



# Personal Division Strategy Day

Wednesday, September 19 2007

# ANZ Personal Strategy Day

## 19 September 2007

<b>AGENDA</b>			
<b>10:05 – 10:20</b>	Introduction / Personal Division	Brian Hartzer	Group MD Personal Division
<b>Session 1</b>			
<b>10:20 - 10:35</b>	Branch Network	Louis Hawke	MD Retail Banking
<b>10:35 - 10:50</b>	Rural, Regional and Small Business Banking	Rob Goudswaard	MD Regional, Rural and Small Business Banking
<b>10:50 - 11:05</b>	Investment and Insurance	Geoff Cohen	MD Investment and Insurance Products
<b>11:05 - 11:35</b>	Q&A session:	Brian Hartzer, Louis Hawke, Geoff Cohen, Rob Goudswaard	
<b>11:35 - 11:45</b>	Break		
<b>Session 2</b>			
<b>11:45 - 12:00</b>	Overview of other Personal Division businesses	Brian Hartzer	Group MD Personal Division
<b>12:00 - 13:00</b>	Q&A session:	Brian Hartzer Michael Rowland Jenny Fagg John Harries David Hisco	Group MD Personal Division MD Mortgages MD Consumer Finance MD Banking Products MD Esanda
<b>13:00 – 14:00</b>	Lunch	Personal Division Executive team available to answer further questions	



## Personal Division – An overview

**Brian Hartzler**  
Group Managing Director  
Personal Division

Wednesday, September 19 2007

# Personal Division Overview

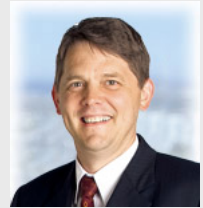


**Personal Division**  
Brian Hartzer

## Customer Businesses



**Retail Banking**  
Louis Hawke



**Regional, Rural & Small Business**  
Rob Goudswaard

## Product Businesses



**Investments & Insurance**  
Geoff Cohen



**Consumer Finance**  
Jenny Fagg



**Banking Products**  
John Harries

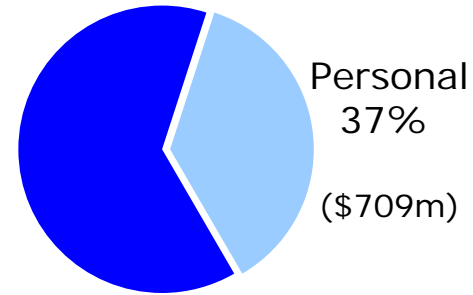


**Esanda**  
David Hisco

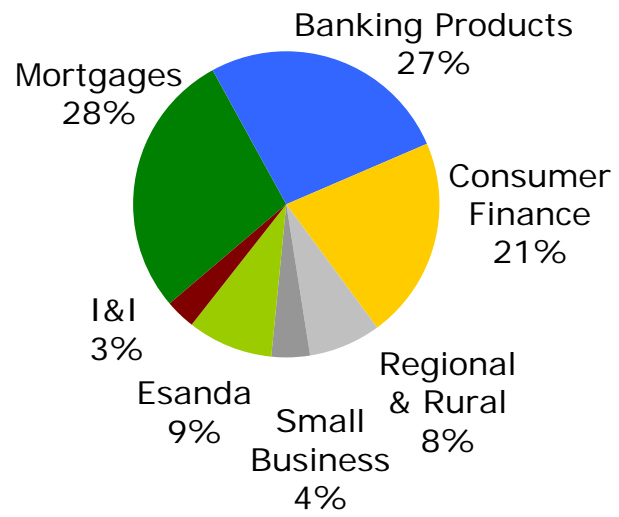


**Mortgages**  
Michael Rowland

## Contribution to Group NPAT (1H07)



## Personal Division NPAT contribution\*



\* Excludes Pacific BU which will be reported within Asia Pacific Division from 1/10/07

# What we said 3 years ago

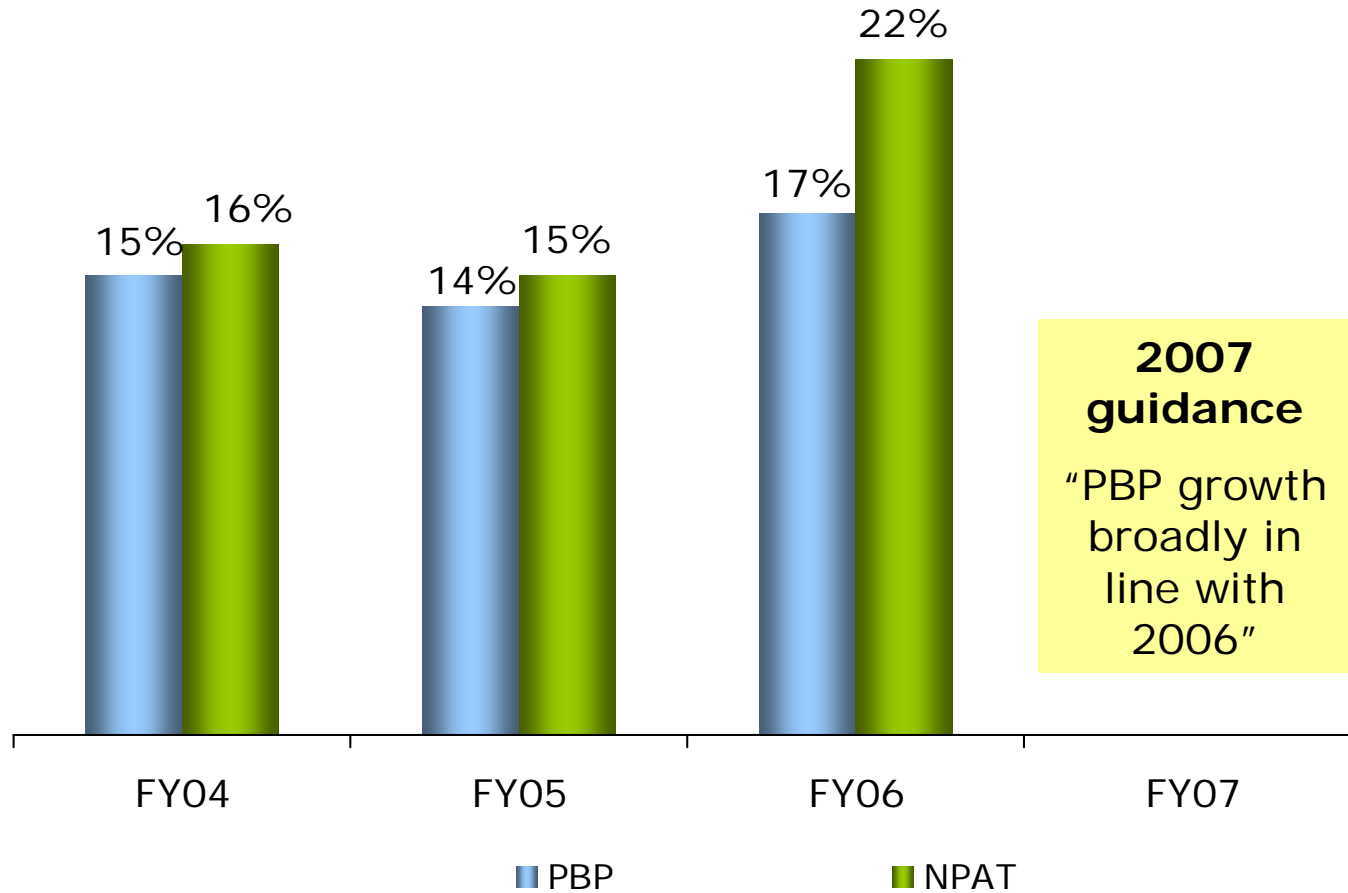
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2004 commitments		What we've delivered
Accelerate the momentum in specialist businesses	 	Personal Division profit has grown from \$474m to \$709m (16% CAGR), with strong performances across the board
Grow deposit share	 	Only major Australian bank to consistently grow retail deposit share
Deepen relationships	 	Biggest increase in share of wallet of any major bank, from 40% to 48%
Move costs from "back" to "front"	 	~2100 increase in FTE, primarily front line, CTI down from 51.4% to 47.0% Still more to do on efficiency front
Strengthen the lead on people and culture	 	Staff engagement at sector leading 67%

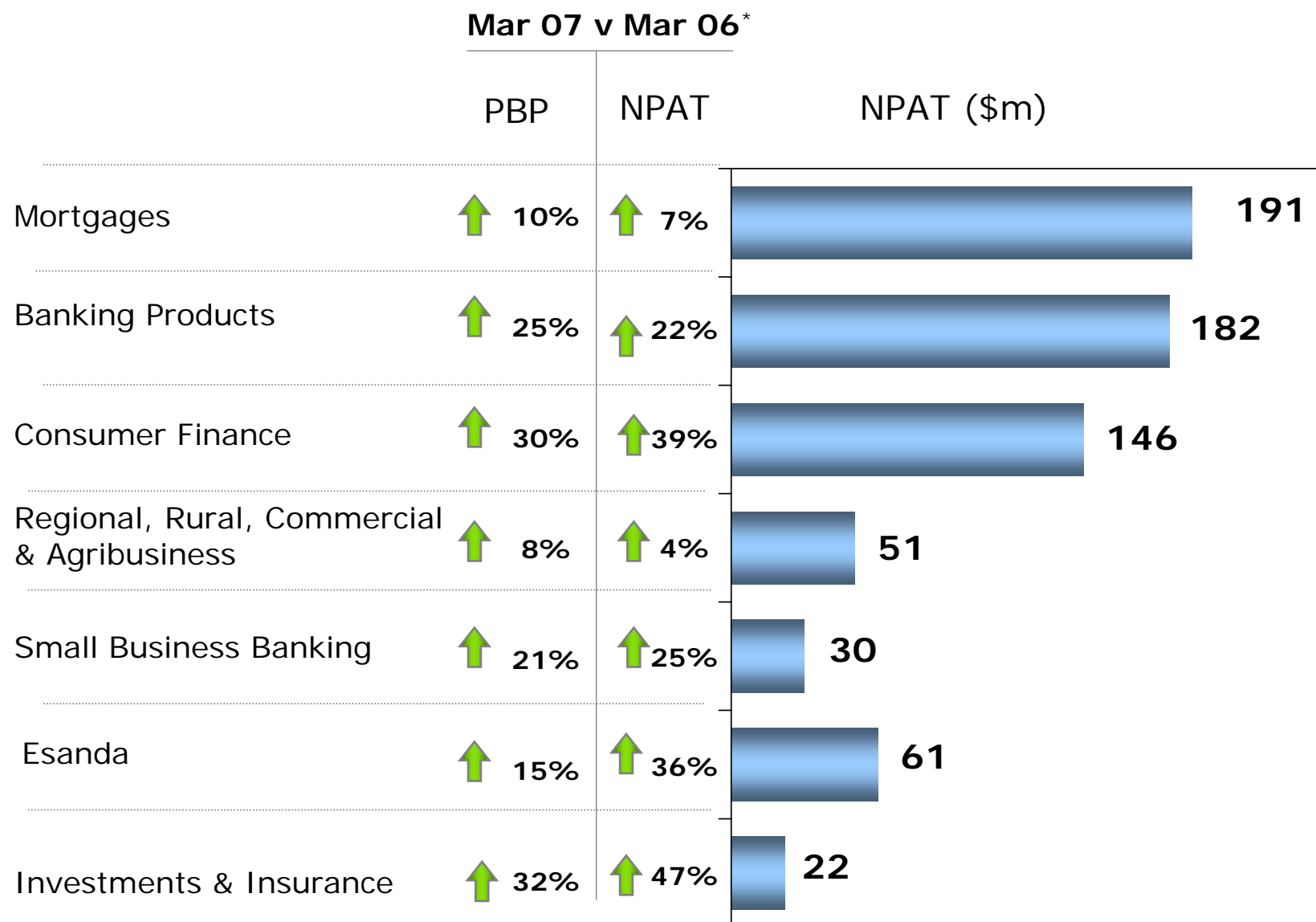
# We have delivered for shareholders...

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## Personal division profit growth (PCP)



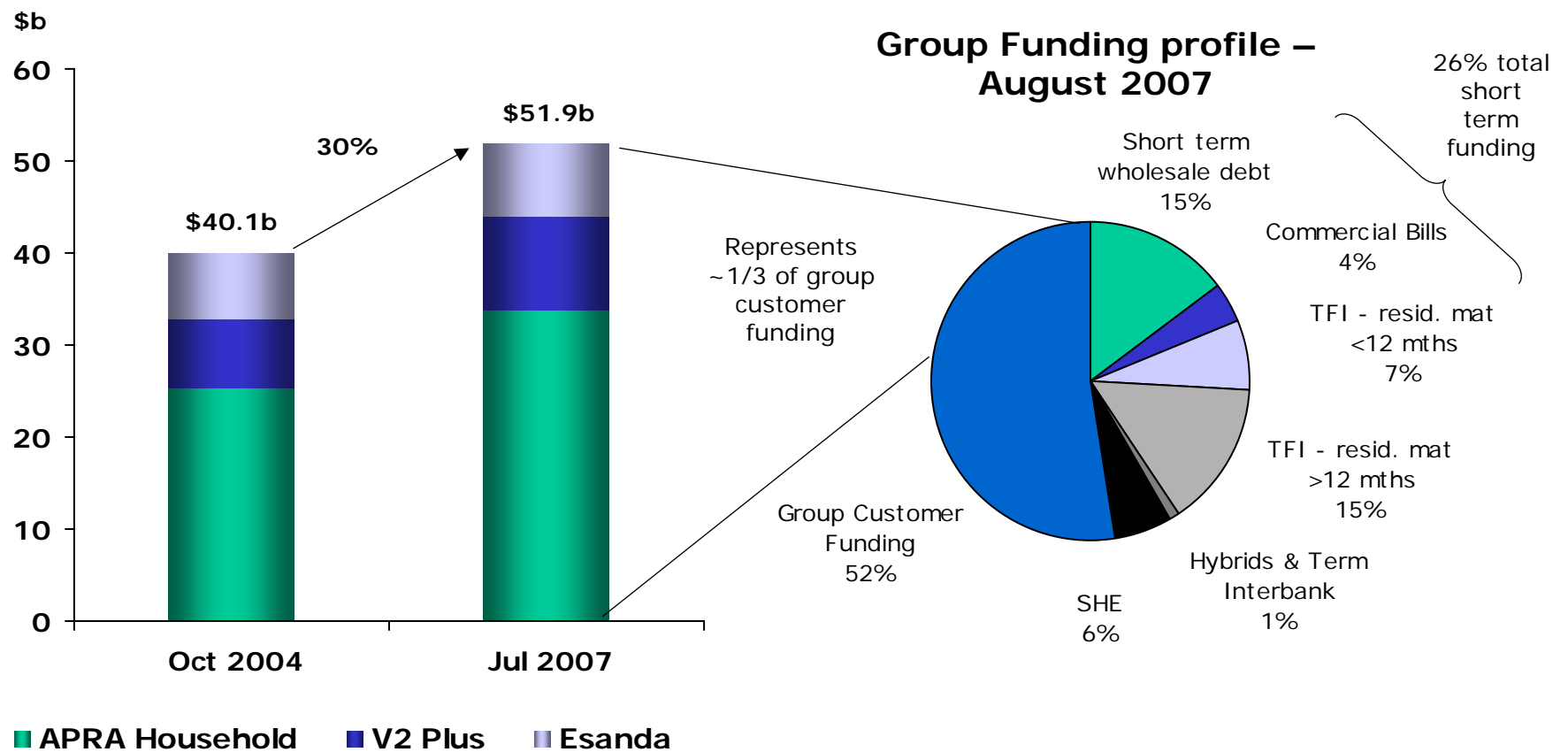
## ...with good performance across the Division



# We are well placed to deal with current market issues...

## A strong deposit franchise

- We have a very strong retail deposit franchise--a key component of the group's funding
- Some evidence of flight to quality deposits is emerging, which will help us
- Including Esanda debentures, we have clear #2 market share in retail deposits





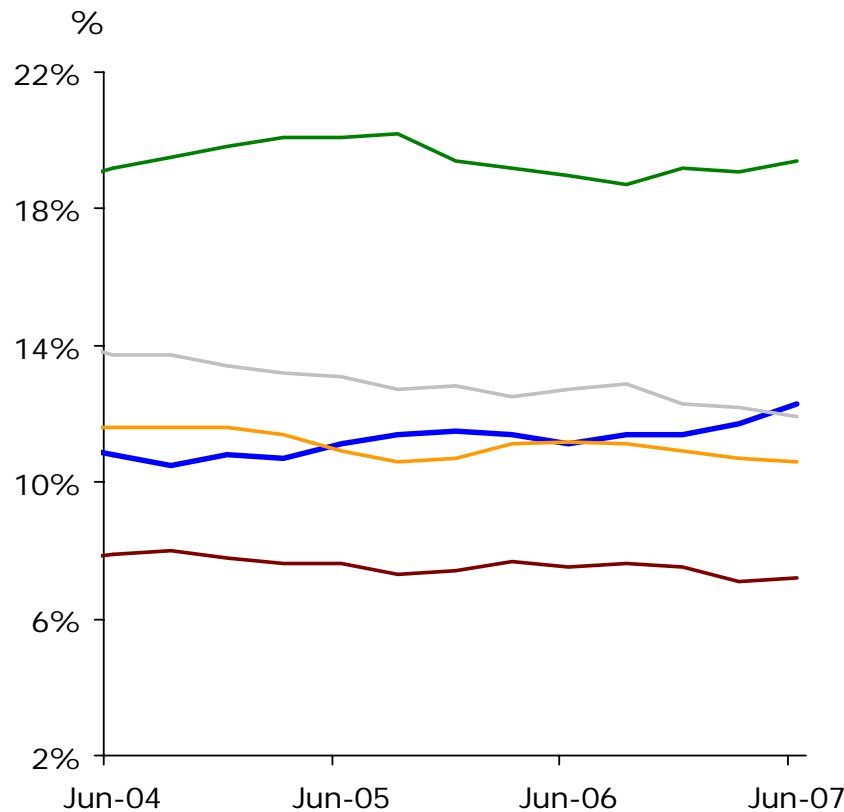
## Other key 2H07 issues

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- E\*TRADE
  - Business performance is strong
  - Better than expected customer acquisition
  - Integration on track
  - Will provide significant growth opportunities for ANZ
- Credit quality
  - Is in good shape: Overall provision rates similar to same time last year
  - Mortgage and credit card arrears in line with expectations, but higher arrears in isolated pockets

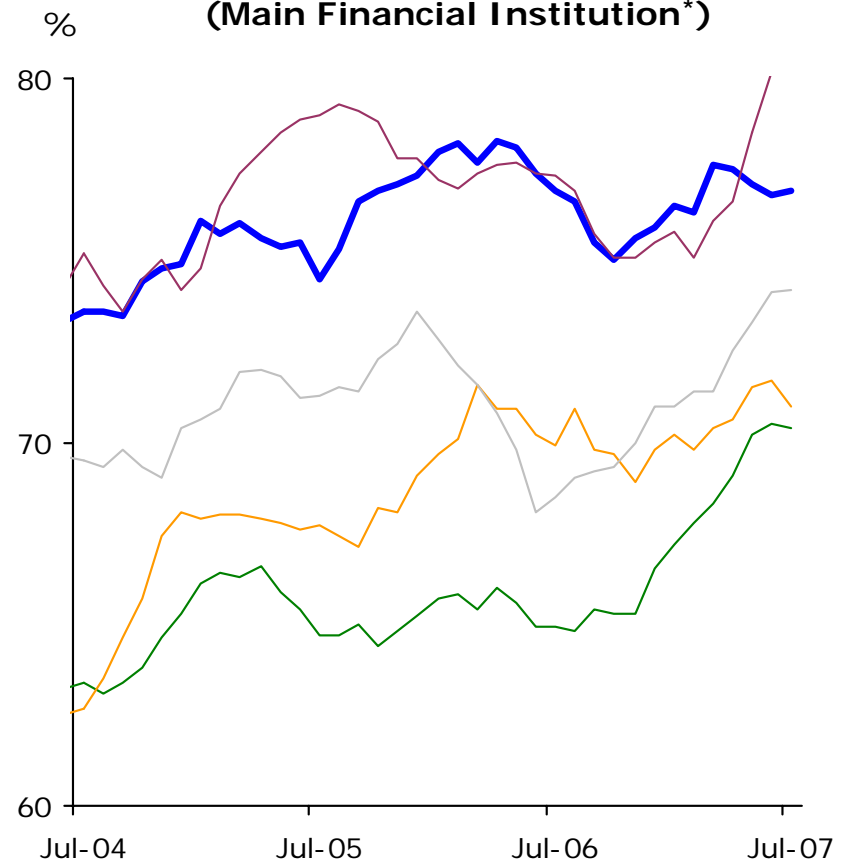
# We've delivered for customers...

## Now Number 2 Market Share position\*



## A leader in customer Satisfaction

(Main Financial Institution\*)



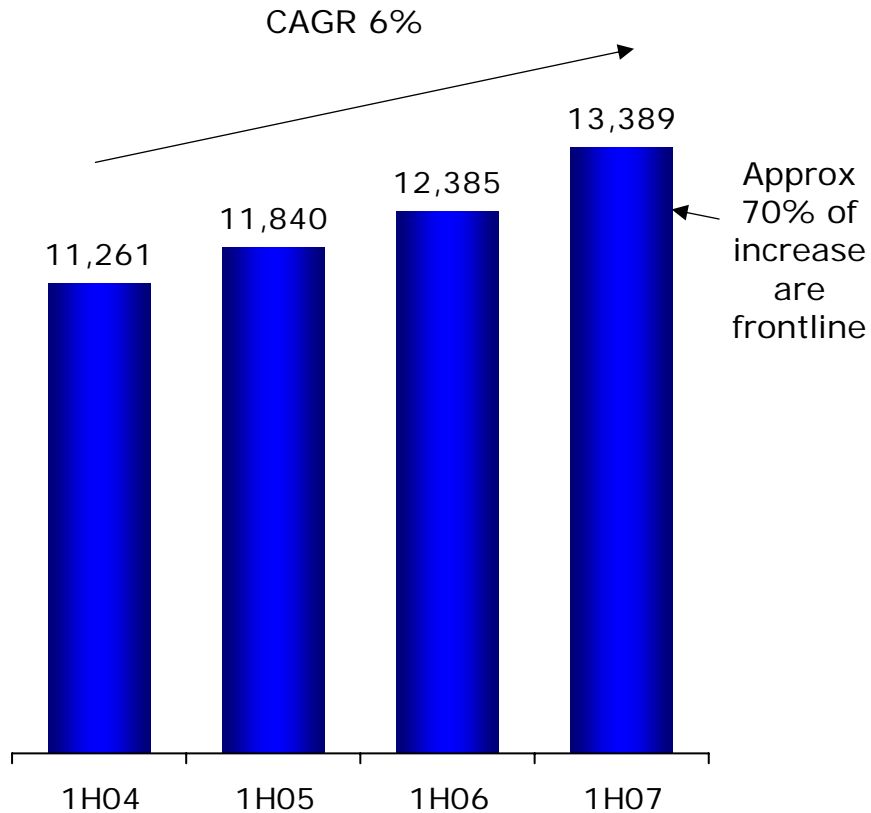
— ANZ — Peer 1 — Peer 2 — Peer 3 — Peer 4



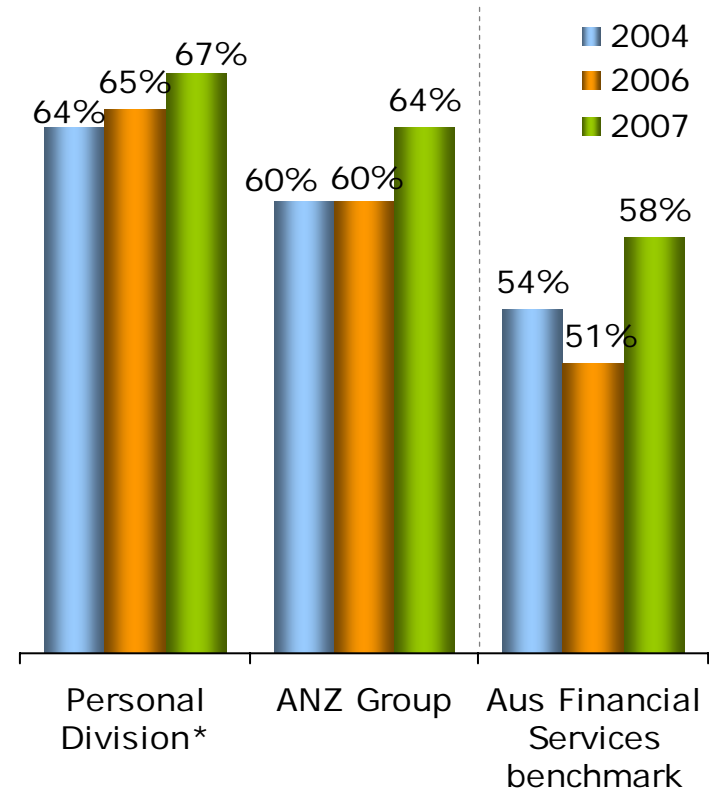
Source: Roy Morgan Research – Aust Pop'n aged 14+, Traditional Banking Products 12 mth moving average to June 2007

# ... and invested in our people and culture

## Increased frontline staff (Total Personal Division FTE)



## Staff engagement is high

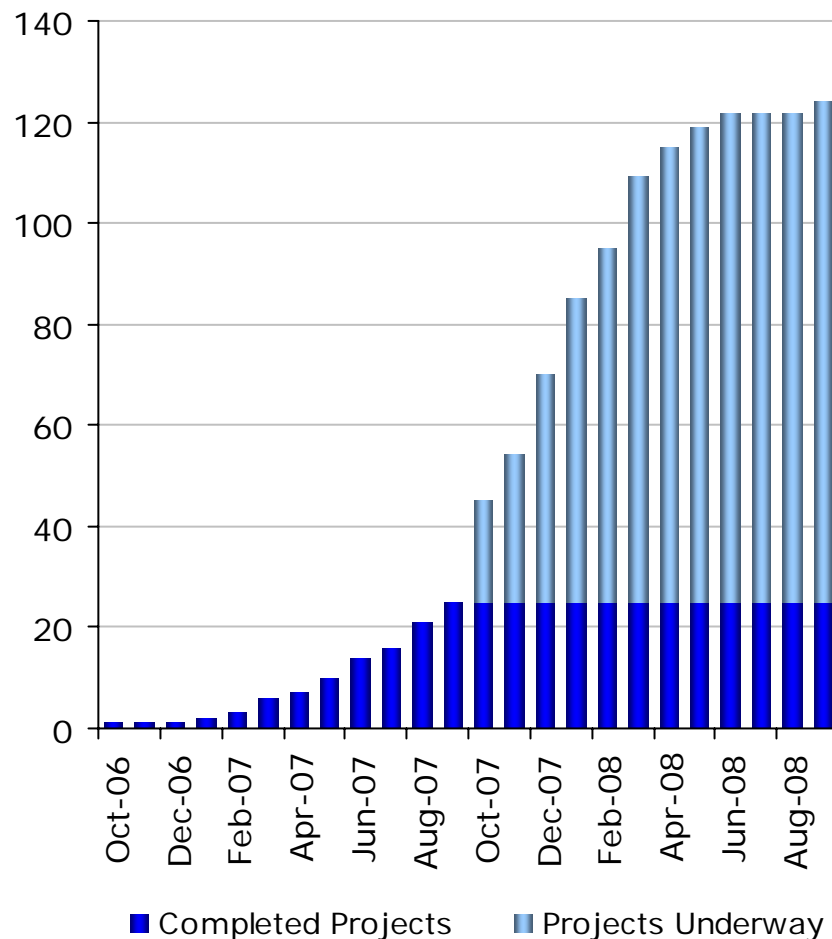


**We've dramatically increased our footprint**



# Improving productivity and customer experience

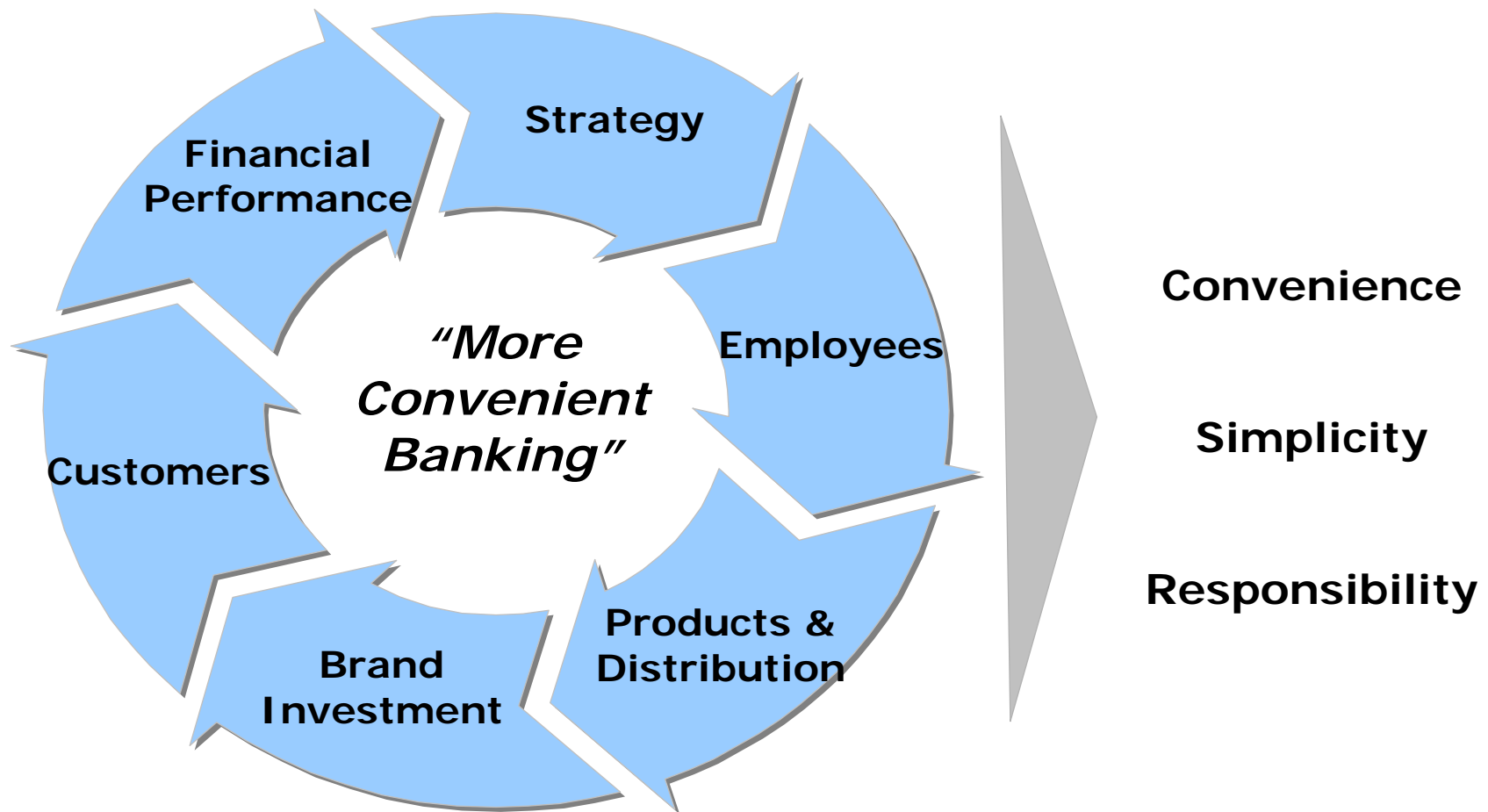
## Significant uplift in Lean Six Sigma transformation projects



- 25 Lean Six Sigma projects completed in FY07, delivering annualised benefits of ~\$30m
- Additional 101 projects underway
- Benefits delivered to date include:
  - Revenue increases
  - Cost savings
  - Increased service capacity
  - Increased customer satisfaction
  - Better employee engagement

# Business system supports our Brand position

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# Convenience means...

## Accessibility

- More branches
- More ATM locations
- Longer trading hours
- 24/7 call centre


## Saving Time

- Shorter queue times
- Mobile lenders come to you
- 60 second online credit card approvals (since 2002)
- Streamlined application processes

More Convenient Banking

If you've got time to talk,  
we've got time to listen.

At ANZ, we want to make it easier for you to go to the bank. So we're extending our opening hours in all major shopping centres, including our branch in Scone. That's just one of the reasons ANZ has won the "Best of the Best" award for service excellence.



\*\*"Best of the Best" award for service excellence, Customer Service Institute of Australia's Best of the Best award 2017, Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522. ANZ's colour blue is a trade mark of ANZ, ANZ/ANZ/ANZ/ANZ/ANZ/ANZ

With the most ATMs in WA,  
you'll think they're following you.



At ANZ, we understand your time is precious. So to make your banking more convenient, we have more ATMs than any other bank in WA - 205 ATMs - so be precise, with more to follow. That's not all. Across Australia, ANZ has opened 50 new branches since 2014, with another 25 opening in 2017.

We've also extended our trading hours in major shopping centres. And with additional mobile mortgage managers, financial planners and small business specialists available through any branch, there's never been a more convenient time to switch. Call 13 13 13 to drop into your nearest ANZ branch.



More Convenient Banking

ANZ close

 **Apply online**  
Apply and submit your application for an ANZ credit card online.

 **in only 60 seconds...**

 **receive an onscreen and email response.**  
Within 60 seconds of submitting your application you can know if your application has been approved, declined or referred for further assessment.

 **Receive your card within days.**  
Once approved, cardholders usually receive their card within 5 business days.

## *Simplicity* means...

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- Fewer products
- Simple fee structure
- Clear communications

Get unlimited  
ANZ transactions for  
**\$5**  
a month.

Branch, Internet and Phone Banking,  
ANZ ATM, EFTPOS,  
Cheques and Direct Debits.

**ANZ**  
**NOW**

More Convenient Banking

Non-ANZ ATM fees apply. Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522. ANZ's colour blue is a trade mark of ANZ. Item No. 56234

# Responsibility: A "sustainable" difference...?

Guess who's  
now the world's most  
responsible bank?

The number one position in the global Dow Jones Sustainability Index has once again gone to an Australian bank. But this time, it's ANZ. Of the many awards we've won this year, this one means the most. Because it recognises our complete commitment to being a very different bank. It's about having the most engaged staff of any company in Australia. Continually providing convenient

banking solutions for our customers. And working to make real, positive change in our local communities. Being named the world's most responsible bank is quite an honour, and as ANZ CEO John McFarlane said at the announcement "The foundation we now have established places us at the top of banking in Australia and globally, and in good stead for the future".



To build a  
stronger community  
you need a very  
different bank.



saverplus



MoneyMinded  
financial skills for the future



MoneyBusiness  
financial skills for the future

ANZ is proud to support many worthwhile causes in our community. Working together with over 300 community partners, we're striving to make a real difference in people's lives. Through assistance programs like Saver Plus, MoneyMinded and

MoneyBusiness, we're providing the funding and teaching the skills so that everyone can share in a better financial future. But it's more than financial assistance – in the last year alone ANZ staff have donated over 40,000 hours of their time to perform

valuable volunteer work. And so it's with them that we share the 2006 Prime Minister's Special Award for Impact in the Community. To find out more about this important work, visit [www.anz.com](http://www.anz.com)

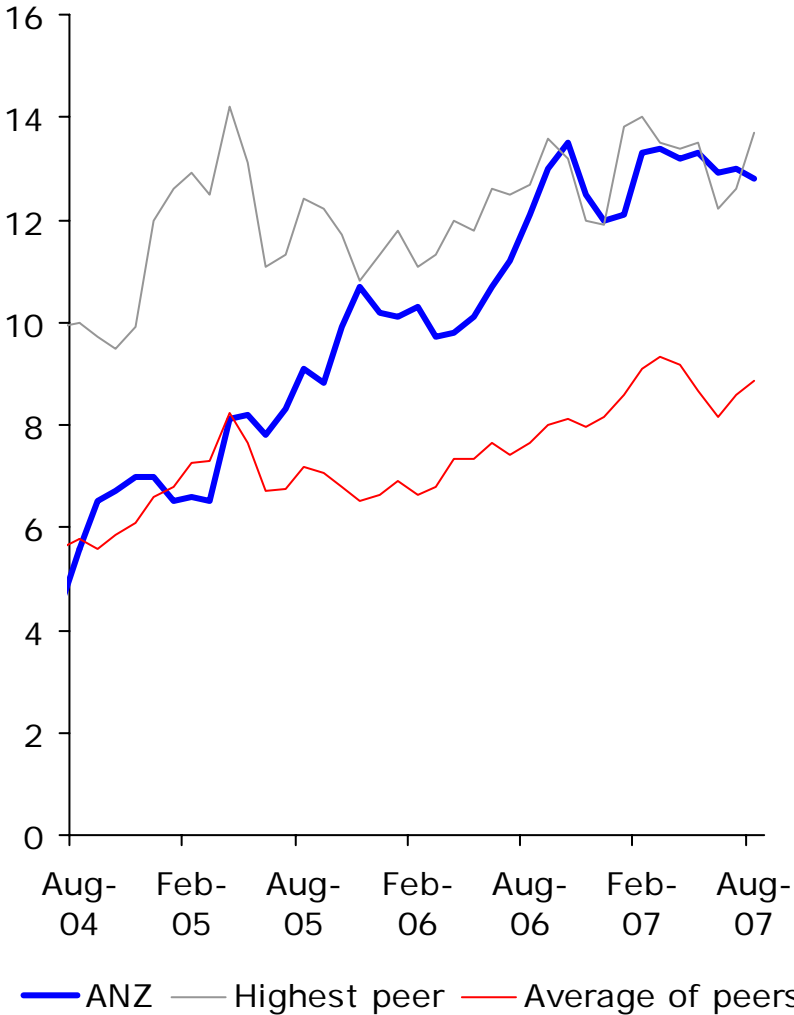


NATIONAL WINNER  
2006  
PRIME MINISTER'S SPECIAL AWARD FOR IMPACT IN THE COMMUNITY  
2006  
ANZ BANKING GROUP LIMITED  
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED (ANZ) IS A REGISTERED COMPANY IN AUSTRALIA

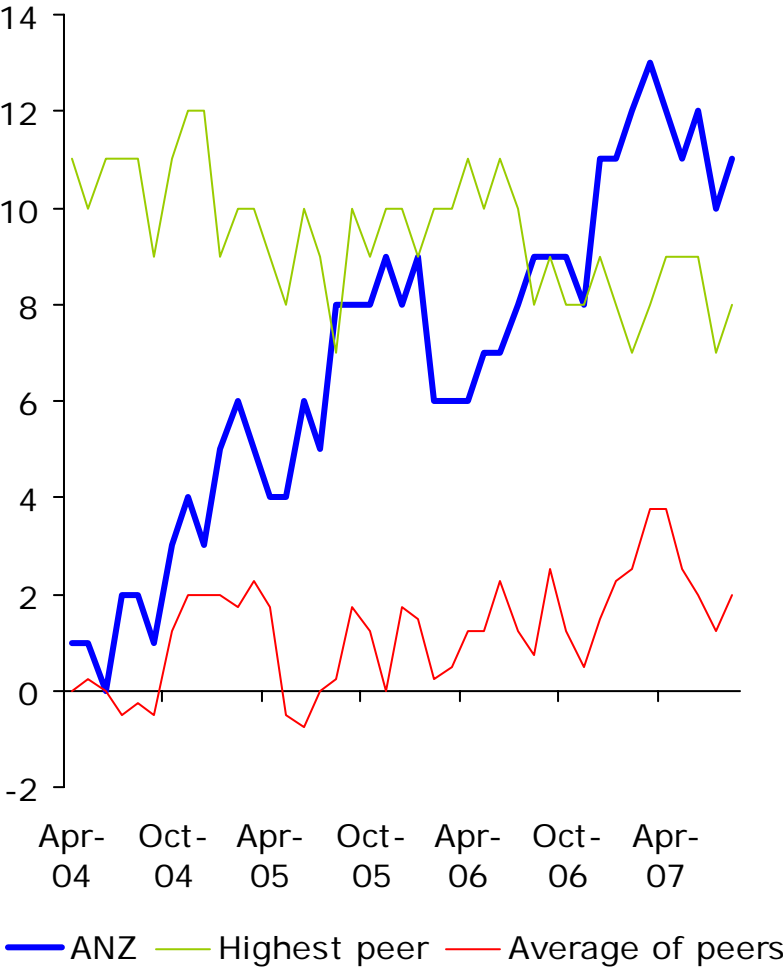


# We've built a strong brand, and high customer advocacy...

**Brand Strength\***



**Net promoter score\***



\*Source: ANZ brand Monitor. Net promoters is net of those recommending a financial institution less those not recommending

And now it's time to lift the bar

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*More Convenient Banking*

And now it's time to lift the bar

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***Australia's Most Convenient Bank***

## ANZ Personal in 2010: “Australia’s Most Convenient Bank”


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- ⇒ More ATM locations than any major bank
- ⇒ 7 day per week banking available in every capital city
- ⇒ Small Business Banker available in every branch
- ⇒ Premium Personal Bankers across Metro Australia
- ⇒ 50 new “Local Link” agencies in Rural towns
- ⇒ 24 hour/7 day a week Internet support
- ⇒ Online Internet Banking Guarantee

## Why invest: Personal Division in 2010

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- Leading profit growth of any major retail bank (>10% CAGR to 2010)
- Clear #2 on main bank relationships
- Take specialised businesses to leadership in chosen markets
- Strengthen position as “Australia’s Most Convenient Bank”
- Accelerate productivity improvements
- Maintain strong credit disciplines



**Australia’s  
Best  
Performing  
Retail Bank**

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# Session 1



## An overview of the major product businesses

**Brian Hartzler**  
Group Managing Director  
Personal Division

Wednesday, September 19 2007

# Customer insight drives our product innovation

## Application processes

- 60 second credit card approvals
- Personal Loans in 24 hours

## Fee structures

- \$5 a month transaction accounts

## Switching campaigns

- 0% balance transfers

## Security monitoring

- Falcon fraud system



Get unlimited ANZ transactions for **\$5** a month.

Call 13 33 33 to switch.

**ANZ NOW**  
More Convenient Banking



A warning to card thieves. We haven't fed the Falcon today.

anz.com

Photo is a trademark of the New Corporation (ANZ) ANZ (NZ) 600 715. ANZ Falcon is a trademark registered to Australia and New Zealand Banking Group Limited (ANZ) ANZ (NZ) 600 715. ANZ's colour blue is a trademark of ANZ.



**0** % p.a.

interest on balance transfers for the first six months\*



**ANZ** close

**Apply online**  
Apply and submit your application for an ANZ credit card online.

**in only 60 seconds...**

**receive an onscreen and email response.**  
Within 60 seconds of submitting your application you can know if your application has been approved, declined or referred for further assessment.

**Receive your card within days.**  
Once approved, cardholders usually receive their card within 5 business days.



**ANZ Personal Loans**  
in as little as 24 hours.

Place your order now.

ANZ NOW

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# Session 2

## Why invest: Personal Division in 2010

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- Leading profit growth of any major retail bank (>10% CAGR to 2010)
- Clear #2 on main bank relationships
- Take specialised businesses to leadership in chosen markets
- Strengthen position as “Australia’s Most Convenient Bank”
- Accelerate productivity improvements
- Maintain strong credit disciplines



**Australia’s  
Best  
Performing  
Retail Bank**

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**[www.anz.com](http://www.anz.com)**

or contact

Stephen Higgins  
Head of Investor Relations

ph: (613) 9273 4185 fax: (613) 9273 4091 e-mail: [higgins@anz.com](mailto:higgins@anz.com)

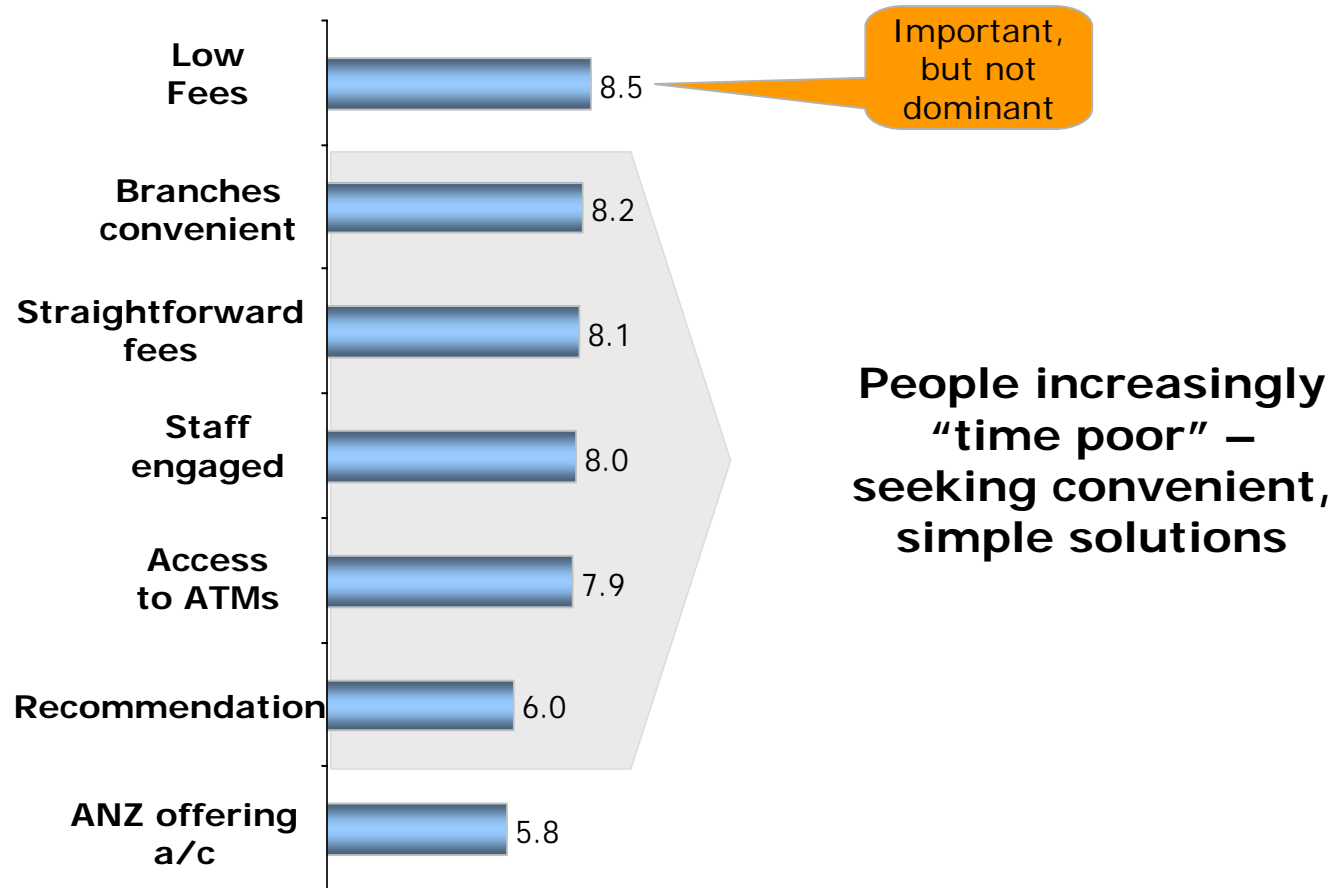
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## **Additional Key Information**

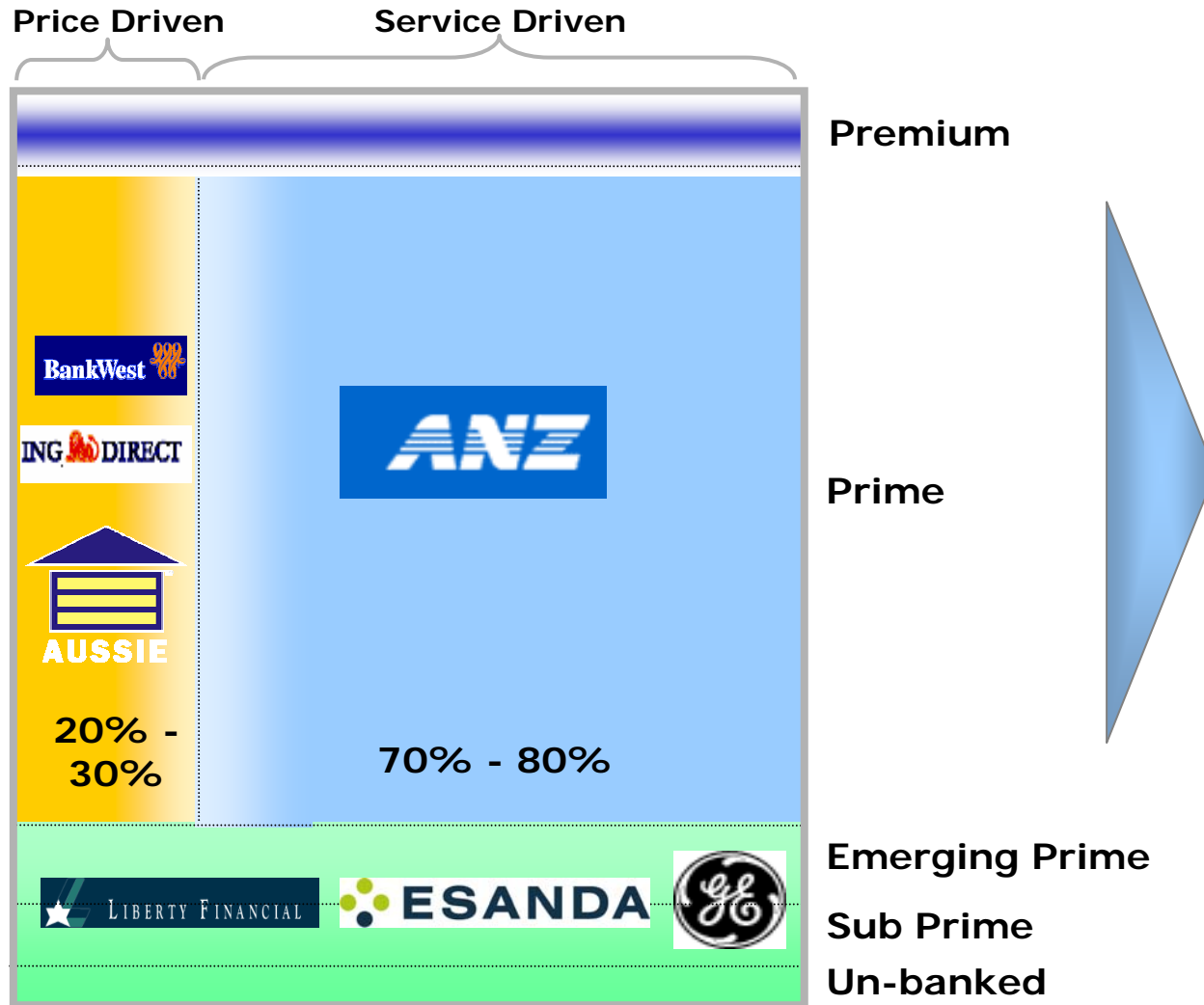
# Most consumers aren't driven by price

Why should customers bank with ANZ  
(and not somebody else)??

*Importance out of 10*



# Multi-brand strategy covers all segments



- ANZ brand for non-price-driven segments
- Use other brands for other segments
- Defend share via price where necessary

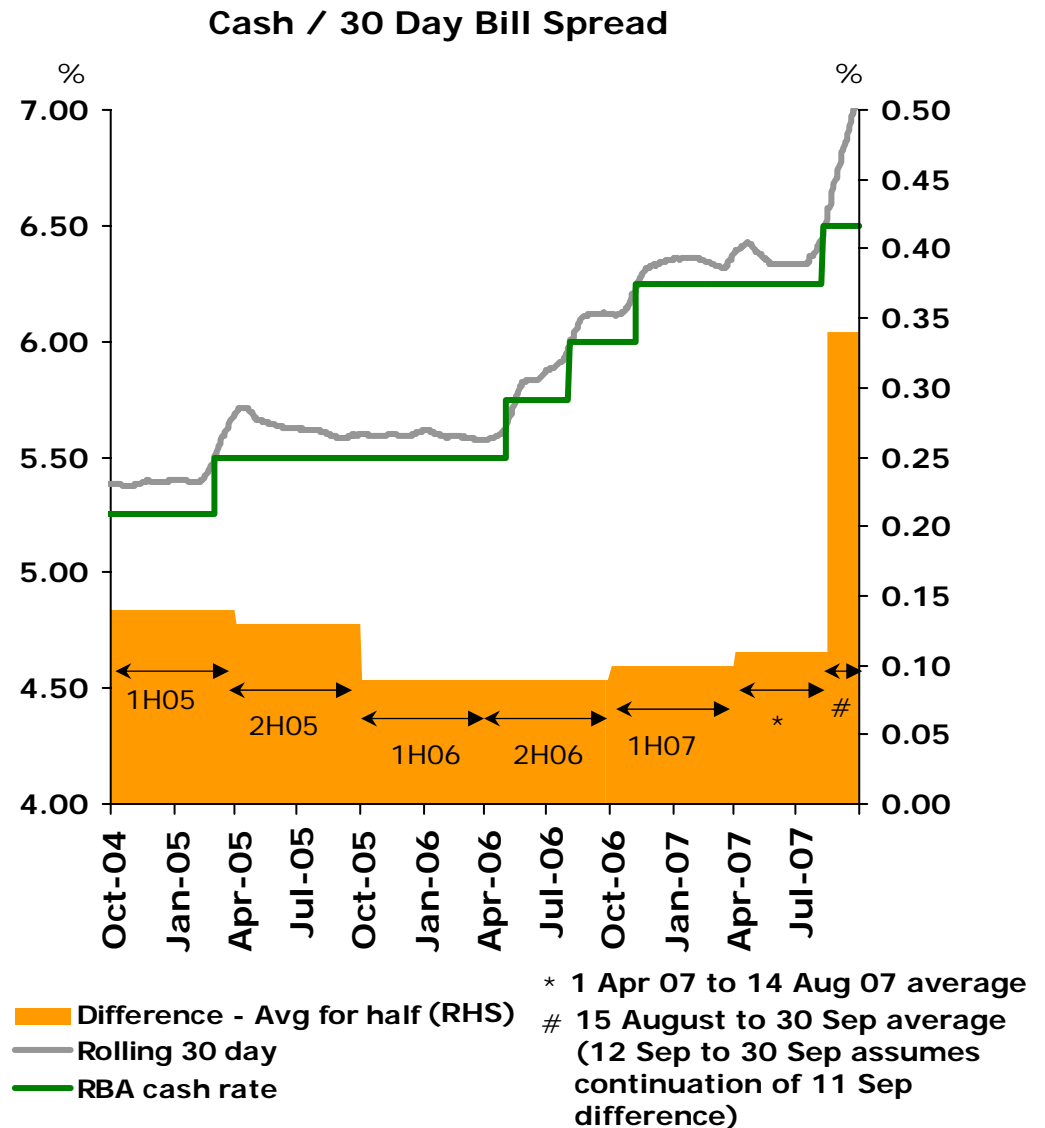
# Basis risk

## What is basis risk?

- In the context of Australian bank mortgages, basis risk is the risk that banks face from pricing mortgages based on the official cash rate set by the RBA, while the cost of funding those mortgages is set in the wholesale money markets.

## What wholesale rate is used?

- ANZ transfer prices our variable rate Mortgages based on a rolling 30 day BBSW rate.



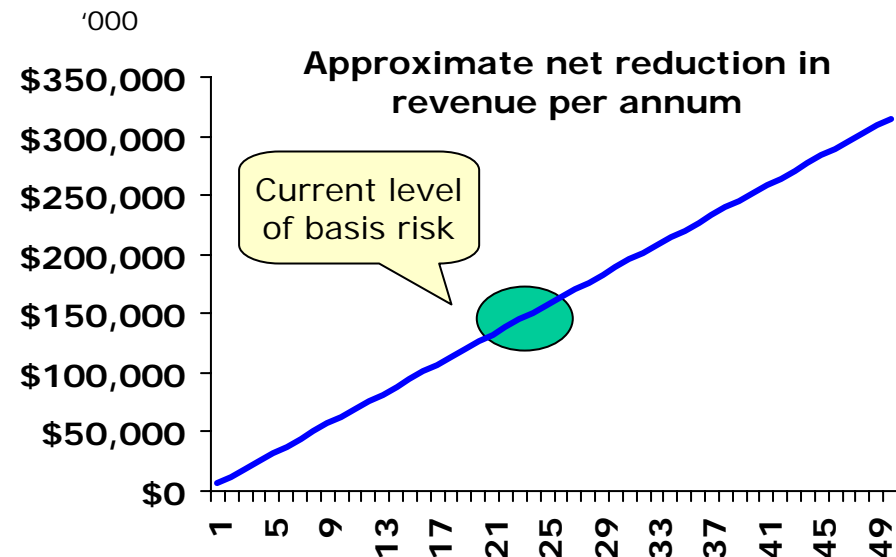
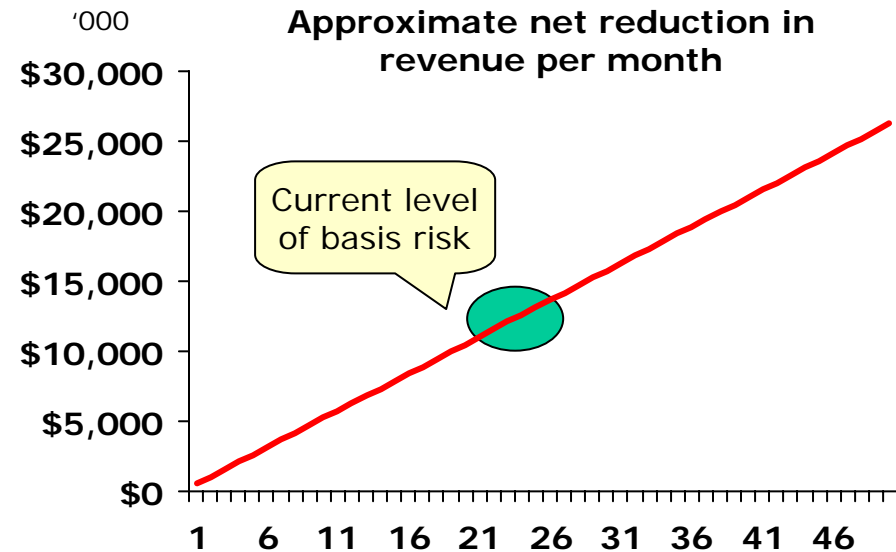
# Basis risk cont...

## What is the impact on ANZ?

- ANZ's mortgage portfolio is around 80% variable rate, and hence exposed to basis risk.
- As a rough rule of thumb, each basis point costs the Mortgages business around \$700k per month.
- Our retail deposits business offsets around 25% of the Mortgages impact\*.
- The impacts on the corporate side of the balance sheet are much less significant as pricing is more closely linked to wholesale rates.

## Is this unique to ANZ?

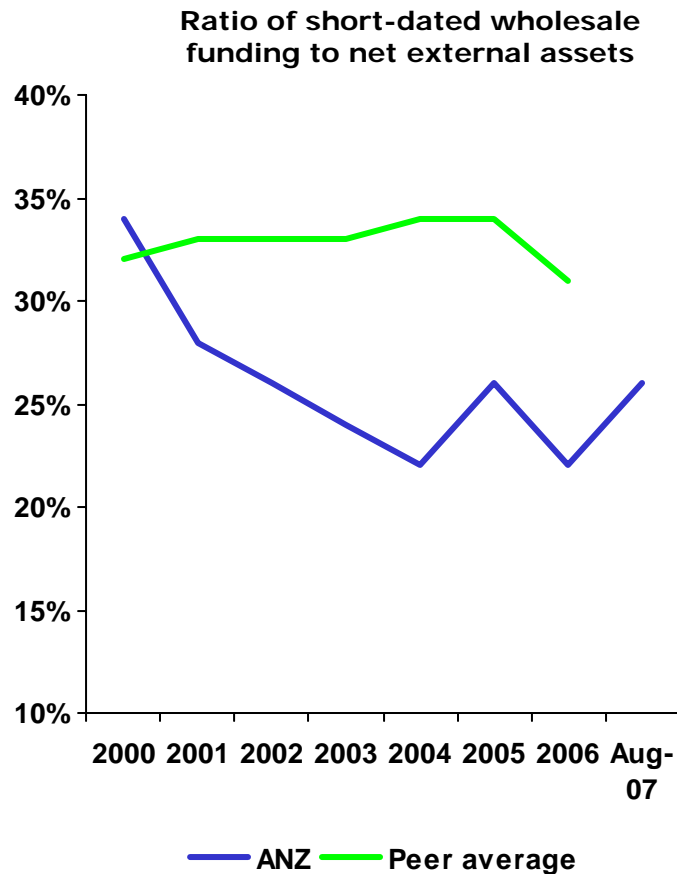
- The differences between the relative size of the mortgage and retail deposit portfolios of the major banks are not significant.
- However because of the differing transfer pricing arrangements, basis risk may reside more in Treasury/Markets at other banks rather than the business units, and hence be less observable.



\* While the level of retail deposits suggests that this number should be larger, a significant proportion of retail deposits are term (so have minimal exposure to basis risk), or are priced based on a replicating portfolio, which also minimises basis risk

# ANZ has a conservative wholesale funding and liquidity profile

## ANZ has progressively reduced reliance on short term wholesale funding



- Since 2000, ANZ's funding strategy has been targeted to achieving a conservative balance between short and long term wholesale debt
  - Consistent strategy of targeting a top-quartile position relative to peers
- ANZ holds a large portfolio of liquid assets exclusively to support its liquidity position:
  - 95% of the portfolio has a credit rating of AA- or above
  - 100% is eligible for repo with a central bank
  - The portfolio has been increased to provide additional flexibility and coverage against maturing funding
- Liquidity to conduits of A\$3.6b has been provide to date. This has been easily accommodated within normal funding operations. An additional \$0.4b likely to be drawn before year end

## Summary of ANZ Economic forecasts – Australia (bank year)

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	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>GDP</b>	2.8	3.6	4.0	4.2
<b>Inflation</b>	3.4	2.5	3.1	2.9
<b>Unemployment</b>	4.7	4.3	4.1	4.0
<b>Cash rate</b>	6.00	6.50	6.75	6.75
<b>10 year bonds</b>	5.5	5.9	6.5	6.9
<b>A\$/US\$</b>	0.75	0.85	0.83	0.75
<b>Credit</b>	14.7	14.8	12.1	11.1
- Housing	14.7	13.0	13.7	12.4
- Business	15.8	18.0	10.7	9.9
- Personal	11.0	13.1	7.8	7.9