Proof Committee Hansard)

Answer: The criteria that we consider when assessing whether to commence or discontinue a banking relationship include:

- The viability of the entity's business model and their ability to service any financial obligations to us;
- The character and experience of the entity's management personnel;
- The adequacy of the entity's governance arrangements;
- The type of business that the entity proposes to, or does, carry on and our technical ability to manage the commercial and other risks associated with that business line;

- Any changes to that business after we commence banking them which may alter the risks (compliance and otherwise) of the customer;
- The ability and willingness of the entity to meet their policies and compliance obligations, including whether they have been the subject of any regulatory actions;
- Compliance with applicable ANZ policies and ANZs capacity to identify and manage operational and compliance risks; and
- The commercial viability of providing services to the entity taking into account the revenue to be received on the account and the costs incurred to service it, which will include compliance activities that we need to undertake to bank them safely and legally.

Chair: Have any of the banks entered into any agreement that would forbid or place obstacles in the way of your bank investing in export industries such as coal or intensive agriculture? If so, can you point to those agreements and explain why they were entered into and whose decision it was to enter into them? (p. 19 Proof Committee Hansard)

Answer: ANZ has not entered into any agreements that would forbid it from investing in export industries such as coal or intensive agriculture.

Senator Van: Obviously coal and other fossil fuels are not the only contributors to carbon emissions and, therefore, climate change. I'd like each of you to set out for the committee on notice please your plans to divest out of other industries that contribute, such as transport, airlines, agriculture et cetera. I assume you're going to be consistent across all emitting industries, not just one. (p. 19 Proof Committee Hansard)

Answer: ANZ has no plans to exit other emitting sectors such as transport, airlines or agriculture.