# Asia Investor Update

## Institutional & Commercial
## Asia Pacific Europe & America

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ANZ

# Agenda

**Achievements**

- What we have achieved: 2008 – 2010
- What we intend to do: 2010+

**Priorities**

- Key priorities
  - Customers
  - Product
  - Connectivity

**Strategy**

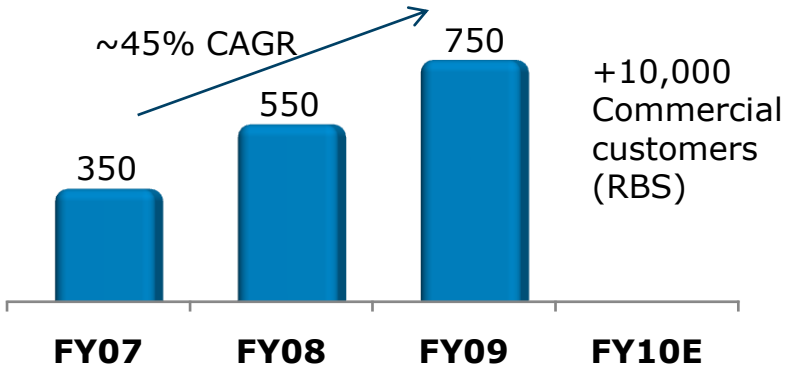
- Clear segment proposition
- Accelerating Commercial build
- Building regionally competitive products and platforms
- Positioning to capture trade and capital flows

**Execution**

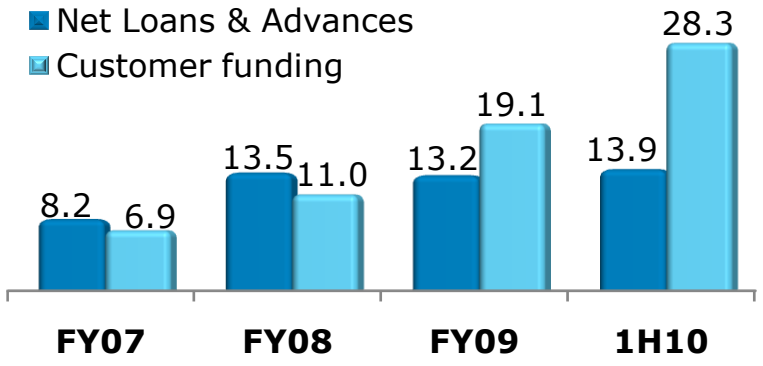
- Focus & disciplined execution –
  Clients, Connectivity, People, Products, Geography

# Key business metrics illustrate the progress to date

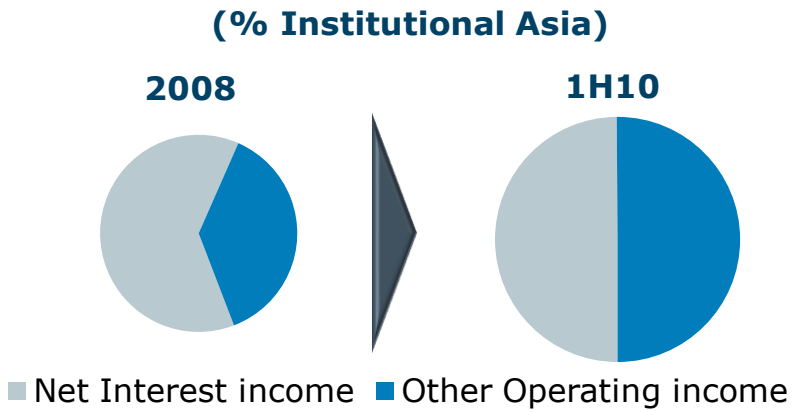
## Significant customer build-out in Asia
Customer numbers, Institutional Asia



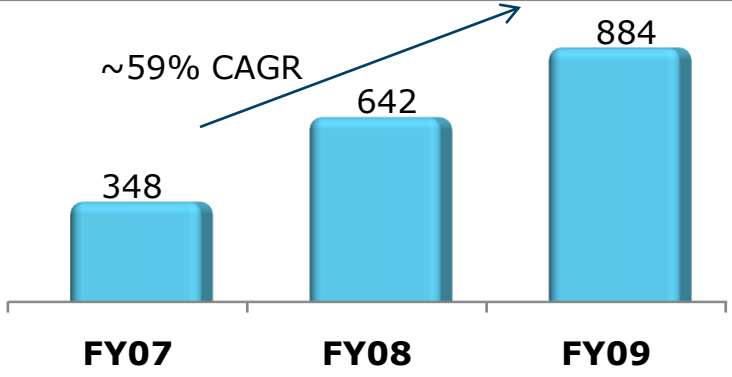

## Building our funding base
Institutional APEA balance sheet (USD b)




## Diversifying Asia revenue streams
Institutional Asia NII vs Other income




## Building out the revenue base
Institutional APEA revenue[1] (USD m)




1. Includes Cambodia

# Becoming a top 4 Institutional bank in Asia Pacific

| 2007 | 2010 | 2012 |
|---|---|---|
| **Australia & New Zealand focus** | **Building hubs & franchise markets** | **A Super Regional bank** |
| **Narrow focus**<br>• Australia / NZ connectivity<br>• Transaction-lead business | **Growing client base**<br>• High-end Corporates, regional MNCs[1], local Corporates, Financial Institutions<br>• Building industry specialisation<br>• Commercial build (RBS+Organic) | **Core to clients**<br>• Leading Resources bank<br>• Strengths: Agriculture, Infrastructure, Technology<br>• Superior client insight<br>• Strong Commercial franchise |
| **Limited capability**<br>• Few high end products<br>• No electronic delivery channels | **Product capability build**<br>• Basic Cash & Trade<br>• Local currency FX, Rates, Global Capital Markets, Commodities | **Regionally competitive**<br>• Regional Cash platform, Trade suite<br>• Asian FX / Rates, DCM, Commodities<br>• Global Payments & Messaging<br>• Structured product to Wealth |
| **Limited network** | **Positioning the network**<br>• Leverage historical strengths; building intra-Asia links | **Seamless connectivity**<br>• Differentiated by power of network |

1. Multi National Corporations



ANZ

# Three strategic priorities

**Significantly build client franchise**

- Focus on multi-nationals, Asian regional and local corporates, financial institutions, governments
- Industry specialisation: Resources, Agriculture, Infrastructure, Technology
- Build Commercial proposition (RBS + organic)

**Build regional product platforms**

- Transaction Banking (Cash, Trade and Payments)
- Markets (local currency FX, Rates and DCM and Commodities)
- Specialised Lending (Project Finance, ECA, Leasing)

**Leverage network connectivity**

- Build intra-Asia connectivity
- Leverage historical Aust/NZ connections
- Europe & US to feed the Asian opportunity
- "We know people, who know people"

# Institutional has a clear segment proposition

## Clearly defined target customer segments …

**Institutional target segments**

- MNCs[1], Asian regional and local corporates
- Financial Institutions, Government
- Natural Resources, Infrastructure, Agriculture
- Telecommunications, Property, Manufacturing

## Powerful customer value proposition …

**Superior insight and service excellence**

- Global account model with local execution
- Geographic expertise, language and culture
- Deep industry specialisation
- Client insight and research capability

**"We know people who know people"**

- Local knowledge and relationships enhanced by the power of the network
- In-country teams backed by specialists and research within the Singapore and HK hubs
- Regional product propositions

1. Multi National Corporations

# Commercial build accelerated with addition of RBS assets

## Commercial Asia Snapshot

| | |
|---|---|
| Countries | 8 |
| Customers | >10,000 |
| Frontline Staff | ~400 |

- ANZ existing franchises
- RBS-acquired Commercial business
- ANZ new organic build

## 'Adding value to your business'

### Service excellence and speed

- Deep client relationships on the back of industry / market insights
- Current scale an advantage - allows for greater responsiveness (agility)
- Investing in platforms and processes to enable 'fast and accurate' client solutions

### Regionally competitive products

- Regionally competitive products focused on Trade, Markets and Transactional Services

### Leverage the power of the network

- Building a Super-Regional platform with intra-country linkages to ANZ franchises in Asia, Australia, New Zealand & the Pacific
  - Greater China
  - Greater Mekong
  - South East Asia

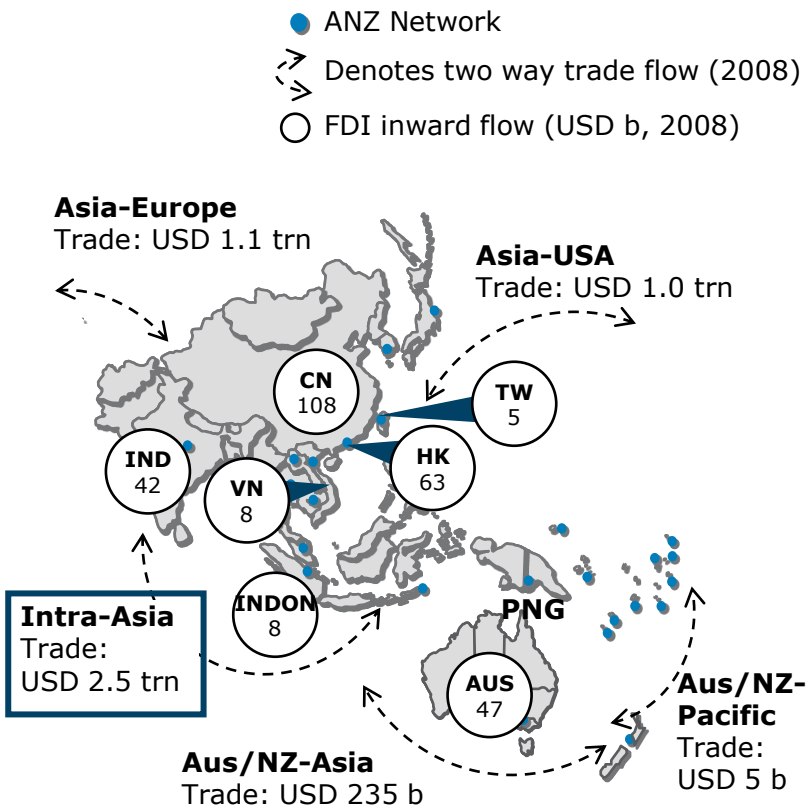
# Building regionally competitive products and platforms

| | Current offering | End-state |
|---|---|---|
| **Transaction Banking** | • Vanilla Trade, Supply Chain<br>• Basic Payments & Cash Management<br>• Network extension (6,000+ points of representation) | • Full Trade product suite across Asia (Trade, Supply Chain, Structured Trade)<br>• Cross-border integrated Payments & Cash Management |
| **Specialised Lending** | • Structured leasing and asset finance<br>• Project and structured finance<br>• Structured export finance<br>• Lending (local and foreign currency), Overdrafts | • Customer-focussed proposition<br>• Aligning to industry specialisation<br>• Local incorporation to enable growth |
| **Global Markets** | • Core FX/Rates products<br>• Building Commodities<br>• Select offerings in Capital Markets | • Full suite of FX/Rates<br>• Complete Commodities product suite<br>• Leading Capital Markets offering<br>• Equity Derivatives products for Wealth segment |

# Positioning to capture trade and capital flows and access liquidity pools

## Regional Trade flows

USD b




## Capturing the Opportunity…

### Intra - Asia

- Large opportunity; intra-regional FDI >USD 60b
- ANZ well positioned given network reach
- Building bench strength in relationship coverage

### Asia – Australia & NZ

- Trade flows dominated by natural resources
- ANZ should dominate this space
- Increased investments expected (Asia – Australia)

### Asia – Europe & America

- Largest trade corridor
- Dominated by US and European banks and MNCs
- A medium term opportunity for ANZ

**Data source:**
Trade & Supply Chain Strategy Team , Trade Map, DATASTREAM '07

# Focus & disciplined execution has brought success

## Development of ANZ Institutional capabilities in Asia

| | 2008 | 2009 | 2010 | 2011+ |
|---|---|---|---|---|
| **Clients** | • High-end Corporates | • Regional MNCs[1]<br>• Financial Institutions<br>• Natural resources<br>• Technology | • Local Corporates<br>• Commercial<br>• Agri, Property, Infrastructure, | • Continued industry specialisation |
| **Connectivity** | • Australia-NZ connectivity | • Intra-Asia connectivity | • Europe & America | • Retail & Wealth products |
| **People** | • Build leadership bench strength<br>• Build hubs | • Invest in people<br>• Grow team | • Integrate RBS<br>• Phase 1 Learning & Development | • Embed single ANZ culture<br>• Retention |
| **Products** | • Vanilla Trade<br>• FX/rates | • Basic Cash<br>• Commodities<br>• DCM<br>• Supply Chain | • Cash Wave 2<br>• Network Extension<br>• Structured Product (Wealth)<br>• Structured Trade | • Regional Cash platform<br>• Payments |
| **Geographic expansion** | • Hubs | • Franchise countries (China, Vietnam, Indonesia) | • Europe & America<br>• Pacific focus | • India, Middle East |

1. Multi National Corporations

# In summary:

**1. Integrate RBS and build from the strong base**

- Stabilise the customer base
- Integrate staff into ANZ

**2. Continue momentum in the client build**

- Continue RM build-out
- Deepen existing relationships
- Deepen industry specialisation

**3. Remain disciplined, stay on strategy**

- We have a strong base to build from
- 2010 is a year of consolidation
- Positioning for 2011