

ANZ ASIA INVESTOR TOUR 2014

AUSTRALIA AND
NEW ZEALAND
BANKING GROUP
LIMITED

23 JULY 2014

STEVE BELLOTTI
MANAGING DIRECTOR

Global Markets & Loans

洞悉先機



全憑我們在亞太區29個市場的專業與卓見

 anz.com/hongkong

 youtube.com/ANZAsiaPacific

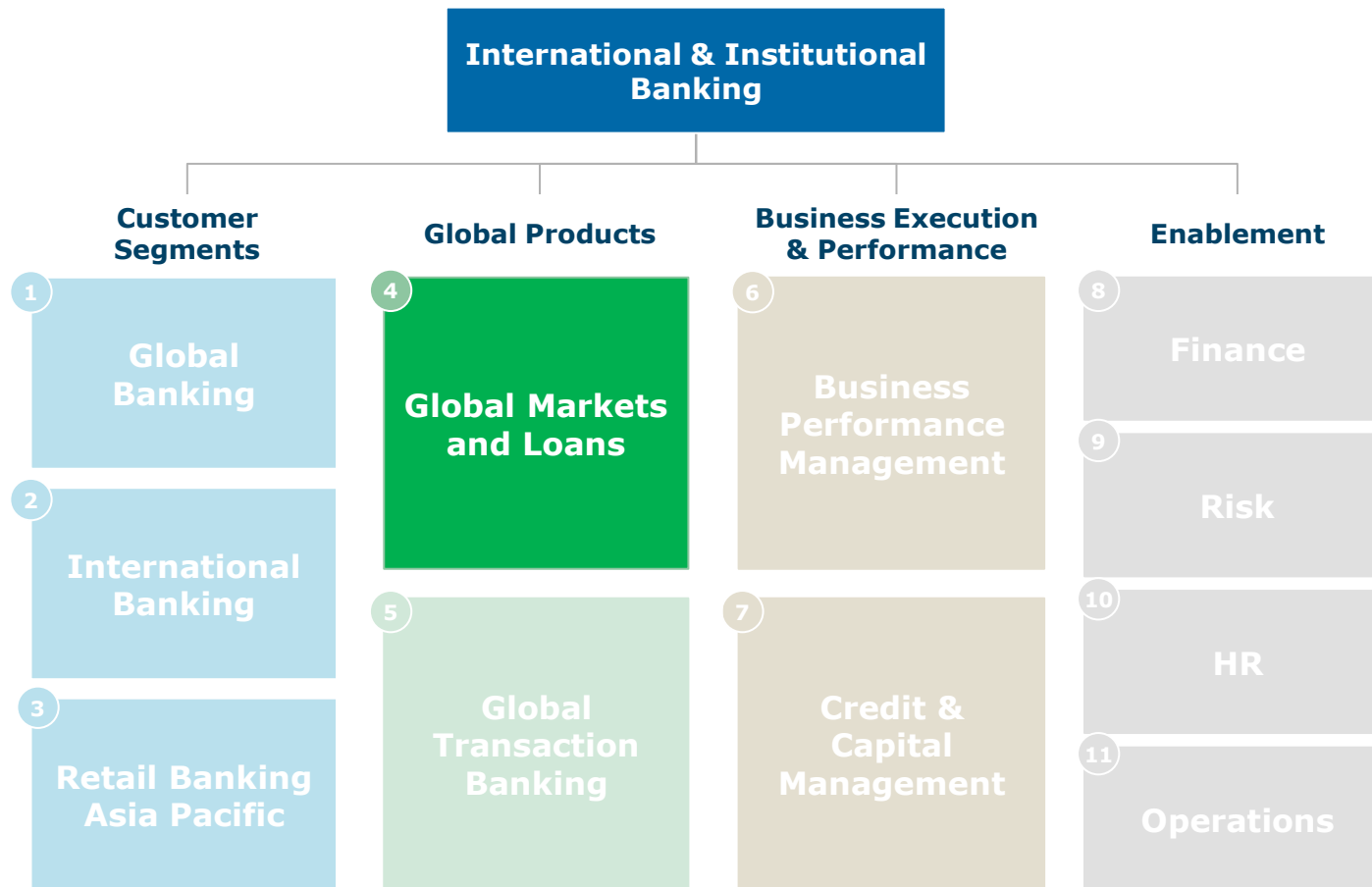
We live in your world

ANZ



澳新銀行

Global Markets and Global Loans are two of the three product lines within IIB



Global Markets is integral to the success of ANZ's super regional strategy, servicing clients in all key markets

Australia & New Zealand

- Well established and leading Markets business
- Predominantly FX and Rates delivered by an efficient cost-to-serve model to Institutional, Corporate and Commercial clients

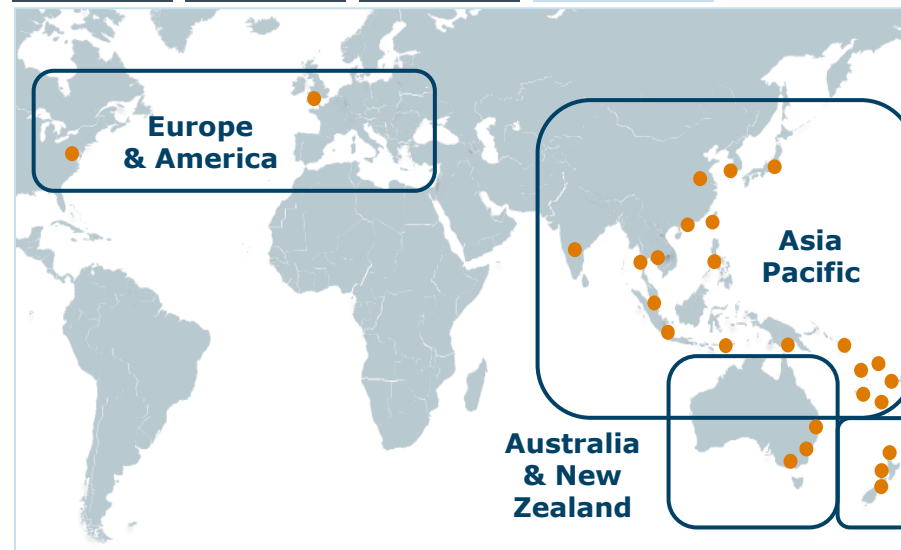
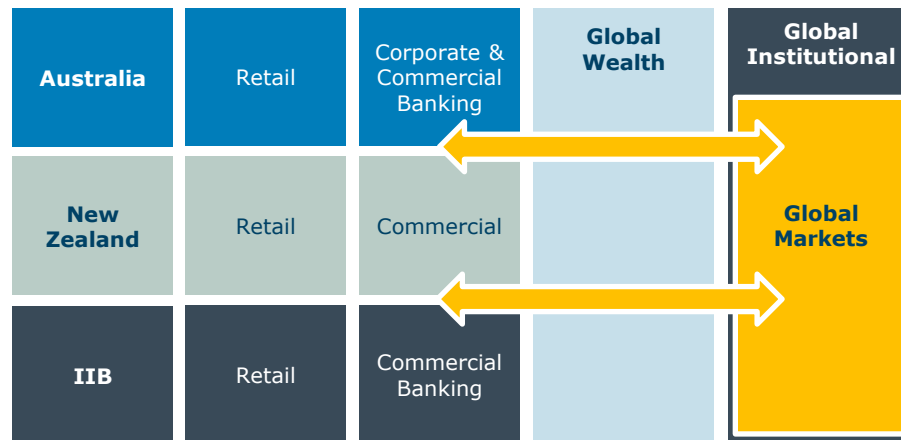
Asia Pacific

- Growth market serving a broad client base, competing against regional and global players
- **Corporate/Institutional:** Multi-currency flow platform (FX, Rates, Credit) and Debt Capital Markets (DCM) delivering liquidity and access to global capital markets
- **Commercial:** Preferred bank for clients with cross-border needs

Europe & America

- Niche market focused on Investor clients doing business in Asia Pac
- Offer access to Asian names via top tier regional credit platform with capability to "originate and distribute"

Global Markets support a number of ANZ's key customer segments



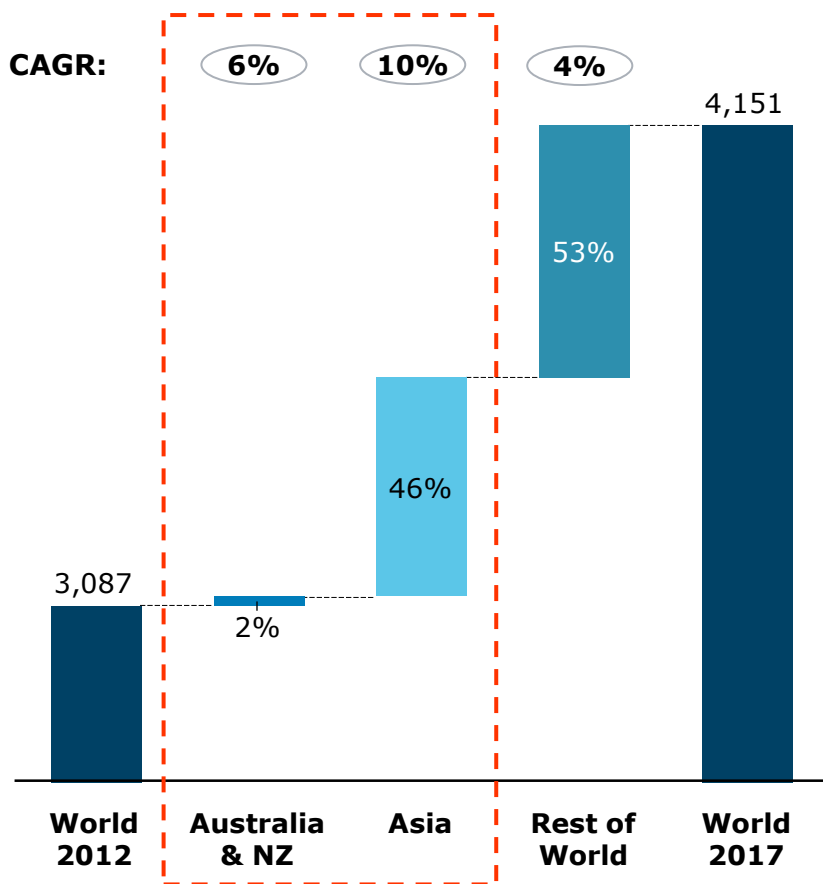
Macro fundamentals shows that Asia will enjoy the highest growth in banking revenue pools to 2017

Asia Pac is expected to deliver almost 50% of growth in banking revenue pools

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

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

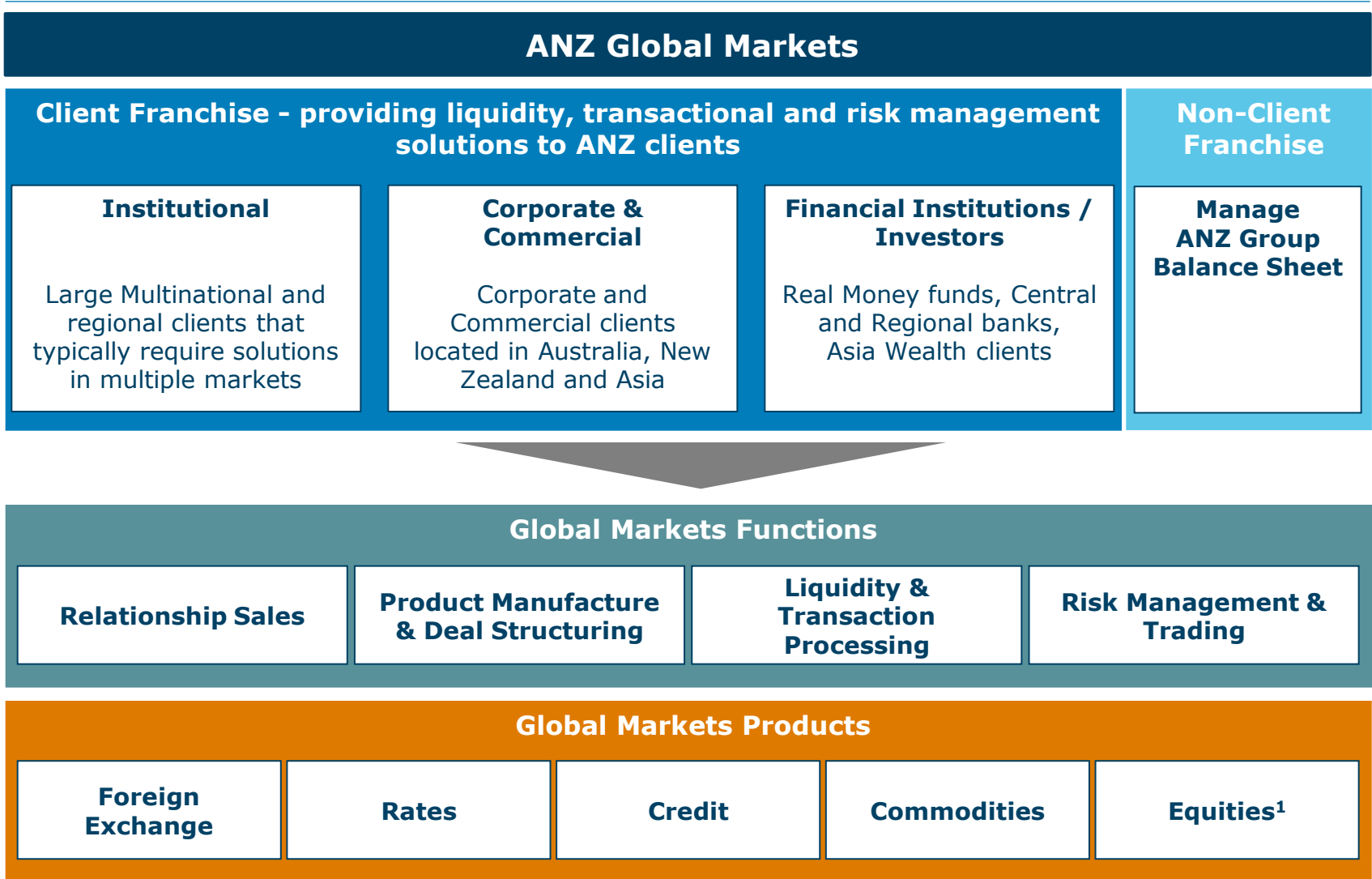
Forecast revenue pools for key Asia Pacific markets by product US\$b, 2017¹



	Lending	Transaction Banking	Markets
Australia & NZ	36.9	6.3	10.0
Singapore	10.0	2.1	4.5
Hong Kong	8.5	2.5	8.2
Indonesia	29.9	4.2	0.6
China	310.7	39.2	13.1
Japan	186.4	20.6	25.0
India	56.6	14.1	9.0

1. Source: BCG Banking Revenue Pools Database, 2013

Global Markets operates a full service business model



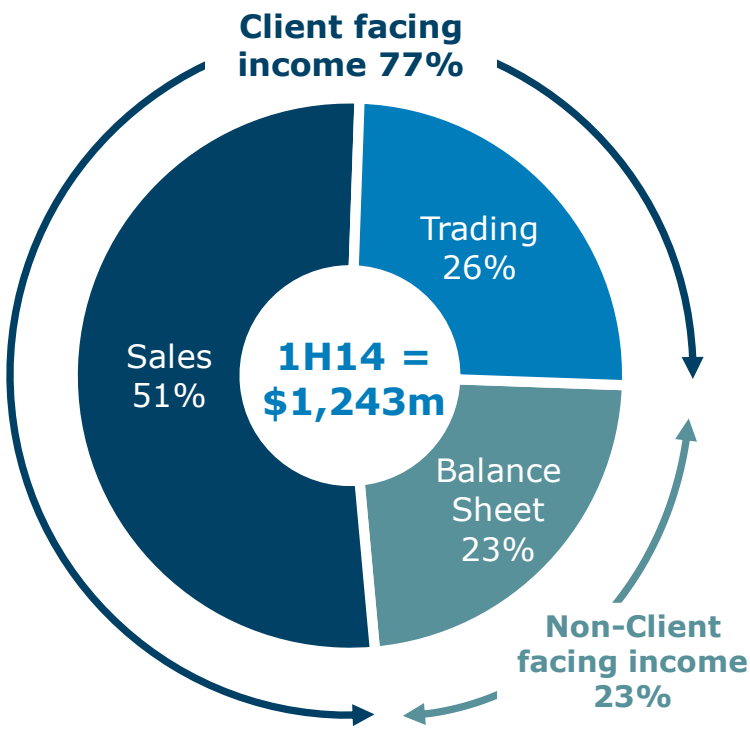
1. Equities offering represented by a niche equity derivative origination and sales capability and limited ECM capability

The Global Markets business model is built around supporting the needs of ANZ clients

Global Markets income is generated through three principal sources

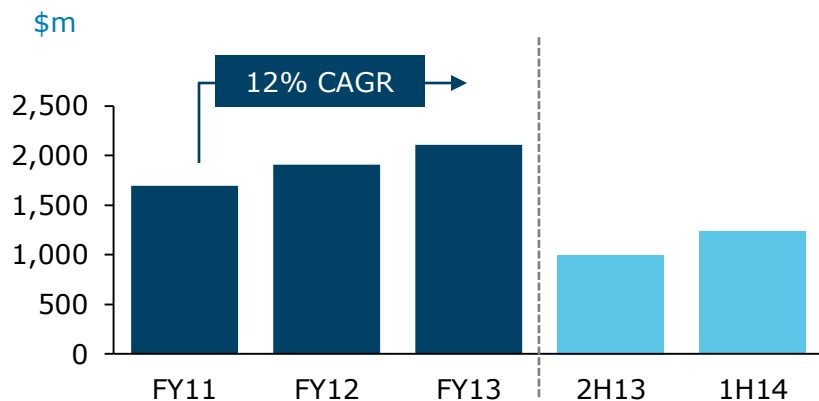
ANZ Global Markets income composition

<p>Sales</p>	<ul style="list-style-type: none"> • Direct client flow business on core products such as Fixed Income, Foreign Exchange, Commodities and DCM • Focused on increasing the mix of sales income through client acquisition and greater penetration
<p>Trading</p>	<ul style="list-style-type: none"> • Trading represents management of positions taken as part of direct client sales flow and strategic positions • Trading in the rates and credit product, in line with balance sheet trading
<p>Balance Sheet</p>	<ul style="list-style-type: none"> • Management of interest rate risk for the loan and deposit books • Management of the bank's liquidity position

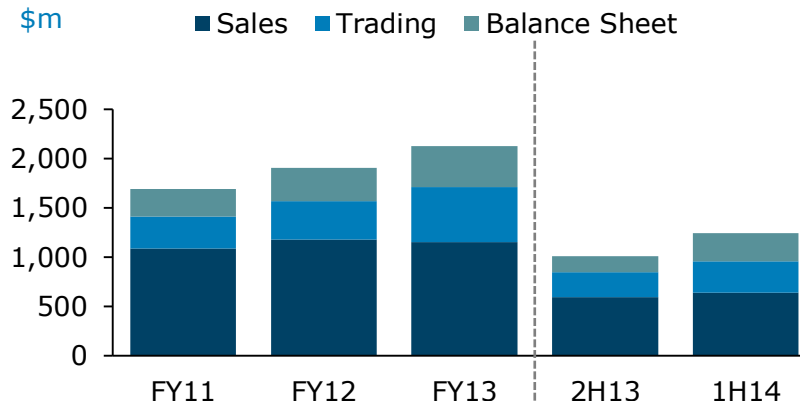


Global Markets' stable earnings growth has been achieved by diversifying across client, product and geography

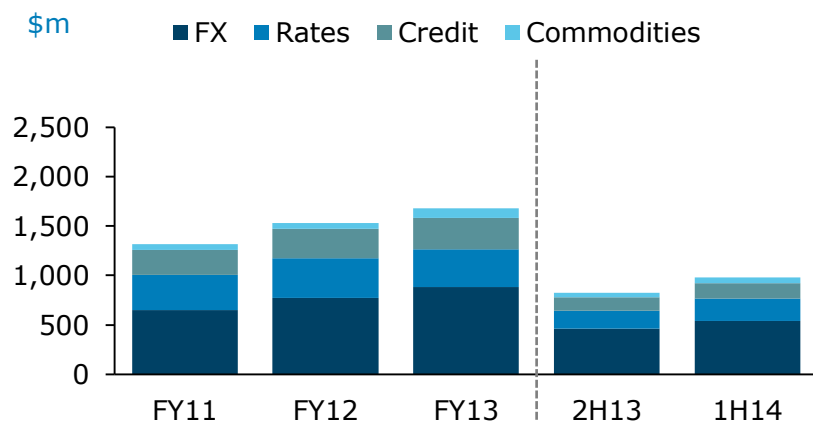
Global Markets income



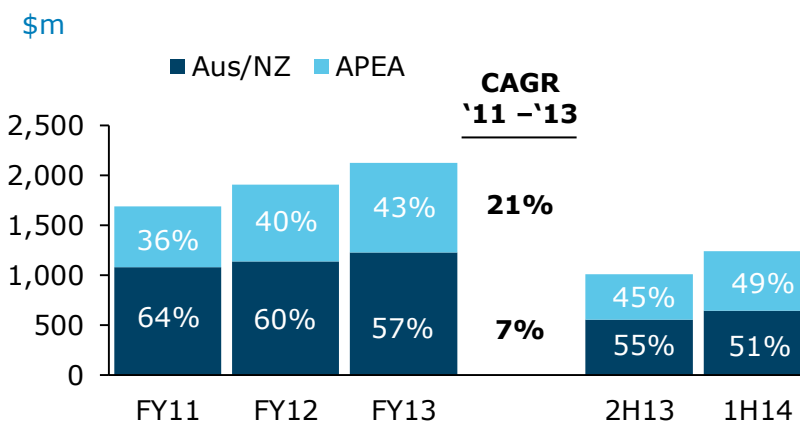
Global Markets income by type



Global Markets income by product¹



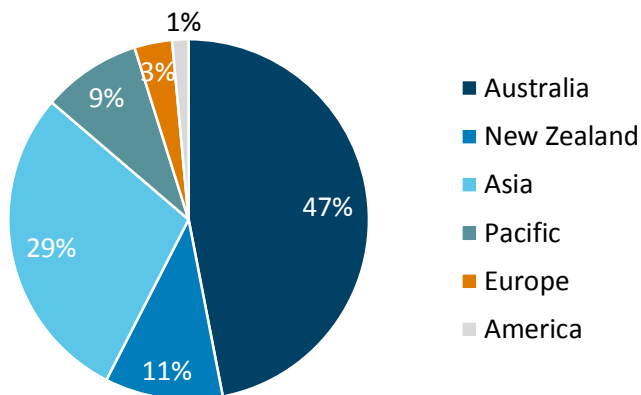
Global Markets income by geography



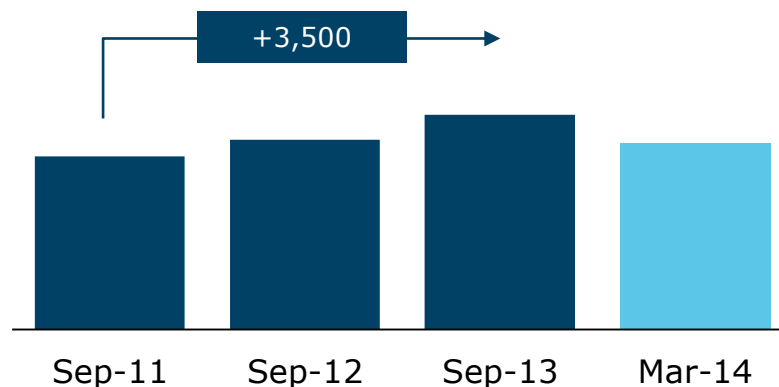
1. Excludes balance sheet income

Global Markets has strengthened the business through diversification of its client franchise

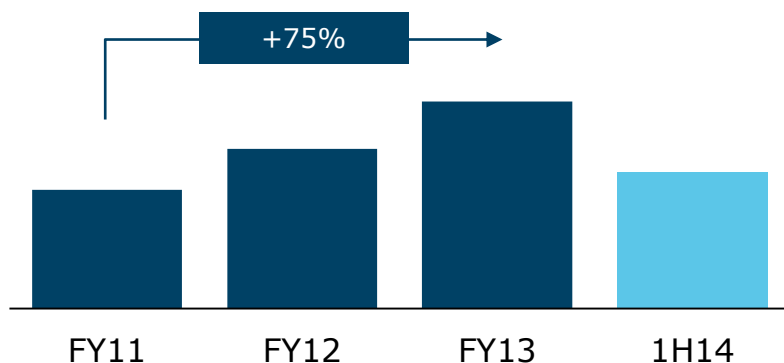
Global Markets has built a regionally diverse client base



The client franchise is increasing in size

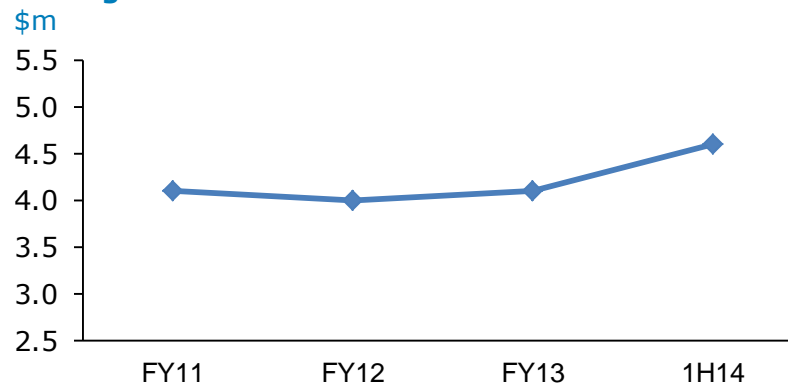


Delivering increased client flow to our core businesses e.g. FX Vanilla Sales



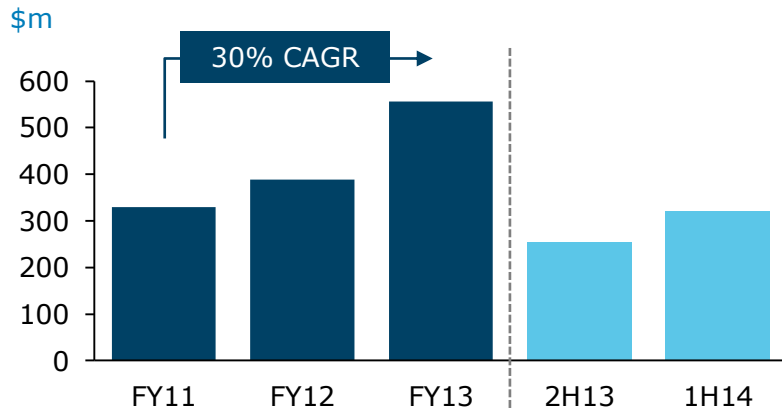
Meaning more client deals at an average deal size that remains relatively stable

Average Deal Size

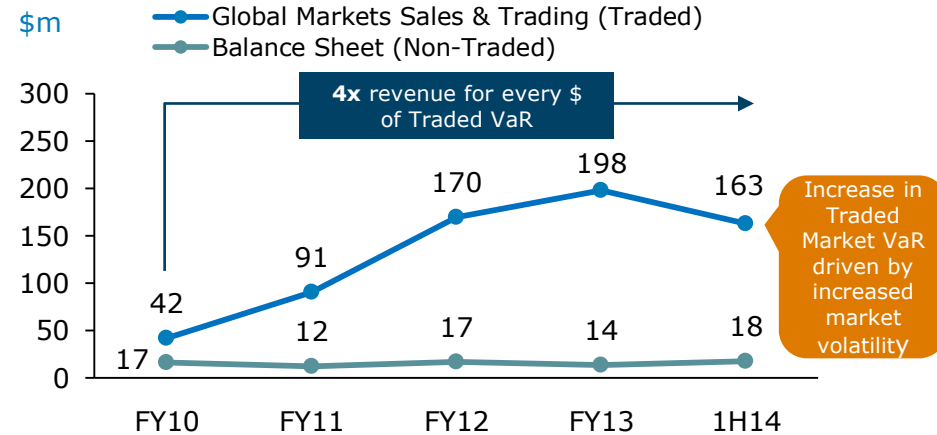


Business diversification is delivering an uplift in trading revenue for Global Markets with an improved risk profile

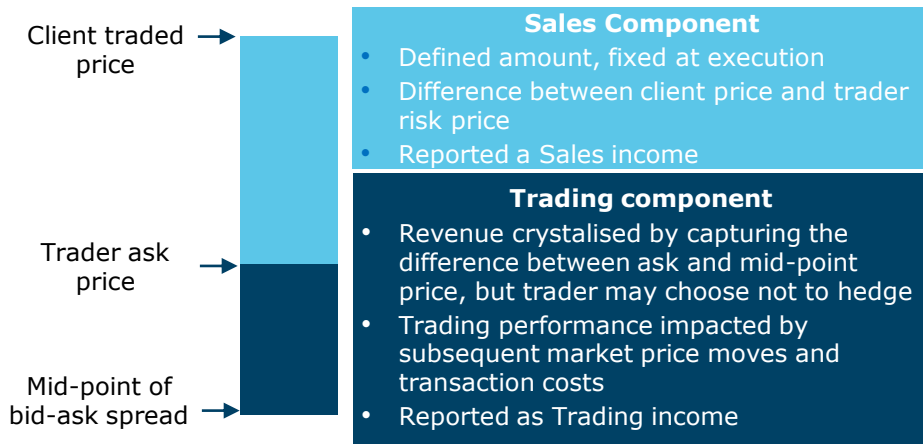
Global Markets trading income



Global Markets revenue per \$ Value at Risk¹



Revenue from a typical client transaction



- Price making, the provision of liquidity and risk management solutions are all critical to supporting the client franchise
- The majority of trading revenue is generated by client related activity with a small proportion attributable to strategic positioning or macro hedging
- In a typical client transaction there is a trading and sales component to the revenue generated by the deal
- Sales component is a "hard" dollar amount whereas trading revenue is "at risk" over the life of the deal so traders aim to capture, and add to, product margins.

1. Average 1-day 99% VaR

Global Loans & Advisory operates a full service business model

ANZ Global Loans & Advisory

Providing advisory and lending solutions to ANZ clients

Institutional

Large Multinational and regional clients that typically require solutions in multiple markets

Corporate & Commercial

Corporate and Commercial clients located in Australia, New Zealand and Asia

Solves strategic financing decisions for clients

**Specialist
Advisory**

Origination

**Structuring &
Execution**

**Portfolio/Risk
Management**

Distribution

Global Loans & Advisory Functions

Corporate Advisory

- Offers corporate and project advisory services
- Specialises in Natural Resources, Infrastructure and Agriculture for clients with a focus on regional cross border investment flows

Specialised Finance

- Structured Project & Export Finance
- Structured Asset Finance
- Debt Structuring & Acquisition Finance

Loan Product & Execution

- Loan Structuring & Execution
- Loan Agency
- Loan Product Management

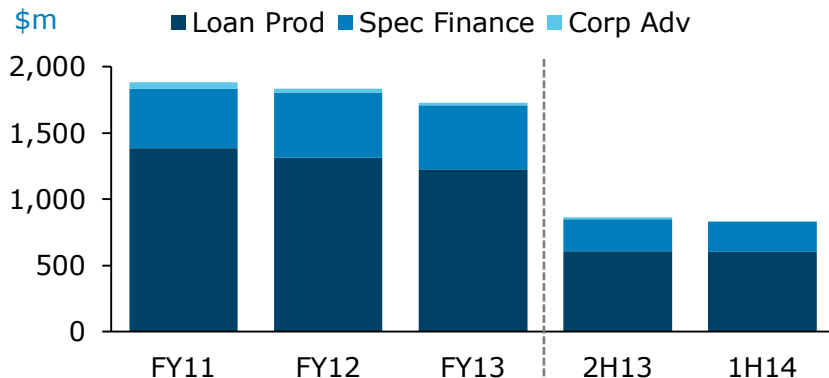
Loan Syndications

- Award winning Loan Syndications team¹
- Specialises in originating, structuring, underwriting and distributing syndicated loans on behalf of borrowers seeking to raise capital

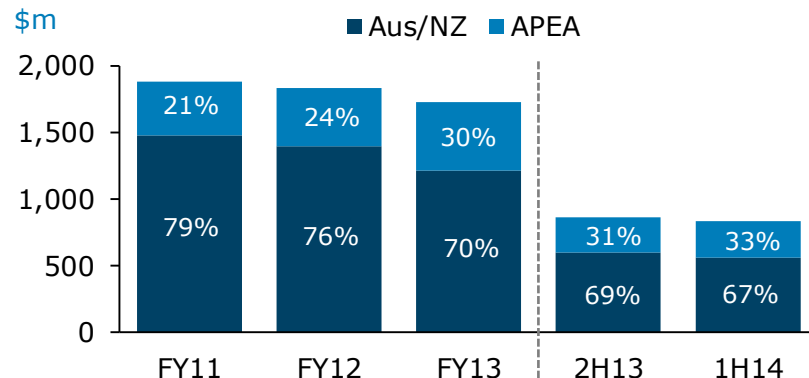
1. AsiaMoney Best Banks Awards 2014 – Best Domestic Debt House Australia

Global Loans & Advisory is growing a profitable and geographically diverse business

Global Loans & Advisory Income

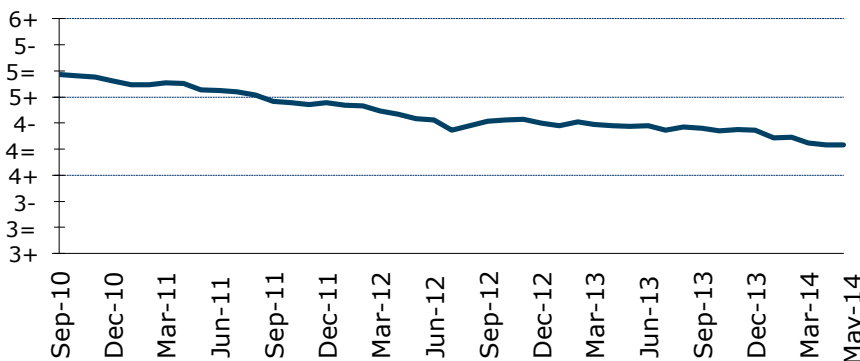


Global Loans & Advisory Income by Geography



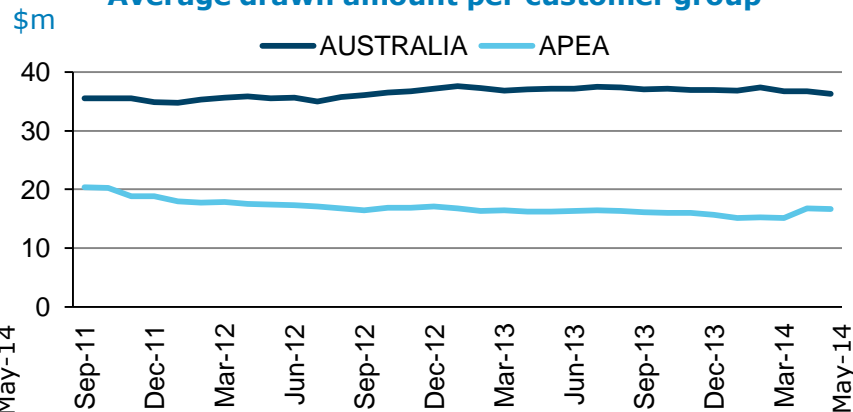
Global Loans & Advisory is building a higher quality loan book

Probability of Default Weighted Average Customer Credit Rating Trend



Asian exposures are on average lower than those against Australian clients

Average drawn amount per customer group



Global Loans & Advisory is leading with its expertise to drive adjacent revenue opportunities

Almost half of the Project Finance deals financed in Asia by ANZ now include an advisory role



AUD 361,000,000

Financial Advisor
 ADVISOR TO CONTINENTAL WIND PARTNERS & GE ON THEIR 100% EQUITY DIVESTMENT AND PARALLEL DEBT FINANCING OF THE BOCO ROCK WIND FARM

2013



AUD 251,400,000

Mandated Lead Arranger
 CONSTRUCTION AND TERM FACILITIES FOR THE 113MW BOCO ROCK WIND FARM

2013



INVESTOR AWARDS

ANZ #1 MLA IN ASIA PAC AND #1 BOOKRUNNER

2014



BEST BANK AWARDS

BEST DEBT HOUSE AUSTRALIA

2012 - 2013



BANK OF THE YEAR

BANK OF THE YEAR – ASIA PACIFIC

2013



USD 787,000,000

Financial Advisor
 ADVISOR TO CNOOC, BG, CHINA LNG, TEEKAY LNG AND BW GAS FOR THE FINANCING OF THE CHINESE LNG SHIPPING PROJECT

2013 - 2014



USD 787,000,000

Mandated Lead Arranger
 TERM LOAN FACILITIES FOR THE PROCUREMENT OF 4 CHINESE BUILT LNG VESSELS TO BE CHARTERED BY BG

2014



IFR ASIA AWARDS

AUSTRALIA / NEW ZEALAND LOAN HOUSE OF THE YEAR

2013



INFRASTRUCTURE INVESTOR AWARDS

INFRASTRUCTURE BANK OF THE YEAR IN ASIA PACIFIC

2013

IIB's strategic priorities have clear implications for Global Markets & Loans over the coming two years

IIB STRATEGIC PRIORITIES	KEY AREAS OF FOCUS FOR GLOBAL MARKETS & LOANS
Connecting more Customers by Providing Seamless Value	<ul style="list-style-type: none">• Capitalising on regional trade and investor flows to connect producers with consumers• Adoption of the “originate to distribute” model in order to distribute risk from Corporate clients to Investor clients• Development of digital channels to facilitate client self service and a more efficient client on-boarding process.
Delivering Leading Products through Insights	<ul style="list-style-type: none">• Enhancing the credit origination, trading and distribution platform across the capital markets business to fully leverage the Asian franchise• Providing integrated financing, risk management and treasury product solutions for Corporate clients• Building Asian product expertise for Investor clients globally
Intensifying Balance Sheet Discipline	<ul style="list-style-type: none">• Improving interlock with Relationship Banking to drive cross-sell and capture higher ROE opportunities• Managing to client returns objectives• Active tail management
Scaling & Optimising Infrastructure	<ul style="list-style-type: none">• Ongoing enhancement of front office pricing, risk management and valuation platforms• The automation of middle and back office processes to deliver an increase in Straight Through Processing (“STP”) rates• The implementation of a new Global Loans Management System

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