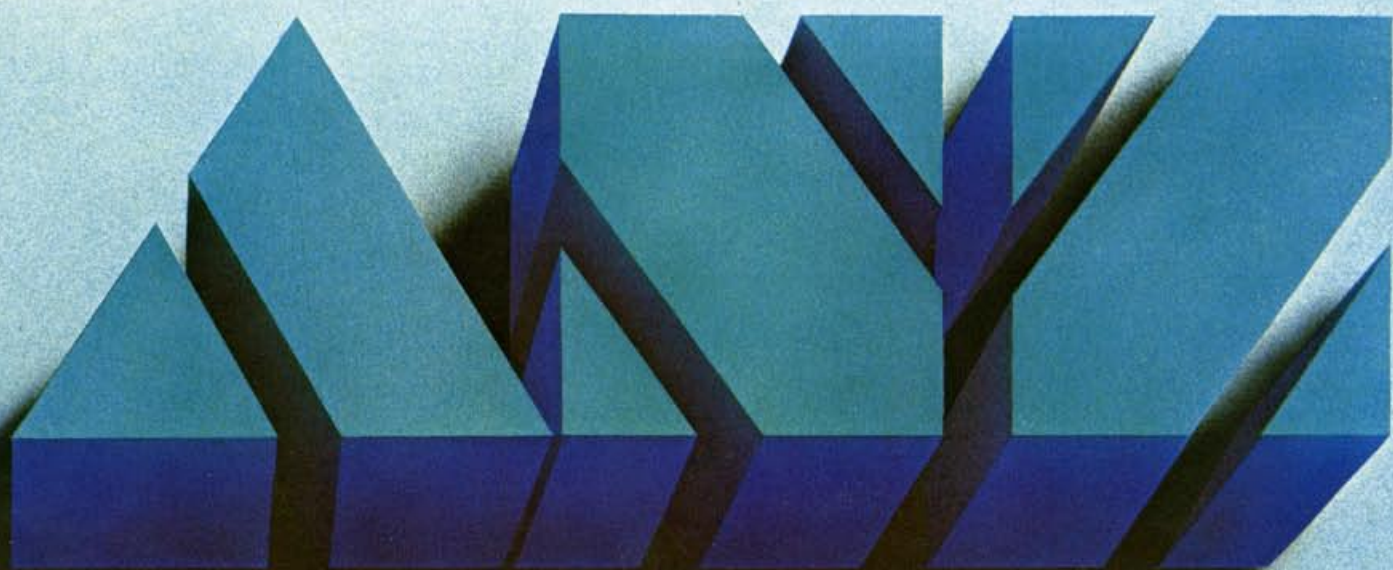

**Australia and New Zealand
Banking Group Limited**

Annual Report

1981



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Sir Ian McLennan, K.C.M.G., K.B.E.

As announced previously, Sir Ian McLennan will retire from the board at the annual general meeting on 18th January, 1982. The board wishes to thank Sir Ian for his major contribution to the Bank's affairs since he was appointed a director in May, 1976.

Sir Ian was appointed chairman in October, 1977 and we are grateful for the leadership he has provided since then. He has presided over a period of great progress by ANZ. The board, on behalf of the Bank's management and staff, wish Sir Ian and Lady McLennan well for the future.

Notice of Meeting

The annual general meeting will be held at the 46th Floor, ANZ Tower, 55 Collins St., Melbourne at noon on Monday, 18th January, 1982. Further information about the meeting is contained in a separate Notice of Meeting, enclosed with this report.

A summary of the Chairman's address to the annual general meeting will be published in *The Australian Financial Review* and *The Australian* on 19th January, 1982. Copies of the address will be available from:
Public Relations Department — 55 Collins St., Melbourne.
Public Relations — 55 Gracechurch Street, London.
Branch Banking Services Department—ANZ Banking Group (New Zealand) Ltd — 27-35 Mercer St., Wellington, New Zealand.
A copy of the Bank's 1981 Report to Staff is available to any shareholder on request to any of the three points listed above.

Financial Calendar

Results

First half:	Announced 4th May, 1981
Full year:	Announced 16th November, 1981
Annual Report:	Circulated 17th December, 1981
Annual General Meeting:	To be held in Melbourne on 18th January, 1982

Dividends

Interim:	Announced 4th May, 1981 Paid 1st July, 1981
Recommended final:	Announced 16th November, 1981 To be paid 22nd February, 1982

Administrative Headquarters and Registered Office:

55 Collins Street, Melbourne, Victoria, 3000
Telephone number: (03) 658 2955

Secretary: L. C. Graham

Controller: D. T. Craig

Solicitors: Blake & Riggall

Auditors: Peat, Marwick, Mitchell & Co.

Board Changes

There were several board changes during the year. Sir John Holland retired as a director in August, 1981 to enable him to concentrate on his community affairs commitments, particularly his positions as Chairman of the Citizens' Council for the 150th Anniversary Celebrations of Victoria and the Victorian Council of the Bicentennial Authority. Sir John was a member of ANZ's first Australian board, formed in 1976, and the board acknowledges the valuable contribution he made during his term as a director. Lord Remnant retired from the board at the last annual meeting, in January, 1981. He was the bank's longest-serving director, having joined the board in 1969 and we thank him for his distinguished service. Mr. R. T. Brunskill and Mr. A. G. Kilpatrick, senior executives of the bank, were appointed directors in October, 1981. Mr. Brunskill is general manager—branch banking and Mr. Kilpatrick is general manager—corporate banking. A warm welcome is extended to them both. In June, 1981 Sir Laurence Muir was created a Knight Bachelor, for distinguished community service. The board congratulates Sir Laurence on this well deserved honour. The board also congratulates Mr. E. H. Burgess, who was awarded an Order of the British Empire in the December, 1980 honours list, for services to commerce and the community.

Australia and New Zealand Banking Group Limited

The Year in Brief

- Increase of 29.0 per cent in group operating profit after tax to \$175.4 million.
- Increase of 37.3 per cent in group operating profit and extraordinary items to \$204.6 million.
- Announcement of a proposed one-for-five bonus issue to be made by capitalising part of the asset revaluation reserve.
- Increase in dividend payments by 43.1 per cent to \$53.46 million. Dividends will be received by approximately 37,500 shareholders.
- Provision made for a \$11.15 million distribution under the staff profit sharing scheme, compared with \$8.37 million in 1980.
- Transfer of the banking business of The Bank of Adelaide effected on 1st October, 1980.
- Increase from 25 per cent to 40 per cent in the Bank's shareholding in Australian International Finance Corporation Ltd., the Melbourne-based merchant bank.
- Successful launching of two major new banking services in Australia — the Blue Ribbon service and Access savings accounts.
- Opening of two new points of representation in the USA — a branch in Chicago and a representative office in Houston, both firsts by an Australian bank.
- The Bank earned the top commercial paper credit rating in the USA and issued its first commercial paper in New York.

Financial Highlights

	1981	1980	% Change
FOR THE YEAR (\$'000)			
Group operating profit	175,395	135,991	+29.0
Including			
— Australian Trading Bank (excluding dividends)	78,283	56,960	+37.4
— Australian Savings Bank	27,802	24,898	+11.7
— New Zealand Group (excluding minority interests)	16,084	10,842	+48.3
— Esanda	33,885	30,737	+10.2
— Finance Corporation of Australia	12,750	7,612	+67.5
Group operating profit and extraordinary items	204,642	149,061	+37.3
Dividends paid	53,463	37,355	+43.1
Number of times dividend covered by profits	3.28	3.64	
Return on shareholders' funds	18.9%	17.3%	
PER SHARE			
Dividend — declared rate	28.0c	24.0c	
Earnings			
— on capital at end of year	101.0c	98.2c	
— adjusted for 1980 bonus issue	101.0c	78.6c	
Net assets			
— on capital at end of year	\$5.34	\$5.67	
— adjusted for 1980 bonus issue	\$5.34	\$4.54	
AT YEAR END (\$'000)			
Issued capital	173,693	138,463	+25.4
Shareholders' funds	928,182	784,997	+18.2
Total external liabilities (excluding minority interests)	15,820,116	13,662,693	+15.8
Ratio of external liabilities to shareholders' funds	17.0:1	17.4:1	
Total assets	16,763,392	14,460,670	+15.9
THE ORGANISATION			
Number of shareholders	37,462	36,052	
Number of employees	23,778	22,869	
Points of representation	1,392	1,402	

The Company

The history of ANZ Bank dates back to 1835, when the Bank of Australasia was established in London by Royal Charter.

Since then a series of mergers, plus natural growth, have made ANZ one of the biggest companies in Australia and among the top 100 banks in the world. At 30th September, 1981 group assets totalled \$16.8 billion.

Australia and New Zealand Banking Group Ltd was incorporated in October, 1969 to facilitate the merger of the ANZ and ES&A Banks. The merger became effective in October, 1970. ANZ Bank had itself resulted from the merger in 1951 of the Bank of Australasia and the Union Bank of Australia, formed in 1837. The Bank of Adelaide and its wholly-owned subsidiary, Finance Corporation of Australia (FCA) were acquired in November, 1979.

ANZ transferred its domicile from England to Australia in 1976. At the time of the transfer only about three per cent of the company's shares were registered in Australia, although the majority of ANZ business was conducted there. Today, about 71 per cent of the shares are registered in Australia, with 28 per cent in the United Kingdom and one per cent in New Zealand.

The Bank's affairs are substantially managed by Australians. The board of directors comprises 11 Australians and one New Zealander. World-wide staff total 23,778 and of these 19,543 are in Australia.

The group is proud of the contribution it has made to the economic development of Australia and New Zealand over nearly 150 years. Today, there are 1,365 ANZ points of representation throughout the two countries. In New Zealand the business is conducted through a locally-incorporated subsidiary in which the public has a 25 per cent interest.

There are substantial banking operations in the United Kingdom, USA, Hong Kong, Singapore, Papua New Guinea and the Pacific Islands, plus a representative office in Tokyo.

ANZ provides general finance facilities through Esanda and FCA in Australia, and UDC in New Zealand. Other financial services include travel, general insurance agency, investment, nominee and Bankcard. Merchant banking facilities are provided through the 40 per cent-owned affiliate, AIFC in Australia and through the subsidiary company UDC Mercantile Securities in New Zealand. The Bank has links with correspondent banks throughout the world.

The Company's Objectives

The basic objective of Australia and New Zealand Banking Group Limited is to provide a comprehensive range of financial and related services and so earn profits which service adequately the investment of shareholders and ensure the Bank's continued growth.

In pursuit of this objective the Bank aims to:

- ensure that its performance in all facets of its operations is of the highest order
- develop, in addition to a comprehensive range of Australian and New Zealand activities, a substantial international presence and competence
- maximise contributions from its key resources of personnel, machines, branch representation and capital
- be innovative, progressive and responsive to the needs of its customers within the framework of community restraints and prudent risks, bearing in mind its responsibilities as a custodian of others' funds.

In recognition of its responsibilities as a corporate citizen, the Bank aims to:

- pursue personnel policies which recognize the aspirations and performance of individuals and which are suited to the diverse levels of skills required and the many career paths available in the Bank
- have full regard to the attitudes and expectations of the community at large and contribute, as appropriate, to the formulation of community attitudes and opinions
- act as a reputable, efficient and responsible organization in every country in which it operates.

Directors



Seated (from left to right): A. G. Kilpatrick, E. H. Burgess, J. D. Milne, Sir Ian McLennan, Sir William Vines, L. M. Papps. Standing (from left to right): D. C. L. Gibbs, G. M. Niall, C. J. Harper, R. T. Brunskill, W. J. Holcroft. Absent: Sir Laurence Muir.

Sir Ian McLennan, K.C.M.G., K.B.E. CHAIRMAN

Sir Ian is a past chairman and chief executive of BHP. Among his many interests he is president of the Australia-Japan Business Co-operation Committee and The Australian Academy of Technological Sciences and chairman of Henry Jones (IXL) Ltd. and Interscan Australia Pty. Ltd. Sir Ian is also a councillor of the Royal Agricultural Society of Victoria. Aged 72; a director since May, 1976 and chairman since October, 1977.

Sir William Vines, C.M.G. DEPUTY CHAIRMAN

Sir William is chairman of Associated Pulp and Paper Mills Ltd. and of the Sir Robert Menzies Memorial Trust. He is deputy chairman of Tubemakers of Australia Ltd., and his other directorships include Dalgety Australia Ltd. and Conzinc Riotinto of Australia Ltd. He is based in Sydney and farms in Queensland. Aged 65; a director since October, 1976 and deputy chairman since November, 1980.

J. D. Milne MANAGING DIRECTOR

Mr Milne has had 41 years' experience in banking. He is on the boards of the Bank's main subsidiaries and is a member of the Australian Manufacturing Council and the executive of the Australia-Korea Business Co-operation Committee. Aged 59; a director since April, 1980 and managing director since November, 1980.

R. T. Brunskill

Mr Brunskill joined the Bank in 1940 and was appointed general manager-branch banking in January, 1980. He is deputy chairman of Primary Industry Bank of Australia Ltd., chairman of ANZ Banking Group (PNG) Ltd. and a director of the Bank's other main subsidiaries. Aged 57; a director since October, 1981.

E. H. Burgess O.B.E.

Mr Burgess is a chartered accountant and lives in Adelaide. He was a director of The Bank of Adelaide from 1974 until September, 1980. He is chairman of Bennett & Fisher Ltd. Group, Bradford Insulation Holdings (SA) Ltd. Group and G. & R. Wills (Holdings) Ltd. and a director of Advertiser Newspapers Ltd., Bennetts Farmers Ltd. and Executor Trustee & Agency Co. of South Australia Ltd. Group. Aged 65; a director since February, 1980.

D. C. L. Gibbs

Mr Gibbs is executive chairman of Baillieu Bowring Marsh & McLennan Pty. Ltd., insurance brokers. He is also chairman of Gibbs Bright and Co. Pty. Ltd. and a director of other Australian companies and of the London merchant bank, Antony Gibbs Holdings Ltd. Aged 54; a director since February, 1979.

Unless otherwise stated directors live in Melbourne.

C. J. Harper

Mr. Harper is chairman of Vickers Australia Ltd. and a director of several other companies, including Associated Pulp and Paper Mills Ltd., Carlton & United Breweries Ltd., EZ Industries Ltd., Dulux Australia Ltd., Humes Ltd. and IBM Australia Ltd. Aged 50; a director since October, 1976.

W. J. Holcroft

Mr Holcroft is chief executive and a director of Peko-Wallsend Ltd. His other directorships include Australian Wool Corporation, Energy Resources of Australia Ltd., Caltex Australia Ltd., Gove Alumina Ltd., Gove Aluminium Finance Ltd., The Commonwealth Industrial Gases Ltd. and Royal Prince Alfred Hospital (Sydney). His background is in finance and accountancy. He lives in Sydney. Aged 59; a director since October, 1976.

A. G. Kilpatrick

Mr Kilpatrick joined the Bank in 1941 and was appointed general manager-corporate banking in November, 1980. He is chairman of Australian International Finance Corporation Ltd., the 40 per cent-owned merchant bank affiliate, and a director of the Bank's main subsidiaries. He is also a director of Australian Resources Development Bank Ltd. Aged 57; a director since October, 1981.

Sir Laurence Muir

Sir Laurence retired in 1980 as senior partner of Potter Partners. His directorships include Australian Consolidated Industries Ltd., Commercial Union Assurance Co. of Australia Ltd., Wormald International Ltd. and Melbourne FM Broadcasting Ltd. He serves on several Government bodies and a number of charitable and community organisations. Aged 56; a director since August, 1980.

G. M. Niall

Mr Niall is a solicitor and a partner in the Melbourne legal firm of Blake & Riggall. He is chairman of National Mutual Life Association of Australasia Ltd., Commonwealth Mining Investments (Australia) Ltd. and Engelhard Industries Pty. Ltd. His other directorships include Elder Smith Goldsbrough Mort Ltd., L. M. Ericsson Pty. Ltd., Volvo Australia Pty. Ltd. and Renison Goldfields Consolidated Ltd. Aged 65; a director since October, 1976.

L. M. Papps

Mr Papps lives in New Zealand and is a solicitor and senior partner in the Wellington legal firm of Bell Gully and Co. He is chairman of ANZ Banking Group (New Zealand) Ltd., U.E.B. Industries Ltd., Dalgety New Zealand Ltd., New Zealand Motor Corporation Ltd. and Odilns Ltd., and a director of N.Z. Forest Products Ltd. and other companies. Aged 62; a director since October, 1976.

Chairman's Message

This will be the last time I will be giving an annual message to shareholders and it is pleasing to report that despite economic troubles around the world and continued official restraints on banks in Australia, our bank had another successful year in 1981.

The 29.0 per cent increase in group operating profit to \$175.39 million is gratifying and maintains the tempo that has been developed in recent years.

One of the satisfying aspects of our latest profit performance is that those who made important contributions will be appropriately rewarded.

Staff, the most essential resource in our people-oriented industry, will again receive a sizeable allocation through our staff profit sharing scheme. Provision has been made for a \$11.15 million allocation this year, compared with \$8.37 million in 1980.

Our shareholders, who provide the capital which helps to support our business, will receive another increase in dividend income. The total distribution recommended is up 43.1 per cent, from \$37.35 million to \$53.46 million.

In the absence of unforeseen circumstances, the Bank expects to pay dividends at not less than the increased 1981 rate of 28 cents a share on capital to be increased by the proposed one-for-five bonus issue.

Our customers are, of course, of prime concern and the Bank strives to maintain a high standard of customer service. Increased profits in 1981 and in previous years have helped in this regard by financing improvements to ANZ branches and the introduction of new technology to our operations.

While 1981 was in most respects a successful year there were, inevitably, disappointments. Among these was our failure in April/May, 1981 to reach agreement on terms for a merger with either the Commercial Bank of Australia Ltd. or the Commercial Banking Co. of Sydney Ltd. Our board finally decided that ANZ's interests were best suited by not proceeding in either case.

We are, despite these disappointments, continuing to develop apace. We have a long term strategic plan and are working to it. This involves further overseas development — this year we opened our doors in Chicago and Houston, the first Australian bank there in each case and we are pushing ahead with the opening of new points of representation in Australia and the embracing of new technology.

Irrespective of mergers, ANZ cannot afford any complacency, especially with difficult economic conditions persisting in our main areas of operation and with the imminent additional challenge in Australia of holding our place in the more competitive banking environment that seems likely after the Campbell Inquiry. Suffice to say that I believe our management and staff will not only successfully meet these challenges but use them as springboards for further endeavours.

I hope I can be excused for introducing at this stage a note of nostalgia. As I have said already, this is the last such report I will write before my retirement from the board at the annual general meeting next January, and I want to take a brief look back.

Without doubt, the most momentous development in the Bank since I joined the board in 1976 has been the transfer of our domicile from England to Australia. It has become increasingly obvious since the transfer, effective from 1st October, 1976, that this was a wise and far-sighted move. The location of the board in Australia has greatly facilitated the development of our business.

The move also gave the Bank direct access to the Australian capital market. The resultant sharp increase in the proportion of our shares registered in Australia and the corresponding decrease in the proportion registered in the UK are seen in the graph on page seven.

The transfer of domicile has proved to be the catalyst for progress by our bank in almost every area of its activities.

Size alone is not a criterion of success. But a bank like ours, which often is competing against the biggest banks in the world, must maintain growth and profitability to survive.

As examples of ANZ's growth over the last five years, group assets have more than doubled from \$7.65 billion to \$16.76 billion and paid-up capital after the proposed bonus issue will have more than trebled from \$60.09 million to \$208.43 million. The 1981 group profit of \$175.39 million is almost four times higher than five years ago, while dividend payments will have risen more than sixfold from \$8.35 million to the \$53.46 million proposed for the latest year.

I referred earlier to the importance of our staff and of maintaining good customer service. The quality of staff training has an important bearing on work performance. The opening of our magnificent residential staff training centre in Melbourne last year is another recent highlight and is a further major step in staff development.

The staff share purchase scheme launched in 1980 also has proved to be a worthwhile initiative. Since its introduction staff have bought more than 1.5 million shares in the Bank. This can only help to strengthen their interest in and commitment to ANZ's continued progress.

Since joining the ANZ board I have met and worked with many staff and I have the highest admiration for them. I greatly enjoyed working with such capable chief executives as Mr. Mac Brunckhorst, who made such an outstanding contribution to this Bank's progress and, more recently, Mr. John Milne. But wherever I travelled, whether in Australia or overseas, I have found even the most junior staff friendly and helpful and dedicated to their work.

Having reminisced for a moment, I now want to look ahead. In the immediate future, subdued economic activity, both in Australia and overseas, will constitute a challenge. But in the longer term I am confident that our diversified range of activities in a variety of markets will prove to be the formula for success.

I think that too often Australians under-rate their own abilities. Our bank has shown by its successful expansion in recent years into major overseas centres such as New York, Los Angeles, Chicago, Hong Kong and Singapore that we can perform creditably against even the toughest competition.

It also needs to be said at this point that one reason ANZ has expanded overseas so aggressively has been to help offset the restrictive effect of a range of official constraints on our activities in Australia.

ANZ recognises that banks are one avenue through which the Australian government needs to implement its economic policies. But the burden on local banks in this regard is excessive. It is anomalous that Australian banks are controlled to a far greater degree than most other financial intermediaries operating in Australia, including the many overseas banks represented here.

We are particularly critical of the restrictions on the growth of trading bank lending in 1981-82. The uniform percentage controls to be applied to all local banks leave little room for individual management styles or initiatives. They represent a step backwards from the moves already made towards freedom for banks in certain areas and the introduction of more competition to Australian financial markets.

On balance, the future for ANZ looks bright. I am particularly pleased that Sir William Vines has accepted the board's invitation to succeed me as chairman. I have worked closely with Sir William, not only during his five years on the ANZ board, but prior to that elsewhere, and I believe the Bank is fortunate to have him to carry the ANZ flag forward in the challenging period ahead.



Chairman

Review of Operations

The Year's Results

Consolidated operating profit for the year to 30th September, 1981, excluding extraordinary items and minority interests, was \$175.39 million, an increase of 29.0 per cent on the 1980 result of \$135.99 million. Including extraordinary items totalling \$29.25 million (\$13.07 million in 1980), consolidated profit was \$204.64 million, compared with \$149.06 million in 1980. In the latest year the extraordinary items were mainly surpluses from the sale of properties of the former Bank of Adelaide and properties in London, following rationalisation of the Bank's activities there.

The main factors influencing the group's profits were:

- the strong performance of trading bank operations in Australia and New Zealand, assisted by an increased contribution from overseas centres
- a year of subdued growth by the savings bank in Australia, where interest rate controls continue to restrict the ability of the Bank to compete effectively for deposits
- in the general finance area, a satisfactory performance by Esanda Ltd., achieved under difficult operating conditions, together with a further strong increase in profits by Finance Corporation of Australia Ltd. The FCA result reflected the company's continuing recovery, helped to some extent by the availability of tax losses.

Consolidated profit came from the following sources.

	1981 \$'000	1980 \$'000	Increase %
Australian Trading Bank	78,283	56,960	37.4
Australian Savings Bank	27,802	24,898	11.7
New Zealand Group	16,084	10,842	48.3
Esanda Ltd.	33,885	30,737	10.2
Finance Corporation of Australia Ltd.	12,750	7,612	67.5
ANZ Finance (Far East) Ltd.	2,831	2,051	38.0
Australia and New Zealand Banking Group (PNG) Ltd.	1,539	959	60.5
Other subsidiary companies	2,221	1,932	15.0
Consolidated operating profit	175,395	135,991	29.0
Extraordinary items	29,247	13,070	123.8
Consolidated profit	204,642	149,061	37.3

The consolidated operating profit represents a return of 18.9 per cent on year-end shareholders' funds, compared with 17.3 per cent a year earlier. The statistical summary on page 15 shows that since 1977 this return has risen each year from its level then of 13.4 per cent. The summary also shows that over this period the ratio of external liabilities to shareholders' funds (gearing ratio) has been reduced progressively from 26.4:1 to 17.0:1. The consolidated operating profit represents a return of 1.05 per cent on year-end assets of \$16.76 billion. A year earlier the return was 0.94 per cent on assets of \$14.46 billion.

In all these instances the trends can be considered as favourable. They reflect the Bank's underlying financial strength and its capacity to retain sufficient earnings to service continued expansion, together with growth in income for shareholders. This table shows the composition of the group's income and expenditure for the last two years.

SUMMARY OF INCOME AND EXPENSES	1981 \$'000	%	1980 \$'000	%
Income				
Interest received	1,729,148		1,394,555	
Less Interest paid	1,097,023		856,602	
Net interest received	632,125	65.9	537,953	66.5
Commission and other income (including extraordinary items)	327,143	34.1	270,905	33.5
Total income	959,268	100.0	808,858	100.0
Expenses				
Salaries	266,380	27.8	242,928	30.0
Other personnel expenses	105,996	11.0	92,398	11.4
Building occupancy expenses	63,928	6.7	55,767	6.9
Other expenses	169,265	17.6	145,965	18.1
Total expenses	605,569	63.1	537,058	66.4
Income tax	143,416	15.0	117,596	14.6
Dividends	53,463	5.6	37,355	4.6
Minority shareholders' interests	5,641	0.6	5,145	0.6
Retained earnings (including reserves)	151,179	15.7	111,704	13.8
Total	959,268	100.0	808,858	100.0

Dividends

Directors recommend that a final dividend of 14 cents a share be paid to shareholders registered in the books of the company at the close of business on 25th January, 1982. New shares arising from the one-for-five bonus issue, which shareholders will be asked to approve at the annual general meeting on 18th January, 1982, will be entitled to participate in this final dividend. The dividend will be paid on 22nd February, 1982. This is later than usual, because of the additional work associated with the bonus issue.

An interim dividend of 14 cents a share was paid on 1st July, 1981.

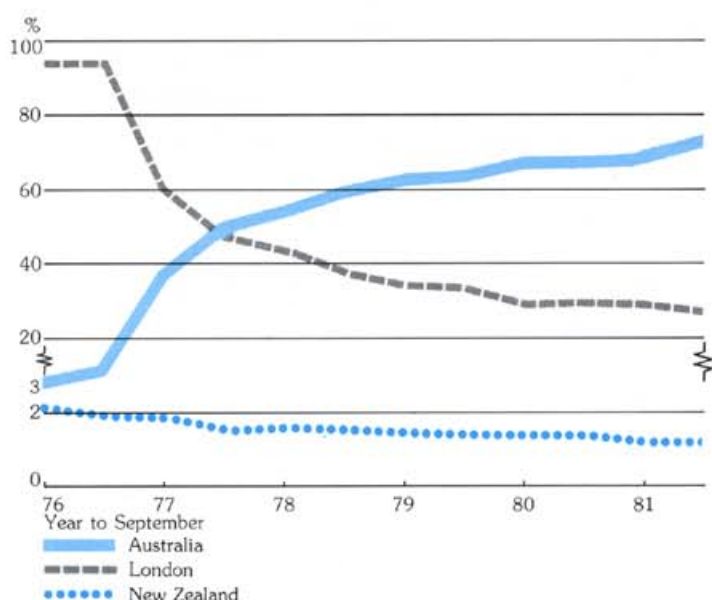
For shareholders resident outside Australia, the final dividend is subject to Australian withholding tax, deductible at source. United Kingdom resident shareholders on the London register will be paid the sterling amount, subject to a further deduction (currently 15 per cent) in respect of United Kingdom tax. The final dividend to shareholders on the London and Wellington registers will be converted at the exchange rate current at 25th January, 1982.

Inflation Accounting

The Bank is mindful of requests from accounting bodies to publish current cost accounting information on a supplementary basis. However, it is considered premature to take that course of action until there is a clear indication of acceptance in Australia of the principles of current cost accounting and until an acceptable accounting standard is formally adopted.

Developments locally and overseas are under notice and the Bank will continue to support the efforts of accounting bodies to resolve the problems surrounding inflation accounting.

Distribution of Shareholdings between Registers



ANZ in the Community

The Bank has always recognised that it has a social as well as an economic function to perform in the communities where it conducts business. ANZ seeks to satisfy its responsibilities as a corporate citizen by supporting a wide range of community activities. These include sponsorships, donations to charitable and other worthwhile causes and encouragement to our staff to join community service groups.

Operations in Australia

One of the major events of 1981 was the release of the final report of the Committee of Inquiry into the Australian Financial System — the Campbell Inquiry. The report was eagerly awaited, coming as it did 44 years after the last major inquiry into the finance system. At the time of preparation of this annual report, the Committee's recommendations had only just been tabled. ANZ endorses the Committee's major line of argument that financial markets operate most effectively with minimum official regulation.

There were further moves during the year under review to reduce the range of controls on the banking system. However, our bank believes the Australian banking system still is excessively constrained by official restrictions and the business of both our trading and savings banks was again adversely affected as a result. In December, 1980, banks welcomed the abolition of controls on interest rates payable on trading and savings bank deposits (except certificates of deposit, which were already free of controls). But the significance of this initiative was limited because of the retention of controls over the rates banks may charge for loans under \$100,000.

Banks, like any other businesses, need to maintain a reasonable margin between their costs and the price consumers pay for their product. While banks' prices (lending rates) are controlled in the under \$100,000 category, there is obviously a limit to the extent they can allow their major cost (deposit rates) to rise. In this situation it is also obvious that if banks cannot offer sufficiently attractive deposit rates to enable them to compete in the market

place with other borrowing institutions, their inflow of deposits and capacity to lend to personal and small business customers will be adversely affected.

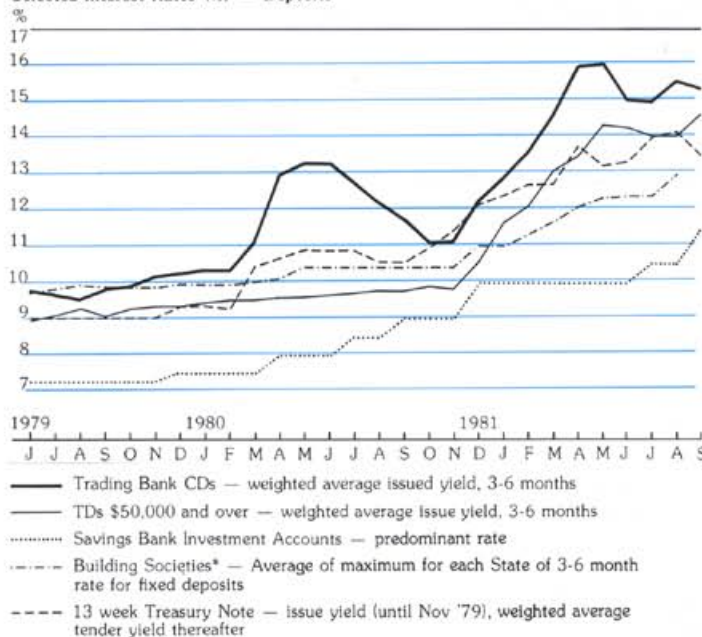
It should be emphasised that although banks are not subjected to official controls in setting interest rates on loans over \$100,000, the competitive nature of the market place exerts a real discipline in this area. For example, since July, 1981 our bank has seen fit to maintain a competitive edge by holding its prime rate for overdrafts over \$100,000 at 15.5 per cent.

Trading Bank

For most of 1980, market interest rates were generally above the permissible maximum term deposit rates for trading banks, so competition for funds was in the area of certificates of deposit. With controls on deposit rates abolished in December, 1980, banks were able to lift their term deposit rates quickly to competitive levels and thus reduce dependence on certificates of deposit. In ANZ, certificates of deposit outstanding fell by \$495 million between September, 1980 and September, 1981, while, over the same period, large term deposits (of \$50,000 and over) rose by \$671 million.

With increasing competition for savings, the ability to offer higher interest rates was also used by trading banks to attract depositors into term deposits under \$50,000. Major trading bank (MTB) term deposits under \$50,000 increased in importance as a contributor to total MTB deposits and ANZ participated strongly in this market. Our very good growth in volume and share of market was aided by the introduction of monthly income accounts in February and the successful Blue Ribbon service in July. Total ANZ trading bank deposits averaged \$5,265 million for the year to September, 1981, up 11.8 per cent from the preceding year.

Selected Interest Rates (%) — Deposits



* Excludes SA from April 1980 and NSW

Savings Bank

After the December, 1980 de-regulation of deposit rates, savings bank deposit growth initially picked up sharply, although some of

the increased growth would have been associated with seasonal payments to grain growers. This growth was to some extent at the expense of permanent building societies (PBS), whose deposit growth in the year to June, 1981 was \$1,045 million, substantially less than the all savings bank (ASB) deposit increase of \$1,957 million. This was in marked contrast to the previous year, when PBS growth of \$1,691 million exceeded ASB growth of \$1,428 million.

ANZ's savings bank deposits averaged \$2,312 million during the year under review, accounting for a 10.12 per cent share of ASB deposits.

A feature of the strong competition which has developed for household savings has been the increase in the proportion of savings bank deposits which attracts relatively high interest. Investment accounts and deposit stock as a ratio of ASB total deposits increased from 38.9 per cent in September, 1980 to 42.6 per cent in September, 1981 and the ANZ position reflected this increase. With the recent introduction of Access savings accounts in ANZ (and similar forms of deposits in other banks) the cost of non-investment savings accounts is also rising. In the years ahead passbook savings accounts which earn the traditional 3.75 per cent interest rate are expected to further diminish as a proportion of total savings bank deposits.

While the cost of deposits continues to rise, the lending capacity of savings banks remains severely constrained. The boost to their competitiveness after December, 1980 was fairly short-lived in a climate of steadily increasing rates. The annual rate of ASB deposit growth, after reaching a year-high level of 10.3 per cent in December, 1980, had fallen to 7.4 per cent by September, 1981.

The following figures show the number and value of ANZ housing loans over the last three years:

Year to September	Loans	\$ Millions
1979	15,476	360.6
1980	11,902	285.2
1981	11,779	281.5

Both totals for the latest year fell despite the first inclusion of figures for the former Bank of Adelaide.

Corporate Banking

To help the Bank meet the challenges of the 1980's and beyond, particularly those associated with the development of Australia's natural resources, the corporate accounts area at Administrative Headquarters has been reorganised. This has involved the formation of a corporate finance group of specialist staff who will have a substantial direct involvement with major companies and others.

It is expected that this change will enhance the important role ANZ has played and will continue to play in the development of Australian industry.

The new corporate finance group will be active in areas including large corporate fund raisings, semi-government financing involving domestic and overseas funds, project financing, the provision of financial advisory services and leveraged leasing. Significant achievements have already been made in these areas, particularly leveraged leasing.

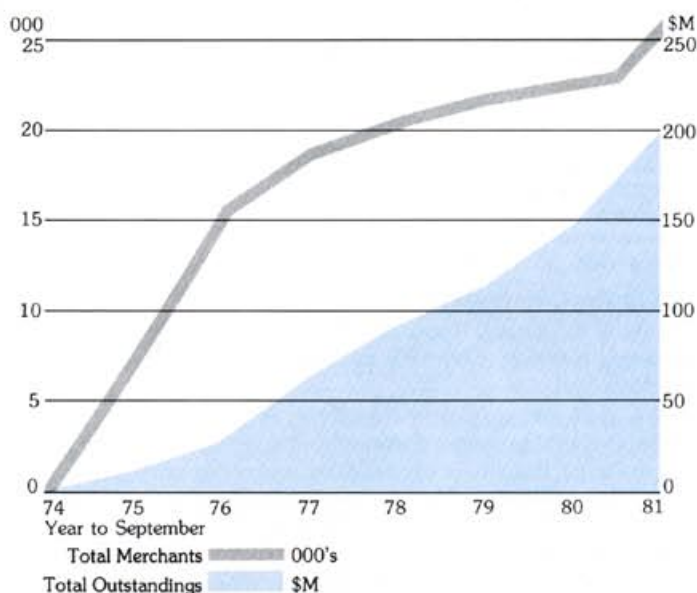
Bankcard

In 1981 ANZ's Bankcard activities continued the healthy growth evident in the first six years of operations.

At 30th September, 1981 the number of ANZ cardholders had risen by 20.8 per cent to 553,613 and total merchant outlets by 26.1 per cent to 26,235, compared with a year earlier. Year-end cardholder outstandings were \$199.9 million — an increase of 34.3 per cent over the year.

In August, 1981 a Trade Practices Tribunal determination resulted in changes to the Bankcard scheme. These included abolition of the exclusivity restrictions previously contained in the Bankcard Interbank Agreement and discontinuance of the common policy against any form of two-tier pricing by merchants. However, access to the Bankcard scheme by any new entrant will remain a matter for decision by the present members of the scheme.

Bankcard Growth



Esanda

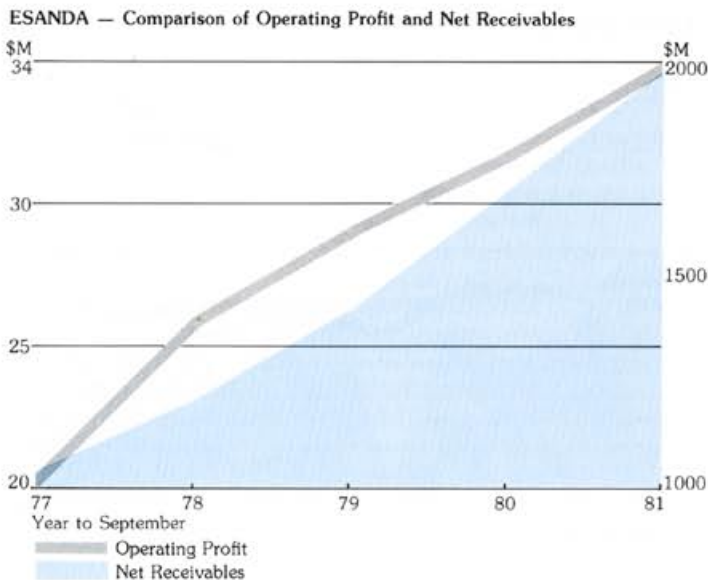
Esanda's record of sound growth continued in the latest year. Average net receivables increased by 18 per cent and net profit rose by 10.2 per cent.

Strong competition for funds and high interest rates led to further erosion of interest margins. To some extent this was offset by containment of bad debts. Net bad debts were \$3.2 million, compared with \$4.1 million in the previous year, and represented 0.18 per cent of average net receivables (previous year 0.26 per cent).

Paid up capital was increased by \$10.5 million to \$95 million by a cash subscription by the parent trading bank. After payment of a dividend of \$11.8 million to the Bank, shareholders' funds at 30th September, 1981 totalled \$212.1 million.

Operations in New Zealand

The excellent profit result achieved by ANZ Banking Group (New Zealand) Limited reflected strong business growth and increased efficiency in both domestic and international banking operations. Demand for bank credit rose sharply during the year. As in the past, the provision of working capital to farm industries and for other export producers contributed significantly to this growth. Corporate development finance needs are also expanding, because of major energy developments and industry re-equipment programmes.



It is expected that the authorities will adopt a more restrictive monetary policy during 1981/82, leading to tighter liquidity and a slowing in bank lending growth. In these circumstances, there is likely to be slower growth in the Bank's profits in the year ahead. Competition for retail deposits continues to strengthen and we are building our market presence by offering new deposit services and undertaking a branch expansion programme. Between September, 1980 and December, 1981, seven new points of representation were opened and three existing facilities were converted to branches.

A major branch equipment programme is under way, involving the installation of branch teller terminals in up to 100 branches by March, 1982. These will be on-line to Databank, and will provide customers with a fast, efficient account inquiry service.

Other International Operations

Over recent years the Bank has placed particular emphasis on expanding and streamlining its foreign exchange and international finance operations. In Melbourne we have established a new and advanced foreign exchange dealing room and a specialist advisory group for international business. To complement these activities, the Bank has expanded its representation progressively into major world financial markets.

In September, 1981 a branch was opened in Chicago, Illinois, USA. The branch is geared to provide international banking services, particularly to the many US companies operating in Australia and New Zealand which have their headquarters in the mid-west region.

Together with the Comptroller of the Currency, the US Federal Authority to which the Bank is responsible, our Chicago branch was subjected to legal action brought by the Commissioner of Banks and Trust Companies for the State of Illinois, on the grounds of lack of reciprocal banking opportunities for Illinois banks in Australia. A similar action in Washington D.C. has been settled in favour of the Comptroller, although there has been an appeal against this ruling.

A representative office was opened in Houston, Texas, USA, in May, 1981. It is well placed to co-ordinate and develop the Bank's activities in this important centre, noted for its expertise in energy technology.

Our New York branch continues to expand. It has developed alternative sources of funds now that it is issuing commercial paper. This followed the granting of top credit ratings to the Bank by two of the main rating agencies, Standard and Poors and Moody's Investors Services.

The Los Angeles branch again expanded its business and earned increased profits.

The review of our London operations was largely completed this year. The subsequent reorganisation has resulted in a significant reduction in staff numbers.

Results in the short term have been adversely affected. However, longer term, the branch will benefit from the changes and the scaling down of retail banking activities in favour of wholesale/corporate banking.

The Channel Islands subsidiary has maintained its growth rate and made a satisfactory contribution to profits.

The Hong Kong subsidiary, ANZ Finance (Far East) Limited, had another successful year, as did our branch in Singapore.

The group's 85 per cent-owned Papua New Guinea subsidiary, Australia and New Zealand Banking Group (PNG) Ltd., also had another good result, with a 65.0 per cent increase in profit from K861,000 to K1,421,000.

Technology

A great deal of time and money must be spent every year to ensure that the Bank keeps pace with technological developments, particularly those that will lead to better and quicker service for our customers. Our programme to introduce automated telling machines (ATMs) is well advanced. In October and November, 1981, eight ATMs were installed for use by staff at selected offices in Melbourne, Sydney and Adelaide. The first 50 machines for use by the general public will be installed in Victoria and NSW in the second quarter of 1982. The service will be extended to other States later next year and within two years it is expected that the Bank will have an Australia-wide network.

At 30th September 1981, 94.3 per cent of Australian branches had accounts processed by computer. The 54 branches (38 in NSW and 16 in Queensland) yet to be converted, are in areas not readily serviceable by the existing courier system. The last of the former Bank of Adelaide branches was transferred to ANZ Honeywell computers in early September, 1981.

Computer capacity of the EDP centre in Melbourne will be enhanced by the addition of two advanced Honeywell computers in December, 1981 to cater for continuing growth in on-system accounts and to improve service to branches.

Representation

The latest year has seen considerable activity in the area of branch representation. The integration of The Bank of Adelaide from October, 1980 meant there was some duplication of branches, particularly in South Australia, where 94 of The Bank of Adelaide's 105 branches were located. This necessitated a branch rationalisation programme, which is about half completed.

To accommodate the growing requirements of our customers in the increasingly competitive retail banking field, the Bank has accelerated its rate of opening new points of representation. In the year to September, 1981 eight new branches and 19 new service centres were opened. In addition, five sub-units were up-graded to full branch status and five were re-fitted as service centres.

All ANZ branches in Australia and New Zealand are now fully incorporated in an area banking structure.

Further representation details are shown on page 14.

Premises

Good progress has been achieved in building the new headquarters for ANZ Banking Group (New Zealand) Limited. It will occupy a city block fronting Lambton Quay, Wellington. Nine of the 19 floors have been poured and facade treatment will start soon. Completion is scheduled for March, 1983.

During the year rationalisation of the Bank's London activities was completed and all operations are now housed at 51-58 Gracechurch Street. The redundant premises at 71 Cornhill and 11 Leadenhall Street were sold.

Early in 1981 a survey by external consultants of the group's major buildings revealed that the majority are operating efficiently from an energy conservation viewpoint. Where economic to do so, the remainder are being modified to achieve this goal.

Staff

The commitment of staff to providing a high standard of service to customers is reflected in the excellent profit achieved this year. All administrations have played a full part in this result. The board wishes to acknowledge this contribution by staff towards the Bank's continued progress.

During the latest year, there was a full review of personnel policies and initiatives have been taken in the areas of remuneration, management information, development and training and mobility. The intention is to create an environment for staff to realise their career aspirations more readily, and find reward in a worthwhile career in the Bank's service.

World-wide staff of the group at 30th September, 1981 totalled 23,778, compared with 22,869 a year earlier. Of the latest total 50.2 per cent were males and 49.8 per cent females.

Further staff details are shown on page 14.

Senior Staff Retirements

Mr M. T. Sandow, Assistant General Manager and State Manager, New South Wales, retired on 23rd November, 1981.

Other senior staff who have retired are Mr K. R. Porter — State Manager, Victoria and Mr C. J. McCubbing — State Manager, Western Australia.

The board wishes to acknowledge the valuable contributions made by each of these officers during long periods of distinguished service and extends good wishes for their retirement.

We record with regret the death in March, 1981, after a short period of retirement, of Mr L. R. Clifford, former General Manager of The Bank of Adelaide.

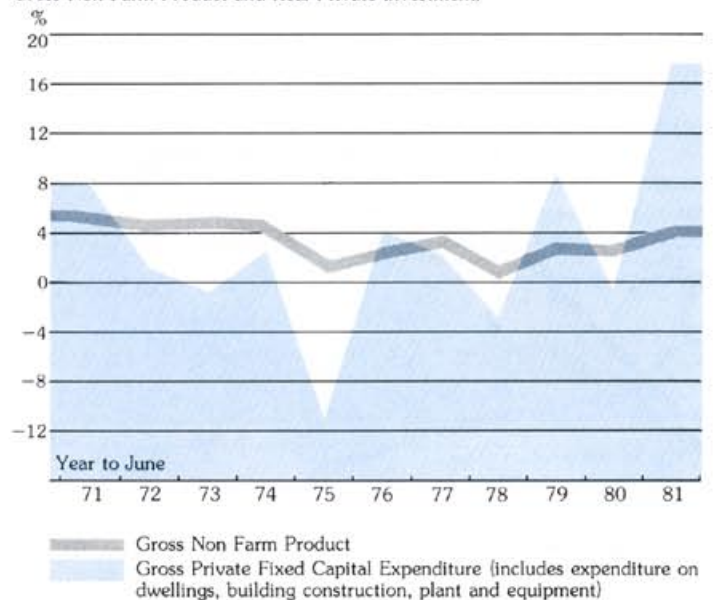
The Australian Economy

The Australian economy experienced a quickening in growth and a slowdown of inflation in 1980-81. Non-farm output rose by 4.0 per cent, one of the higher economic growth rates of the OECD area, and the best expansion in Australia for seven years.

Growth in the economy was broadly based, with strong gains in consumption and capital formation, even though the rise in real domestic product (2.9 per cent) was constrained by a drought-induced fall in rural output. A solid rise in private capital expenditure highlighted the importance of resource development and firm overseas confidence in Australia's prospects.

Surveys by the Australian Bureau of Statistics indicate that investment spending will continue at a high level in 1981-82.

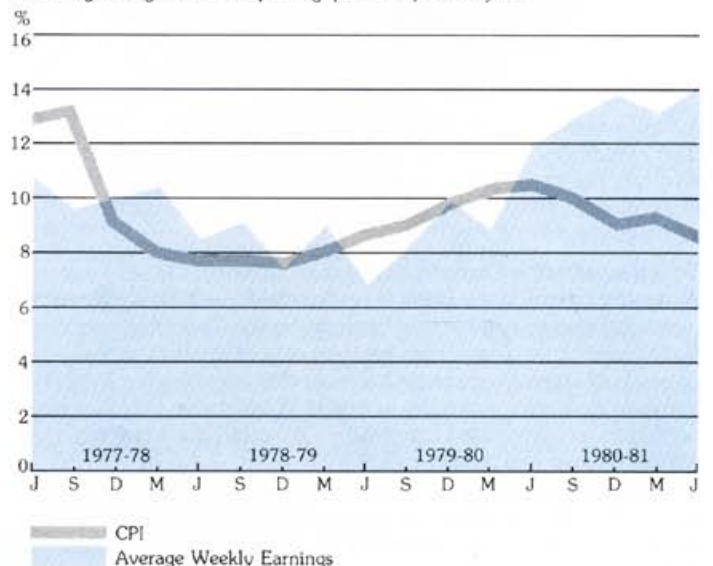
Australia: Economic Growth
(Percentage change from previous year in Real Gross Non-Farm Product and Real Private Investment)



However, because of high interest rates and the need for official policies to restrain inflation, the growth rate in total non-farm output in 1981-82 seems likely to slacken a little from the 1980-81 rate.

The rate of increase in consumer prices slowed in 1980-81 to 9.4 per cent, from 10.1 per cent in 1979-80. However, acceleration to around 11.0 per cent is indicated for 1981-82. Average weekly earnings in the June quarter of 1981 were \$295.00 (seasonally adjusted), 14.1 per cent higher than a year earlier. While this rise partly reflected strong demand for skilled labour for resource development, the danger of continuing upward wage pressures on construction costs and consumer prices is of serious concern in the very competitive international trading environment now

Australia: Wages and Prices
(Percentage change from corresponding quarter of previous year)

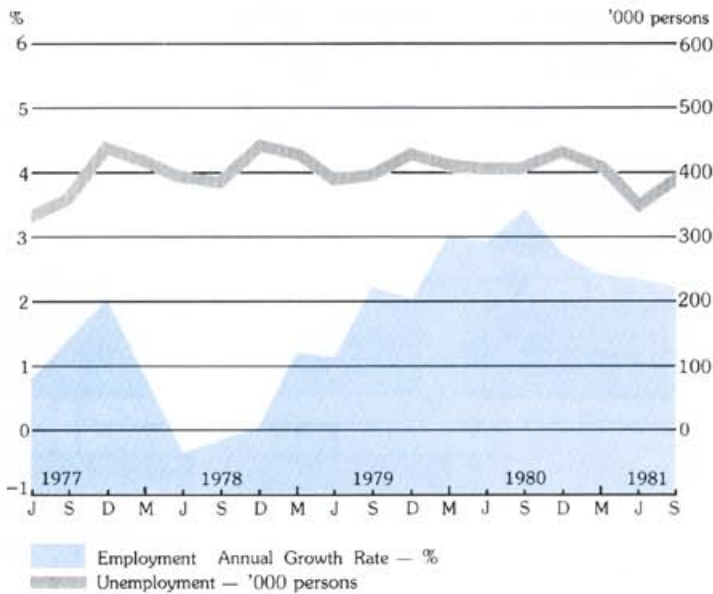


facing Australia. Consumer prices for the OECD as a whole are forecast to rise by about 9.0 per cent in 1982.

Despite the rise in investment spending, factory output rose by only about one per cent in 1980-81, a considerably slower growth rate than in 1979-80. ANZ's index of quantity of factory production suggests a levelling in growth over recent months. The index in September, 1981 was estimated to be about seven per cent lower than in May, 1981 (seasonally adjusted).

Overall demand for labour appears to have weakened over recent months. The number of people employed rose by 2.2 per cent in the year to September, 1981, compared with a rise of 3.4 per cent over the same period in 1980. Unemployment in Australia, as in other OECD nations, seems certain to remain a serious problem for the foreseeable future. The unemployment rate in October, 1981 was 5.4 per cent (representing 371,000 people) compared with 5.2 per cent in June.

Australia: Employment and Unemployment



Reflecting generally depressed economic conditions overseas, net exports are, as in 1980-81, unlikely to contribute to economic buoyancy in 1981-82. A feature of 1980-81 was the emergence of Australia's first balance of trade deficit since 1967-68. This contributed to a significant widening in the current account deficit to \$5,578 million. With strong import growth expected in 1981-82 as a result of resource investment, the current account deficit will widen further in the year ahead.

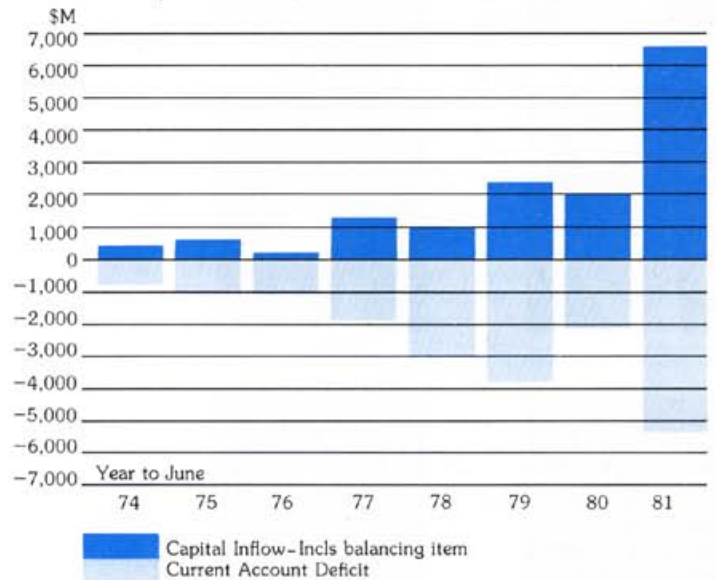
However, despite the uncertain economic outlook in the USA, capital inflow is expected to cover the deficit on the current account of the balance of payments. In any event, there should be little problem in adjusting policy instruments to maintain an adequate expansion in domestic credit to support the level of economic activity envisaged in the 1981-82 Federal Budget.

Providing inflation is kept under reasonable control, prospects for the Australian economy should remain favourable, with growth in output continuing at a rate above the OECD average.

New Zealand Economy

There was a welcome improvement during 1981 in business confidence and in the growth of both consumer demand and

Australia: Balance of Payments Current Account and Private Capital Inflow — \$M




manufacturing output. This marked the end of a recession extending over most of 1980 and into early 1981. Real gross domestic produce could rise by two to three per cent in 1981-82, after declining by 0.8 per cent in 1980-81.

The Government is increasing public expenditure during 1981-82, particularly on capital works. Major energy projects, although proceeding more slowly than expected, are beginning to influence investment and there has been an upturn in dwelling construction.

The annual growth in the consumer price index declined a little over the fifteen months to June, 1981, but has since increased again to be 15.4 per cent in the year to September, 1981.

Although the overseas trade balance has improved in the past year, it has been more than offset by the rising deficit on invisible transactions. Thus, the overseas exchange current account deficit rose to \$730 million in the year to August, 1981, compared with \$540 million a year earlier.

The rising external deficit and the high inflation rate continue to constrain the nation's growth rate. There was some tightening in official credit policy late in 1981 and firmer restraint may be necessary during 1982 to ensure that the inflation rate is reduced.

 Managing Director

Senior Management

Organisation Structure as at December, 1981



J. D. Milne
Managing Director



B. B. Dickinson
Assistant General Manager –
Funds Management



R. T. Brunskill
General Manager – Branch Banking



J. H. L. Holberton
Assistant General Manager and
General Manager – International



A. G. Kilpatrick
General Manager – Corporate Banking



F. J. Hughes
Director of Data Processing



R. Ashton
Assistant General Manager – Accounting
and Administrative Services



C. W. McInnes
Assistant General Manager –
Corporate Accounts



W. J. Bailey
Assistant General Manager –
Branch Banking



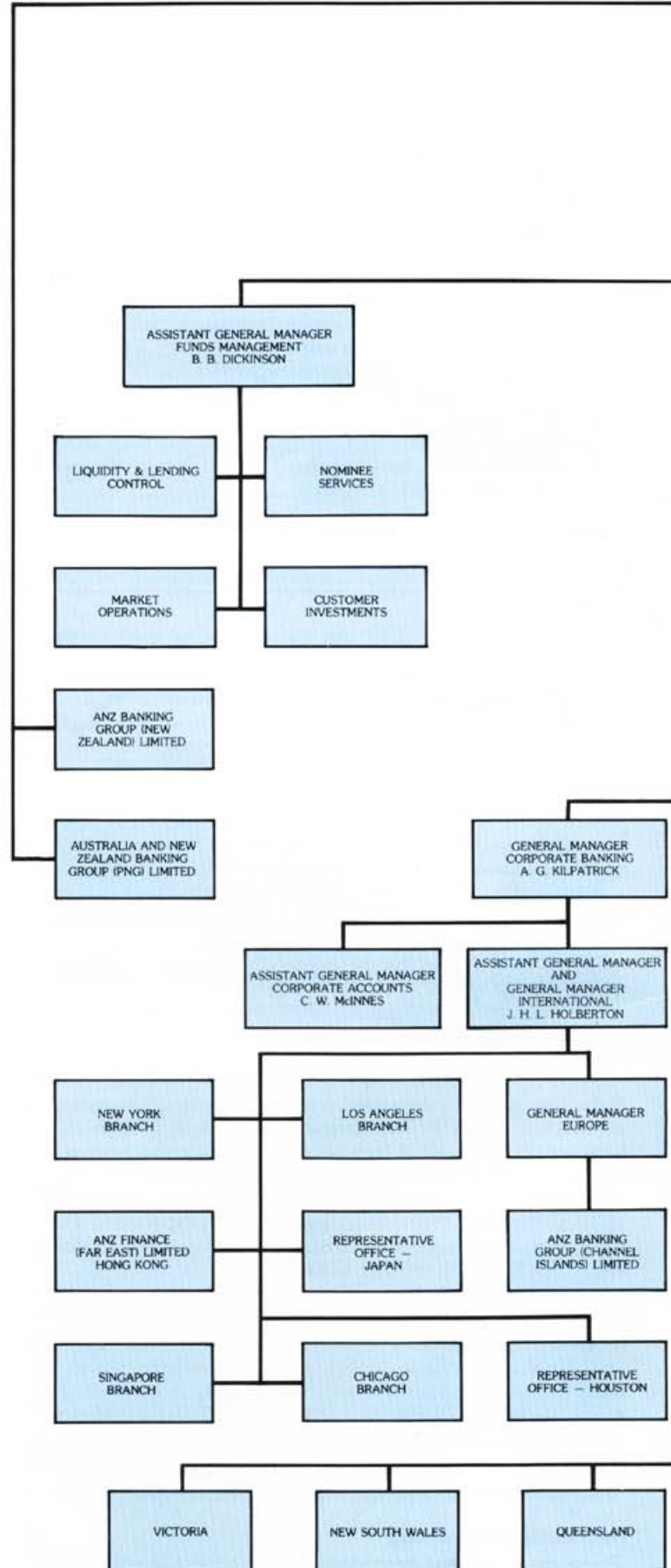
R. A. D. Nicolson
Assistant General Manager and
General Manager – Esanda



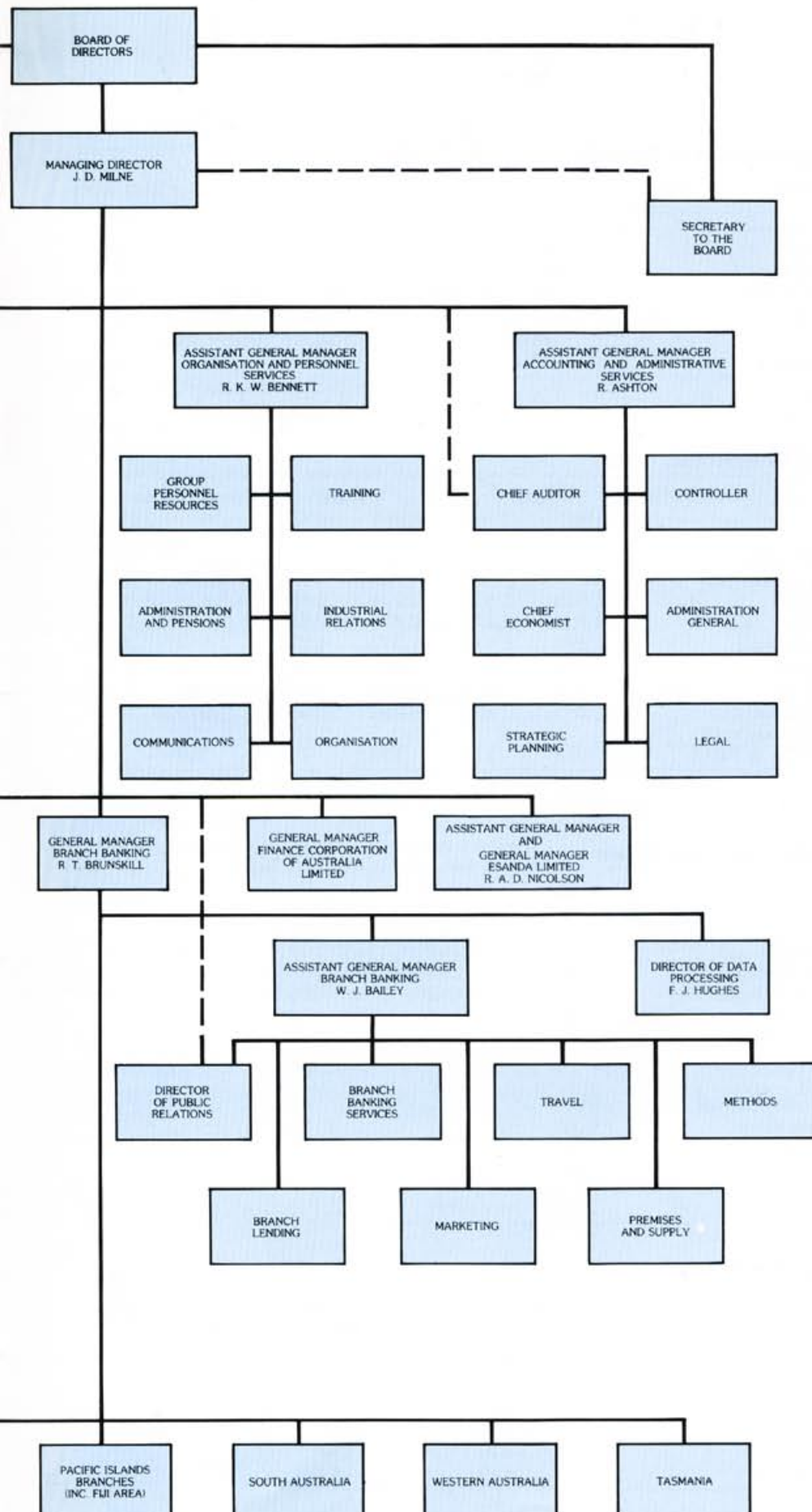
R. K. W. Bennett
Assistant General Manager –
Organisation and Personnel Services



A. G. Wiltshire
Assistant General Manager and
State Manager – New South Wales



Principal Establishments



Victoria

287 Collins St., Melbourne
 State Manager: R. W. J. Horne
 *Principal Share Register
 55 Collins St., Melbourne

New South Wales

*20 Martin Place, Sydney
 Assistant General Manager and State Manager:
 A. G. Wiltshire

Queensland

*324 Queen St., Brisbane
 State Manager: E. C. J. Johnson

South Australia

*75 King William St., Adelaide
 State Manager: C. R. Pleydell

Western Australia

*84 St., George's Terrace, Perth
 State Manager: R. C. Tuxford

Tasmania

86 Collins St., Hobart
 State Manager: N. R. Frost
 Share Register

*40 Elizabeth St., Hobart

Australian Capital Territory

ACT/South East NSW (Canberra City) Area Branch:
 *City Walk and Ainslie Avenue, Canberra
 Area Manager: J. R. Carey

Northern Territory

43 Smith St., Darwin
 Manager: J. C. Hammer

New Zealand

ANZ Banking Group (New Zealand) Limited
 *27-35 Mercer St., Wellington
 General Manager: D. Nicolson

United Kingdom

55 Gracechurch St., London
 General Manager — Europe: T. G. Williams
 Share Register

*6 Greencoat Place, London

Channel Islands

Australia and New Zealand Banking Group (Channel Islands) Limited,
 St., Peter Port, Guernsey
 Manager: P. R. Marshall

United States of America

New York Branch — 63 Wall St.
 Executive Vice President: B. J. Farrell
 Chicago Branch — 39th Floor, 30 North La Salle St.
 Senior Vice President: D. R. Murray
 Houston Representative Office — Suite 3850 First City Tower, 1001 Fannin
 Vice President & Regional Representative: R. J. Dark
 Los Angeles Branch — Suite 4350, 707 Wilshire Boulevard
 Senior Vice President: D. G. Morgan

Papua New Guinea

Australia and New Zealand Banking Group (PNG) Limited
 Invesmen Haus, Douglas St., Port Moresby
 Chief Manager: M. J. French

Pacific Islands

Suva Branch — Fiji
 69 Victoria Parade
 Chief Manager: J. T. Martin
 Solomon Islands — Honiara, Mendana Avenue
 Manager: D. K. Lickley
 Vanuatu — Vila, Rue Higginson
 Manager: K. H. Keen

Hong Kong

ANZ Finance (Far East) Limited
 25th Floor, Alexandra House, 16-20 Chater Road
 Central, Hong Kong
 General Manager: R. Isherwood

Singapore

Branch: Suite 601, Sixth Floor, Ocean Building,
 Collyer Quay, Singapore 1
 Chief Manager: P. H. Peate

Japan

Representative Office:
 Room 1109, New Yurakucho Building,
 12-1 Yurakucho, 1-Chome,
 Chiyoda-ku, Tokyo
 Representative: N. J. Glass

* Offices at which share registers maintained.

Representation in Australia

	Branches	Service Centres	Sub-branches	Agencies	Total
Victoria	296	16	8	33	353
NSW & ACT	264	9	5	22	300
Queensland	132	11	4	20	167
SA & NT	151	3	2	55	211
WA	74	4	3	10	91
Tasmania	33	—	3	2	38
Totals	950	43	25	142	1,160

Staff in Australia

	Male		Female		Totals	
	1981	1980	1981	1980	1981	1980
Administrative						
Headquarters	899	834	566	489	1,465	1,323
Victoria	2,655	2,672	2,774	2,695	5,429	5,367
NSW & ACT	2,708	2,616	2,877	2,718	5,585	5,334
Queensland	1,280	1,172	1,277	1,177	2,557	2,349
SA & NT	1,203	1,235	1,009	1,027	2,212	2,262
WA	674	670	682	656	1,356	1,326
Tasmania	283	292	292	291	575	583
Subsidiary coys. (FCA & AGD)	183	176	181	175	364	351
Totals	9,885	9,667	9,658	9,228	19,543	18,895

World Wide Distribution

	Assets %	Points of Representation	Staff Numbers
Australia	77.0	1,160	19,543
New Zealand	8.8	205	3,168
United Kingdom	8.6	2	435
United States of America	3.3	4	114
Papua New Guinea	0.4	9	212
Fiji	0.2	7	156
Vanuatu	—	1	39
Solomon Islands	0.1	1	38
Hong Kong	0.6	1	36
Singapore	1.0	1	32
Japan	—	1	5
Totals	100.0	1,392	23,778

Deposits in Australia

	Trading Bank \$m.	Savings Bank \$m.
Victoria	1,879	813
NSW & ACT	1,704	565
Queensland	960	404
SA & NT	579	351
WA	349	130
Tasmania	160	58
Totals	5,631	2,321

FINANCIAL SECTION

Five Year Statistical Summary

FOR THE YEAR	Amounts in \$'millions				
	1977	1978	1979	1980	1981
Group operating profit	43.7	75.9	107.1	136.0	175.4
Including					
— Australian Trading Bank (excluding dividends) + †	10.9	27.7	50.7	57.0	78.3
— Australian Savings Bank +	10.0	19.0	22.0	24.9	27.8
— New Zealand Group (excluding minority interests)	—	—	—	10.8	16.1
— Esanda	20.2	25.3	28.3	30.7	33.9
— Finance Corporation of Australia	—	—	—	7.6	12.8
Group operating profit and extraordinary items	44.9	79.2	114.9	149.1	204.6
Dividends paid	13.9	19.3	29.2	37.4	53.5
Number of times dividend covered by profits	3.1	3.9	3.7	3.6	3.3
Return on shareholders' funds	13.4%	14.2%	17.0%	17.3%	18.9%
PER SHARE					
Dividends — declared rate	20.0¢	20.0¢	22.0¢	24.0¢	28.0¢
Earnings (on average capital, adjusted for previous bonus issues)+	33.3¢	46.8¢	67.6¢	78.9¢	101.1¢
Net assets	\$4.51	\$5.28	\$4.98	\$5.67	\$5.34
Net assets (adjusted for previous bonus issues)	\$2.29	\$3.38	\$3.98	\$4.54	\$5.34
YEAR END					
Issued capital	72.1	101.4	126.7	138.5	173.7
Shareholders' funds	325.0	535.4	631.6	785.0	928.2
Total external liabilities (excluding minority interests)	8,567.1	9,760.2	11,125.1	13,662.7	15,820.1
Ratio of external liabilities to shareholders' funds	26.4:1	18.2:1	17.6:1	17.4:1	17.0:1
Total assets	8,894.3	10,300.2	11,763.3	14,460.7	16,763.4
Total deposits and other accounts*	7,076.7	6,740.1	7,357.3	8,794.5	9,822.0
Trading Bank deposits and other accounts*†	5,103.6	4,732.6	5,150.2	4,944.2	6,190.8
Trading Bank advances, loans etc.†	3,205.4	3,610.5	3,942.8	4,194.3	5,283.1
Australian Savings Bank deposits and other accounts*	1,694.8	1,771.9	1,931.1	2,059.8	2,334.6
Esanda total assets	1,120.8	1,276.5	1,456.4	1,710.9	2,017.8

+ Profit figures for banking companies for 1977 are after transfers to contingencies reserve.

* Figures for 1977 include deposits and other accounts. Figures for 1978 to 1981 are deposits only, following changed basis of reporting.

† Includes New Zealand Trading Bank for years 1977 to 1979.

Directors' Report

The following additional information is provided in conformity with Section 162A of the Companies Act 1961 as amended and with the Listing Requirements of the Australian Associated Stock Exchanges.

Directors

The directors of Australia and New Zealand Banking Group Limited at the date of this report are listed on page three.

Retiring directors and those eligible and offering themselves for re-election are set out in the enclosed Notice of Meeting.

Activities

The principal activities of the companies in the group during the year were trading and savings banking, hire purchase and general finance, property development, mortgage and instalment loans, leasing, investment and portfolio management and advisory services, nominee and custodian services, travel services and international banking. Detailed activities/services are listed on page 40. No significant changes in the nature of the group's activities have occurred during the year.

At 30th September, 1981, the Company and its subsidiaries had 1,392 branches, sub-branches, agencies, service centres and representative offices, located as set out on page 14.

Subsidiaries

The contributions made by all companies in the group to consolidated operating profit before extraordinary items, after eliminating intra-group dividends, are listed on page 28.

Reserves and Provisions

The amounts and particulars of material transfers to or from reserves or provisions by companies in the group during the year are as follows:

	\$'000
Australia and New Zealand Banking Group Limited:	
Transfer to general reserve	35,000
Transfer to specific provision for doubtful debts	18,747
Transfer to general provision for doubtful debts	4,063
Transfer to provision for long service leave	4,903
Transfer from share premium reserve	32,854
Transfer to asset revaluation reserve	65,620
Australia and New Zealand Savings Bank Limited:	
Transfer to general reserve	16,000
ANZ Banking Group (New Zealand) Limited:	
Transfer to general reserve	7,172
Transfer to general provision for doubtful debts	1,629
ANZ Finance (Far East) Limited:	
Transfer to capital reserve	1,438
ANZ Holdings Limited:	
Transfer to capital reserve	3,395
ANZ Properties (Australia) Limited:	
Transfer to provision for depreciation	1,526
Esanda Limited:	
Transfer to general provision for doubtful debts	1,100
Finance Corporation of Australia Limited:	
Transfer from provision for diminution of development ventures	4,633
The Bank of Adelaide:	
Transfer to asset revaluation reserve	6,240
Transfer to capital reserve	14,938
Transfer from provision for diminution — FCA	21,241
The Bank of Adelaide Savings Bank Limited:	
Transfer to general reserve	2,000

Share and Debenture Issues

Particulars of shares issued by companies in the group during the year are as follows:

Australia and New Zealand Banking Group Limited

- The authorised capital increased to \$250,000,000 by the creation of 50,000,000 ordinary shares of \$1 each
- 34,615,651 ordinary shares of \$1 each issued as fully paid by capitalising part of the share premium reserve
- 614,800 ordinary shares of \$1 each fully paid issued to staff under the employee share purchase scheme.

ANZ Finance (Far East) Limited

- Cash issue of 7,000,000 shares of \$1 each fully paid to Australia and New Zealand Banking Group Limited to finance the continued growth of the company.

Esanda Limited

- Cash issue of 10,500,000 shares of \$1 each fully paid to Australia and New Zealand Banking Group Limited to finance the continued growth of the company.

Particulars of debenture stock and unsecured notes movements of group companies during the year are: —

ANZ Properties (Australia) Limited.

Issue of \$5,827,000 5 year debenture stock at par, at 12.25 per cent due 30th September, 1985 for the working capital of the company.

	Esanda Limited \$'000	Finance Corporation of Australia Limited \$'000	UDC Group Holdings Limited NZ\$'000
Debenture stock and unsecured notes at beginning of financial year	1,328,121	245,017	140,898
Issued during year	535,433	78,322	186,924
	<u>1,863,554</u>	<u>323,339</u>	<u>327,822</u>
Redeemed during year	340,144	53,827	153,460
Debenture stock and unsecured notes at end of financial year	1,523,410	269,512	174,362
Loans and deposits held at end of financial year	208,445	54,870	71,413
Total borrowed funds at end of financial year	<u>1,731,855</u>	<u>324,382</u>	<u>245,775</u>

By order of the Victorian Commissioner for Corporate Affairs, exemptions (dated 2nd March and 6th October, 1981) have been obtained from compliance with the requirements of sub-section 2(f) of Section 162A of the Victorian Companies Act 1961 by Esanda Limited and Australia and New Zealand Banking Group Limited.

By order of the South Australian Commissioner for Corporate Affairs, exemption has also been obtained (dated 4th August, 1981) by Finance Corporation of Australia Limited from compliance with the requirements of sub-section 2(e) of Section 162(a) of the South Australian Companies Act 1962-1980.

Dividends

The directors propose payment of a final dividend of 14 cents per share, amounting to \$29,180,433, to be paid on 22nd February, 1982 and this will be recommended at the annual general meeting. The 34,738,611 shares arising from the bonus issue will participate in this final dividend. Since the end of the previous year a final dividend of 12 cents per share, amounting to \$20,769,391 was paid on 23rd February, 1981 and an interim dividend of 14 cents

per share amounting to \$24,282,668 was paid on 1st July, 1981. The final dividend paid on 23rd February, 1981 was detailed in the directors' report dated 28th November, 1980.

Neither the interim dividend paid on 1st July, 1981, nor the current dividend recommendation have been mentioned in previous directors' reports.

Statements Relating to the Accounts

Prior to the preparation of the Company's accounts for the year, the directors took reasonable steps to ascertain:

(i) what action had been taken in relation to the writing off of bad debts and the creation of provisions for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts.

(ii) that current assets were shown in the accounting records at a value equal to, or below, the value that would be expected to be realised in the ordinary course of business.

At the date of this report:

(i) the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provisions for doubtful debts of the Company and its subsidiaries inadequate to any substantial extent.

(ii) the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Company and its subsidiaries misleading.

(iii) no charge on the assets of the Company or its subsidiaries has arisen since the end of the financial year which secures the liabilities of any other person or company.

(iv) contingent liabilities have arisen in the ordinary course of business since the end of the financial year. These include contingent liabilities in respect of commercial bill endorsements, letters of credit, guarantees and forward exchange contracts. It is impractical to state the maximum amount or to estimate the maximum amount of these liabilities, but having regard to their nature the effect on the accounts would not be material.

(v) the directors are not aware of any circumstances not otherwise dealt with in this report or the accompanying accounts which would render misleading any amounts stated in the accounts.

No contingent liability or other liability has become enforceable, or is likely to become enforceable, in respect of the Company and its subsidiaries within the period of twelve months after 30th September, 1981 which in the opinion of the directors will or may substantially affect the ability of the Company and its subsidiaries to meet their obligations as and when they fall due.

In the interval between the end of the financial year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of any company in the group for the current financial year.

The results of the operations of the Company and its subsidiaries for the year ended 30th September, 1981 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material nature, except as may be referred to herein.

No director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received, or due and receivable by directors shown in the accounts or the fixed salaries of directors who are full-time employees of the Company or its subsidiaries), by reason of a contract made by the Company, or a related company, with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest with the exception of (i) retirement benefits pursuant to an agreement of the type referred to in Article 79(b) which has been entered into since the end of the previous financial year between the Company and Mr. E. H. Burgess, (ii) benefits that may be deemed to have arisen because of legal fees paid to Blake and Riggall, in which Mr. G. M. Niall is a partner, and to Bell Gully & Co., in which Mr. L. M. Papps is a partner, and insurance business placed through Baillieu Bowring Marsh & McLennan Pty. Ltd., of which Mr. D. C. L. Gibbs is a director.

Property Values

In the opinion of the directors, the market value of the investment in premises of the Company and its subsidiaries is currently not less than \$147 million in excess of the value shown in the balance sheet, on an existing use basis.

Accounts

In accordance with an Order of the Commissioner for Corporate Affairs, Victoria, all amounts shown in this report and the accompanying accounts have been rounded off to the nearest thousand dollars unless otherwise specifically stated.

Shareholdings

As at the date of this report the interests, including non-beneficial interests, of all directors in the share capital of the Company do not exceed in the aggregate five per cent.

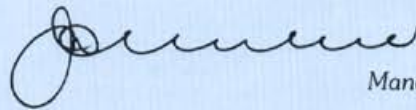
The directors' shareholding interests, beneficial and non-beneficial, in the share capital of the Company and related corporations are detailed on page 59.

The directors are not aware of any single beneficial interest of ten per cent or more in the share capital of the Company.

Signed at Melbourne for and on behalf of the board of directors in accordance with a resolution of the directors this 30th day of November, 1981.



Chairman



Managing Director

Australia and New Zealand Banking Group Limited and its Subsidiaries

Profit and Loss Statement for the year ended 30th September, 1981

Holding Company		Note	Consolidated	
1980 \$'000	1981 \$'000		1981 \$'000	1980 \$'000
957,053	1,275,334	Gross Income — Discount and interest earned, net exchange commission and other items	2,027,036	1,652,162
818,899	1,100,991	Less: Expenses of management and interest paid	1,702,592	1,393,658
138,154	174,343	Operating profit before income tax	324,444	258,504
56,324	67,303	Less: Income tax expense	143,416	117,596
81,830	107,040	Operating profit after tax	181,028	140,908
—	—	Less: Interests of minority shareholders	5,633	4,917
81,830	107,040	Operating profit — applicable to shareholders of Australia and New Zealand Banking Group Limited	175,395	135,991
984	8,337	Extraordinary items	29,255	13,298
—	—	Less: Interests of minority shareholders in extraordinary items	8	228
82,814	115,377	Operating profit and extraordinary items — applicable to shareholders of Australia and New Zealand Banking Group Limited	204,642	149,061
30,527	45,002	Retained profits at beginning of year	97,851*	59,545
113,341	160,379	Total available for appropriation	302,493	208,606
		Less: Appropriations:		
		Transfer to reserves		
		— General		
30,000	35,000		58,379	60,068
984	8,337	— Contingencies	8,337	984
—	—	— Capital	20,754	10,935
16,586	24,283	Dividends — interim	24,283	16,586
20,769	29,180	— proposed final payable	29,180	20,769
45,002	63,579	Retained profits at end of year	161,560	99,264

* After adjustments for changes in rates of exchange during the year.

The notes appearing on pages 22-32 are an integral part of these accounts.

Holding Company			Consolidated	
1980	1981		1981	1980
\$'000	\$'000	Note	\$'000	\$'000
Liquid Assets				
100,244	102,397		113,441	212,988
131,930	63,100		63,516	134,930
16,749	23,281		29,058	33,161
275,673	268,077		378,251	341,791
616,853	1,108,084		1,202,304	661,343
912,293	1,107,350	Investments other than trade investments	2,295,707	2,197,964
Regulatory deposits with central and other banks				
267,592	375,852	Reserve Bank of Australia	485,052	389,318
2,228	7,303	Overseas	7,303	2,228
Customers' Accounts, etc.				
4,194,321	5,283,063	Loans, advances and net receivables	10,429,939	9,033,019
928,181	1,294,444	Customers' liability for acceptances (see contra)	1,282,173	995,306
198,478	274,237	Investments in subsidiary companies	—	—
133,385	66,224	Amounts due from subsidiary companies	—	—
4,062	9,001	Trade investments	10,997	6,282
68,135	75,391	Premises and equipment	249,168	245,215
127,004	162,408	All other assets	216,483	207,125
7,977,128	10,220,212		16,763,392	14,460,670

Notes to the Accounts

1 Bases of Accounting

These financial statements have been prepared in accordance with historical cost concepts except where otherwise indicated.

(a) BASIS OF CONSOLIDATION

The consolidated accounts include the accounts of the holding company and all subsidiary companies; inter-company transactions are eliminated on consolidation. The profit attributable to the holding company shareholders as shown in the consolidated profit and loss statement represents the profit of all companies in the group, less the minority shareholders' proportion of the after-tax profit of certain subsidiary companies, and after eliminating any pre-acquisition profit. The consolidated balance sheet represents the assets and liabilities of all companies in the group. The minority shareholders' interest in net assets is calculated in proportion to the shareholding in certain subsidiary companies and is shown under the heading "Minority shareholders' interest in subsidiary companies" in the consolidated balance sheet. In the accounts, the 1981 figures for the holding company reflect the transfer of the banking business from The Bank of Adelaide which was effected on 1st October, 1980.

(b) TRANSLATION OF OVERSEAS CURRENCY

Profits of overseas branches and subsidiaries have been translated into Australian dollars at the rates ruling at balance date. Assets and liabilities which are expressed in currencies other than Australian dollars have been translated at the rates ruling at balance date and the net surplus or deficiency arising from such translation, after allowing for those positions covered by foreign exchange hedge contracts, has been dealt with by transfer direct to reserves.

(c) LEVERAGED LEASE TRANSACTIONS

Certain companies in the group have entered into a number of leveraged lease transactions as equity participants. The investment is recorded net of the non-recourse long term debt and is included in "Investments other than trade investments" in the balance sheet. Income is taken to account over the period of the lease based at a rate of return calculated on the unrecovered investment.

(d) AMORTISATION AND PROFITS AND LOSSES ON INVESTMENTS

Premiums and discounts on dated investments are amortised from the date of purchase to maturity on a straight line basis. Realised profits and losses on sales of investments other than trade investments are generally taken to profit and loss account in equal instalments over five years commencing with the year in which disposal takes place. As the majority of redeemable quoted investments are normally held to or near to maturity, no provision is considered necessary for any difference between the book amounts and the market values of such individual stocks quoted below book amounts at the balance date, neither have any transfers been made from reserves or out of the current year's profits to write them down, apart from the amortisation of the premium on stocks bought above par referred to above.

(e) BAD AND DOUBTFUL DEBTS

The charge for bad and doubtful debts in the profit and loss account of the Company reflects the average bad debts experience of the current year and the preceding four years and the current volume of lending. Specific provisions are maintained to cover identified doubtful accounts and general provisions are maintained to provide cover for possible future losses which are inherent in any portfolio of bank and finance company lending. Provisions for doubtful debts are deducted from loans and advances in the balance sheet. Operating subsidiaries within the group maintain appropriate provisions for doubtful debts. Details of provisions are set out in note 5.

(f) DEPRECIATION AND AMORTISATION

Expenditure on buildings is generally depreciated on a straight line basis.

Expenditure on plant, fixtures and fittings is generally depreciated over estimated life on a straight line basis.

Expenditure on leasehold improvements is amortised on a straight line basis over the unexpired portion of the lease.

(g) TAXATION

Tax effect accounting procedures are applied under the liability method throughout the group. Withholding tax has been provided on overseas income which is expected to be remitted in the future. No provision has been made for withholding tax on earnings that are expected to be retained by overseas subsidiaries to finance their ongoing business.

(h) PENSION FUNDS

Expenses include annual payment of the share of accrued pension liabilities in respect of current and past service to the trustees of staff pension funds in terms of funding arrangements made in accordance with actuaries' recommendations. Actuarial valuations are carried out at regular intervals. The assets of the pension funds are held in trust and are not included in these accounts.

(i) GENERAL FINANCE SUBSIDIARIES

The gross income arising from the various forms of instalment credit transactions and other credit facilities entered into by subsidiaries has generally been calculated by apportionment over the period in which the payments are due in proportion to the monthly balances outstanding. A "financial method" is used for recording lease finance transactions and accordingly these are shown in the balance sheet as receivables rather than leased assets less depreciation.

(j) ASSOCIATED COMPANIES

The group's share of results of associated companies has not been included in the profit and loss account except insofar as dividends have been received.

(k) DEFINITIONS

'Holding company' is Australia and New Zealand Banking Group Limited, 'banking companies' are Australia and New Zealand Banking Group Limited and Australia and New Zealand Savings Bank Limited, 'non-banking companies' are all companies other than banking companies and 'borrowing corporations' are Esanda Limited, Finance Corporation of Australia Limited, UDC Group Holdings Limited and ANZ Properties (Australia) Limited.

	Consolidated		Holding Company	
	1981 \$'000	1980 \$'000	1981 \$'000	1980 \$'000
2 Extraordinary Items				
Surplus on sale of properties	31,134	7,932	10,209	535
less income tax applicable thereto	1,872	—	1,872	—
	29,262	7,932	8,337	535
Surplus/(deficiency) on sale of shares in subsidiary and associated companies*	(7)	4,884	—	449
Deferred tax adjustment prior years	—	(100)	—	—
Overprovision/(underprovision) for tax in prior years	—	582	—	—
	29,255	13,298	8,337	984

*No income tax is applicable to this item

3 Operating Profit

Operating profit before income tax was determined after inclusion of:

Income

(a) Interest received or receivable from subsidiaries	—	—	8,303	3,157
(b) Dividends received or receivable from:				
(i) Related companies				
— Australia and New Zealand Savings Bank Limited	—	—	9,700	8,600
— ANZ Finance (Far East) Limited	—	—	743	700
— ANZ Banking Group (New Zealand) Limited	—	—	5,053	3,938
— Esanda Limited	—	—	11,800	10,600
— ANZ Investments Limited	—	—	610	570
— Australia and New Zealand Banking Group (PNG) Limited	—	—	653	444
— ANZ Overseas Finance Limited	—	—	141	82
— ES&A Holdings Limited	—	—	57	—
(ii) Other companies	916	399	701	357

Expenses

(a) Depreciation and amortisation of fixed assets	20,520	19,460	14,992	13,119
(b) Auditors' remuneration				
in respect of auditing of the accounts or group accounts				
— auditors of holding company	434	456	185	173
— other auditors	282	227	—	—
other services				
— auditors of holding company	90	93	84	93
— other auditors	1,077	770	647	3 5
The auditors did not receive any other benefits				
(c) Directors' emoluments (excluding fixed salaries) received or due and receivable by —				
directors engaged in full time employment of the holding company and related companies				
— fees	—	—	—	—
— other emoluments	554	437	345	163
other directors				
— fees	212	255	138	115
— other emoluments	83	348	83	151
(d) Provision for long service leave	5,938	6,153	4,903	5,206
Provision for non lending losses	468	737	374	511
Provisions — other	676	528	676	528
Provisions for doubtful debts (see note 5)	29,825	25,582	22,810	14,646
(e) Interest paid	1,097,023	856,602	580,885	389,487

4 Reserve Funds

	Consolidated					
	\$'000					
	Share Premium Reserve	Asset Revaluation Reserve	Contingencies Reserve	General Reserve	†Capital Reserves	Total Reserves
Balance at 1st October, 1980	46,925	33,778	136,761	302,682	26,664	546,810*
Transfers from profit and loss account	—	—	8,337	58,379	20,754	87,470
Capitalisation issue	(34,616)	—	—	—	—	(34,616)
Premium on issue of shares to staff	1,762	—	—	—	15	1,777
Currency translation adjustments	—	—	(9,114)	—	602	(8,512)
Balance at 30th September, 1981	14,071	33,778	135,984	361,061	48,035	592,929

	Holding Company					
	\$'000					
	Share Premium Reserve	Asset Revaluation Reserve	Contingencies Reserve	General Reserve	Capital Reserves	Total Reserves
Balance at 1st October, 1980	46,925	27,979	103,952	134,150	—	313,006
Transfer from profit and loss account	—	—	8,337	35,000	—	43,337
Capitalisation issue	(34,616)	—	—	—	—	(34,616)
Premium on issue of shares to staff	1,762	—	—	—	—	1,762
Currency translation adjustments	—	—	(9,083)	—	—	(9,083)
Revaluation of shares in subsidiary companies [¶]	—	65,620	—	—	—	65,620
Balance at 30th September, 1981	14,071	93,599	103,206	169,150	—	380,026

† Capital Reserves include — Capital reserve
— Property reserve

* After adjustments for changes in rates of exchange during the year

¶ Revaluation of shares held in certain property owning subsidiaries, namely The Bank of Adelaide, ANZ Holdings Limited and E.S.&A. Holdings Limited, to reflect the current book value of the net assets of those companies.

5 Provisions for Doubtful Debts

	Consolidated				Holding Company			
	\$'000				\$'000			
	Specific Provision		General Provision		Specific Provision		General Provision	
	1981	1980	1981	1980	1981	1980	1981	1980
Balance at 1st October, 1980	49,688*	56,505	67,673*	58,992	45,826*	49,209	48,808*	42,957
Provision from The Bank of Adelaide	—	—	—	—	2,034	—	1,907	—
Bad debts written off	(28,463)	(19,699)	—	—	(21,373)	(8,146)	—	—
Recoveries	4,106	3,702	—	—	600	392	—	—
Charge to profit and loss account	22,885	13,986	6,940	11,596	18,747	6,914	4,063	7,732
Balance at 30th September, 1981	48,216	54,494	74,613	70,588	45,834	48,369	54,778	50,689

*After adjustments for changes in rates of exchange during the year.

6 Other Provisions

	Consolidated		Holding Company	
	1981	1980	1981	1980
	\$'000	\$'000	\$'000	\$'000
Provision for long service leave	65,521	60,998	60,051	52,400
Provision for deferred income tax	84,992	44,219	59,020	27,735
Provision for non-lending losses	3,581	3,206	3,020	2,672
Provisions — other	2,026	1,071	2,026	1,071
	156,120	109,494	124,117	83,878

7 Loans, Advances, Bills Discounted and Outstandings Under Hire Purchase and Other Agreements less Provisions for Doubtful Debts and Unearned Income, etc.	Consolidated		Holding Company	
	1981 \$'000	1980 \$'000	1981 \$'000	1980 \$'000
Gross loans, advances, bills discounted and outstandings under hire purchase and other agreements	11,514,657	9,880,035	5,596,094	4,392,422
Less: Provisions for doubtful debts	122,829	125,082	100,612	99,058
Provision for contingencies	5,180	4,670	—	—
Income yet to mature	956,709	717,264	212,419	99,043
Net loans, advances, bills discounted and outstandings under hire purchase and other agreements	10,429,939	9,033,019	5,283,063	4,194,321
8. Development Ventures (included in all other assets)		1981 \$'000		1980 \$'000
(a) Development ventures comprise:				
(i) Land held for development at cost:				
acquisition	17,164		21,393	
development expenses capitalised	1,649		1,899	
other amounts capitalised	3,436		5,927	
		22,249		29,219
less: liabilities				
secured:				
mortgages				
payable within 12 months	8		8	
payable beyond 12 months	—		8	
unsecured:				
contracts for sale and purchase				
payable within 12 months	—		369	
payable beyond 12 months	—		—	
other (including provision for expenditure on sold land)				
payable within 12 months	202		513	
payable beyond 12 months	—		21	
		210		919
		22,039		28,300
add: debtors		1,488		3,471
		23,527		31,771
less: provision for diminution in value of ventures		17,961		21,300
		5,566		10,471
(ii) Loans to associated development companies, secured on real estate		5,444		7,476
less: provision for diminution in value		2,105		3,399
		3,339		4,077
		8,905		14,548

The above particulars relate solely to the Finance Corporation of Australia Limited group.

9 Premises and Equipment

	Consolidated		
	1981		1980
	\$'000		\$'000
(a) Banking companies			
Freehold and leasehold land and buildings at cost less amounts written off	16,961		22,511
Computers, furniture, office machines and other equipment at cost, less amounts written off	58,430		58,934
	75,391		81,445
(b) Non-banking companies			
Freehold and leasehold land and buildings			
— at directors' valuation 1974	4,290		4,290
— by independent valuation 1976	1,263		1,474
— at directors' valuation 1978	307		682
— at directors' valuation 1979	8,249		10,785
— at cost	151,486		137,139
	165,595		154,370
Deduct: Provision for depreciation on buildings	12,643	152,952	11,833
			142,537
Plant, furniture, fixtures and fittings at cost	43,126		41,608
Deduct: Provision for depreciation	23,220	19,906	21,645
			19,963
Leasehold improvements at cost	1,205		1,625
Deduct: Provision for amortisation	286	919	355
			1,270
		173,777	163,770
Total consolidated premises and equipment		249,168	245,215

10 Capital Expenditure Commitments

	Consolidated		Holding Company	
	1981	1980	1981	1980
	\$'000	\$'000	\$'000	\$'000
Contracts for outstanding capital expenditure not provided for in these accounts	23,991	4,266	13,398	1,233

11 Liabilities Payable by Borrowing Corporation Subsidiaries

	1981	1980
	\$'000	\$'000
Within one year	1,356,432	1,099,632
Between one and two years	531,770	432,345
Between two and five years	506,220	494,605
After five years	13,588	10,859
	2,408,010	2,037,441

	Consolidated		Holding Company	
12 Debts Receivable by Borrowing Corporation Subsidiaries	1981	1980		
	\$'000	\$'000		
Not later than two years	2,197,357	1,787,512		
Between two and five years	993,636	843,035		
After five years	151,901	180,859		
	3,342,894	2,811,406		
Less: Income yet to mature on amounts receivable and general provision for doubtful debts and contingencies	758,481	629,789		
	2,584,413	2,181,617		
13 Investments, Investments in Subsidiaries and Trade Investments				
(a) Investments				
Quoted investments are mainly redeemable at fixed dates within ten years and are stated in the balance sheets at cost adjusted for amortised premiums and discounts. The book amounts and valuations at middle market prices of these investments are given below.				
	1981	1980	1981	1980
	\$'000	\$'000	\$'000	\$'000
BOOK VALUE				
Quoted in Australia:				
Australian Government securities	1,077,294	1,068,908	921,868	835,810
Australian Semi Government securities	76,296	64,012	—	—
Other securities	2,935	768	2,265	163
Quoted in other countries:				
Government and Local Authority securities	241,377	288,904	7,447	3,899
Other securities	4,838	—	—	—
TOTAL BOOK VALUE OF QUOTED INVESTMENTS	1,402,740	1,422,592	931,580	839,872
Unquoted investments:				
Australian Government and Semi Government securities	558,450	567,693	—	500
Australian Treasury notes	143,900	124,644	67,515	48,849
Treasury bills	40,142	35,348	4,433	—
Other securities including leveraged leasing	150,475	47,687	103,822	23,072
TOTAL BOOK VALUE	2,295,707	2,197,964	1,107,350	912,293
MARKET VALUE				
Quoted in Australia:				
Australian Government securities	962,827	1,002,664	830,502	791,694
Australian Semi Government securities	64,958	58,247	—	—
Other securities	2,550	826	1,948	211
Quoted in other countries:				
Government and Local Authority securities	232,871	271,698	7,151	3,915
Other securities	4,931	—	—	—
TOTAL MARKET VALUE OF QUOTED INVESTMENTS	1,268,137	1,333,435	839,601	795,820
(b) Investments in Subsidiaries				
Investment in subsidiary — quoted — at directors' valuation 1979 (Market value 1981 \$84,849,000 — 1980 \$63,062,000)	—	—	41,827	48,831
Investments in subsidiaries — unquoted — at cost	—	—	89,325	149,647
— at directors' valuation 1981	—	—	143,085	—
	—	—	274,237	198,478
(c) Trade Investments				
Trade Investments — quoted — at cost (Market value \$467,000 — 1980 \$337,000)	173	173	—	—
— unquoted — book value	10,824	6,109	9,001	4,062
	10,997	6,282	9,001	4,062

14 Subsidiary Companies and Group Interests

	Incorporated in	Principal areas of operations	Issued Capital	Contribution to Group Results \$'000	
				1981	1980
Australia and New Zealand Banking Group Limited	Australia	International		78,283	56,895
Subsidiaries					
ANZ Banking Group (New Zealand) Limited	New Zealand	New Zealand	44,434,000 of NZ\$1	12,110	7,265
ANZ Custodians Limited	Australia	Australia	7 shares of \$1	—	—
ANZ Discounts Limited	Australia	Australia	5 shares of \$2	—	—
ANZ Finance (Far East) Limited	Australia	Hong Kong	17,000,000 shares of \$1	2,831	2,051
ANZ Finance (Jersey) Limited	Jersey		10 shares of £1	—	—
ANZ Holdings Limited	Australia	Australia/N.Z.	23,100,000 shares of \$1	34	3
ANZ Investments Limited	Australia	International	150 shares of \$1	613	586
ANZ Managed Investments Limited	Australia	Australia	209,010 shares of \$1	29	45
ANZ Managed Investments (N.S.W.) Limited	Australia	Australia	10,000 shares of \$1	3	2
ANZ Managed Investments (Qld.) Limited	Australia	Australia	16 shares of \$1	2	2
ANZ Managed Investments (S.A.) Limited	Australia	Australia	12 shares of \$1	2	1
ANZ Managed Investments (W.A.) Limited	Australia	Australia	12 shares of \$1	1	—
ANZ Managed Investments (Tas.) Limited	Australia	Australia	16 shares of \$1	2	1
ANZ Managed Investments (A.C.T.) Limited	Australia	Australia	16 shares of \$1	—	—
ANZ Managed Investments (N.T.) Limited	Australia	Australia	10 shares of \$1	—	—
ANZ Nominees (Guernsey) Limited	Guernsey	Channel Islands	1,000 shares of £1	—	—
ANZ Nominees Limited	Australia	England/Aust./N.Z.	1,500 shares of \$1	—	—
ANZ Overseas Finance Limited	England	England/Aust./N.Z.	100 shares of £1	83	149
ANZ Pensions (Adelaide) Limited	Australia	Australia	5,000 shares of \$2	—	—
ANZ Pensions (U.K.) Limited	England	England/Aust.	250,000 shares of £1	—	—
ANZ Pensions Pty. Limited	Australia	Australia	5 shares of \$2	—	—
ANZ Pensions (New Zealand) Limited	New Zealand	New Zealand	100 shares of NZ\$1	—	—
ANZ Properties (Australia) Limited	Australia	Australia	5,000,000 shares of \$1	573	573
ANZ Properties (New Zealand) Limited	New Zealand	New Zealand	10,000 shares of NZ\$1	8	10
ANZ Savings Bank (New Zealand) Limited	New Zealand	New Zealand	250,000 shares of NZ\$2	1,595	1,474
Adelaide Nominees Limited	England	England	100 shares of £1	—	—
Australia and New Zealand Banking Group (Channel Islands) Limited	Guernsey	Channel Islands	500,000 shares of £1	522	488
Australia and New Zealand Banking Group (PNG) Limited	Papua New Guinea	Papua New Guinea	2,000,000 shares of K1	1,539	959
Australia and New Zealand Savings Bank Limited	Australia	Australia	7,500,000 shares of \$1	27,802	23,978
The Bank of Adelaide	Australia	Australia	31,504,687 shares of \$1	46	65
The Bank of Adelaide Savings Bank Limited	Australia	Australia	750,000 shares of \$2	29	920
Adelaide Group Data Pty. Limited	Australia	Australia	100,000 shares of \$1	(11)	31
Adelgroup Pty. Limited	Australia		10 shares of \$1	—	—
Finance Corporation of Australia Limited	Australia	Australia	41,000,000 shares of \$1 55,000,000 non-cumulative redeemable preference shares of \$1	3,268	4,607
Subsidiaries of Finance Corporation of Australia Limited					
FCA Leasing Pty. Limited	Australia	Australia	250,000 shares of \$2	525	1,292
FCA Finance Pty. Limited	Australia	Australia	260,000 shares of \$2	8,963	1,669
FCA (Wholesale) Pty. Limited	Australia	Australia	100 shares of \$1	—	50
Ashmore Village Pty. Limited	Australia	Australia	90 shares of \$1	—	—
Meadowlake Pty. Limited	Australia	Australia	60 shares of \$1	(6)	(6)
Ironbark Developments Pty. Limited	Australia	Australia	90 shares of \$1	—	—
St. Albans Park Pty. Limited	Australia		3 shares of \$1	—	—
Lefca Developments (Section 7) Pty. Limited	Australia	Australia	100 shares of \$1	—	—
Endeavour Investments (New Zealand) Limited	New Zealand	New Zealand	4,000,000 shares of NZ\$1	—	28
Esanda Limited	Australia	Australia	95,000,000 shares of \$1	30,899	27,294
Esanda (Wholesale) Pty. Limited	Australia	Australia	50 shares of \$2	2,986	3,443
Esanda Nominees Limited	England	England	100 shares of £1	—	—
ES&A Holdings Limited	Australia	Australia	12,600,000 shares of \$1	8	8
ES&A Nominees (Australia) Proprietary Limited	Australia	Australia	50 shares of \$2	—	—
ES&A Properties (Australia) Limited	Australia	Australia	2,000,000 shares of \$1	8	8
ES&A Properties (U.K.) Limited	England	England	125,000 shares of £1	—	2
Leveraged Lease Packaging Pty. Limited	Australia	Australia	4 shares of \$2	—	—
Melbourne Safe Deposit Pty. Limited	Australia	Australia	29,000 shares of \$1	2	3
UDC Group Holdings Limited	New Zealand	New Zealand	15,000,000 shares of NZ\$1	15	22
Subsidiaries of UDC Group Holdings Limited					
UDC Finance Limited	New Zealand	New Zealand	3,000,000 shares of NZ\$1	1,935	1,774
UDC Mercantile Securities Limited	New Zealand	New Zealand	500,000 shares of NZ\$2	323	169
UDC Properties Limited	New Zealand	New Zealand	65,000 shares of NZ\$2	11	37
UDC Developments Limited	New Zealand	New Zealand	20,000 shares of NZ\$1	39	(9)
UDC Nominees Limited	New Zealand	New Zealand	1,000 shares of NZ\$1	—	—
United Dominions Corporation Limited	New Zealand	New Zealand	29,000 shares of NZ\$0.50	7	44
Mercantile Discounts Limited	New Zealand	New Zealand	34,500 shares of NZ\$2	—	—
Credit for Industry (NZ) Limited	New Zealand		10,000 shares of NZ\$2 240,000 shares of NZ\$2 paid to NZ\$1	—	—
Financial Services Limited	New Zealand		10,000 shares of NZ\$2	—	—
The Traders' Finance Corporation Limited	New Zealand		150,000 shares of NZ\$2	—	—
United Finance Corporation Limited	New Zealand		48,850 shares of NZ\$2	—	—
Mercantile Securities (Hong Kong) Limited	Hong Kong	Hong Kong	5,000 shares of HK\$2	40	28
Quebracho Investments N.V.	The Netherlands Antilles	Curacao	6,000 shares of US\$1	—	—
Adjustment on consolidation				276	30
				175,395	135,991

Group Interest	Held by	Nature of business	Auditors
75%	ANZ Banking Group	Full range of banking services	Gilfillan Morris & Co.
100%	ANZ Banking Group	Custodian and nominee services	Peat, Marwick, Mitchell & Co
100%	ANZ Investments	Negotiation of foreign currency loans for Australian customers	Peat, Marwick, Mitchell & Co
93.8%	ANZ Banking Group	Finance activities	Peat, Marwick, Mitchell & Co
6.2%	ES&A Holdings		
100%	ANZ Banking Group	Non-operative	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Property owning company	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Holding company for subsidiary and associated company shares	Peat, Marwick, Mitchell & Co
100%	Melbourne Safe Deposit	Unit trust managers	Coopers & Lybrand
100%	ANZ Managed Investments		Coopers & Lybrand
100%	ANZ Managed Investments		Coopers & Lybrand
100%	ANZ Managed Investments		Coopers & Lybrand
100%	ANZ Managed Investments		Coopers & Lybrand
100%	ANZ Managed Investments		Coopers & Lybrand
100%	ANZ Managed Investments		Coopers & Lybrand
100%	ANZ Managed Investments		Coopers & Lybrand
100%	ANZ Managed Investments		Coopers & Lybrand
100%	ANZ Banking Group	Nominee services	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Nominee services	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Provision of foreign currency loans	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Management of staff pension funds	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group		Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group		Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group (NZ)		Gilfillan Morris & Co.
100%	ANZ Savings Bank		Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group (NZ)	Property owning company	Gilfillan Morris & Co
100%	ANZ Banking Group (NZ)	Property owning company	Gilfillan Morris & Co
100%	ANZ Banking Group (NZ)	Savings bank	Hunt, Duthie & Co/Hutchison Hull & Co.
100%	ANZ Banking Group	Nominee services	Peat, Marwick, Mitchell & Co.
100%	ANZ Banking Group	Full range of banking services	Peat, Marwick, Mitchell & Co
85%	ANZ Banking Group	Full range of banking services	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Savings bank	Deloitte, Haskins & Sells/Ernst & Whinney
100%	ANZ Banking Group	Property owning company	Peat, Marwick, Mitchell & Co
100%	Bank of Adelaide	Property owning company	Peat, Marwick, Mitchell & Co
50%	FCA	Data processing services	Peat, Marwick, Mitchell & Co
50%	Bank of Adelaide Savings Bank		
100%	Bank of Adelaide	Non-operative	Peat, Marwick, Mitchell & Co
100%	Bank of Adelaide	Real estate, leasing and general finance facilities	Peat, Marwick, Mitchell & Co
100%	FCA	Lease finance	Peat, Marwick, Mitchell & Co
100%	FCA	Real estate development and finance facilities	Peat, Marwick, Mitchell & Co
100%	FCA	Motor vehicle finance	Peat, Marwick, Mitchell & Co
100%	FCA Finance	Agent and trustee	Peat, Marwick, Mitchell & Co
100%	FCA Finance	Real estate development	Peat, Marwick, Mitchell & Co
100%	FCA Finance	Agent and trustee	Peat, Marwick, Mitchell & Co
100%	FCA Finance	Non-operative	Peat, Marwick, Mitchell & Co
100%	FCA Finance	Beneficiary of land development partnership	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group (NZ)	Majority shareholder of UDC Group Holdings Ltd.	Price Waterhouse & Co
100%	ANZ Banking Group	Hire purchase, lease, instalment and general finance facilities	Arthur Andersen & Co
100%	Esanda		Arthur Andersen & Co
100%	ANZ Banking Group	Nominee services	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Property and investment owning company	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Nominee services	Peat, Marwick, Mitchell & Co
100%	ES&A Holdings	Property owning company	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Property owning company	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Co-ordination and arrangement of leveraged lease facilities	Peat, Marwick, Mitchell & Co
100%	ANZ Banking Group	Holding company for subsidiary and associated company shares	Peat, Marwick, Mitchell & Co
74.1%	Endeavour Investments (NZ)	Holding company for subsidiary and associated company shares	Price Waterhouse & Co
25.9%	ANZ Banking Group (NZ)		
100%	UDC Group Holdings	General finance facilities	Price Waterhouse & Co
100%	UDC Finance	Merchant bank	Price Waterhouse & Co
100%	UDC Finance	Property owning company	Price Waterhouse & Co
100%	UDC Finance	Property development and management	Price Waterhouse & Co
100%	UDC Finance	Nominee services	Price Waterhouse & Co
100%	UDC Finance	Holding company for associated company shares	Price Waterhouse & Co
100%	UDC Finance	Commercial bill discounter	Price Waterhouse & Co
100%	UDC Finance	Non-operative	Price Waterhouse & Co
100%	UDC Finance	Non-operative	Price Waterhouse & Co
100%	UDC Finance	Non-operative	Price Waterhouse & Co
100%	UDC Mercantile Securities	Finance activities	Price Waterhouse & Co
100%	Mercantile Securities (Hong Kong)	Finance activities	Price Waterhouse & Co

Subsidiary Companies and Group Interests continued

	Incorporated in	Principal areas of operations	Issued Capital
Associated Companies*			
Australian International Finance Corporation Limited	Australia	Pacific Area	7,812,500 shares of \$A1 Reserves \$12,343,000
Databank Systems Limited	New Zealand	New Zealand	200,000 shares of NZ\$1 Loan Capital NZ\$17,703,500 Reserves NZ\$1,803,841
Fifty Seven Willis Street Limited	New Zealand	New Zealand	6,542,000 shares of NZ\$1
New Zealand Bankcard Associates Limited	New Zealand	New Zealand	30,000 shares of NZ\$1 Reserves NZ\$83,393
Melanesia International Trust Company Limited	Vanuatu	International	931,469 shares of £0.50p Reserves \$116,470
Delana Pty. Limited	Australia	Australia	2 shares of \$1 each
Endeavour Hills Pty. Limited	Australia	Australia	3 shares of \$1 each
Lefca Developments (Section 5) Pty. Limited	Australia	Australia	100 shares of \$1 each
Lefca Developments (Section 6) Pty. Limited	Australia	Australia	100 shares of \$1 each
Lefca Investments Pty. Limited	Australia	Australia	2 shares of \$1 each
Allied Mortgage Guarantee Co. Limited	New Zealand	New Zealand	2,000,000 shares of NZ\$1 Reserves NZ\$551,709
Irvin and Stern Limited	New Zealand	New Zealand	529,000 shares of NZ\$1 Reserves NZ\$808,891
Lambton Investments Company Limited	New Zealand	New Zealand	204,292 shares of NZ\$1 Reserves NZ\$491,373
James Plastics Limited	New Zealand	New Zealand	180,000 shares of NZ\$1 Reserves NZ\$90,726
Inverleith Holdings Limited	New Zealand	New Zealand	300,000 shares of NZ\$1 Reserves NZ\$48,722
Pye Acceptance Limited	New Zealand	New Zealand	10,000 shares of NZ\$2 Reserves NZ\$269,658
Monidata Pty. Limited	Papua New Guinea	Papua New Guinea	100,000 shares of K1
INTERESTS UNDER 20%			
Argo Investments Limited	Australia	Australia	21,000,000 shares of \$A1
Asfinc Singapore Limited	Singapore	South East Asia	20,000,000 shares of S\$1
Australian Innovation Corporation Limited	Australia	Australia	712,000 shares of \$A1
Australian Resources Development Bank Limited	Australia	Australia	11,088 shares of \$A1,000
Charge Card Services Limited	Australia	Australia	80,010 shares of \$A1
Primary Industry Bank of Australia Limited	Australia	Australia	5,625,000 shares of \$A1
ANG Holdings Limited	Papua New Guinea	Papua New Guinea	1,766,900 ordinary shares of K1 300,000 cumulative participating preference shares of K1 197,000 deferred ordinary shares of K1
Private Investment Co. for Asia S.A.	Panama	Asia	8,574 shares of US\$5,000
South East Asia Development Corporation Berhad	Malaysia	South East Asia	7,000,000 shares of M\$1
Society for Worldwide Interbank Financial Telecommunication	Belgium	International	22,703 shares of B.F.5000
West Lakes Limited	Australia	Australia	3,500,000 shares of 50¢ each

*Where applicable, loan capital and reserves have been shown for companies in which the Group interest in the equity capital amounts to 20 per cent or more.

Group Interest	Held by	Nature of business
40.0%	ANZ Banking Group	Short and medium term lending and related financial services
20%	ANZ Banking Group (NZ)	Nationwide computer network jointly owned by the trading banks
20%	ANZ Banking Group (NZ)	
15.4%	ANZ Banking Group (NZ)	Property owning company
33.3%	ANZ Banking Group (NZ)	Service company for administration of charge card services
47.3%	ANZ Investments	Trustee, corporate and financial services
50%	FCA Finance	Property developer
33.3%	FCA Finance	Trustee
50%	FCA Finance	Beneficiary of trust
50%	FCA Finance	Beneficiary of trust
50%	FCA Finance	Trustee
33.3%	UDC Group Holdings	Guarantee of repayment of property mortgages
24.9%	United Dominions Corporation	Retailer of carpet, furniture and white goods
24.9%	United Dominions Corporation	Finances consumer goods
24.9%	UDC Group Holdings	Manufacturers of plastic film and pipe
20%	UDC Group Holdings	Property developers
50%	UDC Group Holdings	Hiring of radio telephones
20%	ANZ Banking Group (PNG)	Computer network jointly owned by Papua New Guinea banks
0.11%	Bank of Adelaide	Investment company
0.90%	Bank of Adelaide Savings Bank	
1.25%	ANZ Banking Group	Holds 20% equity in Asean Finance Corporation which was formed to promote industrialisation and economic development within Asean member countries
3.51%	ANZ Banking Group	Finances Australian innovations and inventions
16.67%	ANZ Banking Group	Financing development of Australia's natural resources
14.29%	ANZ Banking Group	Service company for administration and provision of bank charge cards
12.5%	ANZ Banking Group	Finance long-term loans to primary producers
0.59%	ANZ Investments	Development of resources in PNG
0.61%	ANZ Banking Group	Capital investments in developing countries of Asia
0.86%	ANZ Investments	Investments and banking facilities in S.E. Asia
0.08%	ANZ Banking Group	Management of International Inter-bank Telecommunications system
6.47%	FCA	Property developer

15 Future Income Tax Benefits

	Consolidated		Holding Company	
	1981	1980	1981	1980
	\$'000	\$'000	\$'000	\$'000
Included in all other assets	68,521	56,866	57,578	52,701

Possible future income tax benefits relative to the Finance Corporation of Australia Limited group arising from provision for doubtful debts, provision for diminution in value of development ventures, and tax losses existing at 30th September, 1981 are not recognised in the accounts. These possible benefits, which could amount to \$10,040,000 (1980 — \$13,661,000) for the Finance Corporation of Australia Limited group, assuming provisions for diminution in value of development ventures and doubtful debts have been correctly estimated, and after the recovery of tax losses in the current year (which are not material to the Group), will only be obtained if:

- (i) Relevant companies within the group derive future assessable income of a nature and of amount sufficient to enable the benefit of the taxation deductions to be realised.
- (ii) Relevant companies within the group continue to comply with the conditions for deductibility imposed by the law; and
- (iii) There are no changes in taxation legislation adversely affecting group companies in realising the benefit of the taxation deductions.

16 Contingent Liabilities

	Consolidated		Holding Company	
	1981	1980	1981	1980
	\$'000	\$'000	\$'000	\$'000
Commercial bills endorsed	69,727	49,257	67,727	30,263
Liabilities under letters of credit	351,757	329,327	319,907	283,329
Guarantees entered into in the normal course of business	420,407	383,107	390,497	311,887
Other	223,395	167,653	176,882	98,862
	1,065,286	929,344	955,013	724,341
Forward exchange contracts	10,551,647	4,958,945	9,627,606	4,449,560
	11,616,933	5,888,289	10,582,619	5,173,901

Australia and New Zealand Banking Group Limited has guaranteed the depositors' balances with Australia and New Zealand Savings Bank Limited and has agreed to provide funds to ANZ Properties (Australia) Limited, to meet its liabilities as they fall due, should the subsidiary have insufficient funds for that purpose. ANZ Banking Group (New Zealand) Limited has guaranteed the depositors' balances with ANZ Savings Bank (New Zealand) Limited.

Statement by the Directors

In the opinion of the directors of Australia and New Zealand Banking Group Limited the accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the Company as at 30th September, 1981, and the accompanying profit and loss statement is drawn up so as to give a true and fair view of the profit of the Company for the year ended 30th September, 1981.

It is also the opinion of the directors that the accompanying group accounts of Australia and New Zealand Banking Group Limited and its subsidiary companies are drawn up so as to give a true and fair view of:—

- (a) the profit of the Company and its subsidiaries for the year ended 30th September, 1981; and
- (b) the state of affairs of the Company and its subsidiaries for the year ended 30th September, 1981

so far as they concern members of the Holding Company.

Dated at Melbourne this 30th day of November, 1981.

Signed in accordance with a resolution of the directors.

Ian McLennan Director

J. D. Milne Director

Statement by the Principal Accounting Officer

I, David Thomas Craig, the principal accounting officer of Australia and New Zealand Banking Group Limited, do hereby state that to the best of my knowledge and belief the accompanying accounts of Australia and New Zealand Banking Group Limited and the group accounts of Australia and New Zealand Banking Group Limited and its banking and other subsidiaries are drawn up so as to give a true and fair view of the matters required to be dealt with therein in accordance with Section 162 of the Companies Act 1961 of Victoria.

Dated at Melbourne this 30th day of November, 1981.

D. T. Craig

Principal Accounting Officer
Melbourne

Auditors' Report to the Members

In our opinion:

- (a) the accompanying accounts and group accounts as set out on pages 19 to 32, being the balance sheet and profit and loss statement of Australia and New Zealand Banking Group Limited and the consolidated balance sheet and consolidated profit and loss statement of the Company and its subsidiaries, which have been prepared under the historical cost convention stated in Note 1, are properly drawn up in accordance with the provisions of the Companies Act, 1961 of Victoria in the manner authorised for a banking company and on this basis so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the group as at 30th September, 1981 and of the profit of the Company and of the group for the year ended on that date so far as they concern members of the holding Company; and
 - (ii) the other matters required by Section 162 of that Act to be dealt with in the accounts and in the group accounts;
- (b) the accounting records and other records, and the registers required by that Act to be kept by the Company and by those subsidiaries of which we are the auditors have been properly kept in accordance with the provisions of that Act or in the case of such subsidiaries incorporated in another State or Territory of the Commonwealth and of which we are the auditors in accordance with the provisions of the corresponding law of that State or Territory.

The names of the subsidiaries of which we have not acted as auditors are set out in note 14 to the accounts on pages 28 and 29 and we have examined their accounts and the auditors' reports thereon.

We are satisfied that the accounts of the subsidiaries that have been consolidated with other accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for that purpose.

No auditors' report on the accounts of any of the subsidiaries was made subject to any qualification, or included any comment made under sub-section (3) of Section 167 of that Act.

Peat, Marwick, Mitchell & Co.
Chartered Accountants

R. C. Dunn, Partner

Melbourne
30th November, 1981.

Australia and New Zealand Savings Bank Limited

Summary of the Audited Accounts* as at 30th September, 1981

Balance Sheet as at 30th September, 1981

LIABILITIES	1981 \$'000	1980 \$'000	ASSETS	1981 \$'000	1980 \$'000
Authorised capital: 14,000,000 ordinary shares of \$1 each	14,000	14,000	Cash	219	189
Issued capital: 7,500,000 ordinary shares of \$1 each, fully paid	7,500	7,500	Deposits with Reserve Bank	109,200	91,500
Reserves	101,978	86,008	Deposits with Australia and New Zealand Banking Group Limited	1,887	17,629
Balance profit and loss account	11,841	9,739	Loans to authorized dealers in Australian short term money market	—	3,000
	121,319	103,247	Australian public securities		
Deposits	2,334,574	2,059,780	(a) Commonwealth of Australia		
Provision for income tax	16,723	14,785	— Treasury notes	76,385	70,795
Bills payable and other liabilities	79,412	59,071	— other	155,426	164,613
			(b) Local & Semi Government Other public securities	634,746	585,261
				7,915	7,634
			Balances due by other banks	3,000	2,000
			Loans less provision for doubtful debts	1,529,859	1,263,071
			Shares in subsidiary	5,000	5,000
			Other securities	2,691	2,746
			Other assets	25,700	23,445
	2,552,028	2,236,883		2,552,028	2,236,883

Profit and Loss Account for the year ended 30th September, 1981

Expenses of management and interest paid	211,084	153,486	Discount and interest earned, commission and other items	262,148	197,515
Income tax expense	23,262	20,051			
Operating profit for year	27,802	23,978			
	262,148	197,515		262,148	197,515
Transfer to reserves	16,000	14,000	Balance brought forward	9,739	8,361
Dividend	9,700	8,600	Operating profit for year	27,802	23,978
Balance carried forward	11,841	9,739			
	37,541	32,339		37,541	32,339

* Abridged format for information purposes only

In the accounts, the 1981 figures reflect the transfer of the savings bank business from The Bank of Adelaide Savings Bank Limited which was effected on 1st October, 1980.

Esanda Limited

Summary of the Consolidated Audited Accounts* as at 30th September, 1981

Balance Sheet as at 30th September, 1981

LIABILITIES	1981 \$'000	1980 \$'000	ASSETS	1981 \$'000	1980 \$'000
Authorised capital: 100,000,000 ordinary shares of \$1 each	100,000	100,000	Deposits with Australia and New Zealand Banking Group Limited	6,622	6,144
Issued capital: 95,000,000 ordinary shares of \$1 each, fully paid	95,000	84,500	Deposits at call and short term investments	29,300	5,000
Capital reserve	146	146	Receivables, less provisions and less income yet to mature \$511,922,000 (1980 \$404,186,000)	1,969,022	1,686,483
General reserve	77,000	77,000	Premises and equipment	12,118	12,535
Balance profit and loss account	39,984	17,899	Other assets	690	690
	212,130	179,545			
Debenture stock	995,165	885,362			
Maturing within one year \$313,888,000 (1980 \$266,151,000)					
Unsecured notes and deposits	736,690	576,681			
Maturing within one year \$602,197,000 (1980 \$466,275,000)					
Provision for income tax	12,281	16,440			
Other liabilities	61,486	52,824			
	2,017,752	1,710,852		2,017,752	1,710,852

Profit and Loss Account for the year ended 30th September, 1981

Transfer to general reserve	—	15,000	Balance brought forward	17,899	12,762
Dividend	11,800	10,600	Profit for year	33,885	30,737
Balance carried forward	39,984	17,899			
	51,784	43,499		51,784	43,499

* Abridged format for information purposes only

ANZ Banking Group (New Zealand) Limited

Summary of the Consolidated Audited Accounts* as at 30th September, 1981

Balance Sheet as at 30th September, 1981

LIABILITIES	1981 NZ\$'000	1980 NZ\$'000	ASSETS	1981 NZ\$'000	1980 NZ\$'000
Authorised capital: 100,000,000 ordinary shares of NZ\$1 each	100,000	100,000	Cash and short term funds	16,884	16,488
Issued capital: 44,434,000 ordinary shares of NZ\$1 each, less 210,700 shares uncalled	44,223	44,204	Treasury bills	18,700	28,700
Reserves	14,751	4,680	New Zealand Government, local authority securities and other investments	407,266	356,197
Balance of profit and loss account	21,251	10,194	Cheques in course of collection and balances with other banks	19,244	4,188
	80,225	59,078	Loans and advances	1,513,492	1,204,395
Loan funds	15,000	20,000	Bills receivable and remittances in transit	34,852	36,114
Deposits	1,825,061	1,496,320	Bank acceptances	42,288	22,690
Proposed final dividend	5,307	3,094	Premises and equipment	33,263	30,455
Provision for taxation	2,710	4,641	Investment in associated companies	1,936	1,819
Due to other banks	49,944	39,113	Loans to associated companies	4,528	3,709
Bank acceptances	42,288	22,690	All other assets	22,639	12,862
Bills payable, other provisions and other liabilities	94,557	72,681			
	2,115,092	1,717,617		2,115,092	1,717,617

Profit and Loss Account for the year ended 30th September, 1981

Expenses of management and interest paid	220,933	182,612	Discount and interest earned, commission and other items	276,274	215,275
Income tax expense	25,428	15,287			
Operating profit for year	29,913	16,845			
Interests of minority shareholders and pre-acquisition profits	—	531			
	276,274	215,275		276,274	215,275
Transfer to reserves	10,043	1,715	Balance brought forward	10,194	—
Dividend — interim	3,537	3,094	Operating profit for year	29,913	16,845
— proposed final	5,307	3,094	Extraordinary items	31	1,252
Balance carried forward	21,251	10,194			
	40,138	18,097		40,138	18,097

* Abridged format for information purposes only

Finance Corporation of Australia Limited

Summary of the Consolidated Audited Accounts* as at 30th September, 1981

Balance Sheet as at 30th September, 1981

LIABILITIES	1981 \$'000	1980 \$'000	ASSETS	1981 \$'000	1980 \$'000
Authorised capital	100,000	100,000	Liquid funds	12,332	6,378
Issued capital	73,500	73,500	Investments	339	792
Accumulated losses	(870)	(13,776)	Receivables, less provisions and less income yet to mature \$185,177,000 (1980 \$173,997,000)	381,640	318,139
Debenture stock	72,630	59,724	Premises and equipment	1,510	1,770
Maturing within one year \$102,777,000 (1980 \$96,109,000)	271,331	246,823	Development ventures	8,905	14,548
Deposits and bills payable	54,870	33,245	Other assets	535	446
Provision for income tax	3,667	1			
Other liabilities	2,763	2,280			
	405,261	342,073		405,261	342,073

Profit and Loss Account for the year ended 30th September, 1981

Losses brought forward	13,776	22,112	Operating profit	16,411	7,654
Income tax expense	3,661	42	Extraordinary items	156	724
Balance carried forward	(870)	(13,776)			
	16,567	8,378		16,567	8,378

* Abridged format for information purposes only

Consolidated Statement of Source and Application of Funds

for the year ended 30th September, 1981

	1981	1980*
	\$'000	\$'000
Source of Funds		
Group operating profit after income tax expense	175,395	135,991
Add: Extraordinary items involving funds	29,247	12,588
Add: Depreciation and other items not involving the outlay of funds in current period	61,410	37,548
Funds derived from operations	266,052	186,127
New share issues including premium on issue	2,377	37,501
Increases in:		
Minority shareholders' interests	2,114	6,399
Deposits and borrowings by subsidiaries	1,445,049	1,943,607
Bills payable and all other liabilities	357,624	446,648
	2,073,216	2,620,282
Application of Funds		
Payment of dividends	53,463	37,355
Increases in:		
Premises, equipment and other fixed assets (net)	23,474	48,917
Liquid assets	145,402	9,402
Investments other than trade investments	97,743	290,841
Regulatory deposits with central and other banks	100,809	88,971
Loans, advances and net receivables	1,651,622	2,114,108
All other assets	703	30,688
	2,073,216	2,620,282

* The 1980 figures reflect the acquisition of The Bank of Adelaide group of companies during the 1980 year.

Analysis of Shareholdings

Twenty Largest Shareholders

As at 13th November, 1981, the twenty largest shareholders held 64,109,779 shares which is equal to 36.9% of the total issued capital of 173,693,055 fully paid shares of \$1 each. They were:—

Shareholders	No. of Shares	%
A.N.Z. Nominees Limited G.P.O. Box 2842AA Melbourne 3001	11,548,752	6.7
C.T.B. Nominees Limited Sydney Account C/- The Registrar Commonwealth Trading Bank of Australia Box 4122 Sydney N.S.W. 2001	10,680,442	6.2
Australian Mutual Provident Society 535 Bourke Street Melbourne 3000	10,118,047	5.8
National Nominees Limited P.O. Box 84A Melbourne 3001	7,101,929	4.1
The National Mutual Life Association of Australasia Limited 447 Collins Street Melbourne 3000	3,752,022	2.2
Bank of New South Wales Nominees Pty Limited The Wales House 66 Pitt Street Sydney N.S.W. 2000	3,361,451	1.9
Nenom and Company Inc. Care New England Merchants National Bank of Boston One Washington Mall Boston Massachusetts U.S.A. 02108	2,110,937	1.2
The Pearl Assurance Co. Limited High Holborn London WC1	2,008,588	1.2
Government Insurance Office of New South Wales 60-70 Elizabeth Street Sydney N.S.W. 2000	1,799,315	1.0
The Mutual Life and Citizens Assurance Co. Ltd 44-46 Martin Place Sydney N.S.W. 2000	1,374,487	0.8
Eagle Star Insurance Company Limited 'H' Account 1 Threadneedle Street London EC2R 8BE	1,318,357	0.8
Midland Bank (Head Office) Nominees Limited 27-32 Poultry London EC2	1,250,000	0.7
Provident and Pensions Holdings Pty Limited G.P.O. Box 872K Melbourne 3001	1,086,517	0.6
T & G Mutual Life Society Limited Corner Russell and Collins Street Melbourne	1,056,988	0.6
Williams & Glyn's Bank Limited "B.E.B." Account 20 Birchin Lane London EC3P 3DP	1,045,677	0.6
Associated Nominees Pty Limited G.P.O. Box 145 Sydney N.S.W. 2001	929,046	0.5
B.S.C. Pension Fund Nominees Limited 33 Grosvenor Place London SW1	914,057	0.5
Refuge Assurance Co. Ltd 103 Oxford Street Manchester U.K.	900,877	0.5
O P F Nominees Pty Limited G.P.O. Box 483 Sydney N.S.W. 2001	888,132	0.5
The Federation Insurance Ltd Level 34 Collins Wales House 360 Collins Street Melbourne	864,158	0.5
	64,109,779	36.9

Voting Rights of Shareholders The articles provide for: — on a show of hands: 1 vote
— on a poll: 1 vote for each share held

Directors' Shareholding Interests

	Beneficial As at 21st October, 1981	Non-beneficial As at 21st October, 1981
Sir Ian McLennan	11,933	—
J. D. Milne	3,562	—
R. T. Brunskill	—	—
E. H. Burgess	452	—
D. C. L. Gibbs	3,125	—
C. J. Harper	—	—
W. J. Holcroft	2,196	—
A. G. Kilpatrick	3,250	—
Sir Laurence Muir	2,196	—
G. M. Niall	—	—
*L. M. Papps	—	—
Sir William Vines	1,562	—
	28,276	—

There were no changes in directors' shareholding interest in the Company between 21st October, 1981 and 27th November, 1981, except that Mr. C. J. Harper purchased 500 shares in the capital of the Company on 19th November, 1981.

*In addition, Mr. L. M. Papps has a beneficial interest in 4,500 shares in a related company, ANZ Banking Group (New Zealand) Limited.

Average Size of Shareholdings

As at 13th November, 1981 the average size of shareholding was 4,636 (1980, 3,841).

Distribution of Shareholdings

Range	Number of holders	% of holders	Number of shares	% of shares
1 to 1,000	21,161	56.5	9,468,729	5.4
1,001 to 5,000	13,949	37.2	29,170,468	16.8
5,001 to 10,000	1,348	3.6	9,338,064	5.4
Over 10,000	1,004	2.7	125,715,794	72.4
	37,462	100.0	173,693,055	100.0

Category of holder

Category	Number of holders	% of holders	Number of shares	% of shares
Men	14,361	38.3	19,136,075	11.0
Women	15,231	40.7	19,963,918	11.5
Joint Accounts (Individuals)	3,529	9.4	6,490,137	3.7
Banks and Insurance Companies	734	2.0	42,516,860	24.5
Trustee Companies	215	0.6	3,654,396	2.1
Pension Funds	114	0.3	12,080,239	7.0
Nominee Companies	767	2.0	46,698,578	26.9
Other	2,511	6.7	23,152,852	13.3
	37,462	100.0	173,693,055	100.0

Group Services

The main activities of companies in the group are trading and savings banking, hire purchase and general finance, mortgage and instalment loans, leasing, investment and portfolio management, nominee and custodian services, travel services and international banking. These activities involve provision of the following services:

Personal

- Cheque accounts
- High interest deposit accounts
- Passbook savings accounts
- Access savings accounts
- Blue Ribbon service
- Retirement services
- Trust accounts
- Zodiac Savers' Plan
- Christmas Club
- Home Savers' Club
- Personal loans/overdrafts
- Loans for housing
- Loans for semi-government instrumentalities, municipal bodies and schools
- Bankcard
- Insurance services
- Safe custody, night safe and safe deposit facilities
- Periodical payments
- Travellers' cheques
- Provision of foreign currency money transfers
- Deduction-from-wages savings schemes
- Savings bank agents in local retail centres
- Comprehensive travel service
- Migrant advisory centres

Commercial

- Negotiable and convertible certificates of deposit
- Commercial/documentary letters of credit
- Commercial bill financing
- Bill collection/discounting and negotiation
- Foreign exchange dealings and forward exchange contracts
- Bridging finance
- Term loans, farm development loans
- Leasing
- Economic research and information service
- Introductions to overseas parties for trade purposes
- Information on Government assistance to exporters
- Economic and business advisory services covering mining, rural and industrial undertakings
- Payroll services and direct crediting of salaries
- CEMTEX direct entry system

Corporate Banking

- Corporate financing
- Management of consortium loans in local or foreign currencies
- Management and participation in leveraged leasing
- Consortium and project financing
- Energy and minerals advisory service
- Financing of international trade in local and overseas currencies
- Foreign currency spot and forward facilities and management of exchange risks
- Business development and trade enquiry service
- Overseas remittances
- Advice on import and export and exchange control procedures

Investment

Nominee services
Registrar services
Portfolio management
Public retirement funds for employees and self-employed
Management of company superannuation funds
Bearer depository receipt service to facilitate dealings in Australian securities in the United Kingdom
Purchase and sale of investments
Issue of debentures and unsecured notes in subsidiary companies
Investment of short, medium and long term funds
Banker to public loans and share issues

General Finance — Esanda, FCA in Australia, UDC in New Zealand

Leasing, hire purchase and instalment credit finance for motor vehicles, trucks, industrial plant and machinery, forestry and agricultural equipment, computers, office equipment, domestic goods, caravans and other chattels
Leveraged leasing and leasing of livestock (Australia only)
Personal loans, housing loans
Real estate/bridging finance for investors, developers, builders and business undertakings
Business loans for expansion projects or working capital
Discounting of mortgages and contracts of sale
Import and export finance, overseas loan negotiations (NZ only)
Merchant bank facilities (NZ only)
Property development

