



Australia and New Zealand Banking Group Limited

§165(d) US Reduced Resolution Plan

Public Section

June 2022

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, any company covered by that section to produce a resolution plan to assist with such company’s rapid and orderly resolution in the event of material financial distress or failure. The implementing rules (collectively, the “Rule”) were jointly issued by the Federal Reserve System (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.

This is the Public Section of the 2016 Reduced Resolution Plan (the “Resolution Plan”) for Australia and New Zealand Banking Group Limited (“ANZBGL”).

In the United States, ANZBGL is regulated by the Federal Reserve System (“FRS”) as a Foreign Banking Organization, and is supervised by the Federal Reserve Board as a Financial Holding Company. ANZBGL’s consolidated global assets exceed \$250 billion, and it is therefore a “Covered Company” under Regulation QQ and must submit a Reduced Resolution Plan that covers its U.S. operations, on a triennial basis.

Under the requirements of the Rule, covered companies are required to assess their U.S. banking operations for the presence of “Critical operations”, “Core business lines” and “Material entities”. ANZBGL performed this assessment and determined that there were no Critical operations, Core business lines or Material Entities as defined in the Rule.

Therefore, the focus of this Resolution Plan is the orderly resolution of the New York Branch only (“ANZ NYB”) as an extension of the covered company, ANZBGL, in the U.S.

Description of the Covered Company and its US operation

ANZBGL, or the Covered Company, is a public company incorporated and domiciled in Australia. ANZBGL provides banking and financial services to individuals and business customers and operates in and across 32 markets, including the US, the UK and Europe and across Asia and Pacific.

Its principal ordinary share listing is on the Australian Securities Exchange (“ASX”) and the New Zealand Stock Exchange (“NZX”). ANZBGL’s long-term credit ratings are as follows: Moody’s Investor Service Aa2; Standard & Poor’s AA-; and Fitch Ratings A+.

ANZBGL reported its audited annual results for fiscal year ending on September 30, 2021, showing total consolidated assets for ANZ Group of AUD 978.9bn, net profit for the year of AUD 6.2bn (equivalent to approximately \$705bn and \$4.5bn at then prevailing AUD/USD spot rate of 0.72), and Common Equity Tier 1 Ratio and Total Capital Ratio of 12.3% and 18.4%, respectively, on the full Basel III basis. Refer *Appendix 1 – ANZBGL Consolidated Statement of Financial Position* for the balance sheet.

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, the Central Bank of Australia.

Overview of the New York Branch

ANZBGL’s New York office was opened in December 1968 and today operates as a licensed branch in New York (“ANZ NYB”), chartered by the Office of the Comptroller of the Currency (“OCC”). The main focus of the ANZ NYB’s activity is specialist strategic and financial advisory services to major companies, institutions and governments. Working as an offshore partner with ANZBGL’s key clients, the New York-based team supports trade and investment flows between clients in America with Australia, New Zealand and Asia. Through ANZ, clients receive access and expertise in the key global financial markets.

ANZ NYB has no retail deposits and is not insured by the FDIC.

ANZ NYB operates under the Institutional division of the Covered Company and offers a narrow selection of products and services to its customers that meet divisional strategy criteria, with limited trading activities with financial institutions counterparts. ANZ NYB is broadly aligned to customer segments comprising Corporate and Financial Institutions Group.

ANZ NYB operates three business lines: Corporate Finance (Global Loans), Transaction Banking and Markets.

- Corporate Finance: provides loan products, including structured asset financing.
- Transaction Banking: provides working capital and liquidity solutions, including supply chain financing, letters of credit, guarantees and other trade related products.
- Markets: provides risk management services on foreign exchange, interest rates, and capital markets products. It also has a Balance Sheet Management desk that covers treasury function to fund ANZ NYB by accepting wholesale deposits and to manage liquidity risk and interest rate risk in the local balance sheet.

ANZ NYB also is an important divisional funding and liquidity management hub especially for USD.

In general, ANZ NYB targets to bank large multinational corporations of investment grade headquartered in the US, and North America.

Other relevant considerations to banking activities

The markets trading and sales activity conducted by ANZ NYB is executed and recorded under and in the legal name of ANZBGL in Melbourne, Australia, with some exceptions such as hedging the local balance sheet.

ANZ NYB does not carry traded market risk positions. ANZ NYB's transacting in derivatives is generally restricted to hedging its own balance sheet exposure.

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

Identities of principal officers of ANZ NYB

As of June 2022, the following were the principal officers of ANZ NYB:

- Country Head – Paul Goodwin
- Chief Financial Officer – Alexander Karpukhin
- Chief Operations Officer – John Ewart
- Chief Risk and Compliance Officer – Lia Mirovics

Internal and External Systems

ANZ NYB uses a limited number of external systems reflective of its business model, to facilitate settlements related to its core banking activities. Key systems are SWIFT and Fedwire Funds Service. ANZ NYB is not a direct member of any exchange or similar establishments.

Principal internal core banking product systems, that capture and process executed transactions, align with the business lines and include:

- Corporate Finance: **Loan IQ** [transitioning to from MIDAS]
- Transaction Banking: **Trade360**
- Markets: **Murex**

The applications listed above are industry standard products widely used by other market participants for their qualities.

Transactional level data from the underlying banking platforms flow into various systems and applications and databases, for risk management and reporting, financial and prudential reporting, customer profitability reporting etc.

Resolution strategy description

The resolution of ANZ NYB will be a straightforward receivership whereby assets will be liquidated and distributions made to third-party creditors. This resolution strategy assumes that ANZBGL does not pursue a voluntary dissolution, divestiture, or sale of ANZ NYB – a branch - in the event of financial distress. A straightforward liquidation of ANZ NYB’s assets is deemed as the preferred approach against the nature and structure of the local operation and the composition of its assets. This approach also reduced dependency on cross-border cooperation among regulators.

Upon determination and issuance of a declaration of insolvency, the OCC will appoint a receiver to take possession of all assets of ANZ NYB. After taking possession, the receiver is responsible for the orderly liquidation of the assets within the United States financial system. Once all third-party claims are satisfied, because the ANZBGL does not have any other U.S. branches, excess proceeds are returned to ANZBGL’s home office for treatment under Australia’s resolution framework.

As noted in the plan, one of the potential challenges of the receivership may be liquidating assets due to the potential for competing claims due to the cross-border nature of ANZ NYB’s business, since it also is an important divisional funding and liquidity management hub taking deposits and providing lending to other branches of ANZBGL. In this regard, ANZBGL would likely act as a “clearing house” for outstanding international claims against ANZBGL’s international branches, under its home resolution regime.

Annex:

Australia and New Zealand Banking Group Limited, Consolidated Statement of Financial Position in the functional currency, which is Australian dollar, accompanied by a convenience translation into USD using FX exchange rate of 0.72 prevailing on the same date:

	30 Sep 21	USD equivalent
	AUD'million	USD'million
Assets		
Cash and cash equivalents	151,260	108,907
Settlement balances owed to ANZ	7,530	5,422
Collateral paid	9,166	6,600
Trading securities	44,688	32,175
Derivative financial instruments	38,736	27,890
Investment securities	83,126	59,851
Net loans and advances	629,719	453,398
Regulatory deposits	671	483
Investments in associates	1,972	1,420
Current tax assets	57	41
Deferred tax assets	2,339	1,684
Goodwill and other intangible assets	4,124	2,969
Premises and equipment	2,734	1,968
Other assets	2,735	1,969
Total assets	978,857	704,777
Liabilities		
Settlement balances owed by ANZ	17,427	12,547
Collateral received	5,657	4,073
Deposits and other borrowings	743,056	535,000
Derivative financial instruments	36,035	25,945
Current tax liabilities	419	302
Deferred tax liabilities	70	50
Payables and other liabilities	8,647	6,226
Employee entitlements	602	433
Other provisions	2,214	1,594
Debt issuances	101,054	72,759
Total liabilities	915,181	658,930
Net assets	63,676	45,847
Shareholders' equity		
Ordinary share capital	25,984	18,708
Reserves	1,228	884
Retained earnings	36,453	26,246
Share capital and reserves attributable to shareholders of the Company	63,665	45,839
Non-controlling interests	11	8
Total shareholders' equity	63,676	45,847