Transformation – Building the Bank with a Human Face

John McFarlane
Chief Executive Officer

Australia and New Zealand Banking Group Limited
Repositioning, new momentum

Restoring retail customer faith

Building relationship with staff

Performance Turnaround
Beginning to deliver strong performance

NPAT

Cost Income

$m

%
...and shareholders are being rewarded

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
<th>Share price change</th>
<th>Total Shareholder Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>-20.0</td>
<td>-15.6</td>
<td>-30</td>
</tr>
<tr>
<td>1999</td>
<td>4.4</td>
<td>13.6</td>
<td>19.6</td>
</tr>
<tr>
<td>2000</td>
<td>6.0</td>
<td>6.0</td>
<td>29.6</td>
</tr>
<tr>
<td>2001</td>
<td>5.2</td>
<td>20.3</td>
<td>25.5</td>
</tr>
</tbody>
</table>

Cents per share

Growth of Dividend over years:
- 1998: 52
- 1999: 56
- 2000: 64
- 2001: 73

ANZ

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Growth depends on creativity and vitality

Unique strategy
Sustainable leadership
Growth opportunities
Return on equity
Cost of capital
Strong brand
Talented people
Vibrant culture

Intangible net assets per share
Tangible net assets per share
Our people are increasingly sharing in our growth

**Staff option holders**

<table>
<thead>
<tr>
<th></th>
<th>Sep 98</th>
<th>Sep 01</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of staff</td>
<td>7,000</td>
<td>6,000</td>
</tr>
</tbody>
</table>

**Shares held (m)**

<table>
<thead>
<tr>
<th></th>
<th>Sep 98</th>
<th>Sep 01</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>10</td>
<td>12</td>
</tr>
</tbody>
</table>

**Staff shareholding**

<table>
<thead>
<tr>
<th></th>
<th>Sep 98</th>
<th>Sep 01</th>
</tr>
</thead>
<tbody>
<tr>
<td>$k</td>
<td>42%</td>
<td>42%</td>
</tr>
</tbody>
</table>

**Staff costs per head**

<table>
<thead>
<tr>
<th>Year</th>
<th>ANZ</th>
<th>Peer avg*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>2001</td>
<td>70</td>
<td>60</td>
</tr>
</tbody>
</table>
Performance ethic: strong progress

Distinctive (Top 10%)
Superior (Top 25%)
Australian average*

2000 2001

People Financial Operational
Coordination and control

Rewards & recognition Opportunities Values

Motivation

* Benchmark comprises 33 of Australia’s Top 50 companies.
## Values survey comparison – 2001 vs 2000

<table>
<thead>
<tr>
<th></th>
<th>TOP 10 CURRENT VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NEW</strong></td>
<td>Accountability, Achievement, Customer focus, Continuous improvement, Perform or out</td>
</tr>
<tr>
<td><strong>OUT</strong></td>
<td>Bureaucracy, Hierarchy, Control, Short term focus, Internal competition</td>
</tr>
<tr>
<td><strong>COMMON</strong></td>
<td>Cost reduction, Shareholder value, Results orientation, Profit, Risk averse, Goals orientation</td>
</tr>
</tbody>
</table>
Leadership culture improving

My business retains its high performers

I would rather work for ANZ than any other bank

We have a can-do culture; we say yes more often than no

Note: Survey of top 100 senior executives
We are increasingly engaging our people...

Staff satisfaction survey

- Overall satisfaction
- Recommend as a place to work
- Genuine concern for staff

% agree

- 1999
- 2000
- 2001
Basic account
• Low cost account
• For benefit recipients & Health Care Card holders

Seniors Privilege
• Fee-free banking for customers aged 60 and over

Customer Charter
• Simple, fast account opening
• Access to services
• Privacy
• Plain language
• Complaint resolution

Customer Investment
• Measuring customer satisfaction
• Management accountable for service quality

Restoring customer faith
• Addressing core concerns
  ➢ Queues
  ➢ Fees
  ➢ Errors
• Service quality
• Empowered staff

Restoring retail customer faith...

2001

To come
Developing a vibrant culture

- Breakout workshops
- Work-life balance
- Staff shares
- Manager share options
- Talent Program
- Graduate recruitment
- Degree sponsorship
- MAX staff website
- eTrain / online MBA
- PC’s @ home

Demonstrating people really matter
September quarter GDP data show strong growth in Australia & New Zealand despite global slowdown

Real GDP growth

Year ended September quarter

- China
- Indonesia
- NZ *
- Australia
- UK
- France
- Korea
- Canada
- US
- Germany
- Malaysia
- Taiwan
- S’pore

% change

September quarter

- Korea
- Australia
- NZ *
- China
- UK a
- France
- Germany
- Canada
- Malaysia
- US
- Indonesia
- Taiwan
- S’pore

% change (s.a. ann. rate)

* Most recent NZ data is for June quarter

Sources: Datastream; national agencies; JP Morgan; Economics@ANZ
Outlook – optimistic but cautious

- Good momentum in our business
- Economy in reasonable shape but greater uncertainty from external pressures
- Revenue growth more subdued until upturn
- Credit environment difficult but containable
- Approaching business cautiously – constraining costs and credit
- Selective investment in growth
- Focus on restoring customer/community faith
- Building on our distinctive strategy

Our targets are unchanged

- Return on Equity – target 20%+
- Earnings per share – target 10%+
Staff key to great result