



Australia and New Zealand Banking Group Limited



The reputation and success of ANZ – Australia and New Zealand Banking Group Limited – is a product of its operating philosophy; to offer personalised, speedy, courteous and efficient competitive service and accurate advice to its customers in more than 40 countries worldwide.

Within its “home base” of Australia and New Zealand, the Group has a pre-eminent reputation as a business and community leader. In both countries, it is a leading corporate banker; in Australia, about one-third of the top 100 publicly-owned companies choose ANZ as their prime banker.

ANZ has the largest international network of any Australasian banking and

financial services group, is one of the largest companies in Australia and ranks among the leading financial institutions in the world.

It operates in the world’s major financial centres and is the largest foreign-owned banking group in India through its wholly-owned subsidiary, Grindlays Bank plc. It is also a major force in the developing countries of South Asia, the Middle East and Africa.

The Group comprises more than 50 different businesses structured into self-contained units which all interact to give customers access to a wide range of services.

These include retail and wholesale banking, general and commercial finance, trustee, investment, nominee and life insurance operations, property services, investment banking and broking, and specialised private banking facilities in selected countries.



ANZ's world headquarters at 55 Collins Street in the heart of Melbourne's Central Business District.

The photographs in this report are part of a global advertising campaign by ANZ using the slogan "The world is our workplace. But this is our home." They represent our home base operations in Australia and New Zealand.

The photographs were specially commissioned by ANZ.

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*Australia*

**Therese Anne Barwick**, born in Brisbane, Queensland, joined ANZ in Melbourne on her 21st birthday, 7 February 1983. She is now manager, human resources management at the head office of Esanda Finance Corporation Ltd. She has a Bachelor of Commerce degree and a Graduate Diploma of Human Resources Management. Her hobbies include skiing and bicycle riding.



- ▶ Consolidated operating profit after tax increased by 31 percent to A\$505.4 million. Total profit after tax up 57.6 percent to A\$628.9 million.
- ▶ Return on average shareholders' funds improved from 13.1 percent to 15.1 percent.
- ▶ Earnings per share (weighted average) increased by 14.9 cents to 71.0 cents.
- ▶ Net interest and other operating income up 20.5 percent to A\$3,560.3 million.
- ▶ Operating costs to net income reduced to 65.5 percent (66.6 percent in 1987). Personnel costs reduced to 32.6 cents per dollar earned (34.5 cents in 1987).
- ▶ Final fully franked dividend of 22.0 cents per share to be paid, lifting annual payout ratio to 49 percent.
- ▶ Special additional fully franked dividend of 26.0 cents per fully paid share to be paid.
- ▶ Dividend reinvestment plan discount increased from 5 percent to 10 percent.
- ▶ Option plan introduced for shareholders to take bonus shares in place of dividends (including special) at 10 percent discount.
- ▶ Changes to the Articles of Association now allow the introduction of a dividend selection plan and the issue of equity capital denominated in overseas currencies.
- ▶ Group assets up 13.0 percent to A\$73.8 billion.
- ▶ Risk weighted capital ratio at 30 September 1988 was 8.5 percent, of which 5.7 percent was tier 1.
- ▶ Cover for the Group's exposure to countries with rescheduled debt now stands at approximately 37 percent.

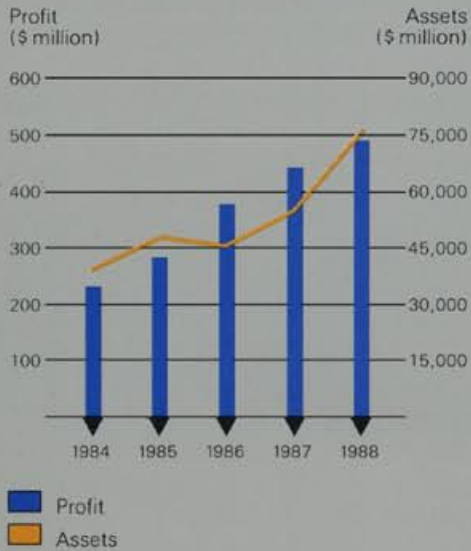
(All amounts in millions unless otherwise stated)	1988	1988	1988	1988	1987	% Movt.
	AUD	USD <sup>‡</sup>	GBP <sup>‡</sup>	NZD <sup>‡</sup>	AUD	1987/88
<b>Profit and Loss</b>						
▶ Net interest and other income	3,560.3	2,784.9	1,653.8	4,546.5	2,955.0	+20.5%
▶ Bad & doubtful debt expense	264.8	207.1	123.0	338.1	174.0	+52.2%
▶ Operating expenses	2,333.3	1,825.2	1,083.8	2,979.6	1,967.3	+18.6%
▶ Profit before tax	962.2	752.6	447.0	1,228.8	813.7	+18.2%
▶ Income tax expense	455.6	356.4	211.6	581.8	427.3	+6.6%
▶ Minority interest	1.2	0.9	0.6	1.5	1.2	—
▶ Profit after tax and minorities	505.4	395.3	234.8	645.5	385.2	+31.2%
<b>Balance Sheet</b>						
▶ Assets	73,773	57,705	34,268	94,208	65,310	+13.0%
▶ Liabilities	68,968	53,947	32,036	88,072	61,473	+12.2%
▶ Shareholders' funds <sup>†</sup>	3,903	3,053	1,813	4,984	3,139	+24.3%
<b>Key Ratios</b>						
▶ Return on ave shareholders' funds	15.1%	15.1%	15.1%	15.1%	13.1%	+15.3%
▶ Return on ave assets	0.73%	0.73%	0.73%	0.73%	0.63%	+15.9%
▶ Earnings per share (weighted average)	71.0c	55.5c	33.0p	90.7c	56.1c	+26.6%
▶ Dividend per share*	34.5c	27.0c	16.0p	44.1c	21.0c	+64.3%
▶ Net tangible assets per share	\$4.78	\$3.74	£2.22	\$6.10	\$4.48	+6.7%
▶ Risk weighted capital ratio – Tier 1	5.7%	5.7%	5.7%	5.7%	n/a	
– Tier 1 & 2	8.5%	8.5%	8.5%	8.5%	n/a	
<b>Profit after Tax by Geographic Segment</b>						
▶ Australia	325.1	254.3	151.0	415.2	252.8	+28.6%
▶ New Zealand	91.3	71.4	42.4	116.6	85.7	+6.5%
▶ Asia	55.2	43.2	25.6	70.5	44.7	+23.5%
▶ UK, Europe	12.6	9.9	5.9	16.1	7.1	+77.5%
▶ Americas	12.8	10.0	5.9	16.3	(6.2)	—
▶ Middle East, Africa	8.4	6.6	3.9	10.7	1.1	+663.6%
	505.4	395.4	234.7	645.4	385.2	+31.2%

\* Excludes special dividend

† Excludes minority interests and loan capital

‡ Figures in USD, GBP and NZD converted at exchange rates as at 30/9/88

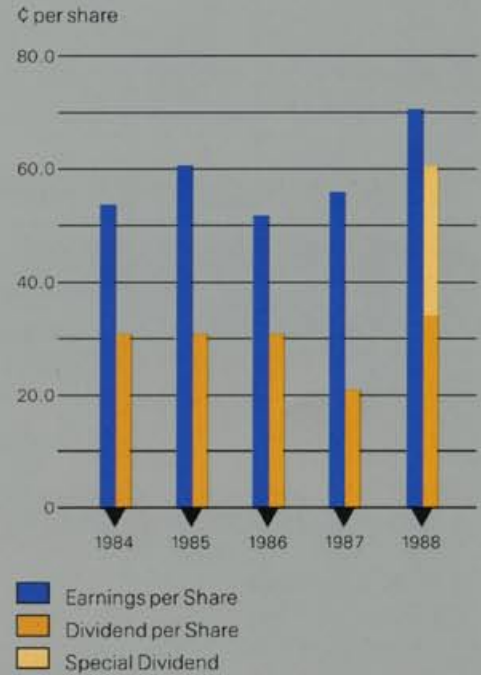
Profit/Assets Growth



Return on average Assets/Shareholders' Funds



Earnings per Share/Dividend per share



ANZ achieved a record level of profit in 1988, continuing the trend of the past five years. After tax profit increased by 31.2 per cent to A\$505.4 million.

Assets also have continued to grow. In the five years shown, total assets increased from A\$35.8 billion to A\$73.8 billion. The Group has more than one-third of its assets outside Australia.

The return on average assets and shareholders' funds has improved markedly after a period of decline.

The improvement was achieved through a combination of higher interest margins, increases in business volumes, improved productivity and lower effective tax rates, evidence of the emerging success of longer term strategies revolving around domestic and international diversification and expansion.

Earnings per share have grown steadily since 1986 to 71 cents a share (based on the weighted average number of shares on issue) reflecting the improvements in profitability.

The total 1988 dividend is significantly higher than in previous years at 34.5 cents a share. In addition, a special dividend of 26 cents will be paid in April 1989. This dividend will ensure tax effective distribution of accumulated franking balances before 30 June 1989.

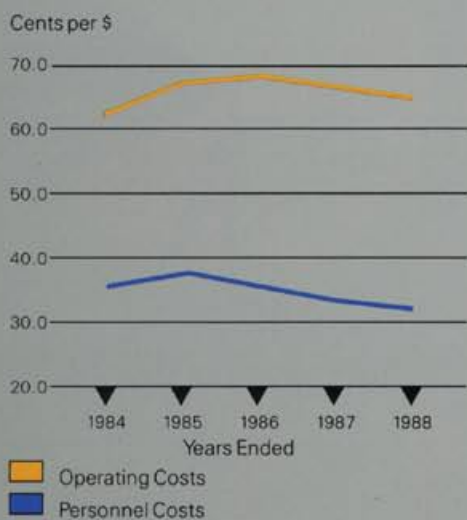
The payout ratio between 1984 and 1987 has ranged from 32 percent to 42 percent; in 1988 this has been lifted to 49 percent fully franked (excluding the special dividend).

*The franking of dividends under Australian tax legislation effectively frees them from tax in the hands of individual shareholders.*

*Earnings adjusted for bonus issues 1986 and 1987.*

*Figures on weighted average of shares on issue.*

### Costs per dollar of Net Income



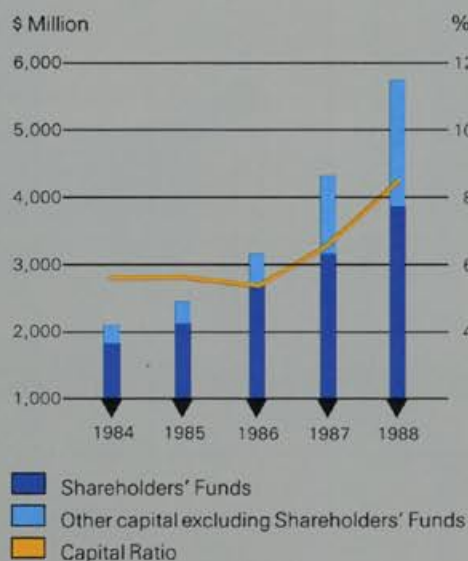
Operating costs to net income have dropped from 68.2 cents in 1986 to 65.5 cents in 1988. The personnel cost component of this ratio was also reduced from 36 cents in 1986 to 32.6 cents in 1988.

The lower proportion of personnel costs to total costs in part reflects the Group's significant investment in technology.

*Operating costs exclusive of bad and doubtful debts.*

*Net income is net interest, fees and other operating income.*

### Capital Ratios



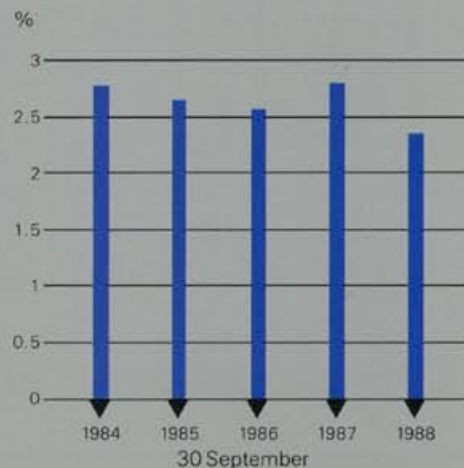
As at 30 September 1988, the Group's capital ratio on the risk weighted basis was 8.5 percent of which 5.7 percent was tier 1. This exceeds the 8.0 percent threshold prescribed by the Reserve Bank of Australia.

Underlying the capital position of the Group is a strong growth in shareholders' funds over the past five years.

*Capital ratios before 1988 are based on the Reserve Bank of Australia's previous definition where assets excluded off balance sheet business and were not risk weighted and capital excluded term subordinated debt.*

*Capital ratios for 1988 are calculated on the newly prescribed risk weighted basis and include term subordinated debt as tier 2 capital.*

### Provision for Doubtful Debts as percentage of Gross Loans and Acceptances



The Group's lending assets are reviewed regularly to ensure adequate provisions are held for specific exposures and as general cover for possible future losses.

The decrease in provision cover in 1988 as a percentage of total lending was partly due to growth in the lending base and to reduction in tax rates applied in notionally grossing up general provisions for future tax benefits.

*Provision for doubtful debts tax effected.*

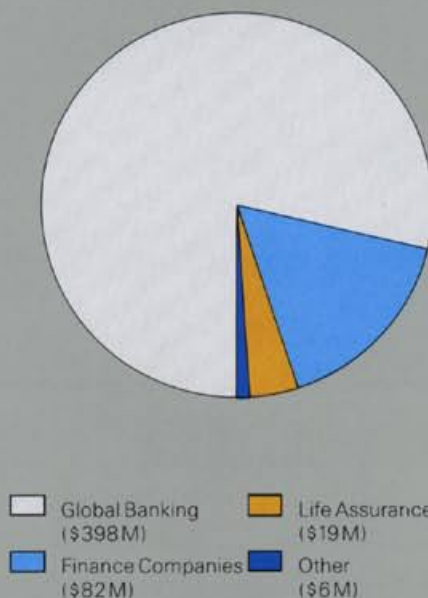
## Group Income Profile



The influence of the stockmarket downturn in October 1987 was a major factor in the improvement in average volumes and margins which led to the increase in net interest income.

Fee based income increased, but the trend to a greater reliance on this income as a proportion of total Group income was slowed by the lower contribution from investment banking operations.

## Profit contribution by Industry segments



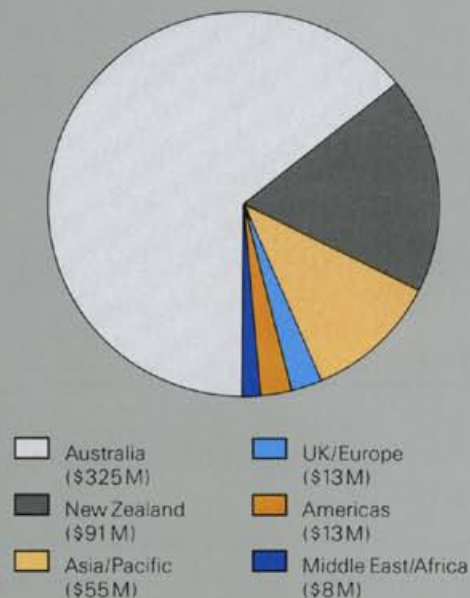
The global banking sector benefitted from the flight to quality in the aftermath of the October 1987 stockmarket downturn with better margins and increased volumes of assets.

The finance companies sector, and in particular Esanda, made a significant contribution to Group results with record new business writings, and higher margins and fee income.

Our life assurance company continued to operate profitably despite the setbacks felt generally by the insurance industry after the stockmarket downturn.

The segment entitled "Other" includes investment banking and unit trust management which suffered losses as a result of the stockmarket downturn and subsequent reductions in business opportunities.

## Profit contribution by Geographic segments



Eighty two percent of the Group's profits comes from operations in Australia and New Zealand.

The Australian sector made substantial improvements with significant contributions from banking and finance units.

The New Zealand operations were affected by difficult trading conditions, with an historically high level of bad and doubtful debts charge being incurred. Lower tax rates in the second half of the year provided some offset.

The UK-based operations benefitted from improved business mix, a reduction in administration costs, lower specific doubtful debt provisions, and a lower effective tax rate.



	1988	1987	1986	1985	1984
<b>Profit and loss year ended 30 September (AUD Million)</b>					
Interest income	6,588	6,437	5,600	4,537	2,713
Interest expense	4,554	4,819	4,264	3,301	1,763
Net interest income	2,034	1,618	1,336	1,236	950
Non-interest income	1,527	1,337 <sup>†</sup>	1,107	787	563
Bad and doubtful debts	265	174 <sup>*</sup>	197	85 <sup>†</sup>	60
Operating expenses	2,334	1,967	1,666	1,349	943
Operating profit before income tax	962	814	580	589	510
Income tax	456	428 <sup>†</sup>	246	271	230
Minority interests	1	1	19	16	11
Operating profit after income tax and minorities	505	385	315	302	269
Extraordinary items	124	14	(151)	10	(147)

\* Excludes abnormal charge of \$158m for general provision for doubtful debts.

† Excludes surplus from pension scheme of \$310m pre-tax and the related tax of \$152m.

‡ Excludes abnormal credit of \$18m from change in provision for doubtful debts policy.

**Balance sheet at 30 September (AUD Million)**

Assets	73,773	65,310	56,631	42,782	35,855
Liabilities	68,968	61,473	53,895	40,568	34,036
Paid up capital	818	700	450	336	303
Reserves & retained earnings	3,085	2,438	2,282	1,823	1,478
Minority interest	8	5	4	55	38
Loan capital	894	694	-	-	-

**Share information (per fully-paid share)**

Dividend – declared rate	34.5c <sup>†</sup>	21.0c	31.0c	31.0c	30.0c
Earnings (adjusted for bonus issues)	71.0c	56.1c	51.2c	60.0c	53.9c
Net tangible assets	\$4.78	\$4.48	\$4.05	\$4.29	\$3.93
Share price adjusted for new issues					
High	\$5.47	\$5.78	\$4.12	\$3.39	\$3.28
Low	\$3.22	\$3.27	\$2.79	\$2.71	\$2.43
No. of Shares on issue (million)					
– Fully-paid	797.2	699.9	449.5	335.8	302.6
– paid to 10c	5.8	4.9	3.7	2.9	2.5
– paid to 50c	40.1	-	-	-	-

**Ratios (%)**

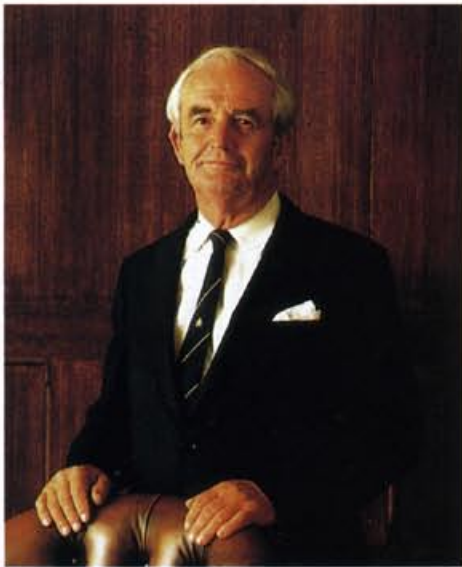
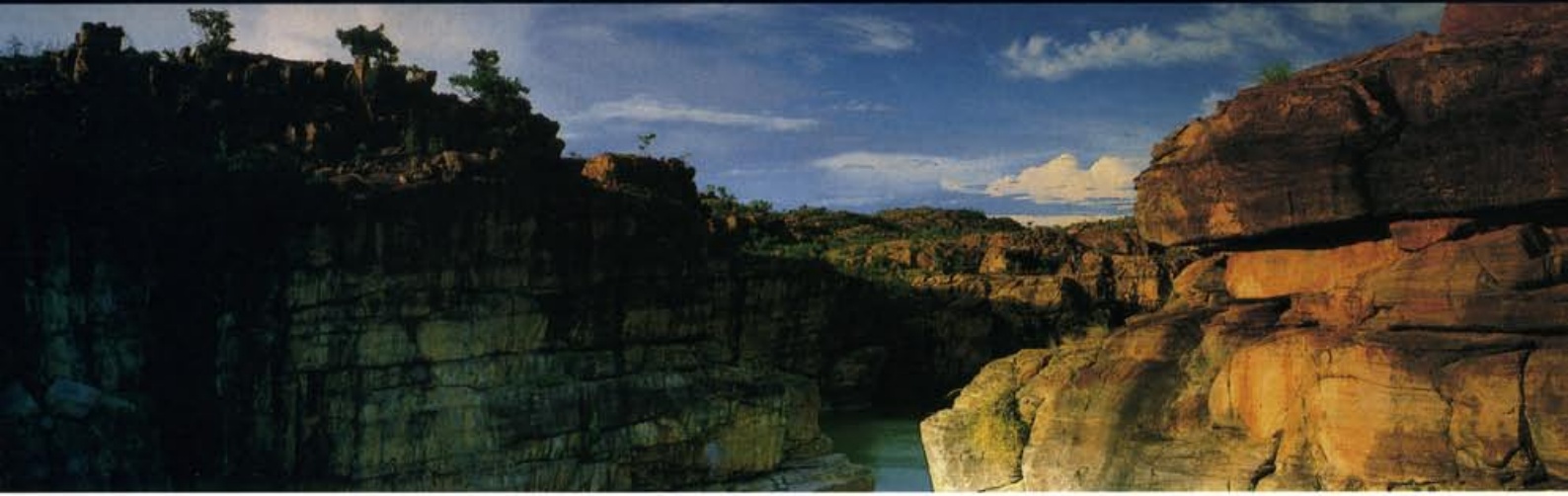
Dividend Payout ratio	48.8%	33.6%	42.2%	32.4%	32.0%
Return on average shareholders funds	15.1%	13.1%	13.1%	15.3%	17.7%
Return on average assets	0.73%	0.63%	0.67%	0.85%	0.96%
Capital gearing ratios	8.5% <sup>*</sup>	6.5%	5.5%	5.8%	5.8%

**Other information (Number)**

Points of representation	1,735	1,690	1,657	1,657	1,649
Number of employees	42,445	41,187	39,018	38,031	36,789
Number of shareholders	72,935	65,552	59,518	51,192	48,779

\* On risk weighted basis from 1988

† Excludes special dividend of 26.0c to be paid in April, 1989



Sir William Vines AC, CMG

### Trading results

This year's very pleasing results are in line with our earlier expectations. We achieved over 20 percent increase in interest and other operating income, and over 14 percent increase in non-interest income. Operating profit after tax was A\$505.4 million, an increase of over 31 percent. Profit after extraordinary items increased by over 57 percent to A\$628.9 million.

Improved performances reflect a combination of higher interest margins, an increase in business volumes, improved productivity and reduced tax rates. Although the Group bad and doubtful debt charge was higher than in 1987, the second half of 1988 saw a significant improvement over the first half. With the exception of investment banking, which includes the global merchant banking and stockbroking divisions, each of the principal divisions provided a solid contribution to the Group's results. In particular, banking operations benefitted from the flight to quality following the stockmarket downturn in October 1987. Margins were slightly better than in the previous year.

The Australian banking operations contributed a profit of A\$220.0 million, or 43.9 percent to the Group's result. Although affected by very difficult trading conditions and historically high levels of bad and doubtful debts common throughout the industry, our New Zealand banking operations contributed A\$87.0 million, or 17.2 percent, to the Group's results. Our Australian finance company, the Esanda Finance group, continued to make a significant contribution and recorded a profit after tax of A\$73.7 million, up 21.4 percent on last year.

The results of the London-based subsidiary ANZ Holdings (UK) Limited (which incorporates elements of the former Grindlays group as well as overseas merchant banking and stockbroking business) were particularly pleasing, recording a profit of A\$48.3 million compared with a loss of A\$2.6 million in 1987. This profit included a solid contribution from South Asia, better results from the Middle East, lower debt provisions (including some recoveries), and lower administration costs, particularly in the United Kingdom where the results of staff rationalisation are beginning to make a positive impact.

Overall, operating costs to net income have been reduced from 66.6 percent in 1987 to 65.5 percent in 1988. Personnel costs for each dollar earned were reduced from 34.5 cents in 1987 to 32.6 cents this year. We are, however, not satisfied with this level of costs and considerable management effort will be made in the coming year to achieve further reductions. We expect the strategies presently in place and described in the Group Chief Executive's Report to be effective in reducing costs to acceptable levels.

Directors believe that this year's results mark a turning point following the Group's long term strategic positioning with a 15 percent improvement in return on average shareholders' funds (15.1 percent in 1988 compared with 13.1 percent in 1987), and a 26.6 percent improvement in earnings per share (71 cents in 1988 compared with 56.1 cents in 1987).

## Dividends

At an extraordinary general meeting in August 1988, Directors received shareholders' approval to declare the amounts and dates of dividend payments. Accordingly, Directors have announced a fully franked final dividend of 22 cents per share payable on 10 February 1989 which, together with the fully franked interim dividend of 12.5 cents paid on 1 July 1988, will make a total normal payment of 34.5 cents for the year. This is an increase of 64 percent over the total payment of 21 cents in the previous year. Shares issued under the recent 1 for 6 rights issue do not rank for this final dividend.

Due to a reduction in the level of corporate taxation payable in Australia, the value of franking credits will diminish after 30 June 1989 and it is in the shareholders' interest to clear accumulated franking balances by that date. Directors therefore propose to pay a special fully franked dividend of 26 cents per share on fully paid shares on 21 April 1989. Both the dividend reinvestment plan and the new bonus option plan will apply to this special dividend. All listed shares, including those issued pursuant to the recent rights issue, will rank for this special dividend except that shares paid to 50 cents will be entitled to a special dividend payment of 13 cents per share.

For holders of fully paid shares, other than those acquired through the recent 1 for 6 rights issue, dividend payment per share is:

Interim	12.5 cents
Final	22.0 cents
Special	<u>26.0 cents</u>
Fully franked	<u>60.5 cents</u>

Excluding the special dividend, payout for the year is equivalent to A\$246 million. This payment is 70 percent greater than the total dividend payout of A\$145 million for the 1987 year, and represents a payout ratio of 49 percent for the year. Part, however, will not be paid in cash by virtue of shareholders electing to take bonus shares instead of cash dividend and through reinvestment under the Group's dividend reinvestment plan.

In the absence of abnormal circumstances, the Directors are confident of strong profit growth in the years ahead, and the Group expects future dividend payouts to be the equivalent of 50 percent of operating

profits. Directors believe that this level of payout will preserve the Group's full franking ability under foreseeable tax regimes. We therefore expect that the 1989 interim dividend will be equivalent to at least the final dividend this year.

## Improved investment options

During the year we put in place or announced our intention to introduce enhanced investment options for our shareholders.

Like other major Australian banks, we already offer our Australian shareholders fully franked dividends. As this benefit at present only applies to Australian shareholders and we are conscious of the need to retain equity among all shareholders, we sought and received approval of shareholders at the extraordinary general meeting to introduce a dividend selection plan. This plan is designed to allow shareholders to select an offshore source of dividends if they so choose. It will also assist some non-resident shareholders to obtain the benefits of dividend imputation provisions existing in their home countries, or to obtain the benefit of favourable provisions existing in applicable international taxation agreements. We are currently working with overseas government authorities and present indications are that the plan is not likely to be implemented before the 1989 interim dividend.

The extraordinary general meeting also approved a bonus option plan which enables Directors to effect capitalisation of reserves. In essence, shareholders now have the opportunity to receive fully paid bonus shares allotted from the Group's share premium reserve instead of cash dividends. The number of shares to be allotted to participating shareholders will be calculated by a formula which gives a 10 percent discount to market price.

Shareholders will also be aware that the Group has had in place for some time a dividend reinvestment plan allowing an option to reinvest dividend entitlements into the purchase of additional shares at a discount. During the year this discount was doubled to 10 percent, making it a very attractive option for both institutional and individual shareholders. This increased discount rate is available for the 1988 final dividend.

Shareholders at the extraordinary general meeting also approved a scheme that enables the issue of equity capital denominated in overseas currencies. This arises from the international nature of our business and the constantly changing relationships of the numerous currencies in which we conduct our business. As a bank, we must meet a minimum standard for balance sheet gearing. If currency movements converted to A\$ increase the size of the balance sheet, more capital in A\$ is required for no real increase in business, and calls on shareholders for more A\$ capital could be more frequent. With shareholders holding capital with value deemed in foreign currencies as well as the A\$, their investment may be less for greater benefits in relation to profits.

Directors also believe that having different classes of shares to cover the movement in foreign currency denomination will aid market comparison with other international banks and a stronger demand for ANZ shares is a potential outcome.

Although we have no immediate plans for an issue of "foreign currency" shares, it is intended that such issues will generally be made through bonus or rights issues, although the scheme gives us the right to raise foreign capital offshore. The terms of any such issue will not disadvantage any shareholder and Directors will follow past practice and ensure whenever possible existing shareholders receive preference.

Details of these initiatives have been advised to shareholders during the past year. However, we acknowledge that with so many options, or potential options available, shareholders could be confused as to the most appropriate option for their particular needs. In addition to an explanatory guide on the option plan available for the final dividend, it is intended to distribute to shareholders during 1989 a simplified booklet which we believe will assist them in making their decisions.

### Management

ANZ today is a complex financial services conglomerate undertaking trading, savings and investment banking, stockbroking, general finance, life assurance and trustee and investment services. We have representation in 48 countries, with full licensed banking operations in 38. In branch banking, we have a comprehensive or niche presence in 23 countries.

Our operations are conducted on a traditional (Western) basis or under Islamic rules with at least 17 major languages used in the ANZ Worldwide network.

The demands on our senior people are indeed high and have increased enormously over the past five years since the acquisition of a trustee company, life office, stockbroker and Grindlays Bank.

The Board has recognised the position by segregating operations from the other major tasks for which a Chief Executive is also responsible — strategic planning, policy issues, balance sheet management, manpower and succession planning, and investor, public and media relations.

As a consequence, the Board announced on 15 August 1988 the appointment of Mr W.J. Bailey as Deputy Chairman and Group Chief Executive, and Mr R.A.D. Nicolson as Group Managing Director and Chief Operating Officer. Mr Bailey remains responsible and accountable for the total Group operation whilst delegating total day-to-day operational control to Mr Nicolson.

The Board is most fortunate to have two such capable and compatible executives to lead the Group's able general management team which constitutes an excellent blend of background experience, skill, competence and aggression with the right balance to ensure quality management. The full team is listed on page 32 of this Report.

### Our people

I want also to pay tribute to all our people who have made such a substantial contribution to the Group's progress during the year.

Maintaining a high quality of service and work, whilst undergoing substantial organisational and cultural changes, is not easy, particularly when rationalisation and divestment are part of this management evolution.

That so much change has been successfully undertaken and excellent results still achieved is highly commendable. I would like to record the appreciation of the Board on behalf of all shareholders to the management and staff of ANZ Worldwide.



### *New Zealand*

**Jeanette Pengelly**, born in 1969, is a term deposits/overseas clerk in the branch at Te Kuiti, a farming town. She has been with ANZ for almost three years, beginning in her home town of Taumarunui, also a farming town. She is single and her hobbies include horse riding, skiing and swimming.

## Assets

Total assets of the Group increased by 13 percent (A\$8.5 billion) to A\$73.8 billion at 30 September 1988. Most of this increase occurred in the first half and reflects our previously stated objective of managing our assets more effectively rather than growing them for growth's sake.

The Group has 37 percent of its assets offshore.

## Quality of assets

There has been some media comment concerning the quality of the Group's asset book. Alleged exposure through loans to entrepreneurs has been mentioned as has also the extent of our LDC portfolio.

For the record, ANZ is the main banker to four of the so-called 20 entrepreneurial investment companies listed on The Australian Stock Exchange. Management has always taken a prudent approach to credit assessment as is evidenced by the levels of provisioning in the first half of this year following the stockmarket readjustment of October 1987. The much lower level of our provisioning required in the second half, which is against industry trends, supports this contention.

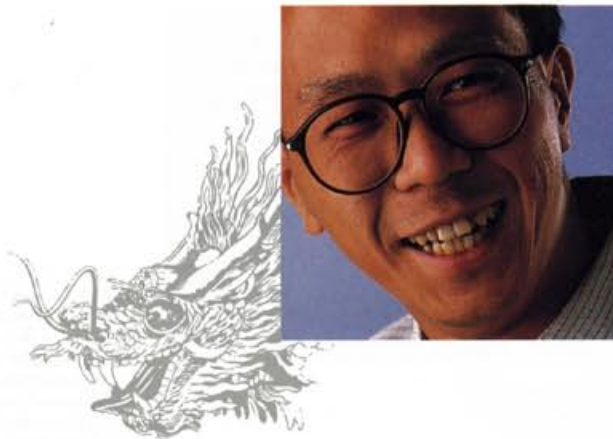
On the matter of LDC exposure, the Board believes that competition between banks as to the best provisioned bank is counter-productive. The interdependency of banks in the global settlement risks area really means that all banks, to a degree, share in each other's exposures. Banking is about risk management.

The Group's total exposure to countries whose debts have been rescheduled, including trade finance, is currently the equivalent of A\$1,380.4 million or 1.9 percent of assets (1987 — 2.3 percent). No one country's gross exposure exceeds 0.5 percent of assets or 8.8 percent of shareholders' funds.

By geographic region, our total exposure to borrowers in rescheduling countries subject to provisions is:

South and Central America	A\$1,124.2 million
Eastern European Bloc	A\$ 110.9 million
Africa & Middle East	A\$ 89.6 million
Asia	A\$ 55.7 million
	<u>A\$1,380.4 million</u>

Net exposure (after allowing for allocated general provisions) represents some 22.2 per cent of Group shareholders' funds. Overall provision cover held (after allowing for tax relief where applicable) represents approximately 36.9 percent of the total exposure. We consider this to be entirely adequate given the nature of our portfolio. This cover is largely held within the general provision for doubtful debts and is based on assessment factors promulgated by the Bank of England last year. A re-assessment of the total general provision along risk grading lines has resulted in some re-allocation within the general provision.



## Hong Kong

**Peter Tong** is manager, data processing and communications, and is responsible for all the software and hardware Hong Kong uses in its data processing and communications facilities. He has been with the Group since 1986. Peter, who was born in Hong Kong, is married. His hobbies include photography, tennis and squash.

### Capital adequacy

We have significantly improved our capital ratios and are comfortably placed under the Reserve Bank of Australia's minimum requirements for capital adequacy announced during the year. As at 30 September 1988, the Group's risk weighted assets were A\$67.7 billion resulting in a tier 1 risk weighted capital ratio of 5.7 percent and tier 2 ratio of 2.8 percent. Our total ratio of capital to risk weighted assets of 8.5 percent compares very favourably with the targeted minimum of 8 percent.

The revised capital adequacy guidelines do tend to favour lending for housing. Because only half as much capital will need to be held against a loan secured by a mortgage compared with, say, a commercial loan of the same size to a business, lending for housing has become more attractive. This could eventually lead to downward pressure on housing loan interest rates.

### Changes to Government regulations

In its Federal Budget, the Australian government announced two important changes to banking, namely the removal of the distinction between trading and savings banks and the phasing down of the existing statutory reserve deposits (SRD) requirement in conjunction with the establishment of a new statutory deposit of one percent of total liabilities applicable to all banks.

This should eventually produce some cost saving effects which should work through to marginal changes in interest rates. The SRD change should ultimately be worth at the most about 0.2 percent to our margins and is expected to be split between lower lending rates and higher deposit rates, with minimal impact on profits.

However, the lower SRD requirement will also reduce the incentive to favour bill financing vis-a-vis funded lending in order to move business off-balance sheet or to channel it to non-bank subsidiaries.

### Investor relations

During the year we have devoted particular attention to our investor relations.

Mr Bailey, Mr Nicolson and myself have all been involved in meetings with and presentations to shareholders and the wider investment community in Australia and New Zealand, the United Kingdom, Europe and the United States. A greater understanding of the Group's investment potential is gradually being achieved.

Continuing emphasis will be placed on this activity in the years ahead. Our objective is to ensure that our stock is fairly priced and that a sufficiently liquid market exists for the benefit of all our shareholders.

Our initial shareholders' meetings in Wellington and London earlier this year were very successful and similar meetings will again be held in 1989: on 1 February in Wellington and 14 February in London.



### Germany

**Benedikt Hau** is a correspondent banking manager in Frankfurt and his responsibilities include banks in Germany, Austria and Luxembourg. He has worked for ANZ since 1 January 1987. He and his wife live at Offenbach, near Frankfurt, and they have a son, Jan-Niklas, aged one. Benedikt's hobbies are skiing and do-it-yourself activities.

Details will be advised to shareholders separately. We also began publication of a small newsletter which is posted to shareholders three times a year to keep them up-to-date with developments within the Group and the banking industry. We believe ANZ is the only Australian bank to provide these additional communications with individual shareholders.

#### **Board changes**

Mr R.B. Vaughan was appointed a Director of the Group in January 1988. Mr Vaughan is Chairman and Managing Director of Dalgety Holdings Limited and Chairman and Chief Executive of Dalgety Farmers Limited in which ANZ has a 20 percent interest.

In September, Sir Roderick Carnegie was involved in a serious car accident which involved his hospitalisation for several months. We are most fortunate that he has recovered from his major injuries and is able to continue his valuable contribution to the Board.

As I have indicated earlier in the year, I shall be retiring from the Board following the Annual General Meeting on 23 January 1989, at which time Mr M.D. Bridgland will become Chairman of the Board. Mr Bridgland has been a Director for six years and I am delighted to be succeeded by such a capable and experienced person.

#### **Outlook**

During my period as a Director for over 12 years, six of them as Chairman, I have had the great fortune to be involved in the dramatic transformation of ANZ from a relatively small regional bank into Australia's most diversified financial services institution of global standing. For much of this period, ANZ was seen as the most profitable Australian bank with the most cost efficient delivery of products and services. This was predicated on almost our entire activities being conducted in what was then a heavily regulated domestic environment.

The move to acquire a worldwide network with the purchase of Grindlays Bank was designed to enable ANZ to take a position

in world markets which in the longer term would provide profitable growth to the advantage of shareholders. The Board was prepared to accept that for a short period of years growth in profitability would be slowed.

Results this year have vindicated this decision. The Board is confident that the significant improvements recorded this year represent a foundation for a very secure and increasingly profitable future.

Looking at the year ahead, we expect a more moderate and balanced expansion of the Australian economy compared with a buoyant economy this year. Lower inflation and interest rates are forecast for the next 12 months. The balance of payments remains the principal area of concern with the current account deficit set to decline only slowly. Prospects are heavily dependent on favourable external influences, particularly commodity prices. Overall, the business environment seems likely to be conducive to further solid growth in ANZ's operations.

On this basis, current indications are that the Group's profits and key profitability ratios will continue to improve. In the absence of major disruptions to global or domestic markets, Directors are confident that we will achieve strong profit growth and higher returns on shareholder equity, and expect a further significant improvement in Group profit in 1988-89.



SIR WILLIAM VINES  
Chairman

12 December 1988



Mr. W. J. Bailey

Our shareholders have been very supportive of the long term strategy taken by the Group to position itself as a player of substance in the evolving global financial market place. It is pleasing, therefore, that the results achieved in the year just ended give tangible evidence that our strategy is working. We believe that these and our future results will continue to vindicate our resolve to add value to our customers through offering a different and unique range of services.

Our strategy is different to that of other Australian banks.

It covers:

- building on our domestic strengths in Australia and New Zealand;
- ensuring continued growth and strength in our home based region of influence – Australasia and Asia Pacific – is a focal point of activity;
- maintaining our well regarded presence in capital market centres – London, New York, Tokyo, Hong Kong and Singapore;
- creating niche branch banking positions in certain developing countries; and
- establishing an extensive distribution network in a mix of developed and developing countries with strong interconnected trade flows – north/south and east/west.

The mix of products and services on which to build our profitable future has to relate to the skills of our people. It is clear that we can offer:

- a full range of financial services in our home markets
- selected banking services in niche foreign branch banking markets
- services and products dependent on distribution access in network points, viz. trade finance, bonding business, selective capital market activities, and private and investment banking.

Such a strategy and business mix will strengthen ANZ's position as a strong and vital international financial services group based in Australasia.

The Group has been remoulded into an entity with a new and progressive culture. Difficult and challenging decisions have been taken and the outcome digested. The future is bright indeed.

During the year under review, many changes have taken place and a number of highlights are worth recording for shareholders' information and understanding of our operations.

### Individual Banking Services

The heart of a successful strategy to deliver banking services to individuals is in superior customer service at a competitive price. We are well advanced with a customer service drive, involving staff at all levels.

The elimination of waste, service redundancy and product obsolescence, which is a reflection of our regulated past, is being progressed. We are also leading the major Australian banks along the path of pricing products more according to cost and so reducing the practice of one group of customers subsidising another. Despite an initial reaction by some sections of the community, our customers have, on the whole, accepted this concept as being equitable.

Our major thrust will be the medium term reconfiguration of our distribution system, with the objective of significantly reducing cost levels while simultaneously improving customer service.



The key concepts involved in this reconfiguration, including relationship banking, centralised lending centres and branch accounting centres are under trial in three regions in Australia.

Our retail banking systems are being redeveloped for the next decade within a framework which reflects the changes proposed in our distribution channels, our detailed segmentation of customer needs and the requirement to link any additional banks acquired through a common customer information facility.

In India, all branches are being refurbished to permit improved customer service. In other countries, Papua New Guinea and the Pacific Islands in particular, customer service is being improved and information systems are being refined.

As well as the traditional bricks and mortar network of branches, ANZ also provides a payments system for personal customers through EFTPOS (electronic funds transfer at the point of sale) and Visa where we hold leadership positions in Australia. The investment in electronic banking facilities will enable us to take early advantage of technological advances and market acceptance of alternative ways of doing business.

### **Operational overview**

The demand for housing finance was strong in Australia in 1988 despite volatility in interest rates. Response to other forms of consumer credit was fairly weak both in Australia and New Zealand. The "flight to quality" after the October 1987 stockmarket downturn boosted deposits.

ANZ now has close to three million electronically striped cards on issue in Australia, of which more than half have personal identification numbers (PINs). Strong growth in electronics using Night & Day automatic telling machines (ATMs) and point of sale terminals (EFTPOS) continues. ANZ Electronic Network Services is the leader in Australia in EFTPOS with 27 percent of the installed base of terminals.

In India, automation of our 56 branches is well advanced with more than 80 percent of customer accounts computerised. In addition, new products are being developed including a Visa card service and ATMs.

## **Business Banking Services**

### **Corporate banking**

ANZ has maintained its position as a banker to almost three-quarters — and prime banker to more than one-third — of Australia's leading corporations. Business volumes increased along with our overall market share.

The ability to develop and provide reliable, efficient, flexible and innovative service, products and financing techniques was frequently demonstrated. Our network, with experience in the world's major financial markets, has assisted many Australian corporations in their quest to enter the world arena. Likewise, many offshore corporations have taken the opportunity to use our network to invest in Australia. However, most importantly, an ever increasing number of global multinational corporations based in foreign countries are becoming ANZ Worldwide relationship clients as they recognise and use our unique network.

### **Commercial banking**

We are also very active in providing a relationship banking service to medium sized companies — the "middle" market.

Regional offices throughout Australia are able to take prompt decisions, enabling ANZ to provide a speedy and professional service to more than 6,000 commercial clients in Australia.

### **International services**

Within Australia we have 40 regional offices which provide a full range of specialised international banking services.

With our global network in countries which account for more than 70 percent of Australia's trading partners, our service is the most comprehensive in the marketplace.

Our automated documentary letter of credit system has been updated to allow on-line customer interface and the Bank Interchange Transfer System (BITS), an Australian-developed domestic interbank same-day payment network, was installed.

In New Zealand, international services were enhanced with the introduction of Australian currency interest bearing cheque accounts and a term deposit facility available in all major currencies. Computer-based systems for the issuing of foreign currency drafts and letters of credit were introduced.

### **Finance companies**

Esanda Finance, our Australian finance arm, had record business writings. Although consumer demand continued to be generally subdued, increased motor vehicle sales and plant expenditure by businesses contributed to strong growth in leasing and hire purchase financing. There were also increases in construction financing and development ventures.

Esanda's asset base increased by over 20 percent during the year and market share continued its rise of the past two years.

Increased business activity, lower interest rates and improved commodity prices for rural producers all contributed to an improvement in the ability of customers to service commitments. Consequently, net bad debts were down almost 20 percent on the 1987 level, notwithstanding the strong increase in lending assets recorded for the year.

Esanda was an active borrower in both the retail and wholesale markets with strong support for public issues, particularly in the second half of the year. It was the first Australian finance company to tap the Australian tradeable debenture and note market, with total issues of A\$200 million in medium-term debentures. A fixed interest rollover bond, which offers the benefits of security for capital and income to the retiree investor market, was launched in conjunction with the Group's life office, Greater Pacific Life (now ANZ Life) in August.

In New Zealand, the severe stockmarket adjustment had an adverse impact on the results of our New Zealand finance company, UDC. Although bad debts were sizeable, UDC achieved record levels of income through positive marketing and improved margins.

### Investment Banking Services

Our worldwide merchant banking and stockbroking interests were integrated on 1 October 1988 into a global investment banking and securities group.

The new organisation, ANZ McCaughan Limited, includes the London-based ANZ Merchant Bank Limited, ANZ Capital Markets Corporation Limited and McCaughan Dyson Capel Cure Limited, our investment and stock brokers.

The integration of such businesses, a worldwide trend, recognises their close interaction and enables centralisation of their administration. It will reduce administrative overlay and produce better results for customers and shareholders alike. As the global rationalisation process unfolds, we expect the surviving players to create a better structured market environment. ANZ is well placed to take advantage of such conditions.

As part of our strategy in the United Kingdom to concentrate our resources on corporate, institutional and network banking business, London-based Capel-Cure Myers International Asset Management Division was sold to a Canadian company. A useful capital gain results.

In February, ANZ Securities (Switzerland) Limited was established to concentrate on the Swiss capital markets. Complementary operations exist in Australia, New Zealand, Hong Kong, London and New York.

ANZ is an active trader for fee income in lesser developed country (LDC) debt. This business showed good growth and we achieved more than five percent of the market.

Euro commercial and promissory note mandates under facility management agreements totalling A\$1.72 billion were negotiated during the year. Also, we arranged a number of eurobond issues, including those for the World Bank and the Australian Trade Commission.

The backing of the Group has helped ANZ McCaughan increase its market share, albeit in a greatly reduced market. This support also helped the company remain among the top three stockbroking houses in Australia with a growing international presence. It now operates in nine countries through 14 offices.

Like most competitors in the industry, we were forced to curtail some operations and reduce staff. However, we also used the opportunity to upgrade, selectively, personnel skills and diversify more widely. This was not without some cost to profit but was a necessary investment for the future.

### Private banking

Deposits and funds managed by private banking units around the world exceed A\$4.5 billion.

Existing offices in London, Jersey, Guernsey, Geneva and Monaco were extended to include a new office in Hong



### United Kingdom

**Alastair Houlding** is an assistant account officer in international corporate in London. Aged 24, he joined ANZ in 1986 as a graduate trainee from Edinburgh University. Alastair is married and lives at Brockley, in south-east London. His hobbies are hockey and foreign travel.

Kong and our trust and company administration subsidiaries in Vanuatu and the Cook Islands. Hong Kong will focus initially on providing trust and related services to the dynamic markets in the Asia Pacific area and the Pacific Islands companies will complement our existing trust businesses in the Channel Islands and Switzerland.

Overall results for the year were satisfactory despite the downturn in investment management and securities business which followed the sizeable stockmarket adjustment in October 1987. Jersey and Guernsey produced particularly good results.

#### **Investment and trust services**

Despite the shock of the stockmarket downturn, funds under management are in excess of A\$2.3 billion and expected to grow strongly with the introduction of products attuned to the more capital secure demands of the market.

ANZ Nominees Limited maintained its position as the largest Australian bank custodian in terms of securities held. A marginal decline in client activity was recorded after the stockmarket downturn, but this has been compensated for by an increase in our customer base.

### **ANZ Worldwide**

#### **Americas**

We operate in the Americas as a wholesale financial services institution through representation in New York, Chicago, Los Angeles, Houston, Toronto, Cayman Islands and Rio de Janeiro.

New York Branch, which is the centre for regional treasury operations, was expanded to offer future rate agreements, options and

currency and interest rate swap facilities. The Branch also acts as a US dollar clearer for our global network, and is in the top 20 banks based on clearing value through the New York "Chips" system. Our sizeable correspondent banking business is a strength in this good fee earning business.

Our trade finance capabilities continue to expand with activities concentrated in Los Angeles, Chicago, New York and Toronto.

We remain the only Australian bank with an operational presence in Canada.

#### **Asia Pacific**

Like other foreign banks operating in the competitive Japanese market, we faced heavy costs and narrow lending margins. However, by concentrating on trade financing and treasury products and using the ANZ Worldwide network, our Branch is showing good results, with the interest displayed by Japanese investors in Australian currency deposits being used to advantage. In the circumstances, our Tokyo Branch produced splendid results.

In South Korea, local banking controls continue to restrict our capacity for foreign and local currency lending. Despite these constraints, the Branch is producing pleasing results.



*Kenya*

Lucy Ngunjiri has been the receptionist and telephone operator at our Nairobi headquarters since 1975. She married in 1978 and has two children, both boys, aged eight and six. Her husband is a banker with Kenya Commercial Bank. Lucy's spare time is spent with her family.

Networking remains a high priority and merchant banking activities are growing with the development of some specialised products in the capital markets area, particularly in Singapore.

The Australian business migration programme continues to provide good business opportunities in most centres.

Treasury activities, particularly in the larger financial centres of Hong Kong, Tokyo and Singapore, are rated highly and produce excellent results.

In June, a special correspondent arrangement was entered into with the Industrial and Commercial Bank of China. As a result, China's largest bank will use the ANZ Worldwide network, particularly in the Middle East, Africa and South Asia where China's trading interests are rapidly expanding.

Our representative offices in Thailand, Malaysia and Indonesia actively promote the ANZ Worldwide network to government departments, corporations and correspondent banks with good and profitable business resulting.

In Fiji, although asset growth was curtailed, good profits continue. Approval was received to open a new branch in the Cook Islands to further complement our business base in the South Pacific.

In Papua New Guinea we are targeting commercial business as a growth area, particularly import and export customers, where we can exploit the advantages of the ANZ Worldwide network and our expertise in international banking.

#### **United Kingdom**

Our London operations had an excellent year with profits well ahead of budget. We were active in lead managing and arranging a number of complex international transactions from which significant fees were earned. The office was successful in pursuing debt recoveries, particularly in the area of shipping.

#### **Continental Europe**

Our business in Europe has shown a considerable improvement on the previous year. We are continuing to promote the ANZ Worldwide network to major corporations with extensive global businesses. Results are pleasing and clearly demonstrate the unique added value we can provide to international producers of goods and services.

An ANZ Branch was opened in Paris, enabling us to participate in the wholesale and international markets in France with the full support of the parent company's capital resources. The Branch is achieving good results. Complementary to the Branch is our French subsidiary, Grindlays Bank SA, whose profits were substantially higher than in the previous year.



#### *United States*

**Mark Thome** is a foreign exchange dealer in New York. He is 24, single and lives in Brooklyn, New York. He enjoys working with computers and his hobbies include carpentry and tennis.

In West Germany, the Frankfurt Branch had another successful year, particularly with treasury services.

The segmentation of our businesses in Switzerland between Geneva (private banking) and Zurich (treasury, corporate and investment services) was completed, producing considerable efficiencies. However, further improvements are required to achieve acceptable returns.

Operations in Greece had another good year, while the representative offices in Italy and Spain helped produce a number of worthwhile business opportunities for the Group.

We are now very well placed to take advantage of new opportunities that will emerge within the single European market planned for 1992, both from cross border banking within Europe and also to and from Europe.

### South Asia

We have maintained our position as the leading foreign bank in India and contribution to Group results was most pleasing.

A new organisation structure was introduced to focus clearly on business objectives. Four market oriented units — institutional banking, corporate and commercial banking, personal banking and investment banking — replace a structure based on geographic regions.

Individual banking remains a priority and a core business activity in India. New products are being introduced with a continuing emphasis on attracting new customers.

In January 1988 we became the first bank to establish a merchant banking capability in Bangladesh. Results have exceeded expectations, with mandates being obtained from multinational companies. Despite depressed economic conditions resulting from extensive flooding, deposits have grown about 18 per cent and the country reported an improved contribution to Group results.

Sri Lanka continued to produce excellent results in the face of a difficult environment. Profit increased at a pleasing rate and further improvement is expected in 1989.

### Middle East

The business climate remained relatively subdued throughout the region but our Branches have been trading satisfactorily. If the area remains stable, we can look forward to sharing in the benefits to both local and international business that will follow.

In Jordan, the Branch network was refurbished and the business restructured to benefit from business opportunities which are flowing from our long association with the country.

The Group structured and acted as currency agent for a US\$100 million dual currency loan to the Sultanate of Oman, and our share of trade financing business through the Emirate of Dubai has increased.



सत्यमेव जयते



### India

Vineeta Salvi is manager of the Santacruz branch in suburban Bombay. She has worked for the Group for more than seven years, including nine months with ANZ Frankfurt. Single, Vineeta's hobbies include Indian classical dancing (kathak), tennis, reading, aerobics, trekking and sketching.

Our performance in Pakistan remained strong although it was affected by a substantial and retrospective increase in the corporate tax rate. The Modaraba, an investment fund under Islamic principles which was successfully floated last year, wrote a strong portfolio of corporate risk.

Treasury business managed out of the Bahrain Offshore Unit had a particularly successful year. This unit is responsible for a small but growing relationship base that the Group has developed among established Saudi Arabian businesses.

#### **Africa**

The continuing shortage of foreign exchange in most African countries in which we are represented has been alleviated to some extent by external aid donations and "soft" loans.

A merchant banking presence was established in Zimbabwe and it is planned to introduce further merchant banking products in East and West Africa during 1988-89.

Our African representation has a dual purpose — we are providing a valued interface to the world financial markets whilst our operations continue to produce a satisfactory return on investment. They generate and support valuable network business by providing an international banking service to some of our major multinational customers and to sovereign governments.

#### **Australian Subsidiary Companies**

##### **Executors and trustee services**

ANZ Executors and Trustee's cash management service common funds, V2 and S22, exceeded A\$2.18 billion and are now clearly the dominant funds of their type in the market.

The V2 Common Fund was extended to Tasmania and Western Australia, making this cash management service available Australia-wide.

Our charitable trusts department administers a large conglomerate of trusts. Funds under administration total around A\$120 million with distributions to the community exceeding A\$7 million a year.

Assets under administration for estates and trusts now total about A\$300 million.

##### **Insurance services**

In December 1988, Greater Pacific Life was renamed ANZ Life Assurance Co — ANZ Life — to link the company clearly to the Group in the community's eyes.

The level and pattern of Greater Pacific Life's new business was affected by the stockmarket downturn which caused a setback to profit growth. This was the general trend for the life insurance industry. However, profitability held up very well indeed — a most pleasing performance.



#### *Zimbabwe*

Cyril Nyatsanza is manager, systems and control, with responsibility for internal audit and following up inspection reports. He lives in Harare, the capital of Zimbabwe, with his wife and three children. He plays soccer and squash and enjoys all spectator sports. Other hobbies include music and cinema.

In the area most affected, investment-linked business, we emerged with an even higher reputation for investment performance.

Sweeping changes to the taxation of superannuation also had a detrimental impact on the insurance industry which must now cope with major administrative and systems changes.

During the year the Group's life insurance operations were extended to New Zealand. Insurance bonds are already being successfully offered and other products will be introduced progressively.

#### **Unit trusts**

The year marked the final stage of the restructuring of the trusts and the reorganisation of Australian Fixed Trusts (AFT), one of Australia's largest trust management groups with almost A\$2 billion under management. Unitholders are now starting to see the benefits of the restructure of AFT's property trusts in a tangible way.

In the last quarter of 1988 further substantial increases were reported in the values of most units in the various property trusts, with many showing high returns over the past year, clearly demonstrating the success of the restructure programme.

All property trusts are now soundly based and it now remains to complete the repositioning of the equity-based trusts as a result of a much altered market and changed investor sentiment.

As foreshadowed last year, AFT Investor Services Limited, our subsidiary which manages the various trusts, returned a

disappointing profit result. The stockmarket downturn affected the gross volume of funds under management and reduced revenue during a period when this company was absorbing residual restructure costs. However, with a much more streamlined, efficient and far lower cost management structure in place, we are confident of achieving profitability in 1988-89.

The past two years have unquestionably been difficult both for unitholders and management. The tolerance of unitholders and the dedication of staff in squarely facing the issues and positioning AFT for a prosperous future is acknowledged.

#### **Treasury Services**

Our position as a leading Group in foreign exchange activities was confirmed in the May 1988 edition of Euromoney magazine when ANZ was voted in a foreign exchange survey as the highest rated Australasian-based bank and sixth on a worldwide basis for treasury services.

The benefit of a focused approach to world capital markets was also highlighted by the accolades we received as "bank issuer of the year" for the US\$1 billion euro-commercial paper programme which was launched during 1987.



#### *Greece*

**Joanna Nicolaidou-Malovits** joined the Group in January 1986 as a secretary in the corporate area. She is now secretary to the private banking manager. Joanna is married and lives in Kifissia, a northern suburb of Athens. She likes swimming, gardening and travelling, and has worked in England, Holland and Italy.

Significant capital market initiatives this year included the launch of a medium term note programme for issues up to US\$500 million of flexible dated instruments, which further enhanced our liability management profile, and a well-timed term subordinated debt issue structured to meet new capital adequacy guidelines introduced by the Reserve Bank of Australia.

In the domestic medium term debt market, a A\$500 million issue received overwhelming market support.

Important steps are being taken in the US regulatory environment which will position us to make more effective use of the large and liquid investor potential in the US domestic markets.

In New Zealand, our treasury operations expanded its business base and again made a significant contribution to results. A financial services division was established to provide specialist off-balance sheet products, including forward rate agreements, fixed rate facilities and interest and currency swaps.

Our full membership of the New Zealand Futures Exchange enhanced our ability to provide these products at competitive rates.

## Technology

We have identified critical strategic areas for our information systems development and are now using advanced technology to expedite progress in these areas. In particular, work has commenced on the extensive use of relational technology to supply consolidated customer relationship information and detailed market analysis.

Our development programme has required the acquisition of some of the most advanced computer equipment in the world. It will assist us to provide higher levels of customer service, and products more attuned to customer requirements than has previously been possible.

We believe the application of sophisticated techniques in selected areas, rather than the redevelopment of monolithic systems to replace the total environment, will provide more rapid payback. Systems developed on this basis can be completed sooner, at lower risk, and with better fit to a complex and constantly changing market environment.



### *United Arab Emirates*

**Mohd Al Mulla** is a trainee officer in the bills department in Sharjah. A 26-year-old bachelor, he has a Business Administration degree from California State University in the US. His hobbies include music, photography and computers.



We have strengthened further our international core network. Work has commenced on a major unification of our total payment systems. ANZ is already recognised as Australia's foremost bank for international payments and we believe these system enhancements will enable us to participate on equal terms in the international payments business.

In India we are actively supporting development of new technologies and have established a computer software development company, Index Computing Pty Ltd, in the Electronics Export Processing Zone at Bangalore. This wholly-owned subsidiary provides software for use in our global information processing centres and in other areas of the Group.

Our global communications utilise voice and data networks. Using digitised voice, fibre optic and satellite technologies, we have the communications capability to take us into the future with assurance.

Within Australia, the Group's data processing facilities continued to provide competitive, high quality, high availability information processing services. Disaster recovery procedures continued to be improved.

The A\$35 million upgrading of our data processing facilities at Mount Waverley, Victoria, was completed during the year and we are now equipped to meet our customers' needs well into the future. During 1989 we will be installing further advanced technology to improve throughput and response.

## Personnel

At 30 September 1988, Group staff worldwide totalled 42,445, an increase of just over three per cent. Staff in Australia and New Zealand, including all subsidiaries, was 32,367 (30,564 in 1987).

Reduction in the number of staff in London continued during the year. Since the natural attrition and voluntary retirement and redundancy programme began in 1987, we have reduced numbers by about a quarter.

Although staffing levels have increased in some operational areas, these are directed to continued profit growth in our business activities.

Personnel costs amounted to A\$1,162 million, or 49.8 per cent of total operating costs excluding interest paid.

The efficiency of our staff has improved significantly with personnel costs per dollar of revenue earned reduced from 34.5 cents in 1987 to 32.6 cents in 1988.



### *Papua New Guinea*

**Mary Angellina Kekedo** is a data input clerk at our Waigani branch, which she joined earlier this year. She is single and her home village is Sariba, Milne Bay Province. Her hobbies are swimming, snorkelling, tennis and stamp collecting.

**Staff incentive and profit sharing schemes**

A total of A\$37.4 million pre-tax was paid during the year to staff throughout the Group in the form of incentive payments based on individual performance and Group goal targets.

**Industrial agreements**

A significant restructure of the Award covering bank officers in Australia has now been in effect for more than 12 months, replacing a years-of-service remuneration system with a productivity and performance-based system.

Resultant productivity increases are now beginning to be reflected in our results, although we expect further improvement in the years ahead.

**Staff share purchases**

During the year a further 3,495,215 shares were purchased under the Employee Share Purchase Scheme operating in Australia, New Zealand and the United Kingdom. At present 47 percent of eligible Australian staff are shareholders under this scheme.

In addition, 1,148,000 partly-paid shares and 332,500 fully-paid shares were issued under the Senior Officers' Share Purchase Scheme.

Total staff shareholdings amount to 19,370,481 shares, or 2.3 percent of issued capital.

**Personnel services**

Recognition of the importance of an efficient and committed workforce extends beyond financial rewards. It also involves individualised training and education programmes, career path planning and confidential counselling in personal issues such as AIDS and alcohol and drug dependency. We are proud of our achievements in these areas.

Training, covering skill formation, career development and further education, is fundamental to our success. During the year our expenditure in this area exceeded four percent of total payroll.

**Senior management changes**

Effective succession planning for staff at all levels is essential for our future. It involves structured personal development programmes through both specialised education and training, and working experience with different business units within the Group.

For this reason, several senior management changes were made during the year, and at the same time we took the opportunity to make minor organisation



*Japan*

**Nobue Itabashi** is a marketing clerk responsible for looking after retail customers for Australia and New Zealand deposits. Born in Tokyo, she joined the Group in March 1985. Nobue is single and her hobbies include golf, skiing and listening to music.

structural changes. Also, a number of members of the senior management team attended leading business schools under our post-graduate education scheme which has been in force for about 15 years. During the past two years the following senior officers have attended such institutions:

**Harvard Executive Programme:**  
Messrs Tim C. Jenkins, Don P. Mercer and Paul J. Rizzo attended in 1987 and Messrs David T. Craig and Alister T. L. Maitland in 1988.

**Stanford Executive Programme:**  
Messrs John R. McConnell and Derek W. Gall attended in 1987 and 1988 respectively.

**University of Hawaii Executive Programme:**  
Mr Ron G. Adams was at this programme in 1987.

A number of senior management changes have taken place. The General Management Team is listed on page 32.

Two new appointments on which we wish to comment are:

- Mr B.B. Dickinson, after a highly successful career, was released from ANZ to become Managing Director of Dalgety Farmers Ltd (an associated company).
- In recognition of the need to strengthen our technical and information services capability, Dr Bruno Sorrentino joined us in the important post of Group Executive, Technology.

## Community Involvement

Sponsorships and philanthropy continue to provide an effective vehicle for promoting our image and fulfilling corporate responsibilities to the communities in which our major operations are located.

Funding covered many sections of the community, including the Arts, sport, health and medical research, education, conservation, social welfare and environmental causes.

An unique project in Australia is the assistance we have been giving to the development by a medical research group of a "bionic" ear to help people with hearing defects.

This year saw the establishment of the ANZ Group Staff Foundation, the first of its kind in Australia. Initiated by staff, the Foundation enables our staff members to make worthwhile contributions to the Australian community by combining small donations into a meaningful sum through regular payroll deductions. Contributions are voluntary, and the Foundation is administered by ANZ Trustees under the auspices of our Australian Staff Committee.

A number of innovative projects were undertaken in recognition of Australia's bicentenary.



*Zaire*

**Bisadidi Ndomanueno** is a clerk in the letters of credit department. He has worked for the Group for 13 years. He and his wife and six children live in Bas-Zaire.

Construction costs of the superbly crafted Australia State Coach — a gift from the people of Australia to Her Majesty Queen Elizabeth II for the bicentennial — were initially met by ANZ through an underwriting arrangement. A major portion of these costs was recouped from public subscriptions during a national tour of the coach. Built predominantly by Australian tradesmen using Australian materials, it is now housed at the Royal Mews at Buckingham Palace for use on State occasions.

Our major Arts involvement in 1988 was The ANZ Bicentennial Art Commissions. Major state art galleries were provided with funds to commission works of art on a bicentennial theme by artists resident in Australia. The works formed an exhibition which toured all states and territories for nine months.

Also we provided overseas scholarships to graduate students in dance, drama, art and music from the acclaimed Victorian College of the Arts.

Another unique bicentennial project was sponsorship of the longest chain of beacons in history, which circled the Australian coast on the evening of Saturday 18 June. The 15,000 kilometre "celebration by fire" directly involved more than one million Australians and many of our branches at more than 550 sites.

Our strong support of sport continued with major sponsorship of the Australian Institute of Sport, the ANZ Youth Sport Scholarship programme and the Australian team to the Seoul Olympics.

In New Zealand, we were involved in the International Festival of the Arts, a biennial event. We also sponsored the Auckland-based Perkel Opera in its presentation of Gilbert and Sullivan's 'Yeoman of the Guard'. We have sponsored the ANZ Bank Art Award for eight years.

Our involvement with sport concentrates on the New Zealand International Festival of the Horse, a major equestrian event, and the New Zealand Women's Hockey Association which has received our support for 11 years.

One project which impacts on almost every New Zealander is our involvement with a national water safety programme in conjunction with the New Zealand Water Safety Council.

In India, we continued our sponsorship of the Kala Sangam (the Confluence of Arts) which comprises performances by well known artists in Indian classical music and dance, the proceeds of which were donated to the Development Centre for Exceptional Children in Bangalore.



*Bangladesh*

**Majedur Rahman**, born in 1957, joined the Group in 1981 as a trainee officer. Fifteen months later he was managing a deposit collecting branch in Chittagong. Other jobs included personal banking and foreign trade before he was seconded to Group Audit in the Middle East and Africa. He is now manager of the Dhanmondi branch in Dhaka.

We have a longstanding relationship with the Missionaries of Charity, run by Mother Theresa. We funded the construction of a deep tube well for Mother Theresa's Calcutta home and assisted her various other projects.

We also support other charitable groups, including Cry, an organisation concerned with disabled children in India.

## The Future

Some outstanding business issues remain to be finalised which could see further rationalisation and divestment of small parts of the Group which do not fit with our strategy. Also, the need to produce acceptable returns from the refocused investment banking units will continue to receive attention.

Our Australian based non-banking financial services arms will be restructured to eliminate unproductive duplication in both products and delivery systems. A better return to shareholders will result.

In the branch banking operations in Australia and New Zealand, action underway to improve customer service, range of products, efficiency and effectiveness will continue apace. This is being supported by flexible and cost efficient electronic transaction and information systems and will ensure our overall performance is more than acceptable to customers, staff and our shareholders.

Actions to expand our business will be taken as opportunities and timing are judged to be right. Our priority is to strengthen our position in our home markets and to grow offshore in commercial cross-border banking.

However, with global rationalisation of banking moving ahead in Europe and the United States, we believe it would not be in our shareholders' interests to acquire a modest sized domestic-focused bank in a regional market. Long term commitment to such a move would involve retaining critical mass in a deregulated environment — a sizeable and costly task. Such a move would inevitably mean a substantial change in our balance of business. The result could see the Group become predominantly one with its main business in a foreign country. This would pose the question as to the best domicile and currency of the Group's business.

We believe that part of ANZ's competitive advantage is our Australasian domicile; to ensure we keep this advantage, balanced expansion at home and abroad is our goal.



WILL J. BAILEY  
Deputy Chairman  
Group Chief Executive

12 December 1988

 **International and Investment Services**

- ▶ ANZ McCaughan
- ▶ Daiwa ANZ International
- ▶ Private Banking
- ▶ Development Finance Corporation
- ▶ International Network Services
  - International Services
  - Correspondent Banking

 **Australian Retail Services**

- ▶ Branch Banking
- ▶ Retail Banking
- ▶ Retail Financial Services
- ▶ Retail Planning and Finance
- ▶ Electronic Network Services

 **Corporate and Commercial Services**

- ▶ Corporate Banking
- ▶ Commercial Banking
- ▶ Australian International Services
- ▶ Esanda Finance Corporation
- ▶ Property Group
  - ANZ
  - Delfin Property Group
- ▶ Travel Services

 **Australian Treasury**

# CUSTOMERS

## Europe/South Asia Middle East and Africa

- ▶ Europe
- ▶ South Asia
- ▶ Middle East
- ▶ Africa

## New Zealand

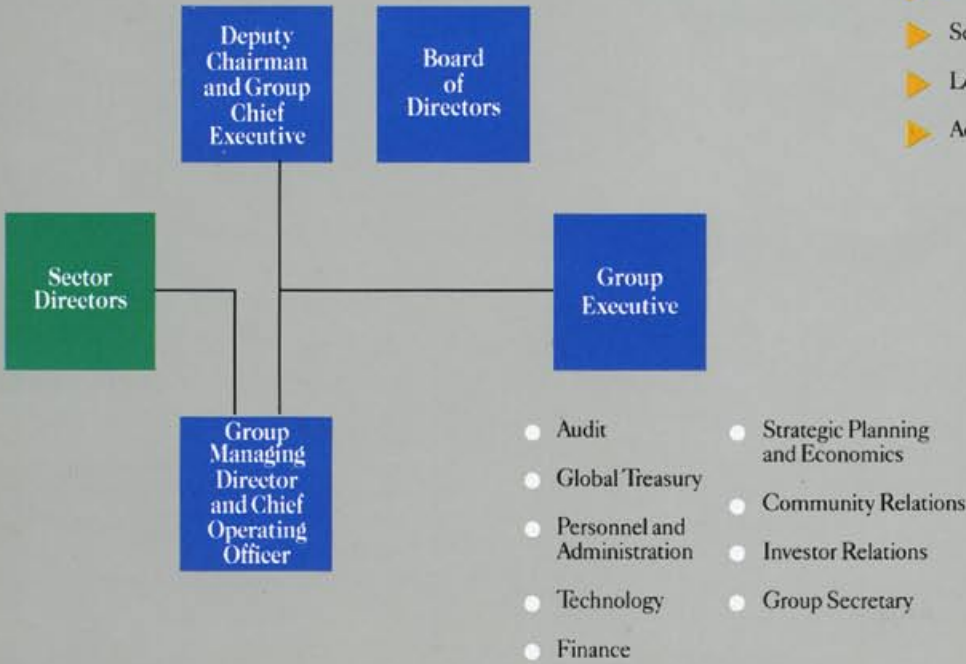
- ▶ Retail Banking
- ▶ Banking Network
- ▶ Corporate and Commercial Banking
- ▶ Finance and Support Services
- ▶ Treasury
- ▶ UDC Group Holdings

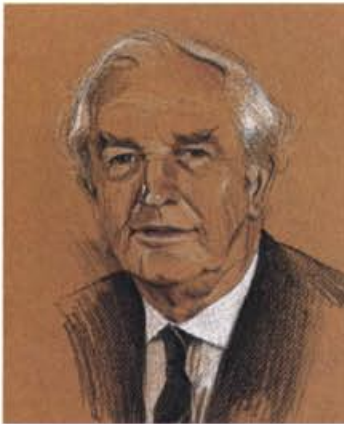
## Americas and Asia Pacific

- ▶ Americas
- ▶ Asia Pacific

## Related Financial and Support Services

- ▶ Australian Fixed Trusts
- ▶ ANZ Life Assurance Co.
- ▶ Investment and Trust Services
- ▶ ANZ Executors and Trustee
- ▶ Global Technical Services
- ▶ Group Security
- ▶ DP Operations
- ▶ Employee Relations
- ▶ Services & Supply
- ▶ Legal
- ▶ Advertising





**Sir William Vines**

AC, CMG  
Chairman. Age 72  
FASA, ACIS, LCA, psc  
Company Director and Farmer  
A Director since October 1976, appointed Deputy Chairman November 1980 and Chairman January 1982.  
Sir William is a Director of Dalgety Australia Holdings Ltd, Dalgety Farmers Ltd and Amalgamated Television Services Limited. He is also Chairman of the National Priorities Project Board of Trustees and of the Sir Robert Menzies Memorial Trust.  
Sir William 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, New Zealand and Australian companies.  
Sir William farms in the New England district of New South Wales.



**Mr W.J. Bailey**

Deputy Chairman and Group Chief Executive. Age 55  
AAIB, FAMI, FAIM. Bank Executive  
A Director since July 1984, appointed to his present position in August 1988. Mr Bailey is Chairman of ANZ Holdings (UK) p.l.c., ANZ Holdings (New Zealand) Ltd, Australia and New Zealand Savings Bank Ltd, ANZ Executors and Trustee Co. Ltd, ANZ Pensions Pty Ltd, ANZ Properties (Australia) Ltd, Esanda Finance Corporation Ltd and ANZ Staff Superannuation (Australia) Pty Ltd. He is Deputy Chairman of Grindlays Bank p.l.c., a Director of ANZ Capital Markets Corporation Ltd, ANZ Life Assurance Company Limited, ANZ Banking Group (New Zealand) Ltd and ANZ Merchant Bank Ltd.  
Mr Bailey is also a Director of Dalgety Farmers Ltd, The Australian Opera, Director and Hon. Treasurer of The Queen Elizabeth II Silver Jubilee Trust for Young Australians, Chairman of the Board of Trustees for the Centre for Independent Studies and of the Governing

Board of the University of Melbourne Graduate School of Management Foundation. He is a member of the Business Council of Australia, the Economic Planning Advisory Council and Hon. Treasurer of the Baker Medical Research Institute.  
He has had 37 years' experience in banking with the Group including Chief Manager International London (1977), Assistant General Manager Branch Banking Melbourne (1980), General Manager Management Services (1982), Chief General Manager (1983) and Group Managing Director (1984).  
Mr Bailey lives in Melbourne.



**Professor Dame Leonie Kramer, DBE**

Age 64  
BA (Melb), D. Phil (Oxon), Hon D. Litt (Tasmania), Hon LLD (Melb and ANU), FAHA, FACE.  
University Professor and Company Director  
A Director since August 1983.  
Also a Director of AFT Investors Services Ltd, AFT Funds Management Ltd, AFT Ltd and AFT Portfolio Management Ltd.  
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, Western Mining Corporation Ltd and the Electricity Commission of New South Wales, National President of the Australia-Britain Society, Chairman of the Board of the National Institute of Dramatic Art, a member of the Council of the National Roads and Motorists Association, New South Wales, a Director of CARE Australia and a member of the Board of St Vincent's Hospital, Sydney. 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 M.D. Bridgland, AO**

Deputy Chairman and Chairman-Elect. Age 66  
BSc, 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 and Freeport McMoRan Australia Ltd and Chairman of the Advisory Board to The Salvation Army, Melbourne.  
Mr Bridgland lives in Melbourne.



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

Group Managing Director and Chief Operating Officer  
Age 57  
AAIB, FAIM. Bank Executive  
A Director since July 1984, appointed to his present post in August 1988. Also a Director of Australia and New Zealand Savings Bank Ltd, ANZ Pensions Pty Ltd, ANZ Staff Superannuation (Australia) Pty Ltd, ANZ International Pty Ltd, ANZ Holdings (UK) p.l.c., ANZ Holdings (New Zealand) Ltd, Esanda Finance Corporation Ltd, ANZ Capital Markets Corporation Ltd, ANZ Banking

Group (New Zealand) Ltd, ANZ Merchant Bank Ltd, Grindlays Bank p.l.c. and Australia and New Zealand Banking Group (PNG) Ltd.  
Mr Nicolson has had 38 years' experience in banking with the Group, including Representative for Japan (1972), Deputy General Manager Esanda Ltd (1975), General Manager Esanda Ltd (1979), General Manager Corporate and International (1982), Chief General Manager (1983) and Group Deputy Managing Director (1984).  
Mr Nicolson lives in Melbourne.

**Board Committees**

**Audit Committee**  
Dr. BW. Scott (Chairman)  
Sir Roderick Carnegie  
Mr J.B. Gough  
Sir Laurence Muir

**Credit Committee**  
Mr C.J. Harper (Chairman)  
Mr W.J. Bailey  
Mr M.D. Bridgland  
Mr J.D. Dahlsen  
Mr D.C.L. Gibbs  
Mr R.A.D. Nicolson  
Dr BW. Scott  
Mr R.B. Vaughan  
Sir William Vines

**Remuneration and Appointments Committee**  
Sir William Vines (Chairman)  
Mr W.J. Bailey  
Mr M.D. Bridgland  
Mr J.B. Gough  
Mr W.J. Holcroft  
Dame Leonie Kramer  
Dr BW. Scott  
Mr R.B. Vaughan





**Dr. B.W. Scott, AO**

Age 53  
B.Ec, MBA, DBA,  
Company Director

A Director since August 1985. Also a Director of AFT Investors Services Ltd, AFT Funds Management Ltd, AFT Ltd, AFT Portfolio Management Ltd and ANZ Life Assurance Company Ltd.

Dr Scott is a Director of Imagineering Technology Ltd, Liquid Air Australia Ltd and James N. Kirby Foundation. He is also Chairman of Management Frontiers Pty Ltd, W.D. Scott International Development Consultants Pty Ltd, Jon and Associates Pty Ltd and Television Makers Pty Ltd. He is Chairman of the Australian Government's Trade Development Council.

Dr Scott was chief executive of the W.D. Scott Group of Companies (1974-1985) and Chairman of ACI International (1986-1988).

Dr Scott lives in Sydney.

**Sir Laurence Muir, VRD**

Age 63  
LL.B, FSIA, FAIM,  
Company Director

A Director since August 1980. Also a Director of ANZ Pensions Pty Ltd and ANZ Staff Superannuation (Australia) Pty Ltd.

Sir Laurence is Chairman of Liquid Air Australia Ltd and University Paton Ltd and is a Director of Alcoa of Australia Ltd, Gold Holdings of Australia Ltd, Hudson Conway Ltd, National Commercial Union Ltd and Templeton Global Growth Fund Ltd. He is Patron of the Baker Medical Research Institute and President of The Australian Brain Foundation, Deputy Chairman of the Australian Science & Technology Centre Advisory Committee, a member of the General Motors Australian Advisory Council, LAir Liquide World Advisory Committee, 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.

**Mr J.C. Dahlsen**

Age 53  
LL.B, MBA, Solicitor and  
Company Director

A Director since May 1985.

Mr Dahlsen was a senior partner in and is now a consultant to the Melbourne legal firm Corrs Pavey Whiting and Byrne. He is a Director of Myer Investment Pty Ltd Group, O.V.S. Investment Corporation Ltd, Sandridge City Developments Pty Ltd, Tricom Corporation Ltd and the Supervisory Board of Byvest Management Buyout Group. He was formerly Chairman of The Herald and Weekly Times Ltd and Deputy Chairman of The Myer Emporium Ltd. He is a member of the Board of Management of the University of Melbourne Graduate School of Management, the Finance Advisory Committee of the Walter and Eliza Hall Institute of Medical Research and a member of the Council and Executive Committee of The Institute of Public Affairs Limited.

Mr Dahlsen lives in Melbourne.

**Mr J.B. Gough, OBE**

Age 60  
FAIM, Deputy Chairman (Pacific  
Dunlop) and Company Director

A Director since August 1986.

Mr Gough is Deputy Chairman of Pacific Dunlop Limited (a Director since 1976, Managing Director 1980-1987). He is Chairman of BHP Gold Mines Ltd, Byron Holdings Limited and Exicom Limited and a Director of Amcor Ltd, The Broken Hill Proprietary Company Ltd and ICI Australia Ltd. Mr Gough is Chairman of the Australia Japan Business Forum, the Bureau of Industry Economics Council of Advice and the Board of Management of the University of Melbourne Graduate School of Management, a Board member of the Walter and Eliza Hall Institute of Medical Research, and a Director of CARE Australia. He is a former Chairman of the Trade Development Council.

Mr Gough lives in Melbourne.

**Mr L.M. Papps, CMG**

Age 69  
LLM (Wellington), Solicitor and  
Company Director

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

Mr Papps was senior partner of and is now a consultant to the Wellington and Auckland legal firm Bell Gully Buddle Weir. He is Chairman of Steel & Tube Holdings Ltd, Asea Brown Boveri Ltd and Pilkington (New Zealand) Ltd and a Director of Elders Resources NZFP Ltd and Commercial Union General Insurance Company Ltd and Chairman and Director of a number of other companies.

Mr Papps lives in Wellington, New Zealand.



**Mr W.J. Holcroft, AO**

Age 66  
FASA, CPA, FCIS, FCIT, FAIM,  
Company Director

A Director since October 1976. Mr Holcroft is Chairman of AFT Investors Services Ltd, AFT Funds Management Ltd, AFT Ltd and AFT Portfolio Management Ltd and is a Director of ANZ Pensions Pty Ltd and ANZ Staff Superannuation (Australia) Pty Ltd.

He is also a Director of a number of other companies including Caltex Australia Ltd, The Commonwealth Industrial Gases Ltd and Morrow Australia Ltd as well as being a member of the Board of Governors of The Australian Wildlife Fund Ltd. In 1980, he retired as Managing Director of Brambles Industries Ltd.

Mr Holcroft lives in Bathurst, and also farms in that area of New South Wales.

**Sir Roderick Carnegie**

Age 56  
BSc, MA, Dip Agric Econ, MBA  
(Harvard), Company Director

A Director since February 1986.

Sir Roderick is Chairman of Hudson Conway Ltd, a Director of the Commonwealth Scientific and Industrial Research Organisation, a member of the General Motors Australian Advisory Council, International Council of the Morgan Guaranty Trust, a member of the IBM World Trade Asia/Pacific Group Board and immediate Past President of the Business Council of Australia. He is also a member of a number of other charitable and business organisations. He was Chairman and Chief Executive of CRA Limited from 1974 to 1987.

Sir Roderick lives in Melbourne.

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

Age 61  
MA (Oxon), Company Director

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

Mr Gibbs is Chairman of Folkestone Ltd and CT Bowring Reinsurance Australia Pty Ltd and a Director of Parbury Henty Holdings Ltd, Marsh & McLennan Pty Ltd and John Swire and Sons Pty Ltd. He is Chairman of the Victoria State Opera Foundation and a member of the Victoria State Opera Board. He is also President of the World Wildlife Fund - Australia and a trustee of the Felton Bequest.

Mr Gibbs lives in Melbourne and farms at Coleraine and Yea in Victoria.

**Mr C.J. Harper**

Age 57  
CA (Scots), Company Director

A Director since October 1976.

Mr Harper is Chairman of Legal and General Assurance Holdings (Australia) Ltd and a Director of IBM Australia Ltd, North Broken Hill Holdings Ltd, Vickers Holdings Ltd and Wiggins Teape Pty Ltd. He is Federal President of the Institute of Directors in Australia, was General Manager and Chief Executive of the merchant bank Australian United Corporation Ltd from 1968-1976, a member of Grindlays Bank p.l.c. and the Chairman of Humes Ltd until September 1988.

Mr Harper lives in Melbourne.

**Mr R.B. Vaughan**

Age 61  
Company Director

A Director since January 1988.

Mr Vaughan is Chairman and Managing Director of Dalgety Australia Holdings Ltd. and Chairman and Chief Executive Officer of Dalgety Farmers Ltd. Also a Director of ICI Australia Limited, National Commercial Union Limited, Tubemakers of Australia Limited, MIM Holdings Limited, Dalgety Rural Finance Limited and Dalgety PLC (UK).

Mr Vaughan lives in Turrumurra, New South Wales.

	Qualifications	Age (At 30/9/88)	
<b>W.J. (Will) Bailey</b>	AAIB, FAMI, FAIM	55	Deputy Chairman & Group Chief Executive
<b>R.A.D. (Reg) Nicolson</b>	AAIB	57	Group Managing Director & Chief Operating Officer
<b>R.E. (Ted) Baker</b>	ACA (NZ)	52	Managing Director, UDC Group Holdings Limited
<b>R.K.W. (Bob) Bennett</b>	AAIB	58	Director, Corporate & Commercial Services
<b>D.W. (David) Browne</b>		42	Managing Director, McCaughan Dyson Capel Cure Limited
<b>I.J. (John) Buckley</b>	B.Comm., AAIB, AASA.	42	Executive Vice President, Americas
<b>R.N. (Bob) Challis</b>	Dip. Bkg, FAIB, ABINZ	50	General Manager, Australian Treasury
<b>D.T. (David) Craig</b>	AAIB, ACA (NZ)	48	Managing Director, Esanda Finance Corporation Limited
<b>R.J. (Bob) Edgar</b>	PhD (Ec), M.Ec, B.Ec (Hons) AAIB.	42	Group Executive, Strategic Planning & Economics
<b>R.N. (Roger) Fenton</b>	AAIB	47	State Manager, Corporate Banking, New South Wales
<b>A.N. (Alan) Findlay</b>	AAIB	46	General Manager, Data Processing Operations
<b>D.W. (Derek) Gall</b>	AAIB, AIB (Scot), FBCS	47	General Manager, Electronic Network Services
<b>T.H. (Tom) Giles</b>	MBA, FASA, FAIB, FAIM	53	Managing Director, Australian Fixed Trusts
<b>C.A. (Charles) Griss</b>	AAIB, AASA, CPA	46	Group Executive, Finance
<b>G.G. (Gerald) Howard</b>	FICA	48	Regional Director, South Asia
<b>T.C.W. (Tim) Ingram</b>	MBA, MA, FIB	41	General Manager, UK & Europe
<b>R. (Roland) Isherwood</b>	ASCA, ACIS	57	Director, Americas & Asia Pacific
<b>T.C. (Tim) Jenkins</b>	FAI (Lon), FIAA	46	Managing Director, Greater Pacific Life Assurance Co. Ltd
<b>E.C.J. (Ted) Johnson</b>	B.Sc, Dip. Bus. Admin., AAIB, FAIM	49	General Manager, Commercial Banking
<b>A.T.L. (Alister) Maitland</b>	B.Comm, AAIB	47	Group Executive, Global Treasury
<b>B.P. (Brian) Martin, A.O.</b>	Dip. Acctg, FASA, FAIM, ACIS	55	General Manager, ANZ Property Group & Managing Director, Delfin Property Group Limited
<b>J.R. (John) McConnell</b>	B.Comm, Dip. Bkg (NZ) FBIA, AAIM	49	General Manager, Corporate Banking

	Qualifications	Age (At 30/9/88)	
<b>E.A. (Allan) McDonald</b>	B.Ec, FASA, FCIS, FAIM	48	Director, International & Investment Services
<b>D.P. (Don) Mercer</b>	B.Sc, MA, Dip. Pub. Admin.	47	Director, Australian Retail Services
<b>Dennis M. Murphy</b>	FAIB, MIAA.	52	General Manager, Japan
<b>D. (Jim) Nicolson</b>	AAIB, ACA (NZ), FCA (NZ)	59	Director Assisting the Chief Operating Officer
<b>A.R.D. (Robin) Peatfield</b>	MBA, BA, AAIB	43	General Manager, Banking & Support & Deputy Managing Director, Grindlays Bank plc
<b>J.W. (Jeff) Pitt</b>	B.Comm, B.Ec, AAIB, AAUQ	43	General Manager, Retail Financial Services
<b>B.A. (Bruce) Plaice-Leary</b>	MBCS, MBIM, MDPMA	46	General Manager, Global Technical Services
<b>C.R. (Robin) Pleydell</b>	AAIB, FAIM	56	Managing Director, ANZ Executors & Trustee Company Limited
<b>B.P. (Bevyn) Ranford</b>	AAIB	54	Managing Director, ANZ Capital Markets Corporation Limited
<b>J.F. (John) Ries</b>	B.Bus, AASA, AAIB	43	Director, Europe, South Asia, Middle East & Africa & Managing Director, Grindlays Bank plc
<b>P.J. (Paul) Rizzo</b>	MBA, B.Comm, AAIB	43	Managing Director, Australia & New Zealand Banking Group (New Zealand) Limited
<b>B. (Bruno) Sorrentino</b>	PhD (Physics), B.Sc, AIB (Lon)	46	Group Executive, Technology
<b>J.R. (John) Sudholz</b>	B.Ec, AASA	49	General Manager, ANZ International Pte
<b>R.C. (Rupert) Thomas</b>	AAIB	51	General Manager, Retail Banking
<b>L.G. (Glen) Twidale</b>	AAIB, FIDA	57	General Manager, Branch Banking
<b>D.B. (David) Valentine</b>	MBA, BA	44	Executive Director, Private Banking
<b>B.J. (Brian) Waldron</b>	LLB, CPA	60	Group Executive, Audit
<b>B.H. (Bev) Walters</b>	B.Sc, B.Comm, MBL, AAIB	46	Managing Director, ANZ Merchant Bank Limited
<b>D.R. (Doug) Watson</b>	AAIB, ABIM, FCIB, FCIS	46	General Manager, Investment & Trust Services
<b>B. (Brian) Weeks</b>	ABINZ	56	Director, Related Financial & Support Services & Director Assisting Group Chief Executive
<b>E.J. (John) White</b>	AAIB, MIPMA	44	Group Executive, Personnel & Administration

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED**

\* 55 Collins Street, Melbourne, Victoria, Australia 3000  
Telex: 39920  
(Note: Principal Share Register)

**AUSTRALIA**

**New South Wales**  
\* 20 Martin Place, Sydney 2000  
Telex: 29800

**Queensland**  
\* 324 Queen St., Brisbane 4000  
Telex: 40333

**South Australia**  
\* 13 Grenfell St., Adelaide 5000  
Telex: 82100

**Western Australia**  
\* 84 St. George's Terrace, Perth 6000  
Telex: 92011

**Tasmania**  
\* 40 Elizabeth St., Hobart 7000

**Australian Capital Territory**  
\* City Walk and Ainslie Avenue, Canberra 2600

Australian Fixed Trusts Limited,  
16 O'Connell St., Sydney 2000  
Telex: 20135

ANZ Executors & Trustee Company Limited,  
91 William St., Melbourne 3000  
Telex: 34436

Development Finance Corporation Limited,  
16 O'Connell St., Sydney 2000

Esanda Finance Corporation Limited,  
85 Spring St., Melbourne 3000  
Telex: 154226 ESNDA

ANZ Life Assurance Company Limited,  
22 Sir John Young Cres., Woolloomooloo 2011

ANZ McCaughan Limited,  
4th Floor, 360 Collins St., Melbourne 3000  
Telex: 33228

**Associated Companies**

Daiwa ANZ International Limited (50%)  
31st Level, Nauru House,  
80 Collins St., Melbourne 3000  
Telex: 152198

**NEW ZEALAND**

Australia and New Zealand Banking  
Group (New Zealand) Limited,  
\* 215-229 Lambton Quay, Wellington  
Telex: 3385

UDC Group Holdings Limited,  
113-119 The Terrace,  
PO. Box 1616, Wellington  
Telex: 3507

ANZ Capital Markets Corporation (NZ) Limited,  
Level 6, Durham House, Chase Plaza,  
92-96 Albert St, Wellington  
Telex: NZ 2251

**EUROPE, SOUTH ASIA, MIDDLE EAST AND AFRICA**

**UNITED KINGDOM**

Australia and New Zealand Banking Group Limited,  
Minerva House, PO Box 7, Montague Close  
London SE1 9DH  
Telex: 8812741-4 ANZBKA G  
Share Register:  
6 Greencoat Place, London  
SW1P 1PL

55 Gracechurch Street, London EC3V 0BN  
Telex: 8812741-4 ANZBKA G

Grindlays Bank plc,  
Minerva House, Montague Close,  
London SE1 9DH  
Telex: 885043 GRNDLY G

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

ANZ McCaughan (UK) Ltd,  
65 Holborn Viaduct, London EC1A 2EU  
Telex: 888981/9419031 ANZMB G

**Channel Islands**

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

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

**CONTINENTAL EUROPE**

**France**

Grindlays Bank S.A.,  
96, Avenue Raymond Poincare, 75116 Paris  
Telex: 614193 F GRIRP

**Federal Republic of Germany**

Australia and New Zealand Banking Group Limited,  
Mainzer Landstr. 46,  
6000 Frankfurt-am-Main 17  
Telex: 4185126 ANZBD

**Greece**

Grindlays Bank plc,  
PO Box 30391, GR-10671 Athens  
Telex: 214651 GRIN GR

**Italy**

Australia and New Zealand Banking Group Limited,  
Via F. Turati 25, 20121 Milan  
Telex: 332102

**Monaco**

Grindlays Bank S.A.,  
24, Avenue de Fontvieille, 98000 Monaco  
Telex: 479419 MC GRINMO

**Spain**

Australia and New Zealand Banking  
Group Limited/Grindlays Bank plc,  
Alcala 32-4a Planta, 28014 Madrid  
Telex: 46363 ANZGR E

**Switzerland**

Grindlays Bank plc,  
Case Postale 875, 7 Quai du Mont Blanc,  
CH-1211 Geneva 1  
Telex: 22730 GRIN CH

Grindlays Bank plc Branch/  
Australia and New Zealand Banking  
Group Limited Representative Office,  
Giesshuelstrasse 45,  
Postfach CH-8045 Zurich  
Telex: 813571 GBZ

ANZ Securities (Switzerland) Ltd,  
Giesshuelstrasse 45,  
PO Box, CH-8045 Zurich  
Telex: 817541 ANZ CH

**ANZ Group Worldwide Distribution**  
(at 30 September 1988)

	Representation	Personnel
Australia	1,306	27,738
New Zealand	218	4,629
South Asia	71	4,361
Middle East	40	1,149
Africa	24	1,001
Continental Europe	20	634
Pacific Islands	20	544
Asia Pacific	10	383
Americas	6	321
Papua New Guinea	8	319
United Kingdom	6	1,366
Total	1,735	42,445

**MIDDLE EAST**

**Bahrain**

Grindlays International Limited,  
Offshore Banking Unit,  
PO Box 20324,  
1st Floor, Manama Centre, Entrance 3,  
Manama, Bahrain  
Telex: 9254 GILBAHBN  
Grindlays Bahrain Bank BSC (c),  
PO Box 793,  
Manama Centre, Government Road, Bahrain  
Telex: 8335 GRNDLY BN

**Iran**

Australia and New Zealand  
Banking Group Limited/  
Grindlays Bank plc,  
3rd Floor, No. 37 Shahid Sarfaraz Street,  
(ex-Daryaye Noor Street),  
Ostad Mottahari Avenue, Tehran  
Telex: 213948 GRIN IR

**Jordan**

Grindlays Bank plc,  
PO Box 9997, Shmeissani, Amman  
Telex: 21209 MNERVA JO

**Oman**

Grindlays Bank plc,  
PO Box 3550, Ruwi  
Telex: 3393/3219 GRNDLY ON

**Pakistan**

Grindlays Bank plc,  
PO Box 5556, I.I. Chundrigar Road, Karachi-2,  
Telex: 2755 GB PK

**Qatar**

Grindlays Bank plc,  
PO Box 2001, Rayyan Road, Doha  
Telex: 4209 GRNDLY DH

**United Arab Emirates**

Grindlays Bank plc,  
PO Box 4166, Deira, Dubai  
Telex: 49265 MINERV EM

\*Offices at which share registers maintained

## AFRICA

### Ghana

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

### Kenya

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

### Nigeria

Grindlays Merchant Bank of Nigeria Limited,  
PO Box 54746, Falomo, Ikoyi,  
188 Awolowo Road, Lagos  
Telex: 23216/23474 GRIMBK NG

### Uganda

Grindlays Bank (Uganda) Limited,  
PO Box 7131, 45 Kampala Road, Kampala  
Telex: 61018 GRINDLAY

### Zaire

Grindlays Bank (Zaire) s.z.a.r.l.,  
Avenue De La Mongala No 12,  
BP 16.297, Kinshasa 1  
Telex: 21413 BGIZ.R.

### Zambia

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

### Zimbabwe

Grindlays Bank plc,  
PO Box 300,  
First Floor, Ottoman House,  
59 Samora Machel Avenue, Harare  
Telex: 6103/6104/4361 GBL ZW

## SOUTH ASIA

### India

Regional Directorate,  
Grindlays Bank plc,  
PO Box 725,  
90 Mahatma Gandhi Road, Bombay 400 001  
Telex: 011-4792 RDSA 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: 031-66528 GBND IN

### Southern India

PO Box 297, 19 Rajaji Salai Madras 600 001  
Telex: 041-8212 GBMS IN

### Western India

PO Box 1175, 90 Mahatma Gandhi Road,  
Bombay 400 001  
Telex: 011-2240 HBBY IN

### Bangladesh

Grindlays Bank plc,  
PO Box 502, No. 2 Dilkusha C.A.,  
Dhaka 1000, Bangladesh  
Telex: 642841/642597 GBLD BJ

### Sri Lanka

Grindlays Bank plc,  
PO Box 112, 37 York Street, Colombo 1  
Telex: 21130/21521 GRNDLAY CE

### Nepal

Grindlays Bank Limited,  
GPO Box 3990, Naya Banerwar,  
Kathmandu, Nepal  
Telex: 2531 GRNDLY NP

## AMERICAS AND ASIA PACIFIC

### AMERICAS

#### New York

120 Wall Street, New York,  
NY 10005, USA  
Telex: 667559

#### Los Angeles

Suite 3290, 725 South Figueroa St.,  
Los Angeles, California 90017, USA  
Telex: 4720773

#### Chicago

Suite 500,  
190 South La Salle Street,  
Chicago, Illinois 60603, USA  
Telex: 4330119

#### Houston

Suite 3750, Gulf Tower,  
1301 McKinney Street,  
Houston, Texas 77010, USA  
Telex: 166229

#### Bahamas

Grindlays Bank plc,  
PO Box N7788, Nassau

#### Brazil

Australia and New Zealand Banking  
Group Limited/Grindlays Bank plc,  
Av Nilo Pecanha, 50 grupo 810,  
20.044 Rio de Janeiro-RJ  
Telex: 2130541

#### Canada

ANZ Bank Canada,  
18th Floor, North Tower,  
Royal Bank Plaza,  
Toronto, Ontario, M5J 2J3  
Telex: 217530

### ASIA PACIFIC

#### Hong Kong

27th Floor, One Exchange Square,  
8 Connaught Place Central, Hong Kong  
Telex: 86019

#### Indonesia

Australia and New Zealand Banking  
Group Limited/Grindlays Bank plc,  
12 A Floor, Wisma Kosgoro,  
Jalan M H Thamrin,  
53 Jakarta, 10350  
Telex: 61656

#### Japan

8th Floor,  
Yanmar Tokyo Building,  
1-1 Yaesu 2 Chome,  
Chuo-ku, Tokyo 104  
Telex: J 24157

ANZ Merchant Bank Limited,  
Room 1109, Shin Yurakucho Building,  
12-1 Yurakucho 1 Chome,  
Chiyoda-ku, Tokyo 100  
Telex: J 33927

#### Korea

18th Floor, Kyobo Building,  
1, 1-ka, Chong-ro, Chongro-ku, Seoul  
Telex: 27338

### Malaysia

Australia and New Zealand Banking  
Group Limited/Grindlays Bank plc,  
Suite 1, 4th Floor,  
Wisma Genting, Jalan Sultan Ismail,  
50250, Kuala Lumpur  
Telex: 31054

### People's Republic of China

Room 1906, Noble Tower,  
22 Jianguomenwai Dajie, Beijing  
Telex: 210323

### Singapore

10 Collyer Quay,  
No 17 02/05, Ocean Building, Singapore 0104  
Telex: 23336

ANZ International Private Limited

10 Collyer Quay,  
No 8 01/04 Ocean Building, Singapore 0104  
Telex: RS 43431

### Taiwan

Grindlays Bank plc Branch/Australia  
and New Zealand Banking Group Limited  
Representative Office,  
2nd Floor, Shin Kong Building,  
123 Nanking East Road, Section 2, Taipei  
Telex: 11894

### Thailand

17th Floor, Sathorn Thani Building,  
Sathorn Road, Bangkok 10500  
Telex: 21583

### Papua New Guinea

Australia and New Zealand Banking  
Group (PNG) Limited,  
2nd Floor, Defens Haus,  
Cnr Champion Parade and Hunter St.,  
Port Moresby  
Telex: 22178

### Fiji

4th Floor, Civic House, Suva, Fiji  
Telex: 2194

### Solomon Islands

Mendana Avenue, Honiara  
Telex: 66321

### Cook Islands

1st Floor, Raratonga  
Trustee Corporation Building,  
Ingram House, Avarua, Raratonga  
Telex: 62038

### Vanuatu

ANZ Bank (Vanuatu) Limited,  
ANZ House, Kumul Highway, Port Vila  
Telex: 11012

Melanesia International Trust Company Limited,  
Melitco House, PO Box 213,  
Port Vila, Vanuatu  
Telex: 771 1023 MELINT NH

## Notice of Meeting

The annual general meeting will be held in the ANZ Pavilion, The Theatres, Victorian Arts Centre, St Kilda Road, Melbourne, at 10.30 am on Monday 23 January 1989. Further information about the meeting is contained in a separate Notice of Meeting enclosed with this report.

A summary of the Chairman's address to the annual general meeting will be published in the Australian Financial Review and The Australian on 24 January 1989. Copies of the address will be available from:

Group Community Relations,  
ANZ Bank, 55 Collins Street, Melbourne,  
Victoria, 3001

Group Publicity Department,  
ANZ Bank, Minerva House, PO Box 7,  
Montague Close, London SE1 9DH

Branch Banking Services Department,  
ANZ Bank, 215-229 Lambton Quay,  
Wellington, New Zealand

Grindlays Bank,  
90 Mahatma Gandhi Road,  
PO Box 725, Bombay, India

ANZ Bank,  
120 Wall Street, New York, NY 10005,  
United States of America

In addition to the annual general meeting, informal shareholder meetings will be held in Wellington on Wednesday 1 February and London on Tuesday 14 February. Details will be advised separately to shareholders in New Zealand and the U K.

## Financial Calendar

### Results

First half:	Announced 16 May 1988
Full year:	Announced 25 November 1988
Annual Report:	Circulated 21 December 1988
Annual General Meeting:	To be held in Melbourne on 23 January 1989

### Group Headquarters and Registered Office:

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

**Group Secretary**

L.C.Graham

**Group Executive, Finance**

C.A.Griss

**Solicitors**

Blake, Dawson and Waldron

**Auditors**

Peat Marwick Hungerfords



Australia and New Zealand Banking Group Limited