



Bank of Tokyo follows Japanese success stories

By KARYN MUNSIE

FOREIGN banks in Australia have reported a string of record losses totalling almost \$1 billion in recent weeks, but one group has been conspicuously absent from the list of casualties.

Japanese banks have reported a succession of strong results, continued yesterday by the Bank of Tokyo Australia Ltd's announcement of a 4.8 per cent lift in profit to \$6.3 million for the 1990 year.

The critics may say Japanese banks in Australia are successful because they have not participated fully in the system, but this cannot be the sole reason the banks have reported good results.

The two other Japanese banks in Australia with full banking licences, Mitsubishi Bank of Australia and IBJ Australia Ltd, have also been strong performers.

Mitsubishi Bank of Australia recently announced a 50 per cent rise in profit to \$2.02 million.

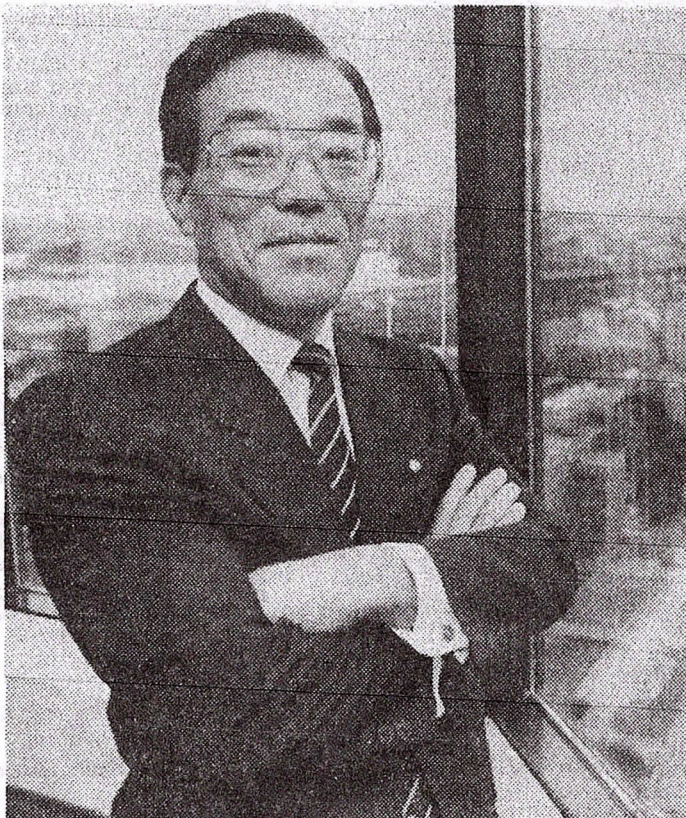
IBJ Australia, a division of the Industrial Bank of Japan, is yet to announce its most recent results but for the year to February 1990, it recorded a 12 per cent increase in earnings to \$7.4 million.

Other Japanese financial institutions in Australia have also posted strong results, such as Tokai Australia Finance Corp, which reported a hefty 32 per cent leap in profit to \$6.3 million for the nine months to December 31 1990.

Bad debts for the period totalled \$2.2 million, while the group's asset base increased 28 per cent to \$1.4 billion.

Mitsui Taiyo Kobe Australia Ltd, formed from the merger of Mitsui Finance Australia and Taiyo Kobe Australia in March last year, reported earnings of \$3.2 million for the nine months to December 31. The group is a division of the world's second-largest bank, Mitsui Taiyo Kobe Bank.

The Bank of Tokyo Australia chairman, Mr Hidehiro Kikuchi, told *The Business Australian* yesterday that his group's success could be attributed to its prudent credit



Mr Kikuchi yesterday . . . prudent credit control and risk management — Picture: COLIN MacPHERSON

control and risk management.

But he rejected suggestions that the success of Japanese banks in Australia was due to the fact they were not full participants in the banking system.

He said this was reflected in a growth in the provisions for bad and doubtful debts to \$5.5 million from \$4 million in the previous corresponding period.

Profit for this year is expected to decline, because of growth in the level of bad debt provisioning and a steadier contribution from the treasury division.

Treasury has increased profit threefold in the past three years, growth which Mr Kikuchi said could not be maintained, with profit in the first three months in this area at similar levels to last year.

The bank has a "small expo-

sure" to the Adelaide Steamship group, but Mr Kikuchi said the bank was working closely with the leading Australian banks to ensure a solution could be reached.

"We are an Australian bank, we cannot ignore the fact problems occur and we must work to resolve them," he said.

The bank received a \$23 million capital injection from its parent last June, lifting shareholders' funds to \$89.6 million at December 31, but another injection this year is highly unlikely.

"I wish to ask head office to increase our capital to help our expansion but judging by circumstances this year we can't expect it."

Assets grew 3.9 per cent last year to \$1.12 billion, with a similar increase expected this year.