



BUILDING A SUCCESSFUL BUSINESS IN ASIA



ANZ has set an ambitious target to grow its business in Asia. Our goal is to become a substantial financial services organisation in the region with 20% of our profit derived from Asia Pacific by 2012.

The business opportunities for ANZ are clear. Asia is home to two of the world's five largest economies and almost two thirds of its population. Demand for financial services will increase as living standards and household wealth rise.

With over 40 years experience in Asia, ANZ is uniquely placed among Australian banks to capitalise on this opportunity. Our Australian business clients have long relied on ANZ as an experienced and trusted banking partner that can help them access, grow and prosper in the region.

However, to achieve our growth targets and be successful, we must also create compelling reasons for local customers, businesses, governments, community partners and employment talent to choose ANZ.

“This means understanding the cultural diversity in the region, the complexities created by the pace of social and economic development and the specific opportunities for us within each country,” says Alex Thursby, Chief Executive Officer, Asia Pacific.

We are also adapting some of our most successful policies and approaches to deliver responsible products, services and decisions consistent with the expectations of local customers, governments and communities.

Our early priorities include building our leadership team in the region and supporting our new business clients to understand and manage the economic, social and environmental issues and opportunities associated with their activities.

“Building a successful business involves understanding the cultural diversity in the region, the complexities created by the pace of social and economic development and the specific opportunities for us within each country.”

— ALEX THURSBY, CHIEF EXECUTIVE OFFICER, ASIA PACIFIC

DEVELOPING LOCAL LEADERSHIP

To ensure we are well placed to achieve our growth plans, one of our first priorities has been establishing a leadership team with deep experience in Asia. Our recruitment strategy over the past 18 months has focused on attracting people who have strong relationships and a track record in the region, who know Asian banking systems and understand local markets.

These leaders are now charged with attracting and nurturing the local Asian talent who will manage our business in the region into the future.

It's an employment strategy that makes business sense. 'Local leadership' will better understand the needs and expectations of local customers, regulators and the broader community. It will reduce our reliance on expatriates in the long term and allow us to create a sustainable pipeline of local leaders within the organisation.

We have also had particular success attracting senior women to work with us in the region. Twenty-seven per cent of executives in our Asia Pacific division, including three Country Heads and the Managing Director of our Retail business, are female.

According to the Chief Executive Officer of North East Asia, Alistair Bulloch, our local approach is helping us to stand out from the crowd in the eyes of potential employees.

“The financial services market in Asia is growing faster than anywhere in the world and the labour market is highly competitive. To be successful we have to offer something different which is valued by the best talent.

“Because of our commitment to becoming a major foreign player in the region, for which we need to develop local leadership, we can offer candidates in the region a clear

pathway to senior management positions and beyond – this is rare for multinationals in Asia,” says Alistair.

Our research and experience tells us career development is highly valued by Asian nationals, along with access to top-tier international training programs and opportunities to travel.

The Extended Leadership Team is an example of one initiative that gives local recruits exposure to ‘on the job’ development opportunities. This team comprises a cross-section of Asian-based staff, including expatriate senior staff, senior management and younger recruits identified as having future leadership potential.

Team members are given responsibility for resolving complex business issues, most often related to transferring or customising systems and practices from the Australian market to an Asian context. For example, the team recently analysed the range of Australian customer management systems and provided recommendations on how to adapt these for use in Asia.

“The Extended Leadership Team combines the experiences and expertise of a wide range of people and helps us to arrive at balanced and appropriate responses to some complex issues,” says Alex Thursby.

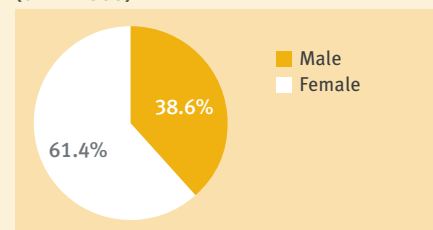
“It's an amazing development opportunity for younger members, who would otherwise not have exposure to such strategic decision-making until a lot later in their career.”

Our Asian presence also affords our staff based in Australia and New Zealand the opportunity to broaden their business and personal experience through assignment in Asia.

Assignments are offered for anywhere between three months and three years and are designed to provide exposure to ANZ's growing business in Asia together

with critical career development experience for employees to bring back to their role in Australia or New Zealand. They are also intended to help unlock the potential in local teams. Expatriates on assignment will typically be asked to provide or transfer a specialised technical skill not available in-country, fill a temporary leadership gap or work on business improvement projects.

ASIAN-BASED STAFF BY GENDER (SEPT 2008)



TOTAL STAFF PER COUNTRY (SEPT 2008)

China Mainland	188
Hong Kong	102
Japan	60
Taiwan	58
Korea	40
Cambodia	492
Vietnam	448
Singapore	253
Indonesia	249
Laos	76
Philippines	42
Malaysia	3
Thailand	2
Total headcount for Asia: 2,013	

Note: An additional 160 Executive and support staff are based in Melbourne and Singapore

COUNTRIES WITH MOST ANZ RECRUITS IN 2008

Cambodia	217
Singapore	158
Hong Kong	67
Vietnam	181
Indonesia	90
Total recruits in Asia in 2008: 855	

BUILDING A SUCCESSFUL BUSINESS IN ASIA

“We want to work with clients to understand the social and environmental risks and opportunities in their business. The conversation quickly turns to what we can do to help them mitigate these risks and ensure their business and projects are successful and sustainable over the long term.”

— ALEX THURSBY, CHIEF EXECUTIVE OFFICER, ASIA PACIFIC

ASSISTING CLIENTS TO IDENTIFY SOCIAL AND ENVIRONMENTAL ISSUES AND OPPORTUNITIES

Growing our business lending in the region is a major priority, and considerable opportunity, for ANZ.

Our approach in Asia is no different to that in other regions. We want to attract and support new clients with a solid business strategy, sound governance and effective leadership.

We can also assist clients to consider and manage the potential impacts their business has on surrounding communities and the environment, especially those in ‘sensitive’ sectors, like mining and forestry.

We work with clients to help them identify any social and environmental risks and where possible, provide financial support to mitigate these risks.

In many cases, there are clear reasons why moving towards best practice social and environmental management is ultimately in a company’s long-term interests, including access to new markets.

A key expectation we have of new clients involved in large infrastructure or

development projects is a commitment to consulting with communities impacted by their operations and willingness, when needed, to commission independent social and environmental assessments.

These discussions draw on domestic law, the standards contained in ANZ’s social and environmental management policies and international principles and guidelines to which ANZ is a signatory, including the Equator Principles.

In some cases we ask our new clients to consider standards based on their sector and location.

ANZ recently committed to assessing all potential clients involved in the production of palm oil in Malaysia and Indonesia against the principles and guidelines issued by the Roundtable for Sustainable Palm Oil (RSPO). The RSPO principles contain minimum standards for the preservation of soil fertility in oil palm nurseries, mitigation of impacts on natural resources and biodiversity and responsible consideration of communities affected by oil palm plantations and mills.

Strong expectations continue to emerge locally too. Governments and

communities in Asia are carefully and consciously seeking to balance the social and environmental impacts and opportunities of economic development. China’s Ministry of Environmental Protection (MEP), for example, has joined bank authorities to establish a credit ‘blacklist’ of companies that fail pollution checks or bypass environmental assessments. MEP Policy prohibits banks from lending to companies on the blacklist.

“We want to work with clients to understand the social and environmental risks and opportunities in their business. The conversation quickly turns to what we can do to help them mitigate these risks and ensure their business and projects are successful and sustainable over the long term,” says Alex Thursby.

“By giving clients a framework to help them meet best practice standards, we’re essentially broadening their access to international markets. We are confident that this approach will result in better outcomes for the region and stronger client relationships in the long run.”



MORE ABOUT ANZ'S APPROACH:

- Diversity
www.anz.com/diversity
- ANZ's Social and Environmental Management Policies
www.anz.com/policies
- Roundtable for Sustainable Palm Oil
www.rspo.org

INVESTING IN LOCAL COMMUNITIES

We require banking licences to grow our presence in Asia and accept that with these licences comes a responsibility to contribute to the development of the economy, the banking sector and communities in these markets.

Many of our target markets in the region are areas of strong economic development with improving infrastructure, growing access to essential services and an increase in employment levels. These conditions also create a higher demand for banking services, generating new and potentially profitable markets for us and at the same time, opportunities to deliver positive outcomes for developing communities, especially in rural areas.

An example is a new branchless banking model we have developed to improve financial inclusion in Cambodia.

WING is a bank account accessible using any mobile phone device. It allows customers to instantly make person-to-person payments, transfer money to family members within Cambodia and make payments at merchants.

WING has as its mission 'Making Money Fair' and targets mostly un-banked customers, providing them with affordable access to financial services for the first time.

"Our primary focus is to provide a low cost banking alternative for the unbanked in Cambodia," says WING's Managing Director, Brad Jones.

"Less than 5% of Cambodians have a bank account, but 25% own a mobile phone and that figure is growing by 50% every year – so this is the obvious channel we can use to grow financial inclusion in the country and create a sustainable new customer base for ANZ."

Initially, WING is targeting people in rural communities who depend on the flow of cash from friends and relatives in urban centres for their survival.

WING offers a secure and affordable alternative to money agents who will traditionally charge up to 10% or more of the payment to transfer this money.

ANZ is working with Vision Fund – a micro-finance institution owned by World Vision – to use their extensive branch network to provide cash in and cash out services for WING customers.

Over time, WING also presents a significant opportunity for ANZ to reach an untapped market.

The two lowest tiers of the Cambodian population in terms of socio-economic

status, which accounts for three quarters of the total population, have an annual expenditure of \$7.9 billion and are responsible for 46% of national expenditure. Yet this group is almost completely unbanked.

We are also in the early stages of exploring how we might combine with our clients in the region to contribute to the sustainable development of rural communities and support disaster relief efforts.

This year, ANZ partnered with BlueScope Lysaght (China) Ltd (BlueScope), an Australian-owned company, on a project that will reconstruct a primary school in Mianyang City in Sichuan Province, which was severely damaged by earthquakes in May 2008. The school will allow up to 1,000 students from four surrounding Sichuan towns to resume their education.

ANZ will jointly fund the reconstruction with the local Chinese government and BlueScope will supervise and transfer building and project management skills to locals as part of the process.

We require banking licences to grow our presence in Asia and accept that with these licences comes a responsibility to contribute to the development of the economy, the banking sector and communities in these markets.