BEING DIFFERENT

2007 Annual General Meeting
Michael Smith
Chief Executive Officer
2007 Annual General Meeting
Global economic growth

Views on the global economy

Sources: IMF and Economics@ANZ. Note: GDP is measured in US$ at purchasing power parities.
Major trends changing the world for banks and financial institutions

- Globalisation of capital
- Consolidation
- Convergence
- Technology
- Sustainability
Asia – an important driver of growth

- Top 10 European banks on average generate 11% of revenue from Asia Pacific
- HSBC, Standard Chartered, UBS and Deutsche Bank generate $41bn revenue in Asia
- In contrast, Australian banks generate ~1% of revenue from Asia
Consolidation and convergence

- Expect continued consolidation of financial services businesses
- 700 European banks expected to disappear through mergers over the next three years*
- Increased competition and greater reliance on technology

*based on analysis from Deloitte Accounting and Consulting firm
ANZ has great people and a great culture

The next stage

- Greater self confidence
- Develop and recruit people who want to be the best
My early impressions

Divisional level

**Personal**
Great shape
Share of wallet opportunity

**Institutional**
Strong franchise
Under-performing peers

**New Zealand**
Performing well
Constrained by the economy

**Asia/Pacific**
Largest exposure of Aus banks
High potential
Missed opportunities

Group level

- Leadership strength
- Great culture ... but needs more edge

- Sights set too low
- Systems a constraint
- Issues with business mix

Overall impression: call to action

- Aim higher
- Drive growth and out-performance
Strong growth in new customers

"Product of the month"

Product focused

In the pack on technology

Strong profit out-performance

Maintain acquisition, Deepen relationships

Needs based selling

Segment prioritised marketing

Clear leader in online and sales tools

Continued profit out-performance
Too internally focused
Under-invested in technology
Conservative Risk approach
Below system performance

Customer focused
Technology a critical enabler
Double Markets revenue Accelerate Asian growth
Back to system and beyond

Institutional – Back to system
New Zealand – Growing share, sub 40% CTI

From
- Defending share, repositioning ANZ
- Incremental cost improvement
- Duplicate retail systems
- Stable performance in line with market

To
- Customer acquisition, targeted segments
- Drive cost to income below 40%
- Single system
- Sustained out performance
Maintaining our network franchise
Focus on Australia/NZ linked customers
Asia platform via Partnerships
7 per cent of Group Net Profit After Tax

Deepening franchise, customer base & capabilities
Broaden focus
Focused on core geographies
As big as NZ by 2012 (~20%)
Our journey to becoming a super regional bank

RESTORE
- Institutional back to system
- Increase revenue faster than costs
- Drive Asia profit
- Capture existing opportunities

OUT PERFORM
- Quality on par with global leaders in our market
- Best of breed customer experience
- In-fill mergers and acquisitions in Asia
- Unlock the value of our franchise

Create a leading Super Regional bank
Global quality, regional focus

1 to 2 years 2 to 5 years 5+ years
## Growth based on four core capabilities

<table>
<thead>
<tr>
<th>From</th>
<th>From</th>
<th>To</th>
<th>To</th>
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</thead>
<tbody>
<tr>
<td>Product based</td>
<td>Customer centric</td>
<td>Customer / Segment focused</td>
<td>Customer / Segment focused</td>
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<tr>
<td>Marketing is for retail</td>
<td>Sales / Marketing focused</td>
<td>Core skills for everyone</td>
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<tr>
<td>Technology a constraint</td>
<td>Technology based</td>
<td>A core source of advantage</td>
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<td>Meeting expectations</td>
<td>Performance driven</td>
<td>Out-performing</td>
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Our vision is for ANZ to be a super regional bank

<table>
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<tr>
<th></th>
<th>Australia</th>
<th>NZ</th>
<th>Asia Pacific</th>
<th>Other</th>
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<tbody>
<tr>
<td>ANZ today</td>
<td>69% of all ANZ profit</td>
<td>22%</td>
<td>7%</td>
<td>2%</td>
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<tr>
<td>ANZ 2012</td>
<td>~60% of all ANZ profit</td>
<td>~20%</td>
<td>~20%</td>
<td>~2%</td>
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**Australia**
- **Personal** – grow share
- **Institutional** – improve performance

**NZ**
- Grow share
- Cost synergies

**Asia**
- Organic growth (with infill acquisition)