

ING ANZ Joint Venture

Market Briefing
4 December 2002

Agenda

Elmer Funke Kupper

- Introduction
- Environment

John Wylie

- Integration
- Flows

Peter Marriott

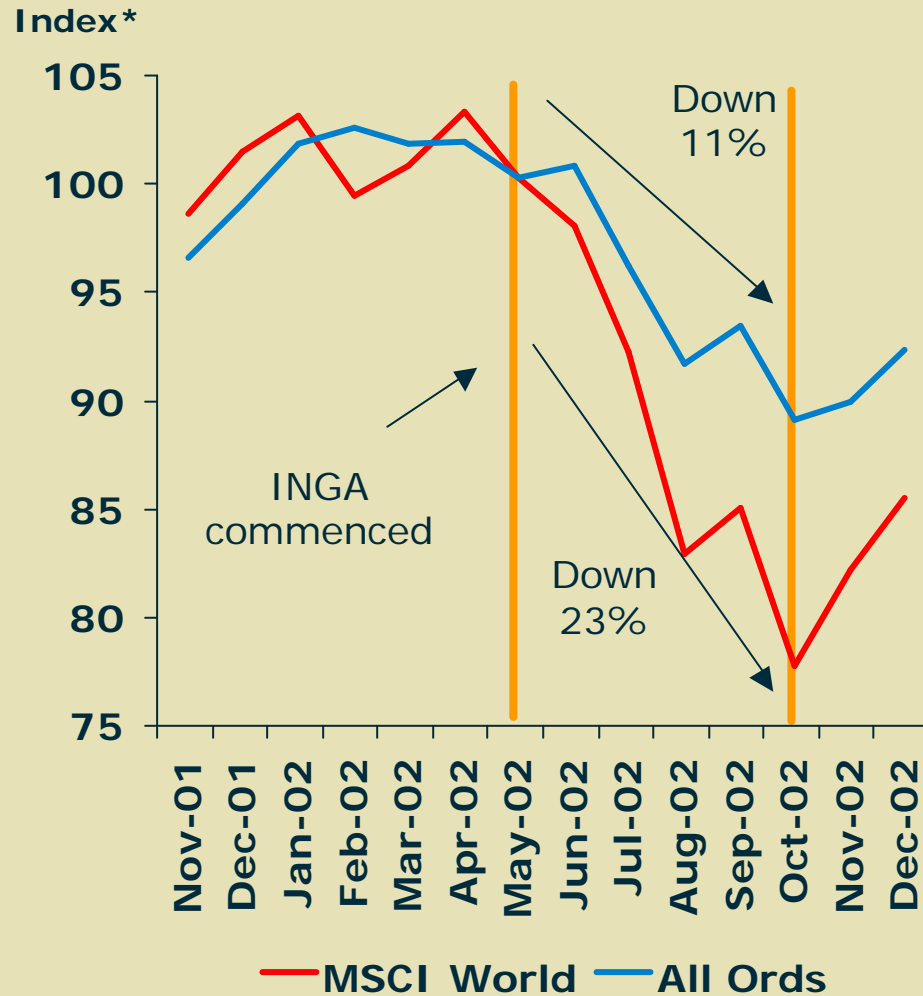
- Financials

Elmer Funke Kupper

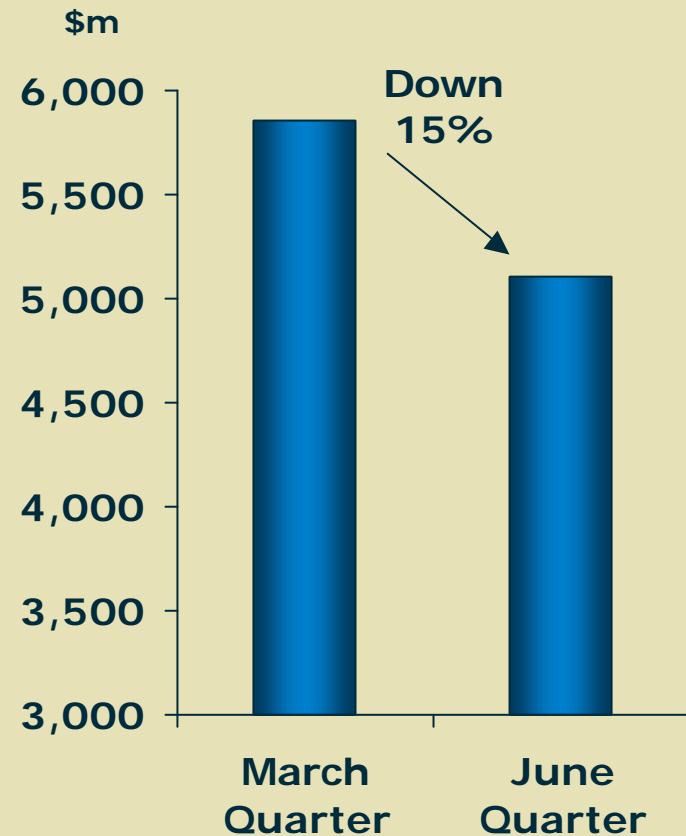
- Leveraging ANZ's planner force
- Summary

Environment deteriorated markedly following JV commencement

Equity markets



Industry Net Retail Funds Flow



JV has delivered reasonable performance since 1 May 2002

Operations

- Integration substantially complete from operational perspective
- Efficiency Program (Project 70) launched

Revenue/Flows

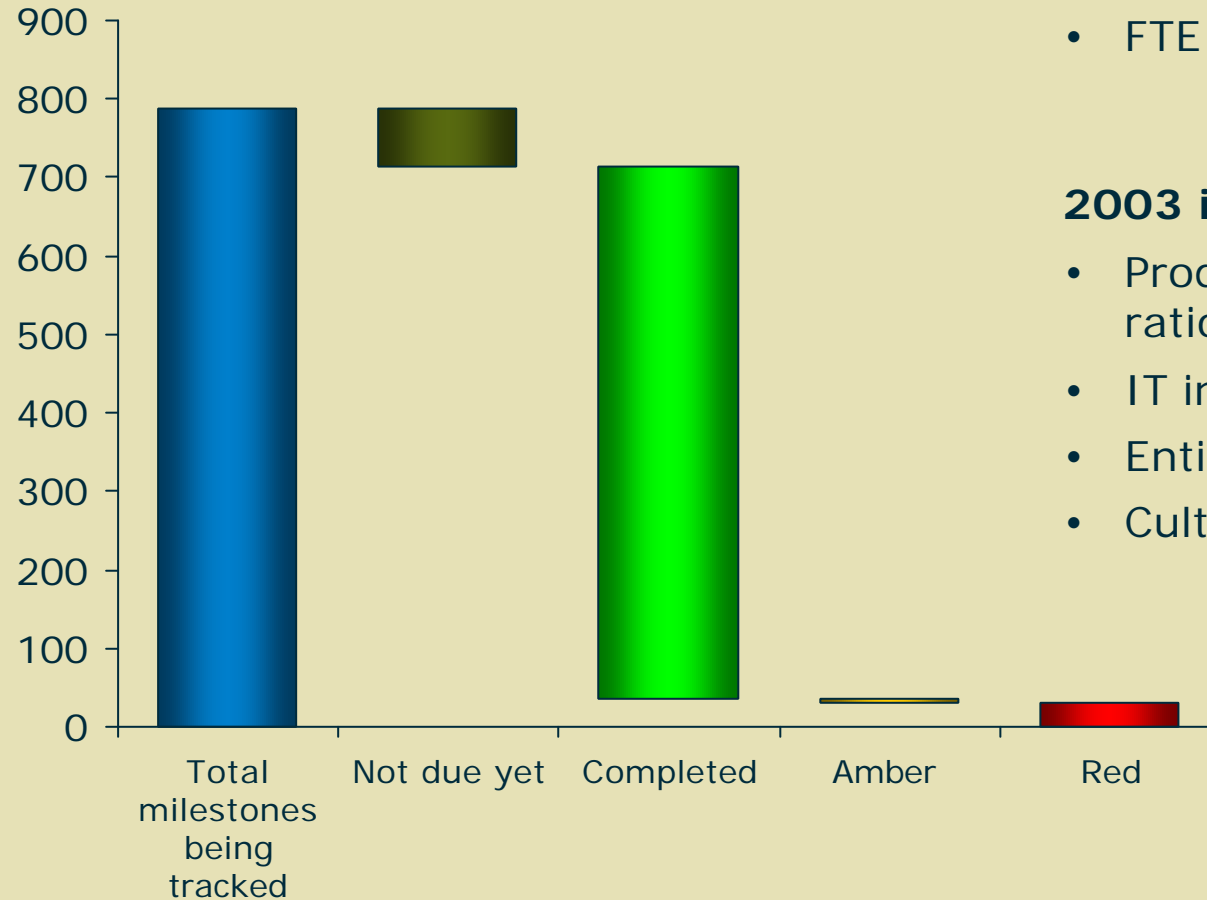
- Gross inflows holding up well in core retail products
- Market share maintained during integration
- FuM flat reflecting investor sentiment and market performance
- OneAnswer Mastertrust launched; Full ANZ OneAnswer suite by May 2003

Financials

- Operational profit in line with expectations, however lower FUM starting to impact on run rate
- Strong performance in risk business
- Capital Investment earnings well down reflecting investment markets - ANZ risk hedged

Integration progressing well, key challenges remain

Progress against milestones



Amber: milestone overdue < 1 week

Red: milestone overdue > 1 week

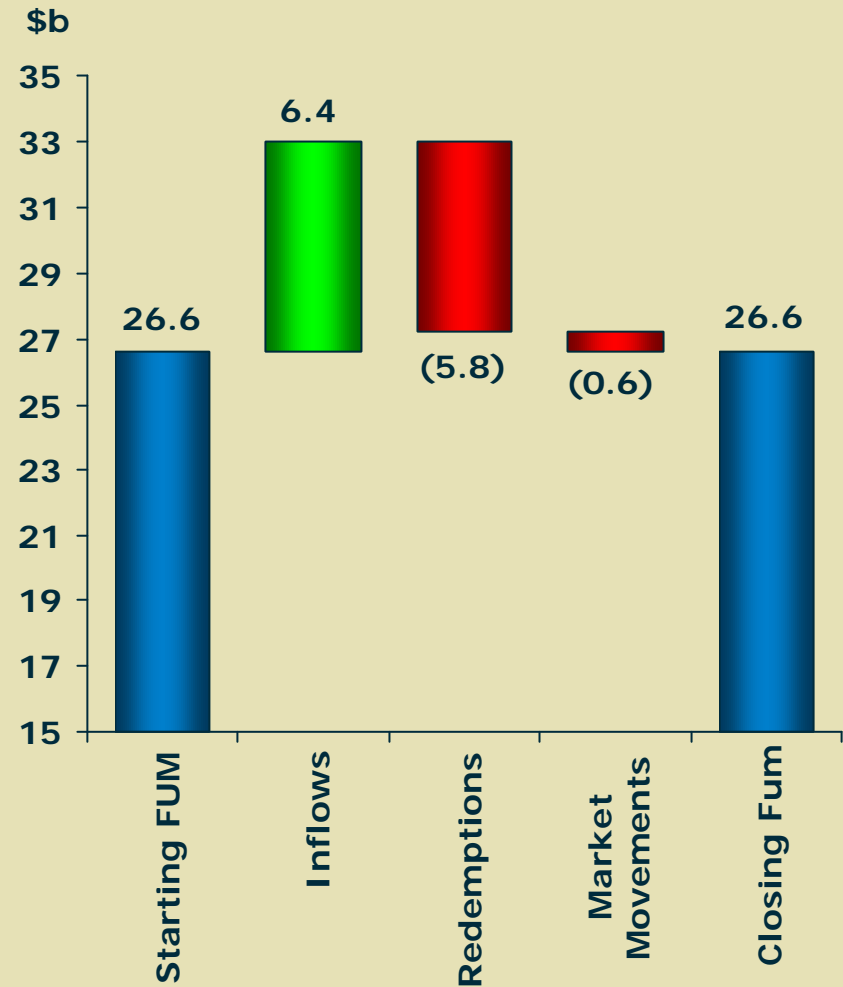
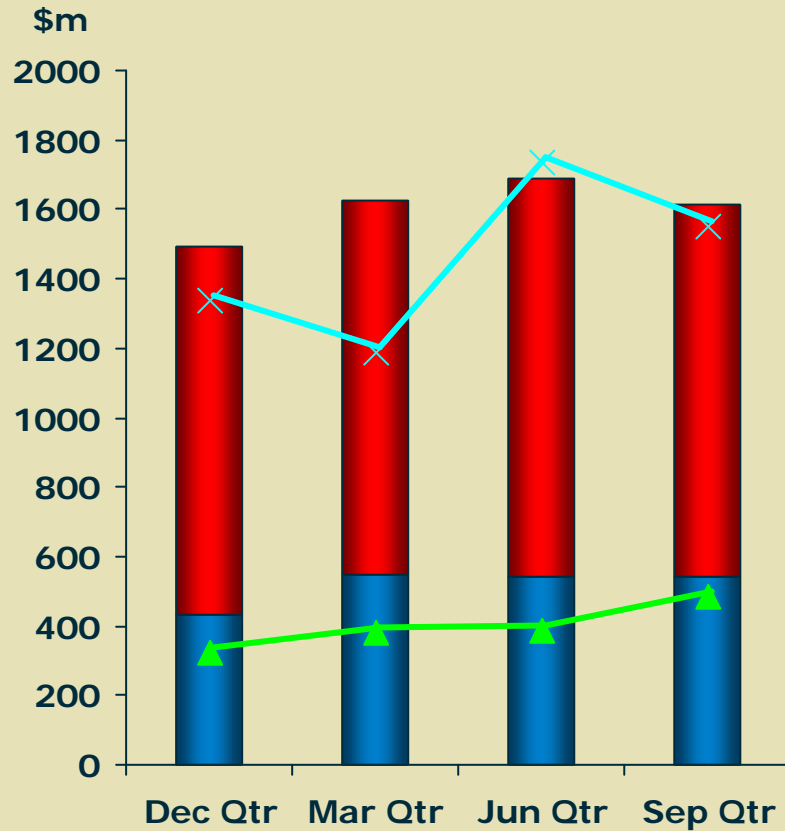
- 86% of milestones now complete.
- FTE reduction of 250 achieved

2003 integration tasks

- Product set integration and rationalisation
- IT integration
- Entity rationalisation
- Culture roll-out

Inflows holding up well, despite market conditions

JV gross flows excluding cash – year to September 2002*



Inflows { ■ ING A (other channels)
■ ANZ
Outflows { ✕ ING A (other channels)
▲ ANZ

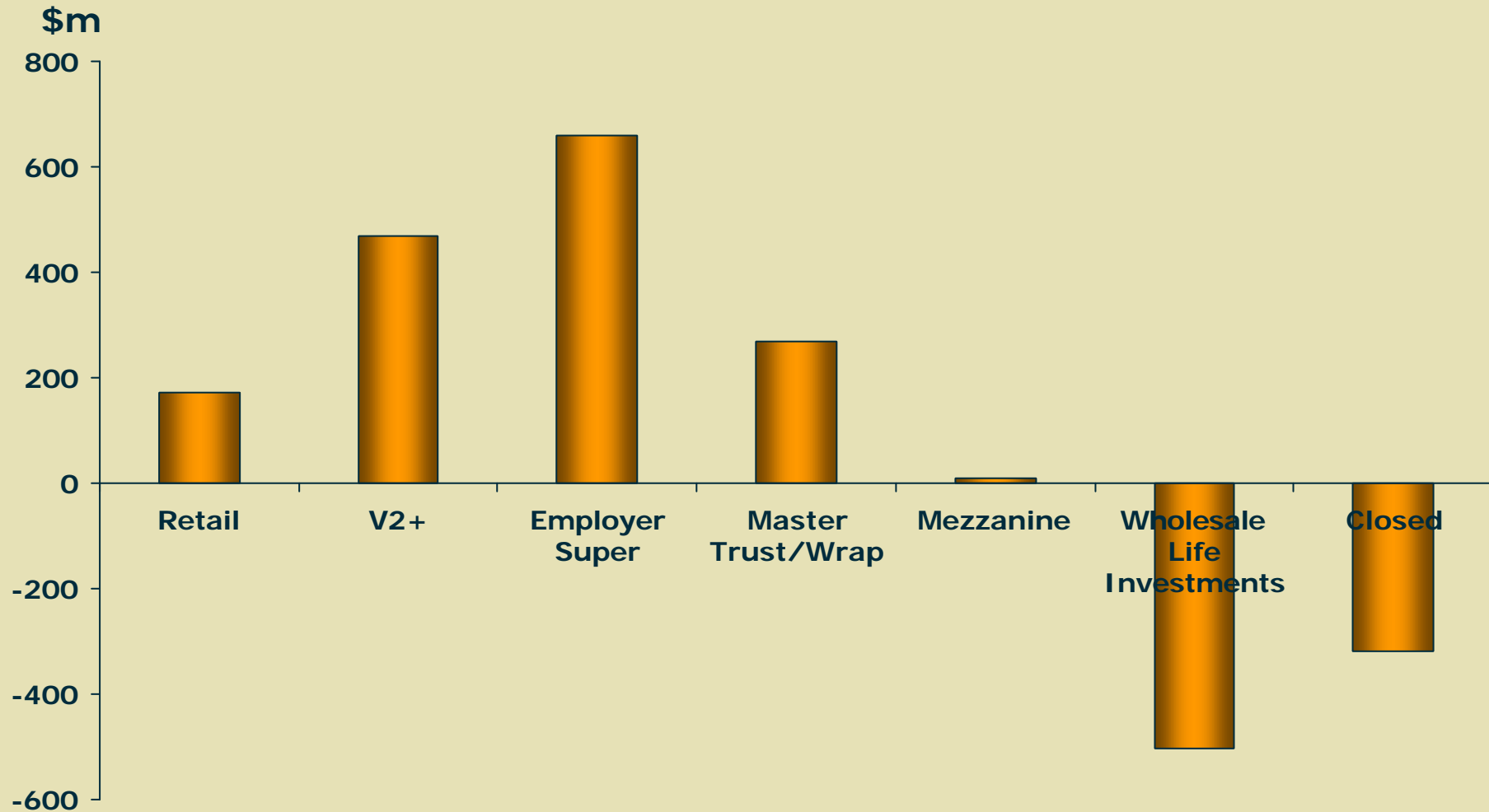


* Australia only, includes wholesale & mezzanine, excludes cash

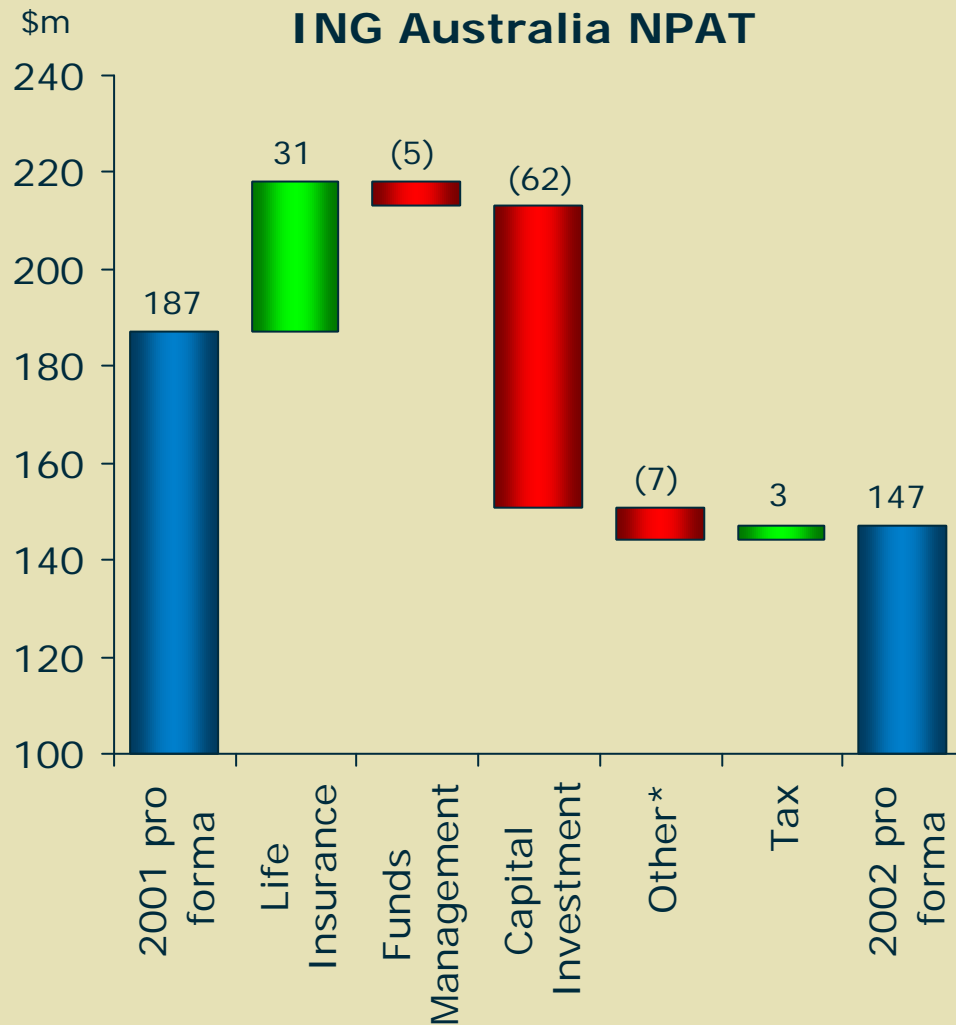


Net flows remain healthy

JV product flows – year to September 2002*



JV performance – impacted by adverse equity markets



- Life Insurance business performing well due to improved service, efficiency, and claims management
- Contribution from the Funds Management has held up well despite lower flows
- Lower net flows likely to adversely impact future revenue performance - programs in place to enhance net flows
- Investment earnings well below expectations, although capital invested in equities is conservative– ANZ share hedged September 02

* Other includes impact of higher commission rates, lower expenses

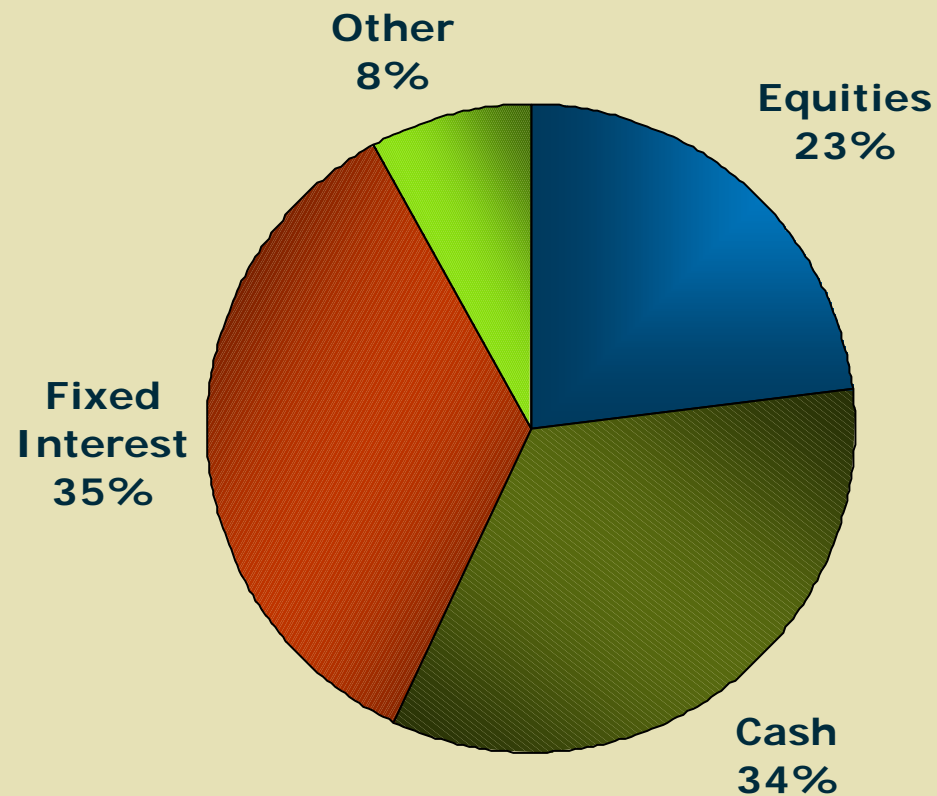
Performance lower in last five months due to integration costs and lower market returns

	7 months to April 2002	5 months to September 2002*	12 months to September 2002
Capital Investment Earnings	16	-6	10
Funds Management & Life Insurance#	359	241	600
Income	<u>375</u>	<u>235</u>	<u>610</u>
Expenses	<u>243</u>	<u>184</u>	<u>427</u>
PBT	<u>132</u>	<u>51</u>	<u>183</u>
Tax	<u>31</u>	<u>5</u>	<u>36</u>
PAT	<u>101</u>	<u>46</u>	<u>147</u>

*PAT for 5 months to Sep 02 is pre non-ANZI goodwill in INGA of \$4m and correspondingly reduces contribution to ANZ

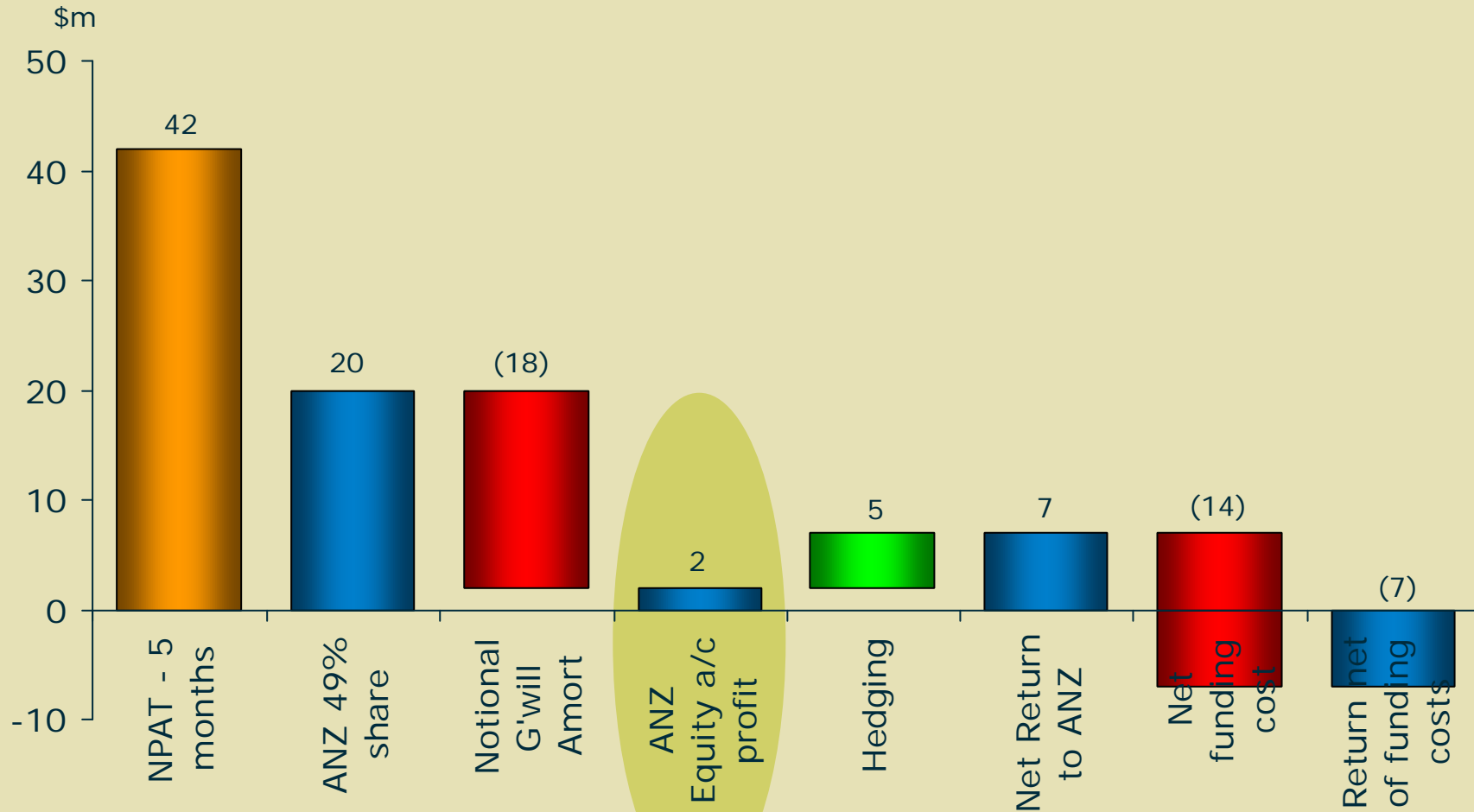
JV capital is conservatively invested, but still had negative impact last half

Investable Capital - \$1.27b



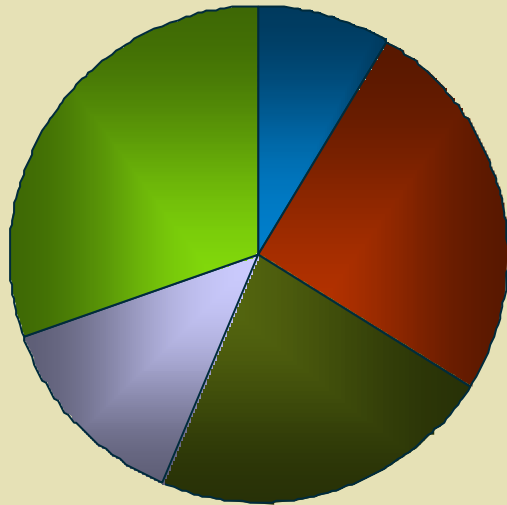
Deriving ANZ's share of JV profit

ANZ Profit from JV



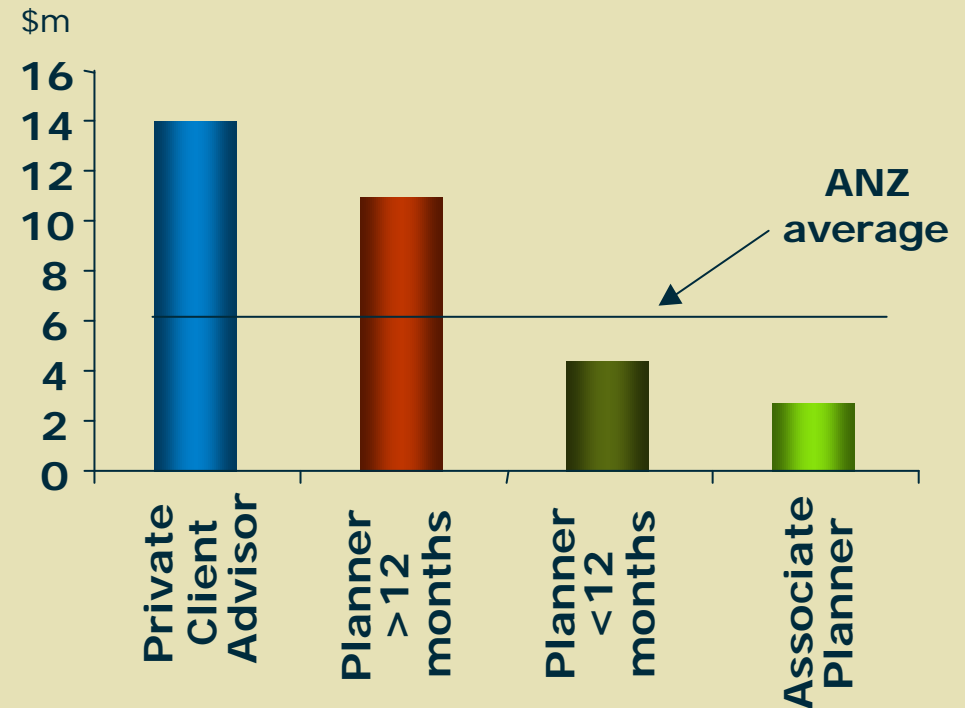
Investing in new financial planners and building productivity

Planner mix (total = 337)



- Private Client Advisor
- Financial Planner >12 months
- Financial Planner <12 months
- Associate Planner >12 months
- Associate Planner <12 months

Planner Productivity



2003 investment priorities

Productivity and Growth

- Improve productivity and redemptions
 - Active management of new advisors
 - supported by ING
 - Incentives skewed more towards FUM than flows
- Build planner force through
 - Internal development
 - Experienced recruitment
 - Network based roles
- Build systematic advice model and workbench

OneAnswer Platform



Summary

- JV performing below expectations, due to earnings on capital
- Funds management business flat, with positive gross flows offset by redemptions and market movements
- Life insurance business performing above expectations
- Majority of synergy benefits on track for delivery in FY03 and beyond
- ANZ has a growing planner force, which will become more productive over time
- ANZ & ING committed to JV for at least 10 years



Target
Double digit earnings growth from operations*

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