FINANCIAL REVIEW

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HD **ANZ ups ante on agriculture**

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ANZ Banking **Group** has lifted its exposure to agriculture by $3 **billion** in the past 12 months to $32.1 **billion**.

The bank has participated in some of the year's biggest agriculture deals, including the Harris family's buyout of Clyde Agriculture's remaining Australian rural properties and advising on the **Chinese** purchase of prized farms in Victoria's western districts.

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ANZ chief executive Mike Smith said while there were challenges in the economy, agriculture was one sector which still shone.

"The top end of the agri-sector is going extremely well," Mr Smith said.

The bank, which reported its half-year results on Thursday, has championed Australia's agriculture sector and built an exposure to it almost twice the size of its credit exposure to the resources sector.

In 2012 , ANZ commissioned Port Jackson Partners to write a report on the agriculture sector that estimated $400 **billion** would be needed to support farm turnover in Australia by 2050. "The size of the prize to agriculture calls for timely, transformational actions," it said.

ANZ's half-year results showed the bank had marginally reduced its non- performing loans in the agriculture sector, where property makes up most of lending. These non-performing loans stand at $1.12 **billion** or about 3.5 per cent of the bank's agricultural exposure.

According to Australian Bureau of Agricultural & Resource Economics, the debt to fund land purchases accounts for the largest share of debt on broadacre and **dairy** farms, accounting for 44 per cent and 47 per cent, respectively.

The value of such non-performing loans is the largest of all ANZ's banking categories, from transport and storage to consumer lending. In the past year, the bank had to deal with troublesome agricultural loans such as Casterton and Burslem stations in central Queensland, which were **sold** off for $4.8 **million**.

CO aanzb : Australia and New Zealand Banking Group Limited

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