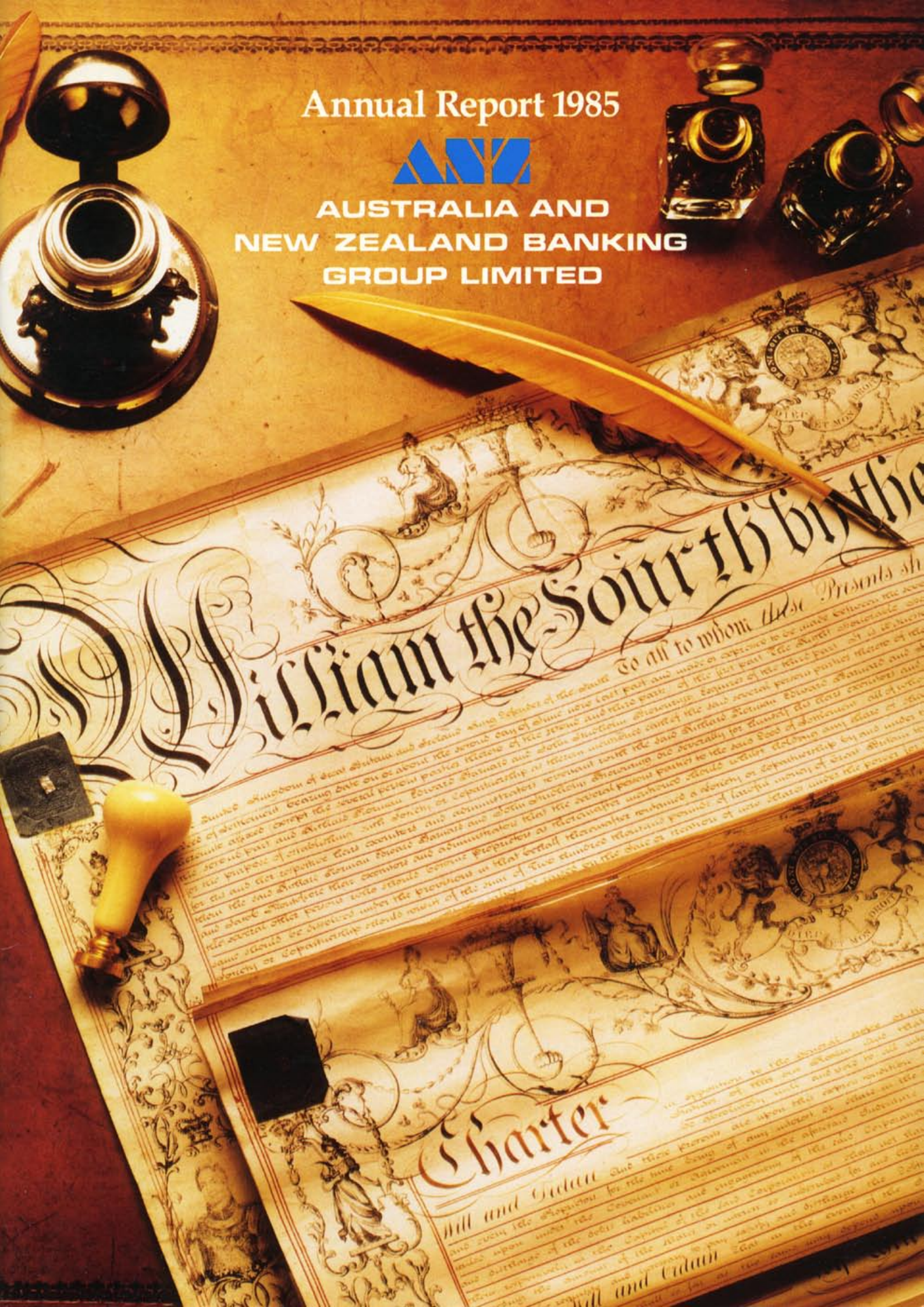


# Annual Report 1985



## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

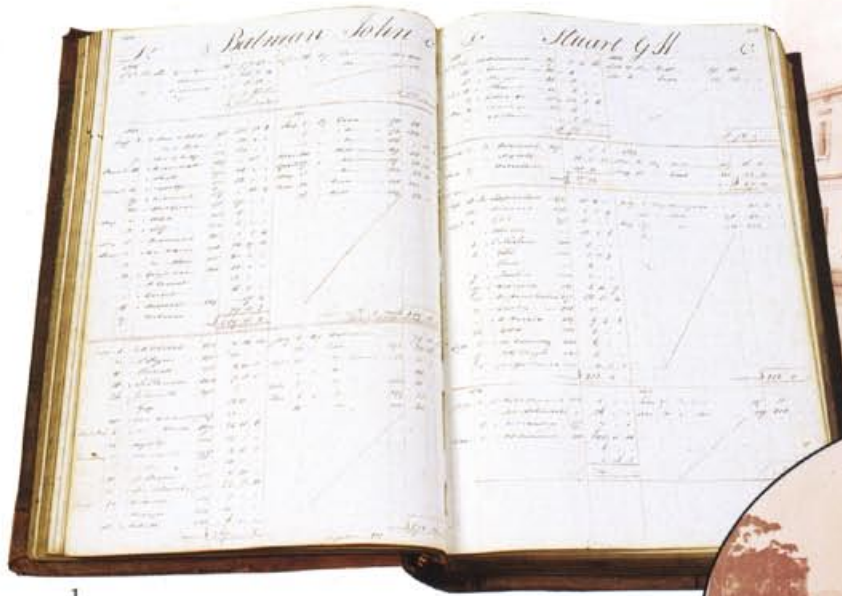


William the South by the

Charter

Front cover: The Bank of Australasia's Royal Charter issued by His Majesty, King William IV in 1835.

1835~1985..



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1. Current Account Ledger Bank of Van Diemen's Land, Launceston, Tas (1832-34) showing the account of John Batman, who established the early settlement of Port Phillip, later Melbourne, Victoria.  
 2. Union Bank of Australia Limited. Brisbane, Queensland, circa 1890.  
 3. Macquarie Street, Hobart, Tas., with the Commercial Bank of Tasmania (third building from the right).

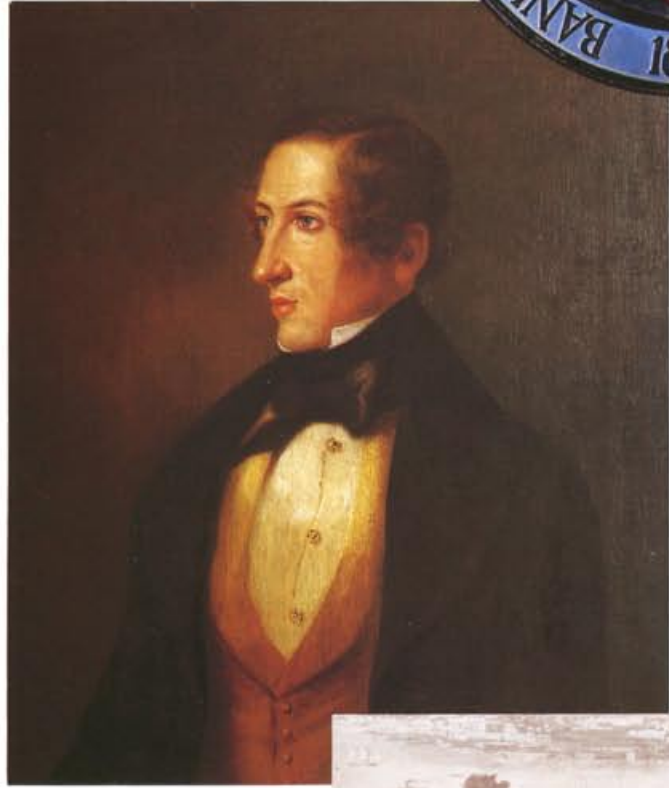
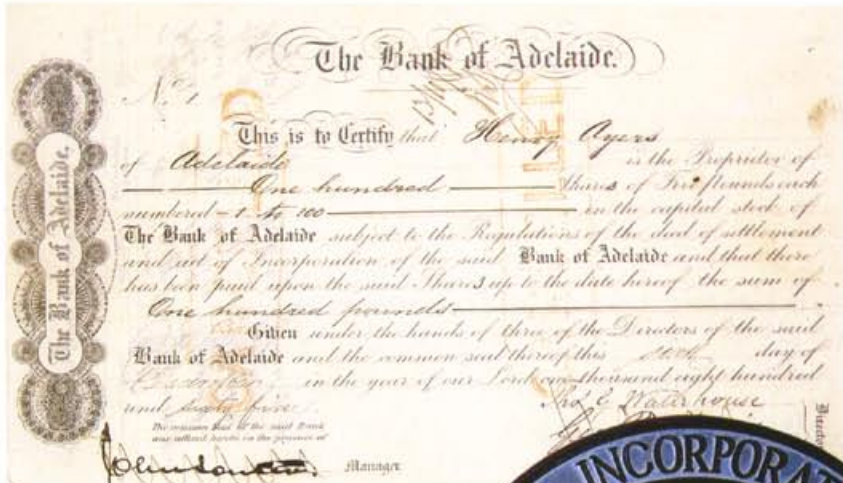
4. The first share certificate of the Bank of Adelaide issued in the name of its Chairman, Sir Henry Dyers.  
 5. Early Burroughs adding machines circa 1923 (left) and 1901 (right).  
 6. Plaque featuring the Coat of Arms of the Bank of Australasia.  
 7. Bank of South Australia, Adelaide, South Australia, circa 1870.  
 8. Union Bank of Australia Limited £10 note issued at Perth, Western Australia 1905.

9. Staff - Bank of Australasia, Ballarat, Victoria 1899.  
 10. "The Gothic Bank of Collins Street" Melbourne, Victoria. Completed in 1889 it housed the offices and general manager's residence for the English Scottish and Australian Chartered Bank. This building is now occupied by our 388 Collins Street, Principal Banking Office.



10

# 150 YEARS IN BANKING



11. James Sea, first manager of the Union Bank of Australia Limited, Sydney painted by Surgeon Maurice Felton, in 1840. This painting is held in the Bank's Archive.

12. Staff - Bank of Australasia, Perth, Western Australia, circa 1900.



## AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

On 21st May 1985, the Group celebrated the 150th anniversary of the issue of the Bank of Australasia's Royal Charter by His Majesty, King William IV.

The London-based Bank of Australasia was the foundation for the Group. In 1951 it merged with The Union Bank of Australia to form A.N.Z. Bank. In 1970 history was to repeat itself with the then largest merger in Australian banking history — the joining of A.N.Z. Bank and the English, Scottish and Australian Bank Limited.

Although these three banks are the main forebears of the present Group, they in turn had grown through mergers and acquisitions and, in all, 16 former historic banks now comprise Australia and New Zealand Banking Group Limited.

Today ANZ is one of the largest companies in Australia with assets of almost \$43 billion.

The Group now has 1,657 points of representation around the world, including 1,239 in Australia. Worldwide staff now total 38,031 of whom 23,986 are in Australia.

With its wholly owned subsidiary Grindlays Bank plc, ANZ is represented in 47 countries, with whom about 70 per cent of Australian and New Zealand overseas trade is conducted.

ANZ provides a wide range of banking and financial services including general finance facilities through Esanda and its subsidiary, FCA, in Australia and UDC in New Zealand. The Group also provides travel, trustee, investment, nominee and general insurance services, and merchant banking facilities through ANZ Capital Markets Corporation in Australia, UDC Mercantile Securities in New Zealand, and soon through ANZ Merchant Bank in London.

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# The Year in Brief

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A year of consolidation and progress which has seen considerable institutional strengthening and purposeful planning of ANZ's future role as a major international bank and as a vital and innovative leader in the newly deregulated banking and financial sectors.

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Group operating profit after tax increased to \$320.2 million.

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A one for five rights issue announced, to raise \$254 million.

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Celebration of the Group's 150th year of operations, including the establishment of the ANZ Banking museum and archives in Melbourne.

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Australian Trading Bank deposits increased by 21.2 per cent, and Savings Bank deposits increased by 6.3 per cent.

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Rationalisation and combining of ANZ and Grindlays' operations continued, and regional administrations established in London, New York and Hong Kong.

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Establishment of combined merchant banking operation under the name of ANZ Capital Markets Corporation Limited following acquisition of minority shareholdings in AIFC and Delfin-BNY and merging them with Grindlays Australia Limited.

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Establishment of integrated investment banking and stockbroking operations in London, to trade as ANZ Merchant Bank Limited from January 1986. This combines the activities of Grindlays' Investment Bank and Capel-Cure Myers, stockbrokers.

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Tranzaction Banking, ANZ's electronic teller terminal value capture system, operational in approximately 900 branches.

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Esanda group expanded asset base by 21.0 per cent.

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Investment & Trust Services division established to co-ordinate the marketing of the Group's investment and trust subsidiaries and services. Total funds under management exceed \$4,000 million.

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ANZ lead managed the \$380 million Amadeus Basin to Darwin gas pipeline.

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Incorporation of Daiwa-ANZ International Limited in which ANZ has a 50 per cent interest and which will provide Japanese sourced capital market and securities facilities to Australian corporations.

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Acquisition in New Zealand of a building society (UDC Endeavour Building Society) and a 50 per cent interest in Metropolitan Life Assurance Company by the Group's New Zealand subsidiary.

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Acquisition of operations of Barclays Bank plc in Fiji and Vanuatu.

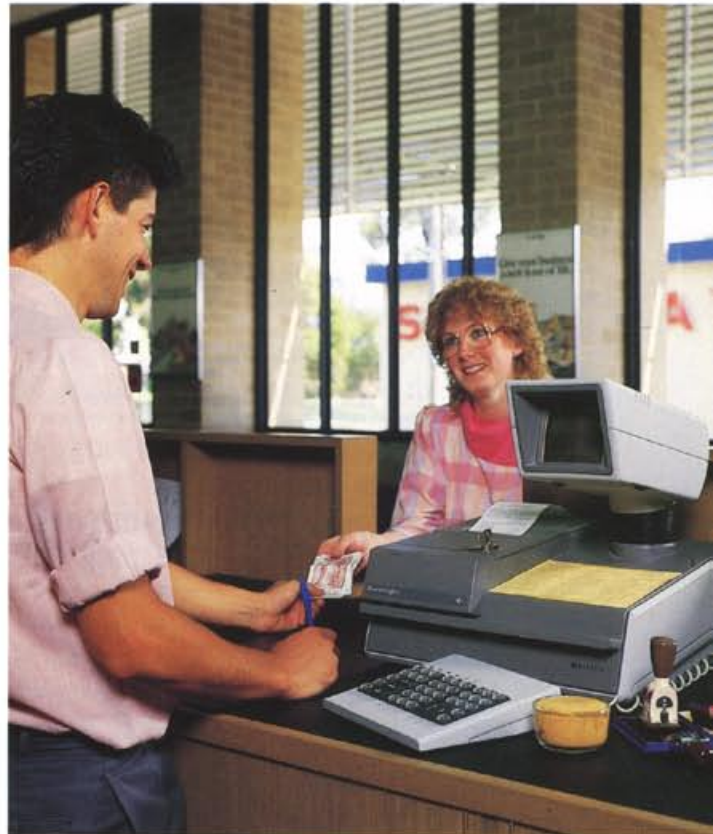
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# The Group's Objectives

ANZ's mission is to provide a comprehensive and high quality range of financial and related services and so earn profits which properly reward the investment of shareholders and ensure the Group's continued growth.

In pursuit of its mission, the Group aims to:

- maintain and develop banking operations internationally which serve selected domestic markets and meet the international needs of business customers
- maintain a strong and growing presence in the Australian and New Zealand financial services markets, providing a full, innovative range of banking, finance, investment and advisory services to a wide range of customers
- maintain the very highest prudential standards as a custodian of funds deposited with or entrusted to it
- be a sensitive and responsible corporate citizen in all the countries in which it operates
- pursue personnel policies which recognise the aspirations and skills of all staff, preserving and enhancing its status as an equal opportunity employer.



Transaction Banking, ANZ's electronic front office service, is now operating in approximately 900 branches throughout Australia.

# Financial Summary

## Financial Highlights

	1985	1984	% Increase
<b>For the years ended 30 September (\$'000)</b>			
Group gross income	5,855,527	3,275,936	78.7
Group operating profit including abnormal credit item	320,202*	269,037*	19.0
Group profit after extraordinary items	330,108	122,150#	170.2
Dividends	103,733	86,177	20.4
Number of times dividend covered by profits	3.09	3.12	
Return on average shareholders' funds	16.2%	17.7%	
<b>Per share</b>			
Dividend — declared rate	31.0c	30.0c	
Earnings on fully-paid capital at end of year	95.4c	88.9c	
Net assets on fully-paid capital at end of year	\$6.43	\$5.35	
<b>At year end (\$'000)</b>			
Paid-up capital	336,038	302,858	11.0
Shareholders' funds	2,159,459	1,780,873	21.3
Total assets	42,782,104	35,854,681	19.3
Ratio of shareholders' funds including minority interests to total assets	5.18%	5.07%	

\* Refer Group results section in the Directors' Review page 12 and Note 1(e) page 36 for impact of provision for doubtful debts accounting policy change on 1984 and 1985 profits.

# extraordinary items include write-off in full of goodwill on acquisition of Grindlays Holdings plc \$115.3 million and Development Finance Corporation Ltd. \$28.3 million.

- **Group Operating Profit** of \$320 million. After notionally adjusting the 1984 result for impact of accounting change in 1985, profit up 12.8% (the 1985 profit includes an abnormal credit item of \$18m).
- **Group Assets** increase by 19.3% to almost \$43 billion.
- **Australian Profits**, banking and finance, affected by lower interest rate margins.
- **Overseas Profit** contribution improves, partly as a result of favourable exchange rate movements.
- **Grindlays** first profit contribution to the Group \$11.7m.
- **DFC** results adversely affected by strong competition and an uncertain environment in the unit trust area.
- **Net Tangible Asset Backing** per fully paid share increases to \$6.43 in 1985 reflecting in part an addition of \$103m to reserves from foreign currency translations.
- **Dividend Payment** for year to be \$103.7m compared with \$86.2m in 1984. Final dividend of 16 cents per share recommended.

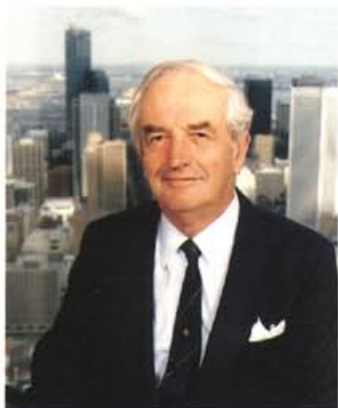
## Summary and Analysis of Consolidated Profit

	1985 \$'000	1984 \$'000	% change
<b>Banking</b>			
Australian Trading Bank*	144,458	129,409	+11.6
Australian Savings Bank	41,297	38,259	+7.9
New Zealand Trading Bank*	39,134	21,011	+86.3
New Zealand Savings Bank	1,611	1,082	+48.9
Grindlays Group	11,670	—	—
ANZ Finance (Far East)*	7,835	3,979	+96.9
ANZ Banking Group (PNG)*	602	241	+149.8
Other Companies	1,779	1,632	+9.0
Adjustment on consolidation	(813)	618	
	247,573	196,231	+26.2
<b>Finance</b>			
Esanda FCA Group	52,830	52,298	+1.0
UDC Group	4,134	3,680	+12.3
	56,964	55,978	+1.8
<b>Other</b>			
ANZ Capital Markets Corporation	4,334	—	—
Development Finance Corporation Group	8,653	15,986	-45.9
Other Companies	2,678	842	+218.1
	15,665	16,828	-6.9
Consolidated operating profit	320,202	269,037	+19.0
Extraordinary items	9,906	(146,887)	
Consolidated profit	330,108	122,150	+170.2

	1985 \$'000	%	1984 \$'000	%
<b>Income</b>				
Interest received	5,051,347		2,713,452	
Less interest paid	3,815,750		1,763,038	
Net interest received	1,235,597	60.3	950,414	62.8
Commission and other	804,179	39.2	562,485	37.2
Extraordinary items	9,937	0.5	—	
Total Income	2,049,713	100.0	1,512,899	100.0
<b>Expenses</b>				
Salaries	568,378	27.7	405,873	26.8
Other personnel	201,911	9.9	143,800	9.5
Building occupancy	184,956	9.0	107,470	7.1
Other	477,460	23.3	345,548	22.9
Total expenses	1,432,705	69.9	1,002,691	66.3
Income tax	270,952	13.2	230,193	15.2
Extraordinary items	—		146,834	9.7
Dividends	103,733	5.1	86,177	5.7
Minority shareholders' interests	15,950	0.8	11,030	0.7
Retained earnings (including reserves)	226,373	11.0	35,974	2.4
Total expenses, distributions and retentions	2,049,713	100.0	1,512,899	100.0

Note: Grindlays group profits were not consolidated in 1984.

\* 1985 figures include abnormal credit item resulting from change in provision for doubtful debts policy (refer note 1(e)).



**Sir William Vines, C.M.G.**

Chairman. Age 69  
FASA, ACIS, LCA, psc. Company Director and Farmer

A Director since October 1976, appointed Deputy Chairman November 1980 and Chairman January 1982. Also a Director of ANZ Holdings (UK) p.l.c.

Sir William is Deputy Chairman of Tubemakers of Australia Ltd, a Director of Dalgety Australia Holdings Ltd and Dalgety Farmers Ltd. He is also Chairman of The Sir Robert Menzies Memorial Trust, and a member of the Australian Council of H.R.H. The Duke of Edinburgh's 6th Commonwealth Study Conference 1986.

He is a former Managing Director of the International Wool Secretariat (1961-1969), former Chairman of the Australian Wool Commission (1970-1972) and of Dalgety Australia Limited (1969-1980) (Managing Director 1970-1976), and former Chairman or Director of other United Kingdom and Australian Companies.

Sir William farms in the New England district of New South Wales.



**Mr W. J. Bailey**

Group Managing Director and Chief Executive Officer. Age 52  
FAMI, FAIM, Bank Executive

A Director since July 1984, appointed Managing Director November 1984. Mr Bailey is Chairman of Australia and New Zealand Savings Bank Ltd, Esanda Ltd, ANZ Capital Markets Corporation Ltd, ANZ Executors & Trustee Co Ltd (Group), ANZ Finance (Far East) Ltd, ANZ Pensions Pty Ltd and ANZ Properties (Australia) Ltd. He is a Director of Development Finance Corporation Ltd, ANZ Banking Group (New Zealand) Ltd, ANZ Holdings (UK) p.l.c. and Grindlays Bank p.l.c.

Mr Bailey is also a Director of Dalgety Farmers Ltd, a member of the Governing Board of University of Melbourne Graduate School of Management Foundation, the Queen Elizabeth II Silver Jubilee Trust for Young Australians and the Business Council of Australia. He is a Councillor of Enterprise Australia and of the Australian Opera Foundation, and Hon Treasurer of the Baker Medical Research Institute.

He has had 35 years' experience in banking with the Group including Regional Manager New Zealand (1971), Assistant State Manager South Australia (1974), Chief Manager International London (1977), Assistant General Manager Branch Banking Melbourne (1980), General Manager Management Services (1982) and Chief General Manager (1983).

Mr Bailey lives in Melbourne.



**Mr M. D. Bridgland**

Age 63  
B.Sc., FTS, FRACI, FAIM. Company Director  
A Director since February 1982.

Mr Bridgland has been Chairman of ICI Australia Ltd since 1980 (Managing Director from 1978-1984). He is Chairman of Jennings Properties Ltd, a Director of Jennings Industries Ltd. He is also a member of the Board of Management of the University of Melbourne Graduate School of Business Administration and of the Australian Council of H.R.H. The Duke of Edinburgh's 6th Commonwealth Study Conference 1986.

Mr Bridgland lives in Melbourne.



**Mr J. C. Dahlsen**

Age 50  
LL.B. MBA. Solicitor and Company Director

A Director since May 1985.

Mr Dahlsen is a partner of the Melbourne legal firm Corrs Pavey Whiting and Byrne.

He is a Director of Advertiser Newspapers Ltd, The Herald and Weekly Times Ltd, and Queensland Press Ltd, and was formerly Deputy Chairman of The Myer Emporium Ltd. He is a member of the Board of Management of University of Melbourne Graduate School of Management and of the Finance Advisory Committee of the Walter and Eliza Hall Institute of Medical Research.

Mr Dahlsen lives in Melbourne.



**Sir James McNeill, C.B.E.**

Age 69  
FASA, FAIM, Hon. D. Sc (Newcastle). Company Director

A Director since October 1982. Also a Director of ANZ Pensions Pty Ltd.

Sir James is Chairman of Tubemakers of Australia Ltd, a member of the International Advisory Council of Morgan Guaranty Trust Company of New York, a member of the Asia Pacific Advisory Council of AT&T International, Chairman of the Finance Committee and a member of the Council of Monash University and a member of the Finance Advisory Committee of the Walter and Eliza Hall Institute of Medical Research. He is Chairman of the Australia Japan Business Forum and a member of the Commonwealth Government's Consultative Committee on Relations with Japan. He was Chairman of Broken Hill Proprietary Company Ltd (1977-1984) and Managing Director (1971-1977).

Sir James lives in Melbourne.



**Sir Laurence Muir, VRD**

Age 60  
LL.B, FSIA, FAIM. Company Director  
A Director since August 1980. Also a Director of ANZ Pensions Pty Ltd.

Sir Laurence is Chairman of Liquid Air Australia Ltd and a Director of ACI International Ltd, Australian Biomedical Corporation Ltd, Alcoa of Australia Ltd, The Herald and Weekly Times Ltd, National Commercial Union Ltd and Wormald International Ltd. He is Chairman of the Canberra Development Board, President of the Baker Medical Research Institute, a member of General Motors Australian Advisory Council, L'Air Liquide International Advisory Board, the Parliament House Construction Authority, the Sir Robert Menzies Memorial Trust and a number of other charitable organisations. He retired in 1980 as senior partner of Potter Partners.

Sir Laurence lives in Melbourne and on the South Coast of New South Wales.

## BOARD COMMITTEES

### Audit Committee

Sir Laurence Muir (Chairman)  
Mr M. D. Bridgland  
Professor Dame Leonie Kramer  
Sir James McNeill

### Credit Committee

Sir William Vines (Chairman)  
Mr W. J. Bailey  
Mr M. D. Bridgland  
Mr D. C. L. Gibbs  
Mr C. J. Harper  
Mr R. A. D. Nicolson



# Directors



**Mr D. C. L. Gibbs**

Age 58  
MA (Oxon) Company Director

A Director since February 1979, Alternate Director 1976-1979. Also a Director of ANZ Executors & Trustee Co Ltd and ANZ Pensions (UK) Ltd.

Mr Gibbs is Chairman of Marsh and McLennan Pty Ltd and Folkestone Ltd and a Director of Parbury Henty Holdings Ltd. He has been Chairman of Gibbs Bright & Co Pty Ltd since 1968 and was Chief Executive for 12 years. He is Chairman of the Victorian State Opera Foundation and a member of the Victoria State Opera Board.

He is also Vice-President of the World Wildlife Fund - Australia, a trustee of the Felton Bequest and a member of the Victoria Council, Australian Bicentennial Authority.

Mr Gibbs lives in Melbourne.

**Mr C. J. Harper**

Age 54  
CA (Scots) Company Director

A Director since October 1976. Also a Director of ANZ Holdings (UK) p.l.c.

Mr Harper is Chairman of Humes Ltd and a Director of Comsteel Vickers Ltd, Dulux Australia Ltd, IBM Australia Ltd, Legal and General Assurance Holdings (Australia) Ltd, North Broken Hill Holdings Ltd, Vickers Holdings Ltd and Wiggins Teape Pty Ltd. He is a member of the Victoria State Opera Foundation, a Councillor of the Institute of Directors in Australia and a member of the Touche Remnant & Co International Advisory Board. He was General Manager and Chief Executive of the merchant bank Australian United Corporation Ltd from 1968-76.

Mr Harper lives in Melbourne.

**Mr W. J. Holcroft, A.O.**

Age 63  
FASA, FCIS, FCIT, FAIM, Company Director  
A Director since October 1976.

Mr Holcroft is also a Director of Caltex Australia Ltd, The Commonwealth Industrial Gases Ltd, Investment Engineering Ltd and Nucleus Ltd and a member of the Australian Wool Corporation and of the Board of Royal Prince Alfred Hospital (Sydney). He retired as Managing Director of Brambles Industries Ltd in 1980.

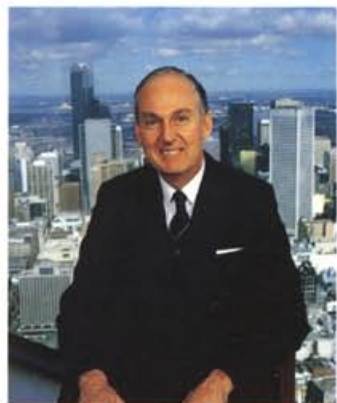
Mr Holcroft farms in the Bathurst area of New South Wales.

**Professor Dame Leonie Kramer, D.B.E.**

Age 61  
BA (Melb), D. Phil (Oxon), Hon D. Litt (Tasmania), FAHA, FACE, University Professor and Company Director  
A Director since August 1983.

Dame Leonie is Professor of Australian Literature at the University of Sydney and a noted author and editor who serves on a number of scholastic committees. She is also a Director of Western Mining Corporation Holdings Ltd and Western Mining Corporation Ltd, National President of the Australia-Britain Society, a member of the Councils of the Australian National University and the National Roads and Motorists Association, New South Wales. She was a member of the Australian Broadcasting Commission from 1977-1982 and Chairman of the Commission from 1982-1983.

Dame Leonie lives in Sydney.



**Mr R. A. D. Nicolson**

Group Deputy Managing Director. Age 54  
FAIM, Bank Executive

A Director since July 1984, appointed Deputy Managing Director November 1984. Also a Director of Australia and New Zealand Savings Bank Ltd, Esanda Ltd, ANZ Capital Markets Corporation Ltd, ANZ Finance (Far East) Ltd, ANZ Banking Group (New Zealand) Ltd, ANZ Holdings (UK) p.l.c. and Grindlays Bank p.l.c.

Mr. Nicolson has had 36 years' experience in banking with the Group including Regional Manager New South Wales (1966), Assistant Manager King and George Streets, Sydney (1970), Representative for Japan (1972), Deputy General Manager Esanda Ltd (1975), General Manager Esanda Ltd (1979), General Manager Corporate and International (1982) and Chief General Manager (1983).

Mr Nicolson lives in Melbourne.

**Mr L. M. Papps, C.M.G.**

Age 66  
LLM (Wellington). Solicitor and Company Director

A Director since October 1976. Chairman of ANZ Banking Group (New Zealand) Ltd.

Mr Papps is senior partner of the Wellington and Auckland legal firm Bell Gully Buddle Weir. He is Chairman of Asea Tolley Electric Company Ltd, Emco Group Ltd, NZ Forest Products Ltd and UEB Industries Ltd.

Mr Papps lives in New Zealand.

**Mr A. J. O. Ritchie**

Age 57  
MA (Cambridge). Company Director

A Director since September 1984. He is Chairman of ANZ Holdings (UK) p.l.c. and Grindlays Bank p.l.c.

Mr Ritchie is also Chairman of Union Discount Co. of London p.l.c. and a member of the London committee of the Ottoman Bank.

He has had 35 years' experience in banking in the United Kingdom and has held executive positions with Williams & Glyn's Bank Ltd before joining Grindlays Bank as Deputy Chairman in 1977. He was appointed as Chief Executive of Grindlays Bank in 1980 and Chairman in 1984.

Mr Ritchie lives in England.

**Dr B. W. Scott, A.O.**

Age 50  
B.Ec, MBA, DBA, FAIM, Management Consultant and Company Director  
A Director since August 1985. Also a Director of Development Finance Corporation Ltd.

Dr Scott is Chairman of W.D. Scott International Development Consultants Pty Ltd, Management Frontiers Pty Ltd, and Jon and Associates Pty Ltd. He is Deputy Chairman of ACI International Ltd, and a Director of Imagineering Technology Ltd and the James N. Kirby Foundation Pty Ltd. He is Federal President of the Institute of Directors in Australia, Chairman of the Trade Development Council and also Chairman of the Interim Board of the Australian Trade Commission. He is Chairman of the Membership Committee and a member of the Executive Committee of H.R.H. The Duke of Edinburgh's 6th Commonwealth Study Conference 1986. He was chief executive of the W.D. Scott Group of Companies from 1974 until 1985.

Dr Scott lives in Sydney.

# Chairman's Report

Group profit before extraordinary items rose by 12.8 per cent to \$320.2 million, reflecting increased contributions from offshore operations, partly due to favourable exchange rate movements.

The profit represented a return of 16.2 per cent on average shareholders' funds, increased by the one-for-four rights issue raising \$225 million in September 1984, compared with 18.6 per cent in 1984.

The Group received its first contribution from the Grindlays group amounting to \$11.7 million. This result was depressed by additional doubtful debt provisions made in segments of the lending portfolio adversely affected by economic and business conditions.

Considerable progress has been made with the integration and rationalisation of ANZ and Grindlays operations around the world. This had led to some distortion of performance comparisons, but as the integration process continues, it will become less relevant in the future to assess Grindlays' contribution by reference to the reported profit of that legal entity. Whilst Grindlays' profit return for the year was below that of the ANZ Group as a whole, benefits from this major acquisition have begun to flow to the total Group and are expected to increase in future years.

## Dividends

A final dividend of 16 cents per share has been recommended by Directors which, together with the interim dividend of 15 cents paid on 1st July 1985, will make a total payment of 31 cents for the year, compared with 30 cents for the previous year.

Dividend payout for the year as recommended is \$103.7 million, compared with \$86.2 million for the previous year.

## New Share Issue

Directors have announced proposals to raise \$254 million capital by way of a rights issue to existing shareholders. The basis of the issue will be one new share for every five shares held, excluding fractional entitlements, registered in the books of the Company at the close of business on 13th December 1985.

The additional capital now being raised will enable the Group to take advantage of profitable growth in the deregulating financial market in Australia and in other countries in which the Group is represented while at the same time maintaining a prudent balance between shareholders' equity and total liabilities.

The new shares will be issued at a premium of \$2.75, making a total payment of \$3.75 payable in full on 7th February 1986. These new shares will not be entitled to the final dividend for 1985.

Subject to unforeseen circumstances, the Directors expect that the rate of dividend payment on the capital increased by the new issue will not fall below the current level.

## Staff Profit Participation

The contribution of staff to this year's results will be acknowledged under the Bank's profit sharing scheme and payment will amount to \$13.7 million pre-tax.

## Group Assets

Total assets of the Group increased by 19 per cent to approximately \$43 billion as at 30th September 1985.

The Group now has some 42 per cent of its assets outside Australia and is represented in a total of 47 countries.

## Exposure to Foreign Debt

The matter of the loans exposure of banks in countries subject to debt rescheduling arrangements has attracted considerable attention. Although it has not been the practice of Australian banks to give details of their loans in these countries, it has been decided to disclose the Group's exposure so that it can be clearly seen that it is, as we have frequently stated, modest in relation to the Group's resources. The figures cover all subsidiaries including Grindlays.

By geographic region, lending exposure by the ANZ Group to 23 countries subject to rescheduling arrangements is:

South & Central America	\$1,185 million
Eastern European Bloc	\$ 124 million
Africa & Middle East	\$ 108 million
Asia	\$ 46 million
	<u>\$1,463 million</u>

The amounts quoted are A\$ conversions of predominantly US\$ denominated assets, and represent a total exposure of 3.4 per cent of total Group assets.

Of the total exposure, over 90 per cent relates to lending to Governments, banks and Government entities, and no individual country exposure exceeds one per cent of Group assets. Where considered appropriate, provisions have been set aside against this exposure.

## Change in Accounting Policy

Australian Banks have generally followed the accounting practice previously used by major UK banks involving a spreading technique for bad debts known as "Leach/Lawson" rules. The UK banks abandoned this approach in 1978 when they disclosed their doubtful debt provisions for the first time.

For some years now ANZ has disclosed its provisions, and it was considered timely to review the use of the spreading technique. This is the first year in which Grindlays' profits have been consolidated in the ANZ Group results and it was also necessary to consider the appropriate doubtful debt accounting policy to be adopted by all banking companies within the Group. Grindlays' policy at the time of acquisition by ANZ was in keeping with the major UK clearing banks in that a spreading formula was not used.



Senior management of ANZ and Grindlays in London are now located in Minerva House (centre).

As a result, the Board has resolved to move ANZ's doubtful debt provision policy into line with currently accepted international banking practice and the spreading formula will no longer be applied. A full explanation is provided in Note 1(e) on page 36 of this report.

If the changed policy had applied in 1984, the published result of \$269 million would have been \$283.8 million.

#### **Initiatives During the Year**

As described in the Directors' Review, the Group is meeting vigorously the challenges of deregulation, and is well placed to compete successfully with the resultant increased competition and with the entry of additional foreign banks to Australia.

In particular, the Bank has assumed a leadership role in integrated electronic banking through Tranzaction Banking (ANZ's electronic front office service which captures value as well as providing comprehensive information), Night and Day Bank automatic teller machines, and Tranzway (ANZ's electronic funds transfer at the point-of-sale system).

Another major initiative was the establishment of an Investment and Trust Services department to co-ordinate the marketing thrust of the Group's investment and trust subsidiaries. The Group now has over \$4 billion in funds under management with investment and trust

operations, and over 70 licensed investment consultants strategically located throughout Australia.

Internationally, the Group has consolidated its representation by combining ANZ and Grindlays' operations in locations where overlap existed, and by opening new offices in strategic areas.

Merchant banking operations were also consolidated during the year. The businesses of Australian International Finance Corporation Limited (AIFC), Grindlays Australia Limited, and part of the operations of Delfin-BNY Acceptances Limited were merged and now operate as ANZ Capital Markets Corporation Limited, providing one strong Australian merchant banking operation that will be able to compete effectively in the highly competitive financial markets.

In London we are forming ANZ Merchant Bank Limited which will operate the investment banking business of Grindlays Bank and the business of Capel-Cure Myers, stockbrokers and investment managers.

#### **Organisation Review**

During the year, the Group appointed international management consultants, McKinsey and Co., to conduct a review of the organisation structure of the Group. Given the dramatic growth in size and diversity of the Group's operations in recent years, this review will assist management in structuring ANZ's operations to meet the opportunities and challenges ahead, both internationally and within Australia.

#### **Economic Overview — Australia**

Economic growth continued in 1984-85 with real GDP rising by 4.8 per cent and non-farm product by 5.2 per cent. Significantly, growth was essentially consumption oriented.

Domestic indicators point to a continuation of firm growth in 1985-86 overall. It is likely, however, that domestic demand will slow somewhat during 1986 consistent with the need to achieve the necessary correction on Australia's external accounts.

Growth in 1985-86 is again expected to derive mainly from private consumption spending, with a modest upturn in private fixed capital spending, and, it is hoped, an improvement in net exports of goods and services deriving from the A\$ depreciation.

Key developments on the domestic front during the year included:—

- the sharp depreciation in the value of the A\$ from late January 1985, and continuing throughout the year
- the re-negotiation of the Prices and Incomes Accord for a further two years
- the abandonment of an official monetary target in January 1985 due to changes occurring in financial aggregates arising from deregulation of the financial

# Chairman's Report

system. The stance of monetary policy firmed through the course of the year

- the rise in domestic interest rates through the year
- the review of the tax system, changes will be introduced progressively
- the decision to invite a number of new banks to establish banking operations in Australia, the establishment of a substantial number of new merchant banks under relaxed foreign investment guidelines, a greater degree of competition within the financial system and further innovations in financial markets.

Preparations are continuing for a new round of international negotiations in the General Agreement on Tariffs and Trade (GATT) in 1986. Australia is seeking to have agriculture included on the agenda, and the Government is actively seeking to draw attention to the unacceptable effects on world agricultural markets of the EEC's Common Agricultural Policy.

Realistically, there may appear to be little that Australia can achieve of its own accord in these areas but the issue is so vital for our economy that we must continue to press for reform. At the same time we will seek to join with other nations to ensure a relatively free international trading and financial environment while actively pursuing opportunities for bi-lateral trade such as the Australia-Japan and Australia-China initiatives.

## **Economic Overview — International**

Internationally, economic activity slowed, led by the United States. Commodity markets remained extremely competitive at generally depressed price levels. There was evidence of protectionist pressures mounting as the year progressed and the outlook is for continuing difficult trading conditions for commodities — comprising some 80 per cent of Australia's exports — in the year ahead.

There were encouraging indications from the annual meetings of the International Monetary Fund and World Bank in October that the third world debt problem is capable of being managed through international co-operation, although the dangers are by no means entirely behind us.

The need, internationally, is to sustain the momentum of world economic and trade growth at the lower levels of inflation that have been attained and against the background of a less buoyant United States economy. This will require co-operation of other major nations. Meetings of the group of five major industrial nations in the final months of 1985 sought, among other issues, to reduce the strength of the US dollar through concerted intervention in foreign exchange markets, and so avert the associated mounting domestic protectionist pressures in that country. There is a continuing need, however, for fundamental policies in the major economies to support this objective.

## **The Basic Task for Australia**

The disturbing feature domestically is the continuing adverse current account deficit. The weakness in Australia's external accounts places a floor under the already high domestic interest rate structure.

It is to be expected that the depreciation of our currency will ultimately improve our external account position, but the impact will be lagged due to the generally depressed demand for the commodities we export. The real question is at what cost will the necessary correction be achieved? It is necessary for all Australians to recognise that we cannot continue indefinitely to live beyond our means — that for the time being at least those means are limited in terms of the world market outlook for our major exports — and that, in the final analysis, we must willingly undertake the necessary adjustments which cannot be without some pain, or have the adjustments imposed upon us — which is likely to be more painful.

The reality is that Australia is substantially dependent on world trade and overseas finance for its economic wellbeing. The standard on which we are judged is our comparative performance in the international arena. The key issue in this context is how our cost/price prospects compare with those of other nations anxious to supply our trading partners.

More than ever the issue of competitiveness looms large in matters affecting our economic wellbeing. While a number of positive steps have been taken in recent years, it is our refusal as a nation to accept the challenge of at least matching other nations' performance in the matter of the containment of our costs of production and distribution which is particularly damaging.

The current difficulties will have to be faced on all fronts. Our macro-economic policies must help to reduce structural rigidities and the other constraints which distort the efficient allocation of resources. There is a responsibility also — to be shared among many of us — to encourage attitudinal changes in the community at large in order to bring about a wider acceptance of economic realities. The most fundamental of these is, that over time, we can only earn according to our ability to produce and sell in a competitive world. This ultimately determines the living standards of all Australians.

## **Conclusion**

ANZ, for its part, has taken steps to meet the more competitive environment. This includes a determined effort to improve the quality and efficiency of our operations and the attractiveness of our financial services throughout the world.

We have become a truly international bank, although the domestic market remains the cornerstone of our business. We intend to be fully competitive and successful in both markets.

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### **Board Changes**

In March 1985 Mr. G. M. Niall resigned from the Board because of a perceived conflict of interest arising from the then prospective granting of a banking licence to the National Mutual Life Association of Australasia Ltd in conjunction with the Royal Bank of Canada. Mr. Niall had served as a Director of ANZ since October 1976.

Mr. E. H. Burgess, OBE, also resigned from the Board in March 1985. Mr. Burgess had been a Director of ANZ since February 1980, and his association with the Group continues as a Director of ANZ Executors and Trustee Company Limited and inaugural Chairman of ANZ Executors and Trustee Company (SA) Limited.

The Board acknowledges the services of both Mr. Niall and Mr. Burgess and the contribution they each made to the Group.

During the year the Board welcomed the appointment of two new Directors.

Mr. J. C. Dahlsen, a partner in the legal firm Corrs Pavey Whiting and Byrne, was appointed as a Director in May 1985.

Dr. B. W. Scott, AO, was appointed as a Director in August 1985. Mr. Scott is Chairman of W. D. Scott International Development Consultants Pty. Ltd. and Management Frontiers Pty. Ltd.



Chairman.

# Directors' Review

## GROUP RESULTS

The consolidated operating profit after tax for the year to 30 September 1985 excluding extraordinary items and minority interest was \$320.2 million, an increase of 12.8 per cent on the restated 1984 result of \$283.8 million. After a net extraordinary items profit of \$9.9 million (1984 loss of \$146 million which included \$143.5 million goodwill write-off relating to the acquisition of Grindlays Holdings plc and Development Finance Corporation Limited) consolidated profit available to shareholders after tax was \$330.1 million compared with \$136.9 million (restated) in 1984.

The 1985 result includes an abnormal credit item of \$18.00 million which arose from the decision of the Directors to change the doubtful debt provision policy for banking companies in the Group. This change will mean that each year's result will directly reflect the year's bad and doubtful debts experience and move ANZ's doubtful debt provision policy into line with currently accepted international banking practice. A full explanation is provided in note 1(e) on page 36.

In addition to the abnormal item mentioned earlier, as a result of the changed policy, the charge to profit and loss account for doubtful debt provisions in 1985 is \$26.3 million lower than it would have been under the old policy. Application of the changed policy in 1984 would have resulted in a \$14.7 million lower charge to profits and after adjustment for this amount, 1984 profits would have been \$283.8 million compared with the 1985 result of \$302.2 million excluding the abnormal item, ie an increase of 6.5 per cent in 1985.

The improvement in the Group operating profit stemmed largely from increased contributions from overseas operations, partly due to favourable exchange rate movements and partly due to improved operating conditions. The results also included a maiden profit contribution from the Grindlays group.

The results of the parent Trading Bank in Australia were adversely affected by lower interest margins and higher operating costs, the latter reflecting current technology investment patterns.

The Australian Savings Bank recorded a moderate profit increase and achieved a strong growth in housing loans.

The New Zealand group was again a strong contributor in part reflecting the weaker Australian Dollar. The New Zealand results were affected by higher interest costs and a rise in operating costs following the removal of official price and wage restraints and the impost of the fringe benefits tax that applied in the second half of the year.

The Esanda group result (incorporating FCA), while only marginally higher than in 1984, contributed 17.5 per cent of Group operating profit. The benefits of a record volume of new business written and a lower doubtful

debt charge were offset to a large extent by reduced interest rate margins.

The results of the Development Finance Corporation group were adversely affected by strong competition and an uncertain environment in the unit trust market. The results of the investment banking and property activities were satisfactory and sound progress was made in the corporate services and portfolio management divisions.

The Grindlays group performance was affected by adverse economic and business conditions in certain business segments.

However, as we make progress in integrating the Grindlays operations into ANZ it will be less relevant to assess Grindlays' contribution by reference to the reported profit of that legal entity.

## AUSTRALIAN OPERATIONS

### Australian Banking Environment

#### Overview

The process of easing the burden of regulation on banks continued during the year with the removal of remaining ceilings on bank lending interest rates, apart from owner-occupied housing for amounts less than \$100,000. This allowed banks to be more flexible in their lending arrangements and more competitive in attracting the funds inflow necessary to support the enhanced lending capacity.

A new prudential ratio, the prime assets ratio (PAR) was introduced for trading banks in place of the long standing Liquid Assets and Government Securities (LGS) convention. The termination of the LGS convention recognised its declining relevance as an instrument of monetary policy in a less regulated financial system where reliance is placed on more general market-orientated instruments for the conduct of monetary policy. The essential purpose of the PAR is to require banks to maintain a fixed minimum ratio of high quality liquifiable assets for prudential purposes.

In addition, the Reserve Bank is in the process of further developing its supervision of banks' internal management policies and arrangements for monitoring and controlling liquidity. ANZ shares the Reserve Bank's view that the prime responsibility for prudent management of a bank's liquidity rests with the bank itself.

Following the Federal Treasurer's invitation in 1984 for both domestic and foreign interests to apply for new banking licences, sixteen applicants were successful and some have recently begun operations.

There have been increasing efforts by non-bank financial institutions to compete with banks in their range of products and services. Building societies and credit unions have been increasingly able to broaden their borrowing and lending activities and have actively sought entry to the cheque payments system through agency arrangements with banks. In the merchant bank area, the lifting by the Government of foreign investment restrictions has resulted in a large number of approvals for the establishment of new merchant banks and restructuring of the ownership of existing merchant banks.

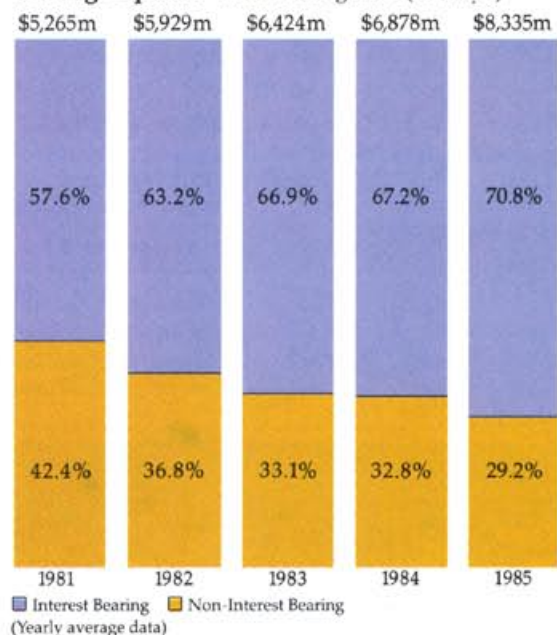
To cater for the large number of new banks now starting to enter the Australian market, the rules regarding membership and operation of the Australian Clearing House have been substantially modified. Three of the new banks have applied for membership; the others have chosen, for the present, to appoint existing banks as their clearing agents at the eight Clearing House branches around Australia. In addition to acting as clearing agent for some of the new banks, ANZ is also negotiating reciprocal access arrangements for use by other banks' customers of the Bank's Night & Day network of automatic teller machines (ATMs).

The Federal Government also has been supporting the thrust by building societies and credit unions to offer cheque facilities to their customers, although insisting that cheques can be drawn only on banks. Accordingly, banks have been offering agency arrangements to these other institutions and ANZ has participated on a selective basis.

Building societies and credit unions have also been seeking the right to play an equal role with the banks in the new electronic funds transfer at the point of sale (EFTPOS) systems. ANZ acknowledges the retailer's right to contract with other non-bank parties for the provision of EFTPOS services, that all reputable institutions' cards should be acceptable through EFTPOS and that networks need to be linked in a secure and efficient manner. However, ANZ does not accept that banks should be required to incur settlement exposure to non-banks with whom they do not have a banker-customer relationship.

In the meantime cheque and other paper processing, transportation and storage represent major operational costs for the Bank. However, ANZ is hopeful that the long-awaited new cheques legislation, which passed through the House of Representatives this year, will enable the Bank to achieve considerable savings. In allowing cheques to be presented for payment electronically rather than physically, it offers the prospect of 'truncating' cheques at the branch where they are deposited rather than requiring them to be delivered back to the branch on which they are drawn. The banking

#### Proportion of Interest & Non-Interest Bearing Deposits - ANZ Trading Bank (Australia)



industry has been actively developing appropriate operational procedures in preparation for truncation but anticipated cost savings will take some little time to be realised.

#### Trading Bank in Australia

ANZ Trading Bank deposits averaged \$8,335 million for the year ended 30 September 1985, an increase of 21.2 per cent on the previous year. This was higher than the average growth for all major trading banks which was 17.3 per cent.

The lifting of deposit maturity controls in August 1984 and subsequent marketing of interest bearing current accounts by some banks, combined with the continuing concern of depositors to maximise returns, have made non-interest bearing current account deposits less attractive. The proportion of ANZ deposits held in these accounts declined to an average of 29.2 per cent in the year ended September 1985, compared with 32.8 per cent in the previous year. The proportion in September 1985 was 25.7 per cent.

New Trading Bank deposit facilities introduced by ANZ at the time of the removal of remaining deposit maturity controls (Call Deposits and Short Term Deposit facilities) have proved attractive to depositors.

Demand for the Trading Bank's lending facilities was strong throughout most of the year, particularly in the latter half, reflecting the effects both of buoyant economic activity and the Trading Bank's enhanced competitiveness.

# Directors' Review



## Savings Bank in Australia

During the year ANZ's average Savings Bank deposits increased by 6.3 per cent to \$3,833 million, well below the 25.0 per cent growth recorded in 1984. Reflecting this slower growth, the entry of a new savings bank during the year and the repositioning by some institutions of deposit products and their associated blocks of funds, ANZ's average share of all savings banks' deposits declined from 10.7 per cent in 1984 to 10.4 per cent in 1985.

The increasing breakdown of traditional market boundaries between trading and savings banks is making comparisons of their individual market shares less relevant. ANZ is focussing on its share of the total market in more appropriate classifications such as transaction balances, retail investment deposits and wholesale investment deposits.

Growth in housing loan approvals during the year was significantly higher than the growth in deposits. To support the rising cost of attracting deposits to fund this demand, housing loan rates increased from 11.5 per cent to 13.5 per cent between April and October 1985. In addition, it was necessary to reduce the level of funds available for housing loans. This trend is likely to continue until interest rates reduce from the present high levels and savings bank deposit rates again become competitive.

However, ANZ is still lending at a rate double that in March 1982 and recognises that the very high level of home loan lending in recent times is not sustainable or

necessarily in the best interest of the community. The valuable savings of the nation must also be shared with productive industry and ANZ believes a free market is the best way to achieve this end. Accordingly, we strongly advocate the withdrawal of the remaining impediment to full interest rate deregulation — the ceiling rate of 13.5 per cent imposed by the Federal Government, on owner occupied home loans.

## Australian Banking Operations

To meet the market demand ANZ has continued to extend and upgrade selectively its representation network within Australia to service growth areas and other situations where new representation was warranted. Twenty new points of representation opened during the year, another nine points were upgraded to branch status and three points of representation were closed.

The Bank is continuing to review the whole concept of branch layout and appearance. This includes improvement of access to branch managers and accountants by customers and, as opportunities arise, modification of the appearance and design of the traditional tellers' counter and other fittings to cater for the increasing range of delivery systems and services.

Cheque account numbers increased during the year and this trend is expected to continue through growth in the Bank's personal 'money management' service, ANZ Five Star.

ANZ's Blue Ribbon Service has grown strongly with the number of Blue Ribbon customers almost doubling during the year. This success is attributed to very competitive rates and also to new benefits added during last year including free investment advice, special trustee services and special travel concessions.

## Electronic Banking

The Bank's electronic banking network has developed considerably throughout Australia during the year.

Transaction Banking, ANZ's electronic teller terminal service, is now operational at approximately 900 branches throughout Australia, and it is anticipated that most branches will be converted by March 1986. ANZ is the first Australian bank to introduce these terminals which enable most personal banking transactions to be completed without preparation of paper-based entries as well as providing instantly available customer information at the front office counter.

During the year, ANZ's Night & Day Bank ATM network expanded to 218 locations, and 250 will be in operation by the end of 1985. Some Night & Day Banks are being installed at locations remote from branches in shopping centres and selected service stations. Further expansion of the service is planned through provision of additional outlets and by arrangements with other banks to use each other's ATM's.



Tranzway, ANZ's electronic funds transfer at the point of sale (EFTPOS) system, is now available at over 600 sites.

The Bank currently has interchange arrangements with the National Australia Bank and State Bank of Victoria, and will have a link with State Bank of New South Wales early next year. Interchange arrangements are being pursued with other card issuing institutions. These bilateral interchange arrangements allow customers of each bank access to their funds through the EFTPOS terminals of the participating banks in numerous retail outlets and service stations. The combined network now totals some 1,200 retail outlets.

During the year, the Bank announced plans to open Australia's first fully electronic branch which will allow customers to do their banking anytime day or night. Many of the services to be offered are not presently available through Night & Day Banks. The first electronic branch is planned to open on a trial basis in Melbourne in March 1986, and will be followed with another trial branch in Sydney.

#### **Plastic Cards**

The total number of ANZ plastic cards on issue and electronically striped now exceeds two million, of which just under one million have Personal Identification Numbers (PINs) issued. This provides a substantial base on which to increase customer usage of the Bank's electronic delivery systems.

#### **• ANZ Bankcard**

ANZ Bankcard is now accepted as an EFTPOS card in selected merchant outlets as well as in its traditional paper-based role. Opposition by some Bankcard member banks delayed the availability of this logical and valuable customer service.

Total ANZ merchant outlets increased by 12.7 per cent to approximately 45,000 during the year, and ANZ merchant sales increased by 12.6 per cent to just under \$1.5 billion. Income was again restricted by low merchant service fee rates in the industry.

The number of cardholder accounts increased by 5.5 per cent and cardholder outstandings by 7.8 per cent. In a period of intense competition and new card launches by competitor institutions, both bank and non-bank, Bankcard remains the most popular consumer credit card in Australia.

#### **• Visa Card**

ANZ Visa Card continues to record significant growth.

During the year total ANZ merchant outlets rose by 69.3 per cent and ANZ merchant sales increased by over 400 per cent representing 56 per cent of merchant outlets and 75 per cent of merchant volume for Visa in Australia.

Total ANZ Visa cardholder accounts rose by 76.1 per cent and cardholder outstandings rose by just under 200 per cent.

#### **• Tranzaction Card**

Significant growth was recorded in the issue of ANZ Tranzaction (debit) Cards with the number of cards on issue increasing by 58.4 per cent.

#### **Travel**

In a strongly competitive environment ANZ Travel has continued to improve its performance with sales now well in excess of \$100 million.

Increased emphasis has been placed on the quality of customer service through specialised staff training courses and development of electronic based services. As part of a long term strategy further to improve productivity and the range of customer services, an association was established with Australia's largest travel organisation, Jetset Tours.



ANZ was the first Australian bank to provide service station Driveway Card Acceptors in April 1985. This further extends the EFTPOS system and allows customers to buy petrol on a self serve basis 24 hours a day using their plastic card.

# Directors' Review

## Corporate Banking

ANZ has been conscious of the need to review continually its corporate banking services so as to maintain an effective position within Australian financial markets. Efforts made in developing new and varied facilities and capabilities, utilising both Australian domestic and international funding, have been well rewarded.

ANZ together with Daiwa Securities Co Ltd, one of the largest investment banking houses in Japan, and Nippon Life Insurance Company of Japan formed a jointly owned financial institution to provide Japanese sourced capital market and securities facilities to corporations in Australia. ANZ has a 50 per cent interest in the joint venture which will trade as Daiwa-ANZ International and commence operations in December 1985.

ANZ has expanded its activities with many of Australia's major corporate borrowers, particularly in the area of acting as advisor and lead manager in connection with Commercial Paper and domestic Promissory Note services. During the year the Bank was successful in its tender for prime banking relationships with a number of major Australian corporations, government and semi-government bodies.

The Bank continued to provide substantial assistance to the mining and resources sector. Its participation as Lead Manager to finance the \$380 million Amadeus Basin to Darwin gas pipeline, the largest leveraged lease ever undertaken in Australia, is an illustration of this involvement.

The Group is proud that it has a significant relationship with 75 per cent of the top 100 companies in Australia ranked by turnover, and is principal banker to 33 per cent of these companies.

## Finance Company Operations

Loan demand was buoyant throughout the year, resulting in a record level of new business (\$2,009 million), some 25 per cent higher than in 1984.

Growth was achieved in all business writing segments by both Esanda and its wholly owned subsidiary, Finance Corporation of Australia Ltd (FCA). It was particularly noticeable in the property development, leasing, and commercial and business loan areas.

Factoring and business services facilities continued to grow steadily. These facilities are now fully established in Victoria and New South Wales, and were recently extended to Queensland and South Australia. The facilities are of particular benefit to small and medium sized businesses which require a debtor management service or have the need for working capital finance using debtors as collateral security.

Esanda is developing a presence in international factoring for export-import transactions.

The underlying strength of the company during the year was a significant factor in the 21 per cent expansion of the Esanda group's asset base. Demand generated through the investment allowance run-off to 30 June 1985 was a contributing factor.

There was intense competitive pressure generated by finance companies and other intermediaries, arising from deregulation of the financial system. As a result, downward pressure on writing rates was experienced and both Esanda and FCA were unable to recoup fully increases in interest rates on new borrowings. Finer gross lending margins evolved, resulting in restrained growth in profitability after tax.

Income from real estate development activities was \$8.8 million in 1985. The Esanda group continued to expand its investment in this area, achieving \$44 million at year end (1984 \$23 million).

For the second successive year, there was a large reduction in net bad debts — from \$11.1 million in 1984 to \$6.0 million in the current year. This reflected prevailing economic conditions, loan assessment and credit control procedures.

## Investment & Trust Services

The establishment of licensed investment advisors, the launch of an Approved Deposit Fund, the integration of McCaughan Dyson & Co's services and the marketing of the Group's investment and trust subsidiaries as a combined service has provided an additional element of competitiveness and profitability for the Group.

Funds under management now exceed \$4 billion. All activities of the division are off-balance sheet and income is generated from commission earnings as well as fee-based services.

ANZ Group Investment & Trust Services embraces six independent financial services groups:

### • ANZ Managed Investments Ltd

Provides investment management services for pension funds, corporations, individuals, trustees and administrators and manages public retirement funds. It has expanded into the pooled investment, mortgage fund and approved deposit fund sectors of the market during the past year.

### • McCaughan Dyson & Co Ltd

Fifty per cent owned by the Group, this stock and sharebroking company specialises in equities and fixed interest securities, dealings, underwriting and placements of new securities and trading in options and futures contracts.

The Company has recently taken steps to provide a private client stockbroking service to ANZ clients through the Group's Area Branches throughout Australia.

• **ANZ Executors & Trustee Company Ltd**

Provides a full range of executor, trustee and investment services, including will planning and asset management.

In July 1985 the company, through its wholly owned subsidiary ANZ Executors & Trustee Co (South Australia) Ltd, opened its first office in South Australia, complementing its existing operations in Victoria, New South Wales, Queensland, the Australian Capital Territory and the Northern Territory.

• **Australian Fixed Trusts Ltd**

The largest unit trust management group in Australia, AFT offers units in property, equity and cash management trusts.

• **Delfin Investment Services**

This investment management arm of the Group's DFC subsidiary had another successful year and is ranked among the top funds managers in terms of investment performance for pooled funds.

• **ANZ Nominees Ltd**

Acts as nominee and custodian for individuals, partnerships, corporations and companies.

The company has the largest nominee operation in Australia.

• **Licensed Investment Consultants**

Over 70 licensed investment consultants have been placed in most of the Group's Area Branches throughout Australia.

Together with other points of representation provided by the independent operations of Australian Fixed Trusts, ANZ Executors & Trustee Co and McCaughan Dyson, ANZ Group now offers a high level of personalised investment service, meeting the needs of customers seeking a convenient and co-ordinated approach to the management of their financial affairs.

## INTERNATIONAL OPERATIONS

### **World Banking Environment**

The challenges associated with international banking continued during 1985.

The strong recovery of the US economy over the past two years has been a major factor in the improved growth of other nations. Because of the slowdown in US growth in 1985 there is some concern that its recovery may be running out of steam. Coupled with the strength of the US\$ and possible reaction in the US to the high level of imports to that country, a downturn in the US economy would have serious implications for the international community. Recent indications of policy moves towards lower interest rates coupled with recent intervention to



One of ANZ's licensed investment consultants provides a personalised investment service to meet customers needs.

reduce the exchange rate provide optimism that US growth will be maintained at a reasonable and sustainable level in 1986.

US economic growth has been most significant for foreign exchange earnings of developing economies and successful management to date of the LDC debt problem. This is a long term process in which commercial banks and international lending agencies are co-operating with debtor nations in a process designed to facilitate adjustments and to sustain economic growth.

It would be premature to suggest that further financial problems will not occur, but confidence is increasing among leading commercial banks and finance organisations that the international debt problem is manageable, notwithstanding that it is long term in nature.

During the year the A\$ experienced a marked depreciation against all major currencies. This has placed Australian exporting and import competing industries in a more competitive position. It is important that this advantage is not dissipated.

Australian market changes have also required banks to develop further their capabilities. The competitive climate will intensify as newly licensed foreign banks commence operations during the coming year and newly formed merchant banks establish a business base. It is to be hoped that the benefits of a more competitive environment are not accompanied by any diminution of the basic stability and soundness in its financial markets to which Australia is accustomed.

# Directors' Review

## International Banking

The international activities of the Group have again increased their contribution to the Bank's results. To build on this achievement and to place the Bank in a position to better exploit opportunities arising in the market, ANZ has embarked upon a number of challenging commitments.

As part of the strategy to consolidate ANZ's position as Australia's own international bank, the Bank now has established regional administrations in London, New York and Hong Kong to decentralise decision making. Each administration is a focal point for marketing and product co-ordination to enable a sharper focus on specific regional needs.

A new representative office has been established in Bangkok, and a branch of ANZ is to be opened shortly in Frankfurt, West Germany, replacing a long standing representative office.

ANZ decided not to open an additional branch of the Group in Tokyo but to convert the existing Grindlays operation into the ANZ name. This was agreed to by the Japanese Ministry of Finance and operations in the new name will commence in early December 1985 with an established business base resulting from 10 years in the market. This should assist the Group in retaining a strong position in this important financial centre.

The combining of ANZ and Grindlays' operations in both Hong Kong and Singapore is now complete. It is expected that upgrading of the Deposit Taking Company to branch status in Hong Kong, which will enable expanded activities in that region, will be implemented shortly.

Within the United States, the New York operations of Grindlays have been combined successfully with those of ANZ in the Group's Wall Street office. In Canada it is anticipated that ANZ Bank Canada Ltd will replace Grindlays Bank of Canada as the only bank in that country with direct connections to the Australasian market.

The United Kingdom and European activities of both Grindlays and ANZ are in the process of being integrated. The task is complex and wide-ranging, but beneficial results will accrue to the Group in the near future.

With the Group's global spread, communications have become a vital element in service delivery and management control. To meet the Group's communications needs, ANZ is installing a private packet switched network code named 'ANZPAC' which, when completed, will provide reliable and economical voice and data communications facilities between all Group principal offices throughout the world.

Whilst for a variety of reasons the Grindlays name continues to be used in many parts of the world, the



Foreign exchange dealing room in ANZ Group's world headquarters, Melbourne.

Group is moving to common systems and procedures so that from the viewpoint of customers, standards and service will be the same whether they be dealing with Grindlays or ANZ. This will also assist the Group to exchange staff between the two organisations, as is necessary, to ensure that maximum benefit is realised from the combined operations.

## Grindlays Bank p.l.c.

As mentioned previously in this Report, considerable progress has been made during the year in rationalising the Group's operations overseas in those countries where Grindlays' activities overlapped with ANZ's operations.

Progress has been made in integrating the London operations of Grindlays with ANZ's London branch, and senior management of both banks are now located in Minerva House, the new Registered Office of Grindlays Bank. Integration of personnel and administrative services is proceeding well and, although it will take time to implement fully, encouraging progress is being made in rationalising the data processing systems and information technology activities.

The Investment Banking Division has moved, together with Capel-Cure Myers, to new offices in Holborn Viaduct, London. Personnel in these two organisations

are already working well together and, reinforced by further recruitment from outside, preparations are well advanced for the launch in January 1986 of ANZ Merchant Bank Limited which will be the Group's London based merchant bank.

### The Year's Results

The year has again seen mixed trading results for Grindlays' overseas operations. With the increasing liberalisation of the economy, business in India has continued to flourish despite competitive pressures from new banks entering the country.

We see India as an important banking market for us in the years ahead and our substantial presence in that country in the form of 56 branches and nearly 4,000 staff gives us a solid foundation on which to build.

In the Middle East region, depressed conditions arising from uncertainties over oil revenues have had an adverse impact on earnings, but Grindlays looks forward to a more stable year ahead.

In Africa business has progressed steadily despite a year of unsettled conditions in some parts of that continent.

In the United Kingdom, corporate banking business again produced good earnings. However, our shipping finance portfolio had to be reassessed in the light of the continuing depressed conditions in the industry and further provisions were deemed necessary.

Personal banking business in London and Jersey experienced another good year, and in Switzerland private banking and investment management services have been considerably enhanced. The operations of Grindlays' French subsidiary have been reorganised during the year and strengthened to take advantage of new business opportunities.

Revenue from investment banking activities also has shown a welcome growth as the range of products has expanded. Despite the volatility of the foreign exchange markets, earnings from Treasury operations were maintained.

### Merchant Banking Operations

The Group has now established a strong merchant banking operation in Australia after merging the businesses of Australian International Finance Corporation Limited (AIFC), Grindlays Australia Limited, and part of the operations of Delfin-BNY Acceptances Limited.

ANZ previously held a 40 per cent interest in AIFC but during the year purchased the minority shareholdings of the three other shareholders, Bank of Montreal, Irving Trust Company and The Mitsubishi Bank Limited which each held 20 per cent interests.

Similarly, ANZ's wholly owned subsidiary Development Finance Corporation Limited purchased the 40 per cent

interest held by The Bank of New York in the Delfin-BNY Acceptances Limited merchant banking operation.

Together with Grindlays Australia Limited, these businesses now trade under the name of ANZ Capital Markets Corporation Limited, and are providing customers with a full range of merchant banking services with greater emphasis placed on Capital Markets products.

As mentioned elsewhere, we are also developing our merchant banking activities in the United Kingdom under the name of ANZ Merchant Bank Limited.

### GROUP TREASURY

With significant operations in diverse global markets and currencies, ANZ has placed greater emphasis on the role of its Treasury function.

The objective of Treasury is to manage in an integrated manner the Group's global asset profile and liability mix, its exposure to interest rate and currency risks and the Group's international dealing operations. Much has been accomplished in establishing such a function, though to bring together the diverse operations of the Group which comprise the Treasury role will take continuing effort.

The need to manage the ratio of capital to assets in a large multi-currency portfolio is of particular importance as the Group grows internationally.

Initiatives to develop new Treasury services for clients are continuing principally through the capital markets activities of the Group in London, New York and Tokyo as well as new ventures such as Daiwa-ANZ



A traditional setting complements the traditional service offered by Grindlays' St. James's Square Personal Bank, London.

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# Directors' Review

International which will give the Group Yen placement capability in addition to its existing strengths in Australian Dollars, US Dollars, Sterling and Swiss Francs.

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## NEW ZEALAND OPERATIONS

The performance of the 75 per cent owned subsidiary, ANZ Banking Group (New Zealand) Limited continues to be very satisfactory.

Its result was achieved against a background of a rapidly changing banking and financial environment. In December 1984 new Government liquidity management arrangements were established, and foreign exchange controls, which had been in place since 1938, were abolished. Further deregulatory moves included the removal of the statutory reserve assets ratio and, significantly, the floating of the New Zealand dollar in March 1985. These moves followed measures in 1984 to remove institutional credit growth guidelines and interest rate controls.

The Bank agrees with the increasing reliance being placed on market mechanisms to achieve monetary control, and particularly welcomes the liberalisation of the finance sector. Effectively this has meant that trading banks have been free for the first time in many years to compete across all deposit maturities, and to offer a full range of domestic and international financial services.

Government monetary policy has focused on controlling the growth of a primary liquidity base and thus influence the wider monetary aggregates. However, both money supply (M3) and private sector credit have risen strongly in 1985, partly reflecting the increasing share of banks in the financial system. Interest rates have reached very high levels, resulting mainly from the heavy government stock tender programme. However, it also reflects increased competition for deposits and a strong demand for funds for both business and personal use as the economy continued to exhibit steady growth through the first half of 1985.

Bank lending rates increased throughout the year, reflecting the rising deposit costs and strong pressure on margins. By the September 1985 quarter it was evident that the high cost of finance was impacting on both personal and business spending decisions, thus reducing the level of economic activity.

ANZ deposits rose by 23 per cent during the year, while lending increased by 22 per cent.

The wholly owned finance company UDC Group Holdings Limited experienced strong growth in business demand amid a strong competitive environment and made a profit contribution slightly reduced from the previous year.

In November 1984 the Permanent Investment Building Society of Canterbury was purchased by UDC. Subsequently renamed UDC Endeavour Building Society, the acquisition forms part of an initiative by UDC to develop personal sector business.

In July 1985 the Bank acquired 50 per cent of the shareholding of Metropolitan Life Assurance Company of N.Z. Limited.

A successful joint trial by New Zealand banks of electronic funds transfer at the point-of-sale (EFTPOS) was completed. As a result, ANZ has decided to proceed with the development of a permanent EFTPOS service, concentrating initially in Auckland, Wellington and Christchurch.

In response to the increasing internationalisation of the New Zealand economy and increased trade growth, particularly with Australia, the Bank has initiated a number of new products in the foreign exchange area.

A futures market operation was established in early 1985 and has made good initial progress.

The corporate banking area became very competitive during the year with New Zealand companies seeking increasingly diversified funding sources. This has required flexibility in the design of finance packages and increased staff resources to meet customers' needs.

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## PACIFIC ISLANDS & PAPUA NEW GUINEA OPERATIONS

During the year ANZ consolidated its presence in the Pacific Islands through acquisition of the operations of Barclays Bank plc in Fiji and Vanuatu.

Operations in these countries produce satisfactory returns for ANZ and the addition of three branches in Fiji and two branches in Vanuatu have provided the Group with a larger retail banking representation in these countries.

The Regional Administration of the Group's Pacific Island operations in Fiji, Vanuatu and the Solomon Islands is now based in Suva.

In Papua New Guinea the Bank's subsidiary recorded a net operating profit of K485,361 which, before the abnormal credit item, represented an increase of 42.4 per cent on last year's result.

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## COMMUNITY & CORPORATE RELATIONS

### Community Relations

During the year ANZ continued its involvement in sponsorship of community activities including the Arts,

A clip from one of ANZ's new television commercials which tells the story of the Group's international expansion.



conservation, education, sport, health and community welfare.

#### **ANZ Group's 150th Anniversary Turner Abroad Exhibition**

To celebrate the 150th anniversary of the Royal Charter of the Bank of Australasia from which the Group based its beginnings, ANZ sponsored an exhibition of watercolour paintings of the renowned English artist J. M. W. Turner in Melbourne, Brisbane and Sydney. Attendances were almost double those anticipated by exhibition organisers. The exhibition was loaned by the British Museum prior to its permanent relocation in the Tate Gallery in London, and was the last occasion these Turner works will tour outside England.

#### **Bank Museum**

Also to commemorate the Group's 150th anniversary, the ANZ Banking Museum and archive was established in Melbourne. This is the first banking museum of its kind to be developed by a bank in Australia. The museum is open to the public and its first exhibition displays documents and artifacts depicting the growth of ANZ since its beginnings in 1835. From early 1986, exhibition themes will be changed periodically.

#### **ANZ Official History**

To further commemorate ANZ's 150th anniversary, a major book entitled "ANZ Bank — An official history" was published. Written by Melbourne historian David Merrett, information was drawn from the Group archives and from interviews with past and present Bank Directors and officers. The history covers the period of the Group's strategic growth and acquisitions from the 1930s through to 1984, prior to the Grindlays acquisition. The publishers, Allen & Unwin, have made the book available through bookstores around Australia.

#### **ANZ Youth Sport Scholarship**

In November 1985, the Bank launched the ANZ Youth Sport Scholarship which will provide promising young sportspeople with the opportunity for specialised assistance or coaching. Its objective is to aid the development of future sporting champions with the advice and experience of past and present champions.

Development of Australia's future sporting potential is a long term project to which ANZ is committed for three years, providing a total of 36 scholarships during this period.

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# Directors' Review

Part of 'The ANZ Corporate Collection', a range of fashion co-ordinates designed by Miss Maggie Tabberer (centre) and The Clothing Company in response to staff requests.





### Arts Sponsorship

Prior to the end of the Group's 150th year, two major sponsorships are planned. One is associated with the Australian Opera's production of "Voss", a new opera set in 19th century Australia which relates the story of a relationship between an early explorer and a young orphan. The opera is based on the successful novel by Nobel Prize winning author Patrick White. "Voss" will open at the Adelaide Festival in March 1986.

The Nederlands Dans Theater which is being sponsored by ANZ will also open at the Adelaide Festival as well as appearances in other States. The Nederlands Dans Theater is renowned as a leading international contemporary dance company, and this sponsorship reflects ANZ's progressive image as a truly international bank.

### Advertising

ANZ Bank advertising activity was maintained during the year and concentrated mainly on product promotion. However, in October 1985 a corporate image campaign was launched on Australian television with the theme 'Australian by name. Competitive by nature.'

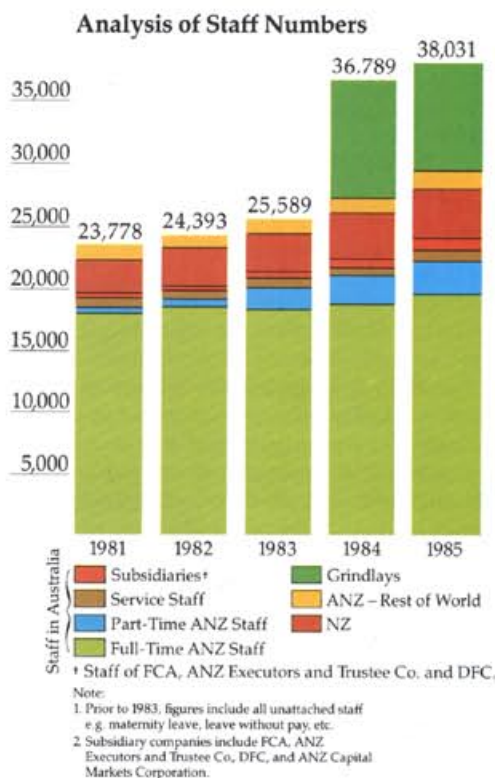
## STAFF

The rapidly changing banking and financial environment in Australia and the increasingly diverse and complex nature of the Group's operations have placed extra pressures and demands on all staff over the past year. The Group's performance during a difficult year can be attributed to the effort and abilities of staff and the Board gratefully acknowledges the contribution made by all employees.

The Group has continued its policy of being one of the largest private sector recruiters of tertiary educated people, reflecting the professionalism of the Group's services. There are now in excess of 2,000 full-time staff in the Bank in Australia (10.2 per cent) who hold either a university degree or other relevant tertiary qualifications. In addition, there are currently approximately 1,150 career staff enrolled in tertiary education courses.

The professionalism and skill level of our staff has received a substantial boost, particularly in the area of global banking, following the acquisition of Grindlays Bank. Through selective interchange of staff we will be able to capitalise on these benefits and provide greater career opportunities for our new colleagues.

In its endeavours to attract the highest calibre staff and ensure that ANZ Group staff are qualified, professional and well-trained, the policy of the Group is to treat people according to their skills, aptitudes, qualifications, attitudes and experience without regard to factors such as sex, race, or religion. The Group is an equal opportunity employer and was a participant in the Australian Government Affirmative Action pilot programme which



concluded in July 1985. The term of this pilot programme was too short for significant statistical results to be apparent, but an ongoing plan is in place to ensure that the Group fully utilises the skills of its female staff.

Occupational health and safety programmes involving joint staff/management committees were formed during the year to ensure that environmental factors in the workplace were given necessary attention.

At 30 September 1985, Group staff worldwide totalled 38,031 which represents an increase of almost 3.4 per cent on the previous year. A total of 14,045 staff are employed outside Australia. Within Australia, including all subsidiaries, staff totalled 23,986 (22,564 in 1984) of which 20,429 are full-time, 2,828 are part-time and 729 are service staff.

Personnel costs amounted to \$770 million or 54 per cent of total operating costs, excluding interest paid. Salary and other remuneration accounted for 79 per cent of these costs. The fringe benefits tax recently announced by the Australian Government is initially assessed to add costs of approximately \$10 million to the Group.

Included in the remuneration expenditure is provision for the distribution of \$13.7 million under the staff profit sharing scheme. Last year this scheme rewarded staff with a total of \$17.3 million compared with \$10.4 million in 1983 and \$9.6 million in 1982.

# Directors' Review

During the year, staff purchased a further 441,005 shares under the employee share purchase scheme, bringing the total to 3,559,777 shares. At present 31.3 per cent of eligible staff (those with five or more years' service) are shareholders under this scheme.

In addition, 3,203,000 partly paid shares have been issued to date under a separate purchase plan for senior staff.

## Staff Attire

During the year, and in response to staff requests, leading Australian fashion designer Miss Maggie Tabberer and The Clothing Company were commissioned to design and produce a staff wardrobe. Known as 'The ANZ Corporate Collection', the winter range of fashion co-ordinates for women and men was launched in October and received widespread staff and public acclamation. Although not compulsory, over 50 per cent of Australian branch staff purchased the collection, and the Bank believes that this high voluntary acceptance will further increase when the next summer range is announced shortly. The new attire will greatly assist the overall image of ANZ as a professional and service orientated Australian bank.

## SENIOR MANAGEMENT CHANGES

Following the resignation of Mr R. F. B. Logan as Chief Executive of Grindlays Bank p.l.c., a reassessment of structure and needs was undertaken. As a consequence, Mr B. B. Dickinson was appointed as Senior General Manager, ANZ Bank and Managing Director, Grindlays Bank, based in London.

Mr D. T. Craig, who was transferred to Grindlays Bank as Executive Director in October 1984, returned to Melbourne following Mr Dickinson's appointment. He was appointed General Manager — Finance.

Mr R. C. Tuxford was appointed as General Manager — New South Wales following Mr Dickinson's appointment to London.

During the year, Mr B. J. Jackson joined the Group as General Manager — Organisation & Personnel Services.

In March 1985, Mr J. R. McConnell was appointed as Assistant General Manager and State Manager, Victoria following the retirement of Mr R. W. J. Horne. The Company acknowledges Mr Horne's valuable contribution during his 44 years of dedicated service.



Mr. W. J. Bailey, Group Managing Director and Chief Executive Officer (right) and Mr. R. A. D. Nicolson, Group Deputy Managing Director.

Group Managing Director  
and Chief Executive Officer

Group Deputy Managing Director

# Principal Establishments

## ANZ Bank

### Victoria

287 Collins St., Melbourne  
Assistant General Manager and State  
Manager: J. R. McConnell  
Telex: TORANZ Melbourne  
Principal Share Register  
55 Collins St Melbourne

### New South Wales

\*20 Martin Place, Sydney  
General Manager: R. C. Tuxford  
Assistant General Manager and State  
Manager Corporate Banking:  
R. N. Fenton  
State Managers Domestic Banking:  
W. B. Riedel, G. R. Mason  
Telex: ANZBANK Sydney

### Queensland

\*324 Queen St., Brisbane  
State Manager: B. J. Dawson  
Telex: ANZBANK Brisbane

### South Australia

\*13 Grenfell St., Adelaide  
State Manager: C. R. Pleydell  
Telex: ANZBANK Adelaide

### Western Australia

\*84 St George's Terrace, Perth  
State Manager: A. K. R. Watson  
Telex: ANZBANK Perth

### Tasmania

86 Collins St., Hobart  
State Manager: J. D. Tyquin  
Telex: ANZBANK Hobart  
Share Register: \*40 Elizabeth St.,  
Hobart

### Australian Capital Territory

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

### Northern Territory

43 Smith St., Darwin  
Manager: R. Ellard

### New Zealand

ANZ Banking Group (New Zealand)  
Limited  
\*215-229 Lambton Quay, Wellington  
Managing Director: P. G. Gilbert  
Telex: TORANZ Wellington

### Papua New Guinea

Australia & New Zealand Banking  
Group (PNG) Limited  
Investmen Haus  
Douglas Street, Port Moresby  
International Telex: 23216  
Chief Manager: A. D. Vale  
\*Offices at which share register maintained

## Europe, Middle East, Africa and South Asia Administration

B. B. Dickinson  
– Senior General Manager, Australia  
and New Zealand Banking Group  
Limited

– Managing Director, Grindlays  
Bank p.l.c.

A. Dayal  
– Executive Director Banking,  
Grindlays Bank p.l.c.

R. Isherwood  
– General Manager – UK, Australia  
and New Zealand Banking Group  
Limited

– Executive Director, Grindlays  
Bank p.l.c.

D. B. Valentine  
– Executive Director – Europe,  
Grindlays Bank p.l.c.

Minerva House,  
PO Box 7,  
Montague Close,  
London SE1 9DH  
Telex: 885043-6  
Share Register  
6 Greencoat Place, London

### United Kingdom

Australia and New Zealand Banking  
Group Limited  
Grindlays Bank plc

55 Gracechurch Street,  
London EC3V OBN  
Telex: 8812741

Minerva House,  
PO Box 7,  
Montague Close,  
London SE1 9DH  
Telex: 885043-6

Grindlays Bank plc  
Personal Bank,  
13 St. James's Square,  
London SW1Y 4LF  
Telex: 885043-6

ANZ Merchant Bank Limited,  
65 Holborn Viaduct,  
London EC1A 2EU  
Telex: 888981  
D. Poole – Chief Executive  
(As from 1 January 1986)

Capel-Cure Myers,  
65 Holborn Viaduct,  
London EC1A 2EU  
Telex: 886653

William Brandts (Timber) Limited,  
PO Box No. 63,  
10 Charterhouse Square,  
London EC1P 1AS  
Telex: 28458

Grindlays Humberclyde Limited,  
United House,  
Piccadilly,  
York YO1 1PQ

Grindlays Industrial Finance  
Limited,  
Betchworth House,  
57-65 Station Road,  
Redhill, Surrey RH1 1DL

### Austria

Grindlay Brandts GmbH,  
Seilerstaette 13, Vienna 1010,  
Telex: 12622 HAGER A

### Bahrain

Grindlays Bank p.l.c.  
Grindlays International Limited  
Offshore Banking Units,  
PO Box 5793/20324  
Bahrain  
Telex: 9254 GILBAHBN  
8723 GRINOUBUN

Grindlays Bahrain Bank BSC (c)  
PO Box 793,  
Manama Centre,  
Government Road,  
Bahrain  
Telex: 8335 GRNDLY BN

## ANZ Group World Wide Distribution

	Points of Representation	Staff Numbers
Australia	1,239	23,986
New Zealand	218	3,878
North America	9	207
South Asia	67	4,455
Pacific Islands	23	660
South East Asia	8	298
United Kingdom	6	1,291
Europe	20	707
Middle East	43	1,510
Africa	24	1,039
Totals	1,657	38,031

# Principal Establishments

## **Bangladesh**

Grindlays Bank p.l.c.  
PO Box 502,  
No. 2 Dilkusha Commercial Area,  
Dhaka 2  
Telex: 64 2841/642597 GBLD BJ

## **Channel Islands**

Australia and New Zealand Banking  
Group (Channel Islands) Limited  
St Julian's Court, St Julian's Avenue,  
St Peter Port Guernsey  
International Telex: 419 1663

Grindlays Bank (Jersey) Limited,  
PO Box 80  
West House, West's Centre  
Peter Street, St. Helier  
Telex: 4192062 GRNDLY G

## **France**

Grindlays Bank S.A.  
96 av. Raymond Poincare  
75116 Paris  
Telex: 614193 GRIRP

## **Federal Republic of Germany**

Australia and New Zealand Banking  
Group Limited  
Grindlays Bank plc,  
Representative Office,  
Mainzer Landstr. 46,  
D-6000 Frankfurt/Main 1  
Telex: 4185126 ANZBD

## **Ghana**

Merchant Bank (Ghana) Limited  
PO Box 401, Swanmill,  
Kwame Nkrumah Avenue, Accra  
Telex: 2191 MERBAN GH

## **Greece**

Grindlays Bank p.l.c.  
7 Merlin Street  
GR-10671 Athens  
Telex: 214651 GRIN GR

## **India**

Grindlays Bank p.l.c.,  
PO Box 725, 90 Mahatma Gandhi  
Road,  
Bombay 400 023  
Telex: 011-4792 RDSA IN

## **Western India**

PO Box 1175, 90 Mahatma Gandhi  
Road,  
Bombay 400 023  
Telex: 011-2240 GBBY IN

## **Eastern India,**

PO Box 2781, 19 Netaji Subhas Road,  
Calcutta 700 001  
Telex: 021 7341 GBCL IN

## **Northern India,**

PO Box 624,  
'H' Block, Connaught Circus,  
New Delhi 110 001  
Telex: 031-2228 GBND IN

## **Southern India,**

PO Box 297, 19 Rajaji Salai,  
Madras 600 001  
Telex: 041-212 GBMS IN

## **Iran**

Australia and New Zealand  
Banking Group Limited  
Grindlays Bank p.l.c.,  
Baharan Street,  
No. 8, 2nd Floor,  
Tehran 15149, Iran  
Telex: 213948 GRIN IR

## **Jordan**

Grindlays Bank p.l.c.  
General Manager's Office,  
PO Box 9997,  
Shmeissani, Amman  
Telex: 21980 MNERVA JO

## **Kenya**

Grindlays Bank International  
(Kenya) Limited  
PO Box 30113, Kenyatta Avenue,  
Nairobi  
Telex: 22397 GRINDLAY

## **Monaco**

Grindlays Bank S.A.  
24, Avenue de Fontvielle, Monaco,  
Telex: 479419 MC GRINMO

## **Nigeria**

Grindlays Merchant Bank of Nigeria  
Limited  
PO Box 54746, Falomo Ikoyi, 25  
Boyle Street  
Lagos  
Telex: 23216 GRIMBK NG

## **Oman**

Grindlays Bank p.l.c.  
PO Box 3550 Ruwi  
Telex: 3393/3219 GRNDLY ON

## **Pakistan**

Grindlays Bank p.l.c.  
11 Chundrigar Road Karachi 2  
Telex: 2755 GB PK

## **Qatar**

Grindlays Bank p.l.c.  
PO Box 2001, Rayyan Road Doha  
Telex: 4637 GMQATA DH

## **Spain**

Grindlays Bank p.l.c.  
Alcala 32-4a Planta, 28014 Madrid  
Telex: 46363 GRNDE

## **Sri Lanka**

Grindlays Bank p.l.c.  
PO Box 112, 37 York Street  
Colombo 1  
Telex: 21130/21521 GRNDLAY CE

## **Switzerland**

Grindlays Bank p.l.c.  
Case Postale 875, 7 Quai du Mont  
Blanc,  
CH-1211 Geneve 1  
Telex: 22730 GRIN CH

Grindlays Bank p.l.c. branch/  
Australia and New Zealand Banking  
Group Ltd  
Representative Office  
Giesshubelstrasse 45,  
Postfach CH-8045 Zurich  
Telex: 813571 GBZ

## **Uganda**

Grindlays Bank (Uganda) Limited  
PO Box 7131, 45 Kampala Road  
Kampala  
Telex: 61018 GRINDLAY  
Grindlays Bank International  
(Uganda) Limited  
PO Box 485, 15 Jinja Road Kampala  
Telex: 61226 GRINDIT

## **United Arab Emirates**

Grindlays Bank p.l.c.  
PO Box 241, Abu Dhabi  
Telex: 22734 MINERV EM

## **Zaire**

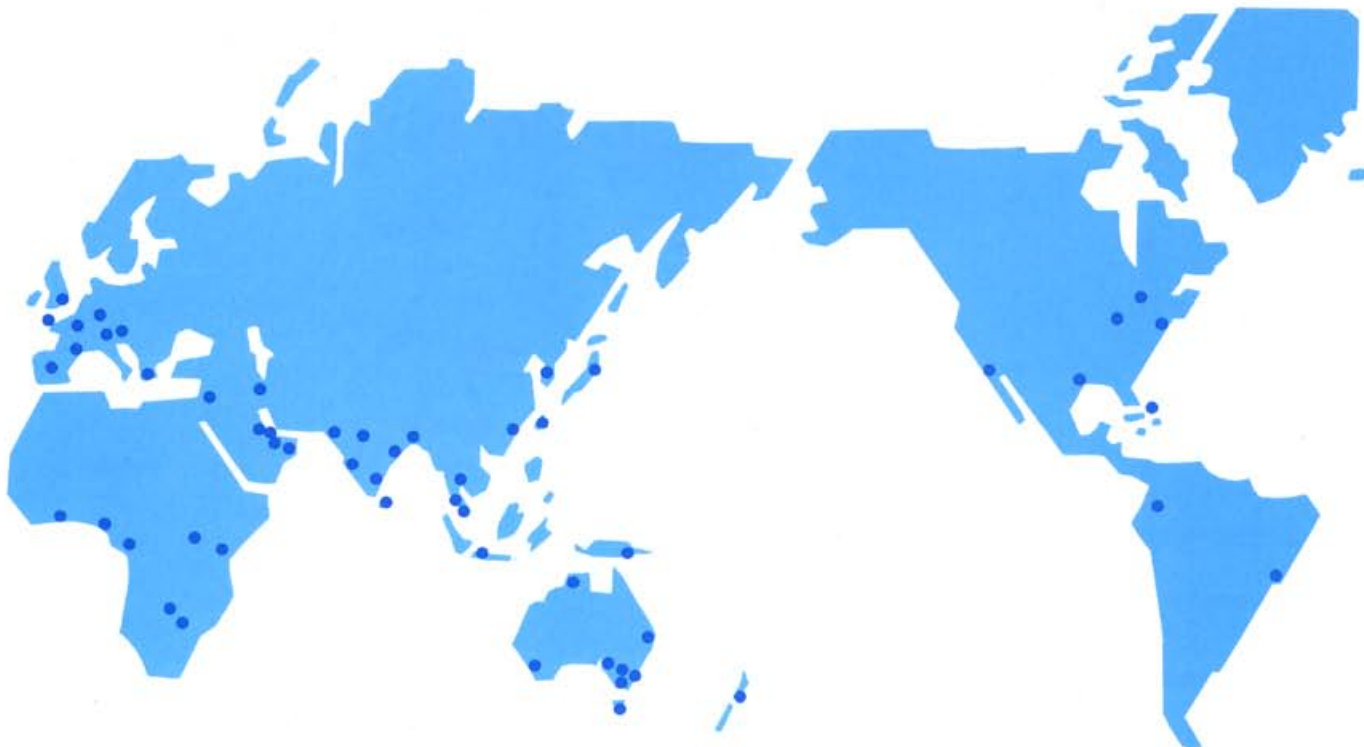
Grindlays Bank (Zaire) S.Z.A.R.L.  
Galeries Presidentielles, Place du  
27 Octobre  
B P 16.297, Kinshasa 1  
Telex: 21413 BGI-KIN-ZR

## **Zambia**

Grindlays Bank International  
(Zambia) Limited,  
PO Box 31955, Woodgate House  
Cairo Road, Lusaka,  
Telex: 42461 GRNDLY ZA

## **Zimbabwe**

Grindlays Bank p.l.c.  
PO Box 300, First Floor, Ottoman  
House  
59 Samora Machel Avenue, Harare,  
Telex: 4361/4739 GBLZW



**North American Administration**

Executive Vice President – Americas  
R C Thomas  
120 Wall Street, New York  
NY 10005 USA  
Telex 667 – 559

**New York**

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NY 10005 USA  
Telex: 667559

**Los Angeles**

Suite 4350, 707 Wilshire Boulevard,  
Los Angeles, California 90017 USA  
Telex: 4720773

**Chicago**

39th floor, 30 North La Salle St  
Suite 3910, Chicago, Illinois 60602  
Telex: 4330119

**Houston**

Suite 3850 First City Tower  
1001 Fannin, Houston, Texas 77002  
USA  
Telex: 234620386

**Bahamas**

Grindlays Bank p.l.c.  
PO Box N7788, Nassau

**Brazil**

Grindlays Bank p.l.c.  
Av Nilo Pecanha, 50 grupo 418  
20.044 Rio De Janeiro – RJ.

**Canada**

ANZ Bank Canada  
18th Floor, North Tower  
Royal Bank Plaza MJ5 2J3  
Ontario, Toronto  
Telex: 06/217530  
(As from 1st February 1986)

**Colombia**

Representative of Grindlay Brandts  
Limited  
Edificio Asociados Ltda,  
Carrera 7 No 26 20, Piso 27, Bogota  
Telex: 43326 CAMC CO

**Pacific Basin Administration**

Regional General Manager – Pacific  
Basin  
PD Hand  
27th Floor One Exchange Square  
8 Connaught Place Central  
Hong Kong  
Telex: 80286019  
Telephone: 5-215511  
Hong Kong

ANZ Finance (Far East) Limited  
Grindlays Asia Limited  
27th Floor One Exchange Square  
8 Connaught Place Central  
Hong Kong

**Indonesia**

Australia and New Zealand  
Banking Group Ltd  
Grindlays Bank plc  
12 A Floor, Wisma Kosgoro  
Jalan M H Thamrin, 53 Jakarta  
10350  
Telex: 44656

**Japan**

8th Floor  
Yanmar Tokyo Building  
1-1 Yaesu 2 Chome  
Chuo-ku  
Tokyo 104  
Telex: J24157

ANZ Merchant Bank Ltd  
Room 1109, New Yurakucho  
Building,  
12-1 Yurakucho 1 Chome  
Chiyeda-Ku,  
Tokyo 100  
Telex: 26268

**Korea**

Grindlays Bank p.l.c.  
C.P.O. Box 9051  
Suite 936/7, Daewoo Center,  
541, 5-ka, Namdaemun-Ro,  
Chung-ku, Seoul.  
Telex: K27338 GRINDLY

**Malaysia**

Australia and New Zealand Banking  
Group Ltd  
Grindlays Bank p.l.c.,  
P.O. Box 5,  
8th Floor, Bangunan Hongkong  
Bank,  
2, Leboh Ampang, Kuala Lumpur  
01-19.  
Telex: 31054 GRINDLY MA

**Singapore**

10 Collyer Quay  
No 17 02/05  
Ocean Building, Singapore 0104

**Taiwan**

Grindlays Bank p.l.c.  
2nd Floor, Shin Kong Building  
123 Nanking East Road, Section 2,  
Taipei  
Telex: 11894/28584

**Thailand**

Grindlays Bank p.l.c.  
Unit P 2 B  
17th Floor  
Sathorn Thani Building  
North Sathorn Road  
Bangkok 10120  
Thailand  
Telex: 21583

**Pacific Islands Administration**

Chief Manager – Pacific Islands  
W. G. Barnes  
66-69 Victoria Parade, Suva, Fiji  
Telex 72194

# Five Year Statistical Summary

For the year to 30 September	Amounts in \$ millions				
	1981	1982	1983	1984	1985
Group gross income	2,027.0	2,749.1	2,979.6	3,275.9	5,855.5
Group operating profit	175.4	180.5	197.9	269.0	320.2†
Including					
— Australian Trading Bank	78.3	71.5	83.3	129.4	144.5
— Australian Savings Bank	27.8	28.5	29.1	38.3	41.3
— New Zealand Group (excluding minority interests)	16.1	20.6	25.2	26.0	44.9
— Esanda FCA Group	46.7	51.4	52.7	52.3	52.8
— Grindlays Group	—	—	—	—	11.7
— Development Finance Corporation	—	—	—	16.0*	8.7
Group operating profit and extraordinary items	204.6	187.8	197.8	122.2	330.1†
Dividends	53.5	58.5	63.1	86.2	103.7
Number of times dividend covered by profits	3.3	3.1	3.1	3.1	3.1
Return on average shareholders' funds	20.5%	18.1%	17.5%	17.7%	16.2%

## Per fully-paid share

Dividends — declared rate	28.0¢	28.0¢	28.0¢	30.0¢	31.0¢
Earnings (adjusted for bonus issues)	69.5¢	71.3¢	78.0¢	80.8¢	95.4¢
Net assets	\$5.34	\$5.08	\$5.70	\$5.89	\$6.43
Net assets (adjusted for bonus issues)	\$3.68	\$4.20	\$4.71	\$5.35	\$6.43
Share issues to shareholders	1 for 4	1 for 5	—	1 for 10	1 for 10
	bonus	bonus		bonus	bonus
				1 for 4	
				at \$3.70	

## Year end

Paid-up capital	173.7	209.1	209.7	302.9	336.0
Shareholders' funds	928.2	1,062.8	1,194.9	1,780.9	2,159.5
Total assets	16,763.4	20,729.0	22,726.4	35,854.7	42,782.1
Ratio of shareholders' funds including minorities to total assets	5.6%	5.2%	5.4%	5.1%	5.2%
Total deposits	9,822.0	11,514.7	12,418.9	19,632.4	25,079.3
Trading Bank deposits	6,190.8	7,323.1	7,498.2	8,759.5	11,660.3
Trading Bank advances, loans etc.	5,283.1	7,019.5	7,282.7	8,485.0	10,903.8
Australian Savings Bank deposits	2,334.6	2,474.7	3,305.1	3,715.8	3,789.3
Esanda FCA Group total assets	2,423.0	2,689.4	2,558.5	2,941.0	3,539.9
Number of shareholders	37,462	40,452	41,551	48,779	51,192
Number of employees	23,778	24,393	25,991	36,789	38,031
Points of representation	1,392	1,414	1,439	1,649	

\* 15 months profit.

† Includes abnormal credit item of \$18.0 million resulting from change in provision for doubtful debts policy (refer note 1(e)).

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# Financial Statements

*For the year ended 30 September 1985*

Australia and New Zealand Banking Group Limited

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## Statutory Directors' Report

The following information is provided in conformity with Section 270 of the Companies (Victoria) Code.

### Directors

The Board includes two Directors with executive responsibilities within ANZ Group who have extensive banking experience. The twelve non-executive Directors have a diversity of community and business experience.

Set out on pages 6 and 7 are statements which provide particulars of the qualifications, broad experience and special responsibilities of each Director.

### Activities

The principal activities of the companies in the Group during the year were trading and savings banking, hire purchase and general finance, property development, mortgage and instalment lending, leasing, international and investment banking, investment and portfolio management and advisory services, nominee and custodian services, travel services, and executor and trustee services.

At 30 September, 1985 the Company and its subsidiaries had 1,657 points of representation, as set out on page 25.

### Profit

Consolidated profit after tax including abnormal credit item and extraordinary items for the year was \$330.108 million. More details are contained in the directors' review on page 12.

### Dividends

The directors propose payment of a final dividend of 16 cents per share, amounting to \$53.720 million to be paid on 30 January, 1986 and this will be recommended at the annual general meeting.

Since the end of the previous year a final dividend of 15 cents per share amounting to \$49.968 million was paid on 25 February, 1985 and an interim dividend of 15 cents per share amounting to \$50.013 million was paid on 1 July 1985.

The final dividend paid on 25 February 1985 was detailed in the directors' report dated 3 December 1984. Neither the interim dividend paid on 1 July 1985 nor the current dividend recommendation have been mentioned in previous directors' reports.

### Review of Operations

A review of the operations of the Group during the financial year and the results of those operations is contained in the directors' review on pages 12 to 24.

### State of Affairs

There was no significant change in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report, the directors' review or in the Group accounts.

### Events Since The End of the Financial Year

No item, transaction or event of a material and unusual nature has arisen since 30 September 1985 and the date of this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

### Future Developments

Likely developments in the operations of the Group in subsequent financial years are contained in the directors' review.

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

### Shareholdings

The directors' shareholding interests, beneficial and non-beneficial, in the share capital of the Company and related corporations are detailed on page 60.

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

### Directors' Interests in Contracts

Since 1 January, 1984 no director has declared any interest in a contract or proposed contract with the Company in accordance with Section 228(1) of the Companies (Victoria) Code. The following Directors have declared pursuant to Section 228(4) of the Code that they are to be regarded as interested in any contract that may be made with the Company by virtue of their directorships or memberships of the companies and organisations listed:—

#### Sir William Vines

Australia and New Zealand Banking Group Limited (Group)  
Dalgety Australia Holdings Limited (Group)  
Dalgety Farmers Limited  
Tubemakers of Australia Limited  
Vines Holdings Pty. Limited

#### Mr. W. J. Bailey

Australia and New Zealand Banking Group Limited (Group)  
Dalgety Farmers Limited  
Enterprise Australia Limited

#### Mr. M. D. Bridgland

ICI Australia Limited  
Jennings Industries Limited (Group)

#### Mr. J. C. Dahlsen

Advertiser Newspapers Limited  
Barclay Investments Pty. Ltd.  
C & C Services Pty. Limited  
Corbun Nominees Pty. Limited  
Corrs Pavey Whiting & Byrne  
Dahlsen Properties Pty. Limited  
Herald Development Limited (Group)  
J. C. Dahlsen (Acceptance) Pty. Limited  
J. C. Dahlsen Pty. Limited (Group)  
J. C. Dahlsen (Investment) Pty. Limited  
KTD (Nominees) Pty. Limited  
LaTrobe Custodians Pty. Limited  
Techcom Australia Pty. Ltd.  
The Devilbend Quarry Trust Fund  
The J. C. Dahlsen Trust Fund  
The Herald and Weekly Times Limited  
The Myer Investments Pty. Ltd.  
Queensland Press Limited (Group)  
350 William Street Pty. Limited  
Yaminga Pty. Limited



# Statutory Directors' Report

## **Mr. D. C. L. Gibbs**

Australia and New Zealand Banking Group Limited (Group)  
C. T. Bowring Reinsurance Australia Pty. Ltd.  
Djefah Pty. Ltd.  
Folkestone Ltd. (Group)  
Hollstone Pty. Ltd.  
John Swire & Sons Pty. Ltd.  
Marsh & McLennan Pty. Ltd. (Group)  
Parbury Henty Holdings Ltd. (Group)  
Redfurn Pty. Ltd.  
Toolang Pty. Ltd.  
Victoria State Opera Co. Ltd.

## **Mr. C. J. Harper**

Australia and New Zealand Banking Group Limited (Group)  
Comsteel Vickers Limited (Group)  
Dulux Australia Limited  
Hillview Quarries Pty. Limited  
Humes Limited (Group)  
Hyster Australia Pty. Ltd. (Group)  
IBM Australia Limited  
Legal and General Assurance Holdings (Australia) Limited (Group)  
North Broken Hill Holdings Limited (Group)  
Vickers Holdings Limited (Group)  
Wiggins Teape Pty. Ltd.

## **Mr. W. J. Holcroft**

Australian Wool Corporation  
Caltex Australia Limited  
Camplin Broadcasters Pty. Limited (Group)  
Gelnethy Pty. Ltd.  
Investment Engineering Ltd.  
Nucleus Limited  
The Commonwealth Industrial Gases Limited

## **Professor Dame Leonie Kramer**

Educational Standards Pty. Ltd.  
Western Mining Corporation Holdings Limited (Group)

## **Sir James McNeill**

A. T. & T. International Asian Pacific Advisory Council  
Australia and New Zealand Banking Group Limited (Group)  
Jauda Nominees Pty. Ltd.  
Morgan Guaranty Trust Company of New York International Council  
Tubemakers of Australia Limited

## **Sir Laurence Muir**

ACI International Limited (Group)  
ACI Superannuation Fund Pty. Ltd.  
Alcoa of Australia Limited  
Alcoa Superannuation Fund Pty. Ltd.  
Australia and New Zealand Banking Group Limited (Group)  
Australia Biomedical Corporation Limited  
Canberra Development Board  
Cooltech Ltd.

CRA Superannuation Fund Investment Committee  
General Motors Australia Advisory Council  
Hiteck Ltd.  
L'Air Liquide World Advisory Board  
Liquid Air Australia Limited  
Melbourne F.M. Radio Pty. Ltd.  
National Commercial Union Limited  
Parliament House Construction Authority  
Sarich Technologies Trust  
The Herald and Weekly Times Limited  
Wormald International Limited

## **Mr. R. A. D. Nicolson**

Australia and New Zealand Banking Group Limited (Group)

## **Mr. L. M. Papps**

Answer Services Holdings Limited  
Australia and New Zealand Banking Group Limited (Group)  
Asea Electric (NZ) Limited  
Asea Tolley Electric Company Limited  
Atlas Copco (NZ) Limited  
Bell Gully Buddle Weir  
Bonds (NZ) Limited  
Ciba-Geigy New Zealand Limited  
Codelfa-Cogefax (NZ) Limited  
Codelfa Construction Limited  
Commercial Union General Insurance Co. Limited  
Emco Group Limited  
Hercules Finance Limited  
Lentheric Morny Cyclax Limited  
Meadowsfreight New Zealand Limited  
Metropolitan Life Insurance Company of NZ Limited  
New Zealand Forest Products Limited  
N.Z. Window Glass Limited  
P. C. Henderson (NZ) Limited  
S.K.F. (New Zealand) Limited  
Standard Optical Company of Australasia Limited  
Steel and Tube Holdings Limited  
UEB Industries Limited

## **Mr. A. J. O. Ritchie**

Australia and New Zealand Banking Group Limited (Group)  
Ottoman Bank London Committee  
Union Discount Co. of London p.l.c.

## **Dr. B. W. Scott**

ACI International Limited (Group)  
Australia and New Zealand Banking Group Limited (Group)  
Australian Trade Commission Interim Board  
Coopers & Lybrand W. D. Scott  
Crows Nest Printing Pty. Ltd.  
Imagineering Technology Ltd.  
James N. Kirby Foundation Limited  
Jon & Associates Pty. Ltd. (Group)  
Management Frontiers Pty. Ltd.  
Trade Development Council  
W. D. Scott International Development Consultants Pty. Ltd.

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## Statutory Directors' Report

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### Share Options

No company in the Group has granted to a person any options to have issued to that person shares in any company in the Group.

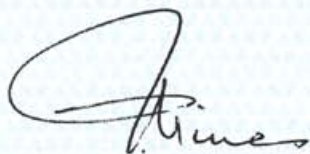
### Directors' Benefits

No director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received, or due and receivable by directors shown in the group accounts or the fixed salaries of directors who are full-time employees of the company or its subsidiaries), by reason of a contract made by the Company, or a related corporation, with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest with the exception of (i) retirement benefits pursuant to agreements of the type referred to in Article 79 (b) which have been entered into since the end of the previous financial year between the Company and Mr. J. C. Dahlsen and Dr. B. W. Scott, and (ii) benefits that may be deemed to have arisen because of legal fees paid to Corrs Pavey Whiting and Byrne of which Mr. J. C. Dahlsen is a partner, and to Blake and Riggall, in which Mr. G. M. Niall, who retired as a director on 19 March, 1985, was a partner until 30 June, 1984 and is now a consultant, and to Bell Gully Buddle Weir, in which Mr. L. M. Papps is a partner and insurance business placed through Marsh & McLennan Pty Limited, of which Mr. D. C. L. Gibbs is a director and (iii) benefits that may arise pursuant to agreements relating to the preservation of retirement benefits which have been entered into since the end of the previous financial year between each of the executive directors and the Company.

### Accounts

In accordance with section 271 of the Companies (Victoria) Code and regulation 58 of the Companies Regulations, all amounts shown in this report and the accompanying accounts have been rounded off to the nearest thousand dollars unless otherwise specifically stated.

Signed at Melbourne for and on behalf of the board of directors in accordance with a resolution of the directors this 2nd day of December, 1985.



Chairman



Group Managing Director

**Profit and loss statement** for the year ended 30 September 1985

<b>Holding Company</b>			Note	<b>Consolidated</b>	
1984 \$'000	1985 \$'000			1985 \$'000	1984 \$'000
2,144,719	2,637,064	Gross Income — Discount and interest earned, net exchange, commission and other items	3	5,855,527	3,275,936
1,807,775	2,329,272	Less: Expenses of management and interest paid	3	5,248,454	2,765,729
336,944	307,792	Operating profit before income tax	3	607,073	510,207
109,037	102,643	Less: Income tax expense		270,952	230,193
227,907	205,149	Operating profit after tax		336,121	280,014
—	—	Less: Interests of minority shareholders		15,919	10,977
227,907	205,149	<b>Operating profit including abnormal item —</b> applicable to shareholders of Australia and New Zealand Banking Group Limited	3	320,202	269,037
(149,898)	(22,260)	Extraordinary items	2	9,937	(146,834)
—	—	Plus (Less) Interests of minority shareholders in extraordinary items		(31)	(53)
78,009	182,889	<b>Operating profit and extraordinary items —</b> applicable to shareholders of Australia and New Zealand Banking Group Limited		330,108	122,150
73,720	65,552	Retained profits at beginning of year. (After adjustment of exchange rate fluctuations 1985 \$3,910 (1984 (\$2,183))		255,979	236,740
151,729	248,441	Total available for appropriation		586,087	358,890
		Less: Appropriations:			
		Transfers to/(from) reserves	6		
—	35,000	— General		55,259	18,082
—	(20,598)	— Asset revaluation		(1,495)	—
—	—	— Capital		1,937	2,562
36,209	50,013	Dividends — interim		50,013	36,209
49,968	53,720	— proposed final		53,720	49,968
65,552	130,306	<b>Retained profits at end of year</b>		426,653	252,069

Note: If the changed provision for doubtful debts policy referred to in note 1(e) had applied in 1984, operating profit for that year would have been \$14.7 million higher for both the Holding Company and Consolidated.

**Balance Sheet** as at 30 September 1985

Holding Company		Note	Consolidated	
1984 \$'000	1985 \$'000		1985 \$'000	1984 \$'000
<b>Authorised capital:</b>				
350,000	450,000	450,000,000 ordinary shares at \$1 each	450,000	350,000
<b>Shareholders' funds</b>				
302,858	336,038	Issued and paid up capital	336,038	302,858
642,079	992,256	Reserves	1,396,768	1,225,946
65,552	130,306	Retained profits	426,653	252,069
1,010,489	1,458,600	<b>Share capital and reserves applicable to shareholders of Australia and New Zealand Banking Group Limited</b>	2,159,459	1,780,873
—	—	<b>Minority shareholders' interest in subsidiary companies</b>	55,057	37,619
<b>Customers' accounts, etc.</b>				
8,759,458	11,660,284	Deposits	25,079,252	19,632,374
—	—	Borrowings by borrowing corporation subsidiaries	3,471,251	2,678,021
3,066,966	3,860,283	Bank and other acceptances of customers (see contra)	4,696,396	3,764,812
3,328,757	3,405,540	<b>Due to other banks</b>	5,304,852	6,162,318
520,959	724,091	<b>Bills payable and other liabilities</b>	1,483,619	1,308,444
632,559	1,371,197	<b>Amounts due to subsidiary companies</b>	—	—
<b>Provisions</b>				
49,968	53,720	Proposed dividend	53,720	49,968
70,967	12,843	Provision for income tax	50,709	125,561
169,818	200,955	Other provisions	427,789	314,691
17,609,941	22,747,513		42,782,104	35,854,681

The notes appearing on pages 36-53 are an integral part of these accounts  
Contingent liabilities are detailed at Note 21.

Holding Company		Note	Consolidated	
1984 \$'000	1985 \$'000		1985 \$'000	1984 \$'000
<b>Liquid assets</b>				
150,886	249,222		306,547	208,190
41,800	243,511		310,520	82,899
252,471	496,399		766,682	721,303
168,459	203,790		552,651	421,905
1,815,763	1,840,073		3,313,769	3,387,311
1,584,724	1,864,265	17	4,802,561	4,085,275
<b>Regulatory deposits with central and other banks</b>				
510,703	635,992		635,992	510,703
3,146	3,848		118,959	194,371
<b>Customers' accounts, etc.</b>				
8,493,494	10,903,822	7 & 10	25,313,991	20,825,031
3,066,966	3,860,283		4,696,396	3,764,812
661,955	1,044,525	18 & 24	—	—
277,503	782,695		—	—
13,709	7,700	19	59,013	43,623
180,843	256,692	12 & 14	1,046,502	829,465
387,519	354,696	11 & 20	858,521	779,793
17,609,941	22,747,513		42,782,104	35,854,681

## Notes to the Accounts

### 1 Bases of Accounting

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

#### (a) Principles of consolidation

The Group consolidation includes all companies in which the Group holds more than half of the issued ordinary share capital. A listing of these subsidiaries is contained in note 24. All inter-company balances and transactions have been eliminated.

#### (b) Translation of overseas currency

The accounts of overseas branches and subsidiaries and other foreign currency assets and liabilities held at balance date have been translated at the rates of exchange ruling at balance date. The net translation difference arising from the conversion of overseas branch capital positions and investment in overseas subsidiaries, after allowing for those positions covered by foreign exchange hedge contracts and related currency borrowings, has been dealt with by transfer to reserves (Refer note 6).

#### (c) Leveraged lease transactions

Certain companies in the Group have entered into leveraged lease transactions as equity participants. The investment is recorded net of the non-recourse long term debt and is included in 'Investments' in the balance sheet. Income is taken to account over the period of the lease based on the outstanding investment balance.

#### (d) Amortisation of discounts and premiums on dated investments

Premiums and discounts on dated investments are amortised from the date of purchase to maturity on a straight line basis.

As the majority of redeemable quoted investments are normally held to or near to maturity, no provision is considered necessary for any difference between the book amounts and the market values of such individual stocks quoted below book amounts at the balance date, neither have any transfers been made from reserves or out of the current year's profits to write them down, apart from the amortisation of the premium on stocks bought above par referred to above.

#### (e) Bad and doubtful debts

Specific provisions are maintained to cover identified doubtful accounts and general provisions are maintained to provide cover for possible future losses which are inherent in any portfolio of bank and finance company lending. Provisions for doubtful debts are deducted from loans and advances in the balance sheet. Operating subsidiaries within the Group maintain appropriate provisions for doubtful debts. Details of provisions are set out in note 7.

During the year a change was made in the basis of providing for doubtful debts of banking companies within the Group. The policy of determining the charge to profit and loss account based on average bad debts experience of the current and preceding four years has been discontinued and the annual charge now reflects each year's requirements.

The policy change follows a reassessment of industry practice overseas, in particular the United Kingdom on which the previous policy of spreading was based.

As a result of the change:

- Surplus general provision balances at 30 September 1984 which previously provided cover to enable the operation of the spreading formula have been transferred to profit and loss account as abnormal items in the 1985 year. These amounts are Holding Company \$10.1 million and consolidated \$18.0 million.
- The charge to profit and loss account for provisions for doubtful debts in 1985 is \$25.3 million lower for the Holding Company and \$26.3 million lower for the Group.
- The charge to profit and loss account for provisions for doubtful debts in 1984, if the new policy had applied in that year, would have been \$14.7 million lower for the Holding Company and \$14.7 million lower for the Group.

Ratios applied to the current volume of lending to determine the required base level of general provision balances are unchanged.

#### (f) Depreciation and amortisation

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

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

#### (g) Taxation

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

#### (h) Pension funds

The Group has a number of pension funds established which provide defined benefits for employees and their dependants on retirement or death. These funds cover the majority of Group employees throughout the world.

The benefits under the funds are provided from contributions by employee members and the Group and income from fund assets invested. The members' contributions are at fixed rates while Group contributions are made at levels necessary to ensure that the funds are maintained with sufficient assets to meet their liabilities. The rate of Group contributions is determined by actuarial valuations which are carried out at regular intervals not exceeding three years. The assets of the funds are not included in these accounts.

#### (i) General finance subsidiaries

The gross income arising from the various forms of instalment credit transactions and other credit facilities entered into by subsidiaries is apportioned over the term of the contracts in direct relationship to the amount of the funds invested therein during the relevant accounting periods using an actuarial method. A 'financial method' is used for recording lease finance transactions and accordingly these are shown in the balance sheet as receivables rather than leased assets less depreciation.

#### (j) Associated companies

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

Supplementary financial statements adopting the equity method to account for the Group's interest in associated companies have not been provided as such supplementary statements are not materially different from the Group's consolidated accounts.

#### (k) Trust Activities

The holding company and some of its subsidiaries act as trustee and or manager for a number of investment funds and trusts including retirement funds, mortgage funds, approved deposit funds, and equity and property unit trusts. The assets of these funds and trusts are not included in the accounts. Where the Holding Company or the subsidiaries as trustee incur liabilities in respect of these operations a right of indemnity exists against the assets of the applicable funds or trusts and as these assets are sufficient to cover liabilities, the liabilities are not included in the accounts. Commissions and fees earned in respect of the Group's trust activities are included in profit.

#### (l) Definitions

'Holding Company' is Australia and New Zealand Banking Group Limited, and 'borrowing corporations' are Esanda Limited, Finance Corporation of Australia Limited, UDC Group Holdings Limited and ANZ Properties (Australia) Limited.

Australia and New Zealand Banking Group Limited and Australia and New Zealand Savings Bank Limited are banking companies as defined by the Companies (Victoria) Code. For the Group accounts the banking operations of ANZ Banking Group (New Zealand) Limited, ANZ Finance (Far East) Limited, Australia and New Zealand Banking Group (PNG) Limited, Australia and New Zealand Banking Group (Channel Islands) Limited and Grindlays Bank plc have been included as banking companies.

	Consolidated		Holding Company	
	1985 \$'000	1984 \$'000	1985 \$'000	1984 \$'000
<b>2 Extraordinary Items</b> (No income tax applicable except where shown)				
Write-off of goodwill on consolidation arising on company acquisitions	—	(143,535)	—	—
Loss on intercompany sale of property	—	—	(20,598)	—
Write down of investment in companies acquired to underlying fair value at acquisition date	—	—	—	(143,535)
Surplus on sale of properties	3,541	2,094	—	151
Other (1984 net of \$291 income tax)	6,396	(5,393)	(1,662)	(6,514)
	<b>9,937</b>	<b>(146,834)</b>	<b>(22,260)</b>	<b>(149,898)</b>

	Consolidated		Holding Company	
	1985 \$'000	1984 \$'000	1985 \$'000	1984 \$'000
<b>3 Operating Profit</b>				
Operating profit before income tax was determined after inclusion of:				
<b>Income</b>				
(a) Interest received or receivable from:				
(i) Subsidiaries	—	—	47,819	16,371
(ii) Other persons	5,051,347	2,713,452	1,856,395	1,477,007
(b) Dividends received or receivable from:				
(i) Subsidiary companies				
— Australia and New Zealand Savings Bank Limited	—	—	15,000	13,500
— ANZ Adelaide Group Limited	—	—	—	4,700
— ANZ Finance (Far East) Limited	—	—	2,347	1,502
— ANZ Banking Group (New Zealand) Limited	—	—	16,146	8,540
— Esanda Limited	—	—	18,700	63,100
— ANZ Investments Limited	—	—	550	600
— Australia and New Zealand Banking Group (PNG) Limited	—	—	364	323
— ES&A Holdings Limited	—	—	153	98
— ANZ Holdings Limited	—	—	—	135
— Development Finance Corporation Limited	—	—	4,500	6,000
— ANZ Executors & Trustees Company Limited	—	—	250	—
— ANZ Capital Markets Corporation Limited	—	—	2,681	—
(ii) Other companies	12,975	7,144	5,374	2,680
(c) Other income	791,205	555,340	666,785	550,163
Total income	5,855,527	3,275,936	2,637,064	2,144,719
<b>Expenses</b>				
(a) Depreciation and amortisation of fixed assets	84,549	42,900	56,879	34,332
(b) Auditors' remuneration				
in respect of auditing the accounts or Group accounts				
— auditors of holding company	880	772	433	293
— other auditors	2,662	459	—	—
other services				
— auditors of holding company	410	169	352	137
— other auditors	1,055	3,941	333	3,587
The auditors did not receive any other benefits				
(c) Directors' emoluments (excluding fixed salaries) received or due and receivable by —				
directors engaged in full time employment of the holding company and related corporations				
— fees	—	—	—	—
— other emoluments	1,864	1,036	1,605	815
other directors				
— fees	389	251	233	200
— other emoluments	146	41	105	39
(d) Provision for long service leave	17,575	12,922	11,328	12,157
Provisions for doubtful debts (see note 7)	60,133	59,646	23,359	41,367
Provision for non-lending losses	4,708	3,020	4,041	2,693
Provisions — other	2,348	2,495	1,270	2,396
(e) Interest paid or payable to:				
(i) Subsidiaries	—	—	105,126	10,018
(ii) Other persons	3,815,750	1,763,038	1,276,277	971,606
(f) Rental expense in respect of operating leases	53,026	34,789	38,731	27,509
<b>Abnormal Item</b>				
Abnormal credit from changed basis of accounting for bad and doubtful debts referred to at Note 1(e)	18,004	—	10,067	—

#### 4 Report by Segments

The following statements report the segment results before minority interests by geographical and industry segment.

The geographical segments are based on the Group's regional administrative centres, and assets, liabilities and profits included in these segments are based on the office of domicile. The asset segmentation therefore does not indicate country of risk.

Comparative figures for 1984 have not been included because the impact of the acquisition of the Grindlays group in September, 1984 on the 1984 figures does not allow meaningful comparison.

##### Geographical

	Gross Income \$'000	1985 Profit Before Tax \$'000	Total Assets \$'000
Australia and Pacific Islands	2,909,045	389,367	24,786,343
New Zealand	521,148	90,438	3,064,580
UK, Europe, Middle East Asia and Africa	1,834,086	64,905	10,598,041
North America	242,294	20,172	1,809,008
South East Asia, Japan and Republic of Korea	348,954	21,605	2,524,132
Abnormal credit item including minorities		20,586	
	<u>5,855,527</u>	<u>607,073</u>	<u>42,782,104</u>

##### Industry

Banking	5,087,627	454,546	37,909,644
Finance	632,713	107,870	4,014,067
Other	135,187	24,071	858,393
Abnormal credit item including minorities		20,586	
	<u>5,855,527</u>	<u>607,073</u>	<u>42,782,104</u>

Holding Company	
1985	1984
\$'000	\$'000

#### 5 Share Capital

##### Issued Capital

335,750,710 (1984 302,611,595) ordinary shares of \$1 each fully paid	335,751	302,612
2,877,000 (1984 2,461,100) ordinary shares of \$1 each paid to 10 cents per share	287	246
	<u>336,038</u>	<u>302,858</u>



## 6 Reserve Funds

### Consolidated \$'000

	Share Premium Reserve	Asset Revaluation Reserve	Contingencies Reserve	General Reserve	Capital Reserves	Total Reserves
<b>Balance at 30 September 1983</b>	16,461	36,307	130,180	540,566	22,693	746,207
Adjustment for exchange rate fluctuations	—	485	—	(8,939)	153	(8,301)
Transfers (to) from profit and loss account	—	—	—	18,082	2,562	20,644
Premium on issue of shares	208,901	—	—	—	136	209,037
Revaluation of properties	—	293,883	—	—	—	293,883
Capitalisation issue	—	(28,001)	—	—	5,907	(22,094)
Currency translation adjustments	—	—	—	(15,111)	2,908	(12,203)
Transfer between reserves	—	450	(130,180)	130,180	(450)	—
Other	—	—	—	—	(1,227)	(1,227)
<b>Balance at 30 September 1984</b>	225,362	303,124	—	664,778	32,682	1,225,946
Adjustment for exchange rate fluctuations	—	1,092	—	(2,148)	(2,436)	(3,492)
Transfers (to) from profit and loss account	—	(1,495)	—	55,259	1,937	55,701
Premium on issue of shares	8,293	—	—	—	—	8,293
Revaluation of properties	—	39,074	—	—	—	39,074
Capitalisation issue	—	(30,492)	—	—	—	(30,492)
Currency translation adjustments	—	4,076	—	97,187	1,570	102,833
Other	—	(97)	—	(40)	(958)	(1,095)
<b>Balance at 30 September 1985</b>	233,655	315,282	—	815,036	32,795	1,396,768

### Holding Company \$'000

	Share Premium Reserve	Asset Revaluation Reserve	Contingencies Reserve	General Reserve	Total Reserves
<b>Balance at 30 September 1983</b>	16,461	58,861	97,391	279,150	451,863
Premium on issue of shares	208,901	—	—	—	208,901
Revaluation of properties	—	18,452	—	—	18,452
Capitalisation issue	—	(22,078)	—	—	(22,078)
Currency translation adjustments	—	—	—	(15,059)	(15,059)
Transfer between reserves	—	—	(97,391)	97,391	—
<b>Balance at 30 September 1984</b>	225,362	55,235	—	361,482	642,079
Premium on issue of shares	8,293	—	—	—	8,293
Transfer (to) from profit and loss account	—	(20,598)	—	35,000	14,402
Revaluation of shares in subsidiary companies	—	256,777	—	—	256,777
Capitalisation issue	—	(30,492)	—	—	(30,492)
Currency translation adjustments	—	4,076	—	97,121	101,197
<b>Balance at 30 September 1985</b>	233,655	264,998	—	493,603	992,256

## 7 Provisions for Doubtful Debts

### Consolidated \$'000

### Holding Company \$'000

	Specific Provision		General Provision		Specific Provision		General Provision	
	1985	1984*	1985	1984*	1985	1984*	1985	1984*
<b>Balance at 30 September 1984</b>	277,265	77,549	264,346	121,511	62,428	66,643	122,696	94,156
Adjustment for exchange rate fluctuations	52,161	(2,141)	39,591	(2,993)	13,712	(1,799)	1,665	56
Transfer to profit and loss account (refer note 1(e))	—	—	(20,586)†	—	—	—	(10,067)	—
Bad debts written off	(69,684)	(40,133)	—	—	(35,854)	(18,834)	—	—
Recoveries	8,311	8,829	—	—	1,269	3,535	—	—
Charge to profit and loss account	43,761	29,306	16,372	30,340	10,263	12,883	13,096	28,484
Provisions at acquisition date of companies acquired	6,073	203,855	1,620	115,488	—	—	—	—
Transfer within Group	—	—	—	—	932	—	—	—
<b>Balance at 30 September 1985</b>	317,887	277,265	301,343	264,346	52,750	62,428	127,390	122,696

\* 1984 figures have been restated to allow for change in classification of certain provision balances.

† Includes minorities of \$2,582

	Consolidated		Holding Company	
	1985 \$'000	1984 \$'000	1985 \$'000	1984 \$'000

## 8 Non-Accrual Loans of Non-banking Companies

Amounts of debts of non-banking companies on which interest or credit charges have not been brought to account in 1985 totalled \$9.792 million (1984 \$15.746 million).

Amount of interest due to non-banking companies from other persons, in respect of the above debts, that has not been brought to account in 1985 totalled \$1.854 million (1984 \$3.612 million).

## 9 Other Provisions

Provision for long service leave	119,264	99,213	99,954	88,626
Provision for deferred income tax	247,961	161,189	87,170	63,450
Provision for non-lending losses	13,706	17,332	8,437	13,619
Provisions — other	46,858	36,957	5,394	4,123
	<u>427,789</u>	<u>314,691</u>	<u>200,955</u>	<u>169,818</u>

## 10 Loans, Advances, Bills Discounted and Outstandings Under Hire Purchase and Other Agreements less Provisions for Doubtful Debts and Unearned Income, etc.

Gross loans, advances, bills discounted and outstandings under hire purchase and other agreements

	27,293,186	22,518,962	11,362,757	8,954,081
Less: Provisions for doubtful debts	619,230	541,611	180,140	185,124
Provision for contingencies	6,023	10,301	—	—
Income yet to mature	1,353,942	1,142,019	278,795	275,463

Net loans, advances, bills discounted and outstandings under hire purchase and other agreements

	<u>25,313,991</u>	<u>20,825,031</u>	<u>10,903,822</u>	<u>8,493,494</u>
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## 11 Development Ventures (included in all other assets)

Development ventures comprise:

(i) Land held for development		
— acquisitions at cost	24,125	20,619
— acquisitions at independent valuation	8,085	235
— development expenses capitalised	4,522	5,069
— other amounts capitalised	97	1,409
	<u>36,829</u>	<u>27,332</u>
less: liabilities		
— secured by mortgages payable within 12 months	—	124
— unsecured (including provision for expenditure on sold land) payable within 12 months	2,297	1,948
	<u>34,532</u>	<u>25,260</u>
add: debtors	3,285	2,919
	<u>37,817</u>	<u>28,179</u>
less:		
— provision for diminution in value of ventures	8,661	10,826
— provision for future development costs	536	56
	<u>28,620</u>	<u>17,297</u>
(ii) Loans to real estate projects, secured on real estate		
— loans to associated development companies	2,196	3,758
— loans to others	22,361	4,493
	<u>24,557</u>	<u>8,251</u>
	<u>53,177</u>	<u>25,548</u>

	Consolidated		Holding Company	
	1985 \$'000	1984 \$'000	1985 \$'000	1984 \$'000
<b>12 Premises and Equipment</b>				
(a) Freehold and leasehold land and buildings				
— at directors' valuation 1979	1,331	1,341	—	—
— at directors' valuation 1980	9,057	6,875	—	—
— at directors' valuation 1982	1,605	2,532	—	—
— at directors' valuation 1983	931	931	—	—
— at directors' valuation 1984	271,072	280,153	22,321	22,177
— by independent valuation 1984	330,209	300,611	1,635	17,709
— by independent valuation May 1985	47,617	—	—	—
— at cost	73,572	18,673	15,183	4,108
	735,394	611,116	39,139	43,994
Deduct: Provision for depreciation	15,802	1,357	306	38
	719,592	609,759	38,833	43,956
(b) Plant, fixtures and fittings, office machines and other equipment at cost	490,875	339,823	343,302	226,573
Deduct: Provision for depreciation	208,233	154,625	135,659	98,766
	282,642	185,198	207,643	127,807
(c) Leasehold improvements at cost	58,963	45,501	16,058	13,448
Deduct: Provision for amortisation	14,695	10,993	5,842	4,368
	44,268	34,508	10,216	9,080
Total premises and equipment	1,046,502	829,465	256,692	180,843

The independent valuations in 1985 were carried out by registered valuers from Baillieu Knight Frank and were on the basis of open market value subject to existing leases.

### 13 Capital Expenditure Commitments

Contracts for outstanding capital expenditure not provided for in these accounts

47,701	38,220	9,302	6,750
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### 14 Lease Rental Commitments

Future rentals in respect of operating leases not provided for in these accounts comprise:

Land and buildings

Within one year	46,949	33,067	31,882	27,271
Between one and two years	47,085	26,104	26,715	22,869
Between two and five years	114,301	59,394	67,423	53,194
After five years	730,969	473,672	443,726	427,292
	939,304	592,237	569,746	530,626

Furniture, office machines and other equipment

Within one year	3,289	2,153	1,383	1,044
Between one and two years	2,385	1,876	867	420
Between two and five years	2,488	1,210	709	200
After five years	426	53	246	22
	8,588	5,292	3,205	1,686
	947,892	597,529	572,951	532,312

### 15 Liabilities Payable by Borrowing Corporation Subsidiaries

Within one year	1,986,195	1,437,414
Between one and two years	964,397	699,368
Between two and five years	716,981	689,741
After five years	16,171	6,106
	3,683,744	2,832,629

	Consolidated		Holding Company	
	1985 \$'000	1984 \$'000	1985 \$'000	1984 \$'000
<b>16 Debts Receivable by Borrowing Corporation Subsidiaries Net of Income Yet to Mature</b>				
Within one year	1,560,175	1,255,758		
Between one and two years	825,343	688,060		
Between two and five years	1,235,001	975,747		
After five years	138,859	108,059		
	<b>3,759,378</b>	<b>3,027,624</b>		

## 17 Investments

Quoted investments are mainly redeemable at fixed dates within ten years and are stated in the balance sheets at cost adjusted for amortised premiums and discounts. The book amounts and valuations at middle market prices of these investments are given below.

### Book value

Quoted in Australia:

Australian Government securities	1,832,824	1,725,401	1,281,168	1,160,535
Australian Local and Semi Government authorities	81,166	82,785	—	—
Other securities	2,278	8,174	354	1,885

Quoted in other countries:

Government & Local Authority securities	858,606	857,912	—	2,267
Other securities	244,176	99,061	—	—

### Total book value of quoted investments

	3,019,050	2,773,333	1,281,522	1,164,687
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Unquoted investments:

Australian Government and Local and Semi Government authorities	536,014	679,175	—	—
Australian Treasury notes	237,000	105,300	199,800	105,300
Treasury bills	295,806	7,050	9,858	2,421
Other securities including equity in leveraged leasing	714,691	520,417	373,085	312,316

### Total book value

	4,802,561	4,085,275	1,864,265	1,584,724
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### Market value

Quoted in Australia:

Australian Government securities	1,797,258	1,739,389	1,258,946	1,169,714
Australian Local and Semi Government authorities	76,602	80,721	—	—
Other securities	2,284	11,008	354	1,885

Quoted in other countries:

Government & Local Authority securities	827,918	845,184	—	2,267
Other securities	245,147	99,345	—	—

### Total market value of quoted investments

	2,949,209	2,775,647	1,259,300	1,173,866
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## 18 Shares in Subsidiary Companies

Quoted — at directors' valuation 1979 (Market value 1985 \$303,504 — 1984 \$224,564)			45,455	34,566
Unquoted — at cost			486,512	484,304
— at directors' valuation 1981			143,085	143,085
— at directors' valuation 1985			369,473	—
			<b>1,044,525</b>	<b>661,955</b>

The Group's investment in finance company subsidiaries, being Esanda/FCA group in Australia and UDC group in New Zealand were revalued at 30 September 1985 to net tangible assets at that date.

## 19 Shares in Associated and Other Companies

Quoted — at cost (Market value 1985 \$10,320 — 1984 \$261)	5,944	237	—	—
Unquoted — at cost less amounts written off	53,069	43,386	7,700	13,709
	<b>59,013</b>	<b>43,623</b>	<b>7,700</b>	<b>13,709</b>

Consolidated		Holding Company	
1985	1984	1985	1984
\$'000	\$'000	\$'000	\$'000

## 20 Future Income Tax Benefits

Included in all other assets	151,189	128,637	92,377	86,785
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Possible future income tax benefits in certain subsidiary companies arising from tax losses and timing differences have not been recognised as assets because recovery is not assured beyond all reasonable doubt. These possible benefits which could amount to \$31.800 million (1984 — \$26.364 million), will only be obtained if:

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

## 21 Contingent Liabilities

Commercial bills endorsed	261,025	811,793	55,724	86,528
Liabilities under letters of credit	1,341,442	919,983	897,638	528,662
Guarantees entered into in the normal course of business	3,111,109	2,350,105	515,878	509,972
Other	886,784	761,877	637,500	678,014
	<b>5,600,360</b>	<b>4,843,758</b>	<b>2,106,740</b>	<b>1,803,176</b>

Australia and New Zealand Banking Group Limited has —

- (i) Guaranteed the depositors' balances with Australia and New Zealand Savings Bank Limited.
- (ii) Agreed to provide funds to ANZ Properties (Australia) Limited, to meet its liabilities as they fall due, should the subsidiary have insufficient funds for that purpose.
- (iii) In accordance with section 22 of the Hong Kong Deposit Taking Company Ordinance given a letter of comfort to the Commissioner of Banking in Hong Kong in respect of the operations of ANZ Finance (Far East) Limited.
- (iv) Guaranteed payment on maturity of the principal and accrued interest of commercial paper notes issued by ANZ (Delaware) Inc.

ANZ Banking Group (New Zealand) Limited has guaranteed the depositors' balances with ANZ Savings Bank (New Zealand) Limited.

## 22 Other Off-Balance Sheet Transactions

The Group is a major operator in foreign exchange markets in Australia and overseas financial centres and is also involved in underwriting operations, interest rate and currency swap transactions and futures operations. It is not envisaged that any irrecoverable liability will arise from these types of transactions.

## 23 Comparative Figures for 1984

Where necessary these figures have been adjusted to conform with changes in presentation made in 1985.

Notes to the Accounts continued

24 Subsidiary Companies and Group Interests

	Incorporated in	Principal areas of operations	Issued capital	Contribution to group result \$'000	
				1985	1984
Australia & New Zealand Banking Group Limited	Australia	International		144,458	129,409
<b>Subsidiaries</b>					
§ Adelaide Nominees Limited	England	England	100 shares of £1	—	—
** Adelgroup Pty Limited	Australia		10 shares of \$1	—	—
ANZ Adelaide Group Limited	Australia	Australia	31,504,687 shares of \$1	10	90
ANZ Adelaide Property Limited	Australia	Australia	750,000 shares of \$2	12	10
§ ANZ Banking Group (New Zealand) Limited	New Zealand	New Zealand	133,086,750 shares of NZ50¢ fully paid 797,000 shares of NZ50¢ paid to 5¢	39,134	21,011
ANZ Custodians Limited	Australia	Australia	7 shares of \$1	—	—
ANZ (Delaware) Inc	USA	USA	10,000 shares of US\$1	—	—
ANZ Discounts Limited	Australia	Australia	5 shares of \$2	—	—
ANZ Executors & Trustee Company Limited	Australia	Australia	3,000,002 shares of \$1 fully paid 2,499,998 shares of \$1 paid to 40¢	815	242
ANZ Executors Nominees Limited	Australia	Australia	5,000 shares of \$2	2	—
ANZ Executors & Trustee Company (Canberra) Limited	Australia	Australia	20,000 shares of \$2	(19)	(164)
ANZ Executors Nominees (NSW) Limited	Australia	Australia	5,000 shares of \$2	—	—
ANZ Executors & Trustee Company (South Australia) Limited	Australia	Australia	750,000 shares of \$1	(20)	—
* Nedals Finance No. One Pty Limited	Australia	Australia	5,000 shares of \$1	—	—
ANZ Finance (Far East) Limited	Australia	Hong Kong/Aust	17,000,000 shares of \$1 fully paid 3,000,000 shares of \$1 paid to 10¢	7,835	3,979
§ ANZ Finance (Jersey) Limited	Jersey		10 shares of £1	—	—
ANZ Funds Pty Limited	Australia	Australia	100 shares of \$2	—	(102)
ANZ Holdings Limited	Australia	Australia	23,100,000 shares of \$1	37	158
ANZ Investments Limited	Australia	International	150 shares of \$1	723	615
ANZ Managed Investments Limited	Australia	Australia	209,010 shares of \$1	957	237
ANZ Managed Investments (NSW) Limited	Australia		10,000 shares of \$1	—	—
ANZ Managed Investments (Qld) Limited (in liquidation)	Australia		16 shares of \$1	—	—
** ANZ Managed Investments (SA) Limited	Australia		12 shares of \$1	—	—
** ANZ Managed Investments (WA) Limited	Australia		12 shares of \$1	—	—
** ANZ Managed Investments (Tas) Limited	Australia		16 shares of \$1	—	—
ANZ Managed Investments (ACT) Limited	Australia		16 shares of \$1	—	—
** ANZ Managed Investments (NT) Limited	Australia		10 shares of \$1	—	—
§ ANZ Nominees (Guernsey) Limited	Guernsey	Channel Islands	1,000 shares of £1	—	—
ANZ Nominees Limited	Australia	England/Aust/NZ	1,500 shares of \$1	—	—
§ ANZ Overseas Finance Limited	England	England	100 shares of £1	(1)	12
ANZ Pensions (Adelaide) Limited	Australia	Australia	5,000 shares of \$2	—	—
§ ANZ Pensions (U.K.) Limited	England	England	250,000 shares of £1	—	—
ANZ Pensions Pty Limited	Australia	Australia	5 shares of \$2	—	—
§ ANZ Pensions (New Zealand) Limited	New Zealand	New Zealand	100 shares of NZ\$1	—	—
ANZ Properties (Australia) Limited	Australia	Australia	5,000,000 shares of \$1	550	540
Weelya Pty Limited	Australia	Australia	2 shares of \$1	—	—
§ ANZ Properties (New Zealand) Limited	New Zealand	New Zealand	10,000 shares of NZ\$1	11	260
§ ANZ Savings Bank (New Zealand) Limited	New Zealand	New Zealand	250,000 shares of NZ\$2	1,611	1,082
§ ANZ (New Zealand) Finance N.V.	Netherland/Antilles	Curacao	6,000 shares of US\$1	—	—
§ ANZ Trust Company (Guernsey) Limited	Guernsey	Channel Islands	5,000 shares of £1	—	—
§ Australia and New Zealand Banking Group (Channel Islands) Limited	Guernsey	Channel Islands	1,000,000 shares of £1	1,135	553
Australia and New Zealand Banking Group (PNG) Limited	Papua New Guinea	Papua New Guinea	2,000,000 shares of K1	602	241
Australia and New Zealand Savings Bank Limited	Australia	Australia	7,500,000 shares of \$1	41,297	38,259
ANZ Leasing (NT) Pty Limited	Australia	Australia	2 shares of \$1	—	—
ANZ Leasing (Vic) Pty Limited	Australia	Australia	2 shares of \$1	—	—
ANZ Leasing (NSW) Pty Limited	Australia	Australia	8 shares of \$1	—	—
ANZ Capital Markets Corporation Limited	Australia	Australia	7,812,500 shares of \$1	3,291†	—
ANZ Cap Leasing (Vic) Pty Limited	Australia	Australia	2 shares of \$1	283	—
ANZ Cap Leasing Services Limited	Australia	Australia	5 shares of \$1	240	—
ANZ Cap Nominees Limited	Australia	Australia	5 shares of \$1	3	—
ANZ Cap Leasing Nominees Pty Limited	Australia	Australia	2 shares of \$1	47	—
ANZ Cap Leasing Nominees (Vic) Pty Limited	Australia	Australia	2 shares of \$1	—	—
ANZ Cap Management Limited	Australia	Australia	50,000 shares of \$1	4	—
ANZ Cap Securities Limited	Australia	Australia	2,000,000 shares of \$1	2	—
§ Australia International Limited	Vanuatu	International	200,000 shares of £0.50	464	—
* Development Finance Corporation Limited	Australia	Australia	8,348,172 shares of \$1	347	263
* AFT Funds Management Limited	Australia	Australia	200,000 shares of \$1	158	90
* AFT Investors Services Limited	Australia	Australia	2,980,000 shares of \$2	121	3,332
* AFT Limited	Australia	Australia	500,000 shares of \$2	1,606	4,444
* AFT (Canberra) Limited	Australia	Australia	7 shares of \$2	—	—
* AFT Personal Retirement Plans Limited	Australia	Australia	60,000 shares of \$1	18	39

§ Audited by overseas Peat, Marwick, Mitchell & Co firms \* Audited by firms other than Peat, Marwick, Mitchell & Co  
 \*\* Applications for deregistration in respect of these companies have been lodged with the respective corporate affairs offices.

Holding company's beneficial interest and investment				Held by	Nature of business
%	\$'000	%	\$'000		
1985		1984			
100	#	100	#	ANZ Banking Group	Nominee services
100	—	100	—	ANZ Adelaide Group	Non-operative
100	66,116	100	66,116	ANZ Banking Group	Property owning company
100	—	100	—	ANZ Adelaide Group	Property owning company
75	45,455	75	34,566	ANZ Banking Group	Full range of banking services
100	#	100	#	ANZ Banking Group	Custodian and nominee services
100	14	—	12	ANZ Banking Group	Finance activities
100	—	100	—	ANZ Investments	Negotiation of foreign currency loans
100	4,000	100	4,000	ANZ Banking Group	Executor and trustee services
100	—	100	—	ANZ Executors & Trustee	Trustee, nominee and agency business
100	—	100	—	ANZ Executors & Trustee	Trustee, nominee and agency business
100	—	100	—	ANZ Executors & Trustee	Trustee, nominee and agency business
100	—	—	—	ANZ Executors & Trustee	Trustee, nominee and agency business
100	—	—	—	ANZ Executors & Trustee	Principal in a production arrangement for a natural resources project
100	16,239	100	16,239	ANZ Banking Group	
				ES&A Holdings	Finance activities
100	#	100	#	ANZ Banking Group	Non-operative
100	—	100	—	ES&A Holdings	Investment company
100	54,759	100	54,759	ANZ Banking Group	Property owning company
100	#	100	#	ANZ Banking Group	Holder of subsidiary and other company shares
100	—	100	—	Melbourne Safe Deposit	Unit trust managers
100	—	100	—	ANZ Managed Investments	Non-operative
100	—	100	—	ANZ Managed Investments	Non-operative
100	—	100	—	ANZ Managed Investments	Non-operative
100	—	100	—	ANZ Managed Investments	Non-operative
100	—	100	—	ANZ Managed Investments	Non-operative
100	—	100	—	ANZ Managed Investments	Non-operative
100	—	100	—	ANZ Managed Investments	Non-operative
100	2	100	2	ANZ Banking Group	Nominee services
100	2	100	2	ANZ Banking Group	Nominee services
100	#	100	#	ANZ Banking Group	Provision of foreign currency loans
100	10	100	10	ANZ Banking Group	Trustee of staff pension funds
100	494	100	375	ANZ Banking Group	Trustee of staff pension funds
100	#	100	#	ANZ Banking Group	Trustee of staff pension funds
100	—	100	—	ANZ Banking Group (NZ)	Trustee of staff pension funds
100	—	100	—	ANZ Savings Bank	Property owning company
100	—	—	—	ANZ Properties (Australia)	Property owning company
75	—	75	—	ANZ Banking Group (NZ)	Property owning company
75	—	75	—	ANZ Banking Group (NZ)	Savings bank
75	—	—	—	ANZ Banking Group (NZ)	Finance activities
100	—	100	—	ANZ (Channel Islands)	Trustee
100	494	100	375	ANZ Banking Group	Full range of banking services
85	2,483	85	2,186	ANZ Banking Group	Full range of banking services
100	7,500	100	7,500	ANZ Banking Group	Savings bank
100	#	—	—	ANZ Banking Group	Co-ordination and arrangement of leveraged lease facilities
100	#	—	—	ANZ Banking Group	Co-ordination and arrangement of leveraged lease facilities
100	#	100	#	ANZ Banking Group	Co-ordination and arrangement of leveraged lease facilities
100	26,548	—	—	ANZ Banking Group	Merchant bank
100	—	—	—	ANZ Capital Markets	Lease finance
100	—	—	—	ANZ Capital Markets	Lease finance
100	—	—	—	ANZ Capital Markets	Nominee services
100	—	—	—	ANZ Capital Markets	Lease finance
100	—	—	—	ANZ Capital Markets	Lease finance
100	—	—	—	ANZ Capital Markets	Manager of superannuation trust funds
100	—	—	—	ANZ Capital Markets	Securities dealer
100	—	—	—	ANZ Capital Markets	Merchant Bank
100	64,120	100	64,120	ANZ Banking Group	Investment banking
100	—	80	—	AFT Investors Services	Marketing and operating a cash management trust
100	—	100	—	Development Finance Corporation	Management of unit trusts and other funds
100	—	100	—	AFT Investors Services	Marketing of property and equity unit trusts
100	—	100	—	AFT Investors Services	Retirement fund trustees
100	—	100	—	AFT Investors Services	Managers of unit trust based on retirements funds

# Amounts under \$500 † Profit for Development Finance Corporation Limited and its subsidiaries is for the 15 months period ended 30 September 1984.

‡ Profit for ANZ Capital Markets Corporation and its subsidiaries is for the eight months period ended 30/9/85.

Notes to the Accounts continued

Subsidiary Companies and Group Interests continued	Incorporated in	Principal areas of operations	Issued capital	Contribution to group result \$'000	
				1985	1984
*AFT Property Company Limited	Australia	Australia	50,000 shares of \$2	303	693
*AFT Property Management Pty Limited	Australia	Australia	10,000 shares of \$1	361	263
*AFT Property Services Pty Limited	Australia	Australia	10,000 shares of \$1	538	469
*Australian Fixed Trusts Limited	Australia	Australia	400,000 shares of \$2	—	—
*Australian Fixed Trusts (Queensland) Limited	Australia	Australia	50,000 shares of \$2	—	—
*Australian Fixed Trusts (Tasmania) Limited	Australia	Australia	25,000 shares of \$2	—	—
*Australian Fixed Trusts (Victoria) Limited	Australia	Australia	350,000 shares of \$2	—	—
*Australian Fixed Trusts (WA) Limited	Australia	Australia	50,000 shares of \$2	—	—
*South Australian Unit Trusts Limited	Australia	Australia	100,000 shares of \$2	—	—
*Delfin Acceptances Limited	Australia	Australia	4,150,000 shares of \$1	821	935
*Delfin Corporate Services Limited	Australia	Australia	800,000 shares of \$1	9	3
*Delfin Financial Services Limited	Australia	Australia	10,000 shares of \$1	—	—
*Delfin Services Limited	Australia	Australia	1,500,000 shares of \$1	2	—
*Delfin Investment Services Limited	Australia	Australia	250,000 shares of \$2	81	102
*Delfin (NSW) Pty Limited	Australia	Australia	500,000 shares of \$1	29	63
*Development Nominees Pty Limited	Australia	Australia	4 shares of \$2	—	—
*Provident Nominees Pty Limited	Australia	Australia	2 shares of \$2	—	—
*Delfin Securities Pty Limited	Australia	Australia	10,000 shares of \$2	—	—
Delfin Properties Pty Limited	Australia	Australia	180,008 shares of \$2	3	—
*Delfin Underwriting Limited	Australia	Australia	100,000 shares of \$2	24	2
*Development Holdings Limited	Australia	Australia	4,984,275 shares of \$1	2,228	1,309
*Allied Australian Investments Limited	Australia	Australia	520,000 shares of \$5	370	611
*Belobek Pty Limited	Australia	Australia	2 shares of \$1	53	—
*Delfin Property Group Limited	Australia	Australia	1,930,000 shares of \$1	557	270
*Delfin Management Services Pty Limited	Australia	Australia	200,000 shares of \$1	17	240
*Delfin Realty Pty Limited	Australia	Australia	2 shares of \$1	196	185
*Delfin Retirement Properties Pty Limited	Australia	Australia	10,000 shares of \$1	—	6
West Lakes Limited	Australia	Australia	4,100,000 shares of 50c	786	1,588
Lakes Shore Hotel Pty Limited	Australia	Australia	1,000 shares of \$1	11	10
Delfin Constructions Pty Limited	Australia	Australia	10,000 shares of \$1	—	62
*Sandomir Pty Limited	Australia	Australia	2 shares of \$1	—	5
*Japan Australia Investment Company Limited	Australia	Australia	1,000,000 shares of \$1	14	6
§Endeavour Investments (New Zealand) Limited	New Zealand	New Zealand	4,000,000 shares of NZ\$1	—	—
*Esanda Limited	Australia	Australia	165,000,000 shares of \$1	37,590	37,671
*Esanda (Finance) Limited	Australia	Australia	5 shares of \$2	26	167
*Esanda (Wholesale) Pty Limited	Australia	Australia	50 shares of \$2	—	—
§Esanda Nominees Limited	England	England	100 shares of £1	—	—
ES&A Holdings Limited	Australia	Australia	12,600,000 shares of \$1	12	11
ES&A Nominees (Australia) Proprietary Limited	Australia	Australia	50 shares of \$2	—	—
ES&A Properties (Australia) Limited	Australia	Australia	2,000,000 shares of \$1	12	9
*Finance Corporation of Australia Limited	Australia	Australia	41,000,000 shares of \$1	12,546	11,358
			300,000 preference shares of \$1		
			25,000,000 preference shares of \$1 paid to 10c		
*FCA Leasing Pty Limited	Australia	Australia	250,000 shares of \$2	1	1
*FCA Finance Pty Limited	Australia	Australia	260,000 shares of \$2	2,600	2,893
*FCA (Wholesale) Pty Limited	Australia	Australia	100 shares of \$1	—	—
*Ashmore Village Pty Limited	Australia	Australia	90 shares of \$1	—	—
*Delana Pty Limited	Australia	Australia	2 shares of \$1	67	208
*Endeavour Hills Pty Limited	Australia	Australia	3 shares of \$1	—	—
*Meadowlake Pty Limited	Australia	Australia	60 shares of \$1	—	—
*Ironbark Developments Pty Limited	Australia	Australia	90 shares of \$1	—	—
*Lefca Developments (Section 7) Pty Limited	Australia	Australia	100 shares of \$1	—	—
*Lefca Investments Pty Limited	Australia	Australia	2 shares of \$1	—	—
§Melanesia International Trust Company Limited	Vanuatu	International	931,469 shares of 50p	167	—
*ANZ Holdings (UK) plc	England	England	66,534,575 shares of 25p	(158)	—
*Grindlays Bank plc	England	International	800,000 shares of £1	23,000	—
			60,000,000 deferred shares of £1		
*Avrenim Catering Services Limited	England	England	100 shares of £1	—	—
*Avrenim Leasing Limited	England	England	100 shares of £1	—	—
*Clive Street Nominees Private Limited	India	India	100 shares of RS10	—	—
§ES&A Properties (UK) Limited	England	England	125,000 shares of £1	28	1
*Gillespie Bros & Company Limited	England	England	1,000,000 shares of £1	—	—
*Gillespie Bros & Company (Overseas) Limited	England	Bahamas	1,000 shares of Bahamas \$1	(8,640)	—
*Gillespie Bros USA Inc	USA	USA	100 shares of US1c	(37)	—
*Gillespie (Trade Finance) Pty Limited	Australia	Australia	12 shares of \$1	—	—
*West Indian Development Company Limited	England		1,000 shares of 5p, 1,000 pref £1	—	—
*Grindlays Asia Pacific Holdings Limited	Hong Kong	Hong Kong	1,000 shares of HK\$100	—	—
*Grindlays Asia Limited Hong Kong	Hong Kong	Hong Kong	10,000,000 shares of HK\$1	2,666	—
*Grindlays Asia Pacific Management Limited	Hong Kong	Hong Kong	2 shares of US\$10	—	—

§ Audited by overseas Peat, Marwick, Mitchell & Co firms \* Audited by firms other than Peat, Marwick, Mitchell & Co



Holding company's beneficial interest and investment				Held by	Nature of business
%	\$'000	%	\$'000		
1985		1984			
100	—	100	—	AFT Investors Services	Management and marketing of property unit trusts
100	—	100	—	AFT Investors Services	Real estate management for property unit trusts
100	—	100	—	AFT Investors Services	Real estate management for property unit trusts
100	—	100	—	AFT Investors Services	Trustee for retirement and superannuation funds
100	—	100	—	AFT Investors Services	Trustee for retirement and superannuation funds
100	—	100	—	AFT Investors Services	Trustee for retirement funds
100	—	100	—	AFT Investors Services	Trustee for superannuation funds
100	—	100	—	AFT Investors Services	Trustee for retirement funds
100	—	100	—	AFT Investors Services	Trustee for retirement funds
100	—	60	—	Development Finance Corporation	Merchant banking
100	—	100	—	Delfin Services Limited	Investment banking
100	—	100	—	Development Finance Corporation	Leasing services
100	—	100	—	Development Finance Corporation	Investment company
100	—	100	—	Delfin Services Limited	Investment management
100	—	100	—	Delfin Services Limited	Share trading
100	—	100	—	Delfin Services Limited	Nominee
100	—	100	—	Delfin Services Limited	Nominee
100	—	100	—	Development Finance Corporation	Trustee
100	—	—	—	Development Finance Corporation	Property owners
100	—	100	—	Delfin Services Limited	Underwriting services
100	—	100	—	Development Finance Corporation	Industrial investment and holding company
100	—	100	—	Development Holdings	Investment in corporate securities
100	—	100	—	Development Holdings	Investment in corporate securities
100	—	100	—	Development Holdings	Property development and investment banking
100	—	100	—	Delfin Property Group	Land and shopping centre management
100	—	100	—	Delfin Property Group	Real estate agents
100	—	100	—	Delfin Property Group	Land investment
100	—	100	—	Delfin Property Group	Land development and investment
100	—	100	—	West Lakes	Land investment
100	—	100	—	Delfin Property Group	Construction of residential and commercial buildings
100	—	100	—	Development Holdings	Investment in corporate securities
100	—	100	—	Development Finance Corporation	Investment banking
75	—	75	—	ANZ Banking Group (NZ)	Majority shareholder of UDC Group Holdings Ltd
100	369,473	100	112,696	ANZ Banking Group	Hire purchase, lease, instalment and general finance facilities
100	—	—	—	Esanda	Lease finance facilities
100	—	100	—	Esanda	Hire purchase, lease, instalment and general finance facilities
100	#	100	#	ANZ Banking Group	Nominee services
100	22,210	100	22,210	ANZ Banking Group	Property and investment owning company
100	#	100	#	ANZ Banking Group	Nominee services
100	—	100	—	ES&A Holdings	Property owning company
100	—	100	—	Esanda	Real estate, leasing and general finance facilities
100	—	100	—	FCA	Lease finance
100	—	100	—	FCA	Real estate development and finance facilities
100	—	100	—	FCA	Motor vehicle finance
100	—	100	—	FCA Finance	Agent and trustee
100	—	50	—	FCA Finance	Real estate developers
66.6	—	33.3	—	FCA Finance	Trustee
100	—	100	—	FCA Finance	Real estate development
100	—	100	—	FCA Finance	Non-operative
100	—	100	—	FCA Finance	Beneficiary of land development partnership
100	—	50	—	FCA Finance	Trustee
54	—	—	—	ANZ Investments	Trustee, corporate and financial services
100	215,504	—	163,428	ANZ Banking Group	Banking and related services
100	148,223	—	112,508	ANZ Holdings (UK) and ANZ Banking Group	Banking
100	—	—	—	Grindlays Bank	Non-operative
100	—	—	—	Grindlays Bank	Lease finance
100	—	—	—	Grindlays Bank	Nominee company
100	—	100	187	ANZ Holdings (UK)	Property owning company
100	—	—	—	Grindlays Finance Corporation	Confirming house
100	—	—	—	Gillespie Bros	Confirming house
100	—	—	—	Gillespie Bros	Confirming house
100	—	—	—	Gillespie Bros	Non-operative
100	—	—	—	Gillespie Bros	Non-operative
100	—	—	—	Grindlays Industrial Holdings	Deposit taking institution
100	—	—	—	Grindlays Asia Pacific	Deposit taking institution
100	—	—	—	Grindlays Asia Pacific	Management services

# Amounts under \$500

Notes to the Accounts continued

Subsidiary Companies and Group Interests continued	Incorporated in	Principal areas of operations	Issued capital	Contribution to group result \$'000	
				1985	1984
Grindlays Australia Limited	Australia	Australia	4,750,000 shares of \$1	3,547	—
Grindlays Securities Australia Limited	Australia	Australia	10,000,000 shares of \$1	—	—
Ferore No. 1 Pty Limited	Australia		20,003 shares of \$2	—	—
* Grindlays Bank International (Kenya) Limited.	Kenya	Kenya	500,000 shares of K.Sh.20	204	—
* Grindlays International Finance (Kenya) Limited	Kenya	Kenya	250,000 shares of K.Sh.20	—	—
* Grindlays Nominees (Kenya) Limited	Kenya	Kenya	100 shares of K.Sh.20	—	—
* Grindlays Bank International (Uganda) Limited	Uganda	Uganda	100,000 shares of U.Sh.20	356	—
* Grindlays Bank International (Zambia) Limited	Zambia	Zambia	6,800,000 shares of Kw.1	806	—
* Grindlays Leasing of Zambia Limited	Zambia	Zambia	500,000 shares of Kw.1	144	—
* Grindlays Nominees (Zambia) Limited	Zambia	Zambia	3 shares of Kw.2	—	—
* Grindlays Bank (Jersey) Limited	Jersey	Jersey	2,000,000 shares of £1	5,814	—
* Grindlays Bank Nominees (Jersey) Limited	Jersey	Jersey	100 shares of £1	—	—
* Grindlays Trust (Jersey) Limited	Jersey	Jersey	5,000 shares of £1	12	—
§ Grindlays Holdings Finance Corporation Limited	England	England	100 shares of £1	—	—
§ Grindlays Properties Limited	England	England	100 shares of £1	—	—
§ Grindlay Business Expansion Fund Management Ltd.	England		2 shares of £1	—	—
§ Grindlays Capel-Cure (Holdings) Limited	England	England	2 shares of £1	(140)	—
§ Grindlays Capel-Cure (Services) Limited	England		2 shares of £1	—	—
* Electronic Banking Systems Limited	Jersey	Jersey	30,000 shares of £1	127	—
* Grindlays Secretarial Services Limited	Jersey	Jersey	100 shares of £1	—	—
* Grindlays Bank (Overseas Management) Limited	England		100 shares of £1	—	—
* Grindlays Bank SA	France	France	950,000 shares of F.Fr.100	(3,284)	—
* Brandts France SA	France	France	2,500 bearer shares of F.Fr.100	—	—
* Grindinvest SA	France	France	2,490 bearer shares of F.Fr.100	—	—
* Grindlays Bank (Uganda) Limited	Uganda	Uganda	1,000,000 shares of U.Shs.20	293	—
* Grindlay Brandts Executor & Trustee Company Limited	England	England	250,000 shares of £1 (40p paid)	—	—
* Grindlays Brandts Export Finance Limited	England	England	250,000 shares of £1	158	—
* Grindlays Company Limited Hong Kong	Hong Kong	EEC Markets	10,000 shares of HK\$1	—	—
* Grindlays Export Finance AG	Switzerland	Switzerland	50 shares of SW Fr 1,000	—	—
* Grindlay Brandts AG	Switzerland	Switzerland	10,000 shares of Sw Fr 1,000	225	—
* Hotel Regina SA	Switzerland		200 bearer shares of Sw Fr 1,000	—	—
* Grindlays Trust Co SA	Switzerland	Switzerland	100 registered shares	—	—
* Rosignol Development Corporation	Panama	Panama	1,000 shares of US\$1	—	—
* S I Quai du Mont Blanc 7	Switzerland	Switzerland	300 bearer shares of Sw Fr 1,000	95	—
* Grindlays Eurofinance BV	Holland	Holland	500 shares of D.Fl.1,000	642	—
* Grindlays Executor & Trust Company (Private) Limited	Zimbabwe	Zimbabwe	2 shares of Z\$1	—	—
* Grindlays Finance Corporation Limited	England	England	2,000,000 shares of £1	(13,126)	—
* Atlas Hire Purchase Limited	England	England	100 shares of £1	—	—
* Atlas Factoring Services Limited	England		55,000 shares of £1	—	—
* Atlas Leasing Limited	England		100 shares of £1	—	—
* Brandts City Leasing Limited	England	England	1,000 shares of 10p	—	—
* Brandts Industrial Assets Limited	England	England	2 shares of £1	—	—
* Brandts Nominees Limited	England	England	100 shares of £1	—	—
* Brandts Second Nominees Limited	England	England	100 shares of £1	—	—
* Gillespie Bros (Holdings) Limited	England		842,000 shares of £1	—	—
* Glenlui Investments Limited	Scotland		100,000 shares of £1	—	—
* Grindlay Brandts Limited	England	England	20,000,000 shares of £1	(6,081)	—
* Grindlay Brandts Gesellschaft MBH	Austria		100 shares of Aust Sh 1,000	—	—
* Grindlay Brandts Industrial Finance Limited	England	England	100 shares of £1	—	—
* Grindlays Futures Limited	Scotland	London	4,000,000 shares of 25p	(777)	—
* Grindlays Industrial Finance Limited	England	United Kingdom	22,238,616 shares of 25p	1,298	—
* Grindlays Humberclyde Limited	England	England	500,000 shares of £1	972	—
* Grindlays Leasing Limited	England	England	100 shares of £1	729	—
* Grindlays Scotland (Executor & Trustee) Limited	Scotland		100 shares of £1	—	—
* Humberclyde Livestock Limited	England	England	100 shares of £1	—	—
* Grindlays Securities Limited	England	London	270,000 shares of 20p	366	—
* Minerva Leasing Limited	England	England	100 shares of £1	713	—
* Minerva Nominees Scotland Limited	Scotland	Scotland	100 shares of £1	—	—
* Pargola (Shipping) Limited	England		100 shares of £1	—	—
* Snow Goose Compania Naviera S A	Panama	Panama	2 subscription transfer shares	—	—
* Spey Securities Limited	England		1,000 shares of £1	—	—
* Union Property & Assets Company Limited	Scotland		100,000 shares of £1	—	—
* Union Property and Assets (Holdings) Limited	Scotland		40,100 shares of £1	—	—
* Wm. Brandts Sons & Co Limited	England		100 shares of £1	—	—
* Willings International Sales Limited	Scotland		100 shares of £1	—	—
* MacBlast (Scotland) Limited	Scotland		400 shares of 25p	—	—
* Humberclyde Assets Limited	England	England	100 shares of £1	—	—
* Humberclyde Finance Limited	England	England	100 shares of £1	—	—
* Humberclyde Leasing Limited	England	England	1,000 shares of £1	—	—
* Grindlays Equipment Finance Limited	England	England	100 shares of £1	(1,403)	—

Holding company's beneficial interest and investment				Held by		Nature of business	
%	\$'000	%	\$'000				
1985		1984					
100	—	100	—	Grindlays Industrial Holdings	Merchant banking		
100	—	100	—	Grindlays Australia	Securities & money market dealer		
100	—	100	—	Grindlays Securities Australia	Non-operative		
60	—	60	—	Grindlays Industrial Holdings	Banking		
60	—	60	—	Grindlays Bank Int (Kenya)	Project finance		
60	—	60	—	Grindlays Bank Int (Kenya)	Nominee company		
100	—	100	—	Grindlays Bank	Banking		
100	—	100	—	Grindlays Industrial Holdings	Banking		
100	—	100	—	Grindlays Bank Int (Zambia)	Lease finance		
100	—	100	—	Grindlays Bank Int (Zambia)	Nominee company		
100	—	100	—	Grindlays Industrial Holdings	Banking		
100	—	100	—	Grindlays Bank (Jersey)	Nominee company		
100	—	100	—	Grindlays Bank (Jersey)	Trust related matters		
100	—	—	—	ANZ Holdings (UK)	Holding company		
100	—	—	—	Grindlays Holdings Finance Corp.	Holding company		
100	—	—	—	Grindlay Brandts	Non-operative		
100	—	—	—	Grindlays Bank	Investment holding company		
100	—	—	—	Grindlays Capel-Cure (Holdings)	Non-operative		
70	—	70	—	Grindlays Bank (Jersey)	Grindlays group software enhancement		
100	—	100	—	Grindlays Bank (Jersey)	Company administration		
100	—	100	—	Grindlays Bank	Non-operative		
100	—	100	—	Grindlays Industrial Holdings	Banking		
100	—	100	—	Grindlays Bank SA	Property trading company		
99.6	—	99.6	—	Grindlays Bank SA	Investment management company		
51	—	51	—	Grindlays Bank	Banking		
100	—	100	—	Grindlays Bank	Corporate trustee		
100	—	100	—	Grindlays Finance Corporation	Export financing		
100	—	100	—	Grindlay Brandts Export Finance	Export finance in EEC markets		
100	—	100	—	Grindlay Brandts Export Finance	Export finance in EEC markets		
100	—	100	—	Grindlays Industrial Holdings	Banking		
100	—	100	—	Grindlay Brandts and Grindlays Bank	Non-operative		
100	—	100	—	Grindlay Brandts AG	Trust managers		
50	—	50	—	Grindlay Brandts AG	Tanker chartering & name protection		
100	—	100	—	Grindlay Brandts and Grindlays Bank	Property construction		
100	—	100	—	Grindlays Bank	Financing of companies		
100	—	100	—	Grindlays Bank	Executor and trust company		
100	—	100	—	Grindlays Bank	Holding company		
100	—	100	—	Grindlays Finance Corporation	Hire purchase finance		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Lease finance		
100	—	100	—	Grindlays Finance Corporation	Lease finance		
100	—	100	—	Grindlays Finance Corporation	Nominee company		
100	—	100	—	Grindlays Finance Corporation	Nominee company		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Banking		
75	—	75	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Hire purchase finance		
100	—	100	—	Grindlays Finance Corporation	Financial futures dealing		
100	—	100	—	Grindlays Finance Corporation	Hire purchase		
100	—	100	—	Grindlays Finance Corporation	Holding company		
100	—	100	—	Grindlays Finance Corporation	Lease finance		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Livestock lease finance		
100	—	100	—	Grindlays Finance Corporation	Trading securities		
100	—	100	—	Grindlays Finance Corporation	Lease finance		
100	—	100	—	Grindlays Finance Corporation	Nominee company		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Shipping		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Non-operative		
100	—	100	—	Grindlays Finance Corporation	Full payout lease finance		
100	—	100	—	Grindlays Finance Corporation	Hire purchase finance		
100	—	100	—	Grindlays Finance Corporation	Full payment lease finance		
100	—	100	—	Grindlays Finance Corporation	Lease finance		

# Amounts under \$500

Notes to the Accounts continued

Subsidiary Companies and Group Interests continued	Incorporated in	Principal areas of operations	Issued capital	Contribution to group result \$'000	
				1985	1984
* Grindlays Industrial Leasing Limited	England	England	100 shares of £1	403	—
* Grindlays Industrial and Commercial Finance Limited	Zimbabwe	Zimbabwe	1,100,000 shares of Z \$1	260	—
* Grindlays Industrial Holdings Limited	England	England	1,845,000 shares of £1	1,098	—
			20,500 deferred shares of £1		
* Telecredit Limited	England		100 shares of £1	—	—
* Grindlays Bank (Zaire) SZARL	Zaire	Zaire	250,000 shares of Z \$1	686	—
* British Bank of Commerce (Securities) Limited	Scotland		50,000 shares of £1	—	—
* Grindlays Bank of Canada	Canada	Canada	75,000 shares of Can \$100	166	—
* Grindlays International Limited	Hong Kong	Bahrain	200,000 shares of HK\$100	312	—
* National and Grindlays Bank Limited	England		100,000 shares of £5	—	—
* Spey Developments Limited	England		800,000 shares of 25p	—	—
* Spey Industrials Limited	England		100 shares of £1	—	—
* Spey Investments Limited	Scotland		500,100 shares of £1	—	—
* Spey Nominees Limited	England	England	100 shares of £1	—	—
Grindlay Brandts Australia Limited	Australia	Australia	91,000 shares of \$1 fully paid	—	—
			4,909,000 shares of \$1 partly paid		
Grindlay Brandts Securities Australia Limited	Australia		5 shares of \$1	—	—
* Grindlays (No. 1) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 2) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 3) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 4) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 5) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 6) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 7) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 8) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 9) Investments	England	England	100 shares of £1	—	—
* Grindlays (No. 10) Investments	England	England	100 shares of £1	—	—
* Grindlays International (Nederland) BV	Netherlands	Netherlands	300,000 shares of Fl 1	—	—
* Grindlays International (Antilles) NV	Netherlands/Antilles	International	80,000 shares of US\$1	—	—
* Grindlays International (Cayman) Limited	Cayman Islands		10,000 shares of US\$1	—	—
* Grindlays International (Panama) Inc	Panama		100 bearer shares of US\$1	—	—
* Grindlays International (Gibraltar) Limited	Gibraltar		2 shares of £1	—	—
* Grindlays Isle of Man Limited	Isle of Man	Isle of Man	100 shares of £1	—	—
* Grindlays International (Bahamas) Limited	Bahamas		10,000 shares of US\$1	—	—
* Grindlays Nominees (Pakistan) Limited	Pakistan	Pakistan	100 shares of Rs 10	—	—
* Grindlays Nominees (Private) Limited	Zimbabwe	Zimbabwe	5 shares of Z\$2	—	—
* Grindlays Participacoes e Servicos Limitada	Brazil	Brazil	5,713,200 shares of Cr 1	156	—
* Minerva Nominees Limited	England	England	3 shares of £1	—	—
* National and Grindlays Bank Trust Company Limited	England	England	100 shares of £1	—	—
* National and Grindlays Nominees Limited	England	England	100 shares of £1	—	—
* National Bank of India Limited	England		100 shares of £1	—	—
* Parliament Street Nominees Limited	England	England	5 shares of £1	—	—
* Wm. Brandts (Timber) Limited	England	England	200,000 shares of £1	(122)	—
* Multi Marketing Limited	England	England	10,000 shares of £1	6	—
* Sam C. Thomson (Timber) Company Limited	Scotland	Scotland	1,000 shares of £1	(8)	—
§SCI Immobilier Victor Hugo	France	France	100 shares of Fr 10	—	—
* Wm. Brandts (Hardwood) Limited	England	England	25,000 shares of £1	4	—
* Wm. Brandts (Wallply) Limited	England	England	50,000 shares of £1	136	—
* Polish Timber Products Limited	England	England	20,000 shares of £1	81	—
* Brandts Woodpulp International Limited	England	England	15,000 shares of £1	(57)	—
ANZ Leasing (ACT) Pty Limited	Australia	Australia	4 shares of \$2	—	—
McCaughan Dyson Futures Limited	Australia	Australia	635,000 shares of \$1	52	—
Melbourne Safe Deposit Pty Limited	Australia	Australia	29,000 shares of \$1	2	2
Monge Pty Limited	Australia	Australia	2 shares of \$1	—	—
Yarraga Pty Limited	Australia	Australia	2 shares of \$1	—	—
§UDC Group Holdings Limited	New Zealand	New Zealand	18,360,000 shares of NZ\$1 fully paid	14	17
			21,640,000 shares of NZ\$1 uncalled		
§UDC Finance Limited	New Zealand	New Zealand	3,000,000 shares of NZ\$1	476	1,184
§UDC Mercantile Securities Limited	New Zealand	New Zealand	2,500,000 shares of NZ\$2	3,365	2,175
§UDC Properties Limited	New Zealand	New Zealand	65,000 shares of NZ\$2	18	11
§UDC Developments Limited	New Zealand	New Zealand	20,000 shares of NZ\$1	19	3
§UDC Endeavour Building Society	New Zealand	New Zealand	62,500 shares of NZ\$1	10	—
§UDC Nominees Limited	New Zealand	New Zealand	1,000 shares of NZ\$1	—	—

§ Audited by overseas Peat, Marwick, Mitchell & Co firms \* Audited by firms other than Peat, Marwick, Mitchell & Co

%	Holding company's beneficial interest and investment		Held by		Nature of business
	\$'000	%	\$'000	%	
	1985	1984			
100	—	100	—	Grindlays Finance Corporation	Lease finance
100	—	100	—	Grindlays Bank	Hire purchase, lease and term loan facilities
100	—	100	—	Grindlays Finance Corporation	Holding company
100	—	100	—	Grindlays Finance Corporation	Non-operative
100	—	100	—	Grindlays Industrial Holdings	Banking
100	—	100	—	Grindlays Industrial Holdings	Non-operative
100	—	100	—	Grindlays Industrial Holdings	Banking
100	—	100	—	Grindlays Industrial Holdings	Offshore banking
100	—	100	—	Grindlays Industrial Holdings	Non-operative
100	—	100	—	Grindlays Industrial Holdings	Non-operative
100	—	100	—	Grindlays Industrial Holdings	Non-operative
100	—	100	—	Grindlays Industrial Holdings	Non-operative
100	—	100	—	Grindlays Industrial Holdings	Nominee company
100	—	100	—	Grindlays Industrial Holdings	Investment & holding company
100	—	100	—	Grindlay Brandts Australia	Non-operative
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Special deposit taker
100	—	100	—	Grindlays Bank	Holding company
100	—	100	—	Grindlays International (Nederland)	Holding company
100	—	100	—	Grindlays International (Antilles)	Non-operative
100	—	100	—	Grindlays International (Cayman)	Non-operative
100	—	100	—	Grindlays International (Cayman)	Non-operative
100	—	100	—	Grindlays International (Cayman)	Non-operative
100	—	100	—	Grindlays International (Cayman)	Non-operative
100	—	100	—	Grindlays Bank	Nominee company
100	—	100	—	Grindlays Bank	Nominee company
100	—	100	—	Grindlays Bank	Services to representative
100	—	100	—	Grindlays Bank	Nominee company
100	—	100	—	Grindlays Bank	Nominee company
100	—	100	—	Grindlays Bank	Nominee company
100	—	100	—	Grindlays Bank	Non-operative
100	—	100	—	Grindlays Bank	Nominee company
100	—	100	—	Grindlays Finance Corporation	Timber agents
100	—	100	—	Wm. Brandts (Timber)	Furniture & components, agents
100	—	100	—	Wm. Brandts (Timber)	Timber agents
100	—	—	—	Grindlays Bank SA	Holding company
100	—	100	—	Wm. Brandts (Timber)	Timber agents
100	—	100	—	Wm. Brandts (Timber)	Sheet materials agents
51	—	51	—	Wm. Brandts (Wallply)	Timber agents
				Wm. Brandts (Timber)	
100	—	100	—	Wm. Brandts (Timber)	Woodpulp agents
100	#	100	#	ANZ Banking Group	Nominee/agent in connection with packaging leveraged leases
100	850	100	635	ANZ Banking Group	Futures trader
100	29	100	29	ANZ Banking Group	Holding company for subsidiary company shares
100	#	100	#	ANZ Banking Group	Nominee/agent in connection with packaging leveraged leases
100	#	100	#	ANZ Banking Group	Trustee of staff pension fund
75	—	75	—	Endeavour Investments (NZ)	
				ANZ Banking Group (NZ)	Holders of subsidiary and other company shares
75	—	75	—	UDC Group Holdings	General finance facilities
75	—	75	—	UDC Finance	Merchant bank
75	—	75	—	UDC Finance	Property owning company
75	—	75	—	UDC Finance	Property development and management
75	—	—	—	UDC Group Holdings	Building Society
75	—	75	—	UDC Finance	Nominee services

# Amounts under \$500

**Notes to the Accounts continued**

Subsidiary Companies and Group Interests continued	Incorporated in	Principal areas of operations	Issued capital	Contribution to group result \$'000	
				1985	1984
§ United Dominions Corporation Limited	New Zealand	New Zealand	29,000 shares of NZ50¢	—	—
§ Mercantile Discounts Limited	New Zealand	New Zealand	34,500 shares of NZ\$2	—	—
§ Credit for Industry (NZ) Limited	New Zealand		10,000 shares of NZ\$2	—	—
			240,000 shares of NZ\$2 paid to NZ\$1		
§ Financial Services Limited	New Zealand		10,000 shares of NZ\$2	—	—
§ Lambton Investment Company Limited	New Zealand	New Zealand	204,292 shares of NZ\$1	23	26
§ Commercial Developments Limited	New Zealand	New Zealand	2,000 shares of NZ\$1	6	—
§ The Traders' Finance Corporation Limited	New Zealand		150,000 shares of NZ\$2	—	—
§ United Finance Corporation Limited	New Zealand		48,850 shares of NZ\$2	—	—
§ Mercantile Securities (Hong Kong) Limited	Hong Kong	Hong Kong	5,000 shares of HK\$2	203	264
§ Quebracho Investments N.V.	Netherland/Antilles	Curacao	6,000 shares of US\$1	—	—
§ Leverage Lease Nominees Limited	New Zealand	New Zealand	1,000 shares of NZ\$1	—	—
§ ANZ Bank (Vanuatu) Limited	Vanuatu	Vanuatu	50,000 shares of \$1	—	—
			950,000 pref. shares of \$1		
Companies sold or liquidated				—	996
Adjustment on Consolidation				(813)	618
				320,202	269,037

§ Audited by overseas Peat, Marwick, Mitchell & Co firms \* Audited by firms other than Peat, Marwick, Mitchell & Co

	Incorporated in	Principal areas of operations	Issued capital	Group Interest
<b>Associated Companies</b> (Share or voting interests between 20% and 50%)				
Allied Mortgage Guarantee Co. Limited	New Zealand	New Zealand	2,000,000 shares of NZ\$1 each	25%
Amalgamated Finance Limited	New Zealand	New Zealand	10,000 shares of NZ\$2	37.5%
Australian Resources Development Bank Limited	Australia	Australia	11,088 shares of \$1,000	25%
Charge Card Services Limited	Australia	Australia	80,010 shares of \$1	20%
Fifty Seven Willis Street Limited	New Zealand	New Zealand	6,560,100 shares of NZ\$1	11.55%
McCaughan Dyson Holdings Limited	Australia	Australia	5,002,000 shares of \$1	50%
New Zealand Bankcard Associates Limited	New Zealand	New Zealand	30,000 shares of NZ\$1	25%
Chandlers (Australia) Limited	Australia	Australia	3,030,000 shares of \$1	49%
Chandlers Rental Pty Limited	Australia	Australia	180,000 shares of \$1	50%
AFT-Woolworths Realty Pty Limited	Australia	Australia	100,000 shares of \$1	50%
Commercial Discount Co. Limited	Singapore	Singapore	10,000,000 shares of \$1	20%
Distaga Pty Limited	Australia	Australia	2 shares of \$1	50%
Fairlight Instruments Pty Limited	Australia	Australia	956,271 shares of \$1	31.16%
Jaybro Investments Pty Limited	Australia	Australia	840,000 shares of \$1	35.7%
Milac Pty Limited	Australia	Australia	2 shares of \$1	50%
Nabiac Farm Pty Limited	Australia	Australia	1,150,000 shares of \$1	30%
Overland Agencies Pty Limited	Australia	Australia	16,000 shares of \$2	50%
Pacific Corporate Services Pty Limited	Australia	South Pacific	149,800 shares of \$1	42.3%
LYC-AFT Securities Limited	Singapore	International	500,000 shares of \$1	50%
Grindlays Bahrain Bank	Bahrain	Bahrain	3,000,000 shares of BD1	40%
Asian International Merchant Bankers Berhad	Malaysia	Malaysia	5,000,000 shares of M\$1	27.5%
Merchant Bank (Ghana) Limited	Ghana	Ghana	2,000,000 shares of Cedi 1	30%
Grindlays Henderson Management Limited	Jersey	Jersey	25,000 shares of £1	50%
Grindlays Merchant Bank of Nigeria Limited	Nigeria	Nigeria	3,000,000 shares of #1	40%
Malcha Properties Limited	India	India	1,000 shares of RS100	50%
Balfour Brandts Forests Products Limited	England	England	50,000 shares of £1	45%
Cambridge Capital Limited	England	England	599,750 shares of £.50	41.7%
Metropolitan Life Assurance Company of N.Z. Limited	New Zealand	New Zealand	8,018,019 shares of NZ\$1	37.5%
Development Capital of Australia	Australia	Australia	10,000 shares of \$1	49.77%
CRC Unit Trust	Australia	Australia	6,900,000 units	50%
CRM Unit Trust	Australia	Australia	500,000 units	50%
Computations Unit Trust	Australia	Australia	388,278 units	25.7%
K. A. McKechnie Enterprises Pty Limited	Australia	Middle East	100 shares of \$1	24%
South Pacific Investment Corp. Limited	Australia	South Pacific	3,750,000 shares of \$1 paid to 20¢	20%
Television Australia-Satellite Systems Limited	Australia	Australia	1,146,191 shares of \$1	21.2%
Capel-Cure Myers	England	England	1,000,000 shares of £1	29.9%

Holding company's beneficial interest and investment				Held by	Nature of business
%	\$'000	%	\$'000		
	1985		1984		
75	—	75	—	UDC Finance	Holders of associated company shares
75	—	75	—	UDC Finance	Commercial bill discounter
75	—	75	—	UDC Finance	Non-operative
75	—	75	—	UDC Finance	Non-operative
75	—	75	—	UDC Group Holdings	Finances consumer goods
75	—	75	—	Lambton Investments	Investment company
75	—	75	—	UDC Finance	Non-operative
75	—	75	—	UDC Finance	Non-operative
75	—	75	—	UDC Mercantile Securities	Finance activities
75	—	75	—	Mercantile Securities (Hong Kong)	Finance activities
75	—	75	—	UDC Finance	Nominee services
100	—	—	—	Grindlays Asia Pacific	Banking
				Melanesia International	
	1,044,525		661,955		

Held by	Nature of business
UDC Group Holdings	Guarantee of repayment of property mortgages
UDC Group Holdings	Dealer financing
ANZ Banking Group	Financing development of Australia's natural resources
ANZ Banking Group	Service company for administration and provision of bank charge cards
ANZ Banking Group (NZ)	Property owning company
ANZ Banking Group	Stock broking holding company
ANZ Banking Group (NZ)	Service company for administration of charge card services
Development Holdings	Electrical retailing
Development Holdings	Hire purchase financing and television rental
AFT	Marketing and management of property unit trust
Development Finance Corporation	Singapore money market official dealer
Sandomir	Trustee of unit trust manufacturing and distributing computer products
Development Holdings	Computer musical instrument manufacturer
Development Holdings	Polythene products manufacturer
Sandomir	Trustee of unit trust marketing computer products
Delfin Management Services	Rural property owners and farming
Development Finance Corporation	Investment banking
Development Holdings	Corporate advice
AFT	Marketing and management of unit trusts
Grindlays Bank	Banking
Grindlays Industrial Holdings	Banking
Grindlays Industrial Holdings	Banking
Grindlays Bank (Jersey)	Investment management
ANZ Holdings (UK)	Banking
Grindlays Bank	Property management
Wm. Brandt (Timber)	Timber and sheet material agent
Grindlay Brandt	Corporate finance advice
ANZ Banking Group (NZ)	Insurance
Development Holdings	Investment banking
Sandomir	Manufacturing of continuous stationery
Sandomir	Marketing of continuous stationery
Belobek	Marketing of computer software
Development Holdings	Financial and trade consultant services
Development Holdings	Investment banking
Development Holdings	Development of satellite TV broadcasting systems
Grindlays Capel-Cure	Stockbroker

## Consolidated Statement of Source and Application of Funds for the year ended 30 September 1985

<b>Source of Funds</b>	1985 \$'000	1984 \$'000
Operating profit before tax, including minority interests	607,073	510,207
<b>Add:</b> Depreciation and other items not involving the outlay of funds in current period	109,180	61,332
Funds derived from operations	716,253	571,539
New share issues including premium on issue	10,981	280,055
Increases in liabilities:		
Deposits and borrowings by subsidiaries	6,240,108	7,426,832
Bills payable and all other liabilities	—	3,359,289
	<u>6,967,342</u>	<u>11,637,715</u>
 <b>Application of Funds</b>		
Payment of dividends	99,981	69,972
Payment of tax	183,554	86,346
Goodwill on consolidation	—	143,535
Increases in assets:		
Premises, equipment and other fixed assets (net)	267,902	260,883
Liquid assets	428,561	2,130,417
Investments	717,286	987,996
Regulatory deposits with central and other banks	49,877	247,724
Loans, advances and net receivables	4,488,960	7,232,496
All other assets	102,260	478,346
Reduction in liabilities:		
Bills payable and all other liabilities	628,961	—
	<u>6,967,342</u>	<u>11,637,715</u>



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## Directors' Statement

### Statement by the Directors

In the opinion of the directors of Australia and New Zealand Banking Group Limited:

- (a) the accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 September, 1985;
- (b) the accompanying profit and loss statement is drawn up so as to give a true and fair view of the profit of the Company for the year ended 30 September, 1985; and
- (c) 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.

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

- (a) the profit of the Company and its subsidiaries for the year ended 30 September, 1985; and
- (b) the state of affairs of the Company and its subsidiaries as at 30 September, 1985

so far as they concern members of the Company.

Dated at Melbourne this 2nd day of December, 1985.

Signed in accordance with a resolution of the directors.

**W. J. Vines** *Chairman*

**W. J. Bailey** *Group Managing Director*

## Auditors' Report

### To the Members of Australia and New Zealand Banking Group Limited

We have audited the accounts set out on pages 33 to 55 in accordance with Australian Auditing Standards.

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies (Victoria) Code in the manner authorised for a banking company and on this basis so as to give a true and fair view of:
  - (i) the state of affairs of the Company and of the Group as at 30 September 1985 and the profit of the Company and the Group for the year ended on that date so far as they concern members of the Company; and
  - (ii) the other matters required by Section 269 of that Code to be dealt with in the accounts and in group accounts

and are in accordance with Australian Accounting Standards.

- (b) the accounting records, other records and the registers required by that Code to be kept by the Company and by those subsidiaries of which we are the auditors have been properly kept in accordance with the provisions of that Code and, in the case of those subsidiaries incorporated in other States or Territories of the Commonwealth and of which we are the auditors, in accordance with the provisions of the corresponding law of those States or Territories.

The names of the subsidiaries of which we have not acted as auditors are set out in note 24 on pages 44 to 53 and we have examined their accounts and the auditors' reports thereon.

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

No auditors' report on the accounts of any of the subsidiaries was made subject to any qualification, or included any comment made under sub-section (4) of Section 285 of that Code.

**Peat, Marwick, Mitchell & Co.**

Chartered Accountants

**R. C. Dunn**, *Partner*

Melbourne

2nd December, 1985

## Balance Sheet as at 30 September, 1985

Shareholders' funds	1985 \$'000	1984 \$'000	Assets	1985 \$'000	1984 \$'000
Authorised capital: 14,000,000 ordinary shares of \$1 each	14,000	14,000	Cash	195	288
Issued capital: 7,500,000 ordinary shares of \$1 each, fully paid	7,500	7,500	Deposits with Australia and New Zealand Banking Group Limited	1,322	1,861
Reserves	118,045	117,979	Australian public securities (a) Commonwealth of Australia		
Retained profits	64,723	38,426	— Treasury notes	37,200	—
	190,268	163,905	— other	541,865	564,446
<b>Liabilities</b>			(b) Local & Semi Government Other public securities	616,346	597,996
Deposits	3,789,254	3,715,796	Balances due by other banks	1,300	1,800
Provision for income tax	18,603	16,659	Loans less provisions for doubtful debts	2,847,270	2,783,103
Bills payable and other liabilities	133,176	121,810	Shares in subsidiary	5,000	5,000
	4,131,301	4,018,170	Other securities	29,878	18,793
			Other assets	34,593	34,953
				4,131,301	4,018,170

## Profit and Loss Account for the year ended 30 September, 1985

Expenses of management and interest paid	422,700	378,985	Discount and interest earned, commission and other items	499,136	451,208
Income tax expense	35,139	33,964			
Operating profit for year	41,297	38,259			
	499,136	451,208		499,136	451,208
Dividend	15,000	13,500	Balance brought forward	38,426	13,667
Balance carried forward	64,723	38,426	Operating profit for year	41,297	38,259
	79,723	51,926		79,723	51,926

\* Abridged format for information purposes only.

## Balance Sheet as at 30 September, 1985

Shareholders' funds	1985 \$'000	1984 \$'000	Assets	1985 \$'000	1984 \$'000
Authorised capital: 250,000,000 ordinary shares of \$1 each	250,000	250,000	Deposits at call and short term investments	15,798	9,606
Issued capital: 165,000,000 ordinary shares of \$1 each, fully paid	165,000	165,000	Shares in associated and other companies	—	52
Capital reserve	146	146	Receivables, less provisions and less income yet to mature \$989,978 (1984 \$807,878)	3,426,038	2,851,670
Asset revaluation reserve	40,514	42,035	Premises and equipment	52,263	54,613
General reserve	72,000	72,000	Development ventures	44,384	22,882
Retained profits	91,813	54,773	Other assets	1,441	2,210
	369,473	333,954			
<b>Liabilities</b>					
Debenture stock Maturing within one year \$598,853 (1984 \$623,888)	1,987,857	1,773,351			
Unsecured notes and deposits Maturing within one year \$751,017 (1984 \$478,935)	997,789	702,040			
Provision for income tax	2,972	406			
Other liabilities	181,833	131,282			
	3,539,924	2,941,033		3,539,924	2,941,033

## Profit and Loss Account for the year ended 30 September, 1985

Expenses of management and interest paid	448,094	409,028	Interest earned commission and other items	546,740	501,075
Income tax expense	44,827	39,749			
Operating profit for year (including intra-Group dividend of \$989)	53,819	52,298			
	546,740	501,075		546,740	501,075
Dividend — Esanda	18,700	63,100	Balance brought forward	54,773	97,690
— FCA	—	32,512	Transfer from reserve	1,521	—
Balance carried forward	91,813	54,773	Operating profit for year	53,819	52,298
			Extraordinary item	400	397
	110,513	150,385		110,513	150,385

\* Abridged format for information purposes only.

**Balance Sheet** as at 30 September, 1985

Shareholders' funds	1985 NZ\$'000	1984 NZ\$'000	Assets	1985 NZ\$'000	1984 NZ\$'000
Authorised capital: 400,000,000 ordinary shares of NZ50¢ each	200,000	100,000	Cash and short term funds	49,355	24,381
Issued capital	93,442	66,583	New Zealand Government, local authority securities and other investments	929,316	689,776
Reserves	126,443	117,421	Cheques in course of collection and balances with other banks	11,488	—
Retained profits	32,302	17,005	Loans and advances	2,640,643	2,352,507
	252,187	201,009	Bills receivable and remittances in transit	79,259	143,540
<b>Liabilities</b>			Acceptances of customers	124,556	180,343
Deposits and borrowings	3,256,973	2,785,141	Premises and equipment	99,048	90,062
Proposed final dividend	16,358	13,121	Investment in associated companies	15,817	1,707
Provision for taxation	(9,776)	19,155	Loans to associated companies	3,320	1,341
Due to other banks	61,599	95,600	All other assets	37,124	32,217
Bank acceptances	124,556	180,343			
Bills payable, other provisions and other liabilities	288,029	221,505			
	3,989,926	3,515,874		3,989,926	3,515,874

**Profit and Loss Account** for the year ended 30 September, 1985

Expenses of management and interest paid	541,455	344,877	Discount and interest earned, commission and other items	672,763	453,676
Income tax expense	53,120	50,047			
Operating profit for year	78,188	58,752			
	672,763	453,676		672,763	453,676
Transfer to reserves	35,386	40,381	Balance brought forward	17,005	17,422
Dividend — interim	11,147	6,650	Operating profit for year	78,188	58,752
— proposed final	16,358	13,121	Extraordinary items	—	983
Balance carried forward	32,302	17,005			
	95,193	77,157		95,193	77,157

\* Abridged format for information purposes only

## Balance Sheet as at 30 September 1985

	1985 £'000	1984 £'000		1985 £'000	1984 £'000
<b>Shareholders' funds</b>			<b>Assets</b>		
Authorised capital: 70,000,000 ordinary shares of 25p each	17,500	17,500	Cash and short term funds	801,936	1,503,719
Issued capital	16,651	16,634	Term deposits with banks and public bodies	118,724	117,519
Reserves	174,344	166,561	Investments	366,139	394,412
	190,995	183,195	Loans and advances	2,757,112	3,384,350
Minority shareholders' interest	1,254	924	Shares in associated companies	5,199	5,824
Loan capital	174,260	249,591	Premises and equipment	90,144	85,741
			Acceptances of customers	437,992	448,118
<b>Liabilities</b>					
Current deposits and other accounts	3,766,442	5,049,878			
Bank acceptances	437,992	448,118			
Provision for taxation	6,303	7,977			
	4,577,246	5,939,683		4,577,246	5,939,683

## Profit and Loss Account for the year ended 30 September, 1985

Expenses of management and interest paid	832,261	Interest earned, commission and other items	855,040
Income tax expense	16,630		
Interest of minorities	244		
Operating profit for year	5,905		
	855,040		855,040
Transfer to reserves	4,326	Balance brought forward	14,342
Balance carried forward	16,278	Operating profit for year	5,905
		Extraordinary items	357
	20,604		20,604

\* Abridged format for information purposes only with items adjusted where appropriate to restate to an ANZ Group basis. Before adjustment, the Grindlays group result after ex-ANZ minorities and including share of associated companies results totalled £7.222. Comparative profit and loss account figures have not been provided as the acquisition of ANZ Holdings (UK) plc took place in September 1984 and accordingly Grindlays profits to 30th September 1984 were not consolidated into the Group's 1984 consolidated results.

# Analysis of Shareholdings

## Twenty Largest Shareholders

As at 8 November, 1985, the twenty largest shareholders held 147,234,713 shares, which is equal to 43.5 per cent of the total issued capital of 338,627,710 shares of \$1 each. They were:

Shareholders:	No. of Shares	%
National Nominees Limited	37,215,496	11.0
ANZ Nominees Limited	17,682,587	5.2
Australian Mutual Provident Society	16,781,247	5.0
C.T.B. Nominees Limited	12,783,403	3.8
The National Mutual Life Association of Australasia Limited	10,115,164	3.0
The Colonial Mutual Life Assurance Society Limited	7,032,825	2.1
Bank of New South Wales Nominees Pty. Limited	6,738,223	2.0
Chase Nominees Limited	5,916,768	1.7
State Superannuation Board	4,343,152	1.3
MLC Life Limited	4,277,880	1.2
Pearl Assurance Public Limited Company	4,147,771	1.2
Government Insurance Office of New South Wales	3,282,494	1.0
The National Bank (Branches Offices Nominees) Limited "BEB" A/C	2,552,336	0.8
Pendal Nominees Pty. Limited	2,469,275	0.7
Eagle Star Insurance Company Limited "H" Account	2,357,815	0.7
Superannuation Fund Investment Trust	2,047,430	0.6
NRMA Investment (Pty.) Limited	1,992,928	0.6
Barclay's Australia Custodian Services Limited	1,940,820	0.6
ISMG Nominees Pty. Limited	1,885,839	0.5
Provident and Pensions Holdings Pty. Limited	1,671,260	0.5
	<b>147,234,713</b>	<b>43.5</b>

**Voting Rights of Shareholders** The articles provide for: — on a show of hands: 1 vote  
— on a poll: 1 vote for each fully-paid share held  
1 vote for every 10 partly-paid shares issued pursuant to the Company's Senior Officers' Share Purchase Scheme

### \*Directors' Shareholding Interests

	Beneficial As at 2nd December, 1985		Non-beneficial As at 2nd December, 1985
	Fully- Paid Shares	Partly- Paid Shares#	
Sir William Vines	12,897	—	—
W. J. Bailey	11,671	40,000	—
M. D. Bridgland	6,712	—	—
J. C. Dahlsen	—	—	—
D. C. L. Gibbs	16,671	—	4,537
C. J. Harper	939	—	—
W. J. Holcroft	11,388	—	—
Dame Leonie Kramer	—	—	—
Sir James McNeill	15,537	—	—
Sir Laurence Muir	11,811	—	—
R. A. D. Nicolson	10,017	40,000	—
L. M. Papps*	—	—	2,587
A. J. O. Ritchie	—	—	—
B. W. Scott	—	—	—
	<b>97,643</b>	<b>80,000</b>	<b>7,124</b>

# Ordinary shares of \$1 each, paid as to 10 cents only, issued pursuant to the Company's Senior Officers' Share Purchase Scheme.

\* In addition Mr L. M. Papps has a beneficial interest in 15,400 shares in a related company, ANZ Banking Group (New Zealand) Limited and also a non-beneficial interest in 63,280 shares in that company.

### Average Size of Shareholdings

As at 8 November, 1985 the average size of shareholdings was 6,615 (1984, 6,254).

### Distribution of Shareholdings

	Number of holders	% of holders	Number of shares 000's	% of shares
Range				
1 to 1,000 shares	23,294	45.5	11,090	3.3
1,001 to 5,000 shares	22,830	44.6	46,838	13.8
5,001 to 10,000 shares	2,901	5.7	19,299	5.7
Over 10,000 shares	2,167	4.2	261,401	77.2
	<b>51,192</b>	<b>100.0</b>	<b>338,628</b>	<b>100.0</b>
<b>Category of shareholder</b>				
Men	19,824	38.7	35,258	10.4
Women	20,681	40.4	36,784	10.9
Joint accounts (Individuals)	4,511	8.8	10,803	3.2
Banks and insurance companies	999	2.0	65,363	19.3
Trustee companies	196	0.4	6,789	2.0
Pension funds	74	0.1	17,211	5.1
Nominee companies	1,051	2.1	109,940	32.4
Other	3,856	7.5	56,480	16.7
	<b>51,192</b>	<b>100.0</b>	<b>338,628</b>	<b>100.0</b>

### Holders of non-marketable parcels

As at 8 November, 1985, shareholdings of less than a marketable parcel (1 share to 99 shares) totalled 1,282, which is equal to 2.5% of the total number of shareholdings.



1

1. Bank of Australasia, Ulverstone Tas. 1896.
2. Muzzle-loading carbines used for gold escort.
3. George St. Sydney N.S.W. from "Sydney in 1848" by Joseph Fowler. Shows Bank of Australasia, 241 George Street.



2

## SYDNEY.



3

# The History of the ANZ Group

