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# Investment & Insurance Services

Peter Polson, Group Executive

15 May 2002



# Disclaimer

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The material that follows is a presentation of general background information about the Bank's activities current at the date of the presentations, 14 and 15 May 2002. 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.



# Speaker's Notes

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- Speaker's notes for these presentations are attached below each slide.
- To access them, you may need to save the slides in PowerPoint and view/print in "notes view."

# Agenda

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- Business overview
- Structure
- Business model principles
- Overview and key strategies
  - Investment Products
  - Insurance
  - Financial Planning & Advice Services

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# Business Overview



# Business Overview

Business	Activity	Country
<p><b>Investment Products</b></p> <ul style="list-style-type: none"> <li>• Colonial First State Australia</li> <li>• Colonial First State Property</li> <li>• First State Asia</li> <li>• First State UK</li> </ul> <p><b>Insurance</b></p> <ul style="list-style-type: none"> <li>• Commlnsure</li> </ul> <p><b>Financial Planning &amp; Advice</b></p> <ul style="list-style-type: none"> <li>• Financial Wisdom</li> <li>• Commonwealth Financial Solutions</li> <li>• Bank Branch Network</li> </ul>	<ul style="list-style-type: none"> <li>• Asset management &amp; Masterfunds</li> <li>• Direct property asset management</li> <li>• Asset management</li> <li>• Asset management</li> </ul> <ul style="list-style-type: none"> <li>• General &amp; life insurance</li> </ul> <ul style="list-style-type: none"> <li>• Third party distribution</li> <li>• Third party distribution</li> <li>• Distribution of investment/insurance products</li> </ul>	<p>Australia/NZ</p> <p>Australia/NZ</p> <p>Asia</p> <p>UK, Europe, USA</p> <p>Australia</p> <p>Australia</p> <p>Australia</p> <p>Australia</p>

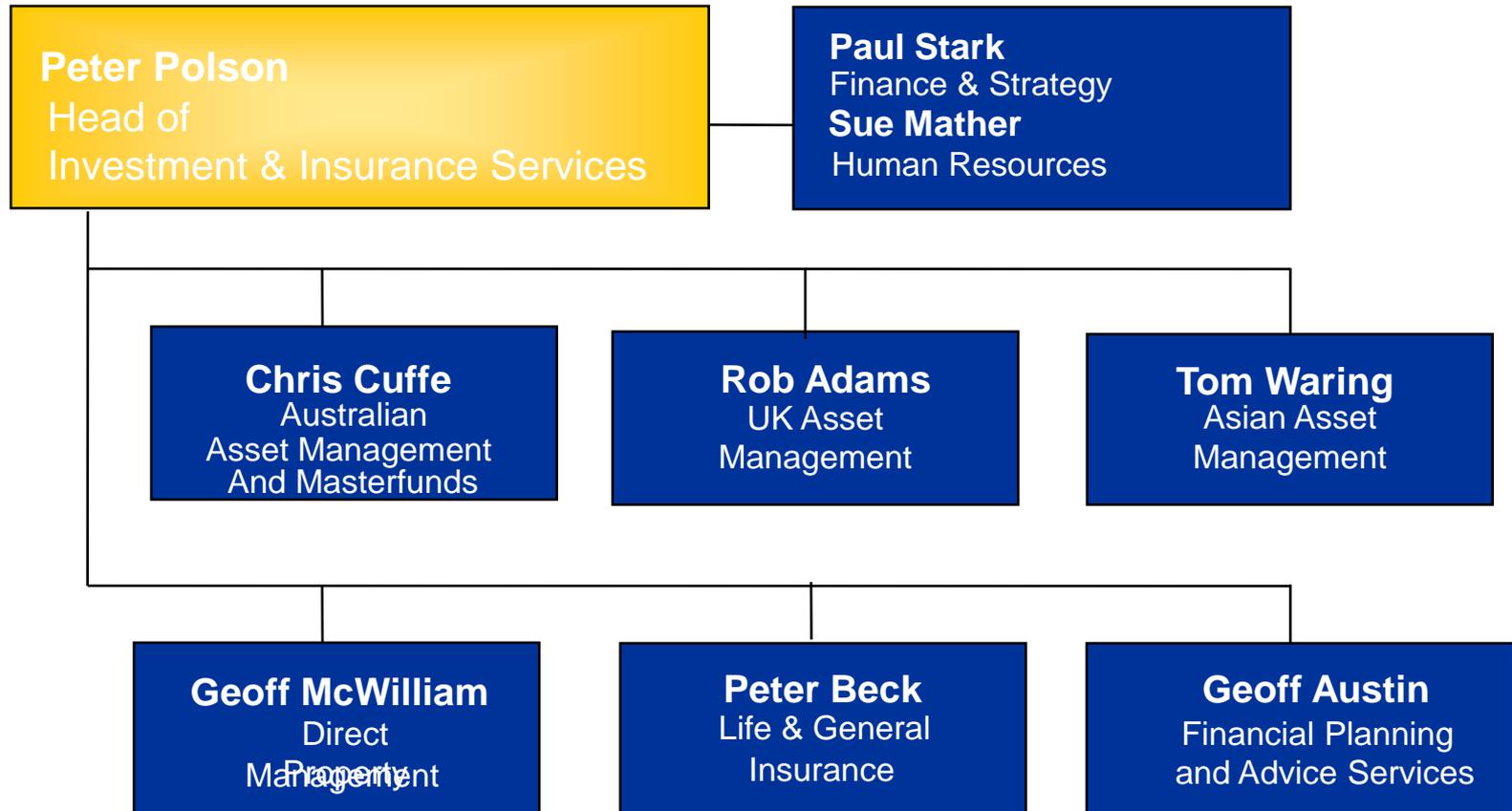


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# Structure



# Structure



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# Business Model Principles



# Business model principles

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Three key planks: **INNOVATION, FLEXIBILITY & EXECUTION**

- Manufacture leading investment & insurance products
- Service experience is a key differentiator of the business
- Ability to deliver *innovative* products and service
- *Flexibility* in processes and structure
- Work environment designed to attract and retain high calibre staff
- Continuous benchmarking to strive for best practice outcomes - *execution* for the customer and risk adjusted returns for the shareholder

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# Overview & Key Strategies: Investment Products



# Investment products - Overview



# Investment Products - Key Strategies

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- Launch and grow the new masterfund offering
- Complete integration of Colonial First State (CFS) and Commonwealth Investment Management (CIM)
- Migrate all Bank and Colonial investment products and customers to CFS platform (major rationalisation)
- Expand and consolidate property products
- International focus
  - expand product manufacturing capability
  - grow organically
  - distribution alliances to expand reach



# Investment Products - Key Strategies

## Master Fund Offering

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- Multi-manager retail investment solution branded “FirstChoice” launched on 13 May 2002
- The product offers investors the following key benefits:
  - Various investment options from quality asset managers
  - One simple competitive fee
  - Excellence in service and administration
  - Options for general investments, personal superannuation and allocated pensions.
- Will be sold through both Bank internal distribution channels and IFAs.



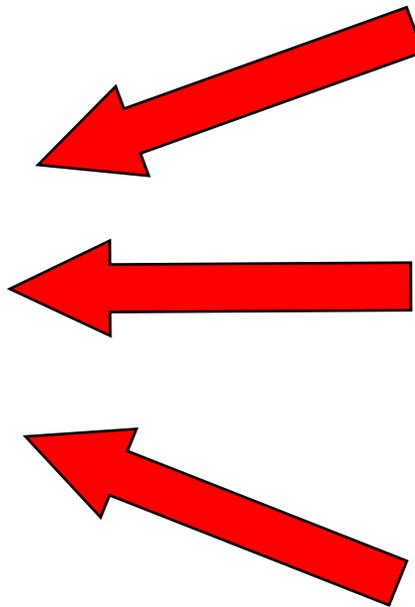
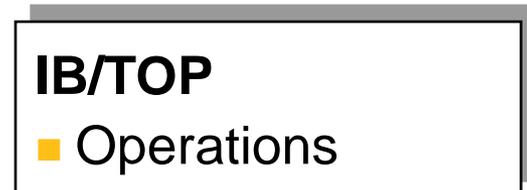
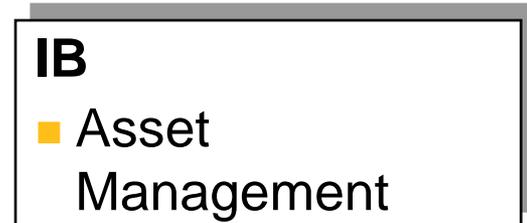
# Investment Products - Key Strategies

Integration Strategy - Asset management in Australia

## Colonial First State



## Commonwealth Investment Management



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# Overview & Key Strategies: Insurance



# Insurance - Overview

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- Current market position:
  - Offer products across general insurance, life insurance (ie death & disability, trauma, income protection, group risk) and annuities
  - Life business is currently No.2 as measured by inforce premiums with market share of 14%
  - General insurance business currently has 5% market share in Home & Contents
  - Number 1 in the individual lump sum market
  - Products offered through multiple distribution channels



# Insurance - Key Strategies

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- Insurance environment has been restructured to increase focus. Key actions going forward are:
  - separate the insurance and investment businesses
  - product rationalisation (currently 2,000+ products)
  - migrate to modern systems architecture
  - actively promote the Commlnsure brand
  - customer service and pricing improvements
  - improve sales through both internal distribution channels and IFAs
  - strong focus on capital management

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# Overview & Key Strategies: Financial Planning & Advice Services



# Financial Planning & Advice Services

## - Overview

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# FPAS - Key Strategies

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- Review Positioning of non-proprietary dealerships
- Confirm business model for proprietary dealerships
  - extent of Group manufactured product sold
  - role of technology (Avanteos)
  - appropriate performance metrics
- Assess Operating model interfacing with bank distribution



# Conclusion

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The structure of the IIS Group reflects a strategy of growing value by being the manufacturer and distributor of high quality wealth management products

## Revenue Generation Strategies

- **Launch and grow a new, modern Masterfund offering**
- **Expand international asset management capability**
- **Build strong links between manufacturing and distribution businesses**
- **Improve service and pricing for insurance business**

## Efficiency-Based Strategies

- **Remove investment product overlap to offer an integrated product suite**
- **Migrate to a single back office platform**
- **Eliminate duplicated functions**



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