



AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
HONG KONG BRANCH

FINANCIAL DISCLOSURE STATEMENT

Half-year ended 31 March 2019

In accordance with the Hong Kong Monetary Authority's disclosure standard for overseas incorporated authorised institutions, the required financial information as specified by the HKMA is detailed below in respect of Australia and New Zealand Banking Group Limited, Hong Kong Branch and the Group for the interim financial year 31 March 2019.

The Branch principally engages in global institutional and corporate customers in Hong Kong across three products sets: Transaction Banking, Loans & Specialised Finance and Markets.

The information is also available at Australia and New Zealand Banking Group Limited Hong Kong Branch and the Public Registry of the Hong Kong Monetary Authority.

Note: In the event of any difference in interpretation or meaning between the Chinese and English version of this statement, the English version shall prevail.

Section A - Branch Information (Hong Kong offices only)

I. Profit and Loss Information	Half-year ended 31-Mar-19 HK\$'000	Half-year ended 31-Mar-18 HK\$'000
Interest income	1,848,608	1,357,636
Interest expense	1,490,173	(936,947)
Other operating income		
- Gains less losses arising from trading in foreign currencies	222,711	433,830
- Gains less losses on securities held for trading purposes	6,161	5,288
- Gains less losses from other trading activities	90,333	(199,744)
- Net fees and commission income	118,751	95,553
Less: direct income related expense	<u>0</u>	<u>0</u>
- Others	43,677	47,757
Operating expenses		
- Staff and rental	(423,525)	(449,525)
- Others	<u>(169,419)</u>	<u>(195,914)</u>
Impairment loss and specific provision and collective provision for impaired assets	30,833	(50,661)
Gains less losses from disposal of property, plant and investment properties	<u>13</u>	<u>8</u>
Profit before taxation	277,970	107,281
Taxation (charge)	<u>(45,994)</u>	<u>(18,145)</u>
Profit after taxation	<u>231,976</u>	<u>89,136</u>

II. Balance Sheet Information	31-Mar-19 HK\$'000	30-Sep-18 HK\$'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices)	12,334,254	11,149,819
Placements with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	4,323,946	8,367,534
Amount due from central banks	374,952	223,637
Amount due from overseas offices	27,230,062	32,600,743
Trade bills	1,801,055	2,325,761
Certificate of deposit held	0	0
Securities held for trading purposes	0	0
Loans and receivables		
Loans and advances to customers	52,769,394	49,509,836
Loans and advances to banks	0	0
Accrued interest and other accounts	34,120,509	46,378,483
Provisions for impaired loans and receivables		
- Collective	(390,914)	(229,555)
- Specific - Loans and advances	(26,523)	(73,661)
- Investment securities	0	0
Investment securities	14,021,854	15,433,504
Other investments	23,199	18,297
Property, plant and equipment and investment properties	33,583	25,500
Total assets	146,615,371	165,729,898
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices)	6,216,294	5,053,311
Amount due to central bank	5,409	1,936
Deposits from customers		
Demand deposits and current accounts	13,892,671	17,878,783
Saving deposits	151	150
Time, call and notice deposits	32,215,489	41,883,601
Amount due to overseas offices	60,350,663	46,003,387
Issued debt securities	81,085	4,258,767
Other liabilities	33,853,609	50,649,963
Total liabilities	146,615,371	165,729,898

III. Additional Balance Sheet Information

	31-Mar-19 HK\$'000	30-Sep-18 HK\$'000
(i) (a) Gross impaired loans and advances to customers	26,521	73,658
Of which: Those which are individually determined to be impaired	26,521	73,658
Impaired loans and advances breakdown by major geographical areas		
<i>Hong Kong</i>	26,521	73,658
<i>Others</i>	0	0
Amount of specific provisions made for such loans and advances	26,523	73,661
Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	157,393	0
Percentage of such loans and advances to total advances to customers	0.05%	0.15%
(b) Amount of other assets (including trade bills and debt securities) which are individually determined to be impaired	0	0
Impaired other assets breakdown by geographical areas	0	0
Amount of specific provisions made for such other assets	0	0
Value of collateral which has been taken into account in respect of such other assets to which the specific provisions relate	0	0
Percentage of such other assets to total other assets	0.00%	0.00%
(ii) (a) Gross amount of loans and advances to customers which have been Overdue for		
- 6 months or less but more than 3 months	1,899	0
- 1 year or less but more than 6 months	0	972
- More than 1 year	17,843	63,925
Overdue loans and advances breakdown by major geographical areas		
<i>Hong Kong</i>	19,742	64,897
Amount of specific provisions made for such overdue loans	26,523	73,661
Market value of collateral held against the covered portion of overdue loans	0	0
Covered portion of overdue loans	0	0
Uncovered portion of overdue loans	19,742	64,897
Percentage of such loans and advances to total loans and advances to customers		
- 6 months or less but more than 3 months	0.00%	0.00%
- 1 year or less but more than 6 months	0.00%	0.00%
- More than 1 year	0.03%	0.13%
(b) Other assets (including trade bills and debt securities) which have been Overdue for		
- 6 months or less but more than 3 months	0	0
- 1 year or less but more than 6 months	0	0
- More than 1 year	0	0
Overdue other assets breakdown by geographical areas	0	0
(c) Amount of rescheduled loans and advances to customers, excluding those which have been overdue for more than 3 months and report in item (ii) (a) above	0	0
Percentage of such loans and advances to total loans and advances to customers	0.00%	0.00%
(d) There is no impaired, overdue nor rescheduled loans and advances to banks as of 31 Mar 2019 and 30 Sep 2018.		
(e) Repossessed assets	0	0

IV. Off-balance Sheet Exposures

(i) The contractual or notional amounts of each of the following significant class of off-balance sheet financial instruments or contracts outstanding:

	31-Mar-19 HK\$'000	30-Sep-18 HK\$'000
<i>Contingent Liabilities and Commitments</i>		
Direct credit substitutes	10,531,257	9,806,684
Transaction-related contingencies	2,627,170	3,507,617
Trade-related contingencies	1,298,420	1,212,465
Note issuance and revolving underwriting facilities	0	0
Other commitments	59,162,366	59,147,444
Others (including Sale and repurchase agreements, forward asset purchases, amounts owing on partly paid shares and securities, forward deposits placed, asset sales or other transactions with recourse)	107,048	-
<i>Derivatives</i>		
<i>Contract Amounts</i>		
- Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	5,301,481,664	4,315,127,874
- Interest rate contracts	4,530,966,899	3,209,995,848
- Others	0	0
<i>Fair value</i>		
- Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	801,956	980,274
- Interest rate contracts	(54,439)	(548,839)
- Others	0	0

The contractual amounts and fair value above do not take into account the effect of bilateral netting arrangements.

V. Segmental Information

	31-Mar-19 HK\$'000	% covered by collateral	30-Sep-18 HK\$'000	% covered by collateral
(i) Breakdown of the gross amount of loans and advances to customers by industry sectors:				
Loans and advances for use in Hong Kong				
<i>Industrial, commercial and financial</i>				
- Property development	1,836,802	71.69%	2,418,939	91.73%
- Property investment	1,782,665	59.39%	1,283,916	82.55%
- Financial concerns	1,439,000	0.00%	1,241,636	0.00%
- Stockbrokers	0		0	
- Wholesale and retail trade	1,522,000	30.95%	2,697,091	0.72%
- Manufacturing	3,209,165	4.80%	1,438,013	10.71%
- Transport and transport equipment	1,866,308	99.98%	1,060,777	26.13%
- Electricity and gas	2,144,634	0.00%	1,129,461	0.00%
- Information technology	141,297	0.00%	195,594	0.00%
- Hotels, boarding houses & catering	756,801	100.00%	764,173	100.00%
- Others	1,653,523	7.87%	7,733,215	1.86%
<i>Individuals</i>				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	0	0.00%	0	0.00%
- Loans for the purchase of other residential properties	0	0.00%	12,194	0.00%
- Credit card advances	0	0.00%	0	0.00%
- Others	0	0.00%	0	0.00%
Trade finance	4,823,568	1.73%	5,491,241	3.16%
Loans and advances for use outside Hong Kong	<u>31,593,632</u>	26.23%	<u>24,043,586</u>	28.38%
Aggregate Intra-group items included in the above	<u>98,656</u>		<u>297,979</u>	

(ii) Breakdown of the gross amount of loans and advances to customers by countries where it constitutes 10% or more of the aggregate gross amount of loans and advances to customers after taking into consideration of transfers of risks

<i>Hong Kong</i>	35,494,919	32,803,531
<i>China</i>	7,046,016	7,111,501
<i>Others</i>	<u>10,228,460</u>	<u>9,594,804</u>
	<u>52,769,395</u>	<u>49,509,836</u>

V. Segmental Information (cont'd)

(iii) Breakdown of the international claims by countries where it constitutes 10% or more of the total international claims after taking into consideration of transfers of risks, according to the location of the counterparties and the type of counterparties

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As at 31/03/2019

Non-Bank private sector

	Banks	Official Sector	Non-Bank Financial Institutions	Non-Financial Private sector	Others	Total
<i>Developed countries</i>						
Australia	27,429	1,434	0	175	0	29,038
<i>Offshore Centres</i>						
Hong Kong	1,362	3	1,340	8,526	0	11,231
<i>Developing Asia and Pacific</i>						
China	15,280	1,710	758	15,981	0	33,729

As at 30/09/2018

Non-Bank private sector

	Banks	Official Sector	Non-Bank Financial Institutions	Non-Financial Private sector	Others	Total
<i>Developed countries</i>						
Australia	32,895	2302	0	39	72	35,308
<i>Offshore Centres</i>						
Hong Kong	2,191	5	548	9,341	0	12,085
<i>Developing Asia and Pacific</i>						
China	14,063	610	588	18,128	0	33,389

(iv) Non-bank Mainland exposures

Non-bank counterparties and the type of direct exposures are identified in accordance with the method set out in the "Return of Mainland Activities" issued by the HKMA.

31-Mar-19

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	On-balance sheet exposures	Off-balance sheet exposures	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	11,897	1,865	13,762
Local governments, local government-owned entities and their subsidiaries and JVs	1,938	139	2,077
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	19,639	6,777	26,416
Other entities of central government not reported in the 1st item above	2,690	465	3,155
Other entities of central government not reported in the 2nd item above	841	10	851
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,246	563	3,809
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3	164	167
Total	40,254	9,983	50,237
Total assets after provision	146,615		
On-balance sheet exposures as percentage of total assets	27.46%		

V. Segmental Information (cont'd)

	On-balance sheet	Off-balance sheet exposures	30-Sep-18 HK\$ M Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	11,644	1,534	13,178
Local governments, local government-owned entities and their subsidiaries and JVs	825	76	901
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	16,417	7,662	24,079
Other entities of central government not reported in the 1st item above	1,347	343	1,690
Other entities of central government not reported in the 2nd item above	548	9	557
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,100	438	3,538
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	141	141
Total	33,881	10,203	44,084
Total assets after provision	165,730		
On-balance sheet exposures as percentage of total assets	20.44%		

VI. Currency Risk

The net position in a particular foreign currency where it constitutes 10% or more of the total net position in all foreign currencies.

	<i>CNY</i>	<i>JPY</i>	<i>USD</i>	<i>OTH</i>	31-Mar-19 <i>Total</i>
<i>Equivalent to millions of Hong Kong Dollars</i>					
Spot assets	15,070	15,548	60,138	9,236	99,992
Spot liabilities	(2,103)	(15,548)	(78,591)	(4,426)	(100,668)
Forward purchases	1,332,652	25,605	2,634,489	208,219	4,200,965
Forward sales	(1,345,741)	(25,200)	(2,615,048)	(212,986)	(4,198,975)
Net options position	0	0	0	0	0
Net long (short) position	(122)	405	988	43	1,314
Net structural position	0	0	0	0	0

	<i>CNY</i>	<i>JPY</i>	<i>USD</i>	<i>OTH</i>	30-Sep-18 <i>Total</i>
<i>Equivalent to millions of Hong Kong Dollars</i>					
Spot assets	6,189	14,191	75,779	9,458	105,617
Spot liabilities	(2,368)	(14,191)	(80,209)	(5,266)	(102,034)
Forward purchases	1,210,249	31,047	2,151,107	208,981	3,601,384
Forward sales	(1,213,675)	(30,660)	(2,146,557)	(213,158)	(3,604,050)
Net options position	0	0	0	0	-
Net long (short) position	395	387	120	15	917
Net structural position	0	0	0	0	0

VII. Liquidity	Quarter ended 31-Mar-19	Quarter ended 31-Dec-18	Half-year ended 31-Mar-18
<i>The average liquidity maintenance ratio (%)</i>	43.96%	46.82%	38.89%
<i>The average core funding ratio (%)</i>	126.07%	141.96%	131.82%

Liquidity Information Disclosures: Approach to Liquidity Risk Management

The average Liquidity Maintenance Ratio ("LMR") for the period is the arithmetic mean of each calendar month's average liquidity ratio. It is calculated in accordance with Section 103B of Banking (Disclosure) Rules.

In compliance with The Banking (Liquidity) Rules ("BLR") which signified the implementation of LMR and Core Funding Ratio ("CFR") for category 2A institution under Basel III liquidity standards in Hong Kong, the quarterly and half-yearly average values of LMR and CFR reported are calculated based on the arithmetic mean of the average values of its LMR and CFR reported in its liquidity position return, for each month during the quarter and half year respectively.

Net funding exposures are managed through regular reviews of projected cash flows. Cumulative cashflow profiles under normal and stress conditions across different horizons are monitored against limits for each of these scenarios. The policy also provides a framework for the management of market access and contingency planning to withstand a liquidity crisis.

VIII. Disclosure on Remuneration

Pursuant to section 3 of Supervisory Policy Manual (CG-5) Guideline on a sound remuneration system issued by the HKMA, ANZ HK Branch complies with the requirements and has adopted the remuneration systems of ANZ Head Office. For details on ANZ Head Office Remuneration Report, please refer to pages 40 – 67 of the 2018 Annual Report.

SECTION B - Bank Information (consolidated basis)

I. Capital and Capital Adequacy

	Basel III 31-Mar-19 ASM	Basel III 30-Sep-18 ASM
Qualifying Capital		
Tier 1		
Adjusted shareholders' equity and outside equity interests	67,475	66,588
Deductions	(14,400)	(14,370)
Tier 1 capital	53,075	52,218
Tier 2 capital	7,569	7,291
Total qualifying capital	60,644	59,509
Capital adequacy ratios (%)		
Tier 1	13.4%	13.4%
Tier 2	1.9%	1.9%
Total	15.3%	15.3%
Risk weighted assets	396,291	390,820

	31-Mar-19 ASM	30-Sep-18 ASM
II. Other Financial Information		
Total assets	980,224	943,156 **
Total liabilities	920,273	883,751 **
Total gross loans and advances	613,770	608,380
Total deposits and other borrowings	634,989	618,150
	31-Mar-19 ASM	31-Mar-18 ASM
Profit before income tax	4,536	5,356

Details of Group financial information can be obtained from the website www.anz.com

Statement of Compliance

The information in this statement is not false or misleading in any material respect.



Ivy Au-Yeung
Chief Executive of the Hong Kong Branch

28 June 2019

Remarks (**): On adoption of AASB 9 on 1 October 2018, the Group implemented an expected credit loss methodology for impairment of financial assets, and revised the classification and measurement of certain financial assets. Consequently, A\$500M of collectively assessed provisions for credit impairment attributable to off-balance sheet credit related commitments as at 30 September 2018 were reclassified from Net loans and advances at amortised cost to Other provisions to enhance comparability with current period presentation.