

# ANZ Wealth Strategy

**Delivering performance through  
growth, innovation and productivity**

**AUSTRALIA AND NEW ZEALAND  
BANKING GROUP LIMITED**

**28 November 2012**

**Joyce Phillips  
CEO Global Wealth and Private Banking**



# Agenda

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- **Global Wealth and Private Bank**
- **Growth segments and markets - the opportunity in wealth**
- **Our strategic agenda – innovation and productivity**
- **Focus on performance**
- **Q&A**

# Renewed focus as a global business

2002	2007	2009	2010	2012
<p><b>May 2002</b></p> <p>Joint venture with ING Group - funds management and life insurance - Australia and New Zealand</p>	<p><b>June 2007</b></p> <p>ANZ acquires E*Trade Australia</p>	<p><b>September 2009</b></p> <p>ANZ moves to full ownership of ING Australia and New Zealand joint ventures</p> <p>ANZ acquires selected RBS Asian businesses</p>	<p><b>Throughout 2010</b></p> <p>Integration with Australia and New Zealand divisions</p>	<p><b>March 2012</b></p> <p>Renewed focus as a separate division – <b>Global Wealth &amp; Private Banking</b></p>

	Geographic Segments		Global Segments	
<b>Australia</b>	Retail Banking Australia	Corporate & Commercial Banking Australia	<b>Global Wealth and Private Banking</b>	Global Institutional
<b>New Zealand</b>	Retail Banking New Zealand	Commercial & Agri New Zealand		
<b>International</b>	Retail Banking Asia Pacific	Commercial Banking Asia Pacific		

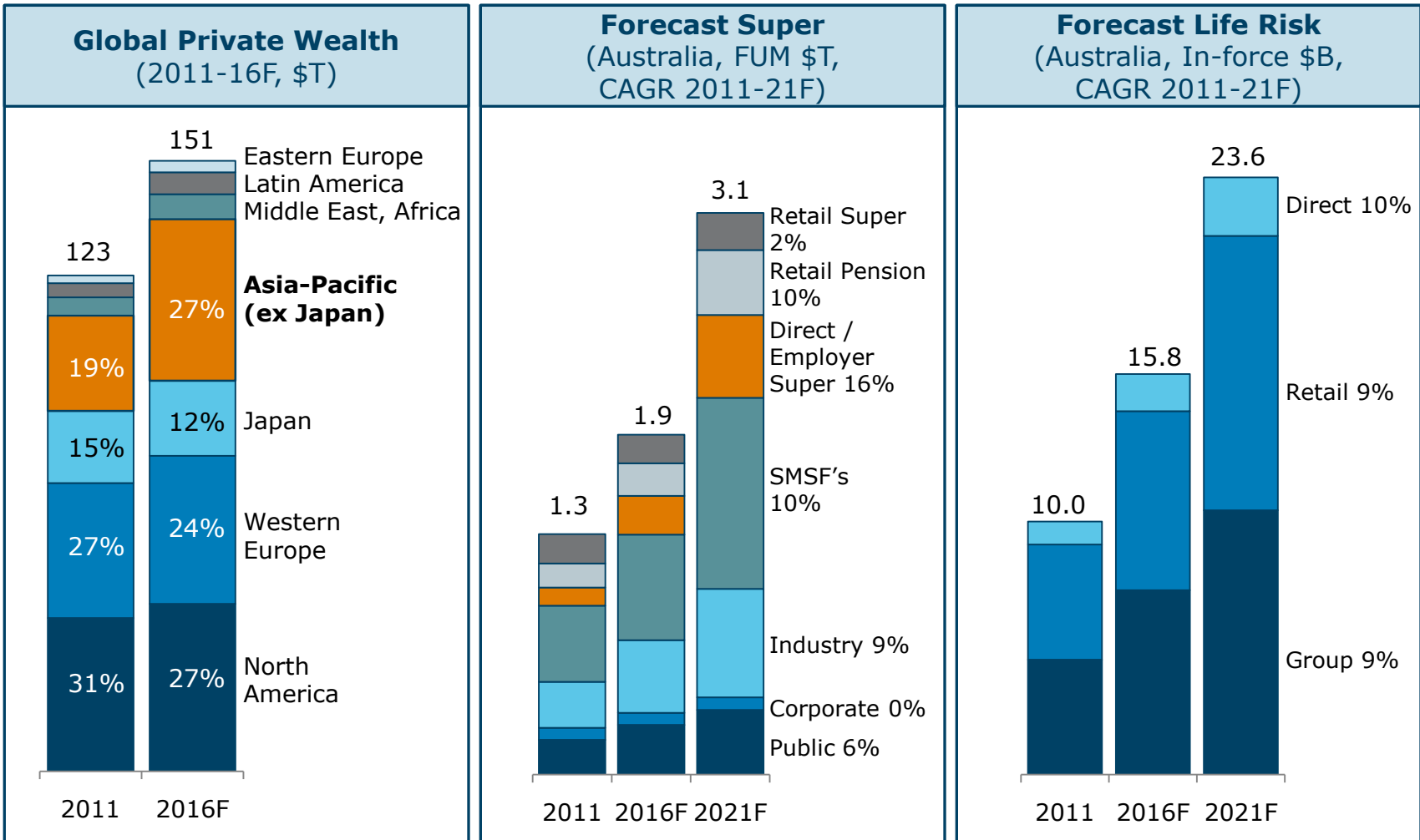


# Opportunity and capability to change the game

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- ✓ **Growing markets in Australia, New Zealand and Asia**
- ✓ **An attractive and loyal customer base**
- ✓ **Leading position in Life Insurance**
- ✓ **Leading position in KiwiSaver**
- ✓ **Profitable Private Bank in Australia and New Zealand and presence in high growth Asian countries**
- ✓ **Improved salaried planner channel +1,100 active aligned dealers**
- ✓ **Innovation – new ways for customers to engage with their wealth and ANZ**
- ✓ **Regulatory and other changes support our new customer engagement models**

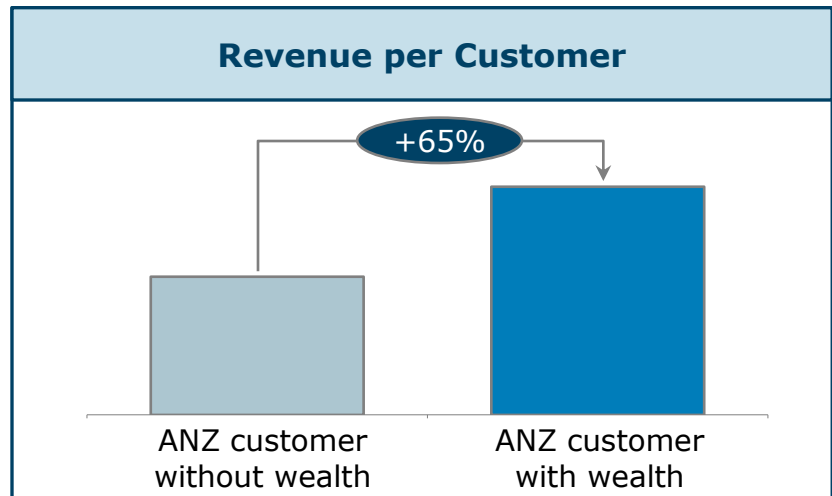
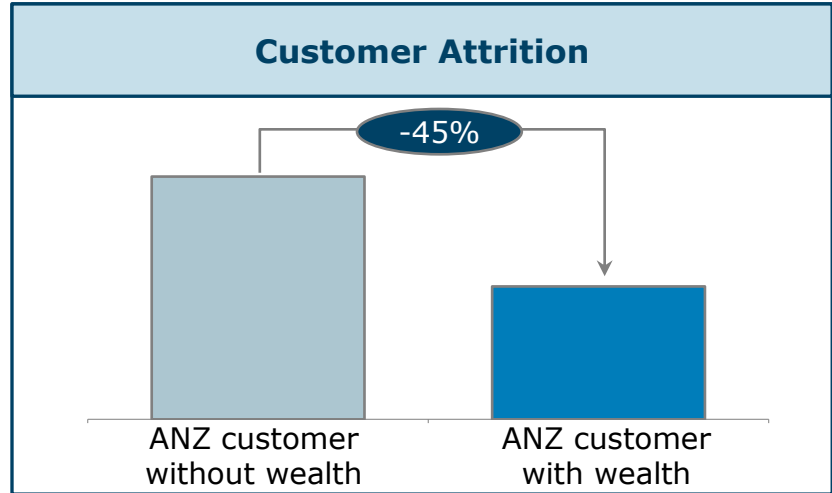
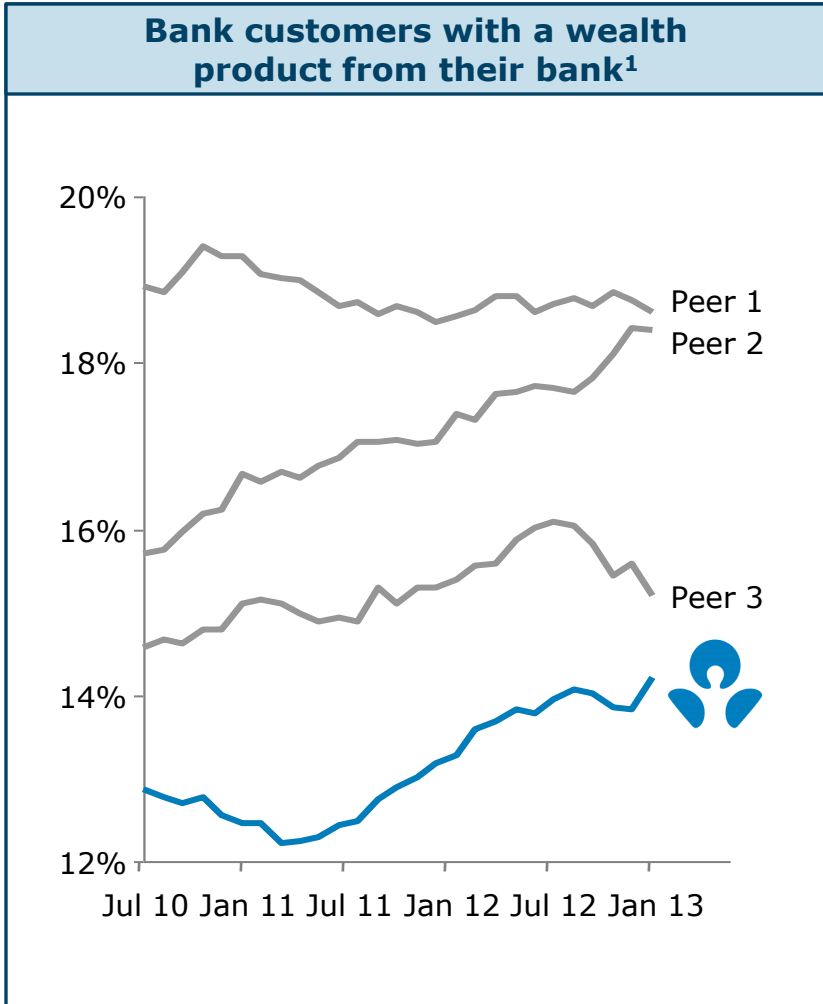
# Growing wealth markets in Asia and Australasia



Source: BCG Global Wealth Management Database 2012, Rice Warner Actuaries



# Attractive opportunity in our existing franchise



1. Source: Roy Morgan Research. Aust Pop'n aged 14+, rolling 12 months. Traditional Banking Consumer Market (Deposits, Cards & Loans)  
 Peers: CBA Group (excl. Bankwest), NAB Group (incl AVIVA), Westpac Group (incl. St George).  
 Wealth defined as Wealth or Insurance (Superannuation, Managed Investments & Insurance).



# Industry changes support our strategy

**Industry Shifts** ➔ **Our Opportunity** ➔ **Our Objective**

Regulatory Changes

Raise the bar in advice

Technology &  
Consumer Behaviour

Digital and direct  
channels

Attitudes to Advice

Self directed customer

Demographic Shifts

'Boomers' into  
retirement

**Finding new ways for  
customers to engage  
with their wealth and  
ANZ**

**Competing with a  
distinctive and unique  
position in the fastest  
growing segments of  
the market**

# Our strategic agenda

## Guiding Principles

- Grow relationships with existing ANZ customers
- Drive higher returns and value from existing businesses
- Simplify the business and leverage global capabilities

## Productivity

- Synergies from the global model
  - Leveraging our leading life insurance business across geographies
- Increasing productivity and capacity in advice
- Fit for purpose platforms

## Innovation

- Smart Choice direct super
- Advice transformation
- Building a distinctive, regional Private Bank
- New approach to growth segments
- New digital solutions
- Physical Wealth Investment Centres



# Productivity - synergies from the global model

## ANZ Wealth is contributing to ANZ Group's productivity agenda

### Synergies within GW&PB

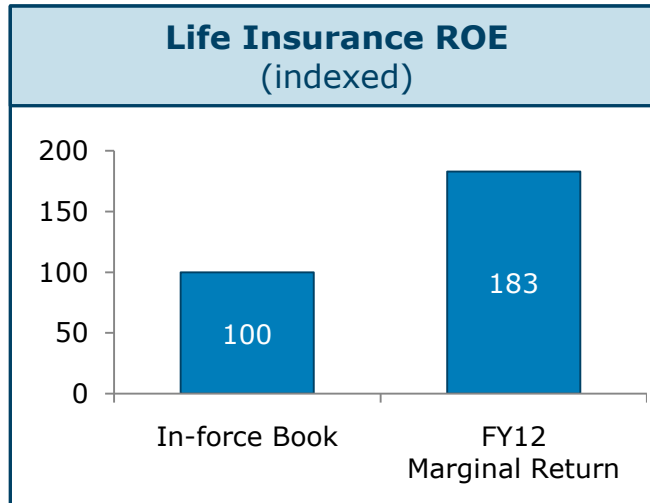
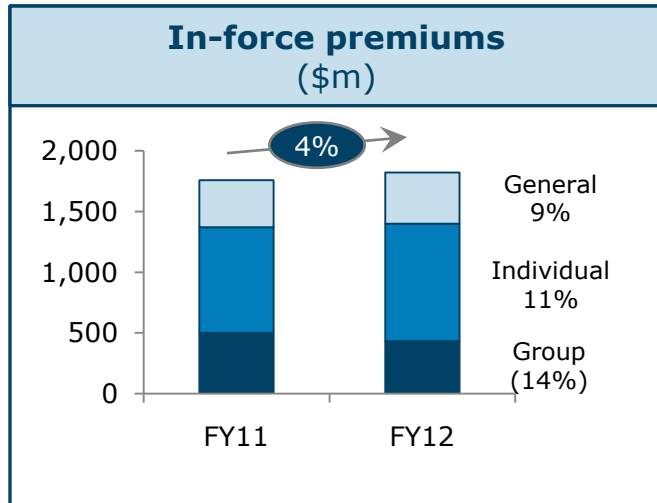
- Leveraging product and platform capabilities in Australia across the region
- Integrating operations across Australia and New Zealand
- Process improvement and automation, to maximise straight through processing
- Consolidating technical experts in centres of excellence

### Synergies with the ANZ Group

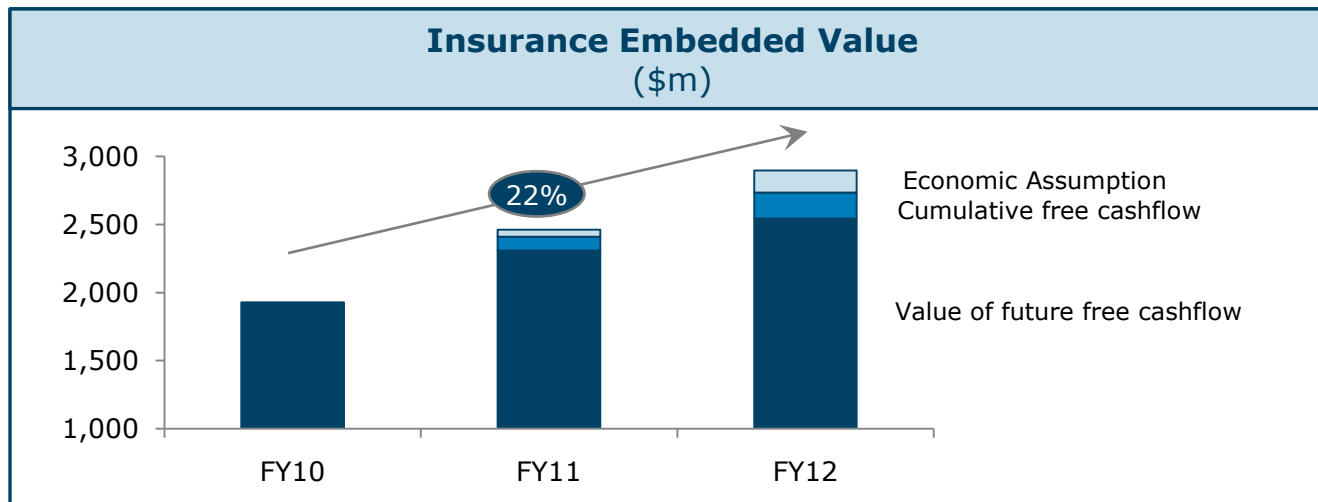
- Continuing to leverage ANZ's global operations hubs
- Building capacity to penetrate the ANZ customer base
- Integrating new digital propositions with ANZ's online and mobile banking offer

**Early progress - headcount reduced 11% YoY;  
Operating Expenses reduced 3% 2H12 v 1H12**

# Our leading life insurance capability



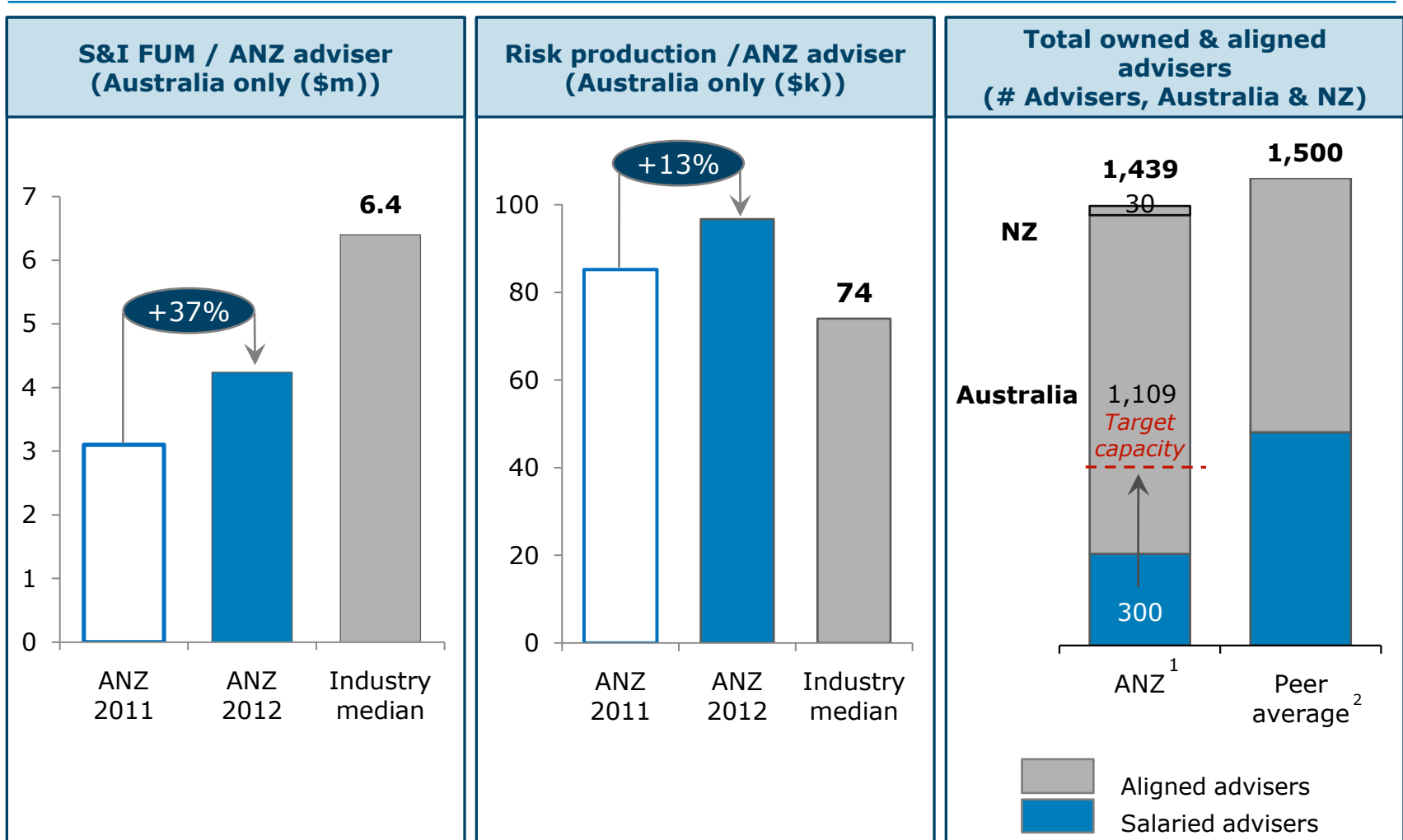
➤ Growing premiums in the profitable areas of general and individual risk while maintaining financial discipline in Group



➤ Returns on the new business are significantly better than our in-force book

➤ Total value creation of the Life business up 19% CAGR excluding economic assumptions over 2 years

# Increasing planner productivity and capacity

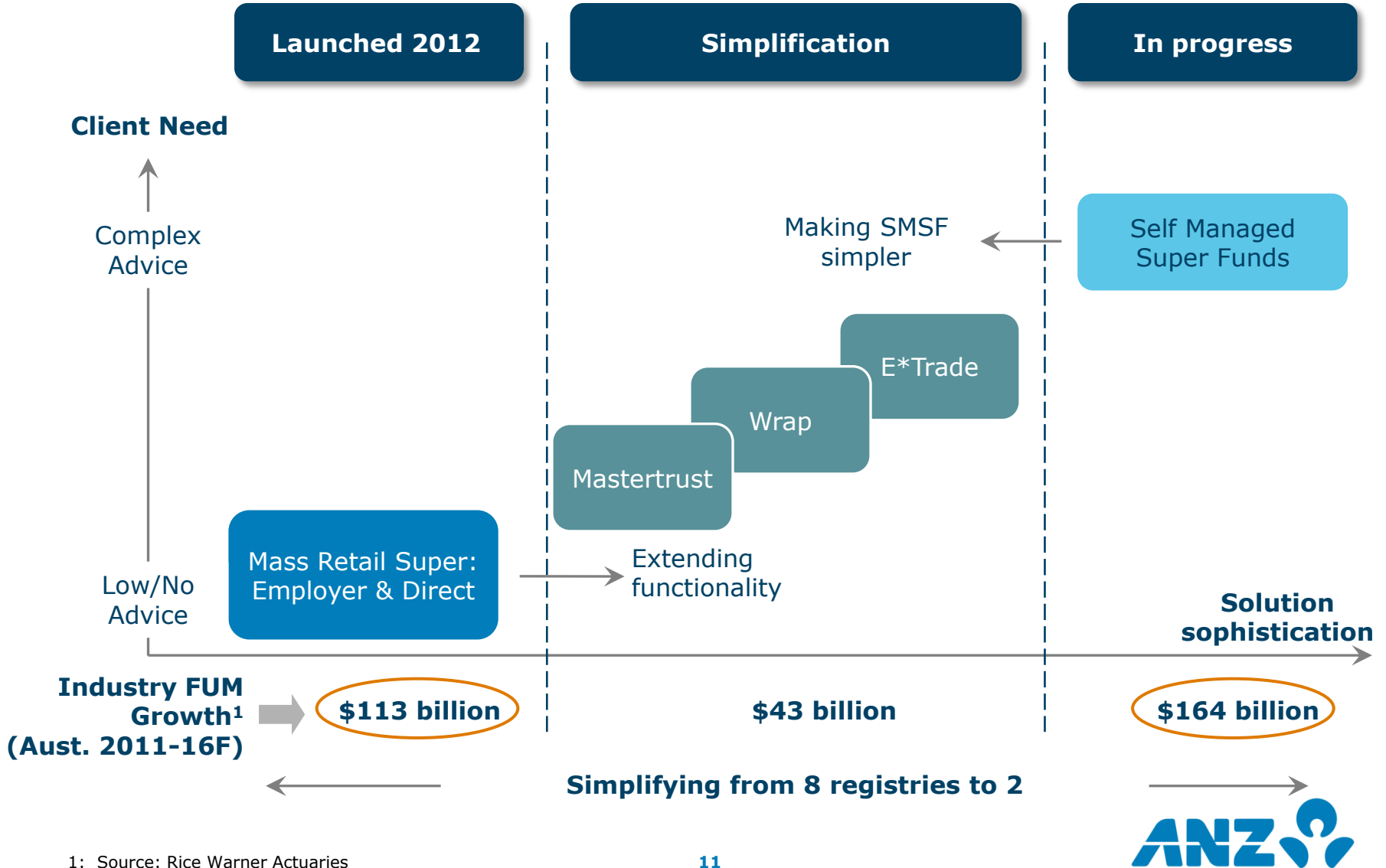


Source: Comparator Quarterly Benchmarking for Financial Planning Businesses; ANZ internal data; Money Manager Top 100 Adviser Survey

Note: Total GW&PB advisers of 2,109 as disclosed in Results Announcement includes New Zealand and Private Bank advisers  
 (1) Active aligned advisers only, excludes inactive and CAR advisers; (2) Source: Money Management top 100 Adviser survey 2012. Peer Average based on Australian advisers only



# Investment platforms – simplify and focus



1: Source: Rice Warner Actuaries

# Innovation - Smart Choice Super

## Visibility



- See your super alongside other accounts
- Never lose your super again
- 24/7 access

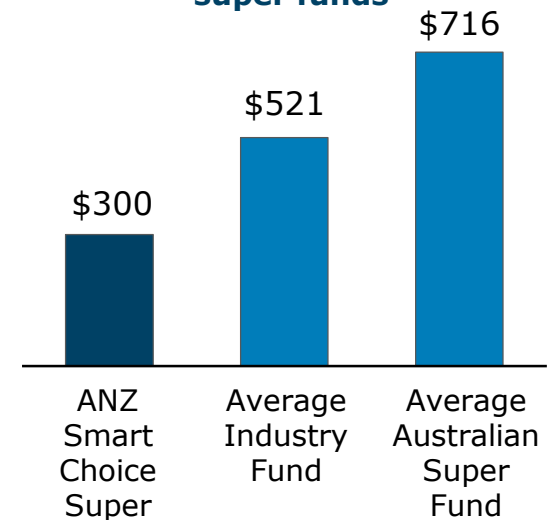
## Choice & Control



- Life stage investments
- Choose how involved you want to be with quality investment options

## Great Value

### ANZ Smart Choice fees vs other super funds



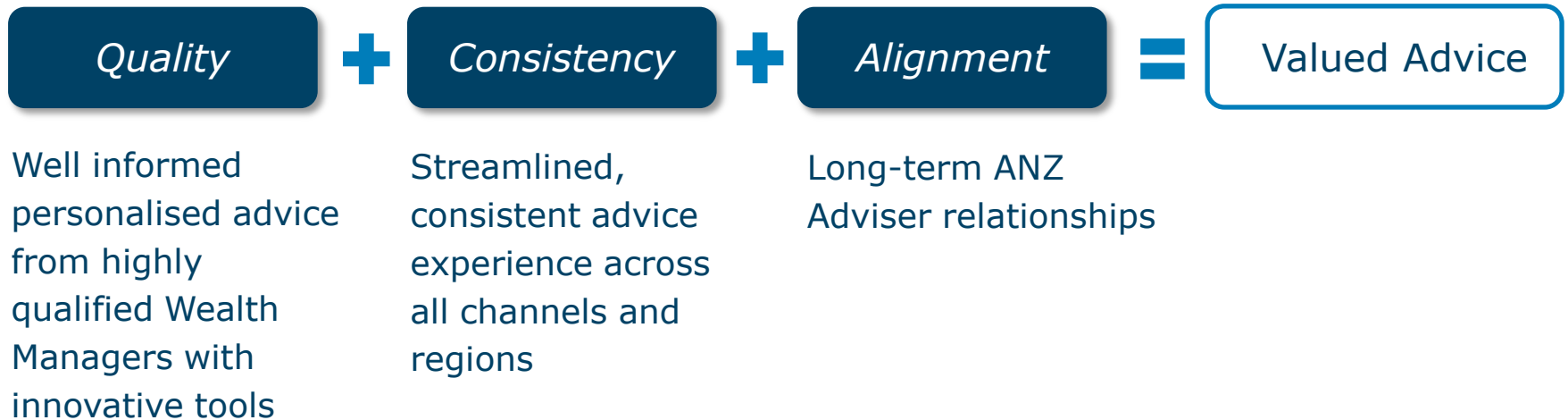
- One low investment fee (0.50%)
- Low \$50 annual administration fee

Source: SuperRatings 'Fees Analysis' 21/11/12, based on analysing fees on ANZ Smart Choice Super – 1960's diversified investment option as of 1/12/12 and 319 superannuation products in Australia (including 126 industry funds) as at 30/9/12, on a \$50,000 account balance. See [anz.com/smartchoice](http://anz.com/smartchoice) for full documents and assumptions.

# Innovation – raising the bar in advice

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➤ **Our customers are demanding greater value in advice**



## ***Advice Transformation Initiatives***

New Advice Academy and accredited ANZ Wealth Managers

Centre of excellence for governance and risk management

Development of a new tied agency model

# Building a distinctive regional Private Bank



*In alliance  
with...*



Strong domestic franchises and affluent customer base across Australia & New Zealand



Highly regarded Swiss Private Bank



A compelling new Private Banking proposition

Growing distribution footprint & customer base in Asia



World-class investments capabilities



Robust cross-border capabilities, for a genuinely super regional private bank

Mature deposits & lending capability, with banking licenses in key markets



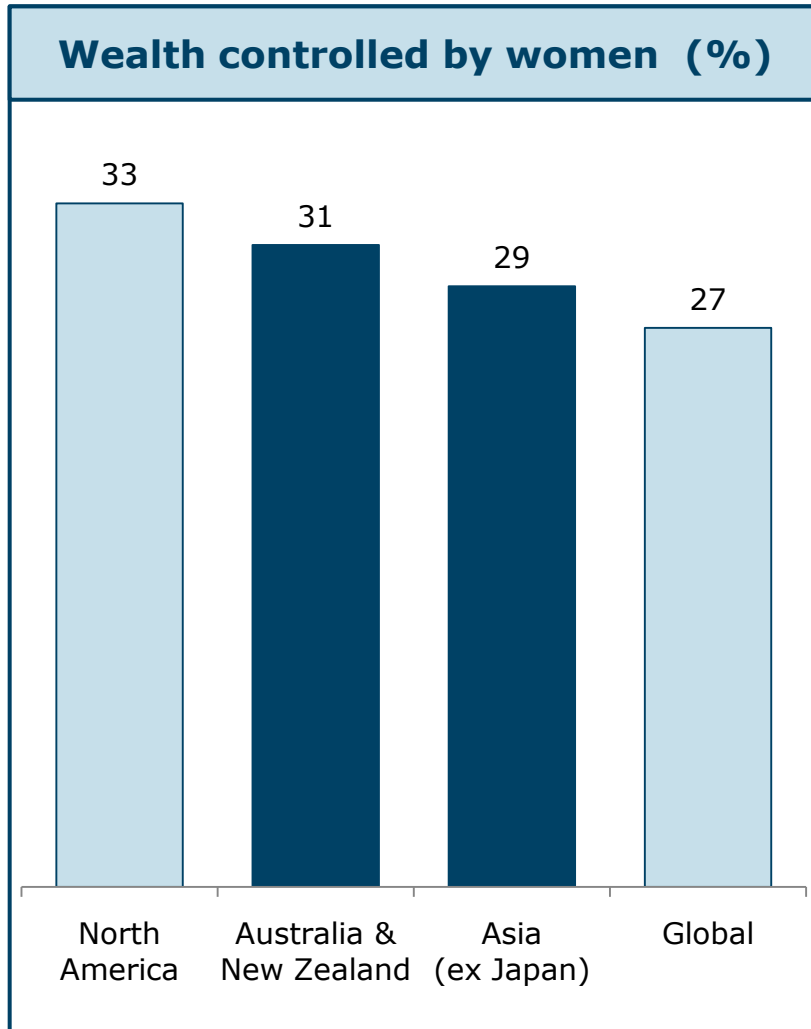
Global advisory & discretionary mandate capability



Ability to meet all of our customers product needs for the HNW segment



# Growth segments: Women and Wealth



- 55% of affluent women feel their Wealth Manager could better meet the specific needs of women in wealth management
- Women tend to take a longer-term view of performance and have longer-term goals
- Women respond differently to some life events, such as inheritance or divorce
- Women tend to value simplicity and require advisors to make effective use of their time
- Women tend to value long-lasting relationships based on personal trust
- Women tend to be more open to financial education



# New ways to engage with our customers

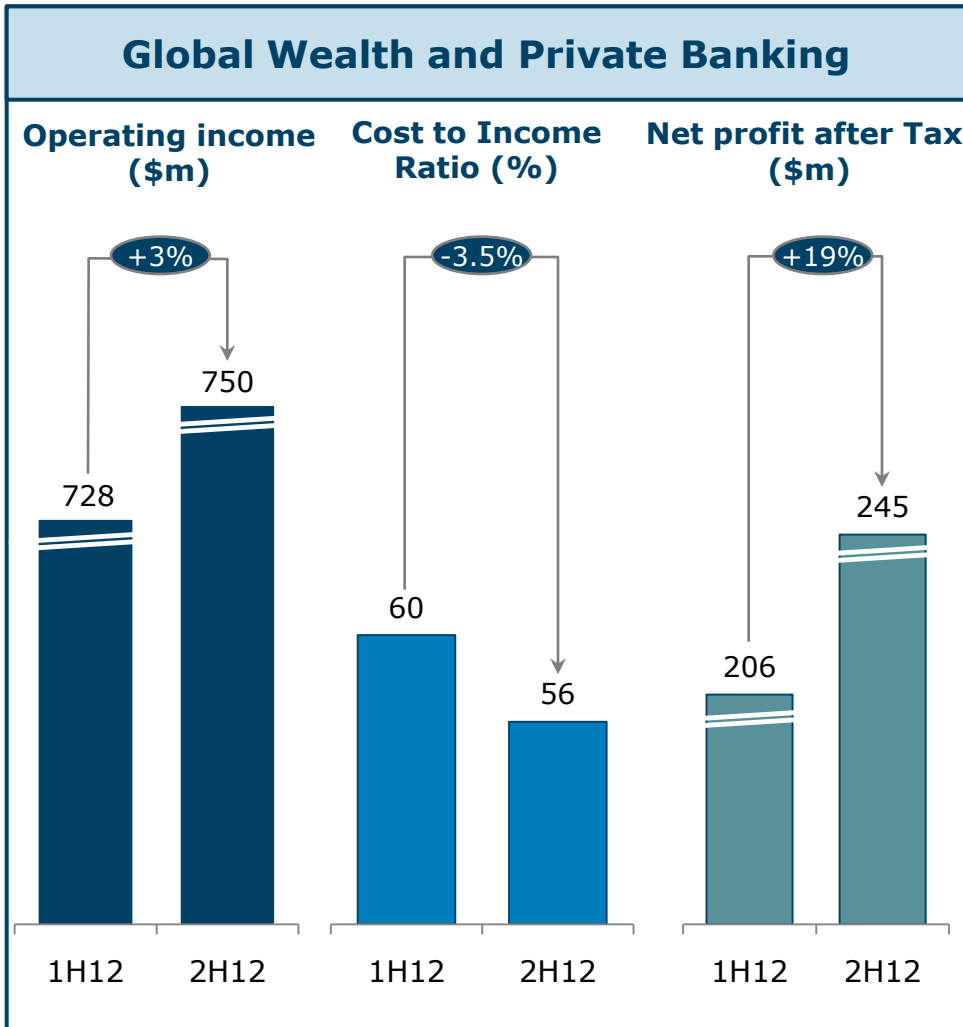
Digital Wealth Investment Centres

Technology-enabled advisers

Wealth Investment Centres



# Focus on performance



## Clear Focus on Returns

- Deploying capital to products and channels that deliver appropriate returns
- Value of new business significantly exceeds the Group's cost of capital
- Support growth opportunities with sustainable reduction in operating expenses from other areas
- Further synergies available within Wealth and more broadly with ANZ
- Comprehensive reinsurance review in progress to improve returns

# What does success look like?

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- **A material contribution to the total profit and market value of ANZ**
- **Changing the way our customers engage with their Wealth and with ANZ**
- **Using innovation to deliver our strategy – investing \$80-\$100m per annum**
- **Addressing our underweight position in Superannuation & Investments**
- **Industry-leading customer penetration**
- **Building a distinctive regional Private Bank**
- **Improve Return on Equity through productivity gains and leveraging the global operating model**

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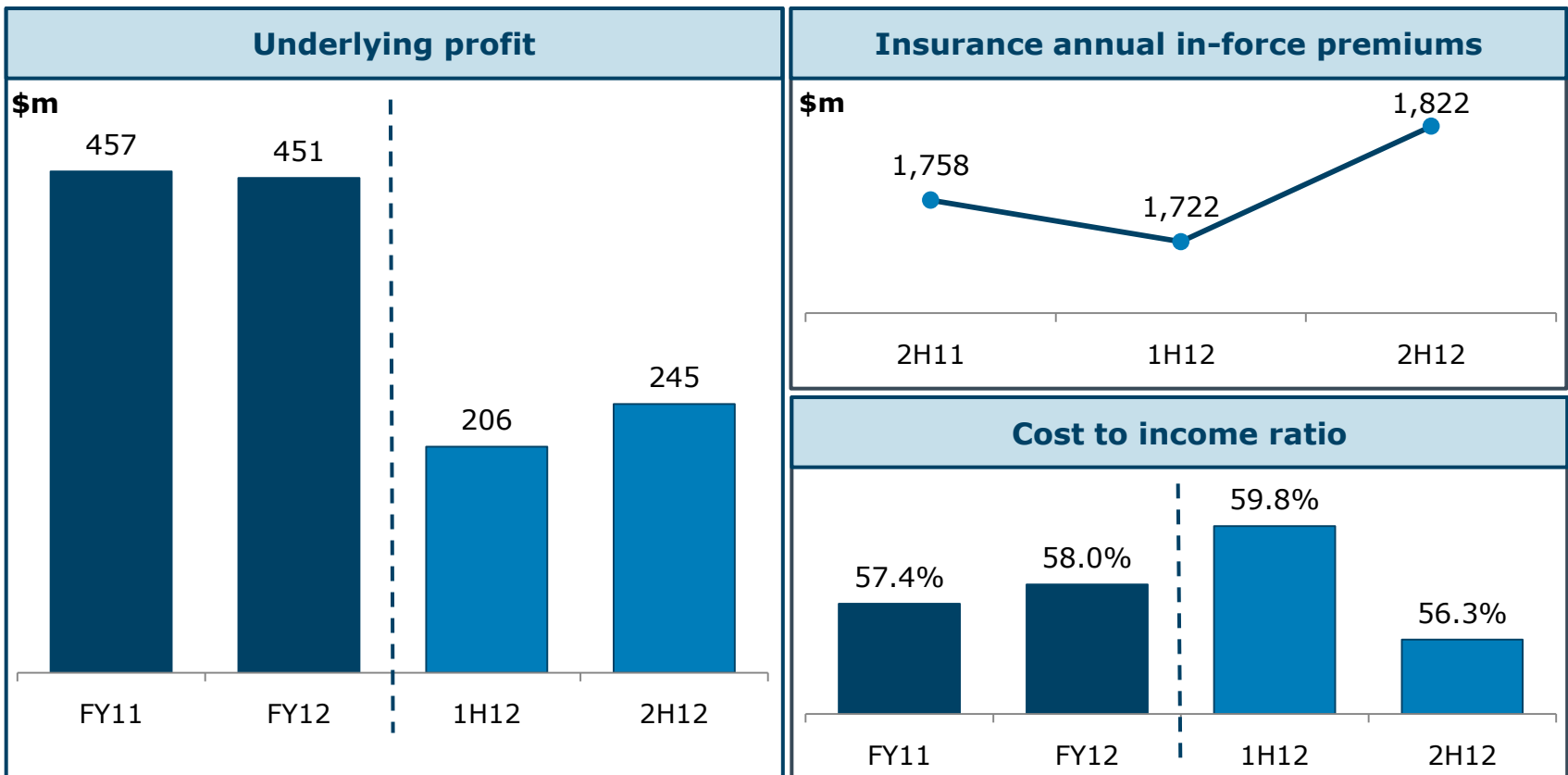
**Appendix**



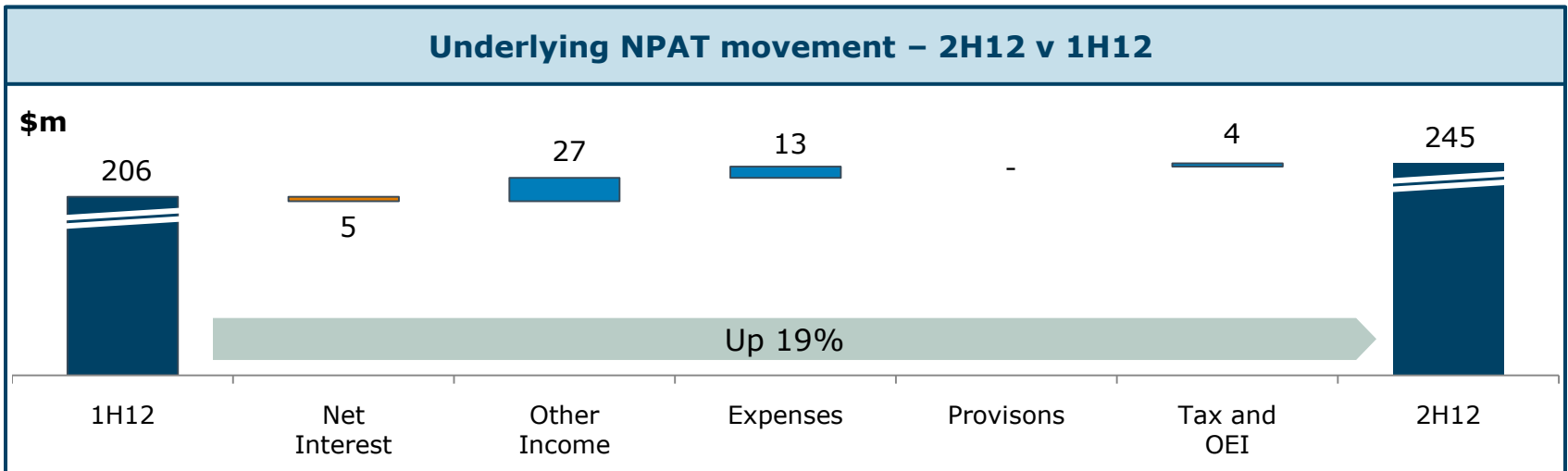
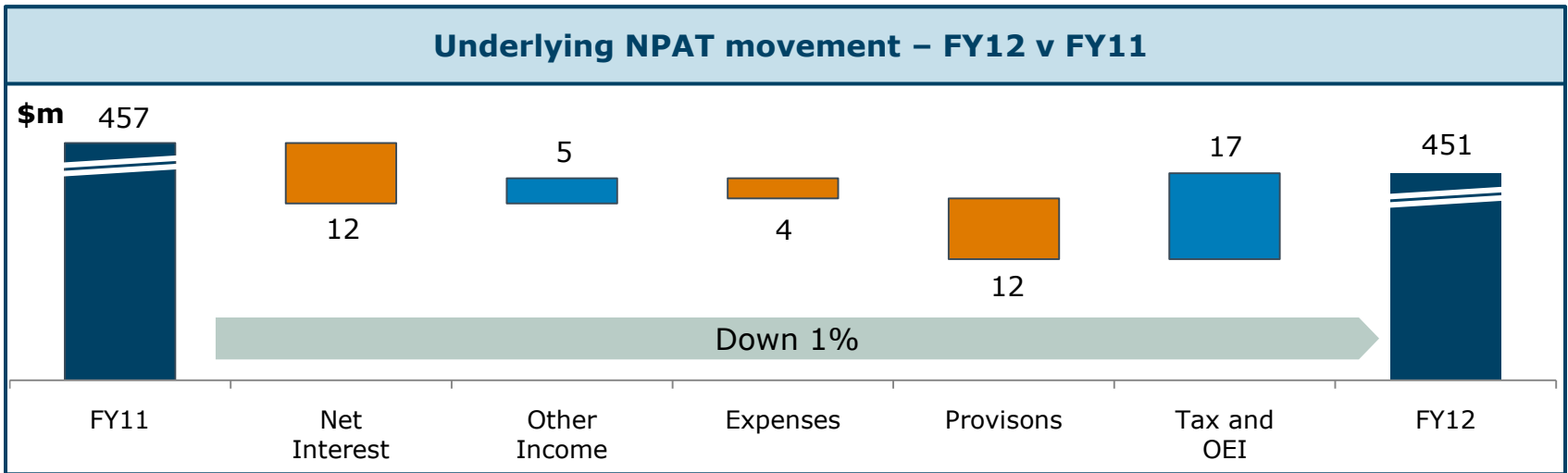
# Global Wealth and Private Banking Division

<b>Underlying profit growth</b>	<b>FY12 v FY11</b>
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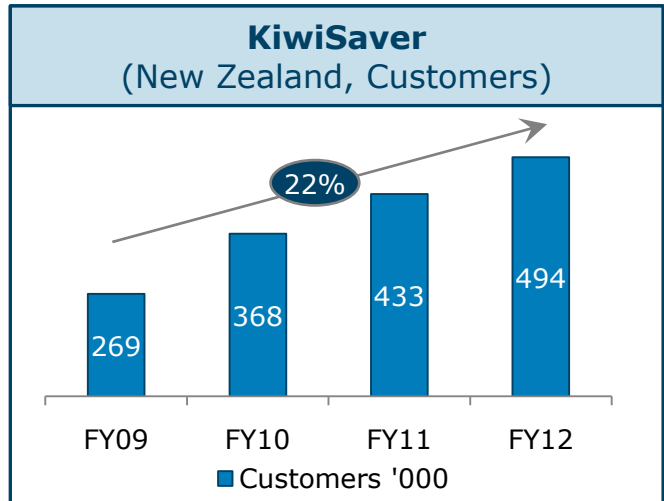
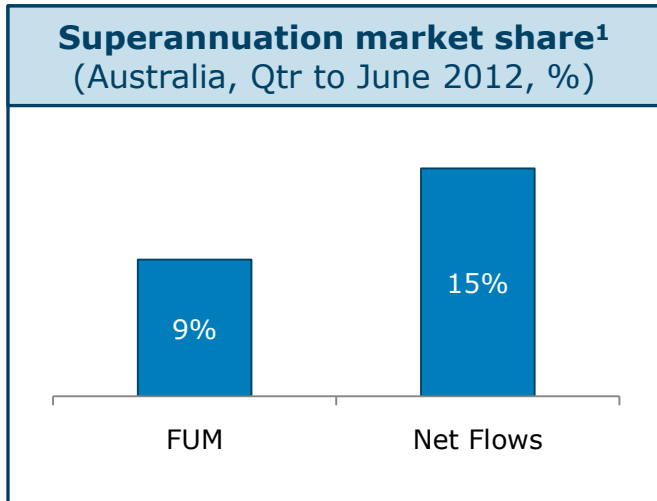
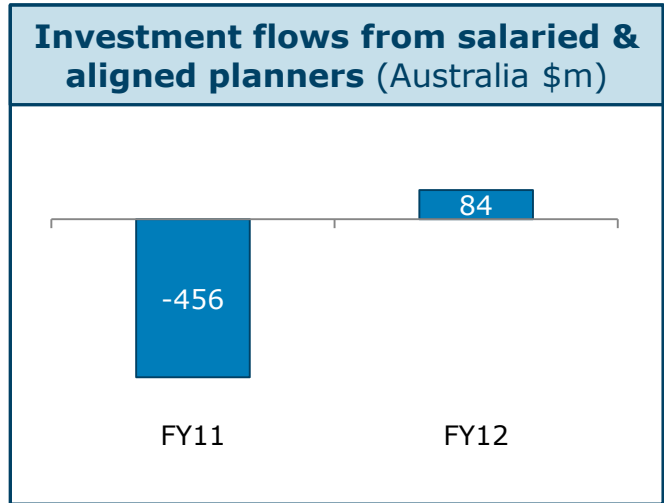
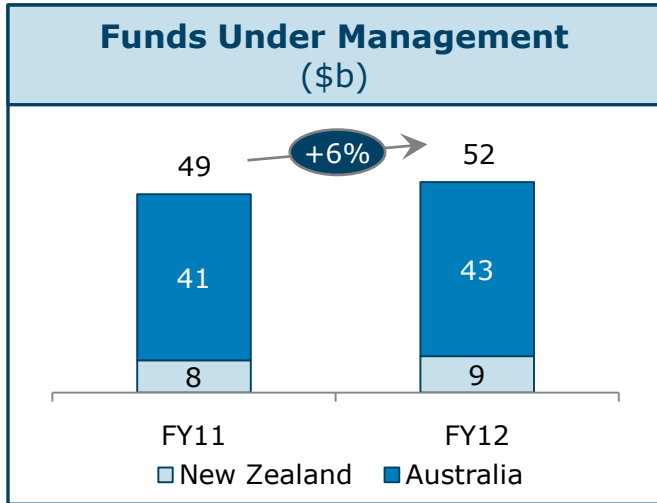
**Global Wealth and Private Banking Division** **-1%**



# Global Wealth and Private Banking – Financial Performance



# Key business drivers: Super and Investments



- FuM up 6% YoY
- ANZ owned advice channels have improved; open market still in outflow
- Share of superannuation net flows above share of FuM in Q2 2012
- Continue to be the #1 provider in the KiwiSaver market

1. Source: Plan for Life



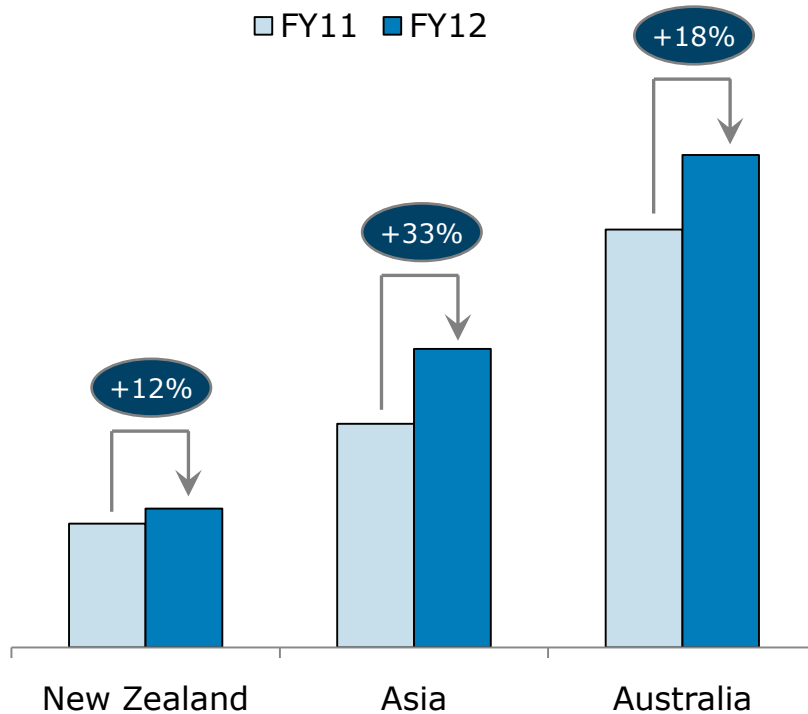
# Key business drivers: Private Bank

Continuing to "Up tier" our Private Bank customer base, a key driver of our business strategy

## Avg. FUM/Client in Private Bank

(YoY change, %)

□ FY11 ■ FY12

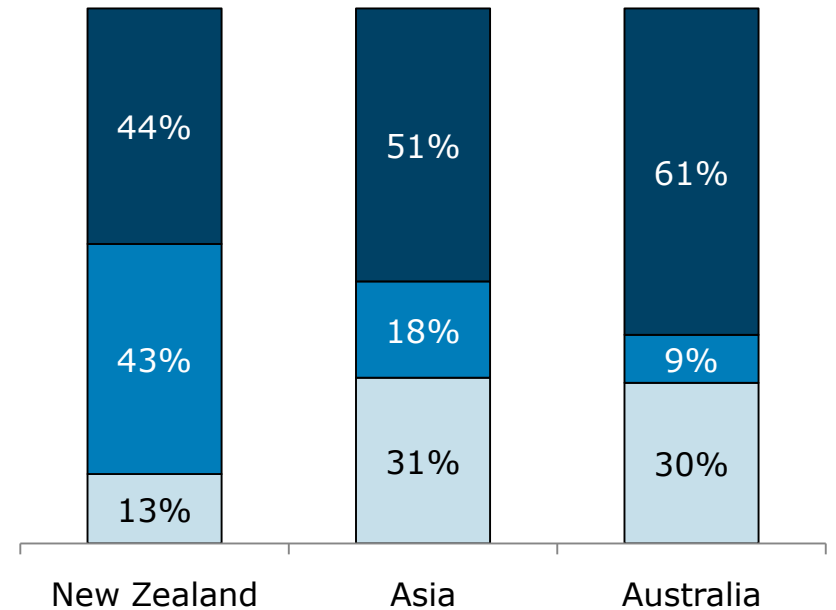


Australian business relatively underweight in Investments; significant opportunity for growth

## Business Mix in Private Bank

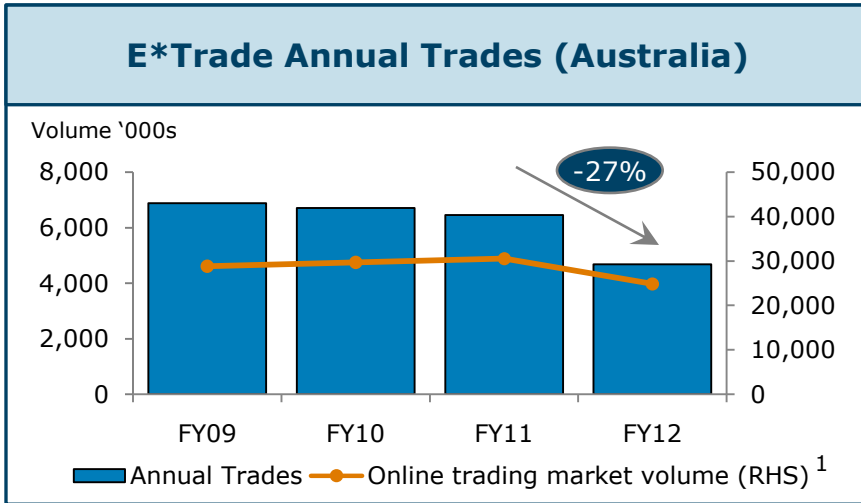
(%)

□ Lending Assets ■ Investments ■ Deposits



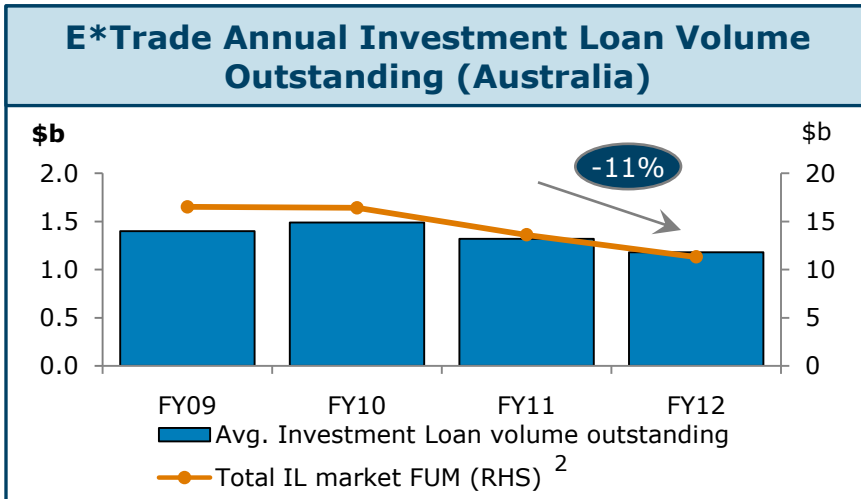


# Key business drivers: E\*Trade



➤ Online broking and investment lending critical to our wealth value proposition

➤ Challenged in the past 4 years by market conditions and lack of investment in customer experience

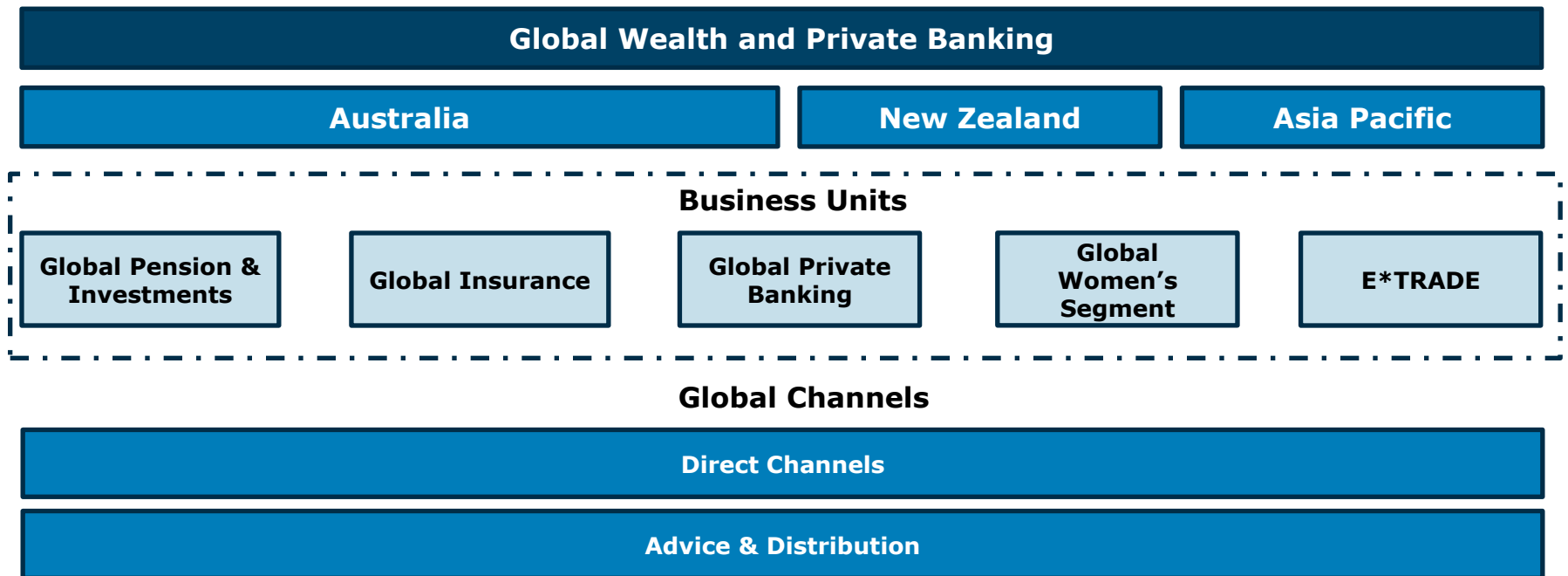


➤ Investment Lending market share up from 8% in 2009 to 10% today

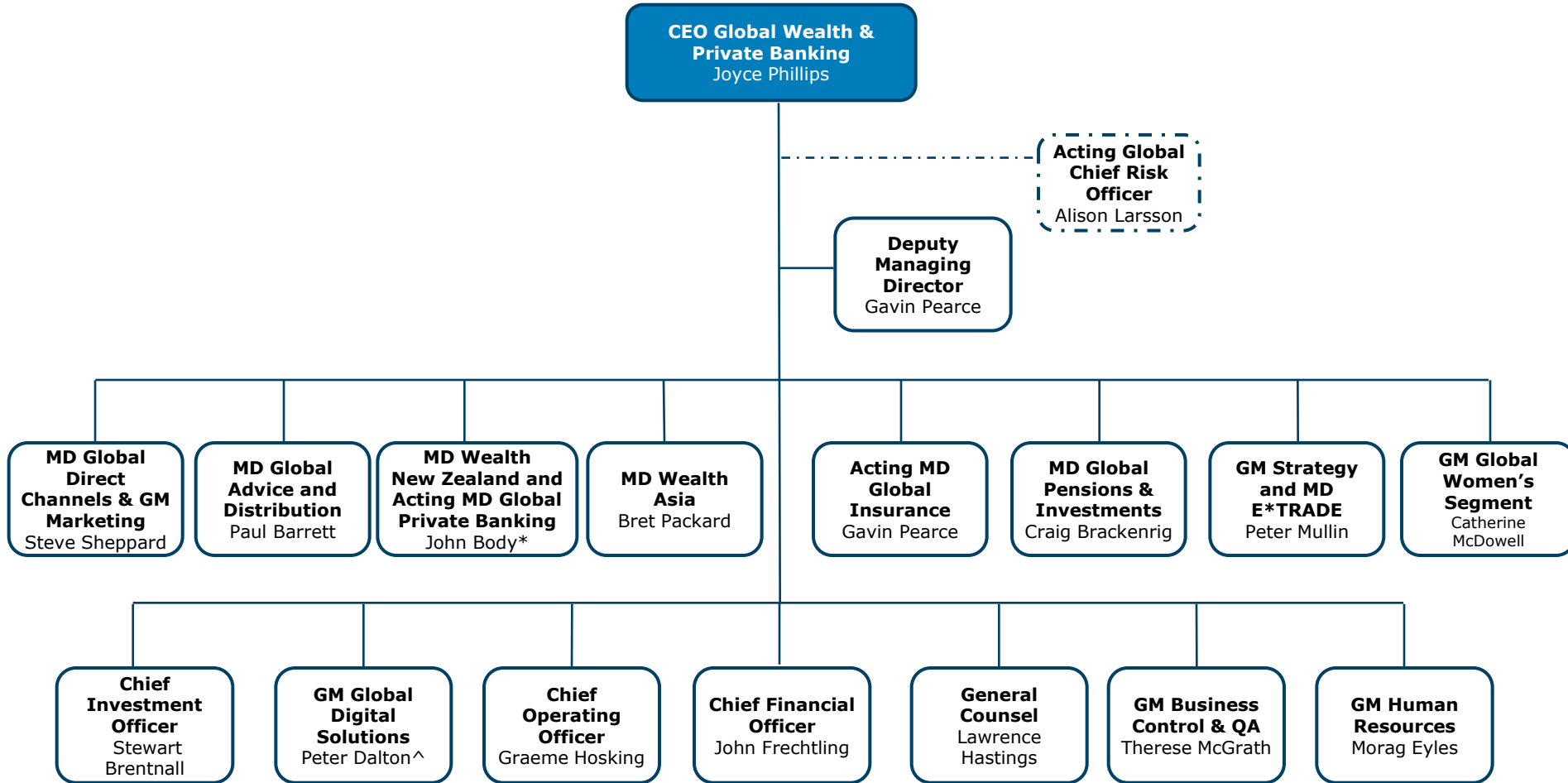
1. Source - IRESS 2. Source - RBA

# Global Wealth and Private Banking Division (GWPB)

- A new division that combines Global Wealth and Private Banking across Australia, New Zealand and the Asia Pacific
- Responsible for delivering investment, superannuation, insurance and advice solutions and private banking services to our customers
- The business is managed on a global basis to ensure an aligned approach and leverage our talent, systems and operations



# Global Wealth and Private Banking - Leadership Team



\* Geographic reporting line to David Hisco CEO, New Zealand

^ In addition to this role, will continue to maintain Group Innovation position

- - - This role reports into Nigel Williams, Chief Risk Officer

# CEO Global Wealth and Private Banking - Joyce Phillips

Joyce Phillips is CEO, Global Wealth and Private Banking and Group Managing Director and Management Board member at ANZ responsible for marketing, innovation and digital. Prior to joining ANZ in 2009, Joyce was President and Chief Operating Officer at American Life Insurance Company (ALICO) a subsidiary of American International Group, Inc. (AIG) which had operations in 55 countries.

Joyce joined ALICO from Citigroup, where she was head of International Retail Banking. In that role she was responsible for strengthening product distribution and expansion in Citigroup's global retail banking franchise in 42 countries. Business lines under her leadership included online banking, loans, deposits, investments and insurance.

Previously, she held various senior positions in Citigroup Japan, including Country Business Manager and Representative Director of Citibank's Retail Bank, as well as President and CEO of Citicorp Diners Club Japan.

Joyce was named to the U.S. Banker "25 Most Powerful Women in Banking and Finance" list in 2006, 2007 and 2008.

She has an MBA from the Stern School of Business, New York University and is fluent in Japanese.



## KEY DATES

### 2012

Appointed CEO, Global Wealth and Private Banking, as well as retaining responsibility for Marketing, Innovation and Digital as Group Managing Director and Management Board Member.

### 2009

ANZ Group Managing Director, Strategy, Mergers & Acquisitions, Marketing, Innovation and Online Banking

### 2007

President & Chief Operating Officer, AmericanLife Insurance Company (ALICO)

### 2005

Head of International Retail Banking, New York, Citigroup 2001 Country Business Manager, Japan, Citigroup

### 1999








President & CEO, Citicorp Diners Club, Japan, Citigroup

# Global Wealth and Private Banking - Team

<p><b>Paul Barrett</b> MD Global Advice and Distribution</p>		<p>Paul Barrett has over 17 years experience working in banking and wealth management. Prior to joining ANZ Paul was the General Manager of Colonial First State Advice Business.</p>
<p><b>John Body</b> MD Wealth NZ</p>		<p>John has worked for ANZ's markets business for 22 years and was Managing Director Private Banking New Zealand before the New Zealand Wealth business was set up in 2010.</p>
<p><b>Craig Brackenrig</b> MD Global Pensions and Investments</p>		<p>Craig has over 25 years experience in financial services. Prior to joining ANZ Craig worked for Aviva plc as Financial Director, Asia Pacific Region and previously as Chief Financial Officer for Aviva (formerly Norwich Union) in Australia</p>
<p><b>Stewart Brentnall</b> Chief Investment Officer</p>		<p>Stewart has worked in the investment management industry for over 20 years, in both the UK and Australia, managing Australian and Global Equity portfolios as well as Multi-manager and diversified funds.</p>
<p><b>Peter Dalton</b> GM Global Digital Solutions</p>		<p>Peter was previously ANZ's Group CIO. He has also worked as a software engineer for Foxborough L&amp;N and as an electronic systems engineer at Mount Isa Mines. Peter holds a Bachelor of Electronic Systems Engineering and a Bachelor of Applied Science.</p>
<p><b>Morag Eyles</b> GM Human Resources</p>		<p>Morag commenced employment with ANZ in 2004 and has held a number of senior management and executive HR positions within Australia and Asia. Morag has worked in HR for 17 years in the USA, UK and Asia for financial services, banking and professional services organisations.</p>
<p><b>John Frechtling</b> Chief Financial Officer</p>		<p>John has over 20 years experience in financial services, having worked as Chief Financial Officer for BT Financial Group and the retail divisions of the Westpac Banking Corporation in Australia and New Zealand.</p>
<p><b>Lawrence Hastings</b> General Counsel</p>		<p>Prior to joining ANZ in 2011, Lawrence was a Partner in the Financial Services Practice of a top tier law firm and has particular expertise in superannuation, life insurance, distribution, investments and regulatory compliance.</p>



# Global Wealth and Private Banking - Team

<p><b>Graeme Hosking</b> Chief Operating Officer</p>		<p>Graeme Hosking has been with ANZ for six years. Prior to this appointment, Graeme spent four years managing Operations, Technology, Project Delivery and Business Execution across the Institutional Division at ANZ, and a further two years as the MD, Operations for ANZ.</p>
<p><b>Catherine McDowell</b> GM Global Women's Segment</p>		<p>Catherine has been with ANZ for six years. Prior to her appointment to the Women's Segment, Catherine was the Managing Director of ANZ Private for Australia and New Zealand, including ANZ Trustees, E*TRADE, Investment Lending, and SuperConcepts.</p>
<p><b>Therese McGrath</b> GM Business Control &amp; QA</p>		<p>Therese McGrath is an international executive having held senior finance, strategy &amp; operations positions within companies such as Diageo plc, Thomson Reuters, SAP &amp; Microsoft. Therese joined the ANZ Group in 2009 and the Global Wealth &amp; Private Banking division in June 2012.</p>
<p><b>Peter Mullin</b> MD E*Trade</p>		<p>Peter commenced employment with ANZ in 2005 and has held a number of executive positions across ANZ in both Business Divisions and the Group Centre.</p>
<p><b>Bret Packard</b> MD Wealth Asia</p>		<p>Bret Packard was appointed to the role of Managing Director Wealth Asia, Global Wealth and Private Banking in October 2012. Bret has more than 24 years in senior global banking and wealth management roles.</p>
<p><b>Gavin Pearce</b> Deputy MD/ MD Global Insurance</p>		<p>Gavin Pearce has more than 30 years of extensive financial services experience. Prior to joining working at ANZ, Gavin was Chief Executive Officer of the Australian Investment Division of Tower Australia Group.</p>
<p><b>Steve Sheppard</b> MD Direct Channels &amp; GM Marketing</p>		<p>Steve joined ANZ in 2009 as part of ANZ's acquisition of INGA Australia. He has over 20 years' experience in the financial industry, the majority of those in Wealth Management.</p>

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When used in this presentation, the words

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