

News Release

For release: 11 January 2017

ANZ agrees to sell UDC Finance

ANZ today announced an agreement to sell UDC Finance, the asset finance business of its wholly owned subsidiary ANZ Bank New Zealand, to HNA Group, a global company focused on tourism, logistics and financial services.

The sale reflects a continued focus by ANZ on simplifying its business and capital efficiency.

ANZ New Zealand CEO David Hisco said: "The sale of UDC is consistent with our strategy to simplify the bank and is a good outcome for customers and staff. HNA Group is one of the world's largest asset finance and leasing companies, and it intends to preserve UDC's operations including offering continued employment to all staff."

UDC Transaction and Financial Summary

| | |
|---|------------------|
| Sale Price | ~NZ\$660m |
| Premium to Net Assets (30/09/2016) | ~NZ\$235m |
| Price-to-Book Ratio (UDC net assets 30/09/2016) | ~1.6 times |
| ANZBGL Net Gain on Sale (after transaction costs and release of goodwill) | ~A\$100 million |
| CET1 benefit (ANZBGL APRA CET1) | ~10 basis points |
| CET1 Benefit (ANZ Bank New Zealand Limited) | ~50 basis points |
| UDC financial summary (Financial Year 2016) ¹ | |
| • Net Loans and Advances (30/09/2016) | ~NZ\$2.6 billion |
| • Risk Weighted Assets (30/09/2016) | ~NZ\$2.4 billion |
| • Customer Deposits (30/09/2016) ² | ~NZ\$1.6 billion |
| • Total Revenue | NZ\$120 million |
| • Profit Before Provisions | NZ\$89 million |
| • Net Profit after Tax | NZ\$59 million |

The transaction also includes the Esanda name and trademarks in Australia and New Zealand. The additional consideration for the name and trademark sale is not material to ANZ.

The UDC sale is subject to closing steps and conditions including engaging with investors on the replacement of the Secured Investment program and regulatory approvals. Completion is expected late in the second half of the 2017 calendar year.

For media enquiries:

Paul Edwards, +61-434-070101
Stephen Ries + 61-409-655551

For investor relations enquiries:

Cameron Davis +61-421-613819

¹ UDC FY16 Financial Statements are available at <https://www.udc.co.nz/pdf/Full-Financial-Statements-2016.pdf>

² Customer deposits are UDC secured investments.

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