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AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

Acquisition of ING Australia and ING NZ Joint Ventures

25 September 2009

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BANKING GROUP LIMITED

Transaction overview

Mike Smith
Chief Executive Officer

Acquisition strengthens ANZ's position in wealth management - attractive price with low transition risk

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- **Transaction overview:**
  - Acquisition of ING Groep's (ING) 51% interest in ING Australia and ING NZ (the JVs) for a total purchase price of $1,760m[1]
    - ~11x multiple of normalised 2008 earnings[2]
    - 1.2x multiple of embedded value (EV)[3]
  - Creates substantial value for ANZ shareholders, opportune time in the cycle, cash EPS accretive in FY10[4]
  - Takes advantage of global financial crisis and ANZ's strong balance sheet to advance our strategy
- **Delivers immediate scale – FUM, In-force premiums, and distribution**
  - $45b of FUM, $1.3b of in-force premiums
  - ~1,700 aligned dealer group advisers (Australia)
  - Historically around two thirds of operating income derived from wealth management, one third from risk
  - Australia – No. 3 in life insurance[5], No. 5 in retail funds management, largest aligned adviser force
  - New Zealand – No. 5 in life insurance[5], largest KiwiSaver provider, No. 2 funds manager
- **Funded from existing resources, capital impact ~(70)bps, pro forma Tier 1 post acquisition 9.5%[6]**
- **Seven years knowledge of this business, very much business as usual**
- **Transaction is subject to regulatory approvals**
- **Expected to be completed in Q4 2009**

__1__ Separately ANZ is also making a payment of $55m to acquire ING's share of the NZ Diversified Yield Fund (DYF) & Regular Income Fund (RIF) redeemable preference shares __2__ Earnings for the year to 30 September 2008 incorporating normalised long term expectations __3__ As at 31 December 2008 __4__ Based on current share price __5__ By in-force premium share __6__ As at 30 June 2009 adjusted for $2.2b SPP and impact of RBS acquisition

A strong wealth management offering is integral to ANZ's Super Regional objective

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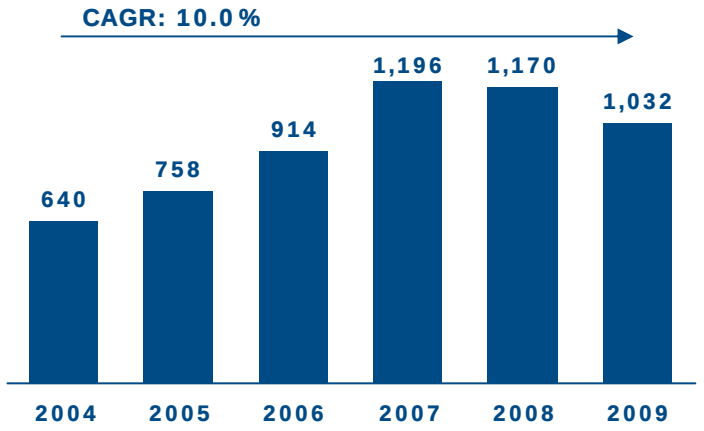
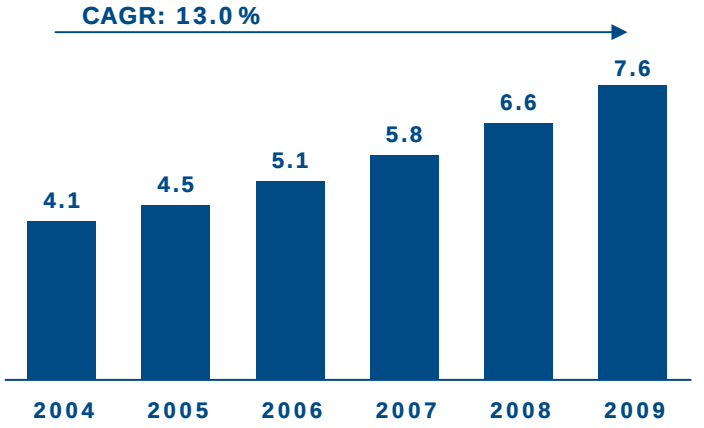
- **Wealth Management Sector**
  - Growth underpinned by demographic trends, supportive government policy both in Australia and New Zealand and consumer underinsurance[1]
  - Superannuation Assets - Australia $1,032b[2], New Zealand NZ$57b[3]
  - Life insurance in-force premium – Australia $7.6b[4] and New Zealand NZ$1.3b

- **Wealth Management – Strategic Fit with ANZ**
  - Broadly based distribution (bank, IFAs, aligned dealer groups and direct)
  - Specialist wealth management, advice and protection capability
  - Customer-centric strategy key to wealth management success
  - More comprehensive financial services offering to our customers with cross sell capability

Australian Superannuation Assets[5] ($b)



Australian Life Insurance In-force ($b)



1 IFSA (TNS research) estimates insurance gap to be ~$1.4 trillion 2 APRA Statistics, total industry – June 2004-08, March 2009 3 Reserve Bank of NZ data – June 2009 4 In-force annual premiums only from Plan for Life – March 2009 5 Comprises retail products ex CMT, SMSF, public sector, corporate super, industry funds & pooled super trusts, sourced from Plan for Life & APRA Quarterly Superannuation Performance

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Graham Hodges
Deputy Chief Executive Officer
Group Managing Director Australia Division (acting)

ANZ to move to 100% ownership of the ING Joint Ventures

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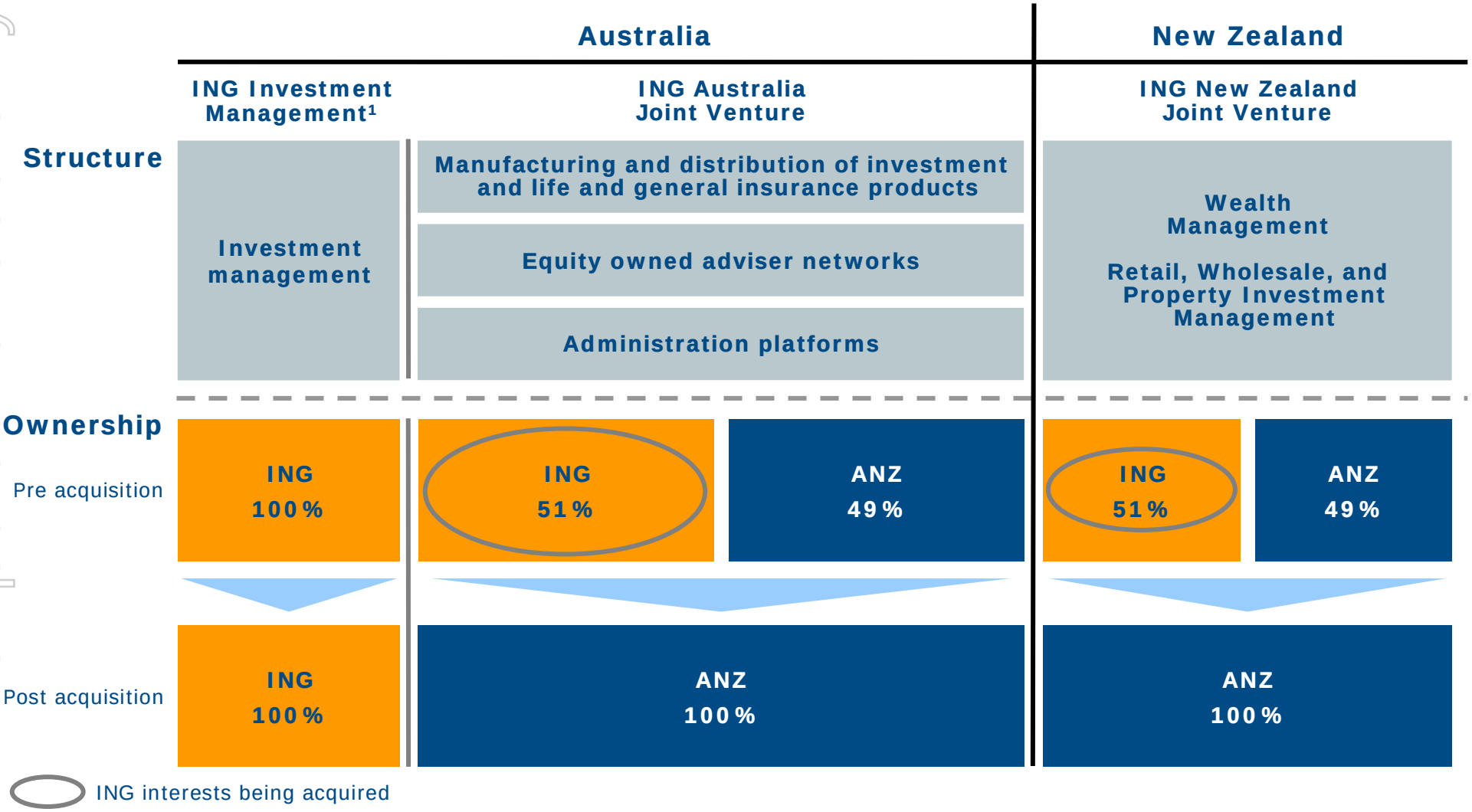

1 ING Investment Management to continue as provider of asset management services for a period

Significant transition upside – move to full ownership, alignment of value chain

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Full ownership

- **Brings certainty to ANZ's wealth management position in Australia and New Zealand**
- **Simplicity and agility of a single shareholder**
- **Provides flexibility to pursue further growth opportunities without the constraints of a JV structure**

Financial synergies

- **Revenue synergies from alignment of value chain**
  - Greater value from alignment between product manufacturing and distribution channels (aligned, network and bank)
- **Cost synergies from removal of inefficiencies of joint ownership**
  - Development of a single roadmap in operations and technology
  - Reduced duplication (including servicing one shareholder, compliance, corporate services)

Transition approach

- **Business as usual transition**
  - INGA / INGNZ CEOs to remain in current roles
  - Low overlap between ING JVs and ANZ's wealth businesses
  - ING Investment Management to continue as provider of asset management services for a period
- **Branding**
  - ING brand will be utilised for a transitional period

A well positioned business with a diversified earnings base

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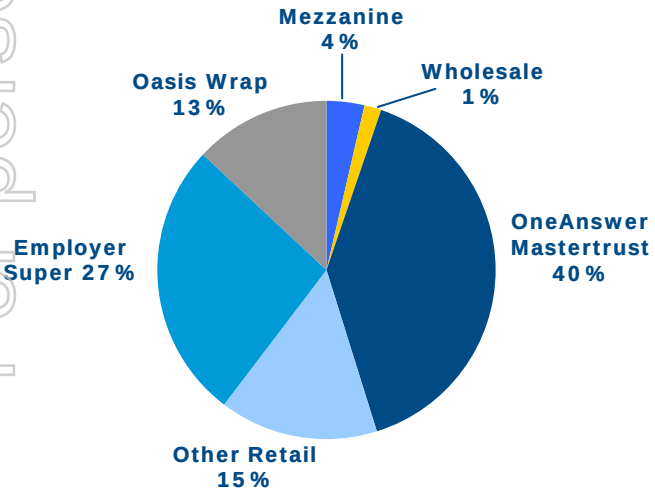
Australia

- No. 5 retail fund manager, 8.5% market share
- No. 3 life insurer, 12.7% market share
- Proven direct insurance model, $330m in-force premiums (consumer credit, life and general insurance)
- Largest aligned adviser force

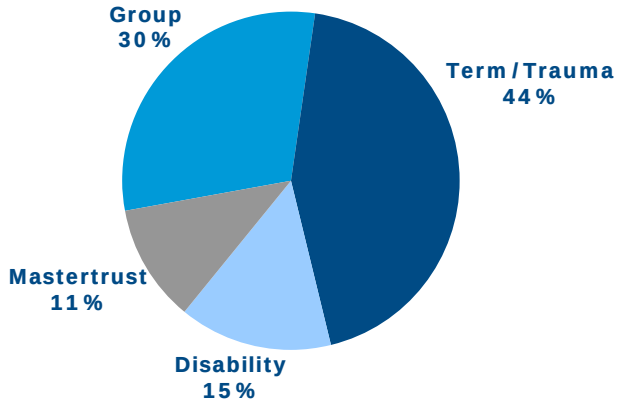
New Zealand

- No. 1 KiwiSaver provider, 23% market share
- No. 2 Fund Manager and manufacturer of retail funds, No. 2 manager of wholesale managed funds
- Fastest growing life insurer. No. 2 by share of new business, No. 5 by in-force
- Leading fund manager of listed property trusts and property manager

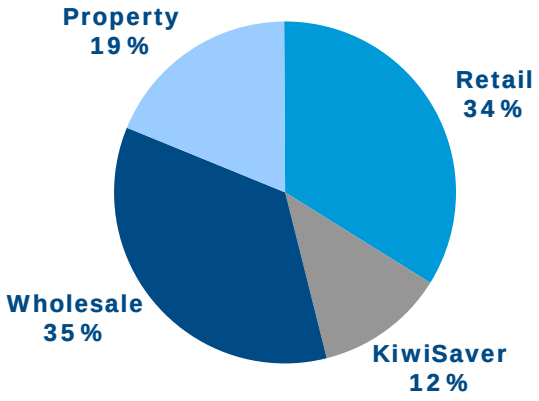
Australia FUM: $39b



Australia Life Insurance In-force: $968m



New Zealand FUM: NZ$7b



INGA / INGNZ figures as at 31 July 2009

Strong distribution channels with the largest aligned dealer group adviser force in Australia and a significant multi channel capability

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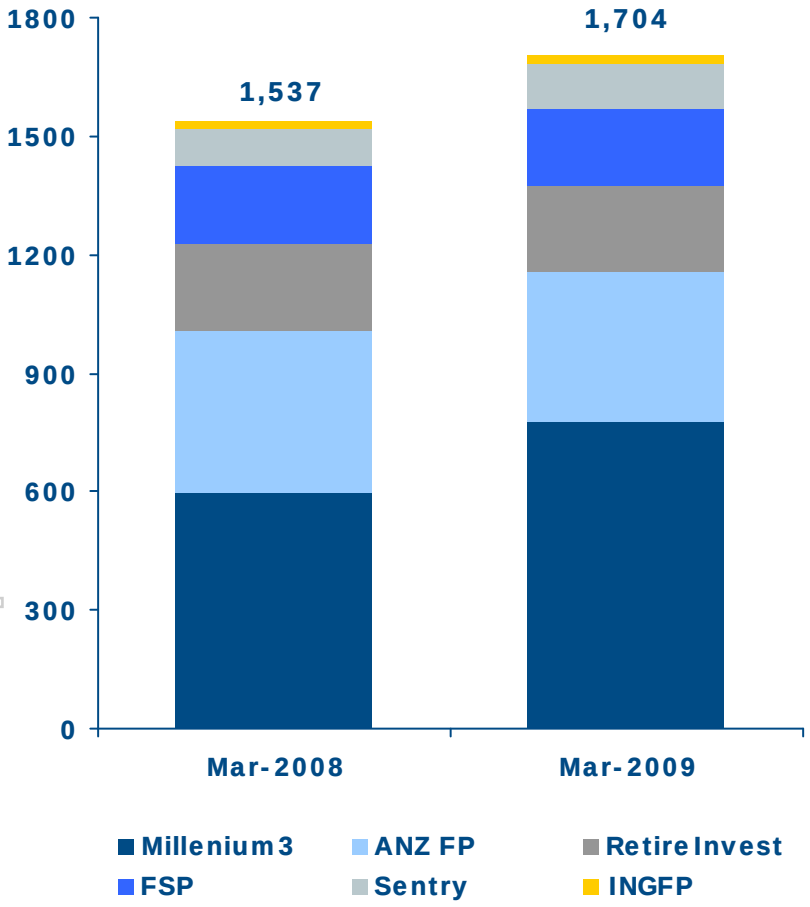
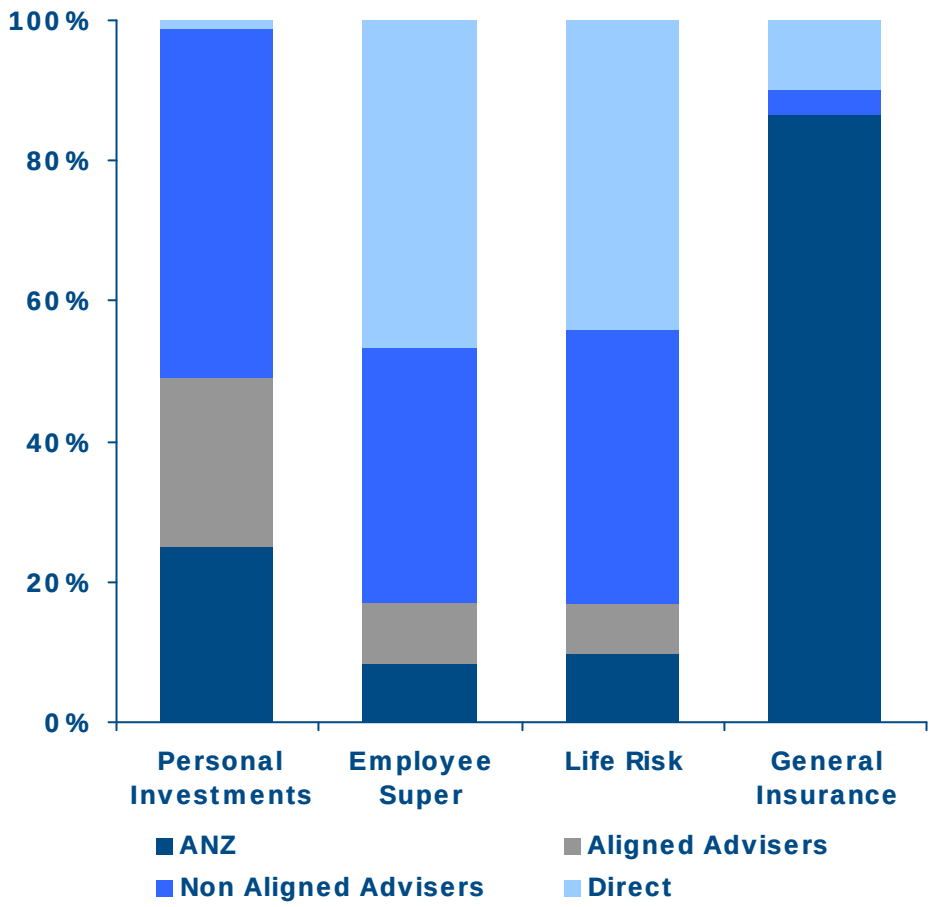
Aligned Dealer Group Adviser Numbers[1] – up 11%



2009 YTD Product Sales by Channel – significant non-aligned adviser sales



1 Money Management (Australia only)

Summary

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- Acquisition significantly enhances ANZ's position in wealth management and life insurance
- Strong wealth offering integral to ANZ's Super Regional objective
- Attractive price and opportune time in the cycle
- Creates substantial value for ANZ shareholders
- Cash EPS accretive in FY2010
- Low transition risk – a business that ANZ knows well

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APPENDICES

Capital and Profit & Loss Impact

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Capital Impact

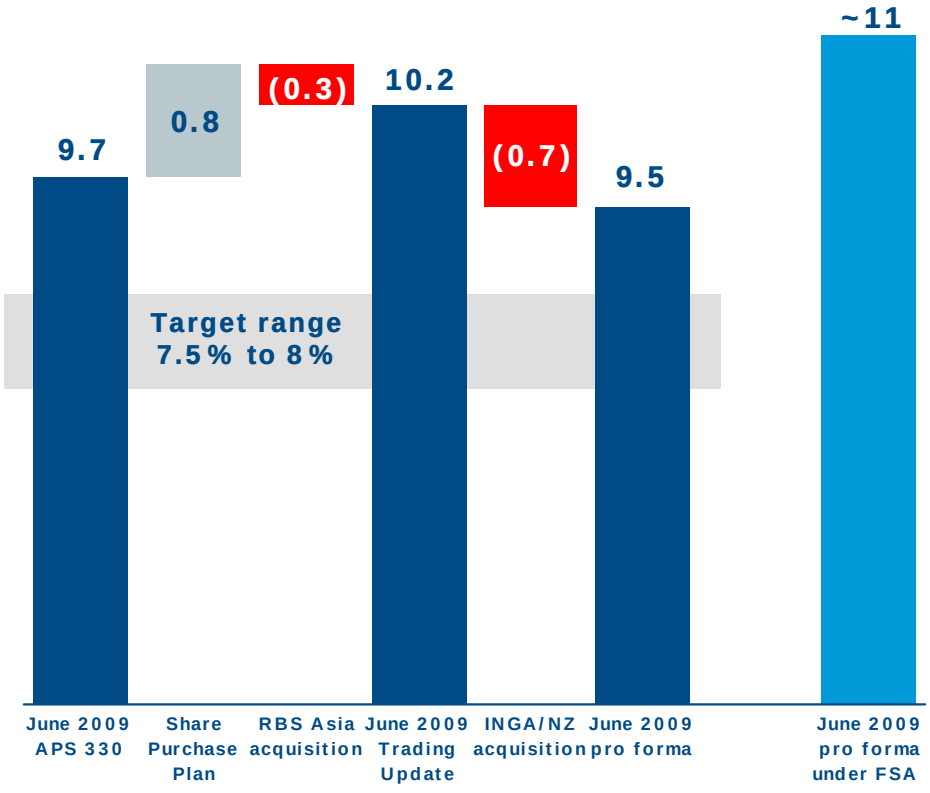
- **Estimated impact on Tier 1 capital is $(1.9) billion**
- **Equivalent to ~(70) basis points**
- **Tier 1 Capital impact reflects:**
  - 51% interest acquired in the intangible assets (Tier 1 deduction) and tangible assets (50/50 Tier 1 and Tier 2 deduction) of the Joint Ventures; plus,
  - Reversal of the current capital treatment for the 49% interest in the JVs' intangible assets which are effectively a 50/50 deduction – now becomes a 100% Tier 1 deduction

Profit & Loss Impact

- **Under a newly revised accounting standard, ANZ will be required to write down the carrying value of the existing 49% holding based on the fair value of the 51% being acquired**
- **This will result in a non-cash charge of around $130 -150m in 2010**

Pro forma Capital Position

(Tier 1 ratio %)



Consolidated Financials

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Profit and Loss ($m)	Full year Sep 2006	Full year Sep 2007	Full year Sep 2008	Half year Mar 2009
ING Australia				
Wealth income	445	501	497	191
Insurance income	234	284	328	194
Expenses[1]	(441)	(474)	(468)	(246)
Tax	(52)	(68)	(86)	(43)
Reported profit after tax (before capital investment earnings)	**186**	**243**	**271**	**96**
Capital investment earnings	57	69	(18)	(50)
Reported profit after tax and minority interests	**243**	**311**	**253**	**47**
Adjustment to normalise Investment Earnings[2]	(16)	(37)	23	71
Normalised profit after tax and minority interests[2]	**227**	**274**	**276**	**118**
ING New Zealand				
Reported profit after tax	**39**	**41**	**39**	**12**
Total reported profit after tax	**282**	**352**	**292**	**59**
Total normalised profit after tax[3]	**266**	**314**	**315**	**130**

1 *Total expenses include capitalised software write-offs*
2 *Adjustment to reflect long term assumed investment returns on investable shareholder assets*
3 *Includes timing differences arising from IFRS mark to market asset revaluations differing from revaluation of related policy liability*
Note *The amortisation charge relating to VIF recognised as part of the acquisition accounting is expected to be approximately $35m to $40m pa (after tax). This remains subject to finalisation of acquisition accounting.*

Overview of ING Australia

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Overview

- **INGA is a leading provider of life insurance, superannuation, retirement solutions and advice in Australia**
- **Strong positions in insurance and retail wealth management**
- **~1,700 aligned dealer group advisers through ING FP, RetireInvest, Millenium3, FSP, Sentry and ANZ FP**
- **Strong distribution relationships with IFAs, ANZ channels and affinity organisations**

Key Financials (A$)[1]

2008 (Sep. year) NPAT	**$253m**
Embedded Value (EV)[2]	**$2,607m**
Value of New Business (2008 VNB)	**$123m**
Book Value	**$2,082m**
FUM (31 July 2009)	**$39b**

	Wealth Management	Life Risk	Direct Insurance
Business Overview	• Investments and funds management • Superannuation • Retirement and pension • Financial Advice • Oasis and OneAnswer platforms	• Individual life insurance via the OneCare product • Group risk	• Consumer credit insurance • Direct sold life insurance • General insurance • Products distributed through ANZ branches, internet, telemarketing and direct mail
Key Statistics	• No. 5 retail fund manager with 8.5% market share by FUM • $39b in FUM as at 31 July 2009	• No. 3 life risk provider with 12.7% market share by in-force premiums • $968m in-force premiums as at 31 July 2009 – $568m individual risk – $400m group risk and mastertrust	• $330m in-force premiums as at 31 July 2009

***1** For year ending 31 December 2008 unless otherwise indicated **2** Traditional embedded value based on risk discount rates before tax of: Insurance 10%, Wealth 11.25%*

Overview of ING New Zealand

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Overview

- **ING NZ is the second largest fund manager, the leading KiwiSaver provider and one of the fastest growing life insurers in New Zealand**
- **ING NZ operates in adviser sold risk / life insurance, bancassurance, retail and wholesale funds management**
- **Exclusive supplier and manufacturer of insurance and fund management products distributed by ANZ National**

Key Financials (NZ$)[1]

2008 (Sep. year) NPAT	**NZ$47m**
Embedded Value[1]	**NZ$191m**
Value of New Business (VNB)	**NZ$25m**
Book Value[2]	**NZ$435m**
FUM	**NZ$7b**

	Wealth Management	Life Risk	Real Estate
Business Overview	• Second largest fund manager and manufacturer of retail and wholesale managed funds • Retail Funds Management products distributed predominantly through bank and independent advisers • Wholesale products distributed in conjunction with consultants and directly to clients • In house investment management capability	• Full suite of life risk products, incl. medical • Already utilises dual branding with existing ANZ National and ING life products • Distributed predominantly through bank and independent advisers	• A leading fund manager of listed property trusts • Property portfolio spread across retail, commercial and medical sectors • ING Medical Trust best performing property trust in NZ over three years, ING Property Trust best over one year
Key Statistics	• Largest KiwiSaver provider with over 23% of the market and one of six default scheme providers • $5.6b in FUM as at July 09	• Significant player in life risk space – #2 by share of new business – #5 by in-force premiums • $114m in-force premiums at 31 July 09	• 19% of NZ listed Real Estate market • $1.3b in FUM as at July 09

1 *Embedded value for ING Insurance Services and ING Life (NZ) based discount rate of 9.1% and 10.2% respectively. As at December 2008.*
2 *For the full corporate entity including Wealth Management and Life Insurance and other businesses*

ANZ's current wealth offer in Australia and New Zealand outside of the Joint Ventures

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Wealth	Australia	New Zealand	Asia Pacific, Europe & America
	Private Bank	Private Bank	Private Bank
	Investments & Insurance Financial Planning Inv. Products Insurance E*Trade Inv. Lending	ANZ National Wealth Financial Planning Inv. Products Insurance Inv. Lending	Investments & Insurance Financial Planning Inv. Products Insurance (Portion of RBS businesses)

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