

**STATEMENT IN SUPPORT OF APPLICATION FOR MERGER AUTHORISATION**

**Applicant** AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

**Statement of:** Louise Claire Higgins

**Address:** 833 Collins Street, Docklands, Victoria

**Occupation:** Managing Director, Suncorp Integration, Australia and New Zealand Banking Group Limited

**Date:** 17 May 2023

This document contains confidential information which is indicated as follows:

[Confidential to ANZ] [REDACTED]

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## RESTRICTION OF PUBLICATION CLAIMED

### A. INTRODUCTION

1. I am the Managing Director, Suncorp Integration, Australia and New Zealand Banking Group Limited (**ANZ**). I am authorised to make this statement on ANZ's behalf.
2. I make this statement in support of ANZ's application to the Australian Competition and Consumer Commission for merger authorisation (**Application**) to acquire 100% of the issued share capital in SBGH Limited from Suncorp Group Limited, either directly or via a related body corporate of ANZ, in accordance with a share sale and purchase agreement between ANZ and Suncorp Bank executed on 18 July 2022 (the **Proposed Acquisition**).
3. I address the matters in this statement based on my knowledge of, and experience in, my current role and the Australian banking industry, and my review of business records which are available to me in my current role.
4. In preparing this statement I relied on information provided to me by [Confidential to ANZ] [REDACTED] and information and documents retrieved from ANZ's IT system. Where I make statements based on the information provided to me, I believe that information to be true.
5. Exhibited to me at the time of signing this statement are the documents marked LCH-1, LCH-2, LCH-3, LCH-4, LCH-5, LCH-6, LCH-7, LCH-8, LCH-9, LCH-10, LCH-11 and LCH-12.
6. This statement (including its exhibits) contains information that is confidential to ANZ and its related entities. Disclosure of that confidential information would cause prejudice to ANZ and its related entities.

### B. ROLE AND EXPERIENCE

#### My role at ANZ

7. I have held the position of Managing Director, Suncorp Integration, Australia at ANZ since September 2022 and I am currently employed in that position. I report to the Group Chief Financial Officer of ANZ who in turn reports to ANZ's Group CEO. I work closely with the Executive Committee of ANZ (**ExCo**) in my role. In my role I:
  - (a) develop the strategy and plan for ANZ's integration of Suncorp Bank into ANZ, and lead the delivery of the plan and timetable for integration;
  - (b) represent ANZ on the Transition Governance Group (TGG) and Executive Steering Committee (ESC), which are joint integration planning committees with Suncorp Bank, which are responsible for overseeing planning for integration; and
  - (c) manage relationships with internal and external stakeholders, including regulators and government, in partnership with ExCo members, in relation to the planned integration of Suncorp Bank.
8. In August, 2022, ANZ established a Suncorp "Integration Management Office", which consists of a core team of around 57 employees that are involved in integration planning day-to-day, and is headed up by me. I have three direct reports:

(a) [Confidential to ANZ] [REDACTED]

(b) [Confidential to ANZ]

(c) [Confidential to ANZ]

9. The core integration team is supported by around 300 ANZ employees from a range of functions, together with more than 50 consultants from EY and McKinsey.

**Experience and qualifications**

10. Prior to my current role, I was Chief Financial Officer, Australia, of ANZ from May 2021 to August 2022. In that role, I was responsible for providing strategic advice to drive business performance across the Australian retail and commercial divisions of ANZ, and ensuring capital and funding efficiencies and operation and cost productivity. In the role, I worked with ExCo members to transform the performance and digitisation of ANZ's retail and commercial business.
11. I joined ANZ in January 2020 as the Chief Financial Officer Technology & Enablement. I remained in that role until my appointment as Chief Financial Officer, Australia in May 2021.
12. Prior to joining ANZ, I held the following positions:
- (a) Chief Financial and Strategy Officer, Australian Broadcasting Corporation (February 2017 – February 2019);
  - (b) Chief Operating Officer, Nova Entertainment (November 2010 – September 2016);
  - (c) Associate Director, Macquarie Bank (May 2007 – October 2010); and
  - (d) Head of Finance (most recent title), British Broadcasting Corporation (BBC) (September 2000 – March 2007).
13. In addition, I have been a non-executive director at the following organisations:
- (a) Takeovers Panel (March 2023 – present);
  - (b) Enero Group (ASX Listed) (August 2021 – present), including Chair of the Audit & Risk Committee;
  - (c) Canteen Australia (January 2020 – August 2021);
  - (d) Qudos Bank (August 2018 – December 2019), including Chair of the Technology Board Committee, and member of the Audit & Risk Committee;
  - (e) Visit Victoria (2016); and
  - (f) Commercial Radio Australia (2014 - 2016).
14. I hold the following qualifications:
- (a) Advanced Management Program – Intensive (2016), Kellogg School of Management, Northwestern University, Chicago, United States;
  - (b) Company Director, Company Director Course (2014), Australian Institute of Company Directors;

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- (c) Qualified Chartered Accountant (2004), Chartered Institute of Management Accountants - London, United Kingdom; and
- (d) Bachelor of Business (1999), University of Technology, Sydney, Australia.

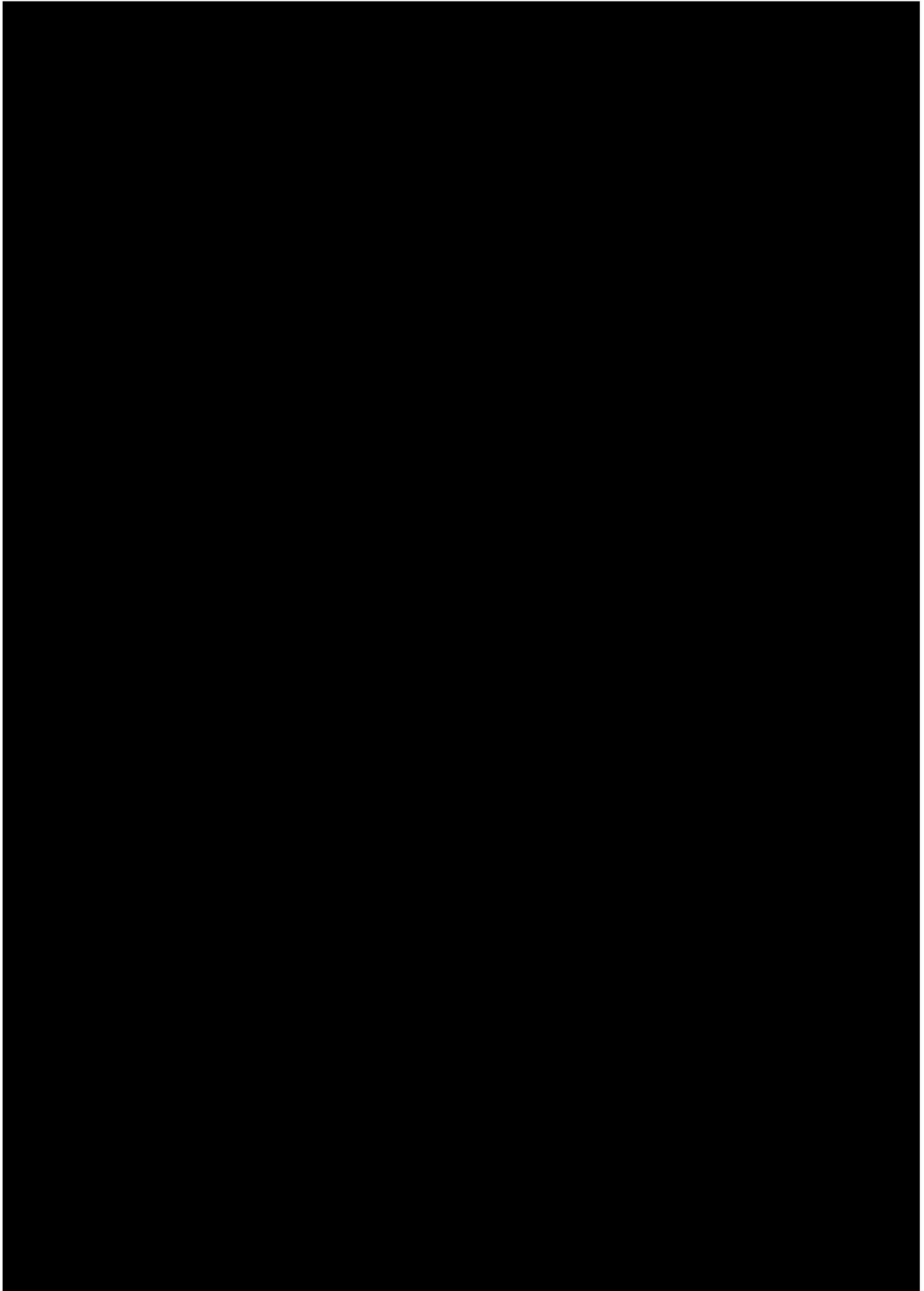
### C. OVERVIEW OF MY STATEMENT

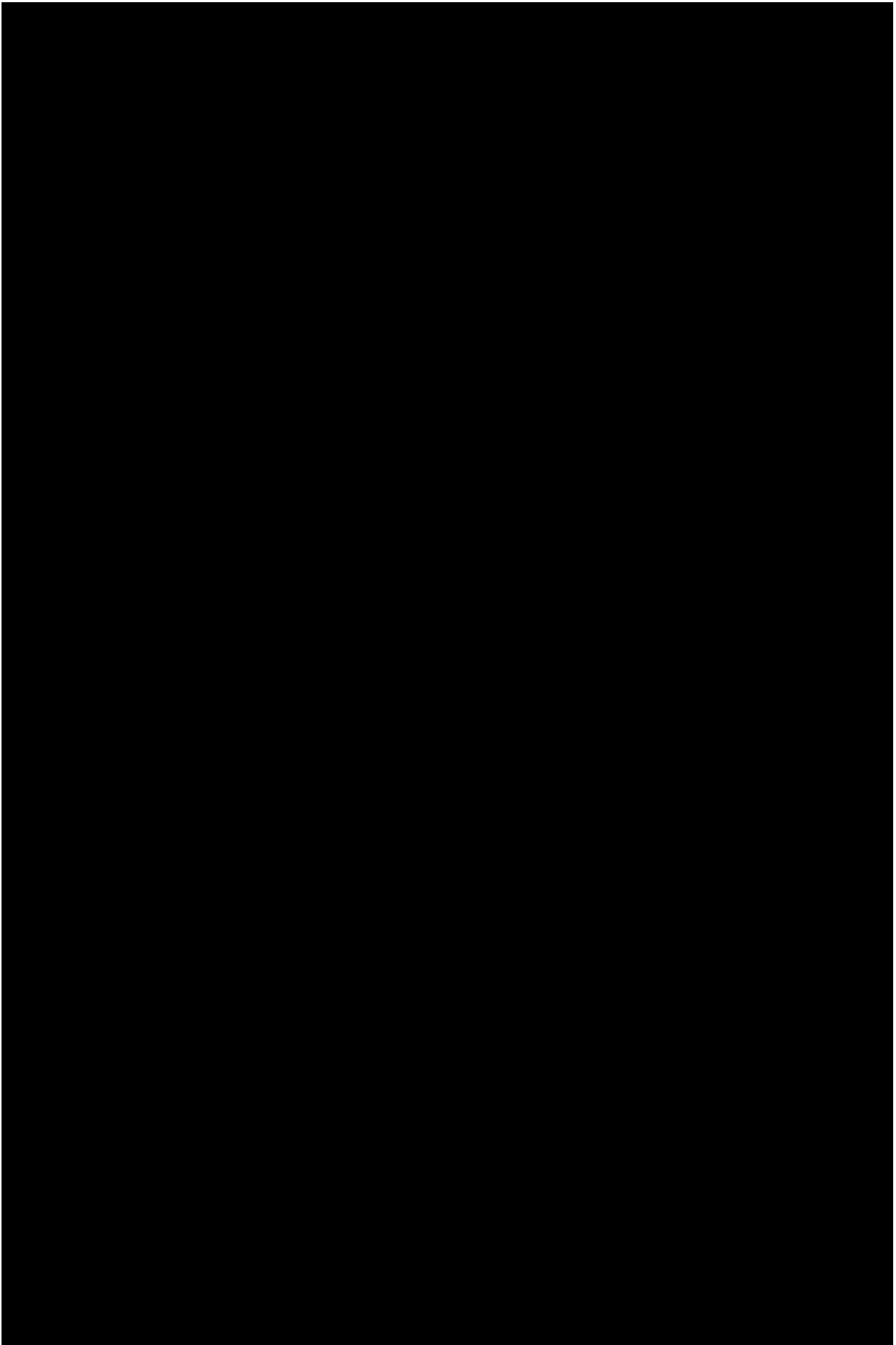
15. In this statement, I provide details regarding the basis on which the synergy estimates referenced in ANZ's Application were prepared. For context:
- (a) in ANZ's Application, ANZ stated that it expects the Proposed Acquisition to generate pre-tax cost synergy benefits of ~\$260 million per annum, with material synergies to be phased in over 4 to 6 years post completion and full run rate synergies expected to be achieved by the end of year 6.<sup>1</sup> This was consistent with information in ANZ's announcement of 18 July 2022 regarding the Proposed Acquisition, including the "Acquisition of Suncorp Bank and Equity Raising, Investor Discussion Pack" presented to investors. The pack is **Exhibit LCH-1**, and the \$260 million per annum synergies figure appears on page 21.
  - (b) ANZ's Application accompanied an expert report by Patrick Smith of RBB, dated 1 December 2022, which considered the extent to which synergies arising from the Proposed Acquisition were productive efficiencies and constitute public benefits (**RBB Report**). The RBB Report is **Exhibit LCH-2**.
  - (c) The RBB Report was prepared upon instruction by ANZ's lawyers, Ashurst. **Exhibit LCH-3** is a copy of Ashurst's letter of instructions to Patrick Smith of RBB, dated 1 December 2022, and **Exhibit LCH-4** is a copy of the spreadsheet titled "Document 5 – Synergies and one-off" costs, which was provided by Ashurst to RBB for the purpose of preparing the RBB Report. (I describe the spreadsheet in **Exhibit LCH-4** below, in paragraphs 34 to 37, and the process for generating its underlying synergies and costs data in it, in **Parts D to H**).
16. Below, I provide an overview of ANZ's integration planning and synergies estimates work, in **Part D**. I describe the steps involved in this work in more detail:
- (a) Step 1: estimating the Suncorp Bank operations and cost base (**Part E**);
  - (b) Step 2: identifying and costing synergies (**Part F**);
  - (c) Step 3: estimating the one-off costs of integration (**Part G**); and
  - (d) Step 4: finalising the due diligence synergies estimates (**Part H**).
17. I also provide an overview of:
- (a) ANZ's further work on integration plans and synergies estimates since July 2022 (**Part I**); and
  - (b) the inherent complexity of bank mergers, and the implications for ANZ's integration with Suncorp Bank and the implications for another purchaser of Suncorp Bank, such as Bendigo and Adelaide Bank (**Part J**).

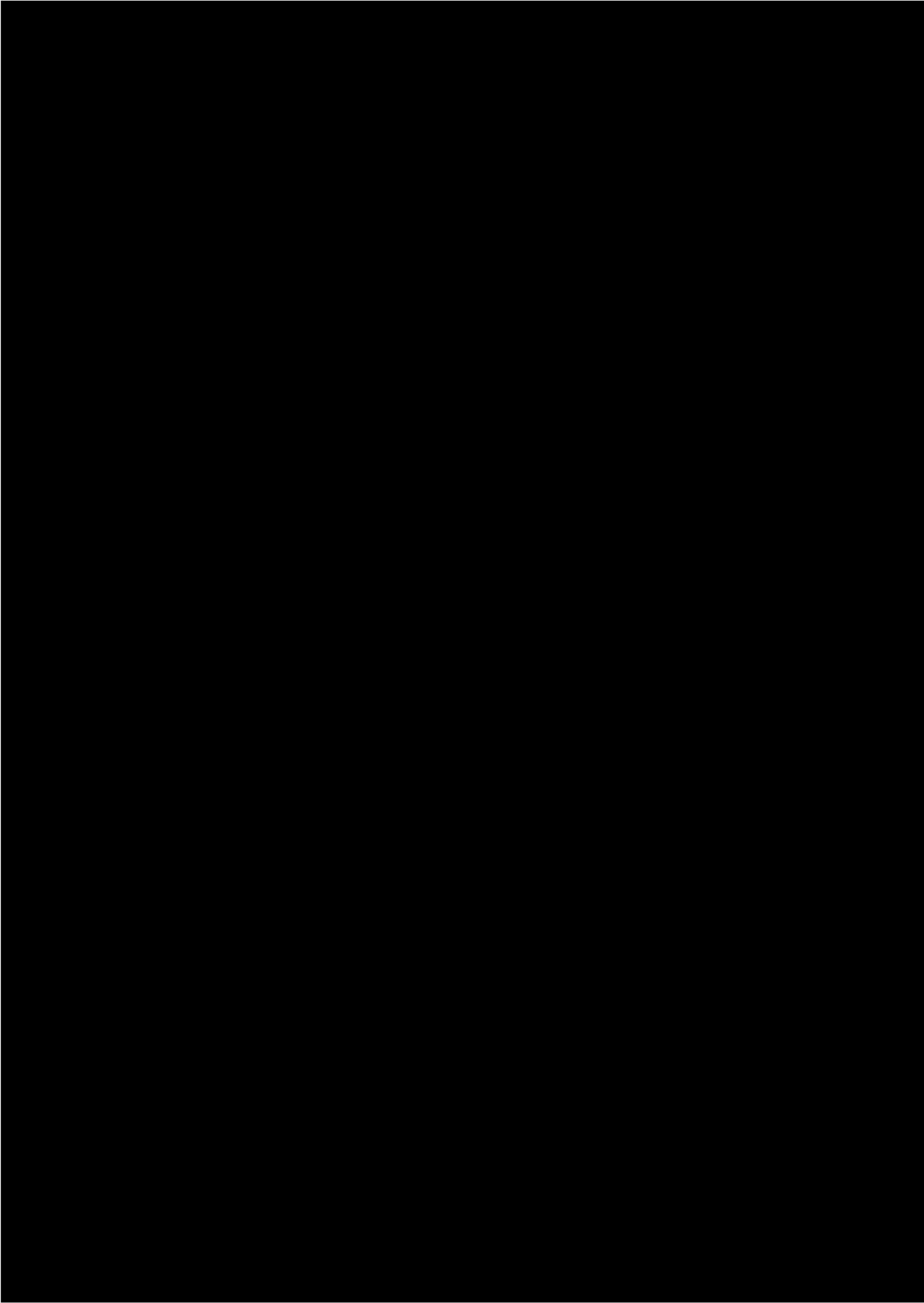
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<sup>1</sup> Application, paragraph 3.8(c).

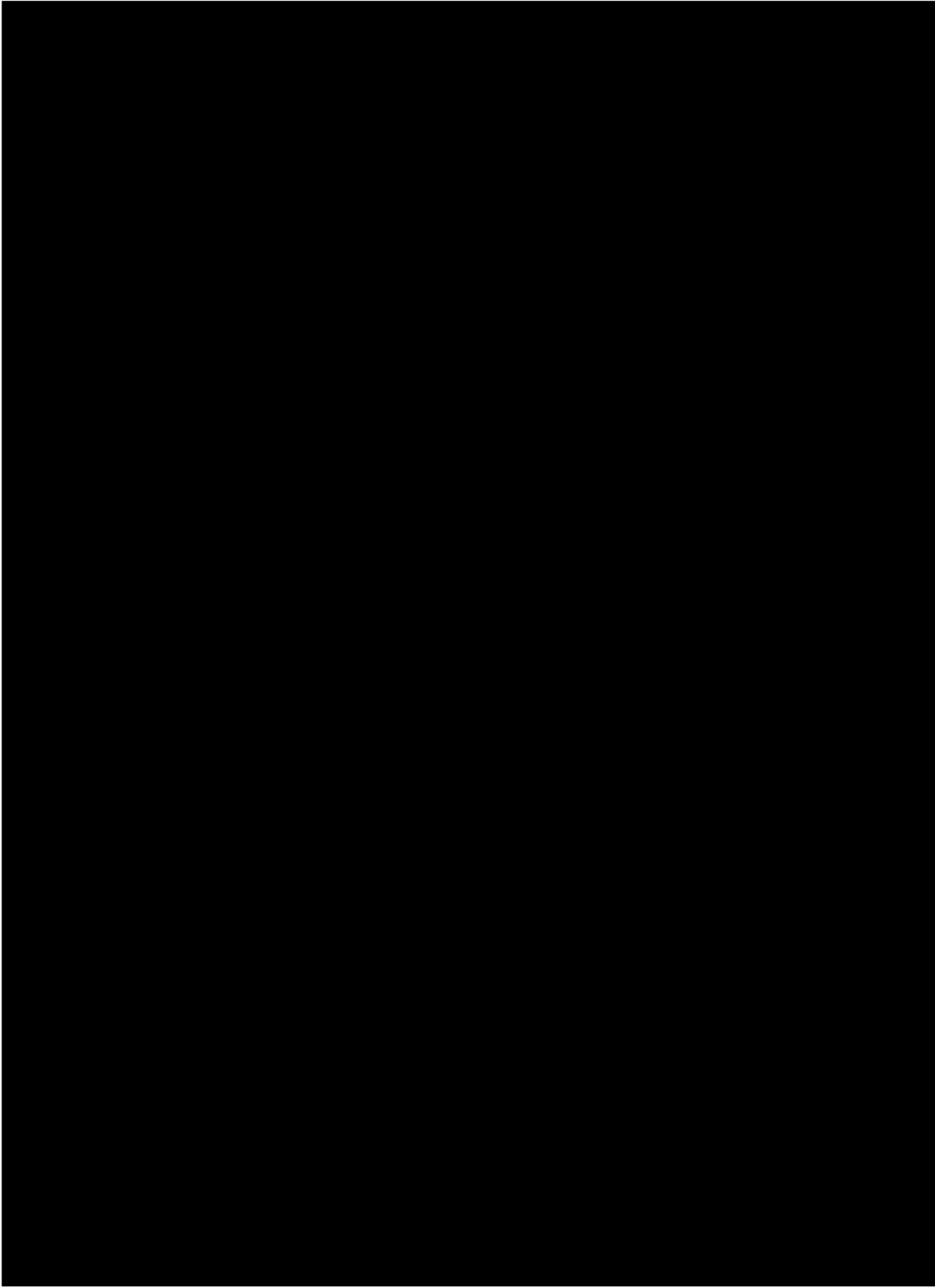
D. [CONFIDENTIAL TO ANZ]

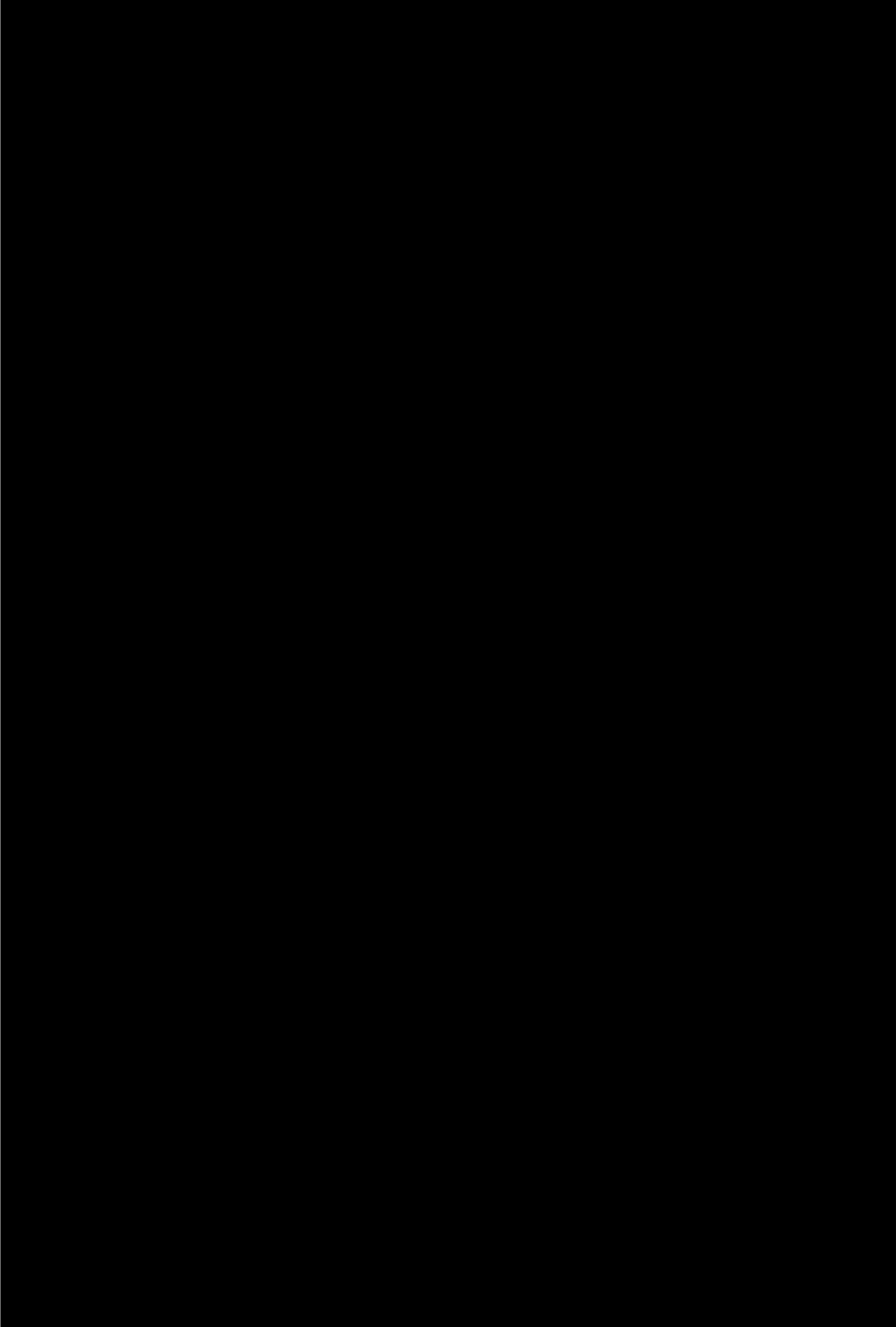


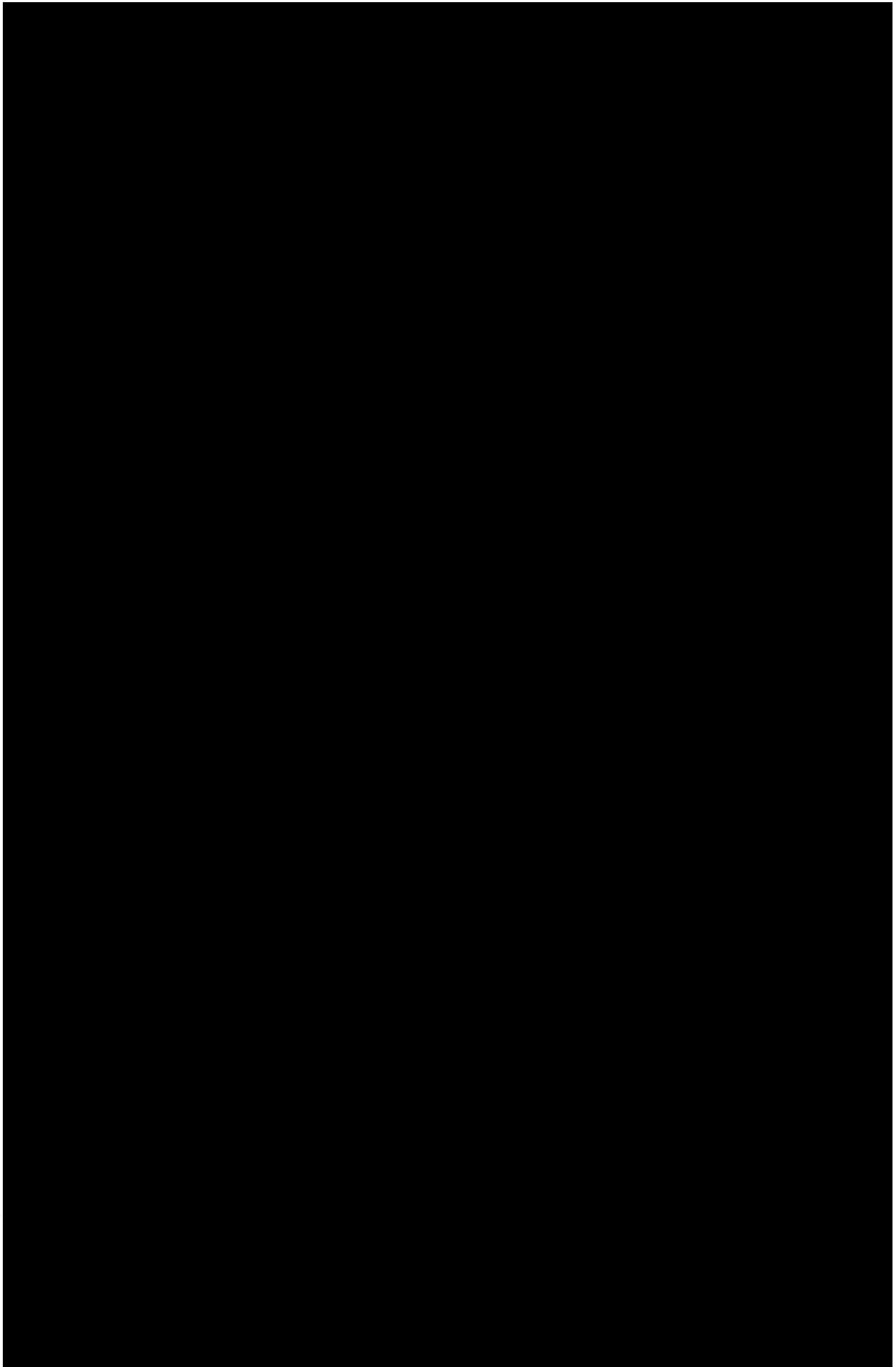


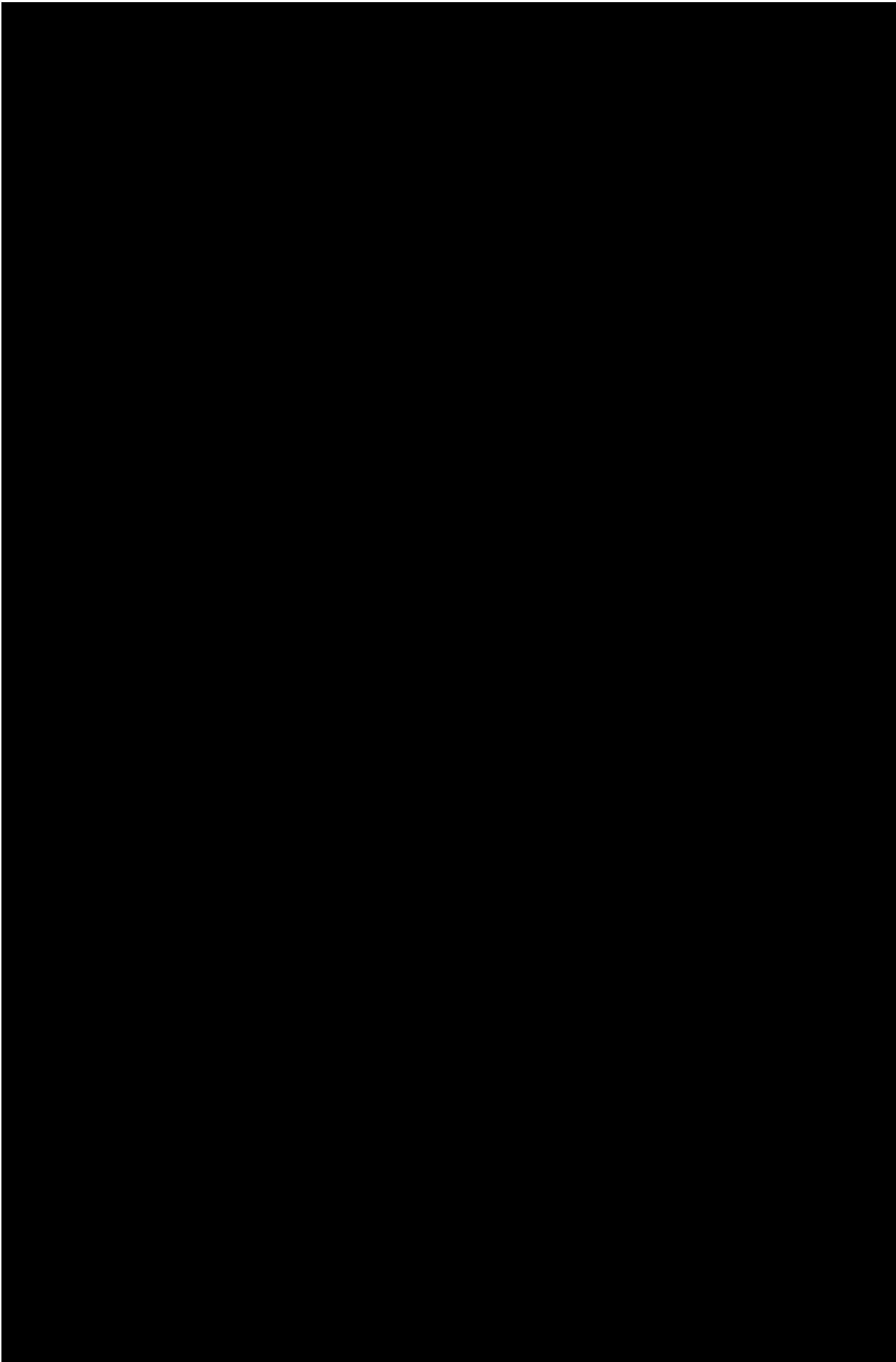


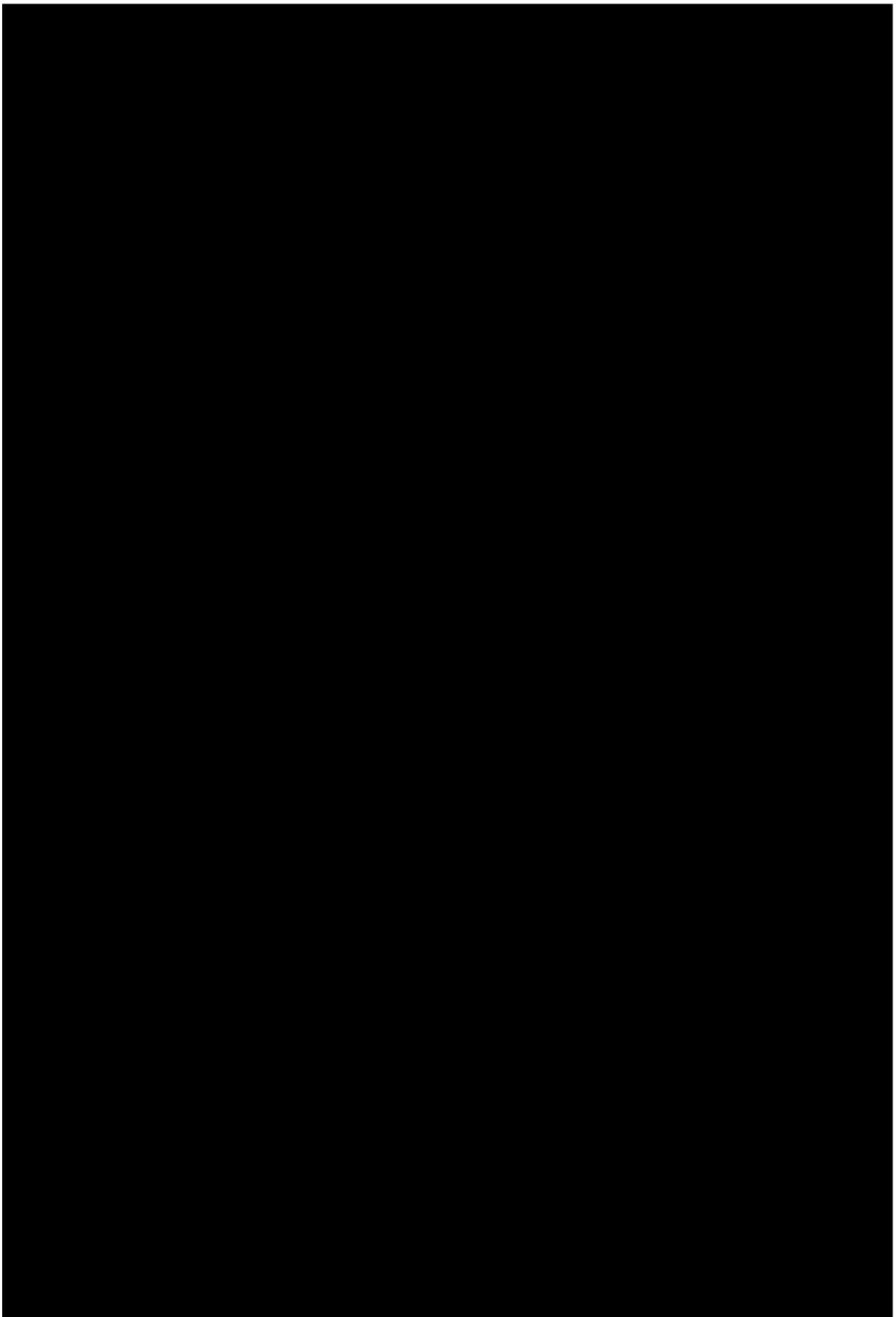


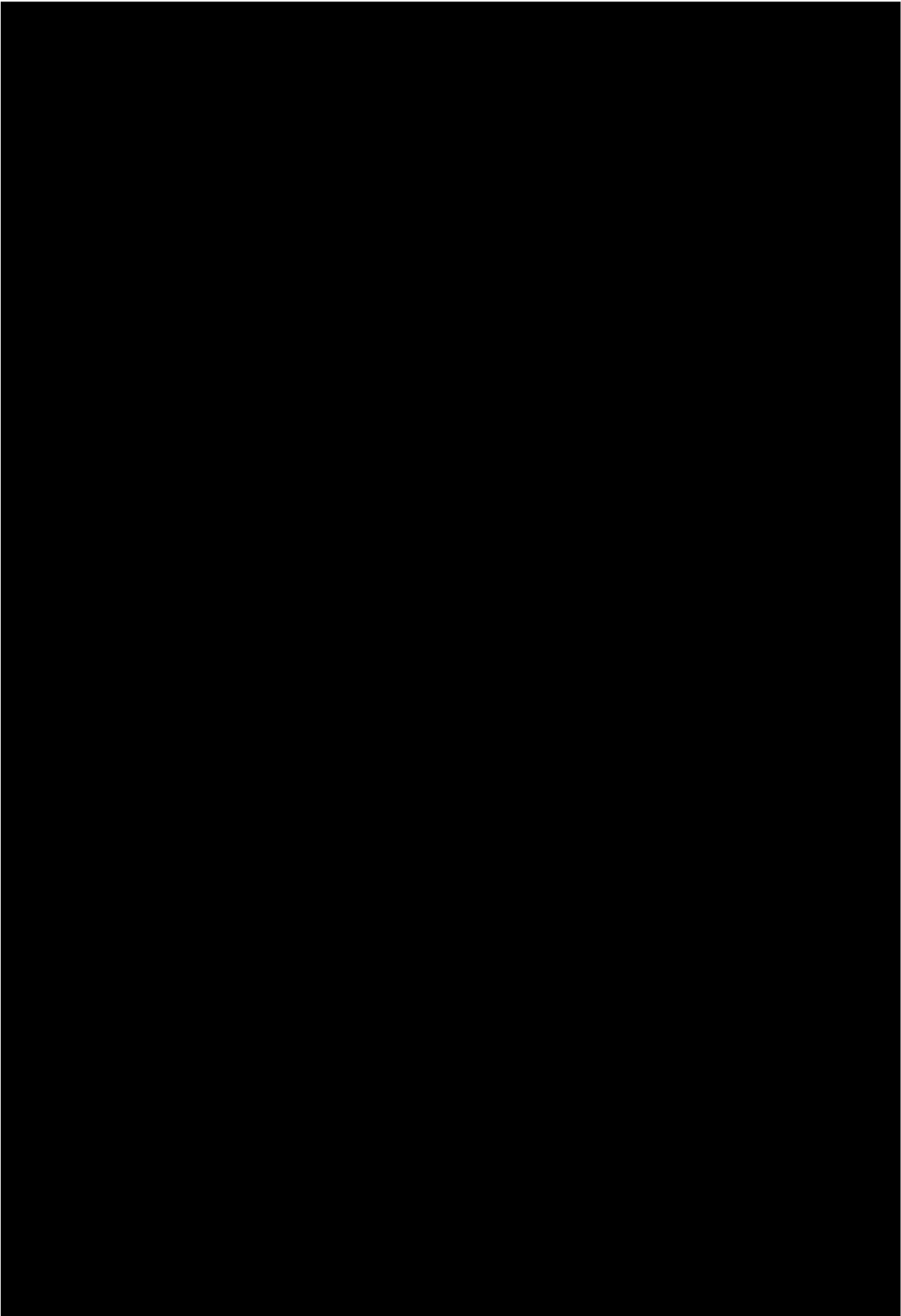


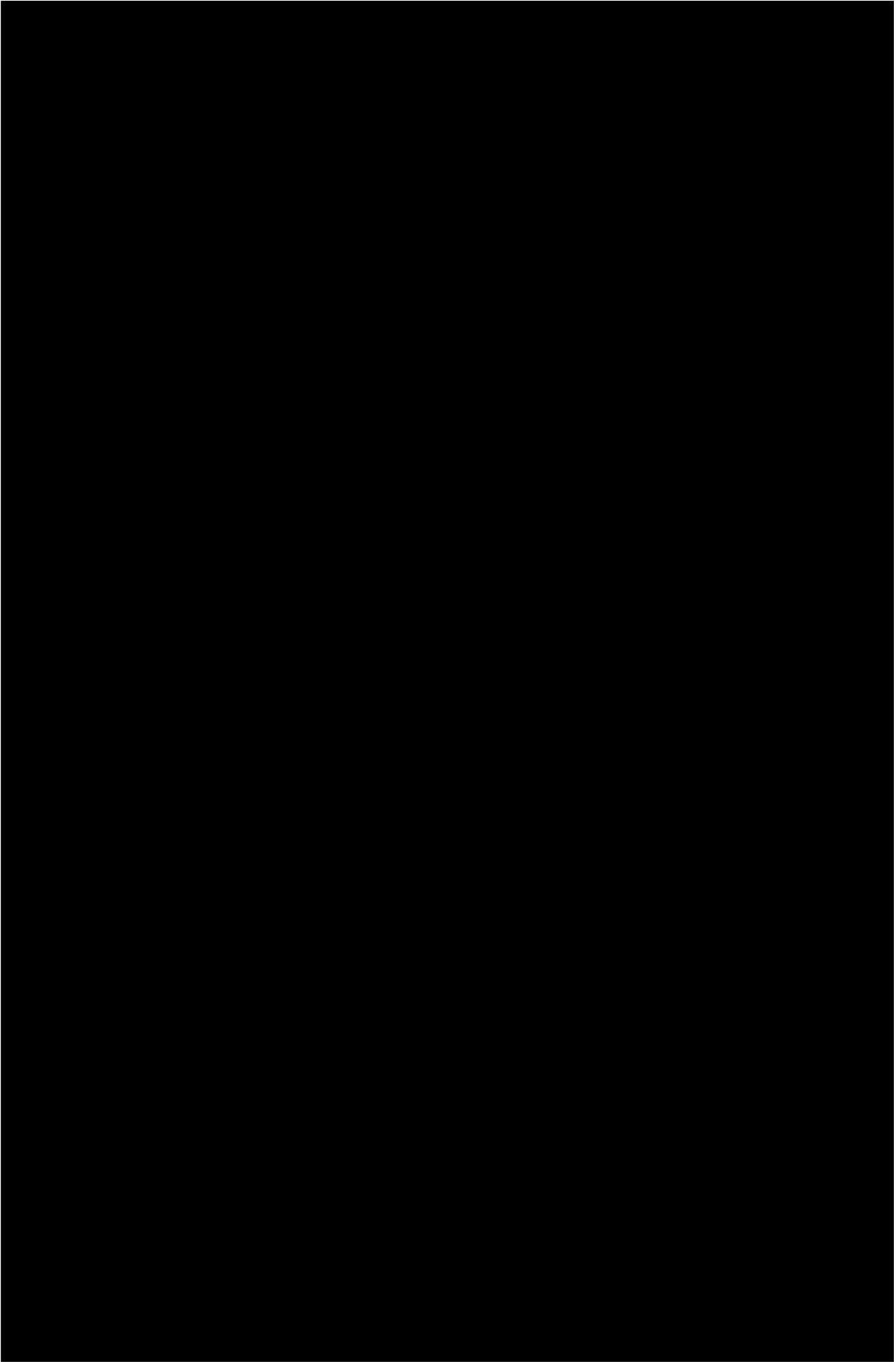


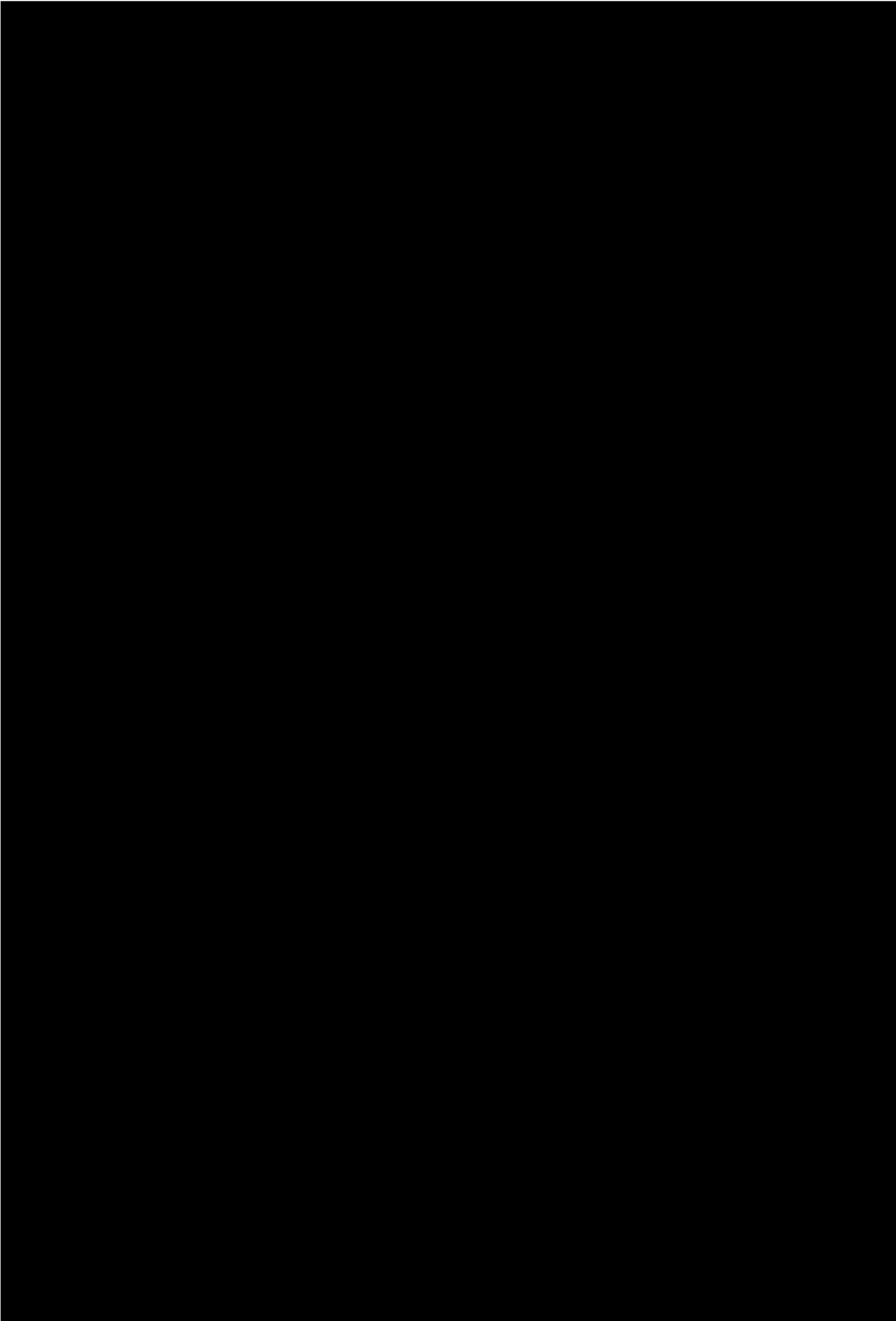




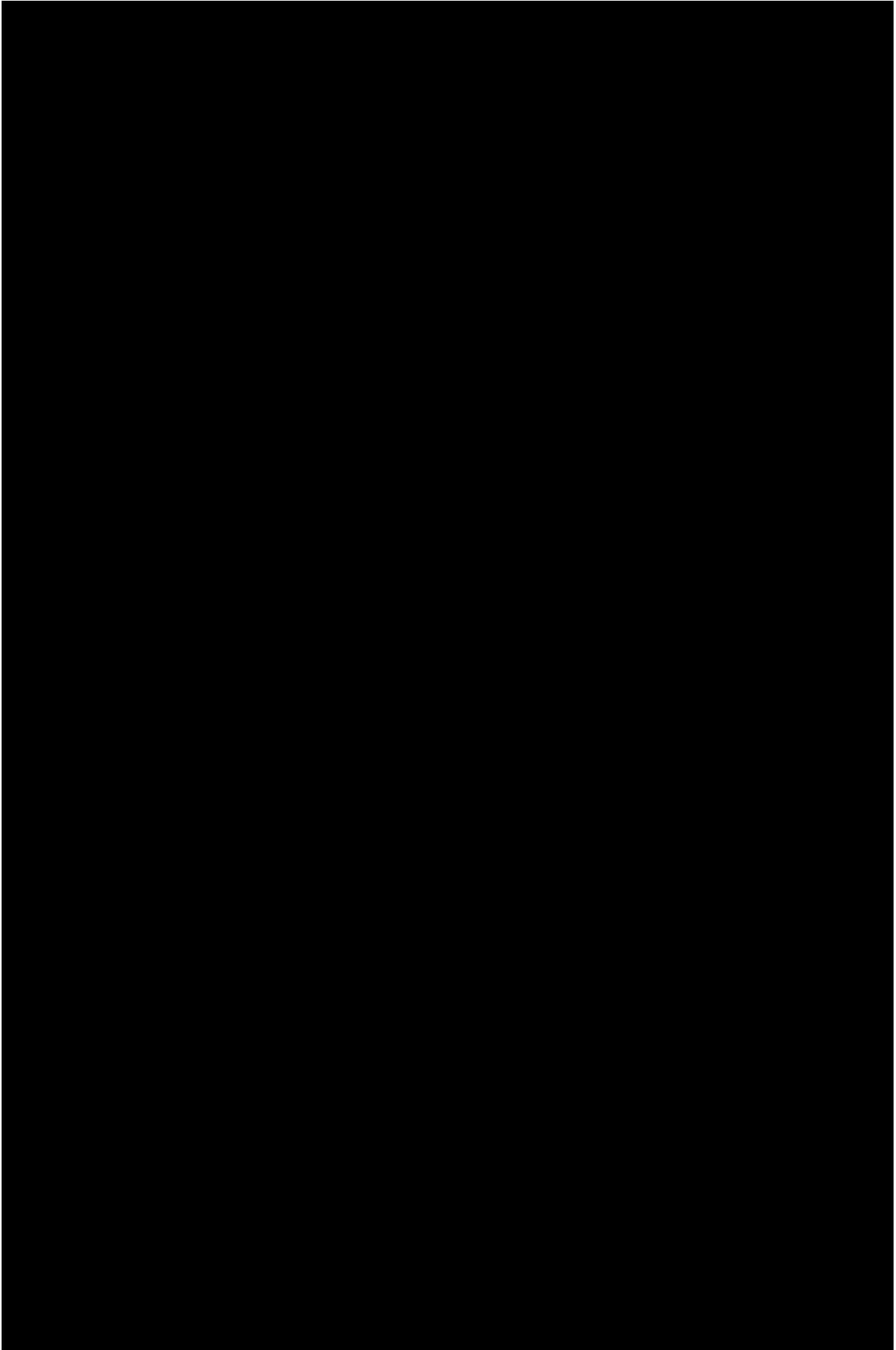


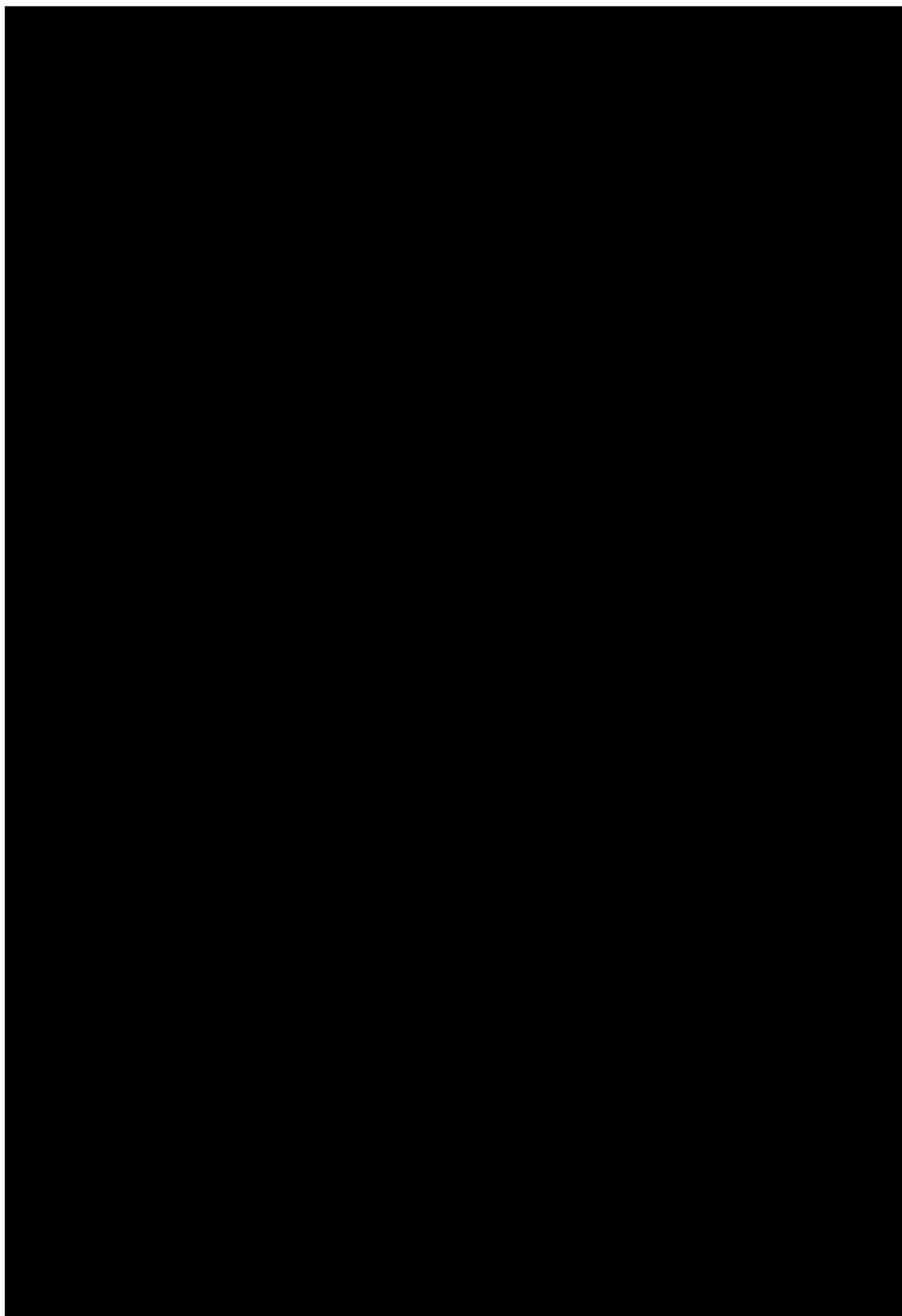


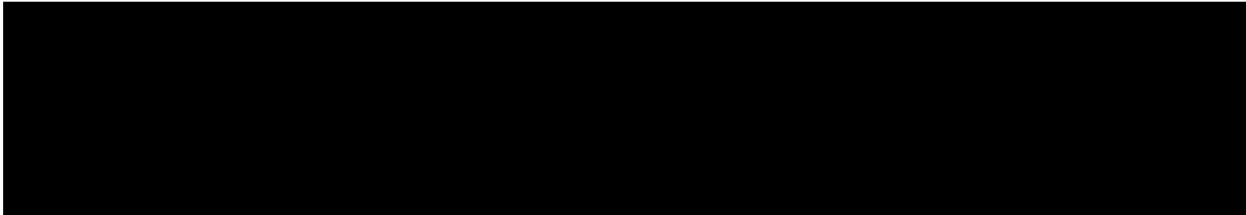






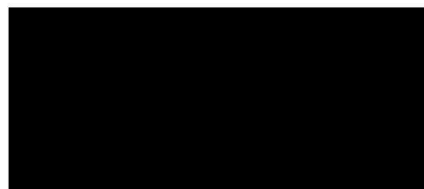




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95. I have been asked to comment on whether an alternative hypothetical buyer of Suncorp Bank, such as Bendigo and Adelaide Bank, or another regional bank, would need to dedicate similar resources and costs to integrating Suncorp Bank as ANZ has done.
96. Any bank integration that involves the migration of customers from one bank's platform to another involves the three steps outlined above in paragraph 90, with their inherent risks, costs and complexities. I understand, based on due diligence, that Suncorp Bank's technology estate is not future-fit and would not be capable of supporting a significant increase in the number of customers. A key decision in a banking merger involving two similarly sized banks is which bank's platform should be adopted going forward. I have assumed, given Suncorp Bank's technology estate, that in a merger between Suncorp Bank and Bendigo and Adelaide Bank, or Suncorp Bank and another regional bank, the other bank's platform would be chosen.
97. In my view, the likely costs for Bendigo and Adelaide Bank to integrate Suncorp Bank, if the integration is to be done effectively and in a manner that does not destroy value and lead to significant customer attrition, would be at least as high as the [Confidential to ANZ] ANZ has estimated for the Proposed Acquisition and potentially much higher. This is for reasons including the following:
- (a) As I mention at paragraph 90, [Confidential to ANZ] My understanding, based on public reporting, is that Bendigo and Adelaide Bank has historically underinvested in its technology estate and that its technology estate is less advanced than ANZ's.
  - (b) To integrate Suncorp Bank effectively, Bendigo and Adelaide Bank would likely need to make very substantial investments in transforming its technology estate, to create a platform that can effectively accommodate almost twice as many customers as it has today. Although ANZ has to make an investment to ensure it is able to service an additional 1.2 million customers, I expect that the uplift and remediation work required to be undertaken by Bendigo and Adelaide Bank would be materially greater than for ANZ, given its currently smaller scale (and the state of its estate).
98. While it is difficult to comment in the abstract about costs likely to be faced by another regional bank that sought to merge with Suncorp Bank, for the reasons explained in the above paragraphs, I consider that the migration of 1.2 million customers to the platform of a similarly sized bank would require at least similar resources and costs to those allocated by ANZ.

Signed by Louise Higgins

on 17 May 2023



Signature of Louise Higgins