AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

HONG KONG BRANCH

FINANCIAL DISCLOSURE STATEMENT

Half-year ended 31 March 2020

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 2020.

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)

	HK$'000	Half-year ended 31-Mar-20 HK$'000	HK$'000	Half-year ended 31-Mar-19 HK$'000
I. Profit and Loss Information				
Interest income		1,330,647		1,848,608
Interest expense		(1,045,668)		(1,490,173)
Other operating income				
- Gains less losses arising from trading in foreign currencies		(96,193)		222,711
- Gains less losses on securities held for trading purposes		9,045		6,161
- Gains less losses from other trading activities		337,355		90,333
- Net fees and commission income	130,703		118,751	
Less: direct income related expense	0	130,703	0	118,751
- Others		82,346		43,677
Operating expenses				
- Staff and rental	(403,268)		(423,525)	
- Others	(140,863)	(544,131)	(169,419)	(592,944)
Impairment loss and specific provision and collective provision for impaired assets		(127,643)		30,833
Gains less losses from disposal of property, plant and investment properties		7		13
Profit before taxation		76,468		277,970
Taxation (charge)		(25,382)		(45,994)
Profit after taxation		51,086		231,976

	31-Mar-20 HK$'000	30-Sep-19 HK$'000
II. Balance Sheet Information		
Assets		
Cash and balances with banks (except those included in amount due from overseas offices)	7,641,725	8,557,546
Placements with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	7,431,085	6,937,240
Amount due from central banks	78,089	93,964
Amount due from overseas offices	29,115,310	31,591,951
Trade bills	4,191,522	4,284,315
Certificate of deposit held	0	0
Securities held for trading purposes	0	0
Loans and receivables		
Loans and advances to customers	58,883,873	51,410,698
Loans and advances to banks	0	0
Accrued interest and other accounts	43,037,891	40,246,757
Provisions for impaired loans and receivables		
- Collective	(444,378)	(321,464)
- Specific - Loans and advances	(8,852)	(17,588)
- Investment securities	0	0
Investment securities	12,443,334	14,640,444
Other investments	27,510	34,642
Property, plant and equipment and investment properties	298,635	38,933
Total assets	162,695,744	157,497,438
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices)	8,244,860	6,956,356
Amount due to central bank	2,758,270	3,382
Deposits from customers		
Demand deposits and current accounts	14,225,967	14,999,786
Saving deposits	148	151
Time, call and notice deposits	30,678,073	31,907,079
Amount due to overseas offices	62,283,124	61,969,413
Issued debt securities	0	82,976
Other liabilities	44,505,302	41,578,295
Total liabilities	162,695,744	157,497,438

III. Additional Balance Sheet Information

			31-Mar-20 HK$'000	30-Sep-19 HK$'000
(i)	(a)	Gross impaired loans and advances to customers	8,890	17,627
		Of which: Those which are individually determined to be impaired	8,890	17,627
		Impaired loans and advances breakdown by major geographical areas		
		Hong Kong	8,890	17,627
		Others	0	0
		Amount of specific provisions made for such loans and advances	8,852	17,588
		Value of collateral which has been taken into account in respect of such loans and advances to which the specific provisions relate	0	0
		Percentage of such loans and advances to total advances to customers	0.02%	0.03%
	(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	0	27
		- 1 year or less but more than 6 months	73	2,643
		- More than 1 year	8,817	8,882
		Overdue loans and advances breakdown by major geographical areas		
		Hong Kong	8,890	11,552
		Amount of specific provisions made for such overdue loans	8,852	17,588
		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	8,890	11,552
		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%	0.01%
		- More than 1 year	0.02%	0.02%
	(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 2020 and 30 Sep 2019.		
	(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-20	30-Sep-19
	HK$'000	HK$'000
Contingent Liabilities and Commitments		
Direct credit substitutes	13,034,951	15,385,738
Transaction-related contingencies	2,799,932	2,421,669
Trade-related contingencies	1,997,327	2,337,048
Note issuance and revolving underwriting facilities	0	0
Other commitments	63,776,556	52,587,701
Others (including Sale and repurhcase agreements, forward asset purchases, amounts owing on partly paid shares and securities, forward forward deposits placed, asset sales or other transactions with recourse)	1,482,065	66,214

Contingent liabilities and commitments are credit-related instruments, the risk involved is similar to the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio maintenance and collateral requirements as for customers applying for loans. The contract amounts represent the amounts at risk should the contract be fully drawn upon and the client default.

Since a significant portion of commitments is expected to expire without being drawn upon, the total of the contract amounts is not representative of future liquidity requirements.

	31-Mar-20	30-Sep-19
Derivatives		
Contract Amounts		
- Exchange rate contracts	4,583,027,148	4,883,302,793
- Interest rate contracts	7,103,456,630	5,573,033,763
- Others	0	0
	11,686,483,778	10,456,336,556
Fair value assets		
- Exchange rate contracts	36,505,366	36,077,314
- Interest rate contracts	5,320,549	2,884,005
- Others	0	0
	41,825,915	38,961,319
Fair value liabilities		
- Exchange rate contracts	36,885,684	36,769,836
- Interest rate contracts	5,409,335	2,974,574
- Others	0	0
	42,295,019	39,744,410

The above derivatives transactions are undertaken by the Branch in the foreign exchange and interest rate markets. The notional amounts of these instruments indicate the volume of transactions outstanding and do not represent amounts at risk.

Derivatives are carried at fair value in the balance sheet. Asset values represent the cost to the Branch of replacing all transactions with a fair value in the Branch's favor assuming that all the Branch's relevant counterparties default at the same time, and that transactions can be replaced at the market. Liability values represent the cost to the Branch's counterparties of replacing all their transactions with the Branch with a fair value in their favour if the Branch were to default.

The fair values of the above derivative exposures do not take into account the effects of bilateral netting arrangements.

V. Segmental Information

(i) Breakdown of the gross amount of loans and advances to customers by industry sectors:

	31-Mar-20 HK$'000	% covered by collateral	30-Sep-19 HK$'000	% covered by collateral
Loans and advances for use in Hong Kong				
Industrial, commercial and financial				
- Property development	575,000	86.96%	979,361	46.90%
- Property investment	1,775,636	57.82%	1,538,374	69.19%
- Financial concerns	3,433,463	0.00%	1,605,017	0.00%
- Stockbrokers	0	0.00%	0	0.00%
- Wholesale and retail trade	2,476,788	23.48%	1,513,643	41.96%
- Manufacturing	2,831,371	0.00%	3,056,317	0.00%
- Transport and transport equipment	3,015,691	71.54%	2,372,305	78.94%
- Electricity and gas	3,987,956	0.00%	2,916,962	0.00%
- Information technology	46,523	0.00%	47,046	0.00%
- Hotels, boarding houses & catering	237,273	100.00%	435,939	100.00%
- Others	2,524,746	9.82%	2,918,648	9.25%
Individuals				
- 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%	0	0.00%
- Credit card advances	0	0.00%	0	0.00%
- Others	0	0.00%	0	0.00%
Trade finance	6,956,535	0.12%	7,408,259	0.46%
Loans and advances for use outside Hong Kong	31,022,891	30.70%	26,618,827	31.94%
	58,883,873		51,410,698	
Aggregate Intra-group items included in the above	*0*		*95,281*	

(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

	31-Mar-20 HK$'000	30-Sep-19 HK$'000
Hong Kong	37,642,297	32,450,568
China	12,051,245	11,734,836
Others	9,190,331	7,225,294
	58,883,873	51,410,698

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

As at 31/03/2020

			Non-Bank private sector		**HK$ M**
	Banks	Official Sector	Non-Bank Financial Institutions	Non-Financial Private sector	Total
Developed countries	31,660	6,260	696	3,210	41,826
Australia	30,503	-	-	95	30,598
Offshore Centres	2,360	3	3,034	18,748	24,145
Hong Kong	1,788	3	3,034	9,971	14,796
Developing Asia and Pacific	15,589	2,624	1,771	21,772	41,756
China	14,522	2,624	1,771	17,272	36,189

As at 30/09/2019

			Non-Bank private sector		**HK$ M**
	Banks	Official Sector	Non-Bank Financial Institutions	Non-Financial Private sector	Total
Developed countries	35,602	8,194	816	3,008	47,620
Australia	33,796	-	-	78	33,874
Offshore Centres	2,777	2	1,452	18,595	22,826
Hong Kong	2,469	2	1,452	9,217	13,140
Developing Asia and Pacific	15,207	2,934	1,446	16,902	36,489
China	14,189	2,934	1,446	14,560	33,129

V. Segmental Information (cont'd)

(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-20
HK$ M

	On-balance sheet exposures	Off-balance sheet exposures	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	13,056	2,053	15,109
Local governments, local government-owned entities and their subsidiaries and JVs	2,863	65	2,928
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	17,006	8,343	25,349
Other entities of central government not reported in the 1st item above	2,707	937	3,644
Other entities of central government not reported in the 2nd item above	1,876	140	2,016
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,928	582	4,510
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3	164	167
Total	41,439	12,284	53,723
Total assets after provision	162,696		
On-balance sheet exposures as percentage of total assets	25.47%		

30-Sep-19
HK$ M

	On-balance sheet exposures	Off-balance sheet exposures	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	12,953	2,710	15,663
Local governments, local government-owned entities and their subsidiaries and JVs	2,482	68	2,550
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	16,999	8,212	25,211
Other entities of central government not reported in the 1st item above	2,434	440	2,874
Other entities of central government not reported in the 2nd item above	1,621	183	1,804
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	3,055	519	3,574
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	6	131	137
Total	39,550	12,263	51,813
Total assets after provision	157,497		
On-balance sheet exposures as percentage of total assets	25.11%		

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.

	CNY	JPY	USD	OTH	31-Mar-20 Total
Equivalent to millions of Hong Kong Dollars					
Spot assets	5,569	24,150	68,511	6,274	104,504
Spot liabilities	(5,079)	(24,149)	(73,456)	(3,240)	(105,924)
Forward purchases	950,476	88,583	2,243,104	352,082	3,634,245
Forward sales	(948,997)	(87,963)	(2,239,974)	(355,126)	(3,632,060)
Net options position	0	0	0	0	0
Net long (short) position	1,969	621	(1,815)	(10)	765
Net structural position	0	0	0	0	0

	CNY	JPY	USD	OTH	30-Sep-19 Total
Equivalent to millions of Hong Kong Dollars					
Spot assets	12,039	11,732	73,398	7,281	104,450
Spot liabilities	(2,967)	(11,729)	(85,315)	(4,269)	(104,280)
Forward purchases	1,036,856	26,085	2,420,123	221,811	3,704,875
Forward sales	(1,045,462)	(25,470)	(2,406,651)	(224,783)	(3,702,366)
Net options position	0	0	0	0	0
Net long (short) position	466	618	1,555	40	2,679
Net structural position	0	0	0	0	0

VII. Liquidity	Quarter ended 31-Mar-20	Quarter ended 31-Mar-19
The average liquidity maintenance ratio (%)	40.09%	43.96%
The average core funding ratio (%)	130.13%	126.07%

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.

SECTION B - Bank Information (consolidated basis)
I. Capital and Capital Adequacy

	Basel III 31-Mar-20 A$M	Basel III 30-Sep-19 A$M
Qualifying Capital		
Tier 1		
Adjusted shareholders' equity and outside equity interests	69,273	68,780
Deductions	(12,978)	(13,559)
Tier 1 capital	56,295	55,221
Tier 2 capital	13,112	8,549
Total qualifying capital	69,407	63,770
Capital adequacy ratios (%)		
Tier 1	12.5%	13.2%
Tier 2	2.9%	2.1%
Total	15.4%	15.3%
Risk weighted assets	449,012	416,961

II. Other Financial Information	31-Mar-20 A$M	30-Sep-19 A$M
Total assets	1,149,955	981,137
Total liabilities	1,088,580	920,343
Total gross loans and advances	661,278	618,767
Total deposits and other borrowings	726,909	637,677

	31-Mar-20 A$M	31-Mar-19 A$M
Profit before income tax	2,614	4,384

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.

Karl Holden
Alternate Chief Executive of the Hong Kong Branch

30 June 2020