ANZ Wealth Strategy

Delivering performance through growth, innovation and productivity

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

28 November 2012

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CEO Global Wealth and Private Banking

Agenda

- 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

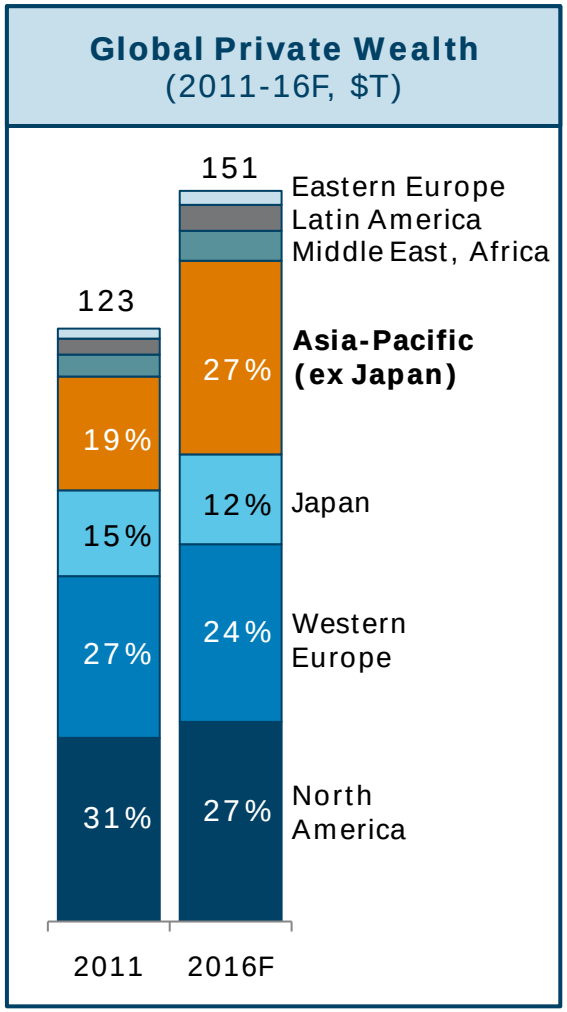
2002	2007	2009	2010	2012
May 2002 Joint venture with ING Group - funds management and life insurance - Australia and New Zealand	**June 2007** ANZ acquires E*Trade Australia	**September 2009** ANZ moves to full ownership of ING Australia and New Zealand joint ventures ANZ acquires selected RBS Asian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

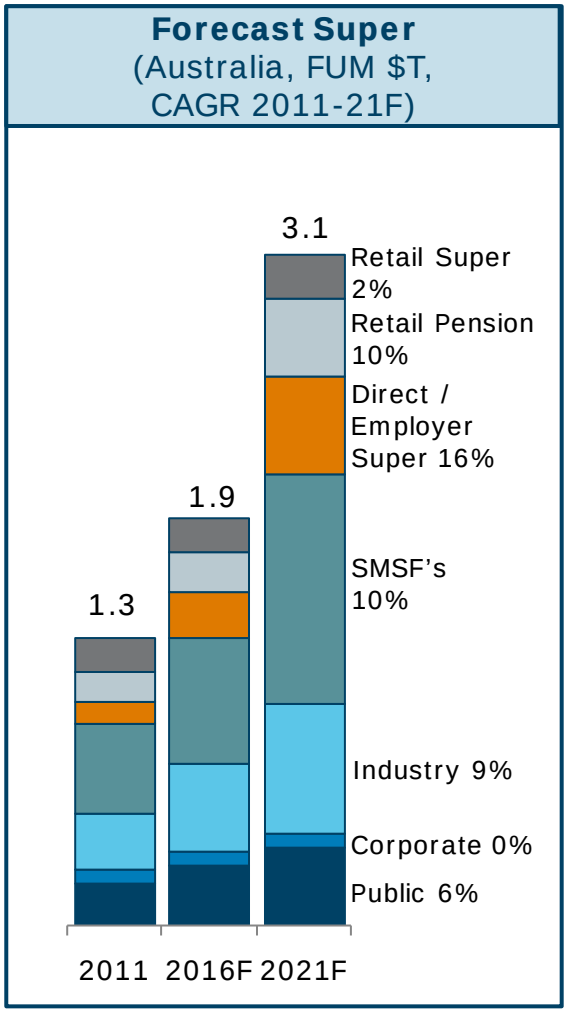
	Geographic Segments		Global Segments	
Australia	Retail Banking Australia	Corporate & Commercial Banking Australia	**Global Wealth and Private Banking**	Global Institutional
New Zealand	Retail Banking New Zealand	Commercial & Agri New Zealand		
International	Retail Banking Asia Pacific	Commercial Banking Asia Pacific		

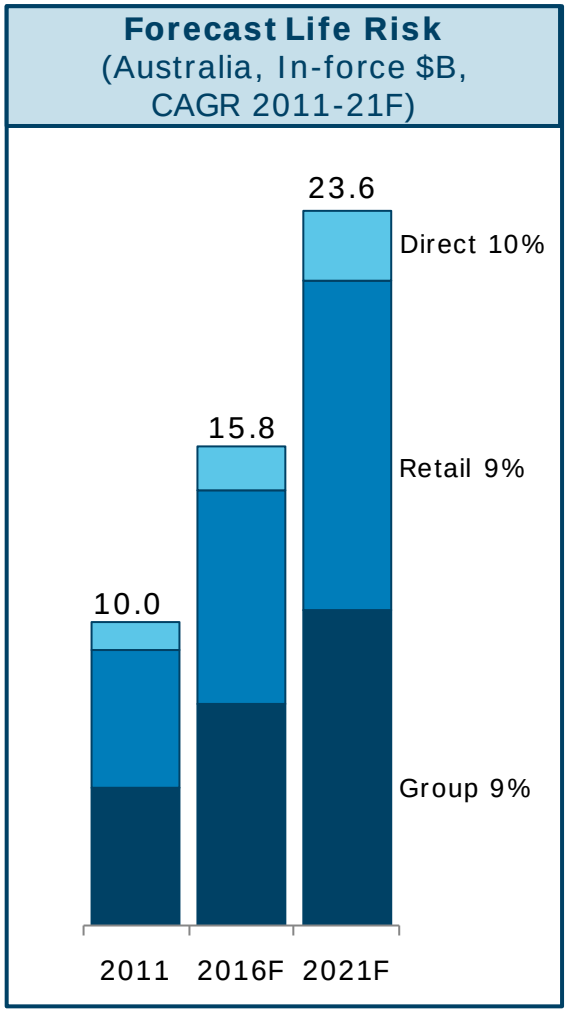
Opportunity and capability to change the game

- ✓ 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



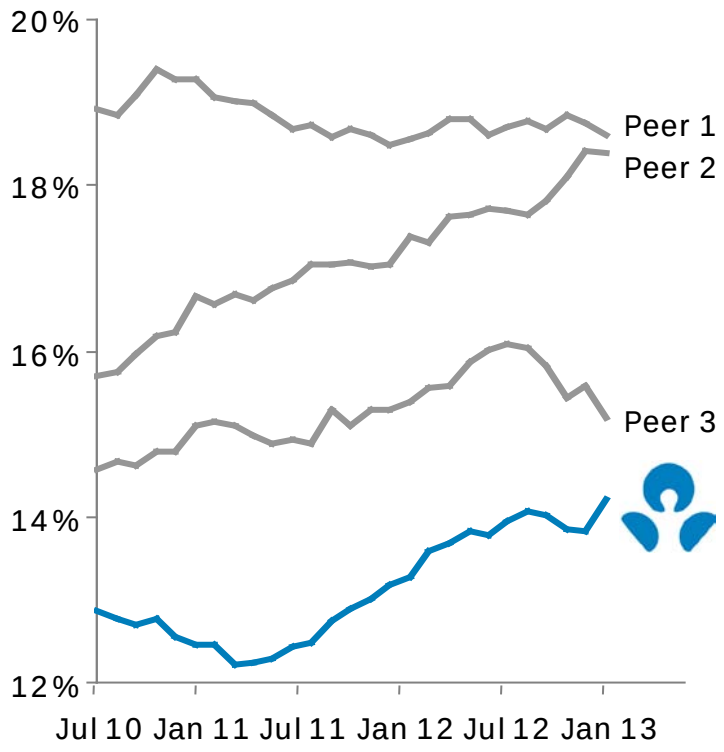




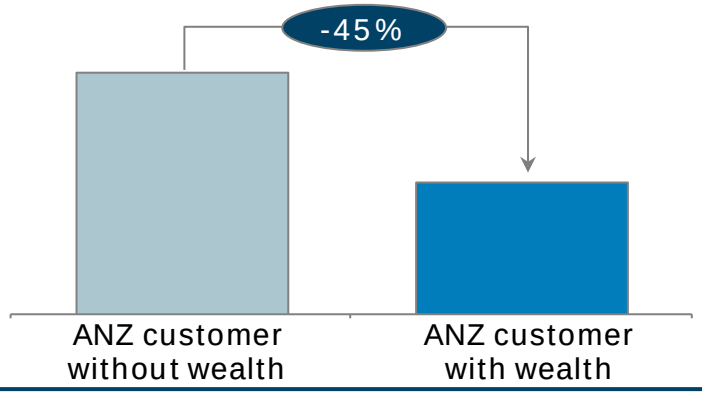
Source: BCG Global Wealth Management Database 2012, Rice Warner Actuaries

Attractive opportunity in our existing franchise

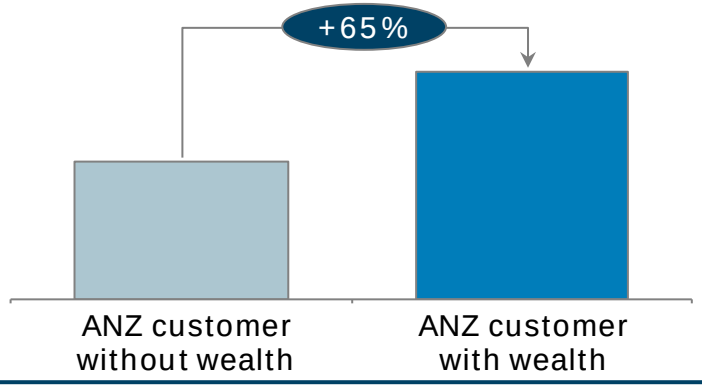
Bank customers with a wealth product from their bank[1]



Customer Attrition



Revenue per Customer



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	Finding new ways for customers to engage with their wealth and ANZ
Technology & Consumer Behaviour	Digital and direct channels	
Attitudes to Advice	Self directed customer	Competing with a distinctive and unique position in the fastest growing segments of the market
Demographic Shifts	'Boomers' into retirement	

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

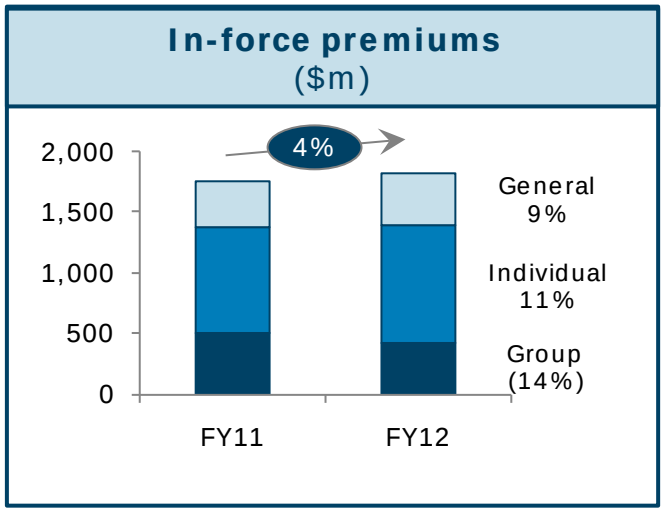
- Leveraging product and platform capabilities in Australia across the region
- Integrating operations across Australia and New Zealand
- Process improvement and automation, to maximise straight through processing
- Consolidating technical experts in centres of excellence

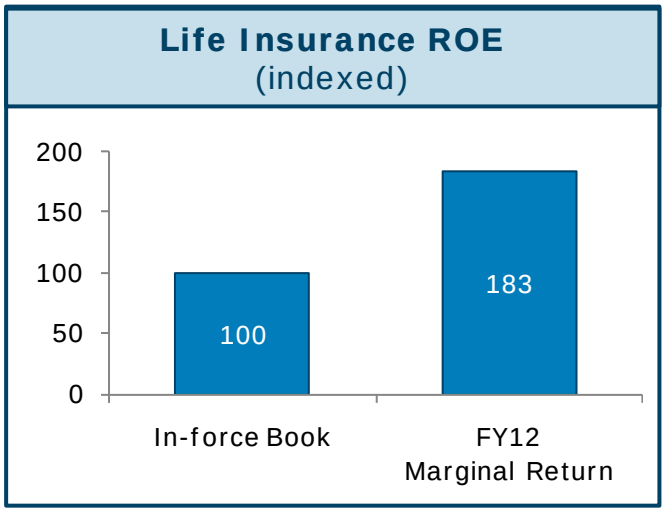
Synergies with the ANZ Group

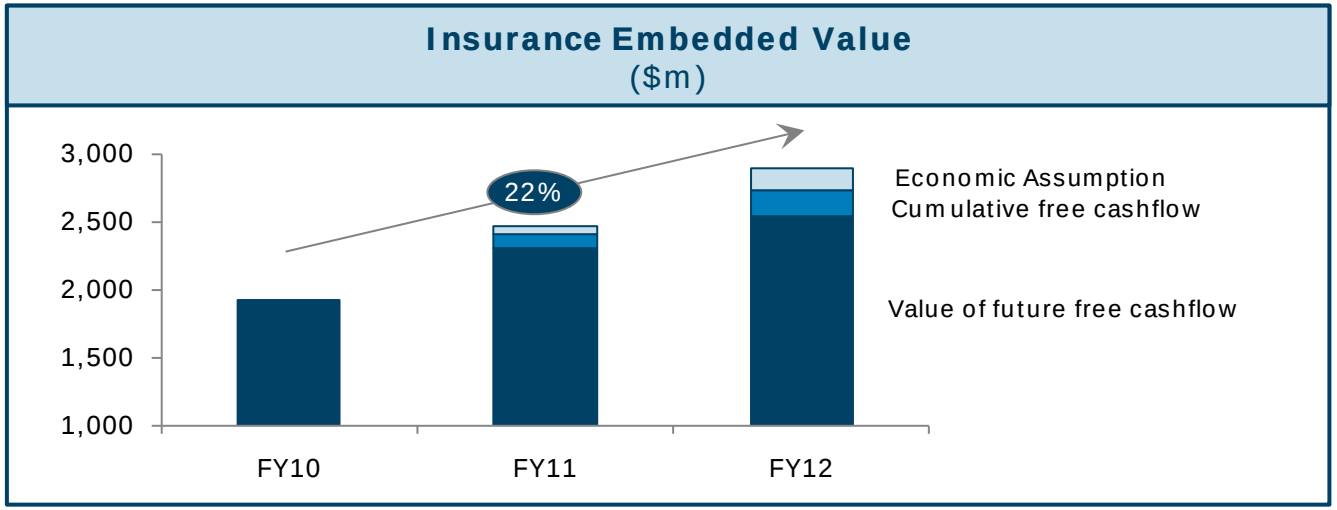
- Continuing to leverage ANZ's global operations hubs
- Building capacity to penetrate the ANZ customer base
- Integrating new digital propositions with ANZ's online and mobile banking offer

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

Our leading life insurance capability

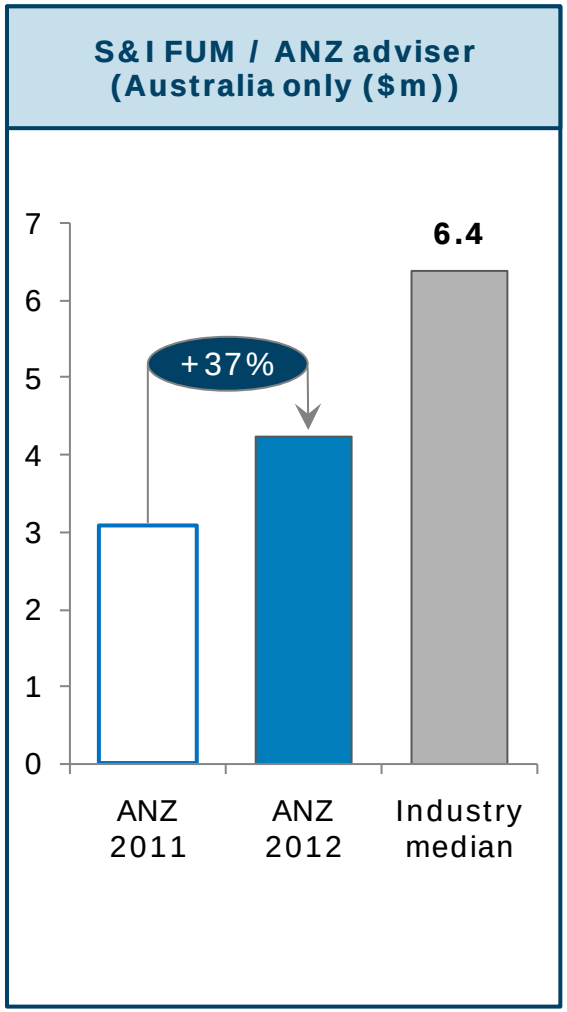


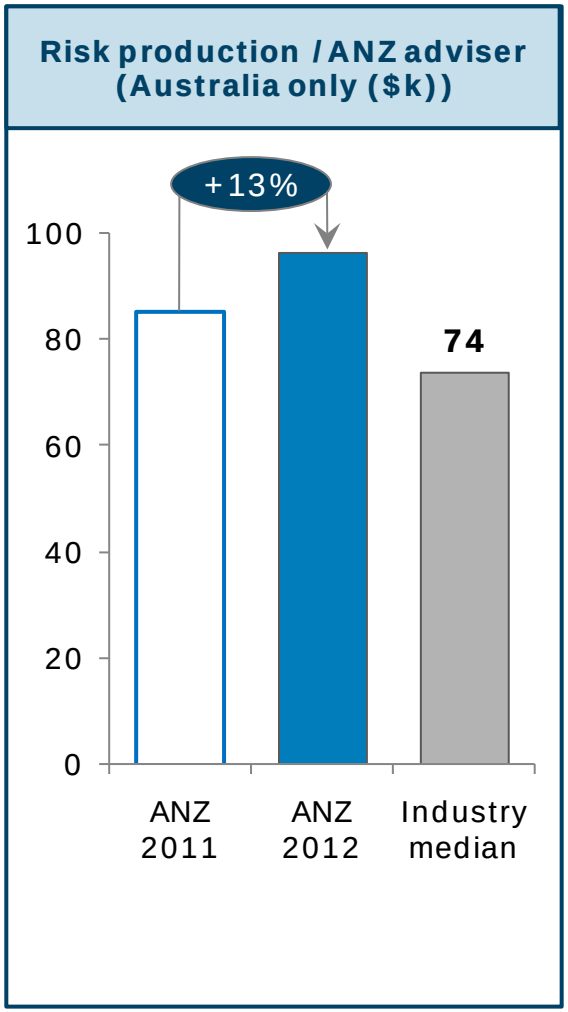


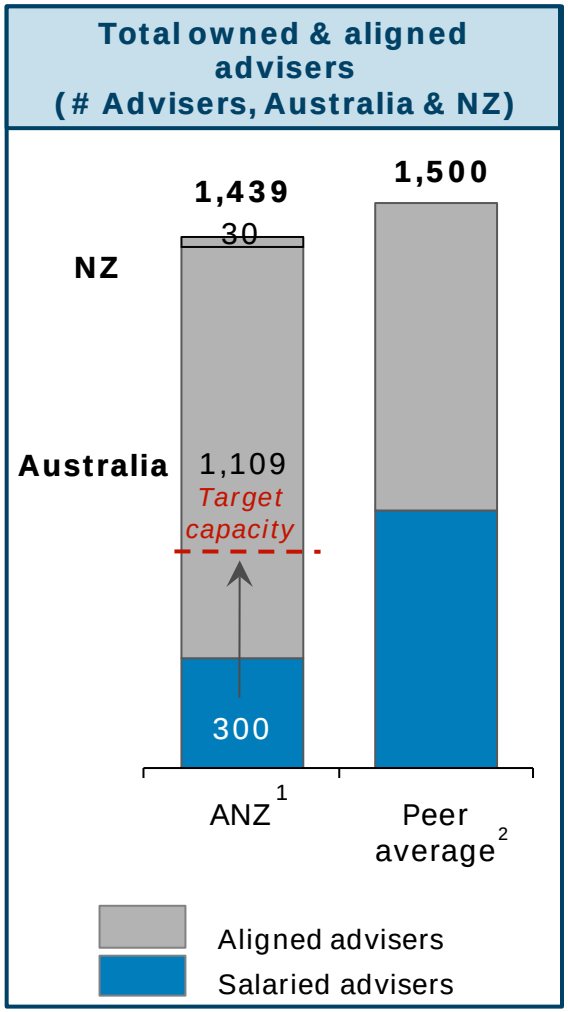


- Growing premiums in the profitable areas of general and individual risk while maintaining financial discipline in Group
- Returns on the new business are significantly better than our in-force book
- Total value creation of the Life business up 19% CAGR excluding economic assumptions over 2 years

Increasing planner productivity and capacity

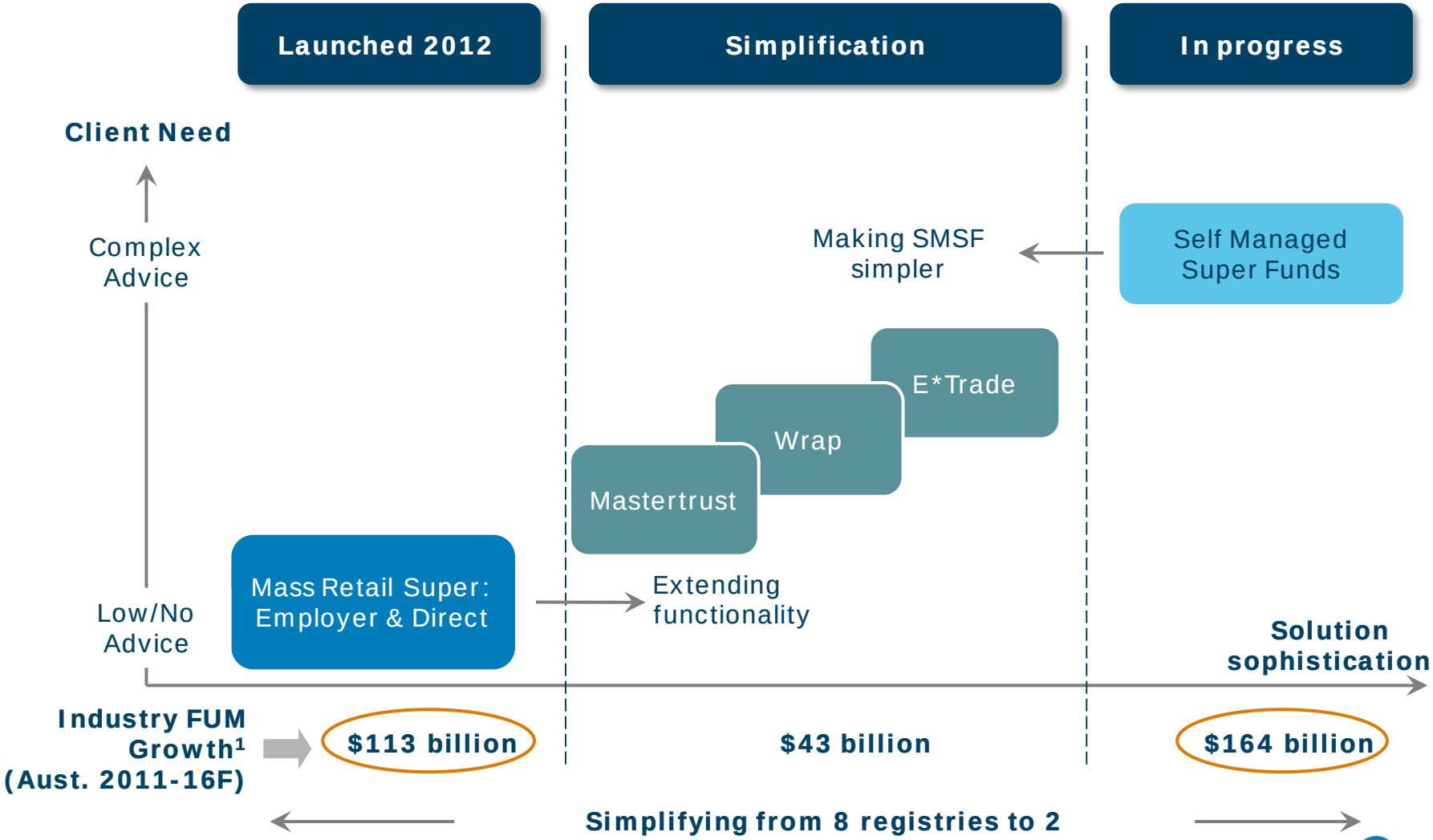






Source: Comparator Quarterly Benchmarking for Financial Planning Businesses; ANZ internal data; Money Manager Top 100 Advisor Survey
Note: Total GW&PB advisors of 2,109 as disclosed in Results Announcement includes New Zealand and Private Bank advisers
(1) Active aligned advisers only, excludes inactive 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

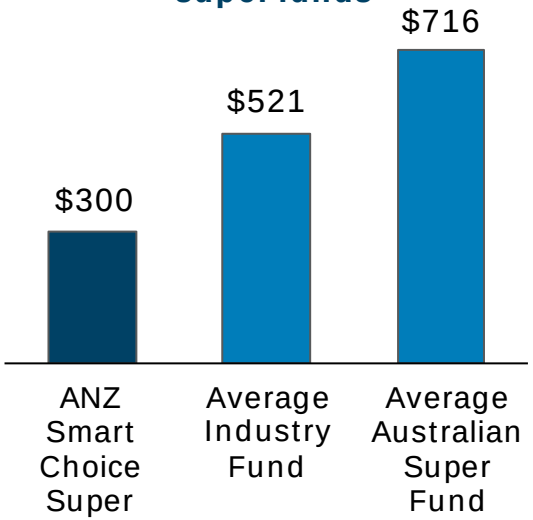
- See your super alongside other accounts
- Never lose your super again
- 24/7 access

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

1. Fee comparison based on the total average annual Investment Management Fee, Performance Fee, Administration Fee and Member Fee on a $50,000 account balance for 50 superannuation products in Australia, including both retail and industry super funds. Current as at 5 November 2012

Innovation – raising the bar in advice

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

Quality + *Consistency* + *Alignment* = Valued Advice

Well informed personalised advice from highly qualified Wealth Managers with innovative tools

Streamlined, consistent advice experience across all channels and regions

Long-term ANZ Adviser relationships

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

ANZ

VONTOBEL

ANZ

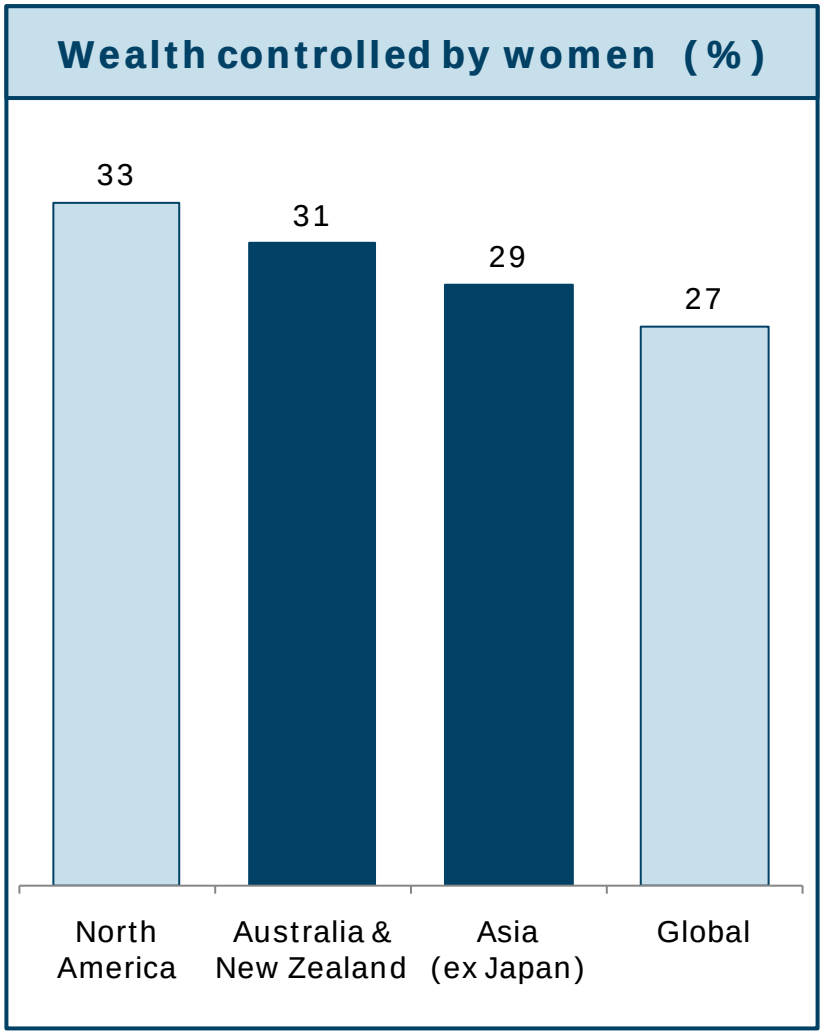
In alliance with…

VONTOBEL

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

ANZ

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

Source: BCG, 2010

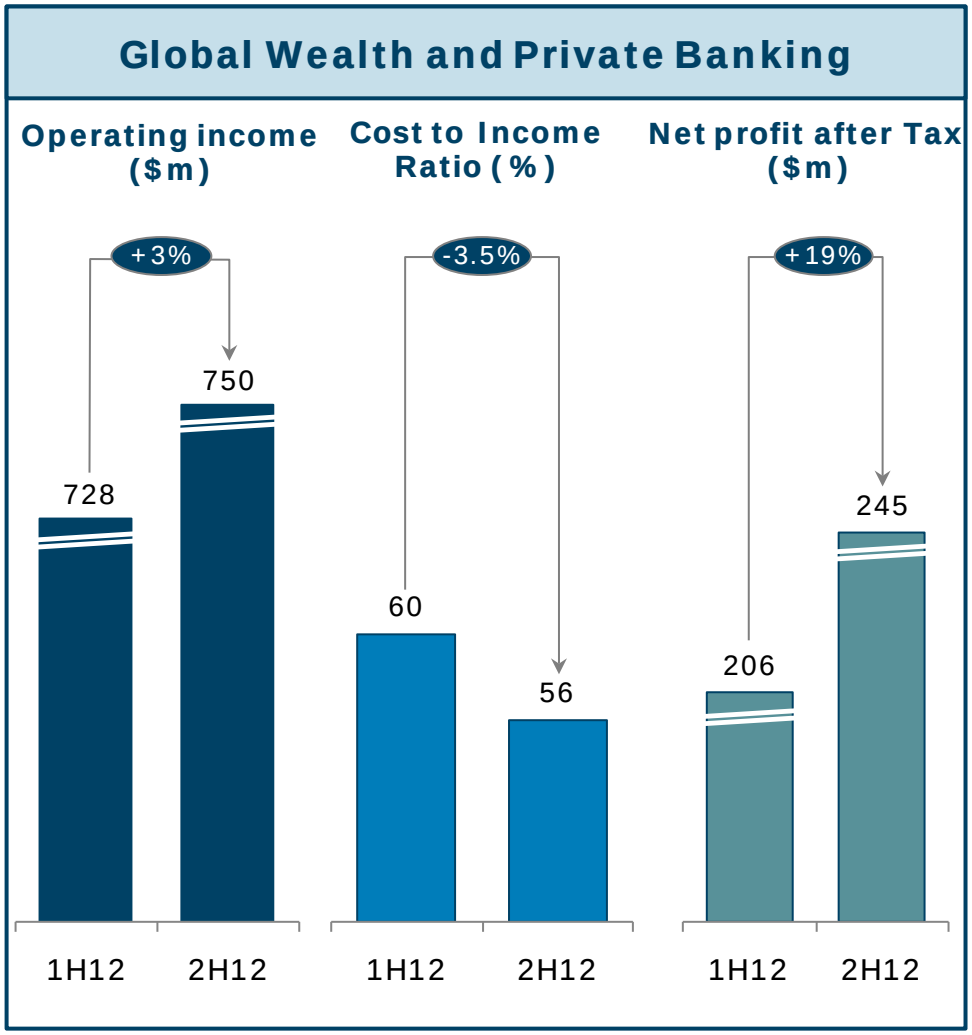
New ways to engage with our customers

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?

- 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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