



Banking Products

Australia and New Zealand Banking Group Limited

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Managing Director Banking Products

Banking Products Overview

Responsible for the development, pricing, marketing and distribution of ANZ's consumer transaction, saving and investment deposit products

Banking Products is composed of:

Transaction Banking

- Access
- Deeming
- Visa Debit
- Passbook
- Overdrafts

Savings & Investments

- Progress Saver
- V2 Plus
- Cash Management Accounts
- Term Deposits
- Esanda Debentures

Distribution

Managed by working with:

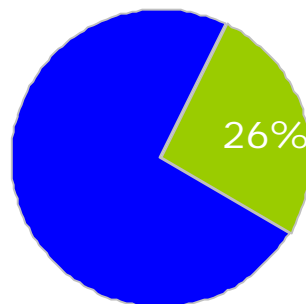
- Personal Division - Retail, Rural & Regional, Small Business and I&I
- Other ANZ- Business & Private Bank, Esanda
- Third Parties – E*Trade, intermediaries, migrant/foreign student originators

Customer Servicing

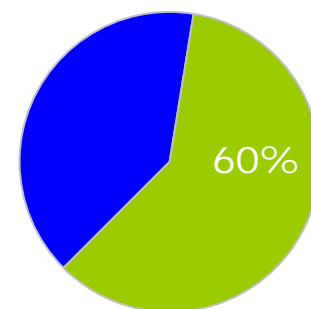
Managed by working with:

- Branches
- Relationship Managers
- Call centre
- TPC (inc. Bangalore)
- Small business ops

Contribution to Personal Division NPAT (1H07)



% Personal Division active accounts



Banking Products (as at July 2007)

Consumer Deposits	\$42b
Number of Accounts	4m
Market Share APRA+Morningstar	12.5%
Main bank share Roy Morgan	12.2%

A strong formula for success...

Acquisition

+

Retention

+

Product

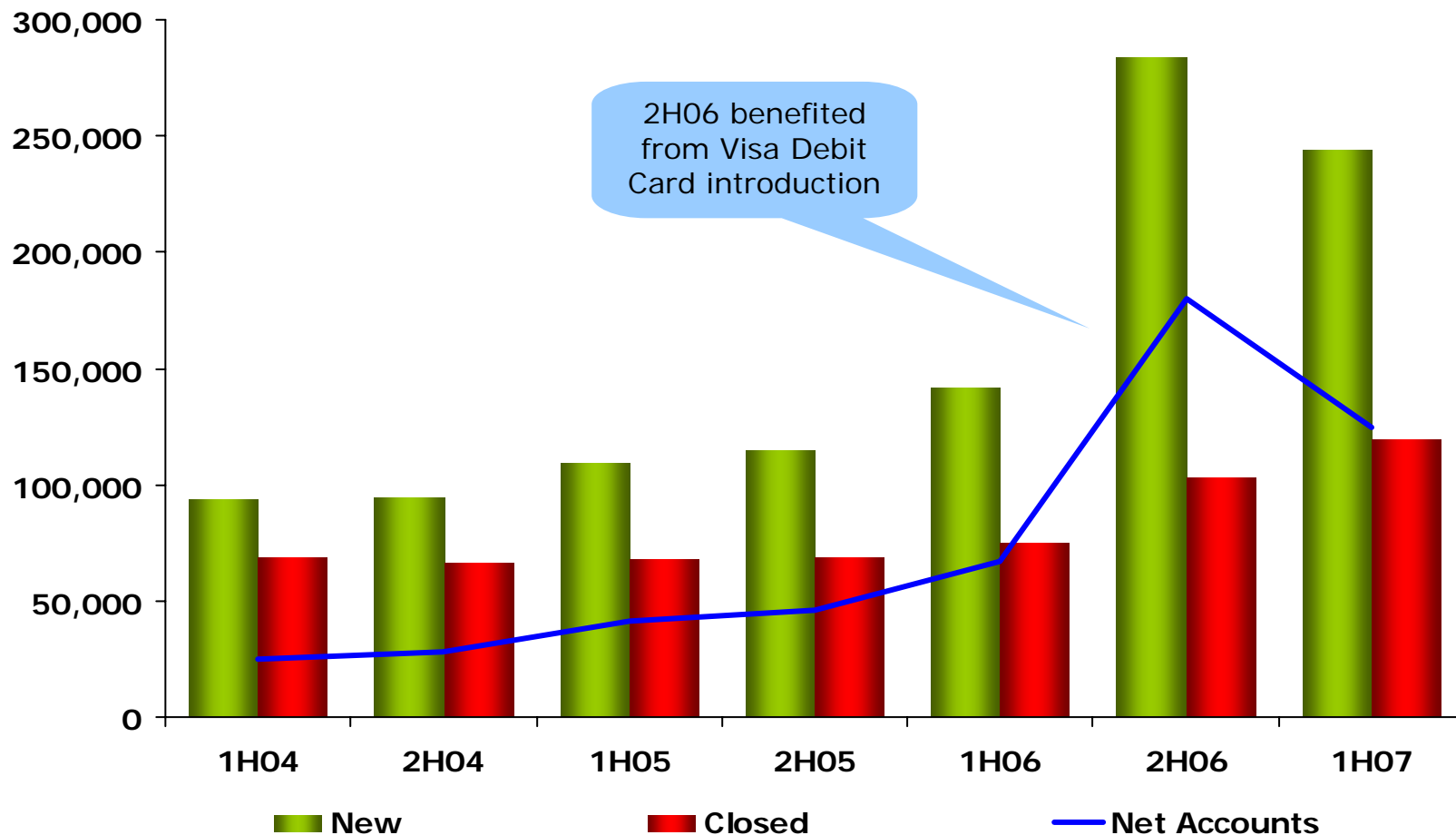
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Achieving goals

- Growing customer numbers and FUM to deliver above system FUM growth and increase market share
 - Strategies based on “convenience and simplicity”
 - Net acquisition through minimising loss of customers and FUM
 - Active retention strategy for all banking portfolios
Targeting funds to bring back on book
 - Maintaining a balanced portfolio
 - Focus on target market – product features and service ahead of price
- 2004 Goal**
- Increase customer, account and FUM market share by 2007 – **Achieved**
- 2007 Goal**
- Increase FUM market share to 14.0% by 2010

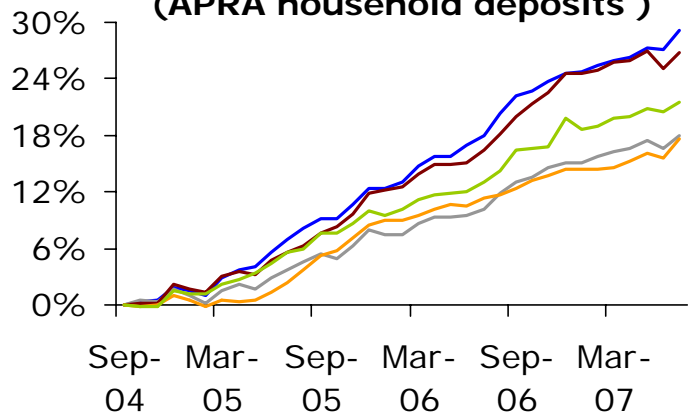
Acquisition and retention strategies have delivered strong account growth....

Banking Products transaction account numbers*



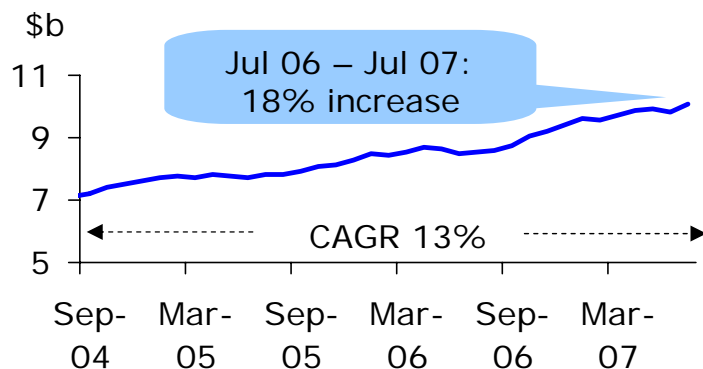
... and contributing to above system FUM growth and increasing Market share

Strongest growth of majors in household deposits (APRA household deposits)

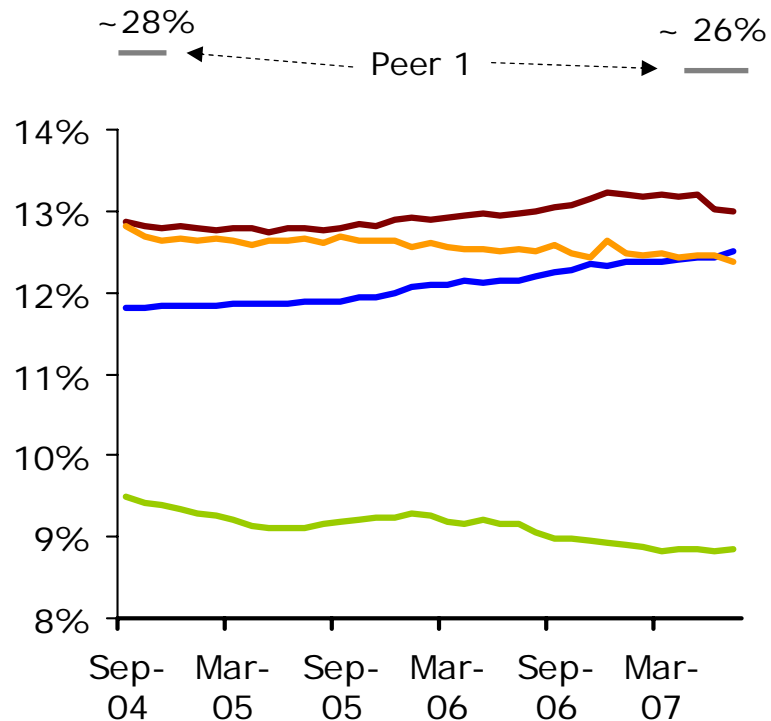


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Strong V2 plus growth (V2 plus FUM balance)



Strongest growth in market share of the majors

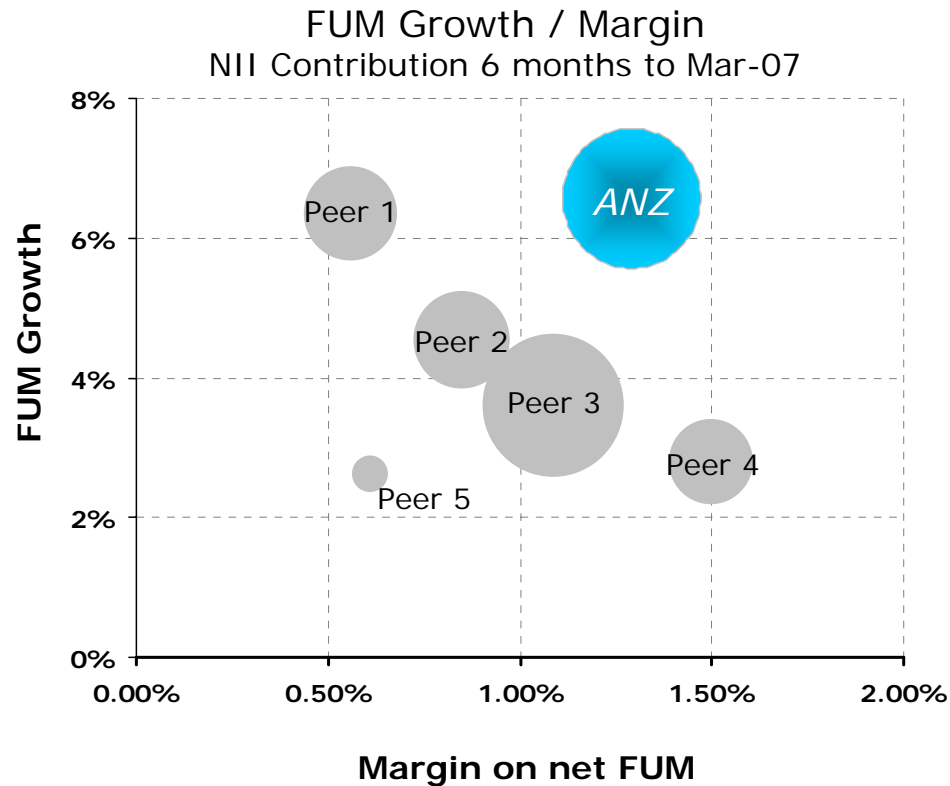


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- ANZ
- Peer 1
- Peer 2
- Peer 3
- Peer 4

Growing FUM at attractive margins

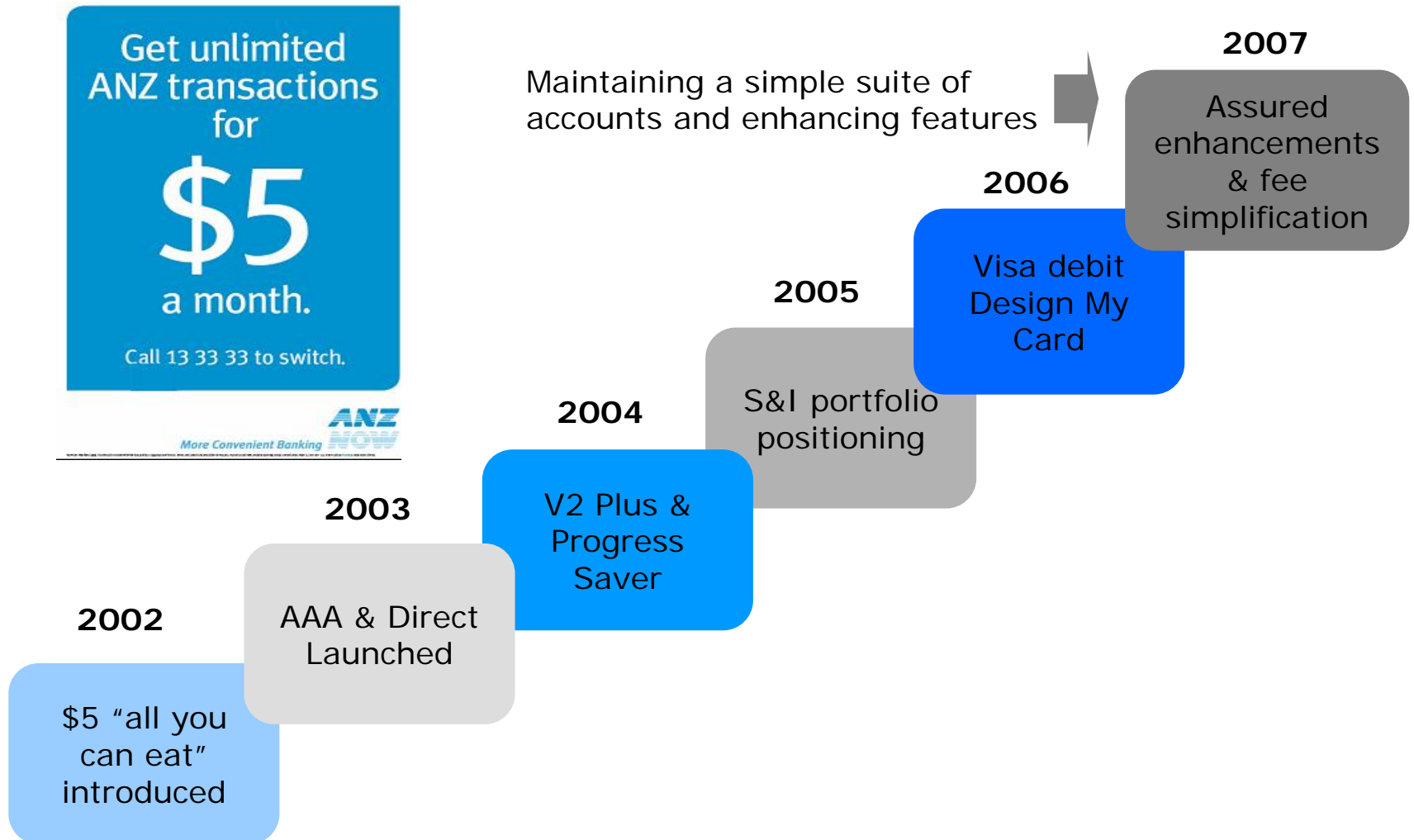
- Margin on new business is consistently superior to peers
- Premium on new business demonstrates reality of More Convenient Banking segment



■ Size indicates NII Contribution of new flows
(i.e. growth x margin)

Innovation is essential for successful acquisition

Waves of change have contributed to positive results for Banking Products



Retention strategies are focused on retaining customers and winning back FUM

Retention strategies in place to protect existing customers and FUM

Focused retention activity

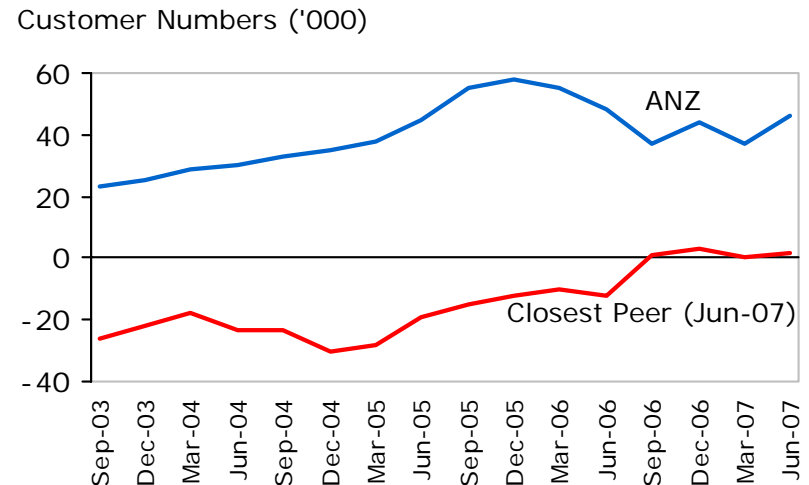
- Creation of dedicated Banking Products retention team
- Pilot of trigger-based, outbound retention calls
- On-going "win-back" campaign

Changes to address root causes of attrition

- Public adoption of fair fees policy
- Changes to fee processes

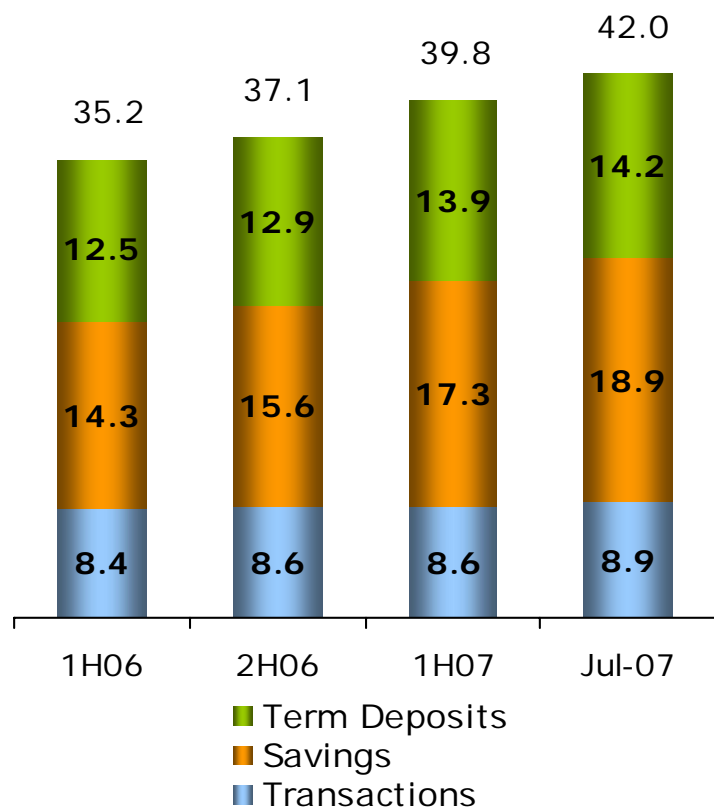
ANZ gains more customers from switching than it loses

Net gain/loss from main bank switchers*

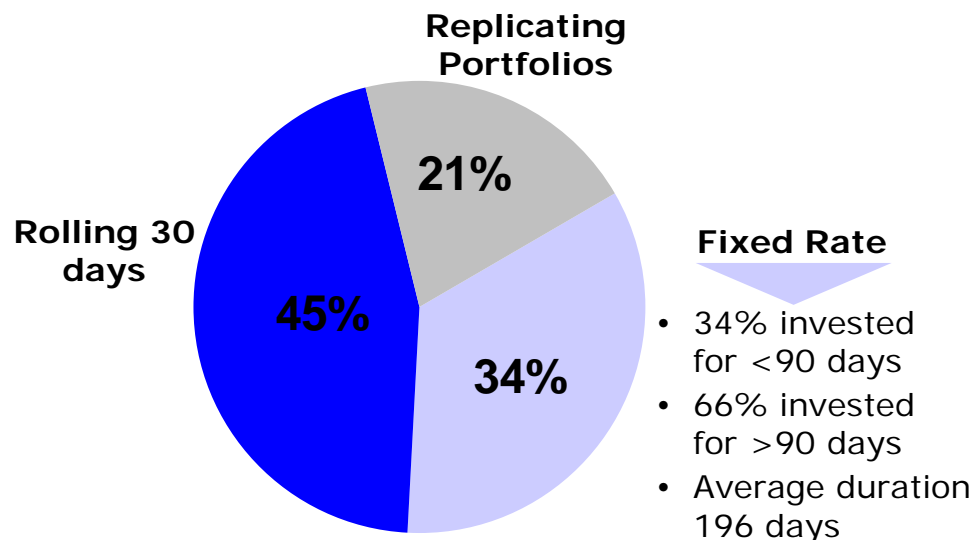


Product mix is well diversified and actively managed to minimise pricing volatility

FUM growth delivered across all product (A\$b)



Our well diversified portfolio assists with our margin management



Account types within funds transfer pricing mix

Mix	Accounts
Fixed Rate	Term Deposit
30 day rolling	Deeming, Cash Management, E*Trade CMA, Current A/C Bearing Int (CABI), V2 plus, Online saver
Replicating	Progress Saver, Passbook, Access A/C, Current A/C no Bearing Interest (CANBI)

Summary

- **Successful acquisition and retention strategies**
- **Growth in market share**
- **Profitable strategy – price not the key driver**
- **Maintaining a balanced product mix**



Goal

To continue to grow market share: 14.0% FUM market share by 2010