

Media Release



Corporate Communications
100 Queen Street
Melbourne Vic 3000
www.anz.com

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ANZ acquires 19.9% interest in Shanghai Rural Commercial Bank for US\$252 million

ANZ today announced it had reached agreement to pay US\$252 million (A\$328 million) to acquire a 19.9% stake in China's Shanghai Rural Commercial Bank.

ANZ Chief Executive Officer, Mr John McFarlane said the investment was a significant step in ANZ's Asian growth strategy.

"This strategic partnership provides the opportunity to play a role in one of the fastest growing banking markets in the world. It combines ANZ's expertise in risk management and retail and small business banking with Shanghai Rural Commercial Bank's franchise and knowledge in Shanghai's retail and small to medium enterprise market.

"After three years of business cooperation, ANZ and Shanghai Rural Commercial Bank have established a close relationship which provides an excellent foundation for future success, Mr McFarlane said.

Shanghai Rural Commercial Bank (SRCB), formerly known as the Shanghai Rural Credit Co-Operatives Union, is the largest rural commercial bank in China and 17th largest bank by assets in China. SRCB was incorporated as a rural commercial bank in 2005 and operates 330 branches, over 380 ATMs and has 5,000 staff across Shanghai. SRCB has approximately 2.5 million retail customers with total assets of RMB137 billion (US\$17 billion) as at 30 June 2006.

The Share Subscription Agreement and other related transaction agreements were signed in Shanghai today by ANZ Chairman Mr Charles Goode and Chief Executive Officer Mr John McFarlane and SRCB Chairman Mr Li Xiu Lun and President Mr Hou Fu Ning. Today's signing coincides with a meeting this week of the ANZ Board in Shanghai.

As part of the partnership, ANZ will provide technical assistance to SRCB which will focus on risk management, retail banking, small business banking, financial markets, international trade, human resources, finance, operations and information technology. This includes a specific program of technical assistance over the next three years which ANZ will support through a US\$5 million Technical Support Fund.

ANZ will have two representatives on SRCB's Board of Directors and will contribute management resources.

SRCB Chairman Mr Li Xiu Lun said the partnership was well-timed to maximise the opportunities created by the increasing reform and liberalization of the Chinese financial services industry, as well as the continuing strong economic prospects of Shanghai.

"SRCB will, by introducing ANZ as a strategic partner, leverage the expertise of a leading international financial institution in a wide range of relevant areas to support SRCB to become a leading retail bank in Shanghai," Mr Li said.

Shanghai is China's leading commercial and financial centre with a population of more than 17.4 million people (2004). Official GDP was US\$133.4 billion in 2005, accounting for 5.0 per cent of total Chinese GDP.

ANZ has been operating in China for 20 years, having been the first Australian bank to open a representative office in 1986, in Beijing. ANZ has operated a fully licensed foreign bank branch in Shanghai since 1993, upgraded its Beijing representative office to a branch in 1997 and re-opened its Guangzhou representative office earlier this year.

The strategic partnership between ANZ and SRCB is subject to approval by Chinese regulators including the Shanghai Government and the China Banking Regulatory Commission. Regulatory approvals are expected to be complete in the first half of the 2007 calendar year.

For media enquiries contact:

Mairi Barton
Senior Manager, Media Relations
Tel: 03-9273 6190 or 0409 655 551
Email: bartonm4@anz.com

For analyst enquiries contact:

Stephen Higgins
Head of Investor Relations
Tel: +61-3-9273 4185 or +61-417-379 170
Email: higgins@anz.com