



# Media Release

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## **ANZ agrees to acquire National Bank of New Zealand**

Australia and New Zealand Banking Group Limited (ANZ) today announced it had reached agreement with Lloyds TSB Bank plc to acquire The National Bank of New Zealand (NBNZ) for A\$4.915 billion at current exchange rates.

The purchase price excludes a dividend to be paid to Lloyds TSB of NZ\$575 million from NBNZ's retained earnings prior to completion.

ANZ also announced a Renounceable Rights Issue to raise approximately A\$3.6 billion to assist funding of the purchase price for NBNZ. The Rights Issue will see eligible shareholders offered 2 new ordinary shares for every 11 existing ordinary shares at a discounted issue price of A\$13 per share. Details of the Rights Issue are available in a prospectus issued today.

With only six months' audited accounts published for NBNZ for this financial year, ANZ is not in a position to calculate a 2003 full-year price-earnings ratio for NBNZ. The price implies 11.2 times NBNZ's adjusted proforma net profit after tax (excluding goodwill amortisation) for the year to June 2003.

ANZ has invited Sir John Anderson, currently Chief Executive Officer and Director of The National Bank of New Zealand, to head the two banks. Pending this, both Sir John and Greg Camm will continue to head NBNZ and ANZ New Zealand respectively. Mr Camm will work with Sir John to ensure an effective integration of the two banks. The head office will be located in Wellington and senior management will be located in both Wellington and Auckland.

The name of the new company will be decided following discussion with management and directors in New Zealand. ANZ intends that both the ANZ and The National Bank of New Zealand brands will be retained for retail and small business customers subject to a trademark agreement. The rural market will operate under The National Bank of New Zealand name. Other segments will use the appropriate brand name that advantages their business.

ANZ and The National Bank will take whatever action is necessary to minimise the impact of the amalgamation on customers and to ensure service levels are maintained. No material change is intended in the total number of branches in New Zealand (approximately 300 branches).

ANZ may also consider seeking a listing of an amalgamated ANZ (NZ) and The National Bank of New Zealand on the New Zealand Stock Exchange. Any listing would only occur after ANZ has fully evaluated the merits of such a listing. This would not be before 2006 and would be consistent with ANZ maintaining a substantial majority shareholding interest in NBNZ.

ANZ Chief Executive Officer Mr John McFarlane said: "The amalgamation will create the leading bank in New Zealand, and one of New Zealand's leading companies. This is a great outcome for ANZ, for NBNZ and for New Zealand."

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"The National Bank is an excellent company with an impressive management team and strong positions in core New Zealand markets.

"ANZ has complimentary strengths, it is the oldest bank and one of the oldest companies in New Zealand, with 163 years of local experience.

"This is however a very different acquisition. Our focus will be on improving customer service, satisfaction and growth by leveraging the strengths of both companies. The acquisition is not reliant on cost savings from branch closures and no financial benefit from this has been assumed.

"It means running our business in New Zealand more like a partnership with The National Bank and minimising change for customers. By working together and focusing on the interests of our customers, our staff and the community we can create a better organisation in the future for New Zealand," Mr McFarlane said.

Sir John Anderson said ANZ's investment in New Zealand was a good outcome for the country and for customers of The National Bank.

"The new organisation will be managed and staffed locally and will be associated closely with all of our communities in New Zealand, while at the same time having the real benefits of being a close family member of the ANZ Group," Sir John Anderson said.

"It is an exciting new challenge for the management of both companies. Together we have leading positions in most segments of the New Zealand market and we will have renewed momentum in growing the business," he said.

ANZ has held discussions with the Reserve Bank of New Zealand regarding issues raised by the Reserve Bank relating to the importance of the New Zealand banking system remaining independent. ANZ anticipates working with the Reserve Bank of New Zealand to assist it in developing and implementing proposals to create an even stronger banking system in New Zealand. The Reserve Bank of New Zealand and the Australian Prudential Regulation Authority have given conditional approval for the acquisition.

Mr McFarlane said the acquisition of The National Bank was consistent with ANZ's strategy to have sustainable, top three positions in each of its core businesses.

"This move makes ANZ the leading bank in New Zealand. We are the leading bank in the South Pacific, the leading Australian bank in Asia, and we have a number of leading specialised businesses in Australia," Mr McFarlane said.

While broad-based integration plans have been developed as part of the acquisition process, detailed plans will be developed by an integration team composed of executives from both banks. ANZ is targeting operational synergies estimated at approximately A\$110 million per annum pre-tax within three years. It is intended that the management team of the combined company be representative of both organisations, and a process will be set up to ensure that people are appointed on merit.

Sir John commented: "We are committed to the sensible introduction of change for our staff and our customers."

ANZ's AA-/Aa3 issuer credit ratings have been reaffirmed by Standard & Poor's and Moody's. ANZ also expects Standard & Poor's and Moody's to equalise the rating of NBNZ with ANZ after completion of the acquisition. Financial completion is expected in early December 2003.

Associated with today's announcements, ANZ has requested that trading in ANZ's securities be halted on the Australian Stock Exchange and the New York Stock Exchange on Friday, 24 October and Monday, 27 October and on the New Zealand Stock Exchange on Friday, 24 October. (The New Zealand Stock Exchange is closed on Monday, 27 October for the Labour Day public holiday.)

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