

Banking on Australia

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**AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED**

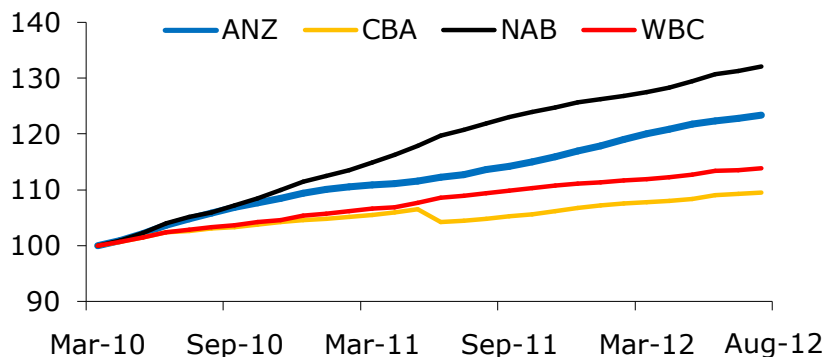
October 2012



We have made significant progress on our strategic agenda

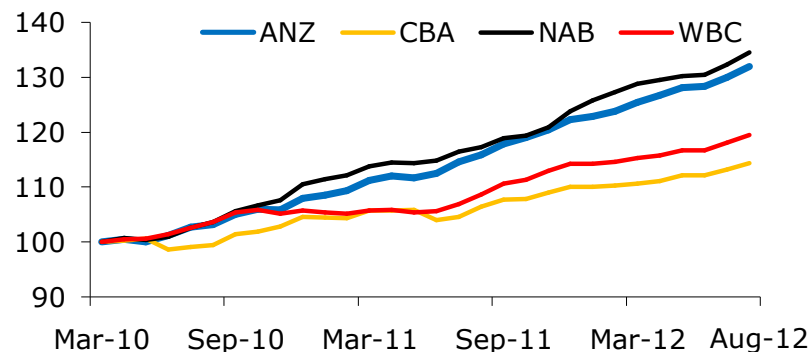
Household lending¹

Indexed Mar 2010 = 100



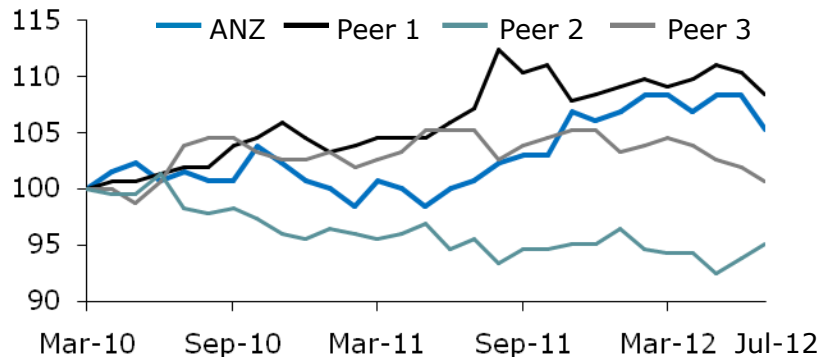
Household Deposit Growth¹

Indexed Mar 2010 = 100



Commercial Market Share²

Indexed Mar 2010 = 100



Bank of the year



Home Lender of the year



Business Bank of the year

Recognised leader in mobile banking innovation

2011 CANSTAR
Innovation in
Financial
Services award

FIIA
Financial Insights
Innovation Award



Banking & Payments ASIA
TRAILBLAZER AWARDS 2011
SERVICE EXCELLENCE AWARD

1. Source: APRA

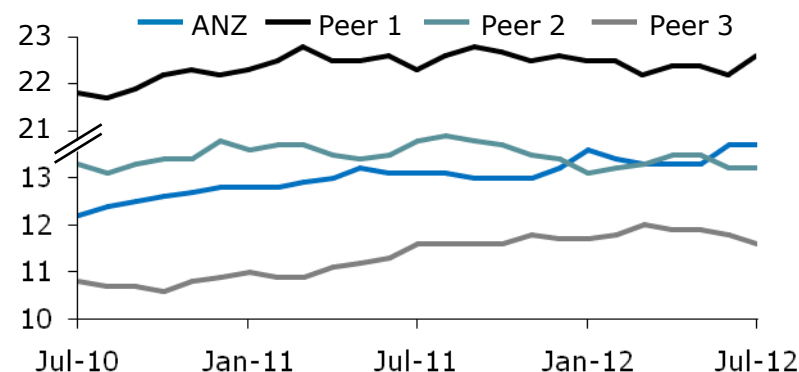
2. DBM Business Financial Services Monitor – Commercial Banking (includes most businesses with <\$40m annual turnover), 12-month moving average

Australia Division - Trading Update August 2012

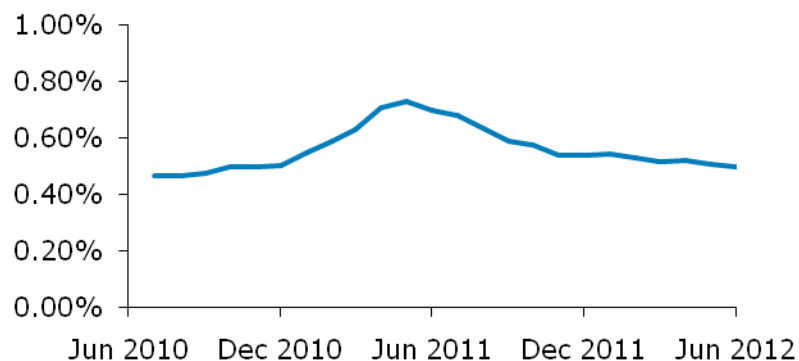
- **Increased market share** in traditional banking, household deposits, household lending and commercial despite challenging economic conditions
- **Net interest margin** has recovered slightly since the end of the first half; asset repricing is being largely offset by deposit pricing pressure
- **Expenses** - the productivity program announced earlier in the calendar year is on track to deliver a half on half decline in expenses
- **Credit quality** - sound and within expectations in both the retail and commercial books including 90 day mortgage arrears which have reduced further from the end of the half year

Traditional Banking Market Share¹

(%) Market share - Traditional Banking



Mortgage arrears - 90+ days past due



1. Source: Roy Morgan Research: Aust Pop'n aged 14+, rolling 12 months, Trad Banking Consumer Market (Deposits, Cards & Loans), Peers: CBA (excl Bankwest), NAB, Westpac (excl Bank of Melbourne & St George)
 2. ANZ released a Group Trading Update on 18 August, the information on this slide has been drawn from that announcement

A clear strategic direction building on our customer segment based strategy

• Customer segment based strategy

- Continuing to grow share of wallet by focusing on higher value retail and commercial segments
- Retail – Young Money, Professionals and Executives, Affluent 50+, International and Small Business owners
- Commercial – Trading businesses with cross-regional needs, Small Business, Agribusiness Natural Resources and Infrastructure

• Leveraging our super regional strengths

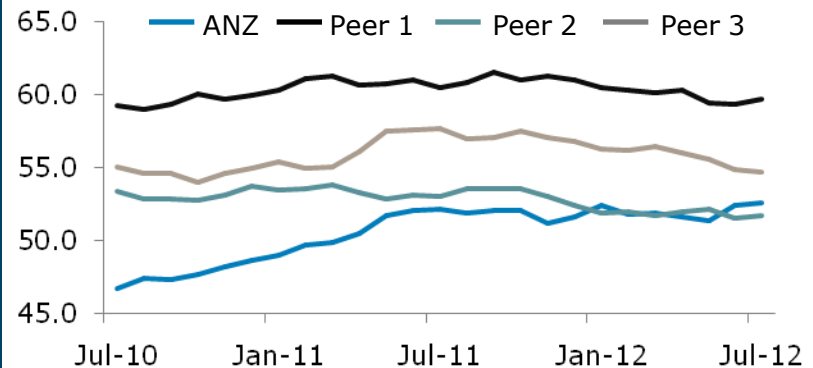
- The only Australian bank with the ability to connect Commercial customers across Asia, New Zealand and Australia
- Become the bank of choice for migrant customers

• The banking landscape is changing significantly and we need to adapt to its challenges

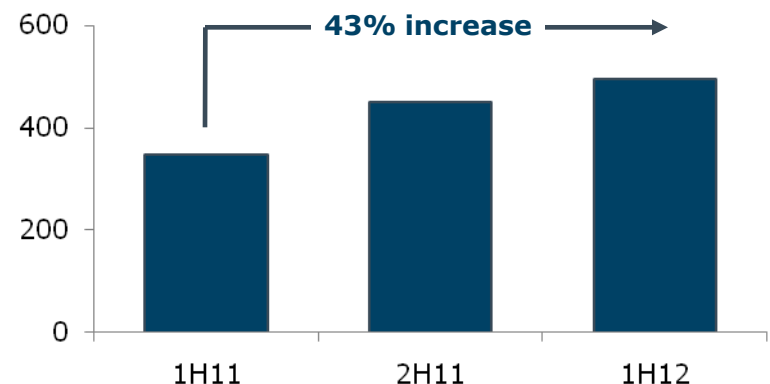
- Customer expectations for greater mobility and flexibility around their banking
- Importance of the distribution network, including branches, to deliver improved customer experience and cost efficiency
- Greater understanding of customer needs through increased insight and targeted offerings
- The need for simple products, processes and improved productivity to make things easier

Retail Traditional Banking Share of Wallet¹

(%) Share of Wallet – Traditional Banking



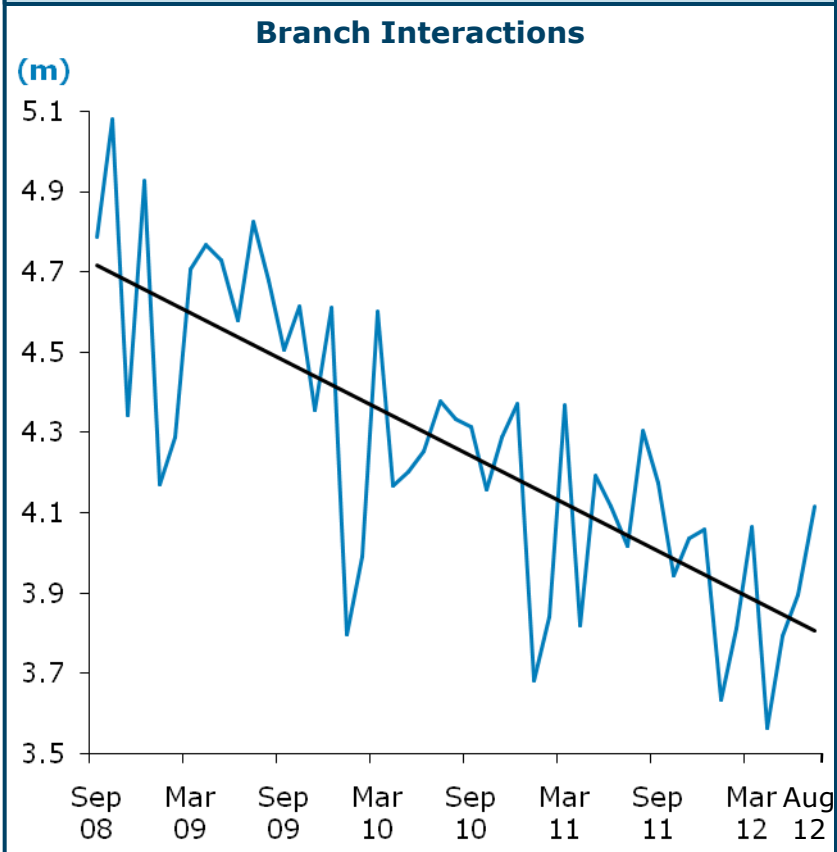
Corporate & Commercial Banking Cross Border Referrals



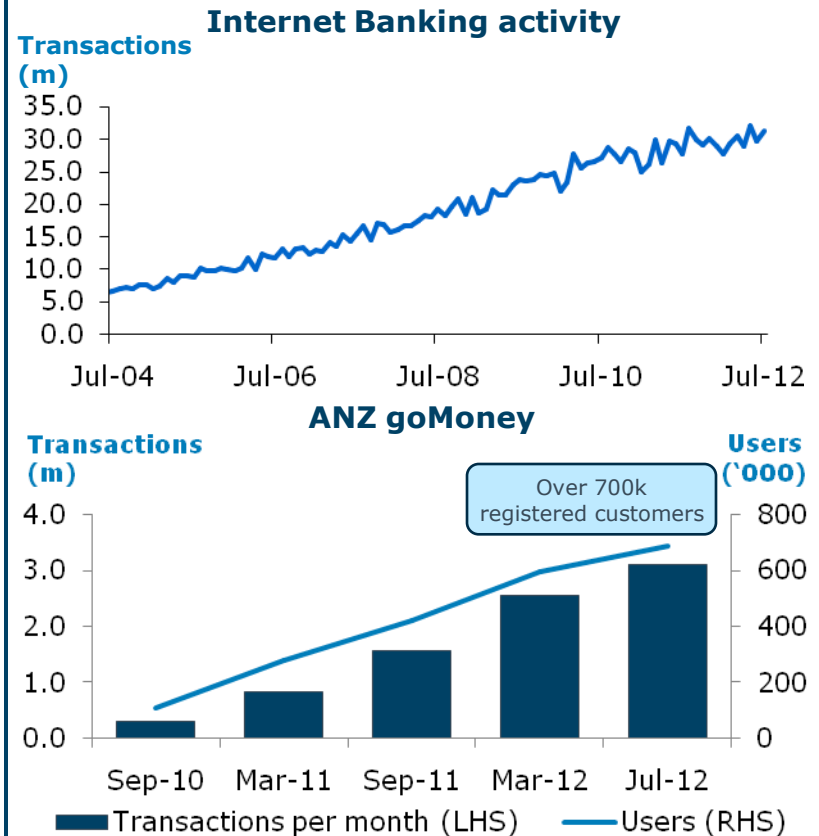
1. Source: Roy Morgan Research: Aust Pop'n aged 14+, rolling 12 months, Trad Banking Consumer Market (Deposits, Cards & Loans), Peers: CBA (excl Bankwest), NAB, Westpac (excl Bank of Melbourne & St George)

Customer preference and behaviour is evolving

Branch transaction numbers are steadily declining...



... while customers are increasingly shifting to online and mobile channels



Banking on Australia: A coherent transformation program to make banking easier for our customers in Australia

- The world has changed and we have a clear strategy to reshape our domestic business to adapt to the challenging environment and deliver strong growth
- Making sustainable changes by directing up to \$1.5 billion of ANZ's existing investment plan to the 'Banking on Australia' program over the next five years.
- Building propositions that address the key needs of our priority target segments, not just seeking 'silver bullet' solutions
- Ensuring our people, structure, technology and processes are aligned and adaptable to evolving customer needs
- Transforming the way we do business in Australia with a focus on:
 - Branch network reconfiguration
 - Corporate and Commercial
 - Digital online and mobile channel
 - Customer insight and analytics
- Investing in productivity initiatives to improve customer experience, simplify the way we do business and permanently lower cost to serve.

Branch network reconfiguration – improving customer experience and lowering cost to serve

Re-defining the retail customer experience with technology enabled, open plan branches...



New generation intelligent ATM's with greater functionality



- A new branch design with sales capabilities aligned to changing customer demand
 - 46 branches transformed with new design and layout by end of 2012
- Becoming centres of advice for complex customer needs, as everyday transactions decline
- Greater access to specialists through use of in-branch video conferencing facilities
 - Video conferencing facilities rolled out to 43 rural and remote branches by end of 2012
- Branch footprint designed to maximise sales capability and incorporate new technologies
 - reduce excess space in our branch property portfolio by approximately 36%
 - 25% reduction in property expenses expected over time
- 800 intelligent, deposit taking ATMs to be rolled out to branches, commencing 2013
- Providing access to simple wealth products to meet customer needs
 - Initial rollout to 200 branches by end of 2012

Corporate & Commercial Banking - improving sales effectiveness and lowering cost to serve

**ANZ OneSwitch
has simplified
customer
onboarding**

**620 applications
since launch**

Want to escape
from your
business bank?

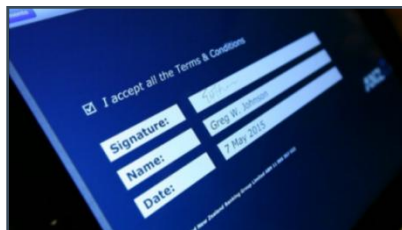
Done.

ANZ makes it easy to switch your business transaction banking. One form. One business bank. One week and it's done. If we've made switching banks this easy, imagine how much easier we can make the rest of your banking. Whenever you're doing business, be it through a business with a turnover of \$1 million or more, speak with your local ANZ business banker about our ANZ OneSwitch service today. anz.com/oneswitchbanking

anz.com/oneswitchbanking

We live in your world **ANZ**

**Intelligent use of technology driving
improved customer experience**



Developing a single customer
login for all systems

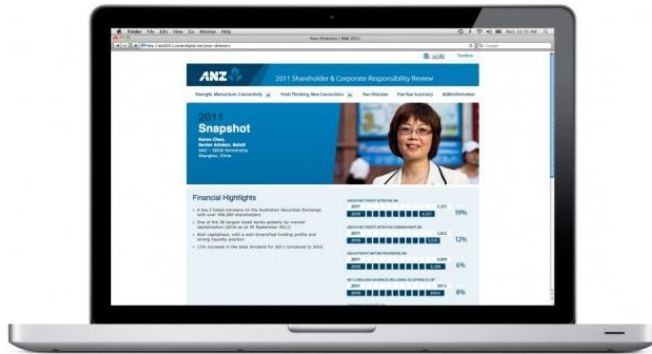


Using tablet technology to
enhance sales process

- Enhancing frontline sales productivity by simplifying processes and systems with the aim to double the time spent with customers
- Simplifying our product offering
- Extending markets and trade product capability to our medium and small business clients
 - Global Markets revenues generated by Commercial clients up 18% HOH, up 54% PCP
 - Trade finance revenue generated by Commercial clients up 14% HOH, up 20% PCP
- Simplified customer on boarding with ANZ OneSwitch - 1 form, 1 signature, 1 week, 1 point of contact
- Using technology to enhance customer experience and offer greater control
 - On site needs analysis via tablet technology
 - ANZ Fastpay – 'on the go' merchant transactions via iPad or iPhone
 - Introducing GoMoney for business

Digital online and mobile channels – Developing new channels in line with shifting customer preferences

Intuitive next generation online platforms...



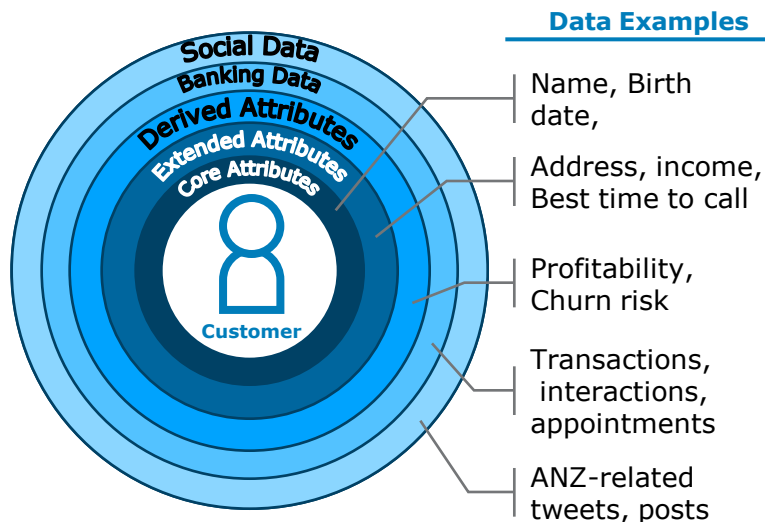
... and peer-leading mobile platforms



- Growing customer preference for self-service channels that are lower cost to serve
- Digital transactions account for more than 64% of all ANZ transactions processed
- Generating additional revenue streams through greater functionality and cross-sell opportunities
- ANZ goMoney a recognised leader in mobile banking applications
 - Over 700,000 customers
 - 26 million transactions totalling \$15 billion conducted in the past 12 months (Jul 2012)
 - Available on up to 5 simultaneous devices
 - Android version launched in September 2012
- Enhanced Internet Banking functionality allows customers to do more of their banking without the involvement of branches or call centres
 - Includes travel notifications, adding Cardholders, eStatements
 - 359 million transactions totalling \$577 billion have been conducted over the past 12 months (Jul 2012)

Investing in customer data management and analytics to support deeper customer understanding and targeted offers

Connecting customer information to deliver a single customer view linked to channels



Investing in Analytics capabilities to better address customer needs

Event Detect

e.g. Getting Married

Change of Marital Status in Customer Profile triggers ANZ response

Interaction



Customer contact focused on how "ANZ can help you" through an A-Z Review

Provide customer an ANZ LifeGuide™ on Getting Married

- Connecting customer information to provide a complete view of a customers' relationships, holdings and potential
- Establishing a more scalable and efficient environment for customer data across ANZ Australia to exploit rapid growth in data
- Developing deeper analytics capabilities to exploit data platform investments and enhance understanding of customers
 - Extend customer behaviour and event-triggered lead generation
 - Deepen understanding of customer behaviours, profitability, churn risk to optimise sales and servicing opportunities
 - Aligned to ANZ's segment strategy and supporting Wealth cross-sell