

**ANZ / ING Funds Management  
Joint Venture  
Supplementary Information**

10 April 2002

# Contents

## Section

1	Key elements of the Joint Venture	2
2	ANZ businesses being contributed to the Joint Venture	7
3	ING Australia businesses being contributed to the Joint Venture	17
4	Pro forma financial information for the Joint Venture	29
5	Pro forma financial impact of the Joint Venture on ANZ	34
6	Other relevant information on ING	38
7	Joint Venture management team	45

## Disclaimer

The material in this document is general background information about the ANZ's and ING's activities current at the date of this document. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. This disclaimer should be considered, with or without professional advice when deciding if an investment is appropriate.

# Section 1

Key elements of the Joint Venture

# 1 Key elements of the Joint Venture

## 1.1 Overview

The Joint Venture will incorporate ANZ's and ING's funds management and life insurance businesses in Australia and New Zealand. It will be called ING Australia Limited and will, subject to necessary regulatory approvals, be established on 1 May 2002.

The joint venture will be created by: ING Australia issuing shares to ANZ as consideration for the acquisition of the ANZ businesses being contributed to the Joint Venture and ANZ subscribing for new shares in ING Australia. Together, these two transactions will result in ANZ having a 49% shareholding in ING Australia.

The Joint Venture will be owned 51% by ING and 49% by ANZ, with ANZ and ING having an equal say in all key decisions which affect the strategic direction of the Joint Venture.

The Joint Venture has been valued at A\$3.75 billion with ANZ making a capital contribution of A\$960 million reflecting the relative values of the businesses contributed.

The Joint Venture will become the supplier of funds management and insurance products to ANZ within Australia and New Zealand. The Joint Venture's asset management activities in Australia will be outsourced to ING Investment Management, which will remain 100% owned by ING.

The Joint Venture will include the majority of ANZ's and ING's funds management and insurance activities in Australia and New Zealand. It will not include the following businesses:

- For ANZ: Executors & Trustee Company and Lenders Mortgage Insurance. The financial planners will also remain employed by ANZ
- For ING: its interest in its Australian general insurance Joint Venture with QBE, ING Investment Management, ING Real Estate, ING's wholesale, investment banking and retail banking operations, including ING Direct

The Joint Venture will provide the administration for V2 Plus. The profits arising from V2 Plus when sold through existing ANZ distribution channels will remain with ANZ. The Joint Venture will earn profits on V2 Plus sold through other channels.

## 1.2 Board

The Joint Venture will have a Board of Directors of whom an equal number (four) will be appointed respectively by ANZ and ING. The initial Directors will be:

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>■ <b>ANZ</b></li> <li>- Elmer Funke Kupper</li> <li>- David Gonski</li> <li>- Peter Hawkins</li> <li>- Peter McMahon</li> </ul> | <ul style="list-style-type: none"> <li>■ <b>ING</b></li> <li>- Tony Berg (Chairman)</li> <li>- Phillip Shirriff</li> <li>- Peter Smyth</li> <li>- Karen Wilson</li> </ul> |
|--|---|

In addition, the Joint Venture CEO will be a non-voting director.

The Chairmanship will rotate between nominees of ING and ANZ every three years, with the appointment being subject to the other party's approval. The first Chairman will be Tony Berg.

## 1.3 Chief Executive Officer

ING will nominate the CEO from time to time, with the appointment being subject to ANZ's approval. The CEO will be a part of ING's senior management group and will participate in senior ANZ management forums. The first CEO will be John Wylie.

## 1.4 Management

The Board will delegate to the CEO and the executive management team, the power and responsibility for managing the business and implementing the business plan on a day to day basis.

The Board of the Joint Venture will agree the appointment of the direct reports of the CEO. The first CFO will be Michael Rowland, currently the CFO of the Personal Financial Services division at ANZ. The performance of the top management team of the Joint Venture will be subject to formal, regular review by the Joint Venture Board.

## 1.5 Voting

All key issues (including business plans, major capital expenditure, acquisitions, etc) will require unanimous Board approval. The Chairman will not have a casting vote.

In addition, a number of matters require the approval of both shareholders. These include major items of capital expenditure, acquisitions or disposals in excess of A\$20 million and changes to the Board structure.

## 1.6 Distribution through ANZ

Subject to a number of agreed exceptions, the Joint Venture is intended to be the exclusive supplier (manufacturer or sourcer) of insurance and funds management products distributed by ANZ.

The Joint Venture will provide ANZ with a range of third party products as part of Wrap, Master Trust and Manage the Manager products, and will also supply an appropriate range of stand-alone third party retail products.

### **1.7 Branding**

The Joint Venture will manufacture, market and service products under the ING brand for distribution through professional adviser networks, and under the ANZ brand for distribution through ANZ Bank channels.

### **1.8 Product pricing and distribution commissions**

The initial package of commissions, overrides, trails and services provided by the Joint Venture to ANZ has been agreed with reference to both current ING pricing and the arrangements between the Joint Venture and other large distributors. These arrangements will apply in relation to existing ANZ products (and any products which supercede the existing ANZ products) until 30 September 2004 in Australia.

Thereafter, these arrangements will be determined on a commercial basis set by reference to the Joint Venture's other large distributors.

### **1.9 ING Investment Management (IIM)**

IIM will provide investment management services to the Joint Venture in Australia and will acquire ANZ's Australian asset management business. The investment management fees payable to IIM by the Joint Venture during the first five years have been agreed between ANZ and ING as part of the arrangements for the Joint Venture. Thereafter, the investment management fees will be reviewed on an annual basis and will be determined on a commercial, arm's length basis.

### **1.10 Limited termination rights**

ANZ and ING see the Joint Venture as a long-term commitment. Accordingly, neither party may terminate the Joint Venture in its first 10 years, other than where a material competitor of the Joint Venture has acquired control of either ANZ or ING (see section 1.12), in certain other limited circumstances, or unless they agree to do so. Once the Joint Venture has been in existence for 10 years, either ANZ or ING may terminate the Joint Venture with at least 12 months notice.

### **1.11 Means of dissolution**

In the event of the Joint Venture being dissolved, the transaction documents provide for ANZ to acquire that part of the Joint Venture which has served ANZ's customer base, with ING acquiring the balance of the business, including operational infrastructure. The actual method of dissolution will depend on the circumstances and will be agreed by the parties at the time. Failing agreement, the matter will be referred to an expert to determine the most efficient method of dissolution and the values ascribed to the businesses; such a valuation would apply a fair value test. ING would have an obligation to provide ANZ with support for up to two years after the Joint Venture is dissolved.

### 1.12 Changes of control of ANZ or ING

A change in control of either ANZ or ING would not of itself lead to a right to terminate the Joint Venture. However, if a material competitor of the Joint Venture acquires control of either ANZ or ING (or the relevant division of ING, being ING Insurance), then if:

- the acquirer and the other Joint Venture partner are not able to agree the terms on which the Joint Venture business and the competing business should be merged; and
- the acquirer does not divest its competing business,

either party has a right to terminate the Joint Venture.

The right to terminate the Joint Venture does not arise until 12 months after the change of control has occurred.

In this context, material competitors are:

- AMP Limited, Commonwealth Bank of Australia Limited, National Australia Bank Limited or Westpac Banking Corporation;
- any party with at least 2.5% of total funds under management in Australia; and
- any party with at least 2.5% in aggregate of total funds under management and administration in Australia

### 1.13 Merger with major Australian financial institution

If ANZ merges with AMP, CBA, NAB or Westpac during the first five years of the Joint Venture and the party merging with ANZ does not transfer its funds management and life insurance businesses to the Joint Venture, or dispose of those businesses to a third party, ING will be entitled to sell its 51% shareholding to ANZ at its then fair value.

Similarly, if ING merges with any of AMP, CBA, NAB or Westpac during the first five years of the Joint Venture, ANZ would have an option to acquire ING's 51% shareholding in the Joint Venture, again at its then fair value.

If these rights are not exercised, the rules relating to change of control set out in section 1.12 would apply, irrespective of the form in which the merger occurs.

## Section 2

ANZ businesses being contributed to the Joint Venture

## 2 ANZ businesses being contributed to the Joint Venture

### 2.1 Overview of ANZ

ANZ offers a full range of financial products and services in Australia and New Zealand and has overseas representation predominantly in greater Asia. With total assets of A\$185 billion as at September 2001, ANZ is one of the world's 100 largest banks.

In Australia and New Zealand, ANZ provides a full range of banking services including residential and investment mortgage lending, deposit taking, credit cards, electronic banking including Internet Banking, overdrafts, term loans, trade finance, commercial bill acceptances and treasury services.

Through ANZ's funds management and insurance operations, ANZ offers complementary financial services including annuities, unit trusts, managed investments, trust and fiduciary services and general and life insurance.

### 2.2 Overview of ANZ businesses being contributed to the Joint Venture

ANZ's funds management and insurance operations has total assets under management and administration of approximately A\$14 billion in Australia and New Zealand and employs approximately 500 staff in Australia and 50 staff in New Zealand.

The following businesses of ANZ will form part of the Joint Venture:

- Funds Management
- Life Risk Insurance
- General Insurance
- New Zealand Funds Management and Insurance

The following businesses of ANZ's funds management and insurance operations will not form part of the Joint Venture: Executors & Trustee Company and Lenders Mortgage Insurance. The financial planners will also remain employed by ANZ.

The Joint Venture will provide the administration for V2 Plus. The profits arising from V2 Plus when sold through existing ANZ distribution channels will remain with ANZ. The Joint Venture will earn profits on V2 Plus sold through other channels.

## 2.3 Funds Management

ANZ Funds Management operates in Australia and was established in 1957 to provide funds management products and services to ANZ's customer base. In the years following its establishment, ANZ Funds Management has grown strongly, sourcing and manufacturing a range of retail and wholesale investment management products. ANZ Funds Management has approximately 380,000 retail customers with assets under management of approximately A\$14 billion in Australia and New Zealand.

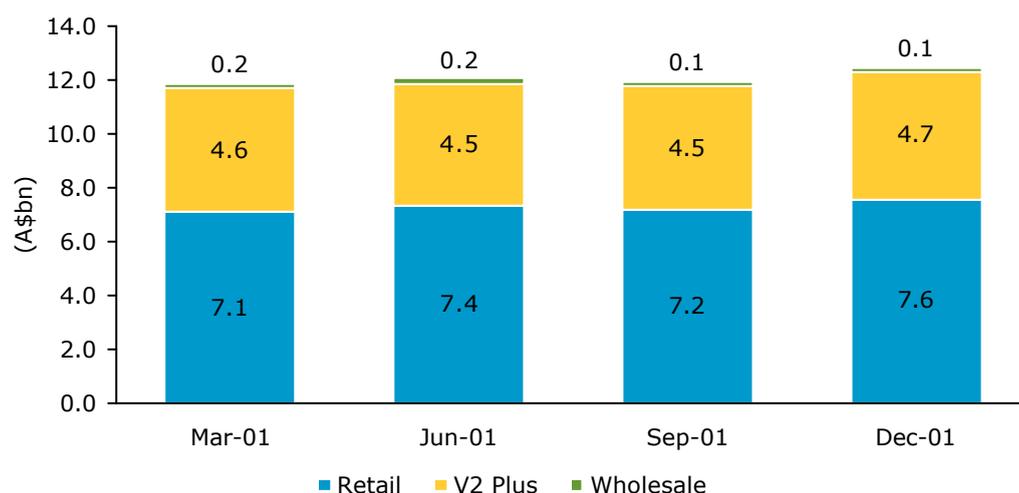
ANZ Funds Management has been committed to meeting the needs of the ANZ customer businesses and their clients, and it is both an active investment manager and an aggregator of third party investment products.

ANZ Funds Management's strategy has been focused on the following:

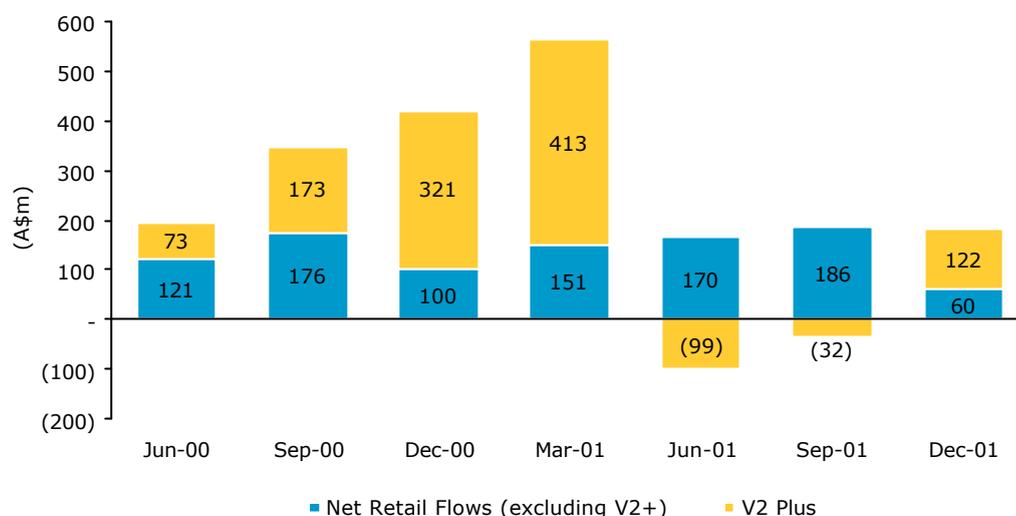
- fully leveraging ANZ's internal customer businesses;
- building a centre of excellence for sourcing of third party funds management products; and
- optimising the operations platform to support growth and lower unit costs

### 2.3.1 Funds under management

#### Australian funds under management of ANZ's businesses being contributed to the Joint Venture



### Net retail funds inflow of ANZ businesses in Australia



Retail inflows (excluding V2 Plus) have remained relatively static, with September 11 events affecting the December 2001 results. September 11 events resulted in a rebound in V2 Plus sales as investors switched into cash products.

#### 2.3.2 Products

ANZ Funds Management offers a comprehensive range of investment and superannuation products across retail, wholesale and mezzanine segments. Retail funds flow into investment options in three broad categories: ANZ Managed options, ANZ Gateway options and ANZ master trusts. These are illustrated in the table below.

Product class	FUM (A\$bn) <sup>1</sup>	Key Products
ANZ Managed options	9.8	V2 Plus, Unit Trust, Investment & Super Bonds, Mortgage Trust, Income Plans, Annuities, Other
Gateway	2.3	Unit Trust, Investment & Super Bonds, Income Plans, Annuities, Other
Third Party	0.3	
<b>Total</b>	<b>12.3</b>	
Master Trusts		ANZ Super Advantage, ANZ Portfolio Manager
Master Trusts – ANZ Managed	0.4	
Master Trusts – Gateway	0.6	
Master Trusts – Third Party	0.3	

Note: (1) As at 31 December 2001

The most important products in ANZ Funds Management's Australian retail suite are summarised in the table below:

#### Ten largest retail products by FUM as at 31 December 2001

Product	A\$m	% of total	Description
V2 Plus	4,731	38.3%	Money market investment account
ANZ Investment Trusts	1,329	10.8%	Range of unit trusts
ANZ Flexible Income Plan	1,159	9.4%	Allocated annuity
ANZ Personal Super Bond	885	7.2%	Personal superannuation account
ANZ Super Advantage	875	7.1%	Employer/personal superannuation master trust
ANZ Mortgage Fund	652	5.3%	Unit trust investing predominantly in loans secured by first mortgages
ANZ Deferred Annuity	622	5.0%	Personal annuity product (closed)
ANZ Portfolio Manager	517	4.2%	Non-super discretionary master trust
ANZ Investment Bonds	425	3.4%	Single premium investment product
ANZ Guaranteed Income Plan	267	2.2%	Immediate annuity providing a guaranteed fixed income for a defined period
Other	880	7.1%	
<b>Total</b>	<b>12,342</b>	<b>100%</b>	

Within the retail product range Frank Russell, provider of the Gateway range of multi-manager investment options, accounts for approximately A\$2.3 billion of funds under management, across both super and non-super products.

The arrangement with Frank Russell remains in place under contract to 2003, and no change is expected in the Gateway multi-manager investment range.

#### 2.4 Life Risk Insurance

ANZ Insurance offers a full range of life risk insurance products, from term life through to trauma, accident and income protection insurance.

Of the life risk insurance products offered by ANZ Insurance, most are internally manufactured. The exceptions are:

- Income protection, which is sourced from external providers
- Insurance options, a systems-based broker service which provides clients with access to life risk products from a panel of underwriters

**Inforce - as at 30 September 2001**

	(A\$m)	Market share (%)	Rank
Individual Lump Sum	31.6	2.0%	12
Individual Disability	0.1	0.0%	18
Group Risk	2.8	0.0%	15
<b>Total</b>	<b>34.5</b>	<b>1.0%</b>	<b>15</b>

**New premium - as at 30 September 2001**

	(A\$m)	Market share (%)	Rank
Individual Lump Sum	5.8	2.0%	12
Individual Disability	0.0	0.0%	18
Group Risk	0.0	0.0%	17
<b>Total</b>	<b>5.8</b>	<b>1.0%</b>	<b>16</b>

Source: Plan for Life

**2.5 General Insurance**

ANZ Insurance does not usually manufacture General Insurance products and sources a broad range of general insurance products from a number of general insurance companies. Home and residential investment insurance products remain ANZ Insurance's most popular general insurance products due to the sales opportunity created by the home loan application process.

Although loan-linked products dominate ANZ Insurance's general insurance portfolio, ANZ Insurance also offers its customers access to car, travel, health, compulsory third party, deposit guarantee, business and trade debtors insurance through ANZ customer businesses.

General insurance premiums for each of the four years ended 30 September 1998 to 2001 are summarised below.

<b>General insurance in-force premiums</b>	<b>(A\$m)</b>			
<b>Year ended 30 September</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Property	47.6	46.9	47.9	49.9
Other	17.0	19.4	28.2	42.9
<b>Total</b>	<b>64.6</b>	<b>66.3</b>	<b>76.1</b>	<b>92.7</b>

Growth in general insurance premiums has been driven by the expansion of the range of ANZ Insurance products and increased penetration rates of loan-linked insurance sales. The focus on insurance as an important cross sell product across all ANZ distribution channels has gradually increased through concerted marketing and promotional activity.

## 2.6 New Zealand

Based in Wellington, ANZ New Zealand offers a comprehensive range of investment and superannuation products consisting of unit trusts, superannuation funds, group investment funds and insurance bonds at the retail, mezzanine and wholesale levels.

### 2.6.1 Funds Under Management

At 31 December 2001, ANZ New Zealand's funds under management were approximately A\$1.7 billion. The composition of these funds is set out below:

#### ANZ New Zealand FUM as at 31 December 2001

<b>Retail FUM</b>	<b>A\$m</b>
ANZ Retirement Plan	172
ANZ Ascent <sup>(1)</sup>	415
ANZ retail – other <sup>(2)</sup>	394
<b>Total retail FUM</b>	<b>981</b>
<b>Wholesale FUM</b>	
Total wholesale FUM	710
<b>Total FUM</b>	<b>1,691</b>

Note:  
 (1) Ascent is managed by Frank Russell  
 (2) Includes A\$31 million in Flexi-Cash ("at call" money market product)

### 2.6.2 Product

The most important products in ANZ New Zealand's retail suite are summarised in the table below:

#### 5 largest retail products by FUM as at 31 December 2001

Product	A\$m	% of total	Description
Ascent World Shares Fund	268	27.3%	Multi-manager unit trust investing in international equities
ANZ Flexible Mortgage Trust	176	17.9%	Unit trust investing in loans secured by first mortgages
Ascent World Bond Fund	145	14.8%	Multi-manager unit trust investing in international fixed interest
ANZ Retirement Plan - Deposit Portfolio	86	8.8%	Superannuation scheme investing in at-call deposits
ANZ Retirement Plan - Balanced Portfolio	59	6.0%	Superannuation scheme with investments diversified across asset classes
Other	247	25.2%	
<b>Total</b>	<b>981</b>	<b>100.0%</b>	

### 2.6.3 Insurance

ANZ's operations in New Zealand supplies personal insurance products to the ANZ customer segment businesses of Wealth Management and the ANZ branch network. The products supplied are similar to those offered in Australia and fall into the following key segments:

- life risk insurance
- general and travel insurance
- mortgage protection insurance
- asset and loan protection insurance

As with ANZ Insurance's operations in Australia, ANZ's insurance operations in New Zealand manufactures, administers and underwrites the life risk insurance. The other insurance products are sourced and underwritten by third party insurers.

## 2.7 Pro forma summary financial information

### 2.7.1 Pro forma income statement

The following table sets out the pro forma income statement for the ANZ businesses being contributed to the Joint Venture for the year ended 30 September 2001:

<b><u>Year ended 30 September 2001</u></b>	<b>(A\$m)</b>
Premium revenue	1,696
Fee and commission revenue	80
Investment revenue	30
<b>Total revenue</b>	<b><u>1,806</u></b>
Claims expense	(1,401)
Administration expense	(173)
Increase in policy liabilities	(163)
<b>Total expenses</b>	<b><u>(1,737)</u></b>
<b>Profit before income tax</b>	<b>69</b>
Income tax expense	(24)
<b>Profit after tax</b>	<b>45</b>

Profit after tax for the businesses being retained by ANZ (LMI and Executors & Trustee and the profit for V2 Plus sold through existing ANZ channels) was A\$30 million for the year ended 30 September 2001.

### 2.7.2 Composition of profit after tax

The following table sets out the normalised profit after tax of the ANZ businesses being contributed to the Joint Venture for the year ended 30 September 2001:

<b><u>Year ended 30 September 2001</u></b>	<b>(A\$m)</b>
Funds Management business	24
Risk business	9
<b>Profit from operations</b>	<b><u>33</u></b>
Investment earnings	12
<b>Profit after tax</b>	<b><u>45</u></b>

The pro forma profit after tax for the ANZ businesses being contributed have been adjusted for higher commissions and trails (consistent with the arrangements in place with the Joint Venture), head office group charges and normalised earnings on capital.

### 2.7.3 Operating cost base

The following table sets out the operating cost base of the ANZ businesses being contributed to the Joint Venture for the year ended 30 September 2001:

<b>Year ended 30 September 2001</b>	<b>(A\$m)</b>
Commission and product expenses	70
Investment management expenses - external	3
Management expenses	100
<b>Total expenses</b>	<b>173</b>

### 2.7.4 Pro forma balance sheet

The following table sets out the pro forma balance sheet for the ANZ businesses contributed to the Joint Venture as at 30 September 2001, adjusted to include the agreed level of net assets to be contributed by ANZ:

<b>As at 31 September 2001</b>	<b>(A\$m)</b>
Investments	4,483
Goodwill & other intangibles	-
Other assets	514
<b>Total assets</b>	<b>4,997</b>
Policy liabilities	(4,526)
Borrowings	-
Other creditors and provisions	(97)
<b>Total liabilities</b>	<b>(4,623)</b>
<b>Net assets</b>	<b>374</b>

## Section 3

ING Australia businesses being contributed to the Joint Venture

## 3 ING Australia businesses being contributed to the Joint Venture

### 3.1 Overview of ING

ING Group was founded in 1991 from the world's first major bancassurance merger between The Netherlands' largest insurer and one of its major banks. Since then, ING Group has experienced outstanding growth both organically and through acquisition.

Today, ING Group is one of the world's largest investment, banking and insurance groups with a market capitalisation of A\$100 billion, it has over 50 million customers, A\$800 billion in assets under management, 110,000 staff and operations in 65 countries.

Originally founded in 1878 as Mercantile Mutual, ING Australia 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 Australia successfully transitioned its name from Mercantile Mutual to the global ING brand.

ING Australia is one of Australia's leading financial services groups focused on helping people grow and protect their wealth through investment, superannuation, retirement income and life insurance products and services.

ING Australia has experienced strong growth over the last decade. Today it has over 1 million customers and 1,500 staff. At the end of 2001, ING in Australia and New Zealand had total assets under management of A\$32.8 billion (including institutional and real estate, which will not form part of the Joint Venture).

### 3.2 ING's strategy

#### *ING Group's Global Strategy*

ING's mission is to be a client-focused, leading, global, innovative and low-cost provider of financial services through the distribution channels of the client's preference in markets where ING can create shareholder value.

The retail wealth management focus globally is on helping people grow and protect their wealth through investments, superannuation, retirement incomes and life insurance products and services. These products are manufactured and marketed by retail-focused companies, which use the asset management services of ING's specialist investment companies such as the global ING Investment Management business.

Products and services are marketed through a broad range of channels including independent and equity adviser networks, direct to institutional clients and retail channels and bancassurance marketing through affiliated banks or joint ventures with banks.

After several years of global acquisitions and rapid expansion, the emphasis in the next few years will be on achieving optimal customer satisfaction, consolidating ING's strengths and implementing mandatory synergies, operational excellence and cost control.

### ***ING Australia's strategy***

Prior to forming the Joint Venture with ANZ, the key strategies that ING Australia was pursuing for the period 2002 – 2004 were:

- Become a Top 5 financial services player in designated key markets
- Increase its share of high priority target markets (retirees, pre-retirees & SMEs) using tailored segment strategies
- Be recognised as a premier investment manager across a broad range of asset classes and products
- Increase sales through profitable channels, substantially grow its equity distribution and increase the number of distribution channels
- Increase product innovation and broaden its range of profitable products

### **3.3 Overview of ING businesses being contributed to the Joint Venture**

ING businesses being contributed to the Joint Venture are its funds management, superannuation and life insurance manufacturing and distribution activities, including the funds management activities of ING in New Zealand.

The following businesses of ING Australia will not be included in the Joint Venture:

- ING's general insurance interests (QBE Mercantile Mutual) and related distribution operations
- ING retail banking operations (including ING Direct)
- ING Bank N.V. and wholesale and investment banking operations formerly known as BBL and ING Barings
- ING Real Estate
- ING Investment Management

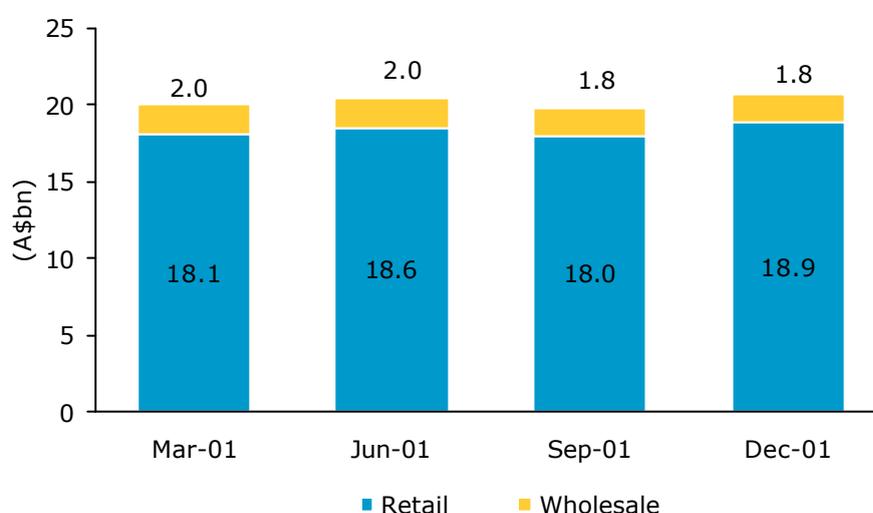
### 3.4 Funds Management

ING offers investment, superannuation and retirement income products to meet a broad range of investor needs and risk/return objectives. Over 90% of ING's funds management products are marketed and sold via adviser networks.

ING's master trust products generally offer a range of investment options from ING Investment Management, as well as other external fund managers and ING's 'Manage The Manager' approach.

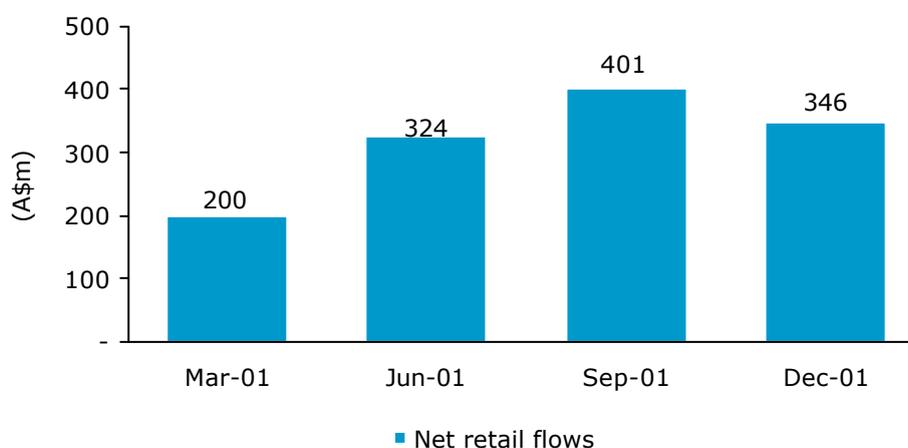
#### 3.4.1 Funds under management

##### Australian funds under management of ING's businesses being contributed to the Joint Venture



**Note:** Retail includes retail funds, wrap accounts, corporate superannuation and mezzanine investment products

##### Net retail funds inflow of ING businesses in Australia



### 3.4.2 Products

ING's funds management products and services are described below:

Product	A\$m	Description
<b>Retail – Funds under management</b>		
Investment Trusts	2,513	A wide selection of retail unit trusts providing access to a variety of Australian and overseas investments.
Investment products offered through the Life Company	9,801	<p>The key products in this range include</p> <ul style="list-style-type: none"> <li>■ Tax effective investment bond (enables customers to invest money tax effectively)</li> <li>■ Personal Superannuation (enables customers to make lump sum and regular contributions to an individual superannuation plan)</li> <li>■ Allocated pension/annuity (provides customers with an income stream which qualifies for concessional tax treatment)</li> <li>■ Immediate annuity (provides a regular guaranteed income for either a specified term or life)</li> <li>■ Employer Superannuation (enables small, medium and large employers to fulfill their superannuation requirements for their employees)</li> </ul> <p>A range of diversified and sector-specific investment options are available within each of these investment products. All products offer a range of ING options. In addition most products offer a range of external options and "Manage the Manager" style options.</p>
Optimix (Australian Portfolio Managers)	1,380	<p>Optimix is offered as a range of unit trusts, a personal superannuation and personal pension product. The investments offered within these products use a "Manage the Manager" Investment process.</p> <p>A range of diversified and sector-specific investment options are available within each of these investment products.</p>
Investments from external retail master trusts	2,579	A wide range of ING investment options are included on the investment menu of external retail master trusts. This is the total amount invested in both ING investment trusts and ING Life investment options.
Shareinvest	113	A product which offers clients access to individually managed direct share portfolios rather than using investment pools or trusts.

**Retail - Funds under advice**

Ausvest and MyWrap	2,034	ING operates two wrap services: Ausvest, provide through RetireInvest Financial Advisers and MyWrap is operated for other advisers  ING's Wrap Accounts contain superannuation and non-superannuation options from a range of over 60 managed investments offered by fund managers, as well as direct share investments. They have a wide range of attractive features including cash parking, a cash sweep, a savings plan, an income plan (to provide customers with regular payments) and tools to enhance adviser productivity
Funds Managed by External Investment Managers	516	External investment options are offered on a variety of retail investment products. Most of the external funds under management come from the Employer Superannuation product range.
<b>Total Retail</b>	<b>18,936</b>	
<b>Wholesale</b>		
Wholesale Trusts	360	A wide selection of wholesale unit trusts providing access to a variety of Australian and overseas investments. The key target markets for these products are large super funds and corporate investors.
Wholesale Investments offered through the Life Company	1,390	A wide selection of investment options providing access to a variety of Australian and overseas investment markets. The key target markets for these products are large super funds and corporate investors.
<b>Total Wholesale</b>	<b>1,750</b>	
<b>Total</b>	<b>20,686</b>	

### 3.5 Life Risk Insurance

ING manufactures and provides administration and customer service for a broad range of life risk insurance and disability products for individuals and corporate customers.

Over 90% of ING's life insurance products are marketed and sold via advisers/brokers, with the remainder of business being with corporate clients with whom ING deals directly.

ING's range of life insurance products designed to protect the wealth and financial security of its customers are summarised below:

Product	Description
<b>Individual and adviser</b>	
Leading Life	Protection for family, business and assets against financial hardship in the event of death or total and permanent disablement
Recovery Cash	Provides a lump sum in the event of suffering a serious medical condition
Business Expenses	Covers the ongoing expenses of a business if the insured is unable to work because of illness or injury
Income Protection	Pays a regular benefit if the insured is unable to work because of illness or injury
<b>Corporate</b>	
Group salary continuance	Pays a regular benefit if an employee is unable to work because of illness or injury
Group Life	Pays a lump sum in the event of an employee's death or total and permanent disablement

#### Inforce - as at 30 September 2001

	(A\$m)	Market share (%)	Rank
Individual Lump Sum	140.1	8.7%	5
Individual Disability	54.4	7.4%	7
Group Risk	117.9	12.0%	4
<b>Total</b>	<b>312.4</b>	<b>9.9%</b>	<b>5</b>

#### New premium - year ended 30 September 2001

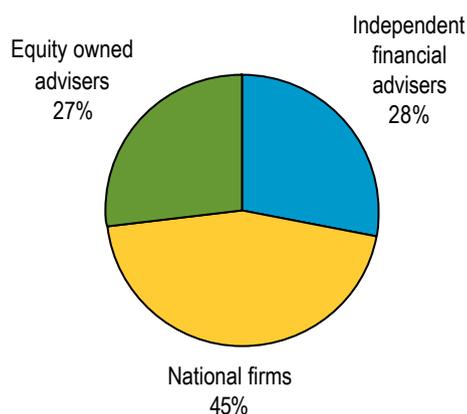
	(A\$m)	Market share (%)	Rank
Individual Lump Sum	20.3	7.0%	8
Individual Disability	11.5	6.2%	6
Group Risk	71.1	29.0%	1
<b>Total</b>	<b>103.0</b>	<b>14.0%</b>	<b>2</b>

Source: Plan for Life

### 3.6 Distribution

ING products are primarily distributed through over 6,000 financial advisers. These include financial advisers affiliated with dealer groups owned by ING (FAs), advisers affiliated with large dealer groups including those owned by other financial institutions (National Firms) and independent financial advisers (IFAs). ING has a strong reputation and track record in adviser based distribution.

The composition of the business obtained from advisers is shown below:



#### ***Adviser Distribution Management***

The division responsible for managing ING's adviser relationships is Distribution Management Group (DMG).

DMG's key strategic objective is to maintain and enhance ING's position as the chosen partner of financial advisers including FAs, National Firms and IFAs. To this end, DMG focuses on building its channel and relationship management capabilities, and providing a range of support services to help advisers manage and develop their business.

DMG has three units focused on sales management: Sales, National Firms, and Equity Distribution:

- **Sales** - The Sales unit is responsible for face to face adviser support. The Sales unit operates sales/support offices in each State capital city. These teams are each responsible for a share of the firm's total adviser based production
- **National Firms** - The National Firms unit manages ING's relationships with, and support for, national dealer groups, research houses and external master funds. It is responsible for the achievement of production budgets from national firms
- **Equity Distribution** - The Equity Distribution unit is responsible for the management of ING's equity interests in a range of financial services distribution networks (the actual firms are shown below)

**RetireInvest** – A financial planning network with 257 advisers which operates primarily on a franchise basis, RetireInvest focuses primarily on the pre-retiree, and retiree markets. RetireInvest was acquired by ING in 1995.

**Partnership Planning** - Partnership Planning supports 116 advisers and provides accountants and solicitors with a platform that enables them to offer high quality financial planning services to their clients. It incorporates the networks and operations of Advisor Group which was acquired in 1995 and Bleakleys which was acquired in 1996.

**Lynx Financial Services** – Created by ING in 1999 to support advisers focusing on life insurance and superannuation, Lynx currently has 155 advisers.

**AustAdvisers** - AustAdvisers supports advisers with substantial businesses and growth potential. It offers flexible equity participation arrangements to selected financial advisers based on strict criteria and currently has 27 advisers.

**Super Concepts Pty Limited** - Australia's leading self-managed fund specialist, Super Concepts provides assistance in the establishment and management of self-managed super funds, a market which has grown strongly in recent years. It has relationships with many adviser groups.

In addition to the three sales-focused units, DMG also has two other units that provide shared services to the various adviser networks:

- **Distribution Business Solutions** - this unit provides practice enablement services including accreditation, compliance, training, research and technical support
- **Distribution Business Development** - this unit provides a broad range of business development services such as marketing concepts and support, and adviser technology

### 3.7 ING New Zealand

ING operates in New Zealand through ING New Zealand Limited (formerly Armstrong Jones New Zealand), a wholly owned subsidiary of ING Australia since 1996. ING NZ is managed as a distinct entity with its own senior management team.

ING NZ is one of New Zealand's largest investment management companies, manufacturing and distributing a range of superannuation and funds management products. ING NZ manages assets for over 100,000 customers, employs approximately 100 people and has offices in Auckland, Wellington and Christchurch.

ING NZ is uniquely positioned in the New Zealand market. It has a strong track record for performance and service and has excellent relationships with major institutions, community organisations, Government and the growing network of independent financial advisers. It does not operate its own advisory sales force.

### 3.7.1 Funds under management by product

At 31 December 2001, ING New Zealand's funds under management were approximately A\$3.5 billion. The composition of these funds is set out below:

#### ING New Zealand FUM as at 31 December 2001

Product	A\$m	Description
<b>Retail</b>		
SIL Mutual Fund	264	A registered superannuation fund comprising six investment funds
MFL Mutual Fund	427	A registered superannuation fund investing in a diversified range of property and property related assets
ING NZ Unit Trusts	301	A diversified range of seven unit trust investment funds.
ING NZ Cash Account	14	An at-call investment offering access to the managed cash sector
Edinburgh Investment Company	23	UK open-ended investment company comprising 12 diversified investment funds offering tax advantages for New Zealanders
Master Trusts	382	
<b>Total Retail</b>	<b>1,411</b>	
<b>Total Wholesale</b>	<b>2,128</b>	
<b>Total FUM</b>	<b>3,539</b>	

### 3.8 Pro forma summary financial information

#### 3.8.1 Pro forma income statement

The following table sets out the pro forma income statement for the ING businesses being contributed to the Joint Venture for the year ended 31 December 2001:

<b>Year ended 31 December 2001</b>	<b>(A\$m)</b>
Premium revenue	3,048
Investment revenue	885
Fee and commission revenue	252
<b>Total income</b>	<b>4,185</b>
Claims expense	(2,926)
Administration expenses	(582)
Increase in policy liabilities	(445)
<b>Total expenses</b>	<b>(3,953)</b>
Profit before income tax	<b>232</b>
Income tax of shareholder and policyholder	(90)
<b>Profit after tax</b>	<b>142</b>

#### 3.8.2 Composition of profit after tax

The following table sets out the normalised profit after tax of ING businesses being contributed to the Joint Venture for the year ended 31 December 2001:

<b>Year ended 31 December 2001</b>	<b>(A\$m)</b>
Funds management and distribution businesses	<b>81</b>
Risk businesses	19
Total operating earnings	100
Investment earnings	42
<b>ING businesses contributed to the Joint Venture</b>	<b>142</b>

The pro forma profit after tax for the ING businesses being contributed includes a number of adjustments to eliminate one-off items and to normalise earnings on capital.

### 3.8.3 Operating cost base

The following table sets out the operating cost base of the ING businesses being contributed to the Joint Venture for the year ended 31 December 2001:

<b><u>Year ended 31 December 2001</u></b>	<b>(A\$m)</b>
Commission and product expenses	296
Investment management expenses - external	27
Management expenses	259
	<b><u>582</u></b>

### 3.8.4 Pro forma balance sheet

The following table sets out the pro forma balance sheet for the ING businesses contributed to the Joint Venture as at 31 December 2001, adjusted to include the agreed level of net assets to be contributed by ING to the Joint Venture and A\$960 million capital contribution by ANZ:

<b><u>As at 31 December 2001</u></b>	<b>(A\$m)</b>
Investments	12,771
Intangibles	187
Other assets	1,973
<b>Total assets</b>	<b>14,931</b>
Policy liabilities	(13,390)
Borrowings	(86)
Other creditors and provisions	(364)
<b>Total liabilities</b>	<b>(13,840)</b>
<b>Net assets</b>	<b>1,091</b>

## Section 4

Pro forma financial information for the Joint Venture

## 4 Pro forma financial information for the Joint Venture

### 4.1 Value of businesses contributed to the Joint Venture

The values attributed to the ANZ and ING businesses being contributed to the Joint Venture are A\$879 million and A\$2,874 million respectively. This results in an equalisation amount of A\$960 million, as follows:

	(A\$m)
Value of ANZ businesses	879
Value of ING businesses	2,874
<b>Total value of Joint Venture</b>	<b>3,753</b>
49% of JV value (ANZ's interest)	1,839
Less value of ANZ businesses	(879)
<b>Equalisation amount<sup>1</sup></b>	<b>960</b>

**Note:**

(1) By way of a capital contribution by ANZ

The values of the ANZ and ING businesses being contributed to the Joint Venture reflect multiples of normalised 2001 earnings of 19.5x and 20.2x respectively.

	Value (A\$m)	2001 PAT (A\$m)	FUM <sup>1</sup> (A\$bn)	2001 P/E (x)	Value as % of FUM	PAT/ FUM (%)	Retail as % of total FUM
ANZ <sup>2</sup>	879	45	9.4	19.5	9.3	0.48	91.3
ING	2,874	142	24.2	20.2	11.9	0.59	84.0
<b>Total</b>	<b>3,753</b>	<b>187</b>	<b>33.6</b>	<b>20.1</b>	<b>11.2</b>	<b>0.56</b>	<b>86.0</b>

**Notes:**

(1) FUM for Australia and New Zealand as at 31 December 2001

(2) Excludes V2 Plus FUM of A\$4.7bn

## 4.2 Funds under management

As at 31 December 2001, the combined total funds under management for ANZ and ING businesses being contributed to the Joint Venture would have totaled A\$38.4 billion (including V2 Plus of A\$4.7 billion), comprising A\$33.7 billion of retail (includes wrap accounts and mezzanine investment products) and A\$4.7 billion of wholesale FUM.

As at 31 December 2001	Retail (A\$bn)	Wholesale (A\$bn)	Total (A\$bn)
<b>Australia</b>			
ANZ (excluding V2 Plus)	7.6	0.1	7.7
ANZ V2 Plus	4.7	-	4.7
ING	18.9	1.8	20.7
<b>New Zealand</b>			
ANZ	1.0	0.7	1.7
ING	1.4	2.1	3.5
<b>Total funds under management</b>	<b>33.7</b>	<b>4.7</b>	<b>38.4</b>

## 4.3 Risk insurance

### Inforce - as at 30 September 2001

	(A\$m)			Market share (%)	Rank
	ANZ	ING	JV	JV	JV
Individual Lump Sum	31.6	140.1	171.7	11.0%	5
Individual Disability	0.1	54.4	54.5	7.0%	7
Group Risk	2.8	117.9	120.7	13.0%	4
<b>Total</b>	<b>34.5</b>	<b>312.4</b>	<b>346.9</b>	<b>11.0%</b>	<b>5</b>

Source: Plan for Life

### New premium - year ended 30 September 2001

	(A\$m)			Market share (%)	Rank
	ANZ	ING	JV	JV	JV
Individual Lump Sum	5.8	20.3	26.1	9.0%	5
Individual Disability	0.0	11.5	11.5	6.0%	6
Group Risk	0.0	71.1	71.1	29.0%	1
<b>Total</b>	<b>5.8</b>	<b>103.0</b>	<b>108.7</b>	<b>15.0%</b>	<b>2</b>

Source: Plan for Life

#### 4.4 Pro forma profit after tax of the Joint Venture

The pro forma 2001 profit after tax for the Joint Venture is set out below:

	(A\$m)
ANZ 2001 pro-forma NPAT <sup>1</sup>	45
ING 2001 pro-forma NPAT <sup>2</sup>	142
<b>Joint Venture 2001 pro-forma NPAT (pre-goodwill)</b>	<b>187</b>
Goodwill amortisation in the Joint Venture	(26)
<b>Joint Venture 2001 pro-forma NPAT (post-goodwill)</b>	<b>161</b>

**Notes:**

(1) For year ended 30 September 2001

(2) For year ended 31 December 2001

The pro forma profit after tax for the ANZ businesses being contributed have been adjusted for higher commissions and trails (consistent with the arrangements in place with the Joint Venture), head office group charges and normalised earnings on capital.

The pro forma profit after tax for the ING businesses being contributed includes a number of adjustments to eliminate one-off items and to normalise earnings on capital.

#### 4.5 Pro forma management expenses of the Joint Venture

	(A\$m)
ANZ 2001 management expenses <sup>1</sup>	100
ING 2001 management expenses <sup>2</sup>	259
<b>Pro-forma JV 2001 management expenses</b>	<b>359</b>

**Notes:**

(1) For year ended 30 September 2001

(2) For year ended 31 December 2001

The combined pro forma 2001 management expenses of the Joint Venture is A\$359 million. Cost synergies created through the Joint Venture are expected to be approximately 10-15% of this cost base, achieved over a three – four year period, with the majority achieved by the end of 2004. It is expected that the primary sources of cost synergies will arise from the following business areas: client services, product rationalisation, technology, investment management fee reduction and general overheads.

#### 4.6 Pro forma balance sheet

The following table sets out the pro forma balance sheet for the Joint Venture:

(A\$m)	Pro forma ANZ <sup>1</sup> Sep-01	Pro forma ING <sup>1,2</sup> Dec-01	Consolidation adjustments	Pro forma Consolidated
Investments	4,483	12,771		17,254
Goodwill and other intangibles	-	187	525 <sup>3</sup>	712
Other assets	514	1,973		2,487
<b>Total assets</b>	<b>4,997</b>	<b>14,931</b>	<b>525</b>	<b>20,453</b>
Policy liabilities	(4,526)	(13,390)		(17,916)
Borrowings	-	(86)		(86)
Other creditors and provisions	(97)	(364)	(20) <sup>4</sup>	(481)
<b>Total liabilities</b>	<b>(4,623)</b>	<b>(13,840)</b>	<b>(20)</b>	<b>(18,483)</b>
<b>Net assets</b>	<b>374</b>	<b>1,091</b>	<b>505</b>	<b>1,970</b>

**Notes:**

(1) The pro-forma balance sheets of ANZ and ING are the actual balance sheets as at 30 September 2001 and 31 December 2001 respectively, adjusted to include the agreed level of net assets to be contributed by ANZ and ING

(2) Includes A\$960m capital contribution as part of the transaction

(3) Goodwill recognised by ING on acquisition of ANZ businesses (ie. excess of value of ANZ over the net assets of ANZ, reduced by the restructuring provision)

(4) Estimated provision for restructuring

## Section 5

Pro forma financial impact of the Joint Venture on ANZ

## 5 Pro forma financial impact of the Joint Venture on ANZ

### 5.1 Overview

ANZ will equity account for its 49% interest in the Joint Venture, with such interest being an investment in associates. This means that ANZ will recognise each year its share of the profits or losses from the Joint Venture after:

- Adding to its 49% share of profit the amortisation of goodwill in the Joint Venture that relates to the share of ANZ's businesses that ANZ retains; and
- Deducting amortisation of the notional goodwill arising from ANZ's acquisition of a 49% interest in ING's business

Attributable profits arising from the Joint Venture will increase the carrying value of ANZ's Joint Venture investment after adjusting to reflect any dividends paid to ANZ by the Joint Venture.

The four key financial impacts of the Joint Venture on ANZ are:

- profits arising on the sale of the ANZ businesses
- goodwill arising on the acquisition
- impact on earnings
- impact on regulatory capital

### 5.2 Profit arising on sale of the ANZ businesses

ANZ will have an estimated one-off profit on sale of A\$180 million from contributing its businesses into the Joint Venture.

	<b>(A\$m)</b>
Value of 100% ANZ businesses contributed to JV	879
Net assets of ANZ businesses contributed to JV	(374)
Profit on sale if 100% of ANZ businesses contributed sold	<u>505</u>
Profit on sale of 51% of ANZ businesses contributed sold	258
Less stamp duty, transaction costs and provisioning	<u>(78)</u> <sup>1</sup>
<b>Total profit on sale</b>	<b>180</b>

**Note:**

(1) Estimate only

### 5.3 Goodwill attributable to ANZ arising on acquisition

ANZ's share of the goodwill in the Joint Venture relating to the acquisition of the ANZ businesses (A\$525 million - see section 4.6) is effectively eliminated in the equity accounting of ANZ's interest in the Joint Venture. On equity accounting its interest in the Joint Venture ANZ recognises notional goodwill by virtue of its acquisition of 49% of ING's businesses. This notional goodwill is not reflected in the Joint Venture's accounts but by ANZ as an amortisation charge against its share of the Joint Venture's profits.

	(A\$m)
Value of ING businesses contributed to JV	2,874
Net assets of ING businesses contributed to JV <sup>1</sup>	<u>(1,071)</u>
Goodwill if ANZ acquired 100% of ING businesses contributed to Joint Venture	1,803
<b>Notional goodwill relating to ANZ's 49% share of ING businesses contributed to Joint Venture</b>	<b>883</b>

#### Notes:

- (1) After provisioning for estimated restructuring costs of A\$20m  
(2) The amortisation charge attributable to the notional goodwill will be recognised in ANZ's equity accounting profits from the Joint Venture. ANZ will disclose this amount to enable analysis to be undertaken on a pre-goodwill and post-goodwill basis

### 5.4 Pro forma impact on ANZ's 2001 profit after tax

On a cash basis, i.e. excluding goodwill amortisation, the pro forma earnings would increase by A\$6 million.

	(A\$m)
2001 PAT for ANZ businesses contributed to the Joint Venture <sup>1</sup>	45
2001 PAT for ING businesses contributed to the Joint Venture <sup>2</sup>	<u>142</u>
<b>Total Joint Venture profit (pre-goodwill)</b>	<b>187</b>
ANZ share of Joint Venture profit pre-goodwill (49%)	92
Less 2001 PAT for ANZ businesses contributed to the Joint Venture	(45)
Less pro-forma funding cost of equalisation payment <sup>3</sup>	<u>(40)</u>
<b>Incremental profit to ANZ (pre-goodwill)</b>	<b>6</b>
Goodwill amortisation for ANZ	<b>(44)</b>
<b>Incremental profit to ANZ (post-goodwill)</b>	<b>(38)</b>

#### Notes:

- (1) For year ended 30 September 2001  
(2) For year ended 31 December 2001  
(3) Assumes pre-tax funding cost of 6% and 30% tax rate

## 5.5 Regulatory capital

After the commencement of the Joint Venture, ANZ's key capital measures will remain sound and comfortably within ANZ's target range.

### ANZ regulatory capital ratios as at 31 March 2002 (pro forma)

	Target (%)	Pre- JV (%)	Post-JV (%)
Inner tier 1		6.6	6.7
Inner tier 1 less 50% of deductions		6.4	6.2
Inner tier 1 less 100% of deductions	5.25 – 5.75	6.1	5.5
Tier 1		7.7	7.8
Tier 1 less 50% of deductions		7.4	7.2
Tier 1 less 100% of deductions	6.25 – 6.75	7.2	6.6
Tier 2		3.0	3.0
Tier 2 less 50% of deductions		2.8	2.4
Deductions		0.5	1.2

## Section 6

Other relevant information on ING

## 6 Other relevant information on ING

### 6.1 ING Investment Management

Asset management is one of ING's three core competencies. Headquartered in Hague, ING Investment Management (ING IM) has a presence in 26 countries. It employs over 1,500 people (including some 700 investment professionals) and manages in excess of 500 mutual funds.

The vast majority of these funds are for domestic investors in their respective countries. Equity products available to international investors include global, regional, country, sector and thematic funds. In addition, balanced and bond mutual funds are also available.

#### 6.1.2 Overall investment approach

"We adopt an active approach to investment management, constructing portfolios on the basis of in-depth analysis and research, utilising the resources of ING Investment Management globally.

We base our approach in multi-sector funds on our belief that investment markets are ultimately driven by trends in the economic cycle. Our investment process is focused on identifying the impact these trends have on the relative attractiveness of individual asset sectors.

The analysis of high level economic trends and developments therefore plays a major role in our investment process, as it provides the framework in which security selection within individual asset sectors takes place. At this level, the investment decision involves the identification of securities that are attractively valued on an individual basis and that we believe stand to derive the most benefit from the prevailing and expected economic environment."

#### Australian shares

"Stock selection within this sector is carried out according to our distinctive Price-for-Growth™ investment process. We aim to invest in shares with good medium-term earnings growth prospects that are inexpensively priced relative to the market. This reflects our belief that there is a trade-off between the desire for good earnings growth and the amount that an investor must pay for that growth.

We regard two main factors as being of key importance in the evaluation of shares:

- Earnings Per Share (EPS) growth – a measure of a company's growth potential; and
- Price Earnings Ratios (PERs) – a measure of relative value

We use both internally and externally sourced earnings forecasts and current share prices to derive a quantitative measure that is used to evaluate stocks across all industry sectors.

We also use both internally and externally sourced research to rank the quality of each company. Qualitative factors that are typically taken into account when making investment decisions include quality of management, business strategy, competitive advantage and growth potential.

The final investment decision is based on a combination of ranked quantitative and qualitative scores with a weighting of 60% assigned to quantitative factors and 40% to qualitative scores.”

### **International shares**

“In common with domestic shares, our international shares stock selection process is designed to identify companies with good medium term earnings growth prospects whose shares are inexpensively priced relative to the market.

Regional allocation within the portfolio is determined by ING Investment Management’s global head office consistent with our outlook for the global markets.

Stock selection is undertaken by investment teams with individual country and regional expertise, located in the US, Europe and Asia Pacific.

Currency exposure within the international share portfolio is normally unhedged, however hedging can be employed in certain circumstances.”

### **Listed property trusts**

“We employ our Yield for Distribution Growth process to select property trusts that offer attractive yields relative to the sector average and strong potential for distribution growth.

A detailed analysis of the property market allows us to identify the sectors (for example, commercial, industrial and retail) and locations that are expected to perform well. A number of factors are examined, including rental growth, vacancy rates, and the supply of and demand for property.

When selecting individual property trusts, we assess the experience of management, quality and diversity of the property portfolio, stability of rental income, level of distribution yield, potential for distribution growth, level of borrowing in conjunction with interest rate risk and the liquidity of the trust.”

### **Australian fixed interest**

“We aim to deliver consistent returns from a balance of active interest rate and credit management.”

## Interest rate management

“Our approach to interest rate management is based on our assessment of:

- Economic fundamentals such as monetary and fiscal policy, economic growth and inflation;
- Market psychology including capital flows across asset classes and international borders, political events and technical analysis; and
- Valuations through the use of proprietary models to form a view on current market prices”

## Credit management

“Our style of credit management is modelled on three principles:

- A primary focus on securities that have a low probability of default;
- Identifying borrowers who have a stable or improving credit outlook; and
- Extensive research into each borrower’s financial position and assessment of their ability to pay interest and principal on time”

### 6.1.2 Investment performance

The following tables set out IIM’s investment performance over the past 7 years.

#### Managed growth superannuation fund performance

As at 28 February 2002	Managed growth superannuation fund return <sup>1</sup>	Benchmark Return	Value added
1 Year	4.2%	2.6%	+1.6%
3 Years (p.a.)	7.7%	7.1%	+0.6%
5 Years (p.a.)	11.7%	10.6%	+1.1%
7 Years (p.a.)	12.4%	10.8%	+1.6%

**Note:**

(1) Before taxes and fees

## Australian shares superannuation fund performance

Periods to 28 February 2002	ING <sup>1</sup>	Benchmark index <sup>2</sup>	Value added
1 Year	8.6%	6.3%	+2.3%
3 Years (p.a.)	9.7%	9.5%	+0.2%
5 Years (p.a.)	14.2%	10.7%	+3.5%

### Note:

(1) Gross return

(2) S&P/ASX300 Accumulation Index since 1 April 2000; All Ordinaries Accumulation Index prior to 1 April 2000

## 6.2 ING's experience in Joint Ventures, bancassurance and large scale integration

### 6.2.1 Joint Ventures

#### *Australia - QBE Mercantile Mutual*

In 1999, ING established a 50/50 joint venture with QBE to manage intermediary-introduced general insurance on behalf of both companies. The joint venture was established to achieve economies of scale and strong market focus in intermediary-distributed general insurance. Financial targets have been met, and the businesses have been successfully integrated. The joint venture has one of the best Net Combined Operating Ratios in the industry. Three product administration systems have been integrated, data centres have been centralised and products have been integrated while premium income has been maintained. The establishment of solid reporting of the financial, management and cultural issues has ensured the success of the joint venture in a very competitive environment.

#### *Internationally*

ING has entered into a number of Joint Ventures around the world:

- Japan – ING Principal Pensions, ING's joint venture with the Principal Financial Group, to market defined-contribution pension plans (401K-type plans) to Japanese companies with 1,000 or less workers
- China – ING plans to establish a life insurance joint venture with the Beijing Capital Group in the city of Dalian and has an existing life insurance joint venture in Shanghai with China Pacific
- India – ING has established a life insurance joint venture with Vysya Bank, ING Vysya Life, with the intention of extending the relationship to funds management and pensions

- Korea - ING has a life insurance and funds management joint venture relationship with Kookmin Bank (formerly H&CB), providing access to bank distribution
- Taiwan - ING is involved in a joint venture with Chang Hwa Bank to provide mutual funds and with Bank Sinopac for credit cards
- Greece – ING and Piraeus Bank have entered a joint venture in Greece. The JV has 14% of the Greek life insurance market, 10% of banking and 8% of asset management
- Mexico – ING has a bancassurance joint venture with Banco Bital, one of Mexico’s largest banks

### 6.2.2 Bancassurance

ING has developed bancassurance expertise and operating models in its own banks in its home markets of The Netherlands and Belgium, as well as in joint ventures with other banks around the world. The general principles that have made these successful are:

- appointing management with banking experience
- involving the product provider in the development of bank sales systems including incentive systems for branch staff referrals
- product and marketing designed for the banking environment

Specific examples of ING’s bancassurance experience include the following:

#### ***BBL***

ING’s universal banking subsidiary in Belgium has had great success in marketing wealth management products through bank channels. BBL increased its retail assets under management from under €10 billion at the end of 1995 to €20 billion at the end of last year. Insurance premium income sold through bank channels increased from €61 million at the end of 1995 to a yearly income of €931 million at the end of last year.

#### ***Postbank***

The percentage of salaried-earning customers with life insurance increased from 1.6% in 1995 to 4.3% in 2001. Investment products increased from 5.4% in 1995 to 9.5% in 2001.

### 6.3.3 Large scale integrations

ING Australia has successfully managed a number of acquisitions over the past ten years.

- RetireInvest and Advisor Group – in 1995 ING acquired 100% of these major financial planning groups

- Pacific Mutual/Armstrong Jones – in 1996 ING acquired this funds management/life company which involved businesses in both Australia and New Zealand
- Heine – in 1999 ING acquired fund manager Heine Management.
- QBE Mercantile Mutual – in 1999 ING formed a general insurance joint venture with QBE

Globally, ING Group has managed many significant acquisitions over the past ten years and it regards its ability to integrate and obtain synergies as one of its core competencies and strengths. Recent examples include the successful acquisition and integration of Aetna financial services and insurance operations in the USA and internationally, Reliastar in the USA, and Equitable of Iowa in the USA.

ING has recently managed the major integration of its European wholesale banking operations and 3 Belgium insurance companies.

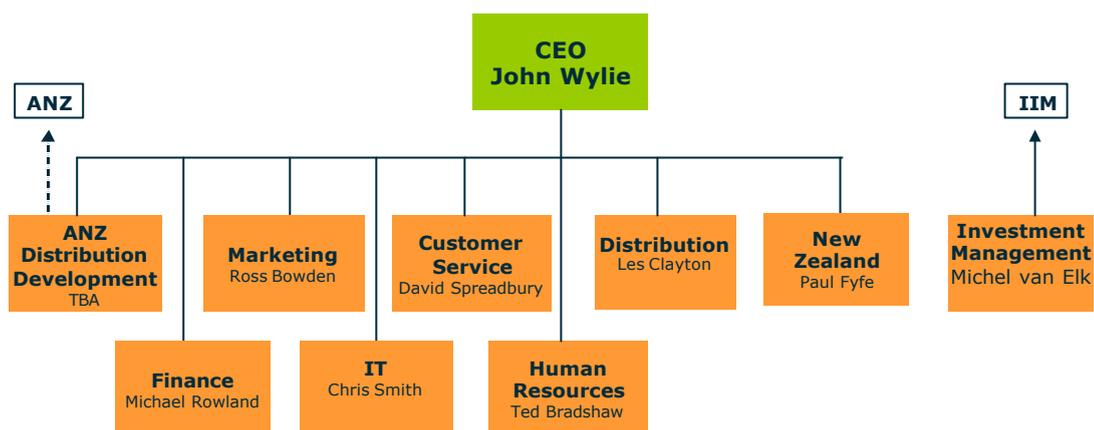
## Section 7

Joint Venture management team

## 7 Joint Venture management team

### 7.1 Senior Management

The Joint Venture will have an experienced management team in place.



#### John Wylie, Chief Executive Officer, Joint Venture

John Wylie has been Managing Director of ING in Australia since 1 January 2001. He was previously head of 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.

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

#### Joint Venture Executive Team

##### Ross Bowden, Marketing

Ross Bowden, Executive Director Marketing at ING Australia, is responsible for all Product and Marketing. Ross has been in this position since November 2001. Prior to this he was the General Manager of ING Funds Management. Prior to this Ross was Executive Director Australian Portfolio Managers, the fund manager for RetireInvest.

Ross has over 19 years experience in the financial services industry and has worked closely with financial planners in helping them meet their clients' needs. Ross's qualifications include a Bachelor of Business degree from the University of Technology, Sydney, where he completed a double major in Finance and Accounting.

**David Spreadbury, Customer Services**

David Spreadbury has been head of Operations and Technology of ANZ Funds Management since January 2001. Prior to joining ANZ Funds Management he was employed by BT Portfolio Services, and has 15 years experience in the industry.

**Les Clayton, Distribution**

Les Clayton is Executive Director of Distribution Management at ING Australia, responsible for distribution and relevant support services. Les has over 34 years experience in the financial services industry in sales, marketing and general management roles, including 6 years as an adviser.

He joined ING in 1984 and held various roles before heading up distribution in 1992. Since 1992 he has held a variety of sales and distribution related general management roles with responsibility for life, funds management, superannuation, general insurance and banking.

**Paul Fyfe, New Zealand**

Paul Fyfe has been involved in the financial services sector since 1968 and has been with ING since the company was established (as Armstrong Jones) in New Zealand in 1989. Prior to becoming Managing Director in 1996, he was General Manager Sales and Marketing.

Paul is currently Chairman of the Investment Savings and Insurance Association (ISI). He was a former member of the Super 2000 Taskforce and also served on the IAFP (International Association of Financial Planners) Taskforce – formed to reassess and provide recommendations for deregulation, control and future of the Financial Planning Industry in New Zealand. Paul is a member of the New Zealand Business Roundtable.

**Michael Rowland, CFO**

Michael Rowland has been Chief Financial Officer, Personal Financial Services of ANZ since July 1999. In this role, Michael is responsible for the delivery of performance management, financial control and advice and Division-wide business support services. Prior to joining ANZ, he was Finance Director of AMRAD from 1995-1999 and at KPMG, from 1982- 1995 where he was a partner in the tax division for the last two years.

**Chris Smith, IT**

Chris Smith is Executive Director Business Technology Group at ING Australia. Chris was appointed Chief Information Officer at ING Australia in early 2001. Chris has been with ING since 1986 and had held senior IT positions for ING in Europe and North America. This included overseeing all project related to the integration of ING Barings and ING Europe executive centres.

Chris has a Bachelor of Science majoring in Mathematics from the University of British Columbia.

**Ted Bradshaw, Human Resources**

Ted Bradshaw joins ING with over 20 years' experience in Human Resources and Change Management. Ted was National Human Resources Manager at QBE Mercantile Mutual from 2000 to 2002 where he was responsible for Change and Culture development, HR operations and Learning and Development. Prior to this Ted was General Manager of People and Quality at CSR Construction Materials.

Ted's qualifications include an Honours Degree in Economics at the University of New South Wales and a Graduate Diploma of Management at the University of Central Queensland. Ted is a Fellow at the Australian Institute of Company Directors and the Australian Institute of Management and an Associate Fellow at the Australian Human Resources Institute.

**ING Investment Management****Michel van Elk, Chief Executive Officer, ING Investment Management**

Michel van Elk is a financial analyst by training and has worked with ING internationally in the asset management area for over 17 years. He joined ING Investment Management in Australia in January 1999. He has experience in a broad range of activities, particularly currency management, business development, client servicing and portfolio management.