

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ19QW: Loans—Non-monetary default clauses

Please advise the number of times that you have made formal use of non-monetary default clauses, of any kind, for loans of less than \$5M, and \$3M, in 2014/15 and 2015/16.

Answer: A total of 116 customers were identified as being in some form of ANZ enforced insolvency administration as at 31 March 2015*. [*Not all of these appointments were made during the 2014/2015 financial year].

Of the 116 customers identified, 113 were in monetary default at the time of ANZ enforcement and the monetary default was relied upon to take possession of property held as security by ANZ. Of the remaining three customers, one was a large Institutional customer and two were Business Banking customers, where there were specific and compelling reasons for ANZ to take action following the occurrence of other significant defaults (for example, the appointment of a receiver by another financier).

ANZ has updated its procedures to introduce more senior oversight and approval requirements before any enforcement action can be initiated and we are not aware of any instance during the ANZ financial year 2015/2016 where ANZ has used a non-monetary default to take enforcement action against a customer in its Corporate and Commercial loan portfolios.