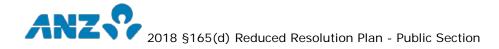


Australia and New Zealand Banking Group Limited 2018 §165(d) Reduced Resolution Plan

PUBLIC SECTION



(i) Public Section Executive Summary

Requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Section 165(d) of the Dodd-Frank Act ("DFA") and its implementing rules require, among other things, that any company covered by section 165 (d) is required to produce a resolution plan to provide for such company's rapid and orderly resolution in the event of material financial distress or failure. This is the Public Section of the 2016 Reduced Resolution Plan (the "Resolution Plan") for Australia and New Zealand Banking Group Limited ("ANZBGL"). The implementing rules (collectively, the "Rule") were jointly issued by the Federal Reserve Board (the "Board"), codified at 12 C.F.R. Part 243, and the Federal Deposit Insurance Corporation (the "FDIC" and together with the Board, the "Agencies"), codified at 12 C.F.R. Part 381, on November 1, 2011. In the United States, ANZBGL is regulated by the Office of the Comptroller of Currency (OCC) as a Foreign Banking Organization, and is supervised by the Board as a Financial Holding Company. Because ANZBGL's total consolidated global assets exceed \$50 billion, it is a "covered company" under Regulation QQ and must submit a resolution plan that covers its U.S. operations.

Under the requirements of the Rule, Covered companies are required to assess their U.S. banking operations for the presence of "Material entities", "Critical operations", and "Core business lines". ANZBGL performed this assessment and determined that were no "Material Entities", "Critical operations" or "Core business lines", each term as defined in the Rule. Therefore, the focus of this Resolution Plan is the orderly resolution of the New York Branch ("ANZ NYB") as an extension of the covered company, ANZBGL, in the U.S.

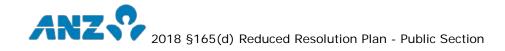
ANZBGL met the criteria for, and filed, tailored resolution plans in 2013, 2014, and 2015 using the model template pursuant to exemptions granted by the Board and the FDIC. In 2016, ANZBGL qualified to file a Reduced Resolution Plan pursuant to conditions established by the Board and the FDIC, including the following: (i) ANZBGL's total U.S. assets are below \$50 billion, and (ii) ANZBGL has not experienced a "Material Event" as specified in 12 C.F.R. section 234.3(b)(2). By letter dated September 28, 2017, ANZBGL was notified by the Board and the FDIC that the 2017 filing date was extended to December 2018.¹

Description of ANZBGL

ANZBGL is a public company limited by shares, incorporated in Australia. Its principal ordinary share listing and quotation is on the Australian Securities Exchange ("ASX") and its ordinary shares are quoted on the New Zealand Stock Exchange ("NZX"). ANZBGL's registered office, and head office, is located in Melbourne, Australia. ANZGBL also operates through its subsidiaries and branches in a number of other countries, including the United Kingdom and the United States of America and across Asia.

ANZBGL reported its annual results for fiscal year end on September 30, 2018. The Statement of Consolidated Financial Position at September 30, 2018 is set forth in the Annex below. ANZBGL's long-term credit ratings are as follows: Moody's Investor Service, Aa3, Standard & Poor's, AA-, and Fitch Ratings, AA-.

¹ As the letter explains, this extension "will align the cycle for the Covered Company's next filing with that of other resolution plan filers".



Overview of the New York Branch

ANZ NYB has no retail customers and its deposits are not insured by the Federal Deposit Insurance Corporation. ANZ NYB's business lines include:

Global Loans: provides lending facilities to institutional customers (e.g. multinational corporate clients, financial institutions and governments).

Global Markets: provides a full range of integrated specialist services including risk management in foreign exchange, currency options, credit and interest rate derivatives and fixed-income capital funding to corporate and institutional customers. It accepts wholesale deposits that are used to fund lending by the other business units. It also has a Balance Sheet Management function to manage liquidity and interest rate risk for the Branch.

Transaction Banking: provides trade finance products including trade loans, standby letters of credit, and other trade related guarantee products for customers trading in commodity flows in and out of the Americas and the Asia-Pacific region, as well as exports to and from Australia and New Zealand.

ANZ NYB's team supports trade and investment flows between clients in the United States with Australia, New Zealand and Asia. Through ANZ NYB, clients receive access and expertise in the key global financial markets.

(ii) <u>Consolidated or segment financial information regarding assets, liabilities, capital and major funding sources</u>

The ANZ group Statement of Consolidated Financial Position in AUD at September 30, 2018, its fiscal year end, is set forth in the Annex.

(iii) A description of derivative activities and hedging activities

Derivatives are not a material component of ANZ NYB's balance sheet. In the case of collateralized derivatives positions, the collateral is pledged pursuant to ISDA Credit Support Annex (CSA) agreements with swap counterparties. Collateral is managed by ANZBGL in Melbourne with secondary management in London.

(iv) A list of memberships in material payment, clearing and settlement systems

ANZ NYB is not a member of any material payment, clearing or settlement system other than Swift.

(v) A description of foreign operations

ANZBGL has no foreign operations that would be material to the resolution of ANZ NYB.

(vi) The identities of material supervisory authorities

ANZ NYB is supervised by the following authorities:

(1) OCC; and



(2) Federal Reserve Bank of New York.

In Australia, ANZBGL is supervised by

- (1) The Australian Prudential Regulatory Authority ("APRA"), the statutory authority overseeing banks, credit unions, building societies, and parts of the insurance industry; and
- (2) The Reserve Bank of Australia.

(vii) The identities of the principal officers of ANZ NYB

- (1) Grant Knuckey, Chief Executive Officer
- (2) Alexander Karpukhin, Chief Financial Officer
- (3) Michael Clarke, Head of Operations
- (4) Andrew Heathwood, Chief Risk and Compliance Officer

(viii) A description of the corporate governance structure and processes related to resolution planning

The 2018 Resolution Plan was subject to review by senior management at ANZ NYB and ANZBGL and then endorsed for review and approval by the ANZBGL Credit and Markets Risk Committee, the senior body with delegated authority for this purpose from the ANZBGL Board Risk Committee. The delegation of authority by the ANZBGL Board Risk Management Committee is consistent with its role as advisor to the Board of Directors with respect to business, market, credit, equity and other investment, financial, operational, liquidity and reputational risk management and for the management of ANZBGL compliance obligations.

(ix) A description of material management information systems

ANZ NYB uses several material management information systems to process and record ANZBGL's transactions; process Swift payments; capture and report derivatives trades as well as related risk management; manage client and country risk limits and exposures; and calculate counterparty credit risk for customers and accounts.

(x) A description, at a high level, of the covered company's resolution strategy, covering such items as the range of potential purchasers of the covered company, its Material entities and Core business lines.

The resolution of ANZ NYB will, on the basis of a 'jump to default' assumption, be a relatively straightforward receivership whereby assets will be liquidated and distributions made to creditors.

Upon determination and issuance of a declaration of insolvency, the OCC will appoint a receiver to take possession of all U.S. assets of ANZBGL, including those not owned by ANZ NYB. The commencement of a receivership will not affect the rights of parties to secured transactions, who will retain the right to liquidate collateral in which they have a secured interest. Any balances remaining after satisfaction of their claims must be transferred to the receiver.



After taking possession, the receiver is responsible for the orderly liquidation of ANZBGL's assets within the United States financial system. In connection with this liquidation, notice must be sent to those that may have a claim against ANZ NYB. Claims may be proven to the OCC's satisfaction, or where parties disagree, adjudicated in a court of competent jurisdiction. Either way, the validity and credibility of claims would be assessed as if ANZ NYB were a separate entity apart from the foreign parent. The receiver must then make pro rata distributions, respecting the general principles of debtor/creditor law, to parties determined to have valid claims against ANZ NYB. After all claims are satisfied, excess proceeds are returned to ANZBGL's home office for treatment under Australia's resolution framework. One of the potential challenges of the receivership may be liquidating assets due to the potential for competing claims arising from the cross-border nature of ANZBGL's business.



Annex: Australia and New Zealand Banking Group Limited, Consolidated Statement of Financial Position at September 30, 2018

•	AUD'm
Assets	
Cash	84,636
Settlement balances owed to ANZ	2,319
Collateral paid	11,043
Trading securities	37,722
Derivative financial instruments	68,423
Available-for-sale assets	74,284
Net loans and advances	603,938
Regulatory deposits	882
Assets held for sale	45,248
Investments in associates	2,553
Current tax assets	268
Deferred tax assets	900
Goodwill and other intangible assets	4,930
Premises and equipment	1,833
Other assets	3,645
Total assets	942,624
Liabilities	
Settlement balances owed by ANZ	11,810
Collateral received	6,542
Deposits and other borrowings	618,150
Derivative financial instruments	69,676
Current tax liabilities	300
Deferred tax liabilities	59
Liabilities held for sale	47,159
Payables and other liabilities	6,788
Employee entitlements	540
Other provisions	1,038
Debt issuances	121,179
Total liabilities	883,241
Net assets	59,383
Shareholders' equity	
Ordinary share capital	27,205
Reserves	323
Retained earnings	31,715
Share capital and reserves attributable to shareholders of the Company	59,243
Non-controlling interests	140
Total shareholders' equity	59,383