

News Release

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ANZ agrees to sell pensions and investments and aligned dealer group businesses to IOOF - continues to review options for Life Insurance business -

ANZ today announced the sale of its OnePath pensions and investments (OnePath P&I) and aligned dealer groups (ADG) business to IOOF Holdings Limited (IOOF) for \$975 million.

As part of the agreement, ANZ will also enter into a 20-year strategic alliance to make available IOOF superannuation and investment products to ANZ customers.

IOOF Transaction Scope¹	Other ANZ Wealth Businesses
<ul style="list-style-type: none"> OnePath P&I business - \$48 billion FUM. P&I platform and products: Advised (Retail) including OneAnswer Mastertrust; Advised (Wrap) including ANZ Grow Wrap and Oasis badged wrap; Employer Super (ANZ Smart Choice Employer); Direct Products (ANZ Smart Choice Retail) and other closed superannuation products issued by OnePath P&I. ADG comprising 717² aligned advisors and \$19.5 billion FUA. ADG Brands: Millennium3, RI Advice, Elders Financial Planning, Financial Services Partners. 	<ul style="list-style-type: none"> OnePath Life Insurance – in-force premiums \$1.6 billion. OnePath General Insurance – in force premiums \$226 million. Life Company Products - including Group and Individual Insurance. ANZ Financial Planning (ANZFP) – 286 advisors³ licensed under ANZ (will be part of the Australia Division). Lenders Mortgage Insurance.

Transaction Summary

- Sale price of \$975 million represents a multiple of ~25x FY17 NPAT.
- Aggregate P&I and ADG annual profit is \$39 million⁴.
- Equates ~17x FY17 NPAT after separation and transaction costs.
- Estimated accounting loss on sale of ~\$120 million⁵ includes sale proceeds of \$975 million, separation and transaction costs of ~\$300 million post-tax, and an accounting adjustment of ~\$500 million for Treasury shares.
- Expected to increase ANZ's APRA CET1 capital ratio by ~15 basis points on completion.
- EPS and RoE impacts⁶ are not material to ANZ.
- Small ongoing payments through the 20 year Strategic Alliance Agreement.
- Completion is expected in around 12 months subject to certain conditions including regulatory approvals and the completion of the extraction of the OnePath P&I business from OnePath Life Insurance.

¹ FUA, FUM and in-force premium numbers for Transaction Scope and ANZ retained businesses are current at 31 March 2017.

² Number of advisors as at October 2017.

³ Advisor number to 31 March, 2017. Excludes ANZ Private Bank advisors.

⁴ \$39 million includes DAC amortisation but is pre ANZ consolidation adjustments and amortisation of acquisition related intangibles.

⁵ The final gain/loss on sale will be determined at completion and will be impacted by transaction and separation costs, final determination of goodwill to be disposed, other balances and final taxation impacts.

⁶ On a Cash basis.

The sale of the pensions and investments and ADG businesses is consistent with ANZ's strategy to create a simpler, better balanced bank focussed on retail and business banking in Australia and New Zealand, and Institutional Banking supporting client trade and capital flows across the region.

ANZ Group Executive Wealth Australia Alexis George said: "Financial services such as superannuation, investments and advice are a core part of the support we provide ANZ customers now and in the future.

"By partnering with IOOF, we are able to create greater value for our shareholders while also providing our customers with access to quality wealth products from a specialist provider with the right cultural fit, financial strength and digital capability.

"The sale of our P&I and ADG businesses provides ANZ with greater flexibility to consider options for the life insurance business including strategic and capital markets solutions," Ms George said.

A video interview with Group Executive, Wealth Australia, Alexis George discussing this transaction is available at www.bluenotes.anz.com.

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