



Media Release

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Settlement with New Zealand Inland Revenue

ANZ today announced that it had reached a commercial settlement with the New Zealand Commissioner of Inland Revenue concerning the tax treatment of certain legacy structured finance transactions.

As part of an industry-wide settlement announced today*, ANZ will pay the Inland Revenue NZ\$413.7 million in primary tax and interest, with the parties agreeing to discontinue relevant legal proceedings. The settlement includes an amount of NZ\$105.8 million related to three transactions for which ANZ holds an indemnity from Lloyds Banking Group plc associated with The National Bank of New Zealand.

Of seven transactions undertaken by ANZ and The National Bank of New Zealand which were under dispute, one residual transaction involving NZ\$27 million in primary tax remains subject to commercial dispute with the Commissioner of Inland Revenue. ANZ will continue to work through the issues with the Inland Revenue Department in relation to this transaction.

ANZ National Bank CEO Jenny Fagg said: "We are pleased to have reached a commercial settlement in relation to six out of the seven disputed tax transactions which largely puts this matter behind us.

"We have operated in New Zealand for over 150 years. It has always been our approach to pay all appropriate tax and we believed the transaction structures were appropriate given the independent advice received on the relevant law and rulings held by the industry. Given recent legal cases however, it is clear we need to approach these transactions differently and today's settlement reflects this.

"ANZ has not entered into any of these types of structured transactions since 2003 and since late 2005 all of these transactions have either matured or been terminated," Ms Fagg said.

ANZ holds adequate provisions for the settlement with the Commissioner of Inland Revenue and there will be no negative impact on ANZ's 2010 financial results.

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* Other New Zealand banks - BNZ, ASB and Westpac - have also entered into settlement agreements with the Commissioner of Inland Revenue involving a total industry-wide settlement of tax and interest of approximately NZ\$2.2 billion.