

Developing Adequate Infrastructure

Indonesia Australia Business Conference
ABA Regional Business Forum

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Peter Davis
Global Head of Utilities & Infrastructure



ANZ - A SUPER REGIONAL BANK

ANZ at a glance:

- > One of the world's top 50 banks¹
- > Over eight millions customers, over AUD532bn² in assets and 47,000 staff worldwide
- > Standard & Poor's Long-term AA rating / Moody's Long-term Aa1 rating

ANZ is committed to Asia:

- > 3,500 on-the-ground specialists and twin regional head office in Hong Kong and Singapore
- > Full range of banking products and services to retail, business, corporate and institutional clients
- > We are building full franchises catering for retail and wealth, institutional and commercial customers in:
 - Indonesia
 - Greater China (China, Hong Kong and Taiwan)
 - Greater Mekong, led by Vietnam (Vietnam, Cambodia and Laos)
 - Malaysia
 - India
- > ANZ also has five strategic partnerships in Asia:
 - PT Panin Bank in Indonesia
 - Shanghai Rural Commercial Bank in China
 - Bank of Tianjin in China
 - AmBank Group in Malaysia
 - Metrobank Card Corporation in the Philippines

¹ Ranked in terms of assets and market capitalization (source: Bloomberg: 4/3/09)

² as of September 2010

ANZ IN ASIA

ANZ has an extensive network in Asia and has the capacity and expertise to deliver comprehensive solutions to its clients

ANZ has an extensive network in Asia with a presence or representation in 15 countries



ANZ offers the full suite of banking products in Asia including:

- > Mergers and acquisitions
- > Global loans
- > Financial advisory
- > Corporate and institutional sales
- > Debt capital markets
- > Commodities solutions
- > Trade and supply chain
- > Payments and cash management

INDONESIA – A GOOD LOOKING SCORECARD

SCORECARD

2010 - 2011

Name: ..Indonesia.....

Measure	Comments
Economy	✓ Strong performer
Credit strength	✓ From BB- to BB
Natural Resources	✓ Abundant
Industry	✓ Strong
Services	✓ Strong
Agriculture	✓ Strong
Biodiversity	✓ Very high
Population	✓ 240 million

Indonesia has a great-looking scorecard

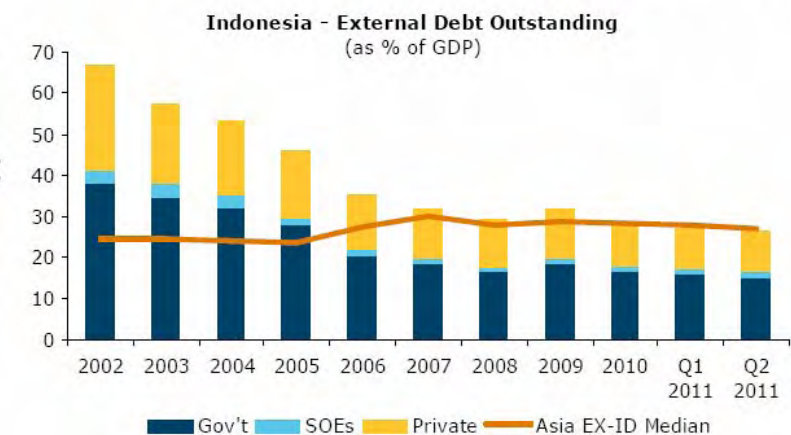
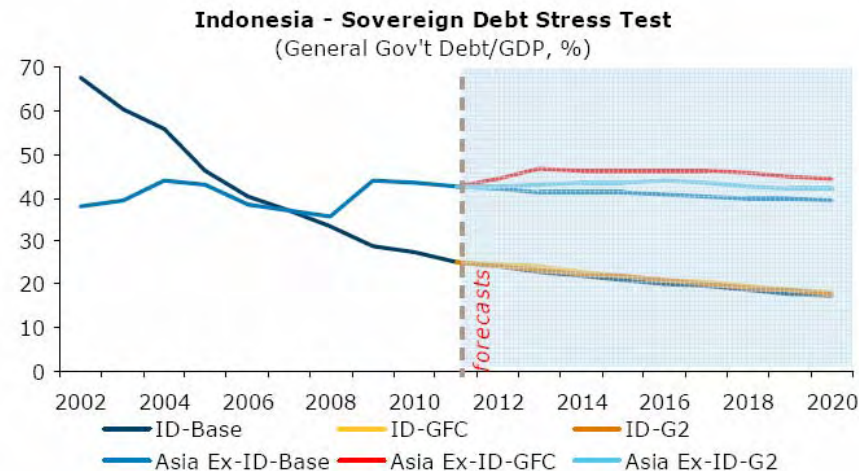
The economy is strong . . .

. . . but infrastructure development is lagging

DECLINING LEVERAGE ...

Highlighted by substantially reduced public & external debt

- > Government debt has been lowered to 25% of GDP, from over 100% at the beginning of this decade.
- > Debt reduction is backed by low budget deficits, and real exchange appreciation since the 1998 currency and banking crisis.
- > Total external debt has also fallen to 28% of GDP, as external deficits and reliance on debt creating inflows have been kept in check.
- > The proportion of outstanding SOE and public banks' external debt is just 1.4% of GDP.
- > Public and total external debt are either lower than or in line with regional averages.

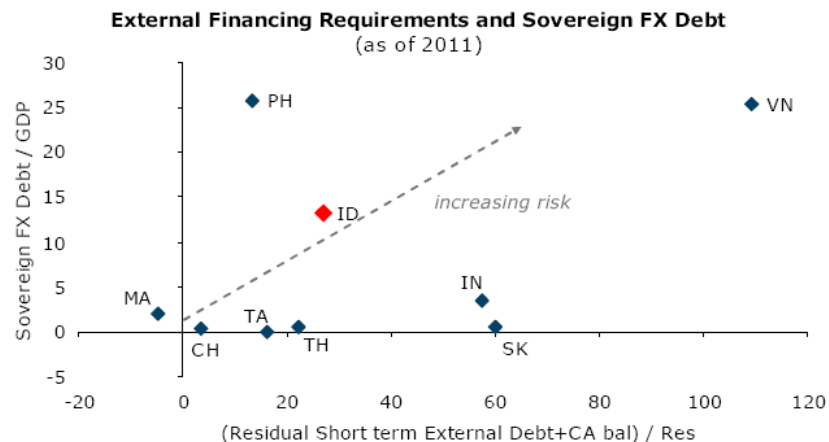
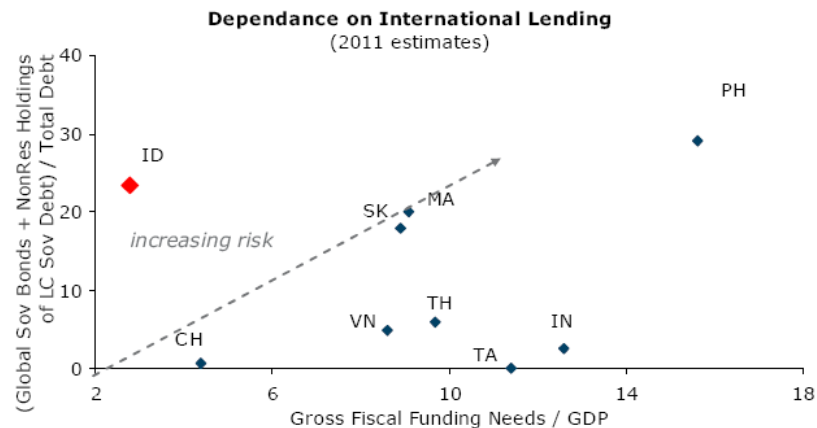


Sources: IMF, DMO Indonesia, Bloomberg, ANZ Economics

LOWER PUBLIC AND EXTERNAL INDEBTEDNESS ...

has also reduced Indonesia's susceptibility to external shocks

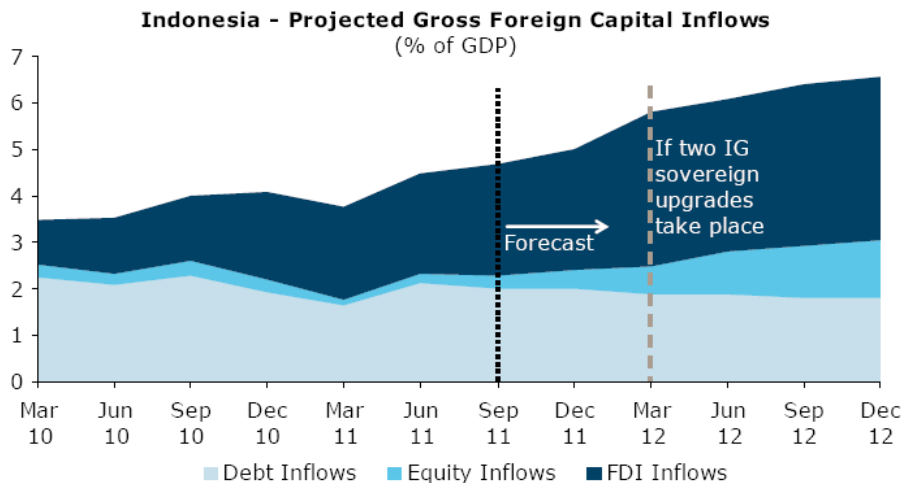
- > The government has relatively low fiscal funding requirements.
- > Therefore volatility in non-resident holdings is not expected to result in large fiscal policy pressure.
- > Similarly, the country's overall external financing requirements are relatively modest in comparison available foreign reserves.
- > Therefore, at worst, currency pressures are expected to be modest or transitory, and should not damagingly raise the sovereign's FX obligations (in IDR terms).



Sources: IMF, Moody's, Bloomberg, ANZ Economics

INDONESIA IS ON TRACK FOR ATTAINING AN IG RATING

- > All three Ratings Agencies have placed Indonesia's Sovereign Rating on the cusp of an Investment Grade (IG) rating.
- > Two agencies have a "positive outlook", signalling an impending move up to IG.
- > An IG rating will likely set in motion a virtuous economic and credit cycle and attract more capital flows.

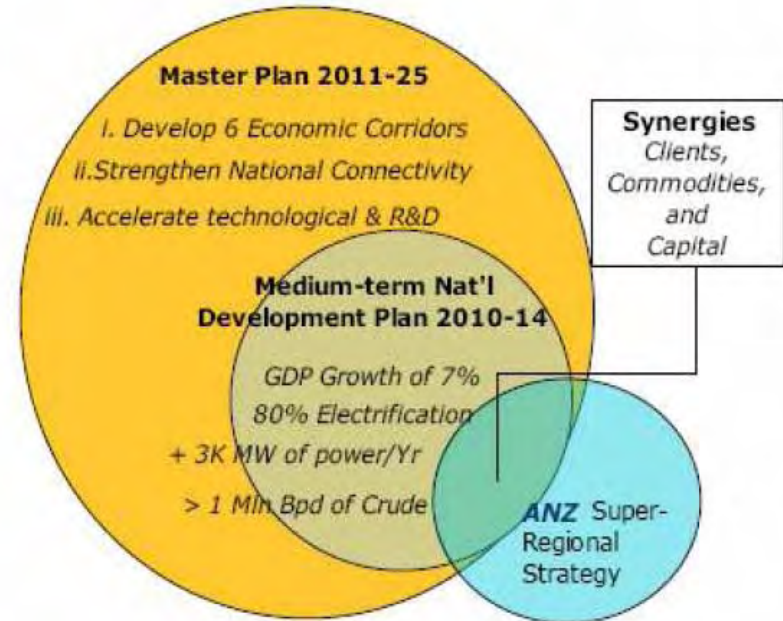


Foreign Currency LT Sov Debt				
Fitch	S&P	Moody's		
AAA	AAA	Aaa	} Inv Grade	
AA+	AA+	Aa1		
AA	AA	Aa2		
AA-	AA-	Aa3		
A+	A+	A1		
A	A	A2		
A-	A-	A3		
BBB+	BBB+	Baa1		
BBB	BBB	Baa2		
BBB-	BBB-	Baa3	} Spec Grade	
BB+/POS	BB+/POS	Ba1/STA		Indonesia
BB	BB	Ba2		
BB-	BB-	Ba3		
B+	B+	B1		
B	B	B2		
B-	B-	B3		
CCC+	CCC	Caa1		
CCC	CCC	Caa2		
CCC-	C	Caa3		
CC	RD	Ca		
D		C		

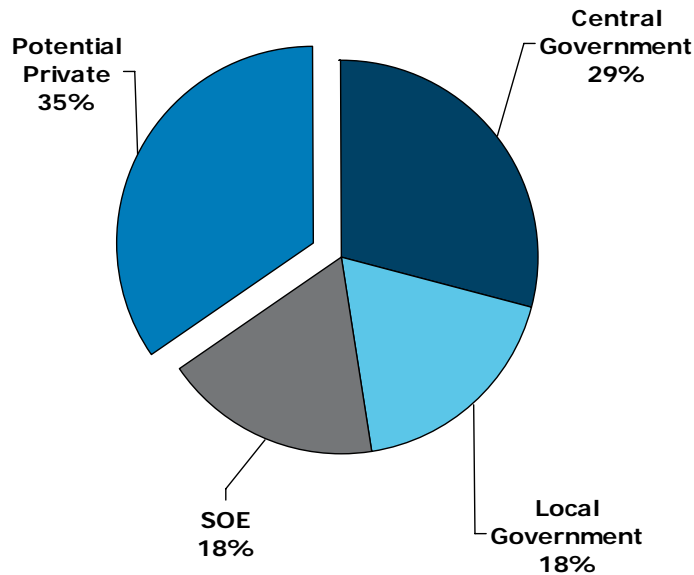
Sources: Bloomberg, Fitch, Moody's, S&P, CEIC, ANZ Economics

BETTER SOVERIGN CREDIT + RISK INVESTMENT NEEDS ... Coincide with ANZ's intensifying SuperRegional Strategy

- > Indonesia's IG rating and a policy thrust toward raising investment and supporting infrastructure will create a virtuous economic and credit cycle
- > This coincides with ANZ's intensifying "Super-Regional Strategy"
- > And it builds scope for new client relationships, collaboration in the commodities space, and raising fresh capital.



THERE IS A SIGNIFICANT FUNDING GAP



The required infrastructure spend is significant

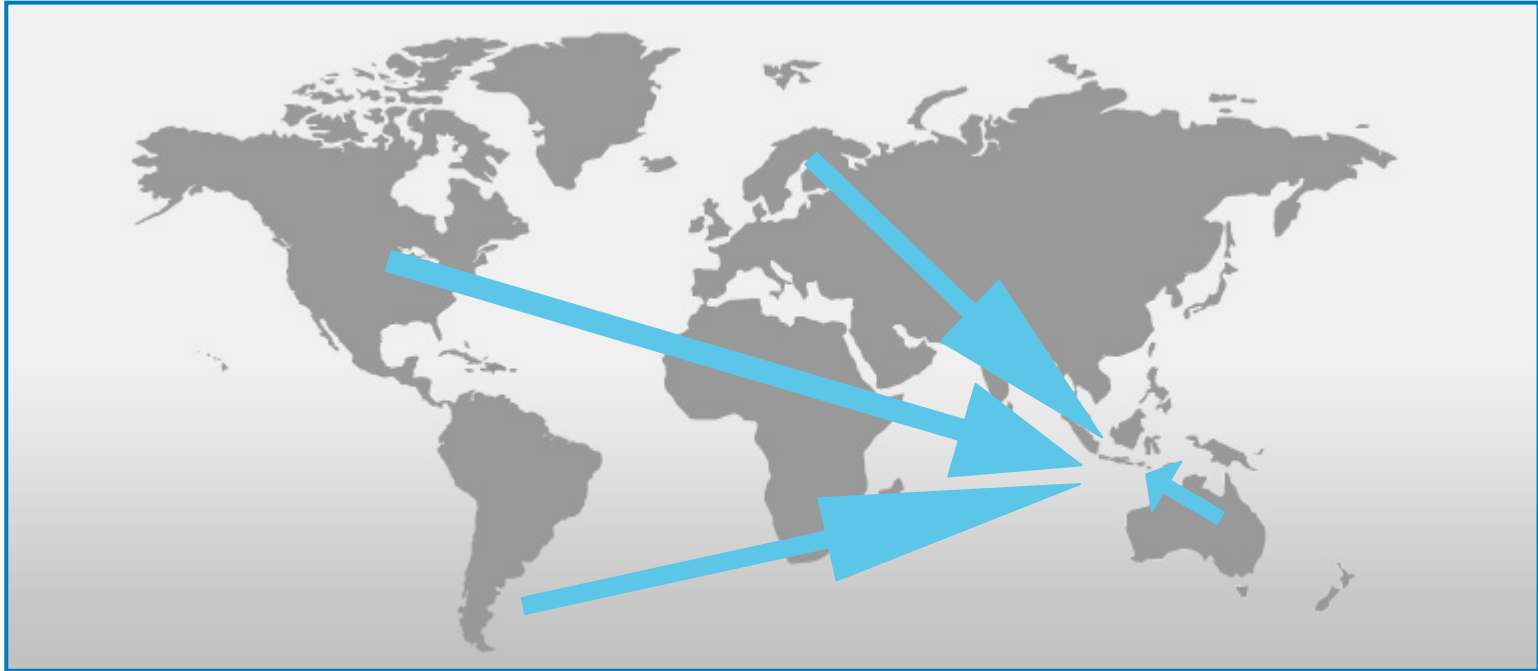
Some estimates place the funding need at US\$180 billion over the next five years

The chart assumes of this:

- > Central Government \$52b
- > Local Government \$33b
- > State-owned Enterprises \$32b

This leaves a potential private funding task of \$63 billion or \$12.5 billion a year!

WILL INTERNATIONAL INVESTORS COME?



- > International investors continually scour the globe
- > There is a huge pool of debt and equity looking for a home
- > They will invest if the risk : return balance is right
- > Importance of Domestic Debt Capital Markets

WHAT BRINGS INVESTORS TO THE TABLE?

- > Transparency of process framework
- > Consistency of assessment principles
- > Ministerial commitment to project
- > Certainty of execution
- > Pipeline of future projects in geography

The Indonesian economy is strong . . .

. . . but significant investment in infrastructure is required.

The Government cannot fund the growth alone.

International investors WILL come . . .

. . . if the risk : return balance is right.