

***Realising a unique
growth opportunity***
Salomon Smith Barney Conference

Australia and New Zealand Banking Group Limited
6 March 2002

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Agenda

- What we said last year
 - Applying specialisation focus to the customer businesses
- Where we are today
- The growth “prize”
- How we will win the “prize”
 - FM Joint Venture with ING
 - Customer Relationship Management
 - Restoring Customer Faith

What we said last August

The Personal Portfolio – today's themes

A Portfolio of specialist Customer and Product Businesses with important interdependencies

- Specialisation works
- Now applying specialisation to the rest of the Personal portfolio
- Significant customer and bottom line benefits

Realising a unique growth opportunity

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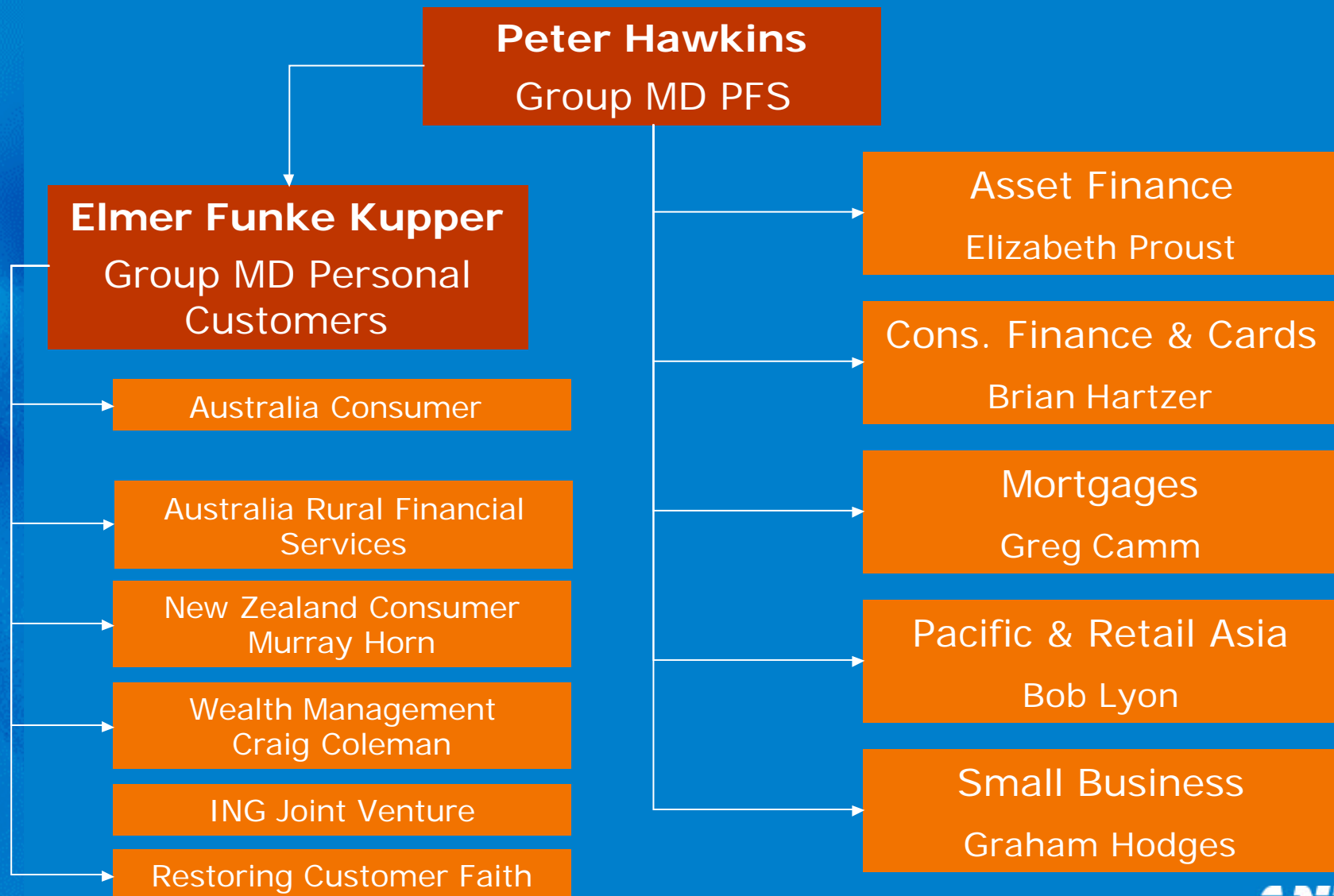
Slide from PFS strategy presentation, August 2001

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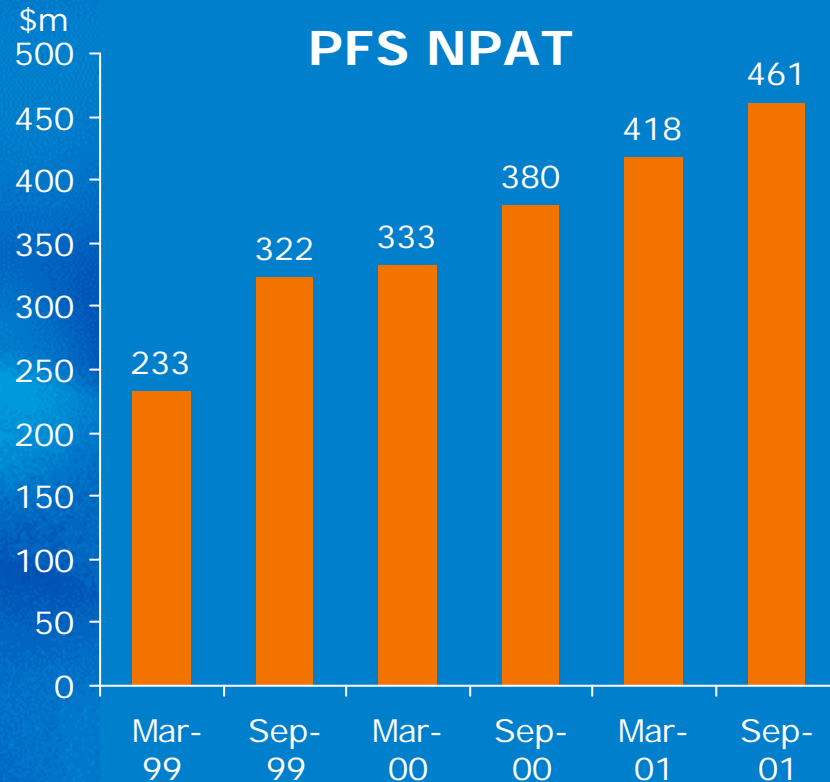
Our targets

- Increase NPAT by 15%+ CAGR to 2005
- Continue above market growth momentum of product businesses
- Develop above market growth momentum in customer businesses
- Continue to drive productivity to fund growth investments
- Grow customers faster than our peers
 - 1 million new customers by 2005
- Double customer and staff advocacy by 2004
 - Publicly report results

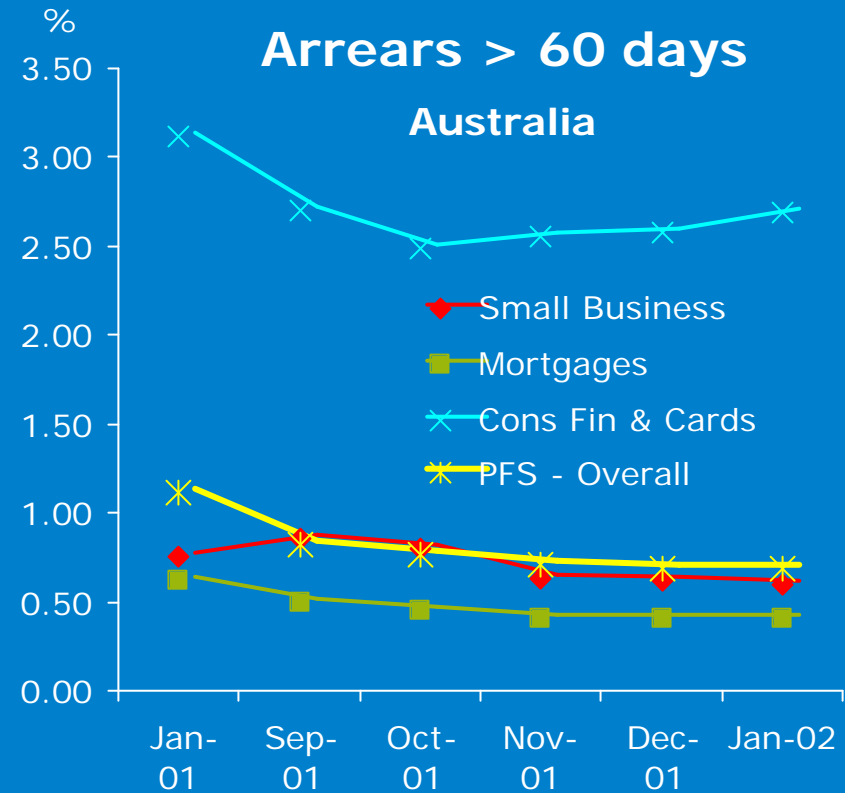
Where we are today – specialist product and customer businesses*



Where we are today – financially in good shape



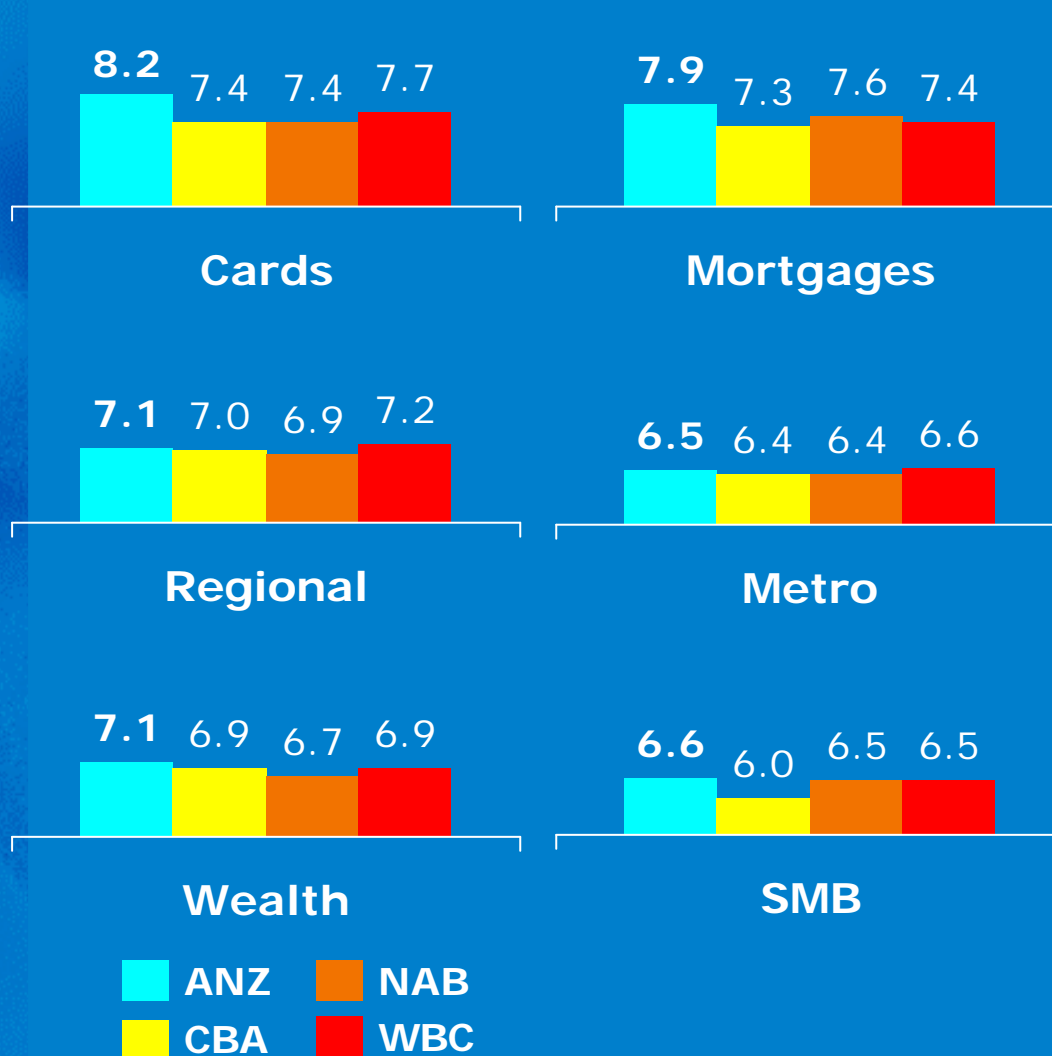
- Personal continues to perform well, albeit unlikely to continue at historical CAGR of 31%



- Risk is carefully managed
- Arrears in PFS provide no indication of systemic deterioration

Where we are today – customer satisfaction

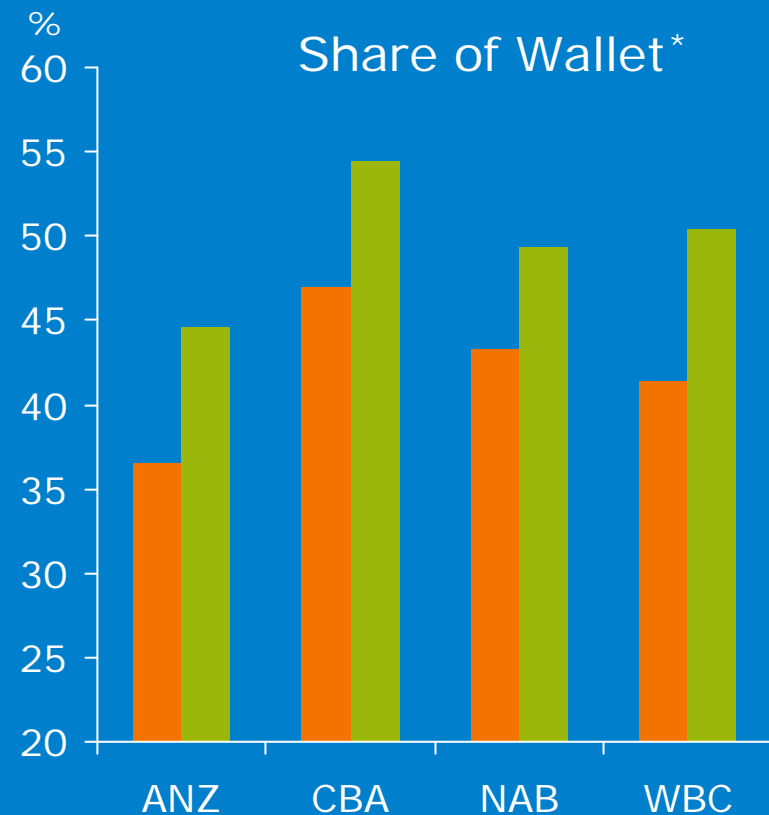
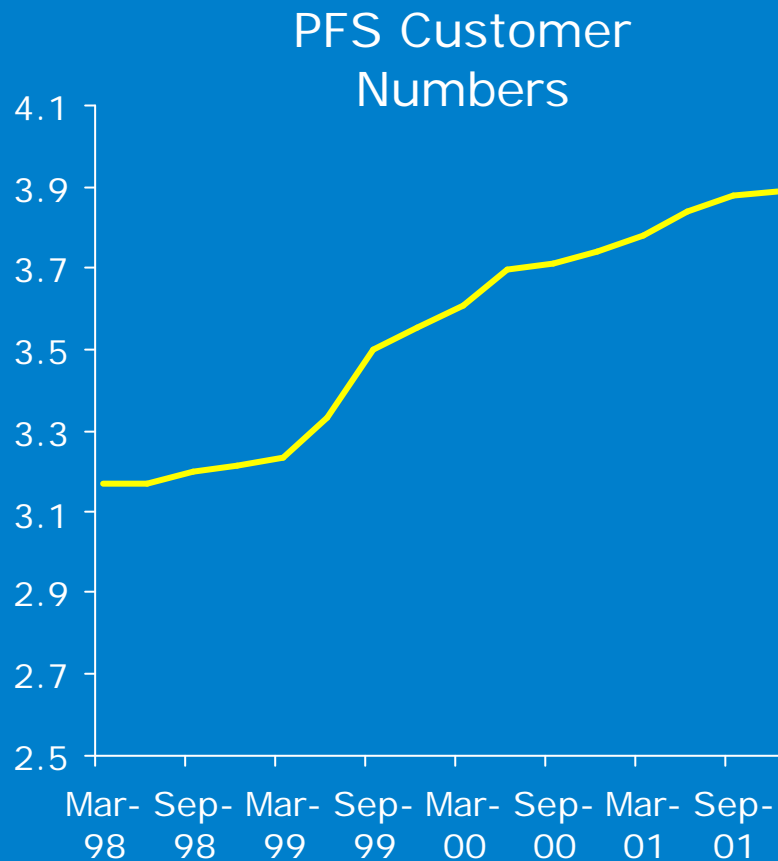
Customer Satisfaction



- Our specialised product businesses have performed very well in terms of customer satisfaction

- Our customer businesses have performed less well, but still in line with peers

Product success has driven customer numbers, but we lag in wallet share



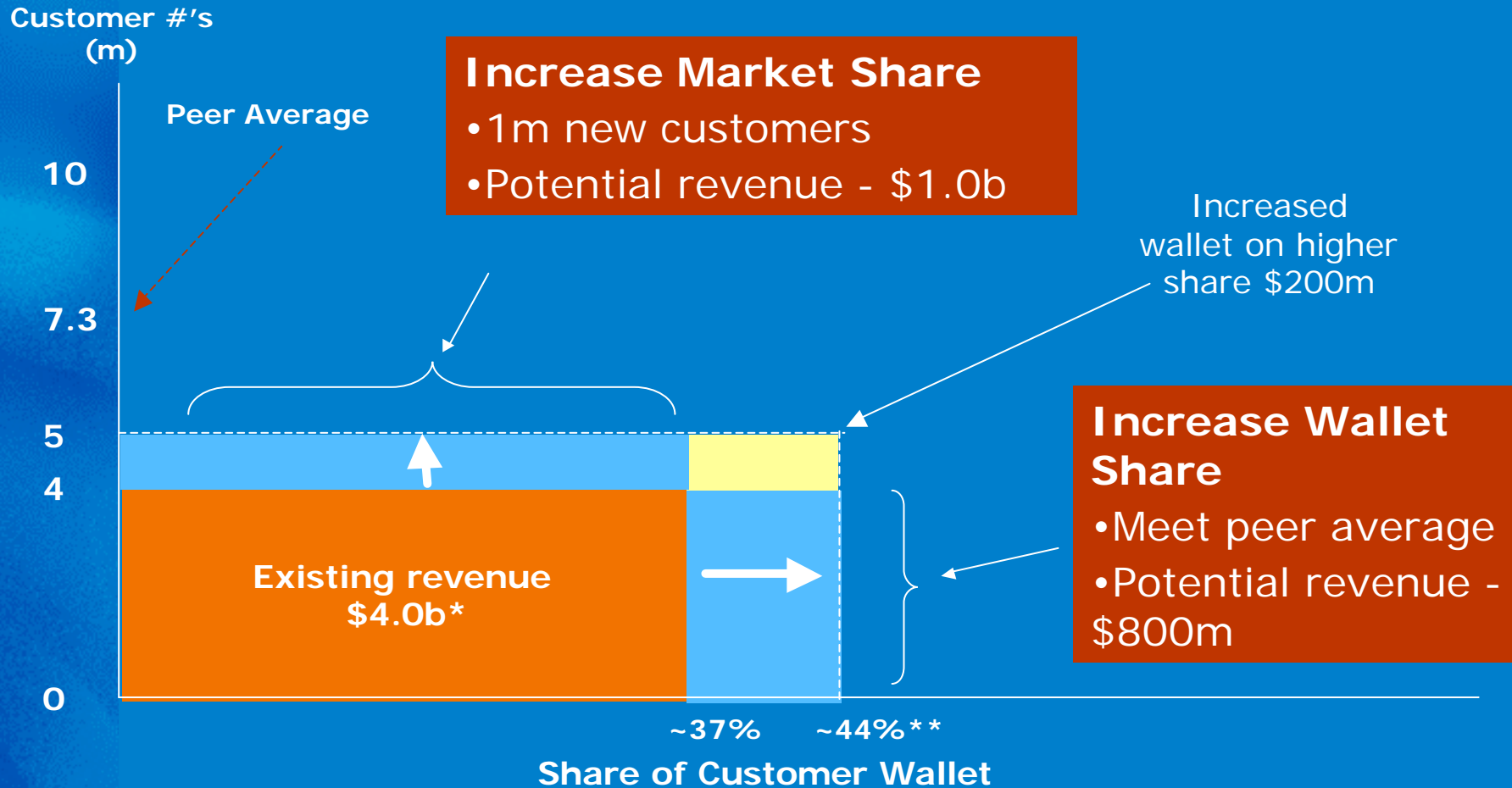
- The success of our product businesses has delivered strong growth in customer numbers

- We now have the opportunity to translate this into higher wallet penetration

■ Share of total financial wallet
■ Share of traditional banking financial wallet

The growth prize is substantial

Total potential revenue growth - \$2.0b



** Average share of wallet for CBA, NAB, WBC [Australia]
source: Roy Morgan Research

Claiming the prize

Three strategic initiatives to claim the prize

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graph TD; A[Three strategic initiatives to claim the prize] --> B[Entering into a JV with ING]; A --> C[Leveraging CRM]; A --> D[Restoring Customer Faith];
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Entering into a JV with ING

To move our Wealth Management business towards a top 3 position

Leveraging CRM

To deepen the relationship we have with our customers

Restoring Customer Faith

To meet the needs of all stakeholders

Applying a **specialisation** focus to our customer businesses

What the ING JV means for ANZ

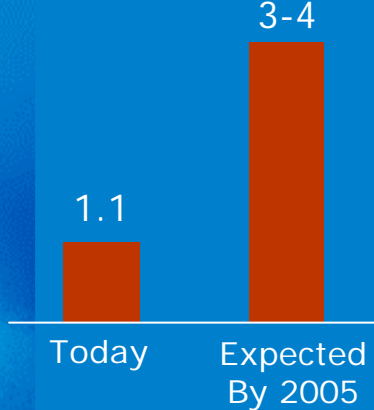
- Provides access to global brand, capabilities and best practice skills
- Creates a scale position in Funds Management in Australia & NZ
- Delivers a platform to improve sales and customer management within ANZ's distribution network
 - Master Trust and Wrap a/c
 - Administration
 - Life Insurance
- Provides access to additional distribution relationships
 - Focus on IFA's



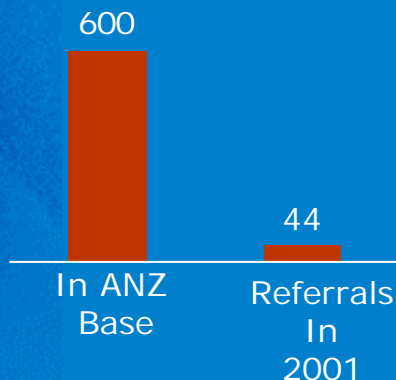
**Creates a
unique
platform for
growing our
Wealth
Management
business**

What we will do differently

Qualified Referrals/Branch
(Per Week)



Number Of 'Potential Mass Affluent' Customers
('000)



Barrier

KRA's in network do not encourage referrals

- Little incentive to refer
- High incentive to retain TD balances

Insufficient promotion of WM products within network eg

- 'Advice as a product'
- Key events
- Seminars

Low knowledge of WM product range/lack of skills identifying need

Proposed Model

Change in KRA's to increase rates of referral

Improved referral management systems

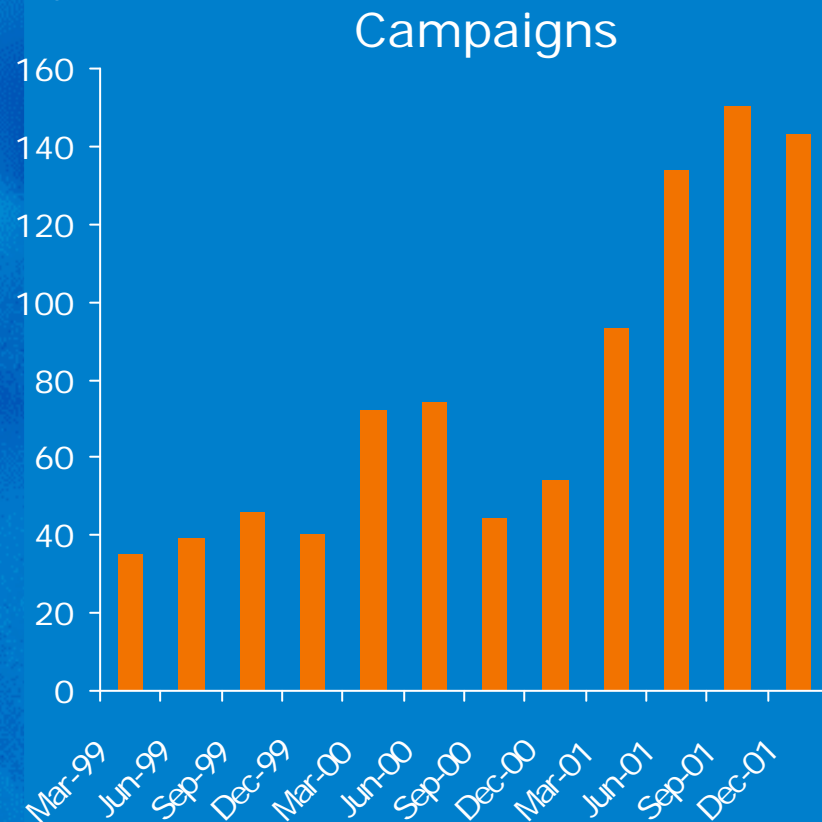
Targeted promotion within network and direct to high potential customers

Simplified presentation of products

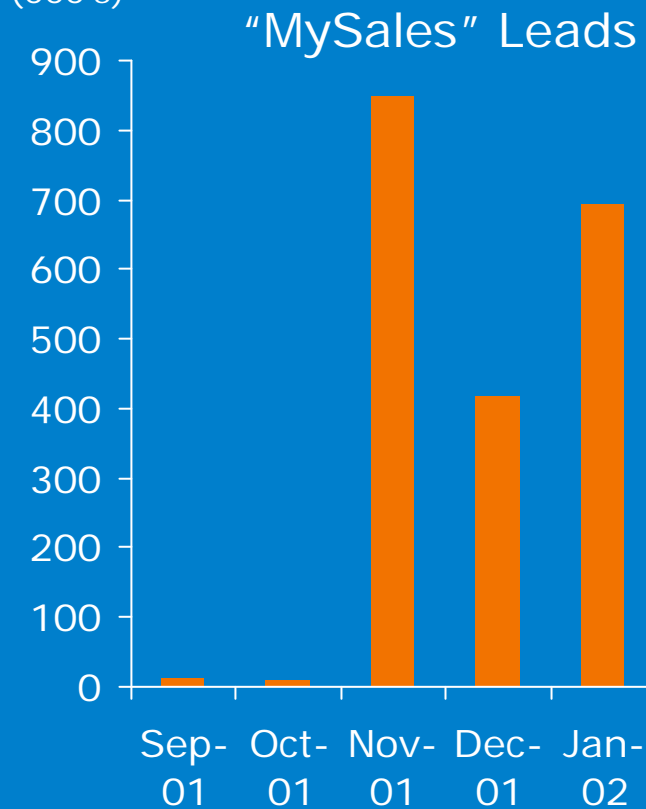
Leveraging CRM to deepen the relationship with our customers

CRM is gaining momentum

No of campaigns per quarter

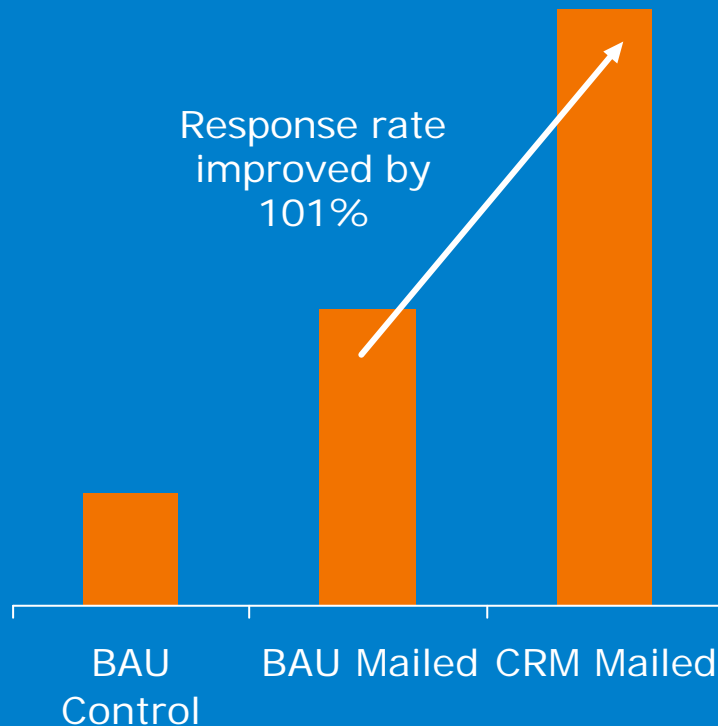


Leads generated (000's)

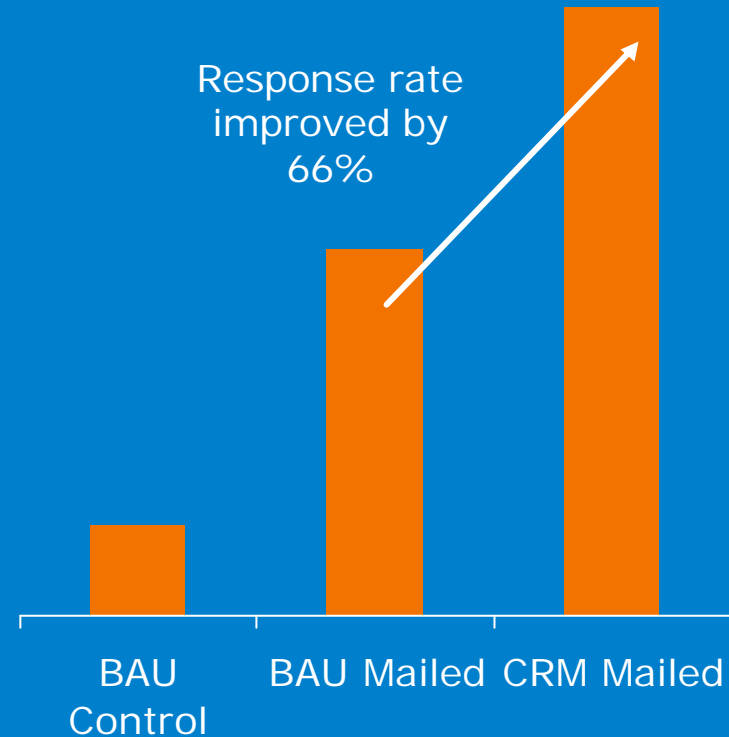


Early results are promising

Invitation to apply for Visa standby



Invitation to apply for Visa Classic with teaser rate



- Propensity to buy modelling has significantly improved our ability to deepen the relationship we have with our customers

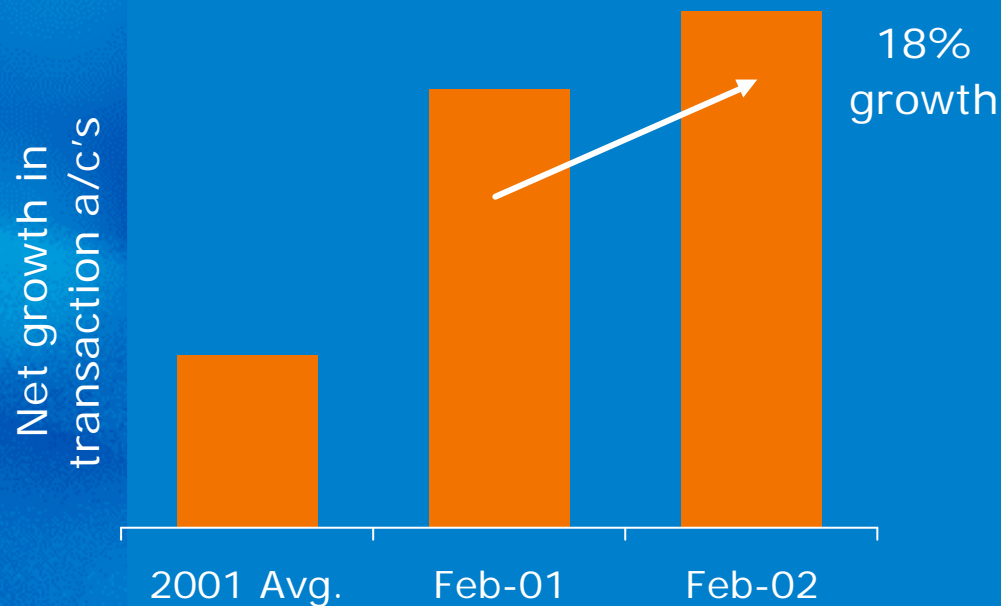
BAU – Business As Usual

Restoring Customer Faith - meeting the needs of all stakeholders

<u>Stakeholder Group</u>	<u>Objectives</u>
For Customers	<ul style="list-style-type: none">▪ Reduce queues and stuff-ups▪ Long term local team that works with the customer▪ Minimise fees on transaction accounts
For Staff	<ul style="list-style-type: none">▪ Remove obstacles which stop staff serving customers▪ Ensure Head Office is not the only place to make money, build a career & take decisions▪ Shift power to our frontline management
For Management	<ul style="list-style-type: none">▪ Create the opportunity to 'run your own business'▪ Create simpler, lighter-touch style of management▪ Reduce rule-driven bureaucracy
For the Shareholder	<ul style="list-style-type: none">▪ Distinctive growth model for branch-based financial services▪ Superior profitability, reduced risk and the ability to win market share

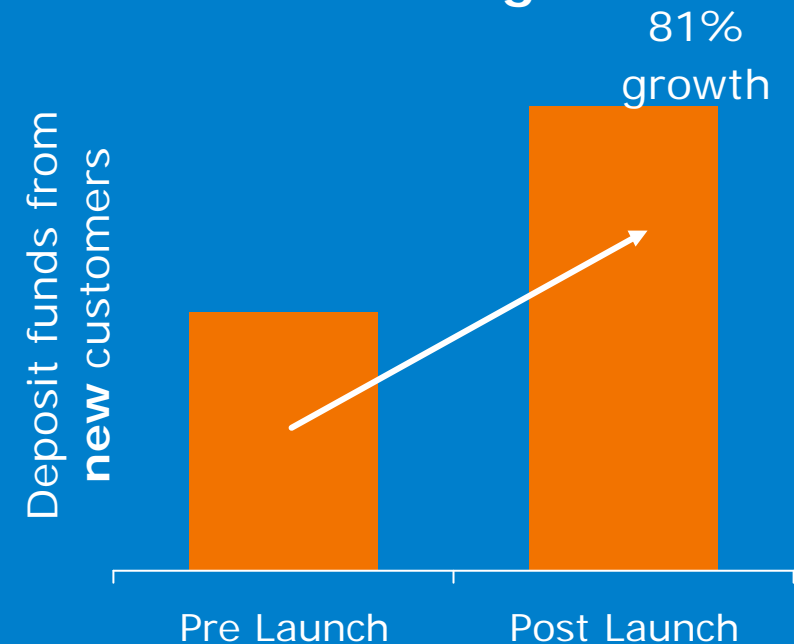
Restoring Customer Faith – a win for customers and shareholders

New Fee Structure



- New fee structure has delivered substantial increase in a/c growth
- Driven by new a/c's, and reduced customer attrition

Senior's Privilege



- Delivering unlimited fee free transactions to seniors has resulted in a substantial uplift in new deposit funds

Summary

- We are applying specialisation to our customer businesses
- We continue to perform well
- We have a substantial opportunity in front of us
- Three key strategic initiatives to take advantage of this opportunity
 - ING JV
 - Leveraging CRM
 - Restoring Customer Faith

Targets

- NPAT - 15% CAGR to 2005
- Double customer and staff advocacy by 2004
- 1 million new customers by 2005

The material in this presentation is general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

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