



Australia and New Zealand Banking Group Limited

Telephone 39182000

Hong Kong Branch

Fax 39187001

22/F., Three Exchange Square, 8 Connaught Place, Central, Hong Kong

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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 interim financial year 31 March 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 corporate banking, trade finance, treasury, retail and wealth banking services and private banking to high net worth individuals.

Section A - Branch Information (Hong Kong offices only)

	Half-year ended 31-Mar-18 HK\$'000	Half-year ended 31-Mar-17 HK\$'000
I. Profit and Loss Information		
Interest income	1,357,636	947,146
Interest expense	(936,947)	(520,977)
Other operating income		
- Gains less losses arising from trading in foreign currencies	433,830	292,854
- Gains less losses on securities held for trading purposes	5,288	(209)
- Gains less losses from other trading activities	(199,744)	145,396
- Net fees and commission income	95,553	210,318
Less: direct income related expense	<u>0</u>	<u>0</u>
- Others	47,757	(263,915) *
Operating expenses		
- Staff and rental	(449,525)	(667,506)
- Others	<u>(195,914)</u>	<u>(256,432)</u>
Impairment loss and specific provision and collective provision for impaired assets	(50,661)	(58,127)
Gains less losses from disposal of property, plant and investment properties	<u>8</u>	<u>0</u>
Profit before taxation	107,281	(171,452)
Taxation (charge)	(18,145)	15,792
Profit after taxation	<u>89,136</u>	<u>(155,660)</u>

Remarks:

* Including impact of sale of Retail and Wealth business

II. Balance Sheet Information	31-Mar-18 HK\$'000	30-Sep-17 HK\$'000
<i>Assets</i>		
Cash and balances with banks (except those included in amount due from overseas offices)	2,695,821	5,129,308
Placements with banks maturing between 1 and 12 months (except those included in amount due from overseas offices)	1,548,493	1,038,817
Amount due from central banks	305,509	358,340
Amount due from overseas offices	40,678,772	28,896,110
Trade bills	3,425,372	4,319,724
Certificate of deposit held	0	306,162
Securities held for trading purposes	1,218,236	11,553
Loans and receivables		
Loans and advances to customers	58,689,471	48,314,058
Loans and advances to banks	667,114	1,249,480
Accrued interest and other accounts	66,729,580	45,717,862
Provisions for impaired loans and receivables		
- Collective	(211,097)	(182,003)
- Specific - Loans and advances	(119,419)	(97,973)
- Investment securities	0	0
Investment securities	15,008,040	15,059,864
Other investments	11,894	9,983
Property, plant and equipment and investment properties	115,808	125,449
Total assets	190,763,594	150,256,734
<i>Liabilities</i>		
Deposits and balances from banks (except those included in amount due to overseas offices)	3,546,910	1,311,788
Amount due to central bank	2,696	1,246
Deposits from customers		
Demand deposits and current accounts	14,723,179	16,096,991
Saving deposits	151	151
Time, call and notice deposits	33,852,933	34,978,352
Amount due to overseas offices	63,163,588	39,607,142
Issued debt securities	8,749,670	12,460,353
Other liabilities	66,724,467	45,800,711
Total liabilities	190,763,594	150,256,734

III. Additional Balance Sheet Information

	31-Mar-18 HK\$'000	30-Sep-17 HK\$'000
(i) (a) Gross impaired loans and advances to customers	119,496	126,482
Of which: Those which are individually determined to be impaired	119,496	109,056
Impaired loans and advances breakdown by major geographical areas		
<i>Hong Kong</i>	119,496	107,480
<i>Others</i>	0	1,576
Amount of specific provisions made for such loans and advances	119,419	97,973
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	0.20%	0.23%
(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	4,497
- 1 year or less but more than 6 months	14,548	28,411
- More than 1 year	91,827	73,341
Overdue loans and advances breakdown by major geographical areas		
<i>Hong Kong</i>	106,375	106,249
Amount of specific provisions made for such overdue loans	119,419	96,567
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	106,375	106,249
Percentage of such loans and advances to total loans and advances to customers		
- 6 months or less but more than 3 months	0.00%	0.01%
- 1 year or less but more than 6 months	0.02%	0.06%
- More than 1 year	0.16%	0.15%
(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	1,576
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 2018 and 30 Sep 2017.		
(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-18 HK\$'000	30-Sep-17 HK\$'000
<i>Contingent Liabilities and Commitments</i>		
Direct credit substitutes	8,711,221	9,298,821
Transaction-related contingencies	4,076,694	4,773,077
Trade-related contingencies	3,016,173	1,709,423
Note issuance and revolving underwriting facilities	0	0
Other commitments	11,639,392	14,475,134
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	815,492
<i>Derivatives</i>		
<i>Contract Amounts</i>		
- Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	4,109,488,563	3,700,594,602
- Interest rate contracts	3,040,399,878	1,599,162,204
- Others	0	0
<i>Fair value</i>		
- Exchange rate contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	1,016,486	358,451
- Interest rate contracts	(400,522)	(301,311)
- 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-18 HK\$'000	% covered by collateral	30-Sep-17 HK\$'000	% covered by collateral
(i) Breakdown of the gross amount of loans and advances to customers by industry sectors:				
<i>Loans and advances for use in Hong Kong</i>				
<i>Industrial, commercial and financial</i>				
- Property development	2,339,642	78.48%	1,962,995	72.10%
- Property investment	1,654,861	86.69%	731,740	52.87%
- Financial concerns	3,203,935	0.00%	3,204,144	0.00%
- Stockbrokers	0		0	
- Wholesale and retail trade	3,084,859	10.12%	673,279	10.44%
- Manufacturing	1,362,508	29.55%	1,320,286	9.91%
- Transport and transport equipment	1,080,369	99.81%	319,461	99.11%
- Electricity and gas	1,016,883	15.78%	409,132	4.56%
- Information technology	0		0	
- Hotels, boarding houses & catering	755,162	56.43%	803,249	59.04%
- Others	7,583,447	6.46%	6,345,116	17.94%
<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	12,368	100.00%	41,984	100.00%
- Credit card advances	0		0	
- Others	0		0	
<i>Trade finance</i>	12,709,051	0.24%	13,250,568	0.18%
<i>Loans and advances for use outside Hong Kong</i>	23,886,386	28.51%	19,252,104	36.12%
	<u>58,689,471</u>		<u>48,314,058</u>	
<i>Aggregate Intra-group items included in the above</i>	<u>1,112,000</u>		<u>1,008,000</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>	29,733,317	27,407,450
<i>China</i>	17,113,486	9,650,454
<i>Others</i>	11,842,668	11,256,154
	<u>58,689,471</u>	<u>48,314,058</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 31/03/2018

	<u>Non-Bank private sector</u>					<u>Others</u>	<u>Total</u>
	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank Financial Institutions</u>	<u>Non-Financial Private sector</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	1,420	1,102	8,429	0		15,774

As at 30/09/2017

	<u>Non-Bank private sector</u>					<u>Others</u>	<u>Total</u>
	<u>Banks</u>	<u>Official Sector</u>	<u>Non-Bank Financial Institutions</u>	<u>Non-Financial Private sector</u>			
<u>Developed countries</u>							
Australia	32,220	0	0	365	0		32,585
<u>Offshore Centres</u>							
Hong Kong	888	1	2,589	25,050	0		28,528
<u>Developing Asia and Pacific</u>							
China	7,619	260	235	3,797	0		11,911

(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>31-Mar-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)	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%

V. Segmental Information (cont'd)

	<u>On-balance sheet</u>	<u>Off-balance sheet exposures</u>	<u>30-Sep-17 HK\$ M</u> <u>Total</u>
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	18,049	1,482	19,531
Local governments, local government-owned entities and their subsidiaries and JVs	727	93	820
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,535	3,835	9,370
Other entities of central government not reported in the 1st item above	1,040	562	1,602
Other entities of central government not reported in the 2nd item above	257	39	296
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	5,941	3,054	8,995
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	515	515
Total	31,549	9,580	41,129
Total assets after provision	150,257		
On-balance sheet exposures as percentage of total assets	21.00%		

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>USD</u>	<u>OTH</u>	<u>31-Mar-18 Total</u>
<i>Equivalent to millions of Hong Kong Dollars</i>				
Spot assets	4,872	95,768	25,071	125,711
Spot liabilities	(6,104)	(94,215)	(24,594)	(124,913)
Forward purchases	1,262,233	2,006,203	331,559	3,599,995
Forward sales	(1,264,035)	(2,008,271)	(332,076)	(3,604,382)
Net options position	0	0	0	0
Net long (short) position	(3,034)	(515)	(40)	(3,589)
Net structural position	0	0	0	0

	<u>CNY</u>	<u>USD</u>	<u>OTH</u>	<u>30-Sep-17 Total</u>
<i>Equivalent to millions of Hong Kong Dollars</i>				
Spot assets	3,248	68,366	20,362	91,976
Spot liabilities	(2,213)	(70,991)	(19,189)	(92,393)
Forward purchases	1,353,517	1,812,152	219,656	3,385,325
Forward sales	(1,359,143)	(1,804,524)	(220,902)	(3,384,569)
Net options position	0	0	0	0
Net long (short) position	(4,591)	5,003	(73)	339
Net structural position	0	0	0	0

VII. Liquidity

31-Mar-18

31-Mar-17

The average liquidity maintenance ratio (%)

37.79%

37.46%

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 36 – 61 of the 2017 Annual Report.

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

	Basel III 31-Mar-18 AS\$M	Basel III 30-Sep-17 AS\$M
Qualifying Capital		
Tier 1		
Adjusted shareholders' equity and outside equity interests	66,524	66,582
Deductions	(15,399)	(17,258)
Tier 1 capital	51,125	49,324
Tier 2 capital	8,040	8,669
Total qualifying capital	59,165	57,993
Capital adequacy ratios (%)		
Tier 1	12.9%	12.6%
Tier 2	2.0%	2.2%
Total	14.9%	14.8%
Risk weighted assets	395,777	391,113


II. Other Financial Information	31-Mar-18 AS\$M	30-Sep-17 AS\$M
Total assets	935,116	897,326
Total liabilities	875,616	838,251
Total gross loans and advances	595,542	584,091
Total deposits and other borrowings	616,230	595,611

	31-Mar-18 AS\$M	31-Mar-17 AS\$M
Profit before income tax	5,356	4,546

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

22 June 2018