Asian Strategy Overview
Australia and New Zealand Banking Group Limited
5 March 2006

Dr Bob Edgar
Senior Managing Director

www. anz.com
ANZ is Australia's leading bank in Asia, operating in 12 countries since 1948

ANZ Network Representation

China 1948

South Korea 1978

Indonesia 1973

Philippines 1990

Vietnam 1993

Japan 1969

Taiwan 1993

Thailand 1985

Cambodia 2004

Singapore 1974

Malaysia 1971

India 1984
Fast growing Asian economies are becoming increasingly important to Australia

2005 Forecast Real GDP Growth

<table>
<thead>
<tr>
<th>Country</th>
<th>Growth</th>
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</thead>
<tbody>
<tr>
<td>China</td>
<td>9.3%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>7.8%</td>
</tr>
<tr>
<td>India</td>
<td>7.1%</td>
</tr>
<tr>
<td>Indon.</td>
<td>5.7%</td>
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<tr>
<td>Philippines</td>
<td>5.1%</td>
</tr>
<tr>
<td>Aust</td>
<td>2.9%</td>
</tr>
<tr>
<td>NZ</td>
<td>2.7%</td>
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</tbody>
</table>

Over 50% of Australia’s total trade is with Asia...and growing

Growing tourism reflective of increased people flows

Note: Korea refers to South Korea
**ANZ’s Asian strategy comprises two components**

### ANZ Network

- Meeting core Corporate & Institutional banking requirements of
  - Customers in Aust & NZ into Asia
  - Asian customers into Aust. & NZ
  - Customers intra Asian trade
- Strong focus on trade finance
- Leveraging specialist Institutional skills in Asia
  - Corporate & Structured Finance
  - Project Finance

### Retail Partnerships

- Opportunities for ANZ to add value i.e. retail banking and risk management capabilities
- Focus largely on markets where
  - higher economic growth rates than Aust/NZ
  - underbanked and immature
- Seeking partners with good footprints in their markets
Three large growth opportunities exist in Asia

**Growth Opportunity**

**Structural Change**
- China as the manufacturing centre
  - 24% of global trade, regional trade US$1trillion¹

**Intensive infrastructure investment**
- US$1trillion in new infrastructure investment

**Rapid growth in saving and spending**
- US$1.7trillion in new deposits by 2009

**Banking Products**
- Trade
- Foreign Exchange
- Project finance
- Advisory
- Credit Cards
- Retail banking

**Customer Segments**

Asia Network

Partnerships

¹ Source: World Trade Organisation (WTO)
Asia is a natural market for Australian banks, and offers ANZ a unique long term growth option.

- **2006-2007**: Australian business has substantial momentum.
- **2007-2010**: New Zealand contributing strongly, including NBNZ.
- **2010+**: Asia’s contribution substantial.
Contents

1. Historic context
   • We have a fundamentally different business and approach to the future than the late 90’s

2. Sizing the business
   • We have a substantial and long-established business with broad geographical coverage and product depth.
   • The business is focussed. Where we choose to compete is grounded strongly in a series of sustainable competitive advantages

3. Growth
   • What will it look like?
We have a fundamentally different business today than we had in the late 90’s

**Non-accrual Loans significantly reduced**

<table>
<thead>
<tr>
<th>Year</th>
<th>$m</th>
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<tbody>
<tr>
<td>1999</td>
<td>400</td>
</tr>
<tr>
<td>2000</td>
<td>500</td>
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<tr>
<td>2001</td>
<td>300</td>
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<td>2002</td>
<td>200</td>
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<tr>
<td>2003</td>
<td>100</td>
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<tr>
<td>2004</td>
<td>50</td>
</tr>
<tr>
<td>2005</td>
<td>20</td>
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</table>

**Growing exposure in Trade business**

<table>
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<tr>
<th>Year</th>
<th>$b</th>
</tr>
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<tbody>
<tr>
<td>2001</td>
<td>2.5</td>
</tr>
<tr>
<td>2002</td>
<td>3.0</td>
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<tr>
<td>2003</td>
<td>3.5</td>
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<tr>
<td>2004</td>
<td>4.0</td>
</tr>
<tr>
<td>2005</td>
<td>4.5</td>
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**Cross Border Risk dominated by Trade & Banks**

- Trade Finance: 57%
- Markets: 16%
- Direct Lending: 8%
- Treasury: 7%
- Project Finance: 5%
- Others: 7%

**Total by Product Type**: 100%

**Moderate growth in Gross Lending Assets**

<table>
<thead>
<tr>
<th>Year</th>
<th>$b</th>
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<tbody>
<tr>
<td>1999</td>
<td>2.0</td>
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<tr>
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<td>2004</td>
<td>4.5</td>
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<tr>
<td>2005</td>
<td>5.0</td>
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**Total by Customer Type**: 100%

- Corporate risk: 39%
- Bank risk: 61%
**We have a substantial business...**

<table>
<thead>
<tr>
<th>ANZ CHINA</th>
<th>ANZ KOREA</th>
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<tbody>
<tr>
<td>Established 1986 with branches in Beijing &amp; Shanghai and new representative office in Guangzhou</td>
<td>Established 1978 with branch in Seoul</td>
</tr>
<tr>
<td>Only Australasian bank offering full range of banking services</td>
<td>20 staff</td>
</tr>
<tr>
<td></td>
<td>Principally trade finance services to support ANZ’s international customers</td>
</tr>
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<table>
<thead>
<tr>
<th>ANZ HONG KONG SAR</th>
<th>ANZ JAPAN</th>
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<tbody>
<tr>
<td>Established 1970; 30 staff</td>
<td>Commenced 1969 with branches in Tokyo &amp; Osaka; 56 staff</td>
</tr>
<tr>
<td>Leading Australian/NZ bank</td>
<td>The first, and still the only Australasian based bank with a branch in Osaka</td>
</tr>
<tr>
<td>Supporting of trade flows between Australia/NZ &amp; Hong Kong</td>
<td></td>
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<table>
<thead>
<tr>
<th>ANZ VIETNAM</th>
<th>ANZ TAIWAN</th>
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<tbody>
<tr>
<td>Commenced 1973 with branches in Hanoi, Ho Chi Minh City &amp; representative office in Can Tho</td>
<td>Established 1980 with branch in Taipei</td>
</tr>
<tr>
<td>120 staff</td>
<td>40 staff</td>
</tr>
<tr>
<td>Leading foreign bank &amp; electronic banking provider</td>
<td>Wide variety of individual, corporate and commercial, trade finance and foreign exchange services</td>
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<table>
<thead>
<tr>
<th>ANZ INDIA</th>
<th>ANZ PHILIPPINES</th>
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<tbody>
<tr>
<td>Established 1984; 5 staff</td>
<td>Established 1990; 41 staff</td>
</tr>
<tr>
<td>Small presence in Mumbai since sale of Grindlays</td>
<td>Full service commercial bank specialising in corporate banking, trade finance, international remittances and treasury</td>
</tr>
<tr>
<td>Non-bank financial company</td>
<td></td>
</tr>
<tr>
<td>Trade finance &amp; corporate banking</td>
<td></td>
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<table>
<thead>
<tr>
<th>ANZ MALAYSIA &amp; THAILAND</th>
<th>ANZ PHILIPPINES</th>
</tr>
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<tbody>
<tr>
<td>Representative offices in Kuala Lumpur &amp; Bangkok with total of 5 staff</td>
<td>Established 1990; 41 staff</td>
</tr>
<tr>
<td>Network support for companies doing trade business in Malaysia &amp; Thailand</td>
<td>Full service commercial bank specialising in corporate banking, trade finance, international remittances and treasury</td>
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<table>
<thead>
<tr>
<th>ANZ SINGAPORE</th>
<th>ANZ PHILIPPINES</th>
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<tbody>
<tr>
<td>Regional headquarters for Asia</td>
<td>Established 1990; 41 staff</td>
</tr>
<tr>
<td>Established 1974 &amp; currently holding a wholesale banking licence</td>
<td>Full service commercial bank specialising in corporate banking, trade finance, international remittances and treasury</td>
</tr>
<tr>
<td>130 staff</td>
<td></td>
</tr>
<tr>
<td>Regional hub for all lines of business across Asia - specialising in structured finance &amp; advisory services and structured trade finance</td>
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<table>
<thead>
<tr>
<th>ANZ PHILIPPINES</th>
<th>ANZ INDONESIA</th>
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</thead>
<tbody>
<tr>
<td>Established 1990; 41 staff</td>
<td>Established 1973 through 85%-owned subsidiary PT ANZ Panin</td>
</tr>
<tr>
<td>Full service commercial bank specialising in corporate banking, trade finance, international remittances and treasury</td>
<td>70 staff in the Network business</td>
</tr>
<tr>
<td></td>
<td>Focus on trade finance, global MNCs and personal banking</td>
</tr>
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</table>
With substantial relationship and product breadth

**Client Relationship Group**
- >2000 customer groups
- 40% of our top 50 Asian clients’ revenues are booked outside of Asia

**Corp & Structured Financing**
- Team of 30 based in Singapore & Hong Kong.
- Multi award winning business

**Trade & Transaction Services**
- ANZ accounts for 30% of the corporate segments of the primary Australian trade finance relationships\(^1\)
- Best Trade Finance Provider East Asia 2004

**Personal & Private Banking**
- 40,000 customers
- $3.5 billion in deposits
- Full range of product capability

**Markets**
- 50 staff over nine countries dealing in full range of products
- Voted Best FX House for AUD/NZD in Japan for 13 years from 1993 to 2005\(^2\)
## Three sources of competitive strength we can leverage

<table>
<thead>
<tr>
<th>Sources of Advantage</th>
<th>Recent Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Geography</strong></td>
<td></td>
</tr>
</tbody>
</table>
| - Link to Australia/NZ/ Pacific | - Australia/NZ link:  
  - San Miguel’s bridge loan to assist in acquisition of National Foods of New Zealand  
  - GIC Realty’s purchase of Chifley Tower, Sydney |
| - Regional network coverage | - Regional network:  
  - Walsin Lihwa’s plant expansion in China through its subsidiary, Hannstar Board, where ANZ participated in its syndicated loan |
| **Local market depth** |                 |
| **Skills**            |                 |
| - Core products       | - Trade:  
  - Structured trade facilities for a number of clients taking into consideration unique features of their operations, cashflows & industries that they operate in. |
| - Structuring         | - Project Finance:  
  - A number of projects in the region including Nam Theun 2, Miaoli Windfarm & Pusan Newport. |
| **Sector/industry expertise** |                 |
| **Skills/Expertise**  |                 |
| **Customer relationships** | - Customers:  
  - Hutchison Whampoa  
  - City Developments, Capitaland |
| **Relationships**     |                 |
| **Government/agency relationships** | - Government:  
  - South Korean & Japanese Export Credit Agencies (KEIC, KEXIM, JBIC, JEXIM & NEXI) |
Our competitive advantage geographically, eg Vietnam

- **Best Foreign Bank in Vietnam 2003 & 2004:** Finance Asia
- **Best Retail Bank in Vietnam 2003 & 2004:** The Asian Banker
- **The Most Favourite Bank in Vietnam 2002-2004:** Vietnam Economic Times

### Country Facts

- **Population:** 83,535,576
- **GDP Growth Rate:** 7.7%
- **Unemployment Rate:** 1.9%
- **Exports:** Crude oil, marine products, rice, coffee, rubber, tea, garments, shoes
- **Imports:** Machinery & equipment, petroleum products, fertilizer, steel products, raw cotton, grain, cement, motorcycles

### ANZ in Vietnam

- **Presence:** Hanoi, Ho Chi Minh City, Can Tho
- **Operation:** Branches in Hanoi & Ho Chi Minh City; Representative Office in Co Tho Province
- **Established:** 1993
- **No. of Staff:** 120 plus 60 agents
- **Activities:** Personal Banking including electronic banking, Commodity & Trade Finance, Corporate Banking and Business Transaction Services, Treasury & Foreign Exchange, Correspondent Banking
We also have a strong niche position in Personal in Asia

<table>
<thead>
<tr>
<th>OUR CUSTOMERS</th>
<th>EXPATS</th>
<th>LOCALS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WHY ANZ?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Compelling</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Intrinsic connection</strong></td>
<td>Aust/NZ expats • Australasian’s Bank in Asia</td>
<td>Students &amp; Migrants • Property investors • Asset investors</td>
</tr>
<tr>
<td><strong>Strong connection</strong></td>
<td>Students &amp; Migrants • Property investors</td>
<td>Asset investors</td>
</tr>
<tr>
<td><strong>Medium connection</strong></td>
<td>other expats with interest in Australian, NZ property</td>
<td>local customers in franchise sites i.e. Vietnam, Indonesia</td>
</tr>
<tr>
<td><strong>Weak connection</strong></td>
<td>other locals with demand for: • high yield deposit product • strong credit rating</td>
<td></td>
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</tbody>
</table>

We should ‘own’ these segments, aiming for maximum share of wallet via cross-sell

Success driven by well-focused local strategy & strength of brand

Less compelling - opportunistic and driven by promotion, product and price e.g. Japan

| OUR TARGETED GROWTH INITIATIVES | Expatriate Banking, incl Mortgages Targets 1, 2, 3 | Deposit Growth Targets 1, 2, 4, 5 | Student & Migrant Banking project Targets 2 | Vietnam Personal Banking | Indonesia Personal Banking |
Our people agenda is the key to our success

- Do we have our best talent in the roles where they will have the biggest impact?
- Are our people focused on the right measures of performance to drive growth?
- Do we have our best talent in the roles where they will have the biggest impact?
- Do we have enough talent to ‘fund’ our growth initiatives?
- Are our employees engaged?
- Does our culture engender innovation and collaboration to support our growth ambitions?
- Are leaders and team members communicating effectively both within and across businesses?
- Are our leaders engaged and inspiring employees with a growth mindset?
- Are our people focused on the right measures of performance to drive growth?
So where does this take us?

- Asia is a very attractive growth story
- Asian network a key competitive advantage for ANZ
- Maintain a clear leadership position amongst Australasian banks
- Continued focus on lower risk activities, minimize balance sheet usage
- Employer of choice, for local and expat staff
Additional Information
### Asia Organisational structure

#### Managing Director, Asia
**David Hornery**

#### Country Leadership
- China
- Hong Kong
- India
- Indonesia
- Japan
- Korea
- Malaysia
- Philippines
- Singapore
- Taiwan
- Thailand
- Vietnam

#### Business Leadership
- Corporate & Structured Financing
- Markets
- Trade & Transaction Services
- Personal & Private Banking

#### Client Relationship Group
- Consumer & Services
- Food, Bev & Agribusiness
- Financial Institutions
- Industrials & Materials
- Institutional Property Group
- Natural Resources
- Utilities, Transport & Healthcare

#### Support
- Operations & Support
- Credit Risk
- Operational Risk
- Finance
- Marketing & Communications
- People Capital
Personal & Private Banking Network has been separated out for the first time

Head of Personal & Private Banking, Asia
Damian Johnson

Country Heads

- Head of PB China
- Head of PB Indonesia
- Head of PB Japan
- Head of PB Philippines
- Head of PB Taiwan
- Head of PB Vietnam

Regional roles with responsibility for segment proposition regionally & linkages with Aust & NZ

Regional offering (offshore banking) located in Singapore - central booking & fulfilment model

Origination teams in countries of critical mass (initially) Hong Kong & Indonesia
So, how do we apply our competitive advantages at the customer level?

- Consumer & Services
- Food, Beverages & Agribusiness
- Financial Institutions
- Institutional Property Group

INDUSTRY EXPERTISE

ANZ in Asia

RELATIONSHIPS
- Culturally attuned
- Long-term relationships
- Trusted advisers

PRODUCTS
- Industrials & Materials
- Natural Resources
- Utilities, Transport & Healthcare

- Project Finance
- Financial Markets
- Trade
- Capital Structuring
- Mergers & Acquisitions
- Personal Banking
- Corporate Banking
<table>
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<tr>
<th><strong>Our Competitive Advantage by Skill Set</strong></th>
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<tr>
<td><strong>Global Finance</strong></td>
</tr>
<tr>
<td>Best Project Finance Bank in Asia 2005</td>
</tr>
<tr>
<td><strong>Nam Theun 2 Hydroelectric Project</strong></td>
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</tbody>
</table>
| Largest ever private sector hydroelectric power project involving the first ever use of “dual country” Political Risk Guarantees, an innovative Export Credit Agency reinsurance scheme & the resolution of significant intercreditor issues. | USD35 million borrowing base financing for Pearl Energy. The aggregation of the oil & gas fields in Indonesia & Thailand into a single borrowing base structure is a first for Asia.  
**Award won:**  
*Oil & Gas Deal of the Year 2004 - Project Finance* | **Award won:**  
*Deal of the Year*  
*Asia Pacific Renewables 2005 - Euromoney London* |

- First ever Taiwan dollar financing under the German export credit programme, Euler Hermes.  
- First ever local currency Export Credit Agency supported transaction in Taiwan.  
- Innovative funding and interest rate and foreign exchange hedging structure providing a benchmark in the Taiwanese market.  

**Awards won:**  
*Best Project Finance Deal 2005 - FinanceAsia*  
*Asia Pacific Power Deal of the Year 2005 - Project Finance International*  
*Best Project Finance Deal 2005 - Asiamoney*
ANZ has leveraged its global network to help a number of its Asian customers

**ANZ** was the sole lender for bridge financing to the subsidiary of the Government of Singapore Investment Corporation to assist with the acquisition of Chifley Tower in Sydney, a landmark premium grade commercial building.

**San Miguel Corporation**

Assisted San Miguel Corporation in its acquisition of National Foods Limited, establishing a “Chinese Wall” to address conflict of interest due to ANZ’s involvement in an opposing bid.

**Jardines**

ANZ arranged a USD40 million finance lease for PT Pama Persada, the largest mining contractor in Indonesia, and a direct subsidiary of the Astra group which is ultimately majority owned by Jardine Matheson based in Hong Kong.

**The International Commercial Bank of China**

ANZ was the lead arranger of a AUD500 million debt issuance programme for The International Commercial Bank of China. ICBC is the first Taiwanese bank to raise capital in Australia, with this being the largest Australian programme for an Asian bank in more than a decade.

**Hongkong Electric Holdings Ltd.**

ANZ was one of the lead arrangers, underwriters & bookrunners for Hongkong Electric’s AUD617 million 5-year syndicated loan for refinancing of equity investment in Australia’s power assets including Powercor, ETSA & Citipower.

**Hutchison Whampoa**

Lead underwriter, facility agent & documentation bank for an AUD1.5 billion five-year loan facility for Hutchison 3G Australia Pty Limited, a group company of Hutchison Whampoa, for the refinancing of its short term bilateral arrangements & general working capital requirements.
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.

For further information visit

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