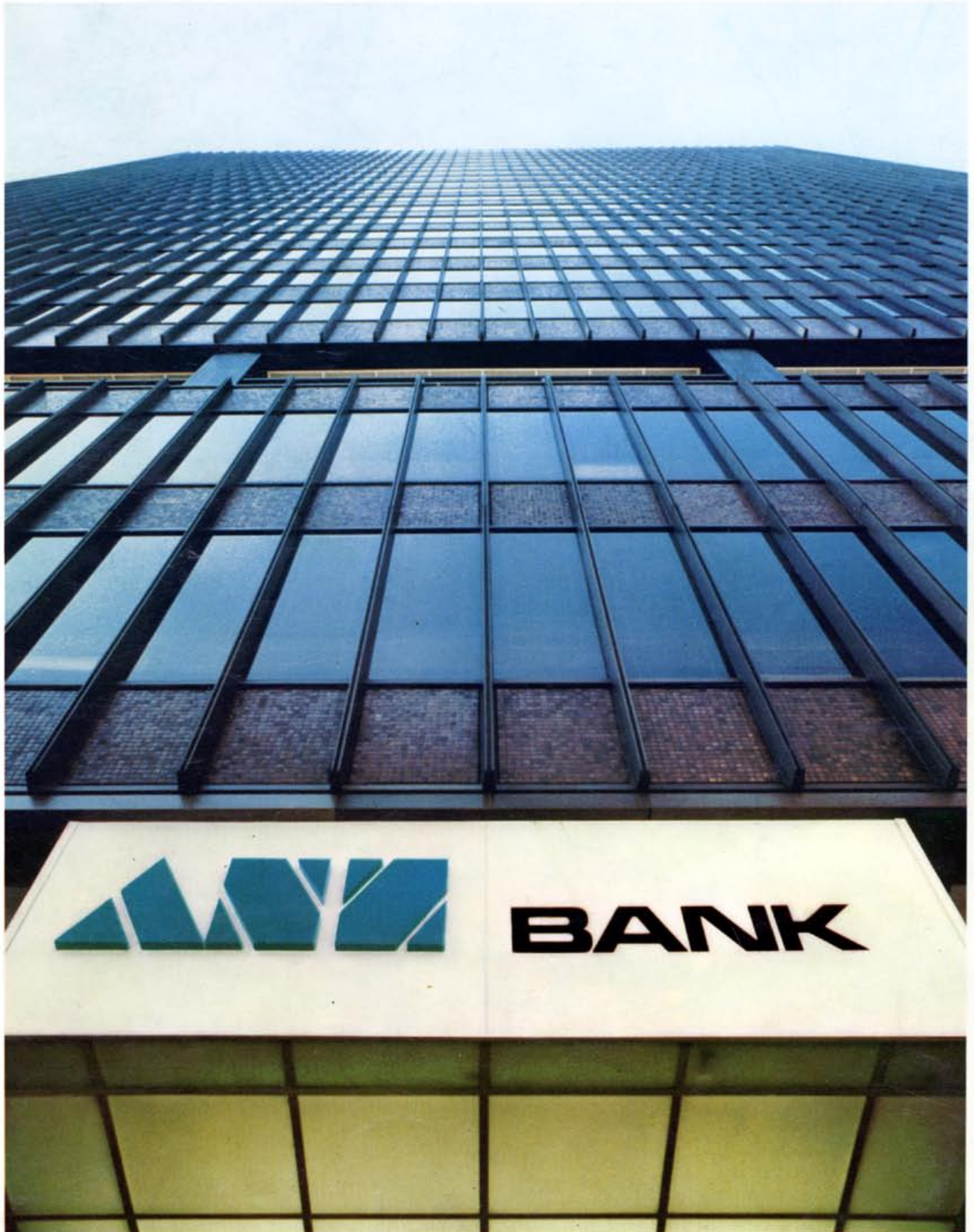


Australia and New Zealand Banking Group Limited

**1974 Annual Report
and notice of
Annual General Meeting**



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Financial Summary

	1974	1973
Total consolidated assets	£3,661,119,000	£3,572,204,000
Consolidated profit after tax	£12,702,000	£13,731,000
Dividend: pence per share (gross equivalent)	9·092p (13·57%)	7·35p (10·5%)
Return on shareholders' funds	10·94%	14·33%
Earnings per share	36·5p	41·7p

Front cover photograph:

The Bank's new New South Wales Administrative Offices building at Martin Place and Pitt Street, Sydney, which was officially opened in February, 1974.

Notice of Meeting

Notice is hereby given that the sixth Annual General Meeting of Australia and New Zealand Banking Group Limited will be held at the Registered Office, 71 Cornhill, London, EC3V 3PR on Tuesday, 21st January, 1975 at 12.30 p.m. for the following purposes:

To adopt the Report of the Directors and the accounts for the year ended 30th September, 1974.

To declare a final dividend.

To re-elect directors.

To authorise the directors to fix the remuneration of the auditors.

Special notice has been given to the Company that a resolution will be proposed at the Meeting for the re-election as a director of Colonel A. T. Maxwell, who at the date of the Meeting will be aged 70 years.

By Order of the Board,
J. W. Agate, Secretary,
71 Cornhill,
London, EC3V 3PR.

27th December, 1974.

Information for Shareholders

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote instead of him. A proxy need not be a member. A form of proxy is enclosed.

The following are available for inspection at the Registered Office of the Company during normal business hours on any weekday (Saturdays excluded) from the date of the Notice of Meeting until the conclusion of the Annual General Meeting:

Register of directors' share interests in the Company.

Copies of directors' contracts of service with the Company.

Directors and Senior Management

Chairman

Sir Alexander Ross

Deputy Chairman

Angus Mackinnon, D.S.O., M.C.

Managing Director

C. H. Rennie

Executive Director

R. C. Wheeler-Bennett

Directors

The Hon. E. L. Baillieu

C. A. W. Dawes, M.C.

The Hon. Sir Geoffrey C. Gibbs, K.C.M.G.

M. W. Jacomb

R. E. B. Lloyd

A. D. Marris, C.M.G.

Colonel A. T. Maxwell, T.D.

P. E. Nesbitt, D.S.O.

The Right Hon. Lord Remnant

R. T. Renton

D. J. Robarts

R. H. Senior, D.S.O., T.D.



Sir Alexander Ross

Chief General Manager

M. Brunckhorst

General Managers

T. M. Williamson

J. D. Milne

Assistant General Managers

R. T. Brunskill

R. W. Davidson

K. E. Hill

J. H. L. Holberton

A. G. Kilpatrick

J. C. Paton

V. F. Paul

M. T. Sandow

K. O. Wilks



C. H. Rennie

New Zealand General Manager

K. R. Porter

Chief Manager (U.K. and Europe)

R. J. Sutton

Registered Office

71 Cornhill, London, EC3V 3PR

Secretary

J. W. Agate



M. Brunckhorst

For location of Senior Management refer to pages 34 and 35.

Report of the Directors

The directors present their report for the Company together with the balance sheet, consolidated balance sheet, and consolidated profit and loss account for the year ended 30th September, 1974. Extracts from the accounts of the principal subsidiaries are appended for information.

Profits and Dividends

Consolidated profit after tax and transfers to contingencies reserves amounted to £12,702,000, which has been dealt with as shown in the consolidated profit and loss account on page 15.

An interim dividend of 4.5p per share was paid on 9th July, 1974 and the directors now recommend a final dividend of 4.592p per share. The total distribution for the year of 9.092p per share, together with the associated United Kingdom tax credit, is equivalent to a gross dividend of 13.57 per cent (1973 10.5 per cent). This payment is in terms of the consent given by H.M. Treasury at the time of the rights issue in April, 1974.

The final dividend will, if approved, be paid on 31st January, 1975 to shareholders registered in the books of the Company at the close of business on 30th December, 1974.

Share Capital

An Extraordinary General Meeting of the Company held on 25th March, 1974 approved an increase in the authorised share capital from £35,000,000 to £50,000,000 by the creation of 15,000,000 additional £1 shares.

In April, 1974, 4,590,000 £1 shares were offered to shareholders at 330p per share in the ratio of one share for every seven held as at the close of business on 26th March, 1974. As a result of this rights issue the paid up capital of the Company was increased from £32,130,000 to £36,720,000 and a share premium account of £9,972,615 was created.

As stated in the circular letter to shareholders dated 8th March, 1974, the directors considered it important that shareholders' funds be increased to support the expansion of business since the previous rights issue in 1963. The funds raised are being applied for the general purposes of the Company's business.

Directorate

In October, 1974, Sir Alexander Ross announced that he would retire as Chairman of the Company in June, 1975 and the directors appointed Mr. Angus Mackinnon, the Deputy Chairman, to be his successor.

The names of the directors as at 30th September, 1974 appear on page 2. All were directors of the Company for the whole of the year under review.

Sir Geoffrey C. Gibbs and Mr. R. H. Senior have decided to retire from the Board on 31st December, 1974.

In accordance with the Company's Articles of Association, the following directors retire by rotation at the Annual General Meeting:

Sir Alexander Ross
Mr. R. E. B. Lloyd
Mr. A. D. Marris
The Right Hon. Lord Remnant.

Sir Alexander Ross, Mr. A. D. Marris and Lord Remnant, being eligible, offer themselves for re-election.

Mr. R. E. B. Lloyd has decided not to seek re-election in view of the increasing demands of his main commitments elsewhere.

Colonel A. T. Maxwell is required to retire at the Annual General Meeting as he will then have reached the age of 70 years. The Company has received special notice of a resolution to be proposed at the Meeting for his re-election.

Report of the Directors continued

Directors' Shareholdings

The directors' holdings, beneficial and non-beneficial, in the share capital of the Company are detailed on page 36.

Directors' Interests in Contracts

No director had any material interest during the year in any contract of significance in relation to the Company's business.

Substantial Holding of the Company's Share Capital

The Company has not received any notification, nor is it aware, of any single beneficial interest of 10 per cent or more in the share capital of the Company.

Personnel

The weekly average number of persons employed by the Company and its subsidiaries during the year and the aggregate remuneration paid were:

	Number of Employees	Aggregate Remuneration
Overseas	18,919	£58,267,405
United Kingdom	861	£2,359,839

Donations

During the year, the Company made charitable donations in the United Kingdom totalling £1,513.

Activities

The Company is engaged in the business of banking and other related financial activities in Australia, New Zealand, the Pacific area and the United Kingdom, and in international banking business generally.

Details of subsidiary and associated companies and trade investments appear on pages 30 and 31 and a list of services provided is shown on the inside of the back cover of this booklet.

The Company has 1,376 branches, sub-branches, agencies and representative offices, which are geographically located as follows:

	Branches and Sub-Branches	Agencies
Australia	955	200
New Zealand	147	52
Pacific Islands:		
Fiji	3	2
Papua New Guinea	6	—
British Solomon Islands	1	—
New Hebrides	2	—
United Kingdom:		
London	4	—
Representative Offices:		
New York		
Tokyo		
Hong Kong		
Singapore		

Additionally, there is representation in Guernsey through a wholly-owned subsidiary bank, Australia and New Zealand Banking Group (Channel Islands) Limited.

Income and Corporation Taxes Act 1970

The close company provisions of this Act do not apply to the Company.

Property Values

In the opinion of the directors, the market value of the investment in premises of the Company and its subsidiaries is currently not less than £45 million in excess of the value shown in the balance sheet, on an existing use basis. A professional valuation has been carried out on behalf of Esanda Limited and the net surplus arising has been capitalised.

Report of the Directors continued

Statements relating to the Accounts

Prior to the preparation of the Company's accounts for the year, the directors took steps to ascertain that reasonable action had been taken in relation to the writing off of bad debts and the creation of provisions for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate provisions had been made for doubtful debts.

The directors took reasonable steps, before the profit and loss accounts and the balance sheets were prepared, to ascertain that current assets were shown in the accounting records at a value equal to, or below, the value that would be expected to be realised in the ordinary course of business. In the opinion of the directors, consolidated reserves would be more than adequate to cover any contingencies which may arise.

At the date of this report:

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

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

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

(iv) no contingent liability of the Company or its subsidiaries had arisen since the end of the financial year which had become, or is likely to become, enforceable within the next twelve months which might affect the ability to meet obligations as and when they fall due

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

The results of the operations of the Company and its subsidiaries for the year to 30th September, 1974 were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature, except as may be referred to herein or in the Statement by the Chairman commencing on page 7.

Auditors

The present auditors, Messrs. Peat, Marwick, Mitchell & Co., will continue in office under the provisions of section 159 of the Companies Act 1948.

By Order of the Board,
J. W. Agate, Secretary,
71 Cornhill,
London, EC3V 3PR.

26th November, 1974.

A modern suburban branch at Frankston, Victoria. Built in 1971, it is one of three branches in this popular bayside city 27 miles from Melbourne.



Statement by the Chairman

Introduction

Following my decision to reduce my overall commitments, I informed my colleagues on the Board last October that I would be retiring from the office of Chairman of the Bank in June, 1975. Naturally, I regret this but at the same time it gives me great pleasure to know that the Board has appointed Mr. Angus Mackinnon, the Deputy Chairman, to succeed me. Mr. Mackinnon is a widely experienced and dedicated director with a long association with the Bank and its affairs and I know the Bank will continue to prosper under his leadership.

The Year's Results

The consolidated profit after tax for the year as shown in the accounts was £12,702,000 which was £1,029,000 or 7.5 per cent less than the record profit earned in the previous year. When expressed in Australian dollars, the profit showed an increase of 1.5 per cent, the difference being due to exchange rate fluctuations, in particular the devaluations of the Australian and New Zealand dollars in September, 1974. The consolidated profit as shown above represented earnings of 36.5p per share based on the weighted average number of shares in issue during the year. This compared with 41.7p per share in the previous year calculated on adjusted earnings on the pre-rights issue capital. Consolidated retained profit totalled £9,364,000.

The reduction in the Australian company tax rate announced by the Australian Prime Minister on 12th November, 1974 has not been taken into account in calculating results and, to this extent, provisions for taxation are overstated, but the amount is not material in relation to the consolidated figures.

The results were in line with the directors' expectations at the time of the interim profit announcement when they indicated that the results for the full year should be of the same order as those achieved in 1973. The outcome is regarded as satisfactory considering the very difficult economic conditions that developed as the year progressed. I will refer in greater detail later in this review to the impact of economic conditions upon our trading result.

The Trading Bank's profit after tax was £7,709,000, being 10.3 per cent less than in 1973. In terms of Australian dollars, the decrease was 1.5 per cent.

Dividends

The Board recommends that a final dividend for the year of 4.592p per share be paid on 31st January, 1975 to shareholders registered in the books of the Bank at the close of business on 30th December, 1974. An interim dividend of 4.5p per share was paid on 9th July, 1974 and thus the total distribution for the year will be 9.092p per share. Together with the associated United Kingdom tax credit, this is equivalent to a total gross dividend of 13.57 per cent for the year payable on the capital as increased by the rights issue in April, 1974. This payment is in terms of the consent given by H.M. Treasury at the time of the issue. For 1973, the total distribution was 7.35p per share, equivalent to 10.5 per cent gross including the associated tax credit, paid on the capital before the rights issue.

Regrettably, the United Kingdom/Australia and United Kingdom/New Zealand double taxation agreements still have not been renegotiated and therefore relief at source arrangements for shareholders resident in Australia and New Zealand are not yet available. We are, of course, anxious that this situation should be resolved and have maintained regular contact with the appropriate government and tax authorities in an effort to hasten decisions in the matter.

Share Capital

For the first time since 1963, the shareholders were approached for capital to support the Bank's business growth when in April we made a rights issue of 4,590,000 new shares on the basis of one new share for every seven previously held. The issue price of 330p per share compared with the official middle market quotation of about 400p immediately following the issue. Since then, there has been a very sharp fall in share market prices generally and currently the total market value of shareholders' equity in the Bank is considerably lower than the book value of net assets. This situation, which is principally due to the worsening economic conditions, is, of course disappointing to your directors.

The Australian Economy

The year was a difficult one for the Australian economy and resulted in exceptional pressures on the banking industry. The Australian Government's anti-inflationary policies relied heavily upon monetary restraint, and during the year the rate of growth of the money supply contracted rapidly in contrast to the situation in 1972/73 when an annual growth rate of 25 per cent was experienced. The liquidity bases of trading and savings banks were severely eroded and, partly because of this, new lending in both areas was reduced sharply. As a result, deposits with the major trading banks increased by only \$A116 million in the year to September, 1974, compared with a record increase of \$A2,839 million in the previous year.

The first major step leading to the unprecedented 1974 liquidity contraction was, in fact, taken in August, 1973, when the proportion of deposits which the trading banks must hold in Statutory Reserve Deposit accounts at the Reserve Bank was raised from 7.6 per cent to 9 per cent. The Australian dollar was revalued by 5 per cent in September and interest rates were increased throughout the private sector. Steep rises occurred in Commonwealth Bond rates in October, with a new long term rate of 8.5 per cent being established, and the ratio of the Reserve Bank's Variable Deposit Requirement on overseas borrowings for terms of more than two years was lifted from 25 per cent to 33½ per cent. The effect of these measures was accentuated by a spectacular surge of imports, which followed earlier tariff reductions aimed at supplementing domestic supplies, and by an unexpected domestic surplus in the Australian Government's accounts for the year to 30th June, 1974.

These factors produced, during the June, 1974 quarter, the most acute run-down ever experienced in the liquidity of the private sector. Market pressures obliged borrowers, including the banks, to bid progressively higher interest rates for a share of the dwindling pool of private sector funds. Interest rates on bank certificates of deposit, which up to September, 1973 had been officially limited to a maximum of 6.5 per cent, rose to more than 20 per cent at times in the June quarter.

In June, there were Statutory Reserve Deposit releases to the trading banks and the Variable Deposit Requirement ratio was reduced to 25 per cent. However, the Government emphasised that this did not represent a reversal of its tight monetary policy and, in fact, the Statutory Reserve Deposit releases were insufficient to offset the severe liquidity drain experienced by the banking system.

With evidence of a continuing rise in the rate of inflation, as measured by the consumer price index, the Government, in July, increased the severity of restraint by lifting most trading and savings bank interest rates by up to 2 per cent. A new Commonwealth Loan was announced incorporating an unprecedented 11 per cent top rate for the short term and a long term rate of 9.5 per cent. In the same month, anti-inflationary monetary policies were supported by fiscal action, which included indirect tax imposts and Government spending cuts.

By August, although inflation continued unabated, the Government began a noticeable easing of monetary restraints in the face of rising unemployment, company failures and evidence of an emerging economic down-turn. The Variable Deposit Requirement ratio was reduced to 5 per cent, and in both August and September further releases were made from Statutory Reserve Deposits. The change in policy was demonstrated even more clearly in September by a mildly expansionary budget and a 12 per cent devaluation of the Australian dollar with severance of its fixed link to the US dollar.

The severe deterioration in overall community confidence, which had been evidenced by a contraction of business activity and fears as to the safety of financial assets, increasingly became a major concern to the Government.

Trading Bank in Australia

In September, 1974, deposits with the Bank averaged \$A2,199 million, a fall of \$A118 million or 5 per cent as compared with the previous September. Interest bearing deposits accounted for 55 per cent of total deposits, compared with 50 per cent a year earlier. The sharp increases in interest rates, particularly in the second half of the year, coupled with the rise in the proportion of interest bearing deposits held, resulted in total interest paid for the year on deposits being more than doubled.

Statement by the Chairman continued

Although new and increased lending limits agreed to by the Bank were reduced considerably in anticipation of contraction in the money supply, growth in loans outstanding continued at a high level as limits already established were heavily drawn on in the tight liquidity climate. Usage of overdraft limits rose to peak levels and loans outstanding averaged \$A1,733 million in September, 1974, being 11 per cent higher than the figure of \$A1,559 million a year earlier.

Increases in interest rates on lending in June and July, 1974 came too late to offset fully the impact of the higher interest paid on deposits, and in consequence there was a narrowing of average net interest margins for the year.

The inflation of costs and prices throughout the economy was translated into a marked increase in the operational costs of the Bank, the major items involved being salaries and other personnel costs.

The difficult climate in the financial sector of the economy caused some company failures because of inability to refinance maturing obligations. In this context, our Bank, in August, 1974, was requested to appoint a receiver to Mainline Corporation Limited, a major builder and property development group. As there were some erroneous reports at the time regarding the extent of our Bank's financial involvement, I wish to re-affirm our Managing Director's statement made then that we do not expect to incur losses as a result of our banking association with the group.

The collapse of Mainline has, however, meant the termination of its contract for the building of our new Administrative Headquarters at Collins Place, Melbourne, which we are having erected in partnership with the Australian Mutual Provident Society. In agreeing a new contract with another builder, additional costs will be incurred, most of which will be attributable to inflationary increases in wages and materials.

The final steps were taken in 1974 towards the launching of "Bankcard", the charge card scheme sponsored by the major banks in Australia. This new service was introduced on 9th October, 1974 and should provide impetus for growth of our Bank's personal business and consumer credit sectors of activity.

Savings Bank in Australia

Our Australian Savings Bank was particularly affected during the year by the escalation of interest rates and other cost increases and, as a result, suffered a down-turn in profit after tax of 7.4 per cent to \$A3,665,000. A dividend of \$A750,000 was paid to the parent Trading Bank, the same amount as in 1973.

The average cost of our Savings Bank funds rose steeply in the year. This was principally due to increases in the rates of interest paid on investment accounts, which rose to 9 per cent compared with 5 per cent in the previous year. An additional factor was the growth to 29 per cent in September, 1974 from 15 per cent a year earlier in the proportion of these higher interest bearing investment accounts relative to our total Savings Bank deposits.

Because of the regulations governing their asset holdings, which have resulted in large portfolios of low yielding Government securities, savings banks did not have the capacity generally to match increased market rates of interest on deposits during the year. This disability was reflected in our Savings Bank depositors' balances, which fell from \$A1,088 million in September, 1973 to \$A1,069 million in September, 1974. Although there was little capacity to support loans of semi-Government and local Government authorities, we were able to increase our loans for housing over the year by 23 per cent from \$A350 million to \$A430 million. Even in this sector, we were obliged to restrict severely our lending during the latter part of the year. Therefore, we welcomed the Government's decision in September, 1974 to reduce by 10 per cent the minimum percentage of savings bank depositors' balances which must be invested in prescribed assets, mainly Government securities.

Esanda Limited

The profit after tax for the year of our general finance and hire purchase subsidiary was \$A7,101,000, an increase of 10.7 per cent over that for 1973. A dividend payment of \$A2 million was made to the parent Trading Bank, the same amount as last year.

The Bank's South Australian Administrative Offices and Principal Banking Office in Adelaide at King William and Currie Streets.



Statement by the Chairman continued

Although the strong growth in receivables evident in the latter part of 1973 continued throughout most of the year to September, 1974, profit margins were reduced as interest and personnel costs rose steeply.

Net receivables rose by 49 per cent to total \$A513 million at the end of the year, with the heaviest concentration of investment in the traditional areas of hire purchase, leasing and personal loans. Advances for property development represented 14 per cent of total net outstandings, but the company has not engaged in property development operations on its own account or in equity participation ventures with others.

This subsidiary's paid up capital was increased by \$A12 million to \$A24.5 million during the year to support the growth of its business.

The New Zealand Economy

The rate of deposit growth in the New Zealand banking system slowed markedly in the year to September, 1974 and a severe tightening of liquidity was experienced. This reflected the rapidly growing deficit in overseas exchange transactions (NZ\$584 million on current account in the year to September, 1974 compared with a surplus of NZ\$246 million in 1973), which arose mainly from the very rapid increase in imports and deterioration in the country's terms of trade. Devaluation of the New Zealand dollar by 9 per cent in September, 1974 will help to overcome this deterioration in the country's external position.

During the year, economic activity continued quite strongly, although stock levels increased as growth in retail and wholesale turnovers slowed down. The rising stock levels, together with increases in labour costs, added to the already heavy demand for bank credit by the private sector. The consumer price index rose by 11.5 per cent in the year to September, 1974.

Monetary policy, while remaining restrictive, sought to offset some of the liquidity drain resulting from the overseas deficit and to ensure that banks were able to provide sufficient finance for the essential needs of the economy. However, the competitiveness of the banking system's interest bearing deposit facilities deteriorated from May, 1974, following changes in official regulations which restricted trading banks to offering lower interest rates for deposits than could be obtained from other intermediaries.

Trading Bank in New Zealand

During the year, our deposits rose by NZ\$21 million to NZ\$452 million. Because of the concentration of deposit growth in interest bearing deposits and increases in some interest rates payable, total gross interest paid by the Bank increased considerably. Advances rose from NZ\$243 million to NZ\$374 million, including an increase of NZ\$21 million in the term loan component, with the result that gross interest received increased substantially. Overseas exchange earnings were adversely affected during the second half of the year by Government action in April to reduce margins.

Savings Bank in New Zealand

Our deposit growth slowed over the year with depositors' balances rising marginally to NZ\$111 million. The extension of a tax benefit to private savings bank depositors was a welcome and equitable development. Our Savings Bank's profit after tax rose by 12.1 per cent to NZ\$574,000.

Pacific Region

Encouraging growth was recorded at most of the Bank's points of representation in this region, especially in Papua New Guinea where deposits more than doubled.

I am pleased to report that, in recognition of the advent of self-government in Papua New Guinea in December, 1973, we have established a separate Administrative Office in Port Moresby. Banking activities at our 6 branches throughout the country are directed from this point in accordance with the needs of the country and in co-operation with its new Central Bank. Banks and financial institutions operating in Papua New Guinea are now subject to minimum capital and liquidity requirements under the new banking legislation.

Europe

Our operations have continued to achieve good results despite the difficulties of the times. In dealings in the foreign exchange and currency deposit markets, special emphasis has been on safety and, although our dealers have not sought as high a level of activity as in the past, satisfactory results have been achieved. We have maintained our services to customers in covering their commercial exchange requirements, in sterling and euro-currency financing and in the investment services we offer to the stock market.

In its first full year of operations, our subsidiary banking company in Guernsey has proved to be a useful addition to our European activities.

Representation

The branch rationalisation programme embarked upon after the 1970 merger is nearing completion. Amalgamations of branches were effected at 29 locations in the year just ended, thus increasing the total amalgamations since the merger to 207. Additionally, during the year, 6 uneconomic branches were closed and 7 new branches were opened in growth areas.

We have recently expanded our presence in the Pacific region by opening Representative Offices in Hong Kong and Singapore. Both territories have a good two-way trade with Australia and are becoming increasingly important as financial centres in their own rights.

Directors

Sir Geoffrey Gibbs has decided that he will retire on 31st December, 1974. He has been closely involved with the Bank for nearly 40 years, not only in business matters but, just as importantly, with the people connected with the Bank. Sir Geoffrey was Chairman of Australia and New Zealand Bank from its formation in 1951 until 1967, and since then we have continued to benefit from his wise counsel and immense experience. We thank him for the outstanding contribution he has made over his many years of dedicated service.

Mr. R. H. Senior, who has reached the age of 70 years, has also decided that the time has come for him to retire and he too will be leaving the Board on 31st December. He has served the Bank well over the past 26 years and we should like to thank him for all the valuable advice and assistance that he has given us during that time. We shall all miss him.

Mr. R. E. B. Lloyd will not be seeking re-election at the Annual General Meeting in view of the increasing demands of his main commitments elsewhere. He became a director of Australia and New Zealand Bank in 1961 and was its Deputy Chairman from 1965, and a Deputy Chairman of the present Bank from the merger until 1971. Mr. Lloyd has made a significant contribution to the Bank and he too will be much missed.

Administration

In my Statement last year, I referred to a re-organisation of our administration. This has been completed in the past year and I am pleased to report that the objectives of the re-organisation have been fully realised. We are satisfied that the new administrative structure is well suited to meet the changing needs of the Bank's customers and that it is more appropriate for the Bank's increased size resulting from the merger.

The implementation of the re-organisation plan was the responsibility of Mr. R. A. Orpwood, General Manager (Special Duties), who carried out this difficult task with great success. Following the completion of the re-organisation he elected to retire. He has earned our gratitude for all that he accomplished for the Bank over many years of valuable service and we wish him well in his retirement.

Also in the past year, Mr. T. C. J. Caldwell, Assistant General Manager and State Manager for New South Wales, retired after 44 years' service, and we regret that Assistant General Managers Mr. P. B. Sinnott and Mr. G. B. Willcocks decided to

Statement by the Chairman continued

retire because of ill-health. We thank all three for the valuable contributions they made to the Bank's progress during their careers and offer them our best wishes for the future.

Staff

I am pleased to express, on behalf of the Board, our thanks to all the members of the Bank's staff for their untiring work during a difficult year. The Board is very conscious of the vital part played in our organisation by our staff, whose efforts and enthusiasm contribute so much to the Bank's success and progress.

Outlook

In my Statement, I have referred to the very uncertain economic conditions facing the world today and mentioned in particular the problems that have emerged for the banking industries in Australia and New Zealand, where our main business lies. In these circumstances and with the likelihood of sharp changes in conditions, it would be misleading for us to attempt at this time to predict the outlook for the Bank. However, we believe that the current year will be a very testing one and that the outcome will depend very largely upon official policies adopted to solve the most serious problems of high inflation and growing unemployment. Additionally, some of the principal trading countries are experiencing balance of payments problems. Any worsening of this trend would be to the detriment of Australia and New Zealand, whose economies depend heavily on their exports, and there could also be adverse effects for the Bank, which has an important international business.

In this uncertain situation, the Bank faces a considerable challenge to maintain its profitability and, at the same time, its high standard of service. However, if we are given an improved business and political climate in which to operate, we have the necessary experience and skills of management and staff to take advantage of it.

In concluding my final Statement as Chairman, I remain as confident as ever in the longer-term prospects of Australia and New Zealand. These two countries have attained a remarkable development in a comparatively short time and now occupy places of leadership in the community of nations bordering the Pacific. I believe that Australia and New Zealand will continue to expand and prosper and that our Bank will participate to the full in this development.



26th November, 1974.

The Bank's Principal Banking Office in Auckland, New Zealand at Queen and Victoria Streets.



Consolidated Profit and Loss Account

for the year ended 30th September, 1974

	1974		1973	
	£'000	\$A'000	£'000	\$A'000
Consolidated profit before taxation and after transfers to contingencies reserves (Note 2)	32,736	58,273	31,889	51,741
Income, land and other taxes	20,034	35,662	18,158	29,462
Consolidated profit after taxation and transfers to contingencies reserves	12,702	22,611	13,731	22,279
Profit dealt with in the books of the parent company included in consolidated profit above	7,709	13,722	8,591	13,938
Interim dividend	1,652	2,941	1,237	2,007
Proposed final dividend	1,686	3,002	1,125	1,825
Retained profit: (Note 3)				
Australia and New Zealand Banking Group Limited	4,370	7,779	6,229	10,106
Subsidiaries	4,994	8,889	5,140	8,341
	12,702	22,611	13,731	22,279
Earnings per share, based on the consolidated profit after tax and on the weighted average of 34,826,625 shares (1973—32,130,000) in issue during the year		36.5p		41.7p

The notes appearing on pages 20-24 are an integral part of these accounts.

Consolidated Balance Sheet

as at 30th September, 1974

				1973	
				£'000	\$A'000
Authorised capital					
50,000,000 shares of £1 each				35,000	56,787
<hr/>					
Issued capital					
36,720,000 shares of £1 each, fully paid		36,720	65,365	32,130	52,131
Reserves	(Note 3)	79,370	141,287	63,657	103,282
<hr/>					
Shareholders' funds		116,090	206,652	95,787	155,413
Debentures and unsecured notes	(Note 4)	257,420	458,233	175,621	284,945
Current, deposit and other accounts including contingencies reserves and provisions for taxation		2,611,739	4,649,157	2,823,950	4,581,859
Other liabilities	(Note 5)	276,395	492,010	201,004	326,129
<hr/>					
		3,261,644	5,806,052	3,296,362	5,348,346
Acceptances, guarantees, etc.		399,475	711,106	275,842	447,554
A. Mackinnon	} Directors				
A. D. Marris					
C. A. W. Dawes					
<hr/>					
S. Cumberland	Group Accountant	3,661,119	6,517,158	3,572,204	5,795,900

		1974		1973	
		£'000	\$A'000	£'000	\$A'000
Cash and short term funds	(Note 6)	143,586	255,597	220,664	358,026
Cheques in course of collection and balances with other banks		203,501	362,252	156,002	253,112
Deposits with Reserve Bank of Australia	(Note 7)	60,207	107,175	135,343	219,594
Investments, other than trade investments	(Note 8)	584,829	1,041,055	737,028	1,195,828
Bills receivable		219,769	391,211	197,861	321,029
Advances, etc., less provision for doubtful debts	(Note 9)	1,674,353	2,980,516	1,554,178	2,521,655
Accrued income and sundry accounts		19,987	35,578	19,702	31,966
Balances outstanding under hire purchase and other agreements, less deferred charges of £63,142,000 (1973—£41,604,000) and provisions		281,484	501,069	209,180	339,395
Trade investments at cost	(Note 10)	2,615	4,655	2,800	4,543
Premises and equipment	(Note 11)	71,313	126,944	63,604	103,198
		3,261,644	5,806,052	3,296,362	5,348,346
Liabilities of customers and others for acceptances, guarantees, etc.		399,475	711,106	275,842	447,554
		3,661,119	6,517,158	3,572,204	5,795,900

The notes appearing on pages 20-24 are an integral part of these accounts.

Australia and New Zealand Banking Group Limited

Balance Sheet

as at 30th September, 1974

	1974		1973	
	£'000	\$A'000	£'000	\$A'000
Authorised capital 50,000,000 shares of £1 each	50,000	89,005	35,000	56,787
<hr/>				
Issued capital 36,720,000 shares of £1 each, fully paid	36,720	65,365	32,130	52,131
Reserves <i>(Note 3)</i>	44,818	79,781	30,475	49,445
<hr/>				
Shareholders' funds	81,538	145,146	62,605	101,576
Amounts due to subsidiaries	21,095	37,551	14,015	22,740
Current, deposit and other accounts including contingencies reserve and provision for taxation	1,889,902	3,364,215	2,037,571	3,305,959
Other liabilities <i>(Note 5)</i>	276,395	492,010	201,004	326,129
<hr/>				
	2,268,930	4,038,922	2,315,195	3,756,404
<hr/>				
Acceptances, guarantees, etc.	399,474	711,104	275,836	447,544
<hr/>				
A. Mackinnon A. D. Marris C. A. W. Dawes	<i>Directors</i>			
S. Cumberland	<i>Group Accountant</i>			
<hr/>				
	2,668,404	4,750,026	2,591,031	4,203,948
<hr/>				

		1974		1973	
		£'000	\$A'000	£'000	\$A'000
Cash and short term funds	(Note 6)	78,601	139,918	116,759	189,440
Cheques in course of collection and balances with other banks		201,141	358,051	154,921	251,359
Deposits with Reserve Bank of Australia	(Note 7)	60,207	107,175	135,343	219,594
Investments, other than trade investments	(Note 8)	226,176	402,616	320,908	520,674
Bills receivable		219,769	391,211	197,861	321,029
Advances, etc., less provision for doubtful debts	(Note 9)	1,388,779	2,472,165	1,302,113	2,112,679
Accrued income and sundry accounts		13,476	23,989	12,209	19,809
Trade investments at cost	(Note 10)	1,430	2,545	1,555	2,523
Investments in subsidiaries at cost		48,057	85,546	43,379	70,382
Amounts due from subsidiaries		13,024	23,184	13,981	22,685
Premises and equipment	(Note 11)	18,270	32,522	16,166	26,230
		2,268,930	4,038,922	2,315,195	3,756,404
Liabilities of customers and others for acceptances, guarantees, etc.		399,474	711,104	275,836	447,544
		2,668,404	4,750,026	2,591,031	4,203,948

The notes appearing on pages 20-24 are an integral part of these accounts.

Notes on the Accounts

1 Bases of Accounting

(a) The accounts are prepared in sterling. Australian currency amounts are also shown and these represent conversions of the sterling amounts at the exchange rate ruling at the date of the balance sheets. Sterling amounts for the previous year have been converted at the rate of exchange ruling at 30th September, 1973.

(b) Overseas profits remitted to the United Kingdom during the year have been converted into sterling at the rate ruling at the date of remittance. Other overseas profits have been converted into sterling at the rates ruling at the end of the accounting period. Assets and liabilities in currencies other than sterling have been converted at the rates ruling at the date of the balance sheets and the net deficiency arising from such revaluations has been dealt with in the case of subsidiaries through reserves on consolidation, and in the case of the Trading Bank by charge to contingencies reserve.

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

(d) The charge for bad and doubtful debts less recoveries has generally been calculated by reference to the average experience of the current year and the preceding four years.

(e) Expenditure on certain freehold and leasehold buildings prior to 1st October, 1972 has not been depreciated. All expenditure as from 1st October, 1972 on freehold buildings and leasehold properties with more than fifty years unexpired has been depreciated on a reducing balance basis. Other leaseholds continue to be amortised on a straight line basis over the unexpired portion of the lease. Expenditure on computers and other equipment is depreciated over their estimated lives on a straight line basis.

(f) Provision has been made for United Kingdom corporation tax (less double taxation relief) and overseas taxes at appropriate rates on the profits for the year. The provision includes an appropriate adjustment for deferred taxation. The profit and loss account item "Income, land and other taxes" includes the provision for United Kingdom corporation tax, irrecoverable advance corporation tax (arising from dividends provided for in the accounts) and overseas taxes. It also includes land and payroll taxes incurred in overseas centres.

(g) Expenses include annual payment of the share of accrued pension liabilities in respect of current and past service to the trustees of staff pension funds in terms of funding arrangements made in accordance with actuaries' recommendations. The assets of the pension funds are held in trust by ANZ Pensions Limited or ANZ Pensions (Overseas) Pty. Limited and are not included in these accounts.

(h) The gross income arising from the various forms of instalment credit transactions and other credit facilities entered into by subsidiaries has generally been calculated by apportionment over the period in which the payments are due in proportion to the monthly balances outstanding.

(i) The share of results of associated companies has not been included in the profit and loss account, except insofar as dividends have been received, on the grounds that the inclusion of the results would involve delay out of proportion to the value to shareholders.

Notes on the Accounts continued

2 Profit

The profit of the Company and its subsidiaries has been arrived at after taking account of the following:

	1974 £'000		1973 £'000	
	Trading Bank	Consolidated	Trading Bank	Consolidated
Interest earned, net exchange, commissions, dividends and other items after deducting interest paid, provisions for bad and doubtful debts and transfer to contingencies reserve	124,552	137,039	111,410	125,040
Less: Expenses including directors' emoluments	103,789	104,303	91,816	93,151
Income, land and other taxes	13,054	20,034	11,003	18,158
	<u>7,709</u>	<u>12,702</u>	<u>8,591</u>	<u>13,731</u>

	1974	1973
Expenses include:		
(a) Depreciation on premises and equipment Trading Bank £3,311,000 (1973—£3,187,000)	£3,764,000	£3,410,000
(b) Provision for auditors' remuneration Trading Bank £17,500 (1973—£14,000)	£86,520	£62,299
(c) Emoluments of the directors of the Company:		
Directors' fees	£28,000	£25,925
Other remuneration (including contributions in respect of future pensions)	£71,487	£84,913
Pensions and superannuation gratuities (including past directors)	£6,465	£81,694

Included in the above figures are the emoluments (excluding contributions in respect of future pensions) of the Chairman £10,625 (1973—£10,000) and of the highest paid United Kingdom director £15,609 (1973—£14,534)

The total emoluments (excluding contributions in respect of future pensions) of the directors (excluding the Australian resident director) fall within the following range:

Up to £2,500	8	11
£ 2,501 to £ 5,000	5	4
£ 5,001 to £ 7,500	1	1
£ 7,501 to £10,000	—	1
£10,001 to £12,500	1	—
£12,501 to £15,000	—	1
£15,001 to £17,500	1	—

(d) Emoluments of UK employees of the Company		
The number of United Kingdom employees of the Company receiving emoluments in excess of £10,000 was:		
£10,001 to £12,500	4	1

Notes on the Accounts continued

3 Reserves

	1974 £'000		1973 £'000	
	Trading Bank	Consolidated	Trading Bank	Consolidated
Profit and loss accounts :				
brought forward	4,475	6,654*	4,246	6,046
retained profit	4,370	9,364	6,229	11,369
	8,845	16,018	10,475	17,415
transfer to reserve funds	4,000	8,774	6,000	10,559
	4,845	7,244	4,475	6,856
Reserve funds	30,000	62,153	26,000	56,801
Share premium account after expenses of £584,000	9,973	9,973	—	—
	44,818	79,370	30,475	63,657

As a result of the rights issue in April, 1974, the paid up capital of the Company was increased from £32,130,000 to £36,720,000 and a share premium account of £9,972,615 was created.

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

4 Debentures and Unsecured Notes

	1974		1973	
	£'000	\$A'000	£'000	\$A'000
Esanda Limited :				
Debenture stock 1974/83-secured	138,096	245,824	105,925	171,863
Unsecured notes 1974/83 and deposits	119,108	212,024	69,474	112,722
E. S. & A. Properties (U.K.) Limited :				
Mortgage loan—secured	216	385	222	360
	257,420	458,233	175,621	284,945

5 Other Liabilities

	1974 £'000	1973 £'000
Due to other banks	202,143	143,481
Refinance for loans to customers	72,566	56,398
Proposed final dividend	1,686	1,125
	276,395	201,004

6 Cash and Short Term Funds

	1974 £'000		1973 £'000	
	Trading Bank	Consolidated	Trading Bank	Consolidated
Notes, coin, bullion and cash at bankers	43,317	94,510	28,632	112,522
Money at call and short notice	29,084	42,876	40,601	57,534
Treasury notes and treasury bills	6,200	6,200	47,526	50,608
	78,601	143,586	116,759	220,664

Notes on the Accounts continued

**7 Deposits with Reserve
Bank of Australia**

	1974 £'000	1973 £'000
Statutory deposits	49,610	123,727
Loan fund accounts	10,597	11,616
	<u>60,207</u>	<u>135,343</u>

8 Investments

Quoted investments (excluding trade investments held by the Company and by its subsidiaries, which are dealt with in Note 10) are mainly redeemable at fixed dates within ten years and are stated in the balance sheets at cost adjusted for amortised premiums and discounts. The book amounts and valuations at middle market prices of these investments are given below.

	1974 £'000		1973 £'000	
	Trading Bank	Consolidated	Trading Bank	Consolidated
(a) Investments (excluding trade investments) in the balance sheets comprise:				
Quoted in Great Britain:				
British Government securities	1,485	1,485	1,490	1,490
Other securities	12	12	211	211
Quoted outside Great Britain:				
Australian and New Zealand Government securities	222,609	354,101	318,324	482,806
Other securities	112	7,324	—	7,959
	<u>224,218</u>	<u>362,922</u>	<u>320,025</u>	<u>492,466</u>
Unquoted	1,958	221,907	883	244,562
	<u>226,176</u>	<u>584,829</u>	<u>320,908</u>	<u>737,028</u>
(b) Market valuation of quoted investments	203,716	324,506	303,906	461,269

**9 Advances, etc., less
Provision**

	1974 £'000		1973 £'000	
	Trading Bank	Consolidated	Trading Bank	Consolidated
Advances to customers, other loans and lease transactions after deducting unearned income and providing for doubtful debts	1,316,213	1,601,787	1,245,715	1,497,780
Loans to customers under refinance arrangements	72,566	72,566	56,398	56,398
	<u>1,388,779</u>	<u>1,674,353</u>	<u>1,302,113</u>	<u>1,554,178</u>

Notes on the Accounts continued

10 Trade Investments

	1974 £'000		1973 £'000	
	Trading Bank	Consolidated	Trading Bank	Consolidated
Quoted (market value £3,000 (1973 £6,000))	—	8	—	8
Unquoted	1,430	2,607	1,555	2,792
	<u>1,430</u>	<u>2,615</u>	<u>1,555</u>	<u>2,800</u>

A list of subsidiary and associated companies and other trade investments is given on pages 30 and 31 and forms part of these Notes on the Accounts. See also Note 1 (i).

11 Premises and Equipment

	1974 £'000		1973 £'000	
	Trading Bank	Consolidated	Trading Bank	Consolidated
Freehold and leasehold premises and sites at cost or valuation, less amounts written off	2,391	53,863	1,548	47,153
Computers, furniture, office machines and other equipment at cost, less amounts written off	15,879	17,450	14,618	16,451
	<u>18,270</u>	<u>71,313</u>	<u>16,166</u>	<u>63,604</u>

12 Capital Commitments

	1974 £'000		1973 £'000	
	Trading Bank	Consolidated	Trading Bank	Consolidated
Contracts for outstanding capital expenditure not provided for in these accounts totalled	5,012	17,681	18,552	30,895
Capital expenditure, as authorised by the directors but not contracted for, totalled	15,758	25,670	24,412	37,765

13 Contingent Liabilities

- (a) There are contingent liabilities in respect of uncalled capital on trade investments amounting to £450,000 (1973 £450,000)
- (b) The Company has guaranteed the repayment of loans made to its customers by a subsidiary to the extent of £164,000 (1973 £362,000)
- (c) The Company has guaranteed the depositors' balances with Australia and New Zealand Savings Bank Limited and with ANZ Savings Bank (New Zealand) Limited.
- (d) There are forward exchange contracts for the sale of currencies to the value of £978,748,000 (1973 £882,602,000) which are covered to a corresponding amount by forward purchases, by arrangements with central banks and others, or by holdings of foreign currencies. The amounts represent the sterling equivalent of the total liability calculated in US dollars.

Report of the Auditors

To the members of Australia and New Zealand Banking Group Limited

We have examined the foregoing balance sheet and consolidated balance sheet and profit and loss account, together with the notes on the accounts. The accounts of certain subsidiary companies have been audited by other firms.

In our opinion, the foregoing accounts comply with the Companies Acts 1948 and 1967 in the manner authorised for a banking company.

Peat, Marwick, Mitchell & Co.
Chartered Accountants.
London.

26th November, 1974.

Australia and New Zealand Savings Bank Limited

Summary of the Audited Balance Sheet

as at 30th September, 1974

Board of Directors: C. H. Rennie (Chairman), M. Brunckhorst, A. G. Kilpatrick, J. D. Milne, Lord Remnant, Sir Alexander Ross, T. M. Williamson (General Manager).

	1974 \$A'000	1973 \$A'000		1974 \$A'000	1973 \$A'000
Authorised capital: 14,000,000 shares of \$A1 each	14,000	14,000	Cash	127	111
Issued capital: 5,000,000 shares of \$A1 each, fully paid	5,000	5,000	Short term funds	18,000	27,175
Reserve fund	21,200	18,200	Deposits with Australia and New Zealand Banking Group Limited	18,018	8,221
Profit and loss account	1,123	1,208	Deposits with Reserve Bank of Australia	91,000	136,000
	<u>27,323</u>	<u>24,408</u>	Treasury notes	—	5,000
Deposits and other liabilities including con- tingencies reserve and provision for taxation	1,128,336	1,138,191	Investments:		
			Quoted:		
			Australian Government	205,364	228,827
			Other	12,736	12,789
			Market value \$A186,506,000 (1973 \$A216,976,000)		
			Unquoted:		
			Local and Semi- Government	333,294	331,087
			Other	5,308	23,702
			Shares in subsidiary	1,000	1,000
			Amount due from subsidiary	—	4,100
			Balances due by other banks	1,750	1,750
			Loans and other accounts less provision for doubtful debts	469,062	382,837
	<u>1,155,659</u>	<u>1,162,599</u>		<u>1,155,659</u>	<u>1,162,599</u>

Profit and Loss Account

for the year ended 30th September, 1974

Transfer to reserve fund	3,000	3,000	Balance brought forward	1,208	998
Dividend	750	750	Profit for year after transfer to contingencies reserve	3,665	3,960
Balance carried forward	1,123	1,208		<u>4,873</u>	<u>4,958</u>
	<u>4,873</u>	<u>4,958</u>			

ANZ Savings Bank (New Zealand) Limited

Summary of the Audited Balance Sheet

as at 30th September, 1974

Board of Directors: K. R. Porter (Chairman), E. L. Jones, H. V. Newcombe (General Manager), Lord Remnant, Sir Alexander Ross, W. J. Sisam, T. G. Williams, T. M. Williamson.

	1974 NZ\$'000	1973 NZ\$'000		1974 NZ\$'000	1973 NZ\$'000
Authorised capital: 250,000 shares of NZ\$2 each	500	500	Deposits with Australia and New Zealand Banking Group Limited	4,146	4,385
Issued capital: 250,000 shares of NZ\$2 each, fully paid	500	500	Investments:		
Reserve fund	2,100	1,600	Quoted:		
Profit and loss account	437	363	New Zealand Government Market value NZ\$28,565,000 (1973 NZ\$38,399,000)	28,859	38,223
	<u>3,037</u>	<u>2,463</u>	Unquoted:		
Deposits and other liabilities including con- tingencies reserve and provision for taxation	114,383	112,549	New Zealand Government special stock	49,500	46,300
			Local authority	3,698	2,507
			Other	17	—
			Loans and other accounts less provision for doubtful debts	31,200	23,597
	<u>117,420</u>	<u>115,012</u>		<u>117,420</u>	<u>115,012</u>

Profit and Loss Account

for the year ended 30th September, 1974

Transfer to reserve fund	500	400	Balance brought forward	363	251
Balance carried forward	437	363	Profit for year after transfer to contingencies reserve	574	512
	<u>937</u>	<u>763</u>		<u>937</u>	<u>763</u>

Summary of the Audited Balance Sheet

as at 30th September, 1974

Board of Directors: C. H. Rennie (Chairman), M. Brunckhorst, K. E. Hill (General Manager), A. G. Kilpatrick, J. D. Milne, K. O. Wilks, T. M. Williamson.

	1974 \$A'000	1973 \$A'000		1974 \$A'000	1973 \$A'000
Authorised capital : 30,000,000 shares of \$A1 each	30,000	20,000	Deposits with Australia and New Zealand Banking Group Limited	4,162	543
Issued capital : 24,500,000 shares of \$A1 each, fully paid	24,500	12,500	Money at call	6,550	—
Capital reserve	132	119	Receivables, less provisions and less charges yet to mature \$A112,399,000 (1973 \$A67,502,000)	512,774	345,187
General reserve	28,000	23,000	Premises and equipment	15,052	11,974
Profit and loss account	1,920	1,819			
	54,552	37,438			
Debenture stock Maturing within one year \$A42,369,000 (1973 \$A36,964,000)	245,824	171,863			
Unsecured notes and deposits Maturing within one year \$A129,553,000 (1973 \$A89,286,000)	212,301	130,799			
Other liabilities including provision for taxation	25,861	17,604			
	538,538	357,704		538,538	357,704

Profit and Loss Account

for the year ended 30th September, 1974

Transfer to general reserve	5,000	4,000	Balance brought forward	1,819	1,407
Dividend	2,000	2,000	Profit for year	7,101	6,412
Balance carried forward	1,920	1,819			
	8,920	7,819		8,920	7,819

Consolidated Statement of Source and Application of Funds

for the year ended 30th September, 1974

	1974	1973
	£'000	£'000
Source of Funds		
Consolidated profit after transfers to contingencies reserves	12,702	13,731
Increases in :		
issued capital	4,590	—
share premium account	9,973	—
current, deposit accounts, etc. and other liabilities	—	1,081,776
borrowings by subsidiary companies	81,799	64,606
Decreases in :		
cash and short term funds	77,078	—
deposits with central bank	75,136	—
investments (other than trade investments)	152,199	—
	<u>413,477</u>	<u>1,160,113</u>
Application of Funds		
Dividends paid	3,338	2,362
Increases in :		
cash and short term funds	—	60,787
deposits with central bank	—	59,719
investments (other than trade investments)	—	214,917
advances	104,007	657,396
balances outstanding under hire purchase and other agreements	72,304	80,432
premises and equipment	7,709	16,942
other assets	69,507	67,558
Decreases in :		
current, deposit accounts, etc. and other liabilities	156,612	—
	<u>413,477</u>	<u>1,160,113</u>

Subsidiary Companies and Group Interests

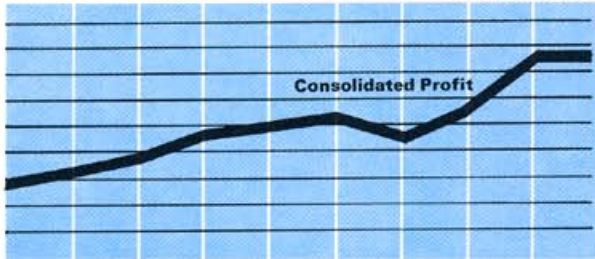
see Note 10 on page 24

	Incorporated in	Principal areas of operations	Issued Capital
Wholly Owned Subsidiaries			
ANZ Custodians Limited	Australia	Australia	7 shares of \$A1
ANZ Discounts Limited	Australia	Australia	5 shares of \$A2
ANZ Holdings Limited	Great Britain	Australia/N.Z.	15,400,000 shares of £1
ANZ Investments Limited	Great Britain	International	100 shares of £1
ANZ Managed Investments Limited	Australia	Australia	209,010 shares of \$A1
ANZ Nominees Limited	Great Britain	England/Aust./N.Z.	1,000 shares of £1
ANZ Overseas Finance Limited	Great Britain	England/Aust./N.Z.	100 shares of £1
ANZ Pensions Limited	Great Britain	England/Aust./N.Z.	250,000 shares of £1
ANZ Pensions (Overseas) Pty. Limited	Australia	Australia/N.Z.	5 shares of \$A2
ANZ Properties (Australia) Limited	Australia	Australia	1,000,000 shares of \$A1
Australia and New Zealand Banking Group (Channel Islands) Limited	Guernsey	Channel Islands	250,000 shares of £1
ANZ Nominees (Guernsey) Limited	Guernsey	Channel Islands	1,000 shares of £1
ANZ Finance (Jersey) Limited	Jersey	Non-operative	10 shares of £1
Australia and New Zealand Savings Bank Limited	Australia	Australia	5,000,000 shares of \$A1
ANZ Savings Bank (New Zealand) Limited	New Zealand	New Zealand	250,000 shares of NZ\$2
ANZ Services Limited	Australia	Non-operative	5,000 shares of \$A2
Britannia Investment Company Pty. Limited	Australia	Australia	82,000 shares of \$A1
Esanda Limited	Australia	Australia	24,500,000 shares of \$A1
Esanda (Wholesale) Pty. Limited	Australia	Australia	50 shares of \$A2
Esanda Nominees Limited	Great Britain	England	100 shares of £1
ES&A Holdings Limited	Great Britain	Australia	8,400,000 shares of £1
ES&A Nominees (Australia) Pty. Limited	Australia	Australia	50 shares of \$A2
ES&A Properties (Australia) Limited	Australia	Australia	2,000,000 shares of \$A1
ES&A Properties (U.K.) Limited	Great Britain	England	125,000 shares of £1
ES&A (Security) Pty. Limited	Australia	Australia	2 shares of \$A2
Melbourne Safe Deposit Pty. Limited	Australia	Australia	29,000 shares of \$A1
Associated Companies			
Australian Banks' Export Re-finance Corporation Limited	Australia	Australia	2,000,000 shares of \$A1 Loan Capital \$A42,005,000 Reserves \$A767,604
Australian International Finance Corporation Limited	Australia	Australia and Pacific Area	6,250,000 shares of \$A1 Reserves \$A1,087,000
351 Collins Street Limited	Australia	Australia	1,170,000 shares of \$A2
Databank Systems Limited	New Zealand	New Zealand	200,000 shares of NZ\$1 Loan Capital NZ\$5,985,000 Reserves NZ\$225,153
Endeavour Investments (New Zealand) Limited	New Zealand	New Zealand	4,000,000 shares of NZ\$1 Reserves NZ\$1,647,917
Malaysia Industrial Finance Corporation Berhad	Malaysia	Malaysia	1,000,000 shares of \$1 Malaysian Reserves \$643,366 Malaysian
Melanesia International Trust Company Limited	New Hebrides	International	525,000 shares of £0.50
Interests of under 20%			
ANG Holdings Limited	Papua New Guinea	Papua New Guinea	1,766,900 ordinary shares of \$A1 497,000 cumulative convertible 9% preference shares of \$A1
Australia New Guinea Corporation Limited	Papua New Guinea	Papua New Guinea	654,500 shares of \$A1
Australian Innovation Corporation Limited	Australia	Australia	710,000 shares of \$A1
Australian Interstate Pipe Line Company Limited	Australia	Australia	60,960 shares of \$A2
Australian Resources Development Bank Limited	Australia	Australia	3,000 shares of \$A1,000
Charge Card Services Limited	Australia	Australia	80,000 shares of \$A1
Intercontinental Banking Services Limited	Great Britain	International	3,500,000 shares of £1 (10% paid)
Private Investment Company for Asia S.A.	Panama	Asia	5,640 shares of US\$5,000
Society for Worldwide Interbank Financial Telecommunication	Belgium	International	16,640 shares of B.F. 5,000
South East Asia Development Corporation Berhad	Malaysia	South-East Asia	3,500,000 shares of \$1 Malaysian

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

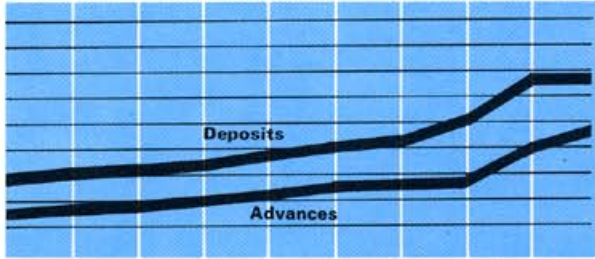
Group Interest	Held by	Nature of business
100%	ANZ Banking Group	Provides custodian and nominee services
100%	ANZ Investments	Negotiation of foreign currency loans for Australian customers
100%	ANZ Banking Group	Property owning company
100%	ANZ Banking Group	Holding company for subsidiary and associated company shares
100%	Melbourne Safe Deposit	Full range of investment services for public
100%	ANZ Banking Group	Nominee services
100%	ANZ Banking Group	Provision of foreign currency loans
100%	ANZ Banking Group	Management of staff pension funds
100%	ANZ Banking Group	
100%	ANZ Savings Bank	Property owning company
100%	ANZ Banking Group	Full range of banking services
100%	ANZ Banking Group	Nominee services
100%	ANZ Banking Group	Non-operative
100%	ANZ Banking Group	Savings banks
100%	ANZ Investments	
100%	ANZ Banking Group	Non-operative
100%	ES&A Holdings	Property owning company
100%	ANZ Banking Group	Hire purchase, lease, instalment and general finance facilities
100%	Britannia Investment Co. }	
100%	ANZ Banking Group	Nominee services
100%	ANZ Banking Group	Property and investment owning company
100%	ANZ Banking Group	Nominee services
100%	ES&A Holdings	Property owning companies
100%	ANZ Banking Group	
100%	ANZ Banking Group	Trustee company
100%	ANZ Banking Group	Holding company for subsidiary and associated company shares
21.78% 20.37%	ANZ Banking Group	Provides finance for Australian capital goods exports
20%	ANZ Banking Group	Short and medium term lending and related financial services
50%	ANZ Investments	Owner of 351 Collins Street property in Melbourne
20%	ANZ Banking Group	Nationwide computer network jointly owned by the trading banks
20%	ANZ Investments	
20%	ANZ Investments	The majority shareholder of UDC Group Holdings, which owns United
25%	ANZ Investments	Dominions Corporation Finance
38.04%	ANZ Investments	Hire purchase finance
0.75%	ANZ Investments	Trustee, corporate and financial services
0.75%	ANZ Investments	A subsidiary investment holding company of ANG Corporation
Nil		
4.59%	ANZ Investments Melbourne Safe Deposit }	Investment company
3.52%	ANZ Banking Group	Finances Australian innovations and inventions
11.11%	ANZ Investments	Development and financing of oil and gas pipelines
14.40%	ANZ Banking Group	Financing development of Australia's natural resources
12.50%	ANZ Banking Group	Service company for administration and provision of bank charge cards
14.29%	ANZ Banking Group	Provision of medium term finance
0.71%	ANZ Banking Group	Capital investment in developing countries of Asia
0.06%	ANZ Banking Group	Management of international inter-bank telecommunications system
0.86%	ANZ Investments	Investment and banking facilities in S.E. Asia

1965 66 67 68 69 70 71 72 73 74
\$ A' Millions



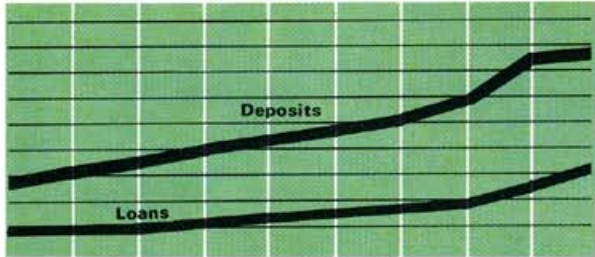
30
15
0

\$ A' Millions



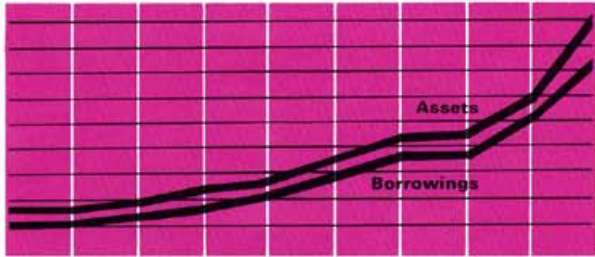
5000
2500
0

\$ A' Millions



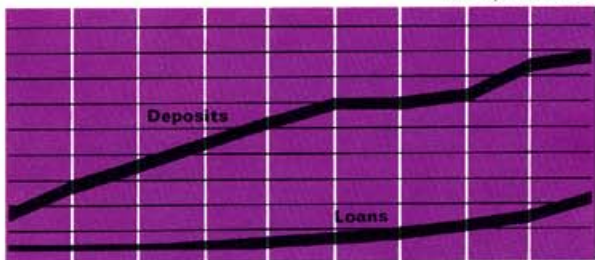
1500
750
0

\$ A' Millions



600
300
0

NZ \$ Millions



150
75
0

1965 66 67 68 69 70 71 72 73 74

Company and Subsidiaries

- Consolidated profit
- Paid up capital
- Shareholders' funds
- Total consolidated assets

Trading Bank

- Deposits and other accounts
- Advances, Loans, etc.

Australian Savings Bank

- Deposits and other accounts
- Loans and other accounts

Esanda

- Total borrowings
- Total assets

New Zealand Savings Bank

- Deposits and other accounts
- Loans and other accounts

Ten Year Summary

1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
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Amounts in \$A'millions

8.3	9.6	11.6	13.7	14.9*	15.8	13.7	17.1	22.3	22.6
56.2	56.2	56.2	51.2§	69.1	69.1	69.1	65.3§	52.1§	65.4
110.7	113.9	118.9	114.0§	122.3	131.2	138.0	142.7	155.4	206.7
2,318.6	2,550.1	2,755.1	2,979.7	3,397.6	3,816.4	4,129.5	4,699.5	5,795.9	6,517.2

Amounts in \$A'millions

1,405.3	1,506.4	1,577.7	1,672.3	1,861.0	2,053.0	2,149.2	2,541.5	3,306.0	3,364.2
774.5	823.9	935.9	1,009.4	1,101.8	1,328.0	1,369.2	1,383.4	2,021.2	2,343.0

Amounts in \$A'millions

411.2	460.6	532.1	599.3	671.3	712.6	783.8	895.7	1,138.2	1,128.3
101.1	116.5	136.8	171.3	208.8	236.9	267.1	299.8	382.8	469.1

Amounts in \$A'millions

74.6	87.8	91.3	118.2	136.9	178.1	214.0	236.2	302.7	458.1
89.0	102.9	111.4	140.7	163.0	208.3	250.9	279.2	357.7	538.5

Amounts in NZ\$millions

25.3	41.1	53.1	65.8	78.3	88.5	88.3	94.2	112.5	114.4
1.7	3.7	4.8	5.9	8.2	11.3	12.2	17.0	23.6	31.2

Where applicable, the summary comprises the combined figures for Australia and New Zealand Bank Limited and The English, Scottish and Australian Bank, Limited, and for Australia and New Zealand Savings Bank Limited and ES&A Savings Bank Limited. Prior to 1969, the figures for The English, Scottish and Australian Bank, Limited and ES&A Savings Bank Limited were as at 30th June. As a consequence of a revised format for the accounts introduced in 1973, it has been necessary to make certain adjustments to previous year figures.

* Includes 15 months' profit for The English, Scottish and Australian Bank, Limited and subsidiary companies.

§ These items show decreases on previous years' figures because of significant alterations in exchange rates.

Principal Establishments

Administrative Headquarters

351 Collins Street, Melbourne, Victoria

Managing Director
Chief General Manager

C. H. Rennie
M. Brunckhorst

General Managers

T. M. Williamson *Branch Banking*
J. D. Milne *Corporate Banking*

Assistant General Managers

R. T. Brunskill
R. W. Davidson
K. E. Hill *General Manager, Esanda Ltd.*
J. H. L. Holberton *General Manager, International*
A. G. Kilpatrick
J. C. Paton
V. F. Paul
K. O. Wilks

Administrative and Registered Offices, London

71 Cornhill, London, EC3V 3PR

Executive Director
Secretary
Group Accountant

R. C. Wheeler-Bennett
J. W. Agate
S. Cumberland

Victoria

Administrative Offices:
287 Collins Street, Melbourne

W. F. Hall *State Manager*

Principal Banking Offices in Melbourne:
388 Collins Street
394 Collins Street
Royal Bank Branch,
293 Collins Street
Stock Exchange Branch,
351 Collins Street

F. A. Etherton *Manager*
G. R. Stevens *Manager*
C. W. McInnes *Manager*
J. W. Keck *Manager*

New South Wales

Administrative Offices:
20 Martin Place, Sydney

M. T. Sandow *Assistant General Manager and State Manager*

Principal Banking Offices in Sydney:
King and George Streets
Martin Place and George Street
Pitt and Hunter Streets

A. A. Watts *Manager*
E. B. Povey *Manager*
E. F. Southwood *Manager*

Australian Capital Territory

Principal Banking Office in Canberra:
Alinga Street and Ainslie Avenue

J. R. Carey *Manager*

Queensland

Administrative Offices:
406 Queen Street, Brisbane

K. A. Esdale *State Manager*

Principal Banking Office in Brisbane:
Queen and Creek Streets

J. R. Quirk *Manager*

South Australia

Administrative Offices:
75 King William Street, Adelaide

K. G. Crellin *State Manager*

Principal Banking Office in Adelaide:
King William and Currie Streets

G. M. Salthouse *Manager*

Western Australia

Administrative Offices:
84 St. George's Terrace, Perth

C. J. McCubbing *State Manager*

Principal Banking Office in Perth:
84 St. George's Terrace

M. A. Gauntlett *Manager*

Principal Establishments continued

Tasmania	Administrative Offices : 86 Collins Street, Hobart	A. B. Melrose <i>State Manager</i>
	Principal Banking Office in Hobart : 103 Macquarie Street	G. F. Leamon <i>Manager</i>
Northern Territory	Main Banking Office : 43 Smith Street, Darwin	N. R. Thompson <i>Manager</i>
New Zealand	Administrative Offices : 196 Featherston Street, Wellington	K. R. Porter <i>New Zealand General Manager</i>
	Principal Banking Offices : Wellington Lambton Quay and Featherston Street Auckland Queen and Victoria Streets Christchurch 85 Hereford Street Dunedin Princes and Liverpool Streets	T. N. Bright <i>Manager</i> J. A. Mace <i>Manager</i> J. S. Clark <i>Manager</i> R. J. Hogan <i>Manager</i>
Papua New Guinea	Administrative Offices and Main Banking Office : A.N.G. House, Hunter Street, Port Moresby	T. A. Wightman <i>Chief Manager</i>
Pacific Islands	Administrative Offices : 351 Collins Street, Melbourne	A. E. Higgins <i>Regional Manager</i>
	Main Banking Offices : Fiji—Suva Victoria Parade British Solomon Islands—Honiara Mendana Avenue	J. H. Garland <i>Manager</i> P. K. Treleavan <i>Manager</i>
	New Hebrides—Vila Rue Higginson	J. D. Benjamin <i>Manager</i>
Hong Kong	Representative Office : Room 811, Hutchison House, Harcourt Road, Central, Hong Kong	J. K. Nicholson <i>Representative</i>
Japan	Representative Office : Room 1109, New Yurakucho Building, 11, 1-Chome, Yuraku-cho, Chiyoda-ku, Tokyo	R. A. D. Nicolson <i>Representative</i>
North America	Representative Office : 63 Wall Street, New York	R. D. McLeod <i>Representative</i>
Singapore	Representative Office : Suite 601, Sixth Floor, Ocean Building, Collyer Quay, Singapore 1	R. C. Thomas <i>Representative</i>
United Kingdom and Europe	Administrative Offices : 71 Cornhill, London, EC3V 3PR	R. J. Sutton <i>Chief Manager</i> C. H. Bennett <i>Deputy Chief Manager</i>
	Principal Banking Office in London : 71 Cornhill, London, EC3V 3PR	N. V. Pinks <i>Manager</i>
Share Registers	Share Registers are maintained at Administrative Offices in London, Melbourne, Sydney, Brisbane, Adelaide, Perth, Hobart and Wellington, and at the Principal Banking Office in Canberra.	

Analysis of Shareholdings

as at 30th September, 1974

Holdings

	Accounts		Shares	
	No.	%	No.	%
Up to 500	15,068	58.6	3,728,717	10.2
501 to 1,000	6,265	24.4	4,307,495	11.7
1,001 to 5,000	3,800	14.8	6,531,575	17.8
5,001 to 10,000	252	1.0	1,736,056	4.7
Over 10,000	322	1.2	20,416,157	55.6
	25,707	100.0	36,720,000	100.0

Holdings

Nominee, investment and trustee companies	1,603	6.2	12,222,283	33.3
Insurance companies	141	0.5	6,058,474	16.5
Individuals and others	23,963	93.3	18,439,243	50.2
	25,707	100.0	36,720,000	100.0

Directors' Holdings

	Beneficial		Non-beneficial	
	As at 30th September, 1974	As at 30th September, 1973	As at 30th September, 1974	As at 30th September, 1973
Sir Alexander Ross	457	400	—	—
Angus Mackinnon	2,302	2,015	2,285	3,000
The Hon. E. L. Baillieu	462	405	1,501	2,437
C. A. W. Dawes	648	567	—	—
Sir Geoffrey C. Gibbs	3,375	2,954	349	1,286
M. W. Jacomb	285	250	—	—
R. E. B. Lloyd	255	250	3,914	3,914
A. D. Marris	648	567	—	—
Colonel A. T. Maxwell	285	250	—	—
P. E. Nesbitt	538	471	—	—
Lord Remnant	462	405	—	—
C. H. Rennie	285	250	—	—
R. T. Renton	405	405	—	—
D. J. Robarts	1,611	1,611	—	—
R. H. Senior	2,250	1,954	4,564	5,503
R. C. Wheeler-Bennett	1,636	1,432	4,050	4,050
	15,904	14,186	16,663	20,190

Between the period 30th September, 1974 and 26th November, 1974, the beneficial shareholdings of Mr. C. H. Rennie and Mr. R. C. Wheeler-Bennett increased to 385 and 1936 respectively.

Group Services

Branch Banking

Personal

Cheque accounts.
Interest bearing term deposit accounts.
Personal loans.
Bankcard.
Safe custody of documents and valuables.
Night safe facilities.
Money transfers, domestic and overseas.
Travellers' cheques and travellers' letters of credit.
Provision of foreign currency.
Interest bearing savings accounts for individuals, clubs, societies, etc.
Savings investment accounts.
Christmas Club Savings scheme.
Special Purpose Savings accounts.
Provision of savings bank facilities in factories, offices and schools.
Loans for housing.
Loans for semi-government instrumentalities, municipal bodies and schools.
Comprehensive travel service.
Overseas remittances.
Publications covering a wide range of topics.
Migrant Advisory Centres in Australia and New Zealand.
Migrant services in the United Kingdom and Europe.

Commercial

Negotiable and convertible certificates of deposit.
Economic research and information service.
Business development service.
Economic and business advisory services covering oil, gas, minerals, rural and industrial undertakings.
Term loans.
Farm development loans.
Financial assistance for primary, secondary and tertiary industry.
Leasing.

Corporate Banking

Corporate account management.
Nominee services.
Financing of international trade.
Provision of euro-currency and foreign currency finance.
Advice on import and export procedures.
Overseas remittances.
International consortia financing.
Trade enquiry service.
Oil and minerals services.

Hire Purchase and General Finance

Comprehensive instalment purchase and related facilities in Australia.
Leasing finance.
Financing of capital goods and property.

Investment

Portfolio management.
Investment advisory services.
Self employed and employees' retirement funds.
Bearer Depositary Receipt service to facilitate dealings in Australian securities in the United Kingdom.
Registrar services.
Purchase and sale of investments.
Investment of short, medium and long term funds.

