

Australia
and New Zealand
Banking Group Limited
Report
to
Shareholders
1991

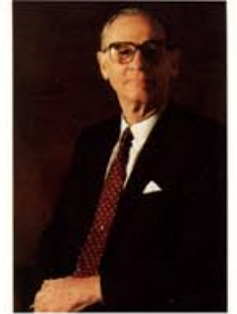


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Australia and New Zealand Banking Group Limited
A.C.N. 005 357 522

MILTON BRIDGLAND AO
CHAIRMAN

Dear Shareholder,

In announcing the half-year results in May, I said that we were experiencing "the harshest environment for business in Australia since World War II". There was no discernible improvement in this environment during the remainder of the financial year and there is continuing uncertainty as to when and at what rate the economy will start to recover.

Worldwide, banks have suffered deterioration of profitability due to sharp increases in bad debts and non-performing loans. ANZ directors and management take little comfort from being in the company of many other banks, large and small, in these circumstances. During the past year or so there has been no shortage of public commentary on the causes of our problems, some constructive, much ill-

"We believe the worst is behind

us and it is now imperative that

all our energies be directed at the

the task of restoring sound performance

and acceptable profitability."

informed. There have been recriminations, some justifiable, much unreasonable.

Within ANZ lessons have been learned and penalties have been paid. We believe the worst is behind us and it is now imperative that all our energies be directed at the task of restoring sound performance and acceptable profitability.

There have been intensive revisions of operating procedures and the elimination of processes which do not add adequate value. Management structures have been reviewed and employee numbers are being reduced, consistent with best international practice in our rapidly changing, highly competitive, deregulated financial services industry. As the economic environment picks up, ANZ will be in good shape to benefit from renewed business growth. Business banking, in which ANZ has a substantial involvement, was severely affected by the economic downturn, but will perform strongly as confidence gradually returns and investment is resumed.

Acquisitions during the past two years have redressed some imbalance in the Group's spread of business sectors and regional involvement, and this will progressively stabilise the impact of business cycles.

Whilst this Report details a disappointing year for all of us as shareholders, please take the time to study it carefully. It will reveal an organisation emerging from the recession with lower costs, higher productivity, clear strategic focus, heightened professionalism and a strengthened sense of purpose.

CORPORATE PRACTICES AND CONDUCT

In May 1991 a number of Australian business and professional organisations published a paper titled "Corporate Practices and Conduct." The Company supports and seeks to conform to principles consistent with those recommended in that paper.

DIVIDEND POLICY

We have a global spread of operating income and shareholders. The Australian system of tax imputation encourages the maximum distribution of franked dividends to Australian shareholders, but, as yet, only Australian shareholders can benefit from the franking component. Prudent funds management and the requirement for conservative capital ratios requires, on the other hand,

the retention of a judicious share of operating profit.

Our policy will be to strike a balance between these conflicting aims, with the prime object of securing sound long term growth of shareholder investment.

Until adequate profit generation from Australian operations is restored, there may be some constraints on our ability to provide fully franked dividends.

DIRECTORS

During the year, Kevan Gosper, a director since 1988, resigned from the Board following his appointment to a senior management position in London with his company, Shell International Petroleum. He has accepted our invitation to join the Board of ANZ Grindlays Bank plc, our wholly-owned British subsidiary.

In July 1991, Charles Goode joined the Board. He has a distinguished background in stockbroking and investment management, and is a director of several leading companies.

Following the retirement in July of Reg Nicolson from the position of Managing Director and Chief Operating Officer, Brian Weeks was appointed to the Board as Executive Director. With the close support of Brian Weeks, Will Bailey, in his capacity as Chief Executive Officer, has assumed total control of the administration of the Group previously shared with Reg Nicolson.

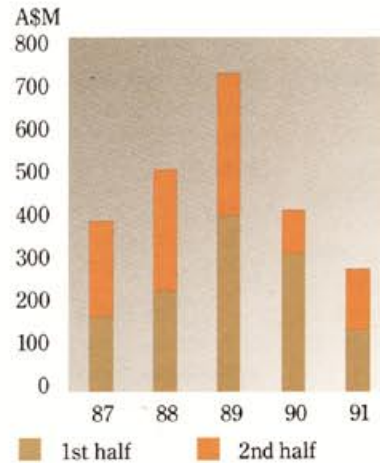
Milton Bridgland

Milton Bridgland
Chairman

The operating environments in our major domestic markets over the past year continued to be difficult for the Group. An after-tax profit of \$266.2 million (before abnormal items) for the full-year ended 30 September 1991 was recorded, a decrease of 35% on the previous year (\$412.5 million).

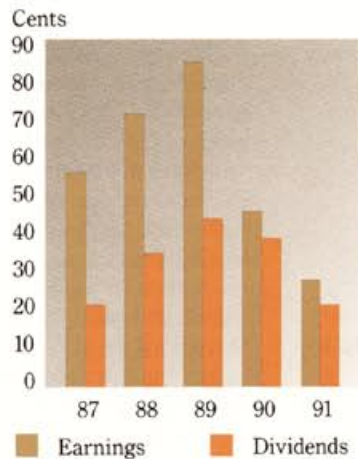
Earnings per share (excluding Preference Shares) fell to 26.7¢, compared with 45¢ in 1990 and dividends per share were reduced to 20¢ for the year. The payout ratio (before abnormal items) was slightly down from 80% in 1990 to 72% in 1991.

OPERATING PROFIT AFTER TAX*



* Before abnormal items

EARNINGS AND DIVIDENDS PER SHARE*

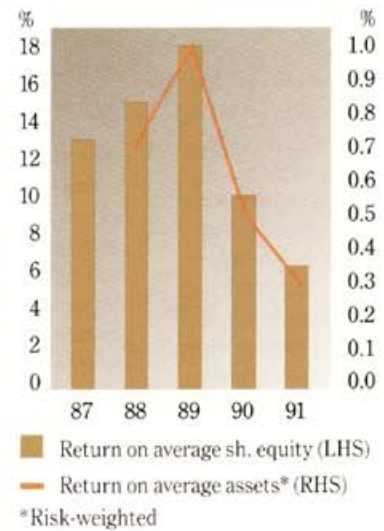


* Excludes the special dividend paid April 1989 and preference shares

Return (before abnormal items) on average risk-weighted assets was also slightly reduced over the previous year at 0.3% while return on shareholders' equity fell to 5.8%.

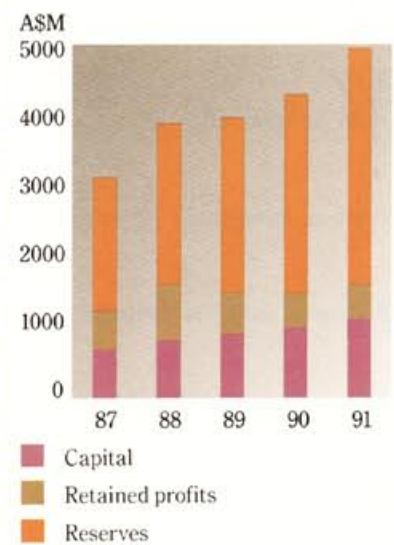
Shareholders' equity (excluding minority items) grew by 16% to \$4,984 million, aided by the \$600 million converting preference share issue in July 1991.

RETURN ON ASSETS* & SHAREHOLDERS' EQUITY



* Risk-weighted

SHAREHOLDERS' EQUITY



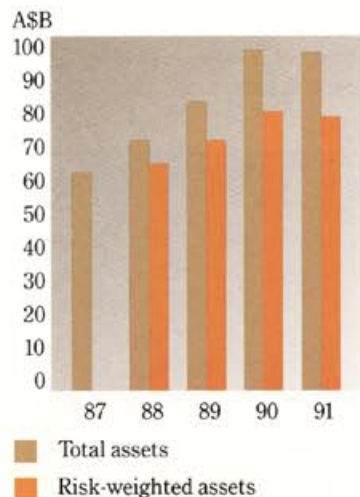
The contribution of the Group's Australian operations was considerably down at \$5.2 million or 2% of total profit before abnormal items, compared with 25.5% in 1990. New Zealand's contribution remained strong at \$92.7 million or 35% while Other markets contributed \$168.3 million or 63%, up from 53% last year.

Total Group assets fell slightly to \$98.2 billion and risk-weighted assets were contained at \$80.7 billion.

GEOGRAPHIC SOURCES OF PROFIT



GROUP ASSETS



In risk-weighted terms, Australian assets accounted for \$57.3 billion or 71% of total assets, New Zealand \$8.1 billion or 10% and Other markets \$15.3 billion or 19%.

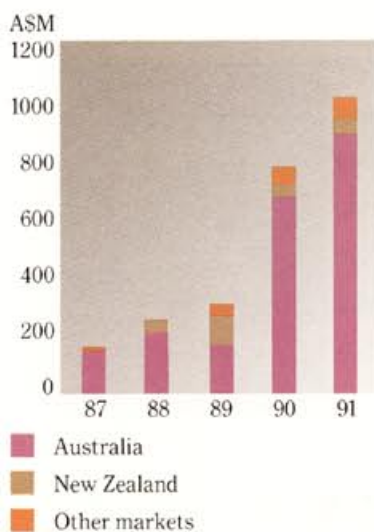
The high level of provisioning for bad and doubtful debts coupled with the level of non-accrual loans in Australia led to the subdued profit result. Specific provisioning for bad and doubtful debts increased to \$1,037.1 million, from \$788.6 million in 1990.

GEOGRAPHIC DISTRIBUTION OF GROUP ASSETS*



*Risk-weighted

BAD AND DOUBTFUL DEBTS EXPENSE*

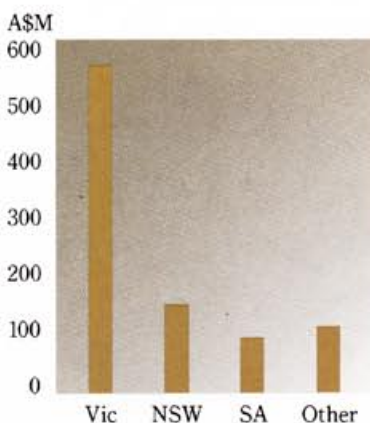


*Specific provision charge excluding rescheduled country debt

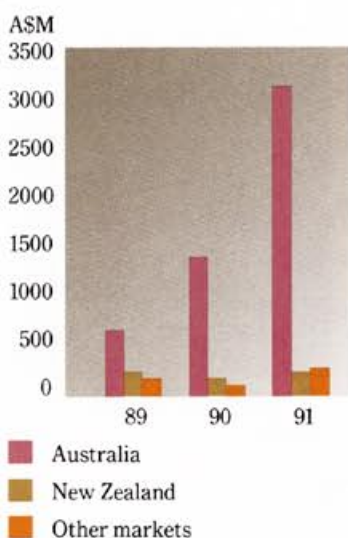
The State of Victoria, where we have our strongest market position and consequently our greatest exposure to the business sector, was again the location of the bulk of provisioning.

In addition, net non-accrual loans continued to rise. They remain concentrated in Australia, with the majority of these in Victoria. Growth of these loans abated in the second half.

SPECIFIC PROVISION CHARGE AUSTRALIA - BY STATE



NET NON-ACCRUAL LOANS*
After specific provisions

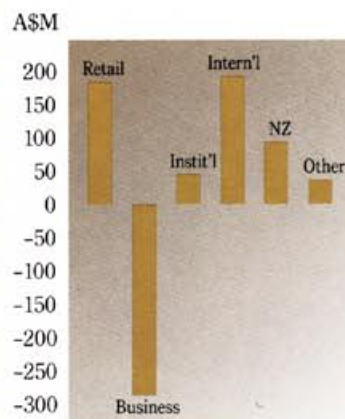


*Excluding rescheduled country debt

Our bad debt problems are very contained. Four of our five operating Divisions are making good profits. In fact, excluding Business Banking Division, net profit after tax (before abnormals) would have been \$548.2 million.

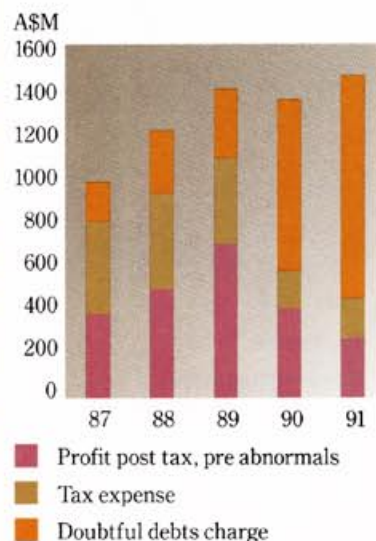
Our profitability before bad and doubtful debt expense remains sound, and when provisioning returns to more normal levels, after-tax profit will benefit by several hundred million dollars.

GROUP PROFIT* BY DIVISION



*Before abnormal items

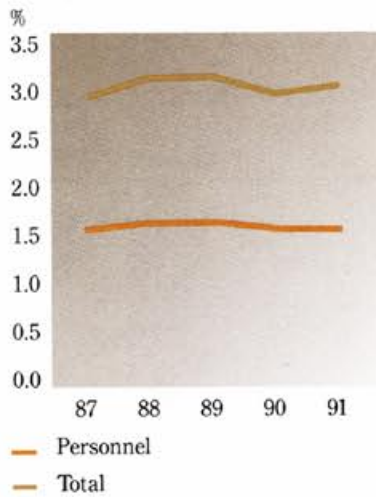
PROFIT BEFORE TAX, BAD DEBTS AND ABNORMALS



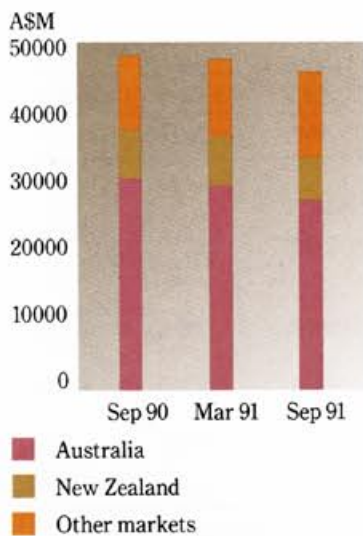
Progress continues to be made on improving productivity. If allowance is made for acquisitions and restructuring costs, real operating expenses fell 2%. It is expected that 1992 should see further cost reductions.

In addition, personnel numbers (full-time equivalent) in Australia declined by 2,565, and by 2,229 globally. Further reductions are expected in line with moves to increase productivity and efficiency.

OPERATING EXPENSES AS % OF AVERAGE ASSETS



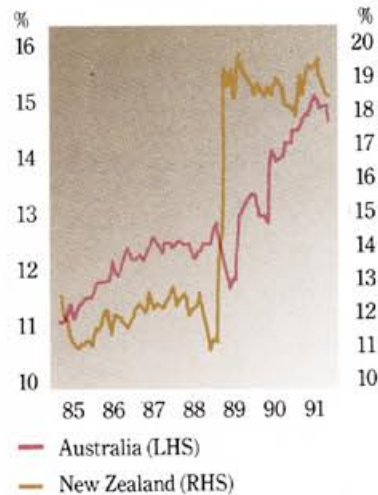
PERSONNEL NUMBERS Full-time equivalent



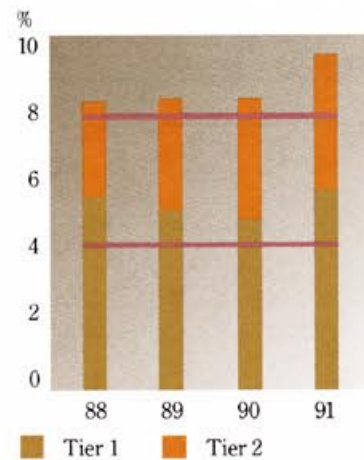
The Group's market share in its home bases remained strong with market share in Australia at 15% and in New Zealand 18.5%.

Our risk-weighted capital ratio increased to 9.9%, of which 6.0% was in Tier one. The \$600 million converting preference share issue during the year added 0.8% to Tier one capital. The ratios remain well above the Reserve Bank of Australia's requirement of a minimum 4% Tier one capital and 8% in total, and compare favourably with other international banks.

DEPOSIT SHARE IN AUSTRALIA AND NEW ZEALAND



CAPITAL ADEQUACY



FINANCIAL HIGHLIGHTS

Millions	1991 AUD	1991 USD ¹	1991 GBP ¹	1991 NZD ¹	1990 AUD
Profit and loss before abnormal items					
Net income	4,669.4	3,624.4	2,004.1	6,121.1	4,240.5
Operating expenses	3,152.9	2,447.3	1,353.2	4,133.1	2,848.4
Profit before tax and doubtful debts	1,516.5	1,177.1	650.9	1,988.0	1,392.1
Bad and doubtful debts	1,053.3	817.6	452.1	1,380.8	793.2
Profit before tax	463.2	359.5	198.8	607.2	598.9
Income tax expense	(192.9)	(149.7)	(82.8)	(252.9)	(185.6)
Minority interest	(4.1)	(3.2)	(1.8)	(5.4)	(0.8)
Profit after tax	266.2	206.6	114.2	348.9	412.5
Profit after tax by geographic segment					
Australia	5.2	4.0	2.2	6.8	105.1
New Zealand	92.7	72.0	39.8	121.5	87.0
Other markets	168.3	130.6	72.2	220.6	220.4
Profit after tax	266.2	206.6	114.2	348.9	412.5
Balance sheet					
Assets	98,212.3	78,383.2	44,676.8	137,104.4	99,299.8
Liabilities	90,643.2	72,342.3	41,233.6	126,537.9	93,046.6
Shareholders' equity ²	4,983.7	3,977.5	2,267.1	6,957.2	4,311.8
Key ratios					
Return on average shareholders' equity	5.8%	5.8%	5.8%	5.8%	10.0%
Return on average assets	0.3%	0.3%	0.3%	0.3%	0.4%
Return on average risk weighted assets	0.3%	0.3%	0.3%	0.3%	0.5%
Return on gross income	2.2%	2.2%	2.2%	2.2%	3.5%
Earnings per share					
- basic	26.7c	20.7c	11.4p	35.0c	45.0c
- fully diluted ³	25.8c	20.0c	11.1p	33.8c	43.3c
Dividends per share	20.0c	15.5c	8.6p	26.2c	38.0c
Net tangible assets per share	\$4.30	\$3.34	£1.84	\$5.64	\$4.45
Capital adequacy ratio					
- tier 1	6.0%	6.0%	6.0%	6.0%	5.1%
- tier 1 and 2	9.9%	9.9%	9.9%	9.9%	8.6%
Value added statement					
ANZ's contribution to wealth creation		1991		1990	
		\$M	%	\$M	%
Total income ⁴		12,315.7	100%	12,066.0	100%
Less: interest paid, bad debt charges and other expenses ⁵		10,092.1	82%	9,826.0	81%
Total value added		2,223.6	18%	2,240.0	19%
Distribution					
Shareholders					
Dividends		186.1	8%	319.8	14%
Reinvestment					
Depreciation/amortisation, goodwill, retained profits and reserves		302.0	14%	316.2	14%
Employees					
Salaries, wages, and other remuneration		1,412.1	63%	1,316.0	59%
Governments					
Income, payroll and fringe benefits and other taxes		323.4	15%	288.0	13%
		2,223.6	100%	2,240.0	100%

¹ USD, GBP and NZD amounts - profit & loss converted at average rates at 30 September 1991 and balance sheet items at closing rates at 30 September 1991.

² Excludes minority interest and loan capital.

³ Diluted earnings per share includes the effect of the conversion of non-redeemable non-cumulative converting preference shares to ordinary shares.

⁴ Income includes abnormal profits of \$67.9 million (1990: \$112.1 million).

⁵ Interest paid, bad debt charges and other expenses includes abnormal losses of \$22.5 million (1990: \$37.3 million).

F I V E Y E A R S T A T I S T I C A L S U M M A R Y

	1991	1990	1989	1988	1987
	\$M	\$M	\$M	\$M	\$M
Profit and loss account before abnormal items					
Interest income	10,155	10,150	8,538	6,952	6,465
Interest expense	7,578	7,713	6,220	4,881	4,819
Net interest income	2,577	2,437	2,318	2,071	1,646
Non interest income	2,092	1,803	1,670	1,489	1,309
Net income	4,669	4,240	3,988	3,560	2,955
Operating expenses	3,153	2,848	2,557	2,333	1,967
Profit before tax and doubtful debts	1,516	1,392	1,431	1,227	988
Doubtful debts	1,053	793	308	265	174
Operating profit before income tax	463	599	1,123	962	814
Income tax	(193)	(186)	(400)	(456)	(428)
Minority interest	(4)	(1)	(1)	(1)	(1)
Operating profit after income tax and minorities	266	412	722	505	385
Abnormal profit (loss)	1	(191)	(371)	124	14
Balance sheet					
Assets	98,212	99,300	84,624	73,773	65,310
Liabilities	90,643	93,046	79,380	68,968	61,473
Net assets	7,569	6,254	5,244	4,805	3,837
Paid-up capital	1,026	972	891	818	700
Reserves and retained earnings	3,958	3,340	3,111	3,085	2,438
Minority interests	34	11	7	8	5
Loan capital	2,551	1,931	1,235	894	694
Share information (per fully paid share)					
Dividend - declared rate	20.0c	38.0c	44.0c	34.5c ²	21.0c
Franked portion	100%	100%	100%	100%	n/a
Earnings					
- basic	26.7c	45.0c	85.1c	71.0c	56.1c
- fully diluted ¹	25.8c	43.3c	-	-	-
Net tangible assets	\$4.30	\$4.45	\$4.49	\$4.78	\$4.48
Bonus issue	-	-	-	-	1 for 2
Share price					
- high	\$4.20	\$6.38	\$5.62	\$5.47	\$5.78
- low	\$2.92	\$3.95	\$4.48	\$3.22	\$3.27
Number of shares on issue (millions)					
Ordinary shares - fully paid	1,019.3	971.1	870.8	797.2	699.9
- paid to 50c	-	-	40.2	40.2	-
- paid to 10c	4.0	4.5	5.4	5.8	4.9
- preference shares	6.0	-	-	-	-
Ratios					
Dividend payout ratio ²	72.2%	79.9%	49.0%	48.8%	33.6%
Return on average shareholders' equity	5.8%	10.0%	17.2%	15.1%	13.1%
Return on average assets	0.3%	0.4%	0.9%	0.7%	0.6%
Capital adequacy ratio ³	9.9%	8.6%	8.7%	8.5%	6.5%
Other information					
Points of representation	2,367	2,431	2,080	1,735	1,690
Number of employees ⁴	45,953	48,182	47,009	42,445	41,187
Number of shareholders	101,188	92,606	83,345	72,935	65,552


¹ Diluted earnings per share includes the effect of the conversion of non-redeemable non-cumulative converting preference shares to ordinary shares.

² Excludes special dividend of 26c paid in April 1989.

³ On risk weighted basis from 1988.

⁴ Full-time equivalent basis 1990 and 1991, headcount basis 1987, 1988 and 1989.

n/a Not applicable.



The basic values

ANZ remains

Australia's leading

bank for small and

large business

customers, and our

commitment to

this customer segment

is undiminished.



RESULTS

The Group recorded a net profit of \$266.2 million for the year before net abnormal items totalling \$1.1 million, to yield a net profit after abnormals of \$267.3 million. Net profit before abnormals was down 35.5% on 1990.

We regard this as an unsatisfactory result, but it is hardly indicative of the real progress that has been made during the year in many parts of the Group. In fact, four of our five operating Divisions made commendable contributions to profit, and between them generated \$548.2 million after tax towards the Group result.

The losses in our Business Banking Division are very disappointing, but given the severity of the economic conditions

"Our dedication to the various markets that we serve has never been stronger, nor has our hunger for better results. We will go into 1992 and beyond with a leaner, better balanced organisation, much of which is now operating at the best standards of international banking practice."



WILL J. BAILEY AO
DEPUTY CHAIRMAN AND GROUP CHIEF EXECUTIVE



experienced by businesses, small and large, in Australia over the past two years, it was inevitable that many would fail. Due to our large share of this market and its geographic spread we suffered more than most.

A comprehensive hindsight review of all major losses has been conducted, with the conclusion being drawn that the single most important factor in the level of bad debt losses has been our high level of exposure to the Victorian business market. Losses occasioned by poor judgement or negligence have been remarkably few.

Total bad and doubtful debt charges were \$1,053.3 million, of which \$706.6 million or 67% related to the Australian Business Banking Division. Loans on which we consider it prudent to not recognise

interest rose to \$3,603.4 million, net of provisions of \$1,422.4 million. 71% or \$2,547.2 million of these are Business Banking Division loans, and of these the majority are domiciled in the State of Victoria. We estimate that over \$600 million of net interest income was foregone on the total portfolio of non-accrual loans during the year.

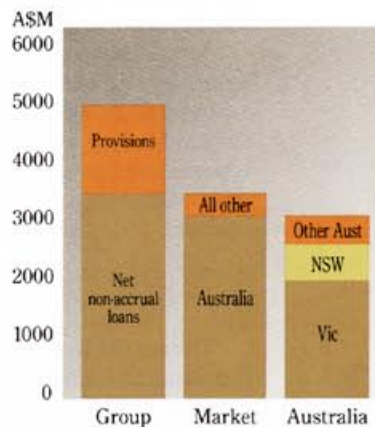
NON-ACCRUAL LOANS

Many have yet to recognise that ANZ continues to maintain a very conservative approach to recognition of problem loans - all loans are subject to continuous scrutiny and are graded according to the level of credit risk. The Group has no loans under the category "potential problem loans." If a loan is identified as a potential problem, it is immediately classified as non-accrual and if necessary, a provision is raised. We believe this approach, whilst more

stringent than many other financial institutions, is prudent.

Our provisioning policy is also conservative. Of all loans either non-accrual, in default, or restructured, security held represents over three-quarters of outstandings, whilst provisions bring the total level of cover to well over 100%.

GROUP NON-ACCRUAL LOANS



Throughout the Group, credit processes were strengthened in 1989, and since then automated decision support tools have been introduced to further assist in quality control.

It is heartening to report to Shareholders that the growth in non-accrual loans in the Australian

Business Bank peaked in June, and the level of these loans has been subsiding since. Non-accrual loans have continued to rise in aggregate, principally through growth in the Retail Division and Esanda Finance Corporation, but we believe that this growth will abate early in 1992.

ANZ's treatment of goodwill arising from acquisitions, whilst a departure from Australian Approved Accounting Standards, is also considered to be a prudent and appropriate policy for a banking group. We write off goodwill in full upon acquisition rather than amortise it over time. This is consistent with the requirements of the Reserve

Bank of Australia which dictate that goodwill be deducted from capital for capital adequacy purposes.

Considerable progress has been made in reducing operating costs. Australian staff posts have been reduced by 2,050, and by 2,565 in full-time equivalent terms. When allowance is made for the acquisitions in 1990 of Town & Country Building Society and

National Mutual Royal Bank, restructuring costs and for inflation, costs fell by 2%. We did not achieve our goal of a 5% real reduction, but actions outlined later in this Report will enable us to make further progress on this front in 1992.

A detailed Shareholder Value Analysis study was completed during the year, having been started in 1990. As a result, a number of significant initiatives have been taken. Principal among these was a project which will see a major downsizing in many of the Australian support services. Other decisions relating to the sale or closure of certain non-core parts of the Group will be effected in the coming year. Some of these actions have already been taken, and are covered in detail later in this Report.

INVESTOR RELATIONS

We have continued a pro-active investor relations programme, which has included extensive meetings and presentations in Australia, New Zealand, the United Kingdom and the United States. During the year, over 2,000 shareholders attended General and Information Meetings, in order to review the Group's results in person and meet with members of the Board and Management.

Meetings in London, Sydney and Wellington will again be held in the coming year, in addition to the Annual General Meeting in Melbourne. The 'Shareholder Contact' newsletter was again used to keep shareholders informed.

PREFERENCE SHARE ISSUE

During the year, a Converting Preference Share issue was announced. The issue of \$600 million was primarily intended for institutional investors although \$100 million was reserved for existing shareholders. Whilst 80% of those who applied had their applications filled in full, the issue was almost \$70 million over-subscribed.

This innovative issue was designed to enhance further our Tier 1 capital ratio, lifting it to 6% at 30 September - well over the regulatory benchmark of 4%.

We are aware that some shareholders outside Australia felt disadvantaged by not being invited to subscribe to this issue. Some were

excluded because of legal considerations and New Zealand shareholders suffered because of statutory rulings which were later changed when it was too late to amend the issue timetable. We regret this exclusion.

The issue will cause some minimal diminution in earnings per ordinary share, but this would be appreciably lower than that arising from a rights issue.

An Extraordinary General Meeting was required to enable the issue, and this Meeting was held in Sydney - the first General Meeting of shareholders in that city.

STRATEGY

Significant progress has been made towards our objective of achieving international-best-practice standards in our Australian branch network. The reconfiguration of our metropolitan branches is continuing, with benefits to customer service, staff and productivity.

Our operations in New Zealand, in a very difficult climate, are continuing to lead the industry in that country, with marketing and technology initiatives at the forefront.

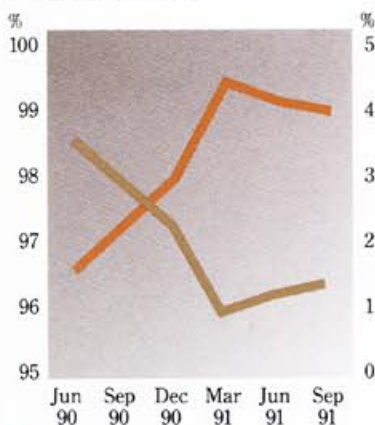
In the International Division, a changing world economic order has meant a reappraisal of our international strategy. We have chosen to withdraw from some markets and have closed offices, and commenced a process of reducing the scale of operations in other branches. Those parts of the network which are not wholly synergistic or are only marginal in their contribution are under constant review.

Our strategic view is rooted in the belief that Australasia's future is inextricably bound with the Asia-Pacific region; and as regional trade and investment continue to grow, ANZ's role as a banker to business and trade will increasingly demand an enhanced presence in Asia.

This move to a more regional focus, rather than a comprehensive global strategy, is an organic and logical development. We seek to build business in markets where we can bring some competitive advantage into play; and we see this as being most likely in the rapidly developing Asia-Pacific region.

Much attention has been directed through the year into the management of problem accounts in the Australian business banking market, and the refinement of credit processes.

GROUP CREDIT PORTFOLIO *



■ Productive Loans (LHS)
 ■ Non-Accrual Loans (RHS)

*% of total loans and commitments

Some commentary has suggested a form of bank-induced credit squeeze exists in Australia; nothing could be further from the truth. It is in every bank's interests to continue to fund viable lending proposals, and we have invested considerable effort in ensuring that our customer relationship officers understand this. Early indications are that this effort is already bearing fruit, with small market share gains being recorded.

However, there is a paucity of quality lending opportunities available, and the improved credit processes we adopted in 1990 together with the lessons learned and experience gained, will prevent a repeat of the experiences of the recent past. ANZ remains Australia's leading bank for small and large business customers, and our commitment to this customer segment is undiminished.

Major corporations have welcomed the improved customer service being delivered by the Institutional Financial Services Division established last year, and the following pages chronicle some of its success, as well as the more subtle, but equally important, progress being made in the Business Banking Division.

BUSINESS CONDITIONS

International

In a year of military conflict in the Gulf and revolutions in Eastern Europe and the USSR, world economic growth slowed to less than 1% in 1991. The North American, Australasian and UK economies have been in recessions in early 1991, while continental Europe (apart from Germany) has stagnated in an environment of high interest rates. However, there are now signs that some easing of monetary and fiscal policies in the English speaking countries are contributing to improvements in consumer and business confidence. World growth should re-emerge in 1992.

The unification of Germany has seen evidence of some overheating in the economy as the re-building of eastern Germany progresses. Reconstruction has boosted Government spending and borrowing and has shifted the current account from surplus to deficit, but the position in eastern Germany is expected to stabilise in 1992. With no "big brother" to help, most eastern European countries, including the USSR, are likely to experience more difficult and prolonged adjustment periods.

In Japan, growth has eased back from the frantic pace of recent years. The stresses on existing facilities and rising workforce expectations have stimulated spending on infrastructure, and further big outlays can be expected in coming years, adding to the burden that reconstruction in Eastern Europe will place on capital markets in the 1990s.

Australia

In 1990-91, Australia arguably experienced its worst recession in sixty years. This has seen over 300,000 jobs lost, severe asset devaluation, property markets depressed, bankruptcies at record high levels, and new business investment curtailed. While early signs suggest that the recession has probably bottomed, the climb back to normal trading conditions will be relatively slow.

The recession has been felt differently between the States. Finance sector problems and large falls in property values have badly affected Victoria and Western Australia, with decisions to further cut tariff rates adding to the pain in States with significant manufacturing industry. These divergent State growth experiences are unlikely to disappear quickly.

After a period of low public sector borrowing, all levels of Government have eased fiscal policy in 1991/92, with the Commonwealth government projecting a budget deficit following several years of surpluses. However, the fiscal deficit is more a reflection of lower revenue streams in a depressed economy.

The pain of this recession has brought some gains. After remaining stubbornly high throughout the 1980s, inflation has fallen below the average of our major trading partners and is expected to remain low. However, the improvement in the current account deficit is expected to be more transitory as the spending recovery again stimulates imports.

In order to lock-in inflation gains and limit any deterioration in the current account position, authorities will need to ensure that economic recovery in 1992 is soundly based and flows from genuine wealth creation. A steady recovery is more in prospect than a 1980's style boom.

The long term solution to the weak current account and foreign debt position requires further progress with structural

reforms. While ANZ applauds the gains which have been made and the objectives of Government in encouraging Australians to save for their own retirement, there is cause for real concern about the longer term consequences of preferential policy treatment for superannuation on national savings and investment. We believe action must be taken to encourage savings throughout the community by providing equal tax treatment for all forms of savings and greater access to longer term savings by all intermediaries and their clients.

New Zealand

The New Zealand economy has remained stagnant, as the recently elected National Government has kept fiscal policy tight and the Reserve Bank continues its pursuit of the 0 to 2% inflation goal. However, as confidence that inflation will remain low strengthens, there should be further relief on the interest rate front, laying the groundwork for a return to sustainable economic growth in the years ahead. Substantial productivity improvements in many infrastructure industries have laid a foundation for this growth.

In the near term, tight Government policy will mean that household incomes will be constrained and consumer spending low. However, gradually these negative forces can be expected to wane, and the positive influence of a restructured economy and lower interest rates should stimulate business activity. The gains from a much more efficient economy should become apparent.

An encouraging feature of the last year has been the good performance of the New Zealand export sector. Like Australia, an improved export performance is a prerequisite for New Zealand to overcome its external debt

constraint. Businesses are now much more attuned to overseas opportunities. ANZ was pleased to be able to further encourage New Zealand exporters through the introduction of an Export Development Scheme in April 1991. Capital in the fund is available for lending to small exporters at a discounted interest rate.

TECHNOLOGY

The Group's substantial technology activities during the past year have been aimed at future efficiency and cost reductions. A concerted effort in Information Systems Planning has been made to ensure that technology expenditure precisely aligns to the Group's key business objectives.

In Australia, Data Processing Operations reduced the costs of running the main data centres by automating labour intensive functions and improving the utilisation of computer capacity. During this period we integrated our ATM and EFTPOS networks, bringing significant economies of scale enabling more efficient utilities management, premises rationalisation and staff reductions. The data processing capacity now available is being leveraged, with Australian and New Zealand operations providing each other with some disaster recovery capabilities.

This leveraging of the Group's technology resources has extended across borders with ANZ Singapore being established as the Group's Asia/Pacific region recovery site. Studies are continuing into further areas for global resource sharing.

Another area of notable improvement is in communications. A complete rationalisation of the branch telephone network was performed together with the introduction of "least cost" call routing. This has reduced annual branch telephone charges, providing recurring savings of \$6.5 million per annum and avoided potential capital expenditure of \$10 million for replacement equipment over the next five years.

We are also targeting efficiency in end-user work practices. This programme is well under way with the major component being the implementation of the Hogan Integrated Banking System in Australia. The first module of this has supported the introduction of a

comprehensive Customer Information System to all Australian branches. This has provided greatly improved customer service as well as streamlining work practices. The second module was recently delivered on time and within budget. We expect this development to be completed by the end of 1993.

Another significant achievement has been the progressive release, commencing in the International Division, of our Integrated Treasury System, which will deliver substantial benefits over the next few years.

COMMUNITY INVOLVEMENT

An active sponsorship and philanthropy programme was maintained within a necessarily reduced budget to foster positive relationships between ANZ and the many communities in which it operates worldwide.

In Australia, the Group is well regarded as a strong supporter of the arts and other cultural activities. This reputation was enhanced by continuing sponsorship of events such as ANZ Opera in the Bowl in Melbourne. A record crowd of more than 30,000 heard a performance of Puccini's *La Boheme*. The first ANZ Opera in the Park in Perth was attended by 15,000 people, who enjoyed a performance of *Die Fledermaus* by the Western Australia Opera Company. These free annual concerts will be expanded to other states as circumstances permit.

ANZ entered into a further two-year agreement with the Australian National Gallery in Canberra to continue the ANZ Evenings at the Gallery series. Each month, music, entertainment, guided tours and the attraction of celebrity speakers combine to create a lively experience for gallery visitors.

The success of community-spirited programmes has been reflected in sponsorship planning for the year ahead, when many Australians will enjoy a series of events that will make the arts more accessible to a wide cross-section of the community. ANZ is sponsoring an Australia-wide exhibition of Frederick McCubbin's major works in conjunction with capital city art galleries.

Our staff and sports fans tracked the progress of the eight *ANZ Sports Stars* we are assisting in the long haul to the Olympic Games in Barcelona.

For the fourth year, a team of ANZ *Earthwatch Explorers* actively took part in scientific research expeditions in remote locations in Australia under our sponsorship of Earthwatch, a non-profit group that supports environmental research.

We maintained our policy of providing financial support to a range of charitable organisations which assist the community in areas including health and medical projects, social welfare, education and conservation.

Recipients included the Royal Flying Doctor Service of Australia, which assists many customers, employees and their families in remote areas, and the Mater Mothers' Hospital Trust in Brisbane, where the ANZ delivery suite is now in use.

The benefits of a major donation pledged in the previous financial year are already being realised at the Royal Children's Hospital in Melbourne, where the ANZ Cardiac Surgical Unit is catering to patients from around Australia and the region.

The Australian business sector stands to benefit from our involvement with the University of Melbourne's Graduate School of Management, where a Chair in Strategic Marketing is being established with assistance from ANZ.

In New Zealand, we continued our involvement with several major sponsorships. ANZ had naming rights to the Auckland Metropolitan Opera's production of *The Marriage of Figaro*, which commemorated the 200th anniversary of Mozart's death.

Support for the annual New Zealand Crippled Children Society appeal was again our major sponsorship.

The PostBank brand and retail outlets were used to support a major public education programme to encourage greater use of bicycle safety helmets.

In other parts of the world, ANZ and our people contributed to a wide range of projects in local communities. For example, the cyclone that devastated Bangladesh in June 1991 prompted an immediate and personal response from our staff there, who each donated one day's pay to the relief effort. Our branch network in the country was also instrumental in the international relief programme.

HUMAN RESOURCES

ANZ has communicated a consistent message over the last few years

regarding the management of our people - that the Group's success is inextricably linked to the quality of our customer service which in turn, is dependent on the quality of our staff and the effectiveness of strategies for managing them.

Organisation

The past year has seen the bedding down of the Group's Divisional structure, adopted in mid-1990. Further organisational initiatives which have been taken over the past year include:

- The strengthening of the Asset Management Unit in the Australian Business Bank to manage problem loans;
- The establishment of a Property Management Unit which has assumed responsibility for all Group property activities. These cover property trusts, customer projects and the Group's own property holdings;
- A review of the corporate centre functions with a view to improved effectiveness; and
- Continuing productivity and efficiency improvements with specific attention to management of staffing levels in Australia.

Our focus on customer service excellence and improving productivity has resulted in organisation and job redesign. Unfortunately, this inevitably led to redundancies. During the past year, more than 600 staff have been redeployed to alternative positions while about another 600 have been retrenched in Australia. Over the coming year as the review of efficiency proceeds, we expect further reductions in our workforce. Normal attrition and retirements will contribute, however redundancies will be unavoidable.

Strengthening ANZ's Performance Culture

Performance is the key to reviving the Group's profitability and thus a multi-pronged approach has been adopted to reinforce the performance culture amongst staff at all levels. As the foundation of a performance culture, the strengthening of performance management for senior managers and above has received priority. All Divisions have now made substantial progress in implementing performance management principles and priority attention in the year ahead will be given to extending this

to all staff. Parallel to this, a re-appraisal of ANZ's reward philosophy is being undertaken, building on the principles of rewards for performance.

This focus on performance has meant that the General Management team have forgone salary increases and performance bonuses for the past 21 months.

Development and Training

ANZ takes pride in its commitment to developing and training staff. Some of our training initiatives include:

- Effectively identifying individual training and development needs so as to tailor activities accordingly.
- Developing evaluation techniques to ensure training and development effort is adding "real" value back in the work place.
- Improving linkages between training, development and the organisation's succession planning requirements.
- Rationalising and coordinating training effort across the Group to ensure consistency and efficiency in the development and delivery of training.
- Specifying experience, performance and accrediting training prerequisites to ensure progression on the basis of appropriate skills and experience.
- Building relationships with tertiary institutions, and contributing to debate on national education and workforce issues.
- Introducing significant "cultural change" and empowerment processes to enhance responsiveness to customers' needs.

Executive Remuneration

Average remuneration for holding company executives has fallen by 9%, largely the result of the non-payment of the performance-related component of salary packages.

Top Management Changes

Mr Reg Nicolson, Group Managing Director and Chief Operating Officer, retired on 9 August after 42 years in the service of ANZ. Reg played an important role for ANZ over many years and has left his mark in a number of areas of our operations, including international, corporate banking and Esanda. He was appointed a Director of ANZ in 1984, the year he became Deputy Managing Director and Chief Operating Officer. He was appointed Group Managing Director and Chief Operating Officer in 1988.

As my deputy for the past seven years, Reg provided me with invaluable support and wise counsel, whilst managing the operational affairs of the Group during a period of unprecedented change. My best wishes go to Reg in his retirement.

Brian Weeks was appointed Executive Director following Reg Nicolson's retirement, and has assumed responsibility for the staff functions of credit and treasury policy, audit, technology and public affairs; and line responsibility for the Australian Business Banking and Institutional Financial Services Divisions. The diagram overleaf depicts the organisation structure at the date of this Report.



BRIAN WEEKS
Executive Director

PROSPECTS

In view of the uncertain economic outlook, both in our home bases and internationally, it is difficult to predict results. While the bad and doubtful debt charge and non-accrual loans are thought to have peaked, the extent to which they continue to constrain profits will largely depend on the speed and breadth of the economic recovery in Australia, particularly in Victoria. In this regard asset prices will also play a significant role. In New Zealand, the emergence of an economic recovery would boost profit performance while our international operations would benefit from an expected improvement in world economic growth. Nevertheless, strenuous efforts will be made to improve our productivity

and profitability by reducing operating costs and disposing of non-core and underperforming businesses. Opportunities to raise Tier 1 and Tier 2 capital will be pursued as they emerge to further enhance our capital base.

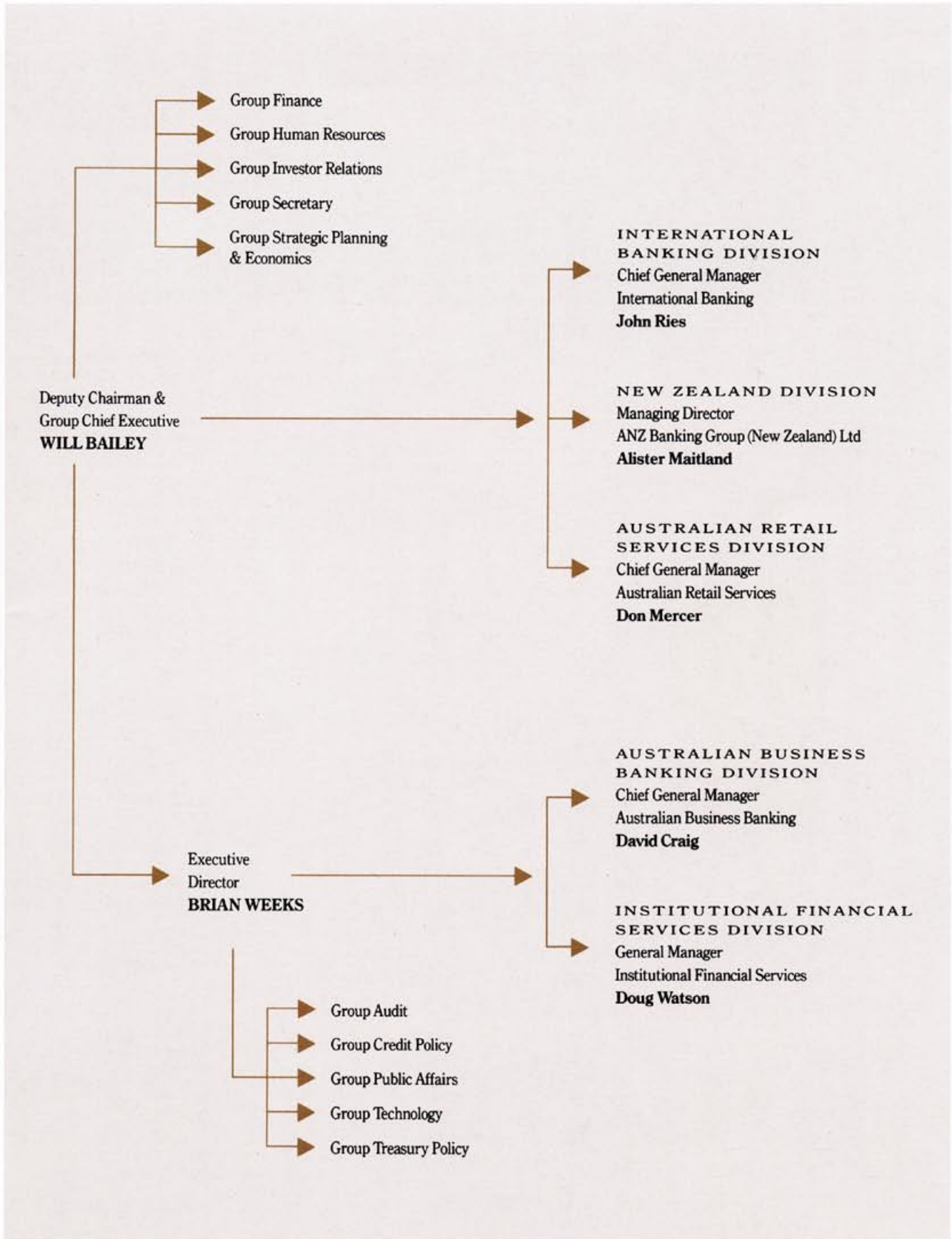
CONCLUSION

The year past has been as difficult for both customers and the Group as I can recall in 40 years of banking. I have no doubt that the experiences of 1990/91 are well engraved in the minds of my management colleagues as they are in mine as well as most of our staff - certainly those based in Australia. Many lessons have been learned, and we all emerge from the experience wiser and better bankers than before.

Our dedication to the various markets that we serve has never been stronger, nor has our hunger for better results. We will go into 1992 and beyond with a leaner, better balanced organisation, much of which is now operating at the best standards of international banking practice.

These standards can only be achieved by the efforts of our people, and I take this opportunity to thank all of them for their efforts in a most trying year.

Will J Bailey
Deputy Chairman and
Group Chief Executive





ANZ is committed to
 providing quality service
 for customers which
 will meet or exceed
 their requirements
 and expectations.



Despite difficult economic conditions, the Retail Division has provided higher profits than last year with each Business Unit producing better returns. Pressures flowing from recessed economic conditions, particularly from credit exposure in the small business sector, have been absorbed, with a profit of \$181.9 million being achieved.

The Division's strategy is to be a profitable full service provider of retail financial services in Australia with significant market shares in all major products and geographic areas. Solid progress towards this objective was made last year with good growth in retail banking

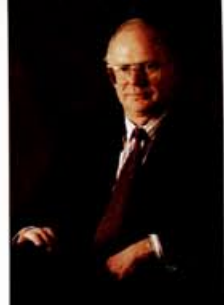
market share and continued development of the funds management business.

Retail Banking and Funds Management have been working on a superannuation savings product that will set a new direction in Australia. The product will use the Bank's extensive distribution network and balance sheet and operate through the expertise and legal status of Funds Management. This combined strategy reflects changing investment patterns and the increasing importance of superannuation.

ANZ is committed to providing quality service for customers which will meet or exceed their requirements and expectations. This is a long-haul ambition (at present customer expectations are rising faster than banking industry performance): but we will persist and succeed.

Last year Retail Division committed to reduce operating costs by a minimum of 5% per annum in real terms over the next three years. Results so far are on track, as is next year's plan. Cost reductions are

“Despite difficult economic conditions, the Retail Division has provided higher profits than last year with each Business Unit producing better returns.”



DON MERCER
CHIEF GENERAL MANAGER AUSTRALIAN RETAIL SERVICES



being achieved by a range of measures across the Division aimed at increasing staff productivity, streamlining procedures, eliminating unnecessary processes, increasing automation of transactions and making better use of technology.

RETAIL BANKING

Retail Banking has continued to focus on customer service and productivity as the path to better returns for shareholders.

City and metropolitan zones are being re-configured. These zones are progressively centralising back office and lending activities, and thereby improving service quality and professionalism as well as lowering costs. The new sales and service outlets provide a sophisticated yet inexpensive network closely tailored to the needs of customers.

On 18 November, 1991, the former National Mutual Royal Bank branches opened for business under the ANZ banner. This smooth integration improves ANZ representation, particularly in NSW. Town & Country Bank Ltd commenced operations in WA on 1 October, 1991 as a wholly-owned subsidiary

of ANZ. The former building society was acquired by ANZ in July 1990.

Following the integration of NMRB branches into ANZ, we have been able to open some of our branches on Saturday morning. Customer response is being monitored to enable us to assess whether additional openings are needed.

Product enhancement over the last year placed ANZ in a strong competitive position. In particular, the Access account and High Performance Passbook were relaunched with deposit interest calculated on a daily basis and paid quarterly.

Staff training continues to emphasise the development of skills necessary to achieve excellent retail performance - customer and sales orientation, quality service, lending and management. Considerable progress has been made in lifting staff productivity, with the level of deposits and lending per full-time equivalent staff member increasing significantly.

ANZ CARDS

Card activities have historically incurred losses for the Bank in Australia. However, the now-completed restructure and centralisation of processes have dramatically improved operations. Card

activities are expected to move into profit in 1993, which in part demonstrates the virtue of establishing Cards as a distinct Business Unit.

Mastercard has been added to the range of product offerings, providing greater choice and convenience to merchants and customers. ANZ is the first bank to offer merchants one single electronic data capture facility for all cards. We are focusing our efforts on the retention and growth of the share of merchant credit sales volume, further reducing processing costs and providing quality service.

FUNDS MANAGEMENT

Since its formation in October 1989, ANZ Funds Management has firmly established its position in the investment, insurance and superannuation industries. Sales figures have exceeded expectation, particularly in key product areas such as insurance bonds, personal superannuation, rollovers and immediate annuities. The strategy of providing quality insurance products to Bank customers through the Branch network is proving well founded.

Profits this financial year fell a little short of expectations due to problems associated with

the unlisted property trust industry. However, the situation has now stabilised.

ANZ Funds Management is now established as a provider of quality products. Prospects for future growth and profitability built on utilisation of the banking network are excellent.

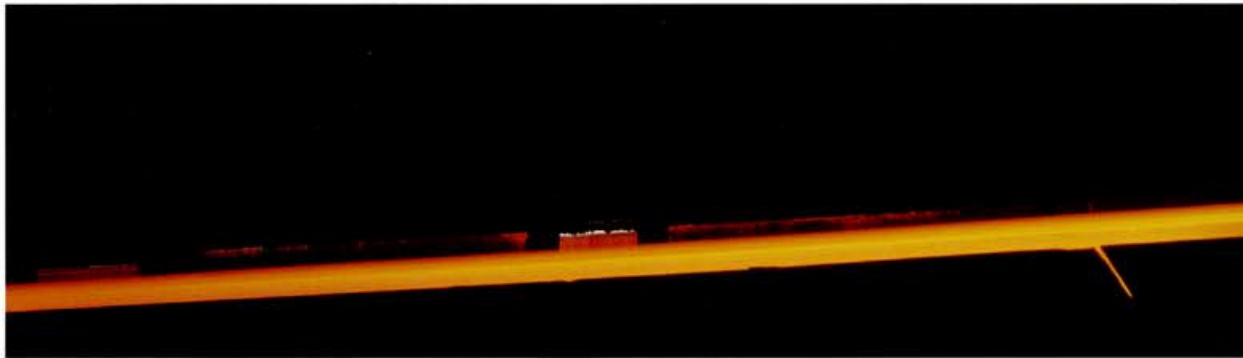
EXECUTORS AND TRUSTEES

ANZ Executors and Trustees continues to be satisfactorily profitable due to the successful V2 Cash Management Fund. With the discontinuation of Corporate Trustee work, ANZ Trustees is focused on providing quality service in the administration of estates, personal and charitable trusts and personal financial management.

D P Mercer
Chief General Manager
Australian Retail
Services

Management Team

Senior General Manager - Retail Banking:
JR McConnell
General Manager - Retail Management Services:
RJ Rechner
General Manager - Cards:
CV Carbonaro
General Manager - ANZ Funds Management:
TC Jenkins
Managing Director - ANZ Trustees:
MK Donnelly



Our operations are based
 on strong professional
 relationship management
 and we aim to provide
 value adding financial,
 information, advisory
 and transaction processing
 services to our
 customers.

BUSINESS AND STRATEGY

The Group places a great deal of importance on the business market. We are the only major domestic bank to have a Division totally focused on that market and we seek to achieve a pre-eminent position as Australia's best

*"We seek to achieve
 a pre-eminent position
 as Australia's best
 relationship business bank."*

relationship business bank. Our operations are based on strong professional relationship management and we aim to provide value adding financial, information, advisory and transaction processing services to our customers.

1991 PERFORMANCE

1991 was again a very difficult year for the Division. The need to make further substantial provisions for bad and doubtful debts together with the cost of carrying a high level of non-accrual loans continued to dominate the financial performance and overshadow much of the good work done.

The operating loss of \$282 million reflects provisioning for bad and doubtful debts in excess of \$700 million, an amount which can be regarded as unusually high by any standards.

There are now indications that the worst is behind us. There has been some decline in non-accrual loans in recent months and prospects for further transfers of accounts to the productive category exist. Provisions for bad and doubtful debts are also expected to fall. The rate and pace of improvement in both of these factors will however be largely dependent on the rate of economic recovery.

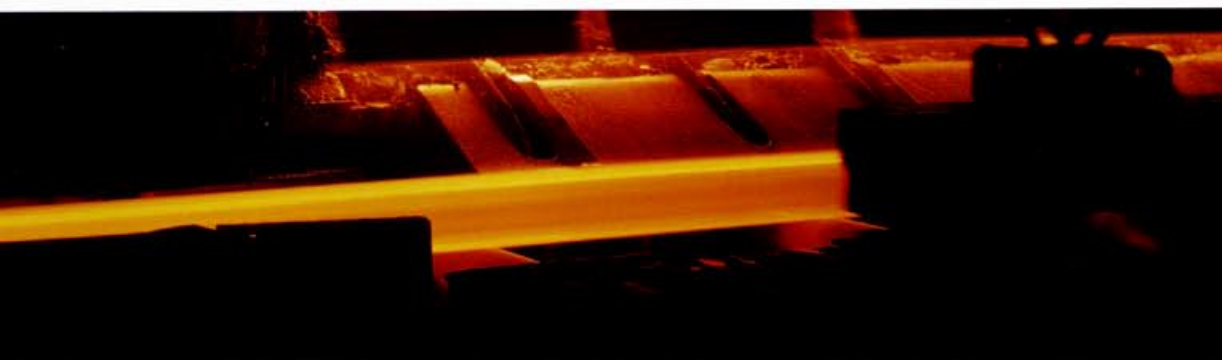
1991 ACHIEVEMENTS

The focus of concentration in 1991 has been the issue of credit quality. The initial priority some two years ago, was to isolate the larger troublesome accounts into specialised areas staffed by highly experienced officers. This has progressively enabled us to quarantine the high risk sector of our business and to apply intensive management to these accounts supported, where appropriate, by external professional services. These measures have been central in achieving the improvements in quality of our portfolio which are now becoming evident. At the same time





DAVID CRAIG
CHIEF GENERAL MANAGER AUSTRALIAN BUSINESS BANKING



the great majority of our relationship managers have been released to concentrate on the day to day management of the substantial base of good quality business which we have.

In extending the concept of improved credit quality and recognising the need to improve work practices, a credit process review has been completed which has led to a re-emphasis of a number of processes and procedures. This will not only improve the consistency and efficiency of the credit assessment process, but also substantially upgrade our portfolio management capabilities.

Apart from credit issues, considerable work has been done during the year to gain a better understanding of our customers and the market. To this end a number of related initiatives were conducted resulting in much improved management information.

With the end of the recession now being predicated on a slow recovery, the opportunities for growth in our business will emerge. The value of strong supportive relationships forged with our customers through the

recent difficult business climate will stand us in good stead.

INTERNATIONAL SERVICES

The current year has seen International Services build on earlier productivity and efficiency reviews, in particular by rationalising our decentralised processing offices from thirty-nine to thirty-three throughout Australia. The major focus has been to ensure that our sites are strategically placed, both from a geographical location and resources position, to enhance delivery of international products to importing and exporting clients.

The key to enhancing customer service primarily rests with our staff having access to superior technology. During the year, we have successfully introduced automated systems for our frontline processing environment and it is planned that these systems will be extended throughout our network during the next year.

ESANDA

Notwithstanding the recession and its impact on the performance of all financial institutions, Esanda has maintained its strong market position within the finance industry

over the past twelve months.

Esanda is a leader in the finance company market and more specifically enjoys an excellent reputation as a specialist motor vehicle, plant & equipment and property development financier. Esanda's business direction and operations are clearly focused around its areas of expertise, customer relationships and complementary relationships with other business units of ANZ.

The loss of \$42.5 million was very disappointing given Esanda's strong contribution to Group profits in previous years. The recession and its impact particularly on small business, property developers and motor vehicle dealerships has been a major influence, as has the relatively deeper recession in Victoria. Property exposures are limited to smaller scale developments, mostly residential, rather than central business district properties.

Nevertheless, during these difficult times, Esanda's key performance indicators compare favourably with many 'peer group companies', and are significantly better than some. Investors continue to provide strong support to the Company's prospectus issues.

Directors and management are confident that the set-back in profitability of the Company is both temporary and manageable, and that the measures taken to focus better Esanda's business to improve productivity and customer service will ensure profitable returns as the economic circumstances change.

D T Craig
Chief General Manager
Australian Business
Banking

Management Team

Senior General Manager - Business Banking:

RC Thomas

Assistant General Manager - Credit:

RN Barton

General Manager - New South

Wales and ACT:

RN Fenton

Assistant General Manager - Victoria:

R Harding

Assistant General Manager - Victoria,

Impaired Debt:

GW Irving

State Manager - Queensland:

PR Winstone

State Manager - South Australia:

TJ Brennan

State Manager - Western Australia:

PJ Bramwell

State Manager - Tasmania:

DN Butcher

Chief Manager - Asset Management:

J Conn

Managing Director - Esanda

Finance Corporation:

CA Griss

Managing Director - Delfin Property

Group:

BP Martin AO

General Manager - Property

Management:

RN Challis



A horizontal structure
with short lines of
communication provides
an innovative and
professional climate
for teamwork and
prompt decision making.

The Institutional Financial Services Division was established in October 1990 to focus Group resources on developing and enhancing relationships with large Australian and international corporates, Governments, and Government Business Enterprises.

RESULTS FOR 1991

In the first year of operation it is pleasing to report a net profit contribution of \$45.7 million to the Group result. Revenue is well balanced between finance margins and fee income, and productivity measures show favourable results.

RELATIONSHIP BANKING

The Bank has recognised that the major multinational and Government enterprises in Australasia have a need for sophisticated "tailor-made" services. Having the right quality of executives and sufficient quantity to ensure both an understanding of needs plus provision of adequate services, has been an important platform for future development.

A horizontal structure with short lines of communication provides an innovative and professional climate for teamwork and prompt decision making. The main asset of this division is the quality and performance of our staff, many of whom have had international experience and an extensive knowledge of investment banking.

"Revenue is well balanced

between finance margins and

fee income, and productivity measures show

favourable results."





DOUG WATSON
GENERAL MANAGER INSTITUTIONAL FINANCIAL SERVICES



Our approach has been very well received by our customers, and our business has grown in both funded assets as well as Treasury and transaction banking areas.

The economic and business environment has been such that the demand for acquisition finance and capital investments has been limited. However, the combination of foreign bank retreat and the BIS restrictions on all banks has facilitated the strengthening of relationships with traditional customers.

CAPITAL MARKETS

The capital markets division is a leading originator in a number of securities markets. During the year, the division arranged domestic and offshore borrowing programmes for clients totalling in excess of \$10 billion. New business included:-

- Arranger, manager and adviser for a new \$1 billion commercial paper programme for Telecom Australia.

- Arranger and manager for a \$300 million domestic commercial paper programme for CRA Finance Ltd.
- Management and arrangement of a \$100 million Transferable Loan Certificate facility, syndicated through Hong Kong.
- Lead management of a \$200 million Euro Commercial Paper programme for the Government Insurance Office of NSW.

SECURITISATION SERVICES

The Securitisation Services area aims to provide a focal point for such activities within the Group, and its key objective is to maintain a strong market presence through the provision of advice and development of new securitised products for clients.

ANZ CAPEL COURT SERVICES

ANZ Capel Court Corporate Services interacts closely with the Relationship Banking area to support the delivery of "value-added" banking services and in developing business advisory opportunities. It also supports customers of the Group in other divisions.

The business benefits of incorporating the Advisory group within the Division have been particularly apparent in the areas of project and infrastructure finance.

ANZ McCAUGHAN LIMITED

ANZ McCaughan, the Group's stockbroker, has undergone a period of dramatic and positive change over the last financial year. Significant rationalisation within product areas, coupled with staff reductions and the closure of certain offshore offices have all led to a focus upon core businesses. The costs of downsizing have been met and in the final quarter of the year profits emerged from both increased levels of market turnover and new issue activity such as the successful National Foods Limited float. The "new" ANZ McCaughan is tactically and operationally well positioned to substantially improve its profitability and profile.

OUTLOOK

We have a strong Australian and New Zealand base, and a global network that is matched by few other international banks; we will seek to provide a

relationship bridge for our clients into the fast developing Asia Pacific market.

A high level of performance has been achieved in a difficult economic environment, and it is clear that the rewards can add an important dimension to the progress of the Bank as a whole.

D R Watson
General Manager
Institutional Financial
Services

Management Team

- MELBOURNE
Assistant General Manager - Institutional Financial Services:
RJ Mauger
Chief Managers - Institutional Financial Services:
BA Maisey & RJ Marsden
Chief Manager - Institutional Financial Services (Capital Markets):
GJG Riley
Assistant General Manager - Securitisation Services:
G Conway
- SYDNEY
Assistant General Manager - Institutional Financial Services:
AE Archer
Chief Manager - Institutional Financial Services:
DP Schulz
Chief Manager - Institutional Financial Services (Capital Markets):
JR Eggleshaw
ANZ McCaughan Limited
Managing Director:
RD Dewhurst
ANZ Capel Court Corporate Services
General Manager:
RJ Kirk



The New Zealand

Division will

continue to

consolidate its

position through

major infrastructure

initiatives.



NEW ZEALAND

ANZ is the market leader in New Zealand and continues to be the best performing financial services institution in the country.

Against this background, the New Zealand Division has achieved a creditable profit result of \$92.9 million (NZ\$121.8 million). It has increased its natural asset base in addition to acquiring the National Mutual Bank in December 1990. The charge to profit for bad and doubtful debts has reduced despite continuing high levels of bankruptcies and receiverships.

The major focus of the Retail Bank has been on

continued development of a sales and service culture and structural reconfiguration. A major positioning promotion of ANZ as the "YES BANK" was successfully undertaken, while PostBank continued the "SIMPLY BANKING" theme. The positioning of these brands recognises the Group's unique ability in New Zealand to satisfy distinct market segments.

Card based services were expanded strongly, with the VISA card launched to further capitalise on a widespread electronic delivery network. The ANZ and PostBank ATM networks were combined and relaunched under the Night and Day brand. These initiatives have already provided the Group with substantial benefits and will enable the extension of value added electronic services through developments such as EFTPOS.

In line with our objective of delivering superior quality customer service, a major review of ANZ branch operations was undertaken during the year.

"ANZ is the market leader in New Zealand and continues to be the best performing financial services institution in the country."



The review identified the need for reconfiguration of ANZ branch operations to ensure our customer service objectives are met. This will involve the removal of all processing and back office functions from branches and centralisation of non-business lending services. New Specialised Sales and Service branches, Rural branches and Banking Centres are being established.

Trials have been undertaken on a low risk network rationalisation programme, where ANZ and PostBank branches with similar customer groupings are being co-located. Initial market research indicates high customer acceptance of this form of service delivery. A successful development of a single terminal access system to both PostBank and ANZ mainframe computer files has positioned the Group to comprehensively service both ANZ and PostBank customers through this type of branch.

Network rationalisation continued with a further 43 unprofitable PostBank outlets and New Zealand Post agencies closed during the year.

For *Business Banking* the past year was one of consolidation, with concentration on quality of business and earnings, in

an economic environment which continued to be difficult.

Institutional Financial Services has passed through its establishment year in New Zealand, bringing "in-house" the concept of providing "value added services" through Investment Banking activities. While the main client base is multi-nationals, state owned enterprises and major corporates, it also adds value to the wider business community through working side by side with other front line people. Access to professional skills wherever geographically located is readily available.

International Services further consolidated its market leadership position during the year. It is currently engaged in implementing new technology for improving customer service for the delivery of trade finance products and services and international money transfers.

UDC Finance Limited, a wholly-owned subsidiary, has continued to increase its market share and absorbed National Mutual Finance during the year. Activities are focused on leasing and hire purchase arrangements in "wheels" and other equipment financing. UDC is well placed to take

advantage of its strong market position as the economy improves.

The *Treasury Unit* made a significant contribution to the New Zealand Division profitability particularly through interest rate products. Additional resources have been focused on providing Treasury risk management advice to corporate clients and strengthening our Auckland Treasury operation. Further diversification of the product range has included the introduction of foreign currency options to assist clients manage their foreign currency exposure. Leveraging off the strength of the Group's global network is a key feature of Treasury's future strategy.

OUTLOOK

The current year offers the prospect of domestic activity remaining weak in the wake of the fiscal constraint. The degree to which this is offset by continued growth in the export/import competing sector depends on the state of the world economy, the willingness of New Zealand businesses to seize market opportunities available to them, and the Reserve Bank of New Zealand accommodating a further easing in monetary conditions.

The New Zealand Division will continue to consolidate its position through major infrastructure initiatives. These have dual objectives of improving the quality of customer service and market penetration ability as well as improving head office and branch network cost efficiency. Benefits from these initiatives are expected to accrue in the short term but are primarily directed at improving operating performance on a long term sustainable basis.

A T L Maitland
Managing Director
ANZ Banking Group
(New Zealand) Limited

Management Team

General Manager - Information Technology:
PK Abotomey
General Manager - Retail Services:
MI Calderwood
General Manager - Finance and Treasury:
DR Jeffrey
Managing Director - UDC Finance Limited:
WDB Johnstone
General Manager - Human Resources:
RJ Nicholson
General Manager - Retail Banking:
MJ O'Neill
General Manager - Business Banking:
AD Pickering
General Manager - Planning and Development:
JW Pitt



International Banking has

focused its activities to

concentrate on those

services, customers and

areas of geographic

representation which

can generate the optimum

long term return to

shareholders.

The International Banking Division had a generally successful year in which the benefits of a diversified business base were clearly demonstrated in an international banking environment characterised by significant competition, political and economic turbulence and the "retreat"

of some international banks to their home bases. ANZ's worldwide representation spans four continents and 48 countries. The Division's profit for the year was \$194 million.

In recognition of the need to ensure that ANZ's capital and other resources are deployed in the most productive manner, International Banking Division has focused its activities to concentrate on those services, customers and areas of geographic representation which can

"The international network of ANZ clearly differentiates it from its major Australian competitors and places it in a very solid position to meet the challenges of the 1990s."





JOHN RIES
CHIEF GENERAL MANAGER INTERNATIONAL BANKING



generate the optimum long term return to shareholders.

ANZ Group's international strategy is built around the development, in selected geographic regions with significant growth opportunities, of commercial banking operations which complement and support not only the Australian and New Zealand customer bases but also the Group's other international businesses. In this context, commercial banking in the Asian region continues to increase in importance in our strategic considerations. "Commercial banking" operations typically involve the provision of a broad range of services to clearly identified customer groups. This focused approach of building relationships allows the development of income

streams from a number of products as well as providing a degree of insulation from the competitive pressures and the fine margins of international 'wholesale' banking.

The further development of existing skills in trade finance, treasury and cross border products, built on the strengths of the Group's international franchise, is an integral part of ANZ Group's international strategy.

The international network of ANZ clearly differentiates it from its major Australian competitors and places it in a very solid position to meet the challenges of the 1990s.

ASIA

Although the growth in revenue from the region slowed from previous years, and despite the effects of highly regulated environments in some countries, the overall result was pleasing.

Despite some continuing concerns during

the run up to 1997, our Hong Kong operation has continued to perform at a very satisfactory level, with the operations in Singapore, Korea, Taiwan and Japan all making acceptable returns.

Over the course of the year, ANZ's reach in the region has been extended through the opening of a representative office in the Philippines and a branch in Osaka, Japan.

Throughout the region, ANZ Group has maintained its position as a leading market maker in Australian and New Zealand dollar trading, and foreign exchange dealing continues to be a major contributor, although there has also been a pleasing increase in trade finance activity.

Technology has been upgraded resulting in improved customer service as well as providing a base for further development and expansion.

Emphasis is being placed on the development of commercial banking operations which are focused on the higher end of the retail market, business banking relationships, trade finance, treasury and other cross border transactions. With the growing importance of business activities which

involve customers from our Australian and New Zealand home bases, along with other network customers, further development in the Asian region will continue to be a high priority.

THE PACIFIC ISLANDS AND PAPUA NEW GUINEA

The acquisitions in Papua New Guinea, Fiji and Western Samoa are now integrated and have begun to contribute to a pleasing level of performance. Economic conditions in Papua New Guinea and signs of a slower economy in Fiji indicate that opportunities in these countries may be temporarily restrained in 1992.

UNITED KINGDOM

In U.K. Corporate and Merchant Banking, the focus was on building a strong position in cross border finance. A successful year was enjoyed, particularly in respect of India and Pakistan where a total of US\$750 million of cross border finance was arranged, resulting in ANZ gaining top ranking by the international "Euromoney" magazine for cross-border financing. Elsewhere, asset

trading enjoyed a record year and progress was made in developing new product areas such as international leasing and Islamic funding. The corporate loan portfolio also held up well despite the severity of the recession in the United Kingdom and bad debts were contained and profitability maintained.

In Treasury, the position as leading market maker in Australasian currencies was maintained. London Treasury is a key centre in the Group's 24-hour dealing services and offers a broad range of products including interest rate swaps, forward rate agreements, futures and both currency and interest rate options.

CONTINENTAL EUROPE

ANZ has been reassessing its strategy in Continental Europe in the light of slower economic growth and competitive pressures. The Zurich branch has been closed and the decision taken to close the representative offices in Italy and Spain. However, this still leaves ANZ as the major Australian bank in Continental Europe with operations in Germany, Switzerland, France and Greece. The two branches in Greece achieved an excellent performance while the Frankfurt branch in Germany also had a satisfactory year.

SOUTH ASIA

The Group recorded excellent performances in the South Asian region despite some economic and political uncertainty. Elections were held in India, Nepal and Bangladesh and new Governments formed. Simultaneously,

a series of economic reforms and liberalisation measures were announced. For the financial sector, in particular, this signals an increasing rate of deregulation and disintermediation.

ANZ's distribution network is being strengthened significantly through relocation and opening of new branches. Automated telling machines are being installed in India, Bangladesh and Sri Lanka. Deposit growth has been excellent. Treasury activities have contributed significantly, especially in the areas of domestic money market activities and foreign exchange. The Group has also made a successful entry into public sector financing in India and had some significant successes in leveraging off its international network and arranging international trade finance.

The Group is positioning itself to take advantage of the opportunities which the current economic liberalisation and reform measures may bring. In the future, an increasingly significant contribution to Group business from South Asia is anticipated, whilst recognising that it is already a major source of Group profits outside Australia and New Zealand.

MIDDLE EAST

The year was dominated by the invasion of Kuwait by Iraq and the subsequent Gulf war. Business confidence was shaken, investments suspended and trade flows disrupted. Despite these factors, satisfactory results were achieved in the Gulf.

Following the election of a new government in Pakistan, there has been movement towards deregulation and privatisation. This has created an environment more conducive to business and the Bank has responded positively with greatly improved results.

In Jordan, despite an extremely difficult political and economic environment compounded by a shortage of foreign exchange, a satisfactory performance was recorded.

Numerous government and private sector projects are mooted or are underway in the Gulf region in the near future which will stimulate economic activity. We are well positioned to take advantage of this anticipated upswing.

AFRICA

The results from the Group's African network of seven countries have been most satisfactory.

In Zimbabwe, the largest contributor to African profits, the share of both the corporate and agricultural sectors has increased and two new branches were opened during the year. In Zambia short term trade finance facilities were made available for the import of essential commodities. Results from Zaire have been satisfactory in difficult economic and social conditions, while the business in Kenya continued to suffer from the tight liquidity constraints imposed by government in an attempt to stabilise the economy. Uganda has performed better than expected and our associates in Nigeria and Ghana have again contributed significantly.

A subsidiary has been incorporated in Botswana which will commence operation during early 1992.

During 1991 the upgrading of technology and communications continued and 1992 will see new applications introduced to automate trade finance business and international payments.

AMERICAS

1991 has been an encouraging year for our businesses on the American continent following the strategic refocus initiated last year. The new emphasis has mitigated against the effects of the difficult economic environment in both the United States and Canada, although economic conditions have continued to have a depressing effect on the residual parts of the portfolio, against which further provisions were necessary.

In its role of providing banking services, primarily those associated with the finance of trade to the Group's customers, ANZ's understanding of Latin American risk has been a central feature. The opening of an office in Santiago, Chile, has further strengthened this role. Similarly, ANZ continues to support its American customers in their dealings with those parts of the world where ANZ Group has a proven competence.

Treasury operations specialise in Australian and New Zealand dollars and related products. The centralisation of trading activities into New York and interconnections with other Group

dealing rooms around the world, provides a 24-hour service to our customers.

1992 will see further consolidation of American activities, including the centralisation of much of the back office activities in New York.

PRIVATE BANKING

ANZ Group's Private Banking operations in London, Jersey, Guernsey and Geneva, together with representation in the Middle East and Asia Pacific established during the year, provide highly personalised banking, investment management and trust services to wealthy international clients.

The Middle East has been a traditional and important source of funds and the Gulf crisis has impressed upon many depositors the wisdom of diversifying their banking arrangements and maintaining a relationship with a sound and well established bank.

Following the acquisition of Olec Trustee Limited in Jersey in November 1990, the Group is now one of the largest trust operations in the Channel Islands. Trust and fiduciary services will play an increasingly important role in managing and maintaining the wealth of international clients and ANZ is well placed to meet these requirements.

The Private Bank was affected by the recession in 1991 and experienced some credit problems resulting in profit for the year being lower than normal. Looking forward to next year, as interest rates begin to fall, slower growth in the volume of deposits is expected but this should be balanced by an increase in funds under management.

TREASURY

ANZ Group's treasury activities fared well in the difficult and turbulent international markets that have been a feature of the last 12 months, and wholesale funding activities, both domestic and international, were successfully conducted to a plan.

The emergence in the last five years of treasury activities as a discrete set of specialised services to customers has meant a re-focus on skill acquisition and service and distribution strategies. ANZ now offers a range of services from straightforward transaction execution to comprehensive treasury risk management consultancy.

In Australia, close customer liaison on the use of treasury services is part

of ANZ's relationship banking approach and initiatives to foster this customer orientation are reflected in the establishment of a "Global Dealing Network". Large corporations and institutions are provided 24-hour access to financial markets through major ANZ treasury points and nominated account managers within these units.

Trading activities have continued to receive close attention to ensure quick and competitive transaction pricing for our customers. ANZ was voted "number 1" in the foreign exchange Australian dollar sector for the second consecutive year by corporate treasurers in the prestigious "Euromoney" magazine survey.

CORRESPONDENT BANKING SERVICES

ANZ continues to be the leading and most technically advanced provider of Correspondent Banking Services within Australia, New Zealand and India. Services are marketed throughout the international network with London being pre-eminent in its relationship with European, African and Middle East based Banks. Despite the global recession having some effect on income, this reduction has been offset in the main by tight control over operating expenses.

ANZ NOMINEES

With securities under custody exceeding \$16 billion, ANZ Nominees is the market leader in the provision of custody, settlement and associated services to overseas investors into Australia.

Over the past year, activity in the securities markets remained subdued. Revenue was down on expectations and the opportunity was taken to focus on service improvement and cost containment.

For the third successive year, ANZ's custody services were "top rated" in the annual survey of agent banks used by global custodians and international brokerage firms dealing in Australian securities, and ANZ was ranked as the premier Australian custodian.

J F Ries
Chief General Manager
International Banking

Management Team

LONDON

Senior General Manager, Europe, South Asia, Middle East and Africa & Managing Director, ANZ Grindlays Bank plc:

BP Ranford

General Manager - UK Corporate & Merchant Banking:

JF Curry

General Manager - Private Banking:

GG Howard

Regional General Manager - Middle East:

BM McCance

General Manager - UK Treasury:

DB Valentine

Regional General Manager - Africa:

ADB Wright

BOMBAY

General Manager - South Asia:

RJ Edgar

NEW YORK

General Manager - Americas:

RGL Barnes

MELBOURNE

General Manager - Asia Pacific:

PJO Hawkins

General Manager - Global Treasury:

AK Bommakanti

General Manager - Correspondent Banking:

A Briganti

General Manager - Nominees:

JR Sudholz

DIRECTORS

INTERNATIONAL BOARD OF ADVICE

The Rt. Hon. The Lord Carrington
KG, GCMG, CH, MC, PC
Chairman,
ANZ International Board of Advice
Former Secretary-General, NATO

Mr Milton Bridgland AO
Chairman, Australia and New Zealand
Banking Group Limited

Mr Will Bailey AO
Deputy Chairman and Group Chief
Executive, Australia and New Zealand
Banking Group Limited

Sir Peter Baxendell CBE
Chairman,
Hawker Siddeley Group plc-UK
Former Chairman, Shell International-UK

The Rt. Hon. Malcolm Fraser AC, CH
Former Prime Minister of Australia

Mr H Frans van den Hoven KBE
Former Chairman, Unilever NV-
The Netherlands

His Excellency Laurence William Lane Jr
Former American Ambassador to
Australia

Mr Washington SyCip
Chairman, SGV Group-The Philippines

Sir Ronald Trotter
Chairman, Fletcher Challenge Limited-
New Zealand

BOARD COMMITTEES

Audit Committee

Dr BW Scott (Chairman)
Mr JC Dahlsen
Mr CJ Harper
Mr RB Vaughan

Credit Committee

Mr CJ Harper (Chairman)
Mr WJ Bailey
Mr JC Dahlsen
Mr B Weeks

Remuneration, Appointments and Nominations Committee

Mr MD Bridgland (Chairman)
Mr WJ Bailey
Mr JB Gough
Dame Leonie Kramer
Dr BW Scott
Mr RB Vaughan

Standing: Left to Right: Dr BW Scott AO, Mr CJ Harper, Mr JB Gough AO OBE, Mr JC Dahlsen, Mr RB Vaughan AO, Mr B Weeks, Mr CB Goode, Sir Ronald Trotter, Sitting: Mr WJ Bailey AO, Emeritus Professor Dame Leonie Kramer DBE, Mr MD Bridgland AO.



*JOHN ALEXANDER JACKSON
First General Manager of the English
Scottish and Australian Chartered Bank
(1853-1862)*

The Board includes two Directors with executive responsibilities within ANZ Group who have extensive banking experience.

The nine Non-Executive Directors have a diversity of community and business experience.

Set out on pages 34 and 35 of the Annual Report are statements which provide particulars of the qualifications and broad experience of each Director.

AUSTRALIA

Group Headquarters

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 Fax: (03) 658 2909

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 Fax: (02) 237 9387

Queensland

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 Telephone: (07) 228 3228
 Fax: (07) 228 3484

South Australia

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 Fax: (08) 231 9477

Tasmania

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Western Australia

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 Fax: (09) 323 8350

Australian Capital Territory

25 Pterrie Plaza, Canberra City 2600, GPO Box 371, Canberra City 2601
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 Fax: (06) 276 4240

Northern Territory

43 The Mall, Darwin 0800, GPO Box 1, Darwin 0801
 Telephone: (089) 823 555
 Fax: (089) 410 129

Subsidiary Companies

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 Telephone: (03) 648 5800
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 Telephone: (02) 358 0123
 Fax: (02) 358 0150

ANZ McCaughan Limited, 9th Floor, 360 Collins Street, Melbourne 3000
 Telephone: (03) 640 1400
 Telex: AA 33228
 Fax: (03) 602 4808

Delfin Property Group Limited, Delfin House, 155 Brebner Drive, West Lakes S.A. 5021
 Telephone: (08) 353 9500
 Fax: (08) 353 9550

Esanda Finance Corporation Limited, 85 Spring Street, Melbourne 3000
 Telephone: (03) 666 9100
 Telex: AA 154226
 Fax: (03) 666 9628

Town & Country Bank Limited, Chancery House, 37 St. George's Terrace, Perth W.A. 6000
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 Telex: AA 92277
 Fax: (09) 421 3368

NEW ZEALAND

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ANZ McCaughan Securities (NZ) Limited, 2nd Floor, Hong Kong Bank House, 290 Queen Street, Cnr Queen and Wellesley Streets, Auckland PO Box 6243, Wellesley Street, Auckland
 Telephone: (09) 308 9867
 Freephone: 0800 800 611
 Telex: ANZMAC 63372
 Fax: (09) 309 9410

Post Office Bank Limited, 215-229 Lambton Quay, Wellington PO Box 1492, Wellington
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 Telex: NZ 3385
 Fax: (04) 473 6919

UDC Group Holdings Limited, 113-119 The Terrace, Wellington PO Box 1616, Wellington
 Telephone: (04) 472 0629
 Fax: (04) 472 0867

EUROPE, SOUTH ASIA, AFRICA AND THE MIDDLE EAST

Europe

United Kingdom

Australia and New Zealand Banking Group Limited, Minerva House, PO Box 7, Montague Close, London SE1 9DH
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 Telex: 8812741-4 ANZBKA G
 Fax: (071) 378 2378

ANZ Grindlays Bank plc, Minerva House, Montague Close, London SE1 9DH
 Telephone: (071) 378 2121
 Telex: 885043 GRNDLY G
 Fax: (071) 403 4182

ANZ Grindlays Bank plc, Private Bank, 13 St. James's Square, London SW1Y 4LF
 Telephone: (071) 930 4611
 Telex: 885043-6 GRNDLY G
 Fax: (071) 930 5501

Channel Islands

ANZ Bank (Guernsey) Limited, PO Box 153, St. Peter Port, Guernsey
 Telephone: (0481) 72 6771
 Fax: 4191663 ANZGSY G
 Fax: (0481) 72 7851

ANZ Grindlays Bank (Jersey) Limited/ANZ Grindlays Trust Corporation (Jersey) Limited, PO Box 80, West House, West's Centre, Peter Street, St. Helier, Jersey
 Telephone: (0534) 74248
 Telex: 4192062 GRNDLY G
 Fax: (0534) 77695

France

Australia and New Zealand Banking Group Limited, 6 rue de Berri 75008 Paris
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 Telex: 643311 F ANZB
 Fax: (1) 40 75 0546

Germany

Australia and New Zealand Banking Group Limited, Mainzer Landstr. 46, 6000 Frankfurt/Main 17
 Telephone: (69) 710 0080
 Telex: 4185126 ANZBD
 Fax: (69) 72 4231

Greece

ANZ Grindlays Bank plc, 7 Merlin Street, PO Box 30391, 10671 Athens
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 Telex: 214651 GRIN GR
 Fax: (1) 3603 811

Switzerland

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 Telephone: (22) 731 9851
 Telex: 412521 ANZCH
 Fax: (22) 731 5589

South Asia

India

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 Telephone: 27 1495
 Telex: 011-4792 RDSA IN
 Fax: 261 9903

Esanda Finanz and Leasing Limited, 3rd Floor, 270 Dadabhai Naoroji Road, Bombay 400 001
 Telephone: 204 9363
 Telex: 011-5135
 Fax: 226 017

Eastern India

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 Telephone: 201 732
 Telex: 021 7341 GBCL IN
 Fax: 282 266

Northern India

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 Telex: 031-66528 GBND IN
 Fax: 332 2364

Southern India

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 Telex: 041-212 GBMS IN
 Fax: 581 065

Western India

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 Fax: 261 9903

Bangladesh

ANZ Grindlays Bank plc, PO Box 502, No. 2 Dilkusha C.A., Dhaka - 1000
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 Fax: 833 347

Nepal

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 Telex: 2531 GRNDLY NP
 Fax: (1) 228 692

Sri Lanka

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 Fax: 446 158

Africa

Ghana

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 Fax: 667305

Kenya

Grindlays Bank International (Kenya) Limited, PO Box 30113, Kenyatta Avenue, Nairobi
 Telephone: 335888
 Telex: 22397 GRNDLY KE
 Fax: 330227

ANZ GROUP WORLDWIDE DISTRIBUTION

(at 30 September 1991)

	<i>Representation</i>	<i>Personnel*</i>
Australia	1,601	29,953
New Zealand	534	7,900
South Asia	71	4,794
Pacific Islands	62	1,425
Middle East	38	1,070
Africa	25	1,023
Asia	10	424
Papua New Guinea	10	414
Europe	9	1,264
Americas	7	270
Totals	2,367	48,537

* Total numbers

Nigeria

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Telex: 23216/23474 GRIMBK NG
Fax: 685934

Uganda

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Fax: 231116

Grindlays Bank International (Uganda) Limited,
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Zaire

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Fax: 20 028

Zambia

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Zimbabwe

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Middle East**Bahrain**

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Gulf Treasury Unit,
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Telex: 8722/8723/8796
Fax: 25 4161

Iran

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Oman

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Telex: 3393/3219 GRNDLY ON
Fax: 70 6911

Pakistan

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Qatar

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Fax: 428077

United Arab Emirates

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Telex: 45618 GRNDLY EM
Fax: (04) 222 018

AMERICAS**United States of America****New York**

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Fax: (312) 236 7112

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Fax: (713) 658 0406

Bahamas

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Brazil

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ANZ Grindlays Bank plc,
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Canada

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Fax: (416) 367 3213

Chile

ANZ Banking Group Limited,
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Fax: 632 3252

ASIA PACIFIC**Asia****Hong Kong**

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Indonesia

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Telex: 61656
Fax: (21) 33 4910

Japan

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Korea

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Fax: (2) 737 6325

Malaysia

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Peoples Republic of China

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Australia and New Zealand Banking Group Limited
Representative Office,
c/- S.G.V. & Co.,
6760 Ayala Avenue,
Makati Metro, Manila
Telephone: 819 3011
Fax: 819 0872

Singapore

Australia and New Zealand Banking Group Limited,
10 Collyer Quay,
No 17 02/05, Ocean Building,
Singapore 0104
Telephone: (65) 535 8355
Telex: 23336
Fax: (65) 539 6111

Taiwan

ANZ/Grindlays Bank plc,
8F, 44 Chung Shan North Road,
Taipei
Telephone: (2) 568 3353
Telex: 11894
Fax: (2) 511 1232

Thailand

Australia and New Zealand Banking Group Limited,
GF Building, 62 Soi Langsuan,
Ploenchit Road, Bangkok 10330
Telephone: (2) 254 0116/7
Telex: 21583
Fax: (2) 254 0118

Papua New Guinea

Australia and New Zealand Banking Group (PNG) Limited,
2nd Floor, Defens Haus,
Cnr Champion Parade and Hunter Street,
Port Moresby
Telephone: 217544
Telex: 22178
Fax: 211462

Pacific Islands**Cook Islands**

Australia and New Zealand Banking Group Limited,
Development Bank Building,
PO Box 907,
Avarua, Rarotonga
Telephone: 21750
Telex: 62038
Fax: 21760

Fiji

Australia and New Zealand Banking Group Limited,
4th Floor, Civic House, Suva
Telephone: (679) 314000
Telex: 2194
Fax: (679) 300100

Solomon Islands

Australia and New Zealand Banking Group Limited,
Mendana Avenue, Honiara
Telephone: 21835
Telex: 66321
Fax: 22957

Vanuatu

ANZ Bank (Vanuatu) Limited,
ANZ House, Kumul Highway,
Port Vila
Telephone: 22536
Telex: 21012
Fax: 22814

Western Samoa

Bank of Western Samoa,
PO Box L1855, Apia
Telephone: 22422
Telex: 258 BWS SX
Fax: 24595

W J Bailey [†] AO, HonLLD (Monash), FAIB, FAMI, FAIM	58	Deputy Chairman and Group Chief Executive
B Weeks* FAIB	59	Executive Director
D T Craig* AAIB, ACA (NZ)	51	Chief General Manager – Australian Business Banking
A T L Maitland* BCom, AAIB, FAIM	50	Managing Director – ANZ Banking Group (New Zealand) Ltd
D P Mercer* BSc (Hons), MA (Econ)	50	Chief General Manager – Australian Retail Services
J F Ries* BBus, FCPA, FAIB	47	Chief General Manager – International Banking
D R Watson FAIB, FCIB (Lon), FCIS, FCIM, DipMS (Lon)	49	General Manager – Institutional Financial Services
F Belli PSM, FCPA	55	Group General Manager – Audit
D J Butler* BEc (Hons), FCPA, AAIB	43	Group General Manager – Finance
G J Camm [#] BBus, CPA	36	General Manager – Group Investor Relations
R T Jones LLB (Hons), FCIS	44	Group Secretary
M P R Percival BA	40	General Manager – Group Public Affairs
J Preston	48	General Manager – Data Processing Operations
B Sorrentino* PhD (Physics), BSc, AIB (Lon)	49	Group General Manager – Technology
R Townsend AAIB, BEng, BBus, PhD (Eng)	46	General Manager – Global Technical Services
E J White* AAIB, MIPMA	47	Group General Manager – Human Resources
P Wilson* BComm (Hons), MA (Hons), FCPA	40	Group General Manager – Strategic Planning & Economics

[†] Chairman, Executive Committee * Member, Executive Committee # Secretary, Executive Committee

CHIEF EXECUTIVE'S REPRESENTATIVES

R Fenton AAIB	New South Wales
R G Jones	Northern Territory
K W Witney BCom, AAIB, FCPA	Queensland
T J Brennan AAIB	South Australia
D N Butcher AFAMI	Tasmania
L F Guthrey AAIB, FCPA	Western Australia
R G L Barnes FCA	Americas
K C Girvan	Hong Kong
D G Morgan	Japan
D R Murray AAIB	Singapore
R J Edgar PhD (Ec), MEc, BEc (Hons), AAIB	South Asia
B P Ranford AAIB	United Kingdom

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The following information is provided in conformity with the Corporations Law.

ACTIVITIES

The principal activities of the Holding Company and its subsidiaries during the year were general trading and savings banking, hire purchase and general finance, life insurance, property development, mortgage and instalment lending, leasing, international and investment banking, investment and portfolio management and advisory services, nominee and custodian services, stockbroking, and executor and trustee services.

At 30 September 1991 the Holding Company and its subsidiaries had 2,367 points of representation.

PROFIT

Consolidated operating profit after tax and before abnormal items for the year was \$266.2 million. Consolidated operating profit after tax and abnormal items was \$267.3 million. More details are contained in the Group Chief Executive's report on page 8 of the Annual Report.

DIVIDENDS

The directors propose payment of a fully franked final dividend of 10 cents per share, amounting to \$101.9 million to be declared on 6 January 1992 and to be paid on 29 January 1992.

Since the end of the previous financial year the following fully franked dividends have been paid:

Type	Cents per share	Amount before bonus option \$ million	Date of payment
Final	16	152.2	5 Feb. 1991
Interim	10	100.3	13 July 1991

The final dividend paid on 5 February 1991 was detailed in the directors' report dated 6 December 1990. Neither the interim dividend paid on 13 July 1991 nor the current proposed dividend have been mentioned in previous directors' reports.

Where shareholders in the United Kingdom elect to participate in the 'dividend selection plan', the amount declared by way of dividend by the Holding Company will be reduced accordingly and the dividend will be paid by ANZ U.K. Dividends (AUD) Limited in lieu thereof.

REVIEW OF OPERATIONS

A review of the operations of the Group during the financial year and the results of those operations is contained in the Chairman's letter, the Group Chief Executive's report and in the financial statements.

STATE OF AFFAIRS

There was no significant change in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in the Chairman's letter, the Group Chief Executive's report and in the financial statements.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No item, transaction or event of a material and unusual nature has arisen between 30 September 1991 and the date of this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

FUTURE DEVELOPMENTS

Likely developments in the operations of the Group in subsequent financial years are contained in the Chairman's letter and the Group Chief Executive's report on pages 1 and 8 to 14 of the Annual Report.

In the opinion of the directors, disclosure of any further information would be prejudicial to the Group's interests.

SHAREHOLDINGS

The directors' shareholding interests, beneficial and non-beneficial, in the share capital of the Holding Company are detailed on page 86.

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

SHARE OPTIONS

Details of share options are set out in note 25 of the accounts.

DIRECTORS

The Board includes two directors with executive responsibilities who have extensive banking experience. The nine non-executive directors have a diversity of community and business experience.

Set out below are statements which provide particulars of the qualifications and broad experience of each Director. Special responsibilities are shown on page 28 of the Annual Report.

M.D. Bridgland AO

Chairman
BSC, FTS, FRACI, FAIM
Company Director

Director since February 1982, appointed Deputy Chairman January 1987 and Chairman January 1989. Chairman of ICI Australia Ltd since 1980 (Managing Director 1978 - 1984). Chairman of Centro Properties Ltd and a Director of Jennings Group Ltd. Former Director of several public companies and member of a number of industry, government advisory and community organisations. Lives in Melbourne. Age 69.

W.J. Bailey AO

Deputy Chairman and Group Chief Executive
Hon LLD (Monash), FAIB, FAMI, FAIM
Bank Executive

Director since July 1984, appointed Group Managing Director and Chief Executive Officer in December 1984 and to his present position in August 1988. Director of Coles Myer Ltd and a Member of the Business Council of Australia and the Economic Planning Advisory Council. Forty years experience in banking with the Group including a number of general management appointments since 1980. Lives in Melbourne. Age 58.

J.C. Dahlsen

LLB, MBA

Solicitor and Company Director

Director since May 1985. Partner of the legal firm Corrs Chambers Westgarth. Director of The Graduate School of Management Ltd, John Holland Holdings Ltd, Sandridge City Development Co Pty Ltd, Southern Cross Broadcasting (Australia) Ltd and the Supervisory Board of Byvest Management Buyout Group. Lives in Melbourne. Age 56.

C.B. Goode

B. Comm (Hons) (Melb), MBA (Columbia University, New York), FCPA, FSIA

Company Director

Director since July 1991. Director of Legal & General Assurance Holdings (Australia) Ltd, Pacific Dunlop Ltd, Woodside Petroleum Ltd and Queensland Investment Corporation. Chairman of Potter Warburg Asset Management Ltd. Former senior partner of Potter Partners (1980 - 1986) and Chairman of Potter Partners Group Ltd (1986 - 1989). Lives in Melbourne. Age 53.

J.B. Gough AO OBE

Hon LLD (Melb)

Company Director

Director since August 1986. Chairman of Pacific Dunlop Ltd (a Director since 1976, Managing Director 1980 - 1987). Director of Amcor Ltd, The Broken Hill Proprietary Company Ltd, ICI Australia Ltd and CSR Ltd. Chairman of the Melbourne University Graduate School of Management and a Member of the General Motors Australian Advisory Council. Former Vice President of the Business Council of Australia. Lives in Melbourne. Age 63.

C.J. Harper

CA (Scots)

Company Director

Director since October 1976. Chairman of Legal & General Assurance Holdings (Australia) Ltd and Commonwealth Serum Laboratories. Director of North Broken Hill Peko Ltd, IBM Australia Ltd and other companies. Former General Manager and Chief Executive of the merchant bank Australian United Corporation Ltd (1968 - 1976) and since then a professional non-executive director. President of the Institute of Directors in Australia (1986 - 1989) and recently retired National Vice President of the Australian Institute of Company Directors. Lives in Melbourne. Age 60.

Emeritus Professor Dame Leonie Kramer DBE

BA (Melb), D. Phil (Oxon), MA Hons (Sydney).

Hon D Litt (Tasmania), Hon LLD (Melb and ANU), FAHA, FACE

Emeritus Professor and Company Director

Director since August 1983. Chancellor and Emeritus Professor of Australian Literature of the University of Sydney. Director of Western Mining Corporation Holdings Ltd and Western Mining Corporation Ltd. Commissioner of the Electricity Commission of New South Wales, Member of the Council of the National Roads & Motorists Association, New South Wales. Former member of the Australian Broadcasting Commission (1977-1982) and Chairman (1982-1983). Lives in Sydney. Age 67.

Dr. B.W. Scott AO

B.Ec, MBA, DBA

Company Director

Director since August 1985. Director of Liquid Air Australia Ltd, the James N. Kirby Foundation and the Foundation for Development Co-operation. Chairman of Management Frontiers Pty Ltd, W.D. Scott International Development Consultants Pty Ltd and Television Makers Pty Ltd. Fellow of the Senate of the University of Sydney and Australian member of the Board of Governors of the Asian Institute of Management. Former Federal President of the Institute of Directors in Australia (1982-1986) and Chairman of the Australian Government's Trade Development Council (1984 - 1990). Lives in Sydney. Age 56.

Sir Ronald Trotter

B. Comm (Wellington), Hon LLD (Wellington), FCA, Cert in Agriculture

Company Director

A Director since December 1988. Chairman and former Chief Executive of Fletcher Challenge Ltd. Chairman of Ciba-Geigy New Zealand Ltd. Director of Air New Zealand Ltd, Ciba-Geigy Australia Ltd and Toyota New Zealand Ltd. Former Director of the Reserve Bank of New Zealand, Chairman of the New Zealand Business Roundtable and a member of a number of Government, economic, advisory and rural industry bodies. Lives in Wellington, New Zealand. Age 64.

R.B. Vaughan AO

Company Director

Director since January 1988. Chairman and former Chief Executive of M.V.L. Holdings Ltd and Dalgety Farmers Ltd and Chairman of Dalgety Rural Finance Ltd. Chairman of MIM Holdings Ltd, Deputy Chairman of National Commercial Union Ltd and Director of ICI Australia Ltd and Tubemakers of Australia Ltd. Lives in Sydney. Age 63.

B. Weeks

FAIB

Executive Director

Bank Executive

Executive Director since August 1991. Thirty-six years experience in banking with the Group including Managing Director, ANZ Banking Group (New Zealand) Ltd (1986) and a number of general management appointments since 1988. Lives in Melbourne. Age 59.

DIRECTORS' INTERESTS IN
CONTRACTS

Since the last report no director has declared any interest in a contract or proposed contract with the Company in accordance with Section 231(1) of the Corporations Law or a corresponding previous Law. The following directors have declared pursuant to Section 231(5) of the Law that they are to be regarded as interested in any contract that may be made with the Company by virtue of their directorships or memberships of the companies and organisations listed

M.D. Bridgland

Australia and New Zealand Banking Group Ltd
(Group)
Centro Properties Ltd
ICI Australia Ltd
Jennings Group Ltd

W.J. Bailey

Australia and New Zealand Banking Group Ltd
(Group)
Coles Myer Ltd
Institute of Public Affairs Ltd

J.C. Dahlsen

Australia and New Zealand Banking Group Ltd
(Group)
C&C Services Pty Ltd
Corrs Chambers Westgarth
Institute of Public Affairs Ltd
J.C. Dahlsen Pty Ltd (Group)
John Holland Holdings Ltd
Johndahl Nominees Pty Ltd
KTD (Nominees) Pty Ltd
Latrobe Custodians Pty Ltd
Maleela Holdings Pty Ltd
McKechnie Pacific Pty Ltd
Melbourne Business School Ltd
Sandridge City Development Co Pty Ltd
Southern Cross Broadcasting (Australia) Ltd (Group)
The Byvest Management Buyout Group
The Graduate School of Management Ltd
The Twenty-Fourth Tribute Pty Ltd
W.J.M. Pty Ltd

C.B. Goode

Australia and New Zealand Banking Group Ltd
(Group)
Australian United Investment Co Ltd
Diversified United Investment Ltd
Hallmark Cards Australia Ltd
Howard Florey Institute of Experimental
Physiology and Medicine
Institute of Public Affairs Ltd
Legal & General Assurance Holdings (Australia)
Ltd (Group)
Oliver J. Nilsen (Australia) Ltd (Group)
Pacific Dunlop Ltd
Potter Warburg Asset Management Ltd
Potter Warburg Ltd (Group)
Queensland Investment Corporation
Woodside Petroleum Ltd (Group)

J.B. Gough

Alexander Proudfoot Company - International
Advisory Board
Ampcor Ltd
Australia and New Zealand Banking Group
Ltd (Group)
CSR Ltd
General Motors Australian Advisory Council
ICI Australia Ltd
Pacific Dunlop Ltd
The Broken Hill Proprietary Co Ltd
The Graduate School of Management Ltd
Walter and Eliza Hall Institute of Medical Research

C.J. Harper

Australia and New Zealand Banking Group
Ltd (Group)
CSL Ltd
Hyster Australia Pty Ltd
IBM Australia Ltd
ICI Group - Dulux Advisory Board
Institute of Public Affairs Ltd
Legal & General Assurance Holdings (Australia)
Ltd (Group)
North Broken Hill Peko Ltd (Group)
R.E. Ross Nominees Pty Ltd (Group)
Vickers Holdings Ltd

Emeritus Professor Dame Leonie Kramer

Australia and New Zealand Banking Group
Ltd (Group)
Electricity Commission of New South Wales
Enterprise Australia Ltd
National Roads & Motorists Association
Quadrant Magazine Ltd
Western Mining Corporation Holdings
Ltd (Group)

Dr. B.W. Scott

Australia and New Zealand Banking Group
Ltd (Group)
James N. Kirby Foundation Ltd
Liquid Air Australia Ltd
Management Frontiers Pty Ltd
Television Makers Pty Ltd
W.D. Scott International Development
Consultants Pty Ltd

Sir Ronald Trotter

Air New Zealand Ltd
Australia and New Zealand Banking Group
Ltd (Group)
Ciba-Geigy Australia Ltd
Ciba-Geigy New Zealand Ltd
Fletcher Challenge Ltd
Toyota New Zealand Ltd

R.B. Vaughan

Australia and New Zealand Banking Group Ltd (Group)

Dalgety Farmers Ltd (Group)

Dalgety Investments Pty Ltd (Group)

Dalgety Rural Finance Ltd

ICI Australia Ltd

MIM Holdings Ltd (Group)

M.V.L. Holdings Ltd

National Commercial Union Ltd

Tubemakers of Australia Ltd

B. Weeks

Australia and New Zealand Banking Group Ltd (Group)

Business in the Community Ltd

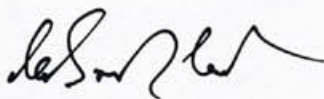
Cribellum Pty Ltd

DIRECTORS' BENEFITS

No director has, during or since the 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 financial statements or the fixed salaries of directors who are also full-time employees of the Company or a related body corporate), because of a contract made by the Company, or a related body corporate, with the director, a firm of which the director is a member or a company in which the director has a substantial financial interest, with the exception of

- (i) retirement benefits pursuant to agreements of the type referred to in Article 79(b) which have been entered into during the financial year between the Company and R.K. Gosper who resigned on 24 April 1991 and C.B. Goode, and
- (ii) benefits that may be deemed to have arisen because legal fees have been paid to Corrs Chambers Westgarth of which J.C. Dahlsen is a partner, fees and commissions have been paid or are payable to Potter Warburg Ltd, or any of its subsidiaries, in which C.B. Goode has a related interest, management service fees have been paid to Management Frontiers Pty Ltd of which Dr. B.W. Scott is a director and payments in the nature of consulting fees have been made to Sir Ronald Trotter as a member of the Company's International Board of Advice.

Signed in accordance with a resolution of the directors.



M.D. Bridgland
Chairman

Melbourne
4 December 1991



W.J. Bailey
*Deputy Chairman and
Group Chief Executive*

P R O F I T A N D L O S S A C C O U N T S
F O R T H E Y E A R E N D E D 3 0 S E P T E M B E R 1 9 9 1

	NOTE	CONSOLIDATED		HOLDING COMPANY	
		1991 \$M	1990 \$M	1991 \$M	1990 \$M
Interest received	2	10,155.3	10,150.3	5,252.1	5,387.8
Less: interest paid	3	7,578.4	7,713.4	4,274.7	4,493.0
Net interest income		2,576.9	2,436.9	977.4	894.8
Other operating income	2	2,092.5	1,803.6	2,578.0	2,255.8
Total net operating income		4,669.4	4,240.5	3,555.4	3,150.6
Less: operating expenses	3	3,152.9	2,848.4	2,046.6	1,890.3
Operating profit before income tax, doubtful debts and abnormal items		1,516.5	1,392.1	1,508.8	1,260.3
Less: provisions for doubtful debts	3	1,053.3	793.2	733.5	567.8
Operating profit before income tax and before abnormal items		463.2	598.9	775.3	692.5
Less: income tax expense (credit)	4	192.9	185.6	3.8	(56.7)
Operating profit after income tax and before abnormal items		270.3	413.3	771.5	749.2
Minority interests		(4.1)	(0.8)	-	-
Operating profit after income tax and minorities and before abnormal items		266.2	412.5	771.5	749.2
Abnormal profit (loss) after income tax	5	1.1	(191.0)	21.9	(212.0)
Operating profit after income tax attributable to members of the Holding Company		267.3	221.5	793.4	537.2
Retained profits at start of year		548.4	667.4	255.3	28.1
Total available for appropriation		815.7	888.9	1,048.7	565.3
Dividends provided for or paid	6	186.1	319.8	179.9	310.0
Transfers (from) to reserves	26	(27.9)	20.7	-	-
Retained profits at end of year		657.5	548.4	868.8	255.3

The notes appearing on pages 40 to 74 form an integral part of these financial statements

BALANCE SHEETS

AT 30 SEPTEMBER 1991

	NOTE	CONSOLIDATED		HOLDING COMPANY	
		1991 \$M	1990 \$M	1991 \$M	1990 \$M
Liquid assets	7	1,893.3	2,603.6	815.0	1,168.8
Due from other banks	8	10,834.8	13,041.0	6,842.8	8,508.1
Trading securities	9	2,679.6	2,294.4	2,010.3	1,605.9
Investment securities	10	6,429.3	6,158.2	3,623.6	3,063.6
Regulatory deposits	11	1,109.9	900.4	477.1	563.4
Net loans and advances	12	53,773.1	52,164.0	21,880.6	21,778.6
Customers' liabilities for acceptances		15,429.8	16,518.0	13,713.6	14,963.0
Due from subsidiaries		-	-	7,931.8	5,340.5
Shares in subsidiaries and associates	17	40.1	71.9	5,635.8	3,496.2
Other assets	16	3,797.2	3,874.5	1,651.7	1,675.1
Premises and equipment	18	2,225.2	1,673.8	360.4	419.6
Total assets		98,212.3	99,299.8	64,942.7	62,582.8
Creditors and other liabilities	19	3,377.4	4,243.4	1,754.5	1,673.0
Due to other banks	20	7,021.7	10,320.2	5,876.1	8,900.8
Deposits and other borrowings	21	61,487.3	58,705.8	28,126.8	25,085.3
Liability for acceptances		15,429.8	16,518.0	13,713.6	14,963.0
Due to subsidiaries		-	-	6,039.2	4,567.2
Income tax liability	22	761.0	839.6	314.1	345.2
Provisions	23	447.5	520.1	338.6	336.0
Bonds and notes	24	2,118.5	1,899.5	2,042.5	1,823.2
Total liabilities		90,643.2	93,046.6	58,205.4	57,693.7
Net assets		7,569.1	6,253.2	6,737.3	4,889.1
Paid-up capital	25	1,025.6	971.5	1,025.6	971.5
Reserves	26	3,300.6	2,791.9	2,843.7	2,207.7
Retained profits		657.5	548.4	868.8	255.3
Share capital and reserves applicable to shareholders of the Holding Company		4,983.7	4,311.8	4,738.1	3,434.5
Minority shareholders' interest in subsidiaries		34.4	10.9	-	-
Total shareholders' equity and minorities		5,018.1	4,322.7	4,738.1	3,434.5
Loan capital	27	2,551.0	1,930.5	1,999.2	1,454.6
Total shareholders' equity and loan capital		7,569.1	6,253.2	6,737.3	4,889.1
Commitments	34				
Contingent liabilities and off-balance sheet exposures	35				

The notes appearing on pages 40 to 74 form an integral part of these financial statements

1: Accounting policies

Under section 409 of the Corporations Law (the Law) accounts prepared by banks in accordance with the Banking Act are deemed to comply with the accounts provisions of the Law. Australia and New Zealand Banking Group Limited, Australia and New Zealand Savings Bank Limited, National Mutual Royal Bank Limited, National Mutual Royal Savings Bank Limited and Town and Country Bank Limited are banking corporations under section 409 of the Law. For Group financial statement purposes, ANZ Banking Group (New Zealand) Limited, ANZ Savings Bank (New Zealand) Limited, Post Office Bank Limited, ANZ Bank (Guernsey) Limited, ANZ Bank Canada, ANZ Bank (Vanuatu) Limited, ANZ Grindlays Bank plc, ANZ Bank (Cook Islands) Ltd, Australia and New Zealand Banking Group (PNG) Ltd and Bank of Western Samoa are also considered to be banks by virtue of their status in their respective countries of incorporation.

The financial statements comply with the accounts provisions of the Banking Act, Statements of Accounting Concepts and to the extent applicable to a bank, Australian Accounting Standards and the accounts provisions of the Corporations Law, including Schedule 5 of the Law. The policies are consistent with those adopted in the prior year.

(i) Bases of accounting

These financial statements have been prepared in accordance with the historical cost convention except where otherwise stated.

(ii) Consolidation

The financial statements are a consolidation of the accounts of the Holding Company and all the subsidiaries listed in note 31.

In accordance with section 285(3) of the Law the Holding Company has elected to adopt AASB 1024 'Consolidated Financial Statements' before it is obligatory. This has not had a material effect on the financial statements.

Subsidiaries are defined as those entities which are controlled by the Holding Company. AASB 1024 defines control as the capacity of an entity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of another entity so as to enable the other entity to operate with it in achieving the objectives of the controlling entity.

Associates are defined as those entities which are not subsidiaries but over which the Group has significant influence. Typically, an equity interest of between 20% to 50% is held. Associates are accounted for by the cost method and only dividends received or receivable are recognised. The Group does not prepare supplementary equity accounts as any impact is immaterial.

Where subsidiaries have been sold or acquired during the year, their operating results have been included to the date of disposal or from the date of acquisition.

All balances and transactions between Group entities have been eliminated on consolidation.

(iii) Life insurance business

The Group conducts life insurance business through its subsidiary, ANZ Life Assurance Co. Limited (ANZ Life). The Group accounts include the results of ANZ Life's shareholders' fund and the actuarially assessed profit from ANZ Life statutory funds after allowing for the increase in policy holder reserves determined on a realistic basis. These amounts, which total \$21.9 million (1990: \$22.7 million) have been included in the profit and loss account and then transferred to general reserve within the consolidated accounts as they are not fully available for distribution due to the requirements and restrictions of the Life Insurance Act 1945 and statutory accounting practices.

The statutory funds have not been consolidated as the Holding Company does not have direct or indirect control of these funds, as defined by AASB 1024, due to the provisions of the Life Insurance Act 1945.

(iv) Foreign currency

All amounts are expressed in Australian dollars unless otherwise stated.

Profits and losses of overseas branches and subsidiaries are translated at average exchange rates for the year. Assets and liabilities of overseas branches and subsidiaries are translated at the mid-point rates of exchange ruling at balance date. The net translation difference arising from the conversion of overseas branch capital positions and investment in overseas subsidiaries, after allowing for those positions hedged by foreign exchange contracts and related currency borrowings, is transferred to the foreign currency translation reserve.

Overseas branches and subsidiaries engaged in banking operations have loans and deposits and borrowings in their local currencies and in other major currencies. The Holding Company also has loans and deposits and borrowings in Australia in currencies other than Australian dollars. Assets and liabilities denominated in foreign currencies are converted into reporting currencies at the rates of exchange ruling at balance date.

The accounts depart from certain requirements of ASRB 1012 'Foreign Currency Translation', principally in respect of disclosure, on the basis that the relevant provisions of the standard are inapplicable to a bank.

(v) Goodwill

Shares in subsidiaries are valued on acquisition at the Group's interest in the fair market value of the net assets of the subsidiary at the date of acquisition. Any difference between the fair value of net assets and cost is written off through the profit and loss account as an abnormal item in the year of acquisition, together with, in the consolidated profit and loss account, the equivalent amount being attributable to goodwill on consolidation.

This policy has been applied consistently with the treatment of such items in prior years and represents a departure from ASRB 1013 'Accounting for Goodwill', but is considered to be an appropriate and prudent policy for a banking group. The policy is

consistent with capital adequacy requirements endorsed by the Group of Ten central bank Governors and adopted by the Reserve Bank of Australia which require goodwill to be deducted from capital for prudential supervision purposes. Under section 409 of the Law, accounts prepared by banks in accordance with the Banking Act are deemed to comply with the accounts provisions of the Law.

Goodwill written off during the current year amounted to \$26.9 million (1990: \$257.4 million).

(vi) Trading securities

Securities held for trading purposes are recorded at market value.

Securities sold under repurchase agreements are included in trading securities and the corresponding liability to repurchase included within deposits and other borrowings.

Assets and liabilities arising from trading in fixed interest securities have been recorded at trade date for the first time. This has had the effect of increasing total assets and liabilities by \$1,190.2 million (1990: \$558.2 million).

Unrealised gains and losses on revaluation are taken to the profit and loss account. This is a departure from the historical cost convention but is considered to be a more appropriate method of accounting for results arising from trading in highly liquid financial assets.

(vii) Investment securities

Securities held for investment purposes are recorded at cost or at cost adjusted for premium or discount amortisation. Interest and dividend income is accrued. Premiums and discounts are capitalised and amortised from date of purchase to maturity.

Changes in market values of the securities are not taken into account unless there is considered to be a permanent diminution in value.

(viii) Net loans and advances

Net loans and advances includes all forms of lending and direct finance provided to customers such as bank overdrafts, term loans, lease finance, hire purchase finance and commercial bills.

Overdrafts and term loans are carried at principal balances outstanding. Interest on amounts outstanding is accounted for on an accruals basis.

Lease finance is accounted for using the finance method whereby the lease receivable represents the net present value of total receivables discounted using the interest rate implicit in the lease. Income yet to mature represents the gross income arising from outstandings apportioned over the terms of the contracts to which it relates using the interest rate implicit in the lease and the actuarial method of calculation. Where leases are structured as leveraged leases and such transactions are entered into as an equity participant, the Group's participation is recorded as an investment net of non-recourse long term debt. Income from these investments is recognised on an actuarial basis over the life of the lease.

Hire purchase is accounted for using the finance method, whereby the total hire purchase receivable

is offset by income yet to mature which is amortised over the term of finance on an actuarial basis.

Customer financing through redeemable preference shares is included within net loans and advances. Dividends received on redeemable preference shares are taken to the profit and loss account as part of interest income.

(ix) Credit assessment

All loans are subject to continuous scrutiny and graded according to the level of credit risk. Loans are classified as either productive or non-accrual. Non-accrual loans are loans where the accrual of interest and fees has ceased due to doubt as to full recovery. Where full recovery of principal is doubtful, a specific provision is raised to cover the expected loss.

(x) Bad and doubtful debts

Specific provisions are maintained to cover identified doubtful debts. General provisions are maintained for unidentified future losses which are inherent in any finance facility. The level of the general provision is determined with regard to the risk profile of the Group's lending.

All known bad debts are written off in the year in which they are identified.

Provisions for doubtful debts are deducted from loans and advances in the balance sheet. Subsidiaries within the Group maintain appropriate provisions for doubtful debts.

(xi) Acceptances

Commercial bills accepted but not held in portfolio are accounted for and disclosed as a liability with a corresponding contra asset.

(xii) Funds under management

The Holding Company and some of its subsidiaries act as trustee and/or manager for a number of investment funds and trusts including retirement funds, mortgage funds, approved deposit funds, and equity and property unit trusts. The value of funds under management by the Group exceeds \$10 billion (1990: \$9 billion).

These funds have not been consolidated as the Holding Company does not have direct or indirect control of the funds as defined by AASB 1024.

Where the Holding Company or subsidiaries incur liabilities in respect of these operations as trustee, a right of indemnity exists against the assets of the applicable funds or trusts, and as these assets are sufficient to cover liabilities, the liabilities are not included in the accounts. Commissions and fees earned in respect of the Group's trust activities are included in the profit and loss account.

(xiii) Property held for resale

Property held for resale comprises both properties held for development and sale, and properties acquired through security enforcement. These are recorded at the lower of cost or estimated realisable value.

Development costs, interest and holding costs are capitalised in respect of major development ventures to the extent that they are considered to be recoverable.

(xiv) Premises and equipment

Premises and equipment (including computer equipment) are carried at cost or at valuation. When booked, any surplus on revaluation is credited directly to the asset revaluation reserve. Potential capital gains tax arising from revaluations is not material and has not been taken into account in determining the revalued amounts.

Valuations of premises are assessed annually by officers of the Group. All premises over a specified value are also subject to external valuation at least every three years by independent valuers. Valuations are based on the estimated open market value and assume that the building concerned continues to be used in its existing manner.

Profit or loss on the disposal of premises is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is included in the result of the Group in the year of disposal as an abnormal item. Profit or loss on the sale of furniture and equipment is included as part of the operating result.

Assets other than freehold land are depreciated at rates based upon their expected useful economic lives, using the straight line method. Leasehold improvements are amortised on a straight line basis over the remaining period of each lease.

(xv) Leasing

Leases entered into by the Group as a lessor are predominantly operating leases, and the operating lease payments are included in the profit and loss account in equal instalments over the lease term.

(xvi) Income tax

The Group adopts the liability method of tax effect accounting whereby income tax expense is calculated based on accounting profit adjusted for permanent differences. General provisions for doubtful debts are treated as permanent differences. Permanent differences are items of expense and revenue which are recognised in the profit and loss account but are not part of taxable income or vice-versa.

Future tax benefits and deferred tax liabilities relating to timing differences are carried forward at tax rates applicable to future periods. Future tax benefits relating to tax losses are only carried forward where realisation of the benefit is considered virtually certain.

No provision has been made for overseas withholding tax and Australian income tax on earnings that are expected to be retained by overseas subsidiaries to finance their ongoing businesses apart from tax provided on income attributed to Australia pursuant to the new rules for the taxation of foreign sourced income.

(xvii) Off-balance sheet transactions

The Group enters into a significant volume of off-balance sheet transactions. These include foreign exchange contracts, forward rate agreements, interest rate and currency swaps, interest rate futures and options.

Off-balance sheet transactions taken up as hedges against underlying asset/liability exposures are accounted for on the same basis as the underlying exposures. Off-balance sheet transactions taken up as part of trading activities are recorded at market value and all gains and losses, whether realised or unrealised, are taken to the profit and loss account.

(xviii) Superannuation commitments

The Group has a number of superannuation schemes which provide either defined or accumulated benefits for employees and their dependants on retirement or death. These schemes cover the majority of Group employees throughout the world. The benefits under the schemes are provided from contributions by employee members and the Group, and income from assets of the schemes. Members' contributions are at variable rates. Group contributions in respect of the defined benefits schemes are made at levels necessary to ensure that these schemes are maintained with sufficient assets to meet their liabilities. Group contributions in respect of the accumulation schemes are at fixed rates. The rate of Group contributions is determined by actuarial valuations which are carried out at regular intervals not exceeding three years. Any deficiencies arising from the actuarial valuations have been provided for in the Group accounts.

The assets of the schemes have not been consolidated as the Holding Company does not have direct or indirect control of the schemes as defined by AASB 1024.

(xix) Comparative figures

Where necessary amounts shown for the previous year have been reclassified to facilitate comparison.

(xx) Rounding of amounts

The Holding Company is a company of the kind referred to in the Australian Securities Commission class order of 15 April 1991. Consequently amounts in the accounts, where appropriate, have been rounded to the nearest hundred thousand dollars.

	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
2: Income				
Interest received or receivable				
From other banks	1,344.4	1,326.2	849.4	868.5
On regulatory deposits	66.2	92.7	33.0	67.0
On trading and investment securities	940.4	1,095.5	552.6	599.3
On loans and advances	7,710.3	7,489.5	3,144.0	3,261.6
Dividends from redeemable preference share finance	49.2	49.8	-	7.3
Other	44.8	96.6	18.6	45.3
	10,155.3	10,150.3	4,597.6	4,849.0
From subsidiaries	-	-	654.5	538.8
Total interest received	10,155.3	10,150.3	5,252.1	5,387.8
Other operating income				
Fee income	1,288.2	1,203.9	1,434.5	1,229.1
Foreign exchange earnings	243.4	212.0	155.4	152.8
Profit on sale of securities	160.2	90.0	37.5	13.0
Profit on sale of lease finance assets	93.1	44.0	30.1	39.0
Dividends from other companies	48.4	48.3	12.4	14.7
Dividends from subsidiaries	-	-	874.3	770.6
Rents	37.9	26.4	14.3	14.1
Other	221.3	179.0	19.5	22.5
Total other operating income	2,092.5	1,803.6	2,578.0	2,255.8
Total income	12,247.8	11,953.9	7,830.1	7,643.6
3: Expenses				
Interest paid or payable				
To other banks	1,068.1	1,086.2	881.7	922.8
On deposits	4,659.2	4,674.5	2,505.9	2,605.1
On short term borrowings	723.2	775.3	76.5	4.6
On long term borrowings	450.6	426.1	0.5	-
On commercial paper	238.4	260.8	135.5	128.9
On bonds and notes	175.3	184.1	167.5	174.5
On loan capital	200.7	160.2	135.6	102.2
Other	62.9	146.2	31.8	114.3
	7,578.4	7,713.4	3,935.0	4,052.4
To subsidiaries	-	-	339.7	440.6
Total interest paid	7,578.4	7,713.4	4,274.7	4,493.0
Provisions for doubtful debts (refer note 14)				
Specific provision	1,037.1	788.6	732.3	614.5
General provision	16.2	4.6	1.2	(46.7)
Total provisions for doubtful debts	1,053.3	793.2	733.5	567.8
Operating expenses				
(i) Personnel				
Salaries and wages	1,232.2	1,148.4	840.4	793.6
Employee taxes – Payroll	63.6	53.5	56.0	46.7
– Fringe benefits tax	41.3	32.6	32.3	23.0
Pension fund	60.9	58.6	2.9	39.9
Provision for employee entitlements	35.0	29.2	28.1	26.2
Performance rewards	3.2	4.9	3.2	4.1
Other	80.8	74.9	41.4	42.6
Total personnel expenses	1,517.0	1,402.1	1,004.3	976.1
(ii) Premises				
Rent	217.4	173.0	205.7	142.6
Depreciation of furniture and equipment	47.2	41.6	27.7	22.9
Depreciation of buildings	24.5	17.3	1.1	2.1
Amortisation of leasehold improvements	13.2	10.7	7.6	6.6
Other	151.8	145.3	84.8	87.3
Total premises expenses	454.1	387.9	326.9	261.5
(iii) Other				
Computer costs ¹	291.0	267.7	182.4	157.3
Restructuring costs	39.2	-	24.3	-
Non-lending losses, frauds & forgeries	32.9	47.9	23.3	26.8
Remuneration of auditors (refer note 39)	8.7	8.7	2.2	2.2
Provisions – other	0.7	1.1	-	-
Other ²	809.3	733.0	483.2	466.4
Total other operating expenses	1,181.8	1,058.4	715.4	652.7
Total operating expenses	3,152.9	2,848.4	2,046.6	1,890.3
Total expenses	11,784.6	11,355.0	7,054.8	6,951.1

¹ includes depreciation on computer equipment of \$77.8m (1990: \$77.8m) for the Group and \$51.3m (1990: \$55.5m) for the Holding Company

² includes depreciation on motor vehicles of \$27.2m (1990: \$9.0m) for the Group and \$6.5m (1990: \$4.4m) for the Holding Company

4: Income tax expense

Reconciliation of the prima facie income tax payable on operating profit before abnormal items with the income tax expense charged in the profit and loss account

Operating profit before income tax and before abnormal items	463.2	598.9	775.3	692.5
Prima facie income tax at 39%	180.6	233.6	302.4	270.1
Tax effect of permanent differences				
Rebateable and non-assessable dividends	(32.9)	(27.0)	(345.8)	(309.1)
Overseas tax rate differential	21.6	11.4	5.2	5.7
Fringe benefits tax	13.6	10.1	12.6	9.0
General provision for doubtful debts	6.6	1.8	7.2	(18.2)
Non-allowable depreciation and amortisation	6.3	3.4	2.8	2.6
Recoupment of past taxes paid	-	(26.8)	-	(26.8)
Other	(7.4)	(34.2)	18.7	(6.0)
	188.4	172.3	3.1	(72.7)
Income tax under provided in prior years	4.5	13.3	0.7	16.0
Total income tax expense (credit)	192.9	185.6	3.8	(56.7)
Current income tax liability	312.1	374.6	100.9	96.7
Less: future income tax benefit	119.2	189.0	97.1	153.4
	192.9	185.6	3.8	(56.7)
Australia	57.2	80.1	(14.6)	(39.4)
Overseas	135.7	105.5	18.4	(17.3)
	192.9	185.6	3.8	(56.7)

5: Abnormal items

Profits before tax				
Issue of warrants ¹	49.8	-	49.8	-
Profit on sale of premises	14.0	89.2	1.7	4.2
Profit on sale of subsidiaries and associates	4.1	22.9	-	-
	67.9	112.1	51.5	4.2
Losses before tax				
Goodwill on acquisitions	26.9	257.4	0.2	203.1
Provision and loss on investments	17.5	-	10.0	-
Closure costs	5.0	28.1	-	3.4
Provision for charges	-	9.2	-	-
	49.4	294.7	10.2	206.5
Total abnormal profit (loss) before tax	18.5	(182.6)	41.3	(202.3)
Income tax expense (credit) applicable to				
Issue of warrants ¹	19.4	-	19.4	-
Profit on sale of subsidiaries and associates	(0.3)	9.8	-	-
Closure costs	(1.7)	(9.1)	-	(1.1)
Provision for charges	-	(3.1)	-	-
Cessation of foreign tax credit system	-	10.8	-	10.8
	17.4	8.4	19.4	9.7
Abnormal profit (loss) after income tax	1.1	(191.0)	21.9	(212.0)

¹ Refer note 10 for further details. The difference between the market value of the shares at the date of issue of the warrants and the exercise price has been recognised as income in the current financial year. The balance of the warrants proceeds being a premium representing the time value of the option, will be recognised systematically over the remaining life of the warrants, or until such time as that proportion of the warrants is exercised

	CONSOLIDATED		HOLDING COMPANY	
	1991	1990	1991	1990
	\$M	\$M	\$M	\$M
6: Dividends				
Fully franked interim dividend paid of 10 cents per share (1990: 22c per share) ¹	100.3	202.3	94.1	192.5
Fully franked proposed final dividend of 10 cents per share (1990: 16c per share)	101.9	152.2	101.9	152.2
Bonus option plan adjustment (see below)	(16.1)	(34.7)	(16.1)	(34.7)
Total dividends	186.1	319.8	179.9	310.0

Dividend imputation

Retained profits and reserves which could be distributed as fully franked dividends	107.3	115.1
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Bonus option plan

Dividends paid during the year have been reduced by certain shareholders participating in the bonus option plan and foregoing all or part of their right to dividends and instead receiving bonus shares

	Declared dividend	Bonus options exercised	Amount paid
Final dividend 1990	152.2	11.1	141.1
Interim dividend 1991	100.3	5.0	95.3
	252.5	16.1	236.4

¹ The difference in the total dividend between consolidated and Holding Company is due to dividends paid of \$6.2 million (1990: \$9.8 million) by ANZ U.K. Dividends (AUD) Limited, a wholly owned subsidiary of the Group, under the 'dividend selection plan' to Holding Company shareholders in the United Kingdom.

7: Liquid assets**Australia**

Coins, notes and cash at bankers	249.0	260.4	224.9	170.2
Loans to authorised dealers in Australian short term money market	35.8	452.5	7.6	442.0
Money at call	96.1	23.1	-	-
Bills receivable and remittances in transit	409.2	411.4	360.3	197.7
	790.1	1,147.4	592.8	809.9

Overseas

Coins, notes and cash at bankers	285.3	180.0	9.6	7.1
Money at call	595.3	960.7	160.8	258.9
Bills receivable and remittances in transit	222.6	315.5	51.8	92.9
	1,103.2	1,456.2	222.2	358.9
Total liquid assets	1,893.3	2,603.6	815.0	1,168.8

8: Due from other banks

Australia	1,896.6	1,459.4	1,491.9	1,064.1
Overseas	8,938.2	11,581.6	5,350.9	7,444.0
Total due from other banks	10,834.8	13,041.0	6,842.8	8,508.1

9: Trading securities

Trading securities are allocated between Australia and overseas based on the domicile of the issuer

Quoted

Australia ¹	819.1	468.2	621.5	178.1
Overseas	227.8	107.9	-	7.6
Total quoted	1,046.9	576.1	621.5	185.7
Unquoted	1,632.7	1,718.3	1,388.8	1,420.2
Total trading securities	2,679.6	2,294.4	2,010.3	1,605.9

¹ Includes securities purchased under agreements to resell of \$587.9 million (1990: \$331.7 million) for the Group and \$516.1 million (1990: \$164.4 million) for the Holding Company

	CONSOLIDATED		HOLDING COMPANY	
	1991	1990	1991	1990
	\$M	\$M	\$M	\$M
10: Investment securities				
Investment securities are allocated between Australia and overseas based on the domicile of the issuer				
Quoted – Australia				
Commonwealth securities	1,884.4	1,742.4	1,381.0	1,419.1
Local and semi-government securities	93.7	463.9	91.6	370.6
Other securities and equity investments ¹	364.5	767.3	348.4	397.8
	2,342.6	2,973.6	1,821.0	2,187.5
Quoted – overseas				
New Zealand government securities	422.3	706.1	19.7	–
US treasury and government securities	21.1	33.8	21.1	33.8
Indian government securities	544.6	531.0	8.7	9.4
Other government securities	158.4	92.8	56.7	39.3
Other securities and equity investments	338.1	374.5	69.7	65.7
	1,484.5	1,738.2	175.9	148.2
Total quoted	3,827.1	4,711.8	1,996.9	2,335.7
Unquoted – Australia				
Treasury notes	1,611.5	761.9	1,220.1	571.6
Local and semi-government securities	78.6	25.2	60.3	–
Other securities and equity investments	259.6	151.6	109.5	18.7
	1,949.7	938.7	1,389.9	590.3
Unquoted – overseas				
New Zealand government securities	116.0	26.6	116.0	–
Other government securities	254.2	122.4	27.8	33.2
Other securities and equity investments	282.3	358.7	93.0	104.4
	652.5	507.7	236.8	137.6
Total unquoted	2,602.2	1,446.4	1,626.7	727.9
Total investment securities	6,429.3	6,158.2	3,623.6	3,063.6
Market value information				
Quoted – Australia				
Commonwealth securities	1,908.2	1,740.3	1,398.1	1,416.8
Local and semi-government securities	95.5	457.5	93.1	369.9
Other securities and equity investments ²	360.9	670.3	345.7	350.1
	2,364.6	2,868.1	1,836.9	2,136.8
Quoted – overseas				
New Zealand government securities	431.5	704.1	19.9	–
US treasury and government securities	20.9	33.1	20.9	33.1
Indian government securities	536.2	530.4	6.0	7.5
Other government securities	163.9	92.8	55.0	36.0
Other securities and equity investments	370.3	367.1	69.4	61.6
	1,522.8	1,727.5	171.2	138.2
Total market value of quoted investment securities	3,887.4	4,595.6	2,008.1	2,275.0

¹ Included in equity investments is the Group's interest in the ordinary shares of Coles Myer Ltd. During the year, 30 million warrants were issued at \$2.75 each under which the bearer is entitled until 26 September 1994, to acquire the ordinary shares in Coles Myer Ltd held by the Group. For every 3 warrants, the bearer is entitled at the option of the Group to acquire 2 fully paid ordinary shares of Coles Myer Ltd at an exercise price of \$8.90 each plus, either:

(i) one further fully paid ordinary share at \$8.90 each; or

(ii) the cash equivalent to the market value of 1 ordinary share when the warrant is exercised

The exercise price is equal to the average book value of the Group's investment in Coles Myer Ltd. Any excess over the exercise price will not accrue to the Group

² The market value of Coles Myer Ltd shares is based on the exercise price of the warrants

	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
11: Regulatory deposits				
Reserve Bank of Australia	486.7	577.4	446.7	535.2
Overseas central banks	623.2	323.0	30.4	28.2
Total regulatory deposits	1,109.9	900.4	477.1	563.4

12: Net loans and advances

Loans and advances are allocated between Australia and overseas based on the location of the lending point

Australia				
Overdrawn accounts	6,476.5	7,554.5	6,301.7	7,246.6
Credit card outstandings	848.5	910.6	808.1	868.7
Term loans	27,454.6	24,355.9	11,675.9	10,020.5
Lease finance	3,969.1	4,539.2	1,167.6	1,374.7
Hire purchase	3,343.9	3,337.2	-	-
Commercial bills	160.8	716.4	26.5	268.5
Redeemable preference share finance	25.0	43.0	-	-
Other	185.4	224.0	66.5	31.3
	42,463.8	41,680.8	20,046.3	19,810.3
Overseas				
Overdrawn accounts	4,061.8	4,297.6	1,057.2	1,062.9
Credit card outstandings	159.4	154.2	-	0.3
Term loans	10,228.8	9,049.5	2,113.4	2,132.4
Lease finance	37.9	70.4	10.8	12.7
Hire purchase	36.4	278.8	-	-
Commercial bills	686.9	630.1	105.7	30.0
Redeemable preference share finance	434.9	280.1	-	-
Other	349.9	238.6	-	4.4
	15,996.0	14,999.3	3,287.1	3,242.7
Total gross loans and advances	58,459.8	56,680.1	23,333.4	23,053.0
Less: provisions for doubtful debts (refer note 14)	1,993.4	1,715.0	1,100.5	906.8
income yet to mature ¹	2,693.3	2,801.1	352.3	367.6
	4,686.7	4,516.1	1,452.8	1,274.4
Total net loans and advances	53,773.1	52,164.0	21,880.6	21,778.6
Included in the above are receivables of subsidiary borrowing corporations net of income yet to mature				
Not later than 1 year	4,339.9	4,559.8		
Later than 1 year but not later than 2 years	2,253.5	1,979.9		
Later than 2 years but not later than 5 years	2,570.2	2,537.6		
Later than 5 years	301.8	299.9		
	9,465.4	9,377.2		

¹ Including reserved interest of \$421.9 million (1990: \$284.2 million) for the Group and \$121.5 million (1990: \$67.1 million) for the Holding Company

13: Loan quality

All loans are subject to continuous scrutiny and graded according to the level of credit risk. Loans are classified as either productive or non-accrual. This analysis excludes rescheduled country debt (refer note 15).

Accruing loans past due 90 days or more

Loans which are over 90 days in arrears in terms of interest servicing or principal repayments, but remain on an interest accrual basis. Full recovery of principal and interest is expected.

	710.7	449.4	153.1	58.8
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Troubled loan restructurings

Generally, the Group does not restructure loans. However there have been a number of loans where the original contract terms have been modified to provide concessions of interest and/or principal due to the financial difficulties of the customer. For these loans interest is still recognised as income.

	369.3	n/a	357.1	n/a
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Other potential problem loans

The Group does not use the category 'potential problem loans' for loans that continue to accrue interest. If a loan is identified as a potential problem, it is classified as non-accrual, and if necessary, a provision is raised.

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Non-accrual loans¹

Loans where the accrual of interest and fees has ceased. Where full recovery of principal is doubtful, a specific provision is raised to cover the expected loss.

- on loans where no loss of principal is anticipated	1,910.7	741.9	1,196.6	209.1
- on loans subject to provisioning	3,115.1	1,943.7	2,096.9	1,440.1
	5,025.8	2,685.6	3,293.5	1,649.2
Specific provisions	1,422.4	1,089.1	877.3	644.2
Total non-accrual loans after specific provisions	3,603.4	1,596.5	2,416.2	1,005.0
Non-accrual loans - by geographic segment				
Australia	3,197.7	1,368.2	2,307.0	965.8
Overseas	405.7	228.3	109.2	39.2
	3,603.4	1,596.5	2,416.2	1,005.0

¹ Excluding unproductive facilities of \$97.1 million (1990: \$315.8 million) for the Group and \$60.5 million (1990: \$220.4 million) for the Holding Company from which provisions of \$3.9 million (1990 \$18.9 million) for the Group and \$3.2 million (1990: \$12.4 million) for the Holding Company have been deducted
n/a Not available

	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
14: Provisions for doubtful debts				
Specific provision				
Balance at start of year	1,139.4	578.3	656.6	189.4
Adjustment for exchange rate fluctuations	(5.2)	(5.5)	(0.7)	(0.3)
Bad debts written off	(780.8)	(309.0)	(528.5)	(155.0)
Recoveries	18.8	29.2	11.7	5.8
Charge to profit and loss account	1,037.1	788.6	732.3	614.5
Provisions acquired	38.1	54.7	9.0	2.8
Transfers within the Group	-	-	-	(0.6)
Other	5.3	3.1	1.3	-
	1,452.7	1,139.4	881.7	656.6
General provision				
Balance at start of year	575.6	708.9	250.2	522.1
Adjustment for exchange rate fluctuations	4.0	(6.4)	3.7	(0.5)
Charge to profit and loss account	16.2	4.6	1.2	(46.7)
Provisions acquired	7.8	7.6	-	-
Rescheduled country debt written off or sold	(80.7)	(218.1)	(52.0)	(187.1)
Transfers within the Group	-	-	-	(65.7)
Tax benefit realised on rescheduled country debt	17.2	58.7	17.2	7.1
Other	0.6	20.3	(1.5)	21.0
	540.7	575.6	218.8	250.2
Total provisions for doubtful debts	1,993.4	1,715.0	1,100.5	906.8
Analysis				
General provision balance comprises				
General	207.5	184.4	122.5	103.8
General rescheduled country debt	333.2	391.2	96.3	146.4
Total general provisions	540.7	575.6	218.8	250.2
Rescheduled country debt provisions				
General	333.2	391.2	96.3	146.4
Notional tax benefits ¹	19.1	94.0	14.4	82.1
	352.3	485.2	110.7	228.5
Specific	26.4	31.4	1.2	-
Total rescheduled country debt cover	378.7	516.6	111.9	228.5
Ratios				
All ratios exclude rescheduled country debt provisions and exposures (refer note 15)				
Provisions as a % of total advances ²	%	%	%	%
Specific	2.0	1.6	2.4	1.8
General ³	0.5	0.4	0.5	0.5
Total	2.5	2.0	2.9	2.3
Provisions ³ as a % of risk weighted assets	2.2	1.8	2.2	1.7
Bad debts written off as a % of average advances ²	1.1	0.4	1.4	0.4
Doubtful debts charge as a % of				
Operating profit before tax and before abnormal items	227.4	132.4	94.3	74.5
Average advances ²	1.5	1.2	1.9	1.5

¹ It is Group policy not to tax effect the general provision. The notional amount represents the potential tax benefits of deductions for rescheduled country debt provisions which have yet to be realised

² Advances is gross loans, advances and acceptances less income yet to mature

³ Notionally tax effected

15: Exposure to debt rescheduling countries

Total exposure to countries subject to debt rescheduling arrangements, including non discretionary short term trade finance and interbank lending is set out below. The decrease in total exposure reflects the conversion of debt to collateralised discount bonds, backed by US Government securities, under the Republic of Venezuela 1990 Financing Package Plan, the writedown of Argentine and Brazilian debt, the regrading of Chilean debt in accordance with US regulatory authority requirements and various sales of other loans.

During the year no charge (1990: nil) was made to the profit and loss account to increase provisions against loans to rescheduling countries. Specific and general provisions are held amounting to 62.9% (1990: 58.1%) of total exposure, after a notional allowance for tax relief where applicable. Net exposure continues to approximate secondary market values.

The amounts shown are Australian dollar conversions of predominantly US dollar denominated loans and represent a net exposure of 0.2% (1990: 0.4%) of Group total assets and 4.5% (1990: 8.7%) of shareholders' equity.

Central and South America	359.3	624.6	157.2	416.9
Eastern Europe	74.5	90.6	48.0	50.9
Africa and Middle East	109.0	114.7	21.4	26.0
Asia and Pacific	59.6	60.0	9.1	8.8
Total exposure	602.4	889.9	235.7	502.6
Specific and general provisions ¹	378.7	516.6	111.9	228.5
Net exposure	223.7	373.3	123.8	274.1
US dollar equivalents	178.5	308.0	98.8	226.2

¹ Including tax benefits (refer note 14).

16: Other assets

Property held for resale				
Cost of acquisition	574.7	421.4	-	-
Development expenses capitalised	20.8	222.6	-	-
Interest, rates and taxes capitalised	10.1	96.9	-	-
	605.6	740.9	-	-
Less: provision for diminution in value	3.1	0.3	-	-
	602.5	740.6	-	-
Accrued interest/prepaid discount	1,159.5	1,321.1	794.3	821.8
Future income tax benefits (refer below)	837.9	634.6	569.1	364.9
Accrued commission	73.7	140.7	58.4	104.5
Other	1,123.6	1,037.5	229.9	383.9
Total other assets	3,797.2	3,874.5	1,651.7	1,675.1
Future income tax benefits comprise				
Provision for doubtful debts	450.9	358.0	319.6	236.7
Provision for long service leave	72.7	67.8	63.5	59.1
Reserved interest	52.9	42.3	43.0	29.1
Tax losses	50.0	58.1	20.9	14.1
Provision for losses, frauds and forgeries	11.2	6.7	9.3	5.5
Other	200.2	101.7	112.8	20.4
	837.9	634.6	569.1	364.9

Potential future income tax benefits within the Group arising from tax losses and timing differences have not been recognised as assets because recovery cannot be regarded as virtually certain. These benefits, which could amount to \$61.4m (1990: \$33.9m) will only be obtained if

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

In addition potential future income tax benefits of \$25.6m (1990: \$8.5m) relating to capital losses for taxation purposes have not been recognised as assets because recovery cannot be regarded as virtually certain.

	CONSOLIDATED		HOLDING COMPANY	
	1991	1990	1991	1990
	\$M	\$M	\$M	\$M

17: Shares in subsidiaries and associates

Refer notes 31 and 32 for details of subsidiaries and associates

Subsidiaries

At cost			4,795.0	2,645.7
At directors' valuation 1981			143.1	143.1
At directors' valuation 1985			369.4	369.4
At directors' valuation 1987			300.7	300.7
Total shares in subsidiaries			5,608.2	3,458.9

Associates

Quoted - at cost ¹	-	15.5	-	-
Unquoted ²	40.1	56.4	27.6	37.3
Total shares in associates	40.1	71.9	27.6	37.3
Total shares in subsidiaries and associates	40.1	71.9	5,635.8	3,496.2

Acquisitions of subsidiaries

	Interest acquired %	Consideration \$M	Net tangible assets on acquisition \$M	Goodwill \$M
ANZ Grindlays Trust Holdings Ltd ³	100.0	14.6	0.2	14.4
ANZ Holdings (New Zealand) 1990 Ltd ⁴	100.0	111.2	104.3	6.9
Bank of Western Samoa	75.0	11.7	7.9	3.8
Others	n/a	1.8	#	1.8
		139.3	112.4	26.9

Disposals of subsidiaries⁵

	Profit (loss) on disposal \$M	Net tangible assets on disposal \$M
Capel Court Powell Ltd	#	0.5
Societe Immobiliere Pasteur de Vate Unltd	#	0.1
		0.6

¹ Market value of quoted shares in associates was nil (1990: \$36.8m) for the Group

² After amounts written off or provided of \$10.0 million (1990: nil)

³ Formerly Olec Holdings Ltd

⁴ Formerly National Mutual Bank (New Zealand) Ltd

⁵ The following subsidiaries were sold but had no impact on the financial statements

Adbay Pty Ltd	Mainbrook Pty Ltd
ANZ Executors Nominees (NSW) Ltd	Mainport Pty Ltd
Automatic Clearing Houses Pty Ltd	Mercantile Credits (N.Z.) Ltd
Flamos Pty Ltd	Mercantile Credits (P.N.G.) Pty Ltd
↳ Gelaya Pty Ltd	Merscard (N.Z.) Ltd
Haycora Pty Ltd	Post Office of New Zealand Ltd
Leamela Pty Ltd	Railmark Pty Ltd
Maerolla Pty Ltd	Roadlink Pty Ltd

n/a Not applicable

Amounts less than \$50,000

	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
18: Premises and equipment				
Freehold and leasehold land and buildings ¹				
At directors' valuation 1983	0.9	0.9	-	-
At directors' valuation 1984	97.5	104.9	8.5	9.8
At independent valuation 1984	163.7	162.8	1.2	1.2
At independent valuation 1985	48.1	48.3	0.5	0.6
At directors' valuation 1986	62.2	63.7	-	-
At directors' valuation 1987	0.8	0.8	-	0.1
At directors' valuation 1989	0.6	120.7	0.6	0.6
At directors' valuation 1990	250.4	293.9	-	-
At directors' valuation 1991	223.7	-	-	-
At cost	629.2	236.2	43.9	42.3
	1,477.1	1,032.2	54.7	54.6
Less: provision for depreciation	26.4	18.7	1.3	1.2
	1,450.7	1,013.5	53.4	53.4
Leasehold improvements				
At cost	111.1	101.8	68.0	54.6
Less: provision for amortisation	46.2	40.8	33.0	25.4
	64.9	61.0	35.0	29.2
Furniture and equipment				
At cost	897.9	626.2	353.3	303.0
Less: provision for depreciation	299.0	238.9	132.6	109.4
	598.9	387.3	220.7	193.6
Computer equipment ²				
At cost	220.3	477.4	65.0	304.5
Less: provision for depreciation	109.6	265.4	13.7	161.1
	110.7	212.0	51.3	143.4
Total premises and equipment	2,225.2	1,673.8	360.4	419.6

¹ The current value of the Group's freehold land is \$638.6m (1990: \$717.7m) and the current value of the Holding Company's freehold land is \$9.8m (1990: \$11.9m). The current value of the Group's freehold and leasehold buildings (including integral fixtures) is \$1,130.3m (1990: \$720.4m) and the current value of the Holding Company's freehold and leasehold buildings (including integral fixtures) is \$56.0m (1990: \$61.9m). The excess of current value over book value for the Group's freehold and leasehold land and buildings (including integral fixtures) is \$124.9m (1990: \$424.6m) and for the Holding Company is \$8.2 m (1990: \$20.4m).

The excess of current value over book value for both land and buildings constitutes tier 2 capital as defined by the Reserve Bank of Australia for capital adequacy purposes.

² During the year the Group entered into sale and leaseback agreements covering part of its computer equipment. The equipment involved had a net book value of \$116.8 million. Whilst the Group has no obligation to repurchase this equipment at any time during or after the expiry of the lease terms, the terms of the agreements allow the Group to repurchase the assets at their market values at the termination of each lease. Future lease rental commitments under these leases have been disclosed under note 34.

19: Creditors and other liabilities

Australia

Creditors	233.2	498.4	177.0	156.1
Accrued interest and unearned discounts	938.4	1,096.0	508.5	542.4
Accrued charges	51.2	56.9	33.0	29.3
Other liabilities	500.8	492.5	216.9	116.5
	1,723.6	2,143.8	935.4	844.3

Overseas

Creditors	130.5	134.2	16.9	15.0
Accrued interest and unearned discounts	1,092.7	1,235.5	683.5	773.2
Accrued charges	71.7	45.7	12.4	7.7
Other liabilities	358.9	684.2	106.3	32.8
	1,653.8	2,099.6	819.1	828.7
Total creditors and other liabilities	3,377.4	4,243.4	1,754.5	1,673.0

	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
20: Due to other banks				
Australia	1,056.5	1,178.1	992.6	1,145.4
Overseas	5,965.2	9,142.1	4,883.5	7,755.4
Total due to other banks	7,021.7	10,320.2	5,876.1	8,900.8

21: Deposits and other borrowings

Deposits and other borrowings are allocated between Australia and overseas based on the location of the deposit taking point

Australia

Certificates of deposit	6,319.4	3,476.9	5,640.2	2,767.3
Term deposits	11,293.7	12,625.6	10,299.9	10,910.1
Other deposits bearing interest	11,017.1	10,879.7	3,370.3	2,881.6
Deposits not bearing interest	2,288.4	2,755.1	2,256.9	2,736.3
Commercial paper	1,494.1	1,123.5	1,494.1	638.5
Other borrowings	8,290.3	8,445.7	1,006.3	1,216.7
	40,703.0	39,306.5	24,067.7	21,150.5

Overseas

Certificates of deposit	1,575.1	1,442.1	342.8	427.3
Term deposits	11,220.7	10,129.7	3,231.5	2,817.6
Other deposits bearing interest	3,860.1	4,038.5	110.9	107.7
Deposits not bearing interest	1,413.5	1,481.0	103.6	77.6
Commercial paper	1,210.7	1,212.1	-	18.2
Other borrowings	1,504.2	1,095.9	270.3	486.4
	20,784.3	19,399.3	4,059.1	3,934.8

Total deposits and other borrowings	61,487.3	58,705.8	28,126.8	25,085.3
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Included in the above are liabilities of subsidiary borrowing corporations

Not later than 1 year	4,885.1	5,297.8		
Later than 1 year but not later than 2 years	2,024.8	2,200.4		
Later than 2 years but not later than 5 years	2,186.0	1,360.6		
Later than 5 years	0.8	6.7		
	9,096.7	8,865.5		

22: Income tax liability**Australia**

Provision for income tax	177.0	240.2	125.4	110.0
Provision for deferred tax (refer below)	436.0	458.0	152.7	201.2
	613.0	698.2	278.1	311.2

Overseas

Provision for income tax	95.9	97.7	22.7	30.6
Provision for deferred tax (refer below)	52.1	43.7	13.3	3.4
	148.0	141.4	36.0	34.0

Total income tax liability	761.0	839.6	314.1	345.2
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Provision for deferred tax comprises

Lease finance	295.6	350.2	77.5	126.2
Leveraged leasing	42.3	52.7	12.0	30.7
Depreciation	31.2	38.3	21.3	30.4
Investment income	22.0	23.0	2.2	14.6
Other	97.0	37.5	53.0	2.7
	488.1	501.7	166.0	204.6

	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
23: Provisions				
Employee entitlements	215.1	198.8	163.4	152.4
Dividends (refer note 6)	101.9	152.2	101.9	152.2
Non-lending losses	36.6	46.4	27.4	19.0
Other	93.9	122.7	45.9	12.4
Total provisions	447.5	520.1	338.6	336.0

24: Bonds and notes

AUD 100m zero coupon bonds due 1991	-	88.8	-	88.8
CHF 45m 5.625% bearer notes due 1991	-	42.3	-	42.3
LUX 300m 7.25% bearer notes due 1993	11.0	11.3	11.0	11.3
ECU 100m 8.0% bonds due 1993	154.5	160.7	154.5	160.7
LUX 300m 8.125% bearer notes due 1995	11.0	11.3	-	-
GBP 50m 9.125% bonds due 1993	109.9	113.9	109.9	113.9
ECU 50m 9.75% bonds due 1992	77.3	80.3	77.3	80.3
ECU 50m 10.75% bonds due 1991	-	80.3	-	80.3
AUD 100m 12.625% bonds due 1992	100.0	100.0	100.0	100.0
AUD 75m 13.0% bonds due 1992	75.0	75.0	75.0	75.0
AUD 65m 13.125% deposit notes due 1993	65.0	65.0	-	-
AUD 50m 13.25% bonds due 1990	-	50.0	-	50.0
NZD 60m 13.25% bonds due 1992	43.0	44.9	43.0	44.9
AUD 60m 13.5% bonds due 1992	60.0	60.0	60.0	60.0
AUD 50m 14.0% bonds due 1992	50.0	50.0	50.0	50.0
NZD 60m 14.0% bonds due 1992	43.0	44.9	43.0	44.9
NZD 50m 14.0% bonds due 1992	35.8	37.4	35.8	37.4
AUD 50m 14.25% bonds due 1991	50.0	50.0	50.0	50.0
AUD 75m 14.75% bonds due 1993	75.0	75.0	75.0	75.0
AUD 50m 16.0% bonds due 1992	50.0	50.0	50.0	50.0
AUD 60m 16.25% bonds due 1992	60.0	60.0	60.0	60.0
AUD 50m floating rate notes due 1992	50.0	50.0	50.0	50.0
GBP 78m floating rate notes due 1997	171.4	177.7	171.4	177.7
USD 200m floating rate notes due 1994	250.6	-	250.6	-
USD 200m floating rate notes due 1994	250.6	-	250.6	-
AUD medium term notes	57.2	209.8	57.2	209.8
GBP medium term notes	22.0	-	22.0	-
USD medium term notes	246.2	110.9	246.2	110.9
Total bonds and notes	2,118.5	1,899.5	2,042.5	1,823.2

Bonds and notes by currency

USD United States dollars	747.4	110.9	747.4	110.9
AUD Australian dollars	692.2	983.5	627.2	918.5
GBP British pounds	303.3	291.6	303.3	291.6
ECU European currency units	231.8	321.4	231.8	321.4
NZD New Zealand dollars	121.8	127.2	121.8	127.2
LUX Luxembourg francs	22.0	22.6	11.0	11.3
CHF Swiss francs	-	42.3	-	42.3
	2,118.5	1,899.5	2,042.5	1,823.2

Bonds and notes by maturity

Due not later than 1 year	745.1	512.7	745.1	512.7
Due later than 1 year but not later than 2 years	572.0	715.8	507.0	715.8
Due later than 2 years but not later than 5 years	617.4	493.3	606.4	417.0
Due later than 5 years	184.0	177.7	184.0	177.7
	2,118.5	1,899.5	2,042.5	1,823.2

	HOLDING COMPANY	
	1991 \$M	1990 \$M
25: Paid-up capital		
Authorised capital		
2,100,000,000 ordinary shares of \$1 each ¹	2,100.0	1,500.0
1,000,000,000 preference shares of \$0.01 each	10.0	10.0
Total authorised capital	2,110.0	1,510.0
Issued and paid-up capital		
Balance at start of period	971.5	891.5
Ordinary shares ²		
Dividend reinvestment plan ³	37.6	40.0
Bonus option plan ⁴	5.5	7.2
Employee share purchase scheme ⁵	3.4	8.2
Senior officers' share purchase scheme ⁷	1.5	2.0
Directors' share and option purchase scheme ⁶	0.1	0.2
Exercise of warrant rights	-	2.3
Final call on partly paid shares	-	20.1
Preference shares ⁸		
Non-redeemable non-cumulative converting preference shares	6.0	-
Total paid-up capital	1,025.6	971.5
Number of issued shares	NO.	NO.
Ordinary shares of \$1 each fully paid	1,019,292,523	971,093,729
Ordinary shares of \$1 each paid to 10c per share	3,971,000	4,500,000
Non-redeemable non-cumulative converting preference shares of \$1 each fully paid	6,000,000	-
Total number of issued shares	1,029,263,523	975,593,729

Share options

During the financial year no options to purchase ordinary shares of \$1 each in the Holding Company were granted to directors in terms of the 'directors' share and option purchase scheme' approved by shareholders.

Unissued ordinary shares of \$1 each under option at the date of these accounts are

- (i) directors: 200,000 shares at an exercise price of \$3.74 per share and 100,000 shares at an exercise price of \$5.45 per share with expiration dates of 28 February 1994 or 90 days after cessation of a director's term of office; and
- (ii) other parties: 27,130,815 shares at an exercise price of \$4.59 per share exercisable up to and including 5 August 1992. Holders of options to purchase shares in the company have no rights, by virtue of those options, to participate in any share issue of any other corporation. Refer note 27 footnote 2.

¹ During the year the authorised capital was increased by 600,000,000 additional ordinary shares of \$1 each. Of this increase, 6,000,000 shares were issued as non-redeemable non-cumulative converting preference shares (refer footnote 8).

² The purpose of the issues of ordinary shares was to strengthen the Group's capital base and to raise funds for general purposes.

³ Dividend reinvestment plan issues were
23,295,643 ordinary shares at \$2.72 per share
14,341,740 ordinary shares at \$3.42 per share

⁴ Bonus option plan issues were
4,065,436 ordinary shares at \$2.72 per share
1,480,976 ordinary shares at \$3.42 per share

⁵ Employee share purchase scheme issues were
3,364,099 ordinary shares at \$2.86 per share

⁶ Directors' share and option purchase scheme issues were
50,000 ordinary shares at \$5.46 per share
50,000 ordinary shares at \$4.60 per share
10,000 ordinary shares at \$3.75 per share

⁷ Senior officers' share purchase scheme issues were
7,000 ordinary shares at \$5.60 per share
6,000 ordinary shares at \$5.46 per share
20,000 ordinary shares at \$5.42 per share
371,000 ordinary shares at \$5.36 per share
10,000 ordinary shares at \$5.20 per share
3,000 ordinary shares at \$4.90 per share
5,000 ordinary shares at \$4.85 per share
10,000 ordinary shares at \$4.68 per share
10,000 ordinary shares at \$4.55 per share
2,000 ordinary shares at \$3.75 per share
1,101,900 ordinary shares at \$3.57 per share
15,000 ordinary shares at \$3.42 per share

⁸ The purpose of the issue of preference shares was to strengthen the Group's capital base and to raise funds for general purposes. The Holding Company issued 6,000,000 fully paid non-redeemable non-cumulative converting preference shares at an issue price of \$100 per share (\$1 par and \$99 premium). The terms of the issue allow for conversion to fully paid ordinary shares on 11 July 1995 at a 10% discount to the then prevailing market price of the Holding Company's ordinary shares, unless this results in an issue of ordinary shares for less than their par value. Costs relating to this issue have been written off directly against the share premium reserve.

	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
26: Reserves				
Share premium reserve				
Balance at start of year	1,404.0	1,155.7	1,404.0	1,155.7
Premium on issue of shares	674.6	244.2	674.6	244.2
Issue costs ¹	(8.8)	-	(8.8)	-
Transfers between reserves	-	4.1	-	4.1
	2,069.8	1,404.0	2,069.8	1,404.0
Asset revaluation reserve				
Balance at start of year	163.3	99.3	26.8	26.8
Revaluation of premises	9.2	66.1	-	-
Transfer (to) profit and loss account	(0.9)	(0.7)	-	-
Other	(0.7)	(1.4)	-	-
	170.9	163.3	26.8	26.8
Foreign currency translation reserve				
Balance at start of year	96.5	77.6	221.0	195.2
Currency translation adjustments	(143.3)	35.9	(33.2)	42.8
Transfer (to) profit and loss account	(10.8)	-	-	-
Net gain (loss) on hedge contracts ²	5.6	(17.0)	3.4	(17.0)
	(52.0)	96.5	191.2	221.0
General reserve				
Balance at start of year	961.6	940.2	539.3	539.3
Transfer (to) from profit and loss account	(16.2)	21.4	-	-
	945.4	961.6	539.3	539.3
Capital reserve				
Balance at start of year	166.5	170.6	16.6	20.7
Transfers between reserves	-	(4.1)	-	(4.1)
	166.5	166.5	16.6	16.6
Total reserves	3,300.6	2,791.9	2,843.7	2,207.7
¹ Relates to costs on the issue of 6,000,000 fully paid non-redeemable non-cumulative converting preference shares (refer note 25)				
² Income tax deducted \$3.5 million (1990: \$10.9 million) for the Group and \$2.1 million (1990: \$10.9 million) for the Holding Company				
27: Loan capital				
Perpetual floating rate notes				
USD 300m subordinated floating rate notes ¹	375.9	363.6	375.9	363.6
USD 120m subordinated floating rate notes ²	150.3	145.4	-	-
USD 30m subordinated floating rate notes ³	37.6	36.4	-	-
	563.8	545.4	375.9	363.6
Subordinated notes				
USD 200m subordinated floating rate notes due 1998 ⁴	250.6	242.4	250.6	242.4
USD 200m subordinated floating rate notes due 1999 ⁵	250.6	242.4	250.6	242.4
USD 200m subordinated floating rate notes due 2002 ⁶	250.6	-	250.6	-
USD 140m subordinated floating rate notes due 2000 ⁷	175.4	169.7	175.4	169.7
GBP 60m subordinated notes due 2001 ⁸	131.9	-	131.9	-
USD 100m subordinated floating rate notes due 1992 ⁹	125.3	121.2	-	-
USD 100m subordinated floating rate notes due 1994 ¹⁰	99.0	121.2	-	-
JPY 10,000m subordinated loan due 1999 ¹¹	94.5	88.0	94.5	88.0
NZD 125m subordinated floating rate notes due 2000 ¹²	89.6	-	-	-
USD 70m subordinated floating rate notes due 1999 ¹³	87.7	84.8	87.7	84.8
USD 70m subordinated floating rate notes due 2000 ¹⁴	87.7	-	87.7	-
AUD 65m subordinated floating rate notes due 2000 ¹⁵	65.0	65.0	65.0	65.0
AUD 58.2m subordinated floating rate notes due 2001 ¹⁶	54.6	58.2	54.6	58.2
AUD 55.3m subordinated floating rate notes due 2000 ¹⁷	51.7	55.3	51.7	55.3
GBP 22.7m subordinated notes due 2000 ¹⁸	50.0	51.7	-	-
AUD 48.8m subordinated notes due 1999 ¹⁹	48.8	48.8	48.8	48.8
USD 30m subordinated floating rate notes due 1999 ²⁰	37.6	36.4	37.6	36.4
LUX 1,000m subordinated notes due 1998 ²¹	36.6	-	36.6	-
	1,987.2	1,385.1	1,623.3	1,091.0
Total loan capital	2,551.0	1,930.5	1,999.2	1,454.6

	CONSOLIDATED		HOLDING COMPANY	
	1991	1990	1991	1990
	\$M	\$M	\$M	\$M
27: Loan capital (continued)				
Loan capital by maturity				
Due not later than 1 year	125.3	—	—	—
Due later than 1 year but not later than 2 years	—	121.2	—	—
Due later than 2 years but not later than 5 years	99.0	121.2	—	—
Due later than 5 years	1,762.9	1,142.7	1,623.3	1,091.0
Perpetual	563.8	545.4	375.9	363.6
	2,551.0	1,930.5	1,999.2	1,454.6

¹ Issued 30 October 1986. Interest is payable semi-annually in arrears in April and October at a rate of 0.15% p.a. above rates offered for US dollar deposits by leading banks in London (LIBOR) for each six month period.

² Issued 30 November 1988. Interest is payable semi-annually in arrears in May and November. The interest rate is equal to 0.8% p.a. above LIBOR. The notes are issued with a repricing option in 1998 and each 10 years thereafter. Under certain circumstances these notes can be converted to ordinary shares of the Holding Company at a prevailing market price.

³ Issued 15 December 1988. Interest is payable semi-annually in arrears in May and November. The interest rate is equal to 0.8% p.a. above LIBOR. The notes are issued with a repricing option in 1998 and each 10 years thereafter. Under certain circumstances these notes can be converted to ordinary shares of the Holding Company at a prevailing market price.

⁴ Issued 10 March 1988 and will mature in March 1998. Interest on the notes is payable semi-annually in arrears in March and September at a rate 0.50% p.a. above LIBOR.

⁵ Issued 20 December 1989 and will mature in December 1999. Interest on the notes is payable semi-annually in arrears in June and December at a rate 0.50% p.a. above LIBOR.

⁶ Issued on 11 October 1990 and will mature in five equal annual instalments in October of 1998 to 2002. Interest on the notes is payable quarterly in arrears in January, April, July and October at a variable rate over LIBOR with a ceiling of 0.60% p.a. until October 1995 and 0.70% p.a. thereafter until maturity.

⁷ Issued 24 April 1990 and will mature in April 2000. Interest on the notes is payable semi-annually in arrears in April and October at a rate of 0.50% p.a. above LIBOR.

⁸ Issued 16 May 1991 and will mature in May 2001. Interest on the notes is payable annually in arrears in May at a rate of 12.625% p.a.

⁹ Issued 29 September 1982 and will mature in September 1992. Interest on the notes is payable semi-annually in arrears in March and September at a rate 0.25% p.a. above LIBOR.

¹⁰ Issued 1 February 1984 and will mature in February 1994. Interest on the notes is payable semi-annually in arrears in February and August at a rate 0.125% p.a. above LIBOR. During 1991 USD 21m was purchased on the open market reducing the outstanding balance from USD 100m to USD 79m.

¹¹ Issued 26 June 1989 and will mature in June 1999. The redemption amount of these notes is linked by a formula to future foreign exchange rates. Interest is payable annually in arrears in June.

¹² Issued 30 November 1990 and will mature in November 2000. Interest on the notes is payable semi-annually in arrears in May and November at an interest rate of 14.25% p.a. until November 1995. Thereafter, interest will be payable quarterly in arrears in February, May, August and November at a rate 0.80% p.a. above the stated average of Bank Bill rates.

¹³ Issued 15 November 1989 and will mature in October 1999. Interest on the notes is payable semi-annually in arrears in April and October at a rate 0.46% p.a. above LIBOR.

¹⁴ Issued on 24 October 1990 and will mature in April 2000. Interest on the notes is payable semi-annually in arrears in April and October at a rate 0.625% p.a. above LIBOR.

¹⁵ Issued 4 April 1990 and will mature in March 2000. Interest is payable quarterly in arrears in March, June, September and December at a rate 0.40% p.a. above the stated average of Bank Bill rates.

¹⁶ Issued 27 August 1990 at a discount and will mature in January 2001. Interest on the notes is payable semi-annually in arrears in January and July. The interest rate is 12.5% p.a. until July 1996, thereafter the interest will be at a rate 0.40% p.a. above the stated average of Bank Bill rates.

¹⁷ Issued 16 March 1990 at a discount and will mature in March 2000. Interest on the notes is payable semi-annually in arrears in March and September. The interest rate is 12.5% p.a. until March 1995, thereafter the interest will be at a rate 0.40% p.a. above the stated average of Bank Bill rates.

¹⁸ Issued 24 January 1990 and will mature in January 2000. The redemption amount of these notes is linked by a formula to future foreign exchange rates. Interest is payable annually in arrears in January.

¹⁹ Issued 29 March 1989 and will mature in March 1999. The redemption amount of these notes is linked by a formula to future foreign exchange rates. Interest is payable annually in arrears in March.

²⁰ Issued 15 November 1989 and will mature in September 1999. Interest on the notes is payable semi-annually in arrears in March and September at a rate 0.46% p.a. above LIBOR.

²¹ Issued 16 April 1991 and will mature in April 1998. Interest on the notes is payable annually in arrears in April at a rate of 9.375% p.a.

Loan capital is subordinated in right of payment to the claims of depositors and all other creditors of the Holding Company and its subsidiaries which have issued the notes and constitutes tier 2 capital as defined by the Reserve Bank of Australia for capital adequacy purposes.

28: Exchange rates

The exchange rates used in the translation of the results and the assets and liabilities of major overseas branches and subsidiaries are

	1991		1990	
	CLOSING	AVERAGE	CLOSING	AVERAGE
British pound	0.4549	0.4292	0.4390	0.4606
United States dollar	0.7981	0.7762	0.8251	0.7772
New Zealand dollar	1.3960	1.3109	1.3364	1.3091

29: Segment analysis

The following analysis shows segment income, results, total and risk weighted assets based on geographical locations and results, income and total assets on industry segments.

The Group's principal operations are in its domestic markets of Australia and New Zealand although it also has significant international operations, being represented in 48 countries worldwide. Although some of these international operations have a domestic base or origin, the Group's international strategy revolves around a network and accordingly segmentation reflects that strategy.

Further geographic segmentation of domicile and risk is not considered appropriate to the presentation of the Group's results.

Geographical	1991		1990	
	\$M	%	\$M	%
Income				
Australia	7,828.5	63.9	7,815.8	65.4
New Zealand	1,459.0	11.9	1,324.1	11.1
Other markets	2,960.3	24.2	2,814.0	23.5
	12,247.8	100.0	11,953.9	100.0
Pre tax profit				
Australia	62.2	13.4	184.9	30.9
New Zealand	107.2	23.2	110.3	18.4
Other markets	293.8	63.4	303.7	50.7
	463.2	100.0	598.9	100.0
Abnormal items	18.5		(182.6)	
	481.7		416.3	
Post tax profit				
Australia	5.2	2.0	105.1	25.5
New Zealand	92.7	34.8	87.0	21.1
Other markets	168.3	63.2	220.4	53.4
	266.2	100.0	412.5	100.0
Abnormal items	1.1		(191.0)	
	267.3		221.5	
Total assets				
Australia	66,169.2	67.4	64,459.8	64.9
New Zealand	10,192.1	10.4	9,773.5	9.9
Other markets	21,851.0	22.2	25,066.5	25.2
	98,212.3	100.0	99,299.8	100.0
Risk weighted assets				
Australia	57,295.5	71.0	57,244.0	69.7
New Zealand	8,149.4	10.1	7,511.2	9.2
Other markets	15,260.6	18.9	17,297.5	21.1
	80,705.5	100.0	82,052.7	100.0

29: Segment analysis (continued)

Industry	CONSOLIDATED			
	1991		1990	
	\$M	%	\$M	%
Income				
General banking	10,361.9	84.6	9,737.6	81.5
Investment banking	155.9	1.3	439.1	3.7
Finance	1,564.2	12.8	1,614.1	13.5
Insurance and funds management	138.1	1.1	133.2	1.1
Other	27.7	0.2	29.9	0.2
	12,247.8	100.0	11,953.9	100.0
Pre tax profit				
General banking	456.4	98.5	482.1	80.5
Investment banking	3.1	0.7	(41.9)	(7.0)
Finance	(62.6)	(13.5)	73.9	12.3
Insurance and funds management	47.1	10.2	60.3	10.1
Other	19.2	4.1	24.5	4.1
	463.2	100.0	598.9	100.0
Abnormal items	18.5		(182.6)	
	481.7		416.3	
Post tax profit				
General banking	252.7	94.9	333.8	80.9
Investment banking	(0.7)	(0.3)	(29.5)	(7.1)
Finance	(36.8)	(13.8)	47.9	11.6
Insurance and funds management	36.2	13.6	45.5	11.0
Other	14.8	5.6	14.8	3.6
	266.2	100.0	412.5	100.0
Abnormal items	1.1		(191.0)	
	267.3		221.5	
Total assets				
General banking	85,261.0	86.8	86,032.3	86.6
Investment banking	2,211.5	2.2	2,078.4	2.1
Finance	9,781.5	10.0	9,709.3	9.8
Insurance and funds management	249.1	0.3	208.3	0.2
Other	709.2	0.7	1,271.5	1.3
	98,212.3	100.0	99,299.8	100.0

30: Consolidated statement of sources and applications of funds

	1991	1990		1991	1990
	\$M	\$M		\$M	\$M
Sources of funds			Reconciliation of operating profit		
Inflow of funds from operations			before income tax with funds		
Interest received	10,155.3	10,150.3	from operations		
Other operating income ^{1,2}	2,516.1	2,074.4	Operating profit before tax	463.2	598.9
	<u>12,671.4</u>	<u>12,224.7</u>	Abnormal profit (loss)		
Outflow of funds from			before tax	18.5	(182.6)
operations ³	11,885.6	11,555.8		<u>481.7</u>	<u>416.3</u>
Funds from operations	785.8	668.9	Add: non-fund items		
Decrease in assets			Depreciation and amortisation	189.9	156.4
Liquid assets	710.3	513.2	Provision for employee		
Due from other banks	2,206.2	-	entitlements	35.0	29.2
Investment securities	-	837.0	Provision for non-lending		
Shares in associates	31.8	-	losses	24.5	27.2
Regulatory deposits	-	164.5	Other provisions	54.7	39.8
Increase in liabilities			Funds from operations	<u>785.8</u>	<u>668.9</u>
Due to other banks	-	3,256.0			
Deposits and other			Assets and liabilities of acquisitions have been included		
borrowings	2,781.5	7,979.7	in the summary of sources and applications of funds		
Bonds and notes	219.0	165.9	under the following headings		
Provisions	0.8	68.5	Liquid assets	3.3	409.9
Proceeds from issue of shares	728.7	324.2	Due from other banks	-	2.9
Minority interests	19.4	3.2	Trading securities	-	414.9
Proceeds from issue of			Investment securities	93.1	925.1
loan capital	620.5	695.2	Regulatory deposits	23.6	34.7
Total sources of funds	<u>8,104.0</u>	<u>14,676.3</u>	Net loans and advances	478.9	4,067.8
Applications of funds			Shares in associates	1.3	-
Increase in assets			Other assets	4.7	382.2
Due from other banks	-	3,662.5	Premises and equipment	38.9	110.3
Trading securities	385.2	311.1	Bills payable and other		
Investment securities	271.1	-	liabilities	(24.5)	(1,078.8)
Net loans and advances	1,609.1	8,515.7	Due to other banks	-	(6.4)
Regulatory deposits	209.5	-	Deposits and other		
Shares in associates	-	21.8	borrowings	(506.1)	(4,870.4)
Other assets	346.8	757.7	Income tax liability	-	(4.7)
Premises and equipment	361.3	278.5	Provisions	(0.8)	(68.5)
Decrease in liabilities				<u>112.4</u>	<u>319.0</u>
Creditors and other			Goodwill on acquisitions	26.9	257.4
liabilities	866.0	425.2	Net consideration paid	139.3	576.4
Due to other banks	3,298.5	-			
Income tax paid	382.8	293.9			
Dividends paid	236.4	363.6			
Other provision payments	137.3	46.3			
Total applications of funds	<u>8,104.0</u>	<u>14,676.3</u>			

¹ Includes proceeds on sale of subsidiaries and premises of \$373.8 million (1990: \$270.8 million)

² Includes proceeds on issue of warrants of \$49.8 million (1990: nil)

³ Includes abnormal items of \$39.4 million (1990: \$285.5 million) and outflow on sale of subsidiaries and premises of \$355.7 million (1990: \$158.7 million)

	INCORPORATED IN	BOOK VALUE		CONTRIBUTION TO GROUP RESULT		NATURE OF BUSINESS
		1991	1990	1991	1990	
		\$M	\$M	\$M	\$M	
Australia and New Zealand Banking Group Limited				(110.0)	(21.4)	Banking
‡ ANZ Adelaide Group Ltd	Australia	66.1	66.1	1.7	5.5	Property owner
Penplaza Investments Pty Ltd	Australia	11.7	#	#	#	Property owner
* ANZ Bank (Guernsey) Ltd	Guernsey	0.5	0.6	2.3	1.7	Banking
* ANZ Management Company (Guernsey) Ltd	Guernsey	0.1	0.1	0.1	#	Fund management
* ANZ Trust Company (Guernsey) Ltd	Guernsey	#	#	#	#	Trustee
ANZ Executors & Trustee Company Ltd	Australia	6.0	6.0	4.5	8.6	Trustee/nominee
ANZ Executors Nominees Ltd	Australia	#	#	#	#	Trustee/nominee
ANZ Executors & Trustee Co. (Canberra) Ltd	Australia	0.6	0.6	0.2	0.2	Trustee/nominee
ANZ Executors & Trustee Co. (South Australia) Ltd	Australia	0.8	0.8	0.7	0.7	Trustee/nominee
B. & R. Securities Pty Ltd	Australia	#	-	#	-	Trustee/nominee
ANZ Funds Pty Ltd	Australia	3,545.4	1,632.7	(1.0)	(0.4)	Holding company
Town & Country Bank Ltd	Australia	99.1	83.2	9.0	0.2	Finance
Glencove Pty Ltd	Australia	#	#	#	#	Management
Guaranty Finance Insurance Pty Ltd	Australia	5.0	5.0	(2.4)	#	Mortgage insurance
T & C Management Pty Ltd	Australia	#	#	#	#	Property manager
T & C Technology Pty Ltd	Australia	#	#	1.6	#	Computer software
† Topgard Pty Ltd ¹⁸	Australia	#	#	#	#	Mortgage securities
† Town & Country Housing Bonds Ltd ¹⁹	Australia	#	#	#	#	Mortgage securities
Town & Country Properties Ltd	Australia	#	#	(1.4)	#	Management
Town & Country Trustees Ltd	Australia	#	#	#	#	Non-operative
† Wetsum Pty Ltd ²⁰	Australia	#	#	#	#	Mortgage securities
* ANZ International Pte Ltd	Singapore	260.1	258.3	1.3	1.1	Holding company
* ANZ Asia Ltd	Hong Kong	1.6	1.6	6.9	8.1	Finance
* ANZ Asia Pacific Holdings Ltd	Hong Kong	3.8	5.2	(0.1)	1.2	Holding company
* ANZ Bank (Cook Islands) Ltd	Cook Islands	#	#	#	#	Banking
* ANZ Bank (Vanuatu) Ltd	Vanuatu	1.0	1.0	1.6	2.0	Banking
* ANZ International Trustee Ltd	British Virgin Islands	#	#	#	#	Trustee
* ANZ Managed Investments (Asia) Pte Ltd	Singapore	0.4	0.3	#	#	Investment
* ANZ McCaughan Securities (Asia) Ltd	Hong Kong	1.7	1.6	1.0	0.6	Merchant banking
* ANZ Singapore Ltd	Singapore	10.4	8.1	2.9	2.2	Merchant banking
* ANZCOVER Insurance Pte Ltd	Singapore	4.5	4.1	1.2	(1.3)	Insurance
* Bank of Western Samoa ⁴	Western Samoa	7.9	-	1.3	-	Banking
* Beneficial Acceptance Ltd	Vanuatu	0.1	0.1	#	#	Property owner
* Index Computing Pte Ltd	India	0.3	0.5	1.0	0.3	Computer consultant
* Mercantile Securities (Hong Kong) Ltd	Hong Kong	#	#	#	#	Finance
* Rarotonga Trustee Corporation Ltd	Cook Islands	0.3	0.3	#	#	Trustee
* International Management Services Ltd	Cook Islands	#	#	#	#	Trustee
* Rarotonga Secretarial Services Ltd	Cook Islands	#	#	#	#	Trustee services
* Siam Digest Ltd	Thailand	#	#	#	0.1	Investment
* ANZ Holdings (New Zealand) Ltd	New Zealand	163.7	171.4	(48.3)	(45.7)	Holding company
* ANZ Banking Group (New Zealand) Ltd	New Zealand	287.3	301.9	24.9	45.9	Banking
* ANZ Holdings (New Zealand) 1990 Ltd ¹	New Zealand	132.2	-	1.2	-	Holding company
* ANZ Investment Services (New Zealand) Ltd	New Zealand	#	#	#	#	Trust management
* ANZ McCaughan (NZ) Ltd	New Zealand	#	#	0.4	(1.6)	Merchant banking
* ANZ McCaughan Securities (NZ) Ltd	New Zealand	#	0.2	(0.2)	#	Stockbroking
* ANZ Name Protection Company Ltd	New Zealand	#	#	#	#	Non-operative
* ANZ Pensions (New Zealand) Ltd	New Zealand	#	#	#	#	Pension fund trustee
* ANZ Properties (New Zealand) Ltd	New Zealand	9.5	10.0	2.3	(1.8)	Property owner
* ANZ Savings Bank (New Zealand) Ltd	New Zealand	7.3	7.6	(0.3)	4.7	Banking
* ANZ Securities (New Zealand) Ltd	New Zealand	#	#	#	#	Non-operative
§ * ANZ (New Zealand) Finance N.V.	Netherlands Antilles	#	#	#	#	Non-operative
* ANZMAC Securities (New Zealand) Nominees Ltd	New Zealand	#	-	#	-	Nominee
* Bage Investments Ltd	New Zealand	179.1	187.1	17.8	22.2	Investment
* Bernina Securities Ltd ⁵	New Zealand	0.1	-	0.1	-	Finance
* Charge Card Corporation Ltd	New Zealand	#	#	#	0.3	Charge card services
* Coast Cash Orders and Finance Ltd	New Zealand	0.1	-	0.1	-	Finance
* Endeavour Investments (New Zealand) Ltd	New Zealand	397.4	340.3	47.0	12.9	Holding company
* Equitable Development Corporation Ltd	New Zealand	#	-	#	-	Lease finance
* Esanda Ltd	New Zealand	#	#	#	#	Name protection

	INCORPORATED IN	CONTRIBUTION TO GROUP RESULT				NATURE OF BUSINESS
		BOOK VALUE				
		1991 \$M	1990 \$M	1991 \$M	1990 \$M	
31: Subsidiaries (continued)						
* Genfin Holdings Ltd	New Zealand	0.9	-	#	-	Non-operative
* Kea Car Sales Ltd ¹³	New Zealand	0.7	-	#	-	Non-operative
* Leverage Lease Nominee Ltd	New Zealand	#	#	#	#	Nominee
§ * McCaughan Dyson Capel Cure (NZ) Ltd	New Zealand	1.2	1.3	#	#	Non-operative
* Mutual Finance Ltd ¹⁵	New Zealand	0.4	-	#	-	Finance
* Mutual Leasing Ltd ¹⁶	New Zealand	2.2	-	(0.2)	-	Motor vehicle leasing
* National Mutual Finance Ltd	New Zealand	11.1	-	6.2	-	Finance
* National Mutual Finance (1988) Ltd	New Zealand	13.5	-	1.0	-	Finance
* National Mutual Financial Services Ltd	New Zealand	36.4	-	#	-	Non-operative
* National Mutual Permanent Building Society	New Zealand	10.1	-	2.1	-	Building society
* New Zealand Merchant Nominees Ltd	New Zealand	0.1	-	#	-	Lease finance
* Post Office Bank Ltd	New Zealand	249.9	266.1	34.2	46.6	Banking
* Siren Group Ltd	New Zealand	1.8	-	#	-	Non-operative
* Southland Development Corporation Ltd	New Zealand	5.0	-	0.6	-	Finance
* Southland Development Properties Ltd	New Zealand	0.6	-	#	-	Property development
§ * The Anchor Finance Corporation Ltd	New Zealand	0.1	-	#	-	Non-operative
* UDC Developments Ltd	New Zealand	#	#	(2.9)	(3.4)	Property development
* UDC Finance Ltd	New Zealand	43.7	#	2.3	2.9	Finance
* UDC Group Holdings Ltd	New Zealand	59.9	43.9	(0.2)	#	Holding company
* UDC Leasing Ltd	New Zealand	0.1	#	4.4	4.4	Lease finance
* UDC Mercantile Securities Ltd	New Zealand	7.2	#	0.2	#	Finance
* UDC Nominees Ltd	New Zealand	#	#	#	#	Nominee
‡ A.N.Z. Holdings Ltd	Australia	54.8	54.8	7.5	6.6	Property owner
‡ Tannadice Pty Ltd	Australia	#	#	#	#	Investment
‡ Tirocourt Pty Ltd	Australia	#	#	#	#	Property owner
* ANZ Holdings (UK) plc	England	307.3	386.8	#	0.7	Holding company
* Anvid Ltd	England	#	#	(0.1)	#	Property finance
* Anzstock Securities Ltd	England	#	3.4	(0.1)	(0.8)	Market maker
* ANZ Aval Ltd	England	#	#	#	#	Factoring
* ANZ Finance Corporation Ltd	England	#	#	5.2	(1.3)	Holding company
* ANZ Finanziaria Sp A	Italy	1.1	0.1	#	#	Finance
* ANZ Grindlays Bank (Botswana) Ltd	Botswana	6.2	-	#	-	Banking
* ANZ Grindlays Bank (Jersey) Ltd	Jersey	83.9	3.4	14.3	15.9	Banking
* ANZ Grindlays Bank (Zambia) Ltd	Zambia	2.5	2.5	1.4	1.1	Banking
* A.N.Z. Grindlays Bank (Zimbabwe) Ltd	Zimbabwe	13.6	19.6	5.4	1.8	Banking
* ANZ Grindlays Bank Nominees (Jersey) Ltd	Jersey	#	#	#	#	Nominee
* ANZ Grindlays Bank plc	England	228.8	237.1	109.1	126.2	Banking
* ANZ Grindlays Executor & Trustee Co. Ltd	England	0.2	0.2	#	#	Corporate trustee
* ANZ Grindlays Export Finance Ltd	England	0.6	0.6	1.2	0.2	Export finance
* ANZ Grindlays Finance (Zimbabwe) Ltd	Zimbabwe	1.6	0.6	0.8	0.5	Hire purchase
* ANZ Grindlays Finance Corporation Ltd	England	200.0	4.6	(2.9)	(3.9)	Holding company
* ANZ Grindlays Industrial Holdings Ltd	England	37.6	5.1	0.3	(0.3)	Holding company
* ANZ Grindlays International Ltd	Hong Kong	#	4.9	(6.7)	0.9	Offshore banking
* ANZ Grindlays Jersey Holdings Ltd	Jersey	#	-	#	-	Holding company
* ANZ Grindlays Leasing (Zambia) Ltd	Zambia	0.2	0.8	(0.5)	0.6	Lease finance
* ANZ Grindlays Nominee Ltd	Jersey	#	-	#	-	Nominee
* ANZ Grindlays Secretaries Services Ltd	Jersey	#	#	#	#	Company administration
* ANZ Grindlays Trust Company SA	Switzerland	#	#	#	#	Trust manager
* ANZ Grindlays Trust Corporation (Jersey) Ltd	Jersey	#	-	#	-	Trust manager
* ANZ Grindlays Trust Holdings Ltd ²	Jersey	#	-	#	-	Holding company
* ANZ Grindlays Trust (Jersey) Ltd	Jersey	#	#	#	#	Trust manager
* ANZ Grindlays Yacht Services Ltd	Jersey	#	-	#	-	Yacht registration
* ANZ Leasing Ltd	England	#	#	(2.3)	(1.9)	Lease finance
* ANZ Leasing (No 2) Ltd	England	#	#	#	#	Lease finance
* ANZ McCaughan Futures (UK) Ltd	England	0.1	0.1	#	#	Futures trading
* ANZ McCaughan Properties Ltd	England	#	#	(2.2)	2.9	Property owner
* ANZ McCaughan Securities (Switzerland) AG	Switzerland	4.1	4.9	(0.1)	(5.2)	Finance/banking
* ANZ McCaughan Securities (UK) Ltd	England	2.3	22.8	(0.8)	(2.7)	Investment banking
§ * ANZ McCaughan (UK) Ltd	England	#	#	(12.7)	(13.0)	Holding company
* ANZ Merchant Bank Ltd	England	60.1	72.0	14.6	(1.6)	Investment banking
* ANZ Merchant Bank Nominees Ltd	England	#	#	#	#	Nominee
* ANZ One Ltd	Jersey	#	-	#	-	Nominee
* ANZ Overseas Finance Ltd	England	0.1	0.1	#	#	Non-operative
* ANZ Participacoes E Servicos Ltda	Brazil	#	0.1	0.1	0.1	Representative services
* ANZ Securities (Agency Broking) Ltd	England	1.1	1.1	#	#	Agency broking
* ANZ Three Ltd	Jersey	#	-	#	-	Nominee
* ANZ Two Ltd	Jersey	#	-	#	-	Nominee

INCORPORATED IN		CONTRIBUTION TO				NATURE OF BUSINESS
		BOOK VALUE		GROUP RESULT		
		1991 \$M	1990 \$M	1991 \$M	1990 \$M	
* Avrenim Catering Services Ltd	England	#	#	#	#	Catering services
* Benfar Ltd	England	#	#	#	#	Printing services
* Brandts Nominees Ltd	England	#	#	#	#	Nominee
* Camberley Developments Ltd	England	#	#	#	#	Property development
* Caphouse Nominees Ltd	England	#	#	#	#	Nominee
* Clive Street Nominees Pte Ltd	India	#	#	#	#	Nominee
* E.S. & A. Properties (UK) Ltd	England	0.3	0.3	#	#	Non-operative
* Esanda Finanz and Leasing Ltd ⁶	India	0.1	-	#	-	Lease finance
* Gillespie Bros & Company Ltd	England	#	#	(0.2)	#	Non-operative
* Grindlay Vanguard Management Ltd	Jersey	#	#	#	#	Investment management
† Grindlays Bahrain Bank B.S.C. ⁷	Bahrain	5.0	7.6	0.3	#	Banking
* Grindlays Bank International (Kenya) Ltd ⁸	Kenya	0.8	0.8	1.1	0.9	Banking
† Grindlays Bank International (Uganda) Ltd	Uganda	0.2	0.5	0.5	0.1	Banking
* Grindlays Bank International (Uganda) Forex Bureau Ltd	Uganda	#	-	#	-	Foreign exchange dealing
† Grindlays Bank (Uganda) Ltd ⁹	Uganda	0.5	0.5	0.5	0.2	Banking
† Grindlays Bank (Zaire) S.Z.A.R.L.	Zaire	0.5	0.5	1.6	1.1	Banking
§ * Grindlays Company Ltd	Hong Kong	#	#	#	#	Non-operative
† Grindlays Equipment Finance Ltd	England	#	#	0.1	0.1	Lease finance
* Grindlays Executor & Trust Company (Pte) Ltd	Zimbabwe	#	#	#	#	Trust company
* Grindlays Export Finance AG	Switzerland	#	#	#	#	Non-operative
* Grindlays International (Cayman Islands) Ltd	Cayman Islands	#	#	#	#	Non-operative
§ * Grindlays International (Curacao) NV	Netherlands Antilles	#	0.1	#	#	Non-operative
* Grindlays International (Nederland) B.V.	Netherlands	0.5	0.5	(0.1)	#	Non-operative
* Grindlays International Finance (Kenya) Ltd ¹⁰	Kenya	#	#	#	#	Project finance
* Grindlays Nominees (Kenya) Ltd ¹¹	Kenya	#	#	#	#	Nominee
* Grindlays Nominees (Private) Ltd	Zimbabwe	#	#	#	#	Nominee
* Grindlays Nominees (Zambia) Ltd	Zambia	#	#	#	#	Nominee
† Grindlays Services of Pakistan (Pte) Ltd	Pakistan	0.9	0.8	(0.3)	#	Unit trust
* Grindlays (No 1) Investments Ltd	England	#	#	#	0.2	Non-operative
* Grindlays (No 4) Investments Ltd	England	#	#	#	#	Non-operative
* Grindlays (No 5) Investments Ltd	England	#	#	#	#	Non-operative
* Grindlays (No 6) Investments Ltd	England	#	#	#	#	Non-operative
* Hotel Regina SA	Switzerland	#	#	#	#	Non-operative
§ * Lable Shipping Inc.	Liberia	#	#	#	#	Holding company
§ * McCaughan Dyson Capel Cure Corporate Finance Ltd	England	#	#	#	#	Name protection
* McCaughan Nominees (UK) Ltd	England	#	#	#	#	Nominee
* Minerva Holdings Ltd	England	202.0	196.1	18.7	14.7	Holding company
* Minerva Nominees Ltd	England	#	#	#	#	Nominee
* National and Grindlays Bank Ltd	England	#	#	#	#	Non-operative
* National and Grindlays Bank Trust Co. Ltd	England	#	#	#	#	Trustee
* Nepal Grindlays Bank Ltd ¹⁷	Nepal	1.1	1.2	2.1	#	Banking
* Olec Consultancy Services Ltd	Jersey	#	-	#	-	Consultancy
* Olec Secretaries Ltd	Jersey	#	-	#	-	Secretarial services
* Olec Trustee Ltd	Jersey	#	-	#	-	Trustee
* Pargola (Shipping) Ltd	England	#	#	#	#	Export finance
* Property Finance Partnership Ltd	England	0.1	0.1	#	#	Joint venture
* Soci�t� Immobili�re Quai du Mont-Blanc 7	Switzerland	2.0	#	0.1	#	Property holder
* Spey Industrials Ltd	England	#	#	#	#	Non-operative
* Zealand Nominees Ltd	England	#	#	#	#	Nominee
ANZ Life Assurance Company Ltd	Australia	100.1	65.1	22.0	22.5	Life assurance
Crescent Pacific Properties Ltd	Australia	#	#	#	#	Investment
§ Crown Woolrych Ltd	Australia	#	#	#	#	Financial planning
Greater Pacific Casualty Ltd	Australia	0.2	#	0.2	0.1	Disability insurance
Greater Pacific Financial Services Ltd	Australia	0.4	0.2	0.1	0.1	Insurance bonds
Greater Pacific Nominees Pty Ltd	Australia	#	#	#	#	Trustee
ANZ McCaughan Ltd	Australia	41.7	41.7	5.5	(0.8)	Merchant banking
ANZCAP Commercial Development Ltd	Australia	#	#	#	#	Consulting
ANZCAP Nominees Ltd	Australia	#	#	#	#	Nominee services
ANZCAP Securities Ltd	Australia	2.0	2.0	#	(0.1)	Securities dealer
ANZ McCaughan Clearing Services Ltd	Australia	1.0	1.0	#	0.1	Funds management
ANZ McCaughan Corporate & Financial Services Ltd	Australia	0.8	0.8	(0.5)	(1.1)	Consulting
ANZ McCaughan Futures Ltd	Australia	#	#	0.4	1.0	Futures trading
ANZ McCaughan Portfolio Allocations Ltd	Australia	0.1	#	#	#	Futures clearing

	INCORPORATED IN	CONTRIBUTION TO BOOK VALUE GROUP RESULT				NATURE OF BUSINESS
		1991	1990	1991	1990	
		\$M	\$M	\$M	\$M	
31: Subsidiaries (continued)						
ANZ McCaughan Securities Ltd	Australia	6.4	6.4	(6.0)	(1.2)	Stockbroking
§ * ANZ McCaughan Securities (Nederlands) BV	Netherlands	#	0.1	#	#	Stockbroking
ANZ McCaughan Services Pty Ltd	Australia	#	#	(1.8)	(2.3)	Administration
* Australian International Ltd	Vanuatu	0.2	0.2	(1.8)	#	Merchant banking
Bow Lane Nominees Pty Ltd	Australia	#	#	#	#	Nominee
Carroll Investment Group Ltd	Australia	2.5	2.5	#	#	Investment
Kite Nominees Pty Ltd	Australia	#	#	#	#	Nominee
* McCaughan Dyson International Holdings B.V.	Netherlands	0.1	0.1	#	#	Holding company
Skeet Nominees Pty Ltd	Australia	#	#	#	#	Nominee
Snipe Nominees (1981) Pty Ltd	Australia	#	#	#	#	Nominee
Teal Nominees Pty Ltd	Australia	#	#	#	#	Nominee
* Australia and New Zealand Banking Group (PNG) Ltd⁶	PNG	2.3	2.2	(5.3)	(2.1)	Banking
* Niugini International Bank Ltd	PNG	3.1	1.1	#	#	Non-operative
Australia and New Zealand Savings Bank Ltd	Australia	165.5	7.5	105.6	86.7	Banking
A.N.Z. Properties (Australia) Ltd	Australia	105.0	105.0	6.3	1.5	Property owner
Weelya Pty Ltd	Australia	#	#	0.9	#	Property owner
Development Finance Corporation Ltd	Australia	64.1	64.1	0.9	1.6	Investment banking
Abeam Pty Ltd	Australia	#	#	#	#	Property development
A.F.T. Investors Services Ltd	Australia	5.7	5.9	#	(0.5)	Unit trust manager
A.F.T. Ltd	Australia	1.0	1.0	0.1	(1.1)	Non-operative
§ A.F.T. Portfolio Management Ltd	Australia	6.1	6.1	#	0.1	Property trust manager
A.F.T. Property Management Pty Ltd.	Australia	#	#	#	#	Real estate manager
A.F.T. Property Services Pty Ltd	Australia	#	#	#	#	Real estate manager
A.F.T. (Canberra) Ltd	Australia	#	#	#	#	Retirement fund
Allied Australian Investments Ltd	Australia	3.1	3.1	#	#	Investment
Australian Fixed Trusts Ltd	Australia	0.8	0.8	#	#	Superfund trustee
§ Australian Fixed Trusts (Victoria) Ltd	Australia	#	0.7	#	#	Superfund trustee
Belobek Pty Ltd	Australia	#	#	#	(1.5)	Securities investment
§ Buzila Pty Ltd	Australia	#	#	#	#	Holding company
Cyplan Ltd	Australia	0.3	0.3	#	#	Non-operative
§ Delfin Acceptances Ltd	Australia	6.8	6.8	#	0.2	Investment banking
Delfin Constructions Pty Ltd	Australia	0.1	0.1	#	#	Property development
§ Delfin Financial Services Ltd	Australia	#	#	#	#	Leasing services
Delfin Holdings Ltd	Australia	15.9	15.9	0.7	2.3	Investment
§ Delfin Investment Services Ltd	Australia	#	0.6	#	#	Investment manager
Delfin Management Services Pty Ltd	Australia	1.4	1.4	#	#	Property management
Delfin Project Management (Qld) Pty Ltd	Australia	0.1	#	#	#	Property development
§ Delfin Properties Pty Ltd	Australia	5.0	5.0	#	#	Property owner
Delfin Property Group Ltd	Australia	6.0	6.0	2.0	4.8	Property development
Delfin Realty Pty Ltd	Australia	0.2	0.2	1.1	0.7	Real estate agent
Delfin Realty (N.S.W.) Pty Ltd	Australia	#	-	#	-	Real estate agent
Delfin Retirement Properties Pty Ltd	Australia	#	#	#	0.1	Property development
Delfin Securities Pty Ltd	Australia	#	#	#	#	Trustee
Delfin Services Ltd	Australia	1.5	1.5	#	#	Investment
§ Delfin Underwriting Ltd	Australia	0.5	0.5	#	0.1	Underwriting
§ Delfin (NSW) Pty Ltd	Australia	#	#	#	#	Share trading
Development Nominees Pty Ltd	Australia	#	#	#	#	Nominee
§ Japan-Australia Investment Co. Ltd	Australia	0.9	0.9	#	#	Investment banking
Lakes Shore Hotel Pty Ltd	Australia	#	#	#	#	Property development
Reillo Holdings Pty Ltd	Australia	#	#	(0.1)	0.1	Property development
Seaford Development Corporation Pty Ltd	Australia	#	#	#	#	Property development
§ Vabeta Pty Ltd	Australia	#	1.1	#	#	Investment
West Lakes Ltd	Australia	9.7	9.7	0.1	0.3	Property development
‡ E.S. & A. Holdings Ltd	Australia	22.2	22.2	4.3	0.2	Property investment
‡ E.S. & A. Properties (Australia) Ltd	Australia	2.3	2.3	#	#	Property owner
† Esanda Finance Corporation Ltd	Australia	569.5	369.5	(33.2)	37.3	General finance
† Alliance Acceptance Co. Ltd	Australia	12.3	7.1	5.2	3.1	Finance
† Alliance Commercial Finance Ltd	Australia	#	0.7	#	0.1	Trade finance
† Alliance Credit (N.S.W.) Pty Ltd	Australia	0.8	0.8	#	0.1	Finance
§ † Alliance Finance (Leasing) Pty Ltd	Australia	#	0.3	0.1	#	Finance
† Alliance Holdings Ltd	Australia	132.0	131.0	0.7	(0.1)	Holding company
† Analed Pty Ltd	Australia	#	#	(22.7)	(14.4)	Guarantor corporation
† ANZCAP Leasing Nominees Pty Ltd	Australia	0.4	0.1	0.3	0.1	Lease finance
† ANZCAP Leasing Nominees (Vic) Pty Ltd	Australia	#	#	(0.1)	#	Lease finance
† ANZCAP Leasing Services Ltd	Australia	0.5	0.1	0.4	0.1	Lease finance

	INCORPORATED IN	CONTRIBUTION TO				NATURE OF BUSINESS
		BOOK VALUE		GROUP RESULT		
		1991 \$M	1990 \$M	1991 \$M	1990 \$M	
31: Subsidiaries (continued)						
† ANZCAP Leasing (Vic) Pty Ltd	Australia	1.4	0.3	1.1	0.3	Lease finance
† Endeavour Hills Pty Ltd	Australia	#	#	#	#	Custodian/trustee
† EPD Pty Ltd	Australia	#	#	#	#	Land development
† Esanda Equipment Credit Pty Ltd	Australia	#	#	1.3	1.0	Lease finance
† Esanda (Finance) Australia Ltd	Australia	#	#	#	0.1	Lease finance
† Esanda (Wholesale) Pty Ltd	Australia	#	#	#	#	Motor vehicle finance
† F.C.A. Finance Pty Ltd	Australia	34.1	18.5	22.2	8.3	Real estate finance
† Finance Corporation of Australia Ltd	Australia	77.8	97.1	4.8	4.5	Real estate finance
† Ironbark Developments Pty Ltd	Australia	#	#	#	#	Agent/trustee
† Lefca Investments Pty Ltd	Australia	#	#	#	#	Agent/trustee
† Lepak Ltd	Australia	126.2	126.0	0.1	0.1	Equity investment
† MCL Finance Pty Ltd	Australia	#	1.3	(1.3)	0.6	Finance
† MCL Holdings Pty Ltd	Australia	8.9	8.9	#	#	Holding company
§† MCL Leasing Pty Ltd	Australia	#	0.5	(0.5)	(0.1)	Finance
† Mercantile Credits Ltd	Australia	83.8	101.4	(16.3)	1.8	General finance
† Mercantile Credits Financial Services Ltd	Australia	14.3	19.4	(5.1)	#	Insurance broker
† Mercantile Underwood Ltd	Australia	78.4	77.8	0.5	0.8	Investment
§† Merccredits Leasing Ltd	Australia	#	1.3	#	0.1	Finance
§† Merccredits Wholesale Ltd	Australia	1.2	1.2	#	0.1	Finance
† The National Alliance Insurance Co. Ltd	Australia	1.8	1.8	#	#	Insurance
McCaughan Dyson Holdings Ltd	Australia	13.2	13.2	#	#	Holding company
* ANZ McCaughan Securities (USA) Inc.	USA	2.1	0.8	#	#	Stockbroking
† Melbourne Safe Deposit Pty Ltd	Australia	10.0	#	#	#	Holding company
ANZ Funds Management Ltd	Australia	0.2	0.2	7.3	13.4	Unit trust manager
§ ANZ Group Insurance Brokers Ltd	Australia	#	#	#	#	Non-operative
§ ANZ Managed Investments (Qld) Ltd	Australia	0.1	0.1	#	#	Non-operative
National Mutual Royal Bank Ltd	Australia	236.5	212.7	10.7	6.1	Banking
ANZ Capel Court Ltd	Australia	57.4	57.4	4.3	#	Investment banking
Bronzan Pty Ltd	Australia	#	0.6	#	#	Investment
Capel Court Finance Ltd	Australia	#	#	#	#	Investment
Capel Court Finance (Vic) Pty Ltd	Australia	#	#	#	#	Non-operative
† Capel Court Inc.	USA	#	#	#	#	Investment
Capel Court International Investments Pty Ltd	Australia	#	#	0.2	(0.4)	Investment
Capel Court Investments Pty Ltd	Australia	#	2.1	#	#	Investment
† Capel Court Investments (Singapore) Pte Ltd	Singapore	#	#	#	#	Non-operative
Capel Court Management Ltd	Australia	0.9	0.9	1.1	(0.9)	Investment
§ Capel Court Nominees Ltd	Australia	#	#	#	#	Nominee
† Capel Court Pacific Inc.	USA	#	0.1	(0.1)	#	Investment advisory
† Capel Court (Asia) Ltd	Hong Kong	#	0.4	#	#	Non-operative
* Capel Court (N.Z.) Ltd	New Zealand	#	#	#	#	Non-operative
* Capel Court (UK) Ltd	England	#	#	#	#	Non-operative
Castle-Lane (Nominees) Pty Ltd	Australia	#	#	#	#	Nominee
Ceylonite Pty Ltd	Australia	#	#	#	#	Investment
Dalyee Pty Ltd	Australia	#	1.6	#	#	Investment
Ecomel Pty Ltd	Australia	#	#	0.2	#	Servicing agent
Elgeba Pty Ltd	Australia	#	#	0.1	#	Agency
§ Excelsior Holdings Pty Ltd	Australia	#	#	#	#	Investment
Fifth Mallatri Pty Ltd	Australia	#	#	(0.1)	#	Investment
§ Kaysamos Ltd	Australia	#	#	#	#	Investment
National Mutual Royal Savings Bank Ltd	Australia	132.1	132.1	19.5	8.4	Banking
† Newport Ltd	England	#	#	#	#	Investment
NMRB Finance Ltd	Australia	#	#	0.1	(0.1)	Leasing
NMRB Insurance (Agents) Pty Ltd	Australia	0.7	0.7	0.2	(0.1)	Insurance agent
NMRB Investments Ltd	Australia	#	#	#	#	Investment
NMRB Management Services Ltd	Australia	#	#	(7.7)	#	Fixed assets manager
§ NMRB Travel Services Pty Ltd	Australia	0.1	0.1	#	#	Investment
Noreag Pty Ltd	Australia	#	#	(0.2)	#	Investment
RBC Australia Finance Ltd	Australia	#	#	0.1	#	Medium term finance
Rinope Pty Ltd	Australia	#	#	#	#	Lease finance
§ Royaustr Management Ltd	Australia	0.1	0.1	#	#	Investment
§ Royaustr Properties Pty Ltd	Australia	#	#	#	#	Investment
§ T.C.P. Nominees Pty Ltd	Australia	#	#	#	#	Nominee
§ T.C.P. Personnel Pty Ltd	Australia	#	#	0.1	#	Management services
§* TCP UK Nominees Ltd	England	#	#	#	#	Nominee

31: Subsidiaries (continued)

Other subsidiaries owned by the Holding Company

INCORPORATED IN	BOOK VALUE		CONTRIBUTION TO GROUP RESULT		NATURE OF BUSINESS
	1991 \$M	1990 \$M	1991 \$M	1990 \$M	
* Adelaide Nominees Ltd	England	#	#	#	Nominee services
† A.N.Z. Custodians Ltd	Australia	#	#	#	Custodian services
‡ A.N.Z. Discounts Ltd	Australia	#	#	(26.0)	Loan negotiation
A.N.Z. Investments Ltd	Australia	#	#	2.0	(0.9) Deposit taker
‡ A.N.Z. Nominees Ltd	Australia	#	#	#	Nominee services
ANZ Aviation Services Ltd	Australia	3.0	3.0	#	Aviation
* ANZ Bank Canada	Canada	45.3	42.9	(4.0)	(12.0) Banking
ANZ Capital Hedging Ltd	Australia	#	#	(3.3)	Capital hedging
* ANZ Eurofinance BV	Netherlands	#	#	0.3	0.2 Finance
ANZ Finance (Far East) Ltd	Australia	16.2	16.2	0.3	0.8 Property owner
* ANZ Finance (Jersey) Ltd	Jersey	#	#	#	Non-operative
ANZ Investment Holdings Ltd	Australia	#	#	(10.8)	Investment
‡ ANZ Leasing Pty Ltd	Australia	#	#	#	Leveraged leasing
‡ ANZ Leasing (ACT) Pty Ltd	Australia	#	#	#	Leveraged leasing
‡ ANZ Leasing (NSW) Pty Ltd	Australia	#	#	#	Leveraged leasing
‡ ANZ Leasing (NT) Pty Ltd	Australia	#	#	#	Leveraged leasing
‡ ANZ Leasing (Vic) Pty Ltd	Australia	#	#	#	Leveraged leasing
* ANZ Nominees (Guernsey) Ltd	Guernsey	#	#	#	Nominee services
‡ ANZ Pensions Pty Ltd	Australia	#	#	#	Pension fund trustee
‡ ANZ Pensions (Adelaide) Ltd	Australia	#	#	#	Pension fund trustee
* ANZ Pensions (UK) Ltd	England	0.6	0.6	#	# Pension fund trustee
‡ ANZ Staff Superannuation (Australia) Pty Ltd	Australia	#	#	#	Pension fund trustee
* ANZ U.K. Dividends (AUD) Ltd	England	#	#	0.2	# Dividend plan
* ANZ (Delaware) Inc.	USA	#	#	#	Finance
Bombora Pty Ltd	Australia	#	-	#	- Investment
Canagong Pty Ltd	Australia	#	-	#	- Investment
Dinias Pty Ltd	Australia	#	#	#	# Property development
† E. S. & A. Nominees (Australia) Pty Ltd	Australia	#	#	#	# Nominee services
* Grindlays Eurofinance BV	Netherlands	0.3	0.3	1.2	0.4 Finance
Iraklion Pty Ltd	Australia	#	-	#	- Investment
Japan-Australia Venture Capital Fund (MIC) Ltd ¹²	Australia	6.4	2.6	0.2	(0.1) Investment
Kobong Pty Ltd	Australia	#	-	#	- Investment
Leash Nominees Pty Ltd	Australia	#	#	#	# Nominee
† Melbourne Jet Base Pty Ltd ¹⁴	Australia	14.0	14.0	(2.6)	(0.7) Jet facilities
Nepean International Travel Pty Ltd	Australia	0.1	0.1	#	# Travel services
‡ Pemarvin Pty Ltd	Australia	0.5	0.5	9.4	0.4 Property unit trustee
‡ Yarraga Pty Ltd	Australia	#	#	#	# Pension fund trustee
* Zan Investments Ltd	Singapore	874.3	874.3	0.3	0.1 Investment
Total contributions to Group result				266.2	411.2
Adjustment for subsidiaries sold/liquidated				-	1.3
Group operating profit after income tax and before abnormal items				266.2	412.5

* Audited by overseas KPMG firms

† Audited by firms other than members of KPMG

‡ Debts of these subsidiaries are guaranteed by the Holding Company in terms of the Corporations Law (formerly National Companies and Securities Commission (NCSC)) class orders dated 22 April 1986 and 9 August 1988 relieving wholly owned subsidiaries from compliance with certain sections of the Corporations Law relating to the preparation of audited accounts

Amounts less than \$50,000

§ Company currently in liquidation

n/a Not applicable

¹ Formerly National Mutual Bank (New Zealand) Ltd

² Formerly Olec Holdings Ltd

³ Australia and New Zealand Banking Group (PNG) Ltd - 83.2%

⁴ Bank of Western Samoa - 75.0%

⁵ Bernina Securities Ltd - 74.9%

⁶ Esanda Finanz and Leasing Ltd - 39.5%

⁷ Grindlays Bahrain Bank B.S.C. - 40.0%

⁸ Grindlays Bank International (Kenya) Ltd - 60.0%

⁹ Grindlays Bank (Uganda) Ltd - 51.0%

¹⁰ Grindlays International Finance (Kenya) Ltd - 60.0%

¹¹ Grindlays Nominees (Kenya) Ltd - 60.0%

¹² Japan-Australia Venture Capital Fund (MIC) Ltd - 77.2%

¹³ Kea Car Sales Ltd - 80.0%

¹⁴ Melbourne Jet Base Pty Ltd - 87.5%

¹⁵ Mutual Finance Ltd - 80.0%

¹⁶ Mutual Leasing Ltd - 80.0%

¹⁷ Nepal Grindlays Bank Ltd - 50.0%

¹⁸ Topgard Pty Ltd - 33.3%

¹⁹ Town & Country Housing Bonds Ltd - 33.3%

²⁰ Wetsum Pty Ltd - 33.3%

INCORPORATED IN	INTEREST %	BOOK VALUE		HELD BY	NATURE OF BUSINESS
		1991 \$M	1990 \$M		

32: Associates

Associates have 30 September financial years unless otherwise noted

ACD Holdings Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
AFT-Woolworths Realty Pty Ltd ^{1,5}	Australia	50.0	0.1	0.1	A.F.T. Ltd	Non-operative
AHL Property Developments Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits Ltd	Property development
Amalgamated Finance Ltd ²	New Zealand	50.0	1.1	#	UDC Finance Ltd	Hire purchase finance
Anchorage Port Stephens Pty Ltd ¹	Australia	33.3	2.5	1.4	Mercantile Credits Ltd	Holiday resort
ANZ Grindlays 3i Investment Services Ltd	Guernsey	50.0	0.1	0.1	ANZ Grindlays Bank plc	Fund administration
Asian International Merchant Bankers Berhad ³	Malaysia	26.5	3.6	3.4	ANZ Grindlays Bank plc	Merchant banking
Autofleet Pty Ltd	Australia	27.5	#	#	Esanda Finance Corp.	Fleet management
Cairns Esplanade Corporation Pty Ltd ¹	Australia	50.0	#	#	Delfin Property Group	Property development
Cardlink Services Ltd	Australia	20.0	0.2	0.2	ANZ Bank	Charge card services
Charge Card Services Ltd	Australia	20.0	0.3	0.3	ANZ Bank	Charge card services
Chartwell Enterprises Ltd ²	Singapore	20.0	#	#	Development Finance Corporation Ltd	Consultant
Cicero (No. 21) Pty Ltd ¹	Australia	50.0	#	#	West Lakes Ltd	Property development
Citie Centre Projects Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Cloudland Village Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits Ltd	Property development
Computer Services Ltd ³	Western Samoa	22.5	0.1	-	Bank of Western Samoa	Computer services
Copeland Mercantile Ventures Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Cribillum Pty Ltd	Australia	25.0	#	-	ANZ Bank	Property development
Dalgety Farmers Ltd	Australia	35.0	27.1	36.8	ANZ Bank	Rural industry broker/agent
Dalgety Rural Finance Ltd*	Australia	75.0	#	#	ANZ Bank	Finance
Databank Systems Ltd ²	New Zealand	20.0	#	#	ANZ Bank (NZ)	Computer network
Devine Belmont Estates Pty Ltd ¹	Australia	50.0	#	#	Mercantile Underwood	Property development
Devine Development Corporation Pty Ltd ¹	Australia	50.0	#	#	Alliance Acceptance Co.	Property development
Durham Developments Pty Ltd ¹	Australia	50.0	#	#	Alliance Acceptance Co.	Property development
Edgeworth Projects Pty Ltd ¹	Australia	50.0	#	#	Alliance Acceptance Co.	Property development
Erolnot Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Evacliff Pty Ltd ¹	Australia	33.3	#	#	Mercantile Credits Ltd	Property development
Fifty-Seven Willis Street Ltd ²	New Zealand	15.4 ‡	0.7	0.8	ANZ Bank (NZ)	Property owner
Flick Developments Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Fonstar Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Forest Lake Management Pty Ltd ¹	Australia	50.0	#	#	Delfin Management Services Pty Ltd	Project management
Genman Holdings Ltd ²	New Zealand	50.0	#	-	National Mutual Finance Ltd	Property development
Grindlays Merchant Bank of Nigeria Ltd	Nigeria	40.0	1.9	0.5	ANZ Grindlays Bank plc	Banking
Hooker Mercantile Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Hooker Mercantile (Qld) Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Ivyville Pty Ltd ¹	Australia	50.0	#	#	Delfin Property Group	Trustee
Jarview Pty Ltd ¹	Australia	50.0	#	#	Alliance Acceptance Co.	Property development
Keystart Bonds Ltd ¹	Australia	33.3	#	#	Town & Country Bank	Bond issuer
Keystart Loans Ltd ¹	Australia	33.3	#	#	Town & Country Bank	Trustee
Kilmuir Pty Ltd ¹	Australia	25.0	#	#	Mercantile Credits Ltd	Property development
Liberty Real Estate Pty Ltd ¹	Australia	33.3	#	#	Mercantile Credits Ltd	Property development
Link Asset Management Pty Ltd	Australia	50.0	0.3	-	Esanda Finance Corp.	Lease finance/management
Mardi Pty Ltd	Australia	50.0	#	-	ANZ Bank	Agent
Meadow Springs Fairway Village Pty Ltd ¹	Australia	33.3	#	-	Town & Country Bank	Property development
Merchant Bank (Ghana) Ltd ³	Ghana	30.0	0.1	0.2	ANZ Grindlays Industrial Holdings	Banking
Mimosa Developments Pty Ltd ¹	Australia	50.0	#	#	Mercantile Underwood	Property development
Nabiac Farms Pty Ltd ¹	Australia	30.0	0.1	0.1	Delfin Management Services Pty Ltd	Agriculture
New Zealand Bankcard Associates Ltd	New Zealand	50.0	#	#	ANZ Bank (NZ)	Charge card services
Ocean Blue Club Resorts Pty Ltd ¹	Australia	50.0	#	#	Mercantile Underwood	Holiday resort
Overland Agencies Pty Ltd ¹	Australia	50.0	#	#	Development Finance Corporation Ltd	Investment banking
Renishaw Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Salamander Projects Pty Ltd ¹	Australia	50.0	0.1	0.1	Alliance Acceptance Co.	Property development
Salamander Sales Pty Ltd ¹	Australia	50.0	#	#	Alliance Acceptance Co.	Property development
Seabare Pty Ltd ¹	Australia	25.0	#	#	Mercantile Credits Ltd	Furniture retailer

	INCORPORATED IN	INTEREST %	BOOK VALUE		HELD BY	NATURE OF BUSINESS
			1991 \$M	1990 \$M		
32: Associates (continued)						
South Pacific Investment Corporation Ltd ¹	Australia	20.0	#	0.1	Delfin Holdings Ltd	Investment banking
Strathford Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Television Australia-Satellite Systems Ltd	Australia	21.2	#	#	Delfin Holdings Ltd	Satellite television
Tovepool Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Trans-Atlantic Capital (Bioscience) Fund Ltd ²	England	50.0	#	#	ANZ Merchant Bank	Investment
Trefold Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Entertainment
Truck Leasing Ltd ¹	New Zealand	33.3	0.3	0.2	UDC Finance Ltd	Leasing
Valuta Group Pty Ltd	Australia	33.0	#	#	Capel Court Management Ltd	Investment
Wellington Square Pty Ltd ¹	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Westland Management Ltd ¹	Australia	20.0	1.5	1.5	Town & Country Bank	Property management
			40.1	45.8		
Associates disposed or reclassified as subsidiaries during the year			-	26.1		
Total shares in associates			40.1	71.9		

Amounts less than \$50,000

¹ year ended 30 June

² year ended 31 March

³ year ended 31 December

⁴ year ended 31 January

⁵ Company currently in liquidation

* Dalgety Rural Finance Ltd is not considered to be a subsidiary under AASB 1024 as the Group does not have a direct or indirect controlling interest and does not enjoy the rewards and risks of majority ownership

‡ The Group holds 27.0% of voting rights

33: Superannuation commitments

A total of 70 pension/superannuation schemes have been established in the Group worldwide. The liabilities of all superannuation schemes are covered by the assets in the schemes or by specific provisions created in the Group. The Group is obliged to contribute to the schemes as a consequence of legislation or provisions of trust deeds. Legal enforceability is dependent on the terms of the legislation or trust deeds.

The major schemes with assets in excess of \$20m are

COUNTRY	SCHEME	CONTRIBUTION LEVELS		LAST ACTUARIAL VALUATION	ACTUARY
		EMPLOYEE	EMPLOYER		
Australia	ANZGROUP (Australia) Staff Pension Scheme ¹	5.5%	Balance of cost	Dec 1990	C.J. White F.I.A. F.I.A.A.
Australia	ANZ Australian Staff Superannuation Scheme ²	2.5% minimum	Balance of cost ³	Dec 1990	C.J. White F.I.A. F.I.A.A.
Australia	National Mutual Royal Bank Executives Superannuation Scheme ²	2.5% minimum	Balance of cost ³	Apr 1990	D. MacKay F.I.A.A.
New Zealand	ANZGROUP (New Zealand) Staff Pension Scheme ²	2.5% minimum	Balance of cost ⁴	Dec 1990	William M. Mercer-Eriksen Ltd
England	ANZ UK Staff Pension Scheme ¹	nil	Balance of cost	Jul 1990	R. Watson & Sons
England	ANZ McCaughan (UK) Ltd Staff Pension Scheme ¹	nil	Balance of cost	Dec 1987	R. Watson & Sons

Balance of cost: the Group's contribution is assessed by the actuary after taking account of members' contributions and the value of the schemes' assets.

¹ These schemes provide for pension benefits

² These schemes provide for lump sum benefits

³ With a maximum of 7% of superannuation salaries, plus death and disablement premiums

⁴ With a maximum of 7.5% of superannuation salaries

34: Commitments

	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
Capital expenditure				
Contracts for outstanding capital expenditure not provided for				
Not later than 1 year	317.4	325.6	85.3	23.1
Later than 1 year but not later than 2 years	227.7	70.0	64.2	13.2
Later than 2 years but not later than 5 years	29.3	88.5	9.2	-
Later than 5 years	-	-	-	-
Total capital expenditure commitments	574.4	484.1	158.7	36.3
Lease rentals				
Future rentals in respect of leases not provided for				
Land and buildings				
Not later than 1 year	184.6	120.7	122.1	59.6
Later than 1 year but not later than 2 years	159.2	108.8	105.3	53.0
Later than 2 years but not later than 5 years	299.4	243.3	196.7	117.4
Later than 5 years	1,415.5	1,584.6	1,295.7	1,482.8
	2,058.7	2,057.4	1,719.8	1,712.8
Furniture and equipment				
Not later than 1 year	62.0	30.8	49.7	15.6
Later than 1 year but not later than 2 years	71.5	20.7	61.5	11.7
Later than 2 years but not later than 5 years	53.5	24.0	29.0	6.9
Later than 5 years	12.2	-	-	-
	199.2	75.5	140.2	34.2
Total lease rental commitments	2,257.9	2,132.9	1,860.0	1,747.0
Total commitments	2,832.3	2,617.0	2,018.7	1,783.3

The Group is currently undertaking a major review of its support functions, and it is expected that redundancy and other costs will be incurred in the year ending 30 September 1992. It is not possible to quantify these costs and no provision has been made in these financial statements.

35: Contingent liabilities and off-balance sheet exposures

In the course of providing financial services to its customers, managing its exposure to fluctuations in interest rates and foreign exchange rates and trading in various financial markets for profit, the Group uses various financial instruments and facilities. The gross value of the instruments and facilities reflects the level of the Group's activity in the various products and not its much smaller net risk exposure. Adequate provisions have been made in the profit and loss account for unrealised losses arising from instruments or facilities with risks that are not recognised on the balance sheet, and it is not envisaged that any irrecoverable liability will arise from the settlement of these transactions.

Financial instruments and facilities are subject to the following types of risk

- (i) Credit risk is the potential loss arising from the non-performance by the counterparty to an instrument or facility. Credit risk is controlled through credit approvals, limits and monitoring procedures, the level of which is set having regard to the potential exposure to loss that could arise through the purchase or issue of that instrument or facility.
- (ii) Market risk is the potential loss arising from the decline in the market value of a financial instrument and is a function of the type of product, the volume of transactions, the terms of the agreement and the volatility of the underlying instrument. It is affected by the mix of the portfolio and the extent to which positions have offsetting exposures. Trading limits and monitoring procedures are used to control overall exposure to market risk.

Contingent liabilities

The Group guarantees the performance of customers by issuing standby letters of credit and guarantees to third parties. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers, therefore these transactions are subjected to the same credit origination, portfolio maintenance and collateral requirements applied to customers applying for loans. As the facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

The credit risk of these facilities may be less than the notional amount, but as it cannot be accurately determined, the credit risk has been taken to be the contract or notional amount.

	CONSOLIDATED		HOLDING COMPANY	
	1991 EFFECTIVE CREDIT OR MARKET RISK \$M	1990 EFFECTIVE CREDIT OR MARKET RISK \$M	1991 EFFECTIVE CREDIT OR MARKET RISK \$M	1990 EFFECTIVE CREDIT OR MARKET RISK \$M
Guarantees	1,292.2	1,382.7	584.3	652.0
Standby letters of credit	671.8	824.1	612.5	727.9
Bill endorsements	53.3	76.8	33.3	32.2
Documentary letters of credit	1,254.4	1,193.4	705.6	639.9
Performance related contingents	4,812.8	4,238.0	2,754.0	2,201.7
Other	1,019.2	1,034.1	806.2	763.9
Total contingent liabilities	9,103.7	8,749.1	5,495.9	5,017.6

Other guarantees and indemnities

The Holding Company has

- (i) guaranteed depositors' balances with Australia and New Zealand Savings Bank Limited;
- (ii) guaranteed payment of certificates of deposits, bearer deposit notes and bankers' acceptances issued by ANZ Bank Canada;
- (iii) guaranteed payment on maturity of the principal and accrued interest of commercial paper notes issued by ANZ (Delaware) Inc.;
- (iv) guaranteed the debts of certain Australian wholly owned subsidiaries specified in note 31 in terms of the Corporations Law (formerly National Companies and Securities Commission (NCSC)) class orders dated 22 April 1986 and 9 August 1988 relieving wholly owned subsidiaries from compliance with certain sections of the Corporations Law relating to accounts;
- (v) a contingent tax liability in respect of amounts received for share options issued during 1987 and credited to the capital reserve should the option holder decide not to exercise the option by the due date of 5 August 1992; and
- (vi) indemnified the government of New Zealand against costs, liabilities or claims for which the government may be liable by virtue of its guarantee of the Bonus Bonds Scheme.

ANZ Banking Group (New Zealand) Ltd has

- (i) guaranteed depositors' balances with ANZ Savings Bank (New Zealand) Limited; and
- (ii) guaranteed the liabilities of Post Office Bank Limited to 30 June 1992.

35: Contingent liabilities and off-balance sheet exposures (continued)

Commitments

The credit risk of the following facilities may be less than the notional amount, but as it cannot be accurately determined, the credit risk has been taken to be the contract or notional amount.

	CONSOLIDATED		HOLDING COMPANY	
	1991 EFFECTIVE CREDIT OR MARKET RISK SM	1990 EFFECTIVE CREDIT OR MARKET RISK SM	1991 EFFECTIVE CREDIT OR MARKET RISK SM	1990 EFFECTIVE CREDIT OR MARKET RISK SM
Undrawn facilities	18,970.4	15,989.8	12,980.0	10,758.2
Underwriting facilities	716.4	1,293.9	528.3	906.1
Sale and repurchase agreements	127.6	18.6	-	-
Outright forward purchases and forward deposits	17.8	442.9	17.7	38.2
	19,832.2	17,745.2	13,526.0	11,702.5

Market related items

The Group deals in interest rate and foreign exchange futures, forward contracts, options and swaps which enable customers and the Group to transfer, modify or reduce their interest rate and foreign exchange exposures. Futures and forward contracts are commitments to deliver financial instruments to the seller on a future date at a specified price or yield. Swap contracts are commitments to settle in cash on a future date or dates, interest rate commitments or foreign currency amounts based upon a notional principal amount. Options contracts give the acquirer the right to buy or sell a financial instrument or currency amount at a specified price within a specified time period. The Group manages the exposures related to these instruments as part of its overall interest rate and foreign exchange risk management.

The credit risk has been based upon the credit equivalent amount determined in accordance with the Reserve Bank of Australia's capital adequacy guidelines.

	CONSOLIDATED				HOLDING COMPANY			
	1991 CONTRACT OR NOTIONAL AMOUNT SM	1991 EFFECTIVE CREDIT OR MARKET RISK SM	1990 CONTRACT OR NOTIONAL AMOUNT SM	1990 EFFECTIVE CREDIT OR MARKET RISK SM	1991 CONTRACT OR NOTIONAL AMOUNT SM	1991 EFFECTIVE CREDIT OR MARKET RISK SM	1990 CONTRACT OR NOTIONAL AMOUNT SM	1990 EFFECTIVE CREDIT OR MARKET RISK SM
Currency swap agreements	4,150.5	255.5	4,132.0	220.0	3,147.7	209.3	3,190.7	184.3
Currency options purchased	3,424.1	64.1	2,058.7	36.9	1,907.5	43.4	1,383.8	36.9
Currency futures contracts	389.7	-	0.2	-	389.7	-	0.2	-
Forward rate agreements	82,108.2	132.8	94,864.3	1,331.0	78,232.4	125.4	86,642.3	1,286.3
Interest rate swap agreements	50,460.8	796.5	37,766.1	969.3	37,495.1	499.4	29,491.0	761.2
Interest rate futures contracts	29,155.8	-	31,559.4	-	28,456.7	-	28,593.6	-
Interest rate options purchased	2,703.9	16.5	774.4	18.8	2,703.9	16.5	774.4	18.8
Foreign exchange transactions	96,537.1	2,770.0	118,885.2	4,293.8	81,883.0	2,372.0	101,263.8	3,120.3
Other	3.9	0.1	12.4	0.4	3.9	0.1	3.9	-
	268,934.0	4,035.5	290,052.7	6,870.2	234,219.9	3,266.1	251,343.7	5,407.8

Litigation

There are outstanding court proceedings, claims and possible claims against companies in the Group, including claims commenced in the Federal Court of Australia against the Holding Company (and John Fairfax Group Pty Ltd and Citibank Ltd) by (i) eight holders of either or both Senior Subordinated Debentures or Subordinated Debentures (known as 'Junk Bonds') issued by John Fairfax Group (USA) Inc.; and (ii) Drexel Burnham Lambert Group Inc., the aggregate amount of which cannot be readily quantified. Where considered appropriate, legal advice has been obtained and provisions have been made as deemed necessary.

36: Assets and liabilities of non-banking subsidiaries

In line with normal banking practice the consolidated balance sheet does not distinguish between current and non-current assets and liabilities. The following assets and liabilities of non-banking subsidiaries within the Group are included in the consolidated accounts.

	1991	1990		1991	1990
	\$M	\$M		\$M	\$M
Current assets			Current liabilities		
Cash	6.6	62.3	Creditors and borrowings	5,368.2	7,318.3
Receivables	4,696.9	5,447.0	Provisions	25.6	129.9
Investments	133.0	44.5	Other current liabilities	292.8	178.2
Other current assets	236.2	529.0		5,686.6	7,626.4
	5,072.7	6,082.8			
Non-current assets			Non-current liabilities		
Receivables	5,001.9	5,256.3	Creditors and borrowings	3,996.4	3,410.2
Investments	83.7	258.4	Provisions	245.2	249.3
Property, plant and equipment	269.3	231.9	Other non-current liabilities	41.2	0.5
Other non-current assets	353.9	504.5		4,282.8	3,660.0
	5,708.8	6,251.1			
Total assets	10,781.5	12,333.9	Total liabilities	9,969.4	11,286.4
			Net assets	812.1	1,047.5

37: Financing arrangements

The financing arrangements of subsidiary borrowing corporations and subsidiaries registered under the Financial Corporations Act (Australia) 1974 are detailed below

	1991		1990	
	AVAILABLE \$M	UNUSED \$M	AVAILABLE \$M	UNUSED \$M
Financing arrangements which are available to such subsidiaries (under normal financial arrangements)				
Credit standby arrangements				
Overdrafts	0.5	0.5	—	—
Commercial bills acceptance discount lines	100.0	100.0	100.0	100.0
Other financing arrangements				
Overdrafts	11.1	1.1	124.7	64.0
Total finance made available to subsidiary borrowing corporations	111.6	101.6	224.7	164.0
Financing arrangements which have been made available by such subsidiaries (contractually arranged for each client)				
Loan rollover facilities				
Commercial bill facilities	0.6	0.6	0.4	0.4
Other financial arrangements				
Loan and lease facilities	936.5	936.5	973.1	973.1
Total finance made available by subsidiary borrowing corporations	937.1	937.1	973.5	973.5

38: Related party disclosures

The directors during the year were:

M.D. Bridgland	W.J. Holcroft (resigned 30 January 1991)
W.J. Bailey	Emeritus Professor Dame Leonie Kramer
J.C. Dahlsen	Sir Laurence Muir (resigned 30 January 1991)
D.C.L. Gibbs (resigned 30 January 1991)	R.A.D. Nicolson (retired 9 August 1991)
C.B. Goode	Dr. B.W. Scott
R.K. Gosper (resigned 24 April 1991)	Sir Ronald Trotter
J.B. Gough	R.B. Vaughan
C.J. Harper	B. Weeks

During the year there have been transactions between the Holding Company and its subsidiaries and related entities. Loans and deposits are disclosed in the balance sheet. Interest received and paid at commercial rates is disclosed in notes 2 and 3. Management fees of \$611.5 million (1990: \$406.6 million) were received and \$24.2 million (1990: \$22.1 million) paid to subsidiaries for the provision of accounting and administrative assistance based on levels agreed by the respective parties. Rents of \$65.8 million (1990: \$29.0 million) were paid at commercial rates to subsidiaries for accommodation provided. A subsidiary elected to make employer superannuation contributions of \$42.7 million (1990: nil) on behalf of the Holding Company.

Loans made to Directors of the Holding company and subsidiaries are made in the ordinary course of business on normal commercial terms and conditions. Loans to Executive Directors of subsidiaries are made on the same terms and conditions applicable to other employees within the Group, in accordance with established policy.

A class order grants banking corporations relief from certain requirements of Schedule 5 of the Corporations Regulations and Approved Accounting Standard ASRB 1017 in relation to the disclosure of loans to directors. This class order limits the disclosure required to the aggregate amount of loans made or guaranteed by

- (i) the Holding Company to its directors;
- (ii) banking corporation subsidiaries to their directors; and
- (iii) non-banking corporation subsidiaries to directors of such subsidiaries and to parties related to them.

The aggregate amount of such loans outstanding at 30 September 1991 was \$12.5 million (1990: \$9.5 million).

39: Remuneration of auditors

Amounts due and receivable ¹ for	CONSOLIDATED		HOLDING COMPANY	
	1991 \$M	1990 \$M	1991 \$M	1990 \$M
Auditing accounts				
By KPMG Peat Marwick	4.5	4.4	1.3	1.3
By other Group auditors	0.8	1.1	—	—
	5.3	5.5	1.3	1.3
Other services				
By KPMG Peat Marwick	2.2	1.5	0.8	0.8
By other Group auditors	1.2	1.7	0.1	0.1
Total remuneration of auditors	8.7	8.7	2.2	2.2

An Australian Securities Commission class order issued on 28 March 1991 relieved KPMG Peat Marwick from compliance with certain sub-sections of section 324 of the Corporations Law for the period from 1 April 1991 to 1 July 1992.

The class order applies to the Holding Company and any corporations related to the Holding Company and relates to the indebtedness (due to the merger of KPMG Peat Marwick and Touche Ross & Co.) of KPMG Peat Marwick prior to 1 April 1990. It requires such indebtedness to be on normal commercial terms and conditions throughout the period of the class order. Furthermore the class order states that no partner involved in the control of the audit may be indebted to the Holding Company or a subsidiary, nor may he provide security or obtain any interest whatsoever in any property charged.

¹ The auditors did not receive any other benefits.

40: Remuneration of directors

Remuneration includes salaries, bonuses and other benefits. The number of directors of the Holding Company with total remuneration in each of the following bands was

	HOLDING COMPANY			HOLDING COMPANY	
	1991	1990		1991	1990
\$1 to \$10,000	–	1	\$90,001 to \$100,000	–	1
\$10,001 to \$20,000	3	–	\$110,001 to \$120,000	1	–
\$20,001 to \$30,000	–	1	\$260,001 to \$270,000	1	–
\$30,001 to \$40,000	2	6	\$420,001 to \$430,000	1	–
\$40,001 to \$50,000	4	4	\$500,001 to \$510,000	–	1
\$50,001 to \$60,000	1	1	\$650,001 to \$660,000	1	–
\$60,001 to \$70,000	1	–	\$690,001 to \$700,000	–	1
\$70,001 to \$80,000	1	–			
Total number of directors				16	16

	CONSOLIDATED		HOLDING COMPANY	
	1991	1990	1991	1990
	\$M	\$M	\$M	\$M
Total remuneration ¹	16.4	14.2	2.0	1.8

¹ Including the total remuneration of executive directors, excluding executive directors of subsidiaries who are executives of the Holding Company but including executive directors of the Holding Company.

41: Retirement benefits

Retirement benefits paid to directors ¹	4.0	3.9	1.6	0.5
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¹ Including superannuation contributions and amounts paid in connection with the retirement of directors and principal executive officers of the Holding Company and its subsidiaries

The directors believe that the provision of full particulars would be unreasonable

42: Remuneration of executives

Remuneration includes salaries, bonuses and other benefits, excluding superannuation contributions. The number of executives with total remuneration in each of the following bands was

	CONSOLIDATED		HOLDING COMPANY			CONSOLIDATED		HOLDING COMPANY	
	1991	1990	1991	1990		1991	1990	1991	1990
\$100,001 to \$110,000	2	3	–	–	\$230,001 to \$240,000	2	1	1	1
\$110,001 to \$120,000	9	4	1	–	\$240,001 to \$250,000	2	2	1	1
\$120,001 to \$130,000	6	4	–	–	\$250,001 to \$260,000	1	2	–	2
\$130,001 to \$140,000	8	5	1	–	\$260,001 to \$270,000	4	1	2	1
\$140,001 to \$150,000	8	7	2	–	\$270,001 to \$280,000	1	3	–	1
\$150,001 to \$160,000	6	7	1	3	\$290,001 to \$300,000	1	–	–	–
\$160,001 to \$170,000	2	5	–	1	\$300,001 to \$310,000	1	–	1	–
\$170,001 to \$180,000	7	5	4	1	\$310,001 to \$320,000	–	4	–	1
\$180,001 to \$190,000	5	2	2	2	\$420,001 to \$430,000	1	–	1	–
\$190,001 to \$200,000	3	4	2	2	\$500,001 to \$510,000	–	1	–	1
\$200,001 to \$210,000	5	2	2	2	\$650,001 to \$660,000	1	–	1	–
\$210,001 to \$220,000	3	1	1	1	\$690,001 to \$700,000	–	1	–	1
\$220,001 to \$230,000	2	4	2	3					
Total number of executives						80	68	25	24
Total remuneration (\$M)						14.6	13.2	5.6	5.9

D I R E C T O R S ' S T A T E M E N T

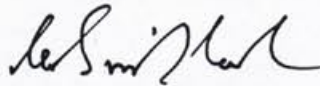
In the opinion of the directors of Australia and New Zealand Banking Group Limited the accompanying accounts of the Holding Company and the Group are properly drawn up in accordance with the provisions of the Corporations Law in the manner authorised for a prescribed corporation being a bank and on this basis

- (i) the accompanying profit and loss accounts are drawn up so as to give a true and fair view of the profit of the Holding Company and the Group for the year ended 30 September 1991;
- (ii) the accompanying balance sheets are drawn up so as to give a true and fair view of the state of affairs of the Holding Company and the Group at 30 September 1991; and

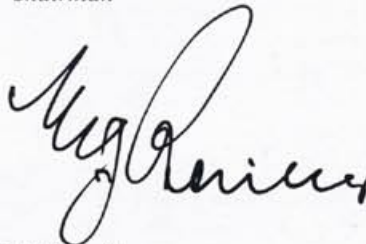
- (iii) are in accordance with Statements of Accounting Concepts and applicable Accounting Standards apart from the departures referred to in note 1 in respect of banks.

It is also the opinion of the directors that at the date of this statement there are reasonable grounds to believe that the Holding Company will be able to pay its debts as and when they fall due and be able to meet any obligations or liabilities that may arise from any guarantees or undertakings given to certain subsidiaries specified in note 31 in terms of Section 1349 of the Corporations Law.

Signed in accordance with a resolution of the directors



M.D. Bridgland
Chairman



W.J. Bailey
Deputy Chairman and Group Chief Executive

Melbourne
4 December 1991

A U D I T O R S ' R E P O R T

TO THE MEMBERS OF AUSTRALIA AND
NEW ZEALAND BANKING GROUP
LIMITED

Scope

We have audited the financial statements of Australia and New Zealand Banking Group Limited and of the Group for the year ended 30 September 1991 consisting of the balance sheets, profit and loss accounts and accompanying notes as set out on pages 38 to 75. The Holding Company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have performed an audit of these financial statements in order to express an opinion on them to the members of the Holding Company.

Our audit has been planned and performed in accordance with Australian Auditing Standards to provide a reasonable level of assurance as to whether the financial statements are free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Concepts and Standards and statutory requirements so as to present a view of the Holding Company and of the Group which is consistent with our understanding of their operations.

The names of the subsidiaries audited by overseas KPMG member firms and other auditors are set out in note 31.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of Australia and New Zealand Banking Group Limited and the consolidated financial statements are properly drawn up

- (i) so as to give a true and fair view of
 - (a) the state of affairs of the Holding Company and the Group at 30 September 1991 and of the results of the Holding Company and the Group for the year ended on that date so far as they concern members of the Holding Company; and
 - (b) the other matters required by Division 4 of Part 3.6 of the Corporations Law to be dealt with in the financial statements and in the consolidated financial statements;
- (ii) in accordance with the provisions of the Corporations Law in the manner authorised for a prescribed corporation being a banking corporation; and
- (iii) in accordance with Statements of Accounting Concepts and applicable Accounting Standards apart from the departures referred to in note 1 in respect of banking corporations with which we agree for the reasons therein stated.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants

P.M. Burroughs

P.M. Burroughs
Partner

Melbourne
4 December 1991

FINANCIAL INFORMATION

1: Capital adequacy

The Reserve Bank of Australia (RBA) adopts a risk-based capital assessment framework for Australian banks based on internationally accepted capital measurement standards. This risk-based approach requires eligible capital to be divided by total risk-weighted assets, with the resultant capital adequacy ratio being used as a measure of credit exposure.

Capital is divided into tier 1, or 'core' capital, and tier 2, or 'supplementary' capital. For capital adequacy purposes, eligible tier 2 capital cannot exceed the level of tier 1 capital. Banks are required to deduct their investments in non-consolidated subsidiaries and holdings of other banks' capital instruments from total capital. Under RBA guidelines, banks must maintain a ratio of qualifying capital to risk-weighted assets of at least 8 per cent.

Risk weightings are applied to balance sheet assets and to credit converted off-balance sheet exposures to determine total risk weighted assets. Categories of risk weights are assigned based upon the nature of the counterparty and the relative liquidity of the assets concerned.

Qualifying capital	1991	1990	1991	1990	1991	1990
	\$M	\$M	\$M	\$M	\$M	\$M
Tier 1						
Total shareholders' equity and minorities					5,018.1	4,322.7
Less: asset revaluation reserve					170.9	163.3
Tier 1 capital					4,847.2	4,159.4
Tier 2						
Asset revaluation reserve – booked					170.9	163.3
– unbooked ¹					98.2	424.6
Perpetual notes subordinated					563.8	545.4
General provision for doubtful debts					540.7	575.6
Subordinated notes ²					1,859.5	1,288.2
Tier 2 capital					3,233.1	2,997.1
Deductions					115.6	65.1
Total qualifying capital					7,964.7	7,091.4
Balance sheet assets						
			ASSETS		RISK-WEIGHTED ASSETS	
Liquid assets			1,893.3	2,603.6	695.7	894.6
Due from other banks			10,834.8	13,041.0	2,259.6	2,880.6
Trading securities			2,679.6	2,294.4	1,812.0	1,612.1
Investment securities			6,429.3	6,158.2	1,507.4	1,893.1
Regulatory deposits			1,109.9	900.4	62.3	3.1
Net loans and advances			53,773.1	52,164.0	46,379.0	45,213.0
Customers' liabilities for acceptances			15,429.8	16,518.0	15,164.7	16,288.3
Shares in associates			40.1	71.9	40.1	71.9
Other assets			3,797.2	3,874.5	2,963.3	2,712.6
Premises and equipment			2,225.2	1,673.8	2,323.4 ³	2,098.4 ³
			98,212.3	99,299.8	73,207.5	73,667.7
Off-balance sheet exposures						
		CONTRACT/ NOTIONAL AMOUNT		CREDIT EQUIVALENT AMOUNT		
Direct credit substitutes	2,833.7	3,317.7	2,833.7	3,317.7	2,441.2	2,761.4
Trade and performance related items	6,270.0	5,431.4	2,697.8	2,357.7	2,493.1	2,184.4
Commitments	19,832.2	17,745.2	1,976.5	2,474.0	1,596.9	1,775.6
Foreign exchange, interest rate and other market related transactions	268,934.0	290,052.7	4,035.5	6,870.2	966.8	1,663.6
					7,498.0	8,385.0
Total risk-weighted assets and off-balance sheet exposures					80,705.5	82,052.7
Capital adequacy ratios					%	%
Tier 1					6.0	5.1
Tier 2					4.0	3.6
Deductions					(0.1)	(0.1)
Total					9.9	8.6

¹ After deduction of potential capital gains tax of \$26.7 million (1990: nil)

² Subordinated note issues are amortised at 20% per annum of the original amount during the last five years to maturity.

³ For capital adequacy purposes it is necessary to add back the unbooked asset revaluation reserve. This has been included in the risk-weighted amount of premises and equipment.

2: Average balance sheet and related interest

Averages used in the following table are predominantly daily averages. Interest income figures are presented on a 'tax-equivalent' basis. Non-accrual loans are included under the interest earning asset category 'loans, advances and bills discounted'. Amounts classified as 'overseas' represent assets and liabilities of the Group's non-Australian banking offices and subsidiaries.

Years ended 30 September

	1991			1990			1989		
	AVERAGE BALANCE	AVERAGE INTEREST	AVERAGE RATE	AVERAGE BALANCE	AVERAGE INTEREST	AVERAGE RATE	AVERAGE BALANCE	AVERAGE INTEREST	AVERAGE RATE
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
Interest earning assets									
Due from other banks									
Australia	608.8	57.7	9.5	762.6	87.5	11.5	452.6	44.8	9.9
Overseas	12,755.7	1,286.7	10.1	10,664.2	1,238.7	11.6	8,037.2	922.3	11.5
Regulatory deposits with Reserve Bank of Australia	518.9	34.9	6.7	631.3	68.4	10.8	775.6	38.9	5.0
Investments in public securities									
Australia	4,764.1	569.0	11.9	4,819.8	679.1	14.1	5,056.1	765.0	15.1
Overseas	3,907.6	387.8	9.9	3,649.1	425.7	11.7	3,805.8	411.7	10.8
Loans, advances and bills discounted									
Australia	41,238.7	5,684.0	13.8	34,464.9	5,699.8	16.5	26,728.6	4,491.9	16.8
Overseas	17,043.1	2,100.7	12.3	15,076.5	1,866.4	12.4	14,446.2	1,806.0	12.5
Other assets	854.6	76.0	8.9	1,029.0	120.9	11.7	874.9	115.5	13.2
	81,691.5	10,196.8	12.5	71,097.4	10,186.5	14.3	60,177.0	8,596.1	14.3
Non-interest earning assets									
Acceptances									
Australia	14,568.9			14,763.1			14,450.0		
Overseas	2,167.8			1,844.7			1,509.4		
Premises and equipment	2,288.3			1,578.2			1,457.4		
Other assets	5,702.5			4,221.2			2,803.5		
Provisions for doubtful debts	(2,182.3)			(1,555.7)			(1,048.7)		
	22,545.2			20,851.5			19,171.6		
Total assets	104,236.7			91,948.9			79,348.6		
% of total overseas	37.0%			37.4%			38.7%		
Interest bearing liabilities									
Time deposits									
Australia	17,962.8	2,097.7	11.7	14,605.2	2,281.4	15.6	12,517.3	1,970.8	15.7
Overseas	12,848.6	1,347.1	10.5	10,068.2	1,119.6	11.1	8,201.9	927.5	11.3
Savings deposits									
Australia	7,668.2	602.4	7.9	6,186.5	639.0	10.3	5,074.0	518.6	10.2
Overseas	2,167.7	106.9	4.9	2,188.6	106.7	4.9	2,324.9	113.7	4.9
Other demand deposits									
Australia	3,197.0	309.2	9.7	2,359.9	306.9	13.0	900.5	81.1	9.0
Overseas	2,361.1	195.9	8.3	2,275.4	220.9	9.7	2,238.7	250.8	11.2
Due to other banks									
Australia	367.2	35.0	9.5	257.6	35.5	13.8	844.3	75.7	9.0
Overseas	9,982.2	1,033.1	10.3	8,311.5	1,050.7	12.6	6,474.9	782.3	12.1
Short term borrowings									
Australia	6,317.7	794.3	12.6	5,838.2	887.4	15.2	3,776.6	504.4	13.4
Overseas	2,334.9	199.6	8.5	1,961.4	196.4	10.0	2,192.6	252.9	11.5
Long term borrowings									
Australia	5,949.9	686.3	11.5	5,058.0	629.4	12.4	4,113.7	547.3	13.3
Overseas	1,066.1	108.0	10.1	926.2	93.3	10.1	922.6	85.8	9.3
Other liabilities	495.7	62.9	12.7	984.7	146.2	14.8	760.1	109.6	14.4
	72,719.1	7,578.4	10.4	61,021.4	7,713.4	12.6	50,342.1	6,220.5	12.4
Non-interest bearing liabilities									
Deposits									
Australia	3,242.4			3,600.8			3,482.2		
Overseas	1,464.0			1,558.8			1,603.9		
Acceptances									
Australia	14,568.9			14,763.1			14,450.0		
Overseas	2,167.8			1,844.7			1,509.4		
Other liabilities	5,451.8			5,017.2			3,780.0		
	26,894.9			26,784.6			24,825.5		
Total liabilities	99,614.0			87,806.0			75,167.6		
Shareholders' equity	4,622.7			4,142.9			4,181.0		
Total liabilities and shareholders' equity	104,236.7			91,948.9			79,348.6		
% of total overseas	37.2%			36.9%			37.1%		

3: Interest spread and net interest average yield

	1991	1990	1989
	%	%	%
Gross earnings rate¹			
Australia	13.5	16.1	16.0
Overseas	11.1	12.0	12.1
Total Group	12.5	14.3	14.3
Interest spread²			
Australia	2.6	2.3	2.4
Overseas	1.4	1.1	1.5
Total Group	2.1	1.7	1.9
Net interest average yield³			
Australia	3.8	4.0	4.6
Overseas	2.4	2.7	3.1
Total Group	3.2	3.5	3.9

¹ Average interest rate received on interest earning assets

² Average interest rate received on interest earning assets less the average interest rate paid on interest bearing liabilities

³ Net interest income as a percentage of average interest earning assets

4: Volume and rate analysis

The following table allocates changes in interest income and interest expense between changes in volume and changes in rate for the past two years. Volume and rate variances have been calculated on the movement in average balances and the change in the interest rates on average interest earning assets and average interest bearing liabilities. The variance caused by the change of both volume and rate has been allocated in proportion to the relationship of the absolute dollar amounts of each change to the total.

Years ended 30 September

	1991 OVER 1990			1990 OVER 1989		
	CHANGE DUE TO		TOTAL	CHANGE DUE TO		TOTAL
	VOLUME	RATE		VOLUME	RATE	
	\$M	\$M	\$M	\$M	\$M	\$M
Interest earning assets						
Due from other banks						
Australia	(16.0)	(13.8)	(29.8)	34.6	8.1	42.7
Overseas	223.8	(175.8)	48.0	305.0	11.4	316.4
Regulatory deposits with Reserve Bank of Australia	(10.7)	(22.8)	(33.5)	(8.4)	37.9	29.5
Investments in public securities						
Australia	(7.8)	(102.3)	(110.1)	(34.8)	(51.1)	(85.9)
Overseas	28.7	(66.6)	(37.9)	(17.4)	31.4	14.0
Loans, advances and bills discounted						
Australia	1,019.2	(1,035.0)	(15.8)	1,280.5	(72.6)	1,207.9
Overseas	242.4	(8.1)	234.3	78.2	(17.8)	60.4
Other assets	(18.4)	(26.5)	(44.9)	19.0	(13.6)	5.4
	1,461.2	(1,450.9)	10.3	1,656.7	(66.3)	1,590.4
Interest bearing liabilities						
Time deposits						
Australia	461.4	(645.1)	(183.7)	326.3	(15.7)	310.6
Overseas	294.5	(67.0)	227.5	207.8	(15.7)	192.1
Savings deposits						
Australia	134.7	(171.3)	(36.6)	114.9	5.5	120.4
Overseas	(1.0)	1.2	0.2	(6.6)	(0.4)	(7.0)
Other demand deposits						
Australia	92.7	(90.4)	2.3	177.2	48.6	225.8
Overseas	8.1	(33.1)	(25.0)	4.1	(34.0)	(29.9)
Due to other banks						
Australia	12.4	(12.9)	(0.5)	(68.5)	28.3	(40.2)
Overseas	191.1	(208.7)	(17.6)	230.7	37.7	268.4
Short term borrowings						
Australia	68.8	(161.9)	(93.1)	305.7	77.3	383.0
Overseas	34.3	(31.1)	3.2	(25.1)	(31.4)	(56.5)
Long term borrowings						
Australia	105.3	(48.4)	56.9	119.3	(37.2)	82.1
Overseas	14.2	0.5	14.7	0.3	7.2	7.5
Other liabilities	(64.4)	(18.9)	(83.3)	33.3	3.3	36.6
	1,352.1	(1,487.1)	(135.0)	1,419.4	73.5	1,492.9
Change in net interest income	109.1	36.2	145.3	237.3	(139.8)	97.5

5: Investment securities by maturities and yields

Based on remaining term to maturity at 30 September 1991

At book value	DUE IN 1 YEAR	DUE BETWEEN	DUE BETWEEN	DUE AFTER	TOTAL	MARKET VALUE
	OR LESS	1 YEAR AND	5 YEARS AND	10 YEARS		
	\$M	\$M	\$M	\$M	\$M	\$M
Australia						
Treasury notes	1,611.5	-	-	-	1,611.5	1,611.1
Commonwealth securities	707.8	1,176.6	-	-	1,884.4	1,908.2
Local and semi-government securities	123.0	46.5	2.8	-	172.3	173.7
Other securities	184.9	390.8	-	48.4	624.1	620.1
	2,627.2	1,613.9	2.8	48.4	4,292.3	4,313.1
Overseas						
New Zealand government securities	295.3	160.3	82.7	-	538.3	547.3
US treasury and government securities	24.5	-	-	-	24.5	24.2
Indian government securities	163.0	140.0	98.0	150.1	551.1	542.6
Other government securities	224.1	57.5	110.7	10.4	402.7	390.8
Other securities	230.2	252.2	121.4	16.6	620.4	647.0
	937.1	610.0	412.8	177.1	2,137.0	2,151.9
Total investment securities	3,564.3	2,223.9	415.6	225.5	6,429.3	6,465.0
Weighted average yields	%	%	%	%		
Australia						
Treasury notes	9.9	-	-	-		
Commonwealth securities	12.5	11.5	-	-		
Local and semi-government securities	9.9	12.1	13.6	-		
Other securities	8.4	7.2	-	2.9		
Overseas						
New Zealand government securities	9.3	9.7	8.9	-		
US treasury and government securities	5.6	-	-	-		
Indian government securities	8.4	8.3	9.4	11.3		
Other government securities	7.5	8.7	11.6	8.7		
Other securities	9.5	8.8	8.9	5.8		

6: Loans and advances by industry

At 30 September	1991	1990	1989	1988	1987
	\$M	\$M	\$M	\$M	\$M
Australia					
Agriculture, forestry, fishing and mining	1,899.0	2,271.3	2,181.6	1,747.6	1,584.3
Financial, investment and insurance	4,182.4	5,734.4	3,401.9	3,697.3	2,160.1
Real estate - construction	2,465.1	1,986.0	1,248.1	627.3	347.1
Real estate - mortgage	10,667.3	9,134.9	6,483.5	4,573.5	3,800.4
Personal	6,199.9	5,845.2	6,055.4	4,896.8	5,955.4
Lease finance	3,845.6	4,349.3	3,973.8	3,406.5	2,740.5
Other commercial and industrial	12,917.5	12,008.4	9,784.3	6,945.4	6,108.6
Government and official institutions	287.0	351.3	239.1	166.1	259.9
	42,463.8	41,680.8	33,367.7	26,060.5	22,956.3
Overseas					
Government and official institutions	1,046.0	921.6	670.0	714.9	1,381.4
Banks and financial institutions	1,225.4	1,526.9	1,387.2	1,545.6	546.7
Commercial and industrial	8,152.5	7,508.0	7,431.0	7,973.1	9,253.5
Other loans	5,572.1	5,042.8	4,520.4	2,352.9	1,611.3
	15,996.0	14,999.3	14,008.6	12,586.5	12,792.9
Gross loans and advances	58,459.8	56,680.1	47,376.3	38,647.0	35,749.2
Less: provisions for doubtful debts	1,993.4	1,715.0	1,287.2	948.2	929.7
income yet to mature ¹	2,693.3	2,801.1	2,440.8	1,814.3	1,768.8
	4,686.7	4,516.1	3,728.0	2,762.5	2,698.5
Net loans and advances	53,773.1	52,164.0	43,648.3	35,884.5	33,050.7

At 30 September 1991 the Group was not exposed to any significant loan concentrations other than those disclosed above

¹ Including reserved interest of \$421.9 million (1990: \$284.2 million)

7: Maturity distribution and interest rate sensitivity of loans

Based on remaining term to maturity at 30 September 1991

	DUE IN 1 YEAR OR LESS ¹ \$M	DUE BETWEEN 1 YEAR AND 5 YEARS \$M	DUE OVER 5 YEARS \$M	TOTAL \$M
Australia				
Agriculture, forestry, fishing and mining	1,300.3	257.3	341.4	1,899.0
Financial, investment and insurance	3,760.9	255.0	166.5	4,182.4
Real estate - construction	1,538.5	461.6	465.0	2,465.1
Real estate - mortgage	147.9	1,018.2	9,501.2	10,667.3
Personal	2,897.7	2,007.9	1,294.3	6,199.9
Lease finance	1,173.1	2,457.3	215.2	3,845.6
Other commercial and industrial	8,283.2	3,500.9	1,133.4	12,917.5
Government and official institutions	185.0	43.3	58.7	287.0
Overseas	8,962.2	3,053.0	3,980.8	15,996.0
Gross loans and advances	28,248.8	13,054.5	17,156.5	58,459.8
Interest rate sensitivity				
Variable interest rates	16,553.2	5,117.2	15,756.8	37,427.2
Fixed interest rates	11,695.6	7,937.3	1,399.7	21,032.6
	28,248.8	13,054.5	17,156.5	58,459.8

¹ Includes overdrafts**8: Concentrations of credit risk**

Concentrations of credit risk exist if a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Off-balance sheet transactions of the Group are substantially with other banks.

At 30 September	1991			1990
	LOANS & ADVANCES \$M	ACCEPTANCES \$M	TOTAL \$M	TOTAL \$M
Australia				
Agriculture, forestry, fishing and mining	1,899.0	912.0	2,811.0	3,410.1
Financial, investment and insurance	4,182.4	3,378.0	7,560.4	9,750.1
Real estate - construction	2,465.1	516.4	2,981.5	2,925.3
Real estate - mortgage	10,667.3	0.1	10,667.4	9,161.4
Personal	6,199.9	944.4	7,144.3	7,685.4
Lease finance	3,845.6	-	3,845.6	4,349.3
Other commercial and industrial	12,917.5	7,642.2	20,559.7	18,537.9
Government and official institutions	287.0	423.0	710.0	564.4
	42,463.8	13,816.1	56,279.9	56,383.9
Overseas				
Government and official institutions	1,046.0	4.0	1,050.0	921.6
Banks and other financial institutions	1,225.4	443.7	1,669.1	2,119.7
Commercial and industrial	8,152.5	782.4	8,934.9	8,583.4
Other	5,572.1	383.6	5,955.7	5,189.5
	15,996.0	1,613.7	17,609.7	16,814.2
Total portfolio	58,459.8	15,429.8	73,889.6	73,198.1

9: Cross border outstandings

Cross border outstandings of the Group to countries which individually represented in excess of 0.75% of Group total assets are shown below. There were no cross border outstandings to any other country exceeding 0.75% of total assets.

Cross border foreign outstandings are based on the country of domicile of the borrower or guarantor of the ultimate risk and comprise loans (including accrued interest), placements with banks, acceptances and other monetary assets denominated in currencies other than the borrower's local currency.

	GOVERNMENTS AND OTHER OFFICIAL INSTITUTIONS \$M	BANKS AND OTHER FINANCIAL INSTITUTIONS \$M	OTHER COMMERCIAL AND INDUSTRIAL \$M	TOTAL \$M	% OF GROUP ASSETS
At 30 September 1991					
United Kingdom	27.8	1,819.9	1,167.4	3,015.1	3.1
New Zealand	111.0	301.1	1,574.8	1,986.9	2.0
Japan	23.9	1,433.4	319.2	1,776.5	1.8
USA	58.7	525.6	804.4	1,388.7	1.4
Hong Kong	-	418.9	395.8	814.7	0.8
At 30 September 1990					
United Kingdom	24.9	2,128.7	948.9	3,102.5	3.1
Japan	45.8	1,659.5	393.5	2,098.8	2.1
USA	193.0	917.0	677.8	1,787.8	1.8
New Zealand	15.0	221.7	1,376.9	1,613.6	1.6
Hong Kong	-	1,100.2	485.5	1,585.7	1.6

10: Doubtful debts - industry analysis

	1991 \$M	1990 \$M	1989 \$M	1988 \$M	1987 \$M
Balance at start of year	1,715.0	1287.2	948.2	929.7	817.0
Adjustment for exchange rate fluctuations	(1.2)	(11.9)	(9.9)	(64.9)	(35.5)
Write-offs (refer (i) below)	(861.5)	(527.1)	(264.4)	(195.6)	(198.5)
Recoveries (refer (ii) below)	18.8	29.2	32.9	15.8	16.4
Charge to profit and loss account	1,053.3	793.2	528.8	264.8	332.0
Provisions acquired (disposed)	45.9	62.3	16.9	(1.6)	(1.7)
Tax benefits realised on rescheduled debt	-	58.7	-	-	-
Transfer from deferred tax	-	-	19.9	-	-
Transfer from interest suspense	-	-	14.8	-	-
Other	23.1	23.4	-	-	-
Total provisions for doubtful debts	1,993.4	1,715.0	1,287.2	948.2	929.7
(i) Total write-offs by industry					
Australia					
Agriculture, forestry, fishing and mining	(13.1)	(14.9)	(6.2)	(3.2)	(6.3)
Financial, investment and insurance	(36.2)	(1.7)	(19.2)	(3.9)	(7.1)
Real estate - construction	(105.8)	(10.8)	(15.0)	(1.3)	(2.0)
Real estate - mortgage	(0.1)	(2.8)	-	-	-
Personal	(61.9)	(6.2)	(26.1)	(36.7)	(29.6)
Lease finance	(32.9)	(10.8)	(13.4)	(10.5)	(10.7)
Other commercial and industrial	(391.2)	(135.4)	(92.3)	(92.2)	(43.9)
Government and official institutions	(3.4)	(0.3)	-	-	-
Overseas	(216.9)	(344.2)	(92.2)	(47.8)	(98.9)
Total write-offs	(861.5)	(527.1)	(264.4)	(195.6)	(198.5)
(ii) Recoveries by industry					
Australia					
Agriculture, forestry, fishing and mining	0.3	0.9	0.5	0.1	-
Financial investment and insurance	0.2	0.2	-	0.1	0.1
Real estate - construction	0.1	0.1	1.3	0.1	-
Real estate - mortgage	-	1.0	-	-	-
Personal	8.8	0.4	7.6	3.5	3.8
Lease finance	-	7.1	6.0	2.7	3.3
Other commercial and industrial	4.0	15.0	13.5	8.6	6.8
Overseas	5.4	4.5	4.0	0.7	2.4
Total recoveries	18.8	29.2	32.9	15.8	16.4
Net write-offs	(842.7)	(497.9)	(231.5)	(179.8)	(182.1)
Ratio of net write-offs to average loans and acceptances	1.12%	0.75%	0.41%	0.35%	0.44%

11: Certificates of deposit and term deposit maturities

The following table shows the maturity profile of the Group's certificates of deposit and term deposits in excess of \$A100,000 issued at 30 September 1991

	DUE IN 3 MONTHS OR LESS \$M	DUE BETWEEN 3 MONTHS AND 6 MONTHS \$M	DUE BETWEEN 6 MONTHS AND 1 YEAR \$M	DUE IN OVER 1 YEAR \$M	TOTAL \$M
Australia					
Certificates of deposit	3,808.5	782.3	99.3	1,350.6	6,040.7
Term deposits	5,621.2	813.5	247.4	403.5	7,085.6
	9,429.7	1,595.8	346.7	1,754.1	13,126.3
Overseas					
Certificates of deposit	467.5	282.3	17.2	4.4	771.4
Term deposits	5,930.4	876.2	478.9	259.4	7,544.9
	6,397.9	1,158.5	496.1	263.8	8,316.3
Total	15,827.6	2,754.3	842.8	2,017.9	21,442.6

12: Short term borrowings

The Group's short term borrowings include commercial paper, debenture stock (secured debt securities), unsecured notes and deposits, subordinated and unsubordinated debt, with a remaining term to maturity of one year or less. The Group has commercial paper programmes in the United States, where it issues paper through its subsidiary ANZ (Delaware) Inc., and in Europe and Asia, where the Group issues paper direct.

Years ended 30 September	1991 \$M	1990 \$M	1989 \$M
Balance at end of year			
Commercial paper – ANZ (Delaware) Inc.	1,210.7	1,187.8	1,357.1
Commercial paper – other	1,494.1	1,147.8	1,248.0
Debenture stock	2,967.6	3,150.1	2,180.9
Other secured borrowings	23.6	11.8	80.1
Unsecured notes and deposits	3,010.7	2,226.4	2,000.5
Weighted average interest rate at end of year			
Commercial paper – ANZ (Delaware) Inc.	5.98%	8.02%	8.70%
Commercial paper – other	7.57%	12.74%	9.88%
Debenture stock	13.07%	14.99%	13.34%
Other secured borrowings	9.48%	13.19%	13.57%
Unsecured notes and deposits	10.55%	12.98%	13.74%
Maximum amount outstanding at any month end during year			
Commercial paper – ANZ (Delaware) Inc.	1,910.7	1,762.5	1,357.1
Commercial paper – other	1,950.9	1,691.9	1,391.3
Debenture stock	3,560.2	3,265.3	2,181.8
Other secured borrowings	101.5	39.0	132.8
Unsecured notes and deposits	4,482.5	3,523.7	2,182.7
Average amount outstanding during year			
Commercial paper – ANZ (Delaware) Inc.	1,452.4	1,187.0	1,178.8
Commercial paper – other	1,373.3	1,118.5	1,334.4
Debenture stock	3,165.3	2,880.8	1,631.3
Other secured borrowings	39.6	20.5	95.3
Unsecured notes and deposits	2,622.0	2,592.8	1,729.4
Weighted average interest rate during year			
Commercial paper – ANZ (Delaware) Inc.	7.08%	8.33%	8.58%
Commercial paper – other	9.87%	14.48%	10.97%
Debenture stock	14.38%	15.54%	14.36%
Other secured borrowings	9.41%	12.53%	12.30%
Unsecured notes and deposits	11.46%	14.33%	14.38%

S H A R E H O L D E R I N F O R M A T I O N

1: Major shareholders

(i) Ordinary shares

At 8 November 1991 the twenty largest holders of ordinary shares held 491,596,635 ordinary shares, equal to 48.0 per cent of the total issued capital

	NUMBER OF SHARES	%
National Nominees Ltd	108,540,757	10.6%
Westpac Custodian Nominees Ltd	80,015,941	7.8%
Australian Mutual Provident Society	56,163,533	5.5%
ANZ Nominees Ltd	45,267,190	4.4%
Pendal Nominees Pty Ltd	28,198,061	2.8%
Chase AMP Nominees Ltd	28,120,629	2.7%
State Authorities Superannuation Board	25,818,762	2.5%
Queensland Investment Corporation	19,408,663	1.9%
Citicorp Nominees Pty Ltd	13,313,395	1.3%
Bank of New South Wales Nominees Pty Ltd	13,277,284	1.3%
The National Mutual Life Association of Australasia Ltd	10,424,465	1.0%
CTB Nominees Ltd	9,470,381	0.9%
Government Insurance Office of New South Wales	8,592,598	0.8%
Commonwealth Funds Management Ltd	7,783,819	0.8%
Pearl Assurance Public Limited Company	7,465,987	0.7%
MLC Life Ltd	7,050,743	0.7%
NRMA Investments (Pty) Ltd	6,281,309	0.6%
The Mercantile Mutual Life Insurance Company Ltd	5,953,285	0.6%
The Colonial Mutual Life Assurance Society Ltd	5,541,630	0.6%
WIS (A) L (HK) Nominees Pty Ltd	4,908,203	0.5%
	491,596,635	48.0%

(ii) Preference shares

At 8 November 1991 the twenty largest preference shareholders held 3,614,967 shares equal to 60.2 per cent of the total preference shares issued

The National Mutual Life Association of Australasia Ltd	1,179,650	19.7%
Pendal Nominees Pty Ltd	713,300	11.9%
The Mercantile Mutual Life Insurance Company Ltd	200,000	3.3%
Permanent Trustee Company Ltd	200,000	3.3%
National Nominees Ltd	182,907	3.0%
ANZ Nominees Ltd	165,965	2.7%
BT Custodians Ltd	150,000	2.5%
Perpetual Trustee Company Ltd	150,000	2.5%
Norwich Union Life Australia Ltd	100,000	1.7%
Suncorp Insurance & Finance	71,000	1.2%
FAI General Insurance Company	70,000	1.2%
Eagle Star Trustees Ltd	59,730	1.0%
Fleet Nominees Pty Ltd	59,320	1.0%
Chase AMP Nominees Ltd	53,284	0.9%
NRMA Investments (Pty) Ltd	50,000	0.8%
Equity Life Ltd	46,911	0.8%
Perpetual Trustees (Canberra) Ltd	45,000	0.7%
The Australian National University	40,000	0.7%
J.P. Morgan Nominees Pty Ltd	39,300	0.7%
Swann Insurance (Australia) Pty Ltd	38,600	0.6%
	3,614,967	60.2%

2: Substantial ordinary shareholders

At 8 November 1991, the following entries were contained in the register of substantial shareholdings

	NUMBER OF SHARES
Westpac Banking Corporation	74,347,327
Australian Mutual Provident Society	60,047,407
National Australia Bank Ltd	51,294,884

3: Average size of shareholdings**(i) Ordinary shares**

At 8 November 1991 the average size of ordinary shareholdings was 10,112 (1990: 10,535) shares.

(ii) Preference shares

At 8 November 1991 the average size of preference shareholdings was 712 (1990: nil) shares.

4: Distribution of shareholdings**(i) Ordinary shares**

At 8 November 1991

Range	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES 000'S	% OF SHARES
1 to 1,000 shares	37,056	36.6%	19,594	1.9%
1,001 to 5,000 shares	46,932	46.4%	114,144	11.2%
5,001 to 10,000 shares	10,189	10.1%	72,558	7.1%
Over 10,000 shares	7,011	6.9%	816,968	79.8%
	101,188	100.0%	1,023,264	100.0%

(ii) Preference shares

At 8 November 1991

Range	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES 000'S	% OF SHARES
1 to 1,000 shares	8,157	96.8%	1,228	20.5%
1,001 to 5,000 shares	191	2.3%	452	7.5%
5,001 to 10,000 shares	32	0.4%	253	4.2%
Over 10,000 shares	47	0.5%	4,067	67.8%
	8,427	100.0%	6,000	100.0%

5: Categories of ordinary shareholders

At 8 November 1991

	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES 000'S	% OF SHARES
Holder (non corporate)	91,012	90.0%	288,749	28.2%
Banks, insurance and pension companies	190	0.2%	71,785	7.0%
Trustee companies	539	0.5%	26,890	2.6%
Nominee companies	1,555	1.5%	322,935	31.6%
Other companies	7,892	7.8%	312,905	30.6%
	101,188	100.0%	1,023,264	100.0%

6: Voting rights of shareholders

(i) Ordinary shares

The articles provide for

- (i) on show of hands 1 vote
- (ii) on a poll 1 vote for each fully-paid ordinary share held and
- (iii) 1 vote for every 10, 10 cent paid shares issued pursuant to the company's senior officers' share purchase scheme and the directors' share and option purchase scheme.

(ii) Preference shares

Preference shareholders may vote only upon

- (i) a proposal to reduce the share capital of the Holding Company
 - (ii) a proposal to wind up the Holding Company
 - (iii) a proposal for the sale of the undertaking of the Holding Company
 - (iv) a proposal which directly affects the rights, powers and privileges attaching to the preference shares, and during a period when a dividend payable on the preference shares is more than six months in arrears.
-

7: Holders of non-marketable parcels

(i) Ordinary shares

At 8 November 1991, shareholdings of less than a marketable parcel (1 to 99 shares) were 3,205 (1990: 3,529), which is 3.2% of the total holdings of ordinary shares.

(ii) Preference Shares

At 8 November 1991, preference shareholdings of less than a marketable parcel (1 to 49 preference shares) were 162 (1990: nil), which is 1.9% of the total number of preference shareholdings.

8: Employee shareholder information

At 8 November 1991, participants in the employee and senior officers' share purchase schemes held 3.0% (1990: 2.8%) of the issued share capital.

9: Directors' shareholding interests

At 4 December 1991

	BENEFICIALLY HELD SHARES		NON-BENEFICIALLY HELD SHARES	
	FULLY PAID ¹	PARTLY PAID ²	OPTIONS ³	FULLY PAID ¹
	M.D. Bridgland	140,212	—	—
W.J. Bailey	248,818	—	—	—
J.C. Dahlsen	19,500	50,000	50,000	10,000
C.B. Goode	38,303	—	—	—
J.B. Gough	104,863	50,000	—	—
C.J. Harper	20,679	40,000	50,000	—
Emeritus Professor Dame Leonie Kramer	16,590	35,000	50,000	—
Dr. B.W. Scott	12,406	50,000	50,000	—
Sir Ronald Trotter	2,000	50,000	50,000	—
R.B. Vaughan	8,043	50,000	50,000	—
B. Weeks	117,526	—	—	—
	728,940	325,000	300,000	10,000

¹ Ordinary shares of \$1.00 each.

² Ordinary shares of \$1.00 each paid as to 10 cents only issued pursuant to the directors' share and option purchase scheme.

³ Options are all beneficially held and issued pursuant to the directors' share and option purchase scheme to take up shares in the company during the period of 5 years after issue at market prices fixed as at the time of issue less 1 cent which amount of 1 cent was paid on issue of the option.

NOTES

SHAREHOLDER MEETINGS

The Annual General Meeting will be held at the Savoy Ballroom, Hyatt on Collins, Collins Street, Melbourne on Wednesday 29 January 1992.

Further details of the Meeting are contained in the separate Notice of Meeting enclosed with this Report. In addition to the AGM, informal Shareholder Information Meetings will be held in Wellington on 3 February 1992, in London on 12 February 1992 and in Sydney following the release of the half-yearly results in May 1992. Further details of these meetings will be advised separately.

CHAIRMAN'S ADDRESS

A summary of the Chairman's address to the AGM will be published in the Australian Financial Review and The Australian on 30 January 1992. Copies of the address will be available from:

- Group Public Affairs, 19th Floor, 55 Collins Street, Melbourne
- Group Publicity Department, Minerva House, Montague Close, London
- Branch Banking Services, 215-229 Lambton Quay, Wellington

LISTINGS

The Group's shares are listed on the Australian Stock Exchange, the International Stock Exchange in London and the New Zealand Stock Exchange.

Additionally, the Bank of New York sponsors an ADR programme in the United States of America.

DIVIDENDS

Several dividend options are available to Shareholders. These options are detailed in a new edition of "Shareholder Alternatives", copies of which are available from the Share Registrars at the addresses shown.

REGISTERED OFFICE

13th Floor, 55 Collins Street, Melbourne, Victoria 3000, Australia

Group Secretary:
RT Jones

Group General Manager Finance:
DJ Butler

General Manager - Investor Relations:
GJ Camm

Solicitors: Blake Dawson Waldron
Auditors: KPMG Peat Marwick

SHARE REGISTRARS

Coopers & Lybrand
7th Floor, 150 Queen Street, Melbourne
Phone: (03) 602 5688
Toll Free: 008 331 721

Branch Registers

New South Wales:
Coopers & Lybrand,
Coopers and Lybrand Tower,
580 George Street, Sydney

Queensland:
Coopers & Lybrand, Waterfront Place,
1 Eagle Street, Brisbane

South Australia:
Coopers & Lybrand House,
41 Currie Street, Adelaide

Western Australia:
Coopers & Lybrand, Capita Centre,
197 St George's Terrace, Perth

Tasmania:
Coopers & Lybrand
10 Cameron Street, Launceston

ACT:
Coopers & Lybrand
24 Marcus Clarke Street,
Canberra City

New Zealand
ANZ Banking Group (New Zealand) Limited,
8th Floor,
215-229 Lambton Quay, Wellington

United Kingdom
Barclays Registrars Limited,
Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU

FINANCIAL CALENDAR 1992

Books close for Final Dividend	3 January
Annual General Meeting	29 January
Final Dividend Payment	29 January
Wellington Shareholder Information Meeting	3 February
London Shareholder Information Meeting	12 February
Interim results announced	27 May
Sydney Shareholder Information Meeting (exact date to be advised)	May
Final results announced	25 November

RATINGS (November 1991)

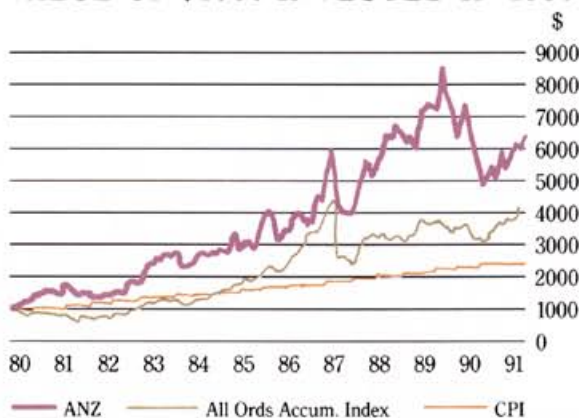
Short Term Debt

Australian Ratings/Standard & Poor's Corporation	A1
Moody's Investor Services	Prime-1

Long Term Debt

Australian Ratings/Standard & Poor's Corporation	A+
Moody's Investor Services	A2

VALUE OF \$1000 INVESTED IN 1980



This Report is printed on environmentally friendly and 100% Australian recycled paper.

The Coats of Arms featured in this Report are from ceiling panel decorations in ANZ's "Gothic Bank", 388 Collins Street, Melbourne (now under restoration).



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2. d. Amsterdam
No. 1. s. Paul

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