

News Release

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ANZ agrees to sell shareholding in Metrobank Card Corporation

ANZ today announced it has entered into an agreement with its joint venture partner Metropolitan Bank & Trust Company (Metrobank) regarding the sale of ANZ's 40% stake in the Philippines based Metrobank Card Corporation (MCC).

ANZ has agreed to sell half its 40% stake in MCC to Metrobank¹, for US\$144 million² (A\$184 million). ANZ has also entered into a put option to sell its remaining 20% stake to Metrobank, exercisable in the fourth quarter of FY18 on the same terms for the same consideration. If exercised, this would deliver a total sale price of US\$288 million (A\$368 million).

MCC is the leading provider of credit cards in the Philippines with more than 1.5 million cards in force. ANZ's joint venture with Metrobank, which owns the remaining 60% of MCC, has been a successful financial and commercial transaction since it was formed in 2003:

- ANZ's original investment in MCC was A\$14 million.
- Since 2003, ANZ has recognised A\$177 million of equity accounted earnings and received A\$101 million in dividends³.
- MCC contributed A\$34.5 million of equity accounted earnings to ANZ in FY16.
- The sale of ANZ's 40% stake (assuming the put option is exercised) represents:
 - An implied P/B multiple of 4.4x⁴.
 - An expected post-tax gain on sale of approximately A\$245m⁵ and an increase in ANZ's APRA CET1 capital ratio by 9 basis points in FY2018.
- Excluding the gain on sale, the ROE and EPS impact to ANZ is broadly neutral.
- The sale is subject to customary regulatory approvals. Payment for the initial 20% stake would occur post receipt of these approvals.

ANZ Deputy Chief Executive Officer Graham Hodges said: "This has been a highly successful joint venture for both ANZ and Metrobank creating the leading credit card company in the Philippines. The sale makes sense for ANZ given our continued efforts to simplify our business and is also a good outcome for MCC and its card customers given the strength of the business. ANZ remains committed to its institutional business in the Philippines."

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¹ Metrobank currently owns the 60% balance of the joint venture

² Equivalent to PHP7,400 million.

³ Total equity accounted earnings and dividends received as at 30 September 2016.

⁴ Based on MCC's audited financial statements as at 31 December 2016. Note that MCC report on a 31 December Financial Year end whereas ANZ report on a 30 September Financial Year end.

⁵ Gain on sale is subject to foreign currency movements.