

STATEMENT IN SUPPORT OF APPLICATION FOR MERGER AUTHORISATION

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Applicant

Statement of: **Shayne Cary Elliott**

Address: 833 Collins Street, Docklands, Victoria

Occupation: Chief Executive Officer and Executive Director Australia and New Zealand
Banking Group Limited

Date: 30 November 2022

This document contains confidential information which is indicated as follows:

[Confidential to ANZ] 

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A. INTRODUCTION

1. I am the Chief Executive Officer and an Executive Director of 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 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 set out in this statement based on my experience in the banking industry and with ANZ as described in paragraphs 6 to 14, my knowledge of ANZ's operations and my review of the ANZ business records that I refer to below. In preparing this statement I also consulted with ANZ personnel to whom I refer in this statement, to obtain or confirm certain information in this statement. Some of the information was extracted from ANZ's systems by those individuals or their delegates. Where I make statements based on the information provided to me, I believe that information to be true.
4. Exhibited to me at the time of signing this statement are the documents marked SCE-1, SCE-2, SCE-3, SCE-4, SCE-5, SCE-6, SCE-7, SCE-8 and SCE-9.
5. 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

6. I was appointed as Chief Executive Officer and Executive Director of ANZ on 1 January 2016.
7. In my current role, I hold senior executive responsibility for carrying out the management of all the business activities of ANZ and its subsidiaries. This includes:
 - (a) allocating responsibility for all parts or aspects of the relevant group of bodies corporate that is constituted by ANZ and its subsidiaries; and
 - (b) reporting directly to the Board of ANZ.
8. I also hold senior executive responsibility for the management of ANZ's operations. Finally, I am also currently the senior executive responsible for the Australia Commercial Division pending the appointment of a senior executive to lead that division.
9. My immediate reports are set out in **Table 1**:

Table 1: Immediate reports

Name	Position Title
Maile Carnegie	Group Executive Australia Retail
Mark Whelan	Group Executive Institutional
<i>[Vacant]</i>	Group Executive Commercial
Farhan Faruqui	Group Chief Financial Officer
Gerard Florian	Group Executive Technology and Business Services

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Name	Position Title
Kathryn van der Merwe	Group Executive Talent & Culture and Service Centres
Kevin Corbally	Group Chief Risk Officer
Ken Adams	Group General Counsel
Paul Orton	Group General Manager Internal Audit
Antony Strong	Group Executive Strategy and Transformation
Tony Warren	Group General Manager Communications and Public Affairs
Evelyn Halls	Customer Fairness Advisor
Pamela Tann	Executive Assistant to the CEO
Isaac Rankin	Managing Director, Commercial and Private Banking
Guy Mendelson	Portfolio Lead, Business Owners

10. In addition to my immediate reports listed in **Table 1**, Antonia Watson is Chief Executive Officer and Group Executive, ANZ New Zealand. Ms Watson is a member of the Executive Committee but her line of reporting is to the Chairman of ANZ Bank NZ Limited, and she is accountable to the Board of ANZ Bank NZ Limited.

Experience and qualifications

11. I commenced employment with ANZ in June 2009 and, since then, have held the following roles:
- (a) Chief Executive Officer and Executive Director (January 2016 to present);
 - (b) Chief Financial Officer (June 2012 to December 2015);
 - (c) Chief Financial Officer designate (March 2012 to May 2012);
 - (d) Global Managing Director of Institutional (June 2009 to May 2012); and
 - (e) Director, ANZ Bank New Zealand Limited (August 2009 to present).
12. I have also been a member of the Business Council of Australia since 2016, a director of the Financial Markets Foundation for Children since 2016, a member of the Council of the Australian Banking Association since 2016 and the chair of that Council between December 2017 and December 2019.
13. Prior to joining ANZ, I held senior executive roles at EFG Hermes and Citibank.
14. I hold a Bachelor of Commerce, Management Studies, from the University of Auckland.

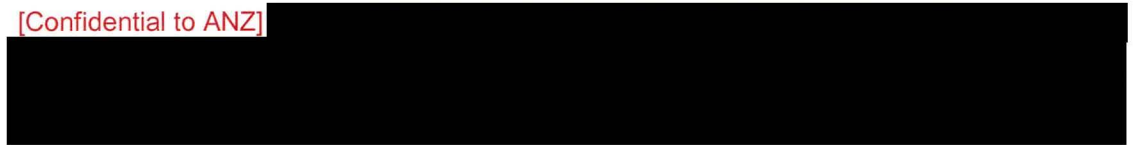
C. ANZ'S STRATEGY AND AMBITION

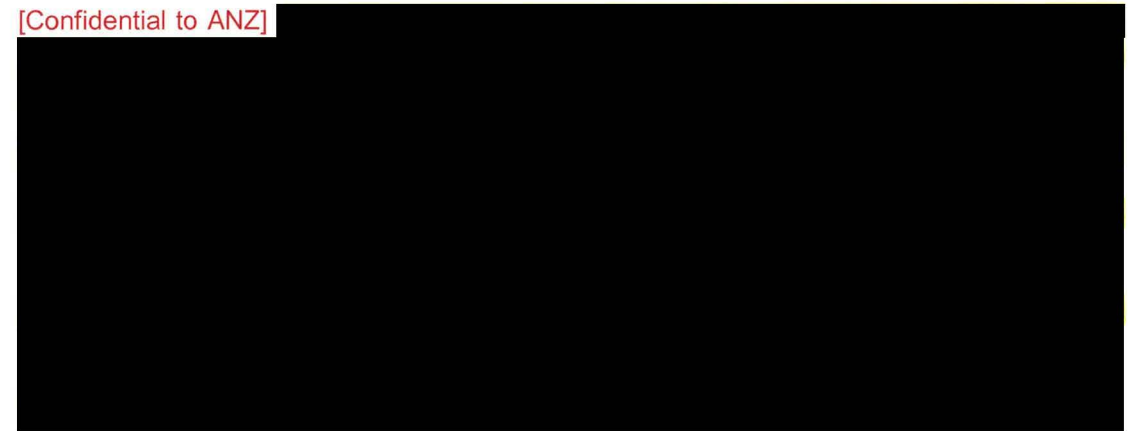
15. When I became CEO in January 2016, I began reshaping ANZ's strategic focus to create a simpler, better capitalised and more balanced bank that produces better outcomes for customers, shareholders and the community. I built a program of work around four strategic priorities which continue to underpin ANZ's strategy today. I describe this program, and strategic priorities, in paragraphs 51 to 52. However, it is important to understand the context in which the program was developed as it was a direct response to challenges ANZ was facing at the time and continues to face today.

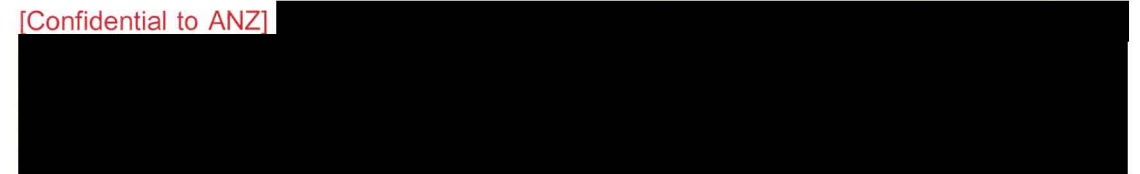
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Contextualising ANZ's strategy – a challenging banking environment

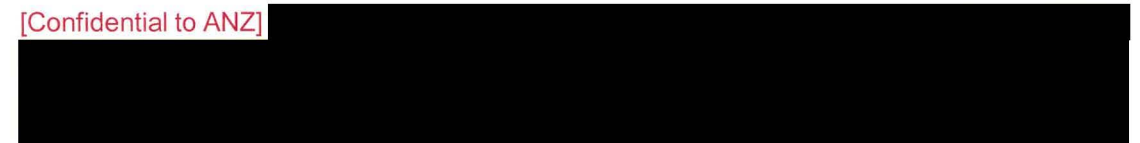
16. [Confidential to ANZ] 

17. [Confidential to ANZ] 

18. [Confidential to ANZ] 

19. [Confidential to ANZ] 

Observation: To compete effectively requires investment in new technology

20. [Confidential to ANZ] 

21. A critical element of the technology used by banks to deliver products and services to customers are 'core banking systems'. Core banking systems perform banking activities including deposit, loan and credit processing, the making of payments, maintaining general ledger records, opening and managing accounts, and managing products (for example, setting interest rates, criteria for minimum balances, number of withdrawals allowed and so on).

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22. [Confidential to ANZ] [REDACTED]
23. [Confidential to ANZ] [REDACTED]
24. [Confidential to ANZ] [REDACTED]
25. My expectation is that many other retail banks have similar legacy technology estates [Confidential to ANZ] [REDACTED]. Digital transformation is a significant investment for a traditional bank with an existing customer base, including because the bank needs to continue operating and servicing its customer base using its legacy technology, while simultaneously changing its technology. By contrast, new entrants who are “starting from scratch” can build core systems based on [Confidential to ANZ] [REDACTED] in a more efficient and cost effective manner.
26. [Confidential to ANZ] [REDACTED]

Observation: The cost of providing banking services has increased

27. ANZ’s investment spend (that is, beyond the business as usual cost of running the bank) has increased significantly in recent years. Investment spend is essentially spend to ‘change the bank’ rather than ‘run the bank’. Generally, investment spend includes things like:
- (a) *Regulatory, Compliance & Risk:* Investments made to comply with laws, regulations, relevant industry codes and practices and to ensure ANZ continues to operate within its desired risk appetite.
 - (b) *Productivity & Simplification:* Investments made to reduce complexity in systems, processes, products and/or improve our people’s ability to work efficiently and effectively and improve customer outcomes.
 - (c) *Asset Lifecycle Management:* Investments made to ensure ANZ can operate its property and technology environments (including hardware and software) safely and reliably.
 - (d) *Growth:* Investments made to expand (or maintain) market share, revenue, profit or other business performance metrics.
28. In preparing this statement, I asked [Confidential to ANZ] [REDACTED] to extract ANZ’s group investment spend figures for recent years, the

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proportion of ANZ's group investment spend for 2022 allocated to the investment spend categories listed above, and ANZ's Australia Retail and Australia Commercial investment spend figures for recent years. [Confidential to ANZ] ██████████ has informed me, and I believe that:

- (a) ANZ's group investment spend over recent financial years, as reported in ANZ's full year results presentations and reports (which are available on the ASX website and ANZ's website), has been:
 - (i) Financial year 2015 - \$1,234 million;
 - (ii) Financial year 2016 - \$1,153 million;
 - (iii) Financial year 2017 - \$1,179 million;
 - (iv) Financial year 2018 - \$1,218 million;
 - (v) Financial year 2019 - \$1,403 million;
 - (vi) Financial year 2020 - \$1,474 million;
 - (vii) Financial year 2021 - \$1,810 million; and
 - (viii) Financial year 2022 - \$2,173 million.
 - (b) In financial year 2022, 52% of ANZ's investment spend was allocated to growth, productivity and simplification, 43% was allocated to regulatory, compliance and risk and 5% was allocated to asset lifecycle management.
 - (c) The investment spend figures for ANZ's Australia Retail and Australia Commercial portfolios over the same period were:
 - (i) Financial year 2015 - \$430 million;
 - (ii) Financial year 2016 - \$410 million;
 - (iii) Financial year 2017 - \$473 million;
 - (iv) Financial year 2018 - \$491 million;
 - (v) Financial year 2019 - \$564 million;
 - (vi) Financial year 2020 - \$564 million (which includes spend on ANZx);
 - (vii) Financial year 2021 - \$813 million (which includes spend on ANZx); and
 - (viii) Financial year 2022 - \$1,010 million (which includes spend on ANZx).
 - (d) The figures cited in this paragraph for 2015-2019 rely on a definition of investment spend that differs to the figures for 2020-2022, but the directional trend of the spend (that is, an increase over the years) is nonetheless consistent.
29. Drivers of the increase in necessary investment spend in recent years have included:
- (a) *Regulatory requirements:* Since the global financial crisis, I have observed that Australian regulatory policy makers have placed significant focus on financial stability, consumer protection and innovation. While these measures have sound policy

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objectives, I have observed a significant increase in the amount that banks need to spend on regulatory compliance. In FY 2017, around 1.1% of our total group revenue was spent on regulatory related investment – that is spend on compliance with new regulations globally such as responsible lending, the consumer data right and global tax income reporting.¹ In FY 2022, that percentage had increased to around 5.0% of total group revenue.² ANZ (like other banks) has also needed to spend significant amounts on remediating its own legacy mistakes going back many years.

- (b) *Customer expectations and increased competition:* In recent years, ANZ has made significant investments in technology to meet customer expectations of better services, including simpler products, the latest technology, 'one touch' access, services that are available 24/7, and fast 'real time' responses. Customer expectations have risen in response to technological innovation in other sectors such as online food delivery and retail, as well as innovation in the banking sector. [Confidential to ANZ]

I expect other major banks have made or will need comparable investment spend to remain competitive. [Confidential to ANZ]

Observation: Competitive intensity has increased in the markets for banking services

30. The increase in competitive intensity that I observed to the Board in 2016 and February 2022, as described in paragraphs 16 and 17, in my view, has its basis in several dynamics.
31. First, since at least 2016, I have observed that the industry was 'unbundling' – that is, moving from an industry characterised by vertically integrated business models to an increasing number of business models focused on specific elements in the value chain.
32. In a banking context, by vertically integrated business models I mean banks owning the manufacture of their products as well as the distribution networks and holding their assets on balance sheet. In the simplest terms, the traditional vertically integrated banking model was a bank that would collect deposits through its own branches, offer loans which would sit on its balance sheet and earn a spread over the cost of funding, and offer a broad range of other 'first party' products to meet all of a customer's financial needs.
33. By contrast, in recent years I have seen a proliferation of offerings by alternative providers focused on specific points in the value chain - for example, in foreign exchange, payments and consumer lending. Key examples of these competitors include Revolut, AirWallex, Latitude, Harmony, ApplePay, GooglePay, Alipay, AfterPay and ZIP. I have also observed the continued rise of digital and third party sales networks that offer products, typically loans, from a range of banks. Mortgage brokers, like AHG and Lendi, are the paradigmatic example of this. These networks reduce reliance on a proprietary distribution network. These alternative providers have exerted competitive pressure on traditional banks including ANZ both through direct competition and by allowing consumers to easily compare bank offerings (I discuss this further below).

¹ The figure for financial year 2017 is based on ANZ's 2018 Half Year Results Consolidated Financial Report, Dividend Announcement and Appendix 4D.

² The figure for financial year 2022 is based on ANZ's 2022 Full Year Results Consolidated Financial Report & Dividend Announcement.

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34. I have observed that regulatory settings have been helping to drive this unbundling process. Following the global financial crisis, additional capital and prudential requirements were imposed on banks to mitigate against the risk of bank failure. This has increased the comparative cost of vertically integrated banking. Simultaneously, I have observed that non-bank competitors have been attracted to those parts of the banking value chain that attract lower cost regulation. For example, buy-now pay-later (BNPL) providers have grown rapidly over time, attracting notable volumes of point-of-sale payments without being subject to Australia's responsible lending laws.
35. This dynamic of regulatory asymmetry has also been supported by regulatory policy which seeks to drive competition. For example, the consumer data right has been imposed on regulated banks with the intent of making their data available to third party competitors with customer consent.
36. Second, I have seen an increase in new entrants exerting competitive pressure on ANZ, supported by the availability of new technology that can be deployed more easily by firms which do not have the monolithic technology stacks used by existing vertically integrated banks.
37. The number of Australian 'fintechs' (that is, firms which focus on using technology to provide financial services) has more than doubled between 2017 and 2021, with KPMG reporting investment of \$3.6 billion in 2021³ and 775 active fintechs in Australia as of October 2022.⁴ These fintechs include:
- (a) Non-banks— in particular the alternative providers focussed on specific points in the value chain referred to above in paragraph 33 and 34; and
 - (b) Neo-banks, by which I mean largely digital banks with no (or a very limited) physical presence, such as Judo Bank, IN1Bank and Alex Bank.
38. Although several neo-banks have acquired banking licences and then exited the market, I have no reason to believe that entry into banking markets will cease. Banking remains attractive to entrants due to the size of the revenue pool and growth characteristics of the financial services market broadly (domestic credit growth remains above real GDP), and the opportunity to disrupt traditional banking with new technology which enables customer needs to be met more easily without the burden of legacy technology costs. I expect that both neo-bank and non-bank new entrants will pose enduring competitive threats.
39. New entrants, who enter with a limited product proposition targeting a particular segment, may seek to expand their offering. For example, Judo Bank was granted an ADI licence in April 2019. It entered with a single product – secured loans – and has sought to focus on particular customer types within the commercial market (small and medium enterprises). Judo Bank now offers term deposits, business loans, asset finance, line of credit and home loans.
40. Third, the rise, and continued significance of third-party brokers has intensified competition for home loans and business loans (as well as contributing to the unbundling of the value chain described above). Since 2014 broker channels have been a greater source of new home loan customers for Australian lenders than those lenders' direct channels. In 2018, the Australian Government's Productivity Commission in its Productivity Commission Inquiry Report *Competition in the Australian Financial System* dated 29 June 2018⁵, reported that 54% of all

³ <https://assets.kpmg/content/dam/kpmg/au/pdf/2022/australian-fintech-survey-report.pdf>

⁴ <https://home.kpmg/au/en/home/media/press-releases/2022/10/record-levels-finance-australian-fintechs-but-headwinds-horizon-27-october-2022.html>

⁵ <https://www.pc.gov.au/inquiries/completed/financial-system/report/financial-system.pdf>

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new home loans in Australia were broker originated as at December 2017. The Mortgage and Finance Association of Australia (**MFAA**) in the 14th Edition of its Industry Intelligence Service⁶ reported that almost 70% of all new home loans in Australia were broker originated during the period January to March 2022. There are similar trends in commercial lending. Research by East & Partners shows that for business loans, commercial brokers account for approximately 75% of small and medium sized enterprise (**SME**) asset finance origination.⁷

41. In my experience, customers like using brokers because they help customers find home loans that are appropriate and good value, and they handle administrative tasks involved in applying for the loan. I have read the witness statement of John Campbell dated 30 November 2022, which states at paragraph 63, the number of new ANZ home loans originated via the mortgage broker channel has grown from [Confidential to ANZ] █████ in June 2013 to [Confidential to ANZ] █████ in September 2022, and I agree with that description.
42. Brokers have facilitated entry into, and competition within, the home loan market, in particular. For example, brokers have been instrumental in the rapid growth of Macquarie Bank in home loans, which I describe below in paragraph 44. Macquarie Bank has only a few branches nationally, and its home loans are almost entirely broker-originated.
43. In respect of business loans, brokers play a critical role in packaging up a business' financial information and the business case for banks to consider. As with home loans, commercial brokers assist their customers to navigate through the various offers from banks and non-bank lenders and provide support to customers growing their business. I have read the witness statement of Isaac Rankin dated 30 November 2022, which states, at paragraph 58 in Confidential Table 1, that as at July 2022 approximately [Confidential to ANZ] █████ of ANZ's small business banking and [Confidential to ANZ] █████ of business banking commercial loans were originated through the broker channel, and I agree with that description.
44. Fourth, beyond the change in who I perceive our competitors to be in different markets, I have observed that conduct in retail (including home loans, consumer credit, credit cards, personal loans and BNPL) and commercial / small business is fiercely competitive. For example, in our key Australian home loan market, Macquarie Bank has grown its share from 2.9% in July 2020 to 4.76% in July 2022.⁸ Macquarie Bank has entered with new technology (including innovative digital solutions and tools for brokers and customers), a compelling and simple offering that includes quick approvals and that targets a particular category of home borrowers (Macquarie advertises as "the home of good borrowers"), and a very limited physical footprint. This model, along with the fact that they are not burdened with legacy systems, has enabled Macquarie Bank to avoid the complexity and cost of traditional banks' operations, including branch networks, and positioned it to take market share from larger, established providers, including ANZ and CBA, Westpac and NAB. Similarly, Judo Bank has materially grown its commercial lending book over the past few years. I have read the witness statement of Isaac Rankin dated 30 November 2022, which states, at paragraph 93(b)(ii), that Judo Bank has grown its commercial lending book from \$0 to \$6 billion in three to four years, and I agree with that description.

Observation: Our financial performance has reflected these pressures

45. During my period as CEO, ANZ's Australia Retail and Australia Commercial portfolio's net interest margin (**NIM**) has reduced. The NIM is the ratio of net interest income to interest

⁶ <https://cdn.sanity.io/files/t0x3ukgp/production/69bf5687f751fc3b42e0eff800e7d1b0468cf382.pdf>

⁷ East & Partners, Australian Asset & Equipment Finance Markets: Market Analysis Report (Round 15 – 2021), pg 59 [see Annexure 26 of the Merger Authorisation Application].

⁸ Annexure 30.1 of the Merger Authorisation Application, Home Loans (APRA) tab.

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earning assets, and is one of the key indicators of bank profitability. In preparing this statement, I asked [Confidential to ANZ] [REDACTED] to extract ANZ's NIM figures for recent years. [Confidential to ANZ] [REDACTED] has informed me, and I believe, that the Australia Division (including Australia Retail and Australia Commercial) portfolio's NIM in 2016 was 2.75%, and that it decreased to 2.25% for Australia Retail and 2.10% for Australia Commercial in 2022.⁹

46. This decline in NIM is driven by, and reflects, increasing competition in Australian banking markets. That increased competition has kept pressure on ANZ's pricing and required it to continue to invest in providing a better deal and service to its customers, resulting in reduced margins.
47. In my view, ANZ's performance is comparable to the position of other banks within the industry. The NIMs of all major banks in Australia (for all of their operations) have been declining over time. Reserve Bank of Australia (RBA) data published in November 2022 indicates that major bank NIM (across all business lines) was mid 3% at the start of the century and is now below 2%.
48. Additionally, RBA analysis of fees charged by banks, reported in RBA's publication "Bank Fees in Australia", dated 16 June 2022¹⁰, shows that Australian banks have been reducing and removing fees on lending and deposit products over the past 20 years. RBA data indicate that, over this period, fees charged on loans as a share of total assets decreased from just over 0.3% to just over 0.15%, and fees charged on deposits as a share of total deposits decreased from over 0.5% to near zero.¹¹
49. A similar long term trend of declining returns can be observed by looking at cash return on equity (**Cash ROE**). Cash ROE is cash profit divided by equity, and excludes a number of items that are included in statutory profit (including financial instruments used for economic hedging, like derivatives) that are volatile and not referable to the underlying business. In that sense, Cash ROE is a better indication of the underlying business than ROE. In ANZ's case, Cash ROE reflects ANZ's global business. ANZ's Cash ROE in 2007 was approximately 19.6%, in 2015 it was 14%, and in 2017 it was 11.9%.¹² In the financial year 2022, our Cash ROE was 10.4%.¹³ This is only marginally above our cost of capital, which we estimate was 9.75% as at September 2022.¹⁴
50. [Confidential to ANZ] [REDACTED]

⁹ The figure for the financial year 2016 is based on ANZ's 2017 Full Year Results Consolidated Financial Report and Dividend Announcement and Appendix 4E (at this time, ANZ recorded a combined NIM for its Retail and Commercial divisions) and the figures for the financial year 2022 is based on 2022 Full Year Results Consolidated Financial Report & Dividend Announcement.

¹⁰ <https://www.rba.gov.au/publications/bulletin/2022/jun/pdf/bank-fees-in-australia.pdf>

¹¹ Ibid, graph 1 'Fees Charged by Banks' pg 59

¹² The figure for 2007 is from ANZ's media release of 25 October 2007, titled "ANZ 2007 Profit \$4,180 million", available at: <https://www.anz.com/content/dam/anzcom/shareholder/resultsAnnouncement-Media-Release-24-10-07.pdf>; the figure for 2015, is from ANZ's 2015 Full Year Results Investor Discussion Pack, pg 12; and the figure for 2017, is from ANZ's 2017 Full Year Results Presentation, pg 20.

¹³ ANZ's 2022 Full Year Results Presentation & Investor Discussion Pack, pg 23.

¹⁴ ANZ's 2022 Full Year Consolidated Financial Report Dividend Announcement and Appendix 4E, pg 41.

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ANZ's strategy and ambition


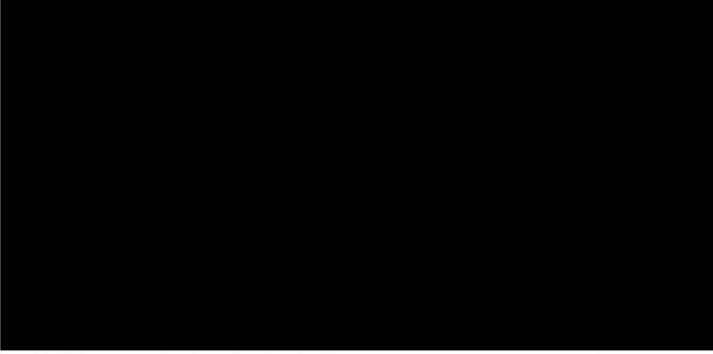
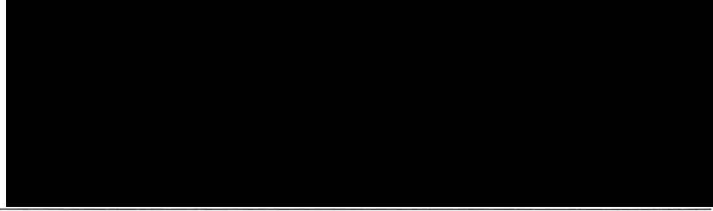
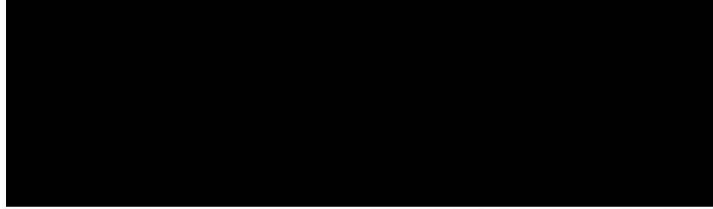
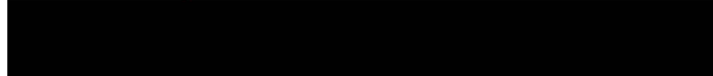
51. As indicated at paragraph 15, when I became CEO in 2016, I built a program of work around four strategic priorities [Confidential to ANZ]  In February 2022, I reported to the Board on our progress since 2016 against these four strategic priorities. [Confidential to ANZ]  I have extracted in Table 2 the priorities and a selection of areas of our progress against the priorities as at February 2022.

Table 2: Strategic priorities and progress against them

Strategic priority	Selected areas of progress
Create a simpler, better capitalised and better balanced bank	[Confidential to ANZ] 
Build a superior experience for our people and customers in order to compete in the digital age	[Confidential to ANZ] 
Redouble our efforts in attractive areas where we can carve out a winning position	[Confidential to ANZ] 
Drive a purpose and values led transformation of the bank	[Confidential to ANZ] 

52. [Confidential to ANZ]  My observations in relation to each strategic priority are set out below:

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- (a) *Create a simpler, better capitalised, better balanced bank:*

[Confidential to ANZ]

- (b) *Redouble our efforts in attractive areas where we can carve out a winning position:*

[Confidential to ANZ]

- (c) *Drive a purpose and values led transformation of the Bank:*


- (i) [Confidential to ANZ]

- (ii) ANZ's ongoing work towards achieving our strategic priorities is occurring in a context where the bank has a clear purpose and strategy. Our purpose is to shape a world where people and communities thrive. To bring this purpose to life, our strategy is to improve the financial wellbeing and sustainability of our customers. We will do this by providing excellent services, tools and insights that engage and retain customers and positively change their behaviour. In particular, we want to help customers:


- (A) Save for, buy and own a sustainable, liveable and affordable home;
- (B) Start or buy and sustainably grow their business; and
- (C) Move capital and goods around the region and sustainably grow their business.

- (d) *Build a superior experience for our people and customers in order to compete in the digital age:*


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- (i) [Confidential to ANZ] 
- (ii) Specific actions which we have taken to build a superior experience for our customers to compete more effectively in the digital age, in line with our strategy, have included the rollout of ANZx / ANZ Plus and GoBiz, which I describe below.

ANZx / ANZ Plus

53. [Confidential to ANZ]  ANZ embarked on a program of work called ANZx. This is a comprehensive, multi-year program to transform our retail bank in Australia. It has sought to deliver a radically improved customer proposition and experience and improved operational efficiency. The first customer proposition that we have launched as part of the ANZx program is branded ANZ Plus.

54. As part of the ANZx program:

- (a) The ANZx team has built a simplified, high integrity digital banking platform to support ANZ Plus propositions with high levels of automation. [Confidential to ANZ] 

- (b) ANZ launched the first ANZ Plus proposition in March 2022. This included a transaction account product and a savings account product on a new mobile banking app. These products included new features to help customers improve their financial wellbeing, by giving them greater visibility and control over their money through spending insights, savings tools and expert support (by ANZ Plus coaches available via an in-app chat function). We are progressively adding features to ANZ Plus, but some of the current benefits of the ANZ Plus offering include:

- (i) There are fewer fee types on ANZ Plus and simpler terms and conditions compared to our legacy platform.

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- (ii) There are lower fees and more attractive interest rates compared to ANZ Classic transaction and savings accounts.
 - (iii) Customers can set and track multiple savings goals with one account, and understand where their money is going with features such as interactive spending insights.
 - (iv) Customers can dispute transactions in app, pre-populated with the correct data, in around 1 minute.
- (c) ANZ will continue to develop and roll out new features and propositions on ANZ Plus. I expect that ANZ Plus will become the cornerstone of how our retail and small business customers bank with us in the future. In the near term, ANZ is currently building a new and differentiated home loan proposition on ANZ Plus, which is designed to help customers buy and own a home faster. Customers will be able to apply for and manage their loan via their mobile phone, with approval in minutes and support from an ANZ Plus coach whenever they need it. We are planning to launch our initial ANZ Plus home lending offering in 2023.

ANZ GoBiz

55. In May 2021, ANZ launched an unsecured lending portal for businesses called GoBiz. ANZ GoBiz can be used to apply for an unsecured loan of up to \$500,000, provided customers meet certain eligibility criteria and have at least 12 months of financial data in either Xero, MYOB or Intuit Quickbooks accounting software (covering about 70% of all small businesses in Australia). Eligible customers can complete an application and receive conditional approval within 20 minutes, by linking their accounting software to the ANZ GoBiz portal and providing other information. It effectively reduces the time it takes ANZ to get the money in the hands of small businesses from up to 30 days to as little as 2 days.

D. COMBINATION WITH SUNCORP BANK

56. ANZ's proposed acquisition of Suncorp-Metway Ltd (**Suncorp Bank**) from Suncorp Group Limited is closely aligned with, and will further, ANZ's strategic objectives and will help ANZ become a more effective competitor.

Decision to acquire Suncorp Bank

57. [Confidential to ANZ] 
58. [Confidential to ANZ] 
59. [Confidential to ANZ] 

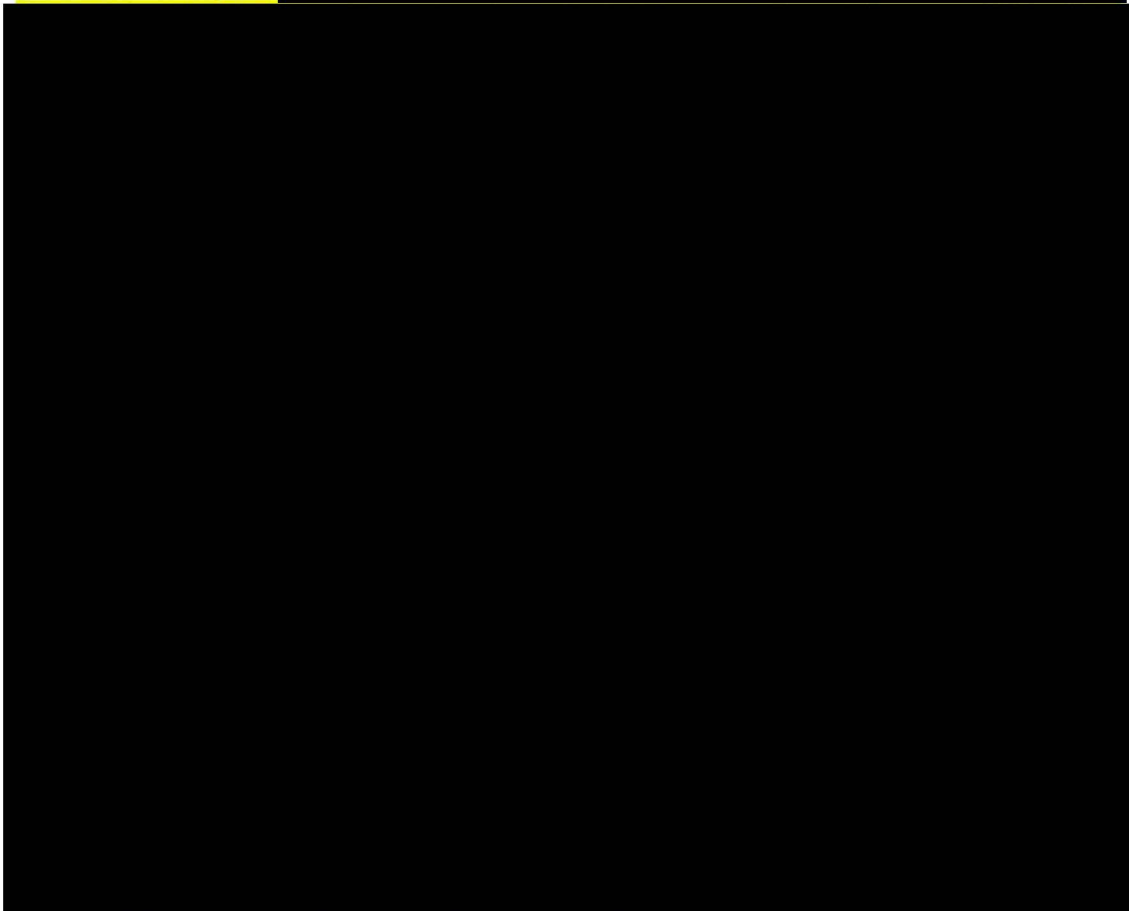
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60. On 18 July 2022, ANZ announced that it had entered into an agreement to acquire Suncorp Bank from Suncorp Group Limited for a purchase price of \$4.9 billion. Exhibit SCE-6 is a copy of the announcement with the file name "ANZ ASX Announcement - 'ANZ accelerates Australia Retail and Commercial', 18 July 2022".



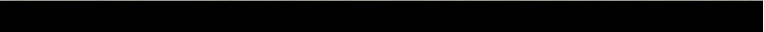
How Suncorp Bank is aligned with, and will further, our strategic objectives

61. [Confidential to ANZ] 



62. [Confidential to ANZ] 

63. I see the proposed acquisition of Suncorp Bank as being closely aligned with and strongly supporting ANZ's strategic priorities described above, in paragraphs 51 to 52. In particular, I expect it will help us:

- (a) *Redouble our efforts in attractive areas where we can carve out a winning position.*
[Confidential to ANZ] 
 will help us increase our presence in Australian retail and small business banking.
[Confidential to ANZ] 

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[Redacted]

(i) [Confidential to ANZ] [Redacted]

(ii) [Confidential to ANZ] [Redacted]

ANZ is interested in growing its Australia Retail and Australia Commercial business throughout Australia, including Queensland, which is a key growth State, having had higher annual growth than the rest of Australia over the past two decades and being Australia's largest interstate migration destination.

(b) *Build a superior bank for customers enabling ANZ to better compete in the digital age by providing us with additional scale* [Confidential to ANZ] [Redacted]

(i) [Confidential to ANZ] [Redacted]

(ii) [Confidential to ANZ] [Redacted]

(iii) The acquisition of approximately 1.2m new customer relationships from Suncorp Bank will provide additional scale for ANZ's continued investment in digital transformation including ANZ Plus, and ongoing innovation. This increased scale will enable more efficient and cost-effective delivery of digital solutions that will provide a superior experience for all our customers (both ANZ and Suncorp Bank customers). [Confidential to ANZ] [Redacted]

(c) *Create a simpler, better capitalised, better balanced bank by increasing the size of our Australia Retail and Australia Commercial portfolios.*

(i) The geographical complementarity of Suncorp Bank's lending portfolio with ANZ's existing portfolio, including the weighting of Suncorp Bank's loan book towards Queensland, will add valuable geographic diversity to ANZ's Australia Retail and Australia Commercial businesses. [Confidential to ANZ] [Redacted]

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[Redacted]

(ii) [Confidential to ANZ] [Redacted]

(A) [Confidential to ANZ] [Redacted]

(B) [Confidential to ANZ] [Redacted] ANZ's share registry profile data, available at <https://www.anz.com/shareholder/centre/investor-toolkit/share-registry-profile/>, shows that since at least September 2018, more than 40% of our shareholders have been retail investors, and more than 70% have been domiciled in Australia. As at September 2022, 43.68% of ANZ's shareholders are retail investors, and 70.54% are domiciled in Australia.

(iii) *Drive a purpose and values led transformation:* Finally, but importantly, Suncorp Bank is attractive because its purpose and customer proposition are strongly aligned with ANZ's (which I described in paragraph 52(c)):

(A) Suncorp Bank's purpose is to "Create a brighter future". [Confidential to ANZ] [Redacted]

[Redacted] This strong alignment of purpose and customer proposition was highlighted in our "Acquisition of Suncorp Bank and Equity Raising, Investor Discussion Pack", 18 July 2022, slide 20, [Confidential to ANZ]

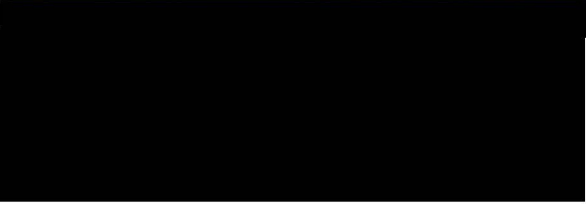
[Redacted] [Confidential to ANZ] [Redacted]

64. Exhibit SCE-8 is a copy of the investor pack, with the file name "Acquisition of Suncorp Bank and Equity Raising, Investor Discussion Pack – 18 July 2022, which I referred to in the paragraph above.

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65. For the reasons outlined above, I believe that the Suncorp Bank acquisition will help ANZ provide better services to customers and become a more effective competitor.

Plans for Suncorp Bank post-acquisition

66. While integration planning is at an early stage, ANZ's intention is to operate Suncorp Bank on a largely standalone basis for at least 3 years post-completion of the acquisition. As part of the Suncorp Bank acquisition, ANZ is acquiring rights to use the Suncorp Bank brand for up to 5 to 7 years.
67. As part of ANZ's agreement with Suncorp Group Limited to acquire Suncorp Bank, ANZ and Suncorp Group Limited have agreed to offer certain commitments to the Queensland Government, including that:
- (a) there will be no further reduction in Suncorp Bank branch numbers in Queensland as a result of the proposed acquisition; and
 - (b) there will be no net job losses in Queensland for Suncorp Bank as a result of the proposed acquisition.
68. ANZ's "Acquisition of Suncorp Bank and Equity Raising, Investor Discussion Pack", 18 July 2022, page 13 reflected these commitments (see SCE-8).
69. These commitments reflect the fact that it is critical that ANZ protects the Suncorp Bank customer relationships it is acquiring, in order to maximise the prospects that those customers remain with ANZ, and the commercial value of the acquisition.
70. Through ANZ's experience in New Zealand, with its acquisition of the National Bank of New Zealand, I know that it is critical to protect the acquired customer relationships, and to minimise disruption to those customers, and that it is better to invest time to ensure customers are migrated and the businesses integrated thoughtfully. A rushed process is more likely to be disruptive to customers (and staff), error-prone, and inefficient and, ultimately, to lead to greater customer (and staff) attrition. That is why ANZ plans to pursue integration in a progressive and controlled manner, prioritising customer experience, business continuity and staff experience.
71. In order to protect the 1.2m retail customer relationships that ANZ is acquiring, ANZ has made the commitments outlined in paragraph 67 above with the intention of preserving Suncorp Bank retail customers' access to Suncorp Bank-branded retail products and services, and Suncorp Bank branches in Queensland, for a period of at least 3 years after completion. These commitments are supported by ANZ's transitional arrangements with Suncorp Group, under which ANZ will be provided with transitional services for at least two years post completion of the acquisition, with an option to extend for a further year, to help ensure the effective operation of Suncorp Bank. ANZ also intends to maintain the quality of Suncorp Bank's retail services and products during this period. These measures are designed to increase the likelihood that Suncorp Bank's existing retail customers will stay with the bank while ANZ develops its plans to move them to ANZ's platforms.
72. Beyond this period, ANZ's plans are, at a high level, to migrate Suncorp Bank's retail customers onto ANZ platforms. [Confidential to ANZ] 

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73. ANZ will also migrate Suncorp Bank's commercial customers onto the products and platforms of ANZ's Australia Commercial division. The timing of migrating these customers has not yet been determined. As indicated in ANZ's "Acquisition of Suncorp Bank and Equity Raising, Investor Discussion Pack" 18 July 2022 (see SCE-8), ANZ intends to offer a broader, enhanced product offering, such as GoBiz, to Suncorp Bank's commercial customers.
74. ANZ is in the process of planning for the migration of Suncorp Bank's customers, and the consolidation of Suncorp Bank's operations [Confidential to ANZ] [REDACTED] with ANZ's operations. In doing so, we have strong incentives to pursue options that maximise the prospects of retaining and growing Suncorp Bank's customers. That means, ANZ will be cognisant of what Suncorp Bank customers want and seek to make any changes a positive experience for them, whether that means providing them with better systems, features, pricing or other benefits.
75. Although the timing and details of migration of Suncorp Bank's customers have not yet been determined, I expect that, beyond the period of 3 years from completion, Suncorp Bank's retail customers will be migrated to ANZ's platforms and systems. Based on preliminary analysis of potential synergies undertaken ahead of announcing ANZ's proposed acquisition of Suncorp Bank, I expect that ANZ will be able to realise substantial cost synergies from the integration of Suncorp Bank's systems and platforms with ANZ's, including rationalisation of duplicate functions. In "Acquisition of Suncorp Bank and Equity Raising, Investor Discussion Pack" 18 July 2022, ANZ estimated annual full run-rate cost synergies of approximately \$260 million (pre-tax) (see SCE-8). The annual full run-rate cost synergies are referenced on page 28 of the document in SCE-8, which is headed "Proposed operating model is robust, focused on long-term growth and opportunity". Although the exact cost savings will depend on the details of migration and integration, which are still being worked out, I have no reason to believe that we will not achieve the annual cost synergies estimated in July 2022.
76. I expect that Suncorp Bank's customers will derive real benefits from being migrated to ANZ systems and platforms. [Confidential to ANZ] [REDACTED]
[REDACTED]
Suncorp Bank's project to replace its core banking systems has been reported on in the media, and I am aware from those reports that it abandoned its partially completed program to replace its core projects in 2020. [Confidential to ANZ] [REDACTED]
[REDACTED]
as a result of ANZx, ANZ's technology estate will be simpler, more modern, more resilient and easier to change than Suncorp Bank's. ANZ expects that our tech stack will provide ANZ with the capability and agility to offer superior products and services going forward than could be offered on our legacy platform. There is no reason to expect that Suncorp Bank would be able to match these superior products and services without making a comparable investment in transforming its platforms.
77. The technology and platform we have built, and will continue to improve upon, will enhance ANZ's ability to provide high quality, compelling experiences to our customers at pace. This includes making it easy and convenient to open accounts, reducing the time to get a home or business loan, providing customers with data-driven insights to improve their financial wellbeing and empowering customers to self-serve digitally at a time that is convenient for them. [Confidential to ANZ] [REDACTED]
[REDACTED]
With its already significant investment, and progress, in digital transformation, ANZ is well placed to deliver better outcomes for Suncorp Bank's customers

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over time compared to outcomes for those customers if Suncorp Bank remains owned by the Suncorp Group. As I noted above at paragraph 63(b), our ability to do this will be enhanced due to the scale that acquiring Suncorp Bank brings.

E. QUEENSLAND COMMITMENTS

Lending commitments

78. ANZ is committed to growing and investing in Queensland. As part of announcing the proposed acquisition, ANZ made the following public commitments:

(a) Allocating \$15 billion of new lending and banking solutions to support the Queensland Government's renewable energy targets, and to support infrastructure development in preparation for the 2032 Olympic Games;

(b) \$10 billion of new lending to support new energy projects in Queensland, including hydrogen and bioenergy projects over the next decade; and

(c) \$10 billion of lending to support Queensland businesses over the next three years.

79. The Queensland lending commitments reflect areas of capability in which ANZ excels, like Environment, Social and Governance (ESG) and sustainable finance, and I believe can help the State continue its economic growth.

80. While we are under-represented in Queensland in retail and commercial banking, ANZ is currently the largest full-service institutional bank in Queensland. [Confidential to ANZ]

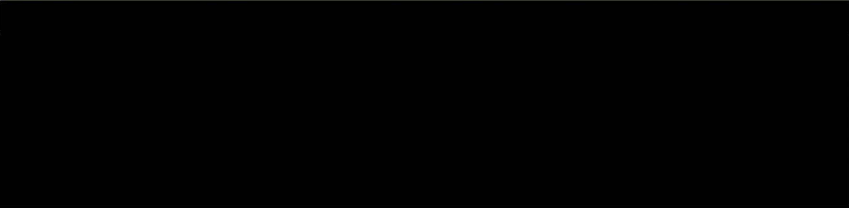
81. [Confidential to ANZ]

82. The commitments described in paragraph 78 are linked to ANZ's acquisition of Suncorp Bank proceeding. But for the Suncorp Bank acquisition, we would not have made the public commitments outlined in paragraph 78. To the best of my knowledge, ANZ has not made such commitments on a State basis before. [Confidential to ANZ]

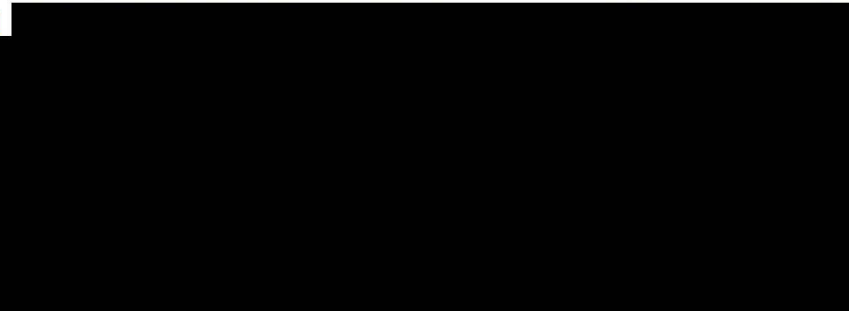
83. As a publicly listed company, ANZ is held to account by the Board and its shareholders when it makes public commitments. By way of example, ANZ has made certain ESG commitments, including to fund and facilitate at least \$50 billion by 2025 towards sustainable solutions for its customers, including initiatives that help improve environmental sustainability, support disaster resilience, increase access to affordable housing and promote financial wellbeing. On 25 November 2022, ANZ announced that it was increasing this target to \$100 billion by 2030. In ANZ's 2022 ESG Supplement, it reported that since October 2019, ANZ has funded and

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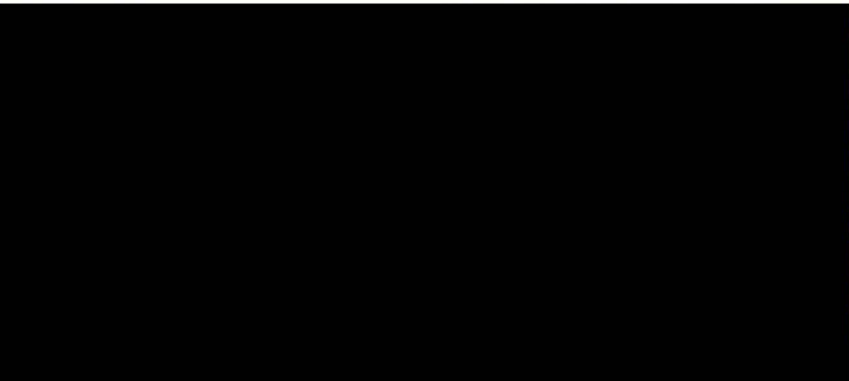
facilitated \$40.04 billion towards the original target.¹⁵ ANZ's progress against public commitments such as this one is reviewed by ANZ's Ethics, Environment, Social and Governance Committee. ANZ's external auditor, KPMG, also reviews progress against these targets on a full year basis, and provides assurance (on a limited assurance basis, in accordance with the International Standard on Assurance Engagements ISAE 3000). An example of a limited assurance report and the procedures performed in preparing it is provided in ANZ's 2022 ESG Supplement.

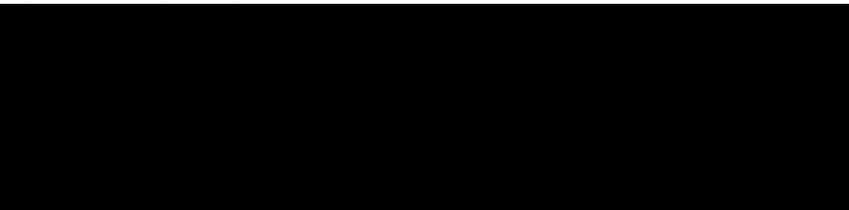
84. [Confidential to ANZ] 

85. [Confidential to ANZ] 

86. [Confidential to ANZ] 

87. As mentioned, Queensland is a high growth State, and the addition of Suncorp Bank's business to our Retail and Commercial portfolios will enhance ANZ's exposure to Queensland and powerfully incentivise ANZ to invest in Queensland.

88. [Confidential to ANZ] 

89. [Confidential to ANZ] 

Presence commitments

¹⁵ <https://www.anz.com.au/content/dam/anzcom/shareholder/2022-anz-esg-supplement.pdf>, pg 3.

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90. In addition to the commitments I described in paragraph 67, under the agreement for the purchase of Suncorp Bank, ANZ committed that it is willing to explore the establishment of one or more 'Centres of Excellence' in Queensland.

91. [Confidential to ANZ]



Signed by Shayne Cary Elliott

on 30 November 2022



Signature of Shayne Cary Elliott