

Creating a unique strategic position in a high growth sector

ANZ ING Joint Venture

10 April 2002

Agenda

John McFarlane

- ANZ Strategic context
- JV summary
- What this JV means for ANZ

Fred Hubbell

- ING Group Strategic Context
- What this JV means for ING

John Wylie

- JV overview
- How the JV will add value

Elmer Funke Kupper

- We have a large opportunity
- Leveraging ANZ's distribution

The JV creates a unique strategic position in a high growth sector

Bringing together complementary strengths

ANZ

- Large distribution network
- High value customer base
- Untapped opportunity
- Specialist approach

ING

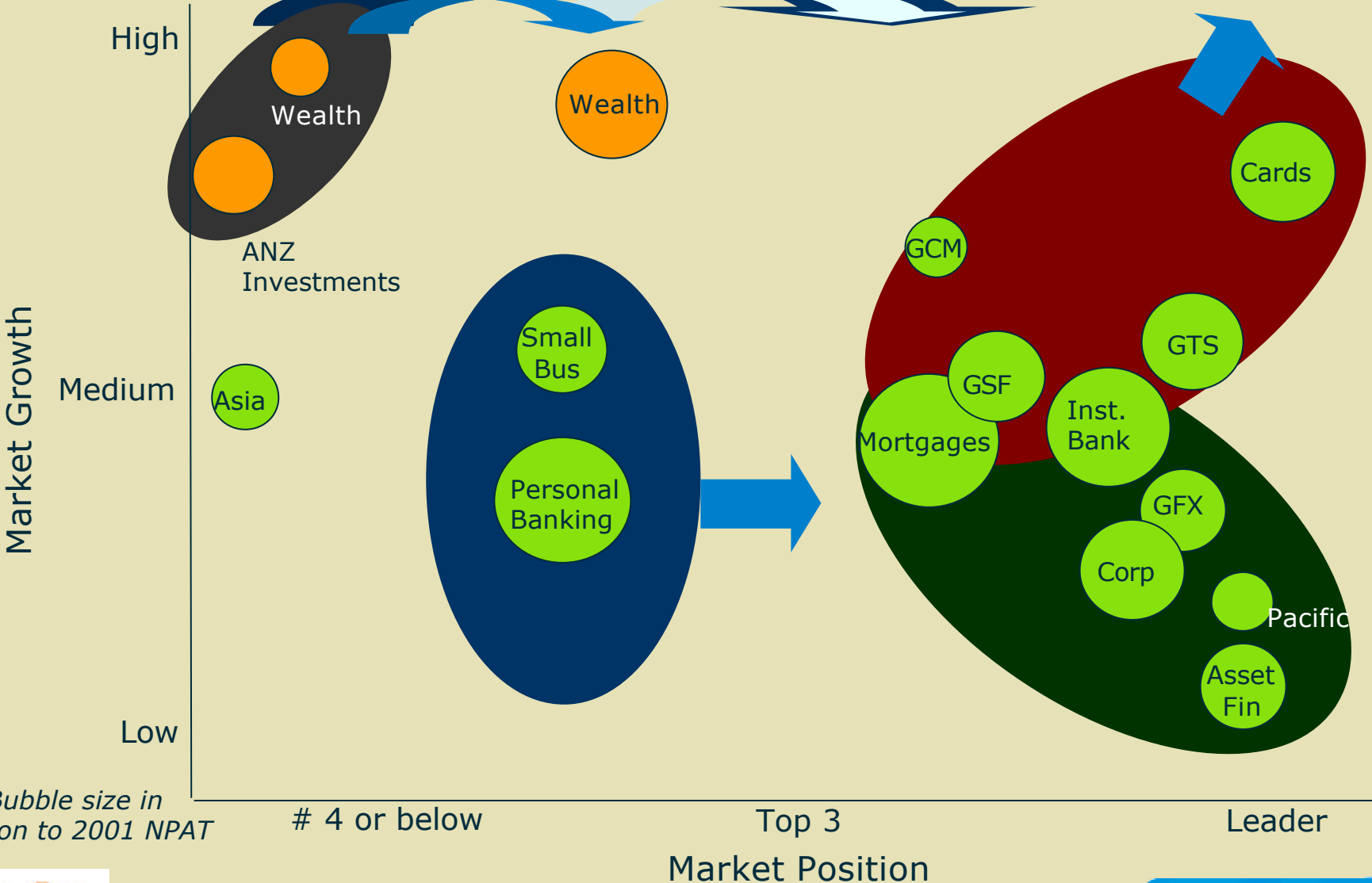
- Global capabilities
- Brand & investment strength
- Strong adviser networks
- Bancassurance, JV expertise



- Outstanding customer proposition
- Top 4 position in retail FUM
- Top 5 position in life insurance
- Strong platform for growth

ANZ businesses must achieve a top 3 position

ILLUSTRATIVE



Note: Bubble size in proportion to 2001 NPAT



ANZ has achieved the key objectives for the Joint Venture

Objectives

- Create a strategic position in Wealth Management in Australia & NZ
- Access to global brand, capabilities and best practice skills
- Platform to improve sales and customer management within ANZ's distribution network
- Leverage extensive professional adviser networks

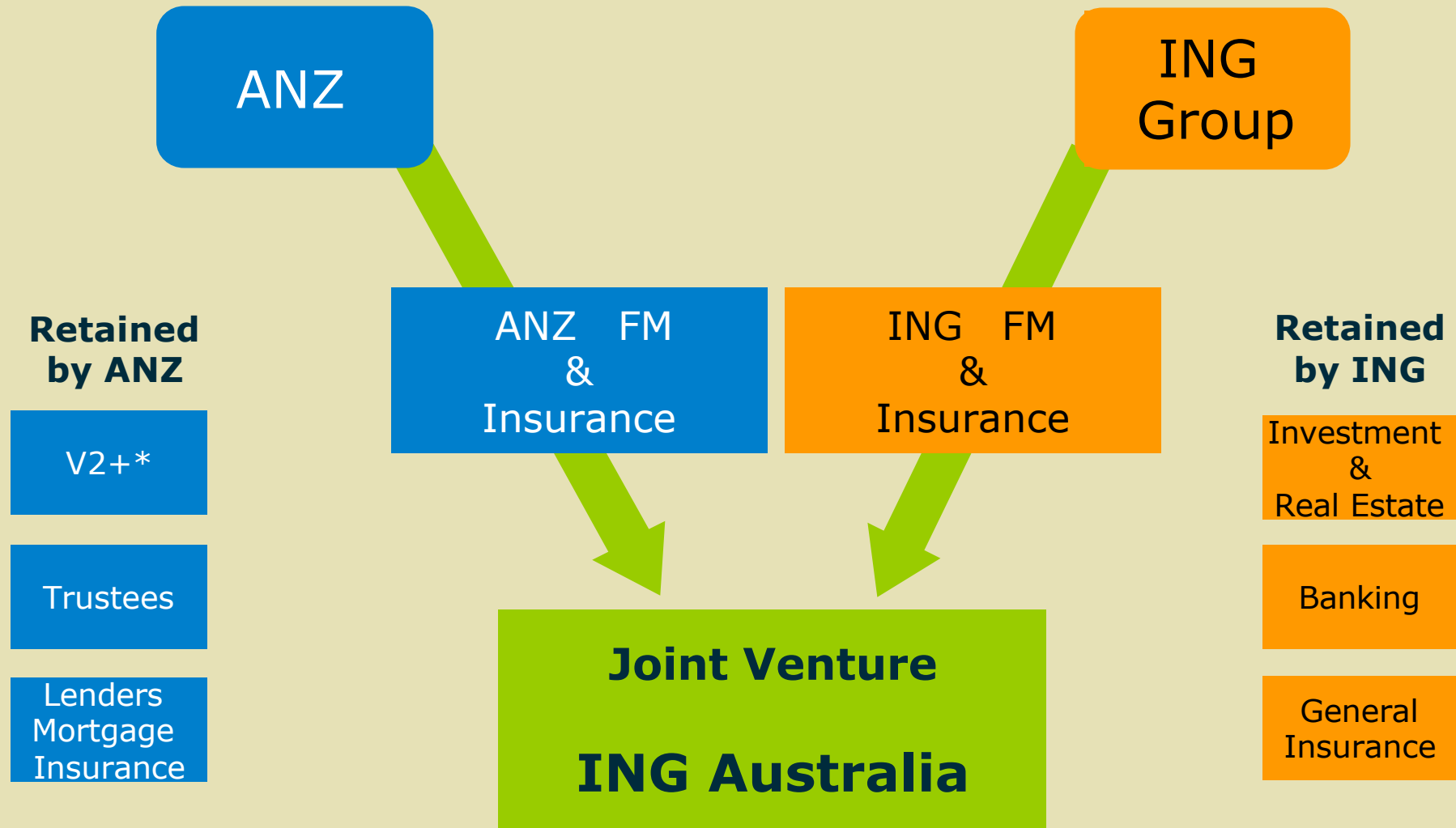
JV delivers



The JV - summary

- ANZ and ING jointly form 4th largest retail wealth manager in Australia and #1 in New Zealand
- ANZ will own 49% and ING 51% - equal say on all key issues
- Called "ING Australia", with both ING and ANZ branded product range
- Joint Venture valued at A\$3.75 billion with ANZ making a capital contribution of A\$960 million reflecting relative value of businesses contributed to the JV
- ANZ's capital contribution funded from internal resources - ANZ capital position remains sound
- Positive cash EPS impact for ANZ
- Low integration risk, material synergies

What we are contributing

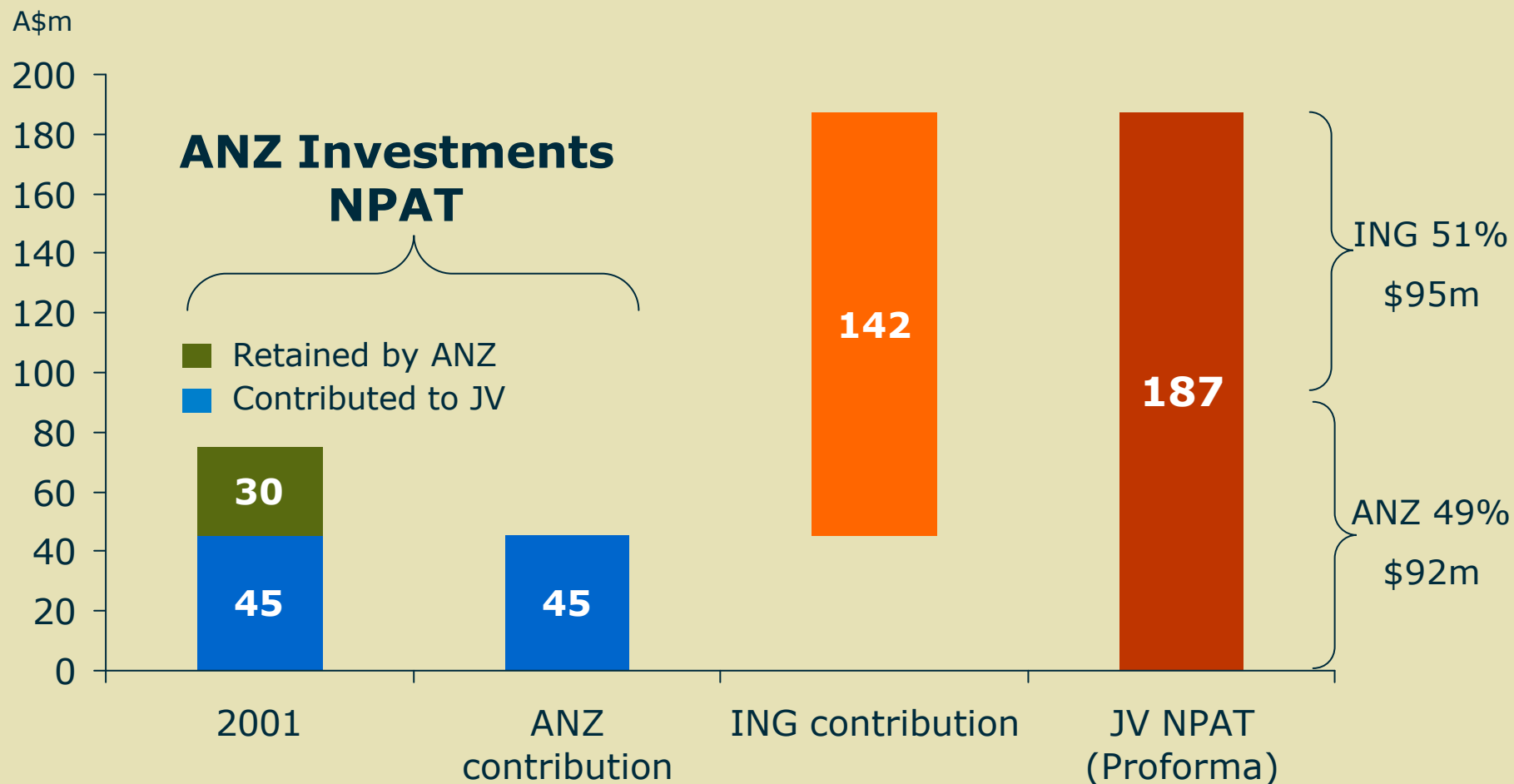


* The Joint Venture will provide administration for V2+. The profits arising from V2+ when sold through ANZ distribution channels will remain within ANZ

Comprehensive agreement in place

- Board has an equal number of ING and ANZ voting representatives with Chairmanship rotated every three years
 - Tony Berg (Chairman), Phil Shirriff, Peter Smyth, Karen Wilson
 - Elmer Funke Kupper, David Gonski, Peter Hawkins, Peter McMahon
- All key decisions require approval of ANZ and ING including:
 - Appointment of CEO, CFO
 - Business plan
 - Major capital expenditure
 - Acquisitions in excess of \$20m
- Clear protocols to accommodate mergers and acquisitions
- The JV will use the services of ING Investment Management
- Minimum life 10 years after which either party can dissolve on 12 months notice

The JV is a substantial wealth management vehicle - pro forma 2001 NPAT of \$187m



Note: ANZ NPAT reflects year to 30/9 and normalisation adjustments
 ING NPAT reflects year to 31/12 and normalisation adjustments

The JV is a substantial wealth management vehicle with a value of \$3.75b

	2001 PAT	FUM	Value	PE (x)
ANZ	\$ 45m	\$14.1b*	\$ 879m	19.5
ING	\$142m	\$24.2b	\$2,874m	20.2
	<u>\$187m</u>	<u>\$38.4b</u>	<u>\$3,753m</u>	<u>20.1</u>

ANZ's stake (\$3,753m @ 49%)	\$1,839m
Less value of ANZI	\$ 879m
Capital contribution	<u>\$ 960m</u>

* Includes \$4.7b V2+ FUM

JV established at fair value

	2001 PE	Value as % of FUM	PAT / FUM (%)	Retail as % of total FUM
ANZ	19.5 x	9.3%	0.48%	91%
ING	20.2 x	11.9%	0.59%	84%

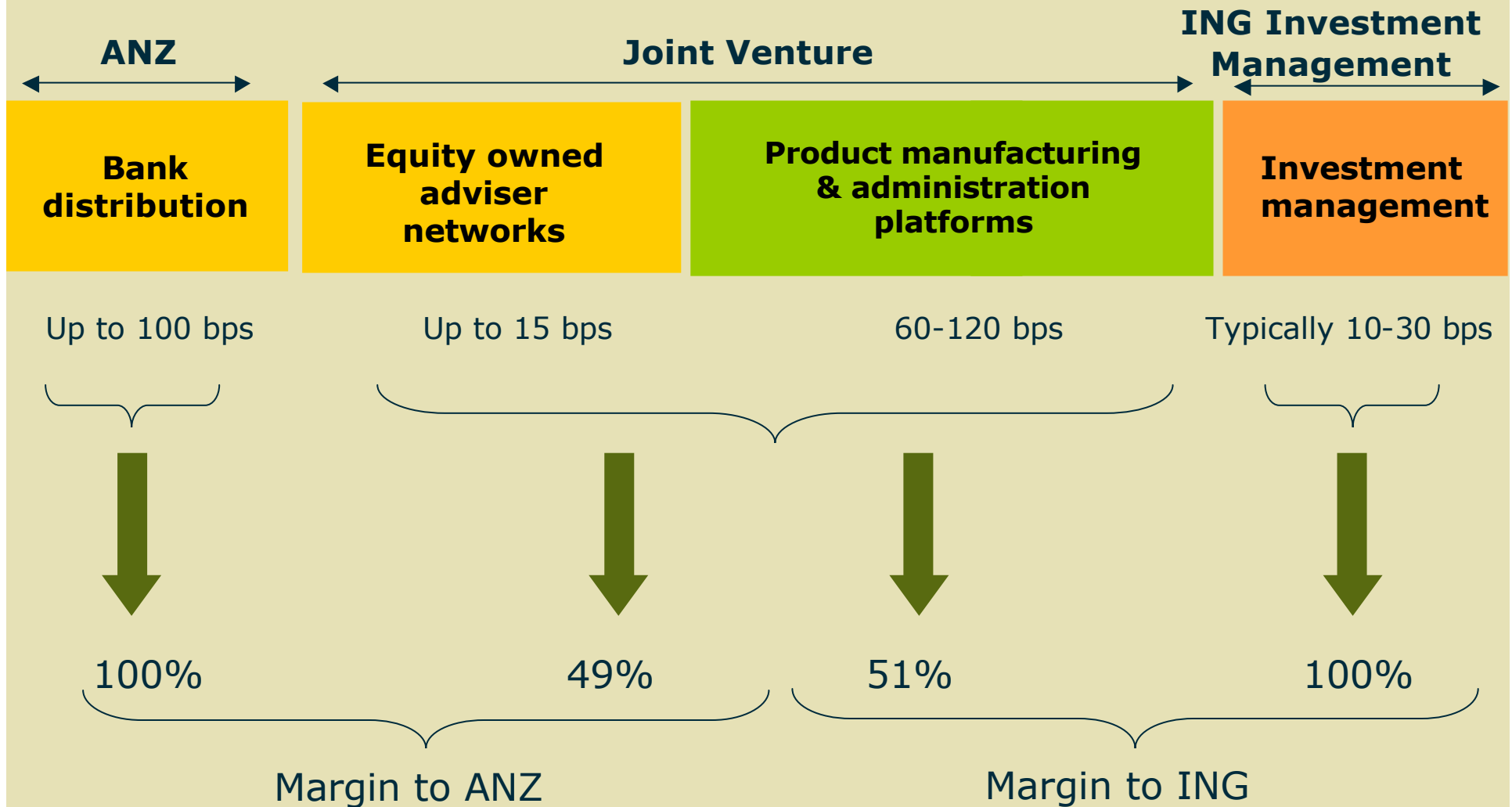
Recent transaction multiples	Historical PE (x)	Value as % of FUM	PAT / FUM (%)	Retail as % of total FUM
NAB/MLC	20.7 x	15.2%	0.73%	60%
Principal/BT	25.0 x	5.5%	0.22%	46%
Colonial/Prudential Life	17.8 x	13.5%	0.76%	67%
Colonial/Legal & General	19.2 x	15.4%	0.80%	38%

Source: Assirt and Company Reports

ANZ FUM excludes V2+

FUM includes Funds Under Administration

Sources of FM revenue to JV partners



Note: principle of arms length/market based pricing for all commissions

Margins are indicative only and vary by product

JV cash earnings accretive for ANZ

Cost synergies

- Expected to be 10%-15% pa of JV 's combined cost base, achieved by end 2004

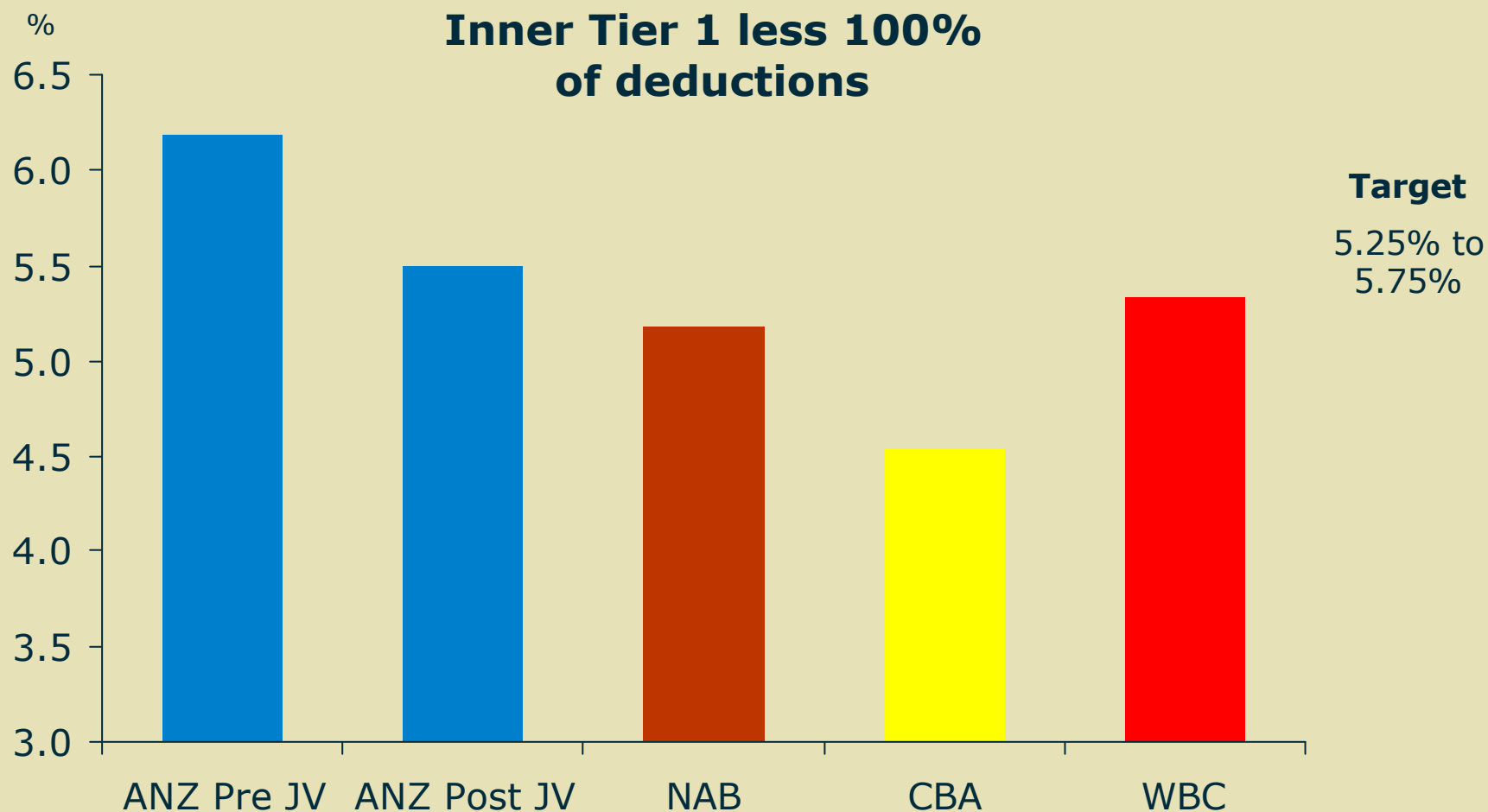
Revenue synergies

- Targeting 3 times increase in retail funds inflow by 2005 from ANZ distribution channels



Positive cash EPS impact for ANZ

Capital position remains sound



ANZ – estimated proforma as at 31/3/02, NAB & WBC actual as at 30/9/01, CBA actual as at 31/12/01

Creating a unique strategic position in a high growth sector

- **ANZ achieved its objectives**
 - Increased scale → #4 in Australian retail FUM, #1 in NZ
 - Access to global brand & capabilities
 - Platform to improve sales and customer management
 - Participation in strategic wealth management profit stream
- **Financially attractive**
 - Cash EPS accretive
 - Retain sound capital position
- **ING is a great partner**
 - Reputation
 - Scale
 - Track record of performance
 - Good cultural fit

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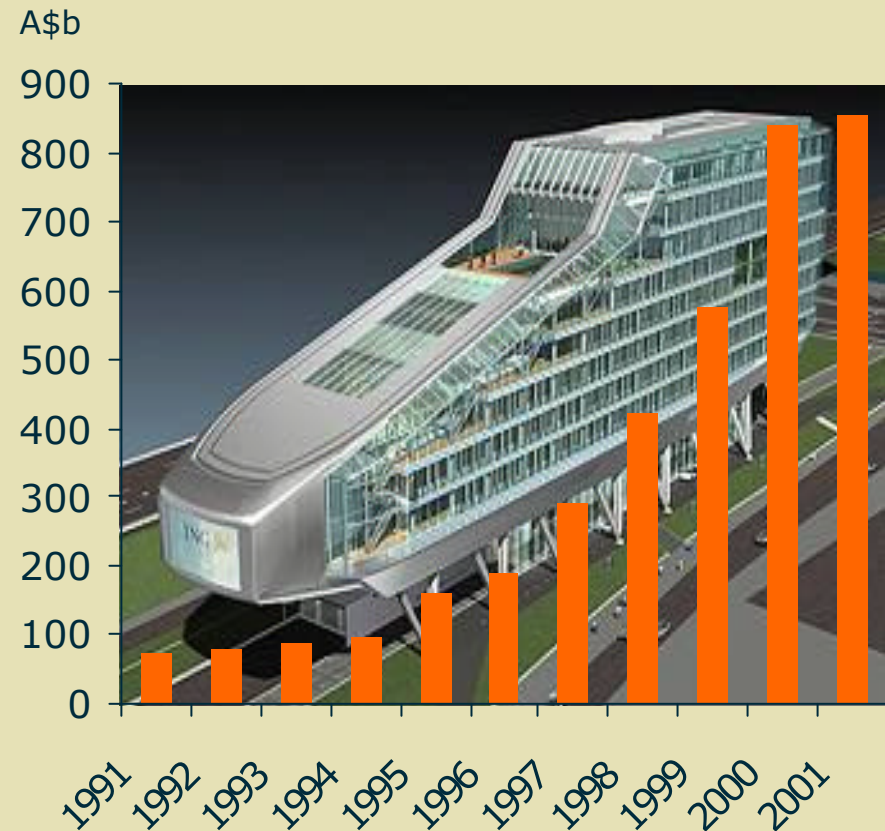
Elmer Funke Kupper

- We have a large opportunity
- Leveraging ANZ's distribution

ING Group

- Founded 1991 as world's first major bancassurance merger
- 50 million customers
- 110,000 employees
- 65 countries
- A\$800b in assets under management
- Group profit of A\$7.3b (2001)
- Head office in Amsterdam

ING global AUM



Pictured - ING House, Amsterdam

ING Group – global strategic focus

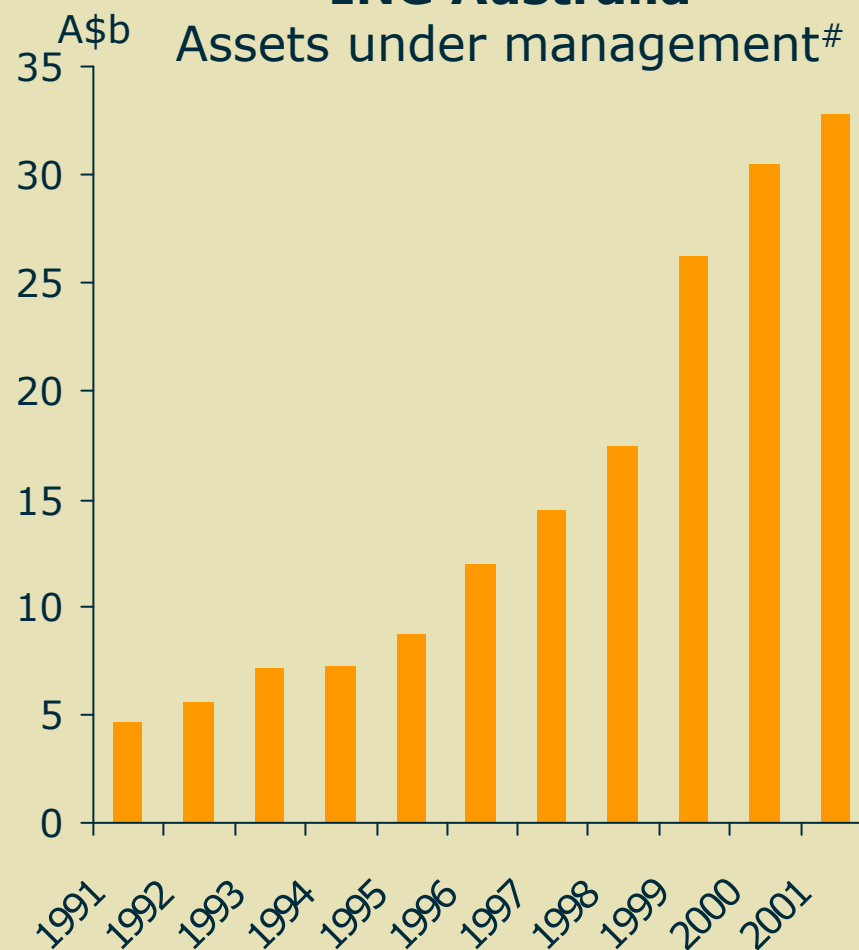
- Top tier in developed markets
- Multi-channel distribution
- Leverage bancassurance capability
- Wealth management focus
- Business and financial synergies
- Build global brand

ING Australia today*

- Funds management, life insurance, superannuation
- 1 million customers
- \$33 billion total assets under management
- 6,000 advisers
- 1,500 employees

* Refers to ING Australia pre JV

ING Australia Assets under management#



Total AUM including Investment Management, Real Estate and NZ portfolios



How the JV achieves our strategy in Australia

- Secures top tier position and platform for growth in fast growing, mature market
- Multi-channel distribution - diversifies into bank channels and maintains focus on professional adviser networks
- Leverages our wealth management and bancassurance capability
- Builds scale, efficiency and profitability

What ING brings to the JV

- Long-term commitment to Australian and New Zealand markets
- Expertise in working with professional advisers
- Global brand and investment capability
- Financial strength
- Bancassurance and JV expertise



Bancassurance and JV experience



Funds under Mgt sold through bank increased from under €10b to €20b 1995 to 2001. Insurance premium increased from €61m to €931m



% of salary earning customers with life ins. from 1.6% in 1995 to 4.3% in 2001. Funds products from 5.4% in 1995 to 9.5% in 2001

Aetna/Reliastar - successfully integrated major insurer/wealth managers in US and globally

QBE Mercantile Mutual - successfully integrated two major insurance businesses to form Australia's 3rd largest general insurance provider

Creating a unique strategic position in a high growth sector

- **ING achieved its objectives**
 - Secures top tier position
 - Builds scale and efficiency
 - Diversifies distribution
 - Leverages wealth management and bancassurance capability
- **Financially attractive**
 - Cost synergies
 - Profit growth potential
- **ANZ is a great partner**
 - Reputation
 - Extensive bank distribution network
 - Large quality customer base
 - Complementary business cultures

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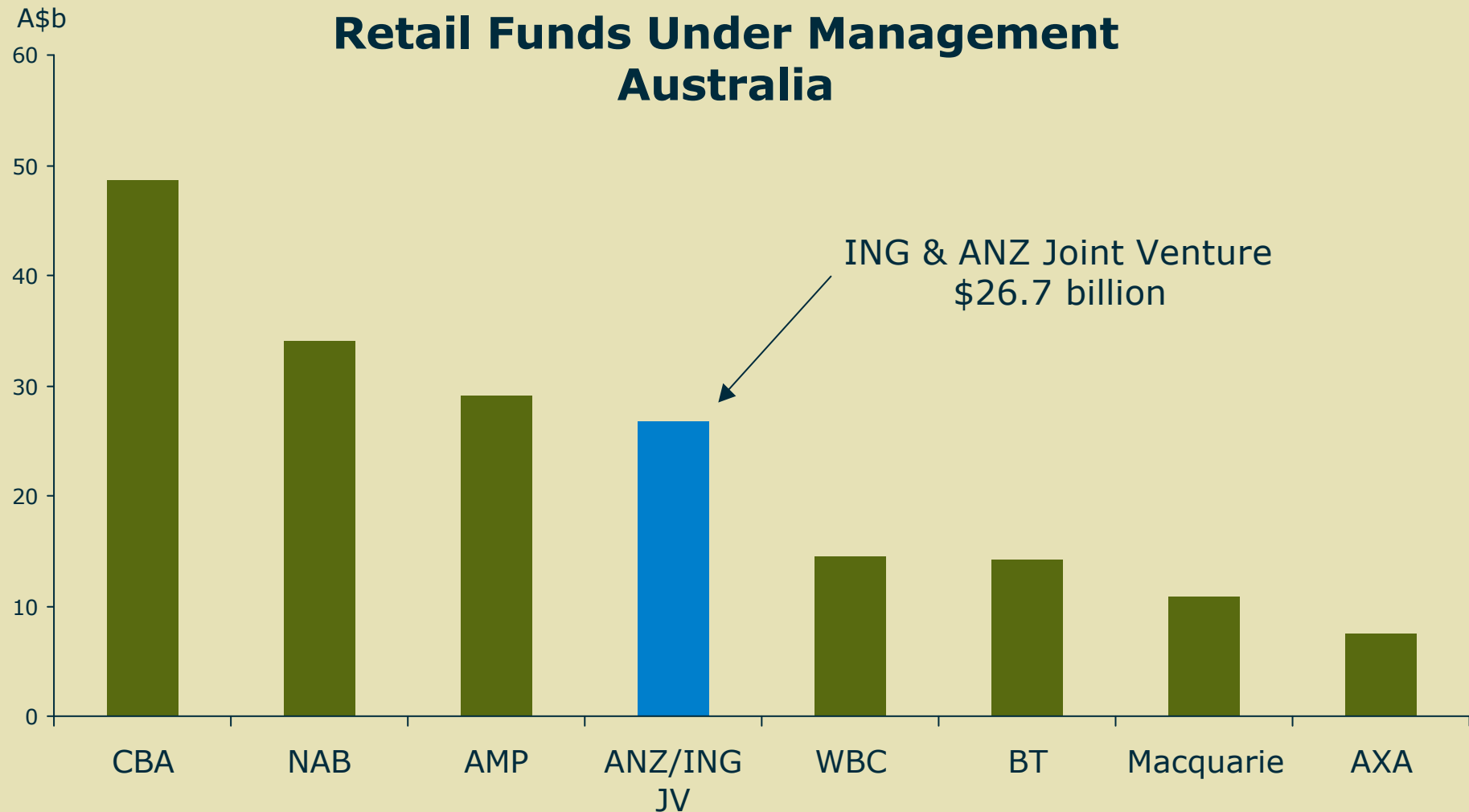
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The Joint Venture

A specialist provider of investments, superannuation and life insurance products and services

- 4th largest Australian retail funds manager
- 5th largest life risk insurer
- Largest retail funds manager in NZ
- More than 1.5 million customers
- Working with over 6,000 advisers

The JV delivers funds mgt scale

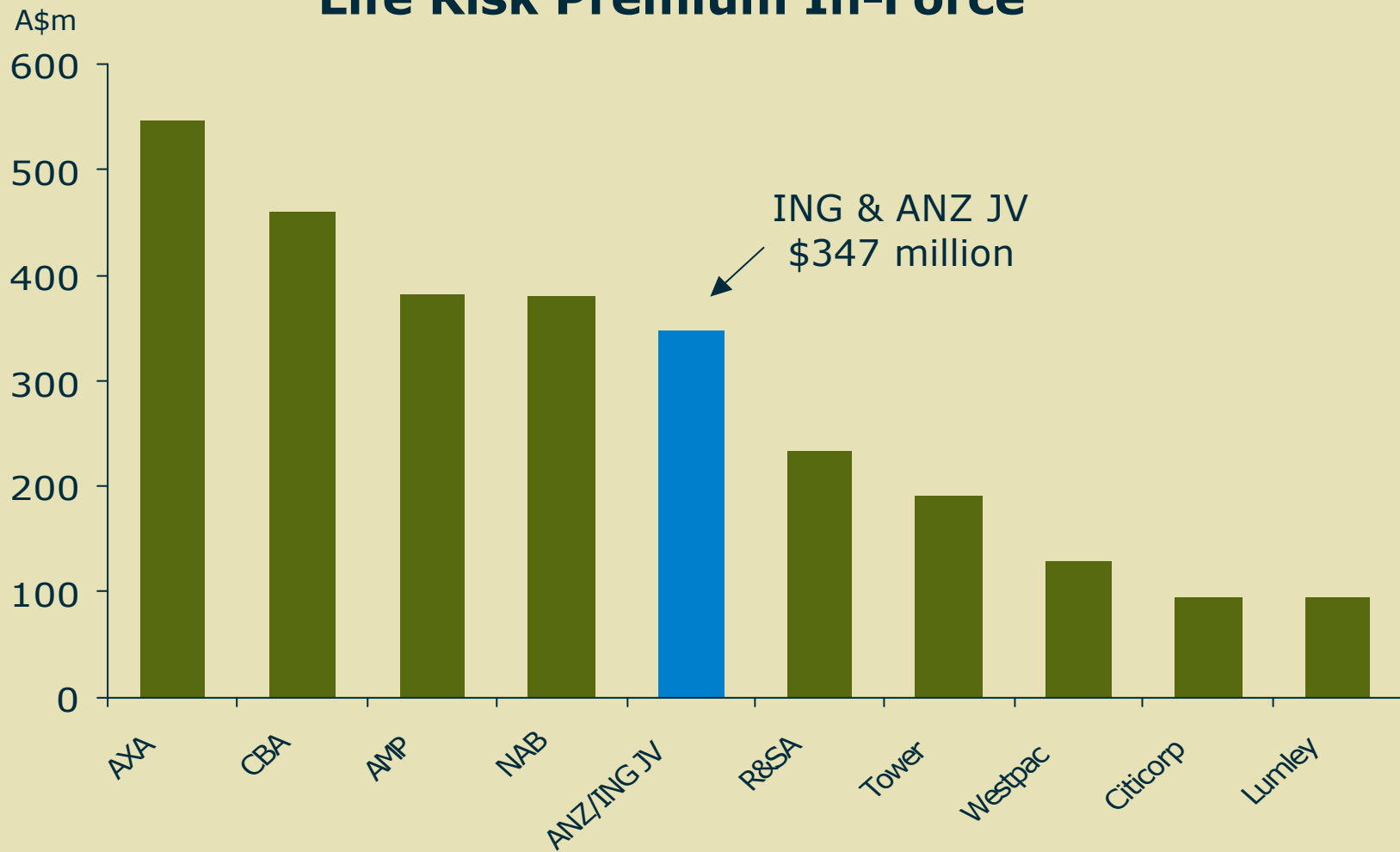


• Total JV FUM/A ~ \$38.4b in Aust & NZ

- Source - ASSIRT December 2001. JV numbers based on appropriate classification
- ASSIRT numbers exclude wrap accounts and mezzanine investment products

The JV delivers life risk scale

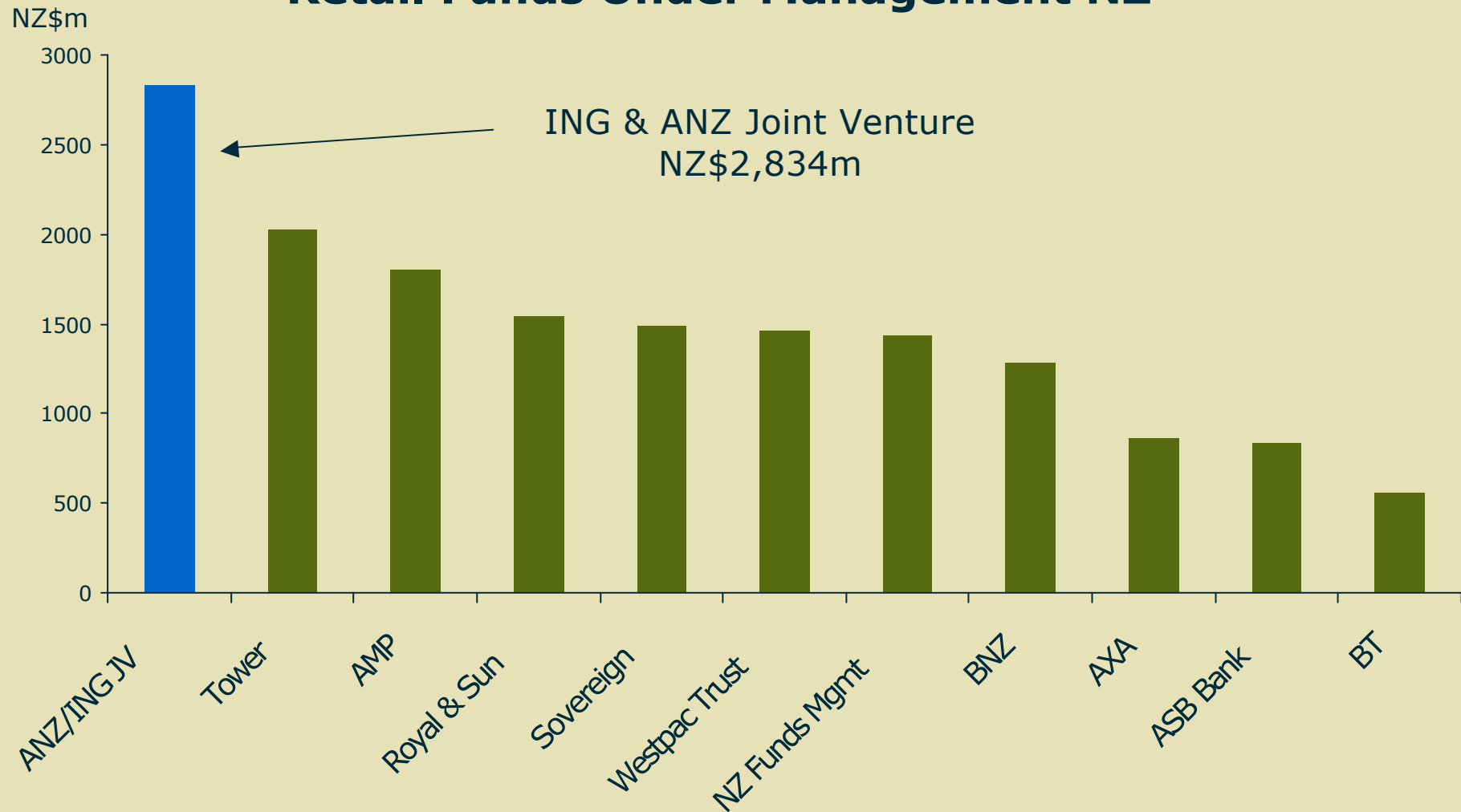
Life Risk Premium In-Force



Source - Plan for Life Sep 2001

The JV delivers #1 position in NZ

Retail Funds Under Management NZ



• Total JV FUM/A NZ\$6.3b

Source – FundSource
Research, Sep 2001

The JV delivers substantial cost synergies

Sources of cost synergies

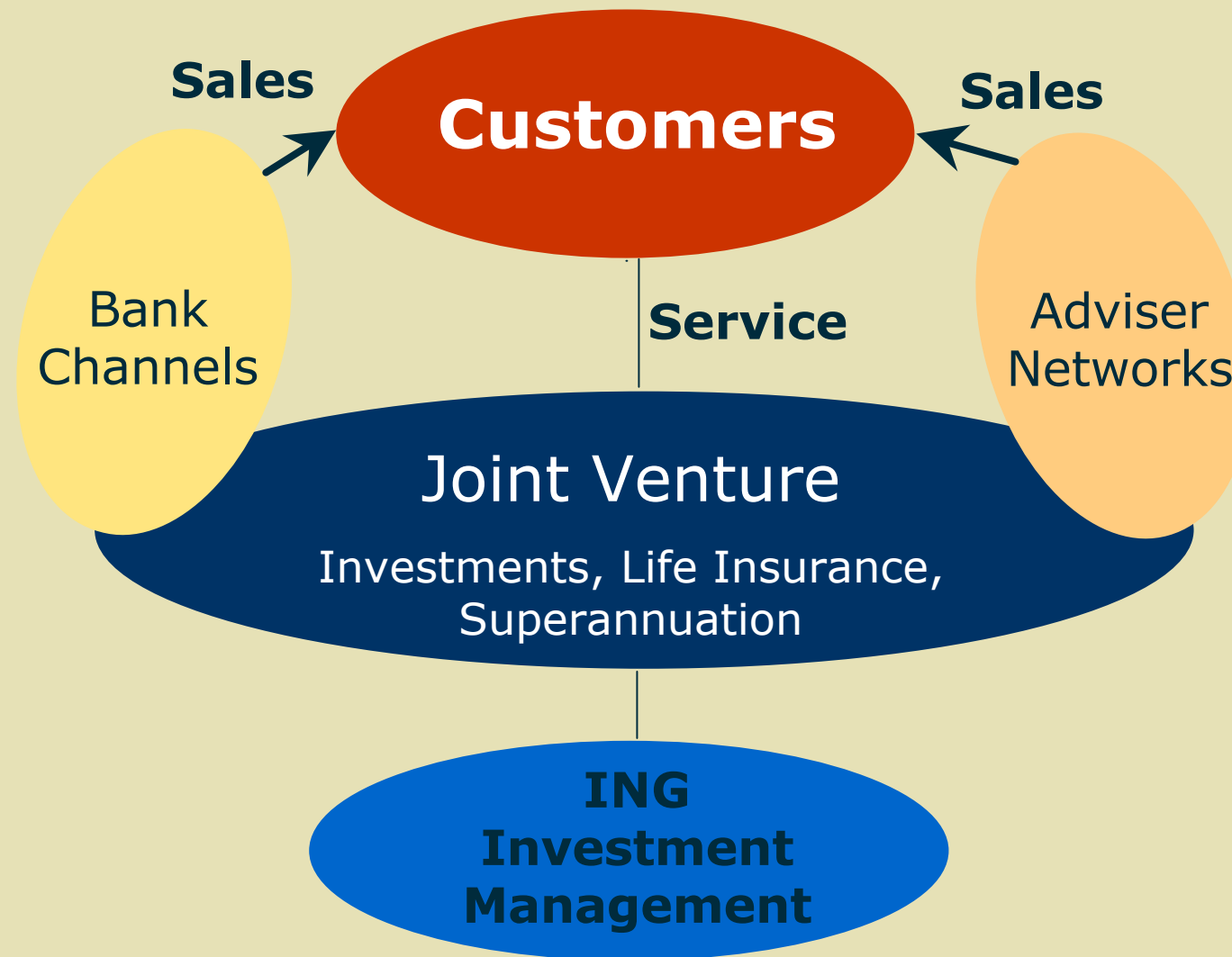
- Client service
- Product
- Technology
- Investment Management
- Overheads



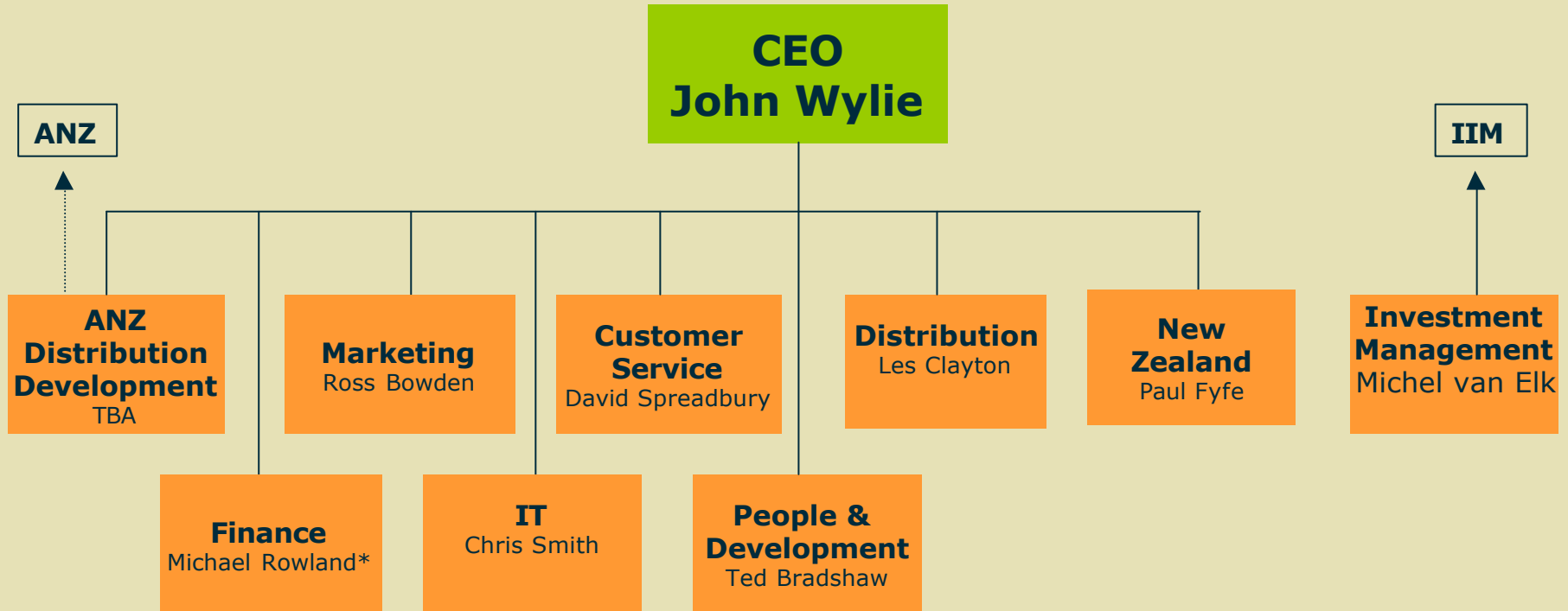
Target

10% - 15% of
combined cost
base of
~\$360m by
2004

A partnership of specialists to grow and protect customers' wealth



Experienced management team in place



* Formerly CFO of ANZ's Personal Financial Services

The JV – creating value for all stakeholders

Customers

- Better service and efficiency
- Enhanced product range
- Increases customer access channels

Advisers

- Better systems, support and service
- Enhanced product range, including external providers
- Access to global investment capability

Staff

- More opportunities, skills and experience
- Better systems
- Distinctive business culture

Shareholders

- Cost synergies from scale and focus
- Revenue growth through diversified distribution
 - leverage bancassurance expertise
 - continued focus on professional advisers
- Improved systems and capability
- Platform for growth in a growing market

Key priorities

- Rapid, effective implementation of JV:
 - smooth integration
 - realise synergies
- Leverage global bancassurance and investment management expertise:
 - enhance ANZ distribution capability
- Continuously develop product and service excellence for advisors and customers
- Build sustainable platform to achieve above market growth



Aspiration

**Top 3
position
in retail funds
management
and life
insurance**

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Increasing access to customers – all personal customers grouped with Wealth Management

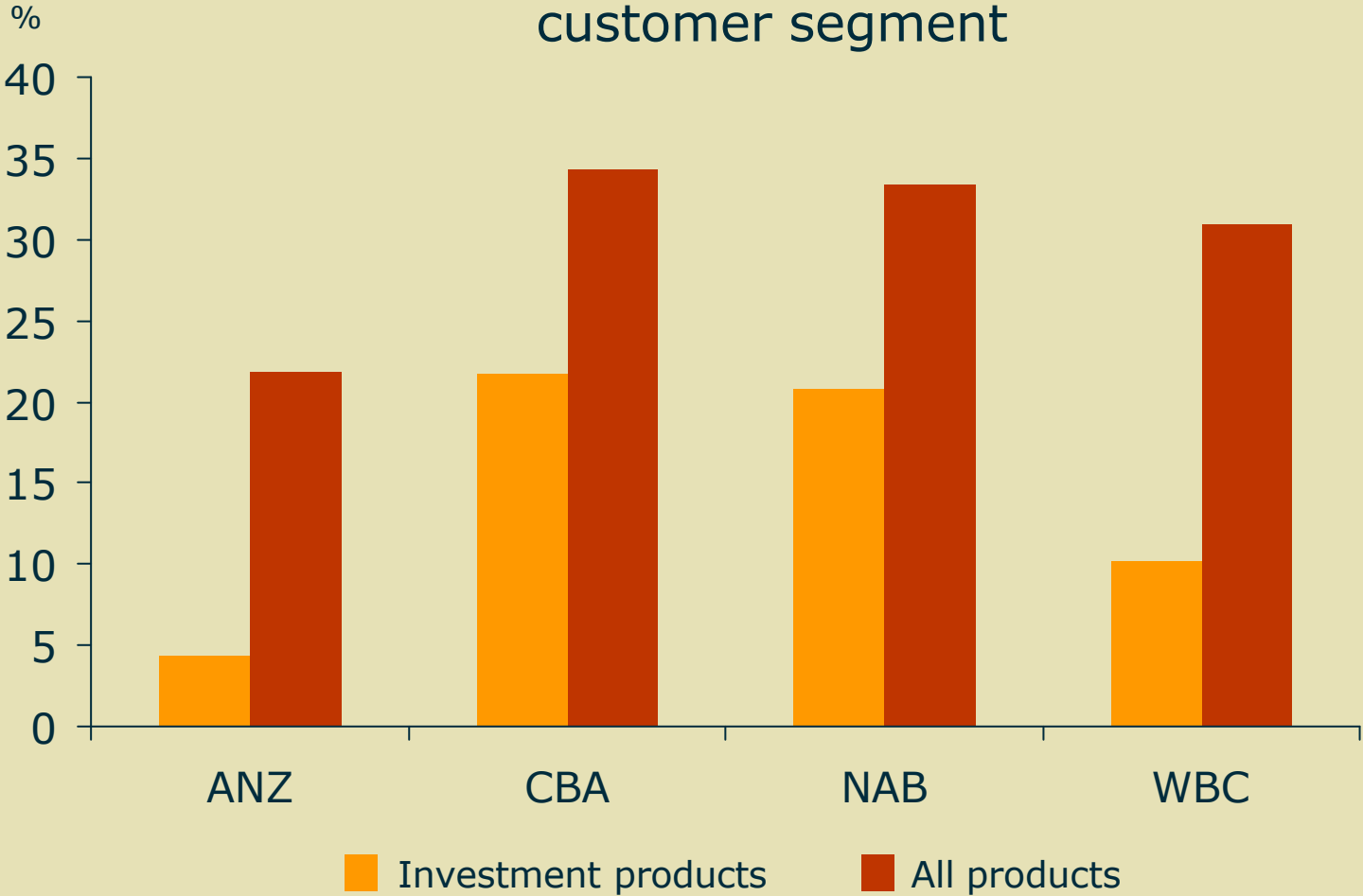


The Wealth Management business has primary responsibility for servicing and sales of JV products to ANZ customers across:

- Mass market
- Upscale consumer
- Private clients
- Small business
- Corporate

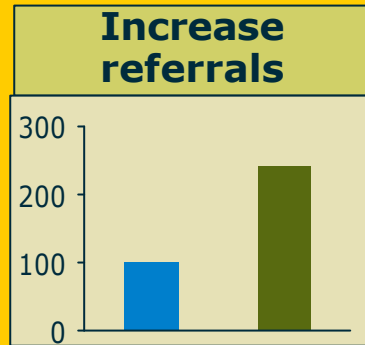
We have a large opportunity

Share of Wallet - Wealth Management customer segment

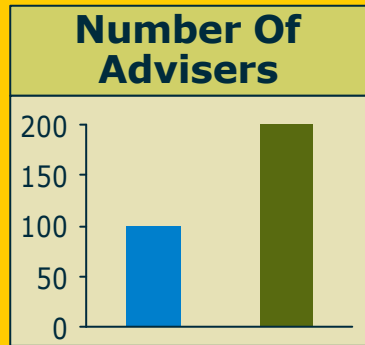


Capacity is the main driver of growth

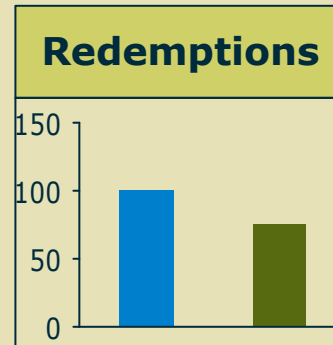
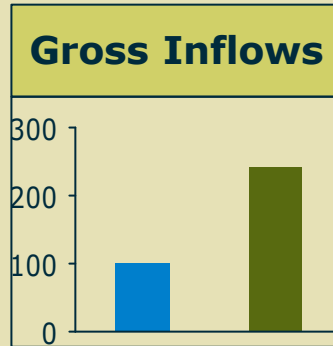
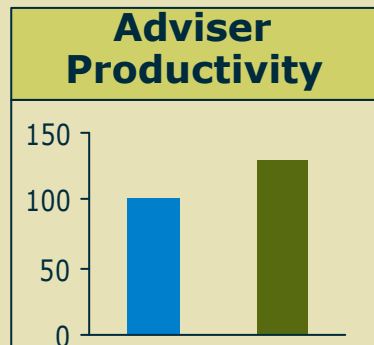
More than double referrals (at constant conversion rate)



Double number of advisers by 2005 from 315 today

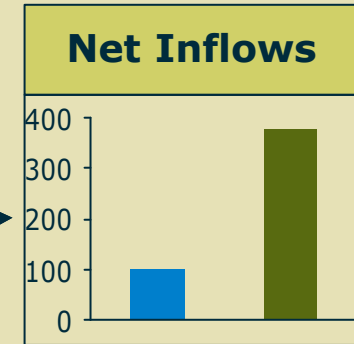
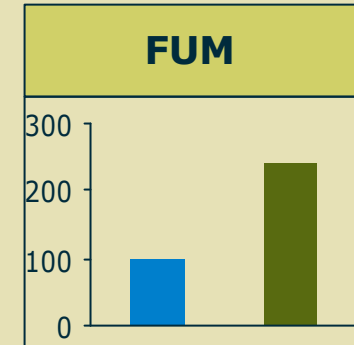


Increase productivity by up to 30%



Reduce redemptions by 25% through investment platforms and product mix

x



■ ANZ today
■ ANZ in 2005

All numbers indexed to base of 100 today;
Investment performance assumed constant

Three clear levers for growth

Improve lead generation from the branch network

Increase number of 'qualified' planners – while maintaining productivity

Improve quality & range of investment platforms and products



Target
Increase retail flows 3 times by 2005

Increasing lead generation and sales

What we are doing internally

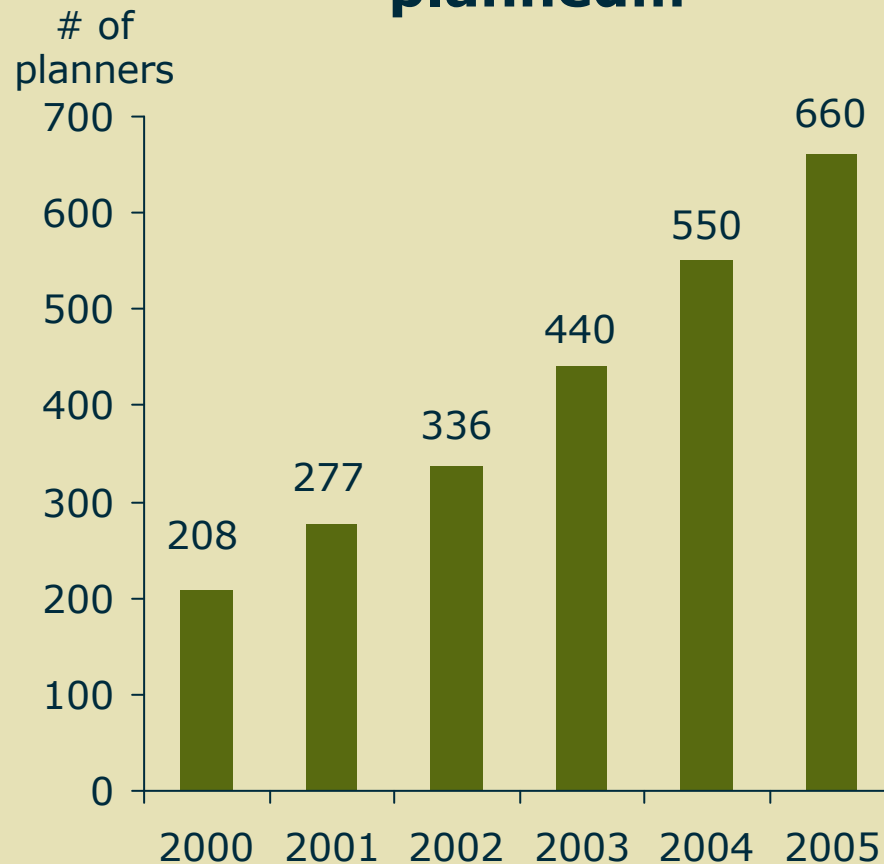
- Change KRAs and reward systems
- Leverage CRM capability
- Build greater linkage between planners and branch network
- Add sales capacity in the network
- Simplify products and platforms

How the JV will help

- Provide access to global brand and capabilities
- Transfer bancassurance capabilities
- Deliver highly rated product suite
- Provide strong delivery platforms

Expanding force of qualified planners

Substantial increase planned...

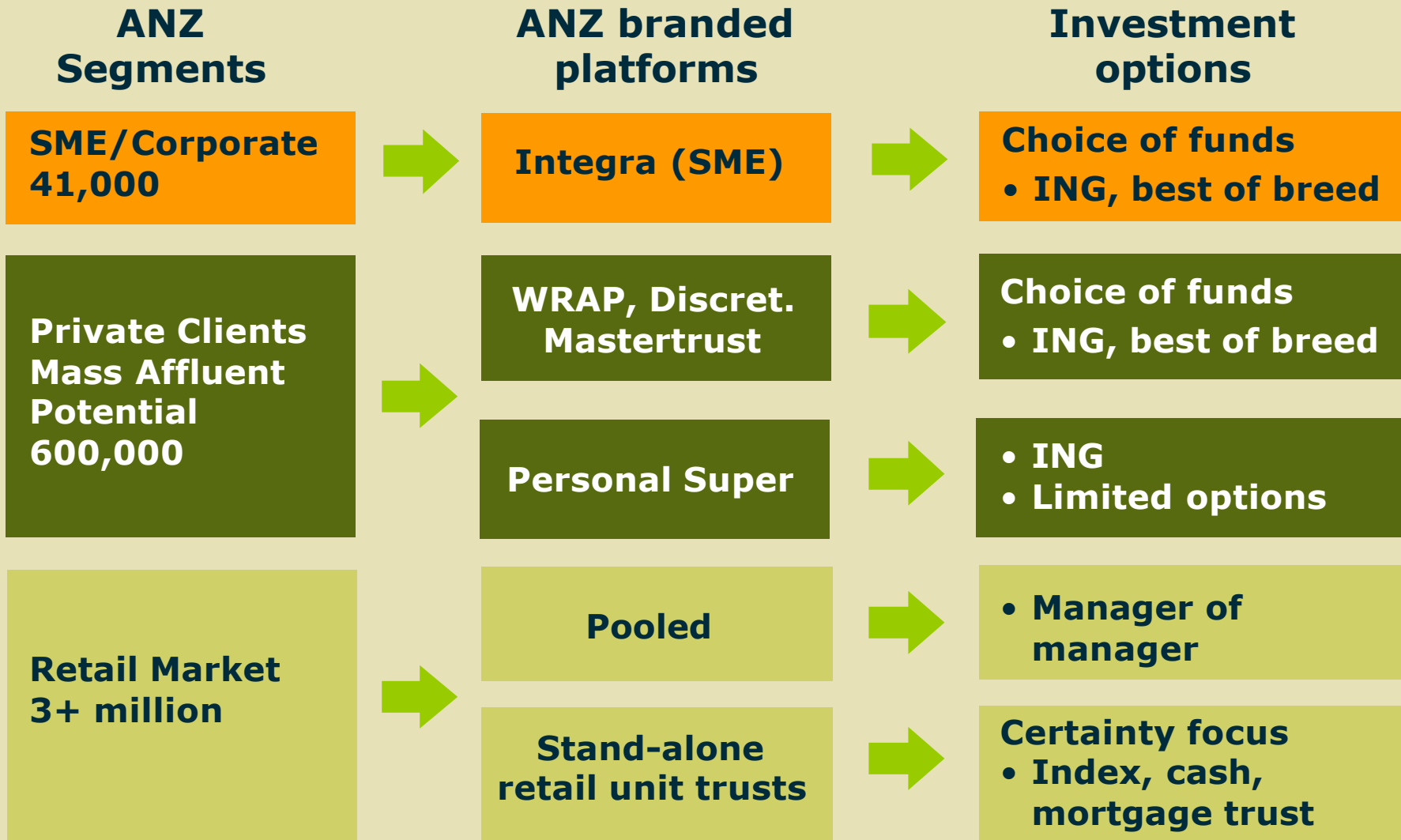


...with optimised productivity

- 23 dealer services modules – e.g.
 - Technical services
 - Training
 - Compliance
- Strong investment and administration platforms
- Industry recognised business development capability

Source: Money Management, ANZ

JV products and platforms align well with ANZ segments and customer needs



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- **Outstanding customer proposition**
- **Top 4 position in retail FUM**
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- **Strong platform for growth**

The material in this presentation is general background information about the Bank's activities current at the date of the presentation. 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. These should be considered, with or without professional advice when deciding if an investment is appropriate.

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