

Media Release



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ANZ to acquire full ownership of ING wealth management, life insurance and advice businesses in Australia and New Zealand

ANZ today announced it had reached agreement with ING Group to acquire ING Group's 51% shareholdings in the ANZ-ING wealth management and life insurance joint ventures in Australia and New Zealand for A\$1,760 million.

Key points

- ING Australia Limited (INGA) and ING (NZ) Holdings Limited (ING (NZ)) will become wholly-owned subsidiaries of ANZ on completion.
- The acquisition reflects an opportunity to bring certainty to the future of the joint ventures between ANZ (49%) and ING Group (51%) that were established in 2002.
- Cash purchase price for the ING Group's 51% holdings in INGA and ING (NZ) of A\$1,760 million equates to around 11 times normalised 2008 earnings and 1.2 times 31 December 2008 embedded value.
- Consideration for the acquisition will be funded from ANZ's internal capital. Post acquisition ANZ will retain its strong capital position with a pro forma Tier 1 capital ratio of 9.5%.
- Transaction is expected to be cash earnings per share accretive in FY2010 pre-synergy benefits.
- Strengthens ANZ's position in wealth management and life insurance, and provides additional flexibility for growth.
 - #3 position in life insurance in Australia.
 - #5 position in retail funds management in Australia and a leading position in New Zealand. Total funds under management amounts to A\$45 billion as at 31 July 2009.
 - A strong distribution network with around 1,700 aligned financial advisers in Australia, relationships with non-aligned planners and existing distribution through the ANZ network.
- Significant revenue and selected cost synergies expected. Additional flexibility for ANZ to pursue wealth management opportunities without the constraints of joint ownership.
- Transaction subject to regulatory approvals in Australia and New Zealand.

ANZ Chief Executive Officer Mike Smith said: "Moving to full ownership of the wealth management and life insurance joint ventures significantly strengthens our position in wealth management with a business we know well.

"The transaction is consistent with our strategy. It brings certainty to our wealth management position through ownership of an established specialist wealth management and protection business with a 120-year history in Australia, most recently as ING and previously as Mercantile Mutual.

“Similar to the recent RBS Asia acquisition, ANZ has been able to take advantage of the global financial crisis and ANZ’s strong balance sheet to advance our strategy.

“It also gives us the flexibility to pursue further growth opportunities over the medium term without the constraints of a joint venture structure and supported by a well capitalised parent company.

“The value proposition is also compelling with an attractive purchase price combined with significant revenue opportunities and selected cost synergies.

“This transaction also reinforces that ANZ’s super regional objective is not just an Asian strategy – it’s a regional strategy founded on strong positions in our Australian, New Zealand and Asia Pacific markets,” Mr Smith said.

Acting CEO Australia Graham Hodges said: “The joint ventures have strong market positions and are well managed and profitable. We are committed to growing our presence in wealth management and life insurance and will continue to focus on enhancing value through financial adviser distribution and the Bank’s channels.

“Moving to full ownership means we can more closely integrate our retail banking and wealth businesses within ANZ and deepen relationships with our customers.

“Importantly, for INGA and ING (NZ) customers there will be no change to the policy commitments and service arrangements. The businesses will also continue their long-standing commitment and business relationships with professional financial advisers and will continue to be a vocal advocate for the value of quality advice.

“We know the businesses very well and so the ownership transition will be efficient and not disrupt staff, customers or advisor channels. The current management team and over 2,700 staff will continue to operate the business and will also benefit from greater stability and broader opportunities as part of ANZ,” Mr Hodges said.

Harry Stout will continue as Chief Executive Officer of INGA which will remain based in Sydney. Helen Troup will continue as Chief Executive Officer of ING (NZ) in Auckland.

As part of the transaction, ANZ has agreed to enter into transitional service arrangements with ING Group. This includes continued use of the ING brand for a period of up to 12 months while future branding is determined. ANZ will continue to use ING Investment Management as its preferred provider of asset management services in the medium term. In New Zealand, the acquisition includes the ING New Zealand investment management business and two property trusts.

In connection with the transaction, ANZ has also agreed to purchase ING Group’s interests in the ING (NZ) Diversified Yield Fund and Regular Income Fund in New Zealand for A\$55 million.

Completion will be subject to regulatory approvals in Australia and New Zealand and is anticipated in the fourth quarter of 2009.

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