

CORPORATE RESPONSIBILITY INTERIM REPORT 2009



THIS REPORT IS DESIGNED FOR ONSCREEN READING

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CHIEF EXECUTIVE OFFICER'S MESSAGE



This is a time when we have to exceed community expectations by providing flexible, fast and helpful assistance to individual and small business customers facing hardship, while playing our role in encouraging and supporting economic growth.

I believe we are in a time when demonstrating a strong sense of responsibility is more important than ever. After the issues the world has experienced in the last year, the new game requires even greater acceptance by banks of the duties they have to their customers, shareholders and staff and the critical role they play in the economy and the countries and communities in which they operate.

Our financial results show we have performed creditably over the past six months, however, the economic slowdown continues to have a real impact on credit loss levels particularly in Australia and New Zealand.

While we are maintaining a strong balance sheet which has allowed us to continue supporting our customers, we know that some customers, and communities more generally, are feeling the effects of deteriorating economic conditions and rising unemployment.

In a practical sense, we have to exceed community expectations by providing flexible, fast and helpful assistance to those customers and small businesses facing hardship, while

playing our role in encouraging and supporting economic growth.

We also remain focused on our strategy to become a major financial services organisation in the Asia Pacific region and intend to emerge from this period an even more resilient, responsible and successful bank.

Some of the critical organisational and governance foundations required to achieve this ambition were put in place over the past six months. Specifically we have:

- restructured our business to improve our focus on customers, key markets and efficiency;
- introduced a comprehensive organisation-wide framework for identifying and responding to reputation risks; and
- developed a global brand, values and code of conduct to ensure interactions with all our stakeholders are consistent, responsible and ethical wherever we operate.

This hasn't been achieved without difficult decisions. The restructure of the business late

last year resulted in over 1,000 Australian and 200 New Zealand, mainly executive and management level staff, leaving ANZ. This has not been an easy time, particularly when the pace of change is necessarily fast. During this period of change, we have continued to provide support for affected individuals and teams, while looking ahead and ensuring all employees understand the important role they play in our future.

The generosity and energy of our staff in the aftermath of the devastating Victorian bushfires in February was a great source of pride and inspiration for me. This community spirit was visible in immediate on-the-ground assistance provided by our branch staff in affected regions and in the money raised by teams in Australia and internationally for those who lost their homes, livelihoods and loved ones.

Over \$2.5 million in total was raised by ANZ and its people for the Red Cross Bushfire Appeal. In addition, our customers donated \$12 million via our website and branches.

In conclusion, I recommend to you our Interim Corporate Responsibility Report describing the

solid progress we have made in responding to the social, environmental and governance risks and opportunities facing our business in particularly challenging times.

We welcome your views on the Report, our progress and the issues that matter most to you.

Michael Smith
Chief Executive Officer

We are developing a new strategy for Corporate Responsibility at ANZ. Internal and external stakeholder engagement is underway and progress will be reported via our CR newsletter and annual CR report. We welcome your comments and feedback on this process.

FLEXIBLE SUPPORT FOR CUSTOMERS IN NEED

KEY POINTS:

- Greater levels of support for retail customers facing financial difficulty
- National 'check-in' with business customers to better understand the pressures they are facing
- \$8 billion in lending available to help small businesses manage through tough economic environment

ANZ has significantly invested to improve the support we provide customers experiencing temporary financial difficulty. Our priority is to be flexible and responsive to their changing circumstances, particularly during the current economic downturn.

"These are uncertain times for a lot of people and many are feeling financial pressure through no fault of their own," says ANZ CEO Australia, Brian Hartzler.

"We want our customers to know they will not lose their homes or cars just because they are facing difficulties that may only last a few months. These flexible arrangements can be put in place quickly and efficiently to support them through tougher times."

Customers who are finding it hard to make repayments on their home loan, credit card, personal loan or small business loan can call our dedicated Customer Connect team via a toll-free hotline (1800 252 845) to discuss their situation.

The specially-trained team of around 50 ANZ staff is on hand to offer flexible relief packages for our customers.

The team takes time to understand individual circumstances and work with customers to find the most suitable support measures to help

them while they get back on their feet. Relief packages are developed based on what our customers can afford to pay at the time without requiring them to provide evidence of hardship.

For home loan customers for example, this may include deferring or reducing repayments on their loan for three, six and up to 12 months, depending on their particular circumstances.

For home loan customers, reduced or deferred repayments for 3 months are the most common form of temporary relief taken-up. We check back with customers regularly to see how the arrangement is assisting them and whether they need more time on temporary arrangements.

Developing and maintaining close supporting relationships with business customers becomes even more vital in the current economic climate. As part of our ongoing engagement, we contacted over 18,000 business customers around the country in February to understand how they were coping and whether any specific

assistance was required to stabilise their financial situation. Relationship Managers were able to identify potential problems early and put in place appropriate responses immediately.

"Customers want to know their bank is behind them in uncertain times. Conversations such as these can help turn around seemingly insurmountable problems very quickly," said David Hisco, Group Managing Director, Commercial Banking.

While most were relatively positive about the outlook for their business over the next 12 months, some customers required assistance to ensure they were able to see out the current volatility. Support measures range from credit extensions to boost cash flow to loan restructures so customers can manage repayments while continuing to invest sufficiently in their business.

ANZ committed \$8 billion to new and existing small and medium businesses customers in 2009. The lending will provide the working

capital they need to maintain cash flow, support new investments and facilitate international trade. The continued investment is designed to keep the flow of credit in the sector moving thereby supporting broader economic growth and employment. ■

"We want our customers to know they will not lose their homes or cars just because they are facing difficulties that may only last a few months."

Brian Hartzler - CEO Australia

