



# 06

## **Asian Strategy Overview**

Australia and New Zealand Banking Group Limited

5 March 2006

**Dr Bob Edgar**

Senior Managing Director

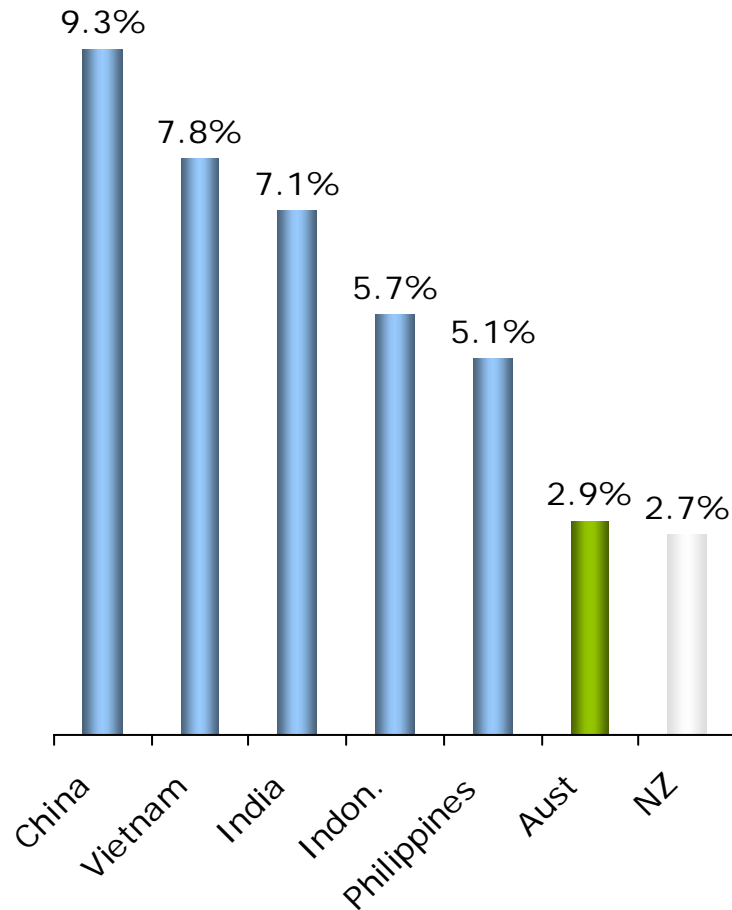
# ANZ is Australia's leading bank in Asia, operating in 12 countries since 1948

 ANZ Network Representation

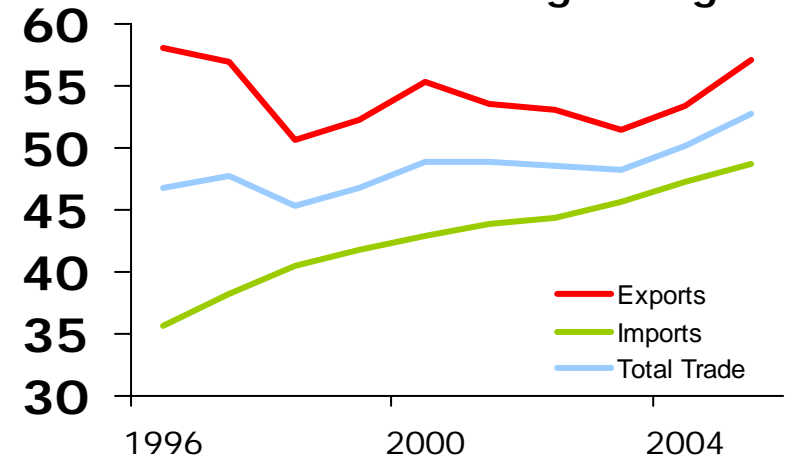


# Fast growing Asian economies are becoming increasingly important to Australia

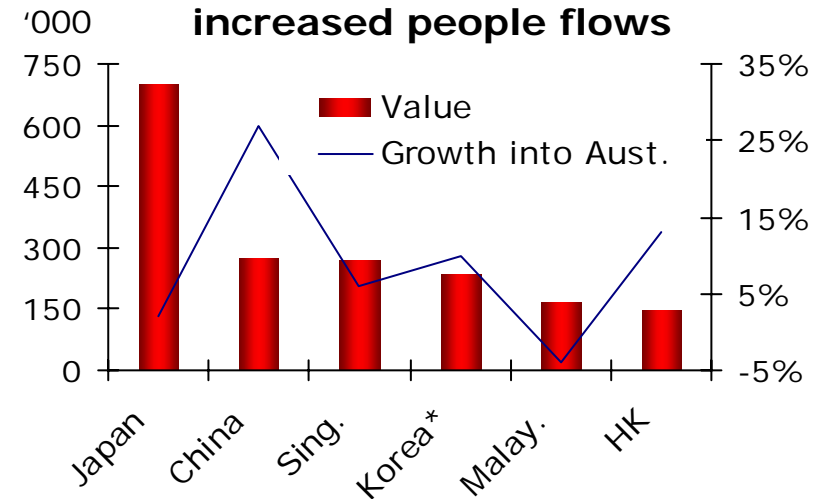
2005 Forecast Real GDP Growth



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



Growing tourism reflective of increased people flows

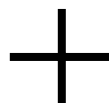


# ANZ's Asian strategy comprises two components

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## ANZ Network

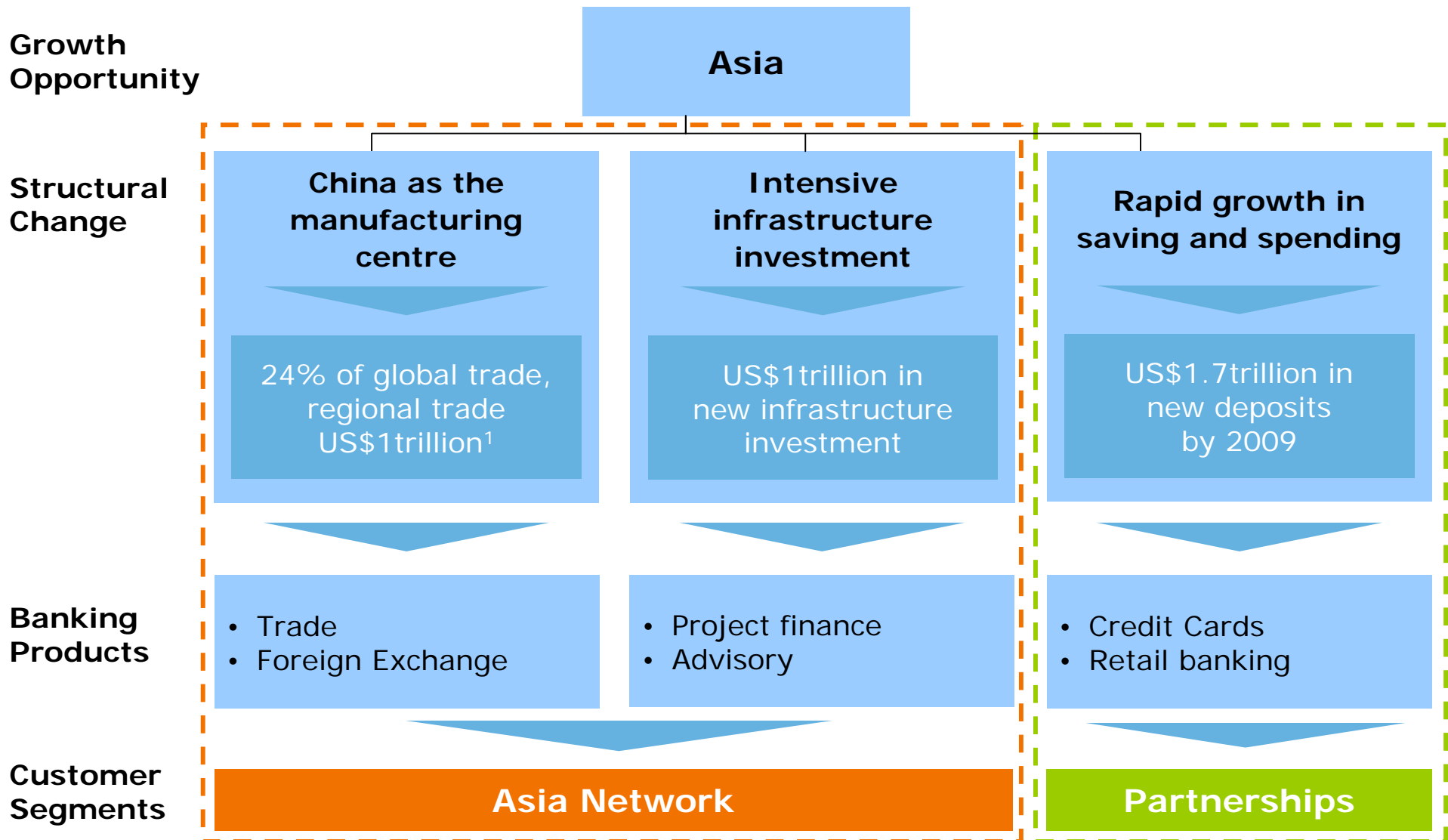
- Meeting core Corporate & Institutional banking requirements of
  - Customers in Aust & NZ into Asia
  - Asian customers into Aust. & NZ
  - Customers intra Asian trade
- Strong focus on trade finance
- Leveraging specialist Institutional skills in Asia
  - Corporate & Structured Finance
  - Project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



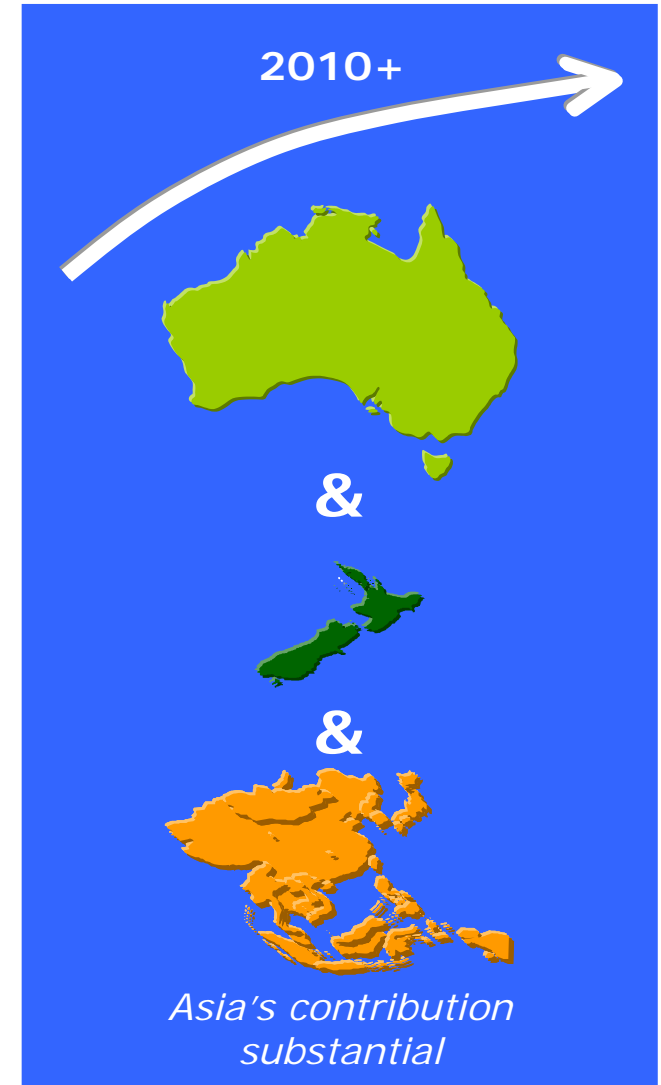
## Retail Partnerships

- 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



# Asia is a natural market for Australian banks, and offers ANZ a unique long term growth option





# 06

## **Asia Network**

Australia and New Zealand Banking Group Limited

March 2006

**David Hornery**

Managing Director, Asia

# Contents

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## 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

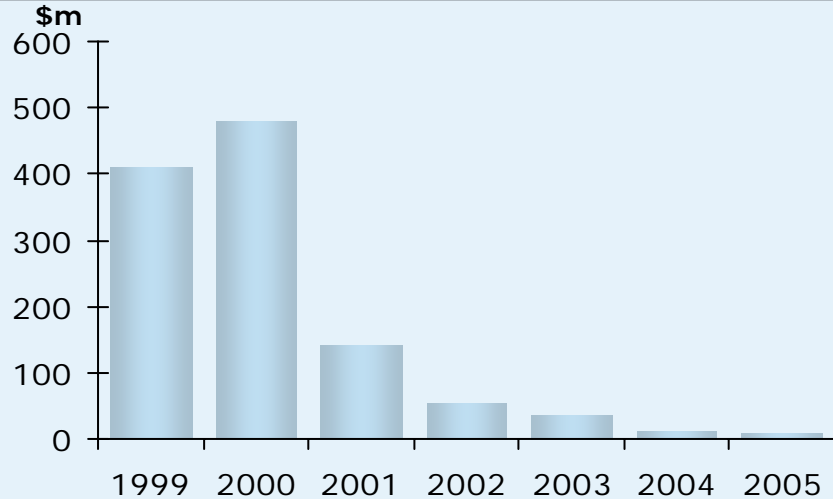
## 3. Growth



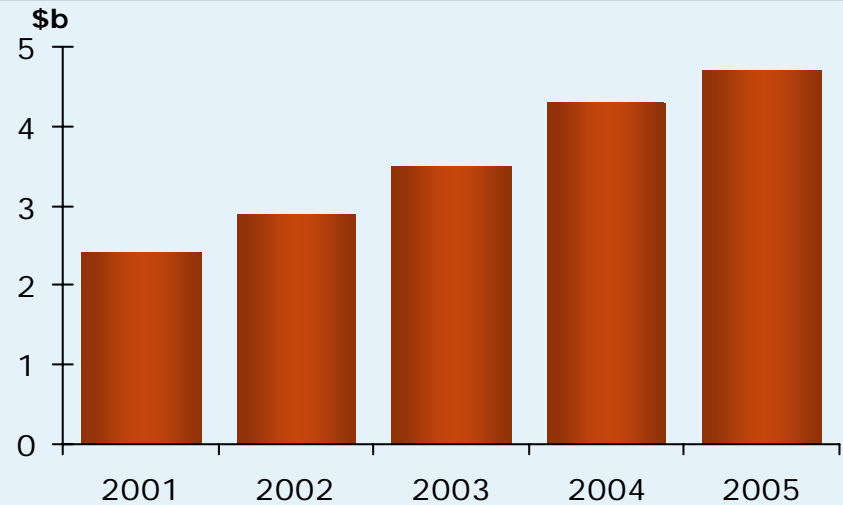
- What will it look like?

# We have a fundamentally different business today than we had in the late 90's

*Non-accrual Loans significantly reduced*



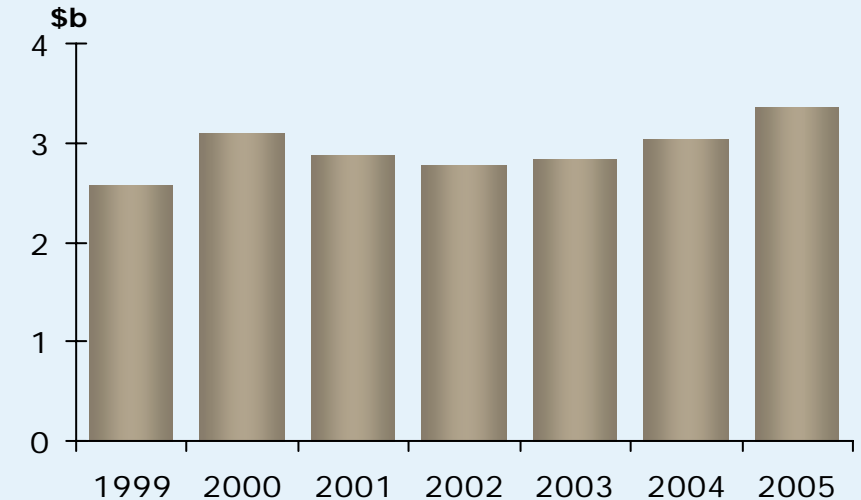
*Growing exposure in Trade business*



*Cross Border Risk dominated by Trade & Banks*

Trade Finance	57%
Markets	16%
Direct Lending	8%
Treasury	7%
Project Finance	5%
Others	7%
<b>Total by Product Type</b>	<b>100%</b>
Corporate risk	39%
Bank risk	61%
<b>Total by Customer Type</b>	<b>100%</b>

*Moderate growth in Gross Lending Assets*



# We have a substantial business...

## **ANZ CHINA**

- Established 1986 with branches in Beijing & Shanghai and new representative office in Guangzhou
- Only Australasian bank offering full range of banking services

## **ANZ HONG KONG SAR**

- Established 1970; 30 staff
- Leading Australian/NZ bank
- Supporting of trade flows between Australia/NZ & Hong Kong

## **ANZ VIETNAM**

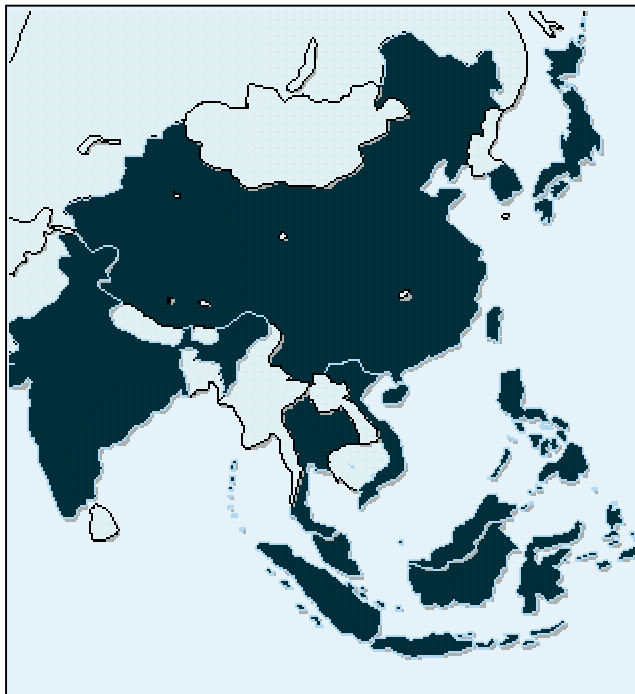
- Commenced 1973 with branches in Hanoi, Ho Chi Minh City & representative office in Can Tho
- 120 staff
- Leading foreign bank & electronic banking provider

## **ANZ INDIA**

- Established 1984; 5 staff
- Small presence in Mumbai since sale of Grindlays
- Non-bank financial company
- Trade finance & corporate banking

## **ANZ MALAYSIA & THAILAND**

- Representative offices in Kuala Lumpur & Bangkok with total of 5 staff
- Network support for companies doing trade business in Malaysia & Thailand



## **ANZ SINGAPORE**

- Regional headquarters for Asia
- Established 1974 & currently holding a wholesale banking licence
- 130 staff
- Regional hub for all lines of business across Asia - specialising in structured finance & advisory services and structured trade finance

## **ANZ KOREA**

- Established 1978 with branch in Seoul
- 20 staff
- Principally trade finance services to support ANZ's international customers

## **ANZ JAPAN**

- Commenced 1969 with branches in Tokyo & Osaka; 56 staff
- The first, and still the only Australasian based bank with a branch in Osaka

## **ANZ TAIWAN**

- Established 1980 with branch in Taipei
- 40 staff
- Wide variety of individual, corporate and commercial, trade finance and foreign exchange services

## **ANZ PHILIPPINES**

- Established 1990; 41 staff
- Full service commercial bank specialising in corporate banking, trade finance, international remittances and treasury

## **ANZ INDONESIA**

- Established 1973 through 85%-owned subsidiary PT ANZ Panin
- 70 staff in the Network business
- Focus on trade finance, global MNCs and personal banking

# 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



Jardines



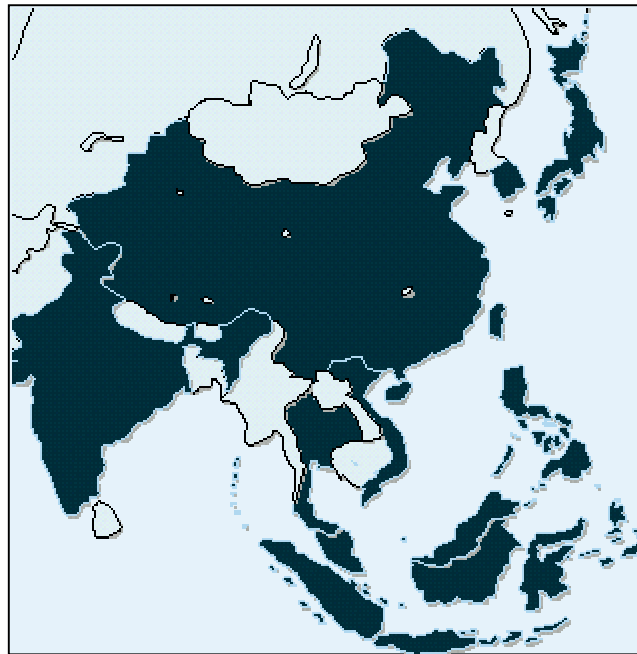
香港電燈集團有限公司  
Hongkong Electric Holdings Ltd.



SAN MIGUEL CORPORATION



Hutchison Whampoa



## 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<sup>1</sup>
- 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<sup>2</sup>



# Three sources of competitive strength we can leverage

	<i>Sources of Advantage</i>	<i>Recent Examples</i>
Geography	<ul style="list-style-type: none"> <li>• <b>Geography</b> <ul style="list-style-type: none"> <li>– Link to Australia/NZ/ Pacific</li> <li>– Regional network coverage</li> </ul> </li> <li>• <b>Local market depth</b></li> </ul>	<ul style="list-style-type: none"> <li>• Australia/NZ link: <ul style="list-style-type: none"> <li>– San Miguel’s bridge loan to assist in acquisition of National Foods of New Zealand</li> <li>– GIC Realty’s purchase of Chifley Tower, Sydney</li> </ul> </li> <li>• Regional network: <ul style="list-style-type: none"> <li>– Walsin Lihwa’s plant expansion in China through its subsidiary, Hannstar Board, where ANZ participated in its syndicated loan</li> </ul> </li> </ul>
Skills/Expertise	<ul style="list-style-type: none"> <li>• <b>Skills</b> <ul style="list-style-type: none"> <li>– Core products</li> <li>– Structuring</li> </ul> </li> <li>• <b>Sector/industry expertise</b></li> </ul>	<ul style="list-style-type: none"> <li>• Trade: <ul style="list-style-type: none"> <li>– Structured trade facilities for a number of clients taking into consideration unique features of their operations, cashflows &amp; industries that they operate in.</li> </ul> </li> <li>• Project Finance: <ul style="list-style-type: none"> <li>– A number of projects in the region including Nam Theun 2, Miaoli Windfarm &amp; Pusan Newport.</li> </ul> </li> </ul>
Relationships	<ul style="list-style-type: none"> <li>• <b>Customer relationships</b></li> <li>• <b>Government/agency relationships</b></li> </ul>	<ul style="list-style-type: none"> <li>• Customers: <ul style="list-style-type: none"> <li>– Hutchison Whampoa</li> <li>– City Developments, Capitaland</li> </ul> </li> <li>• Government: <ul style="list-style-type: none"> <li>– South Korean &amp; Japanese Export Credit Agencies (KEIC, KEXIM, JBIC, JEXIM &amp; NEXI)</li> </ul> </li> </ul>

# 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

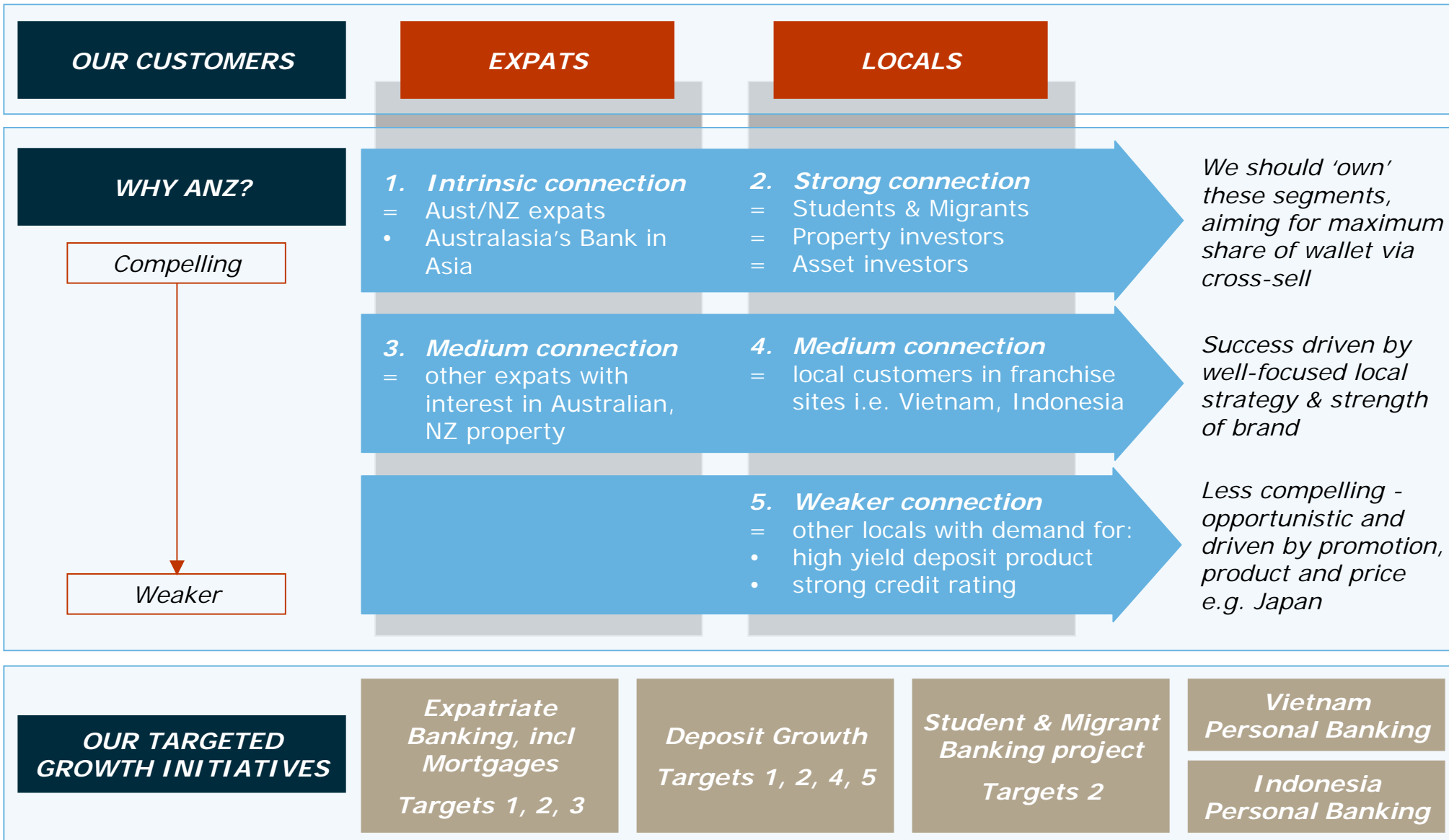
**Operation:** Branches in Hanoi & Ho Chi Minh City; Representative Office in Co Tho Province

**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



# Our people agenda is the key to our success

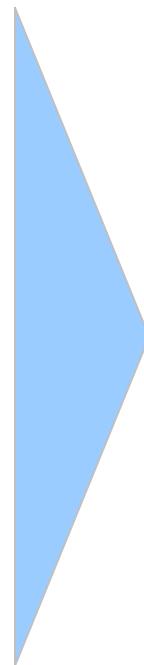
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## So where does this take us?

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- 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, minimise balance sheet usage
- Employer of choice, for local and expat staff



***Revenue  
growth  
significantly  
ahead of  
group target***

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## **Additional Information**

# Asia Organisational structure

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**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
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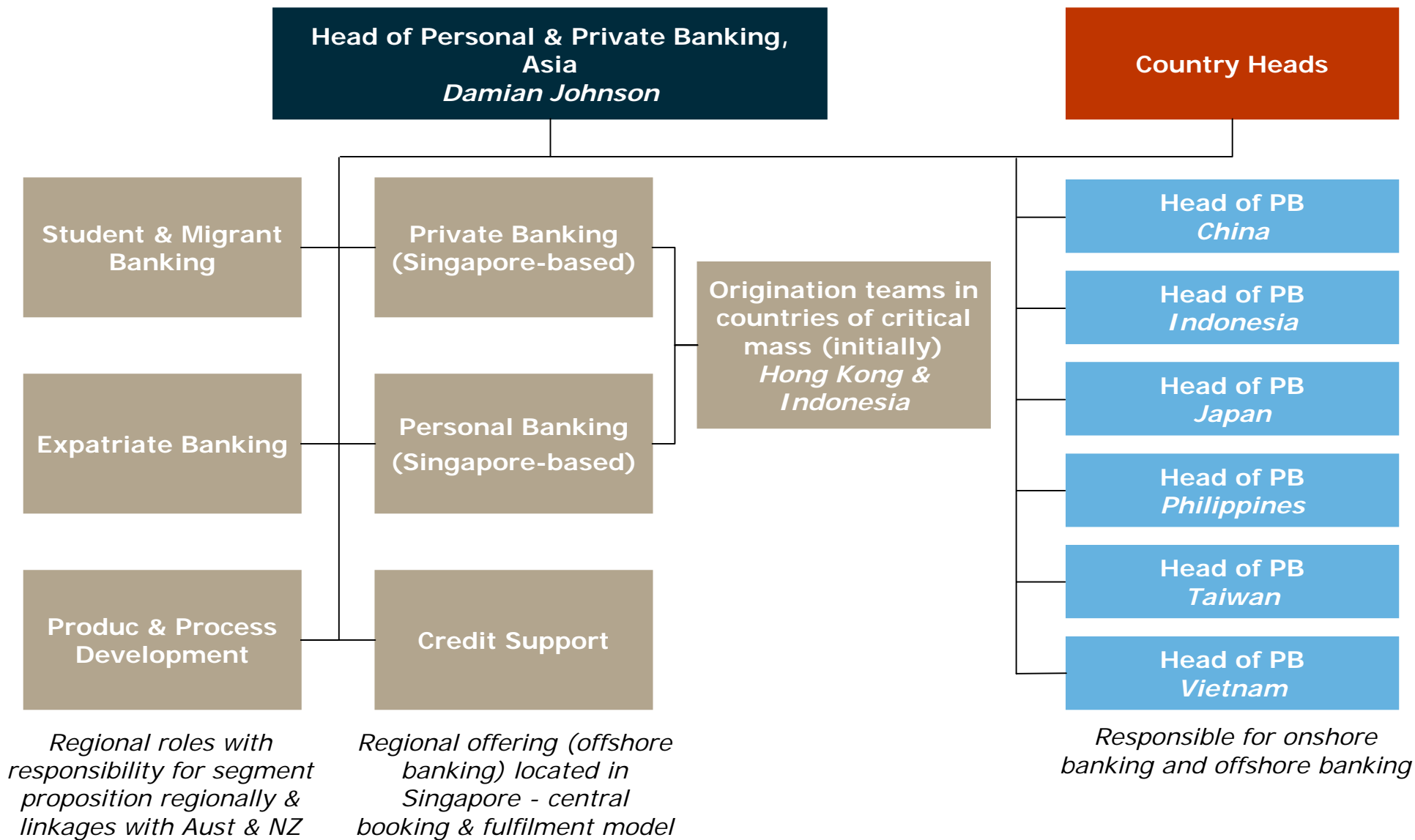
## *Client Relationship Group*

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

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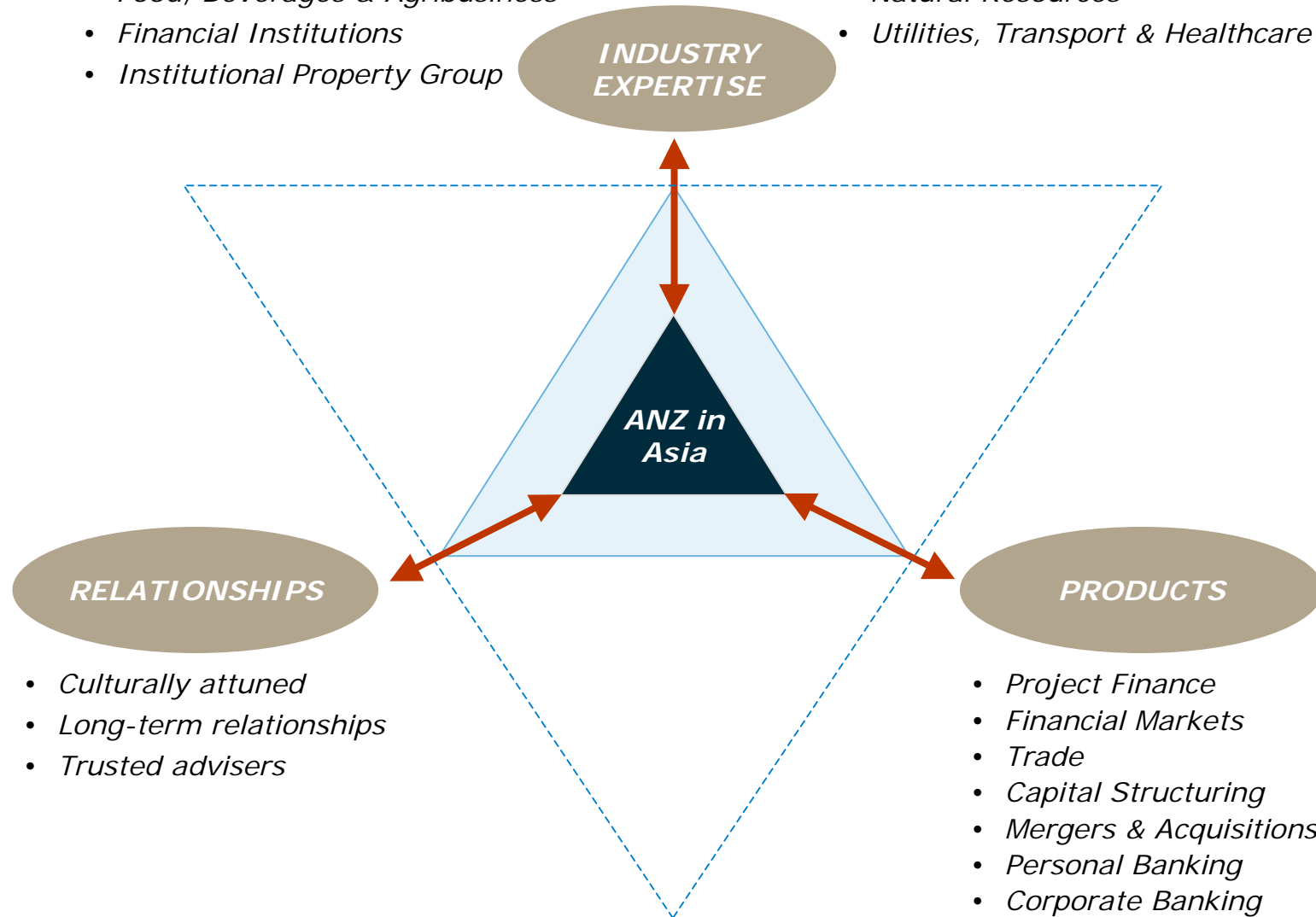
# Personal & Private Banking Network has been separated out for the first time



# So, how do we apply our competitive advantages at the customer level?

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

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



# Our Competitive Advantage by Skill Set



Best Project Finance Bank in Asia  
2005



Asia Pacific Adviser of the Year  
2005



Best FX House in Japan for AUD &  
NZD from 1993 to 2005



*Nam Theun 2  
Hydroelectric Project*

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.

*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*



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*



*Miaoli*



*Windfarm*

- 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.

*Award won:*

*Deal of the Year  
Asia Pacific Renewables 2005 - Euromoney London*

# 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.



香港電燈集團有限公司  
*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.

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