

Delivering a stronger domestic franchise ANZ Australia

**Philip Chronican
CEO Australia
18 March 2011**



Agenda

- 1. Coherent strategy, consistently applied, has driven above peer returns for ANZ Australia division**
- 2. Business platform remediation, improved wealth and agribusiness positioning, restructured and strengthened management team**
- 3. Aspirations – driving competitive advantage and value creation**
 - Drive further value from existing strong brand position - “Easy to Do Business With”
 - Deliver greater options for our customers through leveraging the group’s Super Regional capabilities
 - Customer experience led IT investment and product innovation
 - Increase share of wallet across our businesses

Focus of today's presentation – Australia Division

ANZ Australia

Focus of today

Wealth

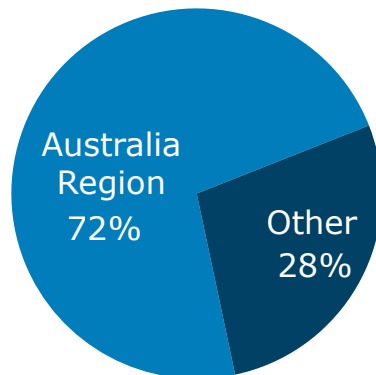
Retail

Commercial

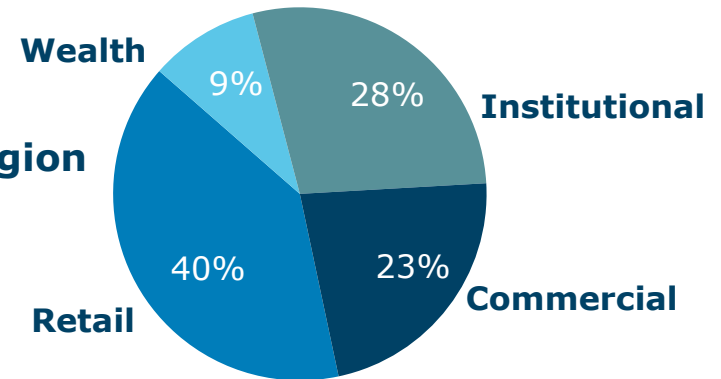
**Institutional
Australia**

*Segment cut-over at
>\$40m turnover
Or >\$15m lending*

**Contribution to
Group NPAT**



**Australia Region
NPAT Split**



 Institutional Australia and Risk included within Australia geography structure

Experienced business leaders



Louis Hawke

Managing Director
Product, Strategy &
Marketing



Mark Hand

Managing Director
Retail Distribution



Mark Whelan

Managing Director
Commercial Banking
(from April 2011)



John Van Der Wielen

Managing Director
Wealth

John Harries

GM Operations
Australia

John Hogan

Chief Financial Officer
Australia

Gary Sterrenberg

Chief Information
Officer Australia

Suzette Corr

GM Human Resources
Australia

Mike Cutter

Chief Risk Officer
Australia

Nigel Williams

MD Institutional
Australia

Well positioned for a new game with new rules

Strong economic growth in Australia yet weaker lending system growth

Australia: credit growth likely to be around nominal GDP
Business investment funding coming from equity raisings and
greater level of national savings

Competition impacts from lower growth environment

Price focus
Battleground has moved
from deposits to retail lending

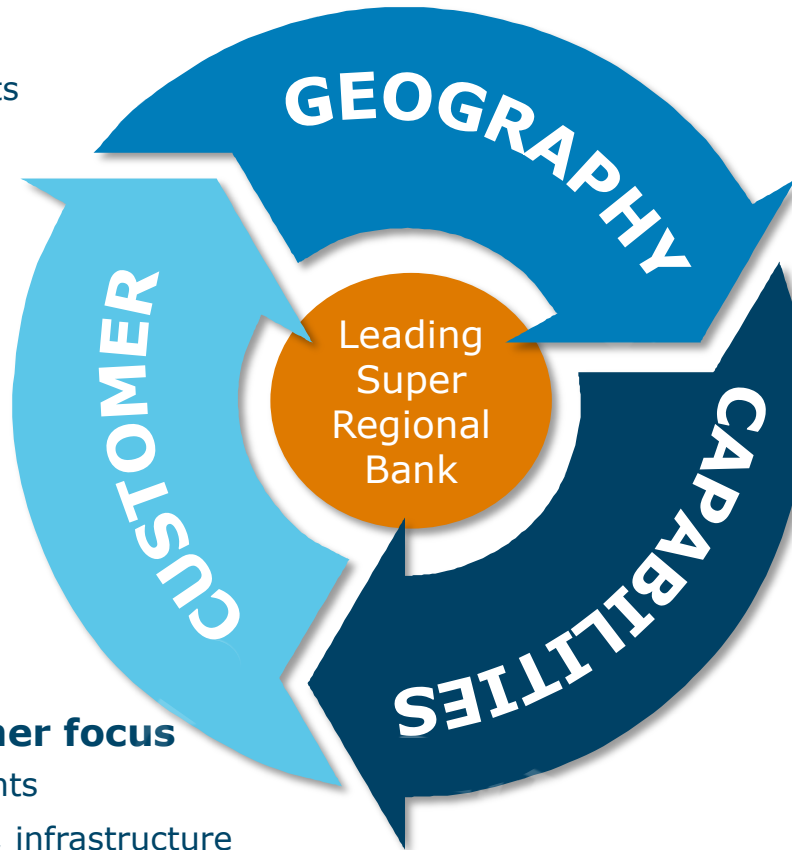
Increasing political and regulatory overlay

Cooper Review (superannuation)
Ripoll Review (advice)
Basel III (capital & liquidity)

Coherent strategy – driving competitive advantage

Geographic opportunity

- Footprint - exposure to Asia's more rapid growth
- Growing financial services requirements
- Regional connectivity
- Strong domestic markets and businesses



Building Super Regional capabilities

- Bench strength/international talent
- Innovative product capability
- 'Throw and catch' capability and culture
- Enabling technology and operations hubs
- Global core brand, regional reach
- Governance and risk management

Cross-border customer focus

- Regional customer insights
- Resources, agribusiness, infrastructure
- Trade and investment flows
- Migration/people flows, education

Australia Division contributing strongly to group through more convenient banking proposition

OUTPERFORM

RESTORE

- ✓ Leadership in customer advocacy
- ✓ Above system growth in deposits and household lending
- ✓ Business platform remediation
- ✓ Strengthen management team
- ✓ Improve wealth offer - INGA acquisition
- ✓ Improve staff engagement

2009-10

- Enhance strong domestic franchise by leveraging regional footprint
- Integrated solutions – customer focus, main bank agenda
- Build on well established market positioning – easy to do business with
- Productivity

• Deepen successful strategy

- #1 bank for consumer and commercial satisfaction and Net Promoter Score
- #1 bank for Pan-regional flows
- #1 bank for trade and FX

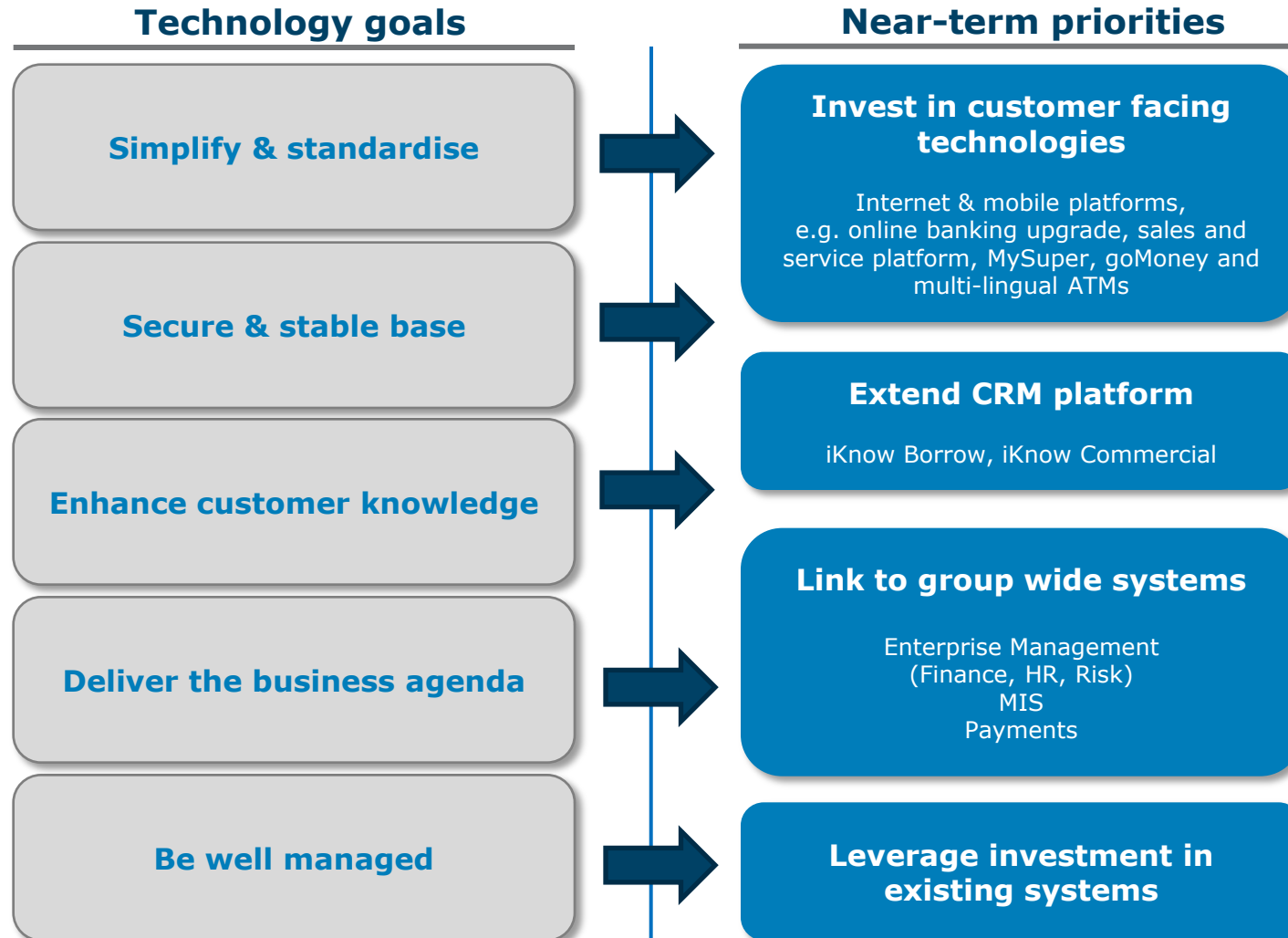
• Peer leading staff engagement

• Differentiated earnings growth

• More efficient balance sheet

2011-2014

Using technology to create a leading customer experience – combining people, process, data and technology



Clear principles - focus, alignment and discipline

1

Future-proof business architecture

- Build for the long-term

2

Investment selection, prioritisation and governance

- Invest in strategies, not projects

3

Customer proposition and experience

- Combine people, process, data and technology to deliver 'Uncomplicated and People-shaped' experience

4

Technology development

- Embed stability and innovate from the 'front-end'

5

Business execution

- Manage change through 'bite-sized' initiatives to reduce delivery risk

ANZ Australia Retail



Retail – positioned for continued growth

Award winning distribution network¹ ...



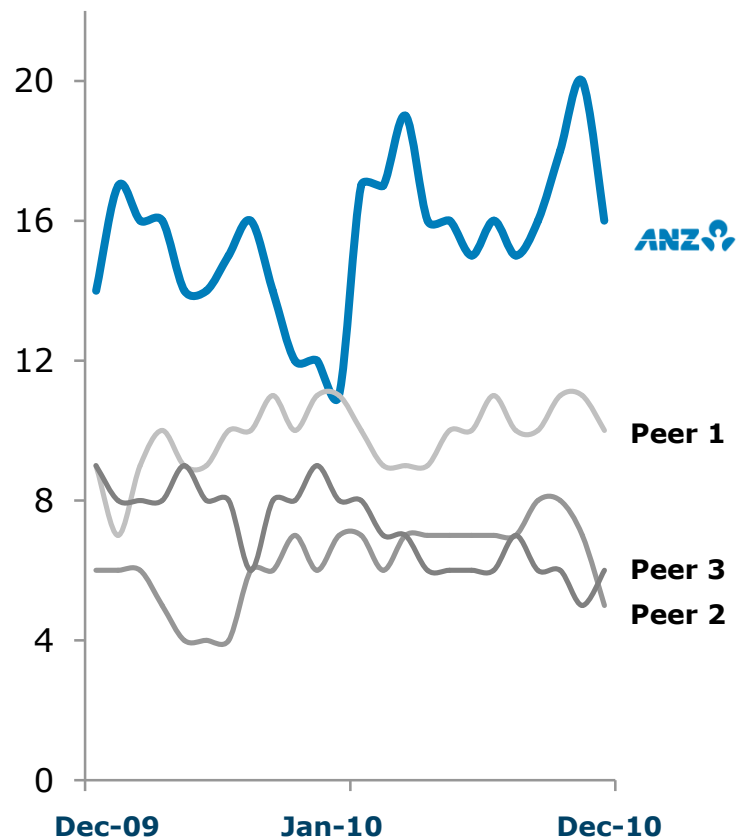
... with market leading products

YoY Growth 09-10

	Market share	System multiple
Deposits	13.2%	1.0x
Mortgages	12.3%	1.3x
Consumer finance	18.9%	1.1x

... driving customer preference

(%) Future trial intention, non-bank customers



1. Canstar Cannex, Australia's number one for Customer Satisfaction with distribution
2. Winner FIIA 2011 Asia Pacific Innovation Award (Mobile Innovation)

Customer experience and regional networks underpin competitive advantage

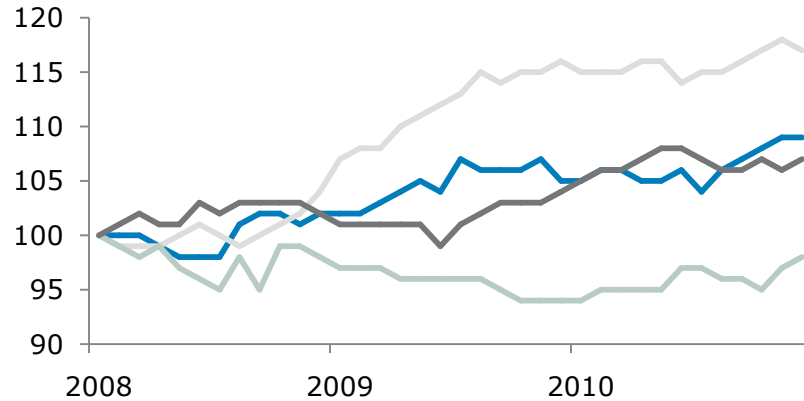
Strategic priorities

- 1 Target higher-value customers**
 - Continue to acquire more affluent customers via targeted, relevant propositions (e.g. Visa Signature; A-Z Reviews)
 - Affluent market share +0.9% 12 mths to Dec 2010
- 2 Deliver a distinctive Retail customer proposition**
 - Deliver 'Uncomplicated & People-shaped' proposition – easy and empowering
 - Continue investment in brand and delivery
 - Differentiate through customer service and insight
- 3 Become the bank of choice for migrants**
 - Leverage Super Regional network to capture Asian migrant and student flows
 - Pan-regional migrants make up ~20% of all new to market customers
- 4 Continuously manage costs and productivity**
 - Continue migration to lower cost online channels
 - Invest in increased automation (e.g. Retail Lending Automation initiative)

Success will deliver consistent profitable market share growth over the long term

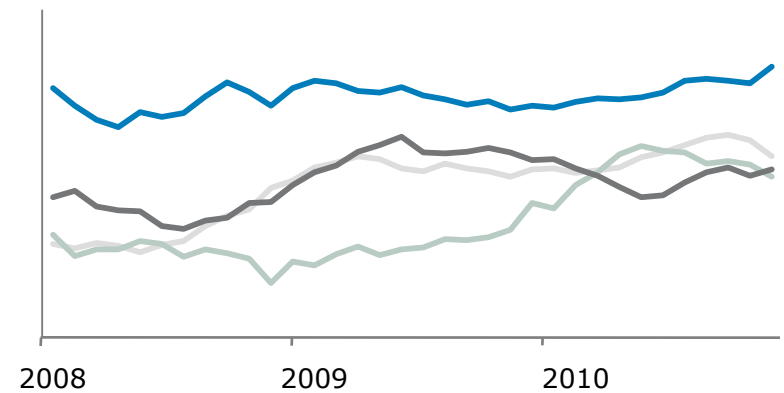
Sustained organic share growth ...

Traditional banking market share (Index, Jan 2008=100)



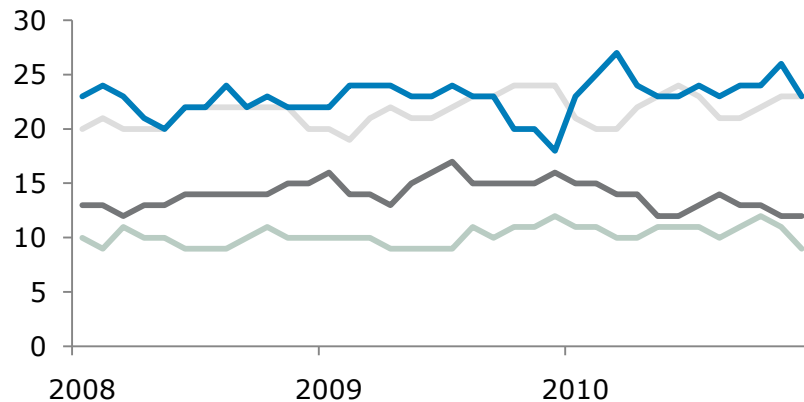
... through peer leading customer advocacy

Net promoter score



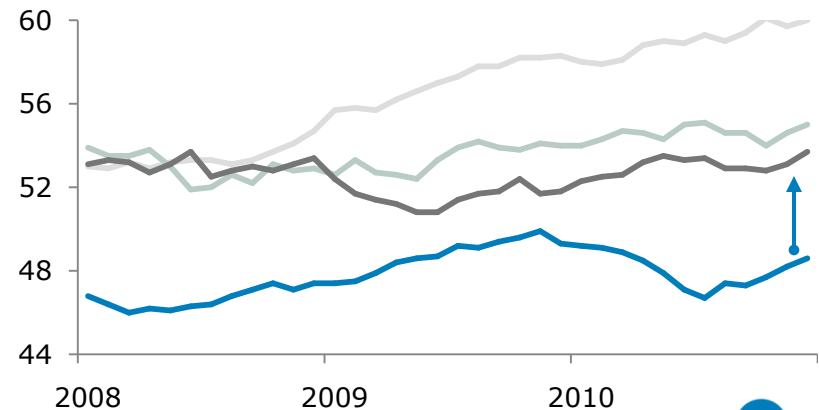
... and above weight trial intention

(%) transactional account trial intention



... with significant upside potential

(% of FUM) traditional banking share of wallet



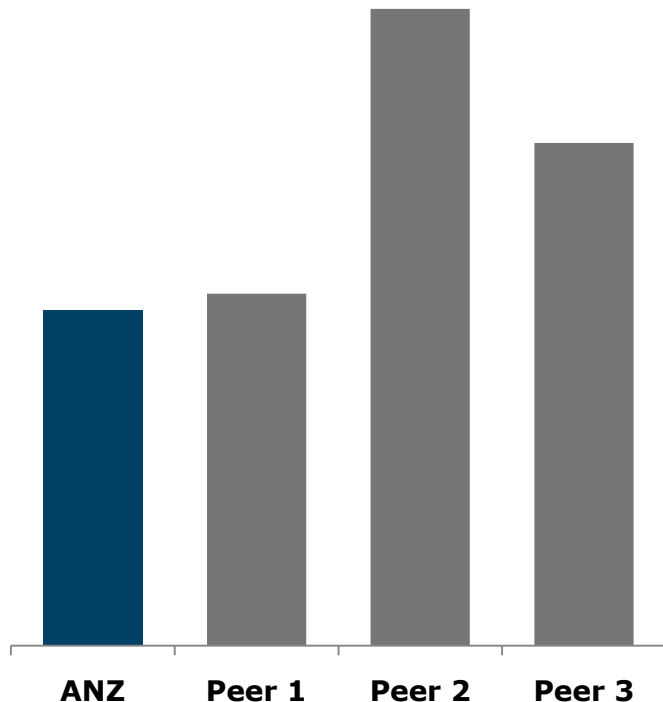
— ANZ — Peer 1 — Peer 2 — Peer 3



Case study: Exception fees and SVR response

Indicative revenue impact of fee changes 2009-10

(\$ per bank customer¹)



A balanced, customer insight-led response

Exception fees reduction

Research confirmed customers' desire for greater transparency was the key issue

- Retained flat \$5 monthly fee with no additional account charges and removed 27 separate fees

Out-of-cycle mortgage rate increase

Research highlighted that customers' desire for greater control was the key issue

- "Packaged" response, including SVR increase at lower range of peers, elimination of exit fees plus fixed rate switching offer
- Over 10,000 customers (~\$3bn FUM) took-up fixed rate switching offer (~30% new-to-bank)

1. Estimated total revenue loss per traditional banking customer due to deposit and credit card fee (2009) and mortgage fee (2010/11) changes

Case study: Leveraging regional retail connectivity through ANZ Migrant Banking channel

By 2015 15% of the Australian population will be of Asian origin and represent over 22% of the acquirable pool of new to bank customers

- Significant acquisition opportunities exist in pre-arrival and new-arrival migrant segments
- ANZ's pan-regional network ensures we are well placed to identify and assist clients ahead of their planned migration
- A specialist Migrant Banking channel developed to ensure and seamless referral process across regions
- Offering supported by a new 'Moving to Australia' online portal and account opening tool
- Currently have 18 specialist migrant branches and an additional 340 branches with targeted language capabilities, initiatives underway to increase the number of specialist branches during 2011.

Example



ANZ 澳新银行
Shanghai

- ANZ Relationship Manager identifies referral opportunity for a client relocating to Australia for work.



ANZ Migrant Banking

Referral provided to the ANZ migrant banking team.

ANZ Migrant Banking specialist:

- Determines specific language and financial needs of client
- Commences account opening and other necessary processes
- Identifies appropriate branch to be primary relationship point for client.



ANZ
Chinatown branch
Haymarket, Sydney

- Asian banking manager is introduced to client pre - departure.
- Meeting is arranged to occur upon arrival to finalise banking arrangements and address any other needs.



ANZ Australia Wealth



Wealth – Integrating the portfolio

Over 2.5m customers

Over 2,200 Financial Planners nationwide, through owned and aligned dealer group network

10 Private Banking suites

Market share position 2010

Individual Risk Insurance	#3
Superannuation & Investments	#5
Private Bank	#3
Investment Lending	#5
Online/Direct Broking	#2

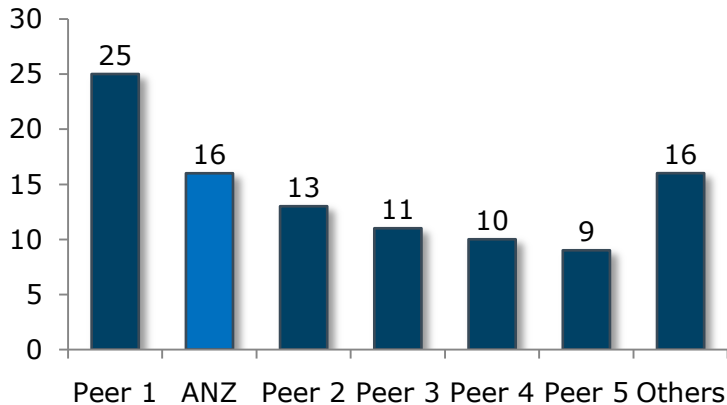
Strategy is to combine all existing wealth businesses to deliver differentiated, tiered offerings to key customer segments



Large upside and diversified income streams

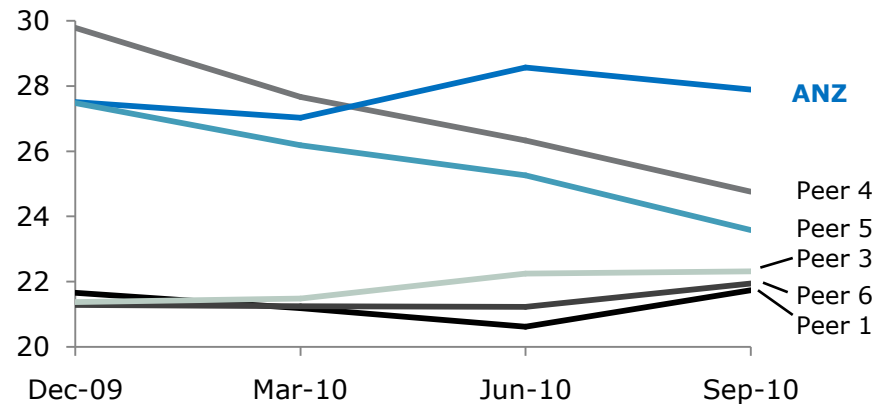
ANZ has the second largest adviser footprint ...

Financial Planner Footprint
(% share of Planners)



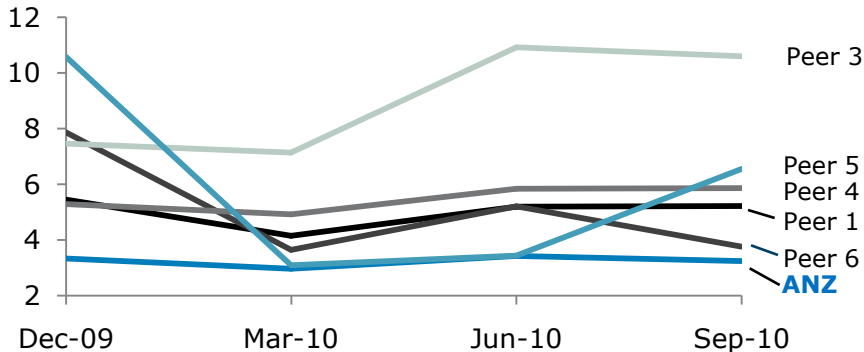
... with strong momentum in key business lines

Individual Risk Inflows
(%; New Annual Premiums / Inforce Premiums)



Superannuation and Managed Investments to provide growth ...

Super & Investments Inflows
(%; Inflow / FUM)



... with ANZ penetration a key opportunity



Setting the foundations for future growth

Strategic priorities

1

Step change in ANZ customer base penetration

- Embed wealth offerings into ANZ customer propositions and channels
- Develop simple superannuation and insurance products

2

Capitalise on opportunities presented by regulatory and market changes

- Continue to capture Superannuation Guarantee (SG) flows (with potential increase from 9% - 12% for SG)
- Enhance limited scope advice offering
- Leverage our aligned dealer group distribution network

3

Leverage combined wealth business to enhance revenue and decrease costs

- Deliver a fully integrated wealth business to realise revenue and cost synergies between business units
- Invest in increasing automation and online self-service capabilities to improve efficiency and cost-to-serve

4

Enhance core capabilities for future growth

- Deliver future wealth platform solution
- Deliver tiered offerings to customer segments
- Build our capabilities to support possible extension into Asia

Case study: ING Australia transition

The transition from ING ownership to a fully integrated ANZ Wealth business ...

Nov 09: 100% acquisition of ING Australia's 51% share of the INGA/ANZ joint ventures in Australia and New Zealand



Dec 10: ANZ Wealth operates as a fully integrated business

... has demonstrated Wealth's ability to deliver despite complexity and a challenging timeframe

- New brand created and implemented within 8 months - successful launch of OnePath brand in October 2010
- Alignment to ANZ operations, risk / compliance, technology and finance frameworks with 2,067 FTEs transitioned to ANZ employment in November 2010
- OnePath has maintained strong business momentum despite transition with NPAT of \$314m, up \$164m on the previous result and above deal assumptions
- Significant revenue and cost synergies are in progress (both with the broader bank and within Wealth)

ANZ Australia Commercial



A differentiated Commercial Banking proposition

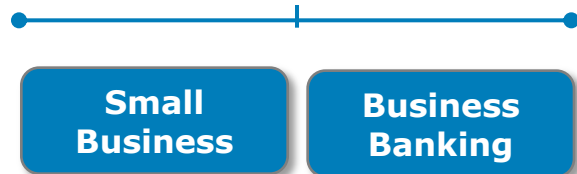
Customer segments range from transactional to high-touch ...

... regional presence enables 'easy' connection for customers

Customer segments

Turnover

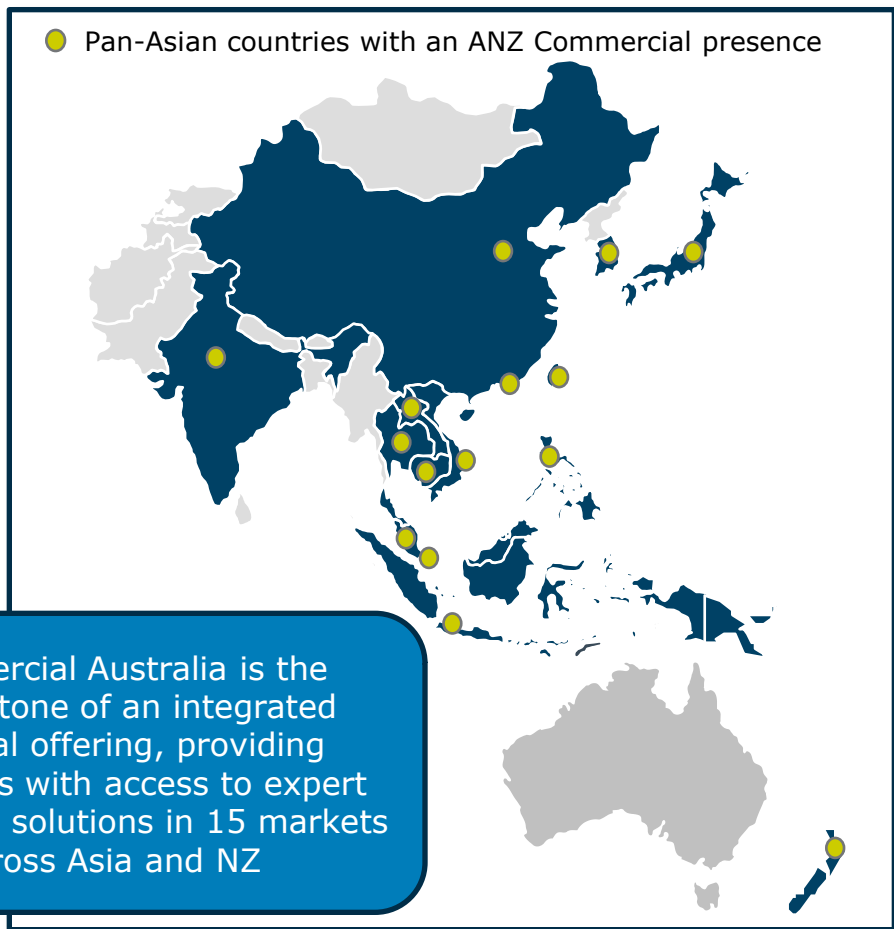
\$0 \$5m \$40m



Specialist business

Agribusiness

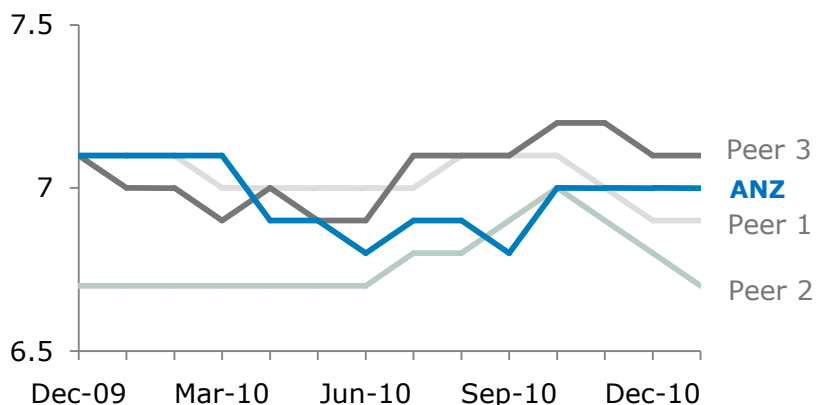
Auto Finance



Consistent customer growth and advocacy

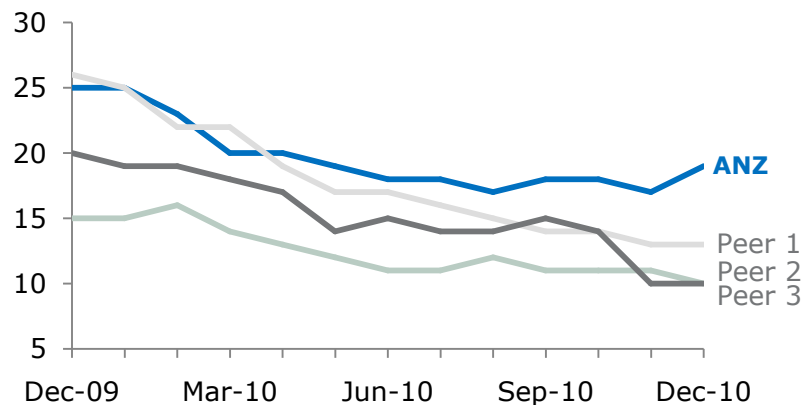
Customer Satisfaction¹

(%)



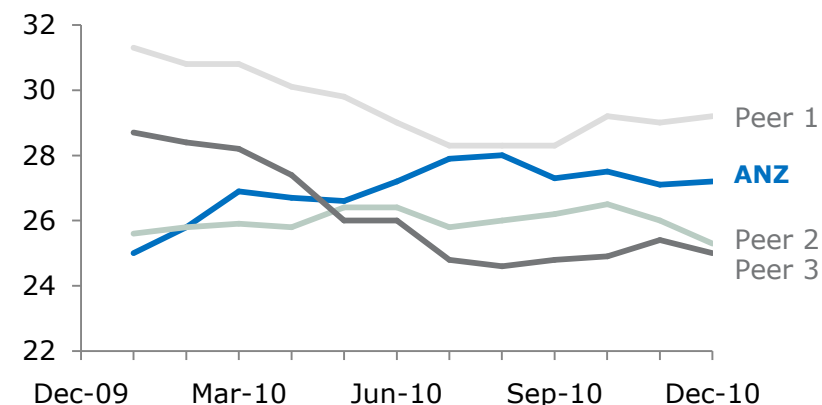
Customer Acquisition¹

(000s; Main Bank Relationships)



Trial Intention

('000s; Main Bank consideration)



FY11 momentum

Commercial Bank

- Customer numbers up 6%²
- Lending growth of 2.5% vs. system of 1.0%³

Small Business Segment

- Number of new applications approved up 29%⁴

Business Banking Segment

- New Lending FUM approvals up 34%⁴
- Trade finance sales calls up 30%⁴

Agribusiness Segment

- Increased the number of accounts opened by acquired Landmark customers by 16%⁵

1. Source: DBM; 2. 12 months to Dec-10; 3. Source: APRA Monthly Banking Statistics, Bank Lending to Non-Financial Institutions, Sep-10 to Dec-10; 4. Sep-09 to Dec-09 vs. Sep-10 to Dec-10; 5. Feb-10 to Dec-10



Clear targets and priorities

By 2014...

NPAT

35%
of Australia profit¹

Market Share

#2

Satisfaction

#1

Target Markets & Priorities

1 Small Business Segment

- Focus on net customer acquisition; represents the bulk of Commercial customers, with strong deposits

2 Business Banking Segment

- Acquire new, larger customers and expand share of wallet; expand cross-border referrals and increase markets and trade sales

3 Agribusiness Segment

- Net customer acquisition and cross-sell into the Landmark business

4 Auto Finance Business

- Opportunity to increase conversion of Auto Finance customers to main bank customers

5 Cross-Commercial

- Continue to focus on simpler processes and reduced cost

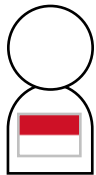
1. Australia division underlying NPAT

Case study: Building regional connectivity

ANZ's regional capability connects customers and creates revenue opportunities. The following is one example out of the 169 referrals made in the first quarter:



Customer



Indonesia RM



Australia RM



Trade Finance Specialist



ANZ Commercial Asia Presence

ANZ Commercial presence in 14 Asian markets with access to 281 Commercial frontline staff

- China
- Hong Kong
- South Korea
- Japan
- Singapore
- Indonesia
- Malaysia
- Thailand
- India
- Cambodia
- Vietnam
- Taiwan
- Philippines
- Laos

ANZ Commercial Australia

Access to 1.5k frontline staff across:

- 814 branches
- 202 business centres

Specialists in:

- Agribusiness
- Property
- Asset Finance

ANZ Institutional Expertise

Leverage ANZ Institutional's Asian Trade Finance and Markets expertise



Trade Finance House of the Year ('08, '09, '10)



Best Trade Bank in Australia & the Pacific (2009)



Case study: Shanghai World Expo



The Shanghai World Expo 2010

- Largest ever World Expo attracting over 70 million visitors
- ANZ was a Platinum Sponsor of the Australia pavilion and sponsor partner of the New Zealand pavilion

Events and Activity

- ANZ hosted a series of events with a range of key clients and industry figures
- 10 VIP events at the Australian pavilion inviting 900 guests
- Facilitated 58 VIP tours to the Australian pavilion

Takeaways

- Highly valuable investment for ANZ in its long-term client relationships, demonstrating ANZ's sector and regional insight
- The event demonstrated ANZ's super regional connectivity and emphasised that ANZ is Australia's leading Commercial/Institutional bank in connecting clients across the region.

ANZ Australia Summary



ANZ Australia is well positioned for growth

Strategic priorities

1 Drive value

- Growth in target segments
 - Service led delivery and innovation
 - Acquire high-quality customers and increase SOW
 - Drive value from brand equity and customer advocacy
- Integrate and grow Wealth
- Grow Commercial

2 Leverage Super Regional strategy

- Bank of choice for pan-regional migrants
- Maximise cross-regional commercial opportunities

3 Invest in sustainability

- Productivity agenda
- Improve staff engagement
- IT investment focused on enhancing customer experience

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