

ANZ ASIA INVESTOR TOUR 2014

AUSTRALIA AND
NEW ZEALAND
BANKING GROUP
LIMITED

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International & Institutional
Banking

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ANZ remains focused on building the best connected, most respected bank across Asia Pacific

SUPER REGIONAL STRATEGY

STRONG
CORE
MARKETS

PROFITABLE
ASIAN
GROWTH

ENTERPRISE
APPROACH

STRONG LIQUIDITY AND CAPITAL MANAGEMENT

DISCIPLINED AND EXPERIENCED MANAGEMENT

Improving
Customer
Experience

Diversifying
Revenue

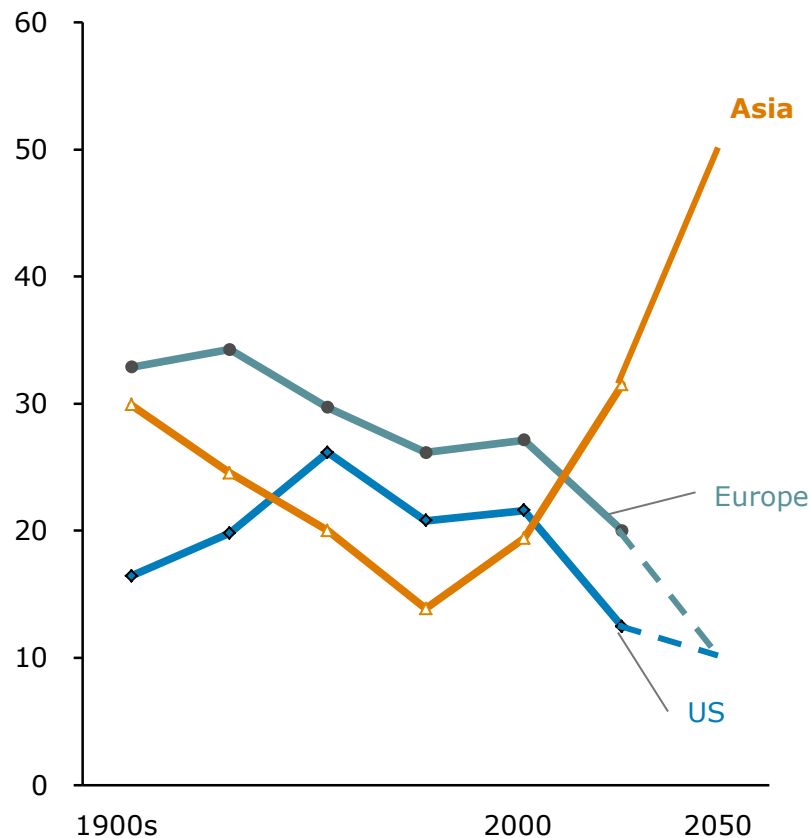
Improving
Productivity

Improving
Returns

Macro fundamentals remain compelling across Asia

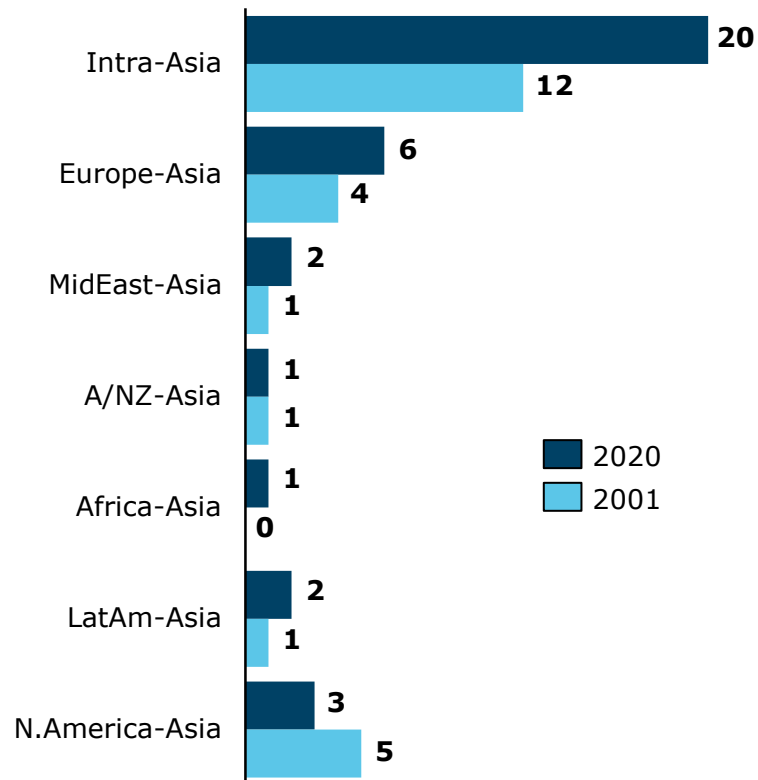
The economic centre of the world is shifting back to Asia

Share of world GDP¹
%



By 2020 Asia will account for 35% of world trade with the majority being Intra-Asia

Share of total world trade²
%

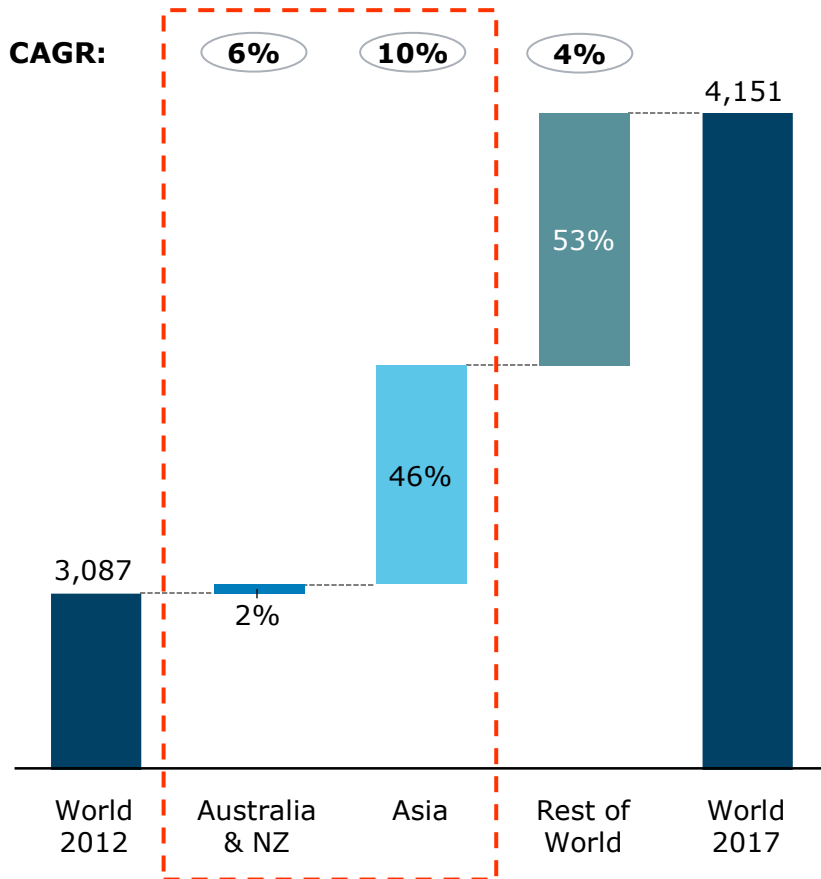


1. Source: Economist Intelligence Unit, 2013
2. Source: ITC, EIU, BCG Analysis, 2013

These macro fundamentals propel Asian banking revenue pool growth

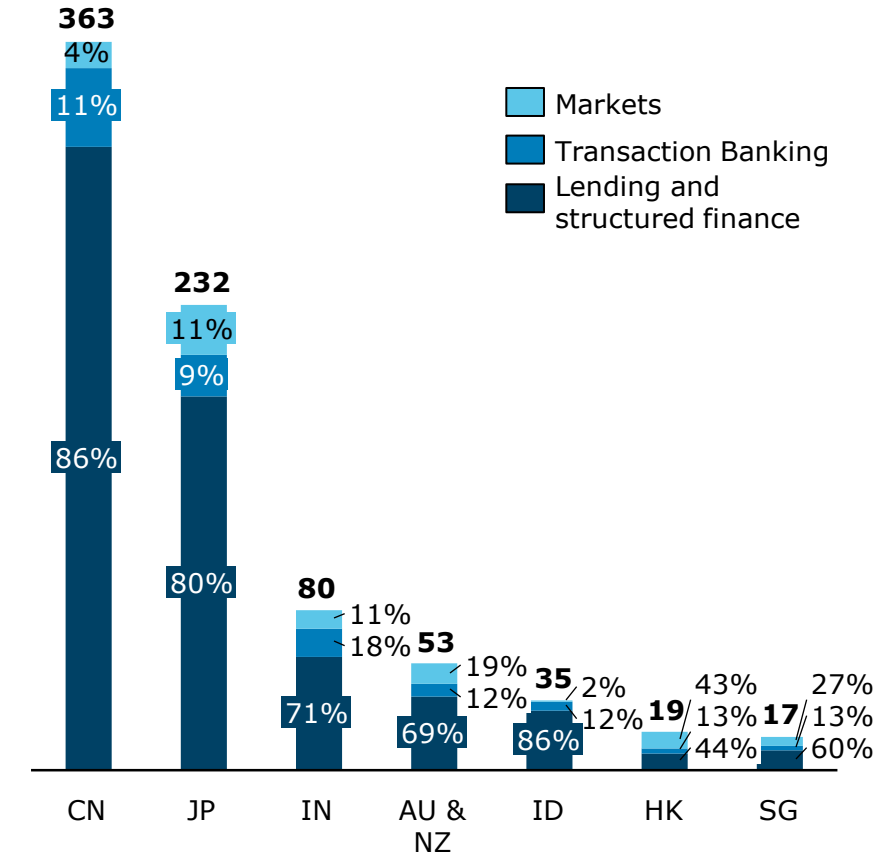
ANZ's markets are expected to deliver ~50% of growth in banking revenue pools

Forecast absolute growth in Global Banking revenues US\$b, 2012-17¹



Key Asia Pac markets will represent ~US\$800b in revenues by 2017

Forecast revenue pools for key Asia Pacific markets by product US\$b, 2017¹



1. Source: BCG Banking Pools 2013

ANZ has quickly established itself in Asia

	In 2009	In 2014
REPUTATION WITH CLIENTS	<ul style="list-style-type: none"> • Top 12 Corporate Bank in Asia¹ • Institutional Brand awareness in HK – 20%² 	<ul style="list-style-type: none"> • Top 4 Corporate Bank in Asia¹ • Institutional Brand awareness in HK – 79%²
FOOTPRINT	<ul style="list-style-type: none"> • Operated in 13 countries³ • ~6,500 employees • ~1,800 Corporate customers, ~900,000 including Retail 	<ul style="list-style-type: none"> • Operates in 15 countries • ~16,800 employees • ~4,000 corporate active Asia customers, >2 million including Retail
PRODUCT BREADTH	<ul style="list-style-type: none"> • #52 in FX market share⁴ • No Asian based Trade awards • #3 Mandated Lead Arranger, Asia ex-Japan⁶ 	<ul style="list-style-type: none"> • #20 in FX market share⁴ • Best Trade bank in Australasia, Vietnam⁵ • #1 Mandated Lead Arranger, Asia ex-Japan⁶
FINANCIAL CONTRIBUTION	<ul style="list-style-type: none"> • \$1,184m operating income • <\$300m revenue generated from cross-border business (FY10) 	<ul style="list-style-type: none"> • Operating income has almost doubled to \$2,277m (FY13) • >\$500m generated in cross border activity • Current ROE exceeds the cost of capital

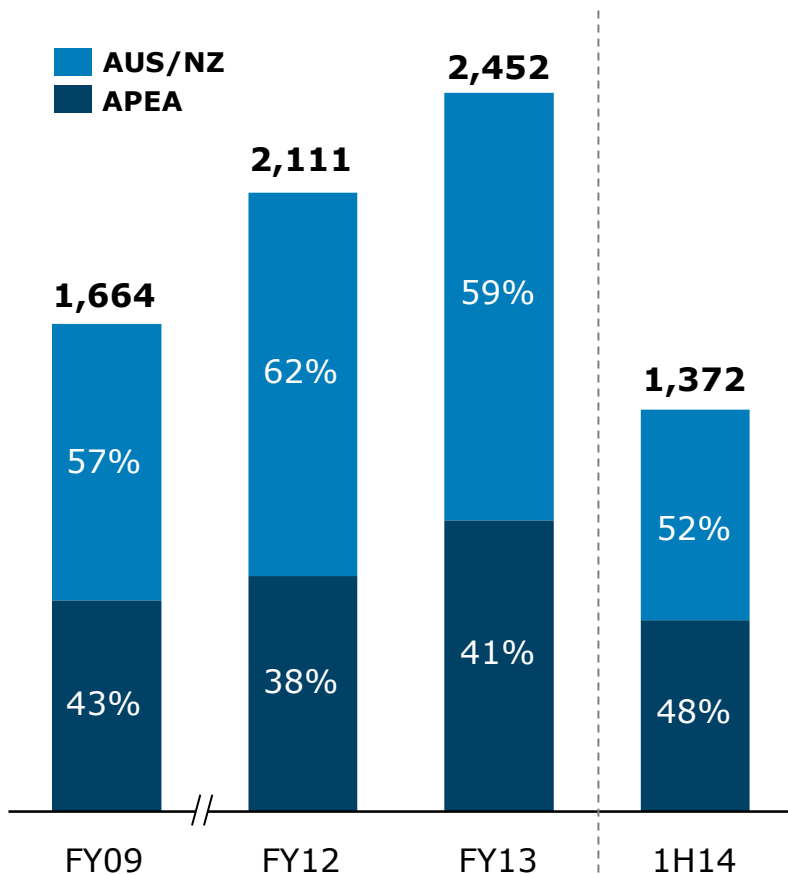
1. Greenwich Associates 2009 and 2013 Asian Large Corporate Banking Study; 2. Total ANZ Asia Institutional Brand Awareness survey; 3.Pre-RBS acquisition in 2008; 4.Euromoney FX Market Share League Table, 2009 & 2014; 5.Trade Finance, Award for Excellence 2012; 6.Asia, ex-Japan, Thompson Reuters 2009 & 31st March 2014

We have steadily diversified earnings as the Business has grown

Asia now represents 36% of IIB's NPAT, up from 28% in 2013

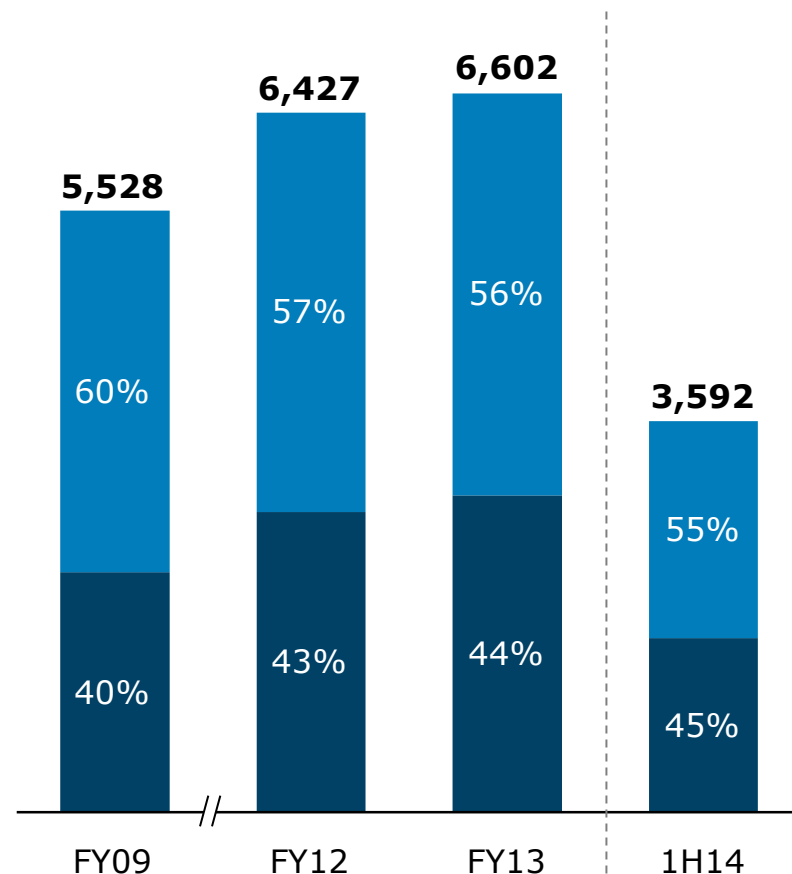
Non-lending income is growing steadily relative to NII

IIB NPAT by Region
\$m



IIB Revenue mix
\$m

Net interest income
Other operating income



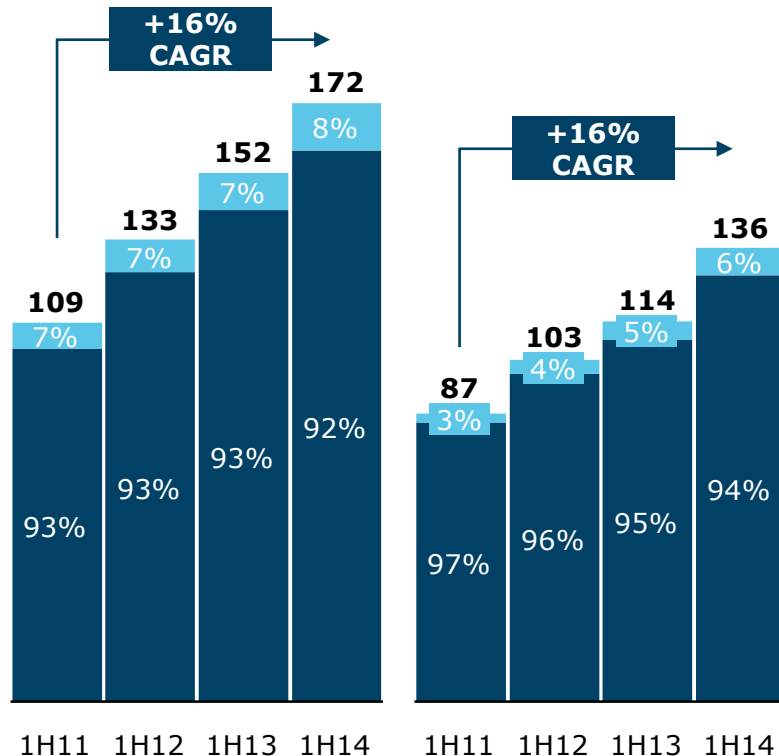
IIB has achieved these outcomes while maintaining a well funded and low risk balance sheet

We continue to be well funded with deposits, enabling strong lending growth...

IIB Balance sheet – Deposits & Loans

\$b

■ Retail ■ Corporate & FIG



Customer Deposits

Net Loans & Advances

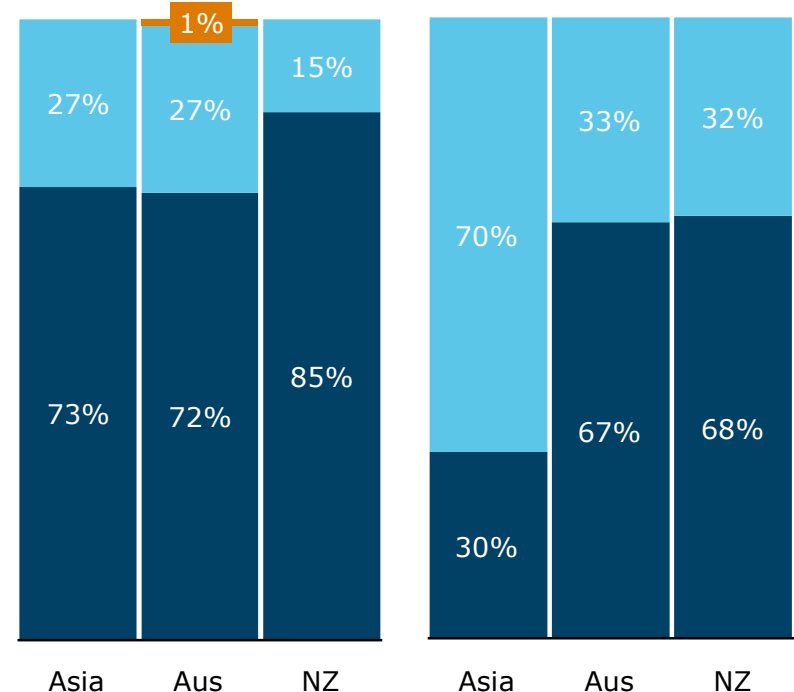
...while maintaining superior credit quality in Asia

Regional Risk Grade Profile by Total Exposure (%)¹

■ Investment Grade
 ■ Sub-Investment Grade²
 ■ Default

Regional Risk Grade Profile by Tenor (%)¹

■ Tenor <1 year
 ■ Tenor >1 year



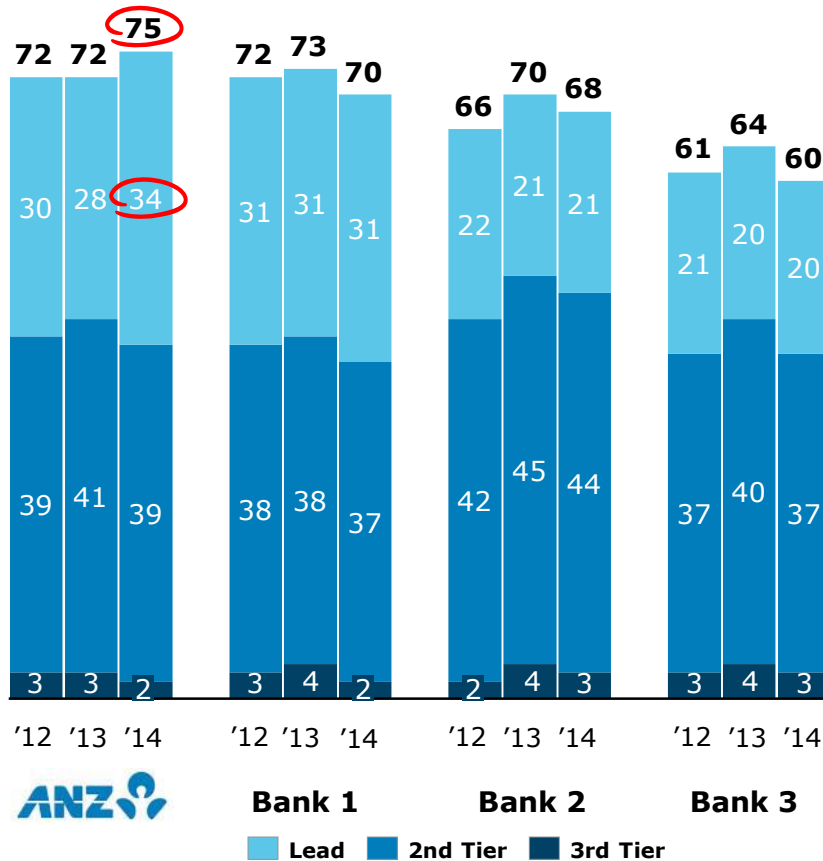
1.As at Mar-14

2.Sub-Investment Grade defined as exposures with a rating below BBB-

And we have strengthened our leadership position in home markets

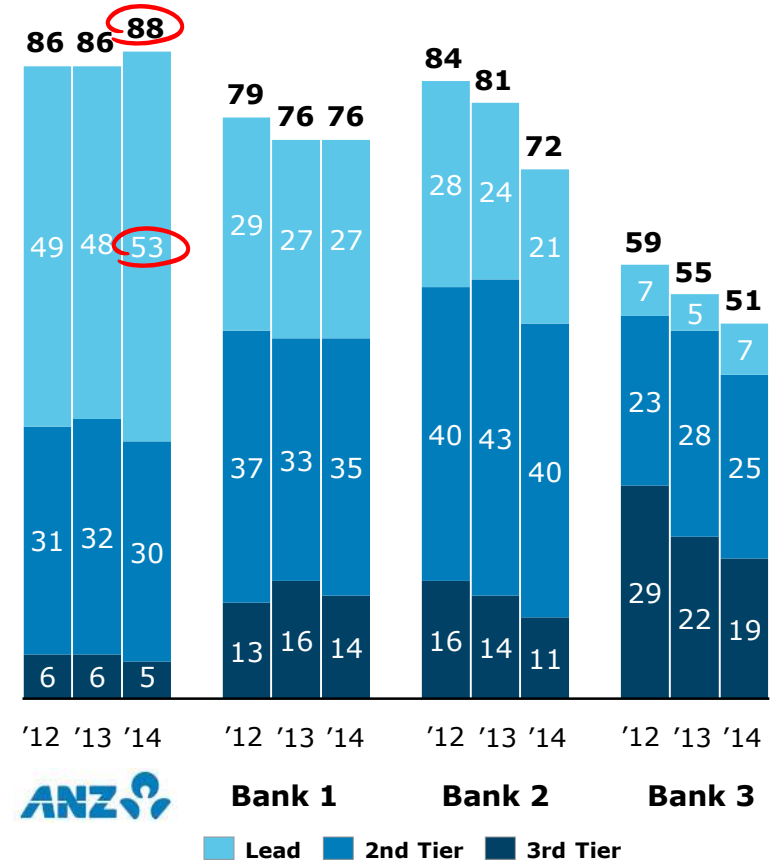
ANZ is a market leader in Australia for both overall and lead penetration

Australia - Domestic Banking Relationships Market Penetration and Competitive Position¹



We continue to be #1 in New Zealand with a substantial and widening gap

New Zealand - Domestic Banking Relationships Market Penetration and Competitive Position¹



1. Peter Lee Associates Large Corporate and Institutional Relationship Banking surveys, Australia and New Zealand 2014; 2nd tier includes 'top 3' relationships but not lead; 3rd tier includes all relationships outside 'top 3' relationships, up to a maximum of 8 relationships

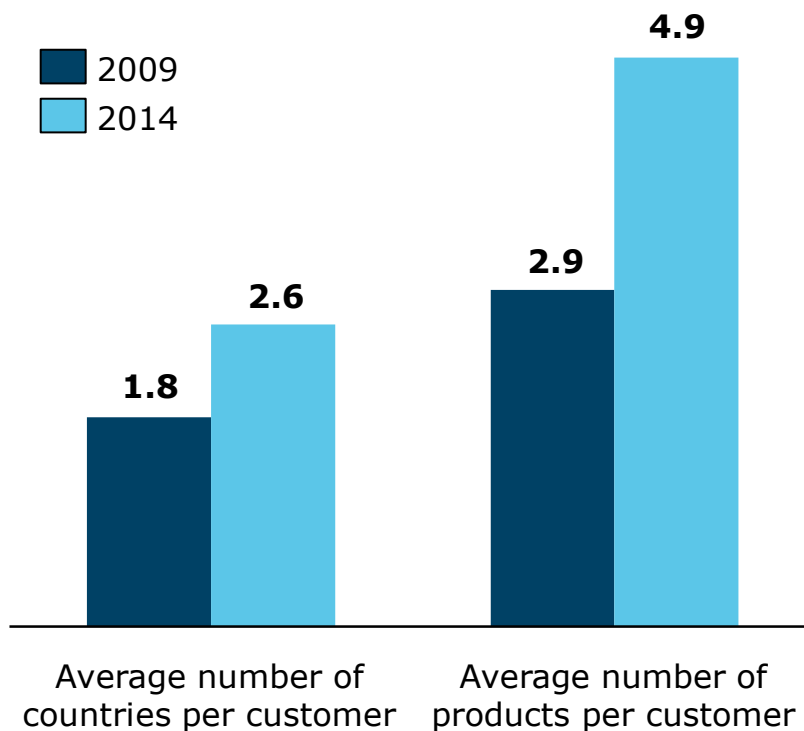
We are now able to provide more products to more customers in more geographies

Number of countries with presence vs number of distinct products¹

	2009	2014
Singapore	16	32
Hong Kong	13	31
Indonesia	12	22
China	11	22
India	1	20
Greater Mekong	10	22
Australia	36	36

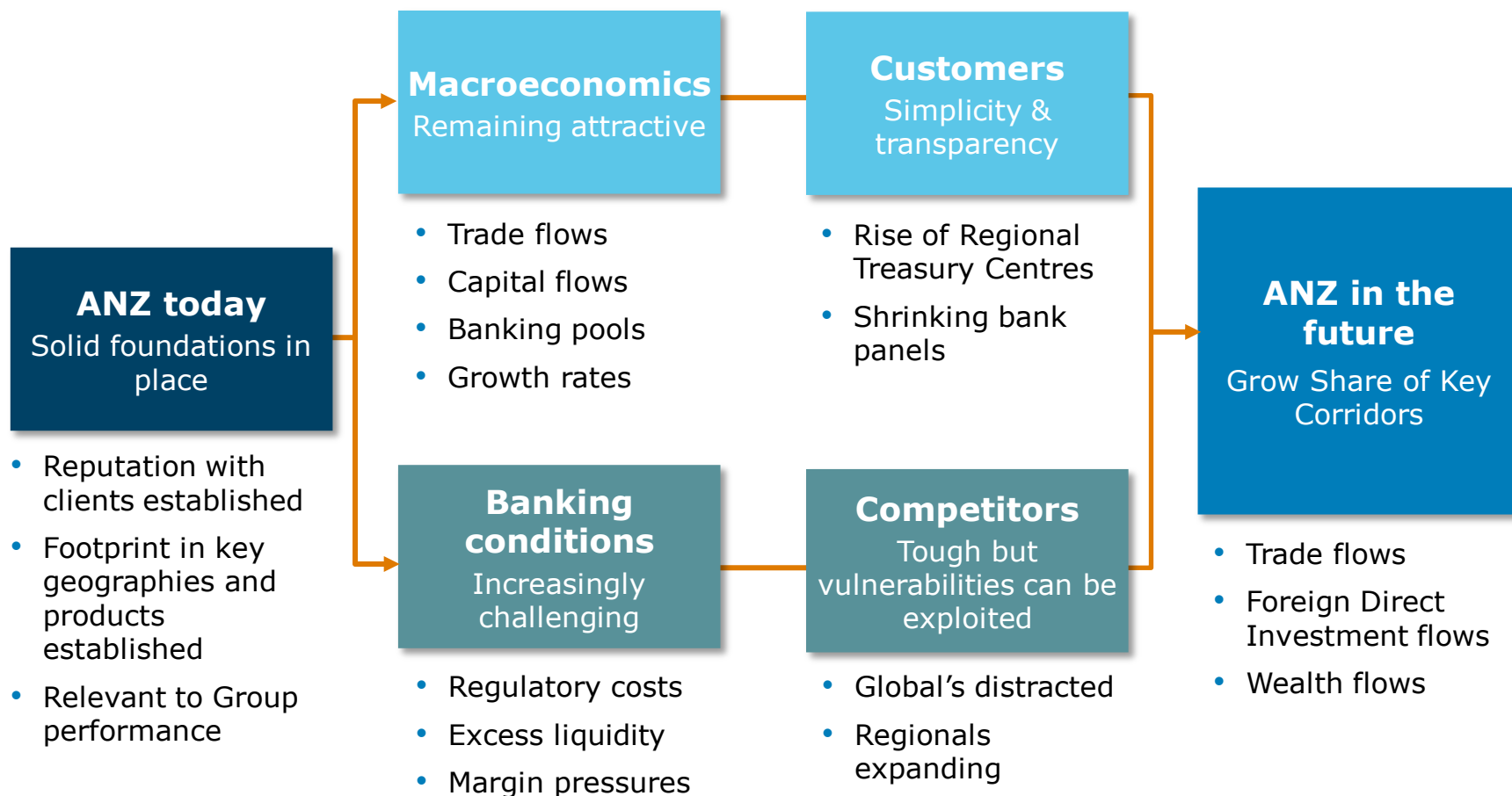
Our ability to serve our clients and expand our wallet potential has grown

Product and geographic penetration of our international customers (2009-14)



1. Based on number of 36 distinct product classifications offered

The next 5 years will provide notably different conditions to the last 5 – we are well positioned

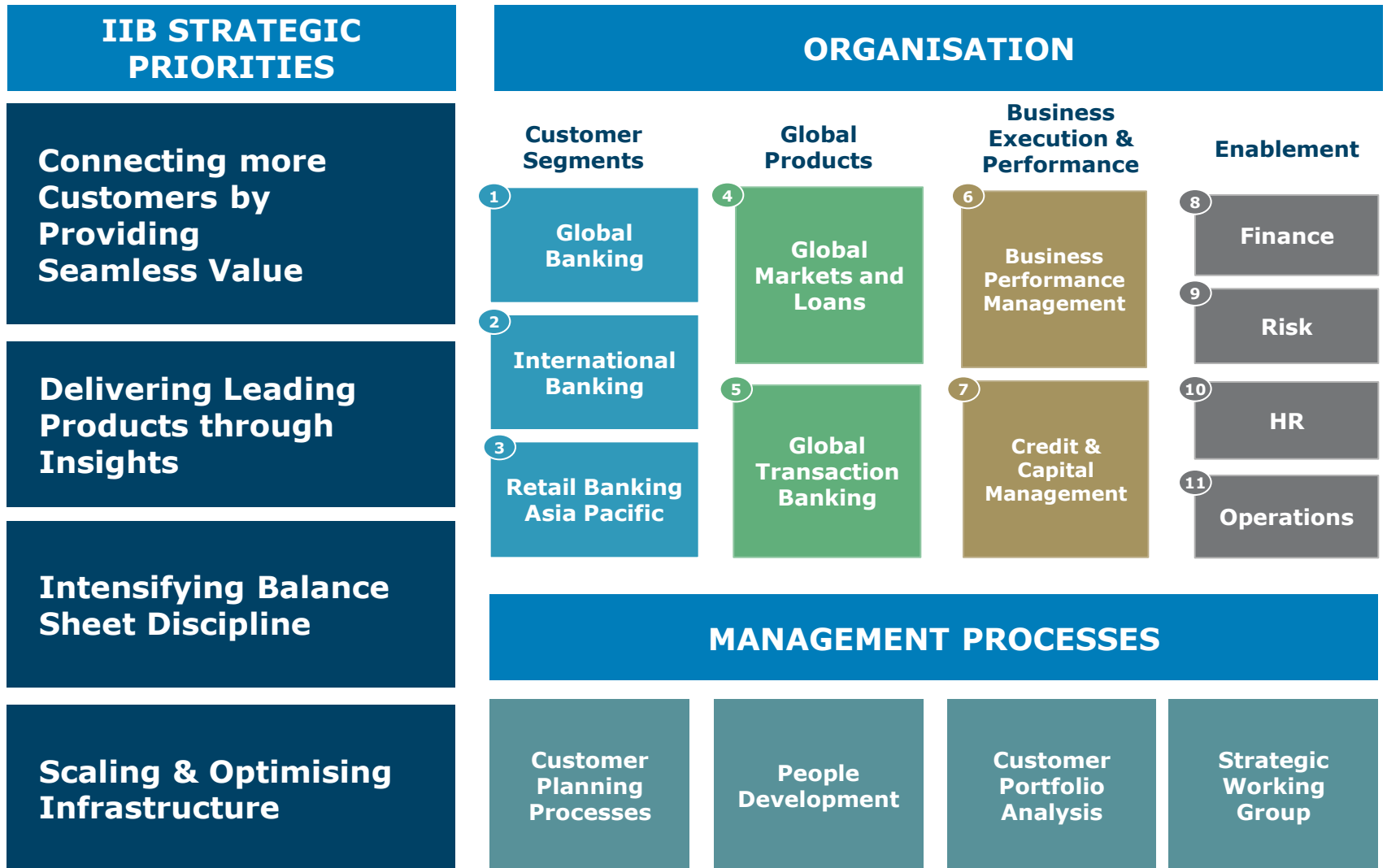


Against this backdrop, our overarching objective is to deliver growth while *also* improving returns

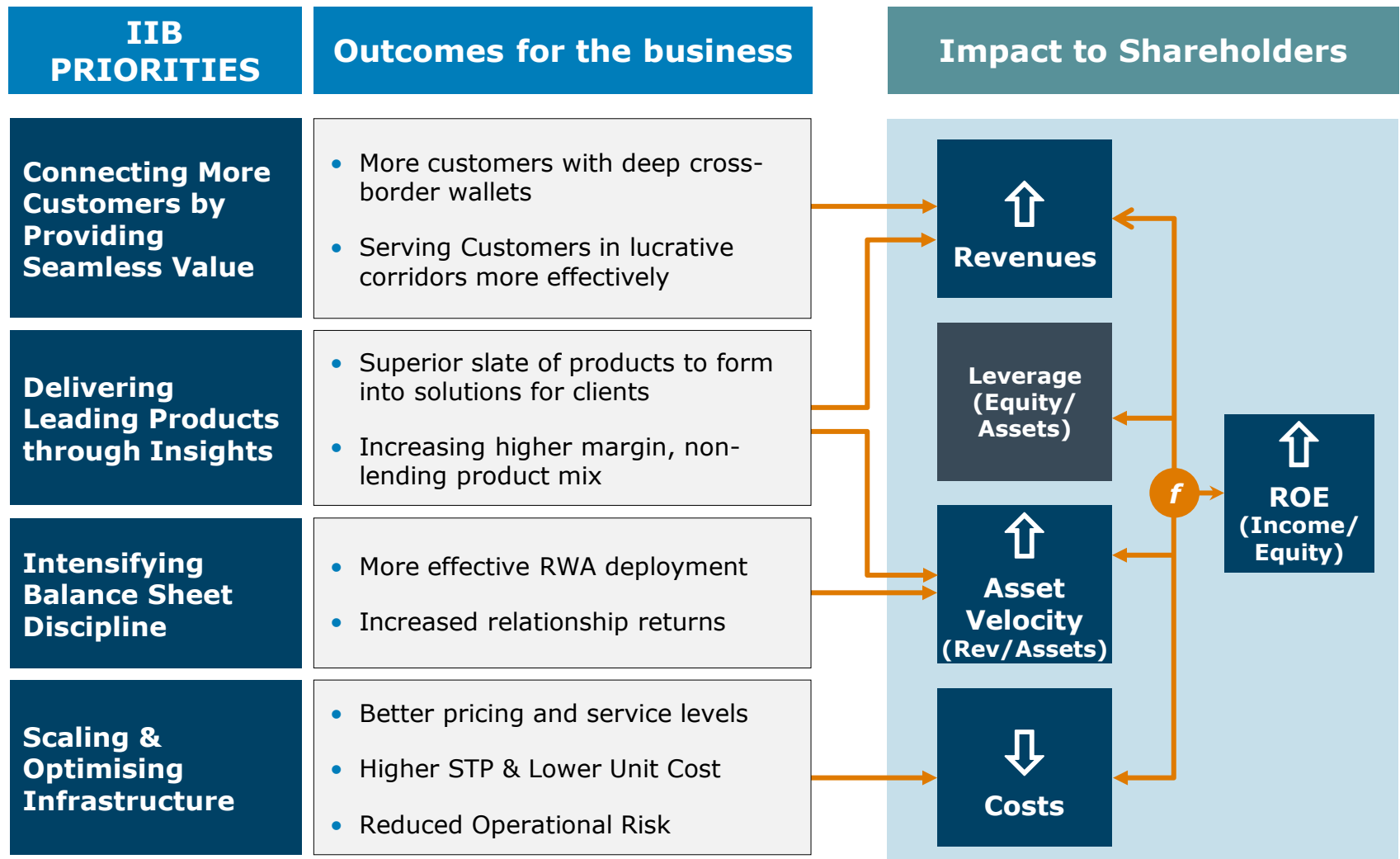
Strategic Imperatives

- ✓ Leverage product positions we have built in the region to **insight-driven solutions** for clients
- ✓ Convert clients on-boarded post GFC to increasingly profitable **multi-product** and **multi-country** relationships
- ✓ Change how we think of “markets” from a traditional country basis to a **corridor** focus
- ✓ Achieve more productive use of our RWAs as a Division
- ✓ Continuously **reduce unit cost** and **increase STP rates**

We have focused on four strategic priorities to address these imperatives and taken steps to sharpen our delivery



Our priorities should drive improved Divisional ROE and allow IIB to contribute to Group commitments



Our fundamental competitive strength: connecting newly built Asia with historically strong Australia/NZ

Use Home Market Heritage

- #1 Institutional Player
- Deep Industry Expertise

Grow Share of Key Corridors

- Asia-Australia
- Intra-Asia
- Investors-Issuers

Leverage Newly Built Asia

- Maturing Client Relationships
- Established Country Franchises
- Competitive Product Footprint

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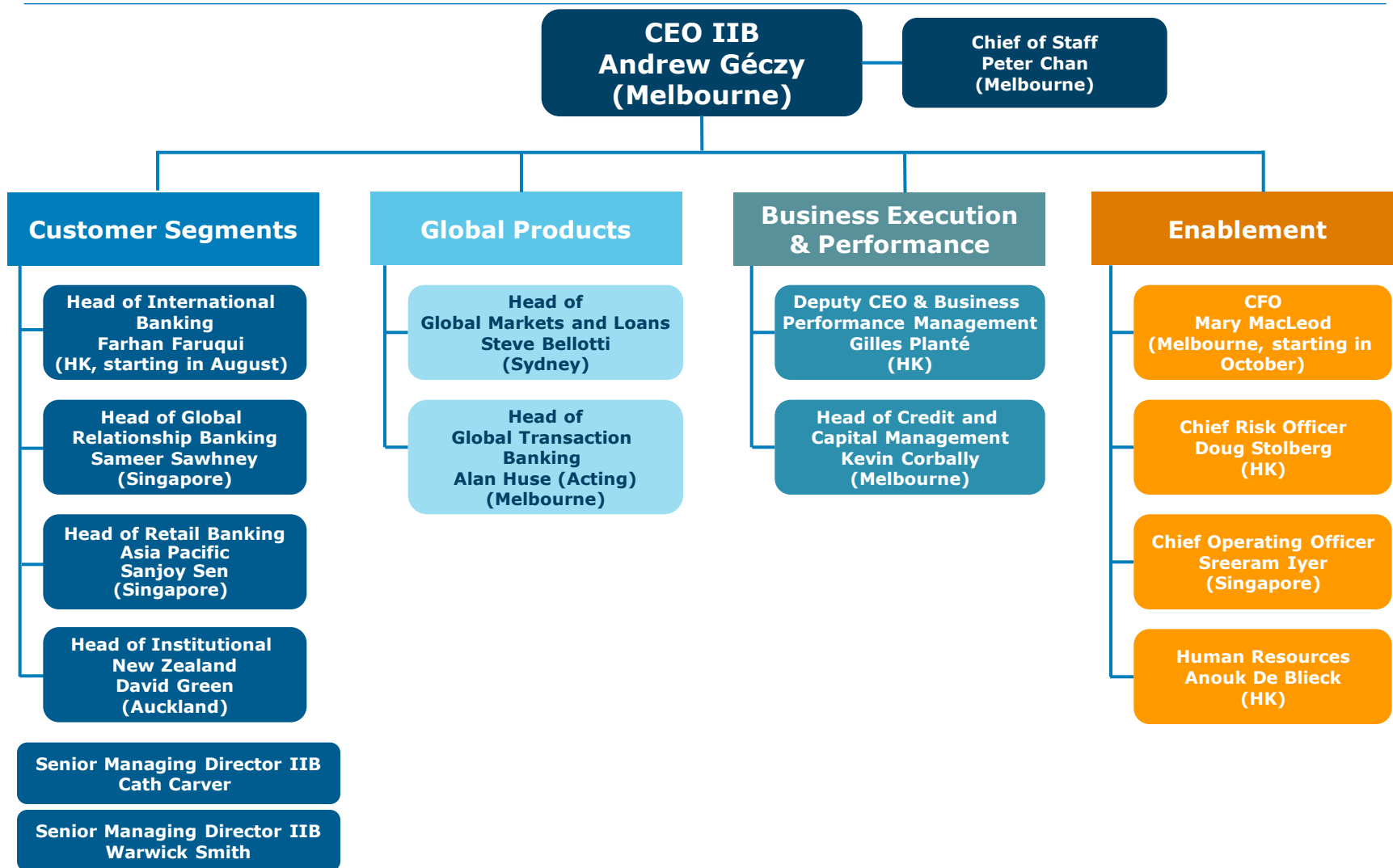
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IIB Organisation Structure

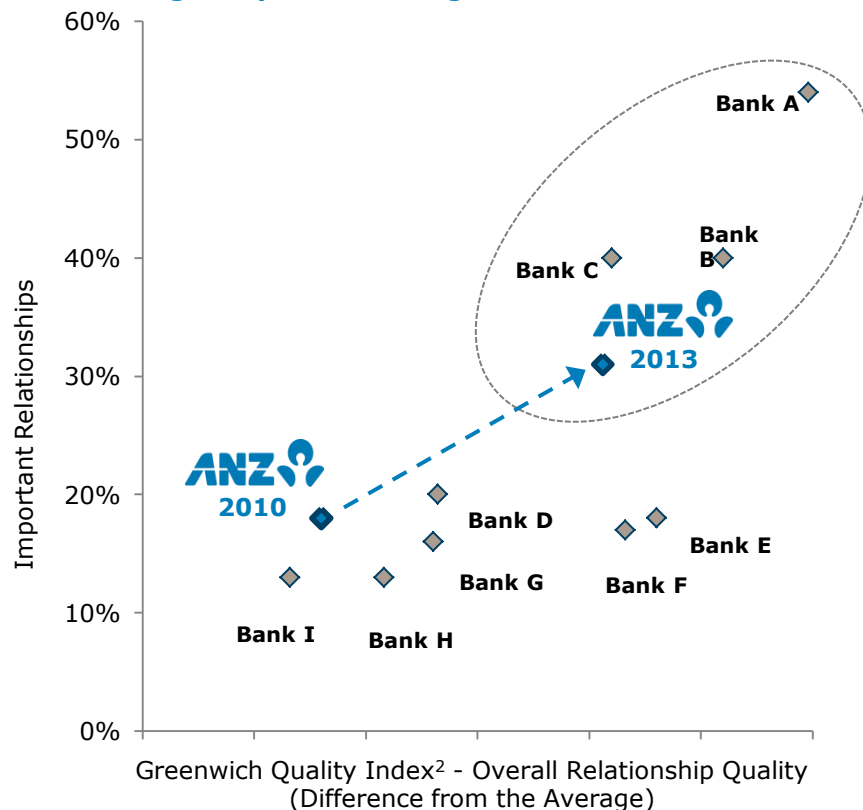


Greenwich Associates Large Corporate Banking Study, Asia

- ANZ's upwards momentum over a short period of time has been significant
- **The bank has grown to now occupy its current position of Top 4 Corporate Bank in Asia, based on market penetration**
- In addition, the bank has deepened its relationship with its client base into 'core' and 'lead' status, which leads to product diversification and higher cross-sell
- **Our on-going growth and success will continue to be driven by clients seeing ANZ as a strategic partner to its business**

A top 4 Corporate Bank in Asia¹ by Market Penetration

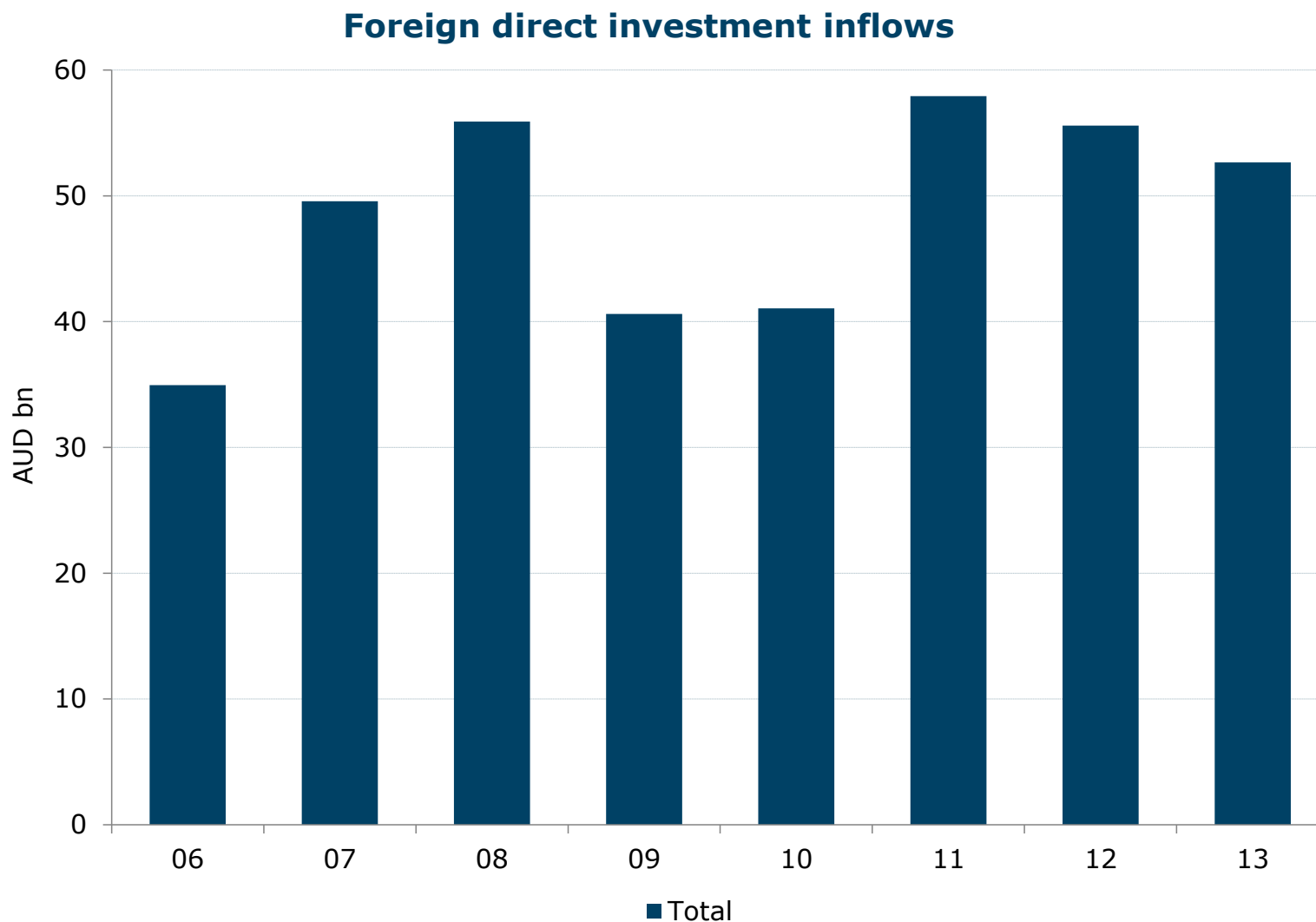
Greenwich Associates Large Corporate Study Asian Large Corporate Banking Market Penetration



---> Represents the momentum of growth and quality improvement achieved by ANZ Bank over the past 4 years

1. As defined by Total Relationships Market Penetration In Asia
 2. The Greenwich Quality Index score is based upon a normalized composite of all qualitative evaluations transformed to a scale of 0 to 1,000 with the difference from the average shown. Note: Cross-hairs are calculated by the average of the banks shown in graph.

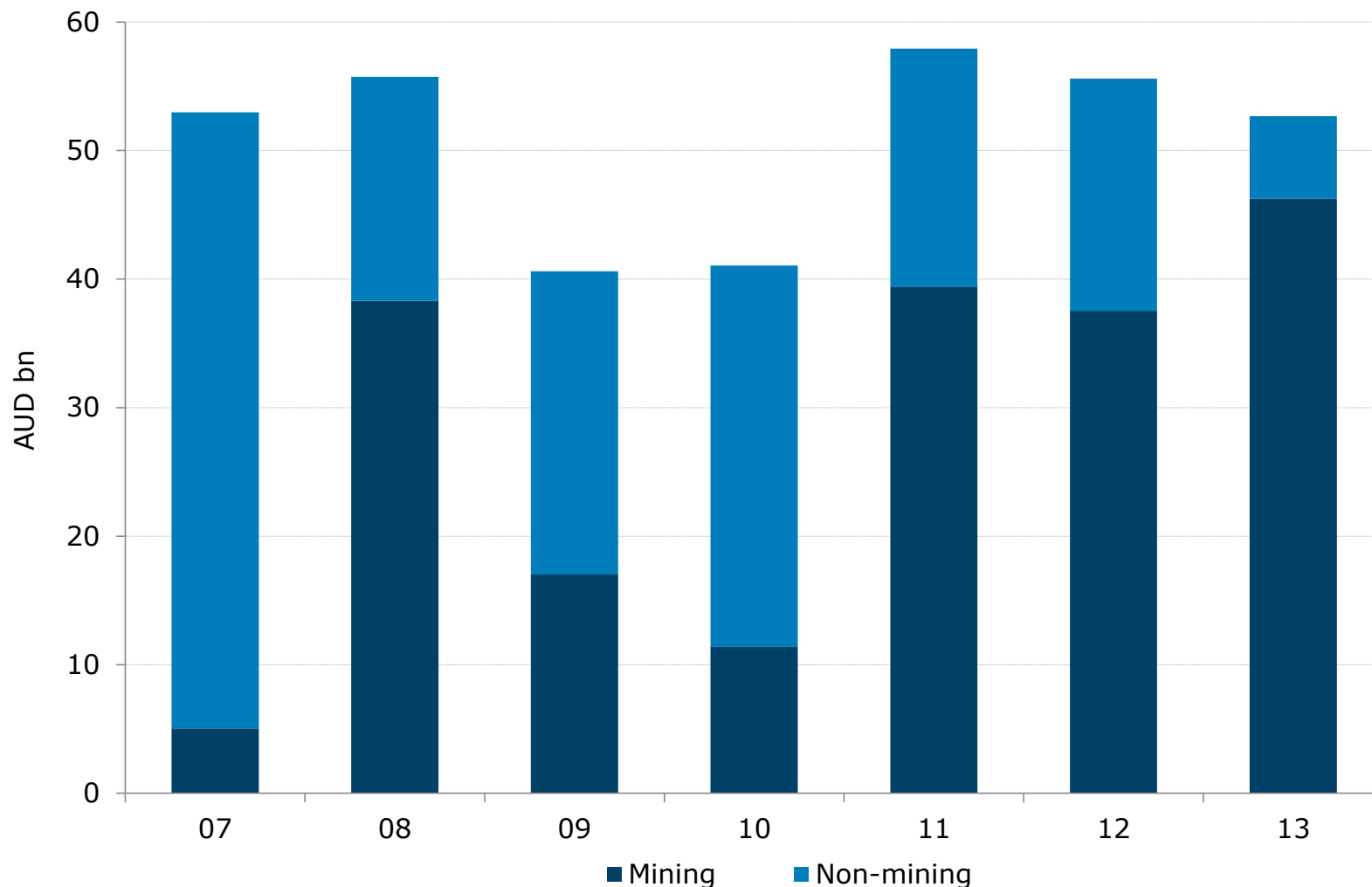
Foreign direct investment inflows to Australia recovered following the GFC due to investment in the mining sector



Source: NAB, ANZ Research

Foreign direct investment in the Australian mining sector has become much more important in recent years

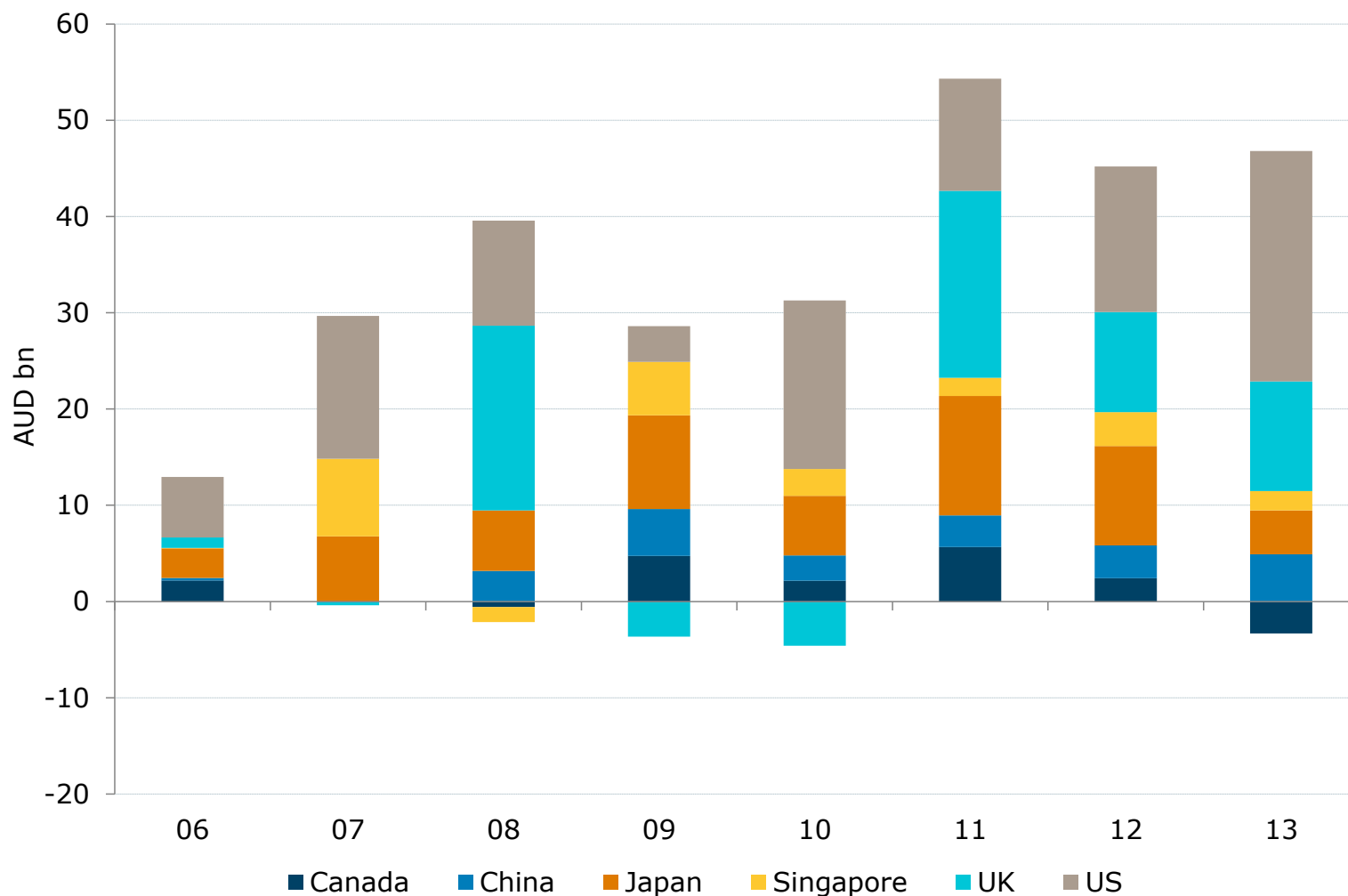
Foreign direct investment inflows by industry



Source: NAB, ANZ Research

The US, Japan and the UK remain the most important sources for foreign direct investment, although investment from China has grown in importance

Foreign direct investment inflows by major countries



Source: NAB, ANZ Research

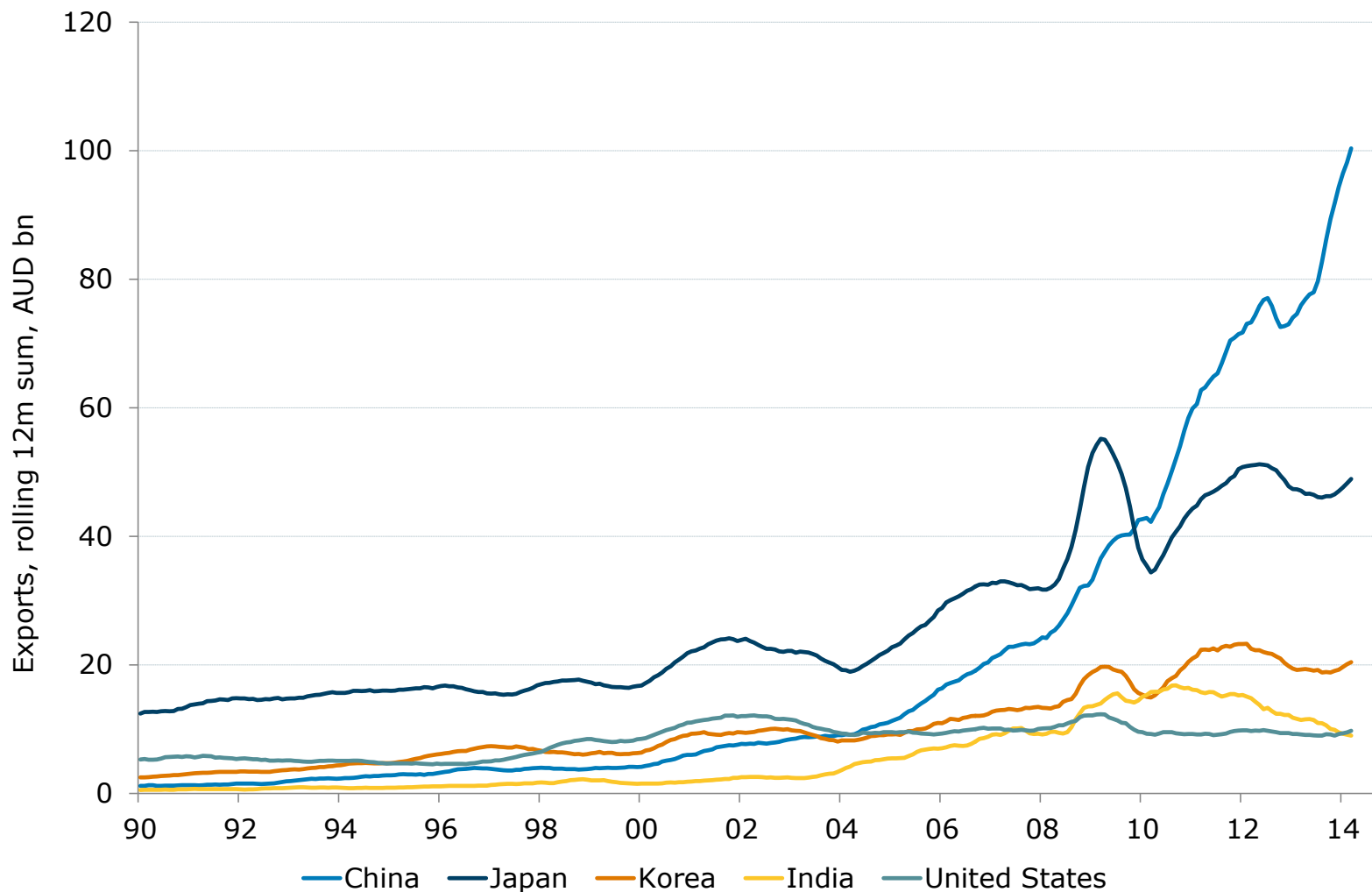
What are the key trade corridors and how have they grown?

We are devoting management attention to key corridors particularly those to and from our home markets

	Source of opportunity	How we are relevant to clients	Key market corridors	Positive for ANZ and shareholders
Trade flows	Converting physical flow to cash (e.g. Exports, Imports)	<ul style="list-style-type: none"> We aspire to be a leading regional Trade Bank across Asia Pacific Our home markets (Australia & NZ) are the key drivers for trade across Asia Pacific 	Australia China Japan Korea	<ul style="list-style-type: none"> Only regional bank with Australia as its anchor market Flow product cross-sell (e.g. FX) driving higher ROEs
Capital flows	Foreign Direct Investment flows (e.g. Infrastructure)	<ul style="list-style-type: none"> We have established strong relationships with FDI sources (e.g. infrastructure assets) Ongoing investments into our home markets where our strengths lie 	Australia EMEA Japan Korea	<ul style="list-style-type: none"> Only regional bank with Australia as its anchor market Complements our focus on our FIG business
Wealth flows	Financial Institutions managing financial assets	<ul style="list-style-type: none"> Our focus on originate-to-distribute directly aligns to the investor clients We now have track record in key products (e.g. Debt Capital Markets, Syndicated Loans) 	Australia Hong Kong Singapore Japan Korea	<ul style="list-style-type: none"> Complements our focus on our FIG business Less capital intensive products driving higher ROEs

Over 35% of Australia's merchandise exports now go to China, reflecting a sharp increase in bulk commodity exports

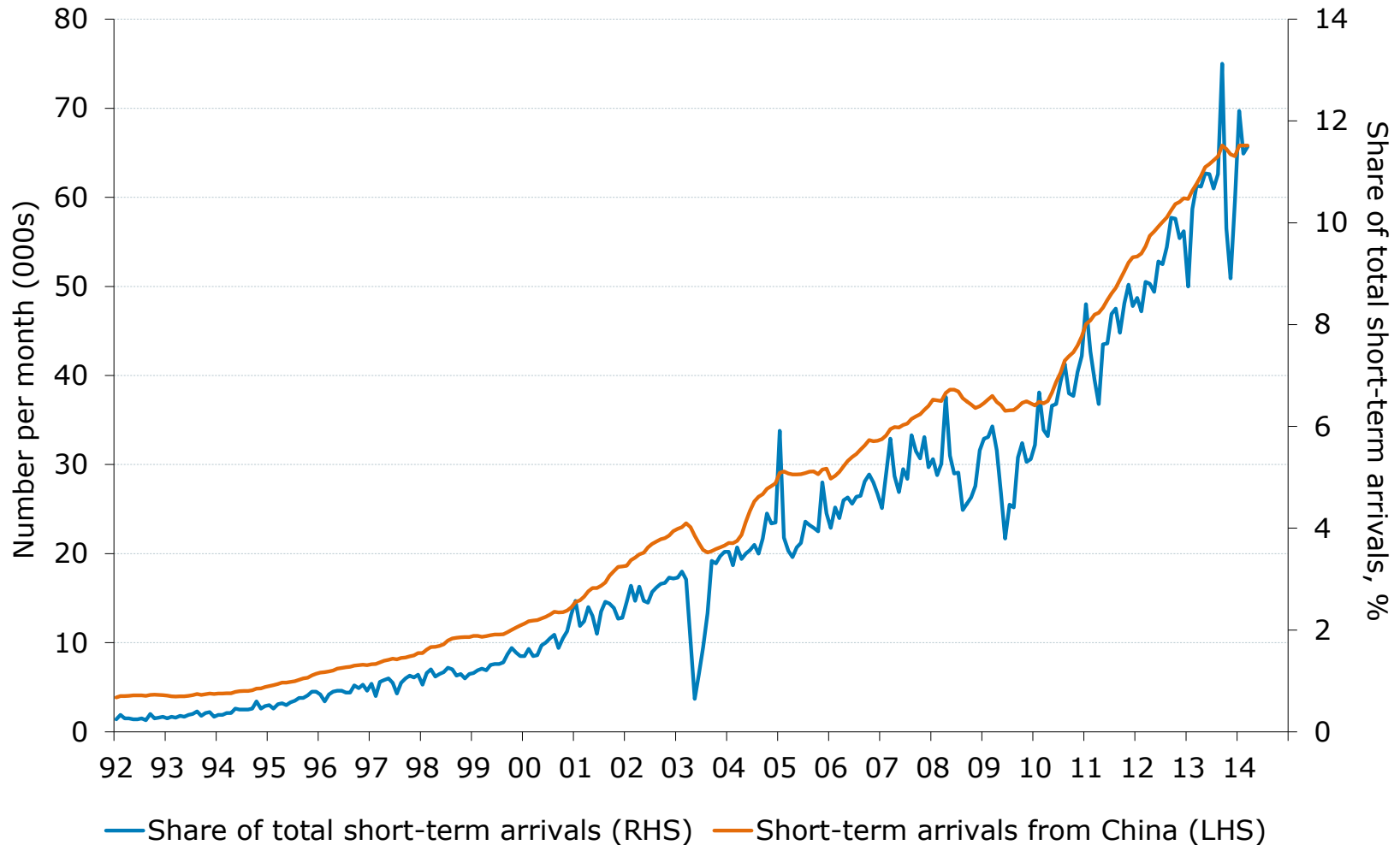
Australian merchandise exports by country



Source: NAB, ANZ Research

The rise in short-term Chinese tourist arrivals has been driven by higher incomes and the emergence of a large middle class

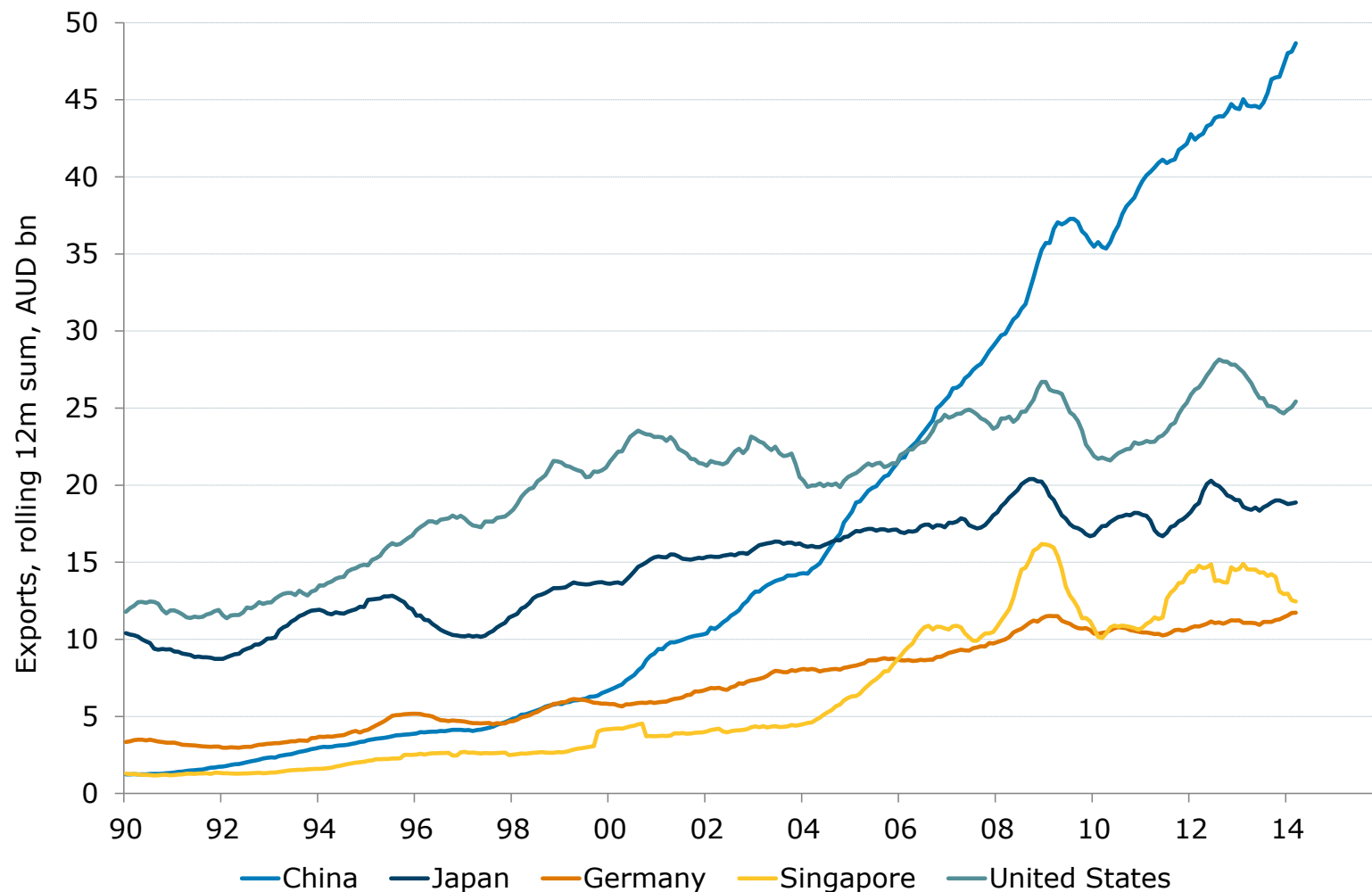
Short-term Chinese arrivals



Source: ABS, ANZ Research

There has also been a sharp increase in imports from China

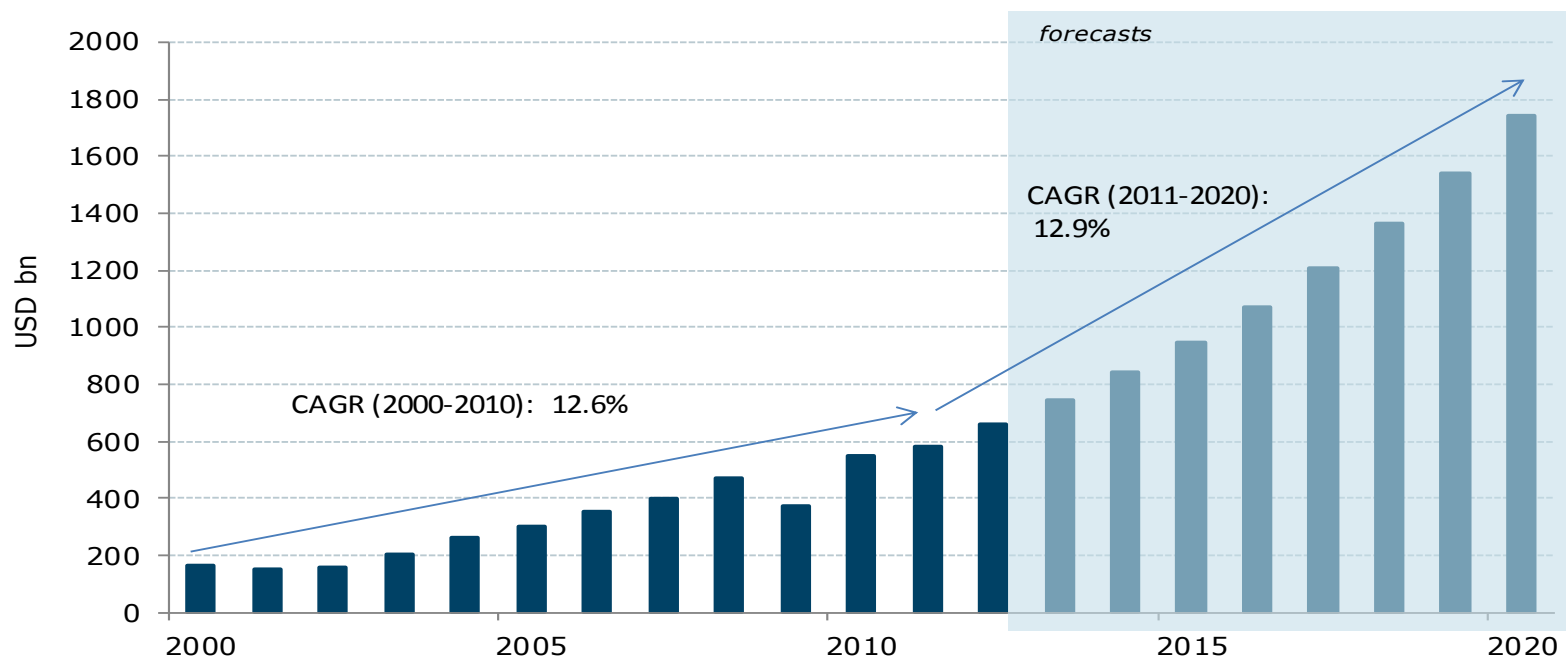
Australian merchandise imports by country



Source: NAB, ANZ Research

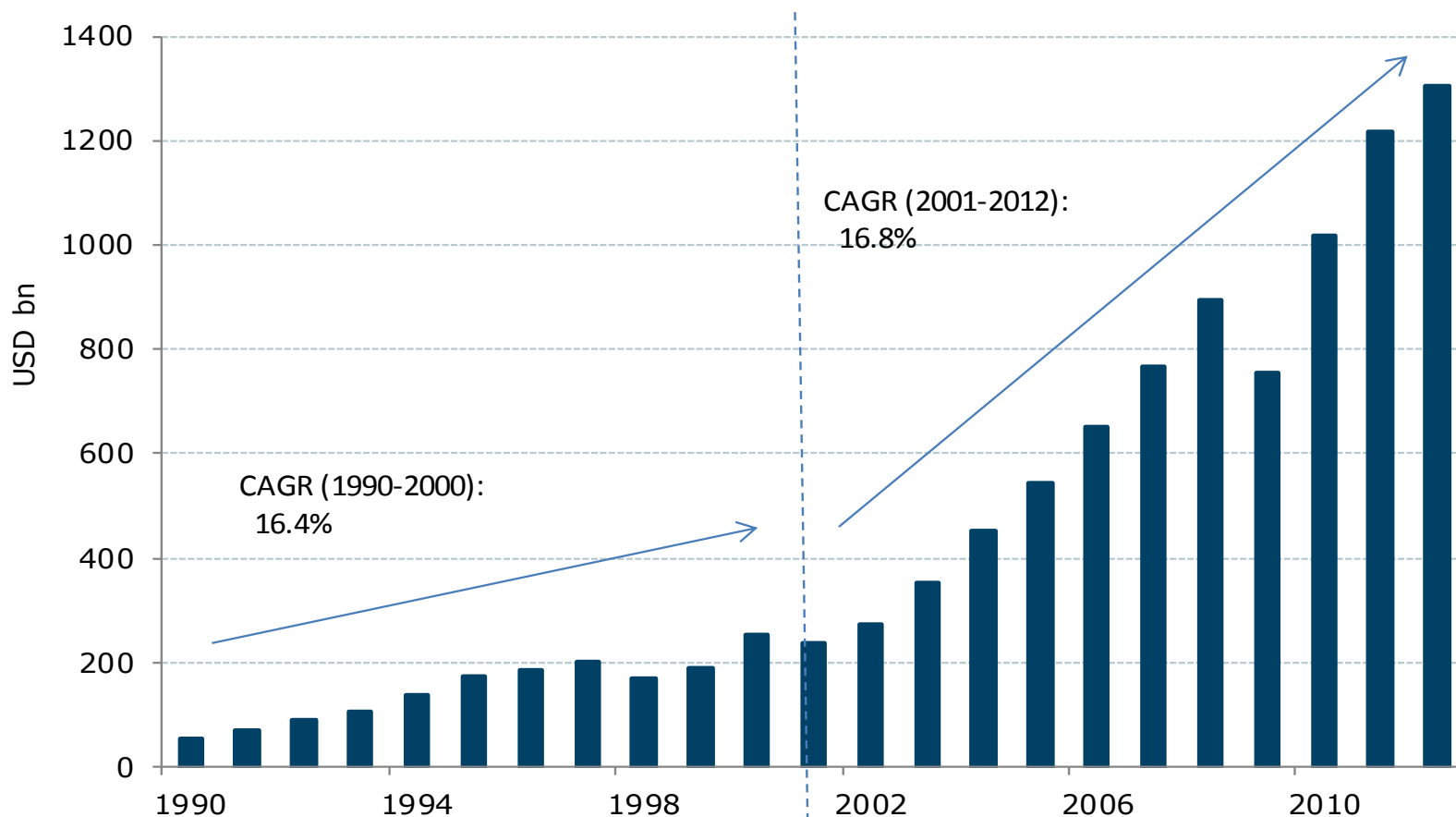
What is the growth rate in intra-regional trade?

ASEAN intra-regional trade to expand with the commencement of ASEAN Economic Community in 2015



- Over the coming decade, Asian production is expected to migrate south, away from the mature-aged expensive labour markets of Japan, China and South Korea to the demographically young and low labour cost economies of the ASEAN
- The launch of the ASEAN Economic Community (AEC) will usher in a period of higher intraregional trade growth as powerful synergies across the region unlocked, facilitating more mobile movement in goods and services across the region
- Specifically, the AEC will draw upon the abundant and cheap labour of Myanmar, Laos and Cambodia and combine it with the production sophistication of economies such as Singapore and Malaysia
- Hence ANZ forecasts intra-regional trade growth to be structural faster in the coming decade

Similar to the surge in intra-regional trade following China's WTO ascension

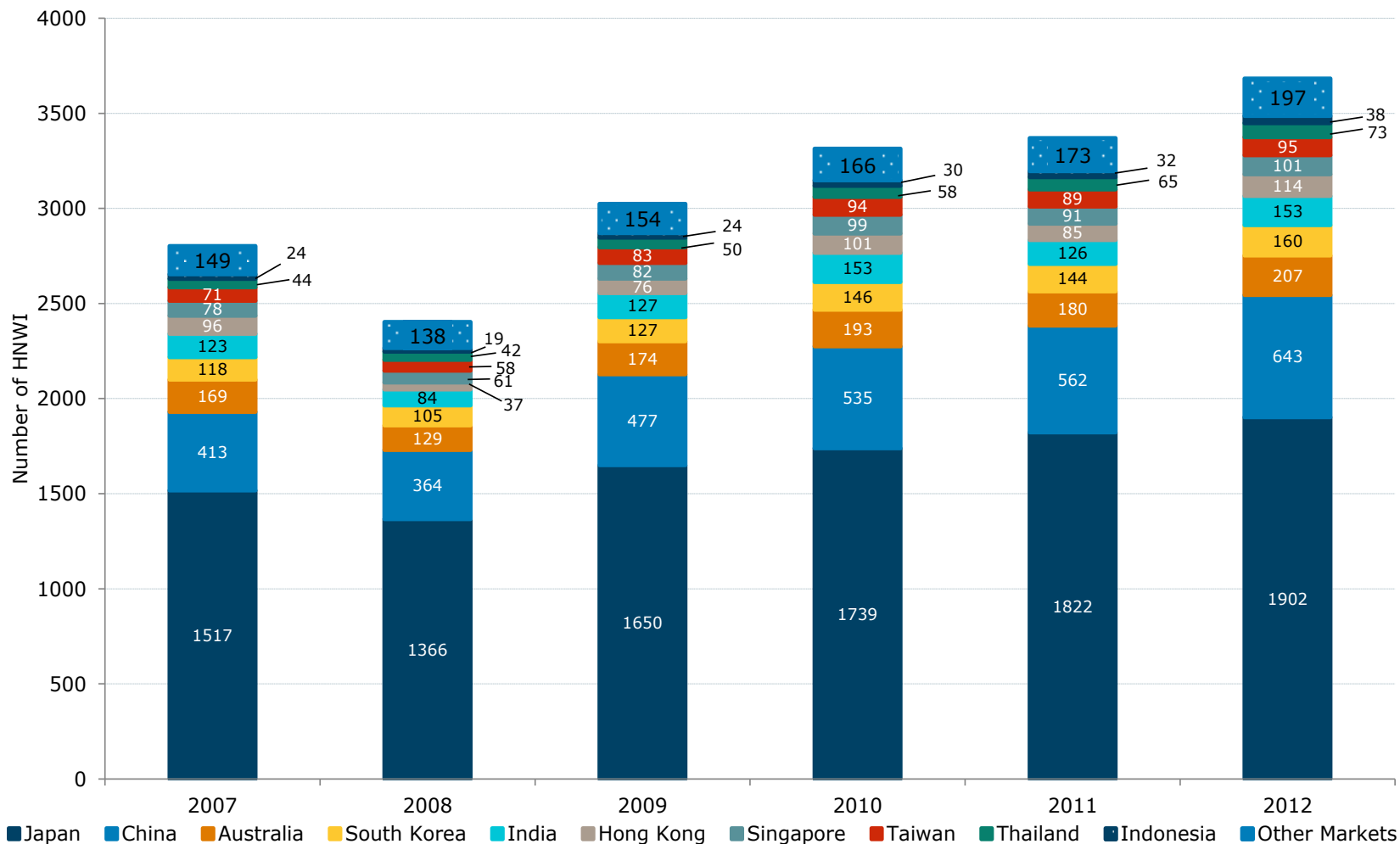


- The creation of the ASEAN economic community is likely to be a positive supply side shock similar to China's WTO ascension in 2000. As production platforms migrate south to the ASEAN, trade should pick up significantly

How is the Retail Affluent segment growing?

Asian high net worth individuals growing strongly

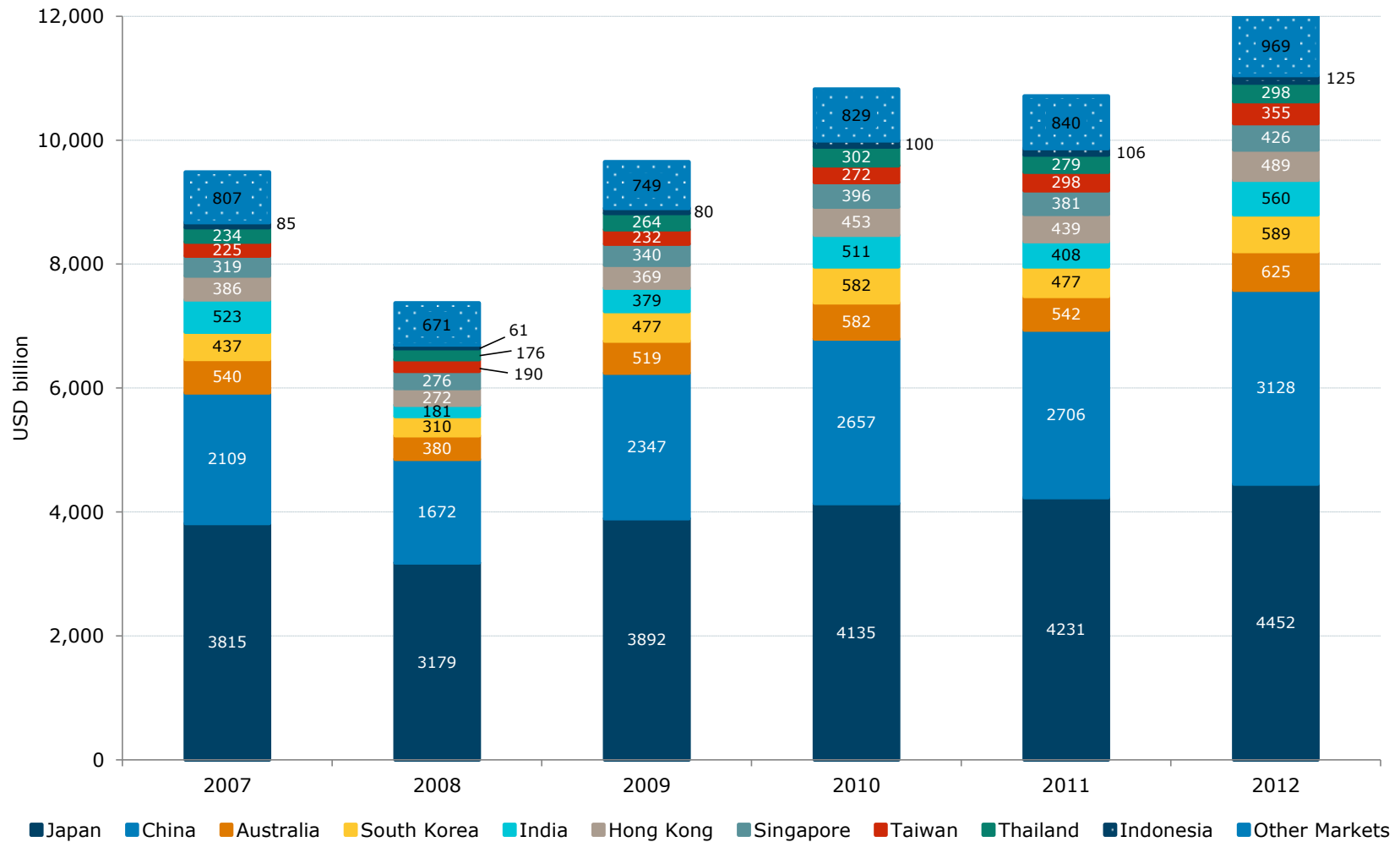
Asia-Pacific HNWI Population, 2007-2012 (by Market)



Source: Capgemini Global Wealth Report 2013, ANZ Research

High Net Worth Individual Wealth continues to grow strongly, led by China and Japan

Asia-Pacific HNWI Wealth, 2007-2012 (by Market)



Source: Capgemini Global Wealth Report 2013, ANZ Research

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