



ANZ Investor Day Auckland, New Zealand

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

Thursday, 4 June 2015

New Zealand Update

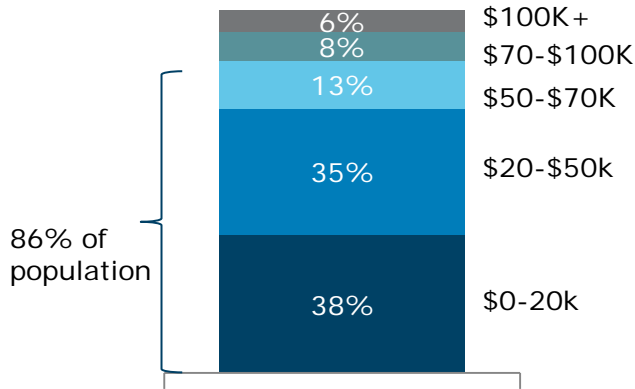
David Hisco
CHIEF EXECUTIVE OFFICER, NEW ZEALAND
& GLOBAL HEAD OF RETAIL

NZ MARKET CHARACTERISTICS

New Zealand's market characteristics

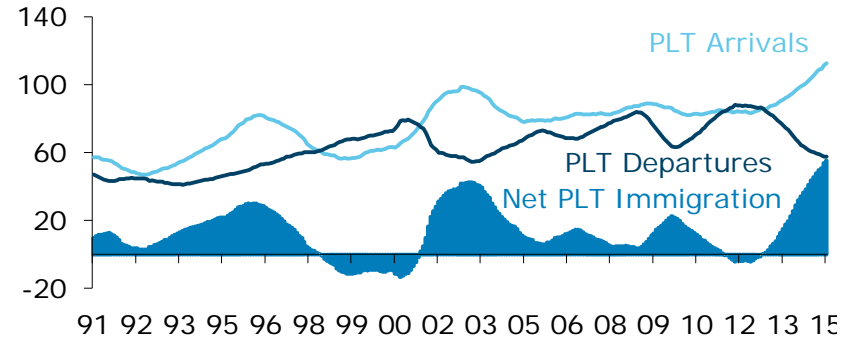
86% of NZ population earn <\$70k p.a.¹

Earnings by Income brackets (NZ\$)

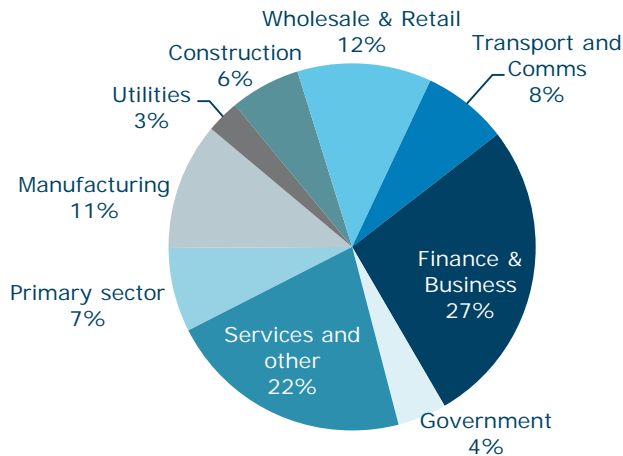


Positive migration impact on population

Population forecast: 5m by 2030, aided by migration
Persons, 12 month total (k)

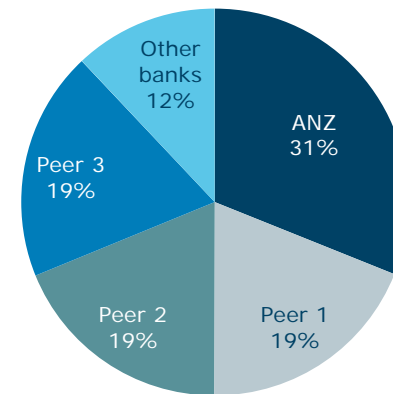


GDP contribution by industry²



Banking market³

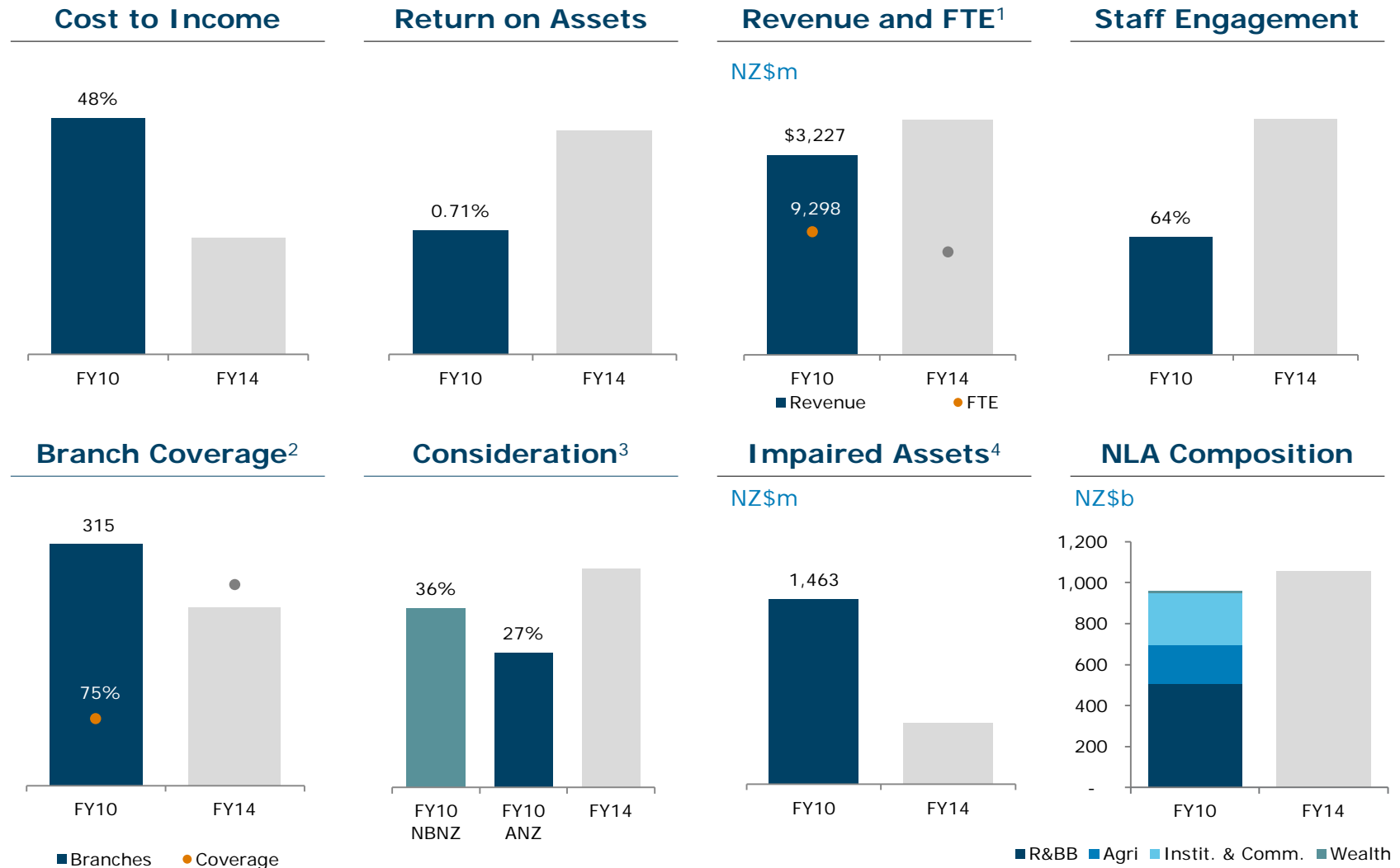
88% of NZ banking sector Net Loans & Advances (\$341b) are with the big 4 banks



- Total personal income earned in 12 months by New Zealand resident population aged 15 years and over (2013 census)
- Statistics NZ
- KPMG Financial Institutional Performance Survey Review 2014

OUR STRATEGY & PERFORMANCE

2010 – position prior to the 2 brand integration



1. NZ Geography FTE excluding NZ-based FTE who work for ANZ's Australian businesses. 2. The percentage of market value across the country serviced by a retail branch (serviced means residing within the same 'commercial area unit' defined by Statistics NZ). 3. Colmar Brunton, IPSOS Brand Tracking and McCulley Research Limited (first choice or seriously considered). 4. Net impaired assets.
Note: NZ Geography, FY10 on pro forma performance per results announcement (assumes 100% ownership of ING for the full year)

Clear strategy established to drive growth and return

ANZ New Zealand's Strategy – Strong Core market of ANZ



Create Scale

How?

- ✓ One team
- ✓ One set of systems
- ✓ One product set
- ✓ One brand
- ✓ One branch network

2010-2013

Leverage Scale

How?

- ✓ Global hubs
- ✓ Branch optimisation
- ✓ Improve brand recognition
- World class sales & service teams
- Upgrade core systems
- Digital & Payments infrastructure

2013-2016

NZ's Best Bank

How?

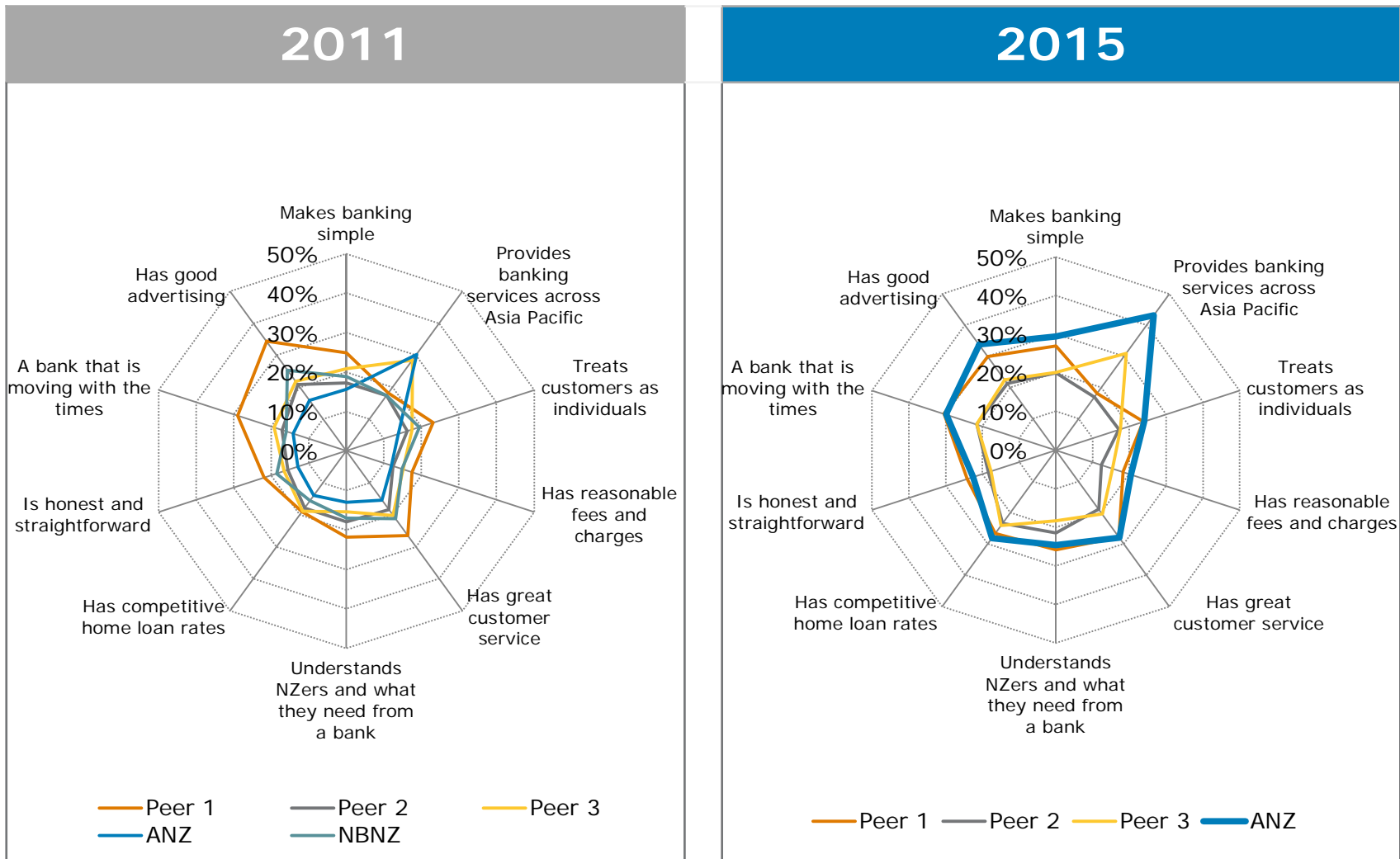
- Best service recognition
- Best brand consideration
- Integrated channels
- Leveraging Group capabilities
- Data driven customer insights
- Automation of work flow
- Optimised channel investment

2017+

The power of one: Case study from Hawke's Bay

2011	2015
<ul style="list-style-type: none">• 2 Brands• 2 Core systems• 2 Cultures• 6 Senior management staff• 16 Branches• 87% coverage• 87k Customers	<ul style="list-style-type: none">• 1 Brand• 1 Core system• 1 Culture• 2 Senior management staff• 10 Branches• 87% coverage• 89k Customers

Well positioned for growth and sustainability



Note: Brand strength March 2011 and April 2015. Source: 1. Colmar Brunton, IPSOS Brand Tracking and McCulley Research Limited

Disciplined integration

Focused on the customer

- Maintained the faces
- Increased branch coverage
- Minimised customer impact

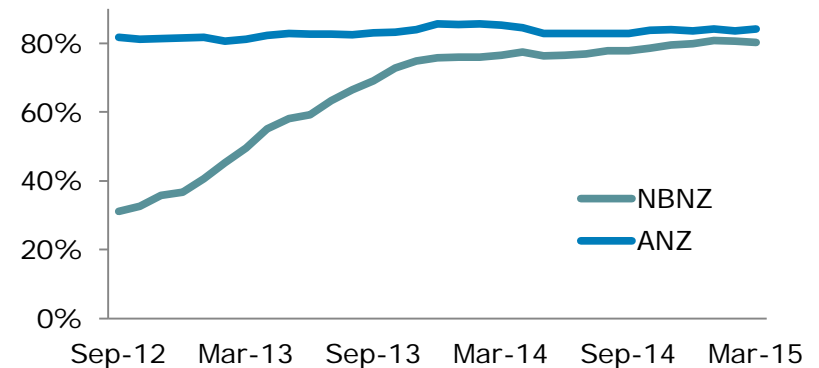
Easy for staff

- No job losses for front line staff
- Faster systems & processes
- Smooth integration, support teams
- Increased cross business interaction

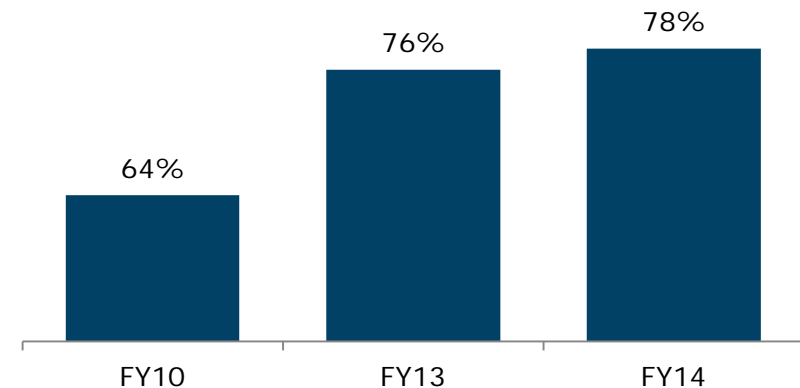
Invested in the brand

- Same budget, greater reach
- Invested in ANZ brand visibility
- High profile corporate sponsorships
i.e. Rugby, Olympics, Cricket

Ex-National Bank customers are now considering¹ ANZ for their next purchase



Staff engagement



1. IPSOS Brand Tracking 2012 and McCulley Research Limited 2014

Building a world class business

Optimising the network

- Expanding coverage
- Increasing frontline sales roles
- Investing in priority segments & digital

Building world class sales & service

- Increasing capability & training
- Freeing up time
- Delivering smart device technology

Invested in digital

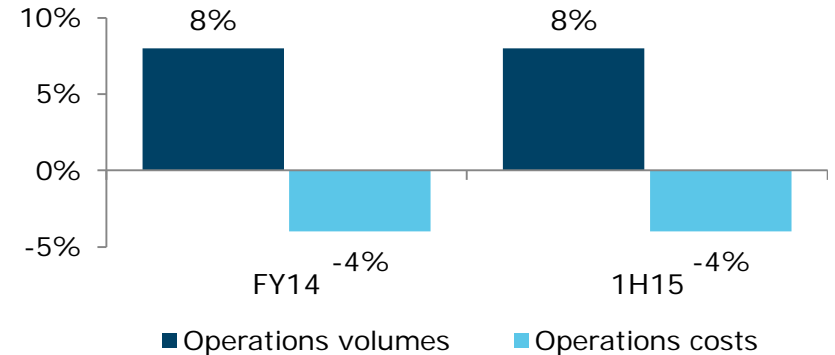
- Delivering digital self service
- Reducing errors, improving turnaround

Growing brand recognition

- Expanding customer awareness
- Supported by digital solutions & insights

Leveraging Group capabilities

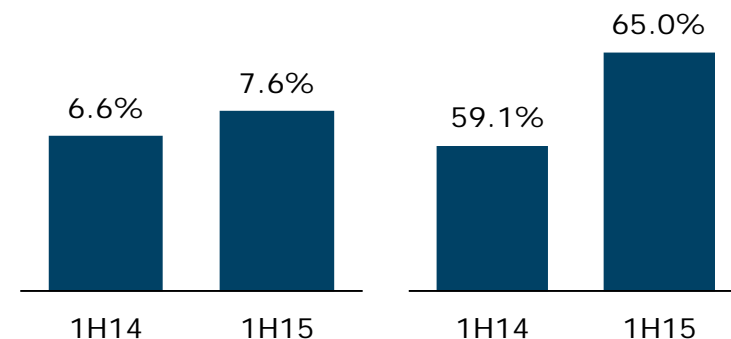
NZ operational volume and cost outcomes from Hubs and simplification



Digital productivity & sales

Sales revenue via Digital¹ (%)

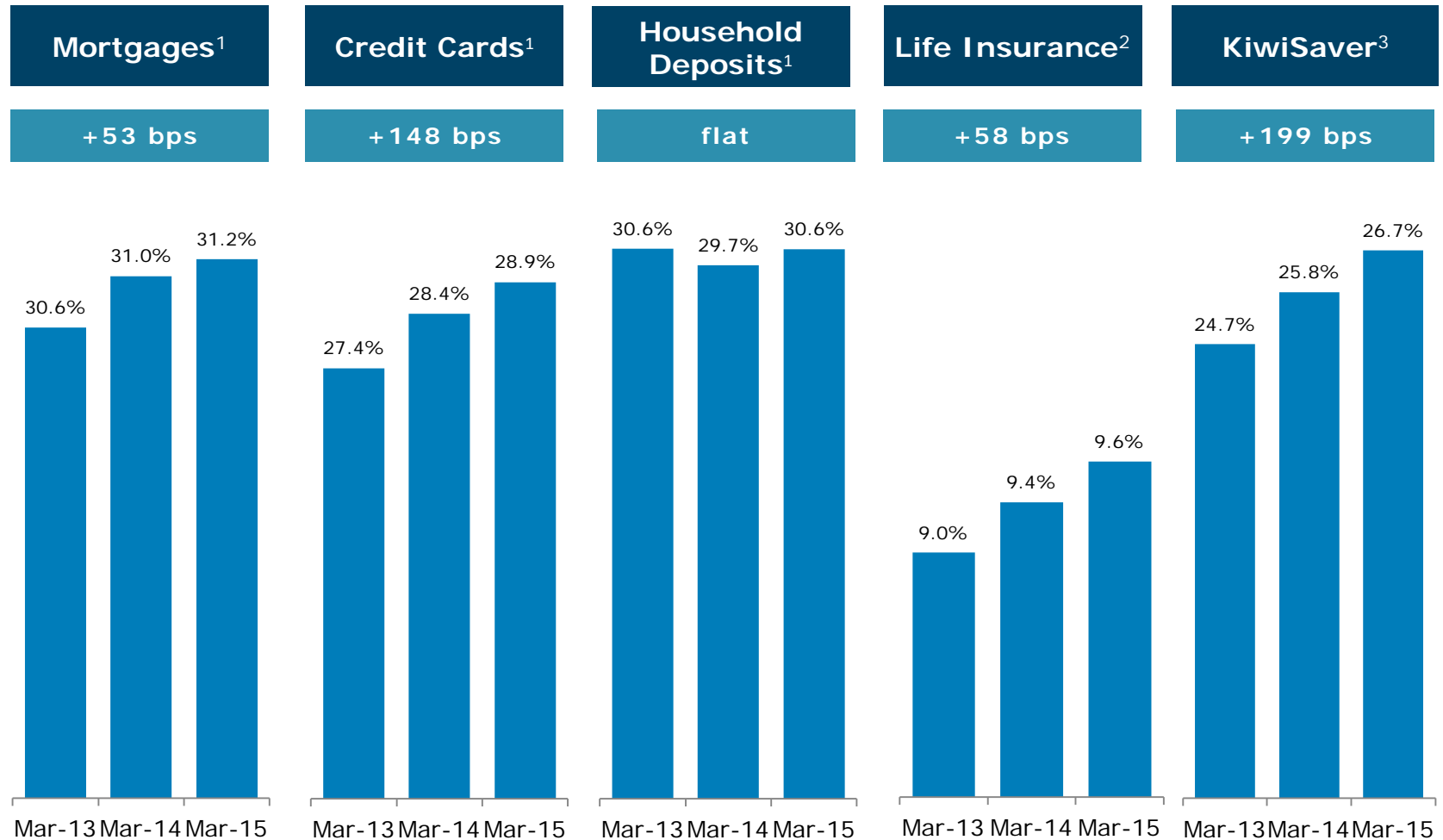
Transaction numbers via Digital² (%)



1. Revenue from sales completed through Digital channels

2. Transactions refers to the number of value transactions through all channels including internet, mobile, teller and ATM

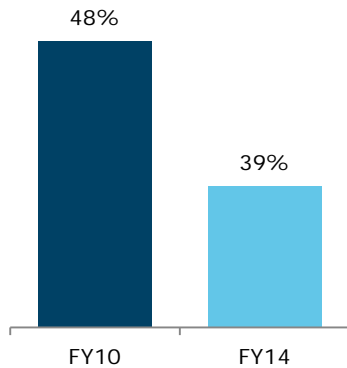
Focused on key product offerings



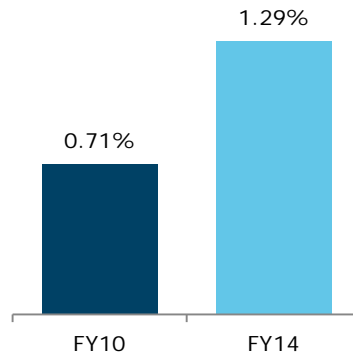
1. Sourced from RBNZ, share of all banks
 2. Sourced from FSC (Financial Services Council), share of all providers
 3. Sourced from IRD, member share of all providers

Outcomes

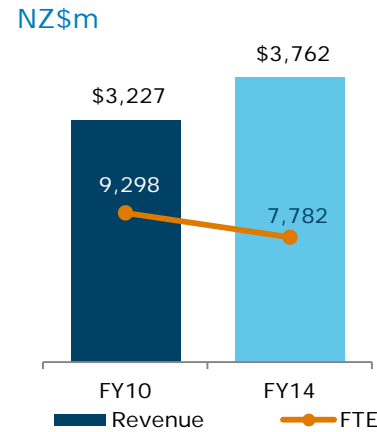
Cost to Income



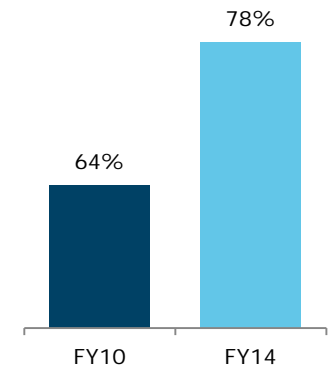
Return on Assets



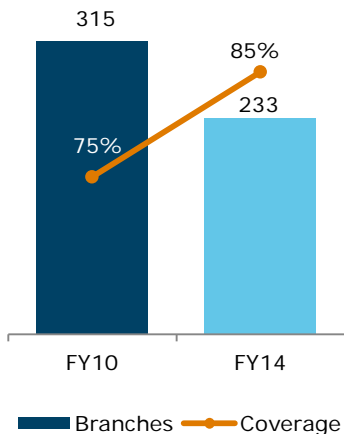
Revenue and FTE¹



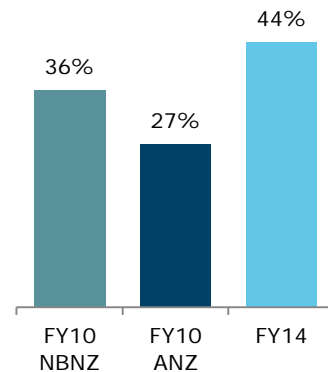
Staff Engagement



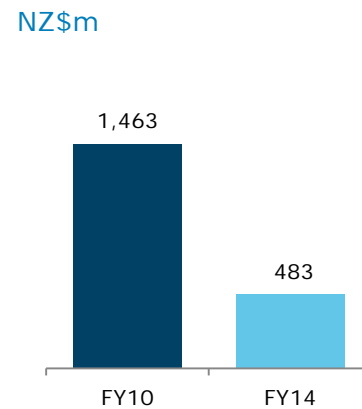
Branch Coverage²



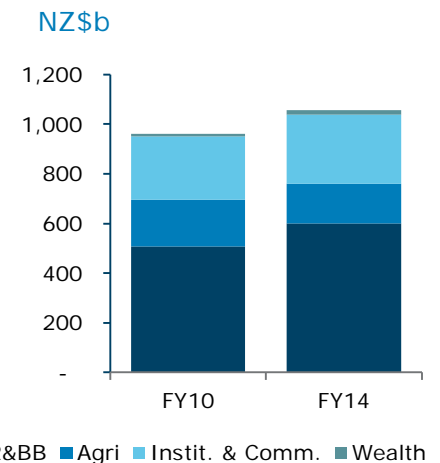
Consideration³



Impaired Assets⁴



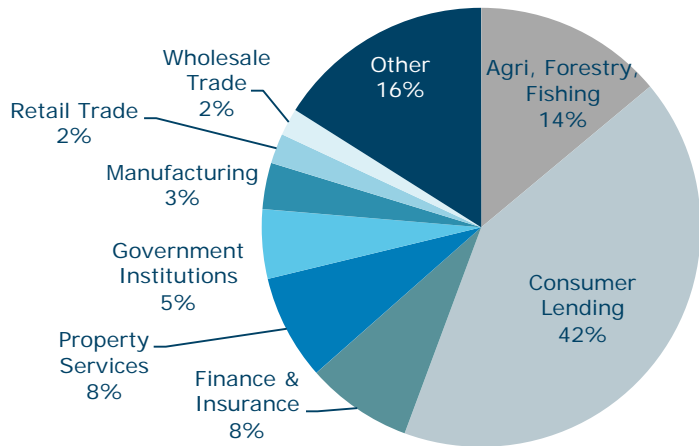
NLA Composition



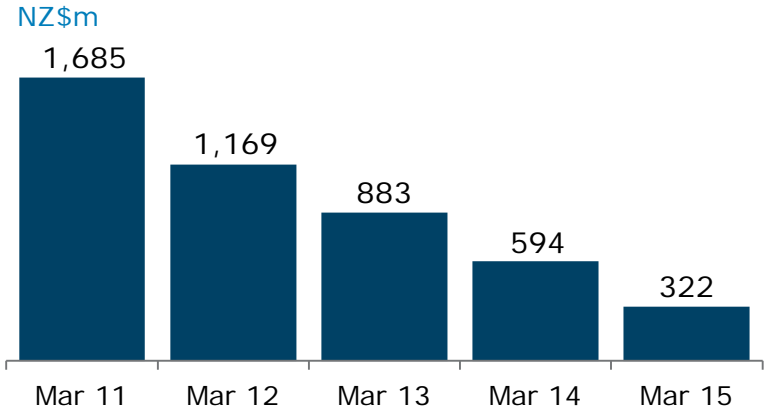
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Results achieved without compromising quality

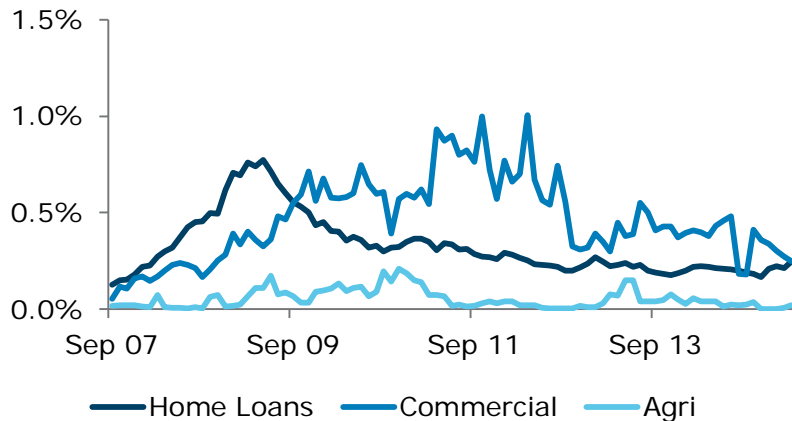
Portfolio exposure at default (EAD)¹



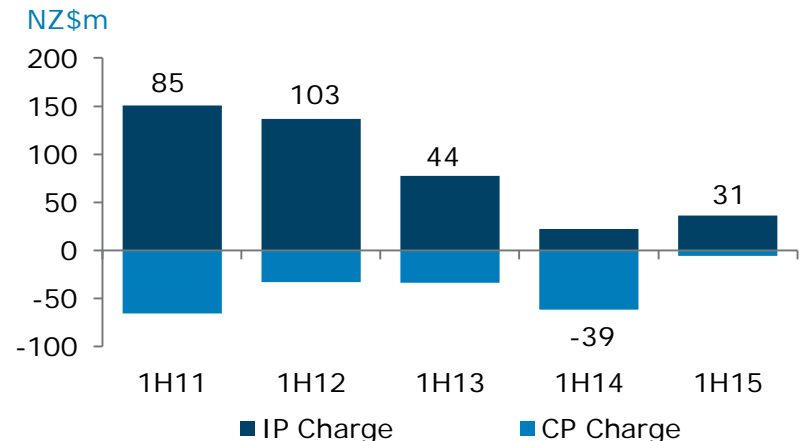
Net impaired asset position¹



90+ days delinquency trend²



Total provision charge¹



1. New Zealand Geography
2. New Zealand Division

Path to New Zealand's Best Bank

New Zealand's best bank

- Best brand consideration
- Best staff engagement
- Best service recognition
- Integrated channels
- Leveraging Group capabilities
- Data driven customer insights
- Automation of work flow
- Optimised channel investment

Vision:

- 'Helping Kiwis achieve more'

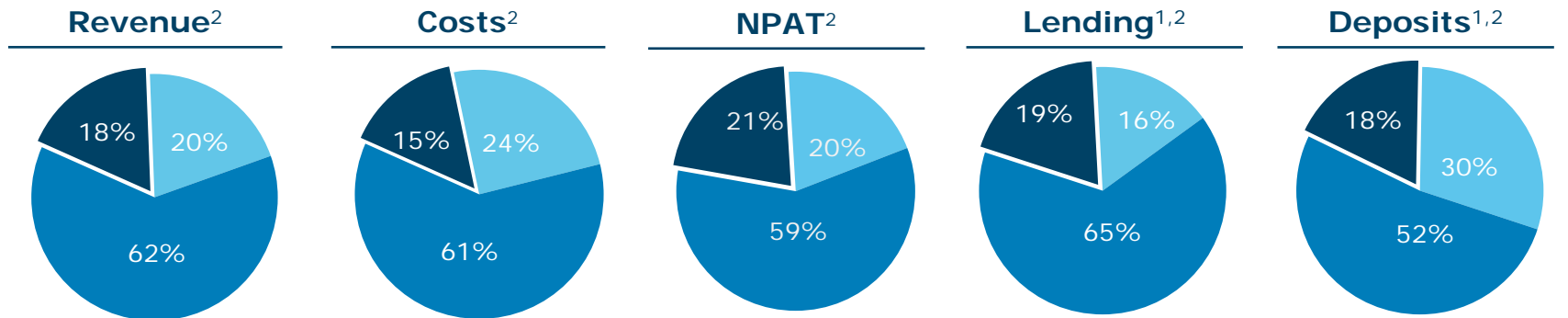
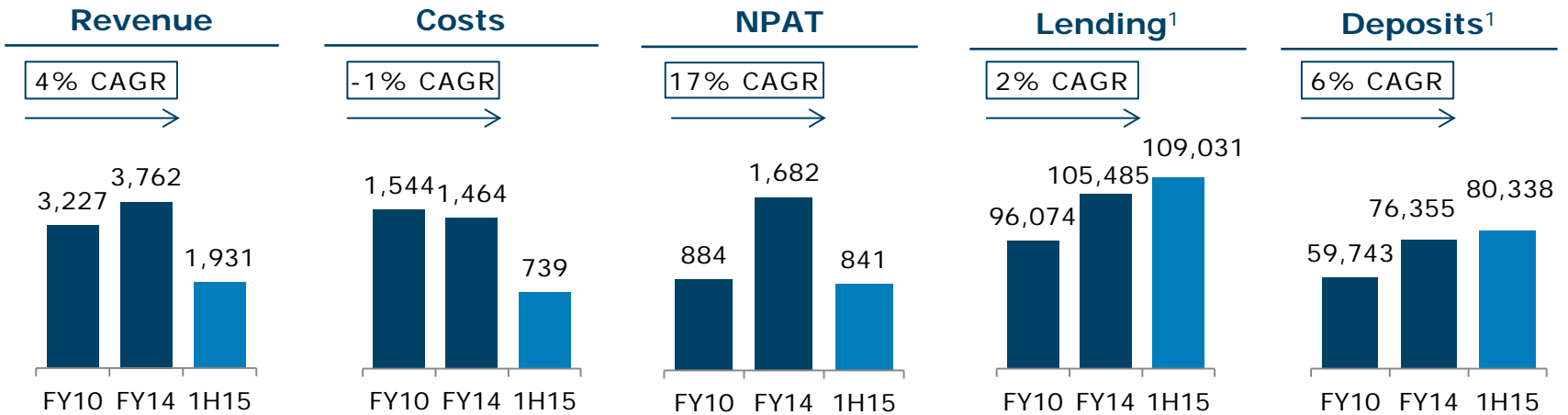
Goal:

- #1 Service
- #1 Market Share
- Growing
- Visible in the community

OUR BUSINESS

New Zealand's contribution to the ANZ Group

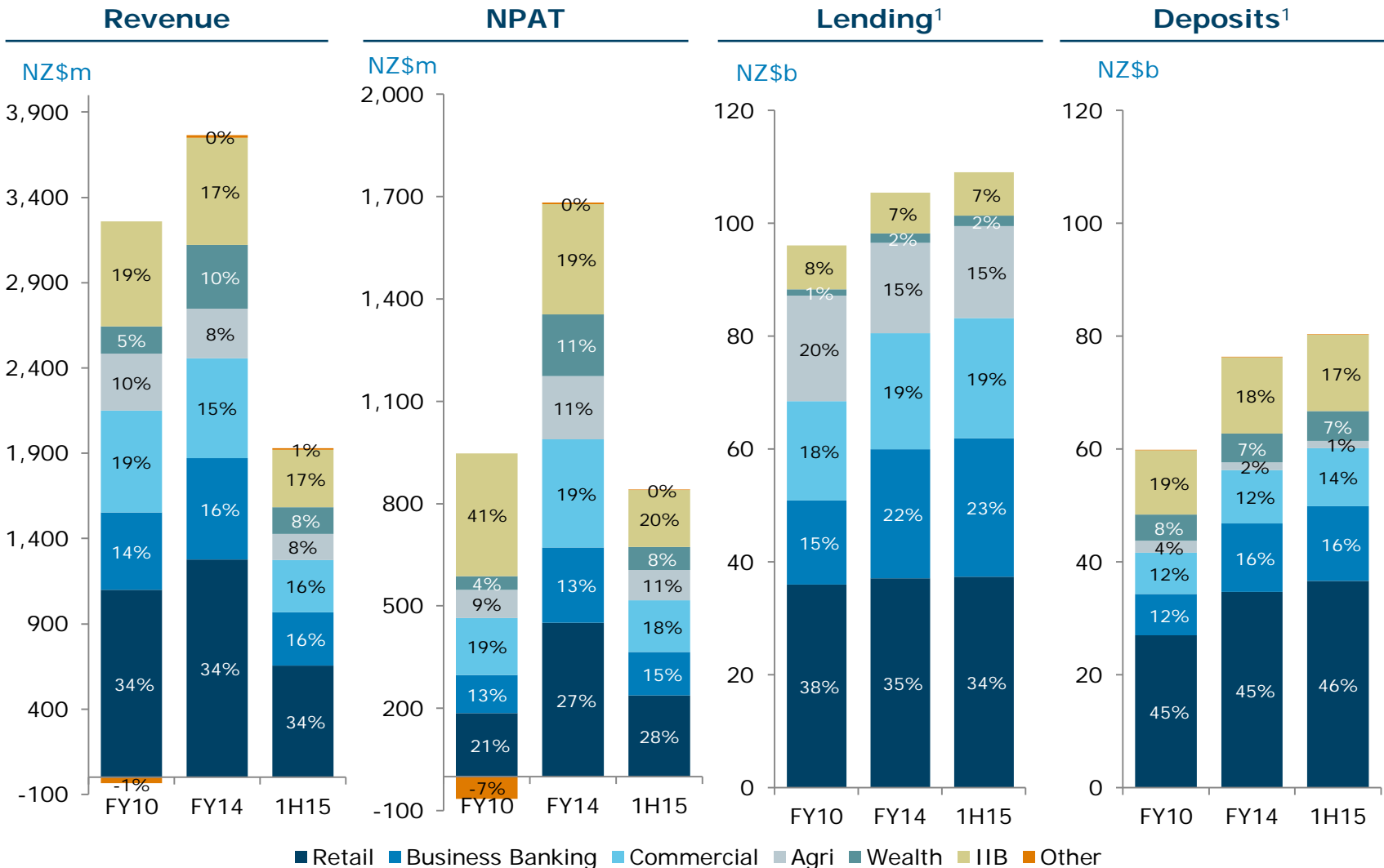
Financial progress since strategy launched in 2010 (NZ\$m):



■ New Zealand ■ APEA ■ Australia

1. Lending: Net Loans & Advances, Deposits: Customer Deposits
 2. Based on geographic disclosures at 31 March 2015. FY10 pro forma profit per results announcement (assumes 100% ownership of ING for the full year). Subsequent periods cash profit per results announcements.

New Zealand's contribution by business



1. Lending: Net Loans & Advances, Deposits: Customer Deposits

Note: FY10 pro forma profit per results announcement (assumes 100% ownership of ING for the full year). Subsequent periods cash profit per results announcements.

Summary

Clear strategy

- Developed a clear strategy: creating & leveraging scale to drive growth and return
- Transformed the business from 2 subscale very differently positioned businesses to clear #1 market position
- #1 brand strength across the major banks translating to positive financial outcomes

Delivering to strategy

- Establishing simple products and processes
- Operating as one business, easier for customers
- Attracting, developing and retaining world class service and sales teams
- Improving data analytics for better customer interactions
- Developing digital and payments capability

Goal to be New Zealand's best bank

- #1 Service
- #1 Market Share