#### **BEING DIFFERENT**

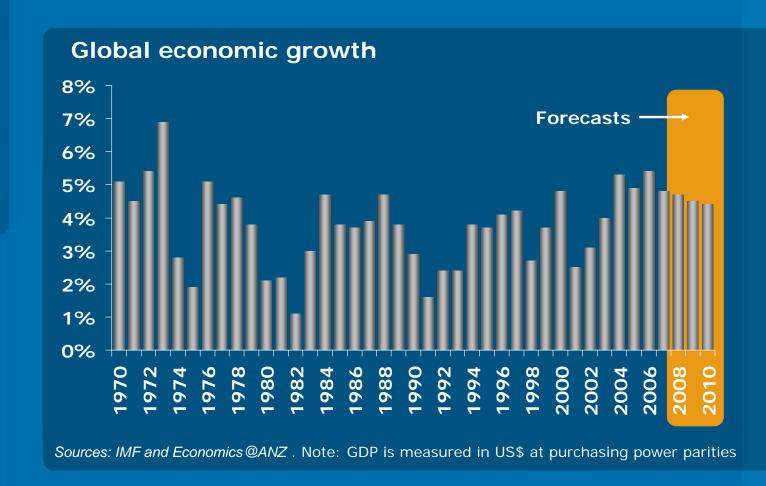


2007 Annual General Meeting

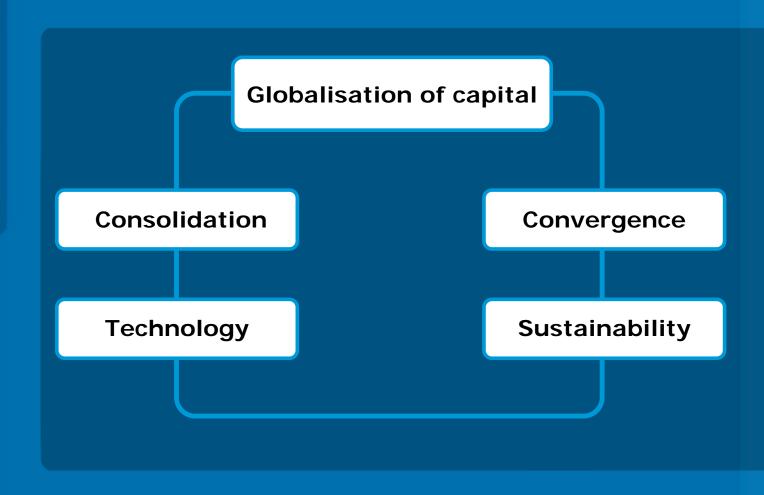
## Michael Smith Chief Executive Officer

# 2007 Annual General Meeting

#### Views on the global economy



## Major trends changing the world for banks and financial institutions



## 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

#### Investing in people

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

#### Personal – Leading share of wallet

#### **From**

Strong growth in new customers

"Product of the month"

**Product focused** 

In the pack on technology

Strong profit out-performance

To

Maintain acquisition, Deepen relationships

Needs based selling

Segment prioritised marketing

Clear leader in online and sales tools

Continued profit outperformance

#### Institutional - Back to system

From

Too internally focused

Under-invested in technology

Conservative Risk approach

Below system performance

To

**Customer focused** 

Technology a critical enabler

**Double Markets revenue Accelerate Asian growth** 

Back to system and beyond

### 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

#### Asia-Pacific – As big as NZ by 2012

#### From

Maintaining our network franchise

Focus on Australia/NZ linked customers

Asia platform via Partnerships

7 per cent of Group Net Profit After Tax

#### To

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

#### **TRANSFORM**

#### **RESTORE**

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

 Quality on par with global leaders

**OUT PERFORM** 

 Best of breed customer experience

in our market

- In-fill mergers and acquisitions in Asia
- Unlock the value of our franchise

Create a leading Super Regional bank

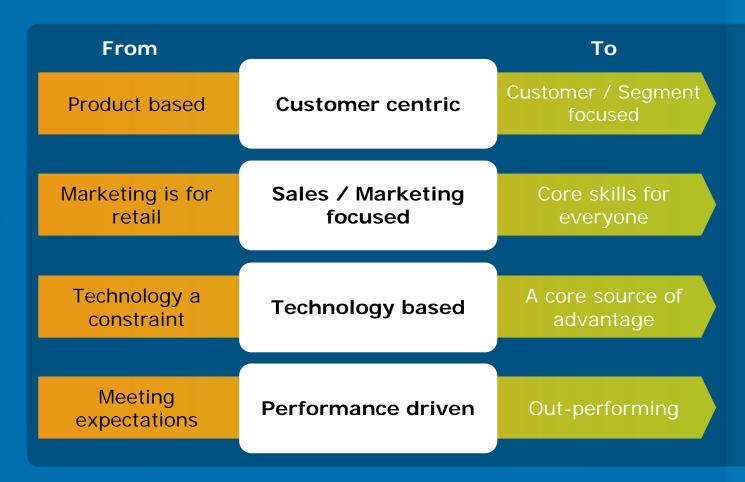
Global quality, regional focus

1 to 2 years

2 to 5 years

5+ years

## Growth based on four core capabilities



## Our vision is for ANZ to be a super regional bank

