



Media Release

For Release: 11 November 2014

ANZ comments on Timbercorp

ANZ provides the following comments in response to recent coverage in Fairfax media on its relationship with Timbercorp.

- The action brought by the investors of Timbercorp has been extensively reviewed by various courts including the High Court of Australia and has been dismissed at every level with no allegations of wrongdoing substantiated. This has included a review of the business model, Timbercorp's financial position, the role of the lenders and the impact of the tax announcement.
- Following the Government's announcement regarding changes to the tax treatment of managed investment schemes, ANZ and its other lenders continued to assess Timbercorp as a viable business with a diverse portfolio of high quality assets. This is consistent with the Supreme Court finding that prior to the collapse of Lehmann Brothers in the US, there was no discernable risk that Timbercorp would fail.
- All of Timbercorp's lenders had a positive view of the Group until late 2008 when the Harvard sale transaction fell through following the collapse of Lehmann Brothers.
- Other lenders to Timbercorp included CBA, Westpac & BOSI. ANZ is still owed \$193.5 million by entities related to Timbercorp group and ANZ did not provide direct loans to individual investors.

Senate Inquiry into Forestry Managed Investment Schemes

- ANZ has welcomed the opportunity to appear before the Inquiry into Forestry Managed Investment Schemes and has indicated to the Inquiry Chairman, Senator Dastyari, that it is preparing a submission to be lodged prior to the 15 December closing date.
- ANZ Deputy CEO Graham Hodges is overseeing ANZ's work on the issues raised by the committee and is unable to attend the hearing set for 12 November. Mr Hodges was provided five working days' notice of the hearing and was not able to reschedule his long standing commitments with offshore investors.
- ANZ has offered to intervene in any case where a customer feels they were given inappropriate advice from an ING Australia aligned financial planner. Despite several requests, Senator Dastyari has not provided any customers for ANZ to review.

Background on ANZ financial planning's involvement with Timbercorp

- Timbercorp was not on ANZ financial planning's approved product list and ANZ did not receive any commissions associated with Timbercorp.
- ING Australia's third party financial planners (now controlled by ANZ since the 2009 majority acquisition of ING Australia) received 4% of the total commissions paid to financial planners and accountants by Timbercorp.

- ANZ is currently conducting a thorough review of the advice these planners gave and if there are examples of inappropriate advice it will act in the best interests of the customer, even though these companies were not controlled by ANZ at the time.

Background on ANZ's relationship with liquidator

- Korda Mentha is responsible for dealing with all investors of Timbercorp through an established process and is required to act independently (of ANZ) on behalf of all creditors.
- ANZ has no legal right to instruct the liquidator or any influence over the interest rates being charged by the liquidators and any questions on this are best addressed by Korda Mentha.

Timbercorp customers experiencing financial hardship

- Korda Mentha has requested any investors experiencing financial hardship to contact them directly to discuss their individual circumstances in an effort to settle outstanding obligations.
- Korda Mentha has also recently established a New Hardship Loan Relief program designed to take the personal situation of investors into account and includes links to Financial Counselling Australia.

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