

MACQUARIE AUSTRALIA CONFERENCE 2014

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

8 May 2014

Mark Whelan
MD Corporate & Commercial Bank,
Australia



Banking on Australia is transforming the business

Building our lead in mobile & digital



- Expanding customer reach and deepening loyalty
- New mobile & digital foundations
- Rapid evolution of our market leading applications



Transforming our distribution channels

Retail



- Transforming branches and contact centres to focus on more complex sales
- Multi-channel connectivity
- Migrating low value transactions to self service

Corporate & Commercial Banking



- Using our super regional advantage to bring whole of ANZ
- Providing market leading banker tools & centralised service
- Offering deep industry insight

Simplifying our products & process



- Digitising and automating
- Paperless processing
- Simplifying product range

Accelerating through customer insights



- New information platforms
- Single customer view enabled
- Insight driven offers

We have made significant progress over 18 months since Banking on Australia's inception...

Transforming our distribution channels		Building our lead in mobile & digital	
	400+	Smart ATMs	>53% Customers that are digital users
	85	New look sales focused branches	1.1m ANZ goMoney™ active users
	↓9%	Over the Counter transactions	↑43% goMoney™ and Internet Banking logins ¹
	600+	Branches offering simple wealth products	\$78b Transactions processed on goMoney™ ²
	1,200	iPads (with 8 apps) deployed to C&CB bankers	↑43% ANZ FastPay™ transactions ³
Building the capability of our people & systems		Simplifying our products & processes	
	69%	Branch sales staff accredited to sell home loans	↓24% Reduction in average monthly customer complaints ⁶
	1,500+	Branch staff accredited to sell Wealth products	↑110k Net increase in customers across Retail and C&CB ⁷
	1,600+	Branch staff trained to sell small business products	36k Digital C&CB A-Z Reviews ⁸
	32%	Frontline C&CB staff with experience in key Asian markets	↑20% Increase in time frontline C&CB Banker's spend with customers ⁹
	↑13%	Wealth revenue via Retail ⁴	↑28% Business customers onboarded via OneSwitch ⁵
	↑120%	C&CB Cross-border referrals from Australia to Asia ⁵	5 Mins Home loan refinance time (reduced from 45 mins) ¹⁰

Note: All figures have been measured since inception of the 'Banking on Australia' Program (October 2012) unless otherwise stated; 1. Average monthly logins for the 6 months to March 2014 versus 12 months to September 2012; 2. Represents dollar value of transactions processed on ANZ goMoney™ since launch in September 2010; 3. Represents compound monthly growth in the number of transactions processed on ANZ FastPay™ since launch in October 2012; 4. Represents the 6 months to March 2014 versus 6 months to March 2013; 5. Represents the 5 months to February 2014 versus 5 months to February 2013; 6. Average monthly Customer Complaints for the 6 months to March 2014 versus 12 months to September 2012; 7. Net increase in customers for the 12 months to February 2014; 8. Represents 6 months to March 2014; 9. Estimated time being freed up in the frontline by removing activities and streamlining processes, compared to October 2012 baseline; 10. Applicable for non-credit critical renewals through ANZ channels;

Australia Division 1H14 Financial Result

		Income (\$m)	Expenses (\$m)	PBP (\$m)	NPAT (\$m)	Cost to Income %
Australia Division	1H14	4,017	1,500	2,517	1,479	37.3%
	v 1H13 %	+4%	+2%	+5%	+5%	-80bps
Retail	1H14	2,515	1,002	1,333	933	39.8%
	v 1H13 %	+6%	+2%	+13%	+13%	-160bps
Corporate & Commercial Banking	1H14	1,502	498	781	546	33.2%
	v 1H13 %	0%	+2%	-6%	-7%	+60bps

Australia Division 1H14 Financial Result

Australia Division 1H14 NPAT up 5% to \$1.48 billion

Retail		Corporate & Commercial Banking	
#1	Strongest growth of the major domestic banks in Home loans growing at 1.2x system ¹	↑16%	Small Business lending
17	Consecutive quarters of above system home loan growth to March 2014	↑8%	Deposit Growth
1.1x System	Deposit Growth ¹	↑6%	C&CB customers with 26k net new customers ⁴
#2	Total and Affluent Traditional Banking market share ²	= #1	Main Financial Institution (MFI) Customer Satisfaction in Commercial Banking ⁵
↑8%	Revenue per FTE ³	↑4%	Cross-sell revenue generated by C&CB
↑13%	Wealth revenue via Retail	90bps	Net Impaired Assets % of Gross Lending Assets (improved from 140bps in 1H13)

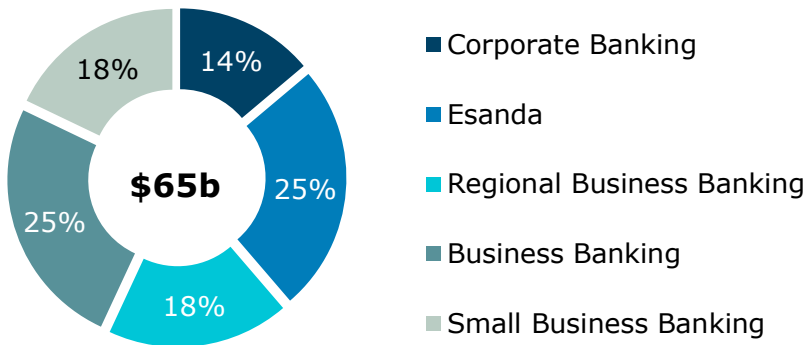
Note: All figures PCP unless otherwise stated; 1. Source: APRA Monthly Banking Statistics, 12 months to February 2014. System adjusted for new ADI incorporations; 2. Source: Roy Morgan Research, Australia Pop'n aged 14+, 12 months to March 2014; Traditional banking includes FUM for total deposits, mortgages, personal/other loans, and credit cards. Affluent defined as customers with All Financial Services FUM between \$400k and \$1m (in all financial institutions) or income greater than \$150k/year; Peers: CBA (excl Bankwest), NAB, Westpac (excl Bank of Melbourne & St George); 3. Represents average Retail FTE for the 6 months to March 2013 and March 2014; 4. Net new customers (excluding Esanda) for the 12 months to February 2014; 5. DBM Business Financial Services Monitor, ranked against other 'Big 4' banks, Commercial banking includes majority of businesses with turnover <\$100m, data sourced in the six months to March 2014

Corporate & Commercial Bank Overview

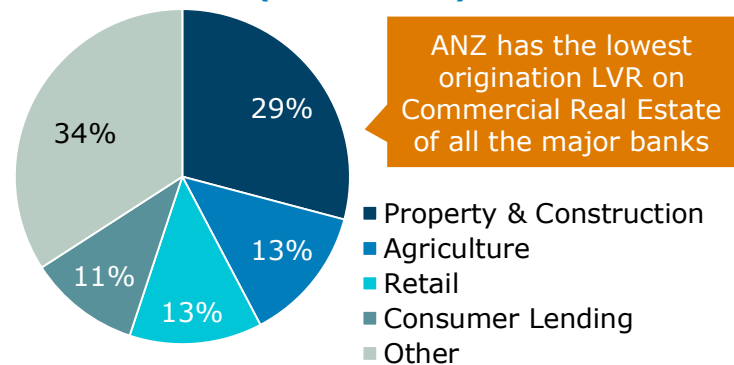
Corporate & Commercial Bank Businesses	
Corporate Banking	Large private, small listed and multi-national corporations
Business Banking	Small to medium companies with turnover \$5m-\$125m
Regional Business Banking	Non-metropolitan and Agri customers
Small Business Banking	Small businesses with turnover <\$5m and lending <\$1m
Esanda	Motor vehicle & equipment finance

Diversified by customers...

Net Lending Assets



Exposure at Default by industry sector (%) (as at Mar 14)



Banking on Australia is delivering a better business in C&CB

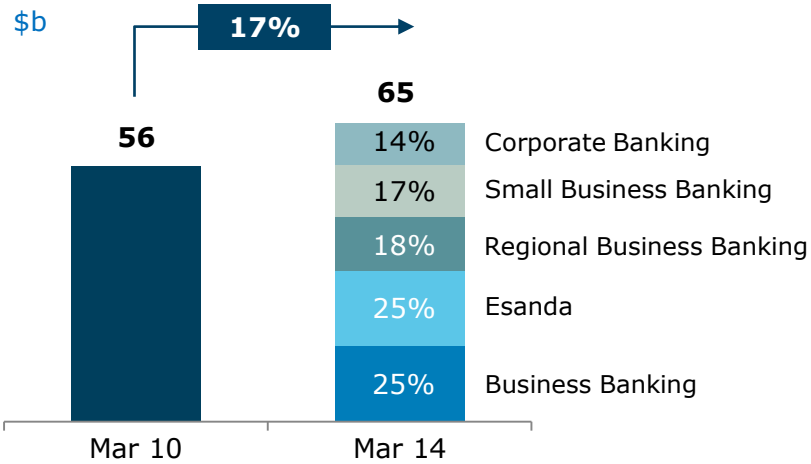
To be the leading Corporate and Commercial bank in Australia

Banking on Australia is the vehicle through which we will:

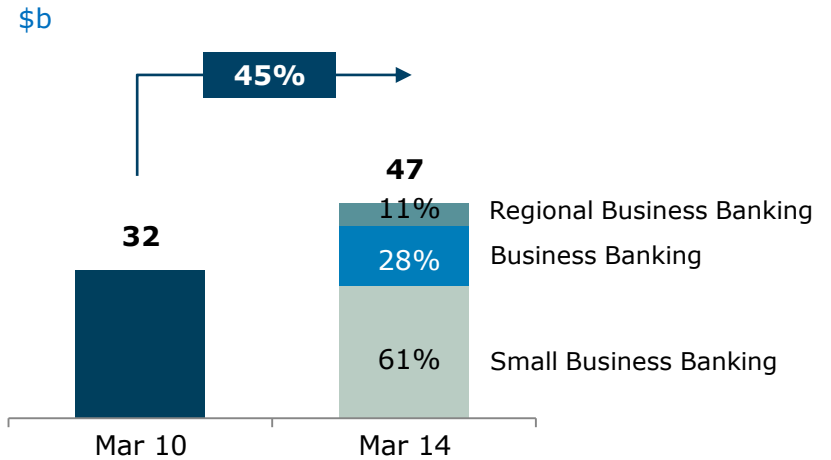
- Transform **distribution** by reshaping banker roles to increase capacity and the amount of time bankers spend with customers
- Build on our lead in **mobile and digital** to provide easy access to industry leading products
- **Develop our people's** capabilities and knowledge
- Simplify our **products and processes** to improve the customer experience and drive productivity
- Leverage ANZ's **connectivity and footprint** to provide seamless access to super regional opportunities

C&CB – 2014 versus 2010

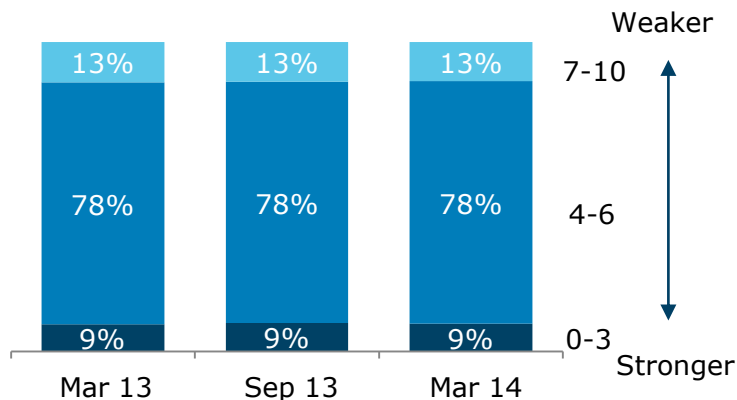
Net Loans and Advances



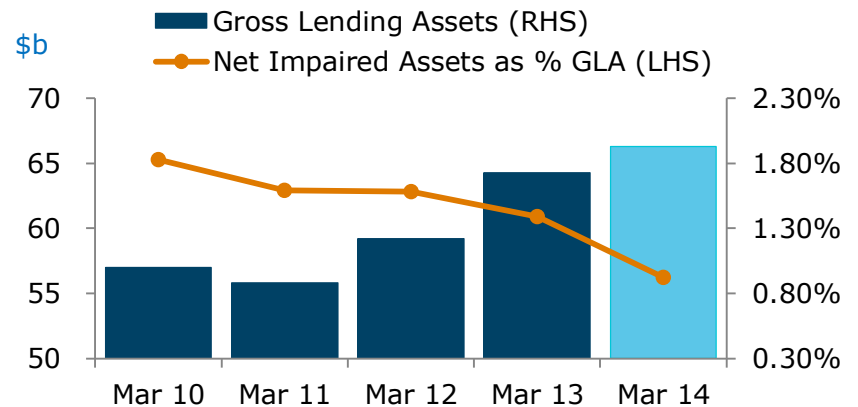
Deposits



EAD by Customer Credit Rating (CCR)



Net Impaired Assets and Gross Lending Assets

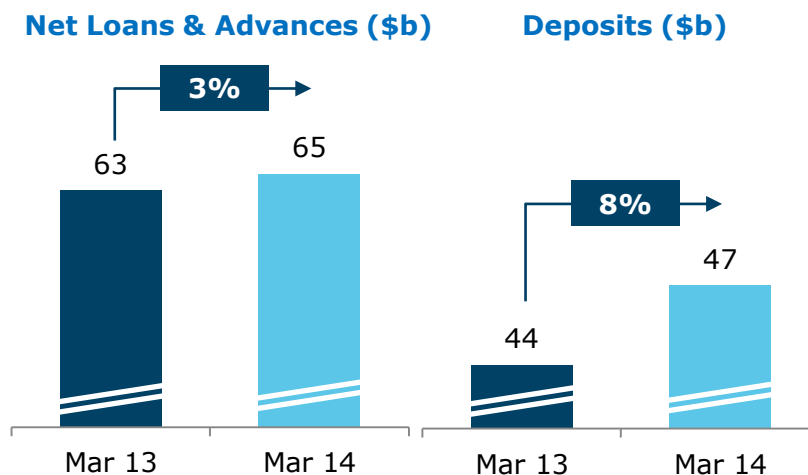


C&CB – increasing sales capability and capacity to drive outperformance

Improved sales capability...		... and investments in improving capacity ...	
35k	Training hours completed with specific focus on credit, sales & Super Regional ¹	↑20%	Increase in the amount of time frontline C&CB Banker's spend with customers ⁶
32%	Relationship Frontline staff with hands-on experience in key Asian markets	47	Processes moved from frontline to Business Response Team (BRT)
1,200	iPads deployed to frontline bankers	24/7	Servicing availability via BRT with 56k service requests actioned ¹
36k	Digital C&CB A-Z Reviews conducted via iPads ¹		

... are translating to improved performance

=#1	Main Financial Institution (MFI) Customer Satisfaction in Commercial Banking ²
#1	Can service my business needs in Australia, NZ & Asia ³
↑6%	C&CB customers with 26k net new customers ⁴
37%	Growth in leads sent to the frontline
120%	Growth in Cross Border Referrals from Australia to Asia ⁵

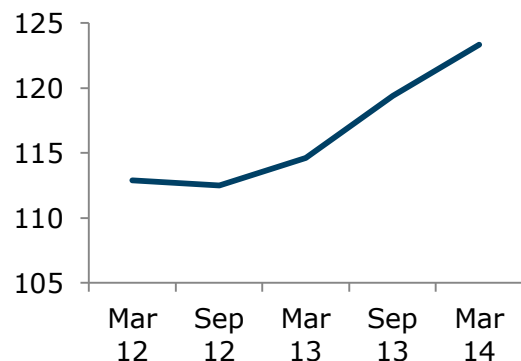


1. Six months to March 2014; 2. DBM Business Financial Services Monitor, ranked against other 'Big 4' banks, Commercial banking includes majority of businesses with turnover <\$100m, data sourced in the six months to March 2014; 3. DBM Business Financial Services Monitor, ranked against other 'Big 4' banks, data sourced from majority of businesses with turnover of \$1-40m in the three months to February 2014; 4. Net new customers (excluding Esanda) for the 12 months to February 2014; 5. Five months to February 2014 vs. PCP; 6. Estimated time being freed up in the frontline by removing activities and streamlining processes, compared to October 2012 baseline;

C&CB is seeing strong lending sales despite subdued demand for credit

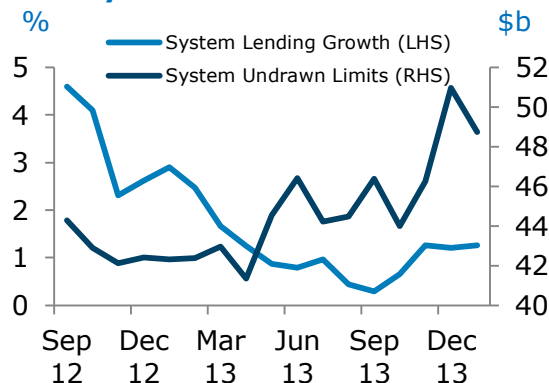
Business confidence has improved recently...

Business Confidence¹
Average



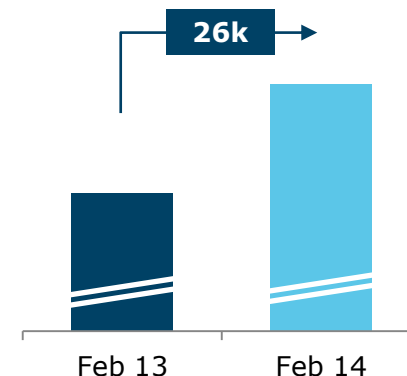
... however this is yet to translate into demand for business credit.

System Lending Growth² & System Undrawn Limits³



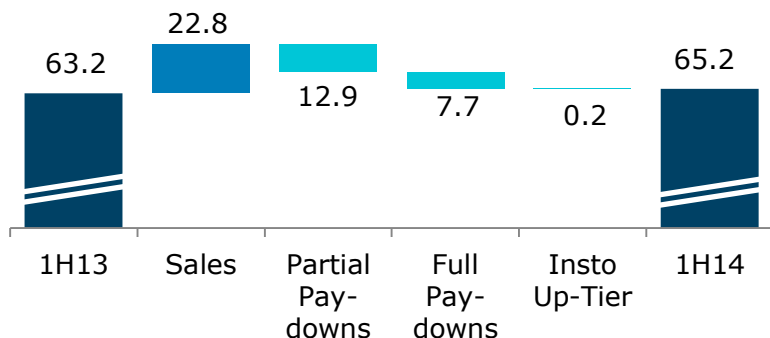
Despite this we have increased our customer numbers...

Customers



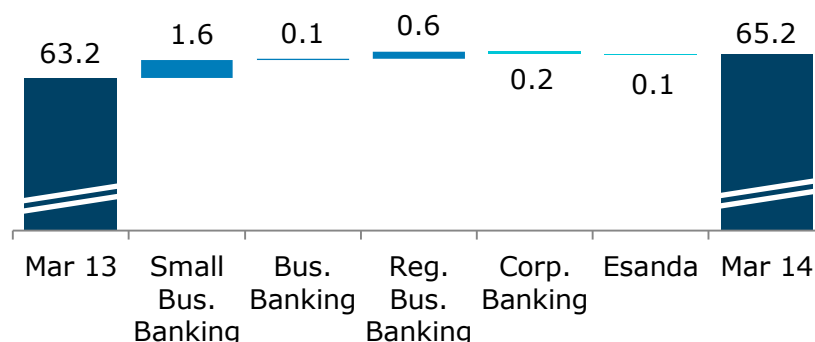
... achieved strong sales in a challenging environment...

Net Loans and Advances
\$b



... and grown in our target segments

Net Loans and Advances
\$b



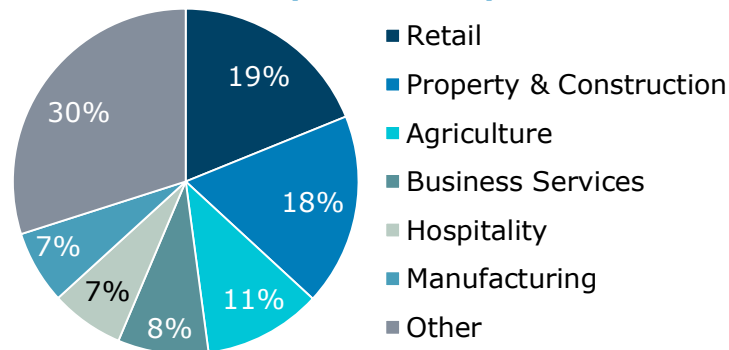
1. Roy Morgan Business Single Source, Business Confidence, average for the preceding 12 months
 2. RBA Financial Aggregates, Total Business Credit, Seasonally Adjusted, September 2012 to February 2014
 3. ABS Lending Finance, Australia, 5671.0, Commercial Finance Commitments not drawn at end of month, September 2012 to January 2014

Small Business Banking is a strong performer

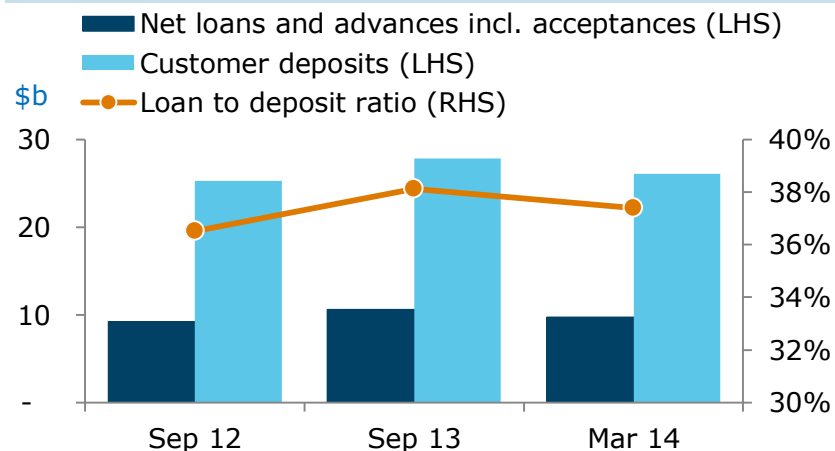
\$1.2b	Lent to new Australian small business as part of our \$2 billion pledge
↑16%	Small Business lending
↑10%	Small Business customer deposits
✓	SBB a key driver of cross sell
↑7%	Small Business deposit sales through the branch
✓	SBB a key source of liquidity – Funding ratio ¹ (Mar 14) of 267%

SBB lending book composition by sector

Exposure at Default by industry sector (%) (as at Mar 14)



Net loans and advances & deposits



Note: All figures PCP unless otherwise stated

1. Funding ratio is the ratio of customer deposits to loans

The material in this presentation is general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate

This presentation may contain forward-looking statements including statements regarding our intent, belief or current expectations with respect to ANZ's business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices. When used in this presentation, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such statements constitute "forward-looking statements" for the purposes of the United States Private Securities Litigation Reform Act of 1995. ANZ does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

For further information visit

www.anz.com

or contact

Jill Craig

Group General Manager Investor Relations

ph: (613) 8654 7749 fax: (613) 8654 9977 e-mail: jill.craig@anz.com