

Media Release

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ANZ and ING Joint Venture creates unique strategic position in high growth sector

Australia and New Zealand Banking Group Limited (ANZ) and ING Group today announced the formation of their Joint Venture creating a unique strategic position in funds management and life insurance in Australia and New Zealand.

The Joint Venture to be established on 1 May 2002, will be called ING Australia Limited and will immediately have a leading position in funds management and life insurance:

- Top 4 position in retail funds management in Australia and the leading position in New Zealand with total funds under management and administration of A\$38.4 billion
- Top 5 position in life risk insurance in Australia
- An outstanding customer proposition - access and advice through the customer's channel of choice; product and service from a specialist provider; and access to global investment capability
- A strong growth platform leveraging diversified distribution - over 6,000 professional financial advisers in Australia and New Zealand, and through ANZ's bank channels.

Key details of the Joint Venture transaction are:

- ING Australia Limited will be owned 51% by ING Group and 49% by ANZ
- Clear governance principles with both shareholders having an equal say in strategic decisions
- Equal Board representation with four ANZ nominees and four ING Group nominees (see attachment)
- ANZ Investments will be transferred to the Joint Venture. ANZ Investments earnings of A\$75 million for 2001 include A\$45 million contributed to the Joint Venture and A\$30 million to be retained by ANZ
- The Joint Venture has been valued at A\$3.75 billion with ING contributing businesses valued at A\$2874 million; ANZ contributing businesses valued at A\$879 million
- ANZ making a capital contribution of A\$960 million reflecting the relative value of the businesses contributed funded entirely from internal resources.

The Joint Venture is subject to necessary regulatory approvals. FIRB approval has already been obtained.

For clarification, the following will not be included in the Joint Venture: ANZ's distribution businesses and financial planners, ANZ Trustees and Lenders Mortgage Insurance, ING's Australian general insurance interests, ING Investment Management, ING Real Estate, and ING's wholesale, investment banking and retail banking operations, including ING Direct.

Through the Joint Venture and their other entities ING and ANZ's combined funds under management and administration will be A\$45 billion in Australia and A\$5 billion in New Zealand.

The Chief Executive Officer of the Joint Venture will be Mr John Wylie who, since early 2001, has been Managing Director of ING's business that will become part of the Joint Venture.

"The Joint Venture will leverage the complementary strengths of both ANZ and ING. The business has the immediate scale, capability and distribution channels to grow strongly and shape the future of the industry over the coming years. It is a very exciting time for ING Australia, as we will be able to generate significant business growth by leveraging ANZ distribution opportunities as well as ING's strong relationships with professional adviser networks," Mr Wylie said.

The Joint Venture will provide funds management and insurance products to ANZ's corporate and personal businesses under the ANZ brand and through professional adviser networks under the ING brand. It will outsource investment management activities to ING Group's specialist investment business, ING Investment Management, which will also acquire ANZ's Asset Management business in Australia.

The combined cost base of the Joint Venture in 2001 were approximately A\$360 million and cost synergies created through the Joint Venture are expected to be 10-15% of this cost base per annum, to be achieved over a three to four year period, with the majority achieved by the end of 2004. In addition there are considerable revenue synergies.

ANZ has an internal goal to triple annual investment inflows by 2005 through aligning distribution with customer needs, expanding its sales force of qualified financial planners and using the improved range of products and investment funds offered by ING Australia.

ANZ Chief Executive Officer Mr John McFarlane said: "This is a great partnership for ANZ. In one move this takes us into the big league in funds management in Australia and New Zealand - we create a sustainable top tier position in wealth management and protection products, access to global investment capability and strengthen our ability to serve customers in the fast growing funds management and life insurance sectors in Australia and New Zealand".

"The Joint Venture advances our specialisation strategy. We are creating a distinctive funds management business with a large global partner and we look forward to working in partnership with ING to leverage ING Australia organically and through acquisition. This is not the end game, however, and we now have a platform for further strategic expansion," Mr McFarlane said.

ING Group Executive Board member, Mr Fred Hubbell, said the partnership with ANZ continues ING's long-term commitment to growth in Australia and New Zealand and fulfils a key corporate objective of securing a top tier position in highly developed markets.

"Australia is one of the most highly developed and fastest growing wealth management markets in the world and ING has been very successful here over a long time. This Joint Venture with one of Australia's leading banks now positions us for even greater growth as a market leader with distinctive strengths," Mr Hubbell said.

ANZ will retain its strong capital position post the joint venture, and the investment will be cash EPS positive.

In forming the Joint Venture ING was advised by ING Investment Banking. ANZ was advised by Deutsche Bank.

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Notes for Editors:

About ING

ING Group is one of the world's largest investment, banking and insurance groups with over 50 million customers, A\$800 billion in assets under management, 110,000 staff and operations in 65 countries. It was founded in 1991 as the world's first major bancassurance merger, between The Netherlands' largest insurer and one of its major banks. Since then it has experienced outstanding growth both organically and through acquisition.

ING Australia, originally founded in Sydney in 1878 as Mercantile Mutual, joined what is now ING Group in 1982 when The Netherlands' largest insurer and founding ING Group company acquired 50%, followed by the remaining 50% in 1987. Last year ING made a highly successful transition to the global ING brand. ING Australia has experienced very strong growth in funds management, superannuation and life insurance products over many years, which have been distributed primarily through professional adviser networks.

About ANZ

ANZ is one of Australia's leading banking and financial services groups with total assets of approximately A\$185 billion and market capitalisation of A\$26-27 billion.

ANZ offers a full range of financial products and services to approximately four million retail and business customers in Australia, New Zealand and Asia-Pacific.

Profiles of ING Australia Limited Chief Executive Officer and Board Members

- **John Wylie, Chief Executive Officer**

John Wylie has been Managing Director of ING in Australia since 1 January 2001. In that time the company has moved to the global brand of its parent, realigned its organisation structure and continued to grow funds under management and its life insurance business. John headed Mercantile Mutual's retail life insurance and superannuation business from 1992 to 1997, following which he spent three years heading up ING's life business in Poland. During this time the market share grew from 2% to 10%.

John is a qualified actuary and has extensive experience in many areas of financial services, including marketing, product development, investments and actuarial.

- **Tony Berg, Joint Venture Chairman**

Tony Berg has been chairman of ING Australia Limited since July 2000. Formerly Managing Director Boral 1994-2000 and Managing Director Macquarie Bank 1985-1993.

Other Joint Venture Board Members

- **David Gonski** is a Director of ANZ, Chairman of Coca-Cola Amatil Limited and a Director of Westfield Holdings Limited and John Fairfax Holdings Limited.
- **Peter Hawkins** is Head of Group Strategic Development at ANZ, responsible for expansion and reshaping of the group business portfolio, mergers, acquisitions and disposals, and for overseeing the strategic cost agenda.

- **Elmer Funke Kupper** is Group Managing Director, Personal Banking and Wealth at ANZ, responsible for all personal customer and wealth management businesses in Australia and New Zealand.
- **Peter McMahon** is currently non-executive Chairman of Esanda Finance Corporation, appointed to the role in March 2002. He was previously Managing Director of Asset Finance at ANZ.
- **Phil Shirriff** has been a director of ING Australia Limited since 1985, formerly Managing Director 1985-1995. He is Chief Executive Officer and Member Executive Committee ING Asia/Pacific.
- **Peter Smyth** is regional general manager of ING Asia Pacific, a position he has held since 1997.
- **Karen Wilson** has been a director of ING Australia Limited since 1995. Former Managing Director of Estee Lauder (Australia) 1991-1998 and General Manager of Estee Lauder's UK operations from 1989 to 1991.