Macquarie Connections Australia Conference 2012

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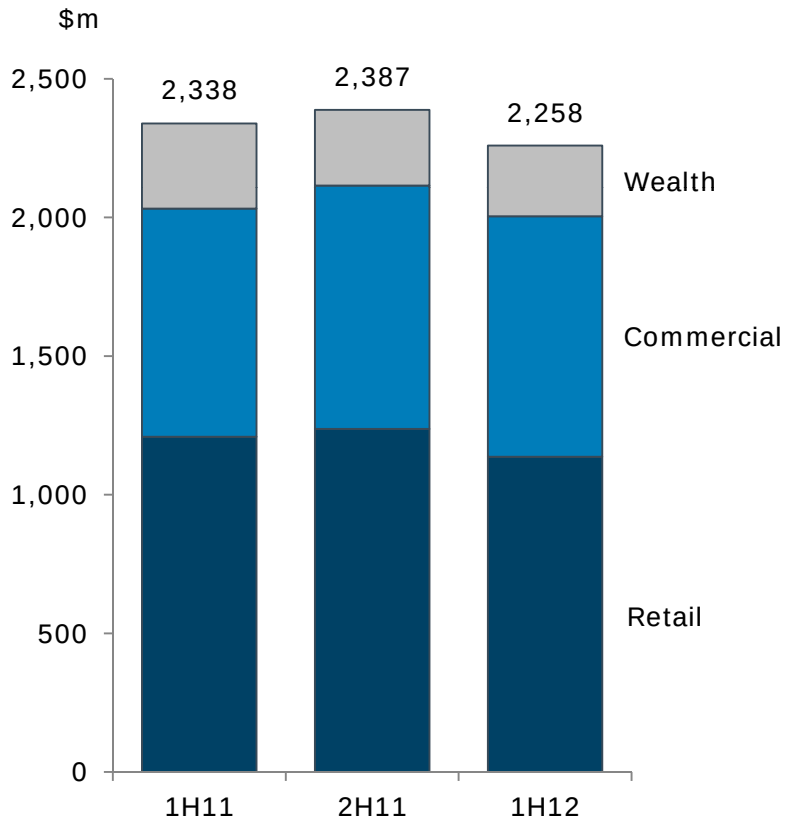
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

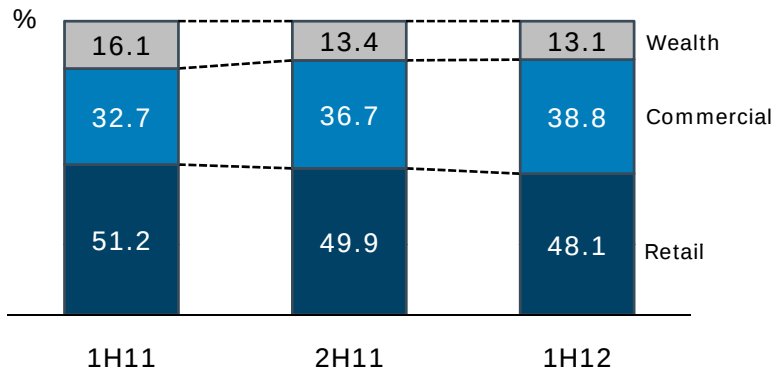
May 2012

Australia Division - 1H12 Result

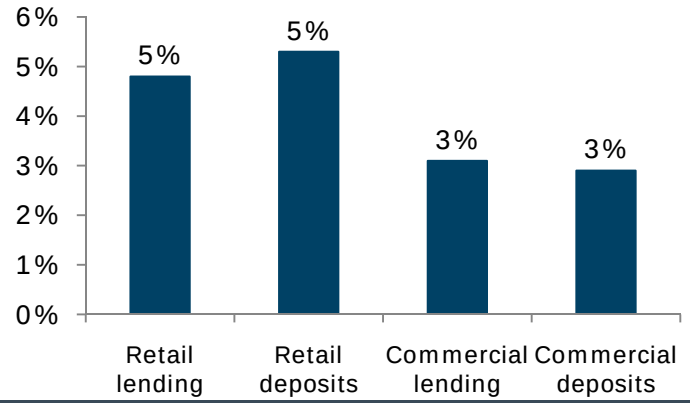
Underlying PBP by business



% Contribution to Underlying Profit by business



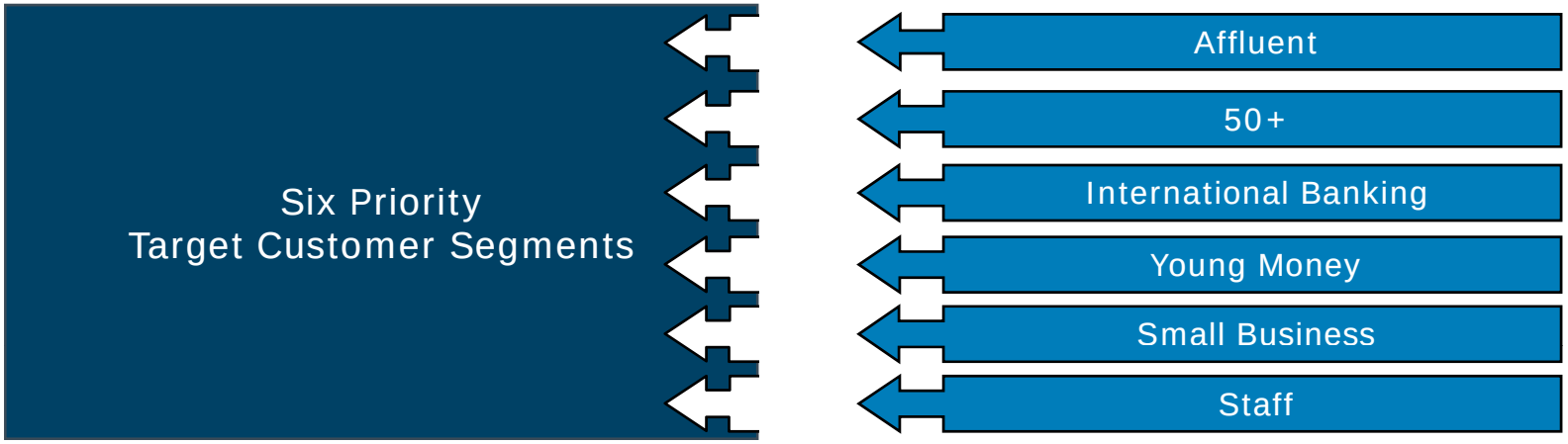
Lending & deposit growth (HOH)



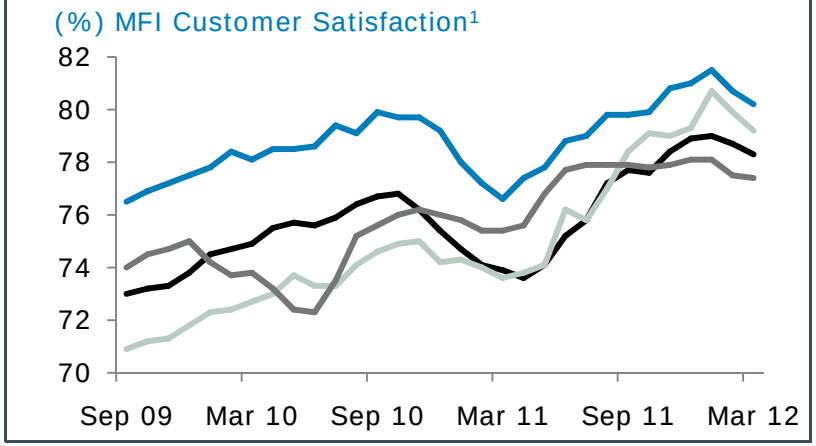
ANZ Australia vision – To be a super regional bank with a leadership position in Australia

- Be the bank of choice for high value customers, capturing maximum share of wallet
- Drive convenience and service leadership
- Leverage our Super Regional strength, locally
- Grow our share of broader financial services
- Maintain franchise strength and build for the future.

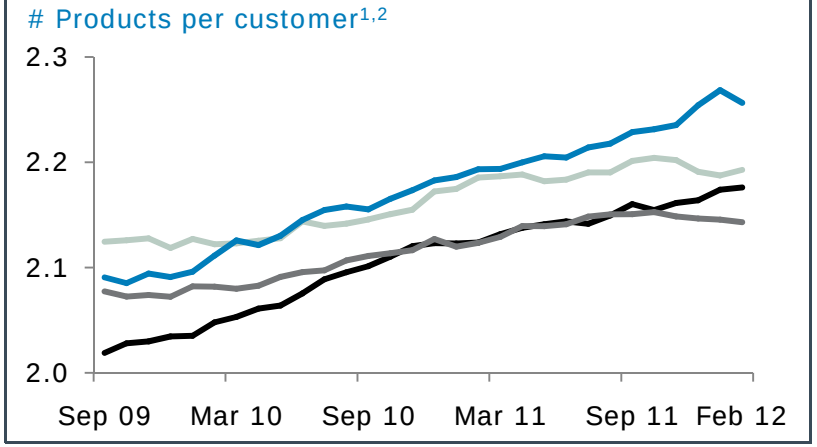
Retail – Strategy focuses on growing higher value segments, deeper relationships & sustainable deposit base



ANZ is not a price leader and emphasises convenience and service



CRM platform (iKnow) increasing cross-sell effectiveness



ANZ — Peer 1 — Peer 2 — Peer 3

1. Source: Roy Morgan Research – 6mma – MFI Customer Satisfaction
2. Source: Roy Morgan Research – 12 mma: Traditional Banking

Retail - We have grown our retail franchise through our critical value focus

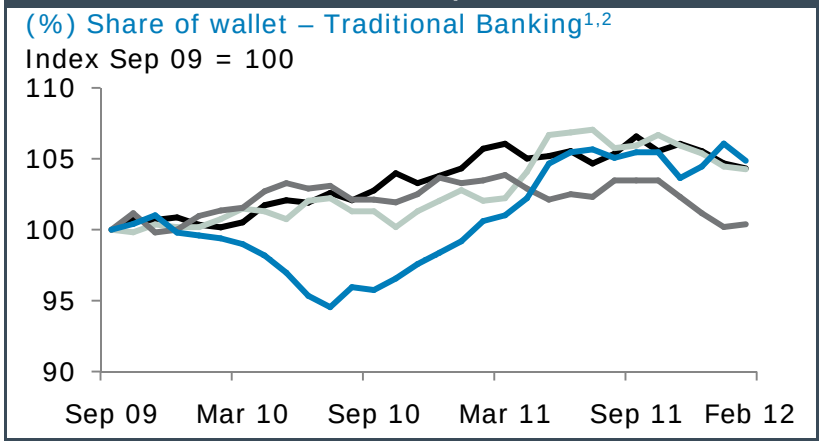
Clearly defined strategic priorities to drive growth

- Deepening customer relationships and growing share of wallet among high value customers
- Strong growth in mortgages and deposits
- Leveraging our super regional strength, locally.

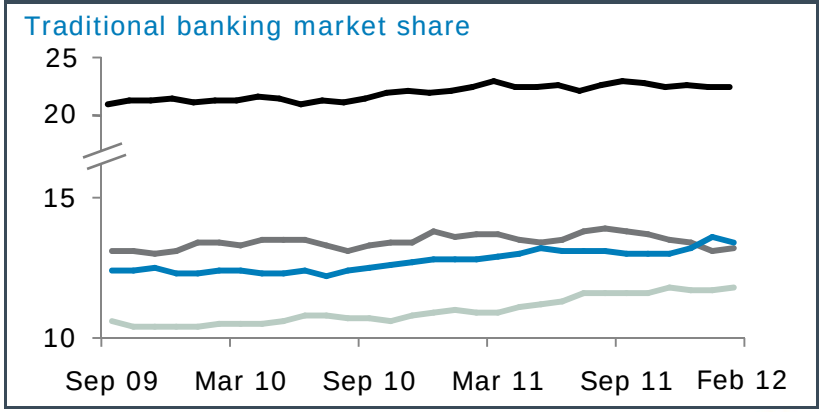
Outcome

- Achieved #2 in market share by brand for the first time[1]
- Stronger growth than peers in customer share of wallet (up 2.1% pts in the 12 months to Feb 2012)[1]
- Peer leading MFI customer satisfaction.

Growth in share of wallet outperforms domestic peers



ANZ Market Share[1]



ANZ — Peer 1 — Peer 2 — Peer 3

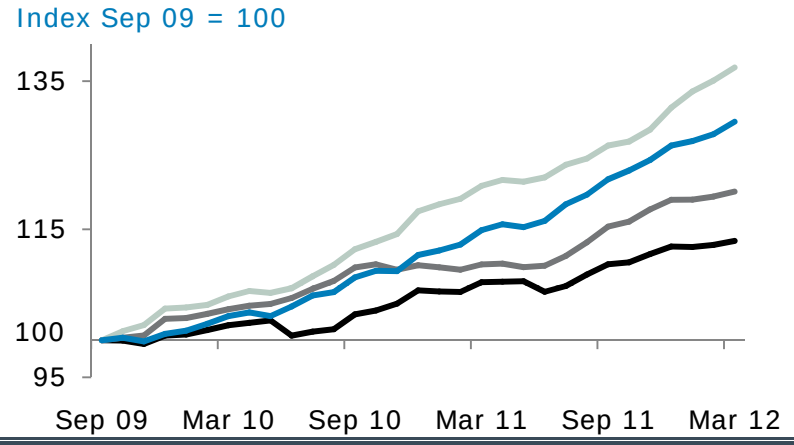
1. Source: Roy Morgan Research – 12mma
2. Based on Traditional Banking

Retail – Growing our share of critical products

Deposits

- Retail deposit growth - up 5% HOH (11% PCP)
- Growth in household deposits strong over last three years (CAGR 12.3% Mar 09 to Mar 12) and up 12.7% in the 12 months to Mar12[1]
- Market share in household deposits up from 13.3% to 14.7% over the 3 years ending Mar 12.[1]

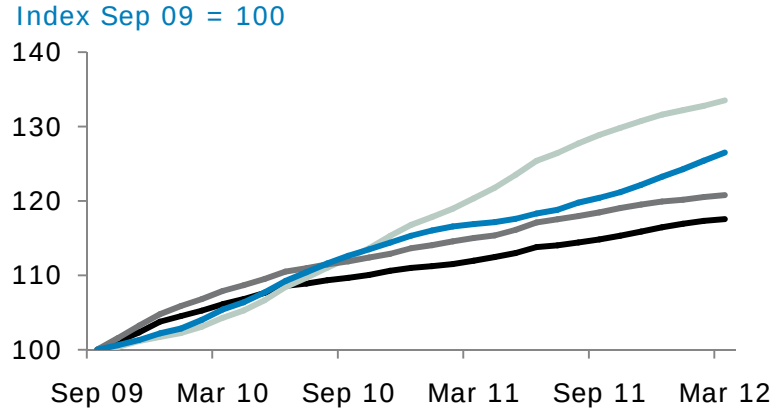
Household Deposit Growth



Lending

- Retail Lending up 5% HOH (8% PCP)
- Household lending system growth slowed in the last 12 months but ANZ has experienced strong growth over the last 3 years (CAGR 9.3% Mar 09 to Mar 12) and grew at 8.2% in the 12 months to Mar 12[1]
- Credit quality of mortgages continues to improve
  - 4.4% of the portfolio on a dynamic loan to value ratio (LVR) above 90% today compared to 6.6% in September 2008 despite softening in values across the market.

Household Lending Growth



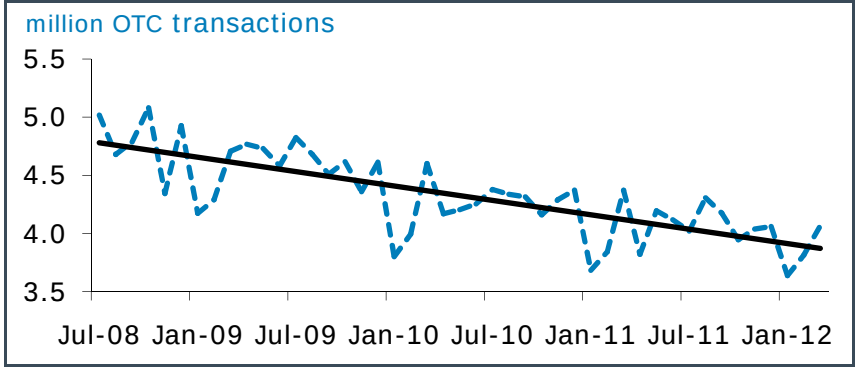
ANZ — Peer 1 — Peer 2 — Peer 3

1. Source: APRA Statistics

Retail – We are focusing on digital and online channels to meet customer expectations

- Online now the channel of choice for an increasing number of customers
- Branch transactions are declining at the rate of ~4% - 5% per annum
- Branch space is under-utilised and not set up for more complex higher value activities, fit-out costs primarily driven by security
- Focus on reshaping the distribution network, (branches, contact centre and digital banking platforms) to meet customer needs creating a multi-channel network.

Branch OTC transactions



Branch reconfiguration

- Transformed branch network aligned to customer demand reshaped as a critical sales and service channel
- Open plan branch design focusing on complex, higher value sales
- Smaller branch footprint, lower cost fit-out.

goMoney

- More than 600k registered users[1] since release in August 2010
- Over 20 million transactions executed in the last year totalling more than $12 billion.[2]

Internet banking

- Over 5.6m registered users[2]
- Approximately 146 million transactions totalling more than $216 billion executed over the last 12 months (up 4% and 8% on the prior year respectively).

1. As at April 2012
2. As at March 2012

Retail – Delivering customer propositions targeted at key segments aligned to our Super Regional Strategy

Moving to Australia website
(Online)

- Simplified multilingual content
  - English
  - Chinese
  - Korean
- Multilingual Online forms
- Online content including LifeGuides, country guides, etc.
- Complements Concierge model

International Banking Services branches
(Branch)

- Increased from 19 to 47 branches (2011-2012)
- 47 targeted branches supported by over 400 Banking Specialists with language capability
- Supported by bilingual marketing material and in-branch campaigns
- Dedicated support resources to assist in sales coaching for segment
- Supports Global Retail Referrals Tool

Concierge model
(Phone)

- Launched August 2011
- Multilingual account opening service
- High-touch point of contact for customers
- FX and International Money Transfer Specialists
- Arrange Visa Debit Card pick up on arrival
- Based on successful model in ANZ New Zealand

Retail – Becoming the bank of choice for Asian Region customers

Customer Focus	Capabilities	Outcome[1]
Specialists who speak your language and understand your needs	• 400+ in-branch specialists with multi language capability • 1+1 product targets both parents (in home country) and students (Australia) • In-country Business Development Managers leveraging Asian Retail franchises and multilingual Concierge service	**47 IBS Branches** (19 branches Jan-11) **~ 29 % increase in A-Z reviews[2]** in IBS branches during Chinese New Year
New tailored products launched	• Offshore Mortgages for Chinese residents • Mortgages for newly arrived residents in Australia • Credit Cards for international students	**Main Bank Penetration 25.4%** up from 22.7% (Mar 11)[3] **Share of Wallet 53.3%** up from 46.8% (Mar 11)[3]
Understanding banking in Australia	• Moving to Australia website with online multilingual application form • Leveraging strategic partnerships (i.e. NIB, James Cook University and EIC) • Financial literacy program for international students	**Customer Satisfaction 82.1%** up from 73.9% (Mar 11)[4]

1. Results as at February 2012 unless otherwise stated
2. Source: Customer Analytics and Insight
3. Source: Roy Morgan Research – 12mma , Mar'12 – Traditional Banking: Relates specifically to Migrant segment
4. Source: Roy Morgan research – 6 mma, Mar'12 – MFI customer satisfaction; Relates specifically to Migrant segment

Commercial – Executing to a clearly articulated strategy

Targeting sectors where we have industry specialisation

- Natural Resources & Infrastructure
- Agriculture
- Trading companies with cross-border needs.

Leveraging our super regional capability

- Maintained lead brand position in being 'able to service my business needs across Australia, New Zealand and Asia.'[1,2]
- Strengths in Markets, Trade Finance and Cash Management

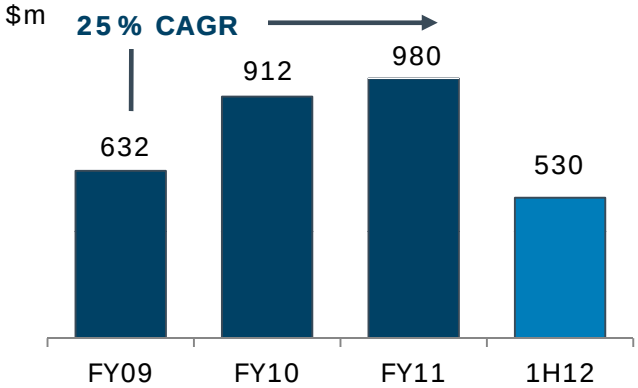
Diversifying sales activity, increased bank cross-sell

- Trade finance, Markets and Mortgages

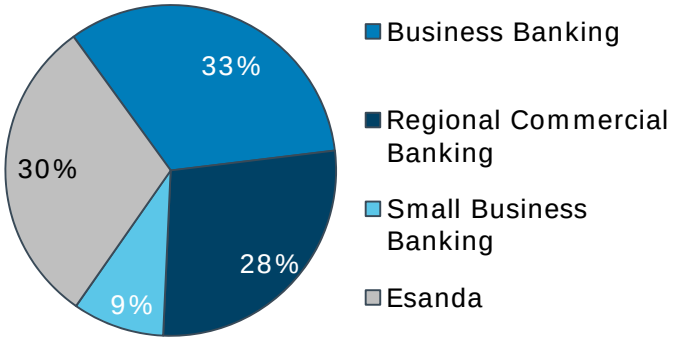
Growing customer base and deepening relationships

- Acquired 12,400 net new customers (predominantly SME businesses) in the first half (up 3%)
- Increased market share (up 110 bps since Jun 11, up 70 bps YTD Mar 12)[1,3] through growth in the share and size of customers and enhanced share of wallet

Net profit after tax



Net loans & advances (incl. acceptances) by business



1. DBM Business Financial Services Monitor, 12-month rolling average
2. 31% of all businesses in Commercial associate ANZ with 'able to service my business needs across Australia, New Zealand and Asia in Mar12 n=17,372; 31.7% in Sep-11 n=17,696.
3. Commercial includes most small and medium sized businesses Base: Jun11 n=17,305; Sep11 n=17,296 and Mar12 n=17,128

Commercial – Super regional advantage

Super regional platform and core capabilities driving cross-sell and new-to-bank acquisition

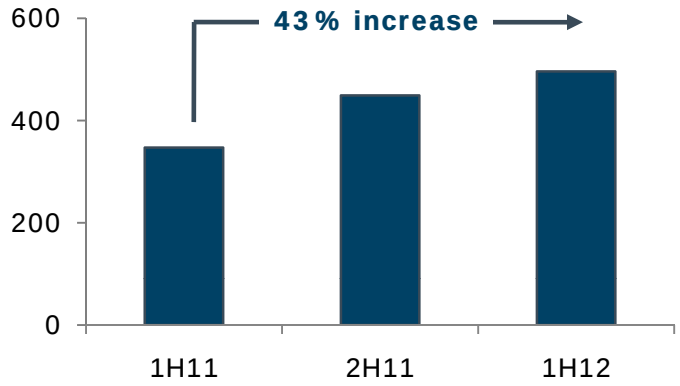
Super regional platform

- The only bank able to connect Commercial customers across Asia, New Zealand and Australia via a network that spans:
  - 1,200+ branches
  - ~270 business centres
  - ~3,000 Commercial frontline staff
- The value of this connectivity is evidenced by a 43% growth in cross-border referrals PCP.

ANZ strengths

- To further enhance our super regional offering we're leveraging ANZ's market leading capabilities in:
  - Trade finance: Best Trade Finance in Australasia (2009, 2010, 2011)[1]
  - Markets: 'Best FX Product Corporate & Business Bank'[2]
  - Cash Management: ANZ Transactive cross-border cash capability.

Cross-border referrals



ANZ RMB Capability:

- Make and receive RMB trade & services payments to your Chinese counterparts
- Integrated RMB online capability - FX Online & ANZ Transactive
- Offshore RMB Foreign Currency Account (Australia, New Zealand, Hong Kong) solutions
- Trade Finance solutions (Letter of credit / Trade finance, etc.) available to support RMB denominated trade transactions

1. Trade Finance Magazine – Awards of Excellence. 2. 2011 Australian Banking & Finance Corporate and Business Bank Award.

Commercial business summary

Small Business Banking

- Acquiring new-to-Commercial customers by tapping into ANZ distribution networks
- Greater focus on cross sell, margin management and customer retention
- Enhancing our innovation offering for Small Business Customers

Outcome:

- Net Customer growth up 4% Mar 12 YTD
- Market Share up 1% pt as at Mar 12 YTD[1,3,4]
- Deposits up 5% HOH (17% PCP)
- Lending up 6% HOH (13% PCP).

Business Banking

- Growing deal size by focusing on new-to-bank trading companies with more sophisticated needs
- Leveraging super regional connectivity and offering new services to customers (e.g. trade finance in RMB)
- Enhancing frontline skills and capabilities

Outcome:

- Lending up 4% HOH (+9% PCP)
- Average new to bank approvals up 14.5% HOH (26% PCP)
- Market share continues to improve from 11.7% in Mar 11 to 13.3% in Mar 12.[1,3,5] Customer Satisfaction for the same period up from 6.8 to 7.3.[2,3,6]

Regional Commercial Banking

- Leveraging bank-wide sector expertise to identify and capture opportunities within major projects and Farmgate business
- Capitalising on the opportunity to connect customers across the value chain to our Asia Pacific network

Outcome:

- 1H12 NPAT grew 5% HOH
- Lending FUM stable despite seasonal harvest pay-downs
- Deposits up 5% HOH (10% PCP)
- Market share improved from 15.0% in Mar 11 to 16.2% in Mar 12.[1,3,7]

Esanda

- Largest provider of auto finance to the automotive dealer network and market leading Commercial Broker in asset finance in Australia
- Significant source of new-to-bank referrals for ANZ
- Use of hubs improving speed to market on decisions and loan settlements

Outcome:

- Revenue growth of +4% HOH (+10% PCP)
- Positive Lending momentum up 3% HOH (4% PCP)
- New business writings[8] up 9.6% HOH (18.9% PCP)
- Dealer satisfaction improved
- ~4,500 new-to-bank customers introduced to ANZ Group from Esanda cross sell initiatives.

1. DBM Business Financial Services Monitor. 12-month rolling average
2. DBM Business Financial Services Monitor, 6-month rolling average score using an 11-pt scale where 0 is Extremely Dissatisfied and 10 is Extremely Satisfied
3. Commercial includes most small and medium sized businesses
   Small Business Banking includes most small businesses in metro areas excl Agribusinesses
   Regional Commercial Banking includes most small and medium sized non-metro businesses and Agribusinesses
   Business Banking includes most medium sized businesses in metro areas excl Agribusinesses
4. Base: Sep11 n=8,306 and Mar12 n=8,811
5. Base: Mar11 n=3,007 and Mar12 n=2,718
6. Base: Mar11 n=1,872 and Mar12 n=1,336
7. Base: Mar11 n=6,987; Mar12 n=5,599
8. Writings covering Auto Finance, Broker and Asset Finance

Driving sustainable productivity

Driving sustainable productivity

Hubs

- Capacity and capability through offshore Hubs in Bangalore, Manila, Chengdu, Fiji
- Access to additional talent pools and resources
- Continuous standards improvement – with improving risk profile
- Trend improvement in cost productivity
- Straight-through /automation / integrated processes
- Using technology as an enabler of flexibility.

Technology & Channels

- Investing in eChannels and customer facing technology, including goMoney, online sales, internet banking enhancements, Transactive, FX Online
- Reconfiguring the branch network
- Replacing and consolidating existing systems
- Further roll out of iPads for Commercial staff conducting A-Z Reviews
- Engaging with customers and their networks through social media.

Process

- Operations Process Transformation – Simplifying and standardising operational processes and solutions leveraged across ANZ
- Mortgage process improvement in single national settlement model
- Redesigning sales and back-office processes, products offerings/channels and technology to increase banker time spent on customer acquisition and support
- Project mobilisation – project to accelerate the development of projects in their early phase.

People & Products

- Simplifying product offerings across both Retail and Commercial
- Simplifying pricing options
- Business simplification – Sustainable approach to organisational design
- Removing bureaucracy and empowering and enabling our people to make the right decisions.

Australia Operations – Delivering significant savings through improvement in productivity and costs

Improved productivity and contained costs despite significant increase in volume[1]

- Implemented a number of initiatives to deliver productivity savings via task elimination and automation, process improvement, better workforce management via ATOM (real-time management tool) and improved queue management
- Core volumes and tasks for Australian operations increased by ~11%. At the same time average FTE down 1% PCP and costs flat PCP
- Goal is to absorb volume increase in FY12 through improved productivity and reduction in costs

Delivered improved performance against customer SLA's[1]

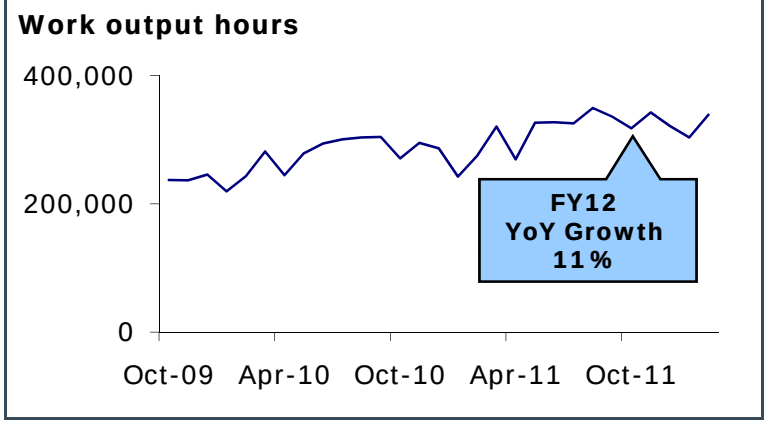
- Improved servicing levels – up 5% to 96%
- Reduced process related complaints by ~16%.

Capability build

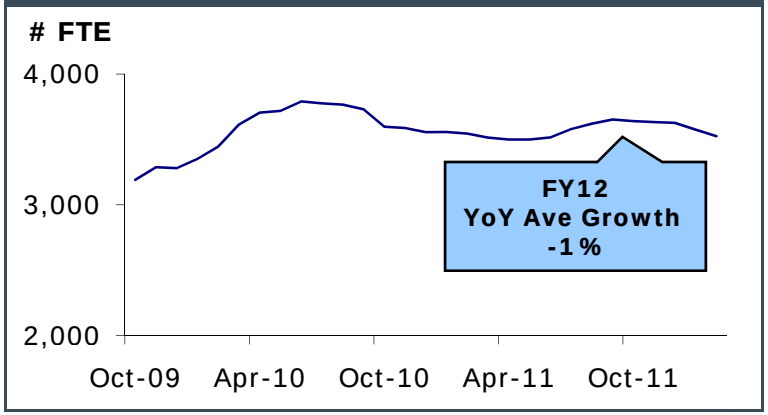
- Hubs program driving new capabilities (i.e. further capability in Manila and Bangalore)
- Strong focus on cross-skilling staff
- Rollout of workflow applications and tools.

1. All comparisons are HOH (Mar 12 vs. Sep 11) unless otherwise stated.
2. Productive Hours = Time spent on "core" task and excludes diverted time, which includes meetings, one-on-ones, training and other "shrinkage" (i.e. annual leave and sick leave).

Task Volume



Full Time Employees



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