

News Release

For Release: 2 June 2020

ANZ NZ announces sale of UDC Finance Limited

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

The sale follows a strategic review of UDC previously announced by ANZ NZ, 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 will release over NZ\$2 billion of funding provided by ANZ NZ, further strengthening its balance sheet position.

ANZ NZ CEO Antonia Watson said the purchase of UDC 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 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 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.

UDC Transaction and Financial Summary

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| Sale Price | NZ\$762m |
| Premium to Net Assets | NZ\$125m |
| Price-to-Book Ratio (UDC net assets as at 31 March 2020) | 1.2x |
| ANZ NZ Net Gain / (Loss) on Sale (pre/post release of goodwill) | NZ\$63m / NZ\$(73)m |
| UDC financial summary | |
| • Net Loans and Advances (as at 31 March 2020) | NZ\$3,437m |
| • Net Profit after Tax (6 months to 31 March 2020) | NZ\$24.5m |

For media enquiries contact:

NZ: Siobhan Enright, +64 21 991 325
AUS: Stephen Ries, +61 409 655 551

For analyst enquiries contact:

Jill Campbell, +61 3 8654 7749
Cameron Davis, +61 3 8654 7716