



Australia and New Zealand Banking Group Limited

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Financial Disclosure by Overseas Incorporated Authorised Institution

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 financial year 30 September 2018.

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.

Our services include global institutional and corporate customers in Hong Kong across three products sets: Transaction Banking, Loans & Specialised Finance and Markets.

Section A - Branch Information (Hong Kong offices only)

	<u>30-Sep-18</u> HK\$'000	<u>30-Sep-17</u> HK\$'000
I. Profit and Loss Information		
Interest income	3,132,325	2,103,530
Interest expense	(2,360,582)	(1,212,780)
Other operating income		
- Gains less losses arising from trading in foreign currencies	688,734	468,503
- Gains less losses on securities held for trading purposes	17,082	6,513
- Gains less losses from other trading activities	(265,957)	147,292
- Net fees and commission income	215,448	419,426
Less: direct income related expense	<u>0</u>	<u>0</u>
- Others	84,964	(202,807) *
Operating expenses		
- Staff and rental	(877,412)	(1,311,730)
- Others	<u>(494,599)</u>	<u>(487,051)</u>
Impairment loss and specific provision and collective provision for impaired assets	(49,319)	(51,596)
Gains less losses from disposal of property, plant and investment properties	<u>(98)</u>	(139)
Profit before taxation	90,586	(120,839)
Taxation (charge)	(26,103)	9,206
Profit after taxation	<u>64,483</u>	<u>(111,633)</u>

Remarks:

* Including impact of sale of Retail and Wealth business

II. Balance Sheet Information	30-Sep-18 HK\$'000	31-Mar-18 HK\$'000
Assets		
Cash and balances with banks (except those included in amount due from overseas offices)	11,149,819	2,695,821
Placements with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	8,367,534	1,548,493
Amount due from central banks	223,637	305,509
Amount due from overseas offices	32,600,743	40,678,772
Trade bills	2,325,761	3,425,372
Certificate of deposit held	-	-
Securities held for trading purposes	-	1,218,236
Loans and receivables		
Loans and advances to customers	49,509,836	58,689,471
Loans and advances to banks	-	667,114
Accrued interest and other accounts	46,378,483	66,729,580
Provisions for impaired loans and receivables		
- Collective	(229,555)	(211,097)
- Specific - Loans and advances	(73,661)	(119,419)
- Investment securities	0	0
Investment securities	15,433,504	15,008,040
Other investments	18,297	11,894
Property, plant and equipment and investment properties	25,500	115,808
Total assets	165,729,898	190,763,594
Liabilities		
Deposits and balances from banks (except those included in amount due to overseas offices)	5,053,311	3,546,910
Amount due to central bank	1,936	2,696
Deposits from customers		
Demand deposits and current accounts	17,878,783	14,723,179
Saving deposits	150	151
Time, call and notice deposits	41,883,601	33,852,933
Amount due to overseas offices	46,003,387	63,163,588
Issued debt securities	4,258,767	8,749,670
Other liabilities	50,649,963	66,724,467
Total liabilities	165,729,898	190,763,594

III. Additional Balance Sheet Information

	30-Sep-18 HK\$'000	31-Mar-18 HK\$'000
(i) (a) Gross impaired loans and advances to customers	73,658	119,496
Of which: Those which are individually determined to be impaired	73,658	119,496
Impaired loans and advances breakdown by major geographical areas		
<i>Hong Kong</i>	73,658	119,496
<i>Others</i>	-	-
Amount of specific provisions made for such loans and advances	73,661	119,419
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	0.15%	0.20%
(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	-
- 1 year or less but more than 6 months	972	14,548
- More than 1 year	63,925	91,827
Overdue loans and advances breakdown by major geographical areas		
<i>Hong Kong</i>	64,897	106,375
Amount of specific provisions made for such overdue loans	73,661	119,419
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	64,897	106,375
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%	0.02%
- More than 1 year	0.13%	0.16%
(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 30 Sep 2018 and 31 Mar 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:

	30-Sep-18 HK\$'000	31-Mar-18 HK\$'000
<i>Contingent Liabilities and Commitments</i>		
Direct credit substitutes	9,806,684	8,711,221
Transaction-related contingencies	3,507,617	4,076,694
Trade-related contingencies	1,212,465	3,016,173
Note issuance and revolving underwriting facilities	0	0
Other commitments	59,147,444	11,639,392
Others (including forward asset purchases, amounts owing on partly paid shares and securities, forward deposits placed, asset sales or other transactions with recourse)	-	34,986
<i>Derivatives</i>		
<i>Contract Amounts</i>		
- Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	4,315,127,874	4,109,488,563
- Interest rate contracts	3,209,995,848	3,040,399,878
- Others	0	0
<i>Fair value</i>		
- Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	980,274	1,016,486
- Interest rate contracts	(548,839)	(400,522)
- Others	0	0

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

V. Segmental Information

	30-Sep-18 HK\$'000	% covered by collateral	31-Mar-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	2,418,939	91.73%	2,339,642	78.48%
- Property investment	1,283,916	82.55%	1,654,861	86.69%
- Financial concerns	1,241,636	0.00%	3,203,935	0.00%
- Stockbrokers	0		0	
- Wholesale and retail trade	2,697,091	0.72%	3,084,859	10.12%
- Manufacturing	1,438,013	10.71%	1,362,508	29.55%
- Transport and transport equipment	1,060,777	26.13%	1,080,369	99.81%
- Electricity and gas	1,129,461	0.00%	1,016,883	15.78%
- Information technology	195,594	0.00%	0	
- Hotels, boarding houses & catering	764,173	100.00%	755,162	56.43%
- Others	7,733,215	1.86%	7,583,447	6.46%
<i>Individuals</i>				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	0		0	
- Loans for the purchase of other residential properties	12,194	0.00%	12,368	100.00%
- Credit card advances	0		0	
- Others	0		0	
Trade finance	5,491,241	3.16%	12,709,051	0.24%
Loans and advances for use outside Hong Kong	24,043,586	28.38%	23,886,386	28.51%
	<u>49,509,836</u>		<u>58,689,471</u>	
<i>Aggregate Intra-group items included in the above</i>	297,979		1,112,000	

(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>	32,803,530,362	29,733,317
<i>China</i>	7,111,500,802	17,113,486
<i>Others</i>	9,594,804,297	11,842,668
	<u>49,509,835,460</u>	<u>58,689,471</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.

HK\$ M

As at 30/09/2018

Non-Bank private sector

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank Financial Institutions</u>	<u>Non-Financial Private sector</u>	<u>Others</u>	<u>Total</u>
<u>Developed countries</u>						
Australia	32,895	2,302	0	39	72	35,308
<u>Offshore Centres</u>						
Hong Kong	2,191	5	548	9,341	0	12,085
<u>Developing Asia and Pacific</u>						
China	14,063	610	588	18,128	0	33,389

As at 31/03/2018

Non-Bank private sector

	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank Financial Institutions</u>	<u>Non-Financial Private sector</u>	<u>Others</u>	<u>Total</u>
<u>Developed countries</u>						
Australia	44,388	1	0	932	0	45,321
<u>Offshore Centres</u>						
Hong Kong	78	4	2,256	27,572	0	29,910
<u>Developing Asia and Pacific</u>						
China	4,823	1420	1102	8,429	0	15,774

(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.

	<u>30-Sep-18</u> <u>HK\$ M</u>		
	<u>On-balance sheet exposures</u>	<u>Off-balance sheet exposures</u>	
			<u>Total</u>
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%		

V. Segmental Information (cont'd)

	31-Mar-18 HK\$ M		
	On-balance sheet	Off-balance sheet exposures	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	21,045	2,854	23,899
Local governments, local government-owned entities and their subsidiaries and JVs	770	110	880
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	10,299	3,052	13,351
Other entities of central government not reported in the 1st item above	1,733	410	2,143
Other entities of central government not reported in the 2nd item above	491	102	593
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6,297	2,972	9,269
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	1,191	121	1,312
Total	41,826	9,621	51,447
Total assets after provision	190,764		
On-balance sheet exposures as percentage of total assets	21.93%		

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.

	<u>CNY</u>	<u>JPY</u>	<u>USD</u>	<u>OTH</u>	30-Sep-18 <u>Total</u>
<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	0
Net long (short) position	395	387	120	15	917
Net structural position	0	0	0	0	0

	<u>CNY</u>	<u>JPY</u>	<u>USD</u>	<u>OTH</u>	31-Mar-18 <u>Total</u>
<i>Equivalent to millions of Hong Kong Dollars</i>					
Spot assets	4,872	20,286	95,768	4,785	125,711
Spot liabilities	(6,104)	(20,291)	(94,215)	(4,303)	(124,913)
Forward purchases	1,262,233	33,891	2,006,203	297,668	3,599,995
Forward sales	(1,264,035)	(33,892)	(2,008,271)	(298,184)	(3,604,382)
Net options position	0	0	0	0	0
Net long (short) position	(3,034)	(6)	(515)	(34)	(3,589)
Net structural position	0	0	0	0	0

VII. Liquidity**30-Sep-18** **30-Sep-17***The average liquidity maintenance ratio (%)*

41.14% 39.35%

Liquidity Information Disclosures: Approach to Liquidity Risk Management

ANZ HK Branch manages its liquidity risk in accordance with ANZ Group's Liquidity Policy, which is governed by a set of principles approved by the ANZ Board Risk Committee. The Policy provides a set of guidelines for the prudent management of liquidity in the normal course of business. The Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manuals LM-1 (Regulatory Framework for Supervision of Liquidity Risk) and LM-2 (Sound Systems and Controls for Liquidity Risk Management).

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 30-Sep-18 A\$M	Basel III 31-Mar-18 A\$M
Qualifying Capital		
Tier 1		
Adjusted shareholders' equity and outside equity interests	66,588	66,524
Deductions	(14,370)	(15,399)
Tier 1 capital	52,218	51,125
Tier 2 capital	7,291	8,040
Total qualifying capital	59,509	59,165
Capital adequacy ratios (%)		
Tier 1	13.4%	12.9%
Tier 2	1.9%	2.0%
Total	15.3%	14.9%
Risk weighted assets	390,820	395,777

	30-Sep-18 A\$M	31-Mar-18 A\$M
II. Other Financial Information		
Total assets	942,624	935,116
Total liabilities	883,241	875,616
Total gross loans and advances	608,380	595,542
Total deposits and other borrowings	618,150	616,230
	30-Sep-18 A\$M	30-Sep-17 A\$M
Profit before income tax	4,539	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.



Maisie Chan
 Alternate Chief Executive of the Hong Kong Branch

28 December 2018