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Kylie Bundrock: Good morning, everyone. I'm Kylie Bundrock, ANZ's Head of Investor Relations. Thank you for joining us for the presentation of our full year 2025 financial results, which are being presented from ANZ's offices in Melbourne, which stand on the lands of the Wurundjeri people.

On behalf of the ANZ team, I pay my respects to Elders past and present and also extend my respects to any Aboriginal or Torres Strait Islanders people joining us for today's presentation.

Our results materials were lodged this morning with the ASX and are also available on the ANZ website in the shareholder centre. A replay of this results presentation, including Q&A, will be available on our website shortly after this session concludes.

The results, presentation materials and the presentation being broadcast today may contain forward-looking statements or opinions, and in that regard, I'll draw your attention to the disclaimer in the front of the results slide pack.

Our CEO, Nuno Matos, and CFO, Farhan Faruqui, will present for around 45 minutes, after which I'll go over the procedure for Q&A before moving to questions. Ahead of that, a reminder that if you would like to ask questions, you can only do that via the phone. So over to you, Nuno.

Nuno Matos: Good morning, everyone. Thank you for joining us. It was only a month ago I met with you to discuss our updated strategy, ANZ 2030. It is an honour to be here today presenting my first full year results for ANZ. I reflect on my first six months with the Bank as a period of significant and necessary change, which lays strong foundations for future growth.

Before turning to performance, I will briefly reflect on the external environment. The global landscape is clearly more complex than it has been for many decades. Geopolitical realignments and unsettled tariff trades make us more vigilant, and our risk appetite processes and settings are responding in real time.

But these issues shouldn't distract from the opportunities. Much of the impact of tariffs has been to reallocate trade rather than reduce it. Intra-Asian trade, for instance, is much stronger and we are following our customers as they find new sources of supply and demand.

The global economy has grown more than 3% over the past four years, well above the 1% benchmark for global recession. In fact, Greater China and India are likely to grow above 5% this year, while Asia overall will remain the fastest-growing economic region.

Turning to our domestic markets. While inflation has reduced from cyclical highs in Australia and New Zealand, the cost of living and cost of inputs both remain high. Reflecting the uncertain environment, consumer confidence in Australia remains 23% below pre-pandemic levels, however, it is around 12% higher than its low point in mid '23.

This is not translating into delinquencies the way it has been in the past. but the pressure on some of our customers is undeniable and we are focused on supporting them. In an unsettled world, Australia and New Zealand are stable economies which are attractive, particularly for investment from offshore. This complex external environment plays to ANZ strengths, including our diversified portfolio and geographic footprint across 29 markets.

Now, turning to our key performance metrics. Adjusting for the impact of significant items, which we published on 31 October, our cash return on tangible equity was 10.5%. We announced a final dividend per share of $0.83, franked at 70%, bringing the full-year dividend to $1.66 cents per share. This is consistent with our prior half and commentary made at our recent strategy update.

Our balance sheet and capital position remain strong, with common equity tier 1 at 12.03% at the end of September, having improved 25 basis points in the second half. As mentioned at the strategy update, we have ceased the remainder of the share buyback and we are returning surplus capital from the non-operating holding company, which results in a pro-forma CET1 ratio of 12.26%.

Today's results reflect the benefits of our market-leading positions in Institutional and New Zealand, which again delivered a solid performance in 2025. They also demonstrate the importance of our ANZ 2030 strategy, which aims to materially improve the performance of our Australia Retail and Business & Private Banking divisions, while extending our leadership in Institutional and New Zealand.

Our strategy will allow us to accelerate growth and outperform the markets, unlocking our potential to win the preferences of customers, shareholders and the community. The foundations are based on four strategic pillars. Customer first, simplicity, resilience and delivering value.

They will be underpinned by our culture, our people and technology. It has two clear phases. The first, across FY26 and FY27, is about delivering on immediate priorities at pace

in order to get the basics right, including a substantial improvement in productivity and initial investment for growth.

In the second phase, beyond '27, we will realise the benefits of those strong foundations, accelerate growth and outperform the market. In both phases, we will continuously improve our returns and delivery value.

As I said, we have five immediate priorities, and I am committed to regularly updating you on our progress. Given my recent strategy presentation, I will focus on what has changed since then.

First, our new leadership team. Stephen White, our Group Executive Operations, has already joined ANZ and is here today. Three more group executives will join in the next three weeks. This includes Pedro Rodeia as Group Executive of Australia Retail, Christine Palmer as our new Group Chief Risk Officer and Donald Patra as our new Group Chief Information Officer.

Having the right people to embed the right culture is key to executing our strategy. We are on track for our second priority, bringing forward the integration of Suncorp Bank to accelerate the value creation for our shareholders, benefit our customers and significantly reduce operational complexity. We will complete a safe and secure migration of Suncorp Bank customers to ANZ by June '27 and this work is already underway. I'll speak more to Suncorp Bank's performance shortly.

Our third priority is also on track to accelerate the delivery of the ANZ Plus digital front-end to all of our 8 million Retail and SME banking customers by September '27. To support these efforts, we have appointed Guilherme Bueno as Managing Director, Digital Channels in Australia Retail. He brings extensive global experience on digital development and integration to his role, which will be critical for the development of ANZ Plus digital front-end and Suncorp Bank integration work.

We have made significant progress on our fourth priority, simplifying the Bank and reducing duplication. We recently announced the reduction of 3,500 roles by September 2026, as well as the exit of 1,000 managed services consultants.

In order to reduce uncertainty for our people, we have moved at pace. By the end of October, more than 30% of the 3,500 roles had exited the Bank and we are on track to complete the majority by the end of the first half FY26. All of the target 1,000 managed services consultants have exited.

Fifth, we continue to make progress in uplifting our non-financial risk management, a critical element of our resilience pillar. Today, I am pleased to confirm, the Root Cause Remediation Plan we submitted to APRA in September has been approved.

This is a significant milestone which marks the next phase of ANZ's response to its court-enforceable undertaking. This is a multi-year process to deliver substantial changes to our culture, operating model and risk management practices, and make sure those changes become part of the way we do business.

We expect this work to take three years, with the first year dedicated to design, followed by two years to implement and embed. Improving non-financial risk management and ultimately customer outcomes is a critical pillar of the Bank strategy and for every employee at ANZ.

I continue to be responsible for personally managing and executing this program and I am committed to ensuring we get this right. I spoke to you in detail about our four strategic pillars in October. Today, I will focus primarily on our customer first pillar, including how each of our divisions performed this year and focus areas going forward.

I will set out the baseline of our key customer focus metrics, which we will consistently report going forward. In Australian Retail, excluding Suncorp Bank, we have 6.4 million customers and 11.7% of market view us as their main financial institution.

Our Retail strategic NPS was marginally higher through the year to 1.7 but still ranked last of the big four. While these metrics are not where they should be, they do provide scale for our business and a baseline to build upon.

Our total deposits grew below system. But importantly, we continued to focus on growing Save and Transactive deposits, up 12% throughout the year. This is an important metric for us to focus on, given the close linkage to MFI and returns.

In these regards, we saw a change in mix between savings, transactions and term-deposit products, which was managed closely from a margin perspective. While Home lending balances were up 5%, growth was below system and our proprietary origination was not where it needs to be.

As I have said, Australia Retail presents a significant opportunity for growth and I view these results as a starting point which underpins why the strategy we announced last month is essential.

For Australia Retail, our ANZ Retail 2030 strategy lays out a clear plan to drive growth, focused on, first, investing in differentiated propositions for customer segments, including the Mass Affluent and people relocating to Australia.

Second, by strengthening our proprietary origination, including increasing lenders in branches by up to 50% over the next five years. Finally, by elevating the channel experience, including through the ANZ Plus single front-end, as well as improving the customer experience in branches and contact centres.

These strategic actions, combined with a reduction in our cost to operate, will drive a significant improvement in our cost-to-income ratio and returns, which will start to become visible in FY26. We will keep you updated on these actions as they progress at each half and full year results.

Moving to our Business & Private Bank. This is a critical deposit-led franchise with approximately 600,000 customers, excluding Suncorp Bank. Our MFI share remained stable at 16.4% and we saw an upward trend in strategic NPS through the year, with a four point increase, but still the lowest of the big four banks.

Our transactive and savings deposits and business lending both grew by 3% but were below system. To be clear, we see a significant opportunity to improve our Business Banking performance through our ANZ 2030 strategy.

Our plan is focused on three key areas. First, ensuring our frontline matches our ambition by materially increasing the number of bankers by up to 50% over the next five years and giving them much better tools.

Second, bringing the right platform to the right customers, including ANZ Plus to SMEs and our leading payments platform, Transactive Global, to the middle market segment, where around 4,000 of these customers are already benefiting from this platform.

Finally, growing the Private Bank, which continued to perform well, with investment funds under management up 18%, while Home Loan FUM was up 12%. The ANZ 2030 will increase the size of our Private Banking relationship manager workforce, improving the quality of our offering, and leveraging the work we are doing in Australia Retail with the Mass Affluent segment.

Considering its ongoing transition into ANZ, Suncorp Bank continued to perform well this year, increasing its Retail MFI share marginally to 2.5% and improving its Retail NPS score to 16.5, well above any of the big four.

Suncorp Bank's customer base has grown by almost 5% to approximately 1.3 million customers since the acquisition was announced in June 2022. This is a high-quality franchise with Save and Transact deposits and Home and Business Lending growing by 6% and 3% respectively. We look forward to bringing these customers into the ANZ franchise by June 2027, delivering benefits of scale and experience to both of our customers and our shareholders.

Our Institutional business posted a solid performance and continued to extend its leadership in relationship strength across Australia, New Zealand and Asia. According to Coalition Greenwich, we are the number one institutional bank across Australia and New Zealand for relationship strength and quality, and the best bank for corporate banking in Asia.

In Australia, customers rated us number one in every major category for the first time in the history of the survey. This included number one for transaction banking, where our operational deposits increased 12%.

This was combined with a strong market performance, delivering more than $2.1 billion in revenue. Our ANZ 2030 strategy is focused on three areas for Institutional. First, by targeting customer acquisition, specifically financial institutions, corporates with links to our Home markets, and multinationals operating intra-Asia.

Second, by continuing to invest in our market-leading cash management and market flow platforms. Finally, strengthening our capital management muscle to optimise returns. Our ambition is to consolidate our leading position as the best transactional banking in Australia and New Zealand, and the bank that connects these Home markets to the world and vice versa.

This will allow us to continue to deliver substantial financial returns, which are increasingly resilient to interest rates, financial market and credit conditions. Our New Zealand business remained a clear leader in the market with 2.7 million Personal and Business Banking customers, and MFI share over 30% for both segments.

We are number 4 of the major banks in Personal NPS, reflecting that we still have work to do to improve the customer experience and our product offering. Save and Transaction deposits increased by 5%, while Home Loans and Business lending was up 4%.

We remain focused on being the bank of choice in New Zealand. Our ANZ 2030 strategy aims to extend our strong competitive position for the benefit of our customers and

shareholders by, first, continuing to modernise our platforms and bringing the customer experience and journeys in line with our leadership position in New Zealand markets.

Second, by delivering bespoke propositions to customer segments, in particular to Affluent and Small Business Banking customers. Finally, by investing significantly in giving our Business bankers the right tools to outperform.

These results highlight three realities. First, our franchise has a strong competitive position. We have two scale markets, Australia and New Zealand, and two market-leading positions in our Institutional and New Zealand businesses.

We also have a well-diversified business, benefiting from our strong presence in the fastest growing economic region in the world, Asia. Second, we have a significant opportunity, indeed obligation, to improve our performance in Australian Retail and Business Banking.

In Institutional and New Zealand, we are focused on extending our current leadership. Third, we have the right strategy, ANZ 2030, to unlock and deliver value from those opportunities. With that, I will hand over to Farhan. Thank you.

Farhan Faruqui: Thank you, Nuno, and good morning to everyone joining us today. This years' results mark a turning point as we reset our strategic goals and position the Bank for sustained future growth.

I will take you through the results, focusing on three key areas. Firstly, these results have been characterised by the inclusion of a full year of Suncorp Bank earnings, the impact of regulatory matters, and significant items pre-released on 31 October.

Secondly, we have been navigating a changing global and domestic environment, and in that context I will share how we have managed balance sheet growth, margins, and our operating revenues.

Thirdly, we have focused on simplicity and resilience, which includes the cost actions that we announced on Strategy Day which are underway, the unwind of some of our non-core businesses that is progressing, the steps we have announced and are executing to continue to strengthen our capital position, and our ongoing discipline on maintaining a strong portfolio delivering low and stable loss rates.

On an adjusted basis for these items, our cash profit was stable year-on-year, driven by delivering cost in line with guidance, balance sheet growth, in particular operational deposits, and the continued performance of our Markets business.

As announced at our Strategy Day, we have four key financial drivers for delivering value in our scorecard, as shown on this slide. The FY25 metrics shown here will form the baseline from which we will track our progress under our ANZ 2030 strategy.

We delivered a cash profit after tax of $5.8 billion. We have taken important steps to position the Bank for the future and have commenced executing our ANZ 2030 strategy. As you can see, significant items have impacted this result, details of which we released on 31 October, and I will briefly cover them now.

First, a restructuring charge of $585 million for staff redundancies, up $25 million from our announcements in September with the completion of our accounts. This will generate cost savings from 2026 onwards.

Second, $271 million related to ASIC matters within our Australian Markets and Australian Retail businesses. This includes the $240 million in penalties announced in September and a further $31 million in associated costs.

Third, we recognised an additional restructuring charge of $97 million associated with the earlier integration of Suncorp Bank, which is now planned to occur by June '27. Accounting standards require accelerated recognition of costs on a handful of contracts that extend beyond the migration date.

Also, as we finalized the acquisition accounting for Suncorp Bank, there was a $141 million increase in goodwill in the second half that impacted capital but not profit. Fourth, consistent with our decision to exit non-Bank activities, we recognised a $78 million goodwill impact from the decision to wind down cash rewards.

A final item that impacted cash profit was a $285 million impairment of the Group's equity accounted investment in PT Panin Bank, Indonesia. When adjusted for these items, cash profit was stable year-on-year at $6.9 billion, generating a return on tangible equity of 10.5%. This included pre-provision earnings of $10.3 billion, up 2% year-on-year.

For today's presentation, I'll speak largely to the underlying drivers of the result, starting with our revenue performance, excluding the impact of the Panin Bank impairment. Revenue grew 7% this year, largely benefiting from a full-year contribution of Suncorp Bank earnings versus only two months of Suncorp Bank income in FY24.

On a more comparable half-on-half basis, second half revenue was up 2%. This was supported by net interest income up 1% and stable margins ex Markets. It was also supported by continued growth across deposits and lending in the half.

Other operating income ex Markets in the second half increased by 8% with seasonally stronger income in Australia Retail and higher fees in Institutional. Our Markets business continued to perform strongly with more than $2.1 billion in revenue highlighting the stable profile of this business. While second half revenues in Markets has historically been seasonally lower, this half, our customer franchise income was up 1%.

Moving to margins, Group net interest margins declined by two basis points of the half. Excluding Markets impacts, Group NIM was flat. As I have said previously, we manage our Markets business for returns and not for margins. Competition has been persistent in loans and deposits throughout the year across all divisions. However, the impact of lower rates was the key driver of NIM decline, impacting customer deposit margins.

We strengthened efforts to improve our deposit profile and optimise pricing in an interest rate-easing environment. As a result, three of our divisions, Australia Retail, Business & Private Banking, and New Zealand, held margins broadly stable this half. In Institutional, NIM compression reduced relative to the prior half, as we balanced lower interest rates and competition, with operational deposit volume growth. Suncorp Bank margins contracted half on half, largely due to the positive acquisition accounting impact in the first half.

Capital and replicating deposits delivered an additional two basis points, consistent with our previous guidance. Lower liquids for the half added two basis points, although the NII impact is negligible. Finally, we experienced a two-basis point drag from proportionately higher asset levels in Markets this half. These generate lower margins than the Group average, however, contribute positively to Group returns.

In terms of outlook on margins, there are potential headwinds, including the impact of further central bank rate reductions and ongoing competition. We will continue to proactively manage our margins using the levers at our disposal, which include pricing, mix and funding optimisation. In addition, we expect our replicating portfolio to remain a tailwind over the next 12 to 18 months, particularly as the Australian portfolio is invested out to five years and still rolling off maturities from lower rate periods.

Moving to the balance sheet, we have grown our customer deposits by $27 billion over the year, excluding Markets. Notably, we grew our Save and Transact deposits by 8% or $31 billion for the year. While Save and Transact volumes grew in all divisions, Institutional was a highlight, with operational deposits up 12% year-on-year and 7% half-on-half. We were also able to reduce our reliance on lower-margin term deposits, which declined $9 billion or 5% year-on-year, particularly in Australia Retail.

Overall, our deposit mix and operational deposit outcomes were positive this year. However, both Australia Retail and Business Banking deposits grew below system, we recognise we have more work to do in improving performance in these divisions, and it is core to our 2030 strategy.

Lending was up $26 billion for the year, excluding Markets, with all divisions contributing to the growth. In the second half, lending increased $3 billion, or $10 billion on an FX-adjusted basis, with growth across both Australia and New Zealand geographies. International lending was down predominantly due to short-dated trade, which is timing-driven. In Australia Retail, Home lending growth was 0.9 times system for the year. However, more recently we have been tracking lower.

As Nuno has said at Strategy Day, by mid-year 2026, we want to be in line with system and we are taking decisive action to achieve this. Growth in Australia Business & Private Banking loans and deposits was lower than market growth by our estimates at 0.5 to 0.6 times system. We have the ambition to profitably grow this at a higher rate in our target segments.

For Institutional, as I have said before, we do not target lending growth. Our focus in this business remains on returns and growing our operational deposits and markets flow products, both of which performed strongly in the year. In New Zealand, our share of Home and Business lending reduced slightly as we balanced our margin and returns with volume growth. Our market share for Home Loans and Business Banking, however, remains at about 30% and 20% respectively, and our divisional margins were higher by three basis points year-on-year.

Now to Markets which delivered another consistent result of more than a billion dollars of revenue in each half. Around 70% of this income came from outside of Australia, highlighting our geographically diverse business with a strong presence in Asia, the fastest growing economic region globally. Foreign exchange and rates income were both higher in the second half, more than offsetting softer credit and capital markets. This outcome reflects the continued capability build to increase income diversification.

Moving to expenses, our full-year outcome adjusted for significant items was up 3% year-on-year and in line with guidance provided. Inflation impacts this year were once again largely offset by productivity initiatives, and of the total $400 million cost growth, a significant portion related to increased expenditure in Group technology and Australia

Retail, which included rising vendor costs, a focus on uplifting Retail service levels and non-financial risk, and customer remediation costs.

Investment spend, which captures our large-scale change programs, was slightly higher. This was driven by Suncorp Bank migration, together with an increase in regulatory and compliance programs. Looking forward, we will remain within an investment envelope of approximately $1.5 billion for large-scale change programs annually as we focus on our strategic priorities and on driving more value per dollar of spend.

We continue to pay for our investment upfront with an expense rate of 82%, which remains higher than our peers. As noted at Strategy Day, we are focusing on delivering $800 million gross cost savings for FY26 as part of our simplification pillar. We have already taken decisive actions to remove duplication and simplify the organisational structure, most notably in Australia Retail and Group technology.

As Nuno said, 30% of the 3,500 FTE had left the Bank and 1,000 managed service contractors were stood down by the end of October. We are starting to see cost savings come through with Suncorp Bank synergies. Since completion of the acquisition at the end of July last year, we have realised approximately $30 million of synergies, mainly from removing duplication of project spend, technology, vendor efficiencies, and property consolidation.

While the synergy benefits are relatively small to date, we expect them to increase modestly in FY26. The majority of the $500 million of synergies will be captured in FY28, with a full year benefit in FY29. We expect total Suncorp Bank integration costs of $745 million, of which we have incurred $300 million to date in integration planning, delivery of technology services, provisions for redundancy costs, and the initial build of new products on ANZ systems.

We expect the remaining spend to be phased across FY26 and FY27 at approximately $200 million per year, with only a small residual spend in FY28. We remain focused on acting at pace to manage our cost base, and as we look forward, we expect costs to be down approximately 3% in FY26 off our FY25 cost base adjusted for significant items of $11.85 billion.

Despite a more complex global environment and ongoing cost-of-living pressures, our credit portfolio has remained resilient. While there was a small increase in individual provision charges in the second half, it was driven by lower recoveries and write-backs across most divisions, with new and increased provision charges lower than the first half.

The individual provision loss rate was four basis points, in line with the first half. On a like-for-like basis, our loss rate was the lowest of the peers for the fourth consecutive year and remains well below our current portfolio's long-run loss rate of 11 basis points, which I will talk to shortly.

Looking now at our 90-plus days past due, interest rate reductions have improved loan payment affordability for our mortgage customers in Australia and in New Zealand. We have seen delinquency rates stabilise over the half for Australia mortgages at 86 basis points and a reduction of six basis points for New Zealand mortgages also to 86 basis points. Non-performing loans stabilised at 79 basis points, the vast majority of this being fully collateralised exposures and as a result impaired facilities requiring an individual provision also remained flat and low at 11 basis points.

In 2025, customers new in hardship and receiving assistance did not increase. While the overall number is low at 0.4% of Australian Home Loans and 0.2% of Small Business customers, I am conscious that behind these numbers are individuals and businesses navigating challenging circumstances and we remain committed to supporting them with care and understanding.

Wholesale portfolio quality remains strong, contributing around $60 million of losses for the half, with non-performing loan levels stable relative to first half. Both the number of customers and exposures on our watchlists have reduced this half. Our collective provision balance increased by approximately $100 million this half, to $4.38 billion. Our CP coverage increased by five basis points to 1.18%. In this period, we have recalibrated aspects of our collective provisions.

This included reviewing our downside scenarios and making some methodology changes for the Australian mortgage portfolio. Overlays which were no longer required were released, including those taken to allow for additional portfolio risks due to a higher interest rate environment. Our CP balance at $4.38 billion is the equivalent of 13 times our FY25 IP charge and is $2.4 billion above our base case scenario.

Our second half ‘25 CP coverage of 1.18% is approximately 14 basis points lower than our peer average of 1.32%, noting that the gap has narrowed from 24 basis points at the first half. This is reflective of our portfolio with around two-thirds of the difference driven by our business mix, with ANZ less exposed to higher-loss-rate portfolios, particularly SME and unsecured consumer lending. The remainder of the difference is largely from our higher-investment-grade-weighted wholesale portfolio versus our peers.

For results, this period we are providing a new disclosure of long-run loss rate, which is in the investor pack. This new measure, based on observed historic losses since 2008 and our current book mix, indicates a long-run loss rate of 11 basis points.

Moving to capital, our balance sheet remains resilient with a strong funding, liquidity and capital position. Wholesale funding conditions remain favourable and we issued $35 billion of term debt in the year and expect a similar volume of issuance in FY26. As I mentioned on Strategy Day, we are taking specific actions to address the impact of the significant items and to further strengthen our capital position.

There has been no change to these actions from what we previously announced, and our capital strength will continue to provide capacity to support our customers and our ANZ 2030 strategy. The CET1 capital ratio increased by 25 basis points this half to 12.03%, inclusive of the capital for the buyback and the non-operating holding Company surplus, the pro forma ratio is 12.26%.

Credit RWA was $4 billion lower this half, driven mainly by the Institutional business, which included a reduction in trade finance volumes driven by timing. Again, to reiterate what Nuno said on Strategy Day, we will actively manage capital to optimise returns. In addition, we continue to manage the capital floor, which has reduced from $12 billion to $4 billion over this half.

Around half of this floor change relates to active floor RWA management. The remaining movement related to IRRBB RWA increases, and therefore is capital neutral on a net basis. Finally, the unchanged dividend of $0.83 per share, partially franked at 70%, reflects the Board's confidence in the strategy and the importance of dividend stability.

We will apply a 1.5% discount on the upcoming DRP, which is expected to generate an additional 16 basis points of capital. As announced on Strategy Day, we also plan to apply a discount to the ‘26 interim dividend, although this does remain subject to our capital position and results and needs at that time.

In closing, I wanted to reiterate the targets we have set for ourselves, and these are noted on this slide. We are also disclosing today the FY25 outcomes of our key performance metrics, and on this slide are the KPIs for our Customer First pillar. This next slide provides the baseline metrics for our Simplicity, Resilience, and Delivering Values strategic pillars. We will continue to report these consistently at every result going forward.

Our focus is on sustainably improving our performance, and as we look ahead, our financial priorities are clear, maintain a strong balance sheet and capital position, simplify our organisation to drive more efficient outcomes and improve returns for our investors. I am pleased that we leave the year with a resilient capital position, strengthened collective provision coverage, and disciplined expense management with the highest expense rate of our investment spend relative to our peers.

These, together with the actions that we have already begun to execute, position us well to deliver on our ANZ 2030 growth and return ambitions. Thank you, and I'll now pass to Kylie for Q&A.

Kylie Bundrock: Thank you, Farhan. As a reminder, if you would like to ask a question, you can only do this via the phone. If you could please limit your questions to two per person. And I will now hand to the operator for questions. Thank you, [Travis].

Operator: Thank you. To register a question, please press star one and wait for your name to be announced. If you wish to cancel your request, please press star then two. If you're using a speakerphone, please pick up the handset to ask your question. The first question comes from Brendan Sproules from Goldman Sachs. Please go ahead.

Brendan Sproules: (Goldman Sachs, Analyst) Good morning. I have a couple of questions on the Institutional division performance and what we can expect looking forward. You made some interesting comments here around how you see the structure of that revenue growing in the future with not so much a focus on lending, but more a focus on deposit collection and markets. But just looking at page 58 of the results, it's been quite a flat revenue environment with falling NIMS.

So, my two questions are, is the competitive nature and the impact of falling rates in some of these markets likely to impact revenue in 2026? Then in Markets, which seems to be running it around the long-term average, whether there's opportunities emerging in 2026 for you to grow Markets revenue above average.

Nuno Matos: Brendan, thank you so much. Well, obviously, our Institutional business, as you know, it's sensitive to rates, that's just a reality. That's because it has a significant amount of quality deposits and also an overexposure versus our peers on currencies outside of the Australian dollar. So, in that regard, 2025 suffered a NIM contraction of 20 basis points.

Having said that, that NIM contraction was materially on the first half. We ended the second half in a stable position in terms of NIM, and we were able to counter all by increasing our operational deposits by 12%. This is not one year. In the last five years, our [PCM]business was able to grow deposits at 9% on average. Just tells you how effective is our transactional banking machine.

Yes, we are not targeting lending on this business. We don't believe that should be the major metric. Strategically, as we said a month ago, we want to be the leading transactional bank in this region. We want to make sure that we have a stable relationship with our customers and will continue to invest in our platforms that aggregate capabilities around FX, trade, payments and market flow products.

I believe that we have a lot of room to growth in terms of NIM with stability for the medium long term and in terms of opportunities we have the ability to extend our leadership both in Australia and New Zealand on transactional banking and to benefit significantly from the fact that we are exposed to Asia which, as you know, continues to be the growth engine of the world.

Being also a customer-oriented business, I believe it should be valued in a different way versus a traditional lending business. This is a business that has been stable, has weathered fantastically interest rate contractions, reductions in the last two years and I think it's now fit for growth. It's a solid position. Platforms are best in class in the region, especially in Australia and New Zealand, so I don't fear a case for not growing in this business at this point in time.

Brendan Sproules: (Goldman Sachs, Analyst) Thank you.

Operator: Thank you. The next question comes from Andrew Lyons from Jefferies. Please go ahead.

Andrew Lyons: (Jefferies, Analyst) Yes. Thank you. Good morning. Just a question firstly on your cost. You've provided more explicit cost guidance for FY26, which does appear broadly consistent with what you spoke to at the Strategy Day, but can I perhaps just ask around the extent to which you expect further restructuring charges to be a feature of your FY26 expense result, and specifically whether further restructuring charges might be needed to hit the $800 million of stated productivity benefits, or would any incremental restructuring charges from here relate to future year benefits?

Nuno Matos: Farhan, do you want to give us detail?

Farhan Faruqui: Well, I just give a quick answer and please feel free to add. So Andrew, thanks for the question. What we've tried to do this half, particularly because of the fact that there were lots of factors that impacted this year's results, including the significant items, the full year of Suncorp Bank costs, et cetera, that it probably left a little bit – there was a big unknown in terms of what exactly should be used as a baseline for this year and therefore, what should be expected for next year.

So the guidance was to try and effectively remove that ambiguity and to be very clear in terms of total costs, we expect total costs to be down 3% from the $11.85 billion number for '25, which is ex significant items and that includes all costs, including costs such as Suncorp integration costs, et cetera. So that was just to make sure that there is clarity in terms of what we are targeting for next year.

I think there's the – to your question on restructuring, yes, I mean, to the extent that there is going to be incremental restructuring required in '26. Not so much for delivering the $800 million that we've talked about but for future year benefit, that's already been factored into the number that is in the guidance.

Andrew Lyons: (Jefferies, Analyst) That makes a lot of sense. Thank you, Farhan, for that clarity. Farhan, maybe another question for you, just on your capital walk you noted 22 basis point benefit in the second half from your capital floor. You mentioned about half of it was interest rate risk in the banking book, which makes sense, and then the other half were standardised optimisation, I guess.

Can you perhaps just talk in a little bit more detail exactly where they're sourced from and then particularly to what extent is there further opportunity to continue to optimise with your standardised outcomes and perhaps move away from the capital floor in future periods?

Farhan Faruqui: Yes, so I think just on the IRRBB, as you know, that has a corresponding impact, obviously, in IRRBB reductions and a positive benefit in standardised floor. The net capital impact is largely neutral, so that's the first thing. The second, the balanced half of the standardised floor impact was actual reductions in credit RWA, a lot of that relating to the Institutional business, and a lot of that is sustainable because of some of the model changes and some of the direct changes that have occurred in Institutional business. So that's more consistent.

Just in terms of standardised floor, I mean, obviously, we continue to look at all elements of the floor in terms of looking at individual exposures, particularly those exposures and where you have a big gap between standardised and IRB and how we can manage those exposures to minimise the capital floor add-on. So that work is still continuing.

As we've announced, Kevin Corbally is now moving into that role in Institutional from a capital management perspective. We're very excited to have Kevin there, as I'm sure is Mark, and I think that's going to become an even greater focus as we go forward to ensure that we're managing not only floor but also overall capital and RWA utilisation in Institutional to continue to optimise returns.

Andrew Lyons: (Jefferies, Analyst) Thanks, Farhan.

Operator: Thank you. The next question comes from Tom Strong from Citi. Please go ahead.

Tom Strong: (Citi, Analyst) Good morning and thanks for taking my questions. First question is on the NIM. If we look at the different Retail Banking segment performances over the last week, we can see peers had Retail NIMs up 5 to 10 basis points, but the Australia Retail NIM in ANZ's result was down 1 [bp] and the Sun NIM was down 7, half on half. Can you just reconcile what you're seeing in the Retail NIM performance verse peers, please?

Nuno Matos: Sure. Our NIM in the second half in Retail went down, as you said, 1 basis point, Tom. I would like to highlight that in the first half went down 5, and this has been a consistent focus on our second half. Even though you saw the Bank as a whole reducing 2 basis points on the first half and 2 on the second half, the story is actually quite different.

If you exclude – and that addresses the Suncorp question – if you exclude Suncorp, and why I exclude Suncorp because Suncorp had a positive acquisition accounting impact on the first half that equated to a significant uplift on their NIM. If you take Suncorp out of the equation, meaning underlying, you would get actually a minus 6 in the first half reduction and then minus 2 in the second half.

If you then exclude Markets, and to be clear, in Markets we don't target NIM, we target returns. As you know, a lot of the transactions we do in Markets, they are NIM – non-accretive, but they are very accretive from return perspective. So if you take out Markets, actually, we went up in the second half by 1 basis point in our business. In Retail, we went from minus 5 to minus 1, and you should expect that the way we are managing margins tightly will continue.

So we are probably, if you want, we are probably a little bit delayed versus the rest of the market in that regard, but what we did in the second half was already very important. In that line, I would like to remind you that we grew 12% our Transactive and Savedeposits.

Which means we increased significantly the mix of cheap and high engaged deposits, high stick deposits, and that is now starting to contribute to our margins. It's certainly a job we have to do better but we are on it and I think the second half already demonstrated clearly the direction we want to take.

Farhan Faruqui: I would just add to that, Nuno, just to your point, the 1 basis point contraction in the second half, Tom, is probably the best half on half compression that we've had over several halves and that is reflective of some of the actions that we've started to take across both loan pricing as well as deposit pricing.

Obviously, Nuno touched upon the Save and Transact growth, but also, the $5 million reduction in term deposits in Retail has obviously been very helpful in terms of managing the contraction to a low level.

Tom Strong: (Citi, Analyst) Great, thank you for that. Just a second question on Business Banking, if I can. I mean, you sort of talked to the Institutional volume [unclear] in terms of loan growth. But just in terms of Commercial 2% half-on-half growth, and your peers are growing at 5% to 8% half-on-half and talking quite a bullish story into '26, I mean, how should we think about credit growth in the Business Bank at ANZ into next year?

Nuno Matos: Sure. First, I would say that our Business Banking segment is highly focused on SME. Its profile is more SME, where the market is growing around 6%. So, that's the right comparable to our numbers. Having said that, and as we said a month ago and we said today, again, we have underperformed the market.

Now, this is part of our medium long term strategy. As we speak today, as we talk today, we are investing significantly in improving the quality and the capacity of our front line. That means size of our front line, and that means the tools that we offer our bankers to operate with, and also the way we train them and we hire them, or we develop them from the inside. I mentioned the creation of an academy specifically to build from the inside capabilities.

Also, as a differentiating point, we moved three years before our previous plans the build-up of the new front line, the new app, if you want, the new transactional bank for SMEs, and we are accelerating the penetration of our transactive global platform in our middle

market customers. These elements should allow us to accelerate growth in our Business Banking segment, division, and we see first good indications in 2026. Thank you.

Tom Strong: (Citi, Analyst) Thanks.

Operator: Thank you. The next question comes from Matthew Wilson from Jarden. Please go ahead.

Matthew Wilson: (Jarden, Analyst) Yeah, good morning. Matt Wilson, Jarden. Thank you. Firstly, a question on the home loan broker channel. You've worked in a market, the UK, where the third-party broker channel, in fact, is a larger proportion of the home loan market flow. You seem to have fallen into line with the peer narrative here. We weren't successful in the UK, winding that back. Why does it make sense here to battle it out for 30% of the flow? Wouldn't you be better placed to be the best in both channels?

Nuno Matos: Matthew, it's a great question, and that's exactly what we said. Hopefully, it allows me to say it again. We are not targeting a ratio of brokers versus proprietary generation, at all. We don't see one versus the other, or one or the other. We see the need to be good in both of them. What I said a month ago is that we need to put the same level of energy that we put in brokers, and I must say that, in Suncorp, in ANZ, we did a great job in that regard.

But I also would say that we did not do the same good job in our proprietary generation channel. So, it's not one or the other, it's both. We need to do both very well, and for that we need to improve our proposition. We have some gaps in some products, including simple ones like first home buyer schemes, where we don't participate, and it became a significant part of the market.

We are on it to go in, including increasing the size of a proprietary channel and the quality, and including for both channels the significant improvement of the end-to-end origination to close processes of mortgages. So, I agree with you completely, Matthew. That's our strategy, is, do a much better job in both, especially in the proprietary arena.

Matthew Wilson: (Jarden, Analyst) Excellent. Thanks for clarifying that. Then secondly, if we transfer price, net interest income, you know, best from an external perspective, I calculate around 17% of your net interest incomes comes from deposits and equity. If you compare it to the industry leader, no mystery there, CBA at around 40%. If we strip out your Markets business, where does that 17% go to, and then how do you close that gap to CBA?

Nuno Matos: Farhan, I have no data about this percentage.

Farhan Faruqui: Yes, I don't have the percentages in front of me at this point, Matt. I'm happy to engage with you separately on this. But I would suggest that the best way to think about it is that, other than our market, if you put aside Markets for a second, our net interest income has to improve because we have to improve our operational deposits and we have to continue to price our assets appropriately in line with, as we have been doing, but we need to continue to improve that area.

Now, most of the benefit that relates to capital which is used in divisions, as well as the replicating deposits that accrue to those divisions, is reflected back in the divisional returns. So, we don't keep that in the centre, and since it's hedged mostly over a three- or five-year period, it comes through gradually into their numbers.

So, it's a complicated calculation, depending on how you want to think about this in the context of net interest income percentages versus how our peers report it. Also, all our peers don't report replicating and capital exactly the same way, in terms of hedged versus unhedged deposits. So, the comparison becomes a bit harder. But happy to sit down with you and go through it in more detail.

Matthew Wilson: (Jarden, Analyst) Thank you. Just a comment on the presentation, too. It's very pleasing to see a bank jump straight into strategy and numbers rather than devote slides to corporate puffery, too. So, well done there.

Farhan Faruqui: Thank you.

Nuno Matos: Thank you so much, Matthew. Noted.

Operator: Thank you. The next question comes from Ed Henning from CLSA. Please go ahead.

Ed Henning: (CLSA, Analyst) Hi, thanks for taking my questions. Just two questions. Just more, just a bit of clarity on some of the stuff you've made comments on. Firstly, on the margin, in the pack you talk about the Institutional margin, the fourth quarter being flat on the second half number. Can you just talk a little bit more about the other divisions, where they're at the moment?

I know you talk more about managing your margins going forward. Were there any major pricing decisions in the Retail side or anywhere else that is going to impact or help impact the margin rolling into the next half?

Also, just on your replicating portfolio benefit, although you've got a five-year hedge like most of your peers, ex one of them, it seems like you've got a little bit less of a tailwind there than the peers. If you could touch on that as well, please.

Nuno Matos: Sure. So, on Institutional, just to be clear, we reduced 20 basis points margin in 2025. Of those, 12 happened in the first half and eight happened in the second half. When I said flat, it just means that our exit margin at the end of `25 equates to the average of the second half, meaning we are now pointing to stability. That's what I meant to say, okay?

If you want, we look forward with a stable outlook in debt margin, specifically. Margins of the Bank, undoubtedly a critical point for us, undoubtedly. I want to say that, even more than margins, we look into returns, just to be clear. Returns comes first, return on equity comes first, then margins. But undoubtedly, margins receive a lot of our attention.

Again, if you exclude Suncorp one-off, which was due to acquisition accounting elements in the first half, our margin, ex Markets, went up in the second half from having reduced six, I think, in the first half. Something around that. I can correct if that's not the case, but it's around that. Which means that the way we managed margins in the second half was significantly different than the way we managed in the first half.

We expect that attention and that precision to continue. Examples of that, in the second half, on the mortgage side, we discontinued our cash back. At the same time, we had to reduce some rates because of our loan processing issues. So, tactically, we had to support production because of our loan processing issues. But we eliminated cash back, which represented around eight basis points per year of margins. Recently, we also reduced our savings Retail interest rates paid by 10 basis points.

Looking forward, I can't, as you know, I can't disclose any pricing actions looking forward. I can just tell you that managing margins in Retail, in Small Business or Business Banking, in Institutional and New Zealand, it's absolutely critical for us to address our strategy as we move in 2026 and 2027.

Replicating portfolio, sorry, just one comment there. I understand that there might be some perception that our replicating portfolio is smaller than the market. We don’t have that information, so we would be very much open to discuss it with you. In our opinion, our replicating portfolio has a longer tenure than the average of the peers, the industry. In that regard, our support will come later or for longer, if you want.

At the same time, we still have a proportion of low interest rate positions that are maturing as we speak and we are changing them for updated rates. So, replicating portfolio will continue to be a very important component of our margin accretiveness in 2026 and 2027.

Farhan Faruqui: And Ed, we have some more detail to Nuno's point on replicating portfolio in the investor deck. But basically, if you look at our current Australian portfolio, it's roughly at 2.91%, right now. If you look at current rates and, factoring in some reductions in the interest rate cuts to come, roughly, let's say there's a 60 basis point upside on that portfolio. Given that our replicating portfolio is roughly about 10% of our average interest-earning assets, there's roughly six basis points more to come over the course of the next 12 to 18 months.

Ed Henning: (CSLA, Analyst) That's great. Thank you very much. Then just one, further clarity, you talked before about the capital adjustment coming through on the floor and you talked a little bit about optimisation more generally. Can I just clarify that, obviously, you're going to manage that line, but you see more opportunities for optimisation on your capital going forward, whether it be the floor and other parts of your book?

Farhan Faruqui: That is correct, Ed. That's going to be a continued focus for us to continue to optimise capital. We are doing more work on floor. We know what the obvious gaps there are, which is really trying to close those gaps where there's big differences between IRB and standardised.

Obviously, we continue to engage with APRA now that three of the major banks are constrained by the floor or very close to being constrained by the floor, so we'll see where APRA wants to go with this. But our focus is not just on standardised floor, our focus continues to be managing our risk weights effectively, continuing to make sure that we deliver data improvements and model improvements going forward in order to optimise capital, yes.

Ed Henning: (CSLA, Analyst) That's great. Thank you very much.

Operator: Thank you. The next question comes from Brian Johnson from MST. Please go ahead.

Brian Johnson: (MST, Analyst) Thank you very much. Also, echoing what Matt said, really good presentation. Certainly much better than the last one we saw. I had two questions. The first one is, I just would like to check that I got the tone right. Were you implying that the housing market share continues to fall in the near term, over the next three months?

Nuno Matos: Thanks, Brian, and thanks for the previous comment, also. As we said a month ago, we are below system in what concerns mortgage origination. Even though in 2025, we perform basically 0.9 of the system, in the last three, four months, we went below system, and that has two factors underlying that situation.

The first one is the fact that our loan processing capacity, if you want, it's not at the right level. We had significant attrition at the end of '24, beginning of '25, which we are now managing. It will be fixed in the next three, four months.

We also are not participating yet on the first home buyers program scheme and those factors are contributing to this situation. We will, as we said a month ago, we are fixing these both, and we expect to be in line with the markets by the half of FY26.

For the future of the mortgage business, we certainly want to flow with the system, and we don't want to compete structurally on price, as we said in October. For that, we need to improve three things, which I already mentioned a bit of it.

The first one is to improve our proposition. We need to improve capabilities like having a fast refinance product or multi-offset accounts or entering the first home buyers program scheme.

We have to improve our proprietary channel capabilities, which I already mentioned, and the processes from origination to close of loan have to be in the right place. That will allow us, Brian, to be at the right spot in this market.

Having said that, in order to compensate tactically in the last months for the lack of the right processing capabilities, we had to reduce the price in the short term. It's a tactical compensation and we are doing it on specific segments which are more profitable in order to get our production right for the next segment.

So, in a nutshell, we will lose some share until March '26, and after that, we should be in line with the system again.

Brian Johnson: (MST, Analyst) I did have another question, but, Nuno, can I just get some clarity on that? So, having followed ANZ quite closely, over the last three years, it strikes me that you actually originated quite a few housing loans with pricing that was below the peers, with the only bank with the mortgage cash back.

Do you attribute any of this fall in market share to the brokers being mechanically incentivised to actually refi loans away from ANZ? So is the past pricing flowing through

into the actual share we see at the moment? Then I did have another question there if I may.

Nuno Matos: Sure. I would say the major factors for our production at this point in time are the ones I just said. Which is the fact that our loan processing turnaround times are not where they should be, and the fact that we are not participating on the first home buyers scheme.

The fact that we discontinued the cashback might have had an impact, and I would not say that's not the case, but I don't think it's the major factor, to be honest.

Brian Johnson: (MST, Analyst) Fantastic. Nuno, just a second one, if I may. To some extent, Banks, you can make it cost whatever you like, but it's the consequence that you get on the revenue side that really matters.

Just looking at ANZ, I think everyone on the call understands the cost out story and there's a lot of complexity there. But when we have a look at the implied targets, the revenue uplifts that required is significant.

Could you just give us a feeling to what makes you so confident that you will have the pricing power to deliver the revenue uplift that is implied? Also, could we get some comment on if you don't have that confidence, when would we hear it?

Nuno Matos: Our strategy, Brian, the one that we took to the markets, that we brought to the markets a month ago, I believe – we believe reads very well our competitive position in each of the businesses and also reads very well our corporate momentum.

It also divides the execution in two phases. I think this is important again, and we were very clear about it, but I want to highlight it. The first phase, which we could call it get the basics right, it's about putting the house in shape.

It's not about outperforming the market on revenues. It's flowing with the market on revenues but significantly outperform in productivity. That has to do – to get the basics right, it has to do with the five immediate priorities.

If we don't do those well, the rest, because of its complexity, it will not happen. If you try to sprint while you are not in shape, you won't get there. So the five major priorities are absolutely critical. The culture and the people, the right people, the right talent. Integrating Suncorp to get less complexity and to capture the synergies. Having a single front end for all our customers in Australia.

Improve our productivity and reduce the complexity. Reduce three teams in Retail in Australia. For example, stop doing projects that are not needed and not aligned with the strategy. Finally, and very much aligned with everything I said, to be a good risk manager on the NFR front.

If we do this first phase well, which also includes investing on the material things we just mentioned, on the pillars that we just mentioned around customer experience, differentiation, property origination and transactional capabilities, remember, this is about being a transactional bank in all our segments, then we can aspire to outperform the market '28 and beyond.

That's exactly our strategy. It reads the momentum of the Company. Now we put the house in order, but we'll start to be more profitable from day one, as we said. the returns will be accretive. They will be positive from a delta perspective year after year, in a different way. First two years, more on productivity. Next two years, more on revenues. It makes sense. We are very confident.

Brian Johnson: (MST, Analyst) Thank you, Nuno, and well done.

Operator: Thank you. The next question comes from Jonathan Mott from Barrenjoey. Please go ahead.

Jonathan Mott: (Barrenjoey, Analyst) Thank you. I'll just keep going from BJ's comments and what he was alluding to. Nuno, while you were going through, one of the statements you made was – I think it was, we see NIM stability for the medium to longer term.

I just wanted to see, is that what you have embedded in those phase 1 and phase 2 targets to get the cost to income down and the return on tangible equity up to the 12% and 13% so you're assuming that you can keep NIM flat over that timeframe?

Nuno Matos: So, by the way, let me – since you asked, let me correct one thing I said in terms of NIM behaviour in '25 to, again, highlight how we have changed the approach. Actually, the first half NIM degradation was 12 basis points if you exclude Suncorp and Markets and the second half was plus one.

So it tells you that one of the things that we start executing was on NIM margin. Obviously, NIM margins are highly dependent on interest rates. That's kind of obvious. With the current scenario we have in front of us, with the forward curves we have in front of us, for the most part, our five-year plan, even though we are not guiding any kind of NIM at this point in time, it's a stable NIM throughout this period, okay?

We believe that within the current macroeconomic and forward curve considerations, that's where we should be.

Farhan Faruqui: If I can just add to that, Nuno, and I think you've covered it really well. But I think it's just important, Jon, that when we think about our strategy, for 2030 strategy, where Nuno just described how we travel over the course of the next two years and then for the three years subsequently.

Part of that strategy, a large part of that strategy is dependent on our ability to execute on growing operational deposits, it's about moving – it's ensuring that we are doing better in terms of our proprietary channels, et cetera, and those things have a positive impact on NIM as well.

So stability is not driven just by what happens in the external environment and day-to-day combat, which we do anyway. but it's actually going to be driven because the underlying structure of our business will start to improve and be more NIM accreative, if you like, as we go forward.

So that – so stability is not just as things are today, but it's also as the businesses are going to improve over the course of the next couple of years.

Nuno Matos: It's implied in the strategy.

Jonathan Mott: (Barrenjoey, Analyst) Okay, so just clarifying that. You actually want to improve your deposit mix, which you think will help you out from that perspective to offset an underlying NIM contraction that would otherwise be going through? Am I interpreting that correct?

Nuno Matos: That's right.

Farhan Faruqui: Correct.

Nuno Matos: As Farhan said and pointed to very well, our strategy from a business perspective has to do with being the transactional bank of Australia and New Zealand. It's not just in wholesale, it's across the board. It's fair to say that in wholesale we are in fantastic shape. It's also fair to say that in New Zealand we are in fantastic shape.

As we've been saying, we have a tremendous opportunity to improve in Australia and Business Banking divisions. Differentiation, customer experience improvements and proprietary origination. All of those three levers that we are applying and starting investing in right now, they all point to a much better franchise in quality of deposits.

It's difficult. It takes time, as we say in our strategy, but everything points out to a better mix of funding, a better mix of quality of engagement with customers, which by definition points out to a better margin.

Jonathan Mott: (Barrenjoey, Analyst) Great, thank you. Just a follow up question if I could, and I just want to work out the moving parts here. In the Institutional business, risk weights were down about $7 billion in the half, and it looked like it was across Transaction Banking, Corporate and Markets.

I think there was a comment before that a lot of this was timing-driven, short-term trade and a few other things. So the reduction in risk weighted assets in the Institutional book in the second half, should we think that that bounces back, it's timing-wise? Or with Kevin moving into this business, do you actually see an ongoing reduction in risk-weights in that business.

Nuno Matos: Farhan, you want to?

Farhan Faruqui: I will certainly give an answer, and I'm sure Nuno will add on Kevin. Look, I think our fundamental assumption here, Jon, is that we're going to continue to grow the assets in Institutional on an accretive basis.

So that is the underlying assumption for '26. Now, the timing issue around trade was timing seasonal, however you want to classify it, towards the end of the fourth quarter. Some of that surely will come back. Our customer borrowings, et cetera, will obviously oscillate through the course of the year.

But underlying, we believe that it is going to continue to grow. Now, within that, we will continue to make sure we optimise for returns. We will continue to make sure we optimise for a standardised floor. We continue to build the capital muscle around managing the floor in terms of both standardised as well as overall risk-weighted assets.

So I think all of that is absolutely assumed, and Kevin will play a significant role in that. The question specifically for the half was that a part of that reduction that happened in Institutional risk weights was actually fundamental shift and change in the data methodology, which was improved. So that allowed us to reduce some of the risk weights.

Some of it was driven by the work we have been doing, and Mark and his team have been doing for the last couple of years on capital reforms. That has obviously been benefiting us as well and that continued to benefit us in the second half. Then part of that was driven by the timing that you just mentioned. So, it is a mixed effect. Some of it will carry it through

into the next half. Some of it will revert back and we will continue to manage it at an optimised basis.

Jonathan Mott: (Barrenjoey, Analyst) Okay, and just [unclear] that, there was a pullback right at the end of the fourth quarter in the risk weights which made the risk-weighted assets lower than they otherwise would be.

Farhan Faruqui: The pullback was…

Jonathan Mott: (Barrenjoey, Analyst) [Unclear].

Farhan Faruqui: The pullback was largely driven by trade assets, Jon, and to some extent, market-traded risk was slightly down as well. But again, those are things that will come and go every quarter, yes.

Jonathan Mott: (Barrenjoey, Analyst) Okay, thank you.

Operator: Thank you. The next question comes from John Storey from UBS. Please go ahead.

John Storey: (UBS, Analyst) Good morning, guys. Thanks for the opportunity to ask a question. I just wanted to go back to Matt's question just in regards to the mortgage strategy. I appreciate you want to be competitive in both proprietary and third party, but just wanted to get a better understanding, particularly on the proprietary side. Do you think that you need to invest in your branch infrastructure to be able to deliver a better proprietary offering? Then just how much time have you spent actually just scoping the branches yourself?

Nuno Matos: Thanks, John. Well, the first thing I did on my first day actually was to visit the branch. I have visited thousands of branches in my professional life. It’s one of the things I really like to do is to spend time with our teams and not just to go there and do a social visit. I like to go there, ask questions, understand what is not working, go through the platforms, understanding the systems, understanding the difficulties that they have to originate business.

So, yes, I did it and I continue to do it frequently. We don't have to invest in our physical infrastructure in branches. We are quite happy with the size and location in general terms, obviously, of our branch network. Having said that, what we need to deliver to our branch people, it's better platforms for them to originate business in a much more efficient manner, and that includes mortgages. Also, better platforms for them to serve any customer request or customer requirement that always occur on a day-to-day basis.

It's not a material investment in the broader scheme of things, but it's a very, very important investment to make, our people, our customer people, facing customers with more confidence and being able to do business much more effectively.

John Storey: (UBS, Analyst) Just on that, do you feel that your current branch infrastructure, let's say, ANZ circa got 300-odd branches and CBA's got closer to 700 branches, do you think you can grow at or above system given the size of your infrastructure? I think that's kind of the key question.

Nuno Matos: Yes, everything is relative, obviously, right? But we are very much convinced of two things. One, we have enough branches to do our business. We certainly don't want to reduce the size of our network. That's very clear. We also don't intend to grow physically to invest in other branch centres. What we need to make sure is that those, in those locations, they are very well equipped to do business, instead of adding additional locations to our network.

John Storey: (UBS, Analyst) Okay, thanks very much, and I appreciate it.

Nuno Matos: Thank you so much, John.

Operator: Thank you. The next question comes from Andrew Triggs from J.P. Morgan. Please go ahead.

Andrew Triggs: (J.P. Morgan, Analyst) Thanks, and good morning. First question, please, just on the margin, just to follow on from a couple of the other questions. I do see this sort of time and time again when banks present quite positive NIM outlooks when their loan books are growing very slowly, and particularly when you're losing market share across places like the Australian Retail and Commercial Bank.

Also, just highlight the Institutional NIM that stabilised in Q4 that was looked to be in a period of negative loan growth per the pillar three update for the third quarter, and the APRA stat showed deposits barely grew in the September quarter for the Group. So, maybe just get at a little bit more on why you're so confident that margins could be fairly stable. Are you assuming no pickup in loan growth or recovery in market share stats because the two don't seem to necessarily go together?

Nuno Matos: Thanks Andrew. It's a fair question. What I would say is the following here. No, we are not expecting to be an outlier in terms of lending growth for the quarters to come and for the years to come. As I said, our first two years of the strategy, 2026 and 2027, we intend to be in line with the market, so don't expect us to be an outlier there.

I'm talking about Retail and Business Banking specifically, because in Institutional, again, we don't target lending, we target returns. In New Zealand, we also expect to be in line with Markets.

Now, the fact that we are convinced we can do a better job in margin management, as I think we start doing it in second half of the year, has to do with two things. First, our mindset in how we manage margins and our attention to that specific component of our management tools. Second, the fact that our strategy is geared towards more customer value-added business, meaning cheap and sticky deposits and transactionality in general that is, by definition, margin accretive, so that together with management, management plus strategy in this case, should allow us, again, all other things remain constant meaning the outlook we have today in terms of rates, should allow us to be broadly stable in margin for the years to come.

Farhan Faruqui: I would just add, just to your other point, Andrew, to what Nuno has just said, even though you're absolutely right that the second half and the fourth quarter in particular was not a high lending growth period in Institutional, the large part of the impact on margins and Institutional has actually come more from deposit margins, not so much from lending margins.

So, the fact that that compression was lower in the second half was actually more work that the Institutional team was doing around deposit pricing and managing customers rather than – and growth in terms of volume, rather than lending NIM related.

Nuno Matos: That's right.

Andrew Triggs: (J.P. Morgan, Analyst) Okay, thank you. The second question, slide 30, shows the key customer franchise metrics. The NPS scores across Australia and New Zealand, outside of Institutional, which is obviously doing well, does show pervasive dissatisfaction from customers. You alluded to obviously increasing Business and Retail bankers over time, can you maybe dive a little bit more into what needs to be done to fix those metrics and maybe the timing of some of these investments, because you haven't called out an increased investment spend, but obviously, resourcing will step up quite a bit at some stage.

Nuno Matos: Thanks, Andrew, that's a great question. Again, it ties directly with our strategy. The first pillar of our strategy is customer first. Customer first means four things. First one, customer experience, which is the one you are just mentioning. Second,

differentiation, and differentiation means on Retail, Affluent, and people relocating to Australia, and on wholesale means leading platforms on transactional banking.

The third pillar is proprietary generation. Our channels, own channels, have to be bigger, especially in Retail and Small Business, and they have to be more capable. The fourth one is transactional banking across the Bank. All those pillars are geared to improving these numbers, but the first one, customer experience, is by definition addressing the fact that we, as you see here, we clearly called out that both in Australia and New Zealand, we are not where we should be.

In New Zealand, the fact that we are the number four and the leader was called out very clearly in our strategy a month ago, its something that we see as the weak spot of New Zealand, its something that we see as a threat for the long term of the business, and that's why both the local executive team in New Zealand and us has put that as the number one, the number one strategic lever of New Zealand, it's to improve its NPS, or if you want, to improve its customer outcomes.

Leadership is very important. Obviously, it creates a drag effect. It creates a hook effect. But we can't sleep on that for the long term. We are taking measures right now on improving the most important customer journeys, which, as you can imagine, are the typical ones, how do you open an account? How do you get the loan? How well are you taking care in a branch, when do you do a complaint, how fast do you get the solution?

Those journeys, they are critical for us to improve, not only in New Zealand, to be honest, but since you mentioned New Zealand, its a great case of leadership, but if we don't get this right, it could hurt us in the long term. We don't want to take that risk. It's good for customers, it's good for shareholders.

Andrew Triggs: (J.P. Morgan, Analyst) I'm sorry, Nuno, timing?

Nuno Matos: Well, we are already on it, meaning, remember our first phase when we say get the basics right. This is an interesting thing because I sometimes get the question, rightly so and fair question, about our enforceable undertake in non-financial risk. The question has been, will that distract you from being able to improve your business? Actually, it's a very demanding component of our five immediate priorities.

But to be absolutely honest, it's critical that we put in place a great framework of non-financial risk because that means better customer outcomes. That means better customer service. So, this is a great example where good regulation is helping us deliver great strategy. So, it's starting right now because, well, actually, already started. All of the

processes of Australia and New Zealand are now, if you want, under scrutiny and being reviewed. We expect in the next 12-24 months to have a much better customer experience to our customers.

Andrew Triggs: (J.P. Morgan, Analyst) Thank you.

Nuno Matos: Thank you so much.

Operator: Thank you. The next question comes from Matt Dunger from B of A. Please go ahead.

Matt Dunger: (B of A, Analyst) Yes, thank you for taking my questions, gentlemen. Could I just ask a follow up on the Markets income, Nuno, stable at $2.1 billion. Your predecessor called this a $2.2 billion business. Today you've talked about the ongoing optimisation in Institutional, the underappreciated value here. So, just wondering if you could marry that with where you're going to get growth from Markets income and can you grow faster than lending volumes?

Nuno Matos: Yes, great question. I would start saying the following. Our Markets business is a customer franchise business. We don't do it on a standalone basis. We do it because we have the best franchise of customers in Australia and New Zealand, and a very, very powerful franchise in Asia. So, this is a complement, it's an addition, it's a significant component of our transactional banking strategy.

We deliver to customer operational needs and hedging needs if you want, and that's where we want to be. No temptations to go outside of this perimeter. In that regard, it's a stable business. It's a counter-cyclical business. With that in mind, we don't abandon, by no means, we don't abandon our ambition to grow that business. 2025 didn’t start in a great shape. Our second half was much better than the second half and seasonally it’s always the opposite, so that gives a sense of momentum.

Where are we going to grow? Well, on one hand, as we continue to extend our leadership in transactional banking in Australia and New Zealand, we expect to continue to deliver in those two markets. On the other hand, I would like to give you a very clear number. [60%] of our Markets business is outside of Australia and New Zealand.

It’s in Asia. I don’t need to tell you what is happening in Asia. It’s the engine of the world and we are taking the right measures to grow with Asia. How? The same great platforms we have today in Australia, we are exporting them quarter by quarter to another market in Asia, okay?

This is what we want to do. It's a service business, a transactional business, FX, credit, rates, for the most part that's what we do. It's about DCM when customers need it and DCM is also in our favour as rates reduce and it's about, it's on top of great platforms that are being exported to Asia.

That's what we see. I don't see a $2.2 billion business, I don't see it that way. I see it as a growth business that needs to be profitable by the way, this is very important, [unclear], but it's not a standalone division by no means.

Matt Dunger: (B of A, Analyst) Fantastic, thank you. You've talked a lot about growth today, we were just talking about it then, but just wondering, given the lowest non-performing loans amongst the peers and you've talked today in the pack about the reduced loss rates, are the credit settings too conservative Nuno? Do you have a view on that having – got your feet under the desk now?

Nuno Matos: It's a question, Matt, that I have, and we have, received from some, okay? Undoubtedly, we are a conservative organisation, okay, and this is something that – it took us time to recognise, I must say. I was well informed about the cyclicality that our credit profile had in the past. I must say that the Institutional business and the risk teams did a great job in reshuffling the business.

Remember we were 26,000 customers 10 years ago, today we are 6,000 customers, and we make almost twice as much with those customers, which means that today we bank the customers that make sense, customers that are in our Home markets or have intra-Asia needs, which are basically big corps or multinationals, or companies that have, if you want, that want to cross into Australia and New Zealand, or vice versa. That's our market.

On that part, I feel very comfortable, very comfortable with our credit profile. On the Business Banking side, it's also arguable that we are too conservative. On that case, we are reviewing it. We have today credit losses which are still well behind pre-COVID, less than half of what they were pre-COVID levels, just to be clear, I think 19 bases versus 50, and someone could argue, we could argue, that we should expand a little bit our appetite.

Having said that, our strategy is not on top of expansion of credit appetite, just to be clear. It's on optimisation, not on expansion if you want.

Matt Dunger: (B of A, Analyst) Thank you.

Operator: Thank you. The next question comes from Carlos Cacho from Macquarie. Please go ahead.

Carlos Cacho: (Macquarie, Analyst) Thank you. Thanks for the opportunity to ask a question. I just wanted to ask something else on deposits. You've highlighted your target to improve the deposit growth as well as the mix helping support [unclear] costs. Most of your peers have similar goals and improved their deposit mix and reducing the costs of deposits, how do you see yourself differentiating there and are there any particular segments that you expect you're going to outperform or will drive that improvement?

Nuno Matos: Thank you so much. Again, customer first pillar, second action, customer differentiation, right? You are absolutely right and, by the way, not a surprise that the four universal banks have similar ambitions, as they should if they are systemic and universal. We do, we want to play our part. We were less successful in the past in that regard, we want to be successful.

For that, and as you pointed out, we believe we need to be different or find our own differentiation without abdicating by no means on our universal appetite. To be clear, we bank all customers in Australia or in New Zealand.

Having said that, the way we bank them needs to be more bespoke. We put in front the fact that we believe that the Mass Affluent segment in Australia needs to be well served and we think we can play a role there and people relocating to Australia is a trend that has been there for quite some time, and it will continue to be very relevant.

We are the bank that arguably has the best knowledge or the best awareness better said in terms of brand outside of Australia, both in New Zealand we are the leader, or in Asia, so we should play a very, very important role. Half of new to bank customers in the system are people relocating to Australia. You can't ignore that, so you need to be bespoke into those types of segments.

On the Business Banking side, clearly our differentiation will be in platforms. Our transactive global platform from Institutional for middle markets and the new plus build up which we started three years before we had it in the previous plan, started and is going to be delivered by the end of '27. That's what we are doing and we expect to be successful. So differentiation and platforms would be our answer.

Farhan Faruqui: I would just add, Carlos, I think Nuno's covered it really well, but just two quick things. Firstly, the Institutional business, other than what Nuno talked about Retail and Business Banking, but on the Institutional business, the transactive platform in our payments and cash management business is very, very sticky.

I can tell you that the last thing large corporates want to do is keep changing their cash management systems and platforms because they integrate across the entire region. That's the other element of it, which is the fact that we have the strong Asia presence that we talked about earlier, allows us the ability to differentiate versus any of our domestic peers, but also many of our international peers as well.

So I think that business has a certain strength which has to be played into. I think the final point I would just make is that our trans-Tasman potential is far greater than some of our peers, as well, given the strength of our New Zealand business.

Nuno Matos: That's right.

Carlos Cacho: (Macquarie, Analyst) Thanks for that. Just on mortgages, you've spoken a few times about the need to improve mortgage processes, that your processes and turnarounds aren't where they need to be. Previously, we'd heard that ANZ Plus was really the solution for that. As you noted at the Strategy Day, the vertical approach of ANZ Plus wasn't appropriate and you've moved away from that.

So given that, what's the strategy now for improving those mortgages? So is it going to be a new platform, a new process, or is it still the ANZ Plus strategy but perhaps executed on a slightly different timing or implementation?

Nuno Matos: Sure. The ANZ Plus, what we – and I would like to clarify again, what we said very clearly a month ago was we changed the sequence. Instead of building it vertically, we are going to build it horizontally.

The first component will be to have a single mobile app for the whole 8 million customers in Australia, both Retail and Small Business, and that needs to be completed by end of '27, okay? So that's for Plus.

The other components of the middle layer of Plus will be done after '28. On the mortgage processes, the significant improvement we need to do already started, and it does not collide with the Plus build up. It's a different work stream, if you want. So both of those elements are critical for us to achieve in the next 12 to 24 months.

Carlos Cacho: (Macquarie, Analyst) Thank you.

Operator: Thank you. The next question comes from Richard Wiles from Morgan Stanley. Please go ahead.

Richard Wiles: (Morgan Stanley, Analyst) Good morning. I have two questions. The first is on costs. On slide 25, you include your cost drivers. Can I ask, is that disclosed on the same basis as FY24?

For example, in '25, you've got $405 million of growth from inflation. In '24, you talked about $414 million from wage and vendor inflation. Are they comparable numbers? Can you comment on underlying inflation trends, particularly in relation to salaries, software, and financial crime in cyber?

Farhan Faruqui: Yes, so just on the methodology question, Richard. Yes, the answer is that it is the same methodology. We've just grouped some of the buckets for simplicity. So the inflation basically is both salary and wages as well as some of the vendor inflation elements, all captured inside the same number.

Again, I think what we are trying to also explain is that some of the work that we are doing around investment slate, some of the things that we are doing around the NFR work, et cetera, are not captured under inflation. Of course, they are captured under what would be other categories, which would include volume drivers, which would include some of the work we are doing around NFR, et cetera, and some of the other cost uplifts that occur.

Our focus going forward, Richard, is going to be to try and – obviously salary and wage inflation will continue. Our focus is to, as we said at Strategy Day as well, we're going to make sure that we manage as best as we can vendor inflation. That's an important focus for us and we're looking at a big third-party spend review just to make sure we minimise that.

We will continue to fund and absolutely ensure that we are funding our NFR work and the work we're doing around the enforceable undertaking. But when we look at the baseline of all those things, including the impact of Suncorp Bank integration and the Plus front end that Nuno just spoke about, when we are talking about the guidance of 3% down, it is inclusive of all of those costs off the base of the 11.85, which is the '25 number.

So I am hoping that explains that, Richard, but if there is any further clarification I am happy to speak to you separately as well, or if you have any other questions now.

Richard Wiles: (Morgan Stanley, Analyst) Okay, and I have one other question. Nuno, do you think there's an opportunity to shift your geographic mix in Australia? What do you think about your exposure to Victoria and your opportunities to grow perhaps above system in other states?

Nuno Matos: Well, we are a scale competitor. We are a universal competitor in that regard. Obviously, when we say that, someone, as you are asking, could say, well, but you could over-index in some part or under-index in other parts.

We are quite comfortable with our presence in Australia. Suncorp, for example, was a clear answer, a strategic answer, to our under-representation in Queensland. We are not by no means trying to reduce any exposure to any special part of Australia. We continue to be, if you want, very much committed to a universal approach, and we are more interested in growth than in contraction in any part of Australia.

Our challenges, as I think we've been clear, are not so much geographic. They are more concentrated in two divisions that need to do better, as simple as that.

Richard Wiles: (Morgan Stanley, Analyst) Thank you.

Nuno Matos: Thank you so much.

Operator: Thank you. That does conclude the Q&A session. I'll hand the conference back to Nuno for any closing remarks.

Nuno Matos: Thank you, Travis, and thank you, everyone, for joining us today. Before we wrap up, I would like to reiterate that we are moving at pace to execute our priorities and we are committed to delivering on our five-year plan. I look forward to consistently updating you on our progress. Thank you so much.

End of Transcript