

AUSTRALIA AND NEW ZEALAND  
BANKING GROUP  
LIMITED

REPORT TO SHAREHOLDERS  
1993

485

STERLING

ONE POUND

FOR

THE BANK





*In July, ANZ was awarded  
'Bank of the Year' for 1993  
by Personal Investment magazine.*

*'Bank of the Year' means  
best overall in products, services, interest  
rates, fees and accessibility.*

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Australia and New Zealand Banking Group Limited

A.C.N. 005 357 522

*The cover depicts detail from a £1 note issued in 1892 by one of ANZ's forebear banks, the Bank of Adelaide, and printed by Bradbury, Wilkinson & Co. London.*

*The front section of this Report is printed on environmentally-friendly paper (totally chlorine free - oxygen bleached plantation pulp) and the financial section on 100% Australian recycled paper.*

*Unless otherwise stated, all amounts are expressed in Australian dollars.*



*Mr Don Menez, (left)  
Chief Executive Officer, and  
Mr John Gough, Chairman.*

ANZ Group recorded an operating profit after tax and before abnormal items of \$459.7 million for the financial year ended 30 September 1993. This compares with the loss of \$578.1 million for the year ended 30 September 1992.

Abnormal items totalled \$213.2 million (loss after tax), which included a full year reduction in the net future income tax benefit of \$101.8 million reflecting the impact of the change in the corporate tax rate, making the profit after tax and abnormals \$246.5 million.

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### *The Group achieved a pleasing turnaround after the difficulties of recent years.*

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Earnings per share for the full year after preference dividend were 30.8 cents before abnormal items and 13.5 cents after abnormal items. Directors have decided to declare a final dividend of 10 cents (unfranked), making the total dividend for the year 20 cents per ordinary share (unfranked).

This result is a pleasing turnaround after the difficulties of recent years. It represents a significant step in the Group's return to acceptable profitability. It has been achieved despite the slow pace of economic recovery in Australia and the intensely competitive banking environment in Australia and New Zealand.

During the year, the management and staff of the Group have focused on the five objectives set at the end of last year and outlined in the Report to Shareholders in the 1992 Annual Report.

We now report back on the year's performance relative to these objectives.



**OBJECTIVE 1: PROFIT RECOVERY**

The Group achieved a good profit recovery in the 1993 year with a profit after tax and before abnormal items of \$459.7 million. While a substantially lower charge to profit for bad and doubtful debts was the major factor, stronger net interest income and lower costs also contributed to the profit improvement.

The 1993 profit (pre-abnormals) represents a return on average shareholders' equity of 9.4% which, while still below acceptable levels, needs to be viewed in the context of the asset quality problems which have been faced by the Group and the low growth, low inflation environment.

**OBJECTIVE 2: GROWTH STRATEGY**

We continue to implement strategies for a substantial profit improvement in future years. Key investment programmes have been maintained. These include: the development of new computer systems to carry us well into the next century; the expansion of banking operations into key markets for Australian and New Zealand businesses in the dynamic Asian region; and the upgrading of the retail networks in Australia and New Zealand.

The costs associated with these programmes continue to be reflected in our expenses. Tangible benefits have begun to emerge and will become progressively more significant.

**OBJECTIVE 3:  
LOWER NON-ACCRUAL LOANS**

We have reduced the size of the net non-accrual loan portfolio from \$3.07 billion to \$2.18 billion, which represents 42.6% of shareholders' equity (compared with 66.9% a year ago). Asset sales by the Asset Management Group have exceeded budget and yielded \$1 billion. The asset sale

programme is based on achieving value rather than a quick sale.

While segments of the property market (notably CBD office buildings) remain soft, the bulk of ANZ's portfolio is outside CBD areas and is at the smaller end of the market where there is significant liquidity and reasonable price stability.

The realisation of non-income producing assets has released funds for productive lending and the replacement of maturing wholesale deposits. This has contributed to the improvement in the Group's income.

**OBJECTIVE 4:  
IMPROVED PRODUCTIVITY**

Productivity was further improved across the Group. Total costs (excluding Dalgety Farmers) were reduced by \$176.9 million (5.5%) over the year despite the weaker AUD which inflated overseas costs. Cost reduction is, of course, a continuing challenge, and we shall be maintaining our drive to reduce costs while further improving our standards of customer service.

In Australia and New Zealand, cost reductions have been achieved by removing "back office" functions from the branches to centralised sites and establishing specialist lending centres. Tighter spending controls and improved purchasing systems are now in place.

Following the restructuring of recent years and the completion of the new headquarters building, a thorough review of the Group's premises requirements has been completed. An abnormal item of \$45.1 million (loss after tax) has been taken in 1993 reflecting the future cost of surplus leased office space in Australia. Premises space (freehold and leased) additional to requirements will continue to be disposed of as opportunities arise.



### OBJECTIVE 5: ENHANCED CUSTOMER SERVICE

We continue to focus on improving customer service.

The upgrading of the branch network has improved the environment for customers and staff and the quality of customer service. We were pleased to win the Personal Investment magazine's prestigious award of Australia's 'Bank of the Year' for 1993.

The Board and Management believe that ANZ is firmly on the right track. Efforts to restore shareholder value will continue. As the economic recovery strengthens, ANZ will focus primarily on business development.

### INDIAN MATTERS

As indicated last year, ANZ Grindlays in India has received a claim from the National Housing Bank (NHB) for Indian Rupees 5.06 billion (approximately AUD 250 million). Under an agreement made in November 1992 for arbitration, the disputed amount has been paid to NHB but will be returned with interest to the extent that ANZ successfully defends the claim.

The formal arbitration process has begun. Current indications are that the arbitration is unlikely to be completed before the middle of 1994.

Arbitration arrangements provide that the matter is treated as sub-judice and therefore comment by the parties is limited.

In addition, there are some foreign exchange transactions in India in relation to inadvertent breaches of India's Foreign Exchange Regulation Act which also involve ANZ Grindlays directly or indirectly. These matters were discovered by our staff and reported to the relevant authorities for investigation. After reviewing these issues in detail, Directors do not consider it necessary to make any provision for loss in respect of these matters.

### ABNORMAL ITEMS

At the half-year results we announced that we had recognised the foreshadowed change in Australian corporate tax rates by writing down the value of net deferred tax assets carried on the balance sheet by \$99.3 million. The legislation for this change has now been passed. Movements in the net deferred tax assets have given rise to an adjustment of \$2.5 million in the second half, making the total impact for the year, \$101.8 million.

Other abnormal items (after tax) were incurred as a result of the disposal of non-core and surplus assets, and the revaluation of premises. These included:

- \$23.8 million loss relating to the sale of the pastoral and shipping businesses of Dalgety Farmers Limited;
- \$8.4 million loss relating to the sale of the office tower situated at 530 Collins St, Melbourne;
- \$45.1 million loss being the future cost of surplus leased office space identified in a thorough review of the Group's Australian premises requirements following the restructuring of recent years and the completion of the new headquarters building;
- \$29.8 million loss reflecting the reduced valuations of our own premises as a result of the further deterioration in CBD property values, particularly in Sydney; and
- \$15.6 million profit from the sale of the African network.

### DIVIDENDS

Directors have decided to declare a final unfranked dividend of 10 cents per ordinary share. This will bring the total dividend for the year to 20 cents, unchanged from 1992. The payout ratio (after preference dividends and before abnormals) was 71.5%. The 1992 rights issue shares, fully paid in March 1993,



now trade as ordinary shares and carry a full dividend.

We have indicated previously that, as a result of the substantial bad debts in Australia over recent years, the Group is unlikely to have franking capacity for about three years.

In July 1993, approximately 29,300 (25.5%) ANZ shareholders participated in the Dividend Reinvestment Plan (DRP) and approximately 9,980 (8.6%) participated in the Bonus Option Plan (BOP) offered by the Group. Approximately 49.5% of issued shares are involved in either the DRP or the BOP schemes.

### CAPITAL

The shares issued in the 1-for-5 renounceable rights issue announced at the 1992 Annual General Meeting became fully-paid with the second instalment payment in March 1993. The rights issue raised \$779 million.

This, along with dividend reinvestment and staff participation in the staff share schemes significantly strengthened the Group's capital base.

Our Tier 1 capital to risk-weighted assets ratio was 5.9% (1992: 4.8%) at year end.

The successful Tier 2 subordinated debt issue in the United States raised USD 259 million. However, the positive effect on the capital ratio was offset by a change to the Reserve Bank of Australia Tier 2 rules to exclude the General Provision held for Rescheduled Country Debt. For ANZ this totalled \$350.5 million. The stronger capital levels and a modest decline in risk-weighted assets brought the total capital ratio at year end to 10.8%, up from 9.0% in 1992.

In the current environment, we believe our capital position is more than adequate, and the ability to increase retained earnings will meet the capital requirements of future growth opportunities. The Board and Management remain committed to working within the existing base of shareholders' funds.

### STAFF

The Group's focus on asset quality problems has required the introduction of new procedures and created additional workloads for staff. We are particularly pleased with the way staff have responded to these challenges.

There has been a number of senior executive changes, following the executive level changes last year. Mr Rupe Thomas and Mr Bevyn Ranford retired, each after 40 or more years with the Group - we thank them for their dedicated and distinguished service.

Mr Achut Bommakanti (formerly Group General Manager Credit) has replaced Mr Ranford as Managing Director ANZ Grindlays, located in London. Mr Steve Jones formally joined the Group as Senior General Manager Retail, after having been a consultant to the Group for several years. Mr John McConnell has been appointed Senior General Manager Australian Banking, a new position designed to foster relationships with business customers.

Mr Roy Marsden has replaced Mr McConnell as Senior General Manager Institutional and Business Banking, while Mr Ross Johnston, a personnel professional from The Shell Group, joined ANZ as Group General Manager Personnel.

Mr Peter McMahon, who headed the Group's asset management programme, has been appointed to the expanded role of Group General Manager Credit, now incorporating responsibility for the Asset Management Group.

A number of consequential management changes flowed from these movements. A list of key management personnel is on page 28 of this Report.

Changes made during the year as part of the restructuring programmes have led to further reduction of staff numbers. During the year, Management and the Finance



Sector Union negotiated an Enterprise Agreement for the Group's Australian-based staff. The proposed Agreement provides both benefits to employees and flexibility for the Group to capitalise on the other initiatives in the restructuring programmes.

In February, 2,470 staff and senior officers participated in the employee share purchase schemes, taking up approximately 4.75 million shares. At year-end approximately 14,500 staff and senior officers held almost 29.7 million shares, representing about 2.3% of the Group's issued capital.

### DIRECTORS

During the year the only change to the Board of Directors of the Group was the retirement of Mr Brian Weeks. Mr Weeks, an Executive Director since August 1991, retired from the Group and Board in January, after 38 years of dedicated and distinguished service in a number of roles.

This year Directors participated in 107 board and committee meetings and were involved in regular visits to Australian and international operations (fuller details are provided on pages 24-25 and the Directors' Report on page 31).

### OUTLOOK

While the Group has achieved a good profit recovery in 1993, we recognise that this is only a step along the road to acceptable profitability. Addressing asset quality issues and restoring profitability have been the Bank's major tasks during the past 18 months. This has affected market share in some areas, but the results for the year show that this phase is now passing.

Most businesses in Australia are now in better shape, and stronger private sector activity is likely to advance economic recovery over the next year. The demand for investment finance, however, is expected to continue to be affected by flat domestic demand and surplus productive capacity. The

housing cycle which contributed most of the asset growth last year, appears to have reached a plateau.

The New Zealand economy has shown positive growth driven by the export sector. Nonetheless, the banking market is fiercely competitive and management is paying close attention to the costs of delivering banking services.

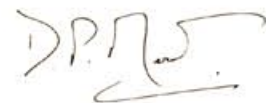
Given recovery in our home market economies, there is expected to be a reduction in the rate at which new problem loans emerge. However, the intense competition between banks which prevailed late in 1993 in our home markets of Australia and New Zealand will continue to apply further pressure on margins.

We remain committed to the five over-riding priorities we set ourselves for 1993, with the supplementary objective of business development. We will further improve credit management. We will develop targeted marketing programmes to support the business growth strategies for the Group, with the emphasis on leveraging off our existing customer base. We will seek to fully utilise the potential of the branch network as a source of stable deposits for the Group. Success in achieving these objectives is in the execution and staff attention to detail is vital.

With the improvement in asset quality and the restructuring programmes approaching completion, the Group is now in a position to concentrate on business development and achieve further profit improvement in 1994.



John B Gough  
Chairman



D P Mercer  
Chief Executive Officer



Millions	1993 AUD	1993 USD <sup>1</sup>	1993 GBP <sup>1</sup>	1993 NZD <sup>1</sup>	1992 AUD
<b>Profit and loss</b>					
Net income	4,574.6	3,134.9	2,050.3	5,855.5	4,546.5
Operating expenses <sup>2</sup>	3,267.4	2,239.1	1,464.4	4,182.3	3,327.7
Profit before tax and doubtful debts	1,307.2	895.8	585.9	1,673.2	1,218.8
Provision for doubtful debts - specific	641.8	439.8	287.7	821.5	1,600.1
- general	5.0	3.4	2.2	6.4	337.3
Profit(loss) before tax before abnormal items	660.4	452.6	296.0	845.3	(718.6)
Less: income tax expense(benefit)	193.2	132.4	86.6	247.3	(145.5)
Outside equity interests	(7.5)	(5.1)	(3.4)	(9.6)	(5.0)
Profit(loss) after tax before abnormal items	459.7	315.1	206.0	588.4	(578.1)
Abnormal items	(213.2)	(146.1)	(95.5)	(272.9)	(0.9)
<b>Profit(loss) after tax after abnormal items</b>	<b>246.5</b>	<b>169.0</b>	<b>110.5</b>	<b>315.5</b>	<b>(579.0)</b>
<b>Profit(loss) after tax by geographic segment</b>					
Australia	204.9	140.4	91.8	262.3	(800.3)
New Zealand	95.9	65.7	43.0	122.7	77.8
UK & Europe <sup>3</sup>	55.7	38.2	25.0	71.3	45.0
Americas	27.8	19.1	12.4	35.6	(15.9)
Asia Pacific	47.7	32.7	21.4	61.1	30.9
South Asia <sup>4</sup>	(4.0)	(2.7)	(1.8)	(5.1)	48.8
Middle East <sup>5</sup>	31.7	21.7	14.2	40.5	35.6
<b>Profit(loss) after tax</b>	<b>459.7</b>	<b>315.1</b>	<b>206.0</b>	<b>588.4</b>	<b>(578.1)</b>
Net abnormal loss	(213.2)	(146.1)	(95.5)	(272.9)	(0.9)
	246.5	169.0	110.5	315.5	(579.0)
<b>Balance Sheet</b>					
Assets	99,932.6	64,506.5	42,721.2	117,280.9	101,137.7
Liabilities	94,799.7	61,193.2	40,526.9	111,256.9	96,546.6
Shareholders' equity <sup>6</sup>	5,132.9	3,313.3	2,194.3	6,024.0	4,591.1
<b>Key ratios<sup>7</sup></b>					
Return on average shareholders' equity	9.4%	9.4%	9.4%	9.4%	-11.4%
Return on average assets	0.4%	0.4%	0.4%	0.4%	-0.6%
Return on average risk-weighted assets	0.6%	0.6%	0.6%	0.6%	-0.7%
Return on gross income	5.1%	5.1%	5.1%	5.1%	-5.7%
Earnings per share - basic	30.8¢	21.1¢	13.8p	39.4¢	-60.1¢
- fully diluted <sup>8</sup>	32.2¢	22.1¢	14.4p	41.2¢	-41.3¢
Dividends per share - declared rate	20.0¢	13.7¢	9.0p	25.6¢	20.0¢
Net tangible assets per share - basic	\$3.43	\$2.21	£1.47	\$4.03	\$3.40
- diluted	\$3.45	\$2.23	£1.48	\$4.05	\$3.27
Capital adequacy ratio - tier 1	5.9%	5.9%	5.9%	5.9%	4.8%
- tier 1 and 2	10.8%	10.8%	10.8%	10.8%	9.0%

<sup>1</sup> USD, GBP and NZD amounts - profit and loss converted at average rates at 30 September 1993 and balance sheet items at closing rates at 30 September 1993

<sup>2</sup> Includes restructuring costs

<sup>3</sup> Includes Africa's operations for 1993, disposed of in November 1992

<sup>4</sup> Includes Bangladesh, India and Nepal

<sup>5</sup> Includes Bahrain, Greece, Jordan, Oman, Pakistan, Qatar and United Arab Emirates

<sup>6</sup> Includes outside equity interests

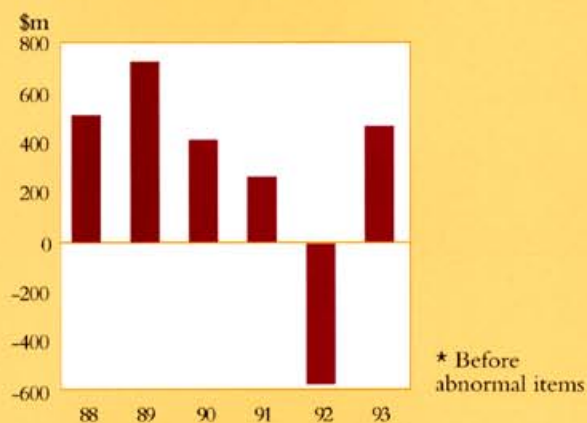
<sup>7</sup> Before abnormal items

<sup>8</sup> Diluted earnings per share includes the effect of the conversion of non-redeemable non-cumulative converting preference shares to ordinary shares and the final instalment of the rights issue

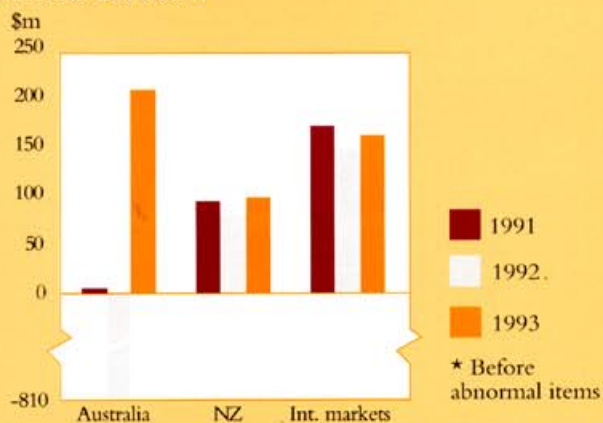


All figures in Australian dollars unless otherwise indicated.

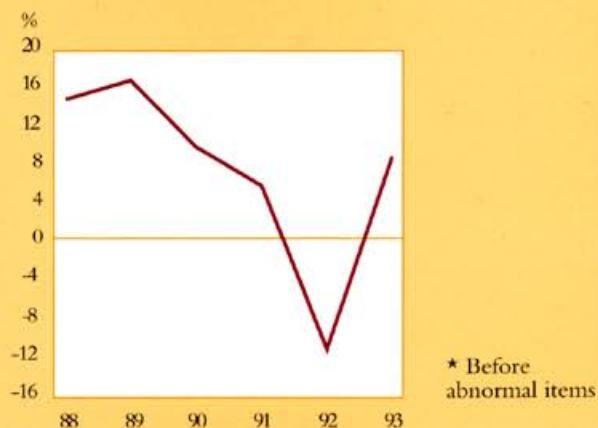
### GROUP PROFIT AFTER TAX\*



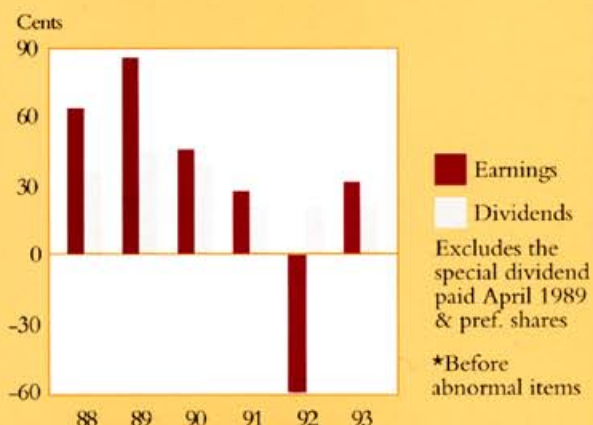
### GROUP PROFIT AFTER TAX\* BY GEOGRAPHIC REGION



### RETURN\* ON SHAREHOLDERS' EQUITY



### EARNINGS\* AND DIVIDENDS PER SHARE



ANZ returned to profitability in 1993, recording an after tax profit, before abnormal items, of \$459.7 million compared with the loss of \$578.1 million for the previous year. The profit after tax and abnormal items was \$246.5 million (\$579.0 million loss in 1992).

The result represents a significant step towards restoring acceptable profitability.

On a geographic basis, Australia returned to profitability in 1993 recording \$204.9 million in after tax profit, before abnormal items, compared with a loss of \$800.3 million in 1992.

Both New Zealand and International markets continued to produce sound profits.

The return on shareholders' equity reflected the turnaround to profit, although it is still below what is considered satisfactory.

The return, before abnormal items, on average shareholders' equity was 9.4%, compared with -11.4% in 1992. After abnormal items, the return was 5.0% (-11.4% in 1992).

Earnings per share, before abnormal items, improved to 30.8¢ in 1993 compared with -60.1¢ in 1992. After abnormal items, earnings per share were 13.5¢ (-60.2¢ in 1992). Dividends were maintained at 20¢ per ordinary share and were unfranked. Due to the substantial level of tax losses carried forward in our balance sheet from previous years (reducing the tax payable in Australia), dividends are likely to remain unfranked for about three years.



A significantly lower specific bad and doubtful debts expense (excluding Dalgety Farmers) in Australia contributed to the improved result. The reduction in provisioning in Institutional and Business Banking and Esanda enabled a return to profitability for these units.

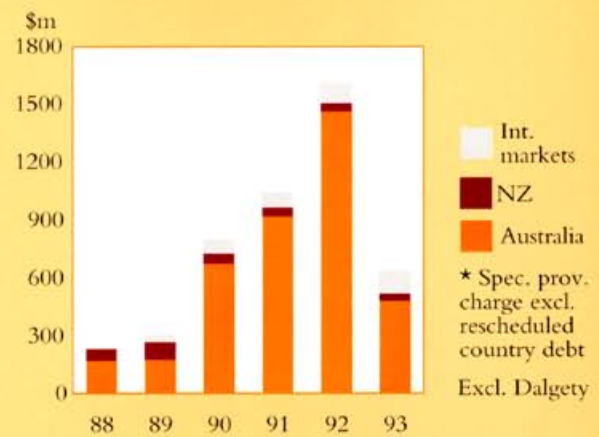
Non-accrual loans, net of specific provisions, fell 28.9% over the year to \$2,184.5 million. The specific provision coverage on these loans was stable at 43.8%.

The Asset Management Group, established in 1992 to accelerate the reduction in non-accrual loans in Australia, was successful in selling in excess of \$1 billion in assets, and we can expect further reductions in the coming year.

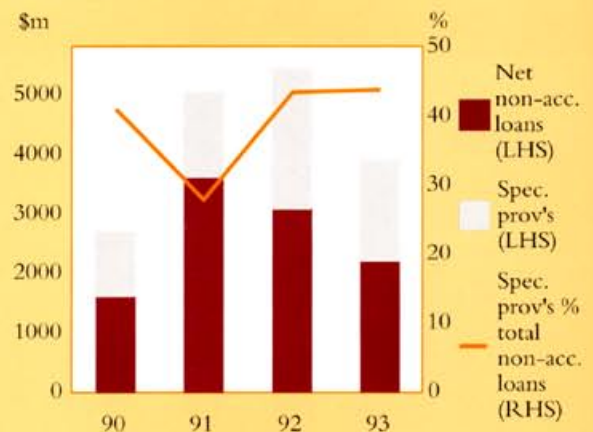
The majority of net non-accrual loans remained concentrated in Australia.

Net non-accrual loans as a proportion of shareholders' equity again fell during 1993. They represented 42.6% at year-end compared with 66.9% for the previous year.

**BAD AND DOUBTFUL DEBTS EXPENSE\***



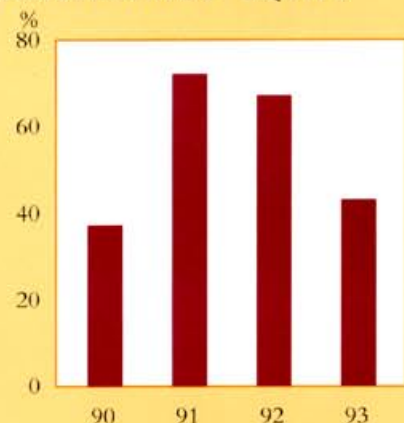
**NON-ACCURAL LOANS**



**NET NON-ACCURAL LOANS\* AFTER SPECIFIC PROVISIONS**

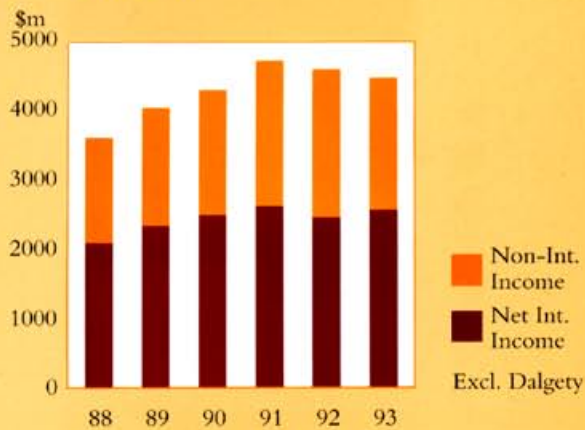


**NET NON-ACCURAL LOANS - 1993  
% OF SHAREHOLDERS' EQUITY**

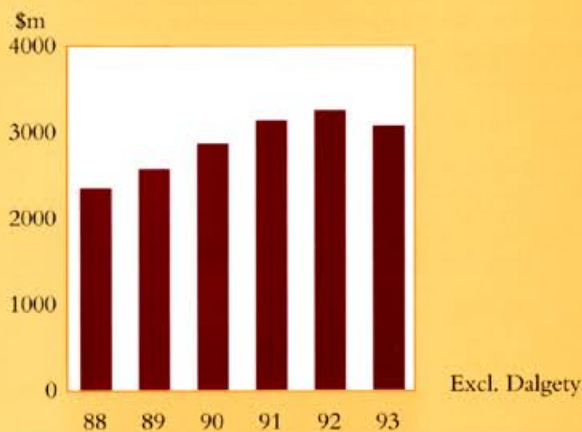




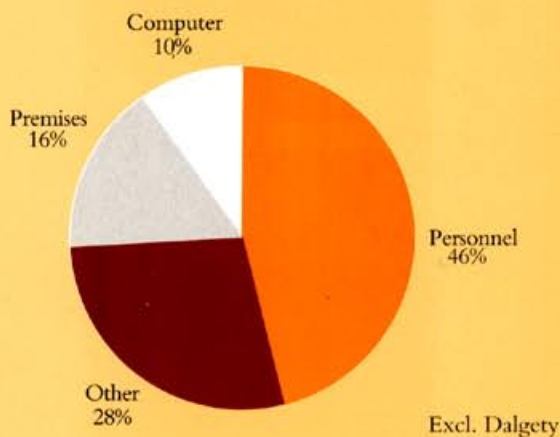
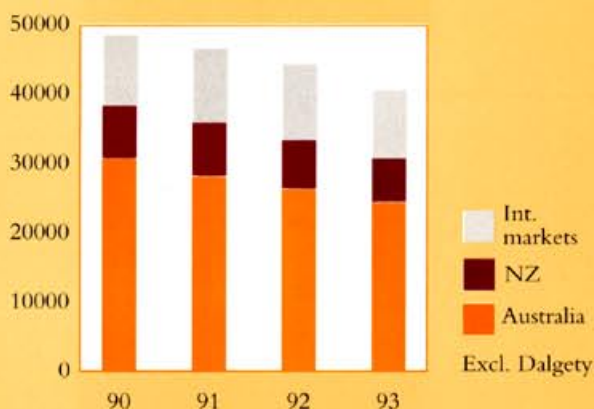
## OPERATING INCOME



## OPERATING EXPENSES



## OPERATING EXPENSES BY TYPE - 1993

PERSONNEL NUMBERS  
FULL-TIME EQUIVALENT

Net interest income, excluding Dalgety Farmers, held up well in a very competitive environment although increased competition began to impact on margins towards the year-end. Income from fees and foreign exchange dealing was reasonably stable, but income from other sources fell.

Cost containment continues to be a top priority.

Some early results were recorded in our efforts to improve efficiency with operating expenses (excluding restructuring costs and Dalgety Farmers) reducing 5.5% to \$3,055.7 million.

Personnel costs, excluding Dalgety Farmers, were 4.1% down on 1992. Premises costs remained high but will reduce over time as we are able to dispose of excess office space. Computer expenses will reduce with the completion of the development of the new retail computer system. Other costs fell 9.7% and initiatives such as centralised purchasing will see further reductions over the coming years.

In line with our efforts to improve productivity, staff numbers (on a full-time equivalent basis, excluding Dalgety Farmers) fell a further 3,700 in 1993, with the bulk of the reduction occurring in Australia and New Zealand. This brings the total reduction in staff to 7,905 since 1990.

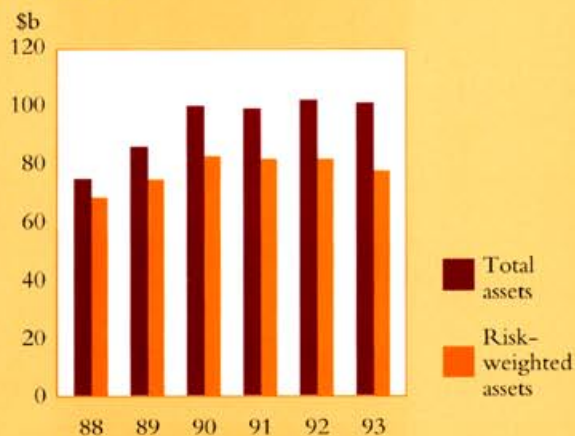
The subdued economic environment in Australia and the consequent low demand for business credit meant total Group assets fell slightly to \$99.9 billion, while risk-weighted assets fell to \$76.9 billion.

Australia accounted for the bulk of the Group's risk-weighted assets. Both New Zealand and International markets' assets (in \$A terms) increased partly as a result of the depreciation of the Australian dollar over the year.

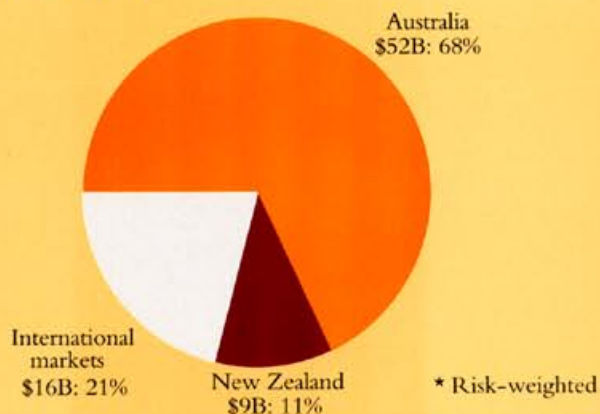
Shareholders' equity (excluding outside equity interests) rose 12.0% to \$5,089.0 million. This was aided by the receipt of the second instalment of the 1992 rights issue in March 1993.

Following the receipt of the second instalment of the rights issue and the US\$259 million Tier 2 issue in the USA, our risk-weighted capital ratio rose to 10.8% at year end (of which 5.9% was in Tier 1). This ratio was well in excess of the Reserve Bank of Australia's minimum requirements.

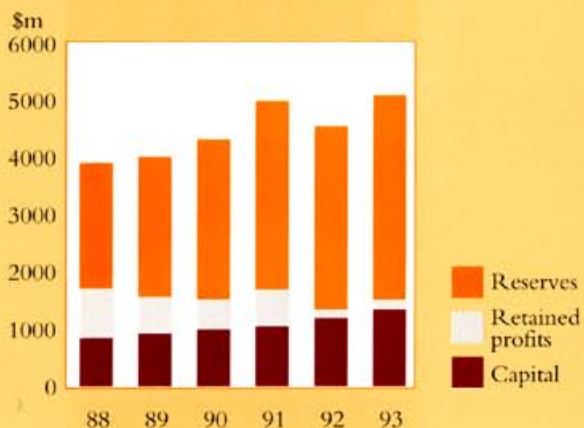
**GROUP ASSETS**



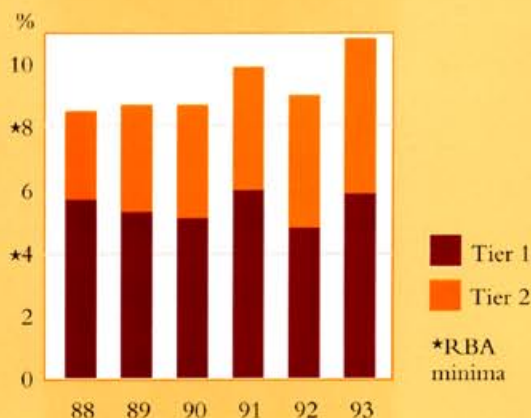
**GROUP ASSETS\* BY GEOGRAPHIC REGION - 1993**



**SHAREHOLDERS' EQUITY**



**CAPITAL ADEQUACY RATIO**









*The upgrading of the branch network has improved the environment for customers and staff and the quality of customer service.*

The Australian Division consists of five major business units: Retail Banking, Institutional and Business Banking, ANZ Funds Management, Esanda and Payment Services (which includes our electronic banking and cards business).

During the past 18 months the Group has focused on improving the quality of assets and restoring profitability. This has affected market share in some areas. The 1993 results show that we are at last leaving this phase behind and the Group is now in a position to focus on business development.

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*The business bank operations and Esanda returned to profit while the retail operations in Australia continued to perform strongly.*

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#### **BANKING ENVIRONMENT**

The Australian economy has now been growing for two years, supported by substantial government stimulus and a modest expansion in private sector activity. However, the pace of recovery has been slow and has shown few signs of accelerating. With the government deficit past its sustainable limit, stronger private sector activity is now necessary to build the momentum of the recovery over the next year.

Over the past year, as spending lifted from recession lows, the Victorian economy grew in line with the national average. Key sectors of the State such as manufacturing and retailing are beginning to revive and further modest growth is expected in the next year.

Inflation, after averaging 1% last financial year (the lowest figure for many decades), is expected to stay low as weak activity keeps



profit margins in check and average wage growth down. Prospects of continuing low inflation prompted the Reserve Bank of Australia to lower interest rates further during 1993.

While corporate profits have recovered, there has been little sign of business expansion. Priority continues to be given to further rationalisation of operations and the achievement of efficiency improvements to assist cash flows and improve balance sheets. Business credit has contracted over the past twelve months. Few extra jobs have been generated by the economic recovery and unemployment has reached a plateau at around 11% of the labour force.

With only housing activity showing reasonable growth, there has been intense competition in the home lending sector. The need to fund increased mortgage lending has intensified competition in the retail deposit market and pushed some retail deposit rates past the equivalent wholesale rate, despite the higher cost in gathering retail deposits.

## PERFORMANCE

The performance of the Australian Division has improved greatly with a return to a profit of \$192.4 million, a \$1,009.3 million improvement on the loss recorded in 1992.

A significantly lower charge to profit for bad and doubtful debts in both Institutional and Business Banking and Esanda (\$347.4 million in aggregate compared with \$1,213.8 million in 1992), enabled a welcome return to profitability for these units. The lower provisioning levels reflect the success of initiatives to improve the quality of the loan book. The ratio of provisions to gross non-accrual loans increased marginally to 43.8%. Moreover, asset values have been supported by the volume of sales during the year which were achieved at or around valuation.

The Group has successfully pursued its asset sales programme during the year.

The Asset Management Group, which was established in October 1992 to manage the larger non-accrual loans (those over \$1 million), achieved over \$1 billion in sales.

These realisations have assisted in the reduction of net non-accrual loans in Australia from \$2,544.3 million to \$1,753.7 million. Properties have not been rushed onto the market. Rather, a deliberate strategy of maximisation of value has been pursued. While segments of the property market (notably large office buildings in the CBD) remain soft, the bulk of ANZ's portfolio is outside CBD property and at the smaller end of the market, where there is significant liquidity and reasonable price stability.

As a result of realising value for non-income producing assets, funds have become available for productive lending and replacing maturing wholesale deposits.

This has contributed to the improvement in net interest earnings.

The other major contributor to the improved net interest income was the strong performance of the Retail Bank. However, lending growth was exclusively in the housing area, both for owner occupation and investment purposes. By year end intense competition in the home lending sector had begun to impact on retail margins.

Demand for finance from all segments of the business sector remained weak in the face of the subdued domestic activity and the continuing focus of business on balance sheet reconstruction. As a consequence, fee income from lending fell.

Without the sharp movements in interest rates of previous years, opportunities for the Group's Treasury to make trading profits from the government securities portfolio were reduced. On the other hand, the renewed buoyancy in the stock market benefited the profitability of ANZ McCaughan.

ANZ Funds Management, by capitalising on the trend for individuals to diversify their savings away from traditional products,



consolidated its position as one of the leading retail funds managers in Australia. However, the profit contribution was reduced by the need to reassess actuarial estimates on some annuity products.

The consolidation of all electronic banking and card products into one business unit, Payment Services, has yielded significant synergies and productivity improvements. ANZ is well positioned to compete in the recently deregulated credit card market.

The removal of 'back office' functions from branches has now been completed. Further productivity gains will be achieved as the phased installation of the new Hogan computer technology is completed over the next 12 months.

Mostly as a result of the restructuring programmes, personnel numbers in Australia declined from 26,052 to 24,161 (full-time equivalent basis) during the year.

The negotiation of an Enterprise Agreement with the Finance Sector Union marks a new era in ANZ staff relations. The proposed Agreement provides both benefits to employees and flexibility for the Group to capitalise on the other initiatives in the restructuring programme.

The refocusing of the Group's activities on core businesses led to the sale of the holding in Challenge Bank, the pastoral and shipping businesses of Dalgety Farmers Limited and the office tower at 530 Collins St, Melbourne, with the differences between realisations and book values being treated as abnormal items.

## OUTLOOK

A key to lifting Australia's confidence is stronger world economic growth. However, little improvement in the performance of the major economies is expected over the next 12 months.

The Asian economies, with the exception of Japan, are expected to continue to grow

rapidly and provide the best opportunities for Australian business.

Domestically, the absence of strong employment growth will continue to restrict household income growth, holding down consumer confidence and inhibiting the revival of consumer spending. While most businesses are in better shape, flat demand and excess productive capacity are expected to continue to restrain investment spending over the next year. Nevertheless, some lift in private sector activity is likely to advance economic recovery.

Aside from CBD office blocks, commercial property values appear to have stabilised and we may well see some strength in particular segments. In these circumstances, the rate of emergence of new problem loans is expected to continue to slow and provisioning charges should also fall.

The housing cycle, which contributed to balance sheet volumes last year is not expected to maintain momentum. Nonetheless, the intense competition between banks in mortgage lending and retail deposit gathering, which surfaced in the second half of 1993, will continue. This competition is likely to spread into the business market as lending recovers, applying further pressure on margins.

ANZ's agenda for the Australian Division in 1994 is clear. The development phase of the upgrading of the retail computer system (the Hogan project) will be completed and will be of significant advantage to the Group. The identified savings from the cost control initiatives, such as the centralisation of much of the Division's purchased inputs, must be achieved.

We remain committed to the five overriding priorities we set ourselves in 1993 but most of all, we will be moving away from the recovery strategy of the past 18 months towards business development.





*A cargo ship enters Wellington harbour - growth in exports has driven New Zealand's economic recovery.*

ANZ Banking Group (New Zealand) Limited is the Group's main banking subsidiary in New Zealand. It is one of four large trading banks providing a full range of banking services. Its subsidiary, UDC Finance Ltd, is the largest specialist finance company in New Zealand.

The Division's objective is to be the most successful banking and financial services group in New Zealand.

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*Despite intense competition, the New Zealand Division has once again made a strong contribution to the Group's overall profit performance.*

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#### **BANKING ENVIRONMENT**

The benefits of the economic reforms of the past decade are now clearly filtering through. The New Zealand economy is growing, inflation remains low and the trade account is in surplus. However, job growth, while positive, has been weak.

Increasing confidence that low inflation can be maintained has resulted in New Zealand interest rates falling to their lowest levels in 20 years before retracing with the electoral uncertainty. Low inflation and the deregulation of the labour market, have enabled New Zealand producers to improve their international competitiveness dramatically. As a result, growth in export volumes has been strong, particularly for manufactured exports.

Demand for credit growth is still subdued as companies continue to restructure and use existing resources more effectively. In this environment, financial markets have been and still are intensely competitive and banking margins are under pressure.



In New Zealand, as in Australia, there has been active debate about the need to improve the nation's savings performance and for individuals to accept greater responsibility for financing their own retirement. Unlike Australia, no compulsory schemes have been introduced but there is a similar shift towards long-term savings products.

### PERFORMANCE

ANZ's operations in New Zealand have made a strong contribution of \$95.4 million (after tax) to the Group's overall profit performance.

The result was driven by tight control of costs, the effective management of the balance sheet in a falling interest rate environment, the declining level of unproductive loans and process improvements. The result was reinforced by the appreciation of the New Zealand dollar (NZD) against the Australian currency.

The intense competition in the banking sector was reflected in lower net interest income in the second half of the year. This was partially offset by stronger non-interest income.

Reducing the delivery cost of banking services to the consumer market through the adoption of new technology, systems and alternative distribution channels, is the key to sustained profitability.

Progress towards this goal continues. Operating costs have been reduced as a result of process improvements such as reconfiguring the retail network to centralise back office functions (achieving scale efficiencies), the rationalisation of 46 banking outlets and the implementation of efficiency review programmes. Staff numbers have reduced by 10.3% (full-time equivalent basis) over the year and, as a result, personnel costs (in NZD terms) fell by 7.8%.

The initiatives to improve customer focus and enhance levels of customer service by

concentrating on full banking relationships are starting to yield results with increasingly positive market research. UDC Finance Limited, as a major provider of finance for vehicle, business equipment and chattel leases, has performed strongly with a substantial profit improvement over the year.

ANZ's "export bank" positioning has provided significant new opportunities as businesses of all sizes look increasingly to export markets for growth. In particular, the Group's strong representation in Asia has resulted in a competitive advantage for the Division when dealing with the growing number of New Zealand businesses exporting to that region.

### OUTLOOK

With benefits from a decade of economic restructuring finally emerging, there is increasing confidence that the current recovery is sustainable. Low inflation and ongoing productivity improvements will assist in maintaining and enhancing New Zealand's improved competitive position in international markets.

Greater investment spending is expected to support the export drive and provide lending opportunities for the bank. Low employment and wage growth will continue to constrain household incomes. However, as more New Zealanders realise and accept the need to save for their retirement, the retail funds management industry will continue to grow. ANZ is well positioned to capitalise on this growth.

Competitive pressures in the banking industry will increase further, bringing greater focus onto controlling costs. The rapid acceptance of electronic banking will provide new opportunities across all market segments, but will also require the reassessment of banking practices and continuous improvement in operating efficiencies.





*ANZ is expanding its banking operations in the dynamic Asian region - our first branch in Vietnam was opened in Hanoi in January 1993.*

The International Division is responsible for the Group's network outside the home markets of Australia and New Zealand and for handling the business of overseas financial institutions in Australia.

The International Division has continued with the strategy to expand the Group's commercial banking operations in key Asian markets. The Division's focus is on providing international banking services for home market exporters and importers, as well as utilising the professional expertise to capitalise on business flows between points in the network.

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*New operations are being established in China, Vietnam and Indonesia as the Division implements the Group's strategy to build a viable international network of particular relevance to externally focused Australian and New Zealand businesses.*

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ANZ's international representation is strategically placed to meet international banking requirements of our home market and offshore customers. Representation in major money centres of Europe and USA provides the capability for sophisticated origination, distribution and trading of cross-border transactions.

#### **BANKING ENVIRONMENT**

World economic growth has stagnated over the past year. Of the major economies, USA and the United Kingdom have struggled to consolidate their economic recoveries, while Japan and Germany have continued to weaken. Only in Asia (excluding Japan) has growth remained robust.



The expanding Asian economies are a source of increasing business opportunities. Growth of international trade has been the foundation of their success. Moreover, trade within Asia is growing more rapidly and is now larger than that between Asia and North America.

This Asia/Pacific region now accounts for approximately two-thirds of Australian and New Zealand exports in contrast with a similar proportion going to Europe four decades ago.

Both Australia and New Zealand are looking to the expansion of the export sector (both goods and services) as the driver of economic growth and job creation, with the Asian region the key target market.

Links with the Asian region continue to deepen - not only in trade terms but also in tourism, education and investment.

## PERFORMANCE

ANZ's International Division made a significant contribution of \$171.9 million to the Group's annual results, slightly higher than 1992 despite the effects of the situation in India.

The Division pursued our international strategy to expand in key Asian markets with links with our home markets. During the year ANZ confirmed facilities for banking operations in Vietnam, China and Indonesia.

ANZ's first branch in Vietnam opened in Hanoi in January 1993. ANZ is the only bank domiciled in an English speaking country to be granted one of the six initial foreign banking licences for Vietnam. A representative office opened in Ho Chi Minh City in May and is expected to be upgraded to a full branch in 1994.

In July, Chinese Authorities gave approval to open a branch in Shanghai (the first Australian or New Zealand domiciled bank to have a branch in mainland China), and a representative office has been established in

Guangzhou, located in the booming southern province of Guangdong.

The agreement to purchase Westpac's 85% share of the joint venture bank PT Westpac Panin Bank has provided an opportunity to expand ANZ's banking presence and capacity in Indonesia. The bank has been renamed PT ANZ Panin Bank.

The established banking operations in the *East Asian* region continued to profitably exploit trade and international capital flow banking opportunities arising in this growing region.

The results of the operations in South Asia continue to be affected by the fallout from the Indian securities scandal (refer *Report To Shareholders* for further information). While the underlying banking business in India remains sound, the profit was offset by the funding cost of the deposit paid to the National Housing Bank and the markdown in value of trading assets.

The Group's commercial banking operations in *Pakistan, Jordan* and *The Gulf* again contributed strong results from their well established franchises.

The profitability of the *United Kingdom* operations continued to be adversely affected by provisioning for the residual property and middle market exposures which have suffered from the lengthy UK recession. Some indicators show that the recession may have bottomed. This, together with lower interest rates, is providing some respite for customers having difficulty in servicing their debt exposures. The London-based Treasury operation and the Private Bank increased their contribution to the Group result.

The return to profit of our operations in the *Americas* reflects their refocusing on the provision of financial services for companies dealing with ANZ home markets and elsewhere within the network.

A strong profit improvement was achieved from the domestic banking operations in the



*Pacific Island* countries. The network will be enhanced by the commencement of branch banking operations in the Kingdom of Tonga. The operations are domestic in nature but link into the overall Asia/Pacific network.

ANZ's Asia/Pacific focus led to the sale of the African network and Canadian operations during the year.

## OUTLOOK

The outlook for the world economy for 1994 is essentially 'more of the same'. The major economies are likely to continue to struggle, while the smaller economies in Asia will remain the most dynamic. Some slowing of pace in China is expected, as authorities there try to control inflationary pressures arising from double digit growth in some regions. This may dampen the pace of economic growth in other north Asian countries.

Links between Australia and New Zealand and the Asia/Pacific region will continue to strengthen. Trade, tourism, education and investment all have an increasing Asian focus.

As growing numbers of firms, especially from Australia and New Zealand, push into these Asian markets, ANZ's presence 'on the ground' and expertise in handling international transactions will be a competitive advantage and will provide business opportunities for the Group.

	1993	1992	1991	1990	1989	1988
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Profit and loss</b>						
Interest income	6,906	8,083	10,180	10,188	8,556	6,952
Interest expense	4,365	5,645	7,578	7,713	6,220	4,881
Net interest income	2,541	2,438	2,602	2,475	2,336	2,071
Other operating income	2,034	2,109	2,067	1,765	1,652	1,489
Net income	4,575	4,547	4,669	4,240	3,988	3,560
Operating expenses <sup>1</sup>	3,267	3,329	3,153	2,848	2,557	2,333
Profit before tax and doubtful debts	1,308	1,218	1,516	1,392	1,431	1,227
Provision for doubtful debts - specific	642	1,600	1,037	788	301	222
- general	5	337	16	5	7	43
Operating profit(loss) before abnormal items and income tax	661	(719)	463	599	1,123	962
Less: income tax expense(benefit)	193	(146)	193	186	400	456
Outside equity interests	(8)	(5)	(4)	(1)	(1)	(1)
Net abnormal (loss)profit	(213)	(1)	1	(191)	(371)	124
Operating profit(loss) after income tax and outside equity interests	247	(579)	267	221	351	629
<b>Balance sheet</b>						
Assets	99,933	101,138	98,212	99,300	84,624	73,773
Liabilities	94,800	96,547	93,194	94,977	80,615	69,862
Net assets	5,133	4,591	5,018	4,323	4,009	3,911
Paid-up capital	1,314	1,165	1,026	972	891	818
Reserves and retained earnings	3,775	3,377	3,958	3,340	3,111	3,085
Outside equity interests	44	49	34	11	7	8
<b>Share information (per fully paid share)</b>						
Dividend - declared rate	20.0¢	20.0¢	20.0¢	38.0¢	44.0¢	34.5¢ <sup>5</sup>
Franked portion	-	50%	100%	100%	100%	100%
Earnings <sup>2</sup> - basic	30.8¢	-60.1¢	26.7¢	45.0¢	85.1¢	71.0¢
- fully diluted <sup>3</sup>	32.2¢	-41.3¢	25.5¢	43.3¢	-	-
Net tangible assets - basic	\$3.43	\$3.40	\$4.31	\$4.45	\$4.49	\$4.78
- fully diluted	\$3.45	\$3.27	\$4.18	\$4.09	-	-
Rights issue	-	1 for 5	-	-	-	1 for 6
Share price <sup>4</sup> - high	\$4.40	\$4.88	\$4.20	\$6.38	\$5.62	\$5.47
- low	\$2.53	\$2.87	\$2.92	\$3.95	\$4.48	\$3.22
<b>Number of shares on issue (millions)</b>						
Ordinary shares - fully paid	1,308.3	1,054.5	1,109.3	971.1	870.8	797.2
- paid to 50¢	-	207.2	-	-	40.2	40.2
- paid to 10¢	3.1	3.6	4.0	4.5	5.4	5.8
- preference shares	6.0	6.0	6.0	-	-	-
<b>Dividend reinvestment plan</b>						
Share price - Interim	3.42	3.58	3.42	4.35	4.30	4.57
- Final	-	2.51	4.46	2.72	5.43	4.85
- Special	-	-	-	-	4.34	-
<b>Ratios<sup>2</sup></b>						
Dividend payout ratio <sup>5</sup>	133.4%	-51.6%	75.6%	160.0%	110.2%	56.2%
Return on average shareholders' equity	5.0%	-11.4%	5.8%	5.4%	8.7%	18.8%
Return on average assets	0.2%	-0.6%	0.3%	0.2%	0.4%	0.9%
Capital adequacy ratio	10.8%	9.0%	9.9%	8.6%	8.7%	8.5%
<b>Other information</b>						
Points of representation	2,136	2,302	2,367	2,431	2,080	1,735
Number of employees <sup>6</sup>	41,737	43,977	46,261	48,182	47,009	42,445
Number of shareholders	115,000	112,036	101,188	92,606	83,345	72,935

<sup>1</sup> Includes restructuring costs<sup>2</sup> After abnormal items<sup>3</sup> Diluted earnings per share includes the effect of the conversion of non-redeemable non-cumulative converting preference shares to ordinary shares and the rights issue<sup>4</sup> On ordinary shares<sup>5</sup> Excludes special dividend of 26 cents paid in April 1989<sup>6</sup> Full-time equivalent basis 1990, 1991, 1992 and 1993, headcount basis 1988 and 1989



The Board includes eight non-executive directors who have a diversity of community and business experience and three directors with executive responsibilities within ANZ Group who have extensive banking experience.

Set out below are statements which provide particulars of the qualifications and broad experience of each director.

Committee responsibilities are shown on pages 24-25 of this Report.

**Mr J B GOUGH** AO OBE

Chairman

Hon LLD (Melb), FTS

Company Director

Director since August 1986, appointed Chairman July 1992.

Chairman of Pacific Dunlop Ltd since 1990 (first appointed Director in 1976, Managing Director 1980-1987).

Director of The Broken Hill Proprietary Co Ltd and CSR Ltd.

Chairman of The Graduate School of Management Ltd and Vice-President of The Walter and Eliza Hall Institute of Medical Research and of the Australia Japan Business Co-operation Committee.

Member of the General Motors Australian Advisory Council, the Alexander Proudfoot plc -

International Advisory Board and the SICPA Group - Asia Pacific Advisory Board.

Former Vice-President of the Business Council of Australia.

Lives in Melbourne. Age 65.

**Mr J C DAHLSSEN**

LLB, MBA

Solicitor and Company Director

Director since May 1985.

Consultant to and former Partner of the legal firm Corrs Chambers Westgarth.

Chairman of Sandridge City Development Co Pty Ltd.

Director of Woolworths Ltd, Southern Cross Broadcasting (Australia) Ltd, Mining Project Investors Pty Ltd, The Graduate School of Management Ltd and other companies.

Lives in Melbourne. Age 58.

**Mr C B GOODE**

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

Company Director

Director since July 1991.

Former Chairman and Chief Executive of Potter Partners Group Ltd.

Director of CSR Limited, Pacific Dunlop Ltd, Queensland Investment Corporation, Woodside Petroleum Ltd and other companies.

Non-executive Chairman of Potter Warburg Asset Management Ltd and

Consultant to Potter Warburg Ltd.

Lives in Melbourne. Age 55.

**Mr C J HARPER**

CA (Scots)

Company Director

Director since October 1976.

Chairman of Legal & General Assurance Holdings (Australia) Ltd and CSL Ltd.

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.

Past National Vice-President of The Australian Institute of Company Directors.

Lives in Melbourne. Age 62.

**Emeritus Professor**

**DAME LEONIE KRAMER** AC 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, Western Mining Corporation Ltd, NRMA Ltd, Nutcote Trust and the Council of the NSW Institute of the Company Directors.

Commissioner of the Electricity Commission of New South Wales.

Former member of the Australian Broadcasting Commission (1977-1982) and Chairman (1982-1983).

Lives in Sydney. Age 69.

**Mr A T L MAITLAND**

B Com, AAIB, FAIM

Executive Director - International

Executive Director since April 1992 and appointed to his present position in November 1992.

Thirty years experience in banking with the Group including Group Chief Economist (1979-1982) and Managing Director, ANZ Banking Group (New Zealand) Ltd (1990-1992).

Director of the Committee for Economic Development of Australia.

Lives in Melbourne. Age 52.

**Mr D P MERCER**

B Sc (Hons), MA (Econ)

Chief Executive Officer

Executive Director since April 1992, appointed Group Managing Director in June 1992 and to his present position in October 1992.

A senior executive of the Group since 1984 including Chief General Manager, Australian Retail Services (1988-1992).

Former executive Shell International Petroleum Co Ltd (1965-1984).

Lives in Melbourne. Age 52.

**Mr J F RIES**

B Bus, FCPA, FAIB

Executive Director Australia

Executive Director since August 1992 and appointed to his present position in October 1992.

Thirty-three years experience in banking with the Group including Managing Director, ANZ Grindlays Bank plc, London and ANZ McCaughan (UK) Ltd (1988-1990) and Chief General Manager, International Banking (1990-1992).

Lives in Melbourne. Age 49.

**Dr B W SCOTT AO**

B Ec, MBA, DBA

Company Director

Director since August 1985.

Chairman of Management Frontiers Pty Ltd, W D Scott International Development Consultants Pty Ltd and Television Makers Pty Ltd.

Director of Liquid Air Australia Ltd, the James N Kirby Foundation and the Foundation for Development Co-operation.

Fellow of the Senate of the University of Sydney, Australian member of the Board of Governors of the Asian Institute of Management and Chairman of the Australia-Korea Foundation.

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 58.

**SIR RONALD TROTTER**

B Com (Wellington), Hon LLD (Wellington),

FCA, Cert in Agriculture

Company Director

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 66.

**Mr R B VAUGHAN AO**

Company Director

Director since January 1988.

Former Chairman and Chief Executive of Dalgety Farmers Ltd.

Chairman of ICI Australia Ltd and MIM Holdings Ltd.

Deputy Chairman of National Commercial Union Ltd and Australian Wool Realisation Commission.

Chairman of the Federal Government's Trade Policy Advisory Council and Vice-President of the Australian Japan Business Co-operation Committee. Director of Tubemakers of Australia Ltd.

Member of a number of Government, economic, trade advisory and rural industry bodies.

Lives in Sydney. Age 65.



The proper and successful governance of companies has many components. A well structured Board supported by Board committees is essential for the Group to meet prudential supervision requirements of the many different operating environments around the world. The Group sets high standards for itself; to ensure these standards are maintained, appropriate checks and balances are essential.

This is in the best interests of the Group itself, our shareholders, our employees and our customers.

The governance process begins with the Board which represents shareholders' interests. ANZ's Board currently has three executive directors, including the Chief Executive Officer, and eight non-executive members. The Articles of Association state that there must be a majority of non-executive directors on the Board, to ensure the benefit of a range of independent views. The Articles also provide that the office of Chairman cannot be held by an executive director, thereby ensuring that the roles of Chairman and Chief Executive Officer are separate. Newly appointed non-executive directors may serve for a maximum of fifteen years. The Board has approved governance guidelines which cover a variety of topics, including conduct at Board meetings and conflicts of interest.

The Board is responsible for charting the course for the Group by setting objectives and strategy. Management is responsible for the day-to-day conduct of business within the approved framework and is assessed against criteria agreed each year. The executive directors provide a valuable link by being involved in both the setting of the objectives and strategy and their implementation.

It is important that the Board addresses issues in their broadest context. The Board's committee structure functions to address specific areas of detail. There are nine board committees, all of which play a vital role and contribute to the co-ordinated governing of the Group. Directors are designated various areas and issues to keep up to date with current trends and philosophies and to provide detailed quality advice on a range of topics to the Board as a whole.

The attendance of directors at ANZ Board meetings, the role of each committee, director membership and attendance (whilst a member of the committee) is summarised for the 1993 financial year as follows:

	Meetings attended(1)	Meetings held while a director
Mr J B Gough	13	13
Mr J C Dahlsen	13	13
Mr C B Goode	13	13
Mr C J Harper	13	13
Dame Leonie Kramer	12	13
Mr A T L Maitland	13	13
Mr D P Mercer	13	13
Mr J F Ries	13	13
Dr B W Scott	12	13
Sir Ronald Trotter (2)	10	13
Mr R B Vaughan	13	13
Mr B Weeks (3)	4	4

(1) In addition seven meetings of the Board were held during the year at which only routine matters were considered and only a quorum attended.

(2) Director is a resident of New Zealand.

(3) Director retired 15 January 1993.

The *Asset Management Committee* is responsible for monitoring progress in reducing the level of non-accrual loans and reviewing asset realisation strategies.

The Committee met five times during the year. Board members attending were: Mr John Dahlsen (chairman) (attended 5 of 5 meetings held while a member of this committee), Mr Charles Goode (4 of 5), Mr Colin Harper (5 of 5), Mr Don Mercer (5 of 5), Dr Brian Scott (4 of 5), and Sir Ronald Trotter (1 of 1).

The *Audit Committee* liaises with the internal and external auditors, and reviews Group accounting policies and practices. The Committee reviews financial statements and monitors compliance with policies and controls. In addition, the Committee approves the audit fee



and remuneration of the external auditor. The Committee met four times during the year. Board members attending were Mr Charles Goode (chairman) (4 of 4), Dr Brian Scott (2 of 3), Mr Bruce Vaughan (4 of 4), Mr John Dahlsen (2 of 2), and Mr Colin Harper (2 of 2).

The *Board Nominations and Remuneration Committee* reviews and recommends potential new directors. The Committee also reviews non-executive directors' fee structures and levels in the light of current practice. The Committee met twice during the year. Board members attending were Mr John Gough (chairman) (2 of 2), Mr Charles Goode (2 of 2), Mr Don Mercer (2 of 2), Dr Brian Scott (1 of 1), and Mr Bruce Vaughan (2 of 2).

The *Corporate Conduct Committee* reviews compliance with the Group's statutory responsibilities in relation to codes of conduct and to legislation outside Companies and Securities legislation to the extent that these are not covered by the Audit and Due Diligence Committees. This Committee was established in the second half of the year and met once. Board members attending were Dr Brian Scott (chairman), Mr Colin Harper, Dame Leonie Kramer, Mr Don Mercer, and Sir Ronald Trotter.

The *Credit Committee* is responsible for monitoring credit policies and procedures, authorising those requests for credit and provisions which exceed management discretion levels, reviewing credit approvals granted by the Chief Executive Officer and executive directors and determining peak exposure levels. The Committee met forty-three times during the year. Board members attending were Mr Colin Harper (chairman) (39 of 43), Mr John Dahlsen (40 of 43), Mr Charles Goode (33 of 43), Mr John Ries (23 of 30), and Mr Brian Weeks (10 of 13).

The *Donations Committee* advises on donations policy and considers requests for corporate contributions. The Committee met twice during the year. Board members attending were Dame Leonie Kramer (chairman) (2 of 2), Mr John Dahlsen (2 of 2), Mr Don Mercer (2 of 2), Mr Alister Maitland (1 of 1), and Sir Ronald Trotter (1 of 1).

The *Due Diligence Committee* implements due diligence processes, particularly in relation to capital raising documentation. The Committee met four times during the year. Board members attending were Dr Brian Scott (chairman) (1 of 2), Mr John Dahlsen (4 of 4), Mr Charles Goode (4 of 4), and Mr Colin Harper (1 of 2).

The *Executive Appointments and Remuneration Committee* reviews remuneration policies and practices, including those affecting senior officers of the Group. The Committee comprises all non-executive directors and the Chief Executive Officer. The Committee met three times during the year.

The *Superannuation Committee* advises on staff superannuation issues. Members of the Committee also sit on the Board of the Staff Superannuation trustee company. The Board of the Staff Superannuation trustee company met five times during the year. Board members attending were Mr Bruce Vaughan (5 of 5), Dame Leonie Kramer (3 of 5), and Mr Don Mercer (5 of 5).

Various directors have participated in meetings of Committees of the Board to declare dividends, and make allotments under the Company's various dividend reinvestment and employee share schemes. Two other committees met during the year before being discontinued as their functions were adequately covered elsewhere.

The *Executive Committee* of the Board has general executive authority to deal with all matters relating to the Company's affairs when normal Board timetables are inappropriate. There were no meetings of the Executive Committee during the year.

In addition to the Board and committee meetings, the Directors have participated in a programme of visits to local, interstate and international operations.



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**ANZ GROUP WORLDWIDE DISTRIBUTION  
(AT 30 SEPTEMBER 1993)**

	Representation	Personnel*
Australia**	1,455	24,176
New Zealand***	477	6,379
Asia Pacific	80	2,488
South Asia	73	4,840
Middle East	38	1,254
Europe	9	983
Americas	4	157
<b>Totals</b>	<b>2,136</b>	<b>40,277</b>

\* Effective full-time staff figures.

\*\* Excluding Dalgety Farmers Limited: 1,460 staff.  
Including International Banking Division HQ: 15 staff.

\*\*\* Includes ANZ McCaughan Securities (NZ) Limited.



**GROUP HEADQUARTERS**

Chief Executive Officer  
*Don Mercer*

Chief Financial Officer  
*David Craig*

Group General Manager – Audit  
*Flav Belli*

General Manager – Global Treasury  
*Bob Challis*

Group Secretary  
*Richard Jones*

General Manager – Accounting  
*Peter Marriott*

General Manager – Investor Relations  
*David Ward*

Group General Manager – Personnel  
*Ross Johnston*

Group General Manager – Credit  
*Peter McMahon*

General Manager – Australian Credit Operations  
*Bob Barton*

General Manager – Asset Management Group  
*John Conn*

General Manager – CEO’s Office  
*Ken Mahar*

General Counsel  
*Robert Paterson*

**AUSTRALIA**

Executive Director – Australia  
*John Ries*

Senior General Manager – Australian Banking  
*John McConnell*

Senior General Manager – Retail Banking  
*Steve Jones*

Senior General Manager – Institutional & Business Banking  
*Roy Marsden*

General Manager – Payment Services  
*Charles Carbonaro*

Managing Director – Esanda Finance  
*Bob Edgar*

General Manager – Corporate Affairs  
*Susan McCarthy*

Managing Director – ANZ Funds Management  
*Andrew Mohl*

General Manager – Management Services  
*Russell Rechner*

General Manager – Property Management  
*Charles Griss*

General Manager – Hogan  
*Grahame Miller*

General Manager – Information Technology Development & Group Architecture  
*Dave Richardson*

**NEW ZEALAND**

Managing Director – New Zealand  
*Peter Hawkins*

General Manager – Finance, Treasury & Economics  
*David Butler*

General Manager – Management Services  
*Michael Calderwood*

General Manager – Retail Banking  
*Greg Camm*

Managing Director – UDC Group  
*Brian Johnstone*

General Manager – Personnel  
*Ray Nicholson*

General Manager – Business Banking  
*Alan Pickering*

General Manager – Payment Services  
*Andrew Ward*

**INTERNATIONAL**

Executive Director – International  
*Alister Maitland*

Senior General Manager Europe, South Asia, Middle East & Managing Director ANZ Grindlays  
*Achut Bommakanti*

General Manager – Corporate & Merchant Banking Europe  
*John Curry*

General Manager – Private Banking  
*Gerald Howard*

General Manager – Credit & Risk Management  
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General Manager – South Asia  
*Barry McCance*

Regional General Manager – Middle East  
*David Smith*

General Manager – Finance & Planning  
*Ian Snape*

General Manager – UK Treasury  
*David Valentine*

General Manager – Correspondent Banking  
*Jeff Clarkin*

General Manager – ANZ Nominees  
*John Sudholz*

General Manager – Americas  
*Holger von Paucker*

General Manager – Asia Pacific  
*Peter Wilson*





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The directors present their report together with the accounts of the parent entity (the Company) and the consolidated accounts of the Economic entity for the year ended 30 September 1993.

The information is provided in conformity with the Corporations Law and the Banking Act.

#### ACTIVITIES

The principal activities of the Economic entity during the year were general 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.

There has been no significant change in the nature of the principal activities of the Economic entity.

At 30 September 1993, the Economic entity had 2,136 points of representation.

#### RESULT

Consolidated operating profit after tax and before abnormal items attributable to shareholders of the Company for the year was \$459.7 million. Consolidated operating profit after tax and abnormal items attributable to shareholders of the Company was \$246.5 million. Further details are contained in the Chief Executive Officer's report on page 2 of the Report to Shareholders.

#### DIVIDENDS

The directors propose payment of an unfranked final dividend of 10 cents per ordinary fully paid share, amounting to \$130.8 million to be formally declared on 20 December 1993 and to be paid on 21 January 1994.

Since the end of the previous financial year the following unfranked dividends on ordinary shares have been paid:

TYPE	CENTS PER SHARE	AMOUNT BEFORE BONUS OPTION \$M	DATE OF PAYMENT
Final			
fully paid	10	115.8	15 Jan 1993
partly paid	5		15 Jan 1993
Interim			
fully paid	10	118.5	12 July 1993
partly paid	5		12 July 1993

The final dividend paid on 15 January 1993 was detailed in the directors' report dated 27 November 1992. Neither the interim dividend paid on 12 July 1993 nor the current proposed dividend have been mentioned in previous directors' reports.

Where shareholders of the Company in the United Kingdom elect to participate in the

'dividend selection plan', the amount declared by way of dividend by the Company will be reduced accordingly and the dividend will be paid by ANZ U.K. Dividends (AUD) Limited in lieu thereof. (refer page 49, note 8)

PREFERENCE SHARE DIVIDEND	\$M
11 January 1993	39.7
11 July 1993	39.7

The preference share dividend paid on 11 January 1993 was formally declared on 7 December 1992 and the dividend paid on 11 July 1993 was declared on 15 June 1993. Neither the dividend paid in January 1993 nor the July 1993 dividend have been mentioned in previous directors' reports.

#### REVIEW OF OPERATIONS

A review of the operations of the Economic entity during the financial year and the results of those operations is contained in the Chairman's message, the Chief Executive Officer's report and in the financial statements.

#### STATE OF AFFAIRS

There was no significant change in the state of affairs of the Economic entity during the financial year that was not otherwise disclosed in the Chairman's message, the Chief Executive Officer'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 1993 and the date of this report that has significantly affected or may significantly affect the operations of the Economic entity, the results of those operations or the state of affairs of the Economic entity in subsequent years.

#### FUTURE DEVELOPMENTS

Details of likely developments in the operations of the Economic entity in subsequent financial years are contained in the Chairman's and Chief Executive Officer's report on pages 2 to 6 of the Report to Shareholders.

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

#### ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in the Australian Securities Commission class order 93/581 issued on 15 June 1993 pursuant to section 313(6) of the Corporations Law. As a result, amounts in this report and the accompanying financial statements, where appropriate, have been rounded to the nearest hundred thousand dollars except where otherwise indicated.



**SHAREHOLDINGS**

The directors' interests in shares, beneficial and non-beneficial, in the share capital of the Company are detailed on page 108.

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

**SHARE OPTIONS**

During the financial year, the Company granted 50,000 options each to A T L Maitland, D P Mercer and J F Ries to purchase ordinary shares of \$1 each in the Company at an exercise price of \$3.43 per share. These options are issued under the Directors' share and option purchase scheme approved by the shareholders of the Company. These options do not entitle the holder to participate in a share issue of any other body corporate apart from the Company. The date of the expiration of these options is 1 March 1998 or 90 days after a director ceases to be a director, if before 1 March 1998.

Unissued ordinary shares of \$1 each under the Directors' share and option purchase scheme at the date of these accounts are 100,000 shares at an exercise price of \$5.45 per share, 50,000 shares at an exercise price of \$4.08 per share and 150,000 shares at an exercise price of \$3.43 per share with respective expiration dates of 28 February 1994, 28 February 1997 and 1 March 1998 or 90 days after cessation of a director's term of office.

Details of directors' interests in share options are set out on page 108 of the shareholders' information section of the Report to Shareholders.

**DIRECTORS' QUALIFICATIONS AND EXPERIENCE**

The Board includes eight non-executive directors who have a diversity of community and business experience and three directors with executive responsibilities within Australia and New Zealand Banking Group Limited who have extensive banking experience.

Special responsibilities are shown on pages 24 and 25 of the Report to Shareholders.

**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 (the Law). The following directors, were directors at the date of this report, and 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, memberships or trusteeships of the companies and organisations listed:

**J B Gough**

Alexander Proudfoot plc - International Advisory Board  
Belper Pty Ltd  
Committee for Melbourne  
CSR Limited  
General Motors Australian Advisory Council  
Haematite Pty Ltd  
Haematite No 2 Pty Ltd  
Marstone Pty Ltd  
Pacific Dunlop Ltd  
SICPA Group - Asia Pacific Advisory Board  
The Asia Society - International Council  
The Broken Hill Proprietary Co Ltd  
The Graduate School of Management Ltd  
The Walter and Eliza Hall Institute of Medical Research

**J C Dahlsen**

C&C Services Pty Ltd  
Corrs Chambers Westgarth  
Institute of Public Affairs Ltd  
International Brass Ware Pty Ltd  
J C Dahlsen Pty Ltd (Group)  
Johndahl Nominees Pty Ltd  
K T D (Nominees) Pty Ltd  
Latrobe Custodians Pty Ltd  
Maleela Holdings Pty Ltd  
McKechnie Pacific (NZ) Ltd  
McKechnie Pacific Pty Ltd  
Melbourne Business School Ltd  
Mining Project Investors Pty Ltd  
Sandridge City Development Co Pty Ltd  
Southern Cross Broadcasting (Australia) Ltd  
The Byvest Management Buyout Group  
The Graduate School of Management Ltd  
The Twenty-Fourth Tribute Pty Ltd  
W J M Pty Ltd  
Woolworths Ltd

**C B Goode**

CSR Limited  
Pacific Dunlop Ltd  
Potter Warburg Asset Management Ltd  
Potter Warburg Ltd (Group)  
Queensland Investment Corporation  
Woodside Petroleum Ltd (Group)

**C J Harper**

Australian National Memorial Theatre Ltd  
CSL Ltd  
Hyster Australia Pty Ltd  
IBM Australia Ltd (Group)  
ICI Group - Dulux Advisory Panel  
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)



**Emeritus Professor Dame Leonie Kramer**

Electricity Commission of New South Wales  
 Enterprise Australia Ltd  
 Nutcote Trust  
 NRMA Limited (Group)  
 Quadrant Magazine Ltd  
 The Asia Society - International Council  
 University of Sydney - Senate  
 Western Mining Corporation Holdings Ltd  
 (Group)  
 The Council of the NSW Institute of Company  
 Directors

**A T L Maitland**

Committee for Economic Development of  
 Australia

**D P Mercer**

Nil

**J F Ries**

Nil

**Dr B W Scott**

Asian Institute of Management  
 Australia - Korea Foundation  
 Foundation for Development Co-operation Ltd  
 James N Kirby Foundation Ltd  
 Juran Institute of Australia  
 Liquid Air Australia Ltd  
 Management Frontiers Pty Ltd (Group)  
 Television Makers Pty Ltd  
 University of Sydney - Senate  
 W D Scott International Development  
 Consultants Pty Ltd

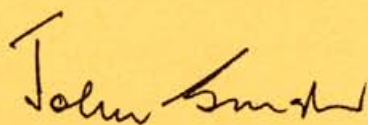
**Sir Ronald Trotter**

Air New Zealand Ltd  
 Alexander Proudfoot plc - International Advisory  
 Board  
 Ciba-Geigy Australia Ltd  
 Ciba-Geigy New Zealand Ltd  
 Fletcher Challenge Ltd  
 Toyota New Zealand Ltd

**R B Vaughan**

ICI Australia Ltd  
 MIM Holdings Ltd (Group)  
 National Commercial Union Ltd  
 Tubemakers of Australia Ltd

Signed in accordance with a resolution of the directors.



**John B Gough**  
 Chairman

26 November 1993

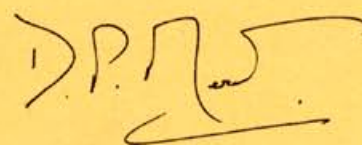
**DIRECTORS' BENEFITS**

No director has, during or since the end of 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 Company's financial statements for the financial year or the fixed salary of a full-time employee of the Company, or an entity that the Company controlled, or a body corporate that was related to the Company, at a relevant time) because of a contract that the director, or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made with the Company or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive the benefit, with the exception of benefits which may arise pursuant to:

- (i) the subscription by certain directors, under the Directors' share and option purchase scheme of the Company, for scheme shares and options to take up unissued shares;
- (ii) the subscription by certain executive directors, under the ANZ Group senior officers' share purchase scheme, for scheme shares and the granting of loans pursuant to Rule 17 of the scheme to fund payment for the said shares;

or benefits that may be deemed to have arisen because legal fees have been paid or are payable to Corrs Chambers Westgarth of which J C Dahlsen was a partner, leasing contracts with J C Dahlsen Pty Ltd in which J C Dahlsen has a substantial financial interest, sale of a business to Dahlsen Building Centres Pty Limited in which J C Dahlsen has a substantial financial interest, and payments in the nature of consulting fees paid to Sir Ronald Trotter as a member of the Company's International Board of Advice.

Further details are set out in Note 40 to the Financial Statements.



**D P Mercer**  
 Chief Executive Officer



**PROFIT AND LOSS ACCOUNTS**  
FOR THE YEAR ENDED 30 SEPTEMBER 1993

	NOTE	CONSOLIDATED		THE COMPANY	
		1993 \$M	1992 \$M	1993 \$M	1992 \$M
Interest income	3	6,905.8	8,082.9	4,166.8	4,235.9
Less: interest expense	4	4,365.3	5,645.1	2,651.2	3,246.1
Net interest income		2,540.5	2,437.8	1,515.6	989.8
Other operating income	3	2,034.1	2,108.7	1,407.2	1,738.4
Total net operating income		4,574.6	4,546.5	2,922.8	2,728.2
Less: operating expenses	4	3,212.6	3,232.6	2,141.9	2,254.5
Operating profit before income tax, doubtful debts, restructuring costs and abnormal items		1,362.0	1,313.9	780.9	473.7
Less: specific provision for doubtful debts	4	641.8	1,600.1	423.5	1,229.3
restructuring costs	4	54.8	95.1	21.7	65.2
general provision for doubtful debts	4	5.0	337.3	5.0	333.8
<b>Operating profit(loss) before income tax and before abnormal items</b>		<b>660.4</b>	<b>(718.6)</b>	<b>330.7</b>	<b>(1,154.6)</b>
Abnormal (loss)profit	6	(172.5)	11.7	19.1	(30.6)
<b>Operating profit(loss) before income tax</b>		<b>487.9</b>	<b>(706.9)</b>	<b>349.8</b>	<b>(1,185.2)</b>
Less: income tax expense(benefit)	7	233.9	(132.9)	112.3	(311.4)
Operating profit(loss) after income tax and before outside equity interests		254.0	(574.0)	237.5	(873.8)
Outside equity interests		7.5	5.0	-	-
<b>Operating profit(loss) after income tax attributable to shareholders of the Company</b>		<b>246.5</b>	<b>(579.0)</b>	<b>237.5</b>	<b>(873.8)</b>
Retained profits					
- at start of year		173.2	657.5	249.2	868.8
- vested - Australia and New Zealand Savings Bank Limited		-	-	-	131.9
Total available for appropriation		419.7	78.5	486.7	126.9
Transfers from reserves <sup>1</sup>		81.9	376.9	100.0	400.0
Dividends provided for or paid					
- ordinary shares	8	224.5	202.8	220.0	198.3
- preference shares	8	79.4	79.4	79.4	79.4
<b>Retained profits at end of year</b>		<b>197.7</b>	<b>173.2</b>	<b>287.3</b>	<b>249.2</b>

**EARNINGS PER SHARE(CENTS)****Basic**

Before abnormal items	9	30.8	(60.1)
After abnormal items	9	13.5	(60.2)

**Diluted**

Before abnormal items	9	32.2	(41.3)
After abnormal items	9	17.5	(41.4)

The notes appearing on pages 39 to 89 form an integral part of these financial statements

<sup>1</sup> Details of movements in reserves are contained in the Statements of Changes in Shareholders' Equity on pages 36 and 37



AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED AND CONTROLLED ENTITIES  
**BALANCE SHEETS**  
AS AT 30 SEPTEMBER 1993

	NOTE	CONSOLIDATED		THE COMPANY	
		1993 \$M	1992 \$M	1993 \$M	1992 \$M
Liquid assets	10	3,708.6	1,750.7	2,428.3	918.9
Due from other banks	11	10,213.1	11,142.0	5,464.9	6,797.1
Trading securities	12	4,708.2	2,433.3	3,375.3	1,613.4
Investment securities	13	4,917.3	7,007.8	2,567.1	4,293.4
Net loans and advances	14	56,284.3	55,767.3	33,276.7	33,470.7
Customers' liabilities for acceptances		12,838.1	14,813.8	11,640.3	13,178.7
Due from controlled entities		-	-	5,391.3	5,343.5
Regulatory deposits	18	1,042.8	1,129.2	480.7	495.9
Shares in controlled entities and associates	19	16.3	19.3	3,971.9	3,590.5
Other assets	20	4,193.2	4,770.8	2,002.3	2,683.7
Premises and equipment	21	2,010.7	2,303.5	454.1	432.4
<b>Total assets</b>		<b>99,932.6</b>	<b>101,137.7</b>	<b>71,052.9</b>	<b>72,818.2</b>
Due to other banks	22	8,957.5	9,063.2	7,144.9	7,686.9
Deposits and other borrowings	23	63,775.6	62,732.9	38,456.3	36,493.2
Liability for acceptances		12,838.1	14,813.8	11,640.3	13,178.7
Due to controlled entities		-	-	2,093.4	3,614.3
Income tax liability	24	478.8	658.0	197.8	262.9
Creditors and other liabilities	25	2,958.2	3,693.0	1,196.9	2,078.7
Provisions	26	641.7	524.1	488.6	369.1
Bonds and notes	27	1,747.2	2,215.2	1,747.2	2,135.7
Loan capital	28	3,402.6	2,846.4	3,010.5	2,392.2
<b>Total liabilities</b>		<b>94,799.7</b>	<b>96,546.6</b>	<b>65,975.9</b>	<b>68,211.7</b>
<b>Net assets</b>		<b>5,132.9</b>	<b>4,591.1</b>	<b>5,077.0</b>	<b>4,606.5</b>
Issued and paid-up capital <sup>1</sup>		1,314.6	1,164.5	1,314.6	1,164.5
Reserves <sup>1</sup>		3,576.7	3,204.6	3,475.1	3,192.8
Retained profits <sup>1</sup>		197.7	173.2	287.3	249.2
<b>Share capital and reserves attributable to shareholders of the Company</b>		<b>5,089.0</b>	<b>4,542.3</b>	<b>5,077.0</b>	<b>4,606.5</b>
Outside equity interests	29	43.9	48.8	-	-
<b>Total shareholders' equity and outside equity interests</b>		<b>5,132.9</b>	<b>4,591.1</b>	<b>5,077.0</b>	<b>4,606.5</b>
Commitments	34				
Contingent liabilities and off-balance sheet exposures	35				

The notes appearing on pages 39 to 89 form an integral part of these financial statements

<sup>1</sup> Details of movements in paid-up capital and reserves are contained in the Statements of Changes in Shareholders' Equity on pages 36 and 37



AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED AND CONTROLLED ENTITIES  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
 FOR THE YEAR ENDED 30 SEPTEMBER 1993

	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>Authorised capital</b>				
2,100,000,000 ordinary shares of \$1 each	2,100.0	2,100.0	2,100.0	2,100.0
1,000,000,000 preference shares of \$0.01 each	10.0	10.0	10.0	10.0
<b>Total authorised capital</b>	<b>2,110.0</b>	<b>2,110.0</b>	<b>2,110.0</b>	<b>2,110.0</b>
<b>Issued and paid-up capital<sup>1</sup></b>				
Balance at start of year	1,164.5	1,025.6	1,164.5	1,025.6
Ordinary shares				
Rights issue <sup>2</sup>	103.6	103.6	103.6	103.6
Dividend reinvestment plan <sup>3</sup>	32.8	25.6	32.8	25.6
Employee share purchase scheme <sup>4</sup>	3.5	3.6	3.5	3.6
Bonus option plan <sup>5</sup>	8.4	4.2	8.4	4.2
Senior officers' share purchase scheme <sup>6</sup>	1.8	1.1	1.8	1.1
Exercise of warrants rights	-	0.8	-	0.8
Directors' share and option purchase scheme <sup>7</sup>	#	#	#	#
<b>Total issued and paid-up capital</b>	<b>1,314.6</b>	<b>1,164.5</b>	<b>1,314.6</b>	<b>1,164.5</b>
<b>Share premium reserve</b>				
Balance at start of year	2,432.5	2,069.8	2,432.5	2,069.8
Premium on issue of shares	351.4	371.4	351.4	371.4
Issue costs <sup>8</sup>	(0.7)	(9.2)	(0.7)	(9.2)
Transfers between reserves	-	0.5	-	0.5
	2,783.2	2,432.5	2,783.2	2,432.5
<b>Asset revaluation reserve</b>				
Balance at start of year	7.9	170.9	369.7	26.8
Revaluation of premises	(6.6)	(162.3)	(2.7)	8.8
Transfers between reserves	(0.6)	-	-	-
Other	(0.7)	-	-	-
Revaluation of investments in controlled entities	-	-	2.5	234.1
Reserves vested				
- Australia and New Zealand Savings Bank Limited <sup>9</sup>	-	-	-	100.0
Transfer to profit and loss account	-	(0.7)	-	-
	-	7.9	369.5	369.7
<b>Foreign currency translation reserve</b>				
Balance at start of year	30.0	(52.0)	235.2	191.2
Currency translation adjustments	52.5	200.2	30.1	44.2
Net gain(loss) on hedge contracts	59.8	(118.2)	1.7	-
Reserves vested				
- Australia and New Zealand Savings Bank Limited <sup>9</sup>	-	-	-	(0.2)
	142.3	30.0	267.0	235.2
<b>General reserve</b>				
Balance at start of year	585.3	945.4	155.4	539.3
Transfers to profit and loss account	(81.9)	(376.2)	(100.0)	(400.0)
Other	(1.7)	-	-	-
Transfers between reserves	-	16.1	-	16.1
	501.7	585.3	55.4	155.4
<b>Capital reserve</b>				
Balance at start of year	148.9	166.5	-	16.6
Transfers between reserves	0.6	(16.6)	-	(16.6)
Other	-	(1.0)	-	-
	149.5	148.9	-	-
<b>Total reserves</b>	<b>3,576.7</b>	<b>3,204.6</b>	<b>3,475.1</b>	<b>3,192.8</b>



	NOTE	CONSOLIDATED		THE COMPANY	
		1993	1992	1993	1992
		\$M	\$M	\$M	\$M
<b>Retained profits</b>					
Balance at start of year		173.2	657.5	249.2	868.8
Transfers from reserves		81.9	376.9	100.0	400.0
Retained profits vested					
- Australia and New Zealand Savings Bank Limited <sup>9</sup>		-	-	-	131.9
Operating profit(loss) after income tax attributable to shareholders of the Company		246.5	(579.0)	237.5	(873.8)
Total available for appropriation		501.6	455.4	586.7	526.9
Dividends provided for or paid					
ordinary shares	8	224.5	202.8	220.0	198.3
preference shares	8	79.4	79.4	79.4	79.4
Retained profits at end of year		197.7	173.2	287.3	249.2
<b>Total shareholders' equity attributable to shareholders of the Company</b>		<b>5,089.0</b>	<b>4,542.3</b>	<b>5,077.0</b>	<b>4,606.5</b>

	1993	1992
	No.	No.
<b>Number of issued shares</b>		
Ordinary shares of \$1 each fully paid	1,308,251,313	1,054,524,274
Ordinary shares of \$1 each paid to 50 cents per share	-	207,223,415
Ordinary shares of \$1 each paid to 10 cents per share	3,066,000	3,557,000
Non-redeemable non-cumulative converting preference shares of \$1 each fully paid <sup>10</sup>	6,000,000	6,000,000
<b>Total number of issued shares</b>	<b>1,317,317,313</b>	<b>1,271,304,689</b>

### Share options

During the financial year, under the terms of the Directors' share and option purchase scheme, approved by shareholders, the Company granted 150,000 options to purchase ordinary shares of \$1 each in the Company at an exercise price of \$3.43 per share. The date of expiration of these options is 1 March 1998 or 90 days after a director ceases to be a director.

Unissued ordinary shares of \$1 each under the Directors' share and option purchase scheme at the date of these accounts are 100,000 shares at an exercise price of \$5.45 per share, 50,000 shares at an exercise price of \$4.08 per share and 150,000 shares at an exercise price of \$3.43 per share with respective expiration dates of 28 February 1994, 28 February 1997 and 1 March 1998 or 90 days after cessation of a director's term of office.

The notes appearing on pages 39 to 89 form an integral part of these financial statements.

#Amounts less than \$50,000

<sup>1</sup> The purpose of the issues of ordinary shares was to strengthen the Economic entity's capital base and to raise funds for general purposes

<sup>2</sup> Final call on partly paid rights issue was 207,223,415 ordinary shares at \$3.76 per share; 50 cents par value and \$1.38 share premium

<sup>3</sup> Dividend reinvestment plan issues were 18,339,429 ordinary shares at \$2.51 per share 14,454,926 ordinary shares at \$3.42 per share

<sup>4</sup> Employee share purchase scheme issues were 2,997,229 ordinary shares at \$2.75 per share 506,715 ordinary shares at \$2.76 per share

<sup>5</sup> Bonus option plan issues were 4,158,105 ordinary shares at \$2.51 per share 4,253,720 ordinary shares at \$3.42 per share

<sup>10</sup> Last date for conversion to ordinary shares is 11 July 1995 with a conversion price that is 10% less than the weighted average sale price of all fully paid ordinary shares in the Company, sold on the Australian Stock Exchange Limited during the five trading days immediately preceding the conversion date.

<sup>6</sup> Senior officers' share purchase scheme issues were 1,253,500 ordinary shares at \$3.44 per share 88,000 ordinary shares at \$5.36 per share 81,000 ordinary shares at \$3.42 per share 64,000 ordinary shares at \$5.04 per share 59,000 ordinary shares at \$3.75 per share 50,000 ordinary shares at \$5.26 per share 32,000 ordinary shares at \$5.60 per share 26,500 ordinary shares at \$5.20 per share 25,000 ordinary shares at \$4.90 per share 22,500 ordinary shares at \$5.42 per share 21,500 ordinary shares at \$4.68 per share 19,500 ordinary shares at \$4.60 per share 18,000 ordinary shares at \$5.46 per share 17,000 ordinary shares at \$4.93 per share 1,000 ordinary shares at \$4.70 per share

<sup>7</sup> Directors' share and option purchase scheme issue was 21,000 ordinary shares at \$3.75 per share

<sup>8</sup> Relates to final instalment on March 1992 rights issue

<sup>9</sup> The Company and Australia and New Zealand Savings Bank Limited were integrated in July 1992 under the Bank Integration Act 1991 (Commonwealth) and the Bank Integration Act 1992 (Vic)



STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 1993

	NOTE	CONSOLIDATED		THE COMPANY	
		1993	1992	1993	1992
		\$M	\$M	\$M	\$M
		INFLOWS (OUTFLOWS)		INFLOWS (OUTFLOWS)	
<b>Cash flows from operating activities</b>					
Interest received		6,915.8	8,113.4	4,180.4	4,302.0
Dividends received		15.9	57.0	0.5	17.4
Fees and other income received		2,014.7	1,963.5	1,385.3	1,681.1
Interest paid		(4,488.8)	(5,887.1)	(2,740.0)	(3,284.8)
Personnel expenses paid		(1,526.6)	(1,538.5)	(1,002.9)	(1,091.0)
Premises expenses paid		(408.6)	(394.0)	(334.4)	(349.9)
Other operating expenses paid		(1,163.4)	(1,107.7)	(731.3)	(792.8)
Income taxes paid		(148.4)	(230.9)	(28.0)	(92.0)
Net decrease(increase) in trading securities		243.7	(341.6)	228.1	(119.2)
<b>Net cash provided by operating activities</b>	31(a)	<b>1,454.3</b>	<b>634.1</b>	<b>957.7</b>	<b>270.8</b>
<b>Cash flows from investing activities</b>					
Net (increase)decrease					
Due from other banks		520.1	(533.7)	1,010.8	(722.3)
Regulatory deposits		86.4	(19.3)	15.2	(18.8)
Loans and advances		(612.4)	(1,990.3)	(25.7)	(1,002.4)
Shares in controlled entities <sup>1</sup> and associates		-	28.8	(381.4)	(255.3)
Investment securities					
Purchases		(11,776.4)	(17,538.5)	(7,582.2)	(7,345.6)
Proceeds from sale		11,529.5	16,915.5	7,328.5	7,295.4
Controlled entities					
Purchased (net of cash acquired)	31(c)	(2.0)	(90.3)	-	(432.3)
Proceeds from sale (net of cash disposed)		62.3	34.6	9.5	-
Premises and equipment					
Purchases		(379.6)	(342.8)	(130.0)	(140.1)
Proceeds from sale		82.4	43.2	2.8	6.4
Other		110.0	(9.5)	205.4	(318.0)
<b>Net cash (used in)provided by investing activities</b>		<b>(379.7)</b>	<b>(3,502.3)</b>	<b>452.9</b>	<b>(2,933.0)</b>
<b>Cash flows from financing activities</b>					
Net (decrease)increase					
Due to other banks		(91.5)	1,103.1	(596.5)	1,810.8
Deposits and other borrowings		374.8	157.8	1,697.6	860.1
Due from controlled entities		-	-	(1,541.8)	(2,020.4)
Creditors and other liabilities		(157.4)	(758.8)	(441.5)	25.2
Bonds and notes					
Issue proceeds		211.3	684.2	211.3	684.2
Redemptions		(780.1)	(757.7)	(701.0)	(757.7)
Loan capital					
Issue proceeds		400.9	160.4	400.9	160.4
Redemptions		(93.2)	(140.7)	-	-
(Decrease)increase in outside equity interests		(4.8)	3.5	-	-
Dividends paid		(193.3)	(167.4)	(188.8)	(162.9)
Share capital issues		405.9	400.2	405.9	400.2
<b>Net cash provided by(used in) financing activities</b>		<b>72.6</b>	<b>684.6</b>	<b>(753.9)</b>	<b>999.9</b>
Net cash provided by operating activities		1,454.3	634.1	957.7	270.8
Net cash (used in)provided by investing activities		(379.7)	(3,502.3)	452.9	(2,933.0)
Net cash provided by(used in) financing activities		72.6	684.6	(753.9)	999.9
Net increase(decrease) in cash and cash equivalents		1,147.2	(2,183.6)	656.7	(1,662.3)
Cash and cash equivalents at beginning of year		7,519.6	8,946.2	3,782.7	5,051.9
Foreign currency translation on opening balances		413.3	757.0	439.6	393.1
<b>Cash and cash equivalents at end of year</b>	31(b)	<b>9,080.1</b>	<b>7,519.6</b>	<b>4,879.0</b>	<b>3,782.7</b>

<sup>1</sup> Represents (decrease)increase of equity in existing controlled entities

The notes appearing on pages 39 to 89 form an integral part of these financial statements



**1: ACCOUNTING POLICIES**

Under section 409 of the Corporations Law (the Law) financial statements 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 (the Company) and Town and Country Bank Limited are banking corporations under section 409 of the Law. For the purposes of the financial statements of the Economic entity, ANZ Banking Group (New Zealand) Limited, Post Office Bank Limited, ANZ Bank (Guernsey) Limited, ANZ Bank (Vanuatu) Limited, ANZ Grindlays Bank plc, 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, applicable Accounting Standards (AASBs) and the accounts provisions of the Law, including Schedule 5 of the Corporations Regulations, to the extent applicable to a bank. The policies are consistent with those adopted in the prior year with the exception of the policy for the treatment of goodwill. (refer note 2).

**(i) Bases of accounting**

These financial statements have been prepared in accordance with the historical cost convention except where otherwise stated. The carrying values of all non-current assets have been assessed and are not in excess of their recoverable amounts. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

**(ii) Consolidation**

The financial statements of the Economic entity are a consolidation of the financial statements of the Company and its controlled entities listed in note 32.

Controlled entities are defined as those entities which are controlled by the Company. AASB 1024 "Consolidated Accounts" 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 pursuing the objectives of the controlling entity. Where controlled entities 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 within the Economic entity have been eliminated on consolidation.

Investments in controlled entities are revalued annually. Valuations are based on the net tangible asset value of the controlled entity.

Associates are defined as those entities which are not controlled entities but over which the Economic entity has significant influence. Generally, significant influence is exercised where 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 Economic entity does not prepare supplementary equity financial statements as the impact is immaterial.

**(iii) Foreign currency**

All amounts are expressed in Australian dollars, unless otherwise stated.

Profits and losses of overseas branches and controlled entities are translated at average exchange rates for the year. Assets and liabilities of overseas branches and controlled entities are translated at the mid-point rates of exchange ruling at balance date. The net translation difference arising from the translation of overseas branch capital positions and investments in overseas controlled entities considered to be self-sustaining operations, is transferred on consolidation to the foreign currency translation reserve, after allowing for those positions hedged by foreign exchange contracts and related currency borrowings.

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

It is the Economic entity's general policy in respect of trading risk, to maintain a substantially matched position in foreign currencies, and the total amount of unmatched foreign currency liabilities and assets and consequent foreign currency exposures are not material.

**(iv) Comparative figures**

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

**(v) Rounding of amounts**

The Company is a company of the kind referred to in the Australian Securities Commission class order 93/581 dated 15 June 1993 pursuant to section 313(6) of the Law. Consequently, amounts in the financial statements have been rounded, where appropriate, to the nearest hundred thousand dollars except where otherwise indicated.



The Company is a company of the kind referred to in Corporations Regulations 3.6.05(6) and, in accordance with section 311 and Corporations Regulation 3.6.05, amounts in the financial statements have been rounded to the nearest thousand dollars where indicated.

**(vi) Life insurance business**

The Economic entity conducts life insurance business through ANZ Life Assurance Co. Limited (ANZ Life). The Economic entity's financial statements include its interest in the actuarially assessed surplus of ANZ Life's statutory funds for the year, after allowing for increases in policyholder reserves determined on a realistic basis. The result for the year of \$17.0 million (1992: \$23.3 million) has been included in the profit and loss account and then transferred to general reserve within the consolidated financial statements until available for distribution under the requirements and restrictions of the Life Insurance Act 1945 and statutory accounting practices.

The Economic entity's interest in the accumulated retained earnings of the life insurance statutory funds, together with the net assets of the shareholders' fund of ANZ Life (Life Insurance Assets) of \$195.5 million (1992: \$174.0 million) are included within the balance sheet of the Economic entity.

Due to the provisions of the Life Insurance Act 1945, the assets of the life insurance statutory funds attributable to policyholders of ANZ Life do not form part of the assets to which the Economic entity is entitled and are therefore not consolidated.

**(vii) Funds under management**

The Company and certain of its controlled entities 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 Economic entity exceeds \$9.7 billion (1992: \$9.7 billion).

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

Where the Company or its controlled entities 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 financial statements. Commissions and fees earned in respect of the Economic entity's trust activities are included in the profit and loss account.

**(viii) Income tax**

The Economic entity adopts the liability method of tax effect accounting whereby income tax expense is calculated based on accounting profit adjusted for 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.

General provisions for doubtful debts are treated as permanent differences as the provisions do not relate to specific accounts for which a tax deduction would be available in the event of a loss.

Future tax benefits and deferred tax liabilities relating to timing differences and tax losses 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 controlled entities to finance their ongoing businesses apart from tax provided on income attributed to Australia pursuant to the rules for the taxation of foreign sourced income.

**(ix) Trading securities**

Securities held for trading purposes are recorded at market value.

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 and is consistent with generally accepted accounting practice in the banking industry.

**(x) Investment securities**

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

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

**(xi) Net loans and advances**

Net loans and advances includes direct finance provided to customers such as bank overdrafts, credit cards, term loans, lease finance, hire purchase finance and commercial bills.

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



Finance leases are accounted for using the finance method whereby income is taken to account progressively over the life of the lease in proportion to the outstanding investment balance.

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 the finance on an actuarial basis.

Investments in leveraged leases are recorded at an amount equal to the investment participation, and income is taken to account on an actuarial basis over the term of each lease.

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.

#### **(xii) 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 asset portfolio. The level of the general provision is determined having regard to economic conditions, the level of on and off-balance sheet assets and other general risk factors.

Controlled entities within the Economic entity maintain appropriate provisions for doubtful debts. During the year, the Economic entity changed its practice to require general provisions to be booked in the entity to which they relate. This change has resulted in a transfer of \$79.3 million from the Company to controlled entities (refer note 6).

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.

#### **(xiii) Rescheduled country debt**

Previously, the Economic entity accounted for provisions for rescheduled country debt as general provisions and net of any associated tax benefit. Following a review of the nature of these provisions, this practice has been revised to require such provisions to be classified and accounted for, as specific provisions (refer note 16). This change has resulted in \$350.5 million of general provisions for rescheduled country debt being reclassified as specific provisions, together with an increase in future income tax benefits of \$35.4 million and a corresponding increase in specific provisions to recognise the amount previously netted against future income tax benefits.

During the year, the Economic entity changed its practice to require rescheduled country debt provisions to be booked in the entity to which they relate. This change has resulted in a transfer of \$19.6 million from the Company to controlled entities (refer note 6).

#### **(xiv) 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.

#### **(xv) Leasing**

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

Assets relating to operating leases entered into by the Economic entity as lessor are included within premises and equipment with rental income and depreciation separately classified in income and expense.

#### **(xvi) Premises and equipment**

Premises and equipment (including computer equipment) are carried at cost or at valuation. Any surplus on revaluation of a class of assets is credited directly to the asset revaluation reserve. Where a deficit arises, this is debited to the asset revaluation reserve to the extent of any previous revaluation surplus for that class, and the excess debited to the profit and loss account. Potential capital gains tax arising from revaluations is not taken into account as the Economic entity has no current intention to dispose of the subject properties.

Valuations of premises are assessed annually by officers of the Economic entity. 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 premises concerned continue to be used in their existing manner by the Economic entity. The directors carried out a valuation in September 1993 supported by independent and officer valuations.

Profit or loss on the disposal of premises and equipment 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 Economic entity in the year of disposal.

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.



**(xvii) Property held for resale**

Property held for resale comprises properties held for development and sale. These are recorded at lower of net investment level being capitalised development costs less profits not yet recognised or estimated realisable value.

To determine estimated realisable value, estimated future cash flows associated with each development are expressed in present value terms using an appropriate discount rate.

Marketing and holding costs such as interest, rates and taxes associated with each development are not capitalised (except in the case of selected major developments and only then to the extent that they are considered recoverable).

Other development costs are capitalised to the extent that they enhance the value of the development and to the extent they are considered to be recoverable.

Profit is recognised on settlement of a development, or in the case of 'multi-staged' developments, when the value of the sales in a particular stage equals or exceeds 30% of the total value of lots available for sale in that stage; until that time the profit recognised is offset against inventory value. For profit purposes, sales are recognised at date of settlement, or when a deposit (normally 10%) is received and it is virtually certain that settlement will proceed.

**(xviii) Acceptances**

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

The Economic entity's own acceptances discounted are held as part of either the trading securities portfolio or the loan portfolio, depending on whether, at the time of such discount, the intention was to hold the acceptances for resale or until maturity.

**(xix) Off-balance sheet transactions**

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

**(xx) Cash and cash equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents includes coins, notes, cash at bank, loans to authorised dealers in short term money markets, money at call, bills receivable, remittances in transit and amounts due from other banks with original maturity of 90 days or less, and on demand borrowings which are integral to the cash management function.

**(xxi) Repurchase agreements**

Securities sold under repurchase agreements are retained in the financial statements and a counterparty liability is disclosed under the classifications of Due to other Banks or Creditors and Other Liabilities. The difference between the sale price and the repurchase price is amortised over the life of the repurchase agreement and charged to interest expense in the profit and loss account. Securities purchased under agreements to resell are recorded as liquid assets.

**(xxii) Superannuation commitments**

The Economic entity has a number of superannuation schemes which provide either defined benefits ("defined benefit plans") or accumulated benefits ("defined contribution plans") for employees and their dependants on retirement or death.

The benefits provided for by defined benefit plans are based upon years of membership and/or salary levels.

The benefits provided by defined contribution plans are determined by accumulated contributions made to the plan, together with investment earnings thereon. These superannuation schemes cover the majority of Economic entity employees throughout the world.

The benefits under the schemes are provided from contributions by employee members and the Economic entity, and income from assets of the schemes. Members contributions are at varying rates.

Economic entity contributions in respect of the defined benefit plans are made at levels necessary to ensure that the plans are maintained with sufficient assets to meet their liabilities. Economic entity contributions in respect of the defined contribution plans are at levels not exceeding specified fixed rates. The rate of Economic entity contributions is determined by actuarial valuations which are carried out at regular intervals not exceeding three years.

Any aggregate deficiencies arising from the actuarial valuations of the Company's defined benefit schemes have been provided for in the Economic entity's financial statements.

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



**2: CHANGES IN ACCOUNTING POLICIES****Goodwill**

In previous years, goodwill, being the difference between the fair value of net assets acquired in controlled entities and cost of equity in controlled entities, was written off through the profit and loss account in the year of acquisition.

Following a review of accounting policy, goodwill is amortised on a straight line basis over the period of expected benefit, such period not to exceed 20 years, from the date of acquisition.

The carrying value of goodwill is reviewed annually by the directors and is adjusted where considered necessary.

The change in accounting policy for the treatment of goodwill has no material financial impact on the current period's results, as the amount of goodwill written off was \$0.3 million (1992: nil).



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>3: INCOME</b>				
Interest income				
From other banks	818.3	977.0	473.9	597.4
On regulatory deposits	20.9	35.8	8.3	12.3
On trading and investment securities	627.3	782.3	371.0	438.4
On loans and advances	5,339.5	6,154.2	3,010.9	2,599.7
Dividends from redeemable preference share finance	29.6	37.3	-	-
Other	70.2	96.3	43.1	59.9
	6,905.8	8,082.9	3,907.2	3,707.7
From controlled entities	-	-	259.6	528.2
<b>Total interest income</b>	<b>6,905.8</b>	<b>8,082.9</b>	<b>4,166.8</b>	<b>4,235.9</b>
Operating income				
(i) Fee income				
Lending	597.7	614.9	486.1	473.8
Other	697.9	686.7	427.8	389.8
	1,295.6	1,301.6	913.9	863.6
From controlled entities	-	-	257.7	503.7
<b>Total fee income</b>	<b>1,295.6</b>	<b>1,301.6</b>	<b>1,171.6</b>	<b>1,367.3</b>
(ii) Other				
Foreign exchange earnings	219.7	239.5	128.2	148.9
Foreign exchange gains(losses) on hedges of investments in controlled entities	-	-	3.3	(27.5)
Profit on sale of securities	148.3	309.0	113.2	194.1
Profit on sale of lease finance assets	-	56.7	-	44.6
Dividends from other companies	15.9	52.1	0.5	12.6
Rents	45.3	44.1	12.9	13.5
Operating lease income	46.8	31.9	0.1	-
Life insurance fund surplus	17.0	23.7	-	-
Development ventures - income	25.1	30.8	2.1	1.8
- diminution in value	(51.6)	(94.5)	(27.7)	(39.5)
Other	112.7	113.8	3.0	22.6
<b>Total other operating income</b>	<b>579.2</b>	<b>807.1</b>	<b>235.6</b>	<b>371.1</b>
Dalgety Farmers <sup>1</sup>	159.3	-	-	-
<b>Total operating income</b>	<b>2,034.1</b>	<b>2,108.7</b>	<b>1,407.2</b>	<b>1,738.4</b>
Abnormal items (refer note 6)	15.6	48.3	98.9	0.4
<b>Total income</b>	<b>8,955.5</b>	<b>10,239.9</b>	<b>5,672.9</b>	<b>5,974.7</b>

<sup>1</sup> Comprises dividends received \$1.0m; rent received \$1.0m; provision for diminution in development ventures \$(7.6)m; commissions received \$114.7m and other \$50.2m



	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>4: EXPENSES</b>				
Interest expense				
To other banks	699.0	846.0	529.4	621.0
On deposits	2,535.1	3,333.0	1,622.9	1,967.7
On short term borrowings	378.1	538.3	8.7	34.5
On long term borrowings	271.6	362.4	-	0.6
On commercial paper	109.4	152.3	56.6	97.9
On bonds and notes	104.0	170.4	101.0	165.1
On loan capital	181.7	183.0	143.9	134.3
Other	86.4	59.7	49.5	11.7
	4,365.3	5,645.1	2,512.0	3,032.8
To controlled entities	-	-	139.2	213.3
<b>Total interest expense</b>	<b>4,365.3</b>	<b>5,645.1</b>	<b>2,651.2</b>	<b>3,246.1</b>
Provisions for doubtful debts (refer note 16)				
<b>Specific provision</b>	<b>641.8</b>	<b>1,600.1</b>	<b>423.5</b>	<b>1,229.3</b>
<b>General provision</b>	<b>5.0</b>	<b>337.3</b>	<b>5.0</b>	<b>333.8</b>
Total provisions for doubtful debts	646.8	1,937.4	428.5	1,563.1
<b>Restructuring costs</b>	<b>54.8</b>	<b>95.1</b>	<b>21.7</b>	<b>65.2</b>
Operating expenses				
(i) Personnel				
Salaries and wages	1,181.5	1,210.9	860.4	884.0
Pension fund	68.8	68.2	5.2	3.9
Employee taxes - payroll	58.3	62.5	55.2	59.1
- fringe benefits tax	23.1	27.6	17.2	21.4
Provision for employee entitlements and annual leave	28.9	32.7	17.6	28.7
Other	59.0	78.6	31.1	48.1
Total personnel expenses	1,419.6	1,480.5	986.7	1,045.2
(ii) Premises				
Rent	222.6	221.4	156.4	162.9
Depreciation of furniture and equipment	52.9	47.6	33.7	30.4
Depreciation of buildings and integrals	35.2	36.1	4.1	1.1
Amortisation of leasehold improvements	17.9	21.2	10.1	11.5
Other	162.6	162.2	95.6	97.0
	491.2	488.5	299.9	302.9
To controlled entities	-	-	82.3	82.9
Total premises expenses	491.2	488.5	382.2	385.8
(iii) Other				
Computer costs <sup>1</sup>	302.9	331.3	207.2	240.8
Interchange fees	84.1	73.4	77.8	69.4
Brokerage paid	63.0	64.0	32.9	33.1
Non-lending losses, frauds and forgeries	55.7	75.5	44.1	50.2
Operating lease depreciation	29.0	16.4	-	-
Remuneration of auditors (refer note 5)	9.2	8.9	3.5	2.2
Depreciation of motor vehicles	6.3	12.5	6.0	6.8
Goodwill	0.3	-	-	-
Management fees	2.5	1.0	0.2	0.1
Other	591.9	680.6	367.1	394.4
	1,144.9	1,263.6	738.8	797.0
Management fees - controlled entities	-	-	34.2	26.5
Total other operating expenses	1,144.9	1,263.6	773.0	823.5
Dalgety Farmers <sup>2</sup>	156.9	-	-	-
<b>Total operating expenses</b>	<b>3,212.6</b>	<b>3,232.6</b>	<b>2,141.9</b>	<b>2,254.5</b>
Total expenses	8,279.5	10,910.2	5,243.3	7,128.9

<sup>1</sup> Includes depreciation on computer equipment of \$63.0m (1992:\$44.7m) for the Economic entity and \$37.4m (1992:\$21.2m) for the Company

<sup>2</sup> Comprises personnel \$65.0m; premises \$21.2m; computer costs \$6.3m; depreciation of furniture and equipment \$2.4m; depreciation of buildings \$1.6m; depreciation of motor vehicles \$0.8m; auditors remuneration \$0.9m and other \$58.7m.



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>5: REMUNERATION OF AUDITORS</b>				
<b>Amounts received and due and receivable</b>				
Auditing accounts				
By KPMG Peat Marwick	5.3	4.8	2.0	1.5
By other Economic entity auditors	0.3	0.3	-	-
	5.6	5.1	2.0	1.5
Other services				
By KPMG Peat Marwick	3.3	2.5	1.5	0.7
By other Economic entity auditors	0.3	1.3	-	-
	3.6	3.8	1.5	0.7
<b>Total remuneration of auditors</b>	<b>9.2</b>	<b>8.9</b>	<b>3.5</b>	<b>2.2</b>
Dalgety Farmers <sup>1</sup>	0.9	-	-	-
Total remuneration of auditors <sup>2</sup>	10.1	8.9	3.5	2.2

An Australian Securities Commission Class Order dated 29 June 1992 relieves KPMG Peat Marwick from compliance with section 324(2) of the Corporations Law, subject to certain conditions.

The Class Order applies to the Company and any corporations related to the Company and covers the indebtedness of any member of the firm of KPMG Peat Marwick or any body corporate in which a member of the firm is a substantial shareholder that exceeds \$5,000. It requires such indebtedness to be on commercial terms and conditions throughout the period of the Class Order and states that no partner involved in the control of the audit may be indebted to the Company or a controlled entity, nor may he/she provide security or obtain any interest whatsoever in any property charged.

<sup>1</sup> Comprises auditing the accounts by other Economic entity auditors \$0.6m(1992:nil) and other services by other Economic entity auditors \$0.3m(1992:nil)

<sup>2</sup> The auditors did not receive any other benefits



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>6: ABNORMAL ITEMS</b>				
Profits before tax				
Sale of controlled entities and associates	15.6	8.0	-	-
Sale of equity investments	-	37.5	-	-
Sale of premises	-	2.8	-	0.4
Transfer of general provision to controlled entities (refer note 1[xii] and 16)	-	-	79.3	-
Transfer of rescheduled country debt provision to controlled entities (refer note 1[xiii] and 16)	-	-	19.6	-
	15.6	48.3	98.9	0.4
Losses before tax				
Provision against future cost of leased premises surplus to current requirements <sup>1</sup>	74.0	-	74.0	-
Sale of premises				
- 530 Collins Street, Melbourne, Australia <sup>2</sup>	39.2	-	-	-
- other	9.2	0.5	4.0	-
Revaluation of properties	29.8	-	-	-
Loss on controlled entities and associates				
- sale of Dalgety Farmers pastoral and shipping businesses	23.8	-	-	-
- writedown or sale of investment in controlled entities and associates	12.1	33.0	1.8	31.0
Closure costs	-	3.1	-	-
	188.1	36.6	79.8	31.0
<b>Total abnormal (loss)profit before tax</b>	<b>(172.5)</b>	11.7	<b>19.1</b>	<b>(30.6)</b>
Income tax expense(benefit) applicable to:				
Reduction in corporate tax rates	101.8	-	96.8	-
Sale of premises				
- 530 Collins Street, Melbourne, Australia <sup>2</sup>	(30.8)	-	-	-
- other	(1.4)	(0.3)	-	-
Provision against future cost of leased premises surplus to current requirements <sup>1</sup>	(28.9)	-	(28.9)	-
Transfer of tax losses from controlled entities	-	-	(75.2)	-
Closure costs	-	12.9	-	-
Total income tax expense(benefit) on abnormal items	40.7	12.6	(7.3)	-
<b>Abnormal (loss)profit after tax</b>	<b>(213.2)</b>	<b>(0.9)</b>	<b>26.4</b>	<b>(30.6)</b>

<sup>1</sup> A provision has been raised for the estimated future cost of leased premises in Australia surplus to current requirements. This has been determined based on the present value of the estimated net cash outflows on sublet lease space and the lease commitments on lease space for which the Economic entity has no substantive future use

<sup>2</sup> The \$8.4m after tax loss on sale of 530 Collins Street, Melbourne, Australia, has been calculated by comparing the sale proceeds to the carrying value at the date of sale, and adjusted for future commitments and previously unrecognised tax benefits arising on sale. The carrying value of the property was revalued downwards by \$89.6m in 1992 against the Asset Revaluation Reserve as part of the Economic entity's revaluation of its properties in that year



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>7: INCOME TAX EXPENSE(BENEFIT)</b>				
Reconciliation of the prima facie income tax payable on operating profit(loss) and abnormal items with the income tax expense(benefit) charged(credited) in the profit and loss account				
Operating profit(loss) before income tax and before abnormal items	660.4	(718.6)	330.7	(1,154.6)
Prima facie income tax at 39%	257.5	(280.3)	129.0	(450.3)
Tax effect of permanent differences				
Overseas tax rate differential	(19.6)	31.0	1.2	3.4
Other non-assessable income	(33.6)	(25.4)	(10.6)	(14.8)
Rebateable and non-assessable dividends	(16.2)	(29.1)	-	(4.9)
Fringe benefits tax	7.2	8.9	6.7	8.3
Non-allowable depreciation and amortisation	5.3	5.4	3.7	3.4
General provision for doubtful debts	2.0	131.5	2.0	130.2
Other	4.0	13.8	(13.2)	8.9
	206.6	(144.2)	118.8	(315.8)
Income tax (over)under provided in prior years	(13.4)	(1.3)	0.8	4.4
Total income tax expense(benefit) on operating profit(loss)	193.2	(145.5)	119.6	(311.4)
Abnormal (loss)profit before tax	(172.5)	11.7	19.1	(30.6)
Prima facie income tax at 39%	(67.3)	4.6	7.4	(11.9)
Tax effect of permanent differences				
Restatement of net deferred tax balances	101.8	-	96.8	-
(Profit)loss on sale and revaluation of premises	(1.7)	(1.2)	1.6	(0.1)
Closure costs	-	14.1	-	-
Loss on controlled entities and associates	7.9	8.9	0.7	12.0
Transfer of tax losses from controlled entities	-	-	(75.2)	-
Release of general and rescheduled country debt provisions	-	-	(38.6)	-
Profits on non-assessable investments	-	(13.8)	-	-
Total income tax expense(benefit) on abnormal items	40.7	12.6	(7.3)	-
<b>Total income tax expense(benefit)</b>	<b>233.9</b>	<b>(132.9)</b>	<b>112.3</b>	<b>(311.4)</b>
Current income tax expense	104.6	192.4	17.6	13.0
Deferred income tax expense(benefit)	129.3	(325.3)	94.7	(324.4)
	233.9	(132.9)	112.3	(311.4)
Australia	155.8	(309.8)	100.5	(329.4)
Overseas	78.1	176.9	11.8	18.0
Total income tax expense(benefit)	233.9	(132.9)	112.3	(311.4)



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>8: DIVIDENDS</b>				
Ordinary dividends				
Unfranked interim dividend <sup>1,2</sup>	118.5	103.6	114.0	99.1
Unfranked proposed final dividend <sup>3</sup>	130.8	115.8	130.8	115.8
Bonus option plan adjustment (see below)	(24.8)	(16.6)	(24.8)	(16.6)
<b>Dividends on ordinary shares</b>	<b>224.5</b>	<b>202.8</b>	<b>220.0</b>	<b>198.3</b>
Preference dividends <sup>4</sup>				
Dividend paid in January 1993	39.7	39.7	39.7	39.7
Dividend paid in July 1993	39.7	39.7	39.7	39.7
<b>Dividends on preference shares</b>	<b>79.4</b>	<b>79.4</b>	<b>79.4</b>	<b>79.4</b>
Total dividends	303.9	282.2	299.4	277.7
<b>Dividend imputation</b>				
Retained profits and reserves which could be distributed as fully franked dividends			1.4	2.1

**Bonus option plan**

Dividends paid during the year have been reduced by certain shareholders participating in the bonus option plan and forgoing all or part of their right to dividends in return for the receipt of bonus shares.

	DECLARED DIVIDEND	BONUS OPTIONS EXERCISED	AMOUNT PAID
Final dividend 1992	115.8	10.4	105.4
Interim dividend 1993	118.5	14.4	104.1
	234.3	24.8	209.5

<sup>1</sup> Dividend is at a rate of 10 cents per share on fully paid shares and 5 cents per partly paid 50 cent share (1992:10 cents per fully paid share and 5 cents per partly paid 50 cent share)

<sup>2</sup> The difference in the consolidated dividend and the Company dividend is due to dividends of \$4.5m paid (1992:\$4.5m) by ANZ U.K. Dividends (AUD) Limited, a wholly owned controlled entity of the Economic entity, under the 'dividend selection plan' available to the Company's shareholders in the United Kingdom

<sup>3</sup> At a rate of 10 cents per share, on fully paid shares (1992:10 cents per fully paid share and 5 cents per partly paid 50 cent share)

<sup>4</sup> At a rate of 13.25% per annum unfranked



	THE COMPANY	
	1993	1992
	\$M	\$M
<b>9: EARNINGS PER SHARE</b>		
<b>Before abnormal items</b>		
<b>Basic</b>		
Operating profit(loss) after income tax attributable to shareholders of the Company	246.5	(579.0)
Less(add): abnormal items before tax	(172.5)	11.7
Add(less): income tax expense - abnormals		
- tax rate change	101.8	-
- other	(61.1)	12.6
Operating profit(loss) after tax before abnormal items	459.7	(578.1)
Less: preference share dividend	79.4	79.4
Total adjusted earnings	380.3	(657.5)
Weighted average number of ordinary shares (millions)	1,234	1,093
<b>Basic earnings per share (cents)</b>	<b>30.8</b>	<b>(60.1)</b>
<b>Diluted</b>		
Operating profit(loss) after tax before abnormal items	459.7	(578.1)
Add: notional interest earned on final rights issue instalment	7.0	9.2
Total adjusted earnings	466.7	(568.9)
Weighted average number of ordinary shares (millions)	1,234	1,093
Add: potential dilution of preference shares to ordinary shares	165	232
adjustment for partly paid rights issue	50	53
Total adjusted number of shares	1,449	1,378
<b>Diluted earnings per share (cents)</b>	<b>32.2</b>	<b>(41.3)</b>
<b>After abnormal items</b>		
<b>Basic</b>		
Operating profit(loss) after income tax attributable to shareholders of the Company	246.5	(579.0)
Less: preference share dividend	79.4	79.4
Total adjusted earnings	167.1	(658.4)
Weighted average number of ordinary shares (millions)	1,234	1,093
<b>Basic earnings per share (cents)</b>	<b>13.5</b>	<b>(60.2)</b>
<b>Diluted</b>		
Operating profit(loss) after tax	246.5	(579.0)
Add: notional interest earned on final rights issue instalment	7.0	9.2
Total adjusted earnings	253.5	(569.8)
Weighted average number of ordinary shares (millions)	1,234	1,093
Add: potential dilution of preference shares to ordinary shares	165	232
adjustment for partly paid rights issue	50	53
Total adjusted number of shares	1,449	1,378
<b>Diluted earnings per share (cents)</b>	<b>17.5</b>	<b>(41.4)</b>



	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>10: LIQUID ASSETS</b>				
<b>Australia</b>				
Coins, notes and cash at bankers	204.9	219.4	198.6	210.1
Loans to authorised dealers in Australian short term money market	192.2	54.7	156.8	30.9
Money at call	144.4	108.1	-	-
Securities purchased under agreements to resell	1,098.7	73.6	1,098.7	73.6
Bills receivable and remittances in transit	368.9	371.4	311.1	311.2
	2,009.1	827.2	1,765.2	625.8
<b>Overseas</b>				
Coins, notes and cash at bankers	248.3	276.2	24.9	62.4
Money at call	686.3	325.4	479.2	205.0
Securities purchased under agreements to resell	252.0	-	-	-
Bills receivable and remittances in transit	512.9	321.9	159.0	25.7
	1,699.5	923.5	663.1	293.1
<b>Total liquid assets</b>	<b>3,708.6</b>	<b>1,750.7</b>	<b>2,428.3</b>	<b>918.9</b>
Maturity analysis based on original term to maturity at 30 September				
Less than 90 days	3,323.1	1,596.7	2,271.3	800.2
More than 90 days	385.5	154.0	157.0	118.7
<b>Total liquid assets</b>	<b>3,708.6</b>	<b>1,750.7</b>	<b>2,428.3</b>	<b>918.9</b>

**11: DUE FROM OTHER BANKS**

Australia	257.5	977.7	252.0	956.5
Overseas	9,955.6	10,164.3	5,212.9	5,840.6
<b>Total due from other banks</b>	<b>10,213.1</b>	<b>11,142.0</b>	<b>5,464.9</b>	<b>6,797.1</b>
Maturity analysis based on original term to maturity at 30 September				
Less than 90 days	5,757.0	5,922.9	2,607.7	2,982.5
More than 90 days	4,456.1	5,219.1	2,857.2	3,814.6
<b>Total due from other banks</b>	<b>10,213.1</b>	<b>11,142.0</b>	<b>5,464.9</b>	<b>6,797.1</b>



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>12: TRADING SECURITIES</b>				
Trading securities are classified as Australia or overseas based on the domicile of the issuer				
<b>Listed - Australia</b>				
Commonwealth securities <sup>1</sup>	2,002.1	21.7	2,002.1	21.7
Local and semi-government securities	22.1	40.1	22.1	40.1
Other securities and equity investments	8.9	-	-	-
	2,033.1	61.8	2,024.2	61.8
<b>Listed - Overseas</b>				
Indian government securities	524.8	-	-	-
Local and semi-government securities	0.4	-	-	-
Other securities and equity investments	300.8	429.6	-	-
	826.0	429.6	-	-
Total listed	2,859.1	491.4	2,024.2	61.8
<b>Unlisted</b>				
Treasury notes and bills	48.3	57.3	-	-
Government securities	161.8	79.8	-	-
Local and semi-government securities	0.5	35.3	-	-
Other securities and equity investments	1,638.5	1,769.5	1,351.1	1,551.6
Total unlisted	1,849.1	1,941.9	1,351.1	1,551.6
<b>Total trading securities</b>	<b>4,708.2</b>	<b>2,433.3</b>	<b>3,375.3</b>	<b>1,613.4</b>
<sup>1</sup> Effective from 30 September 1993, securities held for prudential purposes and liquidity portfolios which are actively managed for profit, are classified as trading securities and recorded at market value. This change in classification has resulted in an increase in trading securities for the Economic entity of \$2,519.4m and for the Company of \$1,990.7m as at 30 September 1993				
<b>13: INVESTMENT SECURITIES</b>				
Investment securities classified as Australia or overseas based on the domicile of the issuer				
<b>Listed - Australia</b>				
Commonwealth securities <sup>1</sup>	-	1,010.4	-	1,010.4
Local and semi-government securities	32.2	41.3	32.1	41.2
Other securities and equity investments	387.2	396.0	119.5	373.6
	419.4	1,447.7	151.6	1,425.2
<b>Listed - Overseas</b>				
New Zealand government securities	-	8.0	-	8.0
US treasury and government securities	9.5	23.5	8.8	23.5
Indian government securities	11.1	344.9	10.9	11.5
Other government securities	238.0	218.4	137.7	41.6
Other securities and equity investments	110.6	157.0	69.4	89.3
	369.2	751.8	226.8	173.9
Total listed	788.6	2,199.5	378.4	1,599.1
<b>Unlisted - Australia</b>				
Treasury notes	1,156.1	2,183.9	1,058.2	2,100.3
Local and semi-government securities	20.2	34.2	10.1	31.3
Other securities and equity investments	367.0	311.8	292.1	233.4
	1,543.3	2,529.9	1,360.4	2,365.0
<b>Unlisted - Overseas</b>				
New Zealand government securities	1,393.9	1,111.7	613.9	111.2
Other government securities	952.5	905.2	93.0	65.5
Other securities and equity investments	239.0	261.5	121.4	152.6
	2,585.4	2,278.4	828.3	329.3
Total unlisted	4,128.7	4,808.3	2,188.7	2,694.3
<b>Total investment securities</b>	<b>4,917.3</b>	<b>7,007.8</b>	<b>2,567.1</b>	<b>4,293.4</b>



	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>13: INVESTMENT SECURITIES (CONTINUED)</b>				
<b>Market value information</b>				
<b>Listed - Australia</b>				
Commonwealth securities <sup>1</sup>	-	1,006.1	-	1,006.1
Local and semi-government securities	32.5	42.6	32.3	42.4
Other securities and equity investments <sup>2</sup>	391.3	397.2	123.5	376.1
	<b>423.8</b>	<b>1,445.9</b>	<b>155.8</b>	<b>1,424.6</b>
<b>Listed - Overseas</b>				
New Zealand government securities	-	7.5	-	7.5
US treasury and government securities	7.6	23.3	7.1	23.3
Indian government securities	10.8	342.4	10.6	9.0
Other government securities	244.7	217.8	141.8	38.4
Other securities and equity investments	118.5	165.2	70.2	89.2
	<b>381.6</b>	<b>756.2</b>	<b>229.7</b>	<b>167.4</b>
Total market value of listed investment securities	<b>805.4</b>	<b>2,202.1</b>	<b>385.5</b>	<b>1,592.0</b>
<b>Unlisted - Australia</b>				
Treasury notes	1,156.9	2,184.7	1,057.8	2,100.3
Local and semi-government securities	20.3	34.3	10.1	31.3
Other securities and equity investments	367.2	308.0	292.4	233.5
	<b>1,544.4</b>	<b>2,527.0</b>	<b>1,360.3</b>	<b>2,365.1</b>
<b>Unlisted - Overseas</b>				
New Zealand government securities	1,407.4	1,131.1	615.4	112.0
Other government securities	949.9	904.6	92.8	65.5
Other securities and equity investments	238.4	260.9	121.4	152.4
	<b>2,595.7</b>	<b>2,296.6</b>	<b>829.6</b>	<b>329.9</b>
Total market value of unlisted investment securities	<b>4,140.1</b>	<b>4,823.6</b>	<b>2,189.9</b>	<b>2,695.0</b>
<b>Total market value of investment securities</b>	<b>4,945.5</b>	<b>7,025.7</b>	<b>2,575.4</b>	<b>4,287.0</b>

<sup>1</sup> Effective from 30 September 1993, securities held for prudential purposes and liquidity portfolios which are actively managed for profit, are classified as trading securities and recorded at market value. This change in classification has resulted in a decrease in investment securities for the Economic entity of \$2,510.3m and for the Company of \$1,982.0m as at 30 September 1993. The market value of reclassified securities for the Economic entity is \$2,519.4m and the Company is \$1,990.7m as at 30 September 1993

<sup>2</sup> Certain equity investments are subject to in the money call options granted and are valued at exercise price



	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>14: NET LOANS AND ADVANCES</b>				
Loans and advances are classified as Australia or overseas based on the location of the lending point				
<b>Australia</b>				
Overdrafts	4,610.9	5,494.8	4,419.9	5,345.8
Credit card outstandings	865.8	844.7	844.9	822.5
Term loans - housing	10,592.1	9,937.6	9,518.9	8,906.6
Term loans - non housing	19,226.1	19,152.5	15,789.1	15,276.0
Lease finance (refer below)	3,212.4	3,610.2	922.4	1,064.2
Hire purchase	3,793.2	3,586.1	-	-
Commercial bills	79.2	1,041.3	-	918.3
Redeemable preference share finance	25.0	29.0	-	-
Other	293.9	281.7	75.7	90.4
	<b>42,698.6</b>	<b>43,977.9</b>	<b>31,570.9</b>	<b>32,423.8</b>
<b>Overseas</b>				
Overdrafts	4,220.9	4,698.5	999.1	1,021.0
Credit card outstandings	189.3	172.5	-	0.1
Term loans - housing	4,080.1	3,418.8	39.3	33.2
Term loans - non housing	8,326.7	7,534.0	2,432.0	2,330.8
Lease finance (refer below)	63.1	68.1	12.3	28.6
Hire purchase	273.0	263.3	-	-
Commercial bills	726.9	765.1	272.8	226.9
Redeemable preference share finance	234.7	354.7	-	-
Other	236.0	269.4	-	-
	<b>18,350.7</b>	<b>17,544.4</b>	<b>3,755.5</b>	<b>3,640.6</b>
Total gross loans and advances	<b>61,049.3</b>	<b>61,522.3</b>	<b>35,326.4</b>	<b>36,064.4</b>
Less: provisions for doubtful debts (refer note 16)	<b>2,689.8</b>	<b>3,337.6</b>	<b>1,709.0</b>	<b>2,188.9</b>
income yet to mature <sup>1</sup>	<b>2,075.2</b>	<b>2,417.4</b>	<b>340.7</b>	<b>404.8</b>
	<b>4,765.0</b>	<b>5,755.0</b>	<b>2,049.7</b>	<b>2,593.7</b>
<b>Total net loans and advances</b>	<b>56,284.3</b>	<b>55,767.3</b>	<b>33,276.7</b>	<b>33,470.7</b>
Lease finance consists of gross lease receivables				
Current	1,098.9	1,323.3	102.0	165.8
Non-current	2,176.6	2,355.0	832.7	927.0
	<b>3,275.5</b>	<b>3,678.3</b>	<b>934.7</b>	<b>1,092.8</b>
Included in the above are receivables of controlled entity borrowing corporations net of income yet to mature				
Not later than 1 year	3,913.8	4,216.0		
Later than 1 year but not later than 2 years	1,801.5	1,858.4		
Later than 2 years but not later than 5 years	2,468.7	2,468.7		
Later than 5 years	197.7	259.1		
	<b>8,381.7</b>	<b>8,802.2</b>		

<sup>1</sup> Including reserved interest of \$516.8m (1992:\$550.9m) for the Economic entity and \$229.8m (1992:\$244.0m) for the Company on certain non-accrual loans, where interest is charged but not recognised in the profit and loss account



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>15: LOAN QUALITY</b>				
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 17).				
<b>Accruing loans past due 90 days or more</b>				
Loans which are 90 days or more in arrears in terms of interest servicing or principal repayments, but remain on an interest accrual basis.				
No loss of principal or interest is expected.	339.3	474.1	150.5	184.1
<b>Troubled loan restructurings</b>				
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 and fees are recognised as income on an accruals basis.				
	249.7	311.1	243.2	303.1
<b>Other potential problem loans</b>				
The Economic entity 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.				
	-	-	-	-
<b>Non-accrual loans<sup>1</sup></b>				
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.				
- loans where no loss of principal is anticipated	677.4	1,145.7	515.3	555.1
- loans subject to provisioning	3,206.5	4,279.7	2,115.6	2,954.8
	3,883.9	5,425.4	2,630.9	3,509.9
Specific provisions	1,699.4	2,354.7	1,173.0	1,595.3
<b>Total non-accrual loans after specific provisions</b>	<b>2,184.5</b>	<b>3,070.7</b>	<b>1,457.9</b>	<b>1,914.6</b>
<b>By geographic segmentation</b>				
Before specific provisions				
Australia	3,120.5	4,483.9	2,427.2	3,322.1
New Zealand	156.4	220.6	-	-
Other markets	607.0	720.9	203.7	187.8
	3,883.9	5,425.4	2,630.9	3,509.9
After specific provisions				
Australia	1,753.7	2,544.3	1,341.7	1,820.6
New Zealand	125.7	160.9	-	-
Other markets	305.1	365.5	116.2	94.0
	2,184.5	3,070.7	1,457.9	1,914.6

<sup>1</sup> Excluding unproductive facilities of \$70.3m (1992:\$79.5m) for the Economic entity and \$11.6m (1992:\$30.7m) for the Company from which provisions of \$16.8m (1992:\$20.3m) for the Economic entity and \$14.1m (1992:\$17.5m) for the Company have been deducted. Unproductive facilities comprise facilities relating to standby letters of credit, bill endorsements, documentary letters of credit and guarantees to third parties



	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>16: PROVISIONS FOR DOUBTFUL DEBTS</b>				
<b>Specific provision</b>				
Balance at start of year	2,404.8	1,452.7	1,612.8	881.7
Adjustment for exchange rate fluctuations	17.1	47.4	6.2	13.5
Bad debts written off	(1,358.1)	(757.3)	(841.7)	(537.5)
Recoveries	41.8	36.9	14.8	13.9
Charge to profit and loss account	641.8	1,600.1	423.5	1,229.3
Provisions (disposed)acquired	(21.6)	38.0	(0.7)	-
Transfers between provisions				
- rescheduled country debt	385.9	-	119.5	-
- other	3.4	-	-	-
Provisions vested				
- Australia and New Zealand Savings Bank Limited	-	-	-	25.5
Other	10.0	(13.0)	(27.8)	(13.6)
	2,125.1	2,404.8	1,306.6	1,612.8
<b>General provision</b>				
Balance at start of year	932.8	540.7	576.1	218.8
Adjustment for exchange rate fluctuations	38.7	62.8	12.7	20.5
Charge to profit and loss account	5.0	337.3	5.0	333.8
Transfer of general provision to controlled entities (refer note 1[xii] and 6)	-	-	(79.3)	-
Transfer of rescheduled country debt provision to controlled entities (refer note 1[xiii] and 6)	-	-	(19.6)	-
Transfers between provisions				
- rescheduled country debt	(385.9)	-	(119.5)	-
- other	(3.4)	-	-	-
Rescheduled country debt				
- written off or sold	(82.0)	(11.3)	(18.4)	(9.1)
- recoveries	29.5	-	29.5	-
Provisions vested				
- Australia and New Zealand Savings Bank Limited	-	-	-	12.2
Provisions acquired	-	1.9	-	-
Recognition of provisions previously netted against tax benefits	35.4	-	21.3	-
Tax (liability)benefit realised on rescheduled country debt	(2.5)	1.2	(2.8)	-
Other	(2.9)	0.2	(2.6)	(0.1)
	564.7	932.8	402.4	576.1
<b>Total provisions for doubtful debts</b>	<b>2,689.8</b>	<b>3,337.6</b>	<b>1,709.0</b>	<b>2,188.9</b>
<b>Analysis</b>				
Specific provision balance comprises				
Specific	1,716.2	2,375.0	1,187.1	1,612.8
Rescheduled country debt	408.9	29.8	119.5	-
Total specific provisions	2,125.1	2,404.8	1,306.6	1,612.8
General provision balance comprises				
General	564.7	556.6	402.4	476.8
Rescheduled country debt	-	376.2	-	99.3
Total general provisions	564.7	932.8	402.4	576.1
Rescheduled country debt provisions				
General	-	376.2	-	99.3
Notional tax benefits <sup>1</sup>	-	32.1	-	26.9
	-	408.3	-	126.2
Specific	408.9	29.8	119.5	-
Total rescheduled country debt provisions	408.9	438.1	119.5	126.2



	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>16: PROVISIONS FOR DOUBTFUL DEBTS (CONTINUED)</b>				
<b>Ratios</b>				
Provisions <sup>2</sup> as a % of total advances <sup>3</sup>	%	%	%	%
Specific <sup>4</sup>	2.4	3.2	2.5	3.4
Rescheduled country debt	0.6	0.6	0.3	0.3
General <sup>5</sup>	0.8	0.8	0.9	1.0
Total	3.8	4.6	3.7	4.7
Provisions as a % of risk weighted assets				
Specific <sup>4</sup>	2.2	2.9	2.1	2.6
Rescheduled country debt	0.5	0.5	0.2	0.2
General <sup>5</sup>	0.7	0.7	0.7	0.8
Total	3.4	4.1	3.0	3.6
Bad debts written off as a % of total advances <sup>3,4</sup>	1.9	1.0	1.8	1.1
Specific provision charge as a % of total advances <sup>3</sup>	0.9	2.2	0.9	2.5

<sup>1</sup> It was the Economic entity's policy not to tax effect the general provision on rescheduled country debt. The notional amount represents the potential tax benefits of deductions for rescheduled country debt provisions which have yet to be realised

<sup>2</sup> Excludes provision for unproductive facilities

<sup>3</sup> Advances comprise gross loans, advances and acceptances less income yet to mature

<sup>4</sup> Excluding rescheduled country debt

<sup>5</sup> Not grossed up for notional tax

#### 17: RESCHEDULED COUNTRY DEBT

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 sale of African and Jordanian debt, conversion of Argentine and Philippine debt to US collateralised bonds and the writedown of Brazilian debt, which were partially offset by the inclusion of Iranian debt and exchange rate movements.

During the year no charge (1992: nil) was made to the profit and loss account for provisions against loans to rescheduling countries. Provisions are held amounting to 68.2% (1992:63.4%) of total exposure. Net exposure continues to approximate secondary market values.

The amounts shown are Australian dollar translations of predominantly US dollar denominated loans and represent a net exposure of 0.2% (1992: 0.3%) of Economic entity total assets and 3.7% (1992: 5.6%) of shareholders' equity.

Central and South America	275.0	313.4	37.4	100.2
Eastern Europe	205.9	188.1	123.9	112.7
Africa and Middle East	75.8	117.2	20.7	17.9
Asia and Pacific	42.8	72.6	3.7	10.2
Total exposure	599.5	691.3	185.7	241.0
Specific and general provisions <sup>1</sup>	408.9	438.1	119.5	126.2
<b>Net exposure</b>	<b>190.6</b>	<b>253.2</b>	<b>66.2</b>	<b>114.8</b>
US dollar equivalents	123.1	180.9	42.8	82.0

Debt previously classified as rescheduled country debt which has been exchanged for bonds collateralised by US Government securities amounted to \$398.3 million (1992: \$263.7million). The conversion of Argentine and Philippine debt together with exchange movements accounted for the increase in US collateralised bonds.

<sup>1</sup> Refer note 1(xiii) for details of reclassification of provisions for rescheduled country debt from specific to general provisions



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>18: REGULATORY DEPOSITS</b>				
Reserve Bank of Australia	459.8	477.7	445.7	464.4
Overseas central banks	583.0	651.5	35.0	31.5
<b>Total regulatory deposits</b>	<b>1,042.8</b>	<b>1,129.2</b>	<b>480.7</b>	<b>495.9</b>

**19: SHARES IN CONTROLLED ENTITIES AND ASSOCIATES**

Refer notes 32 and 33 for details of controlled entities and associates

**Controlled entities**

At directors' valuation 1992			-	3,590.0
At directors' valuation 1993			3,971.4	-
<b>Total shares in controlled entities</b>			<b>3,971.4</b>	<b>3,590.0</b>

**Associates**

Unlisted	16.3	19.3	0.5	0.5
<b>Total shares in associates</b>	<b>16.3</b>	<b>19.3</b>	<b>0.5</b>	<b>0.5</b>
<b>Total shares in controlled entities and associates</b>	<b>16.3</b>	<b>19.3</b>	<b>3,971.9</b>	<b>3,590.5</b>

**Acquisitions of controlled entities during the year**

	INTEREST	CONSIDERATION	NET TANGIBLE	GOODWILL
	ACQUIRED		ASSETS ON	
	%	\$M	ACQUISITION	\$M
Dalgety Farmers (Germany) GMBH	100.0	#	#	#
Truck Leasing Ltd <sup>2</sup>	80.0 <sup>1</sup>	2.0	1.7	0.3

**Disposals of controlled entities during the year<sup>3</sup>**

	PROFIT/(LOSS)	NET TANGIBLE
	ON DISPOSAL	ASSETS ON
	\$M	DISPOSAL
ANZ Grindlays Industrial Holdings Ltd <sup>4</sup>	15.6	37.2
ANZ Bank Canada	(1.8)	11.3
	13.8	48.5

# Amounts less than \$50,000

<sup>1</sup> Prior to 30 April 1993, UDC Finance Ltd's interest was 33.3%

<sup>2</sup> Goodwill on acquisition was capitalised under revised Group policy but written off following an assessment of its carrying value at year end

<sup>3</sup> Other controlled entities that were sold during the year but have no impact on the financial statements are:

- W. Bailey & Sons (70.0%)
- Dalgety Farmers (Germany) GMBH
- Dalgety Real Estate (Qld) Pty Ltd
- Dalgety Winchcombe Backhouse Ray (65.0%)
- Dalgety Winchcombe Black (85.0%)
- Dalgety Winchcombe FGC Bodman (55.0%)
- Dalgety Winchcombe FGC Kerr (60.0%)
- McKid Dalgety Winchcombe (75.0%)
- Teal Nominees Pty Ltd

<sup>4</sup> The following controlled entities were included in the sale of ANZ Grindlays Industrial Holdings Ltd:

- ANZ Grindlays Bank (Botswana) Ltd
- ANZ Grindlays Bank (Zambia) Ltd
- ANZ Grindlays Bank (Zimbabwe) Ltd
- ANZ Grindlays Finance (Zimbabwe) Ltd
- ANZ Grindlays Leasing (Zambia) Ltd
- Grindlays Bank (Uganda) Ltd
- Grindlays Bank (Zaire) S.Z.A.R.L.
- Grindlays Bank International (Kenya) Ltd
- Grindlays Bank International (Uganda) Ltd
- Grindlays Bank International (Uganda) Forex Bureau Ltd
- Grindlays Executor & Trust Co. (Pte) Ltd
- Grindlays International Finance (Kenya) Ltd
- Grindlays Nominees (Kenya) Ltd
- Grindlays Nominees (Pte) Ltd
- Grindlays Nominees (Zambia) Ltd



	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>20: OTHER ASSETS</b>				
Property held for resale				
Cost of acquisition	301.7	376.7	97.7	127.7
Development expenses capitalised	258.3	300.9	98.2	115.4
Interest, rates and taxes capitalised	17.2	21.5	4.2	5.2
	577.2	699.1	200.1	248.3
Less: provision for diminution in value	153.5	94.4	66.9	39.5
	423.7	604.7	133.2	208.8
Accrued interest/prepaid discounts	817.3	1,068.4	550.9	729.4
Future income tax benefits (refer below)	993.2	1,256.1	658.4	866.2
Treasury instruments revaluations	471.1	783.2	454.3	506.2
Other receivables	463.0	272.1	-	-
National Housing Bank deposit (refer note 35)	249.9	-	-	-
Accrued commission	57.1	60.9	47.8	52.2
Prepaid expenses	65.3	85.8	38.0	46.4
Life insurance reserves (refer note 1[vi])	195.5	174.0	-	-
Other	457.1	465.6	119.7	274.5
<b>Total other assets</b>	<b>4,193.2</b>	<b>4,770.8</b>	<b>2,002.3</b>	<b>2,683.7</b>
Future income tax benefits comprises				
Provision for doubtful debts	523.8	793.5	407.8	610.4
Reserved interest	76.4	89.4	41.8	55.8
Tax losses	109.2	86.0	36.4	27.6
Provision for employee entitlements and annual leave	71.7	85.9	58.9	67.6
Provision for non-lending losses, frauds and forgeries	21.1	28.2	18.6	25.4
Provision against future cost of leased premises surplus to current requirements	24.4	-	24.4	-
Provision for diminution in development ventures	40.8	31.0	22.1	15.3
Development venture income	20.8	31.2	6.6	4.3
Lease incentive income	2.1	13.6	2.1	13.6
Bills discount expense	-	8.8	-	6.9
Other	102.9	88.5	39.7	39.3
	993.2	1,256.1	658.4	866.2

Certain potential future income tax benefits within the Economic entity 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 \$41.4 million (1992: \$143.0 million) will only be obtained if:

- (i) the relevant controlled entities derive future assessable income of a nature and amount sufficient to enable the benefit of the taxation deductions to be realised;
- (ii) the relevant controlled entities 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 \$30.0 million (1992: \$27.6 million) relating to capital losses for taxation purposes have not been recognised as assets because recovery cannot be regarded as virtually certain.



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>21: PREMISES AND EQUIPMENT</b>				
Freehold and leasehold land and buildings				
At directors' valuation 1992	-	1,411.7	-	56.4
At directors' valuation 1993	<b>1,197.5</b>	-	<b>56.1</b>	-
	<b>1,197.5</b>	1,411.7	<b>56.1</b>	56.4
Leasehold improvements				
At cost	<b>162.6</b>	166.2	<b>99.5</b>	92.7
Less: provision for amortisation	<b>78.7</b>	63.5	<b>46.0</b>	36.2
	<b>83.9</b>	102.7	<b>53.5</b>	56.5
Furniture and equipment				
At cost	<b>935.8</b>	1,003.1	<b>398.0</b>	365.4
Less: provision for depreciation	<b>406.1</b>	389.4	<b>185.4</b>	152.7
	<b>529.7</b>	613.7	<b>212.6</b>	212.7
Computer equipment				
At cost	<b>426.8</b>	338.2	<b>204.6</b>	142.8
Less: provision for depreciation	<b>227.2</b>	162.8	<b>72.7</b>	36.0
	<b>199.6</b>	175.4	<b>131.9</b>	106.8
<b>Total premises and equipment</b>	<b>2,010.7</b>	2,303.5	<b>454.1</b>	432.4
<b>22: DUE TO OTHER BANKS</b>				
Australia	<b>565.6</b>	1,054.1	<b>565.6</b>	1,053.4
Overseas	<b>8,391.9</b>	8,009.1	<b>6,579.3</b>	6,633.5
<b>Total due to other banks</b>	<b>8,957.5</b>	9,063.2	<b>7,144.9</b>	7,686.9



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>23: DEPOSITS AND OTHER BORROWINGS</b>				
Deposits and other borrowings are classified as Australia or overseas based on the location of the deposit taking point				
<b>Australia</b>				
Certificates of deposit	5,690.6	5,902.9	5,690.6	5,902.9
Term deposits	11,334.7	11,675.8	10,469.8	10,840.3
Other deposits bearing interest	12,131.2	11,164.9	11,752.7	10,808.7
Deposits not bearing interest	2,884.3	2,800.5	2,884.3	2,799.8
Commercial paper	1,328.6	1,276.0	1,328.6	1,276.0
Other borrowings	5,869.2	6,839.7	41.3	142.3
	<b>39,238.6</b>	39,659.8	<b>32,167.3</b>	31,770.0
<b>Overseas</b>				
Certificates of deposit	1,150.0	1,433.7	394.3	243.5
Term deposits	15,216.5	13,230.1	5,485.2	4,135.6
Other deposits bearing interest	5,000.3	4,273.0	270.9	207.7
Deposits not bearing interest	1,970.7	1,636.6	138.6	127.0
Commercial paper	350.3	1,649.8	-	-
Other borrowings	849.2	849.9	-	9.4
	<b>24,537.0</b>	23,073.1	<b>6,289.0</b>	4,723.2
<b>Total deposits and other borrowings</b>	<b>63,775.6</b>	62,732.9	<b>38,456.3</b>	36,493.2
Included in the above are liabilities of controlled entity borrowing corporations				
Not later than 1 year	3,507.3	4,223.0		
Later than 1 year but not later than 2 years	1,649.1	1,573.5		
Later than 2 years but not later than 5 years	1,279.0	1,177.7		
Later than 5 years	1.0	0.7		
	<b>6,436.4</b>	6,974.9		
Charges over assets in respect of these borrowings <sup>1</sup>				
Secured	5,429.4	5,855.5		
Unsecured	1,007.0	1,119.4		
	<b>6,436.4</b>	6,974.9		

<sup>1</sup> Debenture stock of controlled entity borrowing corporations is constituted and secured by trust deeds and collateral debentures, giving floating charges over the assets of these companies.



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>24: INCOME TAX LIABILITY</b>				
<b>Australia</b>				
Provision for deferred tax (refer below)	340.5	469.4	159.3	222.8
	340.5	469.4	159.3	222.8
<b>Overseas</b>				
Provision for income tax	72.7	114.5	24.6	26.2
Provision for deferred tax (refer below)	65.6	74.1	13.9	13.9
	138.3	188.6	38.5	40.1
<b>Total income tax liability</b>	<b>478.8</b>	<b>658.0</b>	<b>197.8</b>	<b>262.9</b>
Provision for deferred tax comprises				
Lease finance	187.9	271.6	39.6	70.1
Treasury instruments	15.8	56.6	20.6	43.9
Depreciation	24.0	49.0	16.3	38.8
Investment income	4.9	18.6	(1.8)	0.3
Leveraged leasing	2.5	18.4	(0.8)	11.5
Other	171.0	129.3	99.3	72.1
	406.1	543.5	173.2	236.7
<b>25: CREDITORS AND OTHER LIABILITIES</b>				
<b>Australia</b>				
Creditors	348.4	350.5	191.3	177.5
Accrued interest and unearned discounts	745.3	750.8	480.0	482.6
Accrued charges	56.6	107.6	40.6	59.4
Security settlements	72.1	235.4	72.1	235.4
Other liabilities	229.4	398.9	63.6	319.9
	1,451.8	1,843.2	847.6	1,274.8
<b>Overseas</b>				
Creditors	157.6	157.5	9.3	8.1
Accrued interest and unearned discounts	579.8	1,041.3	243.8	668.9
Accrued charges	85.1	55.1	17.5	12.5
Security settlements	357.3	159.7	15.5	-
Other liabilities	326.6	436.2	63.2	114.4
	1,506.4	1,849.8	349.3	803.9
<b>Total creditors and other liabilities</b>	<b>2,958.2</b>	<b>3,693.0</b>	<b>1,196.9</b>	<b>2,078.7</b>



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>26: PROVISIONS</b>				
Employee entitlements <sup>1</sup>	195.1	192.3	156.0	153.5
Annual leave	47.3	50.8	24.7	22.2
Dividends (refer note 8)	130.8	115.8	130.8	115.8
Non-lending losses, frauds and forgeries	89.6	101.9	55.6	58.8
Leased premises surplus to current requirements <sup>2</sup>	74.0	-	74.0	-
Other	104.9	63.3	47.5	18.8
<b>Total provisions</b>	<b>641.7</b>	<b>524.1</b>	<b>488.6</b>	<b>369.1</b>

<sup>1</sup> Includes provisions for long service leave and pension payments

<sup>2</sup> A provision has been raised for the estimated future cost of leased premises in Australia surplus to current requirements. This has been determined based on the present value of the estimated net cash outflows on sublet lease space and the lease commitments on lease space for which the Economic entity has no substantive future use

## 27: BONDS AND NOTES

GBP 78m floating rate notes due 1997	182.5	195.5	182.5	195.5
USD 125m floating rate notes due 1996	193.7	-	193.7	-
USD 125m floating rate notes due 1995	193.7	175.0	193.7	175.0
USD 150m floating rate notes due 1995	232.4	210.0	232.4	210.0
USD 200m floating rate notes due 1994	309.9	280.0	309.9	280.0
USD 200m floating rate notes due 1994	309.9	280.0	309.9	280.0
LUX 300m 8.125% bearer notes due 1995	-	14.5	-	-
AUD 75m 14.75% bonds due 1993	-	75.0	-	75.0
AUD 65m 13.125% deposit notes due 1993	-	65.0	-	-
GBP 50m 9.125% bonds due 1993	-	125.3	-	125.3
ECU 100m 8.0% bonds due 1993	-	194.1	-	194.1
LUX 300m 7.25% bearer notes due 1993	-	14.5	-	14.5
USD medium term notes	161.2	367.0	161.2	367.0
GBP medium term notes	81.8	151.7	81.8	151.7
AUD medium term notes	60.0	50.0	60.0	50.0
JPY medium term notes	22.1	17.6	22.1	17.6
<b>Total bonds and notes</b>	<b>1,747.2</b>	<b>2,215.2</b>	<b>1,747.2</b>	<b>2,135.7</b>

### Bonds and notes by currency

USD United States dollars	1,400.8	1,312.0	1,400.8	1,312.0
GBP British pounds	264.3	472.5	264.3	472.5
ECU European currency units	-	194.1	-	194.1
AUD Australian dollars	60.0	190.0	60.0	125.0
LUX Luxembourg francs	-	29.0	-	14.5
JPY Japanese yen	22.1	17.6	22.1	17.6
	<b>1,747.2</b>	<b>2,215.2</b>	<b>1,747.2</b>	<b>2,135.7</b>

### Bonds and notes by maturity

Due not later than 1 year	713.7	766.0	713.7	766.0
Due later than 1 year but not later than 2 years	581.0	633.6	581.0	568.6
Due later than 2 years but not later than 5 years	452.5	620.1	452.5	605.6
Due later than 5 years	-	195.5	-	195.5
	<b>1,747.2</b>	<b>2,215.2</b>	<b>1,747.2</b>	<b>2,135.7</b>



			CONSOLIDATED		THE COMPANY	
			1993	1992	1993	1992
			\$M	\$M	\$M	\$M
<b>28: LOAN CAPITAL</b>						
<b>Perpetual subordinated notes</b>						
USD	300m	floating rate notes <sup>1</sup>	464.8	420.0	464.8	420.0
USD	258.7m	fixed rate notes <sup>2</sup>	400.9	-	400.9	-
USD	120m	floating rate notes <sup>3</sup>	185.9	168.0	-	-
USD	30m	floating rate notes <sup>4</sup>	46.5	42.0	-	-
			<b>1,098.1</b>	<b>630.0</b>	<b>865.7</b>	<b>420.0</b>
<b>Subordinated notes</b>						
USD	200m	floating rate notes due 1998 <sup>5</sup>	309.8	280.0	309.8	280.0
USD	200m	floating rate notes due 1999 <sup>6</sup>	309.8	280.0	309.8	280.0
USD	200m	floating rate notes due 2002 <sup>7</sup>	309.8	280.0	309.8	280.0
USD	140m	floating rate notes due 2000 <sup>8</sup>	216.9	196.0	216.9	196.0
GBP	60m	fixed notes due 2001 <sup>9</sup>	140.4	150.4	140.4	150.4
JPY	10,000m	fixed notes due 1999 <sup>10</sup>	147.3	117.3	147.3	117.3
USD	79m	floating rate notes due 2008 <sup>11</sup>	122.4	110.6	122.4	110.6
USD	70m	floating rate notes due 1999 <sup>12</sup>	108.4	98.0	108.4	98.0
USD	70m	floating rate notes due 2000 <sup>13</sup>	108.4	98.0	108.4	98.0
NZD	125m	floating rate notes due 2000 <sup>14</sup>	106.5	93.9	-	-
USD	100m	floating rate notes due 1994 <sup>15</sup>	-	93.4	-	-
AUD	65m	floating rate notes due 2000 <sup>16</sup>	65.0	65.0	65.0	65.0
GBP	22.7m	fixed notes due 2000 <sup>17</sup>	53.2	56.9	-	-
AUD	58.2m	floating rate notes due 2001 <sup>18</sup>	56.3	55.4	56.3	55.4
AUD	55.3m	floating rate notes due 2000 <sup>19</sup>	53.8	52.7	53.8	52.7
AUD	48.8m	fixed notes due 1999 <sup>20</sup>	48.8	48.8	48.8	48.8
LUX	1,000m	fixed notes due 1998 <sup>21</sup>	44.3	48.2	44.3	48.2
USD	30m	floating rate notes due 1999 <sup>22</sup>	46.5	42.0	46.5	42.0
USD	14.3m	floating rate notes due 2008 <sup>23</sup>	22.1	20.0	22.1	20.0
USD	12.5m	floating rate notes due 2007 <sup>24</sup>	19.3	17.5	19.3	17.5
JPY	568.8m	floating rate notes due 2008 <sup>25</sup>	8.4	6.7	8.4	6.7
JPY	482m	floating rate notes due 2007 <sup>26</sup>	7.1	5.6	7.1	5.6
			<b>2,304.5</b>	<b>2,216.4</b>	<b>2,144.8</b>	<b>1,972.2</b>
<b>Total loan capital</b>			<b>3,402.6</b>	<b>2,846.4</b>	<b>3,010.5</b>	<b>2,392.2</b>
<b>Loan capital by currency</b>						
USD	United States dollars		2,671.5	2,145.5	2,439.1	1,842.1
AUD	Australian dollars		223.9	221.9	223.9	221.9
GBP	British pounds		193.6	207.3	140.4	150.4
JPY	Japanese yen		162.8	129.6	162.8	129.6
NZD	New Zealand dollars		106.5	93.9	-	-
LUX	Luxembourg francs		44.3	48.2	44.3	48.2
			<b>3,402.6</b>	<b>2,846.4</b>	<b>3,010.5</b>	<b>2,392.2</b>
<b>Loan capital by maturity</b>						
Due later than 1 year but not later than 2 years			-	93.4	-	-
Due later than 2 years but not later than 5 years			354.1	-	354.1	-
Due later than 5 years			1,950.4	2,123.0	1,790.7	1,972.2
Perpetual			1,098.1	630.0	865.7	420.0
			<b>3,402.6</b>	<b>2,846.4</b>	<b>3,010.5</b>	<b>2,392.2</b>



**28: LOAN CAPITAL (CONTINUED)**

- <sup>1</sup> 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.
- <sup>2</sup> Issued 4 March 1993. Interest is payable quarterly in arrears in March, June, September and December at a rate of 9.125%.
- <sup>3</sup> Issued 30 November 1988. Interest is payable semi-annually in arrears in May and November. The interest rate is 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 Company at a prevailing market price.
- <sup>4</sup> Issued 15 December 1988. Interest is payable semi-annually in arrears in May and November. The interest rate is 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 Company at a prevailing market price.
- <sup>5</sup> 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.
- <sup>6</sup> 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.
- <sup>7</sup> 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.
- <sup>8</sup> 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.
- <sup>9</sup> 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.
- <sup>10</sup> 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.
- <sup>11</sup> Issued 12 December 1991 and will mature in December 2008 with progressive amortisation commencing in January 2008. Interest on the debt is payable semi-annually in arrears in January and July. The interest rate is 1.03% p.a. above LIBOR until January 2002, thereafter the interest rate will be 0.53% p.a. above LIBOR.
- <sup>12</sup> 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.
- <sup>13</sup> 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.
- <sup>14</sup> 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.
- <sup>15</sup> This loan was completely repurchased in August 1993. Issued 1 February 1984, interest on the notes was payable semi-annually in arrears in February and August at a rate 0.125% p.a. above LIBOR. During 1992 USD 12.3m was purchased on the open market reducing the outstanding balance in 1992 to USD 66.7m.
- <sup>16</sup> 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.
- <sup>17</sup> 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 at a rate of 7.05% p.a.
- <sup>18</sup> 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.
- <sup>19</sup> 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.
- <sup>20</sup> 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 at a rate of 7.72% p.a.
- <sup>21</sup> 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.
- <sup>22</sup> 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.
- <sup>23</sup> Issued 27 March 1992 and will mature in March 2008 with progressive amortisation occurring in 2002, 2003, 2004, 2005, 2006, 2007 and 2008. Interest on the debt is payable semi-annually in arrears in February and August at a rate 0.50% p.a. above LIBOR.
- <sup>24</sup> Issued 17 October 1991 and will mature in October 2007 with progressive amortisation occurring in 2002, 2003, 2004, 2005, 2006 and 2007. Interest on the debt is payable semi-annually in arrears in March and September at a rate 0.50% p.a. above LIBOR.
- <sup>25</sup> Issued 27 March 1992 and will mature in March 2008 with progressive amortisation occurring in 2006 and 2007. Interest on the debt is payable semi-annually in arrears in February and August at a rate 0.55% p.a. above LIBOR.
- <sup>26</sup> Issued 17 October 1991 and will mature in October 2007 with progressive amortisation occurring in 2005, 2006 and 2007. Interest on the debt is payable semi-annually in arrears in March and September at a rate 0.50% p.a. above LIBOR.

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



	CONSOLIDATED	
	1993	1992
	\$M	\$M
<b>29: OUTSIDE EQUITY INTERESTS</b>		
<b>Analysis of outside equity interests</b>		
Paid-up capital	31.1	27.6
Reserves	13.8	15.5
Retained (losses)profits	(1.0)	5.7
<b>Total outside equity interests</b>	<b>43.9</b>	<b>48.8</b>

**30: SEGMENT ANALYSIS**

The following analysis shows segment income, operating profit(loss), total assets and risk weighted assets based on geographical locations and income, operating profit(loss) and total assets by industry segments.

Geographical <sup>1</sup>	CONSOLIDATED			
	1993		1992	
	\$M	%	\$M	%
<b>Income</b>				
Australia	5,649.6	63.1	6,420.4	62.7
New Zealand	1,143.5	12.8	1,164.6	11.4
UK and Europe <sup>2</sup>	933.5	10.4	1,214.5	11.8
Asia Pacific	478.2	5.4	542.2	5.3
South Asia <sup>3</sup>	297.7	3.3	466.9	4.6
Americas	199.6	2.2	179.7	1.8
Middle East <sup>4</sup>	253.4	2.8	251.6	2.4
	8,955.5	100.0	10,239.9	100.0
<b>Operating profit(loss) before income tax</b>				
Australia	323.0	48.9	(1,117.8)	n/a
New Zealand	131.9	20.0	82.8	n/a
UK and Europe <sup>2</sup>	63.7	9.6	74.8	n/a
Asia Pacific	75.7	11.5	58.0	n/a
South Asia <sup>3</sup>	(35.9)	(5.4)	127.0	n/a
Americas	36.5	5.5	(15.7)	n/a
Middle East <sup>4</sup>	65.5	9.9	72.3	n/a
	660.4	100.0	(718.6)	n/a
Abnormal items <sup>5,6</sup>	(172.5)		11.7	n/a
	487.9		(706.9)	n/a
<b>Operating profit(loss) after income tax</b>				
Australia	204.9	44.6	(800.3)	n/a
New Zealand	95.9	20.9	77.8	n/a
UK and Europe <sup>2</sup>	55.7	12.1	45.0	n/a
Asia Pacific	47.7	10.4	30.9	n/a
South Asia <sup>3</sup>	(4.0)	(0.9)	48.8	n/a
Americas	27.8	6.0	(15.9)	n/a
Middle East <sup>4</sup>	31.7	6.9	35.6	n/a
	459.7	100.0	(578.1)	n/a
Abnormal items <sup>6,7</sup>	(213.2)		(0.9)	n/a
	246.5		(579.0)	n/a
<b>Total assets</b>				
Australia	63,528.4	63.6	66,237.9	65.5
New Zealand	11,634.5	11.6	10,518.1	10.4
UK and Europe <sup>2</sup>	10,427.3	10.4	10,686.0	10.6
Asia Pacific	5,035.0	5.0	4,955.0	4.9
South Asia <sup>3</sup>	3,305.4	3.3	3,440.5	3.4
Americas	2,869.3	2.9	2,598.7	2.6
Middle East <sup>4</sup>	3,132.7	3.2	2,701.5	2.6
	99,932.6	100.0	101,137.7	100.0



	CONSOLIDATED			
	1993		1992	
	\$M	%	\$M	%
<b>30: SEGMENT ANALYSIS (CONTINUED)</b>				
<b>Risk weighted assets</b>				
Australia	51,954.3	67.6	56,116.9	69.5
New Zealand	8,632.3	11.2	8,010.9	9.9
UK and Europe <sup>2</sup>	5,703.0	7.4	6,574.3	8.2
Asia Pacific	3,936.0	5.1	3,843.4	4.8
South Asia <sup>3</sup>	2,103.0	2.7	2,192.2	2.7
Americas	2,747.0	3.6	2,357.4	2.9
Middle East <sup>4</sup>	1,784.4	2.4	1,625.5	2.0
	<b>76,860.0</b>	<b>100.0</b>	<b>80,720.6</b>	<b>100.0</b>
<b>Industry<sup>1</sup></b>				
<b>Income</b>				
General and investment banking	7,525.9	84.0	8,804.8	86.0
Finance	1,107.8	12.4	1,262.1	12.3
Insurance and funds management	117.9	1.3	147.4	1.4
Other	203.9	2.3	25.6	0.3
	<b>8,955.5</b>	<b>100.0</b>	<b>10,239.9</b>	<b>100.0</b>
<b>Operating profit(loss) before income tax</b>				
General and investment banking	602.2	91.2	(430.6)	59.9
Finance	10.8	1.6	(338.4)	47.1
Insurance and funds management	45.9	7.0	43.8	(6.1)
Other	1.5	0.2	6.6	(0.9)
	<b>660.4</b>	<b>100.0</b>	<b>(718.6)</b>	<b>100.0</b>
Abnormal items <sup>5,6</sup>	(172.5)		11.7	
	<b>487.9</b>		<b>(706.9)</b>	
<b>Operating profit(loss) after income tax</b>				
General and investment banking	412.5	89.7	(408.4)	70.6
Finance	16.6	3.6	(206.1)	35.7
Insurance and funds management	35.5	7.7	34.9	(6.0)
Other	(4.9)	(1.0)	1.5	(0.3)
	<b>459.7</b>	<b>100.0</b>	<b>(578.1)</b>	<b>100.0</b>
Abnormal items <sup>6,7</sup>	(213.2)		(0.9)	
	<b>246.5</b>		<b>(579.0)</b>	
<b>Total assets</b>				
General and investment banking	90,410.1	90.5	90,809.8	89.8
Finance	8,680.7	8.7	9,297.4	9.2
Insurance and funds management	300.4	0.3	402.8	0.4
Other	541.4	0.5	627.7	0.6
	<b>99,932.6</b>	<b>100.0</b>	<b>101,137.7</b>	<b>100.0</b>



**30: SEGMENT ANALYSIS (CONTINUED)**

<sup>1</sup> During the year the Economic entity changed its practice to require general provisions to be booked in the entity to which they relate (refer note 1[xii]). Certain tax losses were also transferred between entities within the Economic entity. These internal reallocations have been excluded from the segment results as there has been no net effect on the result of the Group during the year

<sup>2</sup> Includes Africa's operations for 1992, disposed of in November 1992

<sup>3</sup> Includes Bangladesh, India and Nepal

<sup>4</sup> Includes Bahrain, Greece, Jordan, Oman, Pakistan, Qatar and United Arab Emirates

<sup>5</sup> Abnormal items before tax<sup>6</sup>

	Consolidated	
	1993	1992
	\$M	\$M
Australia	(237.1)	(23.7)
New Zealand	2.7	0.4
UK and Europe <sup>2</sup>	2.0	(0.6)
Asia Pacific	(0.2)	38.4
South Asia <sup>3</sup>	53.2	-
Americas	0.3	(2.8)
	(179.1)	11.7
Consolidation adjustment <sup>8</sup>	6.6	-
<b>Total abnormal items before tax<sup>6</sup></b>	<b>(172.5)</b>	<b>11.7</b>

<sup>6</sup> Includes a net writedown on revaluation of properties, comprising Australia \$82.8m and UK and Europe \$10.0m which have been offset by upward revaluations in South Asia \$53.2m and New Zealand \$3.2m

<sup>7</sup> Abnormal items after tax<sup>6</sup>

	1993	1992
	\$M	\$M
Australia	(276.4)	(23.4)
New Zealand	2.7	0.4
UK and Europe <sup>2</sup>	2.0	(0.5)
Asia Pacific	(1.4)	38.4
South Asia <sup>3</sup>	53.2	-
Americas	0.1	(15.8)
	(219.8)	(0.9)
Consolidation adjustment <sup>8</sup>	6.6	-
<b>Total abnormal items after tax<sup>6</sup></b>	<b>(213.2)</b>	<b>(0.9)</b>

<sup>8</sup> Relates to the amount of the property writedown applied against the Asset Revaluation Reserve on consolidation



CONSOLIDATED		THE COMPANY	
1993	1992	1993	1992
\$M	\$M	\$M	\$M

**31: NOTES TO THE STATEMENTS OF CASH FLOWS****a) Reconciliation of operating profit(loss) after income tax to net cash provided by operating activities**

	INFLOWS (OUTFLOWS)		INFLOWS (OUTFLOWS)	
Operating profit(loss) after income tax	<b>246.5</b>	(579.0)	<b>237.5</b>	(873.8)
Adjustments to reconcile operating profit(loss) after income tax to net cash provided by operating activities				
Provision for doubtful debts	<b>646.8</b>	1,937.4	<b>329.6</b>	1,563.1
Depreciation and amortisation	<b>209.1</b>	178.5	<b>91.3</b>	71.0
Provision for employee entitlements and other	<b>191.1</b>	182.3	<b>101.6</b>	82.8
Payments from provisions	<b>(214.9)</b>	(155.1)	<b>(111.0)</b>	(92.6)
Loss(profit) on sale of premises	<b>48.4</b>	(2.3)	<b>4.0</b>	(0.4)
Loss(profit) on sale of controlled entities	<b>(3.5)</b>	(8.0)	<b>1.8</b>	-
Loss on sale of Dalgety Farmers business	<b>23.8</b>	-	-	-
Property writedowns	<b>29.8</b>	-	-	-
Provision for surplus lease space	<b>74.0</b>	-	<b>74.0</b>	-
Profit on sale of investment securities	<b>(65.4)</b>	(156.4)	<b>(25.8)</b>	(50.9)
Goodwill on acquisition	<b>0.3</b>	-	-	-
Net (increase)decrease				
Trading securities	<b>243.7</b>	(341.6)	<b>228.1</b>	(119.2)
Interest receivable	<b>70.4</b>	91.1	<b>(2.2)</b>	65.0
Accrued income	<b>62.9</b>	17.7	<b>4.4</b>	11.0
Amortisation of discounts/premiums included in interest income	<b>(60.4)</b>	(51.2)	<b>15.8</b>	1.2
Net increase(decrease)				
Provision for income tax	<b>85.4</b>	(363.8)	<b>84.2</b>	(403.4)
Interest payable	<b>(125.5)</b>	(243.8)	<b>(90.8)</b>	(40.5)
Accrued expenses	<b>(21.0)</b>	131.1	<b>13.9</b>	65.7
Amortisation of discounts/premiums included in interest expense	<b>2.0</b>	1.8	<b>2.0</b>	1.8
Other	<b>10.8</b>	(4.6)	<b>(0.7)</b>	(10.0)
Total adjustments	<b>1,207.8</b>	1,213.1	<b>720.2</b>	1,144.6
<b>Net cash provided by operating activities</b>	<b>1,454.3</b>	634.1	<b>957.7</b>	270.8

**b) Reconciliation of cash**

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheets as follows:

Liquid assets - less than 90 days	<b>3,323.1</b>	1,596.7	<b>2,271.3</b>	800.2
Due from other banks - less than 90 days	<b>5,757.0</b>	5,922.9	<b>2,607.7</b>	2,982.5
	<b>9,080.1</b>	7,519.6	<b>4,879.0</b>	3,782.7



	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$M	\$M	\$M	\$M
<b>31: NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)</b>				
<b>c) Acquisitions and disposals</b>				
Details of aggregate assets and liabilities of controlled entities acquired and disposed of by the Economic entity and aggregate assets and liabilities acquired by, disposed of and vested in the Company <sup>1</sup> are as follows:				
Fair value of net assets acquired				
Liquid assets	0.4	4.4	-	51.4
Due from other banks	-	-	-	37.5
Investment securities	-	9.6	-	824.1
Due to controlled entities	-	-	-	(3,252.2)
Net loans and advances	-	104.1	-	11,833.1
Shares in controlled entities and associates	-	-	-	105.0
Other assets	0.9	171.6	-	553.1
Premises and equipment	12.2	117.3	-	0.1
Creditors and other liabilities	(1.1)	(115.9)	-	(204.9)
Deposits and other borrowings	(10.3)	(169.8)	-	(7,614.4)
Income tax liability	-	(0.2)	-	(76.2)
Provisions	-	(20.5)	-	(11.3)
Outside equity interests in controlled entities	(0.4)	(5.9)	-	-
Fair value of net assets acquired	1.7	94.7	-	2,245.3
Goodwill on acquisition	0.3	-	-	-
	2.0	94.7	-	2,245.3
Shareholders' equity of Australia and New Zealand				
Savings Bank Limited integrated				
Investment in controlled entity	-	-	-	(165.5)
Reserves vested	-	-	-	(99.8)
Retained earnings vested	-	-	-	(131.9)
Consideration	2.0	94.7	-	1,848.1
Less: amounts due to controlled entities	-	-	-	1,415.8
cash balances acquired	-	4.4	-	-
Cash outflow	2.0	90.3	-	432.3
Fair value of net assets disposed				
Liquid assets	137.4	-	5.2	-
Investment securities	23.6	-	-	-
Net loans and advances	304.0	-	60.7	-
Other assets	72.4	-	3.6	-
Premises and equipment	108.1	-	-	-
Creditors and other liabilities	(56.8)	-	(2.2)	-
Deposits and other borrowings	(393.3)	-	(45.5)	-
Income tax liability	(5.6)	-	-	-
Provisions	(17.4)	-	-	-
Loan capital	(10.5)	-	(10.5)	-
Outside equity interests in controlled entities	(7.5)	-	-	-
Fair value of net assets disposed	154.4	-	11.3	-
Consideration received/receivable	144.4	-	9.5	-
Net loss on disposal	10.0	-	1.8	-

Details of the assets and liabilities disposed of during 1992 were not material at the date of disposal.

**d) Non-cash financing and investing activities**

Share capital issue				
Dividend reinvestment plan	95.5	100.9	95.5	100.9
Bonus option plan	8.4	4.2	8.4	4.2

<sup>1</sup> Includes assets and liabilities of the former controlled entity, Australia and New Zealand Savings Bank Limited, vested in the Company on 1 July 1992 together with certain assets and liabilities acquired from the controlled entities NMRB Ltd (formerly National Mutual Royal Bank Limited), NMRSB Ltd (formerly National Mutual Royal Savings Bank Limited) and Esanda Finance Corporation Ltd



	INCORPORATED IN	BOOK VALUE		CONTRIBUTION TO THE CONSOLIDATED RESULT		NATURE OF BUSINESS
		1993 \$M	1992 \$M	1993 \$M	1992 \$M	
<b>32: CONTROLLED ENTITIES</b>						
All controlled entities are 100% owned unless otherwise noted						
<b>Australia and New Zealand Banking Group Limited</b>				<b>184.6</b>	<b>(789.0)</b>	Banking
* ANZ Bank (Guernsey) Ltd	Guernsey	22.9	21.6	2.4	2.2	Banking
* ANZ Management Company (Guernsey) Ltd	Guernsey	0.2	0.2	0.1	0.1	Fund management
* ANZ Trust Company (Guernsey) Ltd	Guernsey	#	#	#	#	Trustee
<b>ANZ Executors &amp; Trustee Company Ltd</b>	Australia	16.2	13.8	0.3	0.6	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	0.9	0.6	Trustee/nominee
§ ANZ V2 PLUS Ltd	Australia	#	#	#	#	Non-operative
B. & R. Securities Pty Ltd	Australia	#	#	#	#	Trustee/nominee
<b>ANZ Funds Pty Ltd</b>	Australia	3,980.8	3,615.5	16.1	(1.1)	Holding company
† Dalgety Farmers Ltd <sup>1</sup>	Australia	57.1	94.7	(6.6)	-	Rural industry broker/agent
† Abovewho Pty Ltd	Australia	#	#	#	-	Investment
† Active Day Hospitals of Australia Pty Ltd	Australia	#	#	#	-	Property development
† Asquith Investments Pty Ltd <sup>2</sup>	Australia	#	#	#	-	Property development
† Bennetts Farmers Ltd	Australia	0.5	0.5	1.0	-	Property rental
† Binnstone Pty Ltd <sup>3</sup>	Australia	#	#	#	-	Non-operative
† Dalgety Australia Operations Ltd	Australia	#	#	(3.3)	-	Wool trading
† Dalgety Bridge Pty Ltd	Australia	#	#	0.1	-	Investment
† Dalgety Essex Technology Pty Ltd	Australia	#	#	#	-	Farm technology
† Dalgety Farmers Nominees Pty Ltd	Australia	#	#	#	-	Trustee
† Dalgety Pension Fund Pty Ltd	Australia	#	#	#	-	Pension fund trustee
† Dalgety Primary Services Pty Ltd	Australia	0.2	0.2	0.1	-	Rural lending
† Dalgety Real Estate (Vic) Pty Ltd	Australia	#	#	#	-	Real estate agent
† Dalgety Rural Finance Ltd	Australia	#	0.6	1.3	-	Finance
† Gippsland and Northern Properties Ltd	Australia	10.6	12.9	(0.9)	-	Agribusiness
† Glen Gala Estates Pty Ltd	Australia	#	#	(2.2)	-	Property development
† Goodman & Donoghue Pty Ltd	Australia	0.4	0.4	0.2	-	Agribusiness
† Montage Pty Ltd	Australia	#	#	(1.4)	-	Property management
† Port Phillip Scouring Pty Ltd <sup>4</sup>	Australia	0.5	0.5	0.1	-	Wool processing
† Port Phillip Wool Traders Pty Ltd	Australia	#	0.1	(1.1)	-	Wool buyer/seller
† Watlingford Real Estate Pty Ltd	Australia	0.6	0.6	#	-	Property management
† Wooldumpers (Sydney) Ltd <sup>5</sup>	Australia	0.2	0.2	#	-	Non-operative
* ANZ Holdings (New Zealand) Ltd	New Zealand	549.2	429.9	0.2	(12.7)	Holding company
* ANZ Banking Group (New Zealand) Ltd	New Zealand	341.8	301.2	16.4	9.5	Banking
* ANZ Finance (New Zealand) No. One Ltd	New Zealand	#	#	(0.5)	(0.1)	Investment
* ANZ Holdings (New Zealand) 1990 Ltd	New Zealand	38.9	34.3	(0.9)	(2.6)	Holding company
* ANZ Investment Services (New Zealand) Ltd	New Zealand	#	#	16.7	13.4	Funds management
* ANZ McCaughan (NZ) Ltd	New Zealand	#	#	#	#	Non-operative
* ANZ McCaughan Securities (NZ) Ltd	New Zealand	#	#	0.6	0.7	Stockbroking
* ANZ Pensions (New Zealand) Ltd	New Zealand	#	#	#	#	Staff pension funds
* ANZ Properties (New Zealand) Ltd	New Zealand	11.3	10.0	(3.3)	(3.2)	Property owner
* ANZ Savings Bank (New Zealand) Ltd <sup>6</sup>	New Zealand	-	7.6	5.9	(4.3)	Banking
* ANZ Securities (New Zealand) Ltd	New Zealand	#	#	#	#	Non-operative
* ANZMAC Securities (NZ) Nominees Ltd	New Zealand	#	#	#	#	Nominee



	INCORPORATED IN	BOOK VALUE		CONTRIBUTION TO THE CONSOLIDATED RESULT		NATURE OF BUSINESS
		1993 \$M	1992 \$M	1993 \$M	1992 \$M	
<b>32: CONTROLLED ENTITIES (CONTINUED)</b>						
* Bage Investments Ltd	New Zealand	213.0	187.7	9.9	11.6	Investment
* Charge Card Corporation Ltd	New Zealand	#	#	0.1	0.7	Charge card services
* Coast Cash Orders and Finance Ltd	New Zealand	0.1	0.1	#	0.1	Finance
* Endeavour Investments (New Zealand) Ltd	New Zealand	472.7	416.6	14.2	49.3	Holding company
* Equitable Development Corporation Ltd	New Zealand	#	#	0.1	(0.1)	Lease finance
* Esanda Ltd	New Zealand	#	#	#	#	Non-operative
* Kea Car Sales Ltd <sup>7</sup>	New Zealand	0.9	0.8	#	#	Non-operative
* Leverage Lease Nominee Ltd	New Zealand	#	#	#	#	Nominee
* Mutual Finance Ltd <sup>8</sup>	New Zealand	0.9	0.8	#	#	Finance
* Mutual Leasing Ltd <sup>9</sup>	New Zealand	3.5	1.8	3.0	0.1	Motor vehicle leasing
* National Mutual Financial Services Ltd	New Zealand	42.6	38.2	#	#	Non-operative
* National Mutual Permanent Building Society	New Zealand	11.8	10.4	0.1	#	Building society
* New Zealand Merchant Nominees Ltd	New Zealand	#	#	#	#	Lease finance
* Post Office Bank Ltd	New Zealand	295.1	262.0	19.1	7.9	Banking
* Southland Development Corporation Ltd	New Zealand	3.5	3.0	0.6	0.9	Finance
* Southland Development Properties Ltd	New Zealand	0.9	0.7	#	#	Property development
* Truck Leasing Ltd <sup>10</sup>	New Zealand	1.7	0.5	(0.1)	-	Leasing
* Tui Nominees Ltd	New Zealand	#	#	#	#	Nominee
* UDC Developments Ltd	New Zealand	#	#	0.4	(0.5)	Investment
* UDC Finance Ltd	New Zealand	52.0	45.8	4.3	(1.5)	Finance
* UDC Finance 88 Ltd	New Zealand	11.7	10.3	0.1	1.1	Finance
* UDC Finance (1991) Ltd	New Zealand	38.5	33.7	7.7	6.1	Finance
* UDC Group Holdings Ltd	New Zealand	71.2	55.8	#	(1.1)	Holding company
* UDC Leasing Ltd	New Zealand	0.1	0.1	1.2	2.4	Lease finance
* UDC Mercantile Securities Ltd	New Zealand	8.5	7.5	0.1	0.1	Finance
* UDC Nominees Ltd	New Zealand	#	#	#	#	Nominee
* ANZ International Pte Ltd	Singapore	260.7	224.1	2.0	1.4	Holding company
* ANZ Asia Ltd	Hong Kong	2.0	1.8	6.7	7.6	Finance
* ANZ Asia Pacific Holdings Ltd	Hong Kong	4.7	4.2	5.6	0.5	Holding company
* ANZ Bank (Vanuatu) Ltd	Vanuatu	#	1.0	2.0	1.4	Banking
* ANZ McCaughan Securities (Asia) Ltd	Hong Kong	2.1	1.9	0.4	0.9	Merchant banking
* ANZ Singapore Ltd	Singapore	13.0	11.7	2.8	2.0	Merchant banking
* ANZCOVER Insurance Pte Ltd	Singapore	6.5	5.3	1.6	(5.2)	Insurance
* Bank of Western Samoa <sup>11</sup>	Western Samoa	10.6	7.9	2.7	2.8	Banking
* Index Computing Pte Ltd	India	0.3	0.3	0.3	1.6	Computer consultant
* Siam Digest Ltd	Thailand	#	#	0.1	0.1	Investment
Town & Country Bank Ltd	Australia	55.5	42.1	4.0	10.1	Banking
Glencove Pty Ltd	Australia	#	#	0.2	0.2	Management
* GMBS International No. 3 Ltd <sup>12</sup>	Cayman Islands	#	#	#	#	Mortgage securities
Guaranty Finance Insurance Pty Ltd	Australia	8.5	5.0	2.9	1.3	Mortgage insurance
T & C Management Pty Ltd	Australia	#	#	0.2	0.1	Property manager
T & C Technology Pty Ltd	Australia	#	#	#	(4.9)	Computer software
Topgard Pty Ltd <sup>13</sup>	Australia	#	#	#	#	Mortgage securities
Town & Country Housing Bonds Ltd <sup>14</sup>	Australia	#	#	#	#	Mortgage securities
Town & Country Housing Trust <sup>15</sup>	Australia	43.5	41.4	0.4	0.2	Property investment
Town & Country Properties Ltd	Australia	#	#	1.4	0.8	Management
Town & Country Property Growth Trust	Australia	7.7	10.6	1.0	1.1	Property investment
§ Wetsum Pty Ltd <sup>16</sup>	Australia	#	#	#	#	Non-operative



	INCORPORATED IN	BOOK VALUE		CONTRIBUTION TO THE CONSOLIDATED RESULT		NATURE OF BUSINESS
		1993	1992	1993	1992	
		\$M	\$M	\$M	\$M	
<b>‡ A.N.Z. Holdings Ltd</b>	Australia	<b>127.4</b>	127.9	<b>(1.6)</b>	5.3	Property and investment
‡ Tannadice Pty Ltd	Australia	#	#	#	#	Investment
‡ Tirocourt Pty Ltd	Australia	#	#	#	#	Non-operative
<b>* ANZ Holdings (UK) Plc</b>	England	<b>1,099.3</b>	1,046.3	<b>0.6</b>	(7.0)	Holding company
* Anvid Ltd	England	#	#	<b>(0.5)</b>	0.1	Property finance
* Anzstock Securities Ltd	England	#	#	#	#	Non-operative
* ANZ Aval Ltd	England	#	#	#	#	Non-operative
* ANZ Finance Corporation Ltd	England	#	#	#	#	Non-operative
§ ANZ Finanziaria SpA	Italy	<b>1.0</b>	1.0	#	#	Non-operative
* ANZ Grindlays Bank (Jersey) Ltd	Jersey	<b>89.2</b>	95.6	<b>17.4</b>	17.2	Banking
* ANZ Grindlays Bank Nominees (Jersey) Ltd	Jersey	#	#	#	#	Nominee
* ANZ Grindlays Bank Plc	England	<b>243.5</b>	261.0	<b>56.0</b>	106.7	Banking
* ANZ Grindlays Executor & Trustee Co. Ltd	England	<b>0.2</b>	0.3	#	#	Non-operative
* ANZ Grindlays Export Finance Ltd	England	<b>0.6</b>	0.7	<b>0.2</b>	0.3	Export finance
* ANZ Grindlays Finance Corporation Ltd	England	<b>215.1</b>	230.5	<b>4.3</b>	7.4	Holding company
* ANZ Grindlays Jersey Holdings Ltd	Jersey	<b>89.3</b>	109.1	#	#	Holding company
* ANZ Grindlays Nominee Ltd	Jersey	#	#	#	#	Nominee
* ANZ Grindlays Pension Trustees Ltd <sup>17</sup>	England	#	0.1	#	#	Pension fund trustee
* ANZ Grindlays Secretaries Ltd	Jersey	#	#	#	#	Company admin
* ANZ Grindlays Trust Company SA	Switzerland	<b>0.1</b>	0.1	#	#	Trust manager
* ANZ Grindlays Trust Corporation (Jersey) Ltd	Jersey	<b>3.1</b>	3.4	<b>1.3</b>	0.9	Trust manager
* ANZ Grindlays Trust Holdings Ltd	Jersey	<b>0.1</b>	0.1	#	#	Holding company
* ANZ Grindlays Trust (Jersey) Ltd	Jersey	#	#	#	#	Trust manager
* ANZ Grindlays Yacht Services Ltd	Jersey	#	#	#	#	Yacht registration
* ANZ Leasing Ltd	England	#	#	<b>(1.0)</b>	(1.6)	Lease finance
* ANZ Leasing (No 2) Ltd	England	#	#	#	(0.3)	Lease finance
* ANZ McCaughan Properties Ltd	England	#	#	#	1.7	Non-operative
* ANZ McCaughan Securities (Switzerland) AG	Switzerland	<b>4.3</b>	4.7	#	0.2	Non-operative
* ANZ McCaughan Securities (UK) Ltd	England	<b>2.4</b>	2.6	<b>0.9</b>	(0.8)	Investment banking
* ANZ McCaughan (UK) Ltd	England	#	#	<b>(7.9)</b>	(12.4)	Holding company
* ANZ MB Ltd	England	<b>65.8</b>	79.2	<b>3.0</b>	5.7	Investment banking
* ANZ One Ltd	Jersey	#	#	#	#	Nominee
* ANZ Participacoes E Servicos Ltda	Brazil	#	0.1	<b>(0.1)</b>	0.5	Representative services
* ANZ Three Ltd	Jersey	#	#	#	#	Nominee services
* ANZ Two Ltd	Jersey	#	#	#	#	Nominee
* Brandts Nominees Ltd	England	#	#	#	#	Nominee
* Camberley Developments Ltd	England	#	#	#	#	Property development
* Clive Street Nominees Pte Ltd	India	#	#	#	#	Nominee
* E.S.& A. Properties (UK) Ltd	England	<b>0.3</b>	0.3	#	#	Non-operative
* Esanda Finanz & Leasing Ltd <sup>18</sup>	India	<b>0.7</b>	0.7	<b>0.4</b>	0.2	Lease finance
* Finanz Investments (Pte) Ltd <sup>19</sup>	India	#	-	#	-	Investment
* Gillespie Bros & Company Ltd	England	#	#	#	#	Non-operative
† Grindlays Bahrain Bank B.S.C. <sup>20</sup>	Bahrain	<b>5.3</b>	5.7	<b>2.1</b>	1.7	Banking
† Grindlays Equipment Finance Ltd	England	#	#	#	0.1	Lease finance
* Grindlays International (Cayman Islands) Ltd	Cayman Islands	#	#	#	#	Non-operative
* Grindlays International (Nederland) B.V.	Netherlands	<b>0.5</b>	0.5	#	#	Holding company
† Grindlays Modaraba Management (Pte) Ltd	Pakistan	#	-	#	-	Fund management
† Grindlays Services of Pakistan (Pte) Ltd	Pakistan	<b>2.3</b>	2.5	<b>0.4</b>	0.5	Unit trust
* Hotel Regina SA	Switzerland	#	#	#	#	Non-operative
* Minerva Holdings Ltd	England	<b>215.1</b>	230.5	<b>5.6</b>	5.1	Holding company
* Minerva Nominees Ltd	England	#	#	#	#	Nominee



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		1993	1992	1993	1992	
		\$M	\$M	\$M	\$M	
<b>32: CONTROLLED ENTITIES (CONTINUED)</b>						
* National and Grindlays Bank Ltd	England	#	#	#	#	Name protection
* National and Grindlays Bank Trust Co. Ltd	England	#	#	#	#	Trustee
* Nepal Grindlays Bank Ltd <sup>21</sup>	Nepal	1.2	1.3	2.0	1.0	Banking
* Olec Secretaries Ltd	Jersey	#	#	#	#	Secretarial services
* Olec Trustee Ltd	Jersey	#	#	#	#	Non-operative
* PFP Finance Ltd <sup>22</sup>	England	0.3	0.3	#	#	Nominee
* Societe Immobiliere Quai du Mont-Blanc 7	Switzerland	2.5	2.6	0.1	0.1	Property holder
* Spey Industrials Ltd	England	#	#	#	#	Non-operative
* Valiant Heart Ltd	Jersey	#	-	#	-	Property holder
<b>ANZ Life Assurance Company Ltd</b>	Australia	202.9	185.0	17.0	23.3	Life assurance
Crescent Pacific Properties Ltd	Australia	#	#	#	#	Investment
Greater Pacific Nominees Pty Ltd	Australia	#	#	#	#	Trustee
<b>ANZ McCaughan Ltd</b>	Australia	53.7	49.7	(4.0)	0.8	Merchant banking
ANZCAP Securities Ltd	Australia	2.0	2.0	#	#	Securities dealer
ANZ McCaughan Clearing Services Ltd	Australia	1.0	1.0	#	#	Funds management
ANZ McCaughan Corporate & Financial Services Ltd	Australia	0.8	0.8	0.5	1.1	Consulting
ANZ McCaughan Futures Ltd	Australia	#	#	0.6	0.5	Futures trading
ANZ McCaughan Portfolio Allocation Ltd	Australia	0.1	0.1	#	#	Futures clearing
ANZ McCaughan Securities Ltd	Australia	6.4	6.4	8.0	0.5	Stockbroking
* ANZ McCaughan Securities (USA) Inc.	USA	2.2	2.1	0.1	0.1	Stockbroking
ANZ McCaughan Services Pty Ltd	Australia	#	#	(0.1)	(0.2)	Administration
* Australian International Ltd	Vanuatu	0.2	0.2	0.1	(0.4)	Merchant banking
Bow Lane Nominees Pty Ltd	Australia	#	#	#	#	Nominee
§ Kite Nominees Pty Ltd	Australia	#	#	#	#	Non-operative
§ McCaughan Dyson International Holdings B.V.	Netherlands	#	#	#	#	Non-operative
Skeet Nominees Pty Ltd	Australia	#	#	#	#	Nominee
Snipe Nominees (1981) Pty Ltd	Australia	#	#	#	#	Nominee
<b>A.N.Z. Properties (Australia) Ltd</b>	Australia	24.8	47.8	#	14.1	Property owner
Weelya Pty Ltd	Australia	7.4	7.4	#	0.8	Property owner
<b>* Australia and New Zealand Banking Group (PNG) Ltd<sup>23</sup></b>	PNG	#	#	5.8	(6.4)	Banking
* Niugini International Bank Ltd	PNG	#	#	#	#	Non-operative
<b>Australia and New Zealand Savings Bank Ltd<sup>24</sup></b>	Australia	-	-	-	111.9	Banking
‡ <b>Development Finance Corporation Ltd</b>	Australia	58.0	51.8	4.6	2.2	Investment banking
‡ A.F.T. Investors Services Ltd	Australia	5.7	5.7	#	#	Unit trust manager
‡ A.F.T. Ltd	Australia	0.1	0.1	#	#	Non-operative
‡ A.F.T. (Canberra) Ltd	Australia	#	#	#	#	Retirement fund
‡ Allied Australian Investments Ltd	Australia	3.1	3.1	#	0.5	Investment
‡ Australian Fixed Trusts Ltd	Australia	0.8	0.8	#	#	Superfund trustee
§ Australian Fixed Trusts (Victoria) Ltd	Australia	0.7	0.7	#	#	Non-operative
‡ Belobek Pty Ltd	Australia	#	#	0.2	#	Securities investment
§ Buzila Pty Ltd	Australia	#	#	#	#	Non-operative
§ Delfin Acceptances Ltd	Australia	6.8	6.8	#	#	Non-operative
§ Delfin Financial Services Ltd	Australia	#	#	#	#	Non-operative
‡ Delfin Holdings Ltd	Australia	15.9	15.9	#	0.8	Investment
§ Delfin Investment Services Ltd	Australia	0.6	0.6	#	#	Non-operative
§ Delfin Properties Pty Ltd	Australia	5.0	5.0	#	#	Non-operative
‡ Delfin Services Ltd	Australia	1.5	1.5	#	#	Investment
§ Delfin Underwriting Ltd	Australia	0.5	0.5	#	#	Non-operative



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		\$M	\$M	\$M	\$M	
<b>32: CONTROLLED ENTITIES (CONTINUED)</b>						
‡ Development Nominees Pty Ltd	Australia	#	#	#	#	Nominee
§ Japan-Australia Investment Co. Ltd	Australia	1.0	1.0	#	#	Non-operative
§ Vabeta Pty Ltd	Australia	#	#	#	#	Non-operative
‡ E.S. & A. Holdings Ltd	Australia	#	#	#	5.4	Property investment
‡ E.S. & A. Properties (Australia) Ltd	Australia	2.3	2.7	#	#	Property owner
<b>Esanda Finance Corporation Ltd</b>	Australia	<b>585.1</b>	<b>499.9</b>	<b>49.8</b>	<b>(138.7)</b>	General finance
• Alliance Acceptance Co. Ltd	Australia	1.8	1.8	1.3	(2.6)	Finance
• Alliance Commercial Finance Ltd	Australia	#	#	#	#	Trade finance
• Alliance Credit (N.S.W.) Pty Ltd	Australia	0.1	0.1	(0.1)	0.1	Finance
• Alliance Finance (Leasing) Pty Ltd	Australia	0.1	0.1	#	#	Finance
• Alliance Holdings Ltd	Australia	119.4	119.4	#	(0.5)	Holding company
• ANZCAP Leasing Nominees Pty Ltd	Australia	#	#	0.5	0.5	Lease finance
• ANZCAP Leasing Nominees (Vic) Pty Ltd	Australia	#	#	0.4	0.4	Lease finance
• ANZCAP Leasing Services Ltd	Australia	#	#	2.2	1.3	Lease finance
• ANZCAP Leasing (Vic) Pty Ltd	Australia	#	#	1.7	1.8	Lease finance
• Citie Centre Projects (No. 1) Pty Ltd	Australia	#	-	#	-	Trustee
• Citie Centre Projects (No. 2) Pty Ltd	Australia	#	-	#	-	Trustee
• EPD Pty Ltd	Australia	#	#	0.1	#	Trustee
• Esanda Equipment Credit Pty Ltd	Australia	8.1	8.1	1.2	1.3	Lease finance
• Esanda (Finance) Australia Ltd	Australia	#	#	#	0.5	Lease finance
• Esanda (Wholesale) Pty Ltd	Australia	#	#	#	#	Motor vehicle finance
• Finance Corporation of Australia Ltd	Australia	75.0	75.0	8.8	17.5	Real estate finance
• Lepak Ltd	Australia	40.0	62.0	#	#	Holding company
• MCL Finance Pty Ltd	Australia	#	#	#	#	Finance
• MCL Holdings Pty Ltd	Australia	7.2	7.2	#	#	Holding company
• MCL Leasing Pty Ltd	Australia	#	#	#	#	Finance
• Mercantile Credits Ltd	Australia	9.2	31.2	(6.9)	4.9	General finance
• Mercantile Credits Financial Services Ltd	Australia	7.2	7.2	#	#	Finance
• Mercantile Underwood Ltd	Australia	70.0	70.0	#	#	Investment
• Mercredits Leasing Ltd	Australia	#	#	#	#	Finance
• Mercredits Wholesale Ltd	Australia	0.4	0.4	#	#	Finance
• The National Alliance Insurance Co. Ltd	Australia	1.5	1.5	#	#	Insurance
‡ F.C.A. Finance Pty Ltd	Australia	#	#	14.8	15.3	Real estate finance
‡ Analed Pty Ltd	Australia	#	#	(36.2)	(38.3)	Property development
‡ Endeavour Hills Pty Ltd	Australia	#	#	#	#	Custodian/trustee
‡ Ironbark Developments Pty Ltd	Australia	#	#	#	#	Agent/trustee
‡ Lefca Investments Pty Ltd	Australia	#	#	#	#	Agent/trustee
‡ Melbourne Safe Deposit Pty Ltd	Australia	47.2	34.4	#	#	Holding company
ANZ Managed Investments Ltd <sup>25</sup>	Australia	47.0	34.2	3.1	14.6	Unit trust manager
‡ NMRB Ltd	Australia	305.0	357.1	(10.3)	(8.6)	Banking
ANZ Capel Court Ltd	Australia	57.4	57.4	2.7	3.0	Investment banking
‡ Bronzan Pty Ltd	Australia	0.6	0.6	#	#	Investment
‡ Capel Court Finance Ltd	Australia	#	#	#	#	Investment
‡ Capel Court Finance (Vic) Pty Ltd	Australia	#	#	#	#	Non-operative
§ Capel Court Inc.	USA	#	#	#	#	Non-operative
‡ Capel Court International Investments Pty Ltd	Australia	#	#	(0.7)	0.6	Investment
‡ Capel Court Investments Pty Ltd	Australia	2.2	2.2	#	#	Investment
‡ Capel Court Management Ltd	Australia	0.9	0.9	0.3	0.9	Investment
§ Capel Court Nominees Ltd	Australia	#	#	#	#	Non-operative
§ Capel Court Pacific Inc.	USA	#	#	#	#	Non-operative
‡ Castle-Lane (Nominees) Pty Ltd	Australia	#	#	#	#	Nominee
‡ Ceylonite Pty Ltd	Australia	#	#	#	#	Investment
‡ Dalyee Pty Ltd	Australia	1.6	1.6	#	#	Investment
‡ Ecomel Pty Ltd	Australia	#	#	0.1	(0.2)	Servicing agent
‡ Elgeba Pty Ltd	Australia	#	#	0.1	0.1	Agency



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		1993	1992	1993	1992	
		\$M	\$M	\$M	\$M	
<b>32: CONTROLLED ENTITIES (CONTINUED)</b>						
‡ Fifth Mallatri Pty Ltd	Australia	#	#	#	#	Investment
§ † Newpolar Ltd	England	#	#	#	#	Non-operative
‡ NMRB Australia Finance Ltd	Australia	#	#	#	0.1	Medium term finance
‡ NMRB Finance Ltd	Australia	0.5	0.5	0.3	3.3	Leasing
‡ NMRB Insurance (Agents) Pty Ltd	Australia	0.7	0.7	#	#	Non-operative
‡ NMRB Investments Ltd	Australia	#	#	#	#	Investment
‡ NMRB Management Services Ltd	Australia	#	#	#	11.1	Fixed assets manager
‡ NMRSB Ltd	Australia	132.1	132.1	5.3	5.9	Banking
‡ Noreag Pty Ltd	Australia	#	#	#	#	Investment
‡ Rinope Pty Ltd	Australia	#	#	#	#	Lease finance
§ Royaustr Management Ltd	Australia	0.1	0.1	#	#	Non-operative
§ T.C.P. Nominees Pty Ltd	Australia	#	#	#	#	Non-operative
<b>Other controlled entities</b>						
* Adelaide Nominees Ltd	England	#	#	#	#	Nominee services
‡ A.F.T. Property Management Pty Ltd	Australia	0.5	0.5	#	#	Real estate manager
‡ A.F.T. Property Services Pty Ltd	Australia	0.9	0.9	#	#	Real estate manager
‡ A.N.Z. Custodians Ltd	Australia	#	#	#	#	Custodian services
A.N.Z. Discounts Ltd	Australia	#	#	(29.3)	(27.8)	Superfund contributor
A.N.Z. Investments Ltd	Australia	11.7	9.7	2.5	1.5	Deposit taker
‡ A.N.Z. Nominees Ltd	Australia	#	#	#	#	Nominee services
‡ ANZ Adelaide Group Ltd	Australia	65.5	64.9	1.0	0.9	Property owner
‡ ANZ Business Licensing Pty Ltd	Australia	#	#	#	#	Software licensing
‡ ANZ Capital Hedging Ltd	Australia	#	#	#	3.3	Capital hedging
* ANZ Eurofinance BV	Netherlands	1.3	1.2	0.2	0.1	Finance
‡ ANZ Finance (Far East) Ltd	Australia	22.2	22.8	#	0.1	Property owner
* ANZ Grindlays International Ltd	Hong Kong	#	#	#	#	Offshore banking
ANZ Investment Holdings Ltd	Australia	#	#	(15.2)	(57.3)	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 Leasing No. 125 Ltd	Australia	7.4	2.9	4.5	#	Aircraft leasing
ANZ Limited Partnership	USA	#	6.3	#	#	Property holding
ANZ II Limited Partnership	USA	#	3.2	0.5	#	Property holding
* ANZ Nominees (Guernsey) Ltd	Guernsey	#	#	#	#	Nominee services
‡ ANZ Pensions Pty Ltd	Australia	#	#	#	#	Pension fund trustee
§ ANZ Pensions (Adelaide) Ltd	Australia	#	#	#	#	Non-operative
* ANZ Pensions (UK) Ltd	England	0.6	#	#	#	Pension fund trustee
ANZ Realty Holdings (USA) Inc.	USA	#	0.7	0.2	#	Property holding
ANZ Realty Holdings II (USA) Inc.	USA	#	0.4	0.1	#	Property holding
‡ ANZ Staff Superannuation (Australia) Pty Ltd	Australia	#	#	#	#	Pension fund trustee
* ANZ U.K. Dividends (AUD) Ltd	England	#	#	6.8	0.4	Dividend plan
* ANZ (Delaware) Inc.	USA	#	#	#	#	Finance
‡ Bombora Pty Ltd	Australia	#	#	2.2	#	Investment
‡ Canagong Pty Ltd	Australia	#	#	#	#	Investment
‡ Dinius Pty Ltd	Australia	#	#	#	#	Property developer
§ E. S. & A. Nominees (Australia) Pty Ltd	Australia	#	#	#	#	Non-operative
* Grindlays Eurofinance BV	Netherlands	5.0	4.7	0.4	0.8	Finance
‡ Iraklion Pty Ltd	Australia	#	#	#	#	Investment
Japan-Australia Venture Capital Fund (MIC) Ltd <sup>26</sup>	Australia	8.3	8.1	0.2	(0.3)	Investment
‡ Kobong Pty Ltd	Australia	#	#	#	#	Investment
Koloban Pty Ltd	Australia	#	-	#	-	Investment
‡ Leash Nominees Pty Ltd	Australia	#	#	#	#	Nominee
McCaughan Dyson Holdings Ltd	Australia	11.1	11.4	(0.4)	#	Holding company
Nepean International Travel Pty Ltd	Australia	#	#	(0.2)	(0.2)	Air charter services
‡ Pemarvin Pty Ltd	Australia	0.5	0.5	#	#	Property unit trustee



	INCORPORATED IN	BOOK VALUE		CONTRIBUTION TO THE CONSOLIDATED RESULT		NATURE OF BUSINESS
		1993	1992	1993	1992	
		\$M	\$M	\$M	\$M	
<b>32: CONTROLLED ENTITIES (CONTINUED)</b>						
530 Collins Street Property Trust	Australia	397.2	399.5	14.1	10.5	Property and investment
South Centre Maintenance Pty Ltd <sup>27</sup>	Australia	#	9.6	(2.3)	(2.4)	Aviation maintenance
‡ Yarraga Pty Ltd	Australia	#	#	#	#	Pension fund trustee
* Zan Investments Ltd	Singapore	900.5	884.1	0.2	0.2	Investment
Total contributions to the Economic entity result				462.1	(574.9)	
Adjustment for controlled entities sold/liquidated				(2.4)	(3.2)	
Consolidated operating profit (loss) after income tax and before abnormal items				459.7	(578.1)	
Net abnormal items				(213.2)	(0.9)	
<b>Consolidated operating profit (loss) after income tax</b>				<b>246.5</b>	<b>(579.0)</b>	

\* Audited by overseas KPMG firms

† Audited by firms other than members of KPMG

‡ These controlled entities and the Company entered into a Deed of Cross Guarantee in respect of relief granted from specified accounting and financial reporting requirements in accordance with a class order numbered 91/996 & 92/770 of the Australian Securities Commission dated 19 December 1991

• These controlled entities and Esanda Finance Corporation Limited and Mercantile Credits Limited entered into a Deed of Cross Guarantee in respect of relief granted from specified accounting and financial reporting requirements in accordance with a class order numbered 91/996 & 92/770 of the Australian Securities Commission dated 19 December 1991

# Amounts less than \$50,000

§ Company currently in liquidation

<sup>1</sup> Dalgety Farmers Ltd - 95.0%. Acquired 30 September 1992

<sup>2</sup> Asquith Investments Pty Ltd - 62.0%

<sup>3</sup> Formerly Australian Wool Exchange Pty Ltd

<sup>4</sup> Port Phillip Scouring Pty Ltd - 65.0%

<sup>5</sup> Wooldumpers (Sydney) Ltd - 63.8%

<sup>6</sup> Contribution in 1993 is for the eleven months prior to vesting. By an act of the New Zealand Parliament, the business assets and liabilities of ANZ Savings Bank (New Zealand) Limited were vested (integrated) into ANZ Banking Group (New Zealand) Limited on 31 August 1993.

<sup>7</sup> Kea Car Sales Ltd - 80.0%

<sup>8</sup> Mutual Finance Ltd - 80.0%

<sup>9</sup> Mutual Leasing Ltd - 80.0%

<sup>10</sup> Truck Leasing Ltd - 80.0%. Acquired 30 April 1993. Interest prior to acquisition was 33.3%

<sup>11</sup> Bank of Western Samoa - 75.0%

<sup>12</sup> GMBS International No. 3 Ltd - 33.3%

<sup>13</sup> Topgard Pty Ltd - 33.3%

<sup>14</sup> Town & Country Housing Bonds Ltd - 33.3%

<sup>15</sup> Town & Country Housing Trust - 86.9%

<sup>16</sup> Wetsum Pty Ltd - 33.3%

<sup>17</sup> Formerly ANZ Overseas Finance Ltd

<sup>18</sup> Esanda Finanz & Leasing Ltd - 48.5%

<sup>19</sup> Finanz Investments (Pte) Ltd - 48.5%

<sup>20</sup> Grindlays Bahrain Bank B.S.C. - 40.0%

<sup>21</sup> Nepal Grindlays Bank Ltd - 50.0%

<sup>22</sup> Formerly Property Finance Partnership Ltd

<sup>23</sup> Australia and New Zealand Banking Group (PNG) Ltd - 92.6%

<sup>24</sup> Contribution in 1992 is for the nine months prior to vesting. The Bank Integration Act 1991 (Commonwealth) and the Bank Integration Act 1992 (Vic) provided a mechanism to enable the business assets and liabilities of Australia and New Zealand Savings Bank Limited to vest in (integrate with) the Company. Vesting occurred on 1 July 1992 and Australia and New Zealand Savings Bank Limited was dissolved.

<sup>25</sup> Formerly ANZ Funds Management Ltd

<sup>26</sup> Japan-Australia Venture Capital Fund (MIC) Ltd - 77.2%

<sup>27</sup> South Centre Maintenance Pty Ltd - 87.5%



	INCORPORATED IN	INTEREST %	BOOK VALUE		HELD BY	NATURE OF BUSINESS
			1993 \$M	1992 \$M		
<b>33: ASSOCIATES</b>						
Associates have 30 September financial years unless otherwise noted						
ACD Holdings Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
AHL Property Developments Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Amalgamated Finance Ltd <sup>2</sup>	New Zealand	50.0	2.5	1.5	UDC Finance Ltd	Finance
Anchorage Port Stephens Pty Ltd <sup>1</sup>	Australia	33.3	5.4	6.3	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 <sup>3</sup>	Malaysia	26.5	4.7	4.4	ANZ Grindlays Bank plc	Merchant banking
Autofleet Pty Ltd	Australia	27.5	#	#	Esanda Finance Corp	Fleet management
Cardlink Services Ltd	Australia	20.0	0.2	0.2	ANZ Banking Group	Charge card services
Charge Card Services Ltd	Australia	20.0	0.3	0.3	ANZ Banking Group	Charge card services
Chartwell Enterprises Ltd <sup>2</sup>	Singapore	20.0	#	#	Development Finance Corporation Ltd	Consultant
Citie Centre Projects Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Cloudland Village Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Computer Services Ltd <sup>3</sup>	Western Samoa	22.5	0.1	0.1	Bank of Western Samoa	Computer services
Copeland Mercantile Ventures Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Cribellum Pty Ltd	Australia	37.5	#	#	ANZ Banking Group	Property development
Databank Systems Ltd <sup>2</sup>	New Zealand	20.0	#	#	ANZ Bank (NZ)	Computer network
Durham Developments Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Alliance Credit (NSW)	Property development
Edgeworth Projects Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Alliance Credit (NSW)	Property development
Erolnot Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Evaciff Pty Ltd <sup>1</sup>	Australia	33.3	#	#	Mercantile Credits Ltd	Property development
Fifty-Seven Willis Street Ltd <sup>2</sup>	New Zealand	15.4‡	0.9	0.8	ANZ Bank (NZ)	Property owner
Industrial Asset Management Pty Ltd	Australia	50.0	#	#	Esanda Finance Corp	Lease finance/management
Jarview Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Alliance Credit (NSW)	Property development
Link Asset Management Pty Ltd	Australia	50.0	0.3	0.3	Esanda Finance Corp	Lease finance/management
Malcha Properties Ltd	India	50.0	#	#	ANZ Grindlays Bank plc	Property owner
Mardi Pty Ltd	Australia	50.0	#	#	ANZ Banking Group	Agent
Meadow Springs Fairway Village Pty Ltd <sup>1</sup>	Australia	39.0	#	#	Town & Country Bank	Property development
Mimosa Developments Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Underwood	Property development
Network Trust <sup>1</sup>	Australia	37.5	#	#	ANZ Banking Group	Property development
New Zealand Bankcard Associates Ltd	New Zealand	50.0	#	#	ANZ Bank (NZ)	Charge card services
Ocean Blue Club Resorts Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Underwood	Holiday resort
Renishaw Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Ltd	Property development
Rosignol Development Corporation	Panama	50.0	#	#	ANZ Grindlays Bank plc	Tanker charter
§ South Pacific Investment Corporation Ltd <sup>1</sup>	Australia	20.0	0.1	#	Delfin Holdings Ltd	Investment banking
Tovepool Pty Ltd <sup>1</sup>	Australia	50.0	1.7	2.5	Mercantile Credits Ltd	Property development
Trefold Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Ltd	Entertainment
Valuta Group Pty Ltd	Australia	33.0	#	#	Capel Court Management Ltd	Investment
			<b>16.3</b>	<b>16.5</b>		
Associates disposed or reclassified as controlled entities during the year			-	2.8		
<b>Total shares in associates</b>			<b>16.3</b>	<b>19.3</b>		

# Amounts less than \$50,000

<sup>1</sup> year ended 30 June

<sup>2</sup> year ended 31 March

<sup>3</sup> year ended 31 December

‡ The Economic entity holds 25.0% of voting rights

§ Company currently in liquidation



	CONSOLIDATED		THE COMPANY	
	1993 \$M	1992 \$M	1993 \$M	1992 \$M
<b>34: COMMITMENTS</b>				
<b>Capital expenditure</b>				
Contracts for outstanding capital expenditure				
Not later than 1 year	65.3	189.4	15.5	44.1
Later than 1 year but not later than 2 years	3.1	13.9	-	-
Later than 2 years but not later than 5 years	3.3	0.3	-	-
Later than 5 years	-	0.1	-	-
<b>Total capital expenditure commitments</b>	<b>71.7</b>	<b>203.7</b>	<b>15.5</b>	<b>44.1</b>
<b>Lease rentals</b>				
Future rentals in respect of leases				
Land and buildings				
Not later than 1 year	133.7	185.4	107.7	127.0
Later than 1 year but not later than 2 years	106.1	157.1	77.7	102.0
Later than 2 years but not later than 5 years	181.3	279.1	126.4	164.6
Later than 5 years	481.1	554.5	354.8	389.4
	902.2	1,176.1	666.6	783.0
Furniture and equipment				
Not later than 1 year	46.4	60.2	41.2	44.9
Later than 1 year but not later than 2 years	27.0	49.8	24.1	43.9
Later than 2 years but not later than 5 years	14.2	45.4	10.6	41.8
Later than 5 years	0.2	0.5	-	-
	87.8	155.9	75.9	130.6
<b>Total lease rental commitments</b>	<b>990.0</b>	<b>1,332.0</b>	<b>742.5</b>	<b>913.6</b>
<b>Total commitments</b>	<b>1,061.7</b>	<b>1,535.7</b>	<b>758.0</b>	<b>957.7</b>

**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 Economic entity uses various financial instruments and facilities. The gross value of the instruments and facilities reflects the level of the Economic entity's activity in the various products and not the 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 (refer note 16), and it is not envisaged that any material 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 Economic entity 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.



**35: CONTINGENT LIABILITIES AND OFF-BALANCE SHEET EXPOSURES (CONTINUED)**

	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	EFFECTIVE CREDIT OR MARKET RISK	EFFECTIVE CREDIT OR MARKET RISK	EFFECTIVE CREDIT OR MARKET RISK	EFFECTIVE CREDIT OR MARKET RISK
	\$M	\$M	\$M	\$M
Guarantees	2,046.2	1,335.0	1,020.0	643.3
Standby letters of credit	149.9	197.0	139.5	162.6
Bill endorsements	20.4	24.7	15.2	19.2
Documentary letters of credit	1,293.6	1,652.6	731.7	1,061.0
Performance related contingents	6,227.2	5,859.0	3,645.1	3,114.1
Other	755.5	1,043.3	556.8	850.1
<b>Total contingent liabilities</b>	<b>10,492.8</b>	<b>10,111.6</b>	<b>6,108.3</b>	<b>5,850.3</b>

**Other guarantees and indemnities**

- (i) The Company has guaranteed payment on maturity of the principal and accrued interest of commercial paper notes issued by ANZ (Delaware) Inc. of \$0.3 million (1992: \$1,649.8 million).
- (ii) Pursuant to a class order issued on 19 December 1991, relief was granted during the year to the wholly owned controlled entities listed below from the Corporations Law requirements for preparation, audit, and publication of accounts. This class order replaced the former NCSC Class Order 633 and various interim class orders issued by the Australian Securities Commission. It is the condition of the new Class Order that the Company and each of its controlled entities enter into a Deed of Cross Guarantee. A Deed of Cross Guarantee under Class Order numbered 91/996 & 92/770 was lodged and approved by the Australian Securities Commission. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the controlled entities under certain provisions of the Law. The Company will only be liable in the event that after six months any creditor has not been paid in full.

The controlled entities have also given similar guarantees in the event that the Company is wound up. The controlled entities subject to the Deed are:

- ANZ Adelaide Group Limited
- A.N.Z. Holdings Limited
- E.S.&A. Holdings Limited
- E.S.&A. Properties (Australia) Limited
- Melbourne Safe Deposit Proprietary Limited
- A.N.Z. Custodians Limited
- A.N.Z. Nominees Ltd
- ANZ Leasing Pty Ltd
- ANZ Leasing (ACT) Pty Ltd
- ANZ Leasing (NSW) Pty Ltd
- ANZ Leasing (NT) Pty Ltd
- ANZ Leasing (Vic) Pty Ltd
- ANZ Pensions Pty Limited
- ANZ Pensions (Adelaide) Limited
- E.S.&A. Nominees (Australia) Pty Limited
- Yarraga Pty Limited.
- ANZ Staff Superannuation (Australia) Pty. Limited
- A.F.T. Limited
- Australian Fixed Trusts Limited
- Allied Australian Investments Limited
- Iraklion Pty Limited
- Development Finance Corporation Limited
- Development Nominees Pty Limited
- A.F.T. Property Management Pty. Limited
- NMRB Insurance (Agents) Pty. Limited
- Leash Nominees Pty. Limited
- Bombora Pty. Limited
- Dinias Pty. Limited
- Pemarvin Pty Limited
- NMRB Limited
- NMRB Finance Limited
- NMRB Investments Limited
- NMRB Management Services Limited
- NMRB Australia Finance Limited
- NMRSB Limited
- Ecomel Pty. Limited
- Elgeba Pty. Ltd
- Tannadice Pty. Ltd.
- Tirocourt Pty. Ltd.
- Analed Pty. Ltd.
- Endeavour Hills Pty. Limited
- F.C.A. Finance Pty. Limited
- Ironbark Developments Pty. Ltd.
- Lefca Investments Pty. Limited
- Delfin Services Limited
- A.F.T. Investors Services Limited
- A.F.T. (Canberra) Limited
- Delfin Holdings Limited
- Belobek Pty Limited
- Kobong Pty Limited
- ANZ Business Licensing Pty Ltd
- ANZ Capital Hedging Limited
- A.F.T. Property Services Pty. Limited
- ANZ Finance (Far East) Limited
- ANZ Leasing No. 125 Limited
- Canagong Pty. Limited



**35: CONTINGENT LIABILITIES AND OFF-BALANCE SHEET EXPOSURES (CONTINUED)**

At 30 September 1993 the controlled entities which are parties to the Deed have aggregate assets of \$1,163.8 million (1992: \$1,464.6 million); aggregate liabilities of \$83.2 million (1992: \$80.4 million); and their contribution to the consolidated operating profit after tax and abnormals for the year was \$0.2 million (1992: \$8.0 million).

During the year, some controlled entities entered into a separate Deed of Cross Guarantee with ANZ Capel Court Limited.

The controlled entities subject to the deed are:

- Ceylonite Pty Limited
- Capel Court Finance (Vic) Pty Limited
- Capel Court Finance Limited
- Castle-Lane (Nominees) Pty Limited
- Capel Court Management Limited
- Bronzan Pty Limited
- Rinope Pty. Limited
- Noreag Pty Ltd
- Capel Court International Investments Pty Limited
- Capel Court Investments Pty Ltd
- Dalyee Pty Limited
- Fifth Mallatri Pty Ltd

At 30 September 1993, the controlled entities which are parties to the Deed have aggregate assets of \$48.1 million; aggregate liabilities of \$2.3 million; and their contribution to the consolidated operating (loss)profit after tax and abnormals for the year was \$(0.2) million.

**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		THE COMPANY	
	1993	1992	1993	1992
	EFFECTIVE CREDIT OR MARKET RISK	EFFECTIVE CREDIT OR MARKET RISK	EFFECTIVE CREDIT OR MARKET RISK	EFFECTIVE CREDIT OR MARKET RISK
	\$M	\$M	\$M	\$M
Undrawn facilities	21,788.0	22,085.9	14,583.9	15,013.3
Underwriting facilities	379.7	526.2	226.7	410.8
	<b>22,167.7</b>	<b>22,612.1</b>	<b>14,810.6</b>	<b>15,424.1</b>

**Market related items**

The Economic entity deals in interest rate and foreign exchange futures, forward contracts, options and swaps which enable customers and the Economic entity to modify 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. Option 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 Economic entity 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				THE COMPANY			
	1993		1992		1993		1992	
	CONTRACT OR NOTIONAL AMOUNT	EFFECTIVE CREDIT OR MARKET RISK	CONTRACT OR NOTIONAL AMOUNT	EFFECTIVE CREDIT OR MARKET RISK	CONTRACT OR NOTIONAL AMOUNT	EFFECTIVE CREDIT OR MARKET RISK	CONTRACT OR NOTIONAL AMOUNT	EFFECTIVE CREDIT OR MARKET RISK
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Currency swap agreements	2,860.1	292.6	3,872.9	295.5	2,287.5	258.1	2,770.5	253.2
Currency options purchased	5,270.5	157.9	4,841.4	136.8	4,885.0	146.9	4,603.5	124.2
Currency futures contracts	2,972.1	-	2,394.6	-	2,972.1	-	2,394.6	-
Forward rate agreements	141,164.3	107.2	162,186.7	362.7	138,604.9	104.6	157,537.6	355.6
Interest rate swap agreements	118,236.1	1,848.3	61,877.2	1,050.2	111,620.2	1,721.2	56,923.2	926.4
Interest rate futures contracts	46,816.2	-	24,657.2	-	46,281.0	-	23,757.5	-
Interest rate options purchased	3,355.9	21.7	3,025.4	22.5	2,962.6	17.9	2,800.7	22.4
Foreign exchange transactions	119,057.8	2,681.7	143,679.2	3,953.1	105,387.6	2,358.9	123,340.6	3,461.4
Other	54.0	2.3	19.1	3.0	41.2	2.1	19.1	3.0
	<b>439,787.0</b>	<b>5,111.7</b>	<b>406,553.7</b>	<b>5,823.8</b>	<b>415,042.1</b>	<b>4,609.7</b>	<b>374,147.3</b>	<b>5,146.2</b>



**35: CONTINGENT LIABILITIES AND OFF-BALANCE SHEET EXPOSURES (CONTINUED)****General**

There are outstanding court proceedings, claims and possible claims against the Economic entity, the aggregate amount of which cannot readily be quantified. Where considered appropriate, legal advice has been obtained and, in the light of such advice, provisions as deemed necessary have been made.

**India - National Housing Bank**

The branch of ANZ Grindlays Bank plc in India ("the Bank") has received a claim, aggregating approximately Indian Rupees 5.06 billion (\$249.9 million) from the National Housing Bank ("NHB") in that country. The claim arises out of certain cheques drawn by NHB in favour of the Bank, the proceeds of which were credited into the account of one of the customers of the Bank.

On 4 November 1992, and pursuant to a directive from the Reserve Bank of India ("RBI"), the Bank made a payment to NHB under protest, without admission of liability, and subject to an agreement with NHB, entered into on the same date, providing for arbitration of the disputes between the parties. The RBI, which is NHB's parent company, has confirmed in writing, that it will ensure that NHB meets its liabilities under this arbitration agreement, including repaying the Bank if NHB loses the arbitration.

The arbitration is currently in progress and arbitration arrangements provide that the matter is treated as sub-judice and therefore comment by the parties is limited.

The Economic entity has obtained firm legal advice from senior counsel and based on that advice no provision has been made in respect of the claim or the amount paid to NHB.

**India - Foreign Exchange Regulation Act**

In 1991 certain amounts were transferred from non-convertible Indian Rupee accounts to convertible Rupee accounts maintained with the Bank in India. In making these transactions it would appear that the provisions of the Foreign Exchange Regulation Act 1973 were inadvertently not complied with. The Bank, on its own initiative, brought these transactions to the attention of the Reserve Bank of India.

The Indian authorities have served preliminary notices on the Bank and certain of its officers in India which could lead to proceedings and possible penalties. The Economic entity's lawyers in India are preparing responses to these notices, and the Economic entity considers that the outcome will have no material adverse effect on the financial statements.

**36: SUPERANNUATION COMMITMENTS**

A number of pension/superannuation funds have been established by the Economic entity worldwide. Any aggregate deficiencies arising from the actuarial valuations of the Economic entity's defined benefit funds have been provided for in the Economic entity's financial statements. The Economic entity is obliged to contribute to the funds 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 funds with assets in excess of \$20 million are:

COUNTRY	SCHEME/FUND	FUND TYPE	CONTRIBUTION LEVELS		LAST ACTUARIAL VALUATION	ACTUARY
			EMPLOYEE	EMPLOYER		
Australia	ANZGROUP (Australia) Staff Pension Scheme <sup>1</sup>	Defined Benefit Fund	5.5%	Balance of cost	Dec 1990	C J White F.I.A. F.I.A.A.
Australia	ANZ Australian Staff Superannuation Scheme <sup>2</sup>	Defined Contribution Fund	2.5% min	Balance of cost <sup>3</sup>	Dec 1992	C J White F.I.A. F.I.A.A.
Australia	ANZ Australian Staff Superannuation Scheme No 2 (formerly National Mutual Royal Bank Executive Superannuation Fund)	Defined Benefit Fund	2.5% min	Balance of cost <sup>3</sup>	Oct 1991	J Smith B.A. F.I.A.A.
Australia	Dalgety Australia Retirement Fund	Defined Benefit Fund	5.0%	Balance of cost	June 1991	D J Solomon F.I.A. F.I.A.A.
New Zealand	ANZGROUP (New Zealand) Staff Pension Scheme <sup>2</sup>	Defined Benefit Fund or Defined Contribution Fund	5.5% or 2.5% min	Balance of cost <sup>4</sup>	Dec 1990	William M Mercer Ltd or William M Mercer Ltd
England	ANZ UK Staff Pension Scheme <sup>1</sup>	Defined Benefit Fund	nil	Balance of cost	Dec 1991	R Watson & Sons

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

<sup>1</sup> These schemes provide for pension benefits

<sup>2</sup> These schemes provide for lump sum benefits

<sup>3</sup> With a maximum of 7% of superannuation salaries, plus death and disablement premiums

<sup>4</sup> With a maximum of 7.5% of superannuation salaries



**37: ASSETS AND LIABILITIES OF NON-BANKING CONTROLLED ENTITIES**

Under a Class Order issued by the Australian Securities Commission on 24 June 1992, the balance sheet of the Economic entity and the Company are presented in accordance with International Accounting Standard IAS 30, 'Disclosures in the Financial Statements of Banks and Similar Financial Institutions'. This standard requires assets and liabilities of a bank to be classified by their nature and to be disclosed in their approximate order of liquidity. The Class Order requires the amounts of total assets and total liabilities reported in the consolidated balance sheet that are attributable to controlled entities which are not prescribed corporations<sup>1</sup> at the end of the financial year to be separately disclosed.

	1993	1992
	\$M	\$M
Total assets	36,494.8	35,641.7
Total liabilities	29,841.7	30,901.9

<sup>1</sup> Defined in Section 408A(1) of the Corporations Law as either an Australian bank or a body corporate that is registered under the Life Insurance Act 1945

**38: FINANCING ARRANGEMENTS**

The financing arrangements of controlled entity borrowing corporations and controlled entities registered under the Financial Corporations Act (Australia) 1974 are detailed below.

	1993		1992	
	AVAILABLE \$M	UNUSED \$M	AVAILABLE \$M	UNUSED \$M
Financing arrangements which are available to such controlled entities (under normal financial arrangements)				
Credit standby arrangements				
Commercial bills acceptance discount lines	272.0	232.0	272.0	232.0
Standby lines	30.5	30.5	29.0	23.3
Other financing arrangements				
Subordinated loan	15.0	-	15.0	-
Overdrafts and other financing arrangements	31.6	16.6	64.6	12.6
Total finance made available to controlled entity finance corporations	349.1	279.1	380.6	267.9
Financing arrangements which have been made available by such controlled entities (contractually arranged for each client)				
Loan rollover facilities				
Commercial bill facilities	-	-	52.3	32.3
Other financial arrangements				
Loan and lease facilities	529.7	529.7	560.1	536.5
Other	99.3	99.3	85.1	85.1
Total finance made available by controlled entity finance corporations	629.0	629.0	697.5	653.9

**39: EXCHANGE RATES**

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

	1993		1992	
	CLOSING	AVERAGE	CLOSING	AVERAGE
British pound	0.4275	0.4482	0.3989	0.4157
United States dollar	0.6455	0.6853	0.7143	0.7545
New Zealand dollar	1.1736	1.2800	1.3318	1.3819



**40: RELATED PARTY DISCLOSURES**

The directors during the year were

J B Gough	D P Mercer
J C Dahlsen	J F Ries
C B Goode	Dr B W Scott
C J Harper	Sir Ronald Trotter
Dame Leonie Kramer	R B Vaughan
A T L Maitland	B Weeks (retired 15 January 1993)

Australian banks, parent entities of Australian banks and controlled entities of Australian banks have been exempted, subject to certain conditions, by an Australian Securities Commission Class Order, No. 93/837 dated 6 August 1993, from making disclosures of loans made, guaranteed or secured by a bank to related parties (other than specified categories of directors) and financial instrument transactions (other than shares and share options) of a bank where a director of the relevant entity is not a party to the transaction and where the loan or financial instrument transaction is lawfully made and occurs in the ordinary course of banking business either at arm's length or with the approval of a general meeting of the relevant entity and its ultimate chief entity (if any).

The Class Order does not apply to a loan or financial instrument transaction of which any director of the relevant entity should reasonably be aware that if not disclosed would have the potential to adversely affect the decisions made by users of the financial statements about the allocation of scarce resources.

A condition of the Class Order is that for each financial year to which it applies, the Company must provide evidence to the Commission that the Company has systems of internal controls and procedures which:

- (i) in the case of any material financial instrument transaction, ensure that; and
- (ii) in any other case, are designed to provide a reasonable degree of assurance that; any financial instrument transaction of a Bank which may be required to be disclosed in the Company's financial statements in accordance with AASB1017, 'Related Party Disclosures', and which is not entered into regularly, is drawn to the attention of the directors.

**(a) Transactions with Directors and director-related entities**

## SHARES AND SHARE OPTIONS

Aggregate number of shares and share options issued to directors of the Company and their director-related entities by the Company were as follows:

	THE COMPANY	
	1993	1992
	No.	No.
Fully paid ordinary shares in the Company	<b>37,762</b>	23,647
Partly paid ordinary shares, paid to 50 cents per share, in the Company	-	320,383
Partly paid ordinary shares, paid to 10 cents per share, in the Company	-	50,000
Share options over ordinary shares in the Company	<b>150,000</b>	100,000

Certain Executive directors have acquired shares under the Australia and New Zealand Banking Group Limited, senior officers' share purchase scheme on conditions no more favourable than those offered to other employees. All other share issues were made on terms and conditions no more favourable than those offered to other shareholders.

During the year, directors of the Company fully paid for 21,000 shares, which were previously paid to 10 cents per share, and 191,092 shares which were previously paid to 50 cents per share.



**40: RELATED PARTY DISCLOSURES (CONTINUED)**

Share options have been acquired by directors under the Directors' share and option purchase scheme approved by shareholders in January 1988. Each director has an entitlement to 50,000 options paid to one cent exercisable at any time during the 5 year period after issue, or within 90 days after ceasing to be a director, at market prices fixed at the time of issue less one cent, which amount of one cent was paid on issue of the option.

Aggregate number of shares and share options disposed of by directors of the Company and their director-related entities were as follows:

	1993	1992
	No.	No.
Fully paid ordinary shares in the Company	-	3,883
Partly paid ordinary shares, paid to 50 cents per share, in the Company	<b>6,000</b>	86,632
Partly paid ordinary shares, paid to 10 cents per share, in the Company	-	-
Share options over ordinary shares in the Company	-	-

Aggregate number of shares and share options held directly, indirectly or beneficially by directors of the Company and their director-related entities, as at balance date, were as follows:

	No.	No.
Fully paid ordinary shares in the Company	<b>742,658</b>	612,498
Partly paid ordinary shares, paid to 50 cents per share, in the Company	-	197,092
Partly paid ordinary shares, paid to 10 cents per share, in the Company	<b>340,000</b>	361,000
Share options over ordinary shares in the Company	<b>300,000</b>	400,000

Directors of the Company and their director-related entities received normal dividends on these shares, with the exception of the ordinary shares paid to 10 cents per share which qualify for dividends only when fully paid.

**LOANS MADE TO DIRECTORS**

Loans made to non-executive directors of the Company and controlled entities are made in the ordinary course of business on normal commercial terms and conditions. Loans to Executive directors of the Company and controlled entities are made pursuant to the Executive Directors' Loan Scheme authorised by shareholders on 18 January 1982, on the same terms and conditions applicable to other employees within the Economic entity in accordance with established policy.

Under the Australian Securities Commission Class Order referred to above, disclosure is limited to the aggregate amount of loans made, guaranteed or secured by:

- (i) the Company to its directors;
- (ii) any controlled entity to the directors of the Company;
- (iii) banking corporation controlled entities to their directors; and
- (iv) non-banking corporation controlled entities to directors of controlled entities and to parties related to any one of them or the directors of the Company.

The directors involved are:

P H Ellis <sup>1,2</sup>	R H J Glennon <sup>1</sup>	E P Harnett <sup>1</sup>
P J Hawkins <sup>2</sup>	D A Hodgson <sup>1,2</sup>	P F Horsfall <sup>1,2</sup>
W D B Johnstone <sup>1</sup>	R E Knight <sup>1</sup>	J M Lincham <sup>1</sup>
A T L Maitland <sup>1,2</sup>	D P Mercer <sup>1,2</sup>	J E Newling <sup>1</sup>
N D O'Brien <sup>1,2</sup>	B P Ranford <sup>1</sup>	J F Ries <sup>1,2</sup>
I S Sloggett <sup>1</sup>	R H C Turner <sup>1</sup>	B Weeks <sup>1</sup>
J B Wicking <sup>2</sup>	B N J Wood <sup>1</sup>	

<sup>1</sup> Repayments during the year. Refer page 86 for aggregate amounts

<sup>2</sup> Loans made during the year. Refer page 86 for aggregate amounts



**40: RELATED PARTY DISCLOSURES (CONTINUED)**

The aggregate amount of such loans outstanding at 30 September was:

	CONSOLIDATED		THE COMPANY	
	1993 \$'000	1992 \$'000	1993 \$'000	1992 \$'000
Balance outstanding at 30 September	5,245	4,726	3,005	2,729
Total interest received	312	227	149	185
The aggregate amount of repayments <sup>1</sup> received from directors and their director-related entities during the year was:				
Normal terms and conditions	-	-	-	-
Employee terms and conditions	698	1,137	537	1,059
The aggregate amount of loans <sup>2</sup> made during the financial year was:				
Normal terms and conditions	-	-	-	-
Employee terms and conditions	1,438	1,420	1,040	73

**OTHER TRANSACTIONS OF DIRECTORS AND DIRECTOR-RELATED ENTITIES**

In addition to the transactions referred to above, the Economic entity entered into the following transactions with Directors and their director-related entities.

Transactions with a value below \$25,000 and which have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in the same circumstances, and which do not have the potential to adversely affect decisions about the allocation of scarce resources, are deemed trivial. These transactions are disclosed by general description in accordance with AASB1017.

**(i) Financial instrument transactions**

Under the Australian Securities Commission Class Order referred to above, disclosure of financial instrument transactions regularly made by a bank is limited to disclosure of such transactions with a director of the entity concerned.

Financial instrument transactions that have occurred during the financial year were:

- Personal banking (including credit card facilities) and deposit transactions with directors of the Company and its controlled entities. These transactions have occurred on an arm's length basis and normal commercial terms and conditions no more favourable than those given to other employees or customers.

These transactions are all trivial or domestic in nature, except for those noted below.

- Deposit transactions with the directors listed below occurred during the financial year. The aggregate amount outstanding on these deposits at 30 September 1993 was \$1,392,384. These transactions were conducted on an arm's length basis in the normal course of banking business on customer terms and conditions with individual interest amounts being trivial.

The directors involved were:

R E W Barnes	Dr R J Edgar	J C Gilbert
R E Knight	C J Maiden	S G Patterson
Dr B W Scott	D R Smith	

- Directors of a controlled entity and their director-related entities have made deposits with this non-bank controlled entity. The directors involved in these transactions, which occurred on an arm's length basis on normal commercial terms and conditions no more favourable than those given to other employees, are listed below. The aggregate amount outstanding on the deposits at 30 September 1993 was \$738,831, with interest paid being trivial.

The directors involved were:

M C Capp	A J Fotheringham
R H J Glennon	R J Hughes

- Directors have conducted share trading and futures exchange trading transactions through ANZ McCaughan Limited, a wholly-owned controlled entity of the Company. Brokerage fees on these transactions with Executive directors are charged in accordance with terms and conditions no more favourable than those offered to other employees. Brokerage fees charged to non-executive directors are in accordance with terms and conditions no more favourable than those offered to other shareholders.



**40: RELATED PARTY DISCLOSURES (CONTINUED)**

## (ii) Transactions other than financial instrument transactions

- Legal fees amounting to \$3,645,034 for the Economic entity and \$1,686,004 for the Company were paid or are payable to Corrs Chambers Westgarth, of which J C Dahlsen was a partner for part of the financial year. These fees were determined on an arm's length basis on normal commercial terms and conditions.
- J C Dahlsen Pty Ltd, a controlled entity of J C Dahlsen, leases equipment from ANZCAP Leasing Nominees (Vic) Pty Ltd, a wholly-owned controlled entity of the Company. This business is undertaken on an arm's length basis on normal terms and conditions. The residual value of the leases at 30 September 1993 was \$2,100,000.
- Dahlsen Building Centres Pty Ltd, a wholly-owned controlled entity of J C Dahlsen Pty Ltd, acquired a business from the Company as mortgagee in possession. The consideration was approximately \$35,000 determined on an arm's length basis on normal commercial terms and conditions.
- Consulting fees paid by the Company to Sir Ronald Trotter as a member of the Company's International Board of Advice. The amount paid is trivial and was determined on an arm's length basis.

**(b) Transactions with associated entities**

	CONSOLIDATED		THE COMPANY	
	1993 \$'000	1992 \$'000	1993 \$'000	1992 \$'000
Aggregate				
- amounts receivable from associated entities	96,279	114,227	76,234	76,338
- provision for doubtful debts	26,274	16,440	26,274	16,440
- provision for doubtful debts - charge	9,834	-	9,834	-
- property held for resale in development ventures with associated entities	165,827	178,929	165,827	178,929
- provision for diminution in value	66,600	39,242	66,600	39,242
- provision for diminution in value - charge	27,358	39,242	27,358	39,242
Interest revenue	4,748	5,224	3,969	4,452
Dividend revenue	2,758	1,734	492	-

Included in aggregate receivables is a loan of \$12,834,100 (1992: \$12,938,007) on which no interest is payable, and a further loan of \$62,500,000 (1992: \$62,500,000) where interest is dependent upon the level of rental income from the associated property. This interest is included in interest revenue stated above.

**(c) Transactions with controlled entities**

Australia and New Zealand Banking Group Limited is the chief entity of all entities detailed in note 32 to these financial statements and undertakes transactions with those controlled entities, the effects of which are eliminated in the consolidated financial statements. These transactions principally arise out of the provision of banking services, the acceptance of funds on deposit, the granting of loans and other associated financial activities. Support services are also provided by and to the Company, including the provision of accounting and administrative assistance based on levels agreed by the respective parties and the rental of premises and/or equipment based on commercial rates. Transactions with controlled entities are on normal terms and conditions except for the transfer of tax losses to the Company during the year for nil consideration (see note 6). At 30 September 1993, the Company transferred tax losses to certain controlled entities on normal commercial terms and conditions.



**40: RELATED PARTY DISCLOSURES (CONTINUED)**

Details of transactions with controlled entities are:

	THE COMPANY	
	1993	1992
	\$'000	\$'000
<b>Aggregate amounts receivable at balance date</b>		
Entities in the wholly-owned group	5,267,459	5,214,832
Other controlled entities	123,841	128,668
<b>Aggregate amounts payable at balance date</b>		
Entities in the wholly-owned group	2,057,813	3,594,747
Other controlled entities	35,587	19,553
<b>Interest revenue</b>		
Entities in the wholly-owned group	251,176	526,109
Other controlled entities	8,424	2,091
<b>Management fees received</b>		
Entities in the wholly-owned group	257,389	503,456
Other controlled entities	352	270
<b>Management fees paid</b>		
Entities in the wholly-owned group	34,229	26,526
<b>Interest expense</b>		
Entities in the wholly-owned group	138,052	212,701
Other controlled entities	1,148	599
<b>Rent paid</b>		
Entities in the wholly-owned group	82,330	82,948
<b>Superannuation contributions by</b>		
Entity in the wholly-owned group	48,015	45,560

As detailed in note 37, the assets and liabilities of the Economic entity are not classified as current and non-current. Accordingly, the directors do not consider it practicable to classify amounts due to or from associated entities or controlled entities into current and non-current categories.

**41: REMUNERATION OF DIRECTORS**

Remuneration includes salaries, bonuses and other benefits. The maximum remuneration for non-executive directors of the Company was set at the Annual General meeting on 23 January, 1989 at \$0.6 million. Total fees paid to non-executive directors by the Company for the year was \$0.6 million (1992: \$0.6 million).

The number of directors of the Company with total remuneration in each of the following bands was

	THE COMPANY			THE COMPANY	
	1993	1992		1993	1992
\$30,001 to \$40,000	-	1	\$120,001 to \$130,000	1	1
\$40,001 to \$50,000	2	3	\$140,001 to \$150,000	1	-
\$50,001 to \$60,000	1	1	\$290,001 to \$300,000	-	1
\$60,001 to \$70,000	-	2	\$300,001 to \$310,000	-	1
\$70,001 to \$80,000	-	1	\$310,001 to \$320,000	-	2
\$80,001 to \$90,000	3	-	\$360,001 to \$370,000	2	-
\$100,001 to \$110,000	1	-	\$530,001 to \$540,000	1	-
			\$640,001 to \$650,000	-	1
<b>Total number of directors</b>				<b>12</b>	<b>14</b>

	CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992
	\$'000	\$'000	\$'000	\$'000
Total remuneration received or due and receivable by directors of the Company and controlled entities from the Company or related body corporate <sup>1</sup>	27,010	26,600	2,050	2,300

<sup>1</sup> Including the total remuneration of executive directors, excluding executive directors of controlled entities who are executives of the Company



	CONSOLIDATED		THE COMPANY	
	1993 \$'000	1992 \$'000	1993 \$'000	1992 \$'000
<b>42: RETIREMENT BENEFITS</b>				
Retirement benefits paid to directors <sup>1</sup>	6,254	4,100	681	2,400

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

<sup>1</sup> Including superannuation contributions and amounts paid in connection with the retirement of directors and principal executive officers of the Company and its controlled entities

#### 43: REMUNERATION OF EXECUTIVES

Remuneration includes salaries, bonuses and other benefits, excluding superannuation contributions. The remuneration of executives who work wholly or mainly outside Australia are excluded from this disclosure.

The number of executives with total remuneration exceeding \$100,000 in each of the following bands was

	CONSOLIDATED		THE COMPANY			CONSOLIDATED		THE COMPANY	
	1993	1992	1993	1992		1993	1992	1993	1992
\$100,001 to \$110,000	1	-	1	-	\$230,001 to \$240,000	4	-	3	-
\$110,001 to \$120,000	1	1	-	-	\$240,001 to \$250,000	-	1	-	1
\$120,001 to \$130,000	4	6	1	3	\$250,001 to \$260,000	3	2	-	1
\$130,001 to \$140,000	2	1	-	-	\$260,001 to \$270,000	-	2	-	-
\$140,001 to \$150,000	5	4	1	-	\$270,001 to \$280,000	-	2	-	1
\$150,001 to \$160,000	8	8	1	1	\$280,001 to \$290,000	1	1	-	1
\$160,001 to \$170,000	4	6	1	3	\$290,001 to \$300,000	2	3	1	1
\$170,001 to \$180,000	5	3	3	1	\$300,001 to \$310,000	1	1	-	1
\$180,001 to \$190,000	4	5	4	4	\$310,001 to \$320,000	3	2	1	1
\$190,001 to \$200,000	2	3	-	1	\$360,001 to \$370,000	2	-	2	-
\$200,001 to \$210,000	4	5	3	3	\$450,001 to \$460,000	1	-	1	-
\$210,001 to \$220,000	3	2	1	1	\$530,001 to \$540,000	1	-	1	-
\$220,001 to \$230,000	4	1	2	1	\$640,001 to \$650,000	-	1	-	1
Total number of executives						65	60	27	26
Total remuneration received or due and receivable directly or indirectly by executives of the Company and controlled entities (\$000)						13,518	12,164	6,256	5,818

#### 44: EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no significant events since 30 September 1993 to the date of this Report.



In the opinion of the directors of Australia and New Zealand Banking Group Limited the accompanying financial statements of the Company and the Economic entity 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 financial statements set out on pages 34 to 89 are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended 30 September 1993, and the state of affairs at 30 September 1993, of the Company and the Economic entity;
- (ii) the consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
- (iii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

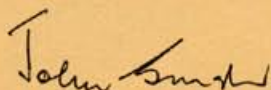
The financial statements have been made out in accordance with applicable Australian Accounting Standards.

The Company and some of its wholly owned controlled entities listed in note 32 and note 35, executed a Deed of Cross-guarantee enabling them to take advantage of the accounting and audit relief offered by the Class Orders 91/996 and 92/770, dated 19 December 1991, issued by the Australian Securities Commission.

The nature of the Deed of Cross-guarantee is to guarantee each creditor payment in full of any debt in accordance with the terms of the Deed of Cross-guarantee.

At the date of this statement, there are reasonable grounds to believe that the Company and its controlled entities to which the Class Order applies, are able, as an Economic entity, to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross-guarantee.

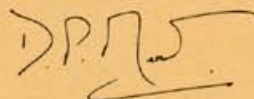
Signed in accordance with a resolution of the directors



**John B Gough**

*Chairman*

26 November 1993



**D P Mercer**

*Chief Executive Officer*



**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 for the financial year ended 30 September, 1993, consisting of the profit and loss accounts, balance sheets, statements of changes in shareholders' equity, statements of cash flows, accompanying notes and the directors' statement set out on pages 34 to 90. The financial statements comprise the accounts of the Company and the consolidated accounts of the Economic entity being the Company and its controlled entities. The Company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable 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 as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements in the manner authorised for a prescribed corporation being a banking corporation so as to present a view which is consistent with our understanding of the Company's and the Economic entity's financial position, the results of their operations and their cash flows.

The names of the controlled entities of which we have not acted as auditors are set out in note 32. We have received sufficient information and explanations concerning these controlled entities to enable us to form an opinion on the consolidated accounts.

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

*KPMG Peat Marwick*

**KPMG Peat Marwick**  
Chartered Accountants

**Qualification**

The audit reports on the financial statements for the year ended 30 September, 1993 of two controlled entities of the Company, being ANZ Grindlays Bank plc and ANZ Holdings (UK) plc, state that the ultimate outcome of a claim against ANZ Grindlays Bank plc by the National Housing Bank of India is at present uncertain.

This material uncertainty is detailed within note 35 of the financial statements under the heading "India - National Housing Bank". In view of the circumstances, and in particular having regard to the legal opinion obtained by the Economic entity, we concur with the basis on which the financial statements of the Economic entity have been presented.

**Qualified Audit Opinion**

In our opinion, the financial statements of Australia and New Zealand Banking Group Limited, and, subject to the effects of such adjustments, if any, as might have been required had the ultimate resolution of the uncertainty discussed in the qualification paragraph been known, the financial statements of the Economic entity, are properly drawn up:

- (a) so as to give a true and fair view of:
  - (i) the state of affairs of the Company and the Economic entity at 30 September, 1993 and of the results and cash flows of the Company and the Economic entity for the financial year ended on that date; and
  - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law in the manner authorised for a prescribed corporation being a banking corporation; and
- (c) in accordance with applicable Australian Accounting Standards.

*P M Burroughs*

**P M Burroughs**  
Partner

Melbourne  
26 November 1993



**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 controlled entities and holdings of other banks' capital instruments from total capital. From 30 September 1993, general provision for rescheduled country debt does not form part of tier 2 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.

	1993	1992	1993	1992	1993	1992
Qualifying capital	\$M	\$M	\$M	\$M	\$M	\$M
<b>Tier 1</b>						
Total shareholders' equity and outside equity interests					5,132.9	4,591.1
Less: asset revaluation reserve					-	7.9
Less: net future income tax benefit					587.1	712.6
<b>Tier 1 capital</b>					<b>4,545.8</b>	<b>3,870.6</b>
<b>Tier 2</b>						
Asset revaluation reserve					-	7.9
Perpetual notes - subordinated					1,098.1	630.0
General provision for doubtful debts - general					564.7	556.6
- rescheduled country debt <sup>1</sup>					n/a	376.2
					<b>1,662.8</b>	<b>1,570.7</b>
Subordinated notes <sup>2</sup>					<b>2,298.0</b>	<b>2,174.5</b>
Less deductions <sup>3</sup>					<b>25.1</b>	<b>239.2</b>
<b>Tier 2 capital</b>					<b>3,935.7</b>	<b>3,506.0</b>
Deductions <sup>4</sup>					<b>202.9</b>	<b>118.6</b>
<b>Total qualifying capital</b>					<b>8,278.6</b>	<b>7,258.0</b>
<b>Balance sheet assets</b>						
	ASSETS			RISK-WEIGHTED ASSETS		
Liquid assets	3,708.6	1,750.7	1,387.5	439.4		
Due from other banks	10,213.1	11,142.0	2,228.9	2,261.2		
Trading securities	4,708.2	2,433.3	2,045.8	2,141.6		
Investment securities	4,917.3	7,007.8	1,194.2	1,382.6		
Net loans and advances	56,284.3	55,767.3	45,235.5	46,754.7		
Customers' liabilities for acceptances	12,838.1	14,813.8	12,510.2	14,639.5		
Regulatory deposits	1,042.8	1,129.2	105.4	65.2		
Shares in associates	16.3	19.3	16.3	19.3		
Other assets	4,193.2	4,770.8	1,927.7	2,500.4		
Premises and equipment	2,010.7	2,303.5	2,010.7	2,303.5		
	<b>99,932.6</b>	<b>101,137.7</b>	<b>68,662.2</b>	<b>72,507.4</b>		
<b>Off-balance sheet exposures</b>						
	CONTRACT/ NOTIONAL AMOUNT		CREDIT EQUIVALENT AMOUNT			
Direct credit substitutes	2,961.2	2,564.0	2,961.2	2,564.0	2,133.3	2,096.7
Trade and performance related items	7,531.6	7,547.6	3,374.5	3,267.2	3,031.5	2,835.5
Commitments	22,167.7	22,612.1	1,846.2	2,122.2	1,680.9	1,887.9
Foreign exchange, interest rate and other market related transactions	439,787.0	406,553.7	5,111.7	5,823.8	1,352.1	1,393.1
					<b>8,197.8</b>	<b>8,213.2</b>
<b>Total risk-weighted assets and off-balance sheet exposures</b>					<b>76,860.0</b>	<b>80,720.6</b>
<b>Capital adequacy ratios</b>					%	%
Tier 1					5.9	4.8
Tier 2					5.1	4.3
Deductions					(0.2)	(0.1)
<b>Total</b>					<b>10.8</b>	<b>9.0</b>

<sup>1</sup> General provision for rescheduled country debt is ineligible to qualify as tier 2 capital from 30 September 1993

<sup>2</sup> Subordinated note issues are reduced each year by 20% of the original amount during the last five years to maturity

<sup>3</sup> Subordinated note issues cannot exceed 50% of Tier 1 capital

<sup>4</sup> Investments in ANZ Life and bank shareholdings

n/a Not applicable



**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 Economic entity's non-Australian banking offices and controlled entities.

YEARS ENDED 30 SEPTEMBER	1993			1992			1991		
	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	
	BALANCE	INTEREST	RATE	BALANCE	INTEREST	RATE	BALANCE	INTEREST	
	\$M	\$M	%	\$M	\$M	%	\$M	\$M	%
<b>Interest earning assets</b>									
Due from other banks									
Australia	560.5	27.8	5.0	677.3	50.8	7.5	608.8	57.7	9.5
Overseas	11,879.2	790.5	6.6	11,163.0	927.2	8.3	12,755.7	1,286.7	10.1
Regulatory deposits with									
Reserve Bank of Australia	481.1	7.7	1.6	479.6	11.6	2.4	518.9	34.9	6.7
Investments in public securities									
Australia	4,904.1	286.8	5.8	5,125.5	400.6	7.8	4,764.1	569.0	11.9
Overseas	4,489.4	379.2	8.4	4,517.6	408.4	9.0	3,907.5	427.5	10.9
Loans, advances and bills discounted									
Australia <sup>1</sup>	41,151.8	3,927.2	9.5	41,009.0	4,530.2	11.0	41,238.7	5,684.0	13.8
Overseas	17,831.2	1,478.8	8.3	17,159.6	1,702.9	9.9	17,043.1	2,085.8	12.2
Other assets	1,848.0	83.4	4.5	1,889.0	120.6	6.4	854.6	76.1	8.9
	83,145.3	6,981.4	8.4	82,020.6	8,152.3	9.9	81,691.4	10,221.7	12.5
<b>Non-interest earning assets</b>									
Acceptances									
Australia	12,377.3			13,354.5			14,568.9		
Overseas	1,639.5			1,870.2			2,167.8		
Premises and equipment	2,336.2			2,215.1			2,288.3		
Other assets	6,132.3			5,298.8			5,702.6		
Provisions for doubtful debts	(3,204.4)			(2,544.3)			(2,182.3)		
	19,280.9			20,194.3			22,545.3		
<b>Total assets</b>	<b>102,426.2</b>			<b>102,214.9</b>			<b>104,236.7</b>		
% of total assets attributable to overseas activities									
	38.3%			37.2%			37.0%		
<b>Interest bearing liabilities</b>									
Time deposits									
Australia	17,226.5	1,059.8	6.2	17,605.1	1,439.6	8.2	17,962.8	2,052.9	11.4
Overseas	13,668.1	868.5	6.4	13,277.2	1,078.6	8.1	12,848.6	1,347.1	10.5
Savings deposits									
Australia	6,910.9	234.4	3.4	6,626.2	312.7	4.7	7,668.2	602.4	7.9
Overseas	2,240.1	79.6	3.6	2,117.5	84.5	4.0	2,167.7	106.9	4.9
Other demand deposits									
Australia	4,514.4	195.5	4.3	3,966.0	248.9	6.3	3,197.0	309.2	9.7
Overseas	2,284.5	97.3	4.3	2,040.2	116.9	5.7	2,361.1	195.9	8.3
Due to other banks									
Australia	243.1	12.6	5.2	247.9	18.4	7.4	367.2	35.0	9.5
Overseas	10,750.5	686.4	6.4	9,863.5	827.6	8.4	9,982.2	1,033.1	10.3
Short term borrowings									
Australia	6,288.9	461.1	7.3	6,432.7	657.6	10.2	6,317.7	794.3	12.6
Overseas	2,221.9	102.5	4.6	1,943.8	117.4	6.0	2,334.9	199.6	8.5
Long term borrowings									
Australia	5,818.2	417.7	7.2	6,493.9	555.4	8.6	5,949.9	686.3	11.5
Overseas	899.0	63.5	7.1	928.2	76.0	8.2	1,066.1	108.0	10.1
Other liabilities <sup>2</sup>	887.6	86.4	n/a	767.5	111.5	n/a	495.7	107.7	n/a
	73,953.7	4,365.3	5.9	72,309.7	5,645.1	7.8	72,719.1	7,578.4	10.4



**2: AVERAGE BALANCE SHEET AND RELATED INTEREST (CONTINUED)**

YEARS ENDED 30 SEPTEMBER	1993			1992			1991		
	AVERAGE BALANCE \$M	AVERAGE INTEREST \$M	AVERAGE RATE %	AVERAGE BALANCE \$M	AVERAGE INTEREST \$M	AVERAGE RATE %	AVERAGE BALANCE \$M	AVERAGE INTEREST \$M	AVERAGE RATE %
<b>Non-interest bearing liabilities</b>									
<b>Deposits</b>									
Australia	3,123.3			3,227.3			3,242.4		
Overseas	1,715.7			1,592.0			1,464.0		
<b>Acceptances</b>									
Australia	12,377.3			13,354.5			14,568.9		
Overseas	1,639.5			1,870.2			2,167.8		
Other liabilities	4,709.1			4,743.5			5,451.8		
	23,564.9			24,787.5			26,894.9		
<b>Total liabilities</b>	<b>97,518.6</b>			<b>97,097.2</b>			<b>99,614.0</b>		
Shareholders' equity	4,907.6			5,117.7			4,622.7		
<b>Total liabilities and shareholders' equity</b>	<b>102,426.2</b>			<b>102,214.9</b>			<b>104,236.7</b>		
% of total overseas	39.8%			38.1%			37.2%		

<sup>1</sup> 1992 comparatives restated for tax benefits on exempt income (1991: not applicable)

<sup>2</sup> Includes foreign exchange swap costs

**3: INTEREST SPREAD AND NET INTEREST AVERAGE YIELD**

	1993 %	1992 %	1991 %
<b>Gross earnings rate<sup>1</sup></b>			
Australia	9.00	10.54	13.45
Overseas	7.59	9.10	11.21
Total	8.40	9.94	12.51
Interest spread and net interest average yield may be analysed as follows:			
<b>Australia</b>			
Interest spread adjusted to include interest forgone	3.81	3.66	3.91
Interest forgone on non-accrual and restructured loans	(0.72)	(1.07)	(1.31)
Net interest spread <sup>2</sup>	3.09	2.59	2.60
Net non-interest bearing liabilities provisions and equity	0.81	1.06	1.20
Net interest average yield <sup>3</sup> - Australia	3.90	3.65	3.80
<b>Overseas</b>			
Interest spread adjusted to include interest forgone	1.94	1.88	1.91
Interest forgone on non-accrual and restructured loans	(0.25)	(0.39)	(0.41)
Net interest spread <sup>2</sup>	1.69	1.49	1.50
Net non-interest bearing liabilities provisions and equity	0.45	0.74	0.94
Net interest average yield <sup>3</sup> - Overseas	2.14	2.23	2.44
<b>Group</b>			
Interest spread adjusted to include interest forgone	3.01	2.92	3.02
Interest forgone on non-accrual and restructured loans	(0.52)	(0.79)	(0.93)
Net interest spread <sup>2</sup>	2.49	2.13	2.09
Net non-interest bearing liabilities provisions and equity	0.66	0.93	1.15
Net interest average yield <sup>3</sup> - Group	3.15	3.06	3.24

<sup>1</sup> Average interest rate received on interest earning assets

<sup>2</sup> Average interest rate received on interest earning assets less the average interest rate paid on interest bearing liabilities

<sup>3</sup> 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	1993 OVER 1992			1992 OVER 1991		
	VOLUME \$M	CHANGE DUE TO RATE \$M	TOTAL \$M	VOLUME \$M	CHANGE DUE TO RATE \$M	TOTAL \$M
<b>Interest earning assets</b>						
Due from other banks						
Australia	(7.8)	(15.2)	(23.0)	6.0	(12.9)	(6.9)
Overseas	56.6	(193.3)	(136.7)	(148.9)	(210.6)	(359.5)
Regulatory deposits with Reserve Bank of Australia	-	(3.9)	(3.9)	(2.5)	(20.8)	(23.3)
Investments in public securities						
Australia	(16.7)	(97.1)	(113.8)	40.5	(208.9)	(168.4)
Overseas	(2.5)	(26.7)	(29.2)	61.3	(80.4)	(19.1)
Loans, advances and bills discounted						
Australia	15.7	(618.7)	(603.0)	(31.5)	(1,122.3)	(1,153.8)
Overseas	64.5	(288.6)	(224.1)	14.2	(397.1)	(382.9)
Other assets	(2.6)	(34.6)	(37.2)	71.0	(26.5)	44.5
	107.2	(1,278.1)	(1,170.9)	10.1	(2,079.5)	(2,069.4)
<b>Interest bearing liabilities</b>						
Time deposits						
Australia	(30.3)	(349.5)	(379.8)	(40.1)	(573.2)	(613.3)
Overseas	30.9	(241.0)	(210.1)	43.6	(312.1)	(268.5)
Savings deposits						
Australia	12.9	(91.2)	(78.3)	(73.6)	(216.1)	(289.7)
Overseas	4.7	(9.6)	(4.9)	(2.4)	(20.0)	(22.4)
Other demand deposits						
Australia	31.1	(84.5)	(53.4)	63.8	(124.1)	(60.3)
Overseas	12.9	(32.5)	(19.6)	(24.1)	(54.9)	(79.0)
Due to other banks						
Australia	(0.3)	(5.5)	(5.8)	(9.9)	(6.7)	(16.6)
Overseas	69.6	(210.8)	(141.2)	(12.1)	(193.4)	(205.5)
Short term borrowings						
Australia	(14.4)	(182.1)	(196.5)	14.2	(150.9)	(136.7)
Overseas	15.3	(30.2)	(14.9)	(29.9)	(52.3)	(82.2)
Long term borrowings						
Australia	(54.1)	(83.6)	(137.7)	58.5	(189.4)	(130.9)
Overseas	(2.3)	(10.2)	(12.5)	(12.9)	(19.1)	(32.0)
Other liabilities	15.6	(40.7)	(25.1)	46.9	(43.1)	3.8
Change in interest expense	91.6	(1,371.4)	(1,279.8)	22.0	(1,955.3)	(1,933.3)
Change in net interest income	15.6	93.3	108.9	(11.9)	(124.2)	(136.1)



**5: INVESTMENT SECURITIES BY MATURITIES AND YIELDS**

BASED ON REMAINING TERM TO  
MATURITY AT 30 SEPTEMBER 1993

AT BOOK VALUE	DUE IN 1 YEAR OR LESS \$M	DUE BETWEEN 1 YEAR AND 5 YEARS \$M	DUE BETWEEN 5 YEARS AND 10 YEARS \$M	DUE AFTER 10 YEARS \$M	TOTAL \$M	MARKET VALUE TOTAL \$M
<b>Australia</b>						
Treasury notes	1,156.1	-	-	-	<b>1,156.1</b>	1,156.9
Local and semi-government securities	33.3	18.5	0.6	-	<b>52.4</b>	52.8
Other securities and equity investments	521.3	171.0	59.7	2.2	<b>754.2</b>	758.5
	1,710.7	189.5	60.3	2.2	<b>1,962.7</b>	1,968.2
<b>Overseas</b>						
New Zealand government securities	832.0	561.2	0.1	0.6	<b>1,393.9</b>	1,407.4
US treasury and government securities	25.8	-	-	18.0	<b>43.8</b>	41.8
Indian government securities	371.2	10.9	-	-	<b>382.1</b>	381.9
Other government securities	570.8	122.8	89.4	2.3	<b>785.3</b>	789.3
Other securities and equity investments	223.7	111.5	0.6	13.7	<b>349.5</b>	356.9
	2,023.5	806.4	90.1	34.6	<b>2,954.6</b>	2,977.3
Total book value	3,734.2	995.9	150.4	36.8	<b>4,917.3</b>	n/a
Total market value	3,738.6	1,022.4	150.9	33.6	<b>4,945.5</b>	4,945.5
<b>Weighted average yields<sup>1</sup></b>						
	%	%	%	%		
<b>Australia</b>						
Treasury notes	4.79	-	-	-		
Local and semi-government securities	9.84	9.42	14.09	-		
Other securities and equity investments	4.59	4.72	2.33	3.58		
<b>Overseas</b>						
New Zealand government securities	5.04	8.18	10.00	8.00		
US treasury and government securities	3.07	-	-	4.26		
Indian government securities	9.50	7.14	-	-		
Other government securities	8.57	8.43	13.68	13.53		
Other securities and equity investments	6.34	7.12	13.60	5.00		

<sup>1</sup> Based on coupon rates for fixed interest securities, effective yields for discounted securities and dividend yield for equity investments



**6: LOANS AND ADVANCES BY INDUSTRY**

AT 30 SEPTEMBER	1993	1992 <sup>1</sup>	1991 <sup>1</sup>	1990 <sup>1</sup>	1989 <sup>1</sup>
	\$M	\$M	\$M	\$M	\$M
<b>Australia</b>					
Agriculture, forestry, fishing and mining	1,802.4	1,888.8	1,899.0	2,271.3	2,181.6
Business and personal services	759.2	726.9	n/a	n/a	n/a
Commercial and industrial	n/a	n/a	10,397.5	10,153.4	9,784.3
Entertainment, leisure and tourism	893.8	896.4	n/a	n/a	n/a
Financial, investment and insurance	1,637.6	2,332.8	4,182.4	5,734.4	3,401.9
Government and official institutions	204.7	326.9	287.0	351.3	239.1
Lease finance	3,212.4	3,610.2	3,845.6	4,349.3	3,973.8
Manufacturing	1,948.0	2,006.3	n/a	n/a	n/a
Personal	6,252.2	6,357.3	6,199.9	5,845.2	6,055.4
Real estate - construction	774.4	1,021.8	2,465.1	1,986.0	1,248.1
Real estate - mortgage <sup>2</sup>	19,675.6	19,244.6	13,187.3	10,989.9	6,483.5
Retail and wholesale trade	3,496.8	3,309.0	n/a	n/a	n/a
Other	2,041.5	2,256.9	n/a	n/a	n/a
	42,698.6	43,977.9	42,463.8	41,680.8	33,367.7
<b>Overseas</b>					
Agriculture, forestry, fishing and mining	901.3	721.9	n/a	n/a	n/a
Banks and other financial institutions	n/a	n/a	1,225.4	1,526.9	1,387.2
Business and personal services	448.8	504.8	n/a	n/a	n/a
Commercial and industrial	n/a	n/a	8,152.5	7,508.0	7,431.0
Entertainment, leisure and tourism	227.4	355.8	n/a	n/a	n/a
Financial, investment and insurance	1,776.4	2,043.3	n/a	n/a	n/a
Government and official institutions	409.0	407.7	1,046.0	921.6	670.0
Lease finance	63.1	68.1	n/a	n/a	n/a
Manufacturing	2,821.3	2,912.0	n/a	n/a	n/a
Personal	2,365.7	2,251.0	n/a	n/a	n/a
Real estate - construction	865.3	939.8	n/a	n/a	n/a
Real estate - mortgage <sup>2</sup>	4,957.8	4,251.3	n/a	n/a	n/a
Retail and wholesale trade	1,524.2	1,375.0	n/a	n/a	n/a
Other	1,390.9	1,022.4	5,572.1	5,042.8	4,520.4
Rescheduled country debt	599.5	691.3	n/a	n/a	n/a
	18,350.7	17,544.4	15,996.0	14,999.3	14,008.6
<b>Gross loans and advances</b>	<b>61,049.3</b>	<b>61,522.3</b>	<b>58,459.8</b>	<b>56,680.1</b>	<b>47,376.3</b>
Less: provisions for doubtful debts	2,689.8	3,337.6	1,993.4	1,715.0	1,287.2
income yet to mature <sup>3</sup>	2,075.2	2,417.4	2,693.3	2,801.1	2,440.8
	4,765.0	5,755.0	4,686.7	4,516.1	3,728.0
<b>Net loans and advances</b>	<b>56,284.3</b>	<b>55,767.3</b>	<b>53,773.1</b>	<b>52,164.0</b>	<b>43,648.3</b>

At 30 September 1993 the Economic entity was not exposed to any significant loan concentrations other than those disclosed above

<sup>1</sup> From 1 October 1991 the Economic entity restructured its classifications of loans by industry in line with Australian Standard Industry Codes for both Australian and Overseas operations. Prior period data for these new classifications is not available and comparison between periods is indicative only

<sup>2</sup> 'Real estate mortgage' includes residential and commercial property exposure. Loans within this category must be for the purchase of such properties and must be secured by property

<sup>3</sup> Including reserved interest of \$516.8m (1992: \$550.9m; 1991: \$361.3m; 1990: \$284.2m; 1989: \$301.1m)

n/a Not available



**7: MATURITY DISTRIBUTION AND INTEREST RATE SENSITIVITY OF LOANS**

BASED ON REMAINING TERM  
TO MATURITY AT 30 SEPTEMBER 1993

	DUE IN 1 YEAR OR LESS <sup>1</sup>	DUE BETWEEN 1 YEAR AND 5 YEARS	DUE OVER 5 YEARS	TOTAL
	\$M	\$M	\$M	\$M
<b>AUSTRALIA</b>				
Agriculture, forestry, fishing and mining	1,287.4	285.5	229.5	1,802.4
Business and personal services	436.0	261.8	61.4	759.2
Entertainment, leisure and tourism	533.2	237.7	122.9	893.8
Financial, investment and insurance	996.2	424.0	217.4	1,637.6
Government and official institutions	85.7	56.1	62.9	204.7
Lease finance	1,043.1	1,868.7	300.6	3,212.4
Manufacturing	1,311.2	339.0	297.8	1,948.0
Personal	2,931.3	2,374.2	946.7	6,252.2
Real estate - construction	504.6	198.8	71.0	774.4
Real estate - mortgage	3,230.5	3,196.1	13,249.0	19,675.6
Retail and wholesale trade	2,170.1	999.6	327.1	3,496.8
Other	989.6	418.3	633.6	2,041.5
<b>Overseas</b>	8,658.2	5,196.6	4,495.9	18,350.7
<b>Gross loans and advances</b>	24,177.1	15,856.4	21,015.8	61,049.3
<b>Interest rate sensitivity</b>				
Fixed interest rates <sup>2</sup>	10,734.8	8,904.2	5,067.5	24,706.5
Variable interest rates	13,442.3	6,952.2	15,948.3	36,342.8
	24,177.1	15,856.4	21,015.8	61,049.3

<sup>1</sup> Includes overdrafts

<sup>2</sup> Housing loans that are capped for an initial period are treated as fixed interest rate loans and maturity profiled on the principal repayments due over the term of the loan



**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 Economic entity are substantially with other banks.

AT 30 SEPTEMBER	1993				1992	
	LOANS & ADVANCES \$M	ACCEPTANCES \$M	TOTAL \$M	SPECIFIC PROVISION \$M	TOTAL \$M	SPECIFIC PROVISION \$M
<b>Australia</b>						
Agriculture, forestry, fishing and mining	1,802.4	648.8	2,451.2	97.9	2,484.1	133.9
Business and personal services	759.2	685.3	1,444.5	90.8	1,223.4	121.4
Entertainment, leisure and tourism	893.8	472.2	1,366.0	33.5	1,417.8	10.6
Financial, investment and insurance	1,637.6	1,152.3	2,789.9	43.8	3,841.4	86.3
Government and official institutions	204.7	133.7	338.4	0.2	482.0	-
Lease finance	3,212.4	-	3,212.4	31.7	3,610.2	61.7
Manufacturing	1,948.0	1,844.5	3,792.5	93.2	4,139.1	80.4
Personal <sup>1</sup>	6,252.2	540.6	6,792.8	77.7	7,221.2	103.6
Real estate - construction	774.4	365.5	1,139.9	45.1	1,395.7	54.3
Real estate - mortgage <sup>2</sup>	19,675.6	3,959.8	23,635.4	713.4	23,753.2	1,081.1
Retail and wholesale trade	3,496.8	1,228.0	4,724.8	132.0	4,621.3	154.1
Other	2,041.5	132.1	2,173.6	21.6	2,733.7	68.4
	42,698.6	11,162.8	53,861.4	1,380.9	56,923.1	1,955.8
<b>Overseas</b>						
Agriculture, forestry, fishing and mining	901.3	141.2	1,042.5	24.2	824.1	43.6
Business and personal services	448.8	118.1	566.9	12.2	637.0	20.2
Entertainment, leisure and tourism	227.4	1.6	229.0	32.3	357.3	29.1
Financial, investment and insurance	1,776.4	282.1	2,058.5	19.6	2,388.9	30.8
Government and official institutions	409.0	16.0	425.0	1.0	450.3	1.0
Lease finance	63.1	-	63.1	1.5	68.1	2.4
Manufacturing	2,821.3	518.2	3,339.5	57.6	3,499.5	74.9
Personal <sup>1</sup>	2,365.7	14.0	2,379.7	48.8	2,252.5	68.2
Real estate - construction	865.3	54.1	919.4	61.0	977.2	28.0
Real estate - mortgage <sup>2</sup>	4,957.8	-	4,957.8	29.4	4,251.3	41.7
Retail and wholesale trade	1,524.2	228.1	1,752.3	33.3	1,647.8	28.1
Other	1,390.9	301.9	1,692.8	14.4	1,367.7	51.2
Rescheduled country debt	599.5	-	599.5	408.9	691.3	29.8 <sup>3</sup>
	18,350.7	1,675.3	20,026.0	744.2	19,413.0	449.0
<b>Total portfolio</b>	<b>61,049.3</b>	<b>12,838.1</b>	<b>73,887.4</b>	<b>2,125.1</b>	<b>76,336.1</b>	<b>2,404.8</b>

<sup>1</sup> 'Personal' includes non-business loans to individuals through overdrafts, personal loans, credit cards and fully drawn advances

<sup>2</sup> 'Real estate mortgage' includes residential and commercial property exposure. Loans within this category must be for the purchase of such properties and must be secured by property

<sup>3</sup> Refer Note 1[xiii] Accounting policies of the Financial Statements



**9: CROSS BORDER OUTSTANDINGS**

Cross border outstandings of the Economic entity to countries which individually represented in excess of 0.75% of the Economic entity 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. The Economic entity's gross unhedged investment in overseas branches and controlled entities is also included in the cross border risk of the respective countries.

	GOVERNMENTS AND OTHER OFFICIAL INSTITUTIONS \$M	BANKS AND OTHER FINANCIAL INSTITUTIONS \$M	OTHER COMMERCIAL AND INDUSTRIAL \$M	TOTAL \$M	% OF ECONOMIC ENTITY ASSETS
<b>At 30 September 1993</b>					
United Kingdom	106.6	981.8	1,814.1	2,902.5	2.9
New Zealand	612.9	318.1	1,958.8	2,889.8	2.9
USA	4.3	774.4	953.4	1,732.1	1.7
Japan	1.0	844.3	449.4	1,294.7	1.3
Hong Kong	-	685.6	205.0	890.6	0.9
India	390.4	88.3	381.4	860.1	0.9
Singapore	2.7	716.7	47.9	767.3	0.8
<b>At 30 September 1992</b>					
Japan	2.2	1,710.7	468.4	2,181.3	2.2
United Kingdom	98.9	1,278.0	737.6	2,114.5	2.1
New Zealand	112.1	388.4	1,585.3	2,085.8	2.1
USA	5.9	294.0	837.5	1,137.4	1.1
Hong Kong	0.1	699.3	185.4	884.8	0.9
India	385.8	78.3	354.2	818.3	0.8



**10: DOUBTFUL DEBTS - INDUSTRY ANALYSIS**

	1993	1992	1991	1990	1989
	\$M	\$M	\$M	\$M	\$M
Balance at start of year	3,337.6	1,993.4	1,715.0	1,287.2	948.2
Adjustment for exchange rate fluctuations	55.8	110.2	(1.2)	(11.9)	(9.9)
Write-offs (refer (i) below)	(1,440.1)	(768.6)	(861.5)	(527.1)	(264.4)
Recoveries (refer (ii) below)	71.3	36.9	18.8	29.2	32.9
Charge to profit and loss account	646.8	1,937.4	1,053.3	793.2	528.8
Provisions acquired/(disposed)	(21.6)	39.9	45.9	62.3	16.9
Tax (liability)/benefit realised on rescheduled country debt	(2.5)	1.2	-	58.7	-
Transfer from deferred tax	-	-	-	-	19.9
Recognition of provisions previously netted against tax benefits	35.4	-	-	-	-
Other	7.1	(12.8)	23.1	23.4	14.8
<b>Total provisions for doubtful debts</b>	<b>2,689.8</b>	<b>3,337.6</b>	<b>1,993.4</b>	<b>1,715.0</b>	<b>1,287.2</b>
<b>(i) Total write-offs by industry<sup>1</sup></b>					
<b>Australia</b>					
Agriculture, forestry, fishing and mining	(55.3)	(36.6)	(13.1)	(14.9)	(6.2)
Business and personal services	(75.3)	(55.7)	n/a	n/a	n/a
Commercial and industrial	n/a	n/a	(391.2)	(135.4)	(92.3)
Entertainment, leisure and tourism	(22.4)	(21.3)	n/a	n/a	n/a
Financial, investment and insurance	(48.8)	(36.2)	(36.2)	(1.7)	(19.2)
Government and official institutions	-	(2.8)	(3.4)	(0.3)	-
Lease finance	(52.9)	(28.1)	(32.9)	(10.8)	(13.4)
Manufacturing	(46.3)	(45.2)	n/a	n/a	n/a
Personal <sup>2</sup>	(90.7)	(47.9)	(61.9)	(6.2)	(26.1)
Real estate - construction	(22.0)	(16.2)	(105.8)	(10.8)	(15.0)
Real estate - mortgage <sup>3</sup>	(576.1)	(205.4)	(0.1)	(2.8)	-
Retail and wholesale trade	(92.7)	(61.1)	n/a	n/a	n/a
Other	(17.9)	(37.9)	n/a	n/a	n/a
<b>Overseas</b>					
Rescheduled country debt	(82.0)	(11.3)	(80.7)	(218.1)	(40.0)
Other	(257.7)	(162.9)	(136.2)	(126.1)	(52.2)
<b>Total write-offs</b>	<b>(1,440.1)</b>	<b>(768.6)</b>	<b>(861.5)</b>	<b>(527.1)</b>	<b>(264.4)</b>
<b>(ii) Recoveries by industry<sup>1</sup></b>					
<b>Australia</b>					
Agriculture, forestry, fishing and mining	1.0	0.9	0.3	0.9	0.5
Business and personal services	1.7	0.7	n/a	n/a	n/a
Commercial and industrial	n/a	n/a	4.0	15.0	13.5
Entertainment, leisure and tourism	1.4	0.2	n/a	n/a	n/a
Financial investment and insurance	4.6	0.9	0.2	0.2	-
Government and official institutions	-	-	n/a	n/a	n/a
Lease finance	4.9	4.3	-	7.1	6.0
Manufacturing	0.3	0.7	n/a	n/a	n/a
Personal <sup>2</sup>	8.0	9.7	8.8	0.4	7.6
Real estate - construction	0.4	0.3	0.1	0.1	1.3
Real estate - mortgage <sup>3</sup>	7.7	5.7	-	1.0	-
Retail and wholesale trade	2.0	1.0	n/a	n/a	n/a
Other	1.1	5.0	n/a	n/a	n/a
<b>Overseas</b>					
Rescheduled country debt	29.5	-	-	-	-
Other	8.7	7.5	5.4	4.5	4.0
<b>Total recoveries</b>	<b>71.3</b>	<b>36.9</b>	<b>18.8</b>	<b>29.2</b>	<b>32.9</b>
<b>Net write-offs</b>	<b>(1,368.8)</b>	<b>(731.7)</b>	<b>(842.7)</b>	<b>(497.9)</b>	<b>(231.5)</b>
Ratio of net write-offs to average loans and acceptances	1.9%	1.0%	1.1%	0.8%	0.4%

<sup>1</sup> From 1 October 1991 the Economic entity restructured its classifications of loans by industries in line with Australian Standard Industry Codes for both Australian and Overseas operations. Prior period data for these new classifications is not available and comparison between periods is indicative only

<sup>2</sup> 'Personal' includes non-business loans to individuals through overdrafts, personal loans, credit cards and fully drawn advances

<sup>3</sup> 'Real estate mortgage' includes residential and commercial property exposure. Loans within this category must be for the purchase of such properties and must be secured by property

n/a Not applicable



**11: CERTIFICATES OF DEPOSIT AND TERM DEPOSIT MATURITIES**

The following table shows the maturity profile of the Economic entity's certificates of deposit and term deposits in excess of \$100,000 issued at 30 September 1993

	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
<b>Australia</b>					
Certificates of deposit	1,914.0	851.9	500.0	1,302.9	4,568.8
Term deposits	5,165.2	650.4	291.0	681.1	6,787.7
	7,079.2	1,502.3	791.0	1,984.0	11,356.5
<b>Overseas</b>					
Certificates of deposit	729.3	256.5	78.6	77.6	1,142.0
Term deposits	7,877.1	1,561.3	781.0	402.7	10,622.1
	8,606.4	1,817.8	859.6	480.3	11,764.1
Total	15,685.6	3,320.1	1,650.6	2,464.3	23,120.6

**12: SHORT TERM BORROWINGS**

The Economic entity'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 Economic entity has commercial paper programmes in the United States, where it issues paper through its controlled entity ANZ (Delaware) Inc., and in Europe and Asia, where the Economic entity issues paper direct.

YEARS ENDED 30 SEPTEMBER	1993 \$M	1992 \$M	1991 \$M
<b>Balance at end of year</b>			
Commercial paper - ANZ (Delaware) Inc.	350.3	1,649.8	1,210.7
Commercial paper - other	1,328.6	1,276.0	1,494.1
Debenture stock	2,562.2	3,156.1	2,892.8
Other secured borrowings	7.8	38.1	23.5
Unsecured notes and deposits	1,778.0	2,176.1	3,010.6
<b>Weighted average interest rate at end of year</b>			
Commercial paper - ANZ (Delaware) Inc.	3.29%	3.56%	5.98%
Commercial paper - other	3.53%	4.59%	7.58%
Debenture stock	8.68%	12.16%	13.07%
Other secured borrowings	5.12%	7.51%	7.53%
Unsecured notes and deposits	4.69%	8.71%	10.56%
<b>Maximum amount outstanding at any month end during year</b>			
Commercial paper - ANZ (Delaware) Inc.	1,704.8	1,649.8	1,910.7
Commercial paper - other	1,647.9	2,370.7	1,950.9
Debenture stock	3,270.5	3,489.7	3,560.2
Other secured borrowings	187.2	44.5	101.5
Unsecured notes and deposits	3,087.9	3,697.3	4,482.5
<b>Average amount outstanding during year</b>			
Commercial paper - ANZ (Delaware) Inc.	1,568.0	1,177.5	1,452.4
Commercial paper - other	1,314.2	1,541.0	1,373.3
Debenture stock	2,946.7	3,153.7	3,165.3
Other secured borrowings	43.7	21.5	39.5
Unsecured notes and deposits	2,638.2	2,482.8	2,622.1
<b>Weighted average interest rate during year</b>			
Commercial paper - ANZ (Delaware) Inc.	3.37%	4.62%	7.08%
Commercial paper - other	4.31%	6.35%	9.87%
Debenture stock	9.97%	12.14%	14.38%
Other secured borrowings	5.77%	9.67%	9.41%
Unsecured notes and deposits	5.98%	9.57%	12.10%



**13: US GAAP RECONCILIATION**

The consolidated financial statements of the Economic entity are prepared in accordance with Generally Accepted Accounting Principles applicable in Australia ("Australian GAAP") which differ in some respects from Generally Accepted Accounting Principles in the United States ("US GAAP").

The following are reconciliations of the financial statements, applying US GAAP instead of Australian GAAP.

	NOTE	1993 \$M	1992 \$M	1991 \$M
<b>Operating profit(loss) after income tax using Australian GAAP</b>		<b>246</b>	(579)	267
Items having the effect of increasing(decreasing) reported income:				
Reversal of loss on revaluation of properties	(i)	30	-	-
Loss on sale of premises, 530 Collins Street, Melbourne, Australia	(i)	(90)	-	-
Depreciation charged on the difference between revaluation amount and historical cost of buildings	(i)	1	2	4
Difference in gain or loss on disposal of properties revalued under historical cost	(i)	1	3	4
Capitalisation of goodwill arising from acquisition of controlled entities	(ii)	-	-	27
Purchase price adjustments affecting goodwill arising from acquisition of controlled entities	(ii)	-	-	(3)
Amortisation of goodwill	(ii)	(38)	(40)	(40)
Write-off of goodwill	(ii)	(45)	(22)	-
Capitalisation of gain arising from sale-leaseback transactions	(iii)	-	(2)	(19)
Amortisation of sale-leaseback gain over lease term	(iii)	17	17	14
Capitalisation of profit arising from sale of Coles Myer warrants	(iv)	-	-	(30)
Amortisation of capitalised profit arising from sale of Coles Myer warrants	(iv)	10	10	-
Net income(loss) according to US GAAP		<b>132</b>	(611)	224
<b>Shareholders' equity reported at year end using Australian GAAP</b>		<b>5,089</b>	4,542	4,984
Elimination of gross asset revaluation reserves	(i)	(405)	(324)	(489)
Reversal of loss on revaluation of properties	(i)	30	-	-
Adjustment to provision for depreciation on buildings revalued	(i)	29	28	26
Restoration of previously deducted goodwill	(ii)	807	807	807
Accumulated amortisation and write-off of goodwill	(ii)	(310)	(227)	(165)
Restoration of deferred gain on sale-leaseback transactions less amortisation	(iii)	(27)	(44)	(59)
Restoration of deferred profit on Coles Myer warrants transactions less amortisation	(iv)	(10)	(20)	(30)
Provision for final dividend	(v)	131	116	102
Shareholders' equity according to US GAAP		<b>5,334</b>	4,878	5,176
<b>Total assets reported at year end using Australian GAAP</b>		<b>99,933</b>	101,138	98,212
Elimination of gross asset revaluation reserves	(i)	(405)	(324)	(489)
Reversal of downward revaluation of properties	(i)	30	-	-
Adjustment to provision for depreciation on buildings revalued	(i)	29	28	26
Restoration of previously deducted goodwill	(ii)	807	807	807
Accumulated amortisation and write-off of goodwill	(ii)	(310)	(227)	(165)
Reclassification of deferred tax assets against deferred tax liabilities	(vi)	(406)	(544)	(488)
Total assets according to US GAAP		<b>99,678</b>	100,878	97,903
<b>Impact of adoption of SFAS 109 on prior year results</b>				
Net income according to US GAAP reported in 1991 Financial Statements		n/a	n/a	7
Restatement of prior year results for adoption of SFAS 109		n/a	n/a	217
		<b>n/a</b>	n/a	224



**13: US GAAP RECONCILIATION (CONTINUED)****(i) Premises and Equipment**

Properties have been revalued by the Economic entity at various times, increasing the book value of these assets (refer note 1 (xvi) in the Financial Statements). Under Australian GAAP, any increments on revaluation are credited directly to the Asset Revaluation Reserve (ARR), and decrements are debited to the ARR to the extent of any previous revaluation increments. Decrements in excess of previous revaluation increments are charged to the Profit and Loss Account. The ARR forms part of shareholders' equity.

Under US GAAP, revaluation of properties is not permitted except for decrements which are regarded as permanent.

Accordingly, under Australian GAAP depreciation charges are higher and profits on disposal are lower than those required under US GAAP. The depreciation charges, together with the profits and losses on revalued assets sold have been adjusted to historical cost in the US GAAP reconciliation statement.

In 1992, 530 Collins Street, Melbourne, Australia was revalued downwards by \$89.6 million against the ARR, and this decrement has been adjusted in the US GAAP Profit and Loss Account reconciliation statement, with a corresponding increase in the ARR.

Additionally, the decrement on revaluation of properties of \$29.8 million charged to the Australian GAAP Profit and Loss Account has been reversed in the US GAAP reconciliation statement as the decrement is not considered to be permanent.

**(ii) Goodwill**

Effective from 1 October 1992, the Economic entity has changed its accounting policy in respect of goodwill (refer note 2 in the Financial Statements). Previously, goodwill on acquisition was charged in full to the Economic entity's Profit and Loss Account in the year of acquisition. Under US GAAP, goodwill is capitalised and amortised over the period of time during which the benefits are expected to arise, such period not exceeding 40 years generally or 25 years in respect of bank acquisitions.

Adjustments have been made in the US GAAP reconciliation statement to write-back goodwill written-off in full and to amortise goodwill on acquisition over the period of the expected benefits.

Additionally, to the extent that periodic reviews of the carrying amount of goodwill lead to a writedown of goodwill previously capitalised for US purposes, this is adjusted in the US GAAP reconciliation statement.

**(iii) Sale-leaseback transactions**

Under Australian GAAP for operating leases, gains on disposal under sale-leaseback transactions can be recognised in the period of sale. Under US GAAP, the gain is amortised over the remaining lease term. This difference in treatment has been adjusted in the US GAAP reconciliation statement.

**(iv) Option transactions - Coles Myer Warrants**

Under US GAAP, premia on options written over equities held in portfolio are amortised over the term of the option. Adopting Australian GAAP, the Economic entity has recognised as profit that part of the option premium associated with the warrant issue representing the intrinsic value of the option, and amortised the remainder. This has been adjusted in the US GAAP reconciliation statement.

**(v) Dividends**

Under Australian GAAP, dividends are shown in the Profit and Loss Account in the period to which they relate rather than in the period when they are declared as required by US GAAP. This difference in treatment has been adjusted in the US GAAP shareholders' equity reconciliation.

**(vi) Income taxes**

Under Australian GAAP, tax benefits relating to carry forward tax losses must be "virtually certain" of being realised before being booked. Realisations of benefits relating to other timing differences must be "beyond a reasonable doubt" before they may be booked. These tests are as stringent as those applied under US GAAP and hence no write-down of future tax benefits is required.

Australian GAAP allows offsetting of future income tax benefits and liabilities to the extent they will reverse in the same period. US GAAP requires an offset of these two items where reversal will occur within twelve months and in the period exceeding twelve months. This has been adjusted in the US GAAP reconciliation statement.



**13: US GAAP RECONCILIATION (CONTINUED)****(vii) Pension commitments**

Under Australian GAAP, contributions in respect of defined benefits schemes are made at levels necessary to ensure that these schemes are maintained with sufficient assets to meet their actuarially assessed liabilities. Any net deficiency arising from the aggregation of assets and liabilities of the Economic entity's defined benefit schemes is provided for in the Economic entity's financial statements (refer note 36 in the Financial Statements). Under US GAAP, the pension expense for defined benefits pension schemes is a function of the employee's service period, interest costs, actual return on schemes' assets, amortisation of unrecognised prior service costs and unrecognised net gains or losses. No adjustment is required to be made in the US GAAP reconciliation statement as the difference is immaterial.

**(viii) Post retirements benefits**

Post retirement benefits other than pension payments are not material and no adjustment is required in the US GAAP reconciliation statement.

**(ix) Investment securities**

Under Australian GAAP, there is no requirement to make a valuation allowance for investment securities unless permanent diminution in the value of the security has occurred. US GAAP requires that in instances where investment securities are not likely to be held until maturity, these securities should be classified as held for sale and accounted for at the lower of cost and market value or classified as trading securities and accounted for at market value.

It is the policy of the Economic entity to classify as investment securities, only those securities which the Economic entity has a positive intent to hold until maturity and no adjustment is required in the US GAAP reconciliation statement.

All other securities are classified as trading securities and marked to market. The Economic entity does not maintain a separate "securities held for sale" portfolio.

**(x) Foreclosed and in-substance foreclosed assets**

The Economic entity does not carry assets acquired in foreclosure proceedings or assets that would be treated as in-substance foreclosures under US GAAP as a separate balance sheet item, because the Economic entity considers the management of security by the Economic entity to constitute part of the loan recovery program. These assets are carried on the Economic entity's balance sheet under Loans and Advances. As part of doubtful debt assessment procedures, provisions are raised to reflect any shortfall in the collateral value over the loan balance where full recovery of a loan is considered doubtful. As a result, these assets are effectively carried at the fair or market value of the collateral which approximates net realisable value. Therefore, the application of FRP 401.09 regarding in-substance foreclosures would not result in an adjustment in the US GAAP reconciliation statement.



**1: MAJOR SHAREHOLDERS****(i) Ordinary shares**

At 3 November 1993 the twenty largest holders of ordinary shares held 659,240,276 ordinary shares, equal to 50.4 per cent of the total issued capital

	NUMBER OF SHARES	%
National Nominees Ltd	146,391,715	11.2
ANZ Nominees Ltd	102,044,747	7.8
Australian Mutual Provident Society	58,461,687	4.5
Chase Manhattan Nominees Ltd	57,561,714	4.4
Westpac Custodian Nominees Limited	43,140,405	3.3
State Authorities Superannuation Board	34,352,794	2.6
Citicorp Nominees Pty Limited	30,670,806	2.3
Queensland Investment Corporation	24,817,686	1.9
Permanent Trustee Company Limited	22,200,925	1.7
MLC Life Limited	21,681,432	1.7
The Prudential Assurance Company Limited	21,587,209	1.7
CBA Nominees Limited	17,045,584	1.3
Pendal Nominees Pty Limited	16,839,503	1.3
Perpetual Trustees Nominees Limited	16,185,760	1.2
The Commonwealth Superannuation Board of Trustees	9,482,793	0.7
Transport Accident Commission	8,113,026	0.6
Barclays Australian Custodian Services Limited	7,985,917	0.6
NRMA Investments (Pty) Limited	7,767,570	0.6
The National Mutual Life Association of Australasia Limited	6,495,647	0.5
The Equity Trustees Executors and Agency Company Limited	6,413,356	0.5
	659,240,276	50.4

**(ii) Preference shares**

At 3 November 1993 the twenty largest preference shareholders held 3,303,150 preference shares equal to 55.1 per cent of the total preference shares issued

	NUMBER OF SHARES	%
The National Mutual Life Association of Australasia Limited	1,078,740	18.0
Pendal Nominees Pty Limited	588,229	9.8
Permanent Trustee Company Limited	475,010	7.9
Mercantile Mutual Life Insurance Company Limited	200,000	3.3
BT Custodians Limited	150,000	2.5
Perpetual Trustee Company Limited	145,000	2.4
Norwich Union Life Australia Limited	100,000	1.7
Equity Life Ltd	95,341	1.6
Australian National University	72,000	1.2
Rema Nominees Pty Ltd	56,770	0.9
Cigna Insurance Australia Limited	50,730	0.8
NRMA Investments (Pty) Limited	50,000	0.8
National Nominees Limited	47,783	0.8
ANZ Nominees Limited	36,341	0.6
The Equity Trustees Executors and Agency Company Limited	33,000	0.6
Bankers Trust Life Limited	30,000	0.5
Wesfarmers Provident Fund Pty Ltd	28,300	0.5
Co-Operative Bulk Handling Limited	23,500	0.4
Westpac Custodian Nominees Limited	22,406	0.4
Australian Foundation Investment Company Limited	20,000	0.3
	3,303,150	55.1



**2: SUBSTANTIAL ORDINARY SHAREHOLDERS**

At 3 November 1993, there were no entries in the Register of Substantial Shareholdings. Notices of ceasing to be substantial shareholders were received during the year prior to 3 November 1993 from the following:

	DATE OF NOTICE
National Australia Bank Ltd	21 October 1992
Westpac Banking Corporation	9 February 1993
Australian Mutual Provident Society	5 August 1993

**3: AVERAGE SIZE OF SHAREHOLDINGS****(i) Ordinary shares - fully paid**

At 3 November 1993 the average size of holding of ordinary shareholdings was 12,076 (1992: 10,142) shares

**(ii) Preference shares**

At 3 November 1993 the average size of holding of preference shareholdings was 556 (1992: 606) shares

**4: DISTRIBUTION OF SHAREHOLDINGS****(i) Ordinary shares - fully paid**

AT 3 NOVEMBER 1993 RANGE	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES 000	% OF SHARES
1 to 1,000 shares	34,378	31.7	16,860	1.3
1,001 to 5,000 shares	53,089	49.0	127,941	9.8
5,001 to 10,000 shares	12,169	11.2	85,678	6.6
10,001 to 100,000 shares	8,212	7.6	175,795	13.4
Over 100,000 shares	487	0.5	901,977	68.9
	108,335	100.0	1,308,251	100.0

**(ii) Preference shares**

AT 3 NOVEMBER 1993 RANGE	NUMBER OF HOLDERS	% OF HOLDERS	NUMBER OF SHARES 000	% OF SHARES
1 to 1,000 shares	10,475	97.0	1,654	27.6
1,001 to 5,000 shares	228	2.1	467	7.8
5,001 to 10,000 shares	40	0.4	296	4.9
10,001 to 100,000 shares	44	0.4	1,321	22.0
Over 100,000 shares	6	0.1	2,262	37.7
	10,793	100.0	6,000	100.0



**5: VOTING RIGHTS OF SHAREHOLDERS****(i) Ordinary shares - fully paid and partly paid**

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 Company;
- (ii) a proposal to wind up the Company;
- (iii) a proposal for the sale of the undertaking of the 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.

**6: HOLDERS OF NON-MARKETABLE PARCELS****(i) Ordinary shares - fully paid**

At 3 November 1993, shareholdings of less than a marketable parcel (1 to 99 shares) were 3,358 (1992: 3,353), which is 3.3% of the total number of ordinary shareholdings.

**(ii) Preference Shares**

At 3 November 1993, preference shareholdings of less than a marketable parcel (1 to 49 preference shares) were 665 (1992: 462), which is 6.2% of the total number of preference shareholdings.

**7: EMPLOYEE SHAREHOLDER INFORMATION**

At 24 November 1993, participants in the employee and senior officers' share purchase schemes held 2.3% (1992: 2.5%) of the issued share capital.

**8: DIRECTORS' SHAREHOLDING INTERESTS**

	BENEFICIALLY HELD			NON-
	FULLY PAID <sup>1</sup>	PARTLY PAID <sup>2</sup>	OPTIONS <sup>3</sup>	BENEFICIALLY HELD FULLY PAID <sup>4</sup>
J C Dahlsen	33,400	50,000	-	12,000
C B Goode	127,789	50,000	50,000	
J B Gough	146,352	50,000	-	-
C J Harper	26,814	40,000	-	-
Dame Leonie Kramer	51,590	-	-	-
A T L Maitland	82,730	-	50,000 <sup>4</sup>	-
D P Mercer	62,056	-	50,000 <sup>4</sup>	-
J F Ries	139,498	-	50,000 <sup>4</sup>	-
Dr B W Scott	26,930	50,000	-	-
Sir Ronald Trotter	12,400	50,000	50,000	-
R B Vaughan	21,099	50,000	50,000	-
	730,658	340,000	300,000	12,000

<sup>1</sup> Ordinary shares of \$1.00 each

<sup>2</sup> Ordinary shares of \$1.00 each paid as to 10 cents only issued pursuant to the Directors' share and option purchase scheme

<sup>3</sup> Options 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 one cent which amount of one cent was paid on issue of the option

<sup>4</sup> Issued during the year



**SHAREHOLDER MEETINGS**

The Annual General Meeting will be held at the Savoy Ballroom, Grand Hyatt Melbourne, 123 Collins Street, Melbourne on Friday 21 January 1994.

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 Sydney on 24 January 1994 and Auckland on 25 January 1994.

Further details of these meetings are included in the Chairman's Letter accompanying the Notice of Meeting.

**CHAIRMAN'S ADDRESS**

A summary of the Chairman's address to the AGM will be published in "Shareholder Contact" magazine issued in February 1994.

**LISTINGS**

The Group's shares are listed on the Australian Stock Exchange, the International Stock Exchange in London and the New Zealand Stock Exchange. The Capital Securities offered in February 1993 are listed on the New York 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 booklet called "Shareholder Alternatives", copies of which are available from the Share Registrars at the addresses shown.

**REGISTERED OFFICE**

Level 2, 100 Queen Street, Melbourne,  
Victoria 3000 Australia  
Phone: (03) 273 5555  
Group Secretary: R T Jones  
Chief Financial Officer: D T Craig  
General Manager-Investor Relations: D H Ward  
Solicitors: Blake Dawson Waldron  
Auditors: KPMG Peat Marwick

**SHARE REGISTRARS***Australia*

Coopers & Lybrand  
Southbank Terrace, 71 City Road,  
South Melbourne, Victoria 3205  
Phone: (03) 602 5688 Toll Free: 008 331 721

*New Zealand*

ANZ Banking Group (New Zealand) Limited,  
8th Floor, 215-229 Lambton Quay, Wellington  
Phone: (04) 496 7000

*United Kingdom*

Barclays Registrars, Bourne House,  
34 Beckenham Road, Beckenham, Kent BR3 4TU  
Phone: (081) 650 4866

**FINANCIAL CALENDAR 1993/94**

Books close for	
Final Ordinary Dividend	17 December 1993
Books close for	
Preference Dividend	31 December 1993
Preference Dividend Payment	11 January 1994
Annual General Meeting	21 January 1994
Final Ordinary Dividend Payment	21 January 1994
Sydney Shareholder Information Meeting	24 January 1994
Auckland Shareholder Information Meeting	25 January 1994
Interim results announcement	25 May 1994*
Final results announcement	23 November 1994*

\*Tentative dates only

**RATINGS (DECEMBER 1993)***Short-Term Debt*

Standard & Poor's Ratings Group	A1
Moody's Investors Service	P-1

*Long-Term Debt*

Standard & Poor's Ratings Group	A+
Moody's Investors Service	A2



