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## ANZ Chief Financial Officer Farhan Faruqui speaks with Brett Foley Managing Editor, bluenotes

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**Brett Foley:** Farhan, thanks for joining bluenotes on the morning of the Full Year Result. There's a lot of information released today, so what are the key points that investors should focus on?

**Farhan Faruqui:** Yeah, so look, I think it's been a really good year for us from a financial performance standpoint, remembering that we're coming off a record year in FY23 — which was quite unusual because of the rate cycle and the economic environment that we went through. But considering all of that, for this year, we've delivered strong financial results. In fact, if I look at our Group revenue, including the two months of Suncorp Bank that we have in our numbers, our revenue was almost flat year-on-year between FY23 and FY24. So it's a good result. But I think more importantly, looking through that one exceptional year, if you go back to FY21 to now, our revenues are up 19%, profit before provision is up 20% and cash profits are up 12% [excluding one-off Suncorp Bank acquisition accounting adjustments]. So, it's been a very consistent performance over the last four years for the bank — and this year has just continued that momentum. So that's a really positive story. But I think the key points though, that underline that, is why has that happened? And that's been a function of simplification that we've gone through over several years, to simplify the bank, to make it more efficient, to de-risk our portfolios and to continue to manage ourselves for efficiency and for productivity. And that efficiency and productivity that has generated about \$1.7 billion in savings, has allowed us to invest. And that investment is showing up in the two-platform world that we're moving into, which is Transactive for all mid-to-large corporates, and ANZ Plus for all retail and small business customers, wherever they might be, eventually. And I think that simplification, that transformation and those technology investments that we've made have allowed us to become more efficient, improve customer experience and actually start to deliver benefits today in terms of financial results — and on Transactive, which is further along the journey, as a result of that investment, Institutional delivered this year a record return on equity of 14%. So, the results are coming through. And I think that's the final point I would make on what to take away from these results is that actually, the exciting part is yet to come, because a lot of these benefits are going to flow through the course of the next two to three years, as ANZ Plus scales up, as we have more customers going on to ANZ Plus — including from Suncorp Bank customers who are going to migrate onto the ANZ Plus platform. Our Transactive business continues to grow in terms of scale and the actual benefits are yet to come fully, and that's going to happen over the next two to three years.

**Brett Foley:** So, Farhan, you've presented the result a little bit differently this time. Can you walk us through why you did that and what it means?

**Farhan Faruqui:** Sure. So I think historically what we've done is we've talked about our four businesses — Australia Retail, Australia Commercial, Institutional and New Zealand — and we've sort of described how they've performed. But in reality, our business is much simpler than that. It really comprises of two core businesses: the banking business and the markets business. The banking business basically serves 11 million Retail and Commercial customers across Australia and New Zealand, and 6,500 Institutional customers globally. It does lending, it takes deposits, it helps our customers make payments and it provides them with their trade needs. And that business has done well — banking revenue has grown, and we've maintained profit before provisions flat, half-on-half, because we've managed cost well and maintained a stable Cost-to-Income ratio, for the banking business. So that's a good business performing well and continuing to produce great outcomes for us. The markets business is about 10% — so banking about 90% of our revenue and markets about 10% of our revenue. That business has consistently done well. It's a customer franchise business. It's an intermediation business. It's not a proprietary risk-taking business. And that business has also continued to grow. This year we grew about 9% in revenue, in our markets business. And on the back of continuing improving volumes and flows. But if you go back over four years, that business has consistently from a comparable halves perspective, has grown about 12% compound annual growth rate (CAGR). That's incredible for a business, of the size that we have and the footprint that we have, that has been consistent in terms of revenue growth, it has been consistent in terms of growing volumes, and most importantly, it has actually delivered an average return on equity (ROE) of 11% over the last five years. So, it's two sets of really good businesses and we feel pretty well positioned in terms of being able to grow those businesses — and are already well positioned, if not better, than many of our major bank peers across both of them.

**Brett Foley:** So globally, there's still some significant uncertainty out there, and it appears we might be sort of close to the top of the interest rate cycle. So how are you positioning the bank financially for that external environment?

**Farhan Faruqui:** So, Brett, I've never had the privilege of sitting at any of these sort of sessions and been able to say there's a huge amount of global certainty. So, we always live in a world of macro uncertainty. And frankly, as far as the rate cycle is concerned, from a banking standpoint, it's sort of in our DNA to live through cycles and manage through cycles. So, we kind of get that. But the way we manage it is that we try and control what we can control. And what we can control is: simplify the business. Which we've done over several years, we've simplified the business. Invest in technology, which makes us more efficient in terms of how we deliver to our customers, which we've done. We've spent \$2.5 billion on those two platforms that I talked about a little while ago. We've de-risked our portfolio significantly over the last few years. All of those are in preparation to deal into any cycle, and to benefit from any cycle. So that's sort of been our strategy, and we've done that well. But I do want to say here, Brett, that customers behave differently in different cycles and they never behave the same in any cycle. And, to some extent, you have to understand, that as we go through cycles and as we go through uncertainty, it's also a great opportunity for us to make sure that we are providing our customers with good advice on managing their foreign exchange risk, their interest rate risk, their commodity risk. We are also there for them when they feel that the cycle is at a point where they want to invest or borrow more money to grow their business. That gives us a set of opportunities as well.

**Brett Foley:** This is the first year reporting results that include Suncorp Bank. What are you seeing so far in terms of financial performance?

**Farhan Faruqui:** We're excited about the fact that we actually completed the transition on day one, which is on August 1st of 2024, smoothly. It was a very complex piece of work that took teams on both sides to do a big effort to try and get there promptly after receiving the last approval, and we achieved that without any issues and very, very smoothly. So that's really good. We had a good start. Also, when we look back from the time that we announced the acquisition, to the time that we completed the two years between '22 and '24, Suncorp Bank has continued to improve. The number of customers has gone up. Their deposit base has gone up – in fact, the deposit base has gone up about 15%, roughly, over the course of those two years. And that actually has been really helpful in adding scale to our business, because we've added about \$55 billion of deposits to ANZ Group deposits – and this might not be well known, but that makes us the second largest bank in Australia, in terms of customer deposits. So, it's given us a great deal of scale and value for us a result of that. And then finally, as a result of all of those things, as a result of their momentum, as a result of the scale that they're bringing to us and the great customers that we've acquired, we think there's great momentum going forward. Now, we think there's a huge opportunity ahead as we migrate those customers onto world leading technology stack at ANZ. Whether it's Transactive or ANZ Plus, those customers are going to migrate onto those two platforms and that will allow us to deliver high quality experience for them. We have a great deal of momentum, and we also think that because of what we have seen so far, we think that we might be able to get higher synergies than what we had announced at the time of the acquisition and possibly sooner than we had announced at the time of acquisition. Now we're working through that, and our intention is to come back at the end of the First Half Results, to talk a little bit more to the market about how much and when we think the value will come through from Suncorp. So, quite excited about the momentum.

**Brett Foley:** Farhan, thanks very much for your time.

**Farhan Faruqui:** Thank you very much, Brett.

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