

U.S. Investor Website Update

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ANZ announces agreement to sell Life Insurance business to Zurich Insurance Group and 20-year strategic alliance with leading life insurer

ANZ today announced that it has agreed to the sale of its life insurance business to Zurich Financial Services Australia (“Zurich”) to further simplify ANZ’s Wealth Australia division.

The sale is comprised of two transactions with total proceeds of \$2.85 billion, inclusive of \$1 billion of upfront reinsurance commission from Zurich. The transaction is subject to closing conditions and regulatory approval and ANZ expects it to close in late 2018.

This follows the announcement of ANZ’s agreement to the sale of its OnePath pensions and investments (“OnePath P&I”) and aligned dealer groups (“ADG”) business to IOOF Holdings Limited (“IOOF”) in October for \$975 million. Completion of this sale is expected in late 2018, subject to certain closing conditions and regulatory approvals. Total proceeds from the simplification of Wealth Australia is expected to be \$3.83 billion.

Life Insurance Transaction Scope:

- 100% of One Path Life Australia Holdings Pty Limited (“OPL”)
- As at 30 September 2017, total life in-force premiums were \$1.7bn¹
- Transaction does not include New Zealand and ANZ will retain Lenders Mortgage Insurance, General Insurance distribution and Financial Planning

Life Insurance Transaction Summary:

- Total proceeds of \$2.85 billion include \$1 billion of upfront reinsurance commission from Zurich to ANZ and \$1.85 billion for 100% of the life business
- Annual profit of business sold to Zurich is \$153 million on a 2017 local statutory profit basis (\$189 million on a 2017 pro forma cash NPAT basis) (*Note: local statutory profit basis is before amortisation of acquisition related intangibles*)
- Carrying value of \$3.38 billion. Estimated accounting loss on sale of approximately \$520 million post separation and transaction costs of approximately \$75 million post-tax and release of available for sale reserve
- Expected to increase ANZ’s consolidated CET1 capital ratio by a total of approximately \$2.5 billion or approximately 65 basis points² (approximately 25 basis points upon completion of the reinsurance arrangement and a further approximately 40 basis points on completion)
- We believe the transaction would be broadly earnings per share and return of equity neutral if capital released is returned to shareholders

Combined Transaction Summary:

- Total proceeds is expected to be \$3.83 billion for combined sales
- Combined sales to increase ANZ’s consolidated CET1 capital ratio by approximately 80 basis points

Capital released following reinsurance and completion of the life insurance sale is expected to increase ANZ’s consolidated CET1 capital ratio by approximately 65 basis points and largely be surplus to ANZ’s unquestionably strong requirements.

¹ Also includes 100% of OnePath General Insurance – OPGI has in-force premiums of \$69m and currently only underwrites the general insurance component of credit insurance policies

² Based on 30 September 2017 Group consolidated total Risk Weighted Assets

Upon completion, the sale of ANZ's life insurance business to Zurich is another step in 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.

As part of the sales agreement, ANZ and Zurich will enter into a 20-year strategic alliance to offer life insurance solutions through ANZ's distribution channels.

"This transaction will complete the simplification of ANZ's Australian wealth business, however we will continue to work hard to minimise any disruption to our customers during the transition," said ANZ Group Executive Wealth Australia Alexis George.

There are no changes to any current insurance policies as a result of today's announcement, including general insurance products provided via QBE.