



Media Release

Corporate Communications
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ANZ update on discussions with Malaysia's AMMB

ANZ today advised that its negotiations with AMMB Holdings Berhad (AMMB) and its principal shareholder AmcorpGroup Berhad (AmCorp), on the terms of a strategic partnership which would ultimately see ANZ acquire a 20% to 25% stake in AMMB, were proceeding satisfactorily.

Last night, ANZ and AMMB signed a conditional Heads of Agreement which would see ANZ acquire a holding of 13.5% in AMMB for RM1,075 million (A\$383 million), subject to ANZ successfully completing exclusive negotiations with AmCorp to acquire a further stake in AMMB.

The successful completion of negotiations with AmCorp would see ANZ's total shareholding in AMMB rise in due course to between 20% and 25%.

The conditional Heads of Agreement between ANZ and AMMB envisages that:

- ANZ would subscribe for converting AMMB preference shares at a cost of A\$178 million.
- ANZ would subscribe for an exchangeable bond issued by AMMB's wholly owned subsidiary, AmBank (M) Berhad (AmBank) at a cost of A\$205 million.
- ANZ would have Board representation and management involvement.
- ANZ and AMMB would enter into a Technical Services Agreement to support areas such as AMMB's major strategic programs and the training and development of staff.

Further information on the financial structure contained in the Heads of Agreement is included in the notes to this update.

ANZ Senior Managing Director Dr Bob Edgar said: "The proposed partnership with AMMB would be a significant step in ANZ's Asian growth strategy. We have made satisfactory progress toward completing a strategic alliance since receiving approval for talks from Bank Negara Malaysia on Tuesday and we expect that we will complete our discussions in the next two weeks."

ANZ expects to be able to make an announcement on the outcome of negotiations with AmCorp by early December. Finalisation of the partnership would also be subject to due diligence, execution of transaction documentation and regulatory and AMMB shareholder approvals.

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Additional Information on the ANZ-AMMB Heads of Agreement

The investment structure and mechanism contained in the Heads of Agreement between ANZ and AMMB is as follows:

- An investment by ANZ of RM500 million (A\$178 million) to subscribe to approximately 164 million new converting AMMB preference shares issued at RM3.05 per share – equivalent to 6.3% of AMMB's share capital on a fully diluted basis. ANZ has the option to convert the preference shares at any time up to five years post issuance, at which point mandatory conversion would take place.
- An investment by ANZ of RM575 million (A\$205 million) in an exchangeable bond issued by AmBank. The bond would be exchangeable for shares in its parent, AMMB, at RM3.05 per share – equivalent to 7.2% of AMMB's share capital on a fully diluted basis. ANZ would have the option to exchange the bond into approximately 189 million ordinary AMMB shares at any time up to 10 years post issuance. If ANZ did not elect to exchange the bond within 10 years, it would be redeemed.

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