The state of the New Zealand banking industry

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This article provides commentary on the issues currently affecting the New Zealand banking industry, and its financial performance over 1996 based on aggregate data compiled from banks’ disclosure statements.

I Introduction

This article continues the series of annual reviews of the state of the New Zealand banking industry. The article includes commentary on issues currently affecting the industry, as well as coverage of its recent financial performance.

The commentary on current issues covers changes in the number of registered banks, developments in the banking markets, changes in the means of service delivery, risk management initiatives, and events in Australia that could have an impact on the New Zealand banking sector.

The commentary on financial performance covers profitability, the growth and composition of bank assets, asset quality, credit exposure concentrations, capital adequacy, connected person exposures and market risk. These aspects are analysed in the context of developments and trends in the industry.

The statistical data used in the commentary on financial performance comes from the disclosure statements of registered banks. From 1 January 1996 registered banks have been required to publish each quarter disclosure statements containing a range of financial and other quantitative and qualitative information. Banks are no longer required to provide confidential prudential returns to the Reserve Bank. This means that, unlike previous years, the data on which this article is based are publicly available. The data disclosed in the four quarterly disclosure statements of each bank have been aggregated for use in this article. Some of the data used in previous years were not exactly compatible with the 1996 data, so adjustments have been made in some places to previous years’ data to provide a linkage.

The range of information now publicly provided by banks is similar to that which was previously supplied confidentially to the Reserve Bank, although there are some differences. For example, information on market risk was first introduced with the disclosure regime. The structure of the commentary on financial performance is, therefore, similar to that used in previous years.

A glossary of the technical terms used in this article is contained in another article in this Bulletin that is entitled Consolidated table of Key Information Summaries.

II Banking system issues

(a) Number of registered banks

At the start of 1996 there were 15 registered banks. During the year three additional registrations occurred:

- Cooperative Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank Nederland);
- Bank of Tokyo-Mitsubishi (Australia) Limited;
- Deutsche Bank A.G.

There was one voluntary deregistration, Trust Bank Limited, as a result of its purchase by Westpac Banking Corporation (the merged entity is trading under the name WestpacTrust.) This left 17 registered banks at the end of the year. (A list of registered banks as at 31 December 1996 is contained in the Appendix to this article). The number of registered banks at the end of each year has been as follows over the last five years:

![Figure 1](image)

An application for registration from Banque Nationale de Paris S.A. was under consideration at the end of 1996. This bank was subsequently registered in March 1997.

It is notable that all of the four banks that applied for registration during 1996 were major international banks that were already familiar with the New Zealand market. The focus of these newly registered banks is largely in the corporate and commercial finance areas.

The four applications for registration received during 1996 were the first since 1991. The state of the New Zealand economy is likely to have been a factor in the recently
renewed interest. Although the New Zealand economy is small, its level of performance and degree of openness is attractive to new banks.

(b) Market trends

The banking market in New Zealand can be sub-divided into three main segments: corporate banking, which covers multi-national companies; and large New Zealand companies; commercial banking, which covers small to medium sized businesses; and retail banking. Although banks in New Zealand tend to concentrate their activities in one or two of these segments, many banks have at least some presence in all three market segments.

In the corporate banking area, the good performance and competitiveness, are providing niche markets that suit the global strategy of international banks. Some banks are concentrating on particular customer types and offering a limited range of products to the target segment, whereas other banks are concentrating on particular product types rather than customer types. The major international banks that have concentrated on the corporate sector have tended to do so because of their cross-border relationships with corporates and their experience in, and access to, the international capital markets.

From 1984, the corporate banking market was prominent in the thinking of many banks as it seemed to offer significant profit opportunities. However, the losses suffered by some of the banks in the late 1980s resulted in some refocus in the 1990s towards retail and commercial business.

The changes occurring in the corporate banking sector are less visibly dramatic than in the retail sector. The profitability of corporate banking does not depend on high-volume, low-cost transactions, but rather has more to do with relationship building, innovation and pricing in a market involving relatively few customers. This area of the market is currently very competitive, not only because of the number of banks involved, but also because large corporate customers have the option of by-passing the banks and accessing the capital markets directly. The result has been very fine pricing on many large deals, and there must be some doubt as to whether the very low profit margins adequately reflect the underlying risks involved in some of these transactions.

The commercial banking sector sits in the middle between corporate and retail banking, and involves the provision of a range of financial services to small and medium sized New Zealand based businesses. It is a sector which combines some of the features of corporate banking (in particular, “relationships” and “knowledge of the business” can be very important) with some of the attributes of retail banking, with its emphasis on competitive pricing and customer service. Virtually all the banks compete in this market, as all are able to offer medium sized credit facilities. A number of banks effectively “specialise” in some particular sectors of the market.

The better credit risks in the commercial sector may be benefiting from increased competition amongst banks for their business. However, it is a sector which is very diverse, and the credit-worthiness of commercial customers, and the quality of the security they may offer, can vary greatly. Recognising this, banks have put a lot of effort over recent years into improving the codification and documentation of their credit assessment methods, and into ensuring that these methods are applied uniformly across the whole organisation. These more rigorous approaches offer a number of potential benefits: they can give banks greater confidence that they have a reliable and up-to-date picture of their overall credit quality; they offer an objective and uniform basis for deciding whether particular credit proposals should be approved or not; they allow for differences in risk or credit quality to be appropriately reflected in the pricing of lending agreements; and they can provide warnings of potential problems which could require a response, either for an individual customer or with respect to some broader credit category.

For the most part, retail banking is dominated by the longstanding full-service banks with national branch networks. However, there are some signs of change. Within the banking sector, some of the newer operations of major international banks have entered some areas of the retail market quite prominently - notably mortgage lending and access to funds management services. Further moves into retail banking services by the newer banks are possible, although these are unlikely to involve replicating the full branch networks of the long-established banks.

A feature of the mortgage finance market has been the marked increase in the proportion of fixed rate lending by banks relative to floating rate lending. This has been driven by customer preferences, and reflected the fact that the yield curve was “inverse” from December 1994 until March 1997, which implied that banks could offer fixed rate loans at lower interest rates than floating rate loans. The customer response was dramatic - as at August 1994 the major retail banks’ ratio of fixed rate lending to the total portfolio of floating rate lending is estimated to have been about 5/95, as at August 1995 it was about 20/80, and as at August 1996 it was 40/60. An important implication for banks from this shift was an increased requirement to manage the interest rate risk resulting from having a larger portfolio of fixed rate loans through appropriate hedging of the exposures.
The competitive environment has meant that banks have had to continue to drive for efficiency in order to compete successfully and profitably. The quest for efficiency is leading banks to search for ways to reduce their costs, and the required cost reductions are largely coming about through changes in the manner in which banks interface with their customers. Associated with this are continuing efforts to reduce the extent of cross-subsidisation among retail banking products and services, by charging for services in a way which more closely reflects the actual costs involved. Banks' ability to levy charges that either over-recover or under-recover the true cost of providing a particular product or service is becoming increasingly limited.

These pressures to reduce costs and to recover them more rationally have been significantly aided by technological developments - which have already changed the range of services offered by banks and how those services are delivered, and will continue to do so. In particular, it seems inevitable that the number of retail branches will continue to be reduced because they are expensive to maintain; that payment technologies such as cheques, which involve high processing costs, will decline; and that the moves towards various types of electronic banking which deliver services more cheaply will gather pace (eg ATMs, EFTPOS, telephone and internet banking).

Figures published by the Bankers' Association show that these trends are already well established. The share of transactions for each payment type has been as follows over recent years:

Figure 2

The use of ATMs and EFTPOS has increased markedly. Information provided by the Bankers' Association shows that New Zealand has the highest rate of EFTPOS penetration in the world with one EFTPOS terminal for every 78 people (by way of comparison it is 132 in Australia, 474 in the United States and 5011 in Japan). New Zealand also has a high number of ATMs by world standards - one ATM for every 2400 people. Nevertheless, we still have one of the world's highest ratios of bank branches to population, with a population per branch of 2818, compared with a typical OECD figure of around 4400.

The range of electronic banking products offered by banks appears likely to increase soon in New Zealand. Stored value card systems and secure electronic transaction systems are likely to become available on a wider scale within the next year or so. New Zealanders have in the past readily accepted technological developments, so once the systems are available some further significant changes in the structure of retail payments are possible.

Managing and reducing the risks inherent in running a banking business are currently significant issues in the industry. These risks take many forms, including credit risk, liquidity risk, interest rate risk, foreign exchange risk, operational risk and settlement risk. Banks are putting more emphasis on identifying, measuring and managing risks than before.

Risk management issues have gained a higher profile internationally in recent times because of the recognition that failures in risk management and control systems have been significant causes of bank failures. The New Zealand supervisory regime has also heightened awareness by New Zealand banks of risk management issues in that banks' risk management polices must be disclosed, and bank directors must attest that their bank has adequate risk management policies in place and that those polices are being properly applied.

One important initiative aimed at reducing risk which is now imminent is the introduction of Real Time Gross Settlement (RTGS). RTGS is a system that allows transactions between banks to be settled gross, and on a real-time basis, instead of on a periodic (end-of-day) net basis. RTGS will substantially reduce the risk that a failure of one bank could cause the subsequent failure of other banks. If a bank fails when RTGS is in operation, the amount it owes to other banks at the time of its failure is likely to be significantly smaller than it is under current settlement arrangements. The trend towards RTGS is international. RTGS is currently being developed in New Zealand by the Reserve Bank and those registered banks involved with payment processing, and is expected to be introduced at the very end of the year or early in 1998.

(c) Australian financial system inquiry

As 70 percent of New Zealand banking assets are Australian-owned, regulatory and structural developments in the Australian banking industry will inevitably be felt in the New Zealand banking sector.

In 1996 the Australian Government set up an inquiry into the financial system in Australia (known as the Wallis Inquiry). The Wallis Inquiry was charged with reviewing how the Australian financial system was regulated and recommending any changes it believed were desirable.
The Wallis Inquiry reported in March 1997 and, amongst other things, recommended removal of ownership restrictions that currently apply to banks in Australia - currently foreign ownership of Australian banks is restricted and mergers between any of the major Australian banks are prohibited.

Although accepting the recommendations of the Wallis Inquiry to remove ownership restrictions, the Australian Government has decided not to approve any mergers of the four big retail banks until competition in the Australian banking sector has increased. It is unclear how long this moratorium on mergers will last.

Acquisition of one or more of the four big retail banks by foreign banks has not been ruled out by the Australian Government. However its policy in this area is to apply an apparently rather restrictive “national interest” test before approving any acquisition.

Other recommendations made by the Wallis Inquiry included the following:

- There should be a single regulator for conduct and disclosure issues.
- There should be a single prudential regulator of all financial institutions (including banks) - but this should not be the Reserve Bank of Australia.
- The Reserve Bank of Australia should remain responsible for financial system stability.
- Access to the payment systems should be liberalised.
- The Reserve Bank of Australia should regulate the payment systems, with the Bank's commercial activities being clearly separated from its regulatory activities.
- Deposit insurance should not be introduced; rather depositor protection should be provided through prudential regulation.

If adopted, none of these recommendations seems likely to have any major impact on the New Zealand banking sector.

### Table 1

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Interest Income</td>
<td>2466</td>
<td>2337</td>
<td>2463</td>
<td>2794</td>
<td>2827</td>
</tr>
<tr>
<td>Plus Other Income</td>
<td>1334</td>
<td>1499</td>
<td>1409</td>
<td>1557</td>
<td>1634</td>
</tr>
<tr>
<td>Less Operating Expenses</td>
<td>2560</td>
<td>2713</td>
<td>2634</td>
<td>2877</td>
<td>3042</td>
</tr>
<tr>
<td>Equals Underlying Profit</td>
<td>1240</td>
<td>1122</td>
<td>1237</td>
<td>1474</td>
<td>1419</td>
</tr>
<tr>
<td>Less Impaired Asset Costs</td>
<td>246</td>
<td>53</td>
<td>-97</td>
<td>-8</td>
<td>-42</td>
</tr>
<tr>
<td>Less Tax and Other Items</td>
<td>681</td>
<td>368</td>
<td>496</td>
<td>477</td>
<td>445</td>
</tr>
<tr>
<td>Equals Net Profit</td>
<td>313</td>
<td>701</td>
<td>840</td>
<td>1005</td>
<td>1016</td>
</tr>
</tbody>
</table>

Net interest income changed little in absolute terms from 1995 to 1996, however, it has decreased as a percentage of total assets. This appears to reflect increasing competition placing downward pressure on interest rate margins. The slowdown of economic growth in 1996 will also have had an impact by limiting profitable lending opportunities for banks. Other income has increased slightly in absolute terms, possibly as a result of greater emphasis on recovering costs through fees, but has also decreased in 1996 as a percentage of assets. Net interest income and other income as percentages of total assets are shown below:

![Figure 3](image)

An increase in operating expenses has occurred in 1996. However, this includes costs associated with restructuring in the banking sector that will in the longer term result in improved efficiency. Although the absolute amount of operating expenses has increased compared to the previous year, operating expenses as a percentage of total assets has actually decreased as shown below, indicating more efficient operations.

*Reserve Bank Bulletin, Vol 60 No. 2, 1997*
A positive feature of 1996 is that impaired asset costs remained low - in fact there was a small write-back of costs. (Asset quality is covered in more detail below.)

The overall effect is that, compared to 1995, underlying profit fell by 4 percent in 1996, and after tax and extraordinary items are accounted for, net profit increased by 1 percent.

The percentage interest rate margin, underlying profit as a percentage of total assets, and net profit as a percentage of total assets have been as follows over the last five years:

Overall, 1996 has been a year of consolidation and restructuring rather than a year that produced profitability gains. Banks are having to adapt to an increasingly competitive environment by reducing costs in order to maintain profitability.

IV Asset growth and composition

Aggregate assets as the end of 1996 and the preceding four years were as follows:

Assets have continued to grow steadily, with total assets increasing by $15 billion (15%) over 1996. The increase in the number of registered banks has contributed to the increase in total assets.

The change in the relative composition of the balance sheet over the last five years has been as follows:

During the last five years housing mortgage lending has increased from 28 percent to 39 percent of total assets. In the same period holdings of investment assets (eg financial securities and loans to banks) declined from 31 percent to 18 percent of total assets. Thus, the increase in mortgage lending has approximately offset the decline in investment assets. The proportions of other lending and other assets have remained almost unchanged.

The increase in housing mortgage lending has probably occurred for two main reasons. First, banks have taken deliberate moves to increase their housing mortgage lending because it is a relatively low risk and high profit type of lending. Second, the increase in the value of residential properties has pushed up the average size of loans. Housing mortgage lending will probably continue to grow as a percentage of total lending if property prices continue to increase.

The total volume of corporate lending does not appear to be changing much. While existing multi-purpose banks
may be lending less to corporates, the branches of overseas banks are increasing their activity, and large corporates may also be borrowing more offshore without using banks as intermediaries.

V Asset quality

Asset quality continues to improve. During 1996 there was a substantial decline in impaired assets. This has also allowed a decline in provisioning to occur. As the decline in impaired assets occurred at a faster rate than the decline in provisioning, provisioning marginally exceeded impaired assets. The changes in impaired assets and provisioning over the last five years have been as follows ($ millions):

**Figure 7**

![Graph showing changes in impaired assets and provisioning over the last five years](image)

The declining trend in impaired assets and provisioning has also meant that impaired assets and provisioning as a percentage of total lending have declined to very low levels, as shown below.

**Figure 8**

![Graph showing impaired assets and provisions as a percentage of total lending](image)

The current low levels in these ratios may be as low as they can be expected to get.

VI Credit exposure concentrations

Banks are required to disclose the number of exposures they have to individual counterparties (banks and non-banks separately) that exceed 10 percent of the bank's equity. This measure is of more relevance to New Zealand incorporated banks, as branch banks rarely have exposures in New Zealand that are big enough to exceed 10 percent of the bank's global equity.

Prior to 1996 banks were required to report exposures that exceeded 10 percent of total capital as measured for capital adequacy purposes, rather than equity. As total capital usually exceeds equity, the threshold for reporting exposures was lower in 1996 than in previous years. Thus, the number of exposures for 1996 is not exactly comparable with previous years' numbers. Also, prior to 1996 there were limits in place that generally limited exposures to a maximum of 35 percent of total capital - these limits were removed when the disclosure regime was introduced.

However, it is still useful to compare the number of large exposures in 1996 with previous years. The total number of reported year-end large exposures (that exceed 10 percent of a bank's equity) of New Zealand incorporated banks over the last five years were as follows:

**Figure 9**

![Graph showing number of large exposures](image)

The 1996 numbers show an increase on 1995 numbers, and reverse a declining trend that had been evident from 1992 to 1995. To some extent this may reflect the difference in the basis of measurement, but probably indicates that the number of exposures to large credit risks has increased during 1996. This has occurred despite the trend towards more retail lending.

The relative size of the exposures as well as their number also affects the level of risk to which banks are exposed. The proportions of large credit exposures within percentage bands of equity or capital (bank and non-bank separately) have been as follows over the last five years:

*Reserve Bank Bulletin, Vol 60 No. 2, 1997*
For both bank and non-bank large exposures, the graphs indicate that the average size of the large exposures has probably increased over 1996.

As both the apparent number and size of large exposures have increased, it appears that banks’ overall level of credit concentration risk has increased in 1996.

VII Capital adequacy

All registered banks are required to maintain a minimum ratio of tier one capital to total risk-weighted exposures of 4 percent, and of total capital to total risk weighted exposures of 8 percent. The amount of risk-weighted exposures is affected by changes in the size and composition of the loan portfolio and amount of off-balance sheet contracts, and the amount of capital is affected by changes in equity and reserves.

Branches of overseas banks are not required to maintain capital in New Zealand, so the comments below are all in relation to New Zealand incorporated banks.

Both on-balance sheet and off-balance sheet risk-weighted exposures have remained reasonably static over the last year. Off-balance sheet risk-weighted exposures form only a small proportion of total risk-weighted exposures. The changes in risk-weighted exposures have been as follows over the last five years ($ millions):

During 1996 there were some reductions of equity by some banks. This has resulted in a decline in tier one capital. An increase in the amount of subordinated debt has had the effect of increasing tier two capital. Total capital was virtually the same at the end of 1996 as it was at the end of 1995. The amount of capital has been as follows over the last five years ($ millions):

The effect of the changes in risk-weighted exposures and capital on the capital adequacy ratios over the last five years has been as follows:
The changes in 1996 have slightly weakened the aggregate capital adequacy position, because although the total capital ratio has changed little, the tier one capital ratio (tier one capital can absorb losses while a bank continues trading) has declined by a noticeable amount. However the overall aggregate capital adequacy position remains satisfactory.

In tabular form the exact capital adequacy ratios over the last five years have been as follows:

<table>
<thead>
<tr>
<th></th>
<th>Tier 1</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>6.77%</td>
<td>10.50%</td>
</tr>
<tr>
<td>1995</td>
<td>7.69%</td>
<td>10.47%</td>
</tr>
<tr>
<td>1994</td>
<td>7.75%</td>
<td>10.50%</td>
</tr>
<tr>
<td>1993</td>
<td>7.72%</td>
<td>10.76%</td>
</tr>
<tr>
<td>1992</td>
<td>6.79%</td>
<td>9.89%</td>
</tr>
</tbody>
</table>

### VIII Connected person exposures

New Zealand incorporated banks are required to report the total amount of connected person exposures, and this as a percentage of tier one capital as at the end of the period.

A condition of registration of all New Zealand incorporated-banks (except Bankers Trust New Zealand Limited) is that lending to connected persons must not at any time exceed 75 percent of tier one capital. This measure is different from the disclosure requirement which uses tier one capital at the end of the period. For more detail see the article in this Bulletin that introduces the first publication of a consolidated table of Key Information Summaries.

The New Zealand incorporated banks subject to the 75 percent limit on connected person exposures reported peak connected person exposures of $2.692 million, or an average of $385 million per bank. This equated to an average percentage of period-end tier one capital of 59 percent.

To the extent that New Zealand subsidiaries of overseas banks lend funds to connected persons, this decreases the effective amount of capital that the banks have in New Zealand.

### IX Market risk

Market risk is a measure that has only become available since the introduction of public disclosure. (Market risk arises when banks own assets whose value changes with changes in market rates such as interest rates, exchange rates, or share prices eg assets such as long-term securities, derivative products, and equities). Banks are now required to disclose the level of market risk (the method of calculation is complex) as an amount and as a percentage of the bank’s global equities. Prior to public disclosures the Reserve Bank did not receive this information from banks. It is not, therefore, possible to comment on trends in this area. The data will become more valuable over time as a time series builds up.

The tables below show the average amount of market risk per bank and the average amount as a percentage of equity. The percentage table includes only New Zealand-incorporated banks, as the figures for the New Zealand branches of overseas incorporated banks are less meaningful because they are measured against the bank’s global equity.

<table>
<thead>
<tr>
<th></th>
<th>Balance Date</th>
<th>Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate Risk</td>
<td>201.0</td>
<td>411.7</td>
</tr>
<tr>
<td>Foreign Exchange Rate Risk</td>
<td>11.2</td>
<td>43.9</td>
</tr>
<tr>
<td>Equity Risk</td>
<td>1.8</td>
<td>2.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Balance Date</th>
<th>Peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate Risk</td>
<td>3.31</td>
<td>6.86</td>
</tr>
<tr>
<td>Foreign Exchange Rate Risk</td>
<td>0.19</td>
<td>1.30</td>
</tr>
<tr>
<td>Equity Risk</td>
<td>0.06</td>
<td>0.06</td>
</tr>
</tbody>
</table>

The exposures do not appear to be high. Most of the reported market risk lies in the area of interest rate risk, with small amounts of risk in foreign exchange and equity positions.
X Conclusions

The structure of the banking sector in New Zealand continues to change. Three new banks were registered in 1996 - the first since 1991. Niche markets in both the wholesale and retail banking sectors are providing opportunities for specialised operations. Banks are striving to improve their efficiency, which they must do to remain competitive. Technological and structural changes are gathering pace and changing the manner in which bank customers are interfacing with banks. Further change can be expected as different products and service delivery systems become more widespread.

The aggregate financial performance of registered banks during 1996 was mixed.

There were a number of areas where the favourable trends of recent years did not continue. Underlying profit fell compared with the previous year (although net profit increased slightly). Return on assets fell. Credit exposure concentrations increased, meaning that the banks had a bigger number of large credit exposures. Tier one capital fell as capital repayments were made, reducing the banks' ability to absorb losses while continuing to trade (although total capital increased slightly). Exposure to connected persons was at a high level, further reducing the amount of available capital.

The size of the aggregate balance sheet continued to grow at a rate comparable with previous years. The amount of housing mortgage lending increased, which had the effect of increasing the amount of low-risk but relatively high-yielding assets. Asset quality continued to improve, with the level of impaired assets now at a very low level. The ratio of operating expenses to total assets decreased, indicating an improvement in efficiency.

Although aggregate financial performance was not quite as good in 1996 as in recent years, the banking system in New Zealand was still in a sound condition as at 31 December 1996. The basic financial condition of banks operating in New Zealand appears to be satisfactory.

Appendix:

Registered banks as at 31 December 1996

(a) New Zealand incorporated banks

<table>
<thead>
<tr>
<th>Registered Bank</th>
<th>Owner(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANZ Banking Group New Zealand Limited</td>
<td>Australia and New Zealand Banking Group Limited</td>
</tr>
<tr>
<td>ASB Bank Limited</td>
<td>Commonwealth Bank of Australia (75%), ASB Community Trust (25%)</td>
</tr>
<tr>
<td>Bank of New Zealand</td>
<td>National Australia Bank Limited</td>
</tr>
<tr>
<td>Bankers Trust New Zealand Limited</td>
<td>Bankers Trust New York Corporation</td>
</tr>
<tr>
<td>BNZ Finance Limited</td>
<td>National Australia Bank Limited</td>
</tr>
<tr>
<td>Countrywide Banking Corporation Limited</td>
<td>Bank of Scotland</td>
</tr>
<tr>
<td>The National Bank of New Zealand Limited</td>
<td>Lloyds Bank Plc</td>
</tr>
<tr>
<td>TSB Bank Limited</td>
<td>TSB Community Trust</td>
</tr>
</tbody>
</table>

(b) Overseas incorporated banks

| Bank of Tokyo-Mitsubishi (Australia) Limited         |
| Banque Indosuez                                      |
| Barclays Bank Plc                                    |
| Citibank N.A.                                        |
| Deutsche Bank A.G.                                   |
| Hong Kong and Shanghai Banking Corporation           |
| Primary Industry Bank of Australia Limited           |
| Rabobank Nederland                                   |
| Westpac Banking Corporation                          |