

# UBS FINANCIALS CONFERENCE 2014

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AUSTRALIA AND NEW ZEALAND  
BANKING GROUP LIMITED

25 June 2014

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MD Corporate & Commercial Bank,  
Australia

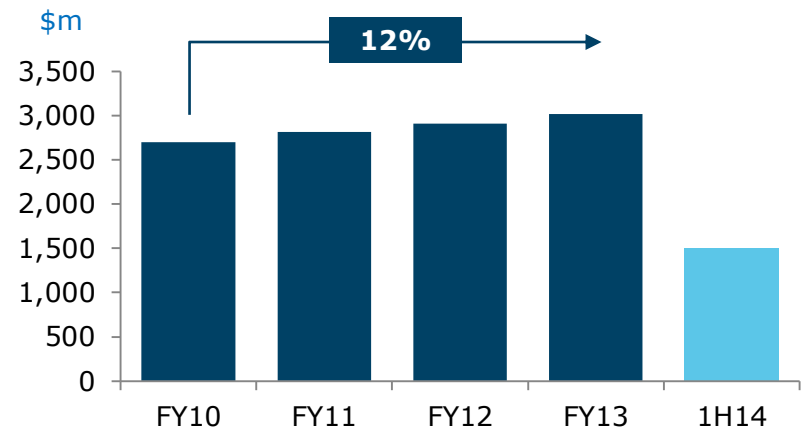


# ANZ Corporate & Commercial Banking Overview

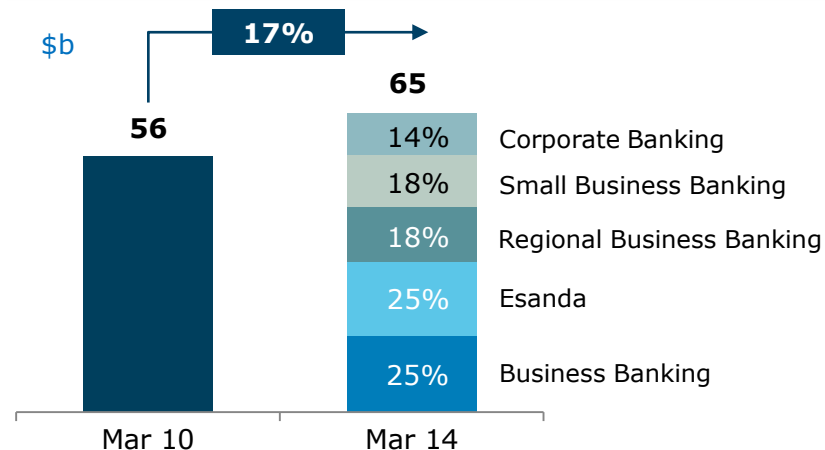
## Corporate & Commercial Bank businesses

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

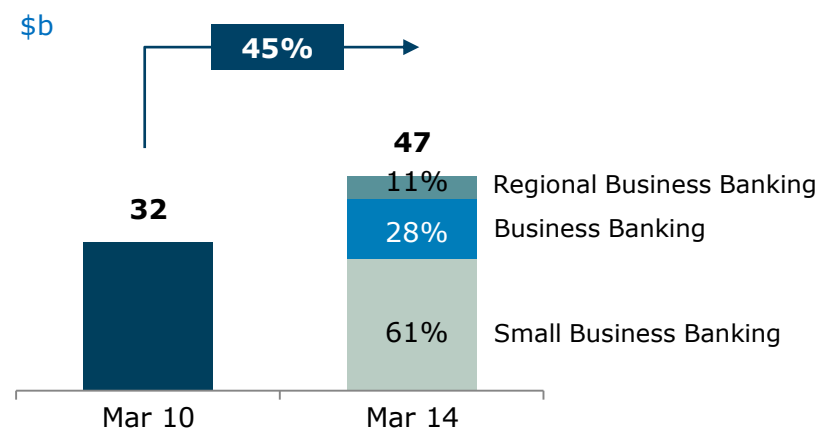
## Direct revenue



## Net loans and advances



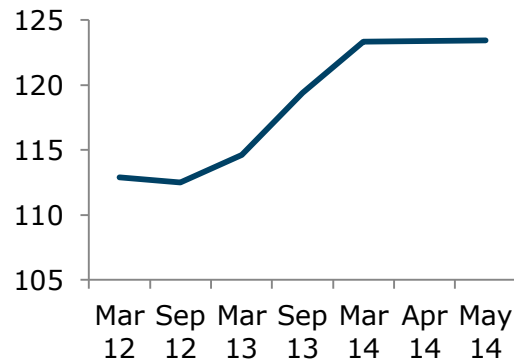
## Deposits



# The current environment is challenging with subdued lending conditions

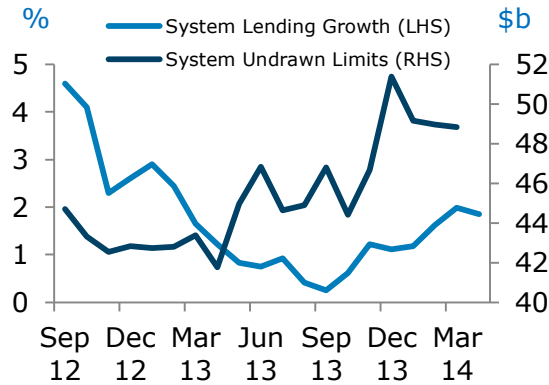
**Business confidence has improved recently...**

**Business Confidence<sup>1</sup>**  
Average



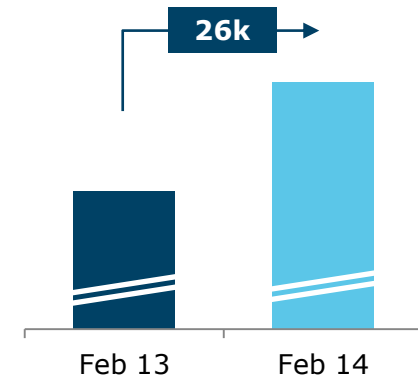
**... however this is yet to translate into demand for business credit.**

**System Lending Growth<sup>2</sup> & System Undrawn Limits<sup>3</sup>**



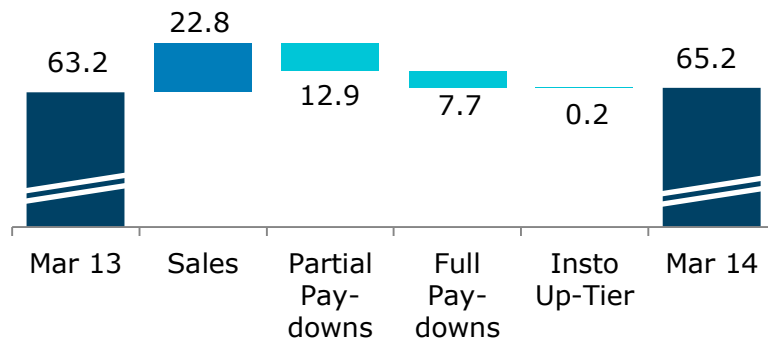
**Despite this we have increased our customer numbers...**

**# Customers**



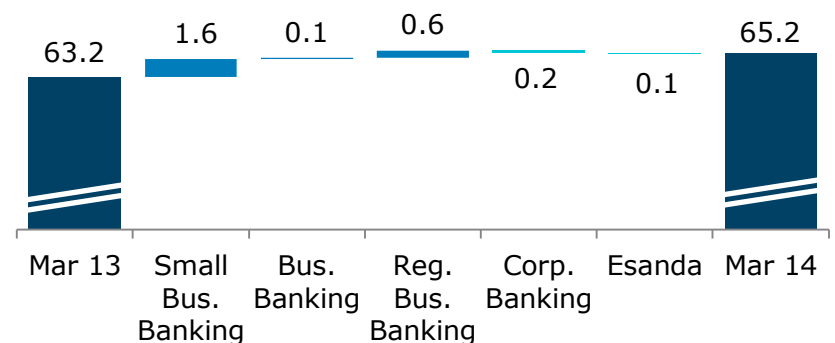
**... achieved strong sales in a challenging environment...**

**Net Loans and Advances**  
\$b



**... and grown in our target segments**

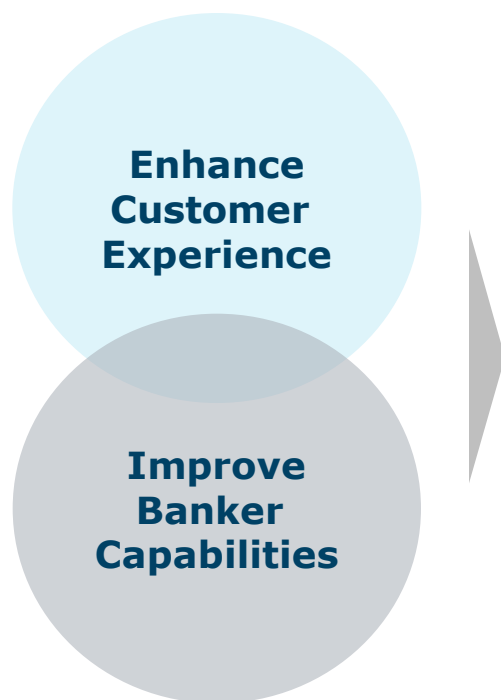
**Net Loans and Advances**  
\$b



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






# Our strategy will deliver a sustainable capability-led customer proposition that positions ANZ for growth

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- **Reshaping banker roles** to increase customer access and the amount of time bankers spend with customers
- **Developing our people's capabilities** and knowledge, with emphasis on embedding a more insights-based sales approach
- **Building on our lead in mobile and digital** to provide greater access to market leading products and further enable self-service
- **Simplifying our products and processes** to improve the customer experience and drive productivity
- **Leveraging ANZ's connectivity and footprint** to provide seamless access to super regional opportunities

# We have made significant progress executing this strategy through our Banking on Australia transformation agenda

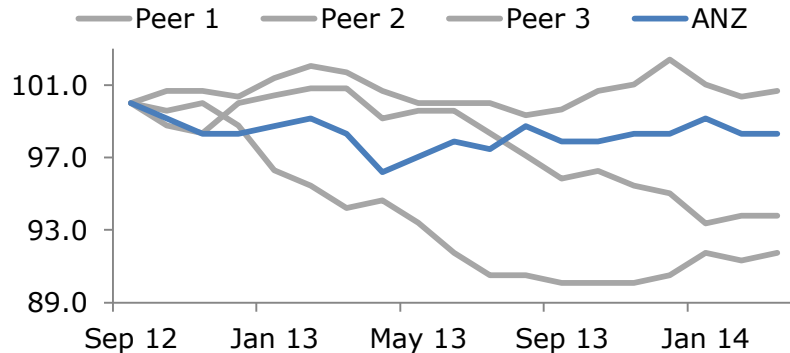
	<b>Reshaping banker roles</b>	<b>↑20%</b>	Increase in time frontline C&CB Banker's spend with customers <sup>1</sup>
		<b>24/7</b>	Servicing availability via Business Response Team (BRT) with 100k requests actioned <sup>2</sup>
	<b>Developing our people's capabilities</b>	<b>35k</b>	Training hours completed with specific focus on credit, sales and super regional
		<b>32%</b>	Frontline C&CB staff with experience in key Asian markets
	<b>Building on our lead in mobile and digital</b>	<b>↑43%</b>	ANZ FastPay™ transactions <sup>3</sup>
		<b>36k</b>	Digital C&CB A-Z Reviews <sup>2</sup> conducted via iPad
	<b>Simplifying our products and processes</b>	<b>17</b>	Products offered on OneSwitch <sup>4</sup>
		<b>↓13</b>	Products decommissioned
	<b>Leveraging ANZ's connectivity and footprint</b>	<b>↑120%</b>	Growth in Cross Border Referrals from Australia to Asia <sup>5</sup>
		<b>#1</b>	Can service my business needs in Australia, NZ & Asia <sup>6</sup>

Note: 1. Estimated time being freed up in the frontline by removing activities and streamlining processes, compared to October 2012 baseline; 2. Eight months to May 2014; 3. Represents compound monthly growth in the number of transactions processed on ANZ FastPay™ since launch in October 2012; 4. OneSwitch is a process that enables customers to open accounts with one signature and one form within one week; 5. Five months to February 2014 vs. PCP; 6. 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

# C&CB has delivered good outcomes while driving cross sell revenue and FUM growth

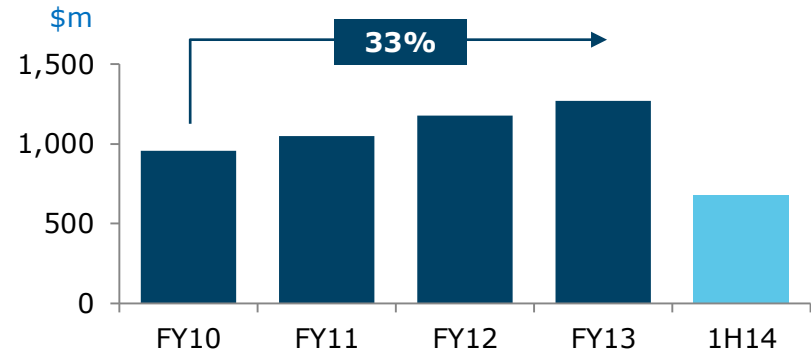
## Customer share<sup>1</sup>

*C&CB has maintained its customer share in a subdued environment*



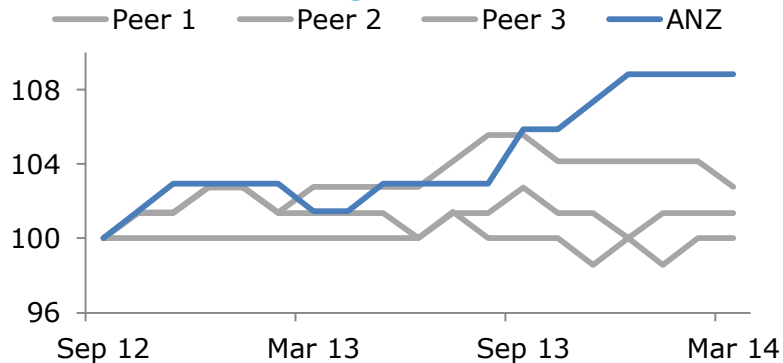
## Cross sell revenue<sup>3</sup>

*C&CB has delivered further value by focusing on customer's holistic needs*



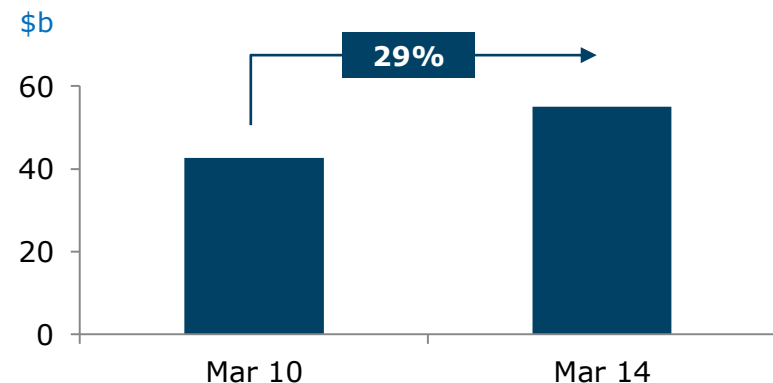
## Customer satisfaction<sup>2</sup>

*C&CB's customer value proposition has delivered a leading outcome*



## Cross sell FUM<sup>3</sup>

*C&CB manages the whole customer relationship*



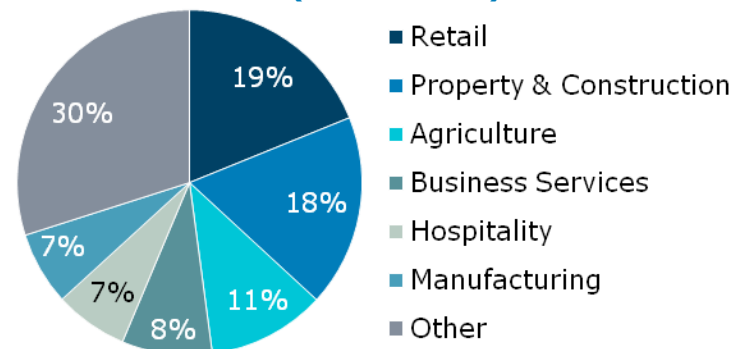
Note: 1. DBM Business Financial Services Monitor, rolling 12 month average. Results based on most businesses with annual turnover <\$100m with any business product. Indexed Customer Share ranked against other 'Big 4' banks, where September 2012 is designated as 100; 2. DBM Business Financial Services Monitor, rolling 6 month average. Customer Satisfaction based on MFI (main financial institution) customers. Results based on most businesses with annual turnover <\$100m. Indexed MFI Customer Satisfaction ranked against other 'Big 4' banks, where September 2012 is designated as 100 3. Cross Sell Revenues and FUM consists of Retail, Institutional and Wealth revenue/FUM generated by C&CB Bankers. Not all products (e.g. Merchants) may have associated FUM

# Early investment in Small Business is now paying dividends for C&CB

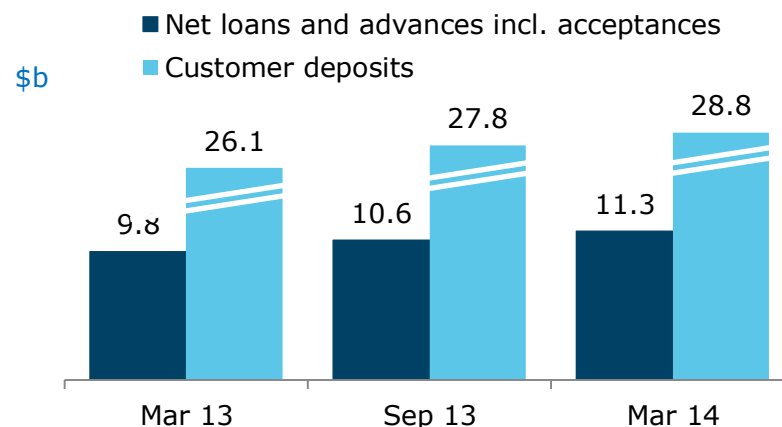
<b>\$1.2b</b>	Lent to new Australian small business as part of our \$2 billion pledge
<b>↑16%</b>	Small Business lending
<b>↑10%</b>	Small Business customer deposits
<b>✓</b>	SBB a key driver of cross sell
<b>↑7%</b>	Small Business deposit sales through the branch
<b>✓</b>	SBB a key source of liquidity – Funding ratio <sup>2</sup> (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: 1. All figures March 2014 vs March 2013, unless otherwise stated; 2. Funding ratio is the ratio of customer deposits to loans

# We continue to invest in high growth opportunities across our business to drive future outperformance

## Small Business

**Continued investment in this attractive, higher growth segment**

- Strong levels of lending and deposit growth
- Higher return with significant ANZ wide 'whole of wallet' opportunities

## New South Wales

**Investing to build further scale in a large and growing market**

- Largest Australian state by Gross State Product<sup>1</sup>
- Historically under-penetrated, relative to other States

## Emerging Corporate

**Enhancing our offering in this key market segment**

- Significant cross-over segment between Business Banking and Corporate
- Leverages existing strength in Corporate and pre-eminent Institutional product capabilities

## Priority Industries

**Building capability across higher growth industries**

- Increases exposure to higher growth industries (e.g., Health & Professionals)
- Builds on specialist knowledge and insights capability

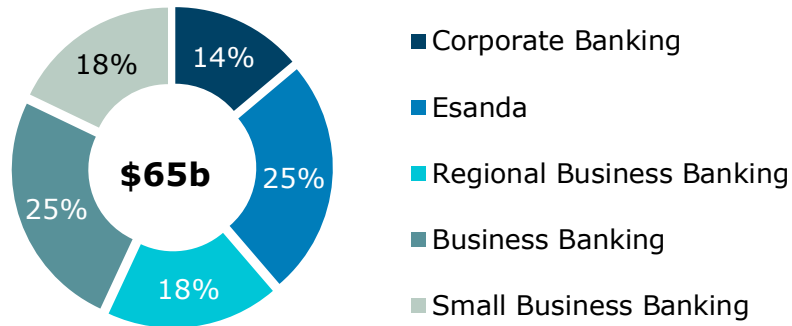
Note: 1. ABS 5220.0 - Australian National Accounts: State Accounts, 2012-13, Gross State product (GSP) at June 2013; NSW GSP makes up 31% of the National GSP



# C&CB oversees a diversified and well managed portfolio with improving loan quality

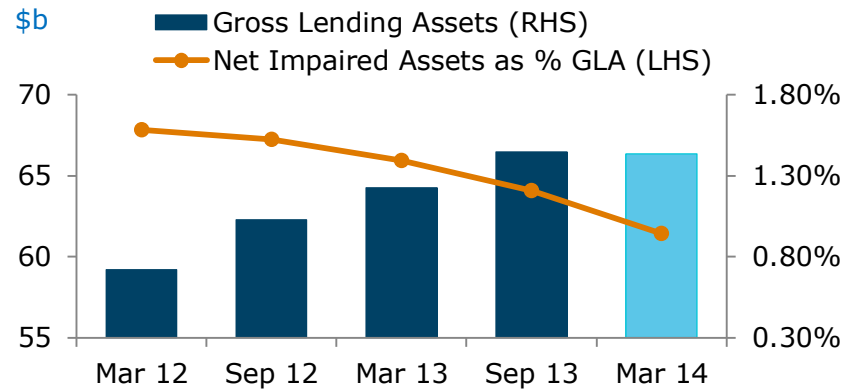
## Diversified by business mix

Net Lending Assets (\$b, %)



## Improved portfolio performance

Net Impaired Assets and Gross Lending Assets



## Continued improvement in loan quality

Customer Credit Rating (CCR)<sup>1</sup>



## Prudent risk controls

- Loan sizes of <\$1m approved via proven automated credit scoring technology
- Prudent lending limits set for sole sign-off
- Sole sign-off subject to hindsight review
- Dual sign-off required, for higher value or non-standard lending
- Quality Assurance testing on completed files

Note: 1. New to Bank Customers identified as new lending customers in the 6 months prior, Customer Credit Rating (CCR) based on customer limits in C&CB excluding Esanda

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