

News Release

For Release: 2 June 2020

ANZ announces sale of UDC Finance

ANZ today announced it has agreed to sell its asset finance business in New Zealand, UDC Finance, for NZ\$762 million to Shinsei Bank Limited (Shinsei Bank).

The sale follows a strategic review of UDC Finance previously announced by ANZ Bank New Zealand, and is in line with ANZ's strategy to simplify its business. The purchase price represents a price-to-book ratio of 1.2x net tangible assets of NZ\$637 million as at 31 March 2020.

The sale provides ~AUD\$439 million¹ (~10bps) of Level 2 Group CET1 capital at settlement.

The sale will also release more than NZ\$2 billion of funding provided by ANZ New Zealand, further strengthening its balance sheet position.

ANZ Bank New Zealand CEO Antonia Watson said the purchase of UDC Finance by Shinsei Bank is a significant vote of confidence in the New Zealand economy.

"With a strong outlook for infrastructure and agriculture projects as the New Zealand economy rebuilds post-Covid-19, there is a significant role for UDC Finance to play. As such, it needs an owner that can invest in and grow the business."

Shinsei Bank Group is a diversified financial group with both banking and non-banking business divisions. Shinsei Bank Group operates both asset financing and vehicle and consumer lending businesses similar to those of UDC within Japan and offshore.

"Shinsei Bank intends to preserve UDC's operations, retain UDC employees and provide long term capital to maintain and grow customer lending in New Zealand. The sale will also mean UDC Finance will continue to operate as an independent finance company and enhance competition in the asset finance market," Ms Watson said.

Shinsei Bank CEO Hideyuki Kudo said: "I am very excited that UDC will become a part of the Shinsei Bank Group, in line with our non-organic growth strategy in this business area. In the Covid-19 'New Normal', we are confident that UDC, as part of Shinsei Bank Group, will continue to grow and contribute to the development of the New Zealand economy and help people and businesses in New Zealand with their financial needs.

"Based on UDC's long successful history, solid business base and efficient sales structure, UDC will be a major asset for the Shinsei Bank Group," Mr Kudo said.

The UDC sale is subject to regulatory approval and completion is expected in the second half of the 2020 calendar year.

¹ Based on AUD/NZD exchange rate of 1.07

UDC Transaction and Financial Summary

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|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Sale Price | NZ\$762m |
| Premium to Net Tangible Assets | NZ\$125m |
| Price-to-Book Ratio (UDC net assets as at 31-Mar-20) | 1.2x |
| ANZBGL Net Gain / (Loss) on Sale (pre/post release of goodwill) | A\$75m / A\$(52)m |
| APRA Level 2 CET1 capital release (31-Mar-20) | A\$439m / 10bps |
| Pro-forma group Level 2 CET1 (31-Mar-20) ² | 11.0% |
| Reduction in amount of CET1 capital required to meet the finalised RBNZ capital changes ³ | A\$575m / 14bps |
| UDC financial summary (31 March 2020) <ul style="list-style-type: none">• Net Loans and Advances• Net Profit after Tax | NZ\$3,437m NZ\$24.5m |

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Approved for distribution by ANZ's Continuous Disclosure Committee

² Includes NZ Capital Note conversion and UDC sale

³ Reduction in CET1 capital has been calculated based on final and fully transitioned RBNZ capital requirements announced in December 2019