

# Report to Shareholders 1994

“We are building a quality Australia and New Zealand based international financial services group, with strong domestic consumer and business banking franchises built around superior service delivery.”



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## Australia and New Zealand Banking Group Limited

A.C.N. 005 357 522

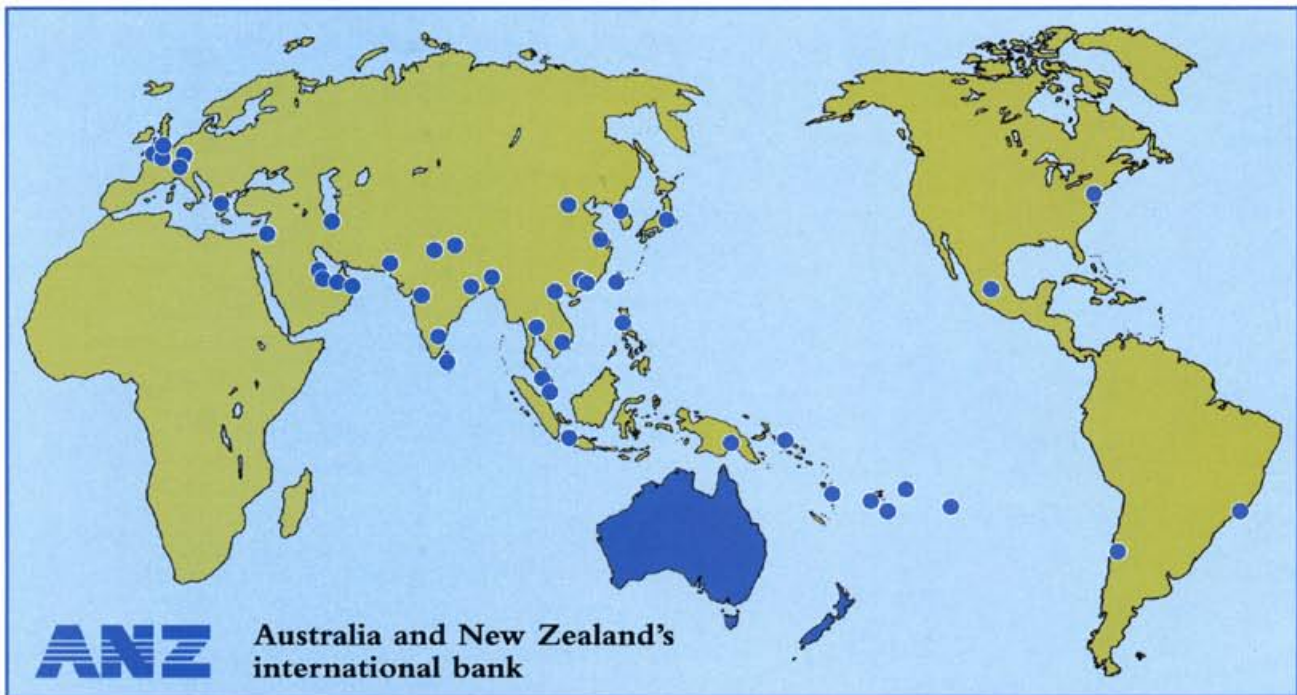
**Paper: Cover and Corporate Section**

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**Financial Statements**

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Unless otherwise stated, all amounts are expressed in Australian dollars



## HIGHLIGHTS\*

- **\$803.2 million profit**
- **15.2% return on shareholders' equity**
- **Earnings per share growth of 77% to 54.5 cents**
- **Final dividend 14 cents (unfranked), total for year 25 cents**
- **Underlying profitability up 19%**
- **Non-accrual loans down \$1.1 billion**
- **Capital adequacy ratio 11.3% Total, 6.8% Tier 1**

\*before abnormal items of \$18.7 million profit





Mr John Gough  
Chairman

*Dear Shareholder*

The ANZ is again performing well. This last year we have delivered on our promise to shareholders to restore profitability and continue to reshape the Bank for further profit improvement.

The recovery phase is now behind us. We have met the objectives set in 1992 as the recovery agenda—and ahead of schedule. At the 1993 Annual General Meeting, I said that achieving a 1.0% return on risk weighted assets was our first milestone; which we have now passed.

In 1994, our profit before abnormal items was \$803.2 million, a significant increase from the \$459.7 million earned in 1993. Abnormal items contributed a further \$18.7 million. We have achieved a return on average shareholders' equity of 15.2%, which is respectable in today's environment. We were particularly pleased with the strong growth in earnings per share—a key indicator for equity markets. We will be looking for further improvement.

Your Directors were pleased to increase both the interim and final dividends, lifting the full year dividend to 25 cents (unfranked) from 20 cents last year. A return to franking of the dividend is an important

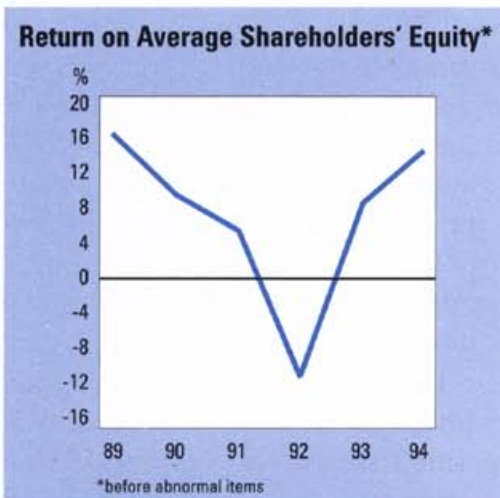
objective for us. We have said previously that this was unlikely before 1996. Given our strong progress in restoring profitability, we are becoming more confident that we will be able to commence partial franking during 1996.

We have seen an encouraging return of lending growth in both our home markets of Australia and New Zealand. Our strategy to build a competitive edge on the basis of quality service is bearing fruit. There has been an improvement in our market share in key segments of the Australian retail market and there is growing public awareness of ANZ's commitment to provide superior customer service.

ANZ is now recognised at home and abroad as Australia and New Zealand's international bank. It is our commitment to meet the international banking needs of our customers through an active offshore presence that sets ANZ apart from our domestic peers. This is a position of strength we will continue to build upon.

In India, the arbitration process on our dispute with the National Housing Bank continues. There is no change in our position and we expect resolution in 1995.

The capital position of the Bank continues to strengthen. In fact the Bank's capital position is now the strongest it has ever been under the





capital adequacy standards introduced by central banks around the world in 1988. Your Directors believe the capital position is adequate to service the emerging growth opportunities in Australia and overseas and to allow the provision of the buy-back facility in relation to the converting preference shares, which is in the best interest of all shareholders. A proposal for this was announced in September, and is subject to shareholders' approval at the AGM; full details are contained in the Notice of Meeting.

Success in banking, like any service industry, is principally determined by the professionalism and actions of staff. Customers attitudes and loyalty to the ANZ are moulded by their experiences in dealing with our staff. The Directors are pleased to record their appreciation for the commitment displayed by our people in producing the turnaround over recent years.

### Board Changes



This year marked the retirement of Dame Leonie Kramer after 11 years as a Director. Dame Leonie has made a valuable contribution to ANZ affairs. Her experience and perspective

has been of significant benefit in handling the difficult issues faced over this period. We thank her and wish her well.

Joining the Board during the year were Ms Margaret Jackson, and Dr Roderick Deane. Ms Jackson brings wide business experience from her accounting background, her role as Chairman of the State of Victoria's Transport Accident Commission and her Directorships of BHP, Pacific Dunlop and Qantas Airways.

Dr Deane is the Chief Executive of Telecom New Zealand and a Director of Fletcher Challenge. Previously he was Chief Executive of the Electricity Corporation of New Zealand and the Chairman of State Services Commission. During a distinguished career with the Reserve Bank of New Zealand he attained the position of Deputy Governor and served as an alternate Director of the International Monetary Fund.

We welcome them and look forward to their contribution.

### Outlook

Economic recovery in Australia and New Zealand has gathered pace. Investment is lifting and new jobs are being created.

However, around the world we are already seeing a tightening of monetary policy to restrain potential inflationary pressures. In Australia we also need to remain conscious of the consequences of past current account problems. There is still a need to build competitiveness to facilitate sustainable growth while locking in low inflation.

Banking competition has intensified further. Margins will continue to come under pressure. Increasingly, the ability to differentiate on the basis of quality of service will determine market position. ANZ is already strongly positioned to meet these challenges. We have led the industry in reconfiguring our retail network over recent years and we will continue to refine our structure and processes.

The dynamics of lending growth are changing. The housing cycle is slowing from high levels, although we still expect solid year-on-year growth. Business lending is at last lifting and full participation in this recovery of the business investment cycle is a key objective for ANZ. The drought, particularly in New South Wales and Queensland, is clearly very serious and is being handled with sensitivity. Nevertheless, our exposure is not large.

International economic links, particularly with Asia, continue to strengthen. ANZ's position as Australia and New Zealand's international bank strongly complements our domestic franchises, and provides significant opportunities in some of the most dynamic economies in the world.

Hard work during the last two years has returned ANZ to a position of financial strength. We are now able to pursue growth opportunities with vigour.

A handwritten signature in black ink that reads "John B Gough". The signature is written in a cursive, flowing style.

**John B Gough**  
Chairman





*Mr Don Mercer*  
*Chief Executive Officer*

In 1994, ANZ achieved the recovery objectives set in 1992—it is time to look forward.

We are building a quality Australia and New Zealand based international financial services group, with strong domestic consumer and business banking franchises built around superior service delivery.

- For our shareholders, we want to achieve a superior and sustainable return on their equity with predictable prospects for growth.
- For our customers, we want to exceed their expectations for financial products and services which meet their requirements at home and overseas.
- For our staff, we want to provide challenging and satisfying careers in an environment that recognises and rewards performance and professionalism.

Our recovery over the past two years has built the foundation for moving forward and achieving these objectives. We have now reached the position where all three geographic divisions are performing well, providing the Group with a strong and diversified earnings base. (A full discussion of performance and Group profitability is contained on the following 20 pages.)

A successful bank must have three key strategic elements in place:

- excellent credit systems,
- the ability to generate superior income,
- a competitive cost base.

Excellent credit management is mandatory. Given our recent experience, building improved credit management was the first priority for us. A separate credit chain has been established with joint and several accountability between credit and relationship managers for loan approvals. Centres of expertise in areas such as commercial property

have been formed to enable rigorous industry assessments within an overall portfolio management framework. Institutionalising the new credit concepts and systems is well advanced.

The Asset Management Group, set up two years ago to spearhead the reduction in non-accrual loans, has realised assets worth over \$2 billion dollars. Importantly, as the asset sales program winds down, the expertise built up in this group is able to focus on strategies to assist viable customers facing difficulties.

While quality credit systems are there to allow us to grow with confidence and manage the credit risks, they do not themselves generate superior earnings. Superior income comes from providing

## Group Results\*

	1994	1993
Operating Profit After Tax (\$M)	803.2	459.7
Return on average shareholders' equity (%)	15.2	9.4
Return on average risk-weighted assets (%)	1.1	0.6
Underlying profit (\$M)	1,623.1	1,362.0
Cost to income (%)	66.0	69.2
Total assets (\$B)	101.2	99.9
Capital adequacy (%)	11.3	10.8
Employees (full-time equivalents)	39,642	40,277

\*before abnormal items



the right mix of financial products and services to the right customers, at the right price, through the right delivery channels.

In Australia our retail network has been reconfigured to establish a better platform to meet customer needs. The introduction of explicit customer service standards, the scheduling of more tellers at times when branches are consistently busier, and the development of our customer focused computer platform (Hogan) are all components of ANZ's push to build a competitive edge through better service delivery. Australian market share statistics and customer surveys indicate that we are making measurable progress in key areas.

The same service orientation drives the focus on quality relationship management in our approach to business customers. Knowledge, understanding and specialist expertise are the key elements.

The expansion of our overseas network is similarly based. We believe we can profitably deliver better international financial services to customers by having an active on-the-ground presence overseas. As international trade expands this will be a growing market for us.

Pursuit of a premium service strategy is inextricably linked to personnel issues: customer perceptions and loyalty flow from their dealings with ANZ staff. The morale, expertise and motivation of our staff is of paramount importance in achieving our objectives. We are devoting considerably more attention to human resource management issues. Career development, training and remuneration are all key factors in providing the working environment we seek for our staff. To attract, keep and reward high quality staff, we are increasingly moving towards remuneration systems based on performance.

However, pursuit of superior income must be in tandem with the evolution of cost competitive delivery channels. Intense competition means cost management has to be second nature.

The productivity of ANZ personnel is as good as any in the industry. Other aspects of our cost base such as premises and purchased inputs had been out of line and have been

<b>Geographic Profit Results*</b>		
	1994	1993
Australia (\$M)	456.8	199.9
New Zealand (\$M)	95.7	95.9
International (\$M)	250.7	163.9
<b>TOTAL</b>	<b>803.2</b>	<b>459.7</b>

\*before abnormal items

specifically targeted and initial reductions achieved. More importantly, some of our ways of working are capable of substantial change and further re-engineering of our processes has the capacity to deliver large cost savings. Further gains will be relentlessly pursued.

The really important cost issue facing banks relates to distribution strategy and the role of branch networks. This is not a question about where we are now, but where we need to be in three years time and beyond. We must optimise use of our electronic, as well as traditional, branch delivery channels, to serve customers better and to provide ANZ with a permanently lower cost base. This applies as much to business customers, where remote banking and electronic interchange are vital, as it does to individuals for whom ATMs, EFTPOS and telephone banking are altering the traditional branch role. In New Zealand, as an illustration, a successful exercise is encouraging PostBank customer transactions out of the branches and onto the lower cost electronic network. As a consequence branch rationalisation is able to proceed without undermining the franchise.

As we move towards these objectives it is important to remember that the management of change is itself of critical importance. I am especially proud of the way staff have understood, supported and managed change. This is a powerful organisational capability.



**Don Mercer**  
**Chief Executive Officer**





*"ANZ in Australia,  
is the financial  
services group  
which helps  
customers, both  
consumer and  
business, meet  
their financial  
needs and links  
them with the  
rest of the world."*

John Ries  
Executive Director Australia

#### Australian Results\*

	1994	1993
Operating profit after tax (\$M)	456.8	199.9
Underlying profit (\$M)	965.6	840.5
Return on average risk-weighted assets (%)	0.9	0.4
Total assets (\$B)	62.5	62.2
Employees (full-time equivalents)	23,596	24,042
Points of Representation	1,396	1,455

\*before abnormal items

Treasury staff,  
Stock Exchange Building, Melbourne.





## AUSTRALIA

ANZ's larger home market, Australia, accounts for 62 per cent of the Group's assets and now only a slightly lower proportion of our profits.

For 150 years, our traditional strength has been business banking—ANZ is banker to one quarter of Australian business. Our services to business extend well beyond standard lending and transactional capability: we offer specialist expertise in trade finance and project finance and, through Esanda—Australia's largest finance company—expertise in asset financing and leasing. In addition, our Treasury operations provide a full range of financial products and advice.

Our strengths in business banking are complemented by a strong presence in the retail market where we have a considerable and well established position in consumer banking and a leading share in electronic banking. ANZ Funds Management is the sixth largest retail funds manager in Australia, while ANZ McCaughan is a leading stock broker.

### **The year in review**

Overcoming asset quality problems has been the major contributor to the return to acceptable profitability—though not the only component. Strong growth in home lending for both ANZ and our subsidiary, Town & Country Bank, and increased core deposits also contributed to the profit improvement, significantly restoring our share of key retail markets. In addition, Esanda achieved strong growth in leasing and asset financing and reduced bad debt costs while ANZ Funds Management and ANZ McCaughan also significantly increased their profit contribution. However, demand for business finance remained subdued as companies continued to strengthen balance sheets.

Competition has intensified in the Australian financial services market. In addition to the other “big four” rivals, there are regional banks, overseas banks, credit unions and building societies. More recently, new non-bank competitors have emerged to heighten competition, particularly for home loans.

To meet this competition, we have continued our drive for improved customer service and operating efficiency. The reconfiguration of the branch network, completed in 1992, is now being complemented by the final installation of the Hogan computer system.

ANZ now has the infrastructure, and is positioned, to capitalise on market developments, while some of our competitors are only just embarking upon major change programs. Already, we are making significant progress in lifting customer service levels—the challenge is to fully exploit these opportunities to achieve greater competitive advantage.

Our highly successful five minute “Teller Queue Guarantee” was only possible because of the restructuring work we had completed over recent years. We know that customers appreciate the efforts of our staff to serve them promptly and professionally, and we are gaining customers as a result.

Our focus on relationship management in dealing with business customers is driven by the same service orientation. Knowledge, understanding and innovative specialist expertise are the key elements in providing financial services that support and serve business needs.

### **Opportunities for growth**

Around four million Australian companies and individuals have a relationship with ANZ. Through the focused business functions within the Bank (Retail Banking, Institutional and Business Banking, Payment Services, International Services and Treasury), further enhanced by Esanda, ANZ McCaughan, ANZ Funds Management and our strong representation overseas (including in the emerging Asian markets), we have the ability to satisfy the financial needs of our diverse customer-base.

Even so, many of our customers deal with other banks and financial institutions for at least some of their needs. By ensuring that ANZ is fulfilling more and more of our existing customers' financial needs, we can achieve high revenue growth combined with significant



Left to Right

**Charles Carbonaro**

Senior General Manager  
Payment Services

**Steve Jones**

Senior General Manager  
Retail Financial Services

**Andrew Mohl**

Managing Director  
ANZ Funds Management

**John Winders**

General Manager  
International Services

**Grahame Miller**

General Manager  
Global Treasury

**Clive Batrouney**

Managing Director  
ANZ McCaughan

**John McConnell**

Senior General Manager  
Australian Banking

**Roy Marsden**

Senior General Manager  
Institutional & Business Banking

**Bob Barton**

General Manager  
Australian Credit Operations

**Bill Fisher**

General Manager  
Branch Banking

**Bob Edgar**

Managing Director  
Esanda



**Australian Operations Profit\***

	1994	1993
<b>AUSTRALIA</b>	<b>456.8</b>	<b>199.9</b>
Esanda (\$M)	142.7	59.0
ANZ Funds Management (\$M)	45.8	20.4
ANZ McCaughan (\$M)	14.4	5.3

\*contribution to operating profit before abnormal items



## AUSTRALIA

productivity gains. More effective “cross selling” to our existing customers requires a full understanding of their needs. A key element of the Hogan system is the customer information that it consolidates enabling staff to have a complete picture of a customer’s relationship with us.

The strong performances by Esanda and ANZ Funds Management this last year are good examples of the benefits of tightly focused providers of specialist financial services working as part of the wider organisation and leveraging off that association.

The Treasury and International Services units are also able to provide specialist services to assist business customers (both existing and new) handle the complications of today’s global financial markets and trading and investing offshore.

The shift of customer preference towards more sophisticated savings products provides both challenges and opportunities: challenges for the gathering of traditional deposits through the retail branches; opportunities for ANZ Funds Management and ANZ McCaughan and Treasury operations to secure new business. For Treasury, tapping into superannuation funds as they increasingly seek foreign exchange and other sophisticated financial services in their execution of global investment activities, is a major opportunity.

A union of banking and technology is increasingly needed to provide payment services virtually wherever and whenever customers wish to transact their business. This applies equally to retail customers who welcome the convenience of EFTPOS and ATMs, to domestic merchants who seek to reduce paper and cash handling costs and to trading firms seeking to reduce the administrative costs of international trade. Not only does this mean we must be efficient in providing financial services but also that we must explore new ways to deliver services to customers. ANZ’s market leadership position in electronic banking gives us the critical mass and expertise to stay at the forefront of these developments.

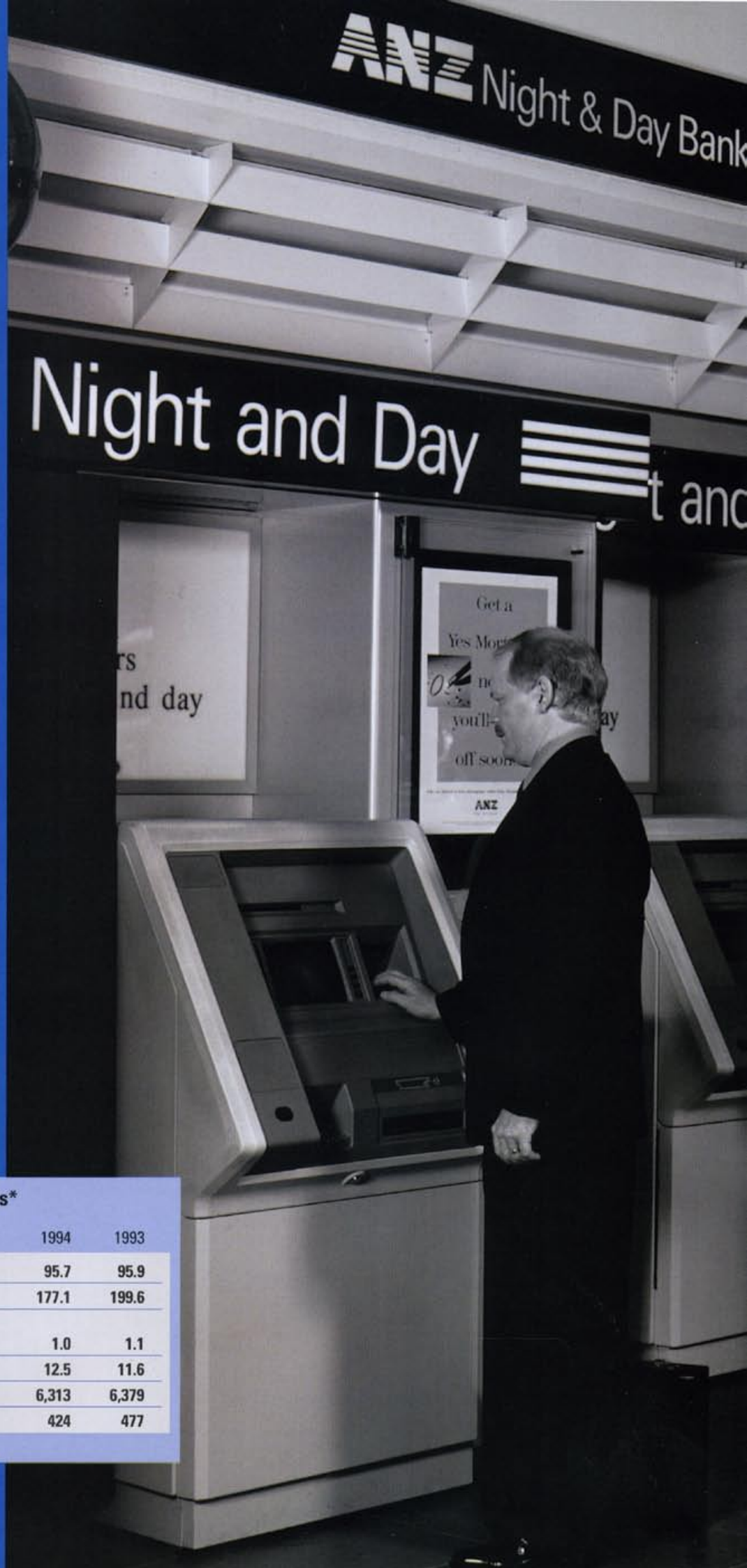
In making these changes it is critical to reinforce traditional banking skills, particularly credit management. Professionalism in our approach to the management of areas as diverse as technology, purchasing and property management are significant components of modern day banking.

As the economic recovery matures, the challenge is to obtain further growth in Australia and to lift Australia’s profit contribution to match its assets. Full participation in financing the business investment expansion to consolidate our position as a main lender to business is a key priority for ANZ in Australia. At the same time, we must move quickly to ensure better use of our electronic and traditional branch delivery channels, to serve customers better and provide ANZ with a permanently lower cost base.



*"ANZ group has an excellent franchise to build the most successful financial services group in New Zealand"*

**Peter Hawkins**  
**Managing Director**  
**ANZ (New Zealand)**



**New Zealand Results\***

	1994	1993
Operating profit after tax (\$M)	95.7	95.9
Underlying profit (\$M)	177.1	199.6
Return on average risk-weighted assets (%)	1.0	1.1
Total assets (\$B)	12.5	11.6
Employees (full-time equivalents)	6,313	6,379
Points of Representation	424	477

\*before abnormal items

ANZ House, Auckland.



New Zealand, where ANZ is the longest established bank, is our second home market. New Zealand provides 12 per cent of Group profit from the same proportion of Group assets.

ANZ has a strong market presence across the full spectrum of the New Zealand financial services industry. ANZ/PostBank is the market leader in home lending; UDC Finance is the leader in leasing and asset financing; we have a respected Business Banking, Treasury and International Services capability; and with our extensive international network, we are known as the country's "export bank". ANZ Funds Management has recorded remarkable growth over the last year—almost doubling funds under management.

The overall profitability of operations has been maintained at A\$96 million after tax despite intense competition. We have achieved excellent growth in home lending over the year with ANZ's outstandings growing at twice the industry average, while steady growth has been experienced in other lending assets. Asset quality has continued at a very high standard despite difficulties in the New Zealand meat industry which has faced some severe financial pressures arising from over capacity.

ANZ has an excellent market profile and position in New Zealand. Nevertheless, there is a continuing need to focus on reducing costs while enhancing customer service. These are the critical factors in the intensely competitive New Zealand market.

As in Australia, we believe superior service is the key to enhanced customer loyalty and profitability in key market segments. Customer relationship management has been supported by the development of improved customer information systems and training programs to upgrade the sales, service and relationship management skills of staff.

Technology, and a renewed drive towards improvement and re-design of our key business processes, have worked together to reduce the cost of providing transaction banking services.

Through differential pricing, expanding ATM and EFTPOS networks, and aggressive marketing, there has been a significant shift from higher cost "over the counter" transactions to lower cost electronic transactions. The launch of a new telephone banking facility has reinforced this shift to electronic delivery of generic banking services. During the year, over 20 per cent of all counter transactions have moved out of PostBank branches and on to the electronic network.

In conjunction with these developments we have selectively co-located ANZ and PostBank outlets to rationalise the branch network. A key achievement for the year was the conversion of PostBank account processing onto the ANZ system. This will have benefits of reduced processing costs and also lays the foundation for further improvement of branch systems and consolidation of the network over the coming year.

The prospects for our operations in New Zealand are good. The New Zealand economy is growing strongly. The notable contributions from the export sector and business investment suggest that the recovery is reasonably robust and sustainable growth of three to four per cent per annum is likely. Inflation remains low and considerable progress has been made on fiscal policy over recent years. However, still an unknown factor is the degree to which the change to the electoral system may effect the economy.

The banking sector will remain very competitive. Our key targets for 1995 are service enhancement, utilising ANZ's international banking capability and continuing efficiency improvements.





*"We are Australia and New Zealand's International bank. We are eager to grow with both our home-based and offshore customers as they expand around the world."*

Alister Maitland  
Executive Director International



#### International Results\*

	1994	1993
Operating profit after tax (\$M)	250.7	163.9
Underlying profit (\$M)	480.4	321.9
Return on average risk-weighted assets (%)	1.6	1.0
Total assets (\$B)	26.1	26.1
Employees (full-time equivalents)	9,733	9,856
Points of Representation	206	204

\*before abnormal items

Staff from PT ANZ Panin, Jakarta, Indonesia.



ANZ is Australia and New Zealand's international bank. We are represented in the major and emerging overseas markets which are important to our home base customers—42 countries in all. The international network accounts for some 26 per cent of the Group's assets and currently generates 31 per cent of profit after tax. The network is complementary to our domestic banking franchises, while providing diversification of income and risk.

### The year in review

The 1994 profit contribution increased by 53% to \$250.7 million. Solid profits were earned by the established banking operations in South Asia, the Middle East and the Pacific. ANZ's newer operations in East Asia are developing well.

The origination, distribution and trading activities of the money centre operations in London and New York also performed well. This year's profit was boosted by the receipt in December 1993 of \$41.3 million (after tax) of interest arrears from rescheduled Argentine debt.

Our strategy is to have sufficient on-the-ground banking capabilities to be able to handle the requirements of internationally active companies and individuals.

As with our domestic operations, the niche we seek to fill is one where the relationship with the customer drives the services provided. By keeping transactions "in house" through our widespread on-the-ground presence, ANZ can provide efficient execution of trade finance and international money transfers in countries where strong growth and financial deregulation can put strains on the local banking system.

Furthermore, access to the local knowledge of the ANZ team in countries such as Vietnam and Indonesia or the market standing of ANZ Grindlays in South Asia, is of particular value to customers seeking to exploit trade opportunities or develop their presence in these markets.

Supporting the focus on providing cross border financial products and services, is the provision of domestic banking capabilities for customers active in some of the highest growth

<b>International Operations</b>		
Operating profit after tax before abnormal items		
	1994	1993
UK and Europe (\$M)	75.6	55.7
Asia Pacific (\$M)	56.1	52.7
South Asia (\$M)	24.2	(4.0)
Americas (\$M)	59.7	27.8
Middle East (\$M)	35.1	31.7
<b>TOTAL</b>	<b>250.7</b>	<b>163.9</b>

emerging markets of the world. In many of these countries, such as India, we have extremely well established presences.

The main reason behind our expansion in the Asia Pacific region, into countries such as Indonesia, China and Vietnam, is to meet the international financial needs of our domestic and overseas customers.

The network was extended during the year by the opening of a branch in Shanghai, the acquisition of an 85% share in a joint venture bank in Indonesia, (now known as PT ANZ Panin Bank), the opening of representative offices in Guangzhou and Mexico City, the establishment of a new branch operation in Tonga and significant branch expansion in Sri Lanka.

<b>New International Operations</b>	
1993-94 Financial Year	
Joint Venture Bank	<b>PT ANZ Panin Bank Jakarta, Indonesia</b>
Branch	<b>Tonga</b>
Representative Office	<b>Guangzhou, China</b>
Representative Office	<b>Mexico City</b>



### Opportunities for growth

While Australian and New Zealand exporters and importers are natural customers for us, equally important are businesses, individuals and Governments of other countries who also use our network. We facilitate for instance, investment flows from Korea into China, Japanese trade and investment into Sri Lanka and capital finance from the UK to India. Particularly in our more established operations in South Asia and the Middle East, local customers also use the international network and provide the funding base.

In the same way that Australia and New Zealand dramatically restructured their economies in the 1980's, many of the countries in which ANZ operates are now following economic liberalisation programs.

Economic growth rates approaching or in double figures are not unusual in many countries in which we have a presence. As a result there are significant business opportunities for both our domestic and our international customers. The opening up of borders to two-way trade further broadens the universe of internationally active businesses looking for the international banking services we provide.

Liberalisation also means more competition from new banks and changing demand patterns with greater emphasis on more sophisticated financial products. This brings clear opportunities to leverage off our established strengths to expand ANZ's capabilities in areas such as structured finance and private banking.

The worldwide shift towards funds management products similarly provides major opportunities. Maintaining deposit levels as customers gain greater access to non-traditional savings products is a challenge, but also creates the opportunity to extend internationally our own considerable product and service expertise in these areas. As investment managers take an increasingly global perspective, our international representation and established global foreign exchange capabilities provide new opportunities.

Overlaying these trends are two key issues for ANZ. We need to develop and expand our cadre of top class international bankers and upgrade the technology platform to enable them to effectively meet the international banking needs of our customers. This will require a commitment of resources—a commitment we are prepared to make.

Global trends point to the continued internationalisation of markets. Trade and finance flows will continue to grow at faster rates than underlying economic growth rates. The Asia/Pacific region will continue to lead. The opportunities for an Australian and New Zealand based international bank, with the established franchises that ANZ has, are significant—we intend to seize those opportunities.



## FIVE YEAR SUMMARY

	1994	1993	1992	1991	1990
	\$M	\$M	\$M	\$M	\$M
<b>Profit and loss</b>					
Interest income	6,485	6,887	8,083	10,180	10,188
Interest expense	3,685	4,344	5,645	7,578	7,713
Net interest income	2,800	2,543	2,438	2,602	2,475
Other operating income	1,969	1,875	2,109	2,067	1,765
Net operating income	4,769	4,418	4,547	4,669	4,240
Operating expenses	3,146	3,056	3,234	3,114	2,848
Underlying profit	1,623	1,362	1,313	1,555	1,392
Less: Restructuring costs	37	55	95	39	n/a
Provision for doubtful debts - specific	368	629	1,600	1,037	788
- general	13	5	337	16	5
Operating profit(loss) before abnormal items	1205	673	(719)	463	599
Net contribution - LFD Limited <sup>1</sup>	-	(13)	-	-	-
Less: income tax expense(benefit)	395	193	(146)	193	186
Outside equity interests	(7)	(7)	(5)	(4)	(1)
Operating profit(loss) before abnormal items	803	460	(578)	266	412
Net abnormal profit(loss)	19	(213)	(1)	1	(191)
Operating profit(loss) after income tax and outside equity interests	822	247	(579)	267	221
<b>Balance sheet</b>					
Assets	101,189	99,933	101,138	98,212	99,300
Liabilities	95,685	94,800	96,547	93,194	94,977
Net assets	5,504	5,133	4,591	5,018	4,323
Paid-up capital	1,360	1,315	1,165	1,026	972
Reserves and retained earnings	4,096	3,774	3,377	3,958	3,340
Outside equity interests	48	44	49	34	11
<b>Share information (per fully paid share)</b>					
Dividend - declared rate	25.0¢	20.0¢	20.0¢	20.0¢	38.0¢
Franked portion	-	-	50%	100%	100%
Earnings <sup>2</sup> - basic	55.9¢	13.5¢	-60.2¢	26.9¢	24.2¢
- fully diluted <sup>3</sup>	54.9¢	17.5¢	-42.0¢	22.9¢	24.2¢
Net tangible assets - basic	\$3.58	\$3.43	\$3.40	\$4.31	\$4.45
- fully diluted	\$3.58	\$3.45	\$3.27	\$4.18	\$4.09
Rights issue	-	-	1 for 5	-	-
Share price <sup>4</sup> - high	\$5.68	\$4.40	\$4.88	\$4.20	\$6.38
- low	\$3.78	\$2.53	\$2.87	\$2.92	\$3.95
<b>Number of shares on issue (millions)</b>					
Ordinary shares - fully paid	1,353.6	1,308.2	1,054.5	1,019.3	971.1
- paid to 50¢	-	-	207.2	-	-
- paid to 10¢	2.1	3.1	3.6	4.0	4.5
- preference shares	6.0	6.0	6.0	6.0	-
<b>Dividend reinvestment plan</b>					
Share price - Interim	3.78	3.42	3.58	3.42	4.35
- Final	-	4.44	2.51	4.46	2.72
<b>Ratios<sup>2</sup></b>					
Dividend payout ratio (ordinary & preference)	50.5%	133.3%	n/a	75.6%	160.0%
Return on average shareholders' equity	15.6%	5.0%	-11.4%	5.8%	5.4%
Return on average assets	0.8%	0.2%	-0.6%	0.3%	0.2%
Return on average risk-weighted assets	1.1%	0.3%	-0.7%	0.3%	0.3%
Capital Adequacy - Tier 1	6.8%	5.9%	4.8%	6.0%	5.1%
- Total	11.3%	10.8%	9.0%	9.9%	8.6%

<sup>1</sup>Refer page 48

<sup>2</sup>After abnormal items.

<sup>3</sup>Diluted earnings per share includes the effect of the conversion of non-redeemable non-cumulative converting preference shares to ordinary shares and the rights issue (refer to "Future Developments" in the Directors' Report on page 35).

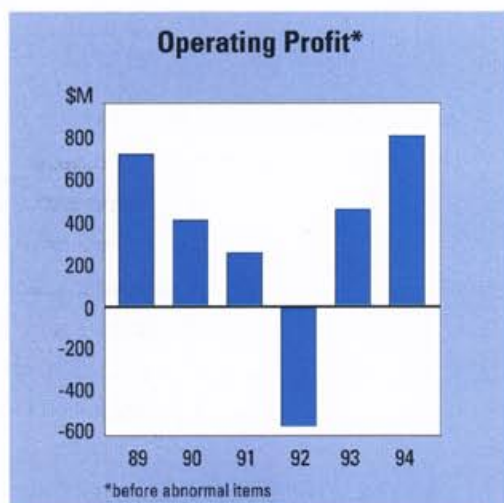
<sup>4</sup>On ordinary shares.

n/a not applicable

# OPERATIONS AND RESULTS

## Overview

ANZ recorded an operating profit of \$803.2 million after tax and before abnormal items for the year ended 30 September 1994, representing a significant improvement over the profit of \$459.7 million for 1993. Including abnormal items, the profit was \$821.9 million up from \$246.5 million in 1993. Strong income growth, modest cost increases and a sharp fall in the charge for doubtful debts underpinned the result.



The Bank was able to increase income through growth in lending assets and by maintaining net interest yield during the year with continuing improvements in the Bank's asset quality more than offsetting competitive pressures in both Australia and New Zealand. Receipt of interest arrears due on rescheduled Argentine debt provided a one off boost to interest income.

Lending fees have been adversely affected by the competitive pricing of housing loans and the continued weakness in commercial lending in Australia. The decline was offset by increased cards income, due to increased transaction volumes and the introduction of fees on credit cards in Australia, and improved returns from trading and funds management activities.

Operating expenses rose by \$89.9 million during 1994 with reductions in premises costs and computer expenses being offset by higher personnel and other costs.

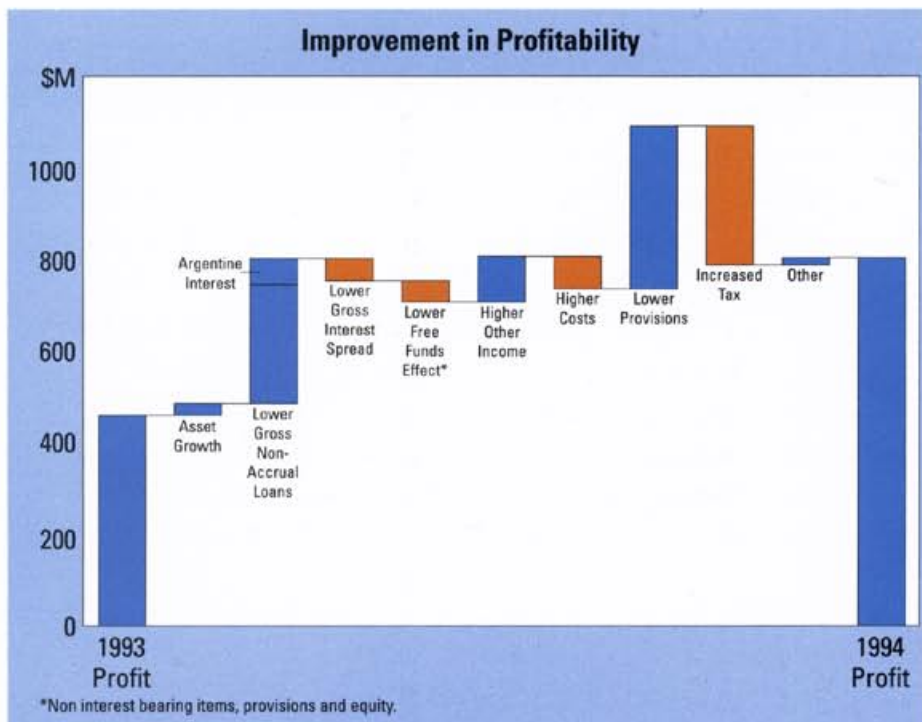
ANZ's substantial progress towards acceptable profitability is illustrated

## Profit and Loss Statement

	1994	1993	1992
	(in millions)		
Interest income	\$6,485.2	\$6,887.1	\$8,082.9
Interest expense	(3,685.0)	(4,344.2)	(5,645.1)
Net interest income	2,800.2	2,542.9	2,437.8
Other operating income	1,968.5	1,874.8	2,108.7
<b>TOTAL INCOME</b>	<b>4,768.7</b>	<b>4,417.7</b>	<b>4,546.5</b>
Operating expenses	(3,145.6)	(3,055.7)	(3,232.6)
<b>UNDERLYING PROFIT</b>	<b>1,623.1</b>	<b>1,362.0</b>	<b>1,313.9</b>
Restructuring costs	(36.8)	(54.8)	(95.1)
Provision for doubtful debts	(381.4)	(633.7)	(1,937.4)
Contribution from LFD Limited <sup>(1)</sup>	-	(13.1)	-
Income tax (expense) benefit	(394.8)	(193.2)	145.5
Outside equity interests	(6.9)	(7.5)	(5.0)
<b>OPERATING PROFIT</b>			
<b>(loss) before abnormal items</b>	<b>803.2</b>	<b>459.7</b>	<b>(578.1)</b>
Abnormal items	18.7	(213.2)	(0.9)
<b>OPERATING PROFIT</b>			
<b>(loss) attributable to Bank shareholders</b>	<b>\$821.9</b>	<b>\$246.5</b>	<b>\$(579.0)</b>

(1) LFD Limited was formerly named Dalgety Farmers Limited. The Group acquired and disposed of LFD Limited during 1993 and therefore its results are included in the Group results for this year only. In order to facilitate a meaningful analysis of the Group's operations the impact of LFD Limited has been removed from the individual components of the Profit and Loss Statement and included as one item in the analysis in this section.





by the improvement in underlying profit, which is operating profit before restructuring costs, tax and doubtful debts. In 1994 underlying profit rose \$261.1 million following a rise of \$48.1 million in 1993.

The Bank continued to achieve considerable improvement in asset quality. Non-accrual loans, on which the Bank does not accrue interest earned, were reduced by a further \$1.1 billion during the year. The charge for doubtful debts of \$381.4 million is \$252.3 million lower than the 1993 charge and \$1,556.0 million lower than the charge in 1992.

In 1994, 43.1% of Group profit after tax was derived from overseas operations. Movements in foreign currencies against the Australian dollar can affect the Group's earnings through the restatement of overseas profits to Australian dollars.

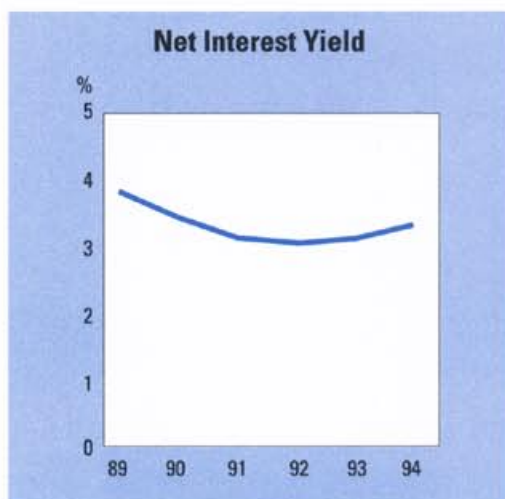
### Net Interest Income

The Group's principal source of revenue is net interest income which arises from the difference between interest income and interest expense. The level of net interest income is a function of the volume of interest earning assets and interest bearing liabilities and the general level of interest rates.

Net Interest Income			
	1994	1993	1992
	(in millions)		
Interest income	\$6,485.2	\$6,887.1	\$8,082.9
Interest expense	(3,685.0)	(4,344.2)	(5,645.1)
<b>NET INTEREST INCOME</b>	<b>2,800.2</b>	<b>2,542.9</b>	<b>2,437.8</b>
Net interest yield*	3.4%	3.2%	3.1%
Average interest earning assets	\$83,457.4	\$82,595.2	\$81,611.8

\*Net interest income as a percentage of average interest earning assets.

## OPERATIONS AND RESULTS



The \$257.3 million increase in net interest income in 1994 was primarily due to increased interest rate yields in Australian and International markets, which were offset by lower interest rate yields in a very competitive New Zealand market, and strong lending asset growth.

The increased yield in Australia was principally due to the lower volume of non-accrual loans, and therefore the cost of funding these loans, as the asset realisation process continued.

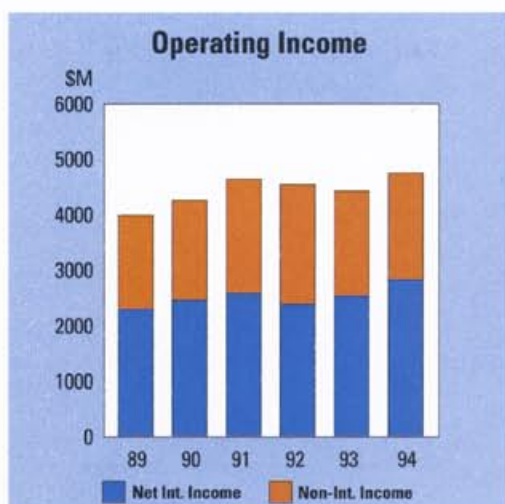
The receipt of \$60.8 million (pre tax) in respect of arrears of interest due on rescheduled Argentine debt provided a one off boost to interest income.

### Other Operating Income

Other operating income includes lending fees, other banking fees, foreign exchange earnings, the net profit or loss on securities and other income which includes rental and leasing income.

	1994	1993	1992
	(in millions)		
Fee income	<b>\$1,321.6</b>	<b>\$1,295.6</b>	<b>\$1,301.6</b>
Foreign exchange earnings	<b>222.2</b>	<b>219.7</b>	<b>239.5</b>
Profit on securities	<b>150.1</b>	<b>148.3</b>	<b>309.0</b>
Other income	<b>274.6</b>	<b>211.2</b>	<b>258.6</b>
<b>TOTAL OTHER OPERATING INCOME</b>	<b>\$1,968.5</b>	<b>\$1,874.8</b>	<b>\$2,108.7</b>

Lending fees were restrained by the waiving of approval fees for housing loans in Australia for most of 1994 and the continued weakness in new commercial lending. This was offset by fee income from credit cards, due to increased transaction volumes and the introduction of annual fees, and from financial advisory services.



Foreign exchange earnings continue to be stable. There was some recovery in security values in India, which had caused an adverse effect on trading profits in 1993, however, these increases were offset by lower returns in Australia reflecting the increase in bond rates, particularly in the second half of the year. Stronger income also came from ANZ Funds Management, our asset trading activities in London and from the stockbroking operation ANZ McCaughan.



**Operating Expenses**

Operating expenses rose by \$89.9 million during 1994 with reductions in premises costs and computer expenses being offset by higher personnel and other costs.

<b>Operating Expenses</b>			
	1994	1993	1992
	(in millions)		
Personnel expenses	\$1,468.3	\$1,419.6	\$1,480.5
Premises expenses	401.0	438.3	488.5
Computer expenses	281.9	302.9	331.3
Other expenses	994.4	894.9	932.3
	<b>\$3,145.6</b>	<b>\$3,055.7</b>	<b>\$3,232.6</b>
Personnel numbers (full time equivalent)	39,642	40,277	43,977

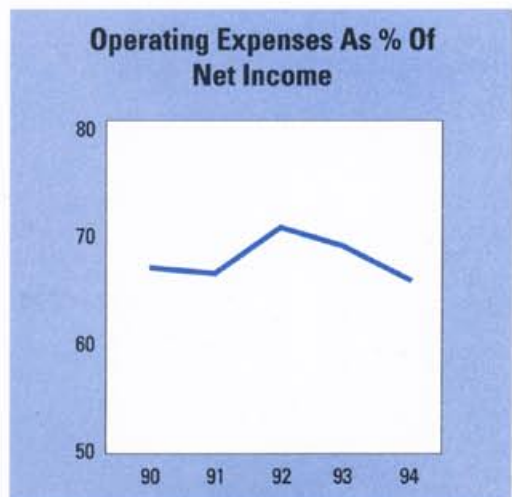
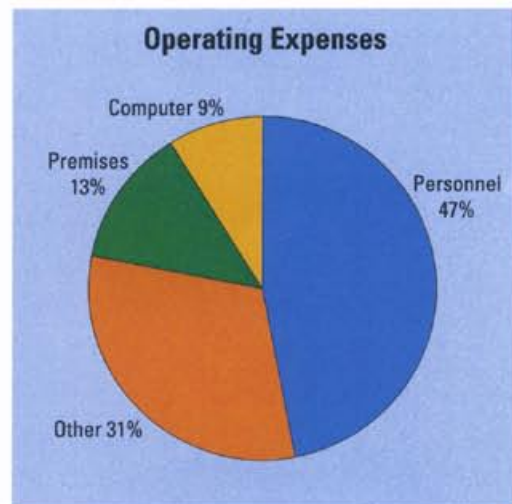
Salary and wages costs fell reflecting lower numbers of full-time equivalent employees, primarily in Australia where the benefits of the ongoing restructuring of branch and support operations have continued. Performance related payments in the trading and broking operations, additional pension fund costs in New Zealand and India, and higher fringe benefits taxes pushed total personnel costs slightly higher.

In July this year the Bank successfully concluded an enterprise bargaining agreement with its Australian employees which granted salary increases from 1 July, 1994 in exchange for the implementation of productivity initiatives.

Premises costs fell \$37.3 million reflecting continuing rationalisation of premises requirements and improved property management processes.

Other expenses increased by \$99.5 million in 1994 as a consequence of an increased charge for non-lending losses (increased by \$42.4 million to \$98.1 million), income related costs (notably card related interchange fees which increased by \$23.8 million to \$107.9 million) and some other costs such as advertising. These increases offset savings made in other areas, for example legal fees.

The ratio of other operating expenses to operating income, excluding abnormal items, improved to 66.0%, from 69.2% in 1993 and 71.1% in 1992.



Non-Accrual Loans

Non-Accrual Loans			
	1994	1993	1992
	(in millions)		
Gross non-accrual loans*	\$2,826.2	\$3,883.9	\$5,425.4
Specific provision for doubtful debts	1,067.3	1,699.4	2,354.7
<b>NET NON-ACCUAL LOANS</b>	<b>1,758.9</b>	<b>2,184.5</b>	<b>3,070.7</b>

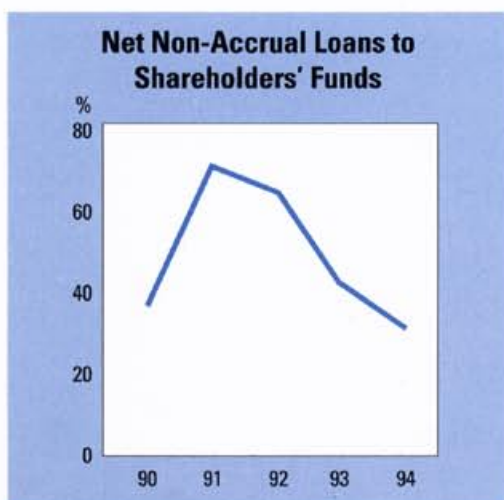
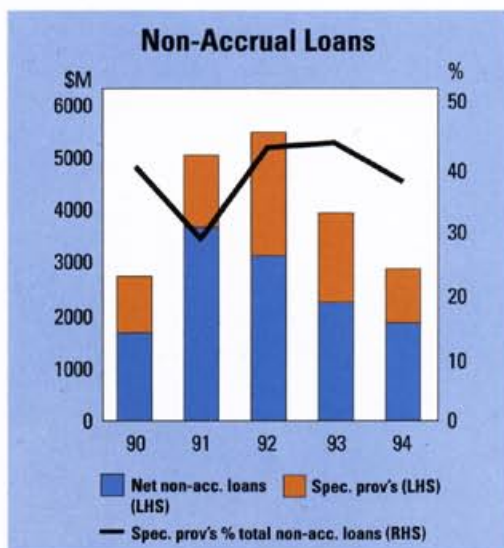
\*Includes rescheduled country debt from 30 September 1994.

In 1994, gross non-accrual loans decreased by a further \$1,057.7 million (27%) through a continuation of the successful program of security sales. In addition to the disposal of underlying assets, the portfolio was further reduced by repayments and the upgrading of certain loans from non-accrual status resulting from business recoveries as the economy in Australia improved. The decrease followed the significant reduction of \$1,541.5 million (28%) in 1993.

The decrease in gross non-accrual loans in 1994 was achieved despite the adoption of guidelines for the recognition and reporting of problem loans and other impaired assets issued by the Reserve Bank of Australia during the year. The effect of applying these guidelines was to increase the amount of non-accrual loans by \$393.2 million at 30 September, 1994. However, no additional provisions were required following their adoption.

The ratio of specific provisions for doubtful debts to non-accrual loans fell to 37.8% in 1994 from 43.8% in 1993 primarily reflecting the additional non-accrual loans resulting from the adoption of the new Reserve Bank of Australia guidelines.

The significant improvement in asset quality is reflected in the ratio of net non-accrual loans to shareholders equity which decreased to 32.0% in 1994 from 42.6% in 1993 and 66.9% in 1992.





Provisioning for Doubtful Debts

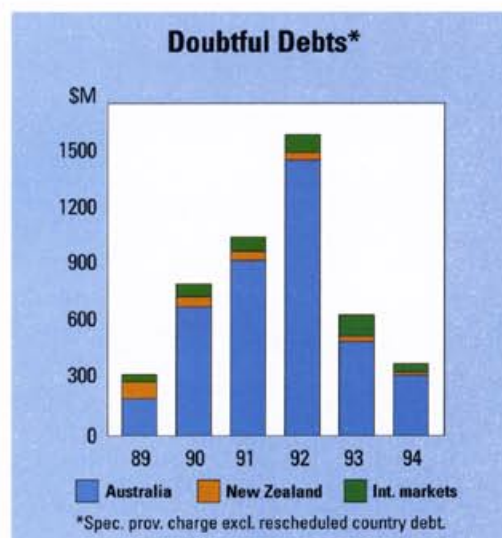
Provisioning for Doubtful Debts			
	1994	1993	1992
	(in millions)		
Specific provision charge	\$368.6	\$628.7	\$1,600.1
General provision charge	12.8	5.0	337.3
<b>TOTAL CHARGE FOR DOUBTFUL DEBTS</b>	<b>\$381.4</b>	<b>\$633.7</b>	<b>\$1,937.4</b>

In 1994 the total charge for doubtful debts was \$381.4 million, which was \$252.3 million (40%) lower than the 1993 charge of \$633.7 million and \$1,556.0 million (80%) lower than the 1992 charge.

The decrease in the specific provision charge reflects the further reductions in the rate of loan defaults and the continued improvement in the economic environments in each of the major areas of the Group's operations.

The \$12.8 million top up to the general provision reflects the increase in lending assets during the year.

At 30 September, 1994 the general provision for doubtful debts was \$567.1 million or 0.75% of risk weighted assets, which comfortably exceeds the industry benchmark of 0.5%.



Income Tax Expense

Income tax expense is a function of the volume of income which is subject to taxation and the effective tax rate charged in each of the widespread jurisdictions where ANZ earns its income.

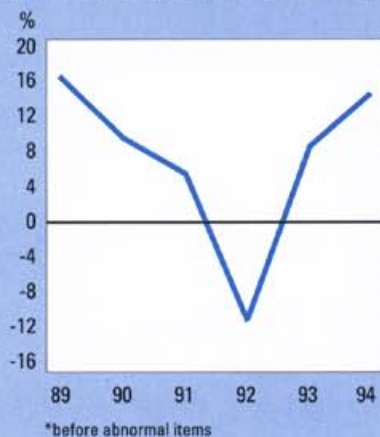
Income Tax Expense			
	1994	1993	1992
	(in millions)		
<b>TOTAL INCOME TAX EXPENSE (benefit)*</b>	<b>\$394.8</b>	<b>\$193.2</b>	<b>\$(145.5)</b>
Effective tax rate	32.8%	29.3%	20.2%

\*before abnormal items

The effective tax rate in 1994 of 32.8% approximates the prima facie Australian corporate tax rate of 33.0% applicable during the year. The increase in the effective tax rate from 1993 was mostly driven by the increased profit from our operations in India where the local income tax rate is 55%.

# OPERATIONS AND RESULTS

## Return on Average Shareholders' Equity\*

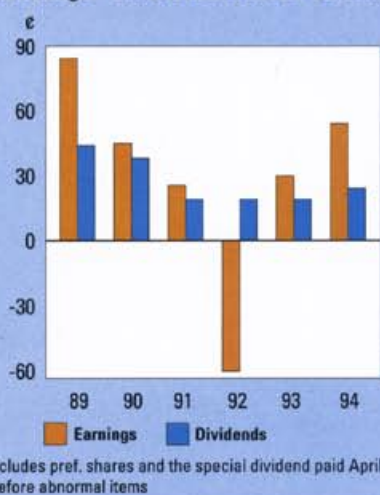


## Return on Average Shareholders' Equity

The return on average shareholders' equity increased to 15.2% during 1994 from 9.4% in 1993. This is the highest return on equity for the Group since 1989.

The increased return on equity was achieved during a period of intense competition, particularly in Australia and New Zealand.

## Earnings\* and Dividends Per Share



## Dividends and Earnings Per Share

Earnings per share (before abnormal items and after preference dividends) were 54.5 cents in 1994 an increase of 77% on the 1993 earnings per share of 30.8 cents.

The improved profitability has also been reflected in the increase in the final dividend for 1994 to 14 cents per ordinary share (unfranked). This brings the total dividend for 1994 to 25 cents per ordinary share (unfranked), an increase of 25% over the 1993 total dividend of 20 cents per share.

## Abnormal Items

Abnormal items are items of revenue and expense included in the profit for the financial year, which are considered abnormal by reason of their size and effect on the operating profit for that financial year.

The Group includes profits or losses on the disposal of properties and subsidiaries within this definition as they are considered outside the normal operations of the Bank.

During 1994 the Group earned abnormal profits after tax and outside equity interests of \$18.7 million. Included in this were a residual gain after outside equity interests of \$11.7 million on the sale LFD Limited's pastoral and shipping businesses, profits of \$9.0 million on the sale of controlled entities and associates, and a \$2.0 million loss on sales of premises.



**Balance Sheet**

The Group's total assets at 30 September, 1994 were \$101,189 million, an increase of \$1,257 million over 1993. The increase reflects real asset growth of \$4.4 billion offset by a \$3.1 billion decrease in the Australian dollar value of overseas assets due to the stronger Australian dollar.

The growth in real assets is principally due to strong lending asset growth in Australia and New Zealand.

In Australia loans, advances and acceptances grew \$2.9 billion, before debt write-offs of \$1.0 billion, primarily from housing loan growth of \$2.6 billion which resulted in ANZ increasing its market share in this area in the second half of 1994.

Esanda experienced the initial signs of business recovery through strong growth in the automotive and equipment leasing sectors (\$0.7 billion). Corporate customers continued to tightly manage balance sheet capacity and this is reflected in lower business lending.

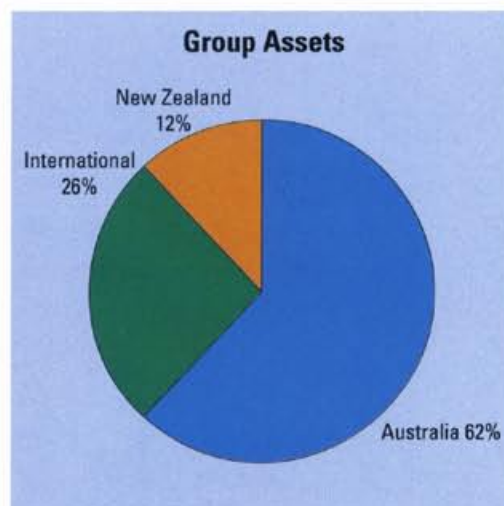
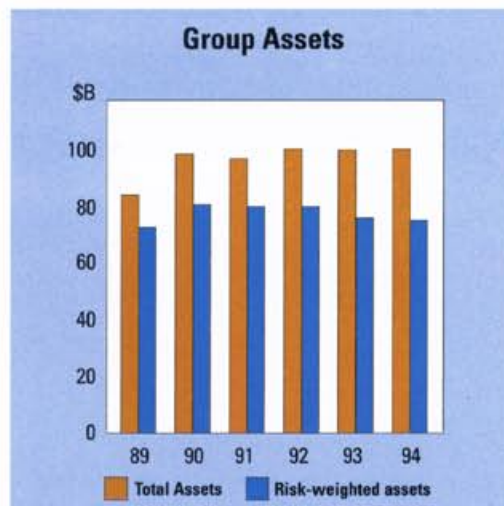
In New Zealand, ANZ also experienced strong growth in home lending in 1994 (27%) which resulted in ANZ being the largest lender for housing in the country. New Zealand is further into its economic recovery than Australia, and is seeing growth in business lending volumes, particularly for capital equipment.

Deposits and other borrowings have grown significantly during 1994, both in Australia (\$1.4 billion) and overseas (\$2.5 billion), before the stronger Australian dollar eroded \$1.7 billion of the overseas growth.

Despite the prevailing low interest rate environment in Australia, favourable growth was experienced in the second half of the year enabling market share in core retail deposits to be regained.

In Australia, current accounts bearing interest grew \$1.6 billion and term deposits grew \$0.8 billion reflecting the increased attraction of deposit products following interest rate rises and concerted marketing programs by Institutional & Business Banking and the Retail Bank.

New Zealand has funded the growth in their loans and advances through a mix of wholesale and retail deposits.



## OPERATIONS AND RESULTS

### Capital Resources

Shareholders' equity increased by \$371.2 million during 1994 due primarily to the retention of earnings of \$429.0 million and reinvestment of dividends by the Bank's shareholders of \$159.1 million. These increases were offset by a decrease of \$229.7 million in the Foreign Currency Translation Reserve due to the stronger Australian dollar.

Loan capital includes perpetual and subordinated debt, the majority of which is denominated in foreign currencies, principally US dollars. The decrease of \$303.8 million during 1994 was primarily due to the stronger Australian dollar against these currencies. During the year a USD 200 million subordinated floating rate note issue due in 1998 was replaced with a USD 250 million subordinated fixed rate note issue due 2004.

### Capital Adequacy

Under the Reserve Bank of Australia ("RBA") guidelines, the Bank must maintain a ratio of qualifying capital to risk weighted assets of at least 8.0%. Qualifying capital is comprised of two discrete tiers.

#### Tier 1 Capital

Tier 1 or "core" capital, which consists of paid up ordinary shares, share premium reserves, general reserves, retained earnings, non-cumulative irredeemable preference shares and outside equity interests must constitute at least 50% of the Bank's capital base requirements and not less than 4.0% of risk weighted assets.

Future income tax benefits ("FITB") and unamortised goodwill are deducted from Tier 1 capital and investments in non-consolidated subsidiaries and cross-bank shareholdings must be deducted from total capital.

<b>Capital Resources and Capital Adequacy</b>			
	1994	1993	1992
	(in millions except for percentages)		
Shareholders' equity (including outside equity interests)	\$5,504.1	\$5,132.9	\$4,591.1
Loan capital (subordinated debt)	3,098.8	3,402.6	2,846.4
<b>Total</b>	<b>8,602.9</b>	<b>8,535.5</b>	<b>7,437.5</b>
Liabilities excluding loan capital	92,586.5	91,397.1	93,700.2
<b>TOTAL ASSETS</b>	<b>\$101,189.4</b>	<b>\$99,932.6</b>	<b>\$101,137.7</b>
Risk-weighted assets	\$76,027.0	\$76,860.0	\$80,720.6
Tier 1 capital*	5,164.3	4,545.8	3,870.6
Tier 2 capital*	3,648.2	3,935.7	3,506.0
Tier 1 capital ratio	6.8%	5.9%	4.8%
Tier 2 capital ratio	4.8%	5.1%	4.3%
Deductions	(0.3%)	(0.2%)	(0.1%)
<b>TIER 1 &amp; TIER 2 CAPITAL RATIO</b>	<b>11.3%</b>	<b>10.8%</b>	<b>9.0%</b>

\*Before deductions of \$247.9 million; 1993 \$202.9 million; 1992 \$118.6 million.



Tier 1 capital increased by \$618.5 million during 1994 to \$5,164.3 million. This increase was due to increased shareholders' equity as set out under "Capital Resources" above, together with a \$251.5 million reduction in the net FITB.

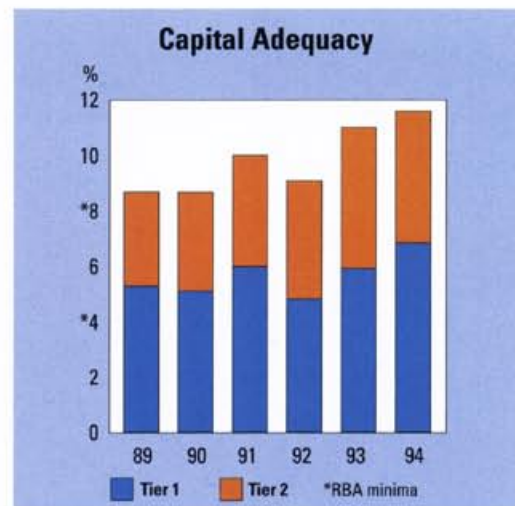
The increase in Tier 1 capital, together with a decrease of \$833.0 million in risk-weighted assets to \$76,027.0 million, increased the Tier 1 capital ratio to 6.8% in 1994 from 5.9% in 1993.

**Tier 2 Capital**

Tier 2 capital consists of the general provision for doubtful debts, asset revaluation reserves, cumulative preference shares not redeemable at the holders' option or without the prior consent of the RBA and subordinated and perpetual debt. The contribution made to the overall capital adequacy ratio by Tier 2 capital cannot exceed that made by Tier 1 capital.

Certain categories of Tier 2 capital, including term (as distinct from perpetual) subordinated debt, are not counted towards qualifying capital to the extent that they exceed 50% of Tier 1 capital.

Tier 2 capital decreased in 1994 by \$287.5 million to \$3,648.2 million, from \$3,935.7 million in 1992. This decreased the Tier 2 capital ratio from 5.1% in 1993 to 4.8% in 1994. The decreased Tier 2 capital is attributable to the stronger Australian dollar which lowered the value of loan capital denominated in foreign currencies, principally US dollars. This decrease was partially offset by the replacement of a USD 200 million subordinated floating rate note issue due in 1998 with a USD 250 million subordinated fixed rate note issue due 2004.



**Risk Weighted Assets**

Risk weighted assets represent total assets adjusted by factors set by the RBA to reflect the potential risk attached to each asset. For example, loans which are secured by residential housing are included at 50% of the value of the loan while unsecured loans are included at 100% of the loan value.

During 1994 risk weighted assets decreased by \$833.0 million to \$76,027.0 million primarily as a result of a proportional increase in those assets, particularly housing loans in Australia and New Zealand, which carry a lower risk weighting. The change in total assets composition was coupled with a stronger Australian dollar lowering the Australian dollar value of overseas assets.

For the reasons discussed above, the combined ratio of Tier 1 and Tier 2 capital (net of deductions) to risk weighted assets increased to 11.3% at 30 September 1994 from 10.8% in 1993.

## BOARD OF DIRECTORS



**Mr J B GOUGH** AO OBE Hon LLD (Melb), FTS  
Chairman

Company Director. Director since August 1986 and Chairman since July 1992. Chairman of Pacific Dunlop Ltd since 1990 (first appointed Director in 1976, Managing Director 1980–1987). Director of The Broken Hill Proprietary Co Ltd and CSR Ltd. Chairman of The Graduate School of Management Ltd and Vice-President of The Walter and Eliza Hall Institute of Medical Research and of the Australia Japan Business Co-operation Committee. Member of the General Motors Australian Advisory Council, the Alexander Proudfoot plc-International Advisory Board and the SICPA Group-Asia Pacific Advisory Board. Lives in Melbourne. Age 66.



**Mr J C DAHLSSEN**  
LLB, MBA (Melb)

Solicitor and Company Director. Director since May 1985. Consultant to and former Partner of the legal firm Corrs Chambers Westgarth. Director of Woolworths Ltd, Southern Cross Broadcasting (Australia) Ltd, Mining Project Investors Pty Ltd, The Graduate School of Management Ltd and other companies. Lives in Melbourne. Age 59.



**Dr R S DEANE**  
PhD, BCom (Hons), FCA, FCIS, FNZIM

Chief Executive and Managing Director, Telecom New Zealand Limited. Director since September 1994. Director of Fletcher Challenge Limited, The Centre for Independent Studies Ltd, and Institute of Policy Studies, Victoria University, Wellington. Formerly Chief Executive, Electricity Corporation of New Zealand Ltd, Alternate Executive Director, International Monetary Fund, Deputy Governor, Reserve Bank of New Zealand and President of the New Zealand Society for the Intellectually Handicapped (Inc). Lives in Wellington. Age 53.



**Mr C B GOODE**  
BCom (Hons) (Melb), MBA (Columbia University, New York), FCPA, FSIA

Company Director. Director since July 1991. Director of CSR Limited, Pacific Dunlop Ltd, Queensland Investment Corporation, Woodside Petroleum Ltd and other companies. Non-executive Chairman of Potter Warburg Asset Management Ltd and Consultant to Potter Warburg Ltd. Former Chairman and Chief Executive of Potter Partners Group Ltd. Lives in Melbourne. Age 56.



**Mr C J HARPER**  
CA (Scots)

Company Director. Director since October 1976. Chairman of Legal & General Assurance Holdings (Australia) Ltd and CSL Ltd. Director of North Ltd, IBM Australia Ltd and other companies. Former General Manager and Chief Executive of the merchant bank Australian United Corporation Ltd (1968–1976) and since then a professional non-executive director. Past National Vice President of The Australian Institute of Company Directors. Lives in Melbourne. Age 63.



**Ms M A JACKSON**  
MBA, BEcon, FCA

Chairman, Transport Accident Commission (Victoria). Director since March 1994. Director of The Broken Hill Proprietary Co Ltd, Pacific Dunlop Ltd, Qantas Airways Ltd and other companies. Former director of Telecom Australia and the Australian Wool Commission and former Councillor of the Australian Science and Technology Council. Lives in Melbourne. Age 41.



**Mr A T L MAITLAND**

BCom, AAIB, FAIM

Executive Director—International. Executive Director since April 1992 and appointed to his present position in November 1992. Thirty-one years experience in banking with the Group including Group Chief Economist (1979–1982) and Managing Director, ANZ Banking Group (New Zealand) Ltd (1990–1992). Member of the Council for Economic Development of Australia, and member of the Australian Government's Trade Development Council. Lives in Melbourne. Age 53.

**Mr D P MERCER**

BSc (Hons), MA (Econ)

Chief Executive Officer. Executive Director since April 1992, appointed Group Managing Director in June 1992 and to his present position in October 1992. A senior executive of the Group since 1984 including Chief General Manager, Australian Retail Services (1988–1992). Director and President of Australian Coalition of Services Industries Inc. Former executive Shell International Petroleum Co Ltd (1965–1984). Lives in Melbourne. Age 53

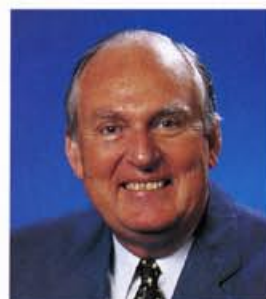
**Mr J F RIES**

BBus, FCPA, FAIB

Executive Director—Australia. Executive Director since August 1992 and appointed to his present position in October 1992. Thirty-four years experience in banking with the Group including Managing Director, ANZ Grindlays Bank plc, London and ANZ McCaughan (UK) Ltd (1988–1990) and Chief General Manager, International Banking (1990–1992). Director of Visa International Service Association. Lives in Melbourne. Age 50.

**Dr B W SCOTT AO BSc, MBA, DBA**

Company Director. Director since August 1985. Chairman of Management Frontiers Pty Ltd, W. D. Scott International Development Consultants Pty Ltd and Television Makers Pty Ltd. Director of Air Liquide Australia Ltd, the James N. Kirby Foundation and the Foundation for Development Co-operation. Fellow of the Senate of the University of Sydney, Australian member of the Board of Governors of the Asian Institute of Management and Chairman of the Australia-Korea Foundation. Former Federal President of the Institute of Directors in Australia (1982–1986) and former Chairman of the Australian Government's Trade Development Council (1984–1990). Lives in Sydney. Age 59.

**Sir RONALD TROTTER**

BCom (Wellington), Hon LLD (Wellington), FCA, Cert in Agriculture

Company Director. Director since December 1988. Chairman and former Chief Executive of Fletcher Challenge Ltd. Chairman of Ciba-Geigy New Zealand Ltd and Wrightson Limited. Director of Air New Zealand Ltd, Ciba-Geigy Australia Ltd, Toyota New Zealand Ltd and Wrightson Farmers Finance Limited. Chairman of The New Zealand Business Roundtable and a member of a number of government, economic, advisory and rural industry bodies. Former Director of the Reserve Bank of New Zealand. Lives in Wellington, New Zealand. Age 67.

**Mr R B VAUGHAN AO**

Company Director. Director since January 1988. Chairman of MIM Holdings Ltd and Southland Limited. Deputy Chairman of National Commercial Union Assurance Limited. Chairman of the Federal Government's Trade Policy Advisory Council and Vice-President of the Australian Japan Business Co-operation Committee. Director of Tubemakers of Australia Ltd. Member of a number of government, economic, trade advisory and rural industry bodies. Former Chairman and Chief Executive of Dalgety Farmers Ltd and former Chairman of ICI Australia Ltd. Lives in Sydney. Age 66.





## CORPORATE GOVERNANCE

To ensure ANZ meets the objectives of its shareholders, employees, customers and regulators around the world, appropriate checks and balances are essential.

The governance process begins with the Board of Directors. The Board is responsible to shareholders for charting the direction of the Bank by setting objectives and confirming strategy. It is also responsible for monitoring management's running of the business to ensure implementation is in accordance with the approved framework.

To achieve these objectives a well structured Board is necessary. The Articles of Association of the Company state that there must be a majority of non-executive directors on the Board—this is to ensure the benefit of independent views. The executive directors provide continuity by being involved in both the setting of objectives and the day-to-day management.

ANZ's Board currently has nine non-executives directors and three executive directors, including the Chief Executive Officer. The Articles also provide that the role of Chairman

cannot be held by an executive director ensuring that the roles of Chairman and Chief Executive Officer are separate. Newly appointed non-executive directors have agreed that they will not seek re-election after 15 years service.

The Board also has established guidelines setting out proper procedures for matters such as conduct of Board meetings and conflicts of interest.

The Board's function is to address issues in their broadest context. It is through the Board's committee structure that specific areas of detail are examined. There are eight board committees, which play a vital role and contribute to the co-ordinated governing of the Group. Directors are designated certain areas and issues in accordance with their backgrounds and interests. Importantly the committees have direct access to specialist resources such as the Internal and External Auditors and Group Credit personnel. These committees are charged with providing quality and independent advice to the Board as a whole.

**Attendance at Board and Board Committee meetings during financial year ended 30 September 1994.**

	Board		Audit		Corporate Conduct		Credit		Donations		Due Diligence		Executive Appointments		Superannuation		Asset Management	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
J B Gough	13	13										4	4					
J C Dahlsen	13	13	2	2			42	32	3	3	1	1	4	4			3	3
R S Deane* (Appointed 28/9/94)	0	0																
C B Goode	13	13	5	5			42	32	1	1			4	4			3	3
C J Harper	13	13	1	1	2	2	42	36					4	4			3	3
M A Jackson (Appointed 28/3/94)	6	6											1	1				
Dame Leonie Kramer	13	11			2	2			3	3			4	4	2	2		
A T L Maitland	13	13					2	2	3	3					3	3		
D P Mercer	13	13			2	2	5	5	2	2			4	4			2	1
J F Ries	13	13					42	33									1	1
B W Scott	13	11	5	4	2	2	1	1			1	1	4	3			3	2
Sir Ronald Trotter*	13	9			2	1			3	2			4	2			2	1
R B Vaughan	13	10	5	5			2	2			1	0	4	3	10	10		

**Column A**—Indicates number of meetings held during the period the Director was a Member of the Board and/or Committee.

**Column B**—Indicates number of meetings attended during the period the Director was a Member of the Board and/or Committee.

\* Resident of New Zealand



The **Audit Committee** (Chairman – C B Goode) liaises with the internal and external auditors, and reviews Group accounting policies and practices. The Committee reviews the Group's financial statements and monitors compliance with policies and controls.

In addition, it approves the audit fee of the external auditor.

The **Board Nominations and Remuneration Committee** (Chairman – J B Gough) reviews and recommends potential new directors and overviews the Board and Committee structure.

The **Corporate Conduct Committee** (Chairman – Dr B W Scott) reviews compliance with Group's statutory responsibilities in relation to Codes of Conduct and legislation outside Companies and Securities legislation to the extent that these are not covered by the Audit and Due Diligence Committees. This includes Trade Practices and Privacy issues.

The **Credit Committee** (Chairman – C J Harper) is responsible for monitoring credit policies and procedures, authorising requests for credit and doubtful debt provisions which exceed management discretion levels, reviewing credit approvals granted by the Chief Executive Officer and Executive Directors and determining peak exposure levels. It is also responsible for monitoring and reviewing asset realisation strategies and the progress in reducing the level of non-accrual loans (assuming this role from the Asset Management Committee which was discontinued during the year).

The **Donations Committee** (Chairman – Dame Leonie Kramer until her retirement from the board on 1 October, 1994) advises on donations policy and considers requests for corporate contributions.

The **Due Diligence Committee** (Chairman – Dr B W Scott) reviews due diligence processes, particularly in relation to capital raising.

The **Executive Appointments and Remuneration Committee** (Chairman – J B Gough) reviews remuneration policies and practices, including those affecting senior officers of the Bank. The Committee comprises all non-executive Directors and the Chief Executive Officer.

The **Superannuation Committee** (Chairman – R B Vaughan) advises on staff superannuation issues.

Members of the committee also sit on the Board of the Staff Superannuation company.

Directors have also participated in meetings of Committees of the Board to declare dividends, to make allotments under the Company's various dividend reinvestment and employee share schemes and to sign the accounts. There is also an Executive Committee of the Board which has general executive authority to deal with all matters relating to the Company's affairs when normal Board timetables are inappropriate. There was one meeting of the Executive Committee during the year.

In addition to the board and committee meetings, the directors participate in a programme of regular visits to local, interstate and international operations of the company and shareholder information meetings to meet bank staff, customers and shareholders.



## Australia

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# MANAGEMENT STRUCTURE

## Chief Executive Officer

Don Mercer

### Executive Director Australia

John Ries

#### Senior General Manager – Australian Banking

John McConnell

#### Managing Director – Esanda Finance

Bob Edgar

#### Senior General Manager – Institutional & Business Banking

Roy Marsden

#### General Manager – Management Services

Russell Rechner

#### Managing Director – ANZ McCaughan

Clive Batrouney

#### General Manager – Global Treasury

Grahame Miller

#### General Manager – Australian Asset & Liability Management

Richard Sawers

#### General Manager – International Services

John Winders

#### General Manager – Australian Credit Operations

Bob Barton

### Chief Financial Officer and Company Secretary

David Craig

#### General Manager – Accounting

Peter Marriott

#### General Manager – Audit

Flav Belli

#### General Manager – Corporate Affairs

Susan McCarthy

#### General Manager – Investor Relations

David Ward

#### General Manager – Corporate Secretariat

Richard Jones

#### General Counsel

Robert Paterson

### Senior General Manager – Retail Financial Services

Steve Jones

#### General Manager – Branch Banking

Bill Fisher

#### Managing Director – ANZ Funds Management

Andrew Mohl

### Senior General Manager – Payment Services

Charles Carbonaro

### Group General Manager – Credit

Peter McMahan

### Group General Manager – Personnel

Ross Johnston

### General Manager – Chief Executive's Office

Ken Mahar

### General Manager – Projects

Bob Challis

### General Manager – Distribution Study

Jeff Pitt

### Executive Director International

Alister Maitland

#### Managing Director – ANZ Grindlays

Achut Bommakanti

#### General Manager United Kingdom

David Valentine

#### General Manager – Credit & Risk Management

Graeme Irving

#### General Manager – Corporate & Merchant Banking Europe

John Curry

#### Regional General Manager – Middle East

David Smith

#### General Manager – Private Banking

Gerald Howard

#### General Manager – Finance & Planning

Ian Snape

#### General Manager – Americas

Holger von Paucker

#### General Manager – Asia Pacific

Peter Wilson

#### General Manager – Correspondent Banking

Jeff Clarkin

#### General Manager – ANZ Nominees

John Sudholz

#### General Manager – CBS Project

Alan Cooper

### Managing Director ANZ (New Zealand)

Peter Hawkins

#### General Manager – Retail Banking

Greg Camm

#### General Manager – Business Banking

Alan Pickering

#### General Manager – Finance, Treasury & Economics

David Butler

#### General Manager – Personnel

Julie McDougall

#### Managing Director – UDC Group

Brian Johnstone

#### General Manager – Payment Services

Andrew Ward

#### General Manager – Management Services

Michael Calderwood

#### General Manager – Credit & Administration

Terry Brennan





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The directors present their report together with the accounts of the parent entity (the Company) and the consolidated accounts of the Economic entity for the year ended 30 September 1994.

The information is provided in conformity with the Corporations Law.

**Activities**

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

There has been no significant change in the nature of the principal activities of the Economic entity. At 30 September 1994, the Economic entity had 2,026 points of representation.

**Result**

Consolidated operating profit after income tax and before abnormal items attributable to shareholders of the Company for the year was \$803.2 million.

Consolidated operating profit after income tax and abnormal items attributable to shareholders of the Company was \$821.9 million. Further details are contained in the Chief Executive Officer's Review and the Operations and Results discussion on pages 4 and 5 and pages 16 to 25 respectively of the Report to Shareholders.

**Dividends**

The directors propose payment of an unfranked final dividend of 14 cents per ordinary fully paid share, amounting to \$189.5 million, to be formally declared on 12 December 1994 and to be paid on 20 January 1995.

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

Type	Cents per share	Amount before bonus option \$m	Date of payment
Final	10	130.8	21 Jan 1994
Interim	11	146.3	11 July 1994

The final dividend paid on 21 January 1994 was detailed in the directors' report dated 26 November 1993. Neither the interim dividend paid on 11 July 1994 nor the current proposed dividend have been mentioned in previous directors' reports.

Where shareholders of the Company in the United Kingdom elect to participate in the 'dividend selection plan', the amount declared by way of dividend by the Company will be reduced accordingly and the dividend will be paid by

ANZ U.K. Dividends (AUD) Limited in lieu thereof (refer page 53, note 8).

Since the end of the previous financial year the following preference share dividends have been paid:

	\$m
11 January 1994	39.7
11 July 1994	39.7

The preference share dividend paid on 11 January 1994 was formally declared on 20 December 1993 and the dividend paid on 11 July 1994 was declared on 14 June 1994. Neither the dividend paid in January 1994 nor the July 1994 dividend have been mentioned in previous directors' reports.

**Review of Operations**

A review of the operations of the Economic entity during the financial year and the results of those operations are contained in the Chairman's Report, the Chief Executive Officer's Review, the Operations and Results discussion and in the financial statements.

**State of Affairs**

There was no significant change in the state of affairs of the Economic entity during the financial year that was not otherwise disclosed in the Chairman's Report, the Chief Executive Officer's Review and in the financial statements.

**Events since the End of the Financial Year**

No item, transaction or event of a material and unusual nature has arisen between 30 September 1994 and the date of this report that has significantly affected or may significantly affect the operations of the Economic entity, the results of those operations or the state of affairs of the Economic entity in subsequent years.

**Future Developments**

On 22 September 1994, the directors announced a proposal whereby the Company will offer a buy-back facility for the ordinary shares resulting from the conversion of the preference shares, at the full market price applicable in the conversion, subject to certain limits. The preference shareholders will effectively receive \$111.11 for each preference share held. The proposal will require shareholder approval at the Annual General Meeting on 20 January 1995.

Details of likely developments in the operations of the Economic entity in subsequent financial years are contained in the Chairman's Report and the Chief Executive Officer's Review on pages 2 and 3 and pages 4 and 5 respectively of the Report to Shareholders.

In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Economic entity.



**Rounding of Amounts**

The Company is a company of the kind referred to in the Australian Securities Commission class order 94/1252 issued on 17 August 1994 pursuant to section 313(6) of the Corporations Law. As a result, amounts in this report and the accompanying financial statements, where appropriate, have been rounded to the nearest hundred thousand dollars except where otherwise indicated.

**Shareholdings**

The directors' interests, beneficial and non-beneficial, in the shares of the Company are detailed on page 121.

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

**Share Options**

ANZ Group Share Option Scheme

During the financial year, the Company granted 500,000 options to D P Mercer and 300,000 options each to A T L Maitland and J F Ries to purchase ordinary shares of \$1 each in the Company at an exercise price of \$5.34 per share. These options were issued under the ANZ Group Share Option Scheme approved by the shareholders of the Company at the 1994 Annual General Meeting. These options do not entitle the holder to participate in a share issue of any other body corporate apart from the Company. The options cannot be exercised before the expiration of three years or after five years from the date granted and may only be exercised if the basic earnings per share of the Company (before abnormal items) for the financial years ending 30 September 1996, 1997 or 1998 are at least 50% over the equivalent figure for the 1993 financial year.

Directors' Share and Option Purchase Scheme

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

Details of directors' interests in share options are set out on page 121 of the Shareholder Information section of the Report to Shareholders.

**Directors' Qualifications and Experience**

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

Special responsibilities are shown on pages 28 and 29 of the Report to Shareholders.

**Directors' Interests in Contracts**

Since the date of the last directors' report, the following directors, who hold office at the date of this report, have declared, pursuant to section 231 of the Corporations Law, that they are to be regarded as having an interest in any contract that may be made with the entities listed below by virtue of their directorships or memberships of those entities:

**J B Gough**

Crawford Fund for International Agricultural Research  
The Ian Potter Foundation Limited

**J C Dahlsen**

Nil

**Dr R S Deane**

Fletcher Challenge Limited  
Institute of Policy Studies, Victoria University, Wellington  
New Zealand Society for the Intellectually Handicapped (Inc)  
Telecom New Zealand Limited  
The Centre for Independent Studies Ltd

**C B Goode**

Nil

**C J Harper**

APPM Staff Funds Proprietary Limited  
Ballarat Paper Mills Pty Ltd  
Coonara Superannuation Services Pty. Limited  
Legal and General Financial Services Limited  
NACCO Materials Handling Group Pty Limited  
NBH Ltd  
NBH Staff Provident Fund Pty Ltd  
NBH Superannuation Pty Ltd  
North Broken Hill Investments Pty Ltd  
PRO NED Australia

**M A Jackson**

Ballard Chase Pty Ltd  
Dunlop Olympic Superannuation Limited  
Graemar Nominees Pty Ltd  
Hevea Pty Limited  
Kimbry Pty Ltd  
Olympic Employee Benefits Pty Limited  
Pacific Dunlop Limited  
P.D. Superannuation Pty Ltd  
P.D. Group Staff Superannuation Pty Ltd  
P.D. Executive Superannuation Pty Ltd  
Playbox Theatre Company  
Qantas Airways Limited  
Sarou Pty Ltd  
The Broken Hill Proprietary Company Limited  
Transport Accident Commission



**A T L Maitland**

Nil

**D P Mercer**

Australian Coalition of Services Industries Inc  
Grandone Pty Ltd

**J F Ries**

Visa International Service Association

**Dr B W Scott**

Nil

**Sir Ronald Trotter**

Wrightson Limited  
Wrightson Farmers Finance Ltd

**R B Vaughan**

Advisory Board, World Trade Centre, Sydney  
Australia-Japan Business Co-operation Committee  
Australia-Japan Business Forum  
Committee of International Business Affairs  
Dalgety Plc (Australian (non-trading) Subsidiaries)  
Federal Government Trade Policy Advisory  
Council  
Foundation for Agricultural Conservation  
Technology and Science  
Pacific Grid Pty Limited  
Southlands Limited  
Sydney Legacy Citizens' Appeal Committee

**Directors' Benefits**

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

- (i) retirement benefits pursuant to agreements of the type referred to in Article 79(b) of the Articles of Association of the Company which have been entered into between the Company and Dr R S Deane and M A Jackson; and
- (ii) the subscription by certain directors under the ANZ Group Share Option Scheme for options to take up unissued shares;

or benefits that may be deemed to have arisen because legal fees have been paid or are payable to Corrs Chambers Westgarth of which J C Dahlsen is a consultant.

Further details are set out in note 41 to the Financial Statements.

**Directors' and Officers' Indemnity**

Article 143 provides that to the extent permitted by the Corporations Law "every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto". The Corporations Law prohibits a company from indemnifying directors, secretaries, executive officers and auditors from liability except for liability to a party, other than the Company or a related body corporate, where the liability does not arise out of conduct involving a lack of good faith and except for liability for costs and expenses incurred in defending proceedings in which the officer or auditor is successful. An indemnity for officers or employees, who are not directors, secretaries or executive officers, is not expressly restricted by the Corporations Law.

In addition to its obligations under Article 143, it is the policy of the Company to:

- (a) indemnify, in the same terms as Article 143, directors, secretaries and executive officers of related bodies corporate; and
- (b) indemnify other employees of related bodies corporate for all liability incurred,

where they are acting in good faith in furtherance of the objectives of the Company and its related bodies corporate.

The Directors named on pages 36 and 37 and secretaries of the company, being D T Craig, R T Jones and J E Clark, and KPMG Peat Marwick, the auditor of the Company, have the benefit of the indemnity in Article 143, which also applies to executive officers of the Company.

Since the end of the financial year, the Company has paid a premium for an insurance policy for the benefit of the directors and secretaries named above and executive officers of the Company, and directors, secretaries and executive officers of related bodies corporate of the Company. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium.

On 30 September 1994 the Company agreed to indemnify the persons listed below in respect of liabilities incurred as a result of their acting as

## DIRECTORS' REPORT

trustees of The Grindlays Brandts Limited Group Staff Pension Scheme ("the Scheme") in the period 19 September 1989 to 23 July 1993 (and any later period for which a Court may determine that they acted as trustees) during which time the trustees may not have had power to act because less than the required number were "Members" of the Scheme. There is an exclusion for acts or omissions in bad faith or where at law the trustees would not be entitled to indemnity by reason of wilful neglect, fraud or similar circumstances. The trustees are also indemnified for similar liabilities resulting from their appointment of a corporate trustee, and its acting as trustee, and their acting as directors of it if a Court should determine that the corporate trustee was not validly appointed (a similar exclusion applies in these cases). It is not expected that there will be any liabilities and accordingly the Company does not expect to have to pay any amount pursuant to the agreement.

The persons indemnified are R N Fenton, G G Howard, A R D Peatfield, Sir Brian Shaw and D B Valentine.

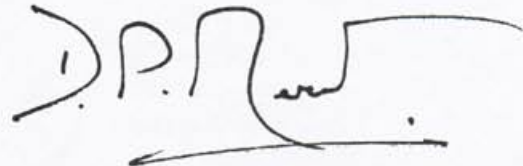
Except for the above, during the financial year and since the end of it no person has been indemnified nor has the Company or a body corporate that was related to the Company made an agreement for indemnifying any person who is or has been an officer or auditor of the company or of a related body corporate.

Signed in accordance with a resolution of the directors.



**John B Gough**  
*Chairman*

Melbourne  
2 December 1994



**D P Mercer**  
*Chief Executive Officer*



**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED  
AND CONTROLLED ENTITIES**

PROFIT AND LOSS ACCOUNTS  
FOR THE YEAR ENDED 30 SEPTEMBER 1994

	Note	Consolidated		The Company	
		1994 \$M	1993 \$M	1994 \$M	1993 \$M
Interest income	3	6,485.2	6,905.8	3,905.7	4,166.8
Less: interest expense	4	3,685.0	4,365.3	2,257.0	2,651.2
Net interest income		2,800.2	2,540.5	1,648.7	1,515.6
Other operating income	3	1,968.5	2,034.1	1,470.4	1,407.2
Total net operating income		4,768.7	4,574.6	3,119.1	2,922.8
Less: operating expenses	4	3,145.6	3,212.6	2,197.8	2,141.9
Operating profit before income tax, doubtful debts, restructuring costs and abnormal items		1,623.1	1,362.0	921.3	780.9
Less: restructuring costs	4	36.8	54.8	12.8	21.7
specific provision for doubtful debts	4	368.6	641.8	301.9	423.5
general provision for doubtful debts	4	12.8	5.0	1.7	5.0
<b>Operating profit before income tax and abnormal items</b>		1,204.9	660.4	604.9	330.7
Abnormal profit(loss)	6	17.3	(172.5)	4.5	19.1
<b>Operating profit before income tax</b>		1,222.2	487.9	609.4	349.8
Less: income tax expense	7	392.8	233.9	174.7	112.3
Operating profit after income tax and before outside equity interests		829.4	254.0	434.7	237.5
Less: outside equity interests		7.5	7.5	-	-
<b>Operating profit after income tax attributable to shareholders of the Company</b>		821.9	246.5	434.7	237.5
Retained profits at start of year		197.7	173.2	287.3	249.2
Total available for appropriation		1,019.6	419.7	722.0	486.7
Transfers (to)from reserves <sup>1</sup>		(42.1)	81.9	-	100.0
Dividends provided for or paid					
Ordinary shares	8	313.5	224.5	305.6	220.0
Preference shares	8	79.4	79.4	79.4	79.4
<b>Retained profits at end of year</b>		584.6	197.7	337.0	287.3
<b>Earnings per share(cents)</b>					
<b>Basic</b>					
Before abnormal items	9	54.5	30.8		
After abnormal items	9	55.9	13.5		
<b>Diluted</b>					
Before abnormal items	9	53.6	32.2		
After abnormal items	9	54.9	17.5		

*The notes appearing on pages 44 to 98 form an integral part of these financial statements*

<sup>1</sup> Details of movements in reserves are contained in the Statements of Changes in Shareholders' Equity on pages 41 and 42

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED  
AND CONTROLLED ENTITIES**

BALANCE SHEETS  
AS AT 30 SEPTEMBER 1994

	Note	Consolidated		The Company	
		1994 \$M	1993 \$M	1994 \$M	1993 \$M
Liquid assets	10	2,753.6	3,708.6	1,568.5	2,428.3
Due from other banks	11	11,553.4	10,213.1	6,892.0	5,464.9
Trading securities	12	3,711.8	4,708.2	2,162.6	3,375.3
Investment securities	13	5,230.1	4,917.3	3,306.6	2,567.1
Net loans and advances	14	59,935.3	56,284.3	35,397.4	33,276.7
Customers' liabilities for acceptances		12,242.5	12,838.1	11,303.3	11,640.3
Due from controlled entities		-	-	6,488.8	5,391.3
Regulatory deposits	18	888.5	1,042.8	504.5	480.7
Shares in controlled entities and associates	19	8.2	16.3	4,444.7	3,971.9
Other assets	20	2,937.6	4,193.2	1,347.8	2,002.3
Premises and equipment	21	1,928.4	2,010.7	418.7	454.1
<b>Total assets</b>		<b>101,189.4</b>	<b>99,932.6</b>	<b>73,834.9</b>	<b>71,052.9</b>
Due to other banks	22	10,655.4	11,147.8	8,770.0	9,335.2
Deposits and other borrowings	23	63,783.7	61,585.3	38,259.9	36,266.0
Liability for acceptances		12,242.5	12,838.1	11,303.3	11,640.3
Due to controlled entities		-	-	3,536.2	2,093.4
Income tax liability	24	488.2	478.8	174.0	197.8
Creditors and other liabilities	25	3,136.2	2,958.2	1,468.4	1,196.9
Provisions	26	767.0	641.7	608.6	488.6
Bonds and notes	27	1,513.5	1,747.2	1,513.5	1,747.2
Loan capital	28	3,098.8	3,402.6	2,745.4	3,010.5
<b>Total liabilities</b>		<b>95,685.3</b>	<b>94,799.7</b>	<b>68,379.3</b>	<b>65,975.9</b>
<b>Net assets</b>		<b>5,504.1</b>	<b>5,132.9</b>	<b>5,455.6</b>	<b>5,077.0</b>
Issued and paid-up capital <sup>1</sup>		1,359.8	1,314.6	1,359.8	1,314.6
Reserves <sup>1</sup>		3,511.2	3,576.7	3,758.8	3,475.1
Retained profits <sup>1</sup>		584.6	197.7	337.0	287.3
Share capital and reserves attributable to shareholders of the Company		5,455.6	5,089.0	5,455.6	5,077.0
Outside equity interests	29	48.5	43.9	-	-
<b>Total shareholders' equity and outside equity interests</b>		<b>5,504.1</b>	<b>5,132.9</b>	<b>5,455.6</b>	<b>5,077.0</b>
Commitments	34				
Derivative financial instruments	35				
Contingent liabilities and credit related commitments	36				

*The notes appearing on pages 44 to 98 form an integral part of these financial statements*

<sup>1</sup> *Details of movements in paid-up capital, reserves and retained profits are contained in the Statements of Changes in Shareholders' Equity on pages 41 and 42*



**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED  
AND CONTROLLED ENTITIES**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 1994

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>Authorised capital</b>				
2,100,000,000 shares of \$1 each	2,100.0	2,100.0	2,100.0	2,100.0
1,000,000,000 preference shares of \$0.01 each	10.0	10.0	10.0	10.0
<b>Total authorised capital</b>	<b>2,110.0</b>	<b>2,110.0</b>	<b>2,110.0</b>	<b>2,110.0</b>
<b>Issued and paid-up capital</b>				
Balance at start of year	1,314.6	1,164.5	1,314.6	1,164.5
Ordinary shares <sup>1</sup>				
Rights issue	-	103.6	-	103.6
Dividend reinvestment plan <sup>2</sup>	33.7	32.8	33.7	32.8
Employee share purchase scheme <sup>3</sup>	1.8	3.5	1.8	3.5
Bonus option plan <sup>4</sup>	5.5	8.4	5.5	8.4
Senior officers' share purchase scheme <sup>5</sup>	4.2	1.8	4.2	1.8
Directors' share and option purchase scheme <sup>6</sup>	#	#	#	#
<b>Total issued and paid-up capital</b>	<b>1,359.8</b>	<b>1,314.6</b>	<b>1,359.8</b>	<b>1,314.6</b>
<b>Share premium reserve</b>				
Balance at start of year	2,783.2	2,432.5	2,783.2	2,432.5
Premium on issue of shares	122.1	351.4	122.1	351.4
Issue costs	-	(0.7)	-	(0.7)
	<b>2,905.3</b>	<b>2,783.2</b>	<b>2,905.3</b>	<b>2,783.2</b>
<b>Asset revaluation reserve</b>				
Balance at start of year	-	7.9	369.5	369.7
Revaluation of investments in controlled entities	-	-	204.3	2.5
Revaluation of premises	-	(6.6)	-	(2.7)
Transfers between reserves	-	(0.6)	-	-
Other	-	(0.7)	-	-
	<b>-</b>	<b>-</b>	<b>573.8</b>	<b>369.5</b>
<b>Foreign currency translation reserve</b>				
Balance at start of year	142.3	30.0	267.0	235.2
Currency translation adjustments, net of hedges after tax	(229.7)	112.3	(42.7)	31.8
	<b>(87.4)</b>	<b>142.3</b>	<b>224.3</b>	<b>267.0</b>
<b>General reserve</b>				
Balance at start of year	501.7	585.3	55.4	155.4
Transfers from(to) retained profits	42.1	(81.9)	-	(100.0)
Other	-	(1.7)	-	-
	<b>543.8</b>	<b>501.7</b>	<b>55.4</b>	<b>55.4</b>
<b>Capital reserves</b>				
Balance at start of year	149.5	148.9	-	-
Transfers between reserves	-	0.6	-	-
	<b>149.5</b>	<b>149.5</b>	<b>-</b>	<b>-</b>
<b>Total reserves</b>	<b>3,511.2</b>	<b>3,576.7</b>	<b>3,758.8</b>	<b>3,475.1</b>

**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED  
AND CONTROLLED ENTITIES**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 1994

	Note	Consolidated		The Company	
		1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>Retained profits</b>					
Balance at start of year		197.7	173.2	287.3	249.2
Operating profit after income tax attributable to shareholders of the Company		821.9	246.5	434.7	237.5
Total available for appropriation		1,019.6	419.7	722.0	486.7
Transfers (to)/from reserves		(42.1)	81.9	-	100.0
Dividends provided for or paid					
Ordinary shares	8	313.5	224.5	305.6	220.0
Preference shares	8	79.4	79.4	79.4	79.4
<b>Retained profits at end of year</b>		<b>584.6</b>	<b>197.7</b>	<b>337.0</b>	<b>287.3</b>
<b>Total shareholders' equity attributable to shareholders of the Company</b>		<b>5,455.6</b>	<b>5,089.0</b>	<b>5,455.6</b>	<b>5,077.0</b>

	1994 No.	1993 No.
<b>Number of issued shares</b>		
Ordinary shares of \$1 each fully paid	1,353,580,687	1,308,251,313
Ordinary shares of \$1 each paid to 10 cents per share	2,103,000	3,066,000
Non-redeemable non-cumulative 13.25% converting preference shares of \$1 each fully paid <sup>7</sup>	6,000,000	6,000,000
<b>Total number of issued shares</b>	<b>1,361,683,687</b>	<b>1,317,317,313</b>

**Share options**

During the financial year, under the terms of the ANZ Group Share Option Scheme, approved by shareholders, the Company granted 1,350,000 options to purchase ordinary shares of \$1 each in the Company at an exercise price of \$5.34 per share. The options cannot be exercised before the expiration of three years or after five years from the date granted and may only be exercised if the basic earnings per share of the Company (before abnormal items) for the financial years ending 30 September 1996, 1997 or 1998 are at least 50% over the equivalent figure for the 1993 financial year.

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

*The notes appearing on pages 44 to 98 form an integral part of these financial statements*

# Amounts less than \$50,000

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

13,000 ordinary shares at \$5.20 per share  
10,000 ordinary shares at \$5.60 per share  
2,000 ordinary shares at \$4.90 per share

<sup>2</sup> Dividend reinvestment plan issues were  
14,194,247 ordinary shares at \$4.44 per share  
19,311,550 ordinary shares at \$3.78 per share  
202,017 ordinary shares at \$3.77 per share

<sup>6</sup> Directors' share and option purchase scheme issues previously paid to \$0.10 per share were 50,000 ordinary shares at \$5.46 per share

<sup>3</sup> Employee share purchase scheme issues were  
1,523,221 ordinary shares at \$4.31 per share  
281,982 ordinary shares at \$4.33 per share

<sup>7</sup> Last date for conversion to ordinary shares is 11 July 1995 with a conversion price that is 10% less than the weighted average sale price of all fully paid ordinary shares in the Company, sold on the Australian Stock Exchange Limited during the five trading days immediately preceding the conversion date. Refer "Future Developments" section of the Directors' Report for details of a proposal to offer a buy-back facility in respect of the ordinary shares resulting from the conversion of the converting preference shares

<sup>4</sup> Bonus option plan issues were  
2,407,011 ordinary shares at \$4.44 per share  
3,081,346 ordinary shares at \$3.78 per share

<sup>5</sup> Senior officers' share purchase scheme issues were  
52,500 ordinary shares at \$5.36 per share  
44,000 ordinary shares at \$3.75 per share  
33,000 ordinary shares at \$5.04 per share  
5,000 ordinary shares at \$5.58 per share  
20,000 ordinary shares at \$3.42 per share  
726,500 ordinary shares at \$4.93 per share  
7,000 ordinary shares at \$5.46 per share  
3,365,000 ordinary shares at \$5.39 per share



**AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED  
AND CONTROLLED ENTITIES**

STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 1994

	Note	Consolidated		The Company	
		1994	1993	1994	1993
		\$M	\$M	\$M	\$M
		Inflows (Outflows)		Inflows (Outflows)	
<b>Cash flows from operating activities</b>					
Interest received		6,445.5	6,915.8	3,947.8	4,180.4
Dividends received		5.3	15.9	-	0.5
Fees and other income received		1,919.2	2,014.7	1,403.5	1,385.3
Interest paid		(3,788.6)	(4,488.8)	(2,328.4)	(2,740.0)
Personnel expenses paid		(1,459.4)	(1,526.6)	(1,011.3)	(1,002.9)
Premises expenses paid		(362.4)	(408.6)	(356.8)	(334.4)
Other operating expenses paid		(1,058.1)	(1,163.4)	(670.6)	(731.3)
Income taxes paid		(159.7)	(148.4)	(30.0)	(28.0)
Net decrease in trading securities		851.8	243.7	1,212.7	228.1
<b>Net cash provided by operating activities</b>	31(a)	<b>2,393.6</b>	<b>1,454.3</b>	<b>2,166.9</b>	<b>957.7</b>
<b>Cash flows from investing activities</b>					
Net (increase)decrease					
Due from other banks		(873.4)	520.1	(703.0)	1,010.8
Regulatory deposits		107.5	86.4	(26.6)	15.2
Loans and advances		(5,113.9)	(612.4)	(2,782.3)	(25.7)
Shares in controlled entities <sup>1</sup> and associates		-	-	(236.6)	(381.4)
Investment securities					
Purchases		(13,747.3)	(15,241.4)	(7,857.0)	(11,047.2)
Proceeds from sale or maturity		13,252.8	14,994.5	7,021.8	10,793.5
Controlled entities	31(c)				
Purchased (net of cash acquired)		11.9	(2.0)	(35.8)	-
Proceeds from sale (net of cash disposed)		22.6	62.3	8.6	9.5
Premises and equipment					
Purchases		(269.2)	(379.6)	(73.4)	(130.0)
Proceeds from sale		373.1	82.4	9.7	2.8
Other		691.8	110.0	399.1	205.4
<b>Net cash (used in)provided by investing activities</b>		<b>(5,544.1)</b>	<b>(379.7)</b>	<b>(4,275.5)</b>	<b>452.9</b>
<b>Cash flows from financing activities</b>					
Net increase(decrease)					
Due to other banks		569.8	999.4	381.1	494.4
Deposits and other borrowings		3,839.6	(716.1)	2,413.1	606.7
Due from/to controlled entities		-	-	436.1	(1,541.8)
Creditors and other liabilities		258.6	(157.4)	360.2	(441.5)
Bonds and notes					
Issue proceeds		546.8	211.3	546.8	211.3
Redemptions		(592.2)	(780.1)	(592.2)	(701.0)
Loan capital					
Issue proceeds		353.1	400.9	353.1	400.9
Redemptions		(270.7)	(93.2)	(270.7)	-
Decrease in outside equity interests		(1.7)	(4.8)	-	-
Dividends paid		(197.6)	(193.3)	(189.7)	(188.8)
Share capital issues		30.6	405.9	30.6	405.9
<b>Net cash provided by(used in) financing activities</b>		<b>4,536.3</b>	<b>72.6</b>	<b>3,468.4</b>	<b>(753.9)</b>
Net cash provided by operating activities		2,393.6	1,454.3	2,166.9	957.7
Net cash (used in)provided by investing activities		(5,544.1)	(379.7)	(4,275.5)	452.9
Net cash provided by(used in) financing activities		4,536.3	72.6	3,468.4	(753.9)
Net increase in cash and cash equivalents		1,385.8	1,147.2	1,359.8	656.7
Cash and cash equivalents at beginning of year		9,080.1	7,519.6	4,879.0	3,782.7
Foreign currency translation on opening balances		(1,373.3)	413.3	(1,195.3)	439.6
<b>Cash and cash equivalents at end of year</b>	31(b)	<b>9,092.6</b>	<b>9,080.1</b>	<b>5,043.5</b>	<b>4,879.0</b>

The notes appearing on pages 44 to 98 form an integral part of these financial statements

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



**1: Accounting Policies**

The financial statements comply with the accounts provisions of the Banking Act, applicable Accounting Standards (AASBs) and the accounts provisions of the Corporations Law. The policies are consistent with those adopted in the prior year with the exception of the policy for recognising problem loans, which changed as a result of the adoption of Reserve Bank of Australia Impaired Assets Guidelines (refer note 2).

**(i) Bases of accounting**

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

The carrying values of all non-current assets have been assessed and are not in excess of their recoverable amounts.

In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

**(ii) Consolidation**

The financial statements of the Economic entity are a consolidation of the financial statements of Australia and New Zealand Banking Group Limited (the Company) and its controlled entities listed in note 32.

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

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

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

All balances and transactions within the Economic entity have been eliminated on consolidation.

Associates are defined as those entities which are not controlled entities but over which the Economic entity has significant influence. Generally, significant influence is exercised where an equity interest of between 20% and 50% is held. Associates are accounted for by the cost method and only dividends received or receivable are recognised. The Economic entity does not prepare supplementary equity financial statements as the impact is immaterial.

**(iii) Goodwill**

Goodwill, representing the excess of the purchase consideration over the fair value of the identifiable net assets of a controlled entity at the date of gaining control, is recognised as an asset and amortised on a straight line basis over the period of time during which the benefits are expected to arise, not exceeding 20 years.

The unamortised balance of goodwill and the period of amortisation are reviewed annually. Where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss account.

**(iv) Foreign currency**

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

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

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

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

**(v) Comparative figures**

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



**(vi) Rounding of amounts**

The Company is a company of the kind referred to in the Australian Securities Commission class order 94/1252 dated 17 August 1994 pursuant to section 313(6) of the Corporations Law. Consequently, amounts in the financial statements have been rounded, where appropriate, to the nearest hundred thousand dollars except where otherwise indicated.

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

**(vii) Life insurance business**

The Economic entity conducts life insurance business through ANZ Life Assurance Co. Limited (ANZ Life). The Economic entity's financial statements include its interest in the actuarially assessed surplus of ANZ Life's statutory funds for the year, after allowing for increases in policyholder reserves determined on a realistic basis. The result for the year of \$41.6 million (1993:\$17.0 million) has been included in the profit and loss account and then transferred to general reserve within the consolidated financial statements until available for distribution under the requirements and restrictions of the Life Insurance Act 1945 and statutory accounting practices.

The Economic entity's interest in the accumulated retained earnings of the life insurance statutory funds of \$238.4 million (1993:\$195.5 million), together with the net assets of the shareholders' fund of ANZ Life (Life Insurance Assets) are included within the balance sheet of the Economic entity.

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

**(viii) Funds under management**

The Company and certain of its controlled entities act as trustee and/or manager for a number of investment funds and trusts including retirement funds, mortgage funds, approved deposit funds, and equity and property unit trusts. The value of funds under management by the Economic entity exceeds \$10.0 billion (1993: \$9.7 billion).

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

Where the Company or its controlled entities incur liabilities in respect of these operations as trustee, a right of indemnity exists against the assets of the applicable funds or trusts, and as these assets are sufficient to cover liabilities and it is therefore not probable that the Company or its controlled entities will be required to settle the liabilities, the liabilities are not included in the financial statements. Commissions and fees earned in respect of the Economic entity's trust activities are included in the profit and loss account.

**(ix) Income tax**

The Economic entity adopts the liability method of tax effect accounting whereby income tax expense is calculated based on accounting profit adjusted for permanent differences. Permanent differences are items of expense and revenue which are recognised in the profit and loss account but are not part of taxable income or vice-versa. General provisions for doubtful debts are treated as permanent differences as the provisions do not relate to specific accounts for which a tax deduction would be available in the event of a loss.

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

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

**(x) Trading securities**

Securities held for trading purposes are recorded at market value.

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

**(xi) Investment securities**

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



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

**(xii) Net loans and advances**

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

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

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

Hire purchase is accounted for using the finance method, whereby the total hire purchase receivable is offset by income yet to mature which is amortised over the term of finance on an actuarial basis.

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

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

**(xiii) Bad and doubtful debts**

Specific provisions are maintained to cover identified doubtful debts.

General provisions are maintained for unidentified future losses which are inherent in any asset portfolio. The level of the general provision is determined having regard to economic conditions, the level of on and off-balance sheet assets and other general risk factors.

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

Provisions for doubtful debts are deducted from loans and advances in the balance sheet.

**(xiv) Credit assessment**

All loans are subject to continuous scrutiny and graded according to the level of credit risk. Loans are classified as either productive or non-accrual. The Economic entity has adopted the Reserve Bank of Australia Impaired Assets Guidelines in assessing non-accrual loans (refer note 2). Non-accrual loans are loans where the accrual of interest and fees has ceased due to doubt as to full recovery. A specific provision is raised to cover the expected loss, where full recovery of principal is doubtful.

**(xv) Leasing**

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

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

**(xvi) Premises and equipment**

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

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

A current officers' valuation indicated that the estimated market value of premises exceeded the book value by \$46.6 million. This excess has not been booked in the financial statements.

Profit or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is included in the results of the Economic entity in the year of disposal.

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

**(xvii) Property held for resale**

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



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

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

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

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

**(xviii) Acceptances**

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

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

**(xix) Derivative financial instruments**

Derivative financial instruments include foreign exchange contracts, forward rate agreements, interest rate and currency swaps, futures and options.

Those derivative financial instruments that are entered into for trading purposes or used as hedges of other trading instruments are recorded at market value and all gains and losses, whether realised or unrealised, are taken to the profit and loss account.

Derivative financial instruments that are designated and effective as hedges of underlying asset/liability exposures are accounted for on the same basis as the underlying exposures.

**(xx) Cash and cash equivalents**

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

**(xxi) Repurchase agreements**

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

Securities purchased under agreements to resell are recorded as liquid assets.

**(xxii) Superannuation commitments**

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

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

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

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

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

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

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

**(xxiii) Employee entitlements**

The amounts expected to be paid in respect of employees' entitlements to annual leave are accrued at current salary rates. Liability for long service leave is accrued in respect of all applicable employees at the present value of future amounts expected to be paid based on a 3.5% per annum projected increase in salary rates. Present values are calculated using a rate of 9.5% based on government guaranteed securities with similar maturity terms.

**(xxiv) LFD Limited**

LFD Limited (formerly Dalgety Farmers Limited) was acquired at 30 September 1992, as the first stage in the restructuring and redirection of LFD Limited to protect the Economic entity's lending and equity position. As the principal activities of LFD Limited were not related to core Economic entity activities, it was not intended to be a long term investment and its results were disclosed separately from those of the Economic entity in the financial statements for the year ended 30 September 1993.

The pastoral and shipping businesses of LFD Limited were sold on 30 September 1993. The remaining businesses (rural lending and property development) have now been integrated with those of the Economic entity. Accordingly, the results are no longer separately disclosed in the notes to the financial statements.

**2: Change in Accounting Policy****Impaired assets**

During the year the Reserve Bank of Australia ("RBA") issued guidelines for the recognition and reporting of problem loans and other impaired assets. These guidelines have been adopted by the Economic entity in its assessment and reporting of impaired assets as at 30 September 1994 (refer note 15).

The financial effect of applying the RBA guidelines has been to increase the amount of non-accrual loans as at 30 September 1994 by \$393.2 million, from \$2,433.0 million to \$2,826.2 million. There is no profit effect.

Effective from 30 September 1994, the Economic entity ceased the practice of reserving interest on certain non-accrual loans. Reserved interest balances of \$285.9 million as at 30 September 1994 have been written back to the relevant loan accounts (refer note 14).



NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>3: Income</b>				
Interest income				
From other banks	703.6	805.9	372.8	473.9
On regulatory deposits	33.0	20.9	22.4	8.3
On trading and investment securities	566.0	627.3	312.1	371.0
On loans and advances	5,080.0	5,323.6	2,933.3	3,010.9
Dividends from redeemable preference share finance	7.2	29.6	-	-
Other	95.4	98.5	45.9	43.1
	6,485.2	6,905.8	3,686.5	3,907.2
From controlled entities	-	-	219.2	259.6
<b>Total interest income</b>	<b>6,485.2</b>	<b>6,905.8</b>	<b>3,905.7</b>	<b>4,166.8</b>
Other operating income				
(i) Fee income				
Lending	556.8	597.7	446.7	486.1
Other	764.8	697.9	448.6	427.8
	1,321.6	1,295.6	895.3	913.9
From controlled entities	-	-	259.1	257.7
Total fee income	1,321.6	1,295.6	1,154.4	1,171.6
(ii) Other income				
Foreign exchange earnings	222.2	219.7	134.7	128.2
Foreign exchange gains on hedges of investments in controlled entities	-	-	20.0	3.3
Profit on trading instruments	126.4	92.0	46.2	96.0
Profit(loss) on sale of investment securities	23.7	56.3	(0.5)	17.2
Dividend income				
From controlled entities	-	-	90.8	-
From other persons	5.3	15.9	-	0.5
Rental income	33.9	45.3	41.1	12.9
Operating lease income	61.2	46.8	0.1	0.1
Life insurance fund surplus	41.6	17.0	-	-
Development ventures				
Income	11.8	25.1	(2.1)	2.1
Diminution in value	(21.0)	(51.6)	(17.7)	(27.7)
Other	141.8	112.7	3.4	3.0
Total other income	646.9	579.2	316.0	235.6
LFD Limited <sup>1</sup> (refer note 1 (xxiv))	-	159.3	-	-
<b>Total other operating income</b>	<b>1,968.5</b>	<b>2,034.1</b>	<b>1,470.4</b>	<b>1,407.2</b>
Abnormal items (refer note 6)	19.3	15.6	4.5	98.9
<b>Total income</b>	<b>8,473.0</b>	<b>8,955.5</b>	<b>5,380.6</b>	<b>5,672.9</b>

<sup>1</sup> Comprised dividends received \$1.0m; rent received \$1.0m; development venture income \$(7.6)m; commissions received \$114.7m and other \$50.2m

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>4: Expenses</b>				
Interest expense				
To other banks	636.7	699.0	465.7	529.4
On deposits	2,146.1	2,535.1	1,365.1	1,622.9
On borrowing corporations' debt	471.9	615.1	-	-
On commercial paper	87.6	109.4	48.7	56.6
On bonds and notes	61.3	104.0	61.2	101.0
On loan capital	206.7	181.7	173.0	143.9
Other	74.7	121.0	36.6	58.2
	3,685.0	4,365.3	2,150.3	2,512.0
To controlled entities	-	-	106.7	139.2
<b>Total interest expense</b>	<b>3,685.0</b>	<b>4,365.3</b>	<b>2,257.0</b>	<b>2,651.2</b>
Provisions for doubtful debts (refer note 16)				
<b>Specific provision</b>	<b>368.6</b>	<b>641.8</b>	<b>301.9</b>	<b>423.5</b>
<b>General provision</b>	<b>12.8</b>	<b>5.0</b>	<b>1.7</b>	<b>5.0</b>
Total provisions for doubtful debts	381.4	646.8	303.6	428.5
<b>Restructuring costs</b>	<b>36.8</b>	<b>54.8</b>	<b>12.8</b>	<b>21.7</b>
Operating expenses				
(i) Personnel				
Salaries and wages	1,170.3	1,181.5	836.6	860.4
Pension fund	87.2	68.8	7.1	5.2
Employee taxes				
Payroll	57.1	58.3	53.5	55.2
Fringe benefits tax <sup>1</sup>	27.9	23.1	22.6	17.2
Provision for employee entitlements	12.0	28.9	10.1	17.6
Other	113.8	59.0	70.1	31.1
Total personnel expenses	1,468.3	1,419.6	1,000.0	986.7
(ii) Premises				
Rent	215.5	222.6	164.2	156.4
Depreciation of buildings and integrals	30.1	35.2	4.2	4.1
Amortisation of leasehold improvements	15.5	17.9	9.2	10.1
Other	139.9	162.6	92.8	95.6
	401.0	438.3	270.4	266.2
To controlled entities	-	-	92.3	82.3
Total premises expenses	401.0	438.3	362.7	348.5
(iii) Other				
Computer costs <sup>2</sup>	281.9	302.9	182.7	207.2
Interchange fees	107.9	84.1	87.6	77.8
Brokerage paid	68.5	63.0	29.8	32.9
Non-lending losses, frauds and forgeries	98.1	55.7	73.3	44.1
Operating lease depreciation	33.5	25.2	-	-
Remuneration of auditors (refer note 5)	8.3	9.8	3.5	4.1
Depreciation of furniture and equipment	51.9	52.9	33.3	33.7
Depreciation of motor vehicles	6.9	10.1	4.2	6.0
Goodwill amortisation	0.4	0.3	-	-
Management fees	1.4	2.5	1.4	0.2
Other	617.5	591.3	394.1	366.5
	1,276.3	1,197.8	809.9	772.5
Management fees - controlled entities	-	-	25.2	34.2
Total other expenses	1,276.3	1,197.8	835.1	806.7
LFD Limited <sup>3</sup> (refer note 1 (xxiv))	-	156.9	-	-
<b>Total operating expenses</b>	<b>3,145.6</b>	<b>3,212.6</b>	<b>2,197.8</b>	<b>2,141.9</b>
<b>Total expenses</b>	<b>7,248.8</b>	<b>8,279.5</b>	<b>4,771.2</b>	<b>5,243.3</b>

<sup>1</sup> Due to legislative change effective 1 April 1994, fringe benefits tax in Australia increased by \$9.6m

<sup>2</sup> Includes depreciation on computer equipment of \$70.6m (1993:\$63.0m) for the Economic entity and \$44.1m (1993:\$37.4m) for the Company

<sup>3</sup> Comprised personnel \$65.0m; premises \$21.2m; computer costs \$6.3m; depreciation of furniture and equipment \$2.4m; depreciation of buildings \$1.6m; depreciation of motor vehicles \$0.8m; auditors' remuneration \$0.9m and other \$58.7m



	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>5: Remuneration of Auditors</b>				
Amounts received and due and receivable				
Auditing accounts				
By KPMG Peat Marwick	4.5	5.3	1.8	2.0
By other Economic entity auditors	0.2	0.3	-	-
	4.7	5.6	1.8	2.0
Other services				
By KPMG Peat Marwick	3.5	3.9	1.7	2.1
By other Economic entity auditors	0.1	0.3	-	-
	3.6	4.2	1.7	2.1
<b>Total remuneration of auditors</b>	<b>8.3</b>	<b>9.8</b>	<b>3.5</b>	<b>4.1</b>
LFD Limited <sup>1</sup> (refer note 1 (xxiv))	-	0.9	-	-
<b>Total remuneration of auditors<sup>2</sup></b>	<b>8.3</b>	<b>10.7</b>	<b>3.5</b>	<b>4.1</b>

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

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

<sup>1</sup> Comprised auditing the accounts by other Economic entity auditors \$0.6m and other services by other Economic entity auditors \$0.3m

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

## 6: Abnormal Items

### Profits before tax

Residual gain on sale of LFD Limited's pastoral and shipping businesses	12.3	-	-	-
Sale of controlled entities and associates	7.0	15.6	4.1	-
Sale of premises	-	-	0.4	-
Transfer of general provision to controlled entities <sup>1</sup>	-	-	-	79.3
Transfer of rescheduled country debt provision to controlled entities <sup>1</sup>	-	-	-	19.6
	19.3	15.6	4.5	98.9

### Losses before tax

Sale of premises				
530 Collins Street, Melbourne, Australia	-	39.2	-	-
Other	2.0	9.2	-	4.0
Provision against future cost of leased premises surplus to current requirements	-	74.0	-	74.0
Revaluation of properties	-	29.8	-	-
Loss on controlled entities and associates				
Sale of LFD Limited's pastoral and shipping businesses	-	23.8	-	-
Writedown of investment in controlled entities and associates	-	12.1	-	1.8
	2.0	188.1	-	79.8
<b>Total abnormal profit(loss) before tax</b>	<b>17.3</b>	<b>(172.5)</b>	<b>4.5</b>	<b>19.1</b>

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>6: Abnormal Items (continued)</b>				
Income tax (benefit)expense applicable to:				
Sale of controlled entities and associates	(2.0)	-	(2.0)	-
Reduction in corporate tax rates	-	101.8	-	96.8
Sale of premises				
530 Collins Street, Melbourne, Australia	-	(30.8)	-	-
Other	-	(1.4)	-	-
Provision against future cost of unused premises surplus to current requirements	-	(28.9)	-	(28.9)
Transfer of tax losses from controlled entities	-	-	-	(75.2)
<b>Total income tax (benefit)expense on abnormal items</b>	<b>(2.0)</b>	<b>40.7</b>	<b>(2.0)</b>	<b>(7.3)</b>
<b>Abnormal profit(loss) after tax</b>	<b>19.3</b>	<b>(213.2)</b>	<b>6.5</b>	<b>26.4</b>

<sup>1</sup> During the previous financial year, the Economic entity changed its practice to require general provisions and rescheduled country debt provisions to be booked in the entity to which they relate

### 7: Income Tax Expense

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

Operating profit before income tax and before abnormal items	1,204.9	660.4	604.9	330.7
Prima facie income tax at 33% (1993: 39%)	397.6	257.5	199.6	129.0
Tax effect of permanent differences				
Overseas tax rate differential	44.1	(19.6)	11.9	1.2
Other non-assessable income	(33.2)	(33.6)	(7.1)	(10.6)
Rebateable and non-assessable dividends	(5.8)	(16.2)	(30.0)	-
Fringe benefits tax	1.6	7.2	1.3	6.7
Non-allowable depreciation and amortisation	3.4	5.3	2.8	3.7
General provision for doubtful debts	4.2	2.0	0.6	2.0
Other	(5.4)	4.0	(12.1)	(13.2)
	406.5	206.6	167.0	118.8
Income tax (over)under provided in prior years	(11.7)	(13.4)	9.7	0.8
<b>Total income tax expense on operating profit before abnormal items</b>	<b>394.8</b>	<b>193.2</b>	<b>176.7</b>	<b>119.6</b>
<b>Abnormal profit(loss) before tax</b>	<b>17.3</b>	<b>(172.5)</b>	<b>4.5</b>	<b>19.1</b>
Prima facie income tax at 33% (1993: 39%)	5.7	(67.3)	1.5	7.4
Tax effect of permanent differences				
Restatement of net deferred tax balances	-	101.8	-	96.8
Loss(profit) on sale and revaluation of premises	0.7	(1.7)	(0.1)	1.6
(Profit)loss on controlled entities and associates	(4.3)	7.9	(3.4)	0.7
Residual gain on sale of LFD Limited's pastoral and shipping businesses	(4.1)	-	-	-
Transfer of tax losses from controlled entities	-	-	-	(75.2)
Transfer of general and rescheduled country debt provisions	-	-	-	(38.6)
<b>Total income tax (benefit)expense on abnormal items</b>	<b>(2.0)</b>	<b>40.7</b>	<b>(2.0)</b>	<b>(7.3)</b>
<b>Total income tax expense</b>	<b>392.8</b>	<b>233.9</b>	<b>174.7</b>	<b>112.3</b>
Current income tax expense	184.6	104.6	25.5	17.6
Deferred income tax expense	208.2	129.3	149.2	94.7
<b>Total income tax expense</b>	<b>392.8</b>	<b>233.9</b>	<b>174.7</b>	<b>112.3</b>



**NOTES TO THE FINANCIAL STATEMENTS**

	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>8: Dividends</b>				
Ordinary dividends				
Unfranked interim dividend <sup>1, 2</sup>	<b>146.3</b>	118.5	<b>138.4</b>	114.0
Unfranked proposed final dividend <sup>3</sup>	<b>189.5</b>	130.8	<b>189.5</b>	130.8
Bonus option plan adjustment (see below)	<b>(22.3)</b>	(24.8)	<b>(22.3)</b>	(24.8)
<b>Dividends on ordinary shares</b>	<b>313.5</b>	224.5	<b>305.6</b>	220.0
Preference dividends <sup>4</sup>				
Dividend paid in January 1994	<b>39.7</b>	39.7	<b>39.7</b>	39.7
Dividend paid in July 1994	<b>39.7</b>	39.7	<b>39.7</b>	39.7
<b>Dividends on preference shares</b>	<b>79.4</b>	79.4	<b>79.4</b>	79.4
<b>Total dividends</b>	<b>392.9</b>	303.9	<b>385.0</b>	299.4
<b>Dividend imputation</b>				
Retained profits and reserves which could be distributed as fully franked dividends			-	1.4

**Bonus option plan**

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

	DECLARED DIVIDEND	BONUS OPTIONS EXERCISED	AMOUNT PAID
Final dividend 1993	<b>130.8</b>	<b>10.7</b>	<b>120.1</b>
Interim dividend 1994	<b>146.3</b>	<b>11.6</b>	<b>134.7</b>
	<b>277.1</b>	<b>22.3</b>	<b>254.8</b>

<sup>1</sup> Dividend is at a rate of 11 cents per fully paid share (1993:10 cents per fully paid share and 5 cents per partly paid 50 cent share)

<sup>2</sup> The difference in the consolidated dividend and the Company dividend is due to dividends of \$7.9m (1993:\$4.5m) paid by ANZ U.K. Dividends (AUD) Limited, a wholly owned controlled entity of the Economic entity, under the 'dividend selection plan' available to the Company's shareholders in the United Kingdom

<sup>3</sup> At a rate of 14 cents per fully paid share (1993:10 cents per fully paid share)

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

	Consolidated	
	1994	1993
	\$M	\$M
<b>9: Earnings per Share</b>		
<b>Before abnormal items</b>		
<b>Basic</b>		
Operating profit after income tax attributable to shareholders of the Company	821.9	246.5
Less(add): abnormal items after tax <sup>1</sup>	18.7	(213.2)
Operating profit after tax before abnormal items	803.2	459.7
Less: preference share dividend	79.4	79.4
Total adjusted earnings	723.8	380.3
Weighted average number of ordinary shares (millions)	1,328	1,234
<b>Basic earnings per share (cents)</b>	<b>54.5</b>	<b>30.8</b>
<b>Diluted</b>		
Operating profit after tax before abnormal items	803.2	459.7
Add: notional interest earned on final rights issue instalment	-	7.0
Total adjusted earnings	803.2	466.7
Weighted average number of ordinary shares (millions)	1,328	1,234
Add: potential dilution of preference shares to ordinary shares <sup>2</sup>	170	165
adjustment for partly paid rights issue	-	50
Total adjusted number of shares	1,498	1,449
<b>Diluted earnings per share (cents)</b>	<b>53.6</b>	<b>32.2</b>
<b>After abnormal items</b>		
<b>Basic</b>		
Operating profit after income tax attributable to shareholders of the Company	821.9	246.5
Less: preference share dividend	79.4	79.4
Total adjusted earnings	742.5	167.1
Weighted average number of ordinary shares (millions)	1,328	1,234
<b>Basic earnings per share (cents)</b>	<b>55.9</b>	<b>13.5</b>
<b>Diluted</b>		
Operating profit after tax	821.9	246.5
Add: notional interest earned on final rights issue instalment	-	7.0
Total adjusted earnings	821.9	253.5
Weighted average number of ordinary shares (millions)	1,328	1,234
Add: potential dilution of preference shares to ordinary shares	170	165
adjustment for partly paid rights issue	-	50
Total adjusted number of shares	1,498	1,449
<b>Diluted earnings per share (cents)</b>	<b>54.9</b>	<b>17.5</b>

<sup>1</sup> Net of outside equity interests in abnormal items of \$0.6m (1993:nil)

<sup>2</sup> The potential dilution has been calculated on the basis of full conversion of converting preference shares to ordinary shares. Refer "Future Developments" section of Directors' Report for details of a proposal to offer a buy-back facility in respect of the ordinary shares resulting from the conversion of the converting preference shares



NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>10: Liquid Assets</b>				
<b>Australia</b>				
Coins, notes and cash at bankers	239.6	204.9	225.8	198.6
Loans to authorised dealers in Australian short term money market	286.5	192.2	240.4	156.8
Money at call	37.7	144.4	-	-
Securities purchased under agreements to resell	304.0	1,098.7	293.2	1,098.7
Bills receivable and remittances in transit	306.3	368.9	302.2	311.1
	<b>1,174.1</b>	<b>2,009.1</b>	<b>1,061.6</b>	<b>1,765.2</b>
<b>Overseas</b>				
Coins, notes and cash at bankers	197.7	248.3	11.4	24.9
Money at call	709.8	686.3	404.7	479.2
Securities purchased under agreements to resell	226.9	252.0	54.1	-
Bills receivable and remittances in transit	445.1	512.9	36.7	159.0
	<b>1,579.5</b>	<b>1,699.5</b>	<b>506.9</b>	<b>663.1</b>
<b>Total liquid assets</b>	<b>2,753.6</b>	<b>3,708.6</b>	<b>1,568.5</b>	<b>2,428.3</b>
Maturity analysis based on original term to maturity at 30 September				
Less than 90 days	2,419.1	3,323.1	1,399.5	2,271.3
More than 90 days	334.5	385.5	169.0	157.0
Total liquid assets	<b>2,753.6</b>	<b>3,708.6</b>	<b>1,568.5</b>	<b>2,428.3</b>
<b>11: Due from Other Banks</b>				
Australia	577.5	257.5	420.8	252.0
Overseas	10,975.9	9,955.6	6,471.2	5,212.9
<b>Total due from other banks</b>	<b>11,553.4</b>	<b>10,213.1</b>	<b>6,892.0</b>	<b>5,464.9</b>
Maturity analysis based on original term to maturity at 30 September				
Less than 90 days	6,673.6	5,757.0	3,644.0	2,607.7
More than 90 days	4,879.8	4,456.1	3,248.0	2,857.2
Total due from other banks	<b>11,553.4</b>	<b>10,213.1</b>	<b>6,892.0</b>	<b>5,464.9</b>

**NOTES TO THE FINANCIAL STATEMENTS**

	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>12: Trading Securities</b>				
Trading securities are allocated between Australia or Overseas based on the domicile of the issuer				
<b>Listed - Australia</b>				
Commonwealth securities	1,201.7	2,002.1	1,201.7	2,002.1
Local and semi-government securities	147.2	22.1	147.2	22.1
Other securities and equity investments	24.5	8.9	-	-
	1,373.4	2,033.1	1,348.9	2,024.2
<b>Listed - Overseas</b>				
Indian government securities	487.3	524.8	-	-
Local and semi-government securities	4.6	0.4	-	-
Other securities and equity investments	65.5	300.8	13.4	-
	557.4	826.0	13.4	-
Total listed	1,930.8	2,859.1	1,362.3	2,024.2
<b>Unlisted</b>				
Treasury notes and bills	244.4	48.3	96.8	-
Other government securities	132.8	161.8	-	-
Local and semi-government securities	16.0	0.5	-	-
ANZ accepted bills	718.3	1,405.8	642.5	1,323.3
Other securities and equity investments	669.5	232.7	61.0	27.8
Total unlisted	1,781.0	1,849.1	800.3	1,351.1
<b>Total trading securities</b>	<b>3,711.8</b>	<b>4,708.2</b>	<b>2,162.6</b>	<b>3,375.3</b>

**13: Investment Securities**

Investment securities are allocated between Australia or Overseas based on the domicile of the issuer

**Listed - Australia**

Commonwealth securities	4.5	-	4.5	-
Local and semi-government securities	13.2	32.2	13.0	32.1
Other securities and equity investments	142.6	387.2	105.6	119.5
	160.3	419.4	123.1	151.6

**Listed - Overseas**

Indian government securities	10.5	11.1	10.5	10.9
Other government securities	162.7	247.5	73.9	146.5
Other securities and equity investments	193.7	110.6	46.6	69.4
	366.9	369.2	131.0	226.8

Total listed 527.2 788.6 254.1 378.4

**Unlisted - Australia**

Treasury notes	1,814.3	1,156.1	1,814.3	1,058.2
Local and semi-government securities	11.0	20.2	3.7	10.1
Other securities and equity investments	435.8	367.0	400.7	292.1
	2,261.1	1,543.3	2,218.7	1,360.4

**Unlisted - Overseas**

New Zealand government securities	1,285.9	1,393.9	644.5	613.9
Indian government securities	259.1	371.0	-	-
Other government securities	637.4	581.5	121.6	93.0
Other securities and equity investments	259.4	239.0	67.7	121.4
	2,441.8	2,585.4	833.8	828.3

Total unlisted 4,702.9 4,128.7 3,052.5 2,188.7

**Total investment securities 5,230.1 4,917.3 3,306.6 2,567.1**



NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>13: Investment Securities (continued)</b>				
<b>Market value information</b>				
<b>Listed - Australia</b>				
Commonwealth securities	4.5	-	4.5	-
Local and semi-government securities	13.1	32.5	13.0	32.3
Other securities and equity investments	147.1	391.3	108.0	123.5
	<b>164.7</b>	<b>423.8</b>	<b>125.5</b>	<b>155.8</b>
<b>Listed - Overseas</b>				
Indian government securities	10.4	10.8	10.4	10.6
Other government securities	166.6	252.3	74.0	148.9
Other securities and equity investments	201.2	118.5	46.7	70.2
	<b>378.2</b>	<b>381.6</b>	<b>131.1</b>	<b>229.7</b>
Total market value of listed investment securities	<b>542.9</b>	<b>805.4</b>	<b>256.6</b>	<b>385.5</b>
<b>Unlisted - Australia</b>				
Treasury notes	1,813.1	1,156.9	1,813.1	1,057.8
Local and semi-government securities	11.0	20.3	3.7	10.1
Other securities and equity investments	436.3	367.2	400.6	292.4
	<b>2,260.4</b>	<b>1,544.4</b>	<b>2,217.4</b>	<b>1,360.3</b>
<b>Unlisted - Overseas</b>				
New Zealand government securities	1,264.2	1,407.4	641.6	615.4
Indian government securities	258.9	371.0	-	-
Other government securities	637.1	578.9	121.5	92.8
Other securities and equity investments	254.5	238.4	67.6	121.4
	<b>2,414.7</b>	<b>2,595.7</b>	<b>830.7</b>	<b>829.6</b>
Total market value of unlisted investment securities	<b>4,675.1</b>	<b>4,140.1</b>	<b>3,048.1</b>	<b>2,189.9</b>
Total market value of investment securities	<b>5,218.0</b>	<b>4,945.5</b>	<b>3,304.7</b>	<b>2,575.4</b>

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>14: Net Loans and Advances</b>				
Loans and advances are classified as Australia or Overseas based on the domicile of the lending point				
<b>Australia</b>				
Overdrafts	4,098.3	4,610.9	4,041.6	4,419.9
Credit card outstandings	913.9	865.8	892.2	844.9
Term loans - housing	13,167.1	10,592.1	11,805.7	9,518.9
Term loans - non housing	18,502.8	19,226.1	15,544.6	15,789.1
Lease finance (refer below)	3,179.0	3,212.4	817.6	922.4
Hire purchase	4,451.9	3,793.2	-	-
Commercial bills	39.4	79.2	-	-
Redeemable preference share finance	20.0	25.0	-	-
Other	394.6	293.9	99.7	75.7
	44,767.0	42,698.6	33,201.4	31,570.9
<b>Overseas</b>				
Overdrafts	2,657.0	4,220.9	633.2	999.1
Credit card outstandings	180.5	189.3	0.3	-
Term loans - housing	4,933.7	4,080.1	52.2	39.3
Term loans - non housing	8,954.9	8,326.7	2,322.2	2,432.0
Lease finance (refer below)	52.1	63.1	18.4	12.3
Hire purchase	329.0	273.0	-	-
Commercial bills	814.9	726.9	400.1	272.8
Redeemable preference share finance	18.7	234.7	-	-
Other	356.2	236.0	-	-
	18,297.0	18,350.7	3,426.4	3,755.5
Total gross loans and advances	63,064.0	61,049.3	36,627.8	35,326.4
Less: provisions for doubtful debts (refer note 16)	1,651.6	2,689.8	1,160.4	1,709.0
income yet to mature <sup>1</sup>	1,477.1	2,075.2	70.0	340.7
	3,128.7	4,765.0	1,230.4	2,049.7
<b>Total net loans and advances</b>	<b>59,935.3</b>	<b>56,284.3</b>	<b>35,397.4</b>	<b>33,276.7</b>
Lease finance consists of gross lease receivables				
Current	1,073.6	1,098.9	283.6	102.0
Non-current	2,157.5	2,176.6	552.4	832.7
	3,231.1	3,275.5	836.0	934.7
Included in the above are receivables of controlled entity borrowing corporations net of income yet to mature				
Not later than 1 year	3,333.4	3,913.8		
Later than 1 year but not later than 2 years	2,593.6	1,801.5		
Later than 2 years but not later than 5 years	2,709.9	2,468.7		
Later than 5 years	148.0	197.7		
	8,784.9	8,381.7		

<sup>1</sup> Effective from 30 September 1994, the Economic entity ceased the practice of reserving interest on certain non-acrual loans. Reserved interest balances as at 30 September 1994 amounting to \$285.9m for the Economic entity and \$92.3m for the Company have been written back against the relevant loan accounts (refer note 2). Income yet to mature as at 30 September 1993 included reserved interest of \$516.8m for the Economic entity and \$229.8m for the Company



	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>15: Impaired Assets</b>				
Effective 30 September 1994, the Economic entity adopted the Reserve Bank of Australia's (RBA) guidelines on the recognition and reporting of problem loans and other impaired assets, which were issued during the year (refer note 2). It is not practicable to determine the effect of applying the new guidelines on 30 September 1993 comparative amounts and accordingly these have not been restated.				
The 1994 analyses below includes rescheduled country debt, further details of which are contained in note 17.				
<b>Summary of impaired assets</b>				
Non-accrual loans	2,826.2	3,883.9	2,054.2	2,630.9
Restructured loans	42.8	249.7	42.8	243.2
Other real estate owned (OREO)	n/a	n/a	n/a	n/a
Rescheduled country debt	n/a	599.5	n/a	185.7
Unproductive facilities	148.4	87.1	59.1	25.7
<b>Gross impaired assets</b>	<b>3,017.4</b>	<b>4,820.2</b>	<b>2,156.1</b>	<b>3,085.5</b>
Less: specific provisions				
Non-accrual loans	1,067.3	1,699.4	753.8	1,173.0
Rescheduled country debt	n/a	408.9	n/a	119.5
Unproductive facilities	17.2	16.8	6.7	14.1
<b>Net impaired assets</b>	<b>1,932.9</b>	<b>2,695.1</b>	<b>1,395.6</b>	<b>1,778.9</b>
<b>Non-accrual loans</b>				
Gross exposure	2,433.0	3,883.9	1,714.0	2,630.9
Additional non-accrual loans due to adoption of RBA guidelines (refer note 2)				
Rescheduled country debt	63.0	n/a	34.9	n/a
Other	330.2	n/a	305.3	n/a
Total non-accrual loans	2,826.2	3,883.9	2,054.2	2,630.9
Specific provisions	1,067.3	1,699.4	753.8	1,173.0
<b>Non-accrual loans after specific provisions</b>	<b>1,758.9</b>	<b>2,184.5</b>	<b>1,300.4</b>	<b>1,457.9</b>
<b>Restructured loans<sup>1</sup></b>				
For these loans interest and fees are recognised as income on an accruals basis	42.8	249.7	42.8	243.2
<b>Other real estate owned (OREO)</b>				
In the event of customer default, any loan security is held as mortgagee in possession and therefore the Group does not hold any Other real estate owned assets	n/a	n/a	n/a	n/a
<b>Rescheduled country debt</b>				
Gross exposure (refer note 17)	n/a	599.5	n/a	185.7
Specific provisions	n/a	408.9	n/a	119.5
<b>Net exposure</b>	<b>n/a</b>	<b>190.6</b>	<b>n/a</b>	<b>66.2</b>

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>15: Impaired Assets (continued)</b>				
<b>Unproductive facilities</b>				
Unproductive facilities <sup>2</sup>	148.4	87.1	59.1	25.7
Specific provisions	17.2	16.8	6.7	14.1
<b>Net unproductive facilities</b>	<b>131.2</b>	<b>70.3</b>	<b>52.4</b>	<b>11.6</b>
<b>Accruing loans past due 90 days or more<sup>3</sup></b>	<b>155.4</b>	<b>339.3</b>	<b>100.6</b>	<b>150.5</b>

Further analysis of non-accrual loans at 30 September 1994 under the RBA guidelines is as follows

	Consolidated		The Company	
	Gross Balance Outstanding \$M	Specific Provision \$M	Gross Balance Outstanding \$M	Specific Provision \$M
<b>Non-accrual loans</b>				
Without provisions				
Australia	537.1	n/a	443.4	n/a
New Zealand	63.3	n/a	-	n/a
International markets	79.6	n/a	24.5	n/a
	680.0	n/a	467.9	n/a
With provisions and no, or partial performance <sup>4</sup>				
Australia	1,431.4	712.8	1,214.8	605.8
New Zealand	133.0	33.6	-	-
International markets	339.3	228.5	148.4	60.4
	1,903.7	974.9	1,363.2	666.2
With provisions and full performance <sup>4</sup>				
Australia	222.0	87.3	220.3	87.2
New Zealand	16.3	2.7	-	-
International markets	4.2	2.4	2.8	0.4
	242.5	92.4	223.1	87.6
<b>Total non-accrual loans</b>	<b>2,826.2</b>	<b>1,067.3</b>	<b>2,054.2</b>	<b>753.8</b>



	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>15: Impaired Assets (continued)</b>				
<b>Interest forgone</b>				
The following tables show the estimated amount of interest income that would have been recorded had interest on non-accrual loans and rescheduled country debt been accrued to income (or, in the case of restructured loans, had interest been accrued at the original contract rate), and the amount of interest income that was received with respect to such loans.				
<b>Gross interest receivable on non-accrual loans, restructured loans and rescheduled country debt</b>				
Australia	275.8	519.1	215.8	437.6
New Zealand	14.9	18.6	-	-
International markets <sup>5</sup>	66.5	95.3	25.8	34.6
Total gross interest receivable on non-accrual loans, restructured loans and rescheduled country debt	357.2	633.0	241.6	472.2
<b>Interest income received</b>				
Australia	51.2	70.3	50.0	64.2
New Zealand	-	0.1	-	-
International markets <sup>5</sup>	107.9	45.5	73.3	3.9
Total interest income received	159.1	115.9	123.3	68.1
<b>Net interest forgone</b>				
Australia	224.6	448.8	165.8	373.4
New Zealand	14.9	18.5	-	-
International markets <sup>5</sup>	(41.4)	49.8	(47.5)	30.7
Total net interest forgone	198.1	517.1	118.3	404.1

<sup>1</sup> Under the RBA guidelines, restructured loans include loans with an effective yield above the Economic entity's cost of funds and below the yield applicable to a customer of equal credit standing. Restructured loans with an effective yield below the Economic entity's average cost of funds at the date of restructuring are classified as non-accrual loans. Adoption of RBA guidelines resulted in no additional restructured loans and \$20.5 million of restructured loans being transferred to non-accrual loans at 30 September 1994 in the Economic entity and the Company

<sup>2</sup> Unproductive facilities comprise facilities relating to standby letters of credit, bill endorsements, documentary letters of credit and guarantees to third parties

<sup>3</sup> Less than \$100,000 or fully secured

<sup>4</sup> A loan's performance is assessed against its contractual repayment schedule

<sup>5</sup> Included in "International markets" for 1994 are interest receipts in respect of rescheduled country debt of \$82.6 million, principally comprising a receipt of \$60.8 million (after tax \$41.3 million) past due interest on rescheduled Argentine debt in December 1993. Receipts in respect of rescheduled country debt were \$29.8 million in 1993

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>16: Provisions for Doubtful Debts</b>				
<b>Specific provision</b>				
Balance at start of year	2,125.1	2,404.8	1,306.6	1,612.8
Adjustment for exchange rate fluctuations	(71.0)	17.1	(17.4)	6.2
Bad debts written off	(1,428.0)	(1,358.1)	(918.5)	(841.7)
Recoveries	88.4	41.8	47.3	14.8
Charge to profit and loss account	368.6	641.8	301.9	423.5
Provisions disposed	-	(21.6)	-	(0.7)
Transfers between provisions				
Rescheduled country debt	-	385.9	-	119.5
Other	-	3.4	-	-
Other	1.4	10.0	40.6	(27.8)
	<b>1,084.5</b>	<b>2,125.1</b>	<b>760.5</b>	<b>1,306.6</b>
<b>General provision</b>				
Balance at start of year	564.7	932.8	402.4	576.1
Adjustment for exchange rate fluctuations	(13.4)	38.7	(4.2)	12.7
Charge to profit and loss account	12.8	5.0	1.7	5.0
Transfer of general provision to controlled entities <sup>1</sup>	-	-	-	(79.3)
Transfer of rescheduled country debt provision to controlled entities <sup>1</sup>	-	-	-	(19.6)
Transfers between provisions				
Rescheduled country debt	-	(385.9)	-	(119.5)
Other	-	(3.4)	-	-
Rescheduled country debt				
Written off or sold	-	(82.0)	-	(18.4)
Recoveries	-	29.5	-	29.5
Provisions acquired	3.5	-	-	-
Recognition of provisions previously netted against tax benefits	-	35.4	-	21.3
Tax liability realised on rescheduled country debt	-	(2.5)	-	(2.8)
Other	(0.5)	(2.9)	-	(2.6)
	<b>567.1</b>	<b>564.7</b>	<b>399.9</b>	<b>402.4</b>
<b>Total provisions for doubtful debts</b>	<b>1,651.6</b>	<b>2,689.8</b>	<b>1,160.4</b>	<b>1,709.0</b>
<b>Analysis</b>				
Specific provision balance comprises				
Specific	1,084.5	1,716.2	760.5	1,187.1
Rescheduled country debt	n/a	408.9	n/a	119.5
Total specific provisions	1,084.5	2,125.1	760.5	1,306.6
<b>Ratios</b>				
Provisions <sup>2</sup> as a % of total advances <sup>3</sup>	%	%	%	%
Specific	1.4	2.3	1.6	2.4
Rescheduled country debt	n/a	0.6	n/a	0.2
General	0.8	0.8	0.8	0.8
Total	2.2	3.7	2.4	3.4
Provisions as a % of risk weighted assets				
Specific	1.4	2.2	1.4	2.1
Rescheduled country debt	n/a	0.5	n/a	0.2
General	0.7	0.7	0.7	0.7
Total	2.1	3.4	2.1	3.0
Bad debts written off as a % of total advances <sup>3</sup>	1.9	1.9	1.9	1.8
Specific provision charge as a % of total advances <sup>3</sup>	0.5	0.9	0.6	0.9

<sup>1</sup> In 1993, the Economic entity changed its practice to require general provisions and rescheduled country debt provisions to be booked in the entity to which they relate

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

<sup>3</sup> Total advances comprises gross loans, advances, acceptances and ANZ accepted bills held as part of trading securities less income yet to mature



NOTES TO THE FINANCIAL STATEMENTS

Consolidated		The Company	
1994	1993	1994	1993
\$M	\$M	\$M	\$M

**17: Rescheduled Country Debt**

At 30 September 1994, rescheduled country debt exposures have been included in non-accrual loans (refer note 15). Total exposures decreased by \$536.5 million mainly due to debt sales, write offs and conversions to Brady Bonds (bonds collateralised by US Government securities). During the year no charge (1993: nil) was made to the profit and loss account for provisions against rescheduled country debt. The amounts shown are Australian dollar conversions of predominantly US dollar denominated loans.

Central and South America	22.3	275.0	2.9	37.4
Eastern Europe	33.2	205.9	31.7	123.9
Africa and Middle East	0.8	75.8	0.3	20.7
Asia and Pacific	6.7	42.8	-	3.7
<b>Total exposure (refer note 15)</b>	<b>63.0</b>	<b>599.5</b>	<b>34.9</b>	<b>185.7</b>

Debt previously classified as rescheduled country debt which has been exchanged for Brady Bonds had a balance at 30 September 1994 of \$163.0 million (1993: \$398.3 million).

**18: Regulatory Deposits**

Reserve Bank of Australia	476.4	459.8	457.3	445.7
Overseas central banks	412.1	583.0	47.2	35.0
<b>Total regulatory deposits</b>	<b>888.5</b>	<b>1,042.8</b>	<b>504.5</b>	<b>480.7</b>

**19: Shares in Controlled Entities and Associates**

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

**Controlled entities**

At directors' valuation 1993	-	3,971.4
At directors' valuation 1994	4,444.2	-
<b>Total shares in controlled entities</b>	<b>4,444.2</b>	<b>3,971.4</b>

**Associates**

Unlisted	8.2	16.3	0.5	0.5
<b>Total shares in associates</b>	<b>8.2</b>	<b>16.3</b>	<b>0.5</b>	<b>0.5</b>
<b>Total shares in controlled entities and associates</b>	<b>8.2</b>	<b>16.3</b>	<b>4,444.7</b>	<b>3,971.9</b>

**Acquisitions of controlled entities**

	Date Acquired	Interest Acquired %	Consideration \$M	Net Tangible Assets on Acquisition \$M	Goodwill \$M
<b>Year ended 30 September 1994</b>					
PT ANZ Panin Bank International Corporate Park Management Pty Ltd	21 November 1993	85.0	35.8	31.2	4.6
Eriel Pty Limited	16 December 1993	92.5	#	#	-
	22 June 1994	100.0	#	#	-
			35.8	31.2	4.6

**Year ended 30 September 1993**

Dalgety Farmers (Germany) GMBH		100.0	#	#	#
Truck Leasing Ltd <sup>1</sup>		80.0 <sup>2</sup>	2.0	1.7	0.3
			2.0	1.7	0.3

**19: Shares in Controlled Entities and Associates (continued)**

**Disposals of controlled entities**

The entire interest in these entities was disposed of during the year

	Profit/(Loss) on Disposal \$M	Net Tangible Assets on Disposal \$M
<b>Year ended 30 September 1994<sup>3, 4</sup></b>		
South Centre Maintenance Pty Ltd	6.1	4.5
<b>Year ended 30 September 1993<sup>5</sup></b>		
ANZ Grindlays Industrial Holdings Ltd <sup>6</sup>	15.6	37.2
ANZ Bank Canada	(1.8)	11.3
	13.8	48.5

# Amounts less than \$50,000

<sup>1</sup> Goodwill on acquisition was capitalised under revised Group policy but written off following an assessment of its carrying value at year end

<sup>2</sup> Prior to 30 April 1993, the Economic entity's interest was 33.3%

<sup>3</sup> The following controlled entities were liquidated during the year ended 30 September 1994 and had no impact on the financial statements

Leverage Lease Nominee Ltd	Vabeta Pty Limited
Southland Development Properties Ltd	Japan-Australia Investment Co. Ltd
Wetsum Pty Ltd	TCP Nominees Pty Ltd
ES&A Nominees Pty Ltd	Kite Nominees Pty Ltd
ANZ Pensions (Adelaide) Limited	McCaughan Dyson International Holdings B.V.
Delfin Investment Services Ltd	Australian Fixed Trusts (Victoria) Ltd
Delfin Acceptances Limited	ANZ V2 PLUS Ltd
Delfin Properties Limited	Delfin Financial Services Ltd
Buzila Pty Ltd	

<sup>4</sup> The following controlled entities had their final meeting prior to 30 September 1994 and will be liquidated within the statutory period (3 months), and had no impact on the financial statements

GNPL (ACT) Pty Ltd	WDS Dicker Sutherland Pty Ltd
GNPL (NSW) Pty Ltd	Delfin Underwriting Ltd
Meade Lonsdale Pty Ltd	

<sup>5</sup> Other controlled entities that were sold during the year ended 30 September 1993 but had no impact on the financial statements were

W. Bailey & Sons	Dalgety Winchcombe Black
Dalgety Farmers (Germany) GMBH	Dalgety Winchcombe FGC Kerr
Dalgety Real Estate (Qld) Pty Ltd	McKidd Dalgety Winchcombe
Dalgety Winchcombe Backhouse Ray	Teal Nominees Pty Ltd

<sup>6</sup> The following controlled entities were included in the sale of ANZ Grindlays Industrial Holdings Ltd

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



**NOTES TO THE FINANCIAL STATEMENTS**

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>20: Other Assets</b>				
Property held for resale				
Cost of acquisition	156.1	301.7	22.2	97.7
Development expenses capitalised	104.0	258.3	21.3	98.2
Interest, rates and taxes capitalised	8.9	17.2	1.0	4.2
	<b>269.0</b>	<b>577.2</b>	<b>44.5</b>	<b>200.1</b>
Less: provision for diminution in value	72.2	153.5	26.2	66.9
	<b>196.8</b>	<b>423.7</b>	<b>18.3</b>	<b>133.2</b>
Accrued interest/prepaid discounts	822.3	817.3	525.1	550.9
Accrued commission	52.6	57.1	43.2	47.8
Prepaid expenses	60.0	65.3	37.4	38.0
Future income tax benefits (refer below)	743.6	993.2	476.6	658.4
Treasury instruments revaluations	-	471.1	-	454.3
Other receivables	74.9	463.0	-	-
National Housing Bank deposit (refer note 36)	218.1	249.9	-	-
Life insurance reserves (refer note 1[vii])	238.4	195.5	-	-
Other	530.9	457.1	247.2	119.7
<b>Total other assets</b>	<b>2,937.6</b>	<b>4,193.2</b>	<b>1,347.8</b>	<b>2,002.3</b>
Future income tax benefits comprises				
Provision for doubtful debts	310.7	523.8	242.9	407.8
Reserved and other interest	23.3	76.4	-	41.8
Tax losses	118.0	109.2	37.5	36.4
Provision for employee entitlements and annual leave	93.7	71.7	59.4	58.9
Provision for non-lending losses, frauds and forgeries	41.7	21.1	33.9	18.6
Provision against future cost of leased premises surplus to current requirements	20.7	24.4	20.7	24.4
Provision for diminution in development ventures	18.3	40.8	7.0	22.1
Development venture income	21.9	20.8	4.4	6.6
Treasury instruments	21.5	-	21.3	-
Other	73.8	105.0	49.5	41.8
	<b>743.6</b>	<b>993.2</b>	<b>476.6</b>	<b>658.4</b>

Certain potential future income tax benefits within the Economic entity arising from tax losses and timing differences have not been recognised as assets because recovery cannot be regarded as virtually certain. These benefits, which could amount to \$31.4 million (1993: \$41.4 million) will only be obtained if:

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

In addition, potential future income tax benefits of \$32.7 million (1993: \$30.0 million) relating to capital losses for taxation purposes have not been recognised as assets because recovery cannot be regarded as virtually certain.

**NOTES TO THE FINANCIAL STATEMENTS**

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>21: Premises and Equipment</b>				
Freehold and leasehold land and buildings				
At directors' valuation 1993	1,013.6	1,087.6	36.2	40.4
At cost	8.1	-	0.1	-
Less: provision for depreciation	6.6	-	0.2	-
	<b>1,015.1</b>	1,087.6	<b>36.1</b>	40.4
Leasehold improvements				
At cost	150.8	162.6	90.4	99.5
Less: provision for amortisation	80.8	78.7	44.7	46.0
	<b>70.0</b>	83.9	<b>45.7</b>	53.5
Furniture and equipment				
At cost	840.0	757.9	398.1	398.0
Less: provision for depreciation	408.7	365.1	209.0	185.4
	<b>431.3</b>	392.8	<b>189.1</b>	212.6
Computer equipment				
At cost	479.5	426.8	250.4	204.6
Less: provision for depreciation	274.7	227.2	112.3	72.7
	<b>204.8</b>	199.6	<b>138.1</b>	131.9
Motor vehicle operating lease assets				
At cost	229.6	177.9	-	-
Less: provision for depreciation	49.6	41.0	-	-
	<b>180.0</b>	136.9	-	-
Capital works in progress				
At cost	27.2	109.9	9.7	15.7
<b>Total premises and equipment</b>	<b>1,928.4</b>	2,010.7	<b>418.7</b>	454.1
<b>22: Due to Other Banks</b>				
Australia	486.3	565.6	486.3	565.6
Overseas	10,169.1	10,582.2	8,283.7	8,769.6
<b>Total due to other banks</b>	<b>10,655.4</b>	11,147.8	<b>8,770.0</b>	9,335.2



	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>23: Deposits and Other Borrowings</b>				
Deposits and other borrowings are classified as Australia or Overseas based on the location of the deposit taking point				
<b>Australia</b>				
Certificates of deposit	3,273.7	3,869.5	3,273.7	3,869.5
Term deposits	12,192.6	11,386.0	11,458.5	10,521.2
Other deposits bearing interest	15,558.2	13,952.4	15,133.2	13,573.8
Deposits not bearing interest	2,969.8	2,832.9	2,936.3	2,832.9
Commercial paper	1,104.4	1,328.6	1,104.4	1,328.6
Borrowing corporations' debt	5,222.8	5,589.4	-	-
Other borrowings				
Secured	135.1	230.0	-	-
Unsecured	203.0	49.8	182.7	41.3
	<b>40,659.6</b>	<b>39,238.6</b>	<b>34,088.8</b>	<b>32,167.3</b>
<b>Overseas</b>				
Certificates of deposit	1,531.8	1,150.0	497.4	394.3
Term deposits	12,212.4	13,026.2	3,246.8	3,294.9
Other deposits bearing interest	4,970.1	5,000.3	266.6	270.9
Deposits not bearing interest	2,044.3	1,970.7	160.3	138.6
Commercial paper	1,374.9	350.3	-	-
Borrowing corporations' debt	980.4	847.0	-	-
Other borrowings				
Secured	0.8	1.5	-	-
Unsecured	9.4	0.7	-	-
	<b>23,124.1</b>	<b>22,346.7</b>	<b>4,171.1</b>	<b>4,098.7</b>
<b>Total deposits and other borrowings</b>	<b>63,783.7</b>	<b>61,585.3</b>	<b>38,259.9</b>	<b>36,266.0</b>
Included in the above are liabilities of controlled entity borrowing corporations based on remaining term to maturity				
Not later than 1 year	3,707.1	3,507.3		
Later than 1 year but not later than 2 years	1,728.6	1,649.1		
Later than 2 years but not later than 5 years	754.1	1,279.0		
Later than 5 years	13.4	1.0		
	<b>6,203.2</b>	<b>6,436.4</b>		
Charges over assets in respect of these borrowings <sup>1</sup>				
Secured	5,118.8	5,429.4		
Unsecured	1,084.4	1,007.0		
	<b>6,203.2</b>	<b>6,436.4</b>		

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

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
<b>24: Income Tax Liability</b>				
<b>Australia</b>				
Provision for deferred tax (refer below)	332.7	340.5	143.6	159.3
	<b>332.7</b>	<b>340.5</b>	<b>143.6</b>	<b>159.3</b>
<b>Overseas</b>				
Provision for income tax	80.2	72.7	8.5	24.6
Provision for deferred tax (refer below)	75.3	65.6	21.9	13.9
	<b>155.5</b>	<b>138.3</b>	<b>30.4</b>	<b>38.5</b>
<b>Total income tax liability</b>	<b>488.2</b>	<b>478.8</b>	<b>174.0</b>	<b>197.8</b>
Provision for deferred tax comprises				
Lease finance	190.7	187.9	27.2	39.6
Treasury instruments	-	15.8	-	20.6
Depreciation	27.6	24.0	20.2	16.3
Investment income	13.1	4.9	1.5	(1.8)
Leveraged leasing	4.6	2.5	(3.4)	(0.8)
Other	172.0	171.0	120.0	99.3
	<b>408.0</b>	<b>406.1</b>	<b>165.5</b>	<b>173.2</b>

**25: Creditors and Other Liabilities**

<b>Australia</b>				
Creditors	224.5	348.4	158.6	191.3
Accrued interest and unearned discounts	673.8	745.3	415.4	480.0
Treasury instruments revaluations	372.5	-	367.5	-
Accrued charges	54.7	56.6	50.1	40.6
Security settlements	11.3	72.1	11.3	72.1
Other liabilities	349.2	229.4	54.3	63.6
	<b>1,686.0</b>	<b>1,451.8</b>	<b>1,057.2</b>	<b>847.6</b>
<b>Overseas</b>				
Creditors	133.2	157.6	12.8	9.3
Accrued interest and unearned discounts	559.8	579.8	235.2	243.8
Treasury instruments revaluations	84.6	-	59.9	-
Accrued charges	112.8	85.1	26.1	17.5
Security settlements	338.3	357.3	30.8	15.5
Other liabilities	221.5	326.6	46.4	63.2
	<b>1,450.2</b>	<b>1,506.4</b>	<b>411.2</b>	<b>349.3</b>
<b>Total creditors and other liabilities</b>	<b>3,136.2</b>	<b>2,958.2</b>	<b>1,468.4</b>	<b>1,196.9</b>

**26: Provisions**

Employee entitlements	251.0	242.4	180.1	180.7
Dividends (refer note 8)	189.5	130.8	189.5	130.8
Non-lending losses, frauds and forgeries	154.5	89.6	103.6	55.6
Leased premises surplus to current requirements <sup>1</sup>	57.0	74.0	49.0	74.0
Other	115.0	104.9	86.4	47.5
<b>Total provisions</b>	<b>767.0</b>	<b>641.7</b>	<b>608.6</b>	<b>488.6</b>

<sup>1</sup> Provision is made for the estimated future cost of leased premises in Australia surplus to the Economic entity's requirements. Cost is determined based on the present value of the estimated net cash outflows on sublet lease space and the lease commitments on lease space for which the Economic entity has no substantive future use



NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>27: Bonds and Notes</b>				
USD medium term notes	93.6	161.2	93.6	161.2
GBP medium term notes	96.0	81.8	96.0	81.8
AUD medium term notes	85.0	60.0	85.0	60.0
JPY medium term notes	104.4	22.1	104.4	22.1
USD 200m floating rate notes due 1994	-	309.9	-	309.9
USD 200m floating rate notes due 1994	-	309.9	-	309.9
USD 150m floating rate notes due 1995	202.9	232.4	202.9	232.4
USD 125m floating rate notes due 1995	169.1	193.7	169.1	193.7
USD 125m floating rate notes due 1996	169.1	193.7	169.1	193.7
GBP 200m floating rate notes due 1997	426.9	-	426.9	-
GBP 78m floating rate notes due 1997	166.5	182.5	166.5	182.5
<b>Total bonds and notes</b>	<b>1,513.5</b>	<b>1,747.2</b>	<b>1,513.5</b>	<b>1,747.2</b>
<b>Bonds and notes by currency</b>				
USD United States dollars	634.7	1,400.8	634.7	1,400.8
GBP Great British pounds	689.4	264.3	689.4	264.3
JPY Japanese yen	104.4	22.1	104.4	22.1
AUD Australian dollars	85.0	60.0	85.0	60.0
	<b>1,513.5</b>	<b>1,747.2</b>	<b>1,513.5</b>	<b>1,747.2</b>
<b>Bonds and notes by maturity</b>				
Due not later than 1 year	536.1	713.7	536.1	713.7
Due later than 1 year but not later than 2 years	237.6	581.0	237.6	581.0
Due later than 2 years but not later than 5 years	739.8	452.5	739.8	452.5
	<b>1,513.5</b>	<b>1,747.2</b>	<b>1,513.5</b>	<b>1,747.2</b>

**NOTES TO THE FINANCIAL STATEMENTS**

		Consolidated		The Company	
		1994	1993	1994	1993
		\$M	\$M	\$M	\$M
<b>28: Loan Capital</b>					
<b>Perpetual subordinated notes</b>					
USD	300m floating rate notes <sup>1</sup>	405.8	464.8	405.8	464.8
USD	258.7m fixed rate notes <sup>2</sup>	350.0	400.9	350.0	400.9
USD	120m floating rate notes <sup>3</sup>	162.3	185.9	-	-
USD	30m floating rate notes <sup>4</sup>	40.6	46.5	-	-
		<b>958.7</b>	<b>1,098.1</b>	<b>755.8</b>	<b>865.7</b>
<b>Subordinated notes</b>					
USD	200m floating rate notes due 1998 <sup>5</sup>	-	309.8	-	309.8
LUX	1,000m fixed notes due 1998 <sup>6</sup>	42.4	44.3	42.4	44.3
AUD	48.8m fixed notes due 1999 <sup>7</sup>	48.8	48.8	48.8	48.8
JPY	10,000m fixed notes due 1999 <sup>8</sup>	137.3	147.3	137.3	147.3
USD	30m floating rate notes due 1999 <sup>9</sup>	40.6	46.5	40.6	46.5
USD	70m floating rate notes due 1999 <sup>10</sup>	94.7	108.4	94.7	108.4
USD	200m floating rate notes due 1999 <sup>11</sup>	270.5	309.8	270.5	309.8
GBP	22.7m fixed notes due 2000 <sup>12</sup>	48.5	53.2	-	-
AUD	65m floating rate notes due 2000 <sup>13</sup>	65.0	65.0	65.0	65.0
AUD	55.3m floating rate notes due 2000 <sup>14</sup>	54.8	53.8	54.8	53.8
USD	140m floating rate notes due 2000 <sup>15</sup>	189.4	216.9	189.4	216.9
USD	70m floating rate notes due 2000 <sup>16</sup>	94.7	108.4	94.7	108.4
NZD	125m floating rate notes due 2000 <sup>17</sup>	102.0	106.5	-	-
AUD	58.2m floating rate notes due 2001 <sup>18</sup>	57.1	56.3	57.1	56.3
GBP	60m fixed notes due 2001 <sup>19</sup>	128.1	140.4	128.1	140.4
USD	200m floating rate notes due 2002 <sup>20</sup>	270.5	309.8	270.5	309.8
USD	250m fixed rate notes due 2004 <sup>21</sup>	338.2	-	338.2	-
USD	12.5m floating rate notes due 2007 <sup>22</sup>	16.9	19.3	16.9	19.3
JPY	482m floating rate notes due 2007 <sup>23</sup>	6.6	7.1	6.6	7.1
JPY	568.8m floating rate notes due 2008 <sup>24</sup>	7.8	8.4	7.8	8.4
USD	14.3m floating rate notes due 2008 <sup>25</sup>	19.3	22.1	19.3	22.1
USD	79m floating rate notes due 2008 <sup>26</sup>	106.9	122.4	106.9	122.4
		<b>2,140.1</b>	<b>2,304.5</b>	<b>1,989.6</b>	<b>2,144.8</b>
<b>Total loan capital</b>		<b>3,098.8</b>	<b>3,402.6</b>	<b>2,745.4</b>	<b>3,010.5</b>
<b>Loan capital by currency</b>					
USD	United States dollars	2,400.4	2,671.5	2,197.5	2,439.1
AUD	Australian dollars	225.7	223.9	225.7	223.9
GBP	Great British pounds	176.6	193.6	128.1	140.4
JPY	Japanese yen	151.7	162.8	151.7	162.8
NZD	New Zealand dollars	102.0	106.5	-	-
LUX	Luxembourg francs	42.4	44.3	42.4	44.3
		<b>3,098.8</b>	<b>3,402.6</b>	<b>2,745.4</b>	<b>3,010.5</b>
<b>Loan capital by maturity</b>					
Due later than 2 years but not later than 5 years		269.1	354.1	269.1	354.1
Due later than 5 years		1,871.0	1,950.4	1,720.5	1,790.7
Perpetual		958.7	1,098.1	755.8	865.7
		<b>3,098.8</b>	<b>3,402.6</b>	<b>2,745.4</b>	<b>3,010.5</b>



**28: Loan Capital (continued)**

- <sup>1</sup> Issued 30 October 1986. Interest is payable semi-annually in arrears in April and October at a rate of 0.15% p.a. above rates offered for US dollar deposits by leading banks in London (LIBOR) for each six month period
- <sup>2</sup> Issued 4 March 1993. Interest is payable quarterly in arrears in March, June, September and December at a rate of 9.125%
- <sup>3</sup> Issued 30 November 1988. Interest is payable semi-annually in arrears in May and November. The interest rate is 0.80% p.a. above LIBOR. The notes are issued with a repricing option in 1998 and each 10 years thereafter. Under certain circumstances these notes can be converted to ordinary shares of the Company at a prevailing market price
- <sup>4</sup> Issued 15 December 1988. Interest is payable semi-annually in arrears in May and November. The interest rate is 0.80% p.a. above LIBOR. The notes are issued with a repricing option in 1998 and each 10 years thereafter. Under certain circumstances these notes can be converted to ordinary shares of the Company at a prevailing market price
- <sup>5</sup> This loan was completely repurchased in September 1994. Issued 10 March 1988. Interest on the notes was payable semi-annually in arrears in March and September at a rate 0.50% p.a. above LIBOR
- <sup>6</sup> Issued 16 April 1991 and will mature in April 1998. Interest on the notes is payable annually in arrears in April at a rate of 9.375% p.a.
- <sup>7</sup> Issued 29 March 1989 and will mature in March 1999. The redemption amount of these notes is linked by a formula to future foreign exchange rates. Interest is payable annually in arrears in March at a rate of 7.72% p.a.
- <sup>8</sup> Issued 26 June 1989 in two equal JPY tranches, A and B, and will mature in June 1999. Interest on Tranche A is payable annually in arrears in June at the rate of 7.43% on a notional AUD issue value and interest on Tranche B is payable annually in arrears in June at the rate of 5.80% on the JPY value
- <sup>9</sup> Issued 15 November 1989 and will mature in September 1999. Interest on the notes is payable semi-annually in arrears in March and September at a rate 0.46% p.a. above LIBOR
- <sup>10</sup> Issued 15 November 1989 and will mature in October 1999. Interest on the notes is payable semi-annually in arrears in April and October at a rate 0.46% p.a. above LIBOR
- <sup>11</sup> Issued 20 December 1989 and will mature in December 1999. Interest on the notes is payable semi-annually in arrears in June and December at a rate 0.50% p.a. above LIBOR
- <sup>12</sup> Issued 24 January 1990 and will mature in January 2000. The redemption amount of these notes is linked by a formula to future foreign exchange rates. Interest is payable annually in arrears in January at a rate of 7.05% p.a.
- <sup>13</sup> Issued 4 April 1990 and will mature in March 2000. Interest is payable quarterly in arrears in March, June, September and December at a rate 0.40% p.a. above the stated average of Bank Bill rates
- <sup>14</sup> Issued 16 March 1990 at a discount and will mature in March 2000. Interest on the notes is payable semi-annually in arrears in March and September. The interest rate is 12.50% p.a. until March 1995, thereafter the interest will be at a rate 0.40% p.a. above the stated average of Bank Bill rates
- <sup>15</sup> Issued 24 April 1990 and will mature in April 2000. Interest on the notes is payable semi-annually in arrears in April and October at a rate of 0.50% p.a. above LIBOR
- <sup>16</sup> Issued on 24 October 1990 and will mature in April 2000. Interest on the notes is payable semi-annually in arrears in April and October at a rate 0.625% p.a. above LIBOR
- <sup>17</sup> Issued 30 November 1990 and will mature in November 2000. Interest on the notes is payable semi-annually in arrears in May and November at an interest rate of 14.25% p.a. until November 1995. Thereafter, interest will be payable quarterly in arrears in February, May, August and November at a rate 0.80% p.a. above the stated average of Bank Bill rates
- <sup>18</sup> Issued 27 August 1990 at a discount and will mature in January 2001. Interest on the notes is payable semi-annually in arrears in January and July. The interest rate is 12.50% p.a. until July 1996, thereafter the interest will be at a rate 0.40% p.a. above the stated average of Bank Bill rates
- <sup>19</sup> Issued 16 May 1991 and will mature in May 2001. Interest on the notes is payable annually in arrears in May at a rate of 12.625% p.a.
- <sup>20</sup> Issued on 11 October 1990 and will mature in five equal annual instalments in October of 1998 to 2002. Interest on the notes is payable quarterly in arrears in January, April, July and October at a variable rate over LIBOR with a ceiling of 0.60% p.a. until October 1995 and 0.70% p.a. thereafter until maturity
- <sup>21</sup> Issued 7 February 1994 and will mature in February 2004. Interest on the notes is payable semi-annually in arrears in February and August at a rate of 6.25%
- <sup>22</sup> Issued 17 October 1991 and will mature in October 2007 with progressive amortisation occurring in 2002, 2003, 2004, 2005, 2006 and 2007. Interest on the debt is payable semi-annually in arrears in March and September at a rate 0.50% p.a. above LIBOR
- <sup>23</sup> Issued 17 October 1991 and will mature in October 2007 with progressive amortisation occurring in 2005, 2006 and 2007. Interest on the debt is payable semi-annually in arrears in March and September at a rate 0.50% p.a. above LIBOR
- <sup>24</sup> Issued 27 March 1992 and will mature in March 2008 with progressive amortisation occurring in 2006 and 2007. Interest on the debt is payable semi-annually in arrears in February and August at a rate 0.55% p.a. above LIBOR
- <sup>25</sup> Issued 27 March 1992 and will mature in March 2008 with progressive amortisation occurring in 2002, 2003, 2004, 2005, 2006, 2007 and 2008. Interest on the debt is payable semi-annually in arrears in February and August at a rate 0.50% p.a. above LIBOR
- <sup>26</sup> Issued 12 December 1991 and will mature in December 2008 with progressive amortisation commencing in January 2008. Interest on the debt is payable semi-annually in arrears in January and July. The interest rate is 1.03% p.a. above LIBOR until January 2002, thereafter the interest rate will be 0.53% p.a. above LIBOR

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

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	1994 \$M	1993 \$M
<b>29: Outside Equity Interests</b>		
Paid-up capital	30.9	31.1
Reserves	15.6	13.8
Retained profits(accumulated losses)	2.0	(1.0)
<b>Total outside equity interests</b>	<b>48.5</b>	<b>43.9</b>

**30: Segment Analysis**

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

Geographical <sup>1</sup>	Consolidated			
	1994		1993	
	\$M	%	\$M	%
<b>Income</b>				
Australia	5,190.7	61.3	5,646.0	63.0
New Zealand	1,138.0	13.4	1,143.6	12.8
UK and Europe <sup>2</sup>	739.8	8.7	900.7	10.1
Asia Pacific	503.8	6.0	483.6	5.4
South Asia <sup>3</sup>	369.3	4.4	313.7	3.5
Americas	265.2	3.1	200.8	2.2
Middle East <sup>4</sup>	266.2	3.1	267.1	3.0
	<b>8,473.0</b>	<b>100.0</b>	<b>8,955.5</b>	<b>100.0</b>
<b>Operating profit(loss) before income tax</b>				
Australia	638.5	53.0	316.2	47.9
New Zealand	141.3	11.7	131.9	20.0
UK and Europe <sup>2</sup>	116.6	9.7	63.7	9.6
Asia Pacific	89.4	7.4	82.5	12.5
South Asia <sup>3</sup>	65.3	5.4	(35.9)	(5.4)
Americas	83.6	7.0	36.5	5.5
Middle East <sup>4</sup>	70.2	5.8	65.5	9.9
	<b>1,204.9</b>	<b>100.0</b>	<b>660.4</b>	<b>100.0</b>
Abnormal items <sup>5</sup>	17.3		(172.5)	
	<b>1,222.2</b>		<b>487.9</b>	
<b>Operating profit(loss) after income tax</b>				
Australia	456.8	56.9	199.9	43.5
New Zealand	95.7	11.9	95.9	20.9
UK and Europe <sup>2</sup>	75.6	9.4	55.7	12.1
Asia Pacific	56.1	7.0	52.7	11.5
South Asia <sup>3</sup>	24.2	3.0	(4.0)	(0.9)
Americas	59.7	7.4	27.8	6.0
Middle East <sup>4</sup>	35.1	4.4	31.7	6.9
	<b>803.2</b>	<b>100.0</b>	<b>459.7</b>	<b>100.0</b>
Abnormal items <sup>7</sup>	18.7		(213.2)	
	<b>821.9</b>		<b>246.5</b>	
<b>Total assets</b>				
Australia	62,511.7	61.8	62,163.6	62.2
New Zealand	12,543.1	12.4	11,634.5	11.6
UK and Europe <sup>2</sup>	9,269.6	9.2	10,520.5	10.5
Asia Pacific	7,308.7	7.2	6,399.6	6.4
South Asia <sup>3</sup>	3,290.1	3.3	3,248.9	3.3
Americas	3,691.8	3.6	3,147.3	3.2
Middle East <sup>4</sup>	2,574.4	2.5	2,818.2	2.8
	<b>101,189.4</b>	<b>100.0</b>	<b>99,932.6</b>	<b>100.0</b>



NOTES TO THE FINANCIAL STATEMENTS

	Consolidated			
	SM	1994 %	SM	1993 %
<b>30: Segment Analysis (continued)</b>				
<b>Risk weighted assets</b>				
Australia	50,940.7	67.0	51,954.3	67.6
New Zealand	9,709.4	12.8	8,632.3	11.2
UK and Europe <sup>2</sup>	4,686.9	6.2	5,703.0	7.4
Asia Pacific	4,110.2	5.4	4,123.4	5.4
South Asia <sup>3</sup>	2,111.5	2.8	1,915.6	2.5
Americas	2,837.5	3.7	2,747.0	3.6
Middle East <sup>4</sup>	1,630.8	2.1	1,784.4	2.3
	<b>76,027.0</b>	<b>100.0</b>	<b>76,860.0</b>	<b>100.0</b>
<b>Industry<sup>1</sup></b>				
<b>Income</b>				
General and investment banking	7,299.2	86.1	7,563.0	84.4
Finance	1,004.4	11.9	1,079.5	12.1
Insurance and funds management	169.4	2.0	135.0	1.5
LFD Limited	-	-	178.0	2.0
	<b>8,473.0</b>	<b>100.0</b>	<b>8,955.5</b>	<b>100.0</b>
<b>Operating profit before income tax</b>				
General and investment banking	964.6	80.1	621.4	94.1
Finance	182.2	15.1	11.0	1.7
Insurance and funds management	58.1	4.8	28.0	4.2
	<b>1,204.9</b>	<b>100.0</b>	<b>660.4</b>	<b>100.0</b>
Abnormal items	17.3		(172.5)	
	<b>1,222.2</b>		<b>487.9</b>	
<b>Operating profit after income tax</b>				
General and investment banking	623.1	77.6	418.6	91.1
Finance	127.9	15.9	16.6	3.6
Insurance and funds management	52.2	6.5	24.5	5.3
	<b>803.2</b>	<b>100.0</b>	<b>459.7</b>	<b>100.0</b>
Abnormal items	18.7		(213.2)	
	<b>821.9</b>		<b>246.5</b>	
<b>Total assets</b>				
General and investment banking	91,826.8	90.7	90,752.3	90.8
Finance	8,968.3	8.9	8,833.2	8.8
Insurance and funds management	394.3	0.4	347.1	0.4
	<b>101,189.4</b>	<b>100.0</b>	<b>99,932.6</b>	<b>100.0</b>

<sup>1</sup> During 1993 the Economic entity changed its practice to require general provisions to be booked in the entity to which they relate. Certain tax losses were also transferred between entities within the Economic entity. These internal reallocations have been excluded from the segment results as there had been no net effect on the result of the Economic entity

<sup>2</sup> Includes Africa's operations for the period to its disposal in November 1992

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

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

30: Segment Analysis (continued)

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

	Consolidated	
	1994	1993
	\$M	\$M
Australia	13.7	(237.1)
New Zealand	2.9	2.7
UK and Europe <sup>2</sup>	-	2.0
Asia Pacific	0.3	(0.2)
South Asia <sup>3</sup>	-	53.2
Americas	0.4	0.3
	17.3	(179.1)
Consolidation adjustment <sup>8</sup>	-	6.6
Total abnormal items before tax	17.3	(172.5)

<sup>6</sup> In 1993 a net writedown on revaluation of properties, comprising Australia \$82.8m and UK and Europe \$10.0m had been offset by upward revaluations in South Asia \$53.2m and New Zealand \$3.2m

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

	1994	1993
	\$M	\$M
Australia <sup>9</sup>	15.1	(276.4)
New Zealand	2.9	2.7
UK and Europe <sup>2</sup>	-	2.0
Asia Pacific	0.3	(1.4)
South Asia <sup>3</sup>	-	53.2
Americas	0.4	0.1
	18.7	(219.8)
Consolidation adjustment <sup>8</sup>	-	6.6
Total abnormal items after tax	18.7	(213.2)

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

<sup>9</sup> After deducting outside equity interests \$0.6m (1993:nil)



	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>31: Notes to the Statements of Cash Flows</b>				
<b>a) Reconciliation of operating profit after income tax to net cash provided by operating activities</b>				
		Inflows (Outflows)		Inflows (Outflows)
Operating profit after income tax	<b>821.9</b>	246.5	<b>434.7</b>	237.5
Adjustments to reconcile operating profit after income tax to net cash provided by operating activities				
Provision for doubtful debts	<b>381.4</b>	646.8	<b>303.6</b>	329.6
Depreciation and amortisation	<b>208.5</b>	209.1	<b>95.0</b>	91.3
Provisions for employee entitlements and other	<b>198.1</b>	191.1	<b>108.9</b>	101.6
Payments from provisions	<b>(123.4)</b>	(214.9)	<b>(43.1)</b>	(111.0)
Loss(profit) on sale of premises	<b>2.0</b>	48.4	<b>(0.4)</b>	4.0
(Profit)loss on sale of controlled entities and associates	<b>(7.0)</b>	(3.5)	<b>(4.1)</b>	1.8
Loss on sale of LFD Limited's businesses	-	23.8	-	-
Property writedowns	-	29.8	-	-
Provision for surplus lease space	<b>(7.0)</b>	74.0	<b>(7.0)</b>	74.0
(Profit)loss on sale of investment securities	<b>(23.7)</b>	(65.4)	<b>0.5</b>	(25.8)
Goodwill on acquisition	<b>0.4</b>	0.3	-	-
Net decrease(increase)				
Trading securities	<b>851.8</b>	243.7	<b>1,212.7</b>	228.1
Interest receivable	<b>(3.2)</b>	70.4	<b>25.8</b>	(2.2)
Accrued income	<b>4.5</b>	62.9	<b>(86.2)</b>	4.4
Net debit tax balances	<b>233.1</b>	85.4	<b>144.7</b>	84.2
Amortisation of discounts/premiums included in interest income	<b>(50.2)</b>	(60.4)	<b>16.3</b>	15.8
Net increase(decrease)				
Interest payable	<b>(91.7)</b>	(125.5)	<b>(73.2)</b>	(90.8)
Accrued expenses	<b>25.9</b>	(21.0)	<b>18.1</b>	13.9
Amortisation of discounts/premiums included in interest expense	<b>1.8</b>	2.0	<b>1.8</b>	2.0
Other	<b>(29.6)</b>	10.8	<b>18.8</b>	(0.7)
Total adjustments	<b>1,571.7</b>	1,207.8	<b>1,732.2</b>	720.2
<b>Net cash provided by operating activities</b>	<b>2,393.6</b>	1,454.3	<b>2,166.9</b>	957.7
<b>b) Reconciliation of cash</b>				
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheets as follows:				
Liquid assets - less than 90 days	<b>2,419.0</b>	3,323.1	<b>1,399.5</b>	2,271.3
Due from other banks - less than 90 days	<b>6,673.6</b>	5,757.0	<b>3,644.0</b>	2,607.7
	<b>9,092.6</b>	9,080.1	<b>5,043.5</b>	4,879.0

	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>31: Notes to the Statements of Cash Flows (continued)</b>				
<b>c) Acquisitions and disposals</b>				
Details of aggregate assets and liabilities of controlled entities acquired, and disposed of, by the Economic entity are as follows:				
Fair value of net assets acquired				
Liquid assets	56.1	0.4		
Due from other banks	12.5	-		
Regulatory deposits	3.9	-		
Net loans and advances	124.8	-		
Other assets	2.6	0.9		
Premises and equipment	0.6	12.2		
Due to other banks	(107.2)	-		
Creditors and other liabilities	(31.5)	(1.1)		
Deposits and other borrowings	(19.3)	(10.3)		
Income tax liability	(0.8)	-		
Provisions	(5.0)	-		
Outside equity interests in controlled entities	(5.5)	(0.4)		
Fair value of net assets acquired	31.2	1.7		
Goodwill on acquisition	4.6	0.3		
Consideration paid	35.8	2.0		
Less: cash acquired	47.7	-		
Cash consideration paid(received)	(11.9)	2.0		
Fair value of net assets disposed				
Liquid assets	-	137.4		
Investment securities	-	23.6		
Net loans and advances	-	304.0		
Other assets	-	72.4		
Premises and equipment	5.1	108.1		
Creditors and other liabilities	-	(56.8)		
Deposits and other borrowings	-	(393.3)		
Income tax liability	-	(5.6)		
Provisions	-	(17.4)		
Loan capital	-	(10.5)		
Outside equity interests in controlled entities	(0.6)	(7.5)		
Fair value of net assets disposed	4.5	154.4		
Net profit(loss) on disposal	4.1	(10.0)		
Cash disposed	-	(24.1)		
Consideration received/receivable	8.6	120.3		
Deferred settlements	14.0	(58.0)		
Cash consideration received	22.6	62.3		
<b>d) Non-cash financing and investing activities</b>				
Share capital issue				
Dividend reinvestment plan	136.8	95.5	136.8	95.5
Bonus option plan	5.5	8.4	5.5	8.4
Deferred settlement on disposal of				
Premises and equipment	-	(292.0)	-	-
Controlled entities	-	(58.0)	-	-



NOTES TO THE FINANCIAL STATEMENTS

	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1994 \$M	1993 \$M	1994 \$M	1993 \$M	
<b>32: Controlled Entities</b>						
All controlled entities are 100% owned unless otherwise noted <sup>1</sup>						
<b>Australia and New Zealand Banking Group Limited<sup>2</sup></b>				<b>331.0</b>	<b>128.4</b>	Banking
<b>Adelaide Nominees Ltd *</b>	England	#	#	#	#	Nominee Services
<b>A.F.T. Property Management Pty Ltd ‡</b>	Australia	0.5	0.5	#	#	Real Estate Manager
<b>A.F.T. Property Services Pty Ltd ‡</b>	Australia	0.9	0.9	#	#	Real Estate Manager
<b>ANZ Adelaide Group Limited ‡<sup>4</sup></b>	Australia	61.3	65.5	(4.2)	1.0	Property Owner
<b>ANZ Bank (Guernsey) Ltd *</b>	Guernsey	23.1	22.9	2.2	2.4	Banking
ANZ Management Company (Guernsey) Ltd *	Guernsey	0.2	0.2	0.1	0.1	Funds Management
ANZ Trust Company (Guernsey) Ltd *	Guernsey	#	#	#	#	Trustee
<b>ANZ Business Licensing Pty Ltd ‡</b>	Australia	#	#	#	#	Software Licensing
<b>ANZ Capital Hedging Ltd ‡</b>	Australia	#	#	1.5	(95.6)	Capital Hedging
<b>A.N.Z. Custodians Limited ‡</b>	Australia	#	#	#	#	Custodian Services
<b>ANZ (Delaware) Inc. *</b>	USA	#	#	#	#	Finance
<b>ANZ Eurofinance B.V. *</b>	Netherlands	1.3	1.3	0.1	0.2	Finance
<b>ANZ Executors &amp; Trustee Company Ltd</b>	Australia	22.2	16.2	5.6	1.4	Trustee/Nominee
ANZ Executors Nominees Ltd	Australia	#	#	#	#	Trustee/Nominee
ANZ Executors and Trustee Co. (Canberra) Ltd	Australia	0.6	0.6	0.1	0.2	Trustee/Nominee
ANZ Executors and Trustee Co. (South Australia) Ltd	Australia	0.8	0.8	0.3	0.9	Trustee/Nominee
B. & R. Securities Pty Ltd	Australia	#	#	#	#	Trustee/Nominee
<b>ANZ Finance (Far East) Limited ‡</b>	Australia	22.2	22.2	#	#	Property Owner
<b>ANZ Funds Pty Ltd ‡</b>	Australia	3,761.9	3,980.8	5.0	11.7	Holding Company
ANZ International Pte Ltd *	Singapore	715.6	695.6	1.2	1.8	Holding Company
ANZ Asia Pacific Holdings Ltd *	Hong Kong	4.1	4.7	0.8	0.6	Holding Company
ANZ Asia Ltd *	Hong Kong	1.7	2.0	11.1	6.7	Finance
ANZ Bank (Vanuatu) Ltd *	Vanuatu	#	#	1.3	2.0	Banking
ANZ McCaughan Securities (Asia) Ltd *	Hong Kong	1.9	2.1	0.2	0.4	Merchant Banking
ANZCOVER Insurance Pte Ltd *	Singapore	24.6	6.5	3.4	1.4	Insurance
ANZ Holdings (New Zealand) Ltd *	New Zealand	186.4	195.2	(8.3)	(11.6)	Holding Company
ANZ Banking Group (New Zealand) Ltd * <sup>5</sup>	New Zealand	327.3	341.8	30.6	10.1	Banking
ANZ Finance (New Zealand) No. One Ltd *	New Zealand	#	#	0.4	0.3	Investment
ANZ Investment Services (New Zealand) Ltd *	New Zealand	#	#	#	#	Funds Management
ANZ McCaughan (NZ) Ltd *	New Zealand	#	#	#	#	Non-operative
ANZ Securities (New Zealand) Ltd *	New Zealand	#	#	#	#	Non-operative
ANZ Pensions (New Zealand) Ltd *	New Zealand	#	#	#	#	Staff Pension Funds
National Mutual Permanent Building Society *	New Zealand	11.3	11.8	0.1	0.1	Building Society
New Zealand Merchant Nominees Ltd *	New Zealand	#	#	#	#	Non-operative
Charge Card Corporation Ltd *	New Zealand	#	#	0.1	(0.2)	Private Label Card Issuer
Endeavour Investments (New Zealand) Ltd *	New Zealand	779.2	472.7	17.3	26.2	Holding Company
ANZ McCaughan Securities (NZ) Ltd *	New Zealand	#	#	0.1	0.5	Stockbroking
ANZMAC Securities (NZ) Nominees Ltd *	New Zealand	#	#	#	#	Nominee
Tui Nominees Ltd *	New Zealand	#	#	#	#	Nominee
UDC Group Holdings Ltd * <sup>6</sup>	New Zealand	60.6	63.3	#	#	Holding Company
UDC Finance Ltd * <sup>5</sup>	New Zealand	49.8	52.0	12.9	5.9	Finance
Mutual Leasing Ltd *	New Zealand	3.3	3.5	4.2	2.7	Motor Vehicle Leasing
Kea Car Sales Ltd *	New Zealand	0.9	0.9	#	#	Non-operative
Mutual Finance Ltd *	New Zealand	0.8	0.9	#	#	Finance
Truck Leasing Ltd *	New Zealand	1.5	1.7	0.1	(0.3)	Leasing
Truck Rentals Limited *	New Zealand	#	#	#	#	Non-operative
UDC Developments Ltd *	New Zealand	#	#	(1.0)	0.4	Investment
UDC Finance (1991) Ltd *	New Zealand	34.6	38.5	4.5	7.7	Finance
Equitable Development Corporation Ltd *	New Zealand	#	#	#	0.1	Leasing Company
Southland Development Corporation Ltd *	New Zealand	5.5	3.5	0.6	0.6	Finance
UDC Leasing Ltd *	New Zealand	0.1	0.1	3.8	1.2	Lease Finance
Esanda Ltd *	New Zealand	#	#	#	#	Non-operative
Post Office Bank Ltd *	New Zealand	284.3	295.1	20.8	34.5	Banking

	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1994	1993	1994	1993	
		\$M	\$M	\$M	\$M	
<b>32: Controlled Entities (continued)</b>						
Bage Investments Ltd *	New Zealand	204.0	213.0	10.9	12.2	Investment
ANZ Holdings (New Zealand) 1990 Ltd *	New Zealand	37.4	38.9	1.5	1.8	Holding Company
National Mutual Financial Services Ltd *	New Zealand	40.8	42.6	#	#	Non-operative
ANZ Singapore Ltd *	Singapore	11.5	13.0	3.1	2.8	Merchant Banking
Index Computing Pte Ltd *	India	0.3	0.3	0.3	0.3	Computer Consultant
Siam Digest Ltd *	Thailand	#	#	#	0.1	Investment
Bank of Western Samoa *	Western Samoa	10.6	10.6	2.4	2.9	Banking
LFD Ltd <sup>7</sup>	Australia	200.6	51.7	13.6	(32.2)	Finance
Active Day Hospitals of Australia Ltd	Australia	#	#	#	#	Non-operative
Asquith Investments Pty Ltd	Australia	#	#	#	#	Property Development
Glen Gala Estates Pty Ltd	Australia	#	#	#	(2.2)	Property Development
BF Limited <sup>8</sup>	Australia	0.5	0.5	#	1.0	Non-operative
Binnstone Pty Limited	Australia	#	#	#	#	Non-operative
Binnstone (Sydney) Ltd <sup>9</sup>	Australia	0.2	0.2	#	#	Non-operative
Binnstone Traders Pty Limited <sup>10</sup>	Australia	#	#	#	(1.1)	Non-operative
DAOL Limited <sup>11</sup>	Australia	#	#	(0.2)	(3.3)	Wool Trading
DBPL Pty Limited <sup>12</sup>	Australia	#	#	#	0.1	Non-operative
Abovewho Pty Ltd	Australia	#	#	#	#	Non-operative
Port Phillip Scouring Pty Ltd §	Australia	0.5	0.5	#	0.1	Non-operative
DET Pty Limited <sup>13</sup>	Australia	#	#	#	#	Non-operative
DFN Pty Limited <sup>14</sup>	Australia	#	#	#	#	Trustee
DPF Pty Ltd <sup>15</sup>	Australia	#	#	#	#	Pension Fund Trustee
DPSPL Pty Limited <sup>16</sup>	Australia	0.2	0.2	0.1	0.1	Rural Lending
DRE (Vic) Pty Ltd <sup>17</sup>	Australia	#	#	#	#	Non-operative
GNPL Limited <sup>18</sup>	Australia	10.6	10.6	#	(0.9)	Non-operative
G&DPL Pty Ltd <sup>19</sup>	Australia	0.4	0.4	#	0.2	Non-operative
Montage Pty Ltd	Australia	#	#	#	(1.4)	Non-operative
RFDL Limited <sup>20</sup>	Australia	0.6	0.6	3.2	1.3	Finance
Watlingford Real Estate Pty Ltd	Australia	0.6	0.6	#	#	Non-operative
Town & Country Bank Ltd	Australia	115.2	115.2	14.1	13.7	Banking
Glencove Pty Ltd	Australia	#	#	0.2	0.2	Management
Guaranty Finance Insurance Pty Ltd	Australia	8.5	8.5	1.6	2.9	Mortgage Insurance
T&C Management Pty Ltd	Australia	#	#	0.2	0.2	Property Manager
T&C Technology Pty Ltd	Australia	#	#	#	#	Computer Software
Topgard Pty Ltd <sup>21</sup>	Australia	#	#	#	#	Mortgage Securities
GMBS International No.3 Ltd * <sup>21</sup>	Cayman Islands	#	#	#	#	Mortgage Securities
Town & Country Housing Bonds Ltd §	Australia	#	#	#	#	Non-operative
Town & Country Housing Trust	Australia	47.6	43.5	0.1	0.4	Property Investment
Town & Country Property Growth Trust	Australia	5.9	7.7	1.0	1.0	Property Investment
Town & Country Properties Ltd	Australia	#	#	0.9	1.4	Management
<b>ANZ Grindlays International Ltd *</b>	Hong Kong	#	#	#	#	Offshore Banking
<b>A.N.Z Holdings Limited ‡</b>	Australia	127.6	127.4	0.2	1.8	Property and Investment
Tannadice Pty Ltd ‡ §	Australia	#	#	#	#	Non-operative
Tirocourt Pty Ltd ‡ §	Australia	#	#	#	#	Non-operative
<b>ANZ Holdings (UK) plc *</b>	England	1,023.8	1,099.3	0.2	0.6	Holding Company
ANZ Finance Corporation Ltd *	England	#	#	#	#	Non-operative
ANZ Grindlays Bank plc * <sup>22</sup>	England	222.2	243.5	140.4	52.5	Banking
Anvid Ltd *	England	#	#	#	(0.5)	Property Finance
ANZ Finanziaria Sp A § *	Italy	0.9	1.0	#	#	Non-operative
ANZ Grindlays Executor & Trustee Co. Ltd *	England	0.2	0.2	#	#	Non-operative
ANZ Grindlays Finance Corporation Ltd *	England	196.2	215.1	3.6	4.3	Holding Company
ANZ Aval Ltd *	England	#	#	#	#	Non-operative
ANZ Grindlays Export Finance Ltd *	England	0.6	0.6	(0.7)	0.2	Export/Finance
Brandt's Nominees Ltd *	England	#	#	#	#	Nominee
Camberley Developments Ltd *	England	#	#	#	#	Property Development



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	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1994	1993	1994	1993	
		\$M	\$M	\$M	\$M	
<b>32: Controlled Entities (continued)</b>						
Grindlays Equipment Finance Ltd *	England	#	#	#	#	Lease Finance
Minerva Holdings Ltd *	England	196.2	215.1	4.0	21.2	Holding Company
ANZ Grindlays Jersey Holdings Ltd *	Jersey	81.5	89.3	#	#	Holding Company
ANZ Grindlays Bank (Jersey) Ltd *	Jersey	81.4	89.2	16.4	17.4	Banking
ANZ Grindlays Bank Nominees (Jersey) Ltd *	Jersey	#	#	#	#	Nominee
ANZ Grindlays Trust Holdings Ltd *	Jersey	0.1	0.1	1.5	#	Holding Company
ANZ Grindlays Nominee Ltd *	Jersey	#	#	#	#	Nominee
ANZ Grindlays Secretaries Ltd *	Jersey	#	#	#	#	Company Administration
ANZ Grindlays Trust Corporation (Jersey) Ltd *	Jersey	2.9	3.1	#	1.3	Trust Manager
Olec Trustee Ltd *	Jersey	#	#	#	#	Trust Manager
ANZ Grindlays Trust (Jersey) Ltd *	Jersey	#	#	#	#	Non-operative
Valiant Heart Limited *	Jersey	#	#	#	#	Property Holder
ANZ Grindlays Yacht Services Ltd *	Jersey	#	#	#	#	Yacht Registration
ANZ One Ltd *	Jersey	#	#	#	#	Nominee
ANZ Three Ltd *	Jersey	#	#	#	#	Nominee
ANZ Two Ltd *	Jersey	#	#	#	#	Nominee
Olec Secretaries Ltd *	Jersey	#	#	#	#	Secretarial Services
ANZ Securities Inc *	USA	0.8	-	#	-	Broker
ANZ Grindlays Pension Trustees Limited *	England	#	#	#	#	Pension Fund Trustee
ANZ Leasing Limited *	England	#	#	(0.7)	(1.0)	Lease Finance
ANZ Leasing (No.2) Ltd *	England	#	#	(0.1)	#	Lease Finance
ANZ McCaughan Securities (Switzerland) AG *	Switzerland	4.0	4.3	0.1	#	Non-operative
ANZ Grindlays Trust Company (Switzerland) SA *	Switzerland	#	0.1	#	#	Trust Manager
Societe Immobiliere Quai Du Mont-Blanc 7 *	Switzerland	2.3	2.5	0.1	0.1	Property Holder
ANZ Participacoes E Servicos Ltda *	Brazil	#	#	(0.1)	(0.1)	Representative Services
Clive Street Nominees Private Limited †	India	#	#	#	#	Nominee
Esanda Finanz and Leasing Limited * <sup>23</sup>	India	0.7	0.7	0.3	0.4	Lease Finance
Finanz Investments (Pte) Limited *	India	#	#	#	#	Non-operative
Grindlays Bahrain Bank B.S.C † <sup>24</sup>	Bahrain	4.9	5.3	1.2	2.1	Banking
Grindlays International (Cayman Islands) Limited †	Cayman Islands	#	#	#	#	Non-operative
Grindlays International (Nederland) BV †	Netherlands	0.5	0.5	(0.1)	#	Holding Company
Grindlays Modaraba Management (Private) Limited †	Pakistan	#	#	#	#	Fund Management
Grindlays Services of Pakistan (Private) Limited †	Pakistan	2.1	2.3	0.4	0.4	Fund Management
Hotel Regina SA * <sup>25</sup>	Switzerland	#	#	#	#	Non-operative
Minerva Nominees Limited *	England	#	#	#	#	Nominee
National and Grindlays Bank Trust Company Limited *	England	#	#	#	#	Trustee
Nepal Grindlays Bank Limited †	Nepal	1.1	1.2	1.7	2.0	Banking
PFP Finance Limited *	England	0.2	0.3	#	#	Nominee
Spey Industrials Ltd *	England	#	#	#	#	Non-operative
Gillespie Bros & Company Limited *	England	#	#	#	#	Non-operative
National and Grindlays Bank Limited *	England	#	#	#	#	Name Protection
ANZ McCaughan (UK) Ltd *	England	#	#	(5.8)	(7.9)	Holding Company
ANZMB Ltd *	England	60.0	65.8	2.3	3.0	Investment Banking
ANZ McCaughan Properties Ltd *	England	#	#	#	#	Non-operative
ANZ McCaughan Securities (UK) Ltd *	England	2.2	2.4	0.2	0.9	Investment Banking
Anzstock Securities Ltd *	England	#	#	#	#	Property Finance
ES&A Properties (UK) Ltd *	England	0.3	0.3	#	#	Non-operative
<b>ANZ Investment Holdings Limited</b>	Australia	#	#	(23.7)	(30.1)	Investment
530 Collins Street Property Trust	Australia	397.2	397.2	13.2	(2.3)	Investment activities
<b>A.N.Z Investments Limited</b>	Australia	14.9	11.7	1.7	2.0	Deposit Taker
A.N.Z Discounts Limited	Australia	#	#	(41.8)	(47.1)	Superannuation Contributor
<b>ANZ Leasing Pty Ltd ‡</b>	Australia	#	#	#	#	Leveraged Leasing
<b>ANZ Leasing (ACT) Pty Ltd ‡</b>	Australia	#	#	#	#	Leveraged Leasing
<b>ANZ Leasing No.125 Ltd ‡</b>	Australia	9.6	7.4	2.2	4.5	Non-operative

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	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1994	1993	1994	1993	
		\$M	\$M	\$M	\$M	
<b>32: Controlled Entities (continued)</b>						
ANZ Leasing (NSW) Pty Ltd ‡	Australia	#	#	#	#	Leveraged Leasing
ANZ Leasing (NT) Pty Ltd ‡	Australia	#	#	#	#	Leveraged Leasing
ANZ Leasing (Vic) Pty Ltd ‡	Australia	#	#	#	#	Leveraged Leasing
ANZ Life Assurance Company Limited	Australia	247.9	202.9	41.8	17.0	Life Assurance
Crescent Pacific Properties Limited §	Australia	#	#	#	#	Non-operative
Greater Pacific Nominees Pty Limited	Australia	#	#	#	#	Trustee
ANZ Limited Partnership *	USA	#	#	#	#	Property Holding
ANZ II Limited Partnership *	USA	#	#	#	0.5	Property Holding
ANZ McCaughan Limited	Australia	68.9	53.7	(0.9)	(5.3)	Holding Company
ANZCAP Securities Limited	Australia	2.0	2.0	#	#	Non-operative
ANZ McCaughan Clearing Services Limited	Australia	1.0	1.0	#	#	Futures clearing
ANZ McCaughan Corporate and Financial Services Limited	Australia	0.8	0.8	3.9	0.5	Consulting
ANZ McCaughan Futures Limited	Australia	#	#	1.0	0.6	Futures Trading
ANZ McCaughan Portfolio Allocation Limited	Australia	0.1	0.1	#	#	Futures Clearing
ANZ McCaughan Securities Limited	Australia	6.4	6.4	9.0	8.0	Stockbroking
Bow Lane Nominees Pty Ltd	Australia	#	#	#	#	Nominee
Skeet Nominees Pty Ltd	Australia	#	#	#	#	Nominee
Snipe Nominees (1981) Pty Ltd	Australia	#	#	#	#	Nominee
ANZ McCaughan Securities (USA) Inc *	USA	2.2	2.2	1.5	0.1	Stockbroking
ANZ McCaughan Services Pty Limited	Australia	#	#	0.1	(0.1)	Administration
Australian International Limited *	Vanuatu	0.2	0.2	0.2	0.1	Merchant Banking
A.N.Z Nominees Limited ‡	Australia	#	#	#	#	Nominee Services
ANZ Nominees (Guernsey) Limited *	Guernsey	#	#	#	#	Nominee Services
ANZ Pensions Pty Limited ‡	Australia	#	#	#	#	Pension Fund Trustee
ANZ Pensions (UK) Limited *	England	0.5	0.6	#	#	Pension Fund Trustee
A.N.Z Properties (Australia) Limited	Australia	24.8	24.8	#	(6.0)	Property Owner
Weelya Pty Ltd	Australia	4.2	7.4	#	0.4	Property Owner
ANZ Realty Holdings (USA) Inc. * <sup>26</sup>	USA	#	#	#	0.2	Property Holding
ANZ Realty Holdings II (USA) Inc. * <sup>27</sup>	USA	#	#	#	0.1	Property Holding
ANZ Staff Superannuation (Australia) Pty Limited ‡	Australia	#	#	#	#	Pension Fund Trustee
ANZ UK Dividends (AUD) Ltd *	England	3.7	#	0.1	0.1	Dividend Plan
Australia and New Zealand Banking Group (PNG) Limited *	Papua New Guinea	5.5	#	7.0	4.7	Banking
Niugini International Bank Limited *	Papua New Guinea	#	#	#	#	Non-operative
Broadbeach Waters Pty Ltd <sup>28 29</sup>	Australia	#	-	#	-	Trustee
Coral Gardens Pty Limited <sup>28 30</sup>	Australia	#	-	#	-	Trustee
Dinias Pty Ltd ‡	Australia	#	#	#	#	Property Developer
Development Finance Corporation Limited ‡	Australia	59.6	58.0	1.6	6.0	Holding Company
A.F.T. Investors Services Limited ‡	Australia	5.7	5.7	#	#	Unit Trust Manager
A.F.T. Limited ‡	Australia	0.1	0.1	#	#	Non-operative
A.F.T. (Canberra) Limited ‡	Australia	#	#	#	#	Retirement Fund
Australian Fixed Trusts Limited ‡	Australia	0.8	0.8	#	#	Superfund Trustee
Development Nominees Pty Limited ‡ §	Australia	#	#	#	#	Non-operative
Delfin Holdings Limited ‡ §	Australia	15.9	15.9	0.1	#	Non-operative
Allied Australian Investments Limited ‡ §	Australia	3.9	3.1	#	#	Non-operative
Belobek Pty Limited ‡ §	Australia	#	#	#	0.2	Non-operative
Delfin Services Limited ‡ §	Australia	1.5	1.5	#	#	Non-operative
Durham Developments Pty Ltd <sup>28</sup>	Australia	#	-	#	-	Property Development
Eriel Pty Ltd	Australia	#	-	#	-	Trustee
Erolnot Pty Limited <sup>28</sup>	Australia	#	-	#	-	Property Development
E.S.&A. Holdings Limited ‡	Australia	#	#	0.1	(6.8)	Property Investment
E.S.&A. Properties (Australia) Limited ‡	Australia	6.9	2.3	#	#	Property Owner



NOTES TO THE FINANCIAL STATEMENTS

	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1994	1993	1994	1993	
		\$M	\$M	\$M	\$M	
<b>32: Controlled Entities (continued)</b>						
<b>Esanda Finance Corporation Limited</b>	Australia	726.6	585.1	124.9	67.4	General Finance
Esanda (Finance) Australia Limited	Australia	#	#	0.7	#	Lease Finance
Esanda (Wholesale) Proprietary Limited	Australia	#	#	#	#	Motor Vehicle Finance
Finance Corporation of Australia Limited	Australia	75.0	75.0	2.7	8.8	Real Estate Finance
Esanda Equipment Credit Pty Limited	Australia	8.1	8.1	3.0	1.2	Lease Finance
International Corporate Park Management Pty Ltd	Australia	#	-	#	-	Management Company
Lepac Limited§	Australia	40.0	40.0	#	#	Non-operative
Mercantile Credits Limited <sup>31</sup>	Australia	9.2	9.2	5.9	(6.9)	General Finance
Alliance Holdings Limited	Australia	119.4	119.4	#	#	Holding company
Alliance Acceptance Co. Limited	Australia	1.8	1.8	2.1	1.3	Finance
Alliance Commercial Finance Limited §	Australia	#	#	#	#	Non-operative
Alliance Credit (NSW) Pty Ltd §	Australia	0.1	0.1	#	(0.1)	Non-operative
EPD Pty Ltd §	Australia	#	#	0.1	0.1	Non-operative
Jarview Pty Ltd §	Australia	#	-	#	-	Non-operative
Salamander Development Unit Trust	Australia	#	-	#	-	Property Development
Alliance Finance (Leasing) Pty Limited §	Australia	0.1	0.1	#	#	Non-operative
The National Alliance Insurance Co. Limited §	Australia	1.5	1.5	#	#	Non-operative
ANZCAP Leasing Nominees Pty Limited	Australia	#	#	0.5	0.5	Lease Finance
ANZCAP Leasing Nominees (Vic) Pty Ltd	Australia	#	#	0.3	0.4	Lease Finance
ANZCAP Leasing Services Limited	Australia	#	#	(0.7)	2.2	Lease Finance
ANZCAP Leasing (Vic) Pty Ltd	Australia	#	#	2.0	1.7	Lease Finance
MCL Holdings Pty Ltd §	Australia	7.2	7.2	#	#	Non-operative
Mercantile Credits Financial Services Limited § <sup>32</sup>	Australia	7.2	7.2	#	#	Non-operative
MCL Finance Pty Limited §	Australia	#	#	#	#	Non-operative
MCL Leasing Pty Limited §	Australia	#	#	#	#	Non-operative
Mercantile Underwood Limited	Australia	70.0	70.0	#	#	Investment
Mercredits Leasing Limited §	Australia	#	#	#	#	Non-operative
Mercredits Wholesale Limited §	Australia	0.4	0.4	#	#	Non-operative
Trefold Pty Ltd §	Australia	#	-	#	-	Non-operative
<b>FCA Finance Pty Limited ‡</b>	Australia	#	#	2.0	5.8	Real Estate Finance
Analed Pty Ltd ‡	Australia	#	#	(14.9)	(36.2)	Property Development
Endeavour Hills Pty Limited ‡ §	Australia	#	#	#	#	Non-operative
Ironbark Developments Pty Ltd ‡ §	Australia	#	#	#	#	Non-operative
Lefca Investments Pty Ltd ‡ §	Australia	#	#	#	#	Non-operative
<b>Grindlays Eurofinance BV *</b>	Netherlands	4.8	5.0	0.3	0.4	Finance
<b>Iraklion Pty Limited ‡ §</b>	Australia	#	#	#	#	Non-operative
Canagong Pty Limited ‡ §	Australia	#	#	#	#	Non-operative
Kobong Pty Limited ‡ §	Australia	#	#	#	#	Non-operative
Bombora Pty Limited ‡	Australia	#	#	(1.0)	1.0	Investment
<b>Japan-Australia Venture Capital Fund (MIC) Ltd</b>	Australia	6.0	8.3	(0.4)	0.2	Investment
<b>Koloban Pty Limited §</b>	Australia	#	#	#	#	Non-operative
<b>Leash Nominees Pty Limited ‡ §</b>	Australia	#	#	#	#	Non-operative
<b>Mardi Pty Ltd</b>	Australia	#	-	#	-	Non-operative
<b>McCaughan Dyson Holdings Ltd</b>	Australia	11.1	11.1	#	(0.4)	Holding Company
<b>Melbourne Safe Deposit Proprietary Limited ‡ §</b>	Australia	48.9	47.2	#	#	Non-operative
ANZ Managed Investments Limited	Australia	47.0	47.0	1.7	12.8	Unit Trust Manager
<b>Nepean International Travel Pty Ltd ‡ §</b>	Australia	0.3	#	0.5	(0.2)	Non-operative
<b>NMRB Limited ‡</b>	Australia	326.8	305.0	6.8	0.9	Holding Company
ANZ Capel Court Limited	Australia	57.4	57.4	2.8	2.7	Investment Banking
Capel Court Finance Limited	Australia	#	#	#	#	Investment
Capel Court Investments Pty Ltd	Australia	2.2	2.2	#	#	Investment
Newpolar Limited *§ <sup>33</sup>	England	#	#	#	#	Non-operative
Capel Court Finance (Vic) Pty Ltd	Australia	#	#	#	#	Non-operative
Capel Court Inc. *§	USA	#	#	#	#	Non-operative
Capel Court International Investments Pty Ltd	Australia	#	#	0.6	(0.7)	Investment

NOTES TO THE FINANCIAL STATEMENTS

	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1994	1993	1994	1993	
		\$M	\$M	\$M	\$M	
<b>32: Controlled Entities (continued)</b>						
Capel Court Management Limited	Australia	0.9	0.9	0.3	0.3	Investment
Bronzan Pty Ltd	Australia	0.6	0.6	#	#	Investment
Capel Court Pacific Inc. *§	USA	#	#	#	#	Non-operative
Castle-Lane Nominees Pty Limited	Australia	#	#	#	#	Nominee
Dalyee Pty Limited	Australia	1.6	1.6	#	#	Investment
Capel Court Nominees Limited §	Australia	#	#	#	#	Non-operative
Ceylonite Pty Limited	Australia	#	#	#	#	Investment
Fifth Mallatri Pty Ltd	Australia	#	#	#	#	Investment
Noreag Pty Ltd	Australia	#	#	#	#	Investment
Rinope Pty Limited	Australia	#	#	#	#	Lease Finance
NMRB Australia Finance Limited ‡	Australia	#	#	0.1	#	Medium Term Finance
NMRB Finance Limited ‡	Australia	#	#	(0.8)	0.3	Leasing
NMRB Investments Limited ‡	Australia	#	#	#	#	Investment
NMRSB Ltd ‡	Australia	132.1	132.1	1.2	5.3	Holding Company
Ecomel Pty Limited ‡	Australia	#	#	(0.1)	0.1	Servicing Agent
Elgeba Pty Limited ‡	Australia	#	#	0.3	0.1	Agency
NMRB Insurance (Agents) Pty Limited ‡	Australia	0.7	0.7	#	#	Non-operative
NMRB Management Services Ltd ‡	Australia	#	#	0.6	#	Fixed Assets Manager
Royaust Management Limited §	Australia	0.1	0.1	#	#	Non-operative
Pemarvin Pty Limited ‡	Australia	0.5	0.5	#	#	Property Unit Trustee
PT ANZ Panin Bank *	Indonesia	29.3	-	2.9	-	Banking
TCL No.2 Trust <sup>28</sup>	Australia	#	-	#	-	Property Development
The Anchorage Port Stephens Pty Ltd <sup>28</sup>	Australia	17.5	-	#	-	Property Management
The Anchorage Unit Trust <sup>28</sup>	Australia	#	-	#	-	Property Development
The Potter Mercantile Unit Trust No. 1 <sup>28</sup>	Australia	#	-	#	-	Property Development
Yarraga Pty Ltd ‡	Australia	#	#	#	#	Pension Fund Trustee
Zan Investments Limited *	Singapore	129.8	155.0	(2.0)	0.2	Investment
Total contributions to the Economic entity result after income tax and abnormal items				823.5	258.6	
Adjustment for controlled entities sold/liquidated				(1.2)	(12.1)	
Adjustments on consolidation				(0.4)	-	
<b>Consolidated operating profit after income tax</b>				<b>821.9</b>	<b>246.5</b>	

\* Audited by overseas KPMG firms

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

# Amounts less than \$50,000

† Audited by firms other than members of KPMG

§ Company currently in liquidation

<sup>1</sup> All controlled entities are 100% owned with the exception of Asquith Investments Pty Limited (94.5% (1993: 62%)), Australia and New Zealand Banking Group (PNG) Limited (92.6%), Bank of Western Samoa (75%), Binnstone (Sydney) Limited (63.8%), Durham Developments Pty Ltd (50%), Erotnot Pty Ltd (50%), Esanda Finanz and Leasing Limited (51%), Finanz Investments (Pte) Ltd (51%), G&DPL Pty Ltd (in excess of 99.99%), GMBS International No. 3 Limited (33.3%), Grindlays Bahrain Bank B.S.C (40%), International Corporate Park Management Pty Ltd (92.5%), Japan-Australia Venture Capital Fund (MIC) Ltd (77%), Kea Car Sales Ltd (80%), LFD Limited (95%), Mutual Finance Ltd (80%), Mutual Leasing Ltd (80%), Nepal Grindlays Bank Limited (50%), Port Phillip Scouring Pty Ltd (65%), PT ANZ Panin Bank (85%), The Anchorage Port Stephens Pty Ltd (33%), The Anchorage Unit Trust (33%), Topgard Pty Ltd (33.3%), Town & Country Housing Trust (88.1% (1993: 86.9%)), Truck Leasing Limited (80%), and Truck Rentals Limited (80%)

<sup>2</sup> Australia and New Zealand Banking Group Limited carries on business in various countries throughout the world. Overseas controlled entities carry on business in their country of incorporation with the exception of ANZ McCaughan Securities Limited, which has a branch office in the United Kingdom and representative offices in Japan and Hong Kong; and ANZ Grindlays Bank plc, which has branch offices in Switzerland, Bangladesh, India, Bahrain, Jordan, Oman, Pakistan, Qatar, UAE, Greece and Sri Lanka and a representative office in Brazil



**32: Controlled Entities (continued)**

<sup>3</sup> Outside equity interests hold ordinary shares or units in the following controlled entities

- Asquith Investments Pty Ltd - 150,000 \$1 shares (5.5%)
- Australia and New Zealand Banking Group (PNG) Limited - 371,507 PGK1 shares (7.4%)
- Bank of Western Samoa - 375,000 WST1 shares (25%)
- Bimstone (Sydney) Ltd - 56,834 fully paid \$1 shares and 116,900 \$1 shares partly paid to \$0.01 (36.2%)
- Durham Developments Pty Ltd - 20,000 \$1 shares (50%)
- Erolnot Pty Ltd - 1 \$1 share (50%)
- Esanda Finanz and Leasing Limited - 23,651,000 INR10 shares (49%)
- Finanz Investments (Pte) Ltd - 49 INR10 shares (49%)
- G&DPL Pty Ltd - 2 \$1 shares (less than 0.01%)
- GMBS International No. 3 Limited - 67 USD1 shares (66.7%)
- Grindlays Bahrain Bank B.S.C - 2,400,000 BHD1 shares (60%)
- International Corporate Park Management Pty Ltd - 520 \$0.01 class 'A' shares (7.5%)
- Japan-Australia Venture Capital Fund (MIC) Limited - 19,244 \$1 shares (23%)
- Kea Car Sales Ltd - 20,000 NZD1 shares (20%)
- LFD Limited - 19,012,236 \$1 shares, 1,100,000 \$1 class 'A' shares and 1,200,000 \$1 class 'B' shares (5%)
- Mutual Finance Ltd - 100,000 NZD1 shares (20%)
- Mutual Leasing Ltd - 2,000,000 NZD1 shares (20%)
- Nepal Grindlays Bank Limited - 500,000 NPR100 shares (50%)
- Port Phillip Scouring Pty Ltd - 87,500 \$1 shares (35%)
- PT ANZ Panin Bank - 7500 IDR1m shares (15%)
- The Anchorage Port Stephens Pty Ltd - 66 \$1 shares (67%)
- The Anchorage Unit Trust - 19,702,673 \$1 units (67%)
- Toggard Pty Ltd - 200 \$1 shares (66.7%)
- Town & Country Housing Trust - 4,183,204 \$1 units (11.9%)
- Truck Leasing Limited - 633,000 NZD1 shares (20%)
- Truck Rentals Limited - 20 NZD1 shares (20%)

<sup>4</sup> ANZ Adelaide Group Limited owns 100% of the issued ordinary shares of Penplaza Investments Pty Limited but does not control Penplaza Investments Pty Limited as it does not have substantially all the risks and benefits incidental to ownership or control

<sup>5</sup> During the year the assets and liabilities of ANZ Properties (New Zealand) Limited were amalgamated with those of ANZ Banking Group (New Zealand) Limited and the assets and liabilities of UDC Nominees Limited, UDC Mercantile Securities Limited, UDC Finance (1988) Limited and Coast Cash Orders and Finance Limited were amalgamated with those of UDC Finance Limited. This amalgamation has resulted in National Mutual Permanent Building Society becoming a 100% controlled entity of ANZ Banking Group (New Zealand) Limited

<sup>6</sup> ANZ Banking Group (New Zealand) Ltd owns an additional 21% (1993:21%) of the issued ordinary shares of UDC Group Holdings Ltd. This investment is recorded in the books of ANZ Banking Group (New Zealand) Ltd at an amount of \$7.6m (1993:\$7.9m)

<sup>7</sup> Formerly Dalgety Farmers Limited

<sup>8</sup> Formerly Bennetts Farmers Ltd

<sup>9</sup> Formerly Wooldumpers (Sydney) Ltd

<sup>10</sup> Formerly Port Phillip Wool Traders Pty Ltd

<sup>11</sup> Formerly Dalgety Australia Operations Ltd

<sup>12</sup> Formerly Dalgety Bridge Pty Ltd

<sup>13</sup> Formerly Dalgety Essex Technology Pty Ltd

<sup>14</sup> Formerly Dalgety Farmers Nominees Pty Ltd

<sup>15</sup> Formerly Dalgety Pension Fund Pty Ltd

<sup>16</sup> Formerly Dalgety Primary Services Pty Ltd

<sup>17</sup> Formerly Dalgety Real Estate (Vic) Pty Ltd

<sup>18</sup> Formerly Gippsland and Northern Properties Ltd

<sup>19</sup> Formerly Goodman & Donoghue Pty Ltd

<sup>20</sup> Formerly Dalgety Rural Finance Limited

<sup>21</sup> Town & Country Bank Limited controls Toggard Pty Limited and GMBS International No. 3 Ltd as it has substantially all the risks and benefits incidental to ownership

<sup>22</sup> Australia and New Zealand Banking Group Limited owns an additional 25% (1993:25%) of the issued ordinary shares of ANZ Grindlays Bank plc. This investment is recorded in the books of Australia and New Zealand Banking Group Limited at an amount of \$71.2m (1993: \$71.2m)

<sup>23</sup> Index Computing Pte Limited owns an additional 20.1% (1993:16.7%) of the issued ordinary shares of Esanda Finanz and Leasing Ltd. This investment is recorded in the books of Index Computing Pte Limited at an amount of \$0.4m (1993:\$0.6m)

<sup>24</sup> ANZ Grindlays Bank plc controls Grindlays Bahrain Bank B.S.C. due to the existence of a management contract that gives ANZ Grindlays Bank plc the capacity to dominate decision making

<sup>25</sup> ANZ McCaughan Securities (Switzerland) AG owns an additional 50% of the issued ordinary share capital of Hotel Regina SA. This investment is recorded in the books of ANZ McCaughan Securities (Switzerland) AG at an amount of \$50 (1993:\$50)

<sup>26</sup> ANZ Realty Holdings (USA) Inc. owns an additional 10.9% (1993:10.9%) of the issued ordinary shares of ANZ Limited Partnership. This investment is recorded in the books of ANZ Realty Holdings (USA) Inc. at an amount of nil (1993:nil)

**32: Controlled Entities (continued)**

<sup>27</sup> ANZ Realty Holdings II (USA) Inc. owns an additional 10.9% (1993:10.9%) of the issued ordinary shares of ANZ II Limited Partnership. This investment is recorded in the books of ANZ Realty Holdings II (USA) Inc. at an amount of nil (1993:nil)

<sup>28</sup> Australia and New Zealand Banking Group Limited has no ownership interest in Broadbeach Waters Pty Ltd, Coral Gardens Pty Limited, Durham Developments Pty Ltd, Erolnot Pty Ltd, TCL No. 2 Trust, The Anchorage Port Stephens Pty Ltd, The Anchorage Unit Trust or The Potter Mercantile Unit Trust No. 1, but controls them because it has assumed responsibility for the business and operating decisions of these entities, in order to maximise the financial return to the Economic entity

<sup>29</sup> Formerly Citie Centre Projects (No.1) Pty Ltd

<sup>30</sup> Formerly Citie Centre Projects (No.2) Pty Ltd

<sup>31</sup> Esanda Finance Corporation Ltd owns an additional 2.2% of the issued ordinary shares of Mercantile Credits Limited. This investment is recorded in the books of Esanda Finance Corporation Ltd at an amount of nil (1993:nil)

<sup>32</sup> Mercantile Credits Limited owns an additional 49.9% (1993:49.9%) of the issued ordinary shares of Mercantile Credits Financial Services Limited. This investment is recorded in the books of Mercantile Credits Limited at an amount of nil (1993:nil)

<sup>33</sup> Capel Court International Investments Pty Limited owns an additional 50% of the issued ordinary shares of Neupolar Limited. This investment is recorded in the books of Capel Court International Investments Pty Limited at an amount of nil (1993:nil)

<sup>34</sup> The following entities; ANZASSS No. 2 (NMRBE) Pty Ltd, ANZASSS No. 3 (NMRBS) Pty Ltd, ANZASSS No. 4 (FCA) Pty Ltd, ANZASSS No. 5 (MCL) Pty Ltd and ANZASSS No. 6 (ANZCAP) Pty Ltd, all of which act as the corporate trustee for a number of the ANZ staff superannuation funds, have not been consolidated into the accounts of the Economic entity, although the Company owns 100% of the issued ordinary share capital of these entities. These entities are not controlled entities as they do not meet the control criteria as specified in AASB 1024 "Consolidated Accounts". They were incorporated with the sole purpose of acting as the trustee of a regulated superannuation fund, in accordance with the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS Legislation") and to exercise their powers and duties in the best interests of the beneficiaries. The Memoranda and Articles of Association of these companies prohibits any distribution to be made to the shareholders. In addition, there will be equal employer/employee director representation for each of these entities by 1 July 1995, in accordance with the SIS Legislation



**NOTES TO THE FINANCIAL STATEMENTS**

	Incorporated in	Interest %	Book value		Held By	Principal Activity
			1994 \$M	1993 \$M		
<b>33: Associates</b>						
The balance date of all associates is 30 September unless otherwise noted						
AHL Property Developments Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Limited	Property development
Amalgamated Finance Ltd <sup>2</sup>	New Zealand	50.0	3.1	2.5	UDC Finance Ltd	Finance
ANZ Grindlays 3i Investment Services Ltd	Guernsey	50.0	0.1	0.1	ANZ Grindlays Bank plc	Fund administration
Asian International Merchant Bankers Berhad <sup>3</sup>	Malaysia	26.5	4.1	4.7	ANZ Grindlays Bank plc	Merchant banking
Autofleet Pty Ltd <sup>1</sup>	Australia	27.5	#	#	Esanda Finance Corporation Limited	Fleet management
Cardlink Services Ltd	Australia	20.0	0.2	0.2	Australia and New Zealand Banking Group Limited	Charge card services
Charge Card Services Ltd	Australia	20.0	0.3	0.3	Australia and New Zealand Banking Group Limited	Charge card services
Cloudland Village Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Limited	Property development
Cloudland Development Trust <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Limited	Property development
Computer Services Ltd <sup>3</sup>	Western Samoa	22.5	0.1	0.1	Bank of Western Samoa	Computer services
Copeland Mercantile Ventures Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Limited	Property development
Cribellum Pty Ltd	Australia	37.5	#	#	Australia and New Zealand Banking Group Limited	Property development
Glenhaven Land Trust <sup>1</sup>	Australia	50.0	#	#	Alliance Credit (NSW) Pty Limited	Property development
Industrial Asset Management Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Esanda Finance Corporation Limited	Lease finance/ management
Link Asset Management Pty Ltd <sup>1</sup>	Australia	50.0	0.3	0.3	Esanda Finance Corporation Limited	Lease finance/ management
Malcha Properties Limited	India	50.0	#	#	ANZ Grindlays Bank plc	Property owner
Meadow Springs Fairway Village Pty Ltd <sup>1</sup>	Australia	39.0	#	#	Town & Country Bank Ltd	Property development
Mulwala Land Trust <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Limited	Property development
Network Trust <sup>1</sup>	Australia	37.5	#	#	Australia and New Zealand Banking Group Limited	Property development
New Zealand Bankcard Associates Ltd	New Zealand	50.0	#	#	ANZ Banking Group (New Zealand) Ltd	Non-operative
Ocean Blue Club Resorts Pty Ltd	Australia	50.0	#	#	Mercantile Underwood Limited	Non-operative
Renishaw Pty Ltd <sup>1</sup>	Australia	50.0	#	#	Mercantile Credits Limited	Property development
Rosignol Development Corporation	Panama	50.0	#	#	ANZ Grindlays Bank plc	Tanker charter
Tovepool Pty Ltd <sup>1</sup>	Australia	50.0	#	1.7	Mercantile Credits Limited	Property development
Valuta Group Pty Ltd <sup>1</sup>	Australia	33.0	#	#	Capel Court Management Ltd	Investment
			8.2	9.9		
Associates disposed of or reclassified as controlled entities or unlisted equity investments during the current year			-	6.4		
<b>Total shares in associates</b>			<b>8.2</b>	<b>16.3</b>		

#Amounts less than \$50,000

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

	Consolidated		The Company	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>34: Commitments</b>				
<b>Capital expenditure</b>				
Contracts for outstanding capital expenditure				
Not later than 1 year	23.6	65.3	9.4	15.5
Later than 1 year but not later than 2 years	0.2	3.1	-	-
Later than 2 years but not later than 5 years	-	3.3	-	-
<b>Total capital expenditure commitments</b>	<b>23.8</b>	<b>71.7</b>	<b>9.4</b>	<b>15.5</b>
<b>Lease rentals</b>				
Future rentals in respect of leases				
Land and buildings				
Not later than 1 year	142.4	133.7	100.2	107.7
Later than 1 year but not later than 2 years	101.6	106.1	68.2	77.7
Later than 2 years but not later than 5 years	242.1	181.3	180.1	126.4
Later than 5 years	452.3	481.1	379.5	354.8
	<b>938.4</b>	<b>902.2</b>	<b>728.0</b>	<b>666.6</b>
Furniture and equipment				
Not later than 1 year	31.4	46.4	27.6	41.2
Later than 1 year but not later than 2 years	13.8	27.0	11.3	24.1
Later than 2 years but not later than 5 years	6.0	14.2	2.4	10.6
Later than 5 years	0.1	0.2	-	-
	<b>51.3</b>	<b>87.8</b>	<b>41.3</b>	<b>75.9</b>
<b>Total lease rental commitments</b>	<b>989.7</b>	<b>990.0</b>	<b>769.3</b>	<b>742.5</b>
<b>Total commitments</b>	<b>1,013.5</b>	<b>1,061.7</b>	<b>778.7</b>	<b>758.0</b>

**35: Derivative Financial Instruments**

The Economic entity deals in a variety of derivative financial instruments - principally, interest rate and foreign exchange futures, forward contracts, swaps and options - which enable customers to modify their interest rate and foreign exchange exposures. A small portion of the derivative products are used to hedge the Economic entity's balance sheet interest rate and foreign exchange exposures. The Economic entity also trades in derivative financial instruments for its own account.

Futures and forward contracts are commitments to deliver financial instruments to the seller on a future date at a specified price or yield and may be settled in cash or through delivery. Swap contracts are commitments to settle in cash on a future date or dates, interest rate commitments or currency amounts based upon a notional principal amount. Option contracts give the acquirer the right to buy or sell a financial instrument at a specified price within a specified period.

Derivative financial instrument trading gives rise to market and credit risks.

The market risk of derivative financial instruments arises from the potential for changes in value due to fluctuations in interest and foreign exchange rates. The Economic entity manages its net exposures to market risks by maintaining a system of limits which contain exposures within prudent levels which are a function of the "earnings at risk" should market rates change.

The credit risk of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations. The effect of such default varies as the market value of derivative financial instruments changes. Credit exposure exists at a particular point in time when a derivative financial instrument has a positive market value. The Economic entity limits its credit risk within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

The notional or contract amounts of derivative financial instruments represent the volume of outstanding transactions and do not represent the potential for gain or loss associated with the market risk or credit risk of such instruments.



35: Derivative Financial Instruments (continued)

	Consolidated				The Company			
	1994		1993		1994		1993	
	Contract or Notional Amount \$M	Credit <sup>1</sup> Equiv. \$M	Contract or Notional Amount \$M	Credit <sup>1</sup> Equiv. \$M	Contract or Notional Amount \$M	Credit <sup>1</sup> Equiv. \$M	Contract or Notional Amount \$M	Credit <sup>1</sup> Equiv. \$M
<b>Foreign exchange contracts</b>								
Spot and forward contracts	131,838.1	2,709.9	119,057.8	2,681.7	113,655.2	2,425.8	105,387.6	2,358.9
Swap agreements	2,936.4	168.1	2,860.1	292.6	2,089.4	140.1	2,287.5	258.1
Futures contracts	-	-	-	-	-	-	-	-
Options purchased	4,794.2	113.6	5,270.5	157.9	4,437.9	106.9	4,885.0	146.9
Options sold	4,880.5	n/a	5,531.6	n/a	4,459.9	n/a	5,345.8	n/a
	<b>144,449.2</b>	<b>2,991.6</b>	<b>132,720.0</b>	<b>3,132.2</b>	<b>124,642.4</b>	<b>2,672.8</b>	<b>117,905.9</b>	<b>2,763.9</b>
<b>Interest rate contracts</b>								
Forward rate agreements	138,024.8	144.7	141,164.4	107.2	132,846.4	139.6	138,604.9	104.6
Swap agreements	94,646.1	1,197.3	118,236.1	1,848.3	88,478.6	1,105.4	111,620.2	1,721.2
Futures contracts	63,032.7	-	49,788.2	-	62,149.9	-	49,253.1	-
Options purchased	2,835.3	22.3	3,355.9	21.7	2,475.0	21.2	2,962.6	17.9
Options sold	2,834.5	n/a	5,303.1	n/a	2,211.8	n/a	4,494.5	n/a
Other contracts	48.7	2.2	54.0	2.3	24.1	1.5	41.2	2.1
	<b>301,422.1</b>	<b>1,366.5</b>	<b>317,901.7</b>	<b>1,979.5</b>	<b>288,185.8</b>	<b>1,267.7</b>	<b>306,976.5</b>	<b>1,845.8</b>
	<b>445,871.3</b>	<b>4,358.1</b>	<b>450,621.7</b>	<b>5,111.7</b>	<b>412,828.2</b>	<b>3,940.5</b>	<b>424,882.4</b>	<b>4,609.7</b>

<sup>1</sup> The credit equivalent amount is calculated using the Current Exposure Method as determined in accordance with the Reserve Bank of Australia's Capital Adequacy guidelines. It combines the aggregate market value of contracts with a positive value with an allowance for potential risk over the remaining term on all contracts based on prescribed percentages

Counterparty credit equivalent profile of derivative financial instruments

Credit equivalent amounts by class of counterparty were as follows:

	Consolidated		The Company	
	1994 \$M	1993 \$M	1994 \$M	1993 \$M
Commonwealth and OECD governments	67.6	106.2	63.0	102.5
Australian and OECD banks	3,624.0	3,913.8	3,313.8	3,547.8
Corporations, non-OECD banks and others	666.5	1,091.7	563.7	959.4
	<b>4,358.1</b>	<b>5,111.7</b>	<b>3,940.5</b>	<b>4,609.7</b>

Maturity profile of derivative financial instruments (contract or notional amount)

At 30 September 1994

	Consolidated			The Company		
	Interest Rate Contracts \$M	Foreign Exchange Contracts \$M	Total \$M	Interest Rate Contracts \$M	Foreign Exchange Contracts \$M	Total \$M
Not later than 1 year	247,575.8	135,424.5	383,000.3	237,087.0	115,970.7	353,057.7
Later than 1 year but not later than 2 years	38,733.0	6,953.7	45,686.7	37,585.6	6,646.6	44,232.2
Later than 2 years but not later than 5 years	13,092.7	1,860.1	14,952.8	11,517.5	1,814.2	13,331.7
Later than 5 years but not later than 10 years	1,927.7	210.9	2,138.6	1,902.8	210.9	2,113.7
Later than 10 years	92.9	-	92.9	92.9	-	92.9
	<b>301,422.1</b>	<b>144,449.2</b>	<b>445,871.3</b>	<b>288,185.8</b>	<b>124,642.4</b>	<b>412,828.2</b>

**35: Derivative Financial Instruments (continued)****Derivative financial instruments held or issued for trading purposes**

The Economic entity maintains trading positions in a variety of derivative financial instruments. The majority of the Economic entity's trading activities are undertaken to provide services to customers, enabling them to effectively manage exposures to interest rate and currency risks. The Economic entity also trades in derivative products for its own account. The contract or notional amount of derivative financial instruments held or issued for trading purposes as at 30 September 1994 was \$420,910.8 million (94.4% of total derivative financial instruments), comprising interest rate contracts of \$283,673.4 million and foreign currency contracts of \$137,237.4 million.

*Foreign exchange contracts*

The Economic entity is party to a variety of foreign exchange spot, forward, future, swap and option contracts in its trading activities. Trading positions in foreign exchange contracts are valued at prevailing market rates. Realised and unrealised gains and losses are included in other operating income - foreign exchange earnings (refer note 3).

*Interest rate contracts*

The Economic entity is party to a variety of interest rate forward, future, swap and option contracts in its trading activities. Interest rate contracts used in trading activities are recorded at market value. Realised and unrealised gains and losses on interest rate contracts are included in other operating income - profit on trading instruments (refer note 3). Net trading gains amounted to \$60.3 million for the year ended 30 September 1994.

**Derivative financial instruments held or issued for purposes other than trading**

The Economic entity's principal objective in holding or issuing derivative financial instruments for purposes other than providing services to customers and trading is asset/liability management. The operations of the Economic entity are subject to risk of interest rate fluctuations to the extent that there is a difference between the amount of the Economic entity's interest-earning assets and the amount of interest-bearing liabilities that reprice in specified periods. The principal objective of asset/liability management is to provide maximum levels of net interest income while maintaining acceptable levels of interest rate and liquidity risk and facilitating the funding needs of the Economic entity. To achieve that objective, the Economic entity uses a combination of derivative financial instruments, including interest rate futures, forward rate agreements, swaps, options and other conditional or exchange contracts.

Income or expense on derivative financial instruments used to manage non-trading interest rate exposure is recorded on an accrual basis as an adjustment to the yield on the related interest rate exposures over the periods covered by the contracts.

The Economic entity uses a variety of foreign exchange forward, future, swaps and option contracts to hedge against adverse movement in the value of its foreign currency denominated assets and liabilities as a result of exchange rate fluctuations. Hedging is principally directed to the Economic entity's investments in overseas branches and controlled entities and its foreign currency denominated funding.

The contract or notional amount of derivative financial instruments held for purposes other than trading as at 30 September 1994 was \$24,960.5 million (comprising interest rate contracts of \$17,748.7 million and foreign currency contracts of \$7,211.8 million).

Further information (unaudited) on the interest rate risk associated with the Economic entity's derivative activities is contained in Financial Information note 5 "Interest Sensitivity Gap".

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### 36: Contingent Liabilities and Credit Related Commitments

#### Contingent Liabilities

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

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

	Consolidated		The Company	
	1994	1993	1994	1993
	Contract Amount	Contract Amount	Contract Amount	Contract Amount
	\$M	\$M	\$M	\$M
Guarantees	1,627.6	2,046.2	1,009.8	1,020.0
Standby letters of credit	63.3	149.9	56.5	139.5
Bill endorsements	22.9	20.4	19.0	15.2
Documentary letters of credit	1,300.2	1,293.6	763.5	731.7
Performance related contingents	6,052.0	6,227.2	3,646.0	3,645.1
Other	946.2	755.5	723.2	556.8
<b>Total contingent liabilities</b>	<b>10,012.2</b>	<b>10,492.8</b>	<b>6,218.0</b>	<b>6,108.3</b>

#### Other guarantees and indemnities

- (i) The Company has guaranteed payment on maturity of the principal and accrued interest of commercial paper notes issued by ANZ (Delaware) Inc. of \$1,374.9 million (1993: \$350.3 million).
- (ii) The Economic entity will indemnify each customer of controlled entities engaged in nominee activities against loss suffered by reason of such entities failing to perform any obligation undertaken by them to a customer.
- (iii) In accordance with the clearing arrangements embodied in the Australian Paper Clearing System Regulations of the Australian Payments Clearing Association Limited, the Company has a commitment to provide liquidity support to the clearing system in the event of a failure to settle by a clearing institution.
- (iv) In accordance with an agreement with the Bank of England, the Company is party to an underpinning agreement with ANZ Grindlays Bank plc undertaking to maintain that entity's capital base at specified levels in the event that losses are incurred on exposures to individual customers whose facilities exceed 25% of ANZ Grindlays Bank plc's capital base.
- (v) Pursuant to class orders 91/996 and 92/770 issued on 19 December 1991, relief was granted during the year to a number of wholly owned controlled entities (refer footnote ‡ in note 32) from the Corporations Law requirements for preparation, audit, and publication of accounts. It is the condition of the class order that the Company and each of its controlled entities enter into a Deed of Cross Guarantee. A Deed of Cross Guarantee under the class orders was lodged and approved by the Australian Securities Commission. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the controlled entities under certain provisions of the Corporations Law. The Company will only be liable in the event that after six months any creditor has not been paid in full.

The controlled entities have also given similar guarantees in the event that the Company is wound up. During the year, ANZ Funds Pty Limited and Nepean International Travel Pty Ltd became parties to the Deed, by virtue of a Deed of Assumption approved by the Australian Securities Commission. At 30 September 1994 the controlled entities which are parties to the Deed have external aggregate assets of \$3,263.1 million (1993: \$1,163.8 million); external aggregate liabilities of \$759.5 million (1993: \$83.2 million); and their contribution to the consolidated operating profit after tax and abnormal items for the year was \$4.6 million (1993: \$0.2 million).

**36: Contingent Liabilities and Credit Related Commitments (continued)**

**General**

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

**India - National Housing Bank**

The branch of ANZ Grindlays Bank plc in India ("the Bank") has received a claim, aggregating approximately Indian Rupees 5.06 billion (\$218.1 million) from the National Housing Bank ("NHB") in that country. The claim arises out of certain cheques drawn by NHB in favour of the Bank, the proceeds of which were credited into the account of one of the customers of the Bank.

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

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

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

**India - Foreign Exchange Regulation Act**

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

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

**Credit Related Commitments**

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

	Consolidated		The Company	
	1994	1993	1994	1993
	Contract Amount	Contract Amount	Contract Amount	Contract Amount
	\$M	\$M	\$M	\$M
Undrawn facilities	23,144.2	21,788.0	15,988.9	14,583.9
Underwriting facilities	216.1	379.7	93.3	226.7
	<b>23,360.3</b>	<b>22,167.7</b>	<b>16,082.2</b>	<b>14,810.6</b>



### 37: Superannuation Commitments

A number of pension/superannuation funds have been established by the Economic entity worldwide. Any aggregate deficiencies arising from the actuarial valuations of the Economic entity's defined benefit funds have been provided for in the Economic entity's financial statements. The Economic entity is obliged to contribute to the funds as a consequence of legislation or provisions of trust deeds. Legal enforceability is dependent on the terms of the legislation or trust deeds.

The major funds with assets in excess of \$20 million are:

Country	Scheme/Fund	Fund Type	Contribution levels		Last Actuarial Valuation	Actuary
			Employee	Employer		
Australia	ANZGROUP (Australia) Staff Pension Scheme <sup>1</sup>	Defined Benefit Fund	5.5%	Balance of cost	Dec 1992	C J Haberecht F.I.A.A.
Australia	ANZ Australian Staff Superannuation Scheme <sup>2</sup>	Defined Contribution Fund	2.5% min	Balance of cost <sup>3</sup>	Dec 1992	C J Haberecht F.I.A.A.
New Zealand	ANZGROUP (New Zealand) Staff Superannuation Scheme <sup>1,2</sup>	Defined Benefit Fund	5.5% min	Balance of cost <sup>4</sup>	Dec 1993	William M Mercer Ltd
		or Defined Contribution Fund	2.5% min	Balance of cost <sup>4</sup>	Dec 1993	William M Mercer Ltd
England	ANZ UK Staff Pension Scheme <sup>1</sup>	Defined Benefit Fund	nil	Balance of cost	Dec 1993	R Watson & Sons

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

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

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

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

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

### 38: Assets and Liabilities of Non-Banking Controlled Entities

Under class order 92/621 issued by the Australian Securities Commission on 24 June 1992, the balance sheet of the Economic entity and the Company are presented in accordance with International Accounting Standard IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions". This standard requires assets and liabilities of a bank to be classified by their nature and to be disclosed in their approximate order of liquidity. The class order requires the amounts of total assets and total liabilities reported in the consolidated balance sheet that are attributable to controlled entities which are not prescribed corporations<sup>1</sup> at the end of the financial year to be separately disclosed.

	1994	1993
	\$M	\$M
Total assets	35,572.4	35,999.3
Total liabilities	29,547.4	29,600.3

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

### 39: Financing Arrangements

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

	1994		1993	
	Available \$M	Unused \$M	Available \$M	Unused \$M
Financing arrangements which are available to such controlled entities (under normal financial arrangements)				
Credit standby arrangements				
Commercial bills acceptance discount lines	140.8	140.8	314.6	274.6
Standby lines	102.0	101.4	114.2	111.7
Other financing arrangements				
Subordinated loan	-	-	15.0	-
Overdrafts and other financing arrangements	136.1	112.2	122.3	104.8
<b>Total finance made available to such controlled entities</b>	<b>378.9</b>	<b>354.4</b>	<b>566.1</b>	<b>491.1</b>
Financing arrangements which have been made available by such controlled entities (contractually arranged for each client)				
Loan and lease facilities	921.7	921.7	616.8	616.8
Other	31.3	31.3	99.3	99.3
<b>Total finance made available by such controlled entities</b>	<b>953.0</b>	<b>953.0</b>	<b>716.1</b>	<b>716.1</b>

In addition, credit facilities of \$29.2 million (1993: nil) have been made available and fully utilised by the Economic entity.

### 40: Exchange Rates

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

	1994		1993	
	Closing	Average	Closing	Average
Great British pound	0.4685	0.4653	0.4275	0.4482
United States dollar	0.7393	0.7064	0.6455	0.6853
New Zealand dollar	1.2254	1.2200	1.1736	1.2800

### 41: Related Party Disclosures

The directors during the year were

J B Gough	A T L Maitland
J C Dahlsen	D P Mercer
Dr R S Deane (appointed 28 September 1994)	J F Ries
C B Goode	Dr B W Scott
C J Harper	Sir Ronald Trotter
M A Jackson (appointed 22 March 1994)	R B Vaughan
Dame Leonie Kramer (retired 1 October 1994)	

Australian banks, parent entities of Australian banks and controlled entities of Australian banks have been exempted, subject to certain conditions, by an Australian Securities Commission class order, 93/837 dated 6 August 1993, from making disclosures of loans made, guaranteed or secured by a bank to related parties (other than specified categories of directors) and financial instrument transactions (other than shares and share options) of a bank where a director of the relevant entity is not a party to the transaction and where the loan or financial instrument transaction is lawfully made and occurs in the course of ordinary banking business either at arm's length or with the approval of a general meeting of the relevant entity and its ultimate chief entity (if any).

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



**41: Related Party Disclosures (continued)**

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

- (i) in the case of any material financial instrument transaction, ensure that;
  - (ii) in any other case, are designed to provide a reasonable degree of assurance that;
- any financial instrument transaction of a bank which may be required to be disclosed in the Company's financial statements in accordance with AASB 1017 "Related Party Disclosures", and which is not entered into regularly, is drawn to the attention of the directors.

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

**Shares and Share Options**

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

	The Company	
	1994	1993
	No.	No.
Fully paid ordinary shares in the Company	92,898	37,762
Share options over ordinary shares in the Company	1,100,000	150,000

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

During the year, a director of the Company fully paid for 50,000 shares, which were previously paid to 10 cents per share.

No share options have been acquired by directors during the year under the Directors' share and option purchase scheme approved by shareholders in January 1988. Each non-executive director has an entitlement to 50,000 options paid to one cent exercisable at any time during the 5 year period after issue, or within 90 days after ceasing to be a director, at market prices fixed at the time of issue less one cent, which amount of one cent was paid on issue of the option.

During the financial year the Company granted 500,000 options to D P Mercer and 300,000 options each to A T L Maitland and J F Ries, paid to one cent, under the ANZ Group Share Option Scheme, approved by shareholders in January 1994, to purchase ordinary shares of \$1 each in the Company at an exercise price of \$5.34 per share. These options cannot be exercised before the expiration of three years or after five years from the date granted.

100,000 options issued under the Directors' share and option purchase scheme with an expiry date of 28 February 1994 were not exercised during the year.

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

	1994	1993
	No.	No.
Partly paid ordinary shares, paid to 50 cents per share, in the Company	-	6,000

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

	No.	No.
Fully paid ordinary shares in the Company	907,781	742,658
Partly paid ordinary shares, paid to 10 cents per share, in the Company	290,000	340,000
Share options over ordinary shares in the Company	1,300,000	300,000

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

**Loans made to Directors**

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

**41: Related Party Disclosures (continued)**

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

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

The directors involved are

A D Betham <sup>1,2</sup>	P G Hollick <sup>1</sup>	J F Ries <sup>1,2</sup>
I Brandon <sup>1</sup>	P F Horsfall <sup>1,2</sup>	J L Roach <sup>1,2</sup>
M I Calderwood <sup>1</sup>	G G Howard <sup>1,2</sup>	J D Tait <sup>1</sup>
G J Camm <sup>1</sup>	W D B Johnston <sup>1</sup>	M Traviati <sup>1,2</sup>
J C Dahlsen <sup>1</sup>	C M Kiefel <sup>1,2</sup>	R H C Turner <sup>1,2</sup>
P H Ellis <sup>1,2</sup>	A Khanna <sup>1</sup>	D B Valentine <sup>1,2</sup>
R G Fell <sup>1</sup>	R E Knight <sup>1</sup>	A E Ward <sup>1</sup>
J C Gilbert <sup>1,2</sup>	P B Leigh <sup>1</sup>	J B Wicking <sup>1,2</sup>
E P Harnett <sup>1,2</sup>	J M Lineham <sup>1</sup>	M W Wilson <sup>1,2</sup>
C J Harper <sup>1,2</sup>	A T L Maitland <sup>1</sup>	B N J Wood <sup>1</sup>
M B Hensley <sup>1,2</sup>	D P Mercer <sup>1,2</sup>	
D A Hodgson <sup>1,2</sup>	N D O'Brien <sup>1</sup>	

<sup>1</sup> Repayments during the year

<sup>2</sup> Loans made during the year

The aggregate amount of such loans outstanding at 30 September was

	Consolidated		The Company	
	1994 \$'000	1993 \$'000	1994 \$'000	1993 \$'000
Balance outstanding at 30 September	5,594	5,245	2,576	3,005
Total interest received	323	312	127	149

The aggregate amount of repayments received from directors and their director-related entities during the year was

Normal terms and conditions	762	-	476	-
Employee terms and conditions	1,541	698	838	537

The aggregate amount of loans made during the financial year was

Normal terms and conditions	314	-	100	-
Employee terms and conditions	1,569	1,438	789	1,040

**Other transactions of Directors and Director-Related Entities**

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

Transactions with a value below \$25,000 and which have occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in the same circumstances, and which do not have the potential to adversely affect decisions about the allocation of scarce resources, are deemed trivial. These transactions are disclosed by general description in accordance with AASB 1017.

(i) Financial instrument transactions

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

Financial instrument transactions that have occurred during the financial year were

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



**41: Related Party Disclosures (continued)**

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

- Deposit transactions with the directors listed below occurred during the financial year. The aggregate amount outstanding on these deposits at 30 September 1994 was \$2,307,965. These transactions were conducted on an arm's length basis in the normal course of banking business with interest paid being trivial. The directors involved were

A Burgio	M LaBrooy	Dr B W Scott
D J Butler	J M Lineham	R M Taggart
K J Hook	I F Peterkin	J D Tait
R E Knight	G Scott	A E Ward

- Directors of the Company and controlled entities maintain bank cheque accounts with credit balances at 30 September 1994. The aggregate amount outstanding on these accounts at 30 September 1994 was \$1,055,661. These transactions were conducted on an arm's length basis in the normal course of banking business on normal commercial terms and conditions no more favourable than those given to other employees. The directors involved were

A K Bommakanti	A T L Maitland	P A O'Hern
P J Hawkins	P R Marriott	P J D Quinton
K J Hook	G Miller	A E Ward
W S Jones	A Mohl	
A Khanna	R B Morton	

- Directors of controlled entities have bank overdraft balances at 30 September 1994. The aggregate amount outstanding on these overdraft accounts at 30 September 1994 was \$472,462, with interest received and bank charges being trivial. These transactions were conducted on an arm's length basis in the normal course of banking business, on normal commercial terms and conditions no more favourable than those given to other employees. The directors involved were

J McConnell	D Gibbs	P McMahan
P H Ellis		

- Directors of controlled entities have made deposits with non-bank controlled entities within the Economic entity. The directors involved in these transactions, which occurred on an arm's length basis on normal commercial terms and conditions no more favourable than those given to other employees, are listed below. The aggregate amount outstanding on the deposits at 30 September 1994 was \$590,574, with interest paid being trivial.

The directors involved were

R E Baker	R J Hughes	P McMahan
J W Pitt		

- Directors of controlled entities have invested in debentures of non-bank controlled entities. The directors involved in these transactions, which occurred on an arm's length basis on normal commercial terms and conditions no more favourable than those given to other employees, are listed below. The aggregate amount outstanding on the debentures at 30 September 1994 was \$294,541, with interest paid being trivial. The directors involved were

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

(ii) Transactions other than financial instrument transactions

- J C Dahlsen Pty Ltd, a controlled entity of J C Dahlsen, leases equipment from ANZCAP Leasing Nominees (Vic) Pty Ltd, a wholly-owned controlled entity of the Company. This business is undertaken on an arm's length basis on normal terms and conditions. The book value of the leases at 30 September 1994 was \$2,805,395.

**41: Related Party Disclosures (continued)**

**(b) Transactions with associated entities**

During the course of the year the Company and the Economic entity conducted transactions with associated entities (listed in note 33) on normal commercial terms and conditions, other than an interest free loan of \$3,768,602 (1993: \$3,646,093) to Network Trust and a loan of \$2,390,000 to Valuta Group Pty Ltd at a non-commercial interest rate of 2.5% below the prevailing bank bill rate. A provision for doubtful debts of \$646,093 (1993: nil) was made against the loan to Network Trust. Transactions with associated entities are detailed below.

	Consolidated		The Company	
	1994 \$'000	1993 \$'000	1994 \$'000	1993 \$'000
Aggregate				
Amounts receivable from associated entities	37,184	96,279	4,669	76,234
provision for doubtful debts	1,251	26,274	646	26,274
provision for doubtful debts - charge	896	9,834	646	9,834
Property held for resale in				
development ventures with associated entities	30,939	165,827	30,939	165,827
provision for diminution in value	20,710	66,600	20,710	66,600
provision for diminution in value - charge	19,432	27,358	19,432	27,358
Amounts payable to associated entities	460	-	-	-
Interest revenue	2,129	4,748	919	3,969
Dividend revenue	925	2,758	-	492
Management fee revenue	25	-	-	-
Rent received	37	-	-	-
Trust distribution received	123	-	123	-
Interest expense	19	-	-	-
Other expenses	112	-	-	-

**(c) Transactions with controlled entities**

Australia and New Zealand Banking Group Limited is the chief entity of all entities detailed in note 32 to these financial statements and undertakes transactions with those controlled entities, the effects of which are eliminated in the consolidated financial statements. These transactions principally arise out of the provision of banking services, the acceptance of funds on deposit, the granting of loans and other associated financial activities. Support services are also provided by and to the Company, including the provision of accounting and administrative assistance based on levels agreed by the respective parties and the rental of premises and/or equipment based on commercial rates. Transactions with controlled entities are on normal terms and conditions except for the transfer of tax losses by certain controlled entities to the company during the year for nil consideration (see note 6). At 30 September 1994, the Company transferred tax losses to controlled entities on normal commercial terms and conditions.



**41: Related Party Disclosures (continued)**

Details of transactions with controlled entities are

	The Company	
	1994	1993
	\$'000	\$'000
<b>Aggregate amounts receivable at balance date</b>		
Entities in the wholly-owned group	6,305,963	5,267,459
Other controlled entities	182,887	123,841
<b>Aggregate amounts payable at balance date</b>		
Entities in the wholly-owned group	3,344,368	2,057,813
Other controlled entities	191,914	35,587
<b>Interest revenue</b>		
Entities in the wholly-owned group	215,561	251,176
Other controlled entities	3,634	8,424
<b>Dividends received</b>		
Entities in the wholly-owned group	90,841	-
<b>Management fees received</b>		
Entities in the wholly-owned group	259,130	257,389
Other controlled entities	-	352
<b>Management fees paid</b>		
Entities in the wholly-owned group	24,616	34,229
Other controlled entities	620	-
<b>Interest expense</b>		
Entities in the wholly-owned group	99,200	138,052
Other controlled entities	7,509	1,148
<b>Rent received</b>		
Entities in the wholly-owned group	19,864	-
<b>Rent paid</b>		
Entities in the wholly-owned group	92,314	82,330
<b>Superannuation contributions</b>		
Entity in the wholly-owned group	50,914	48,015

As detailed in note 38, the assets and liabilities of the Economic entity are not classified as current and non-current. Accordingly, the directors do not consider it practicable to classify amounts due to or from associated entities or controlled entities into current and non-current categories.

**42: Remuneration of Directors**

Remuneration includes salaries, bonuses, other benefits (including non-cash benefits) and retirement benefits and superannuation contributions. The maximum remuneration for non-executive directors of the company was set at the Annual General Meeting on 23 January, 1989 at \$0.6 million. Total fees paid to non-executive directors by the Company for the year was \$0.6 million (1993: \$0.6 million).

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

	The Company			The Company	
	1994	1993		1994	1993
\$1 to \$10,000	1	-	\$130,001 to \$140,000	-	1
\$20,001 to \$30,000	1	-	\$310,001 to \$320,000	-	1
\$40,001 to \$50,000	3	2	\$390,001 to \$400,000	-	2
\$50,001 to \$60,000	1	1	\$410,001 to \$420,000	2	-
\$70,001 to \$80,000	1	-	\$580,001 to \$590,000	-	1
\$80,001 to \$90,000	2	3	\$670,001 to \$680,000	1	-
\$120,001 to \$130,000	1	-	\$1,190,001 to \$1,200,000	-	1
Total number of directors				13	12

Consolidated		The Company	
1994	1993	1994	1993
\$'000	\$'000	\$'000	\$'000

**42: Remuneration of Directors (continued)**

Total remuneration received or due and receivable by directors of the Company and controlled entities from the Company or related body corporate <sup>1</sup>	<b>7,261</b>	12,480	<b>2,098</b>	3,167
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<sup>1</sup> Including the total remuneration of executive directors, excluding executive directors of controlled entities who are executives of the Company. 1993 comparative data has been restated following a review of the definition of executive.

1993 is restated for retirement benefits paid

Under class order 93/837 issued by the Australian Securities Commission on 22 June 1994, the Company is relieved from the disclosure requirements in respect of directors' remuneration set out in Australian Accounting Standard AASB 1017 "Related Party Disclosures". The disclosure requirements in respect of directors' remuneration set out in Schedule 5 of the Corporations Law have been complied with. Remuneration amounts (including comparatives) are disclosed in accordance with the class order.

**43: Remuneration of Executives**

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

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

	Consolidated		The Company			Consolidated		The Company	
	1994	1993	1994	1993		1994	1993	1994	1993
\$100,001 to \$110,000	1 <sup>1</sup>	-	1 <sup>1</sup>	-	\$280,001 to \$290,000	3 <sup>1</sup>	-	2	-
\$120,001 to \$130,000	1	5	-	-	\$290,001 to \$300,000	1 <sup>1</sup>	2 <sup>1</sup>	-	1
\$130,001 to \$140,000	4	-	-	-	\$300,001 to \$310,000	-	1 <sup>1</sup>	-	-
\$140,001 to \$150,000	2	3 <sup>1</sup>	-	1 <sup>1</sup>	\$310,001 to \$320,000	-	1 <sup>1</sup>	-	-
\$150,001 to \$160,000	4	7 <sup>1</sup>	-	-	\$320,001 to \$330,000	-	1 <sup>1</sup>	-	-
\$160,001 to \$170,000	2	4 <sup>1</sup>	-	1 <sup>1</sup>	\$340,001 to \$350,000	1	2	1	2
\$170,001 to \$180,000	1	5 <sup>1</sup>	1	1 <sup>1</sup>	\$350,001 to \$360,000	1	-	1	-
\$180,001 to \$190,000	5 <sup>1</sup>	1	1	1	\$390,001 to \$400,000	1 <sup>1</sup>	2	-	2
\$190,001 to \$200,000	1 <sup>1</sup>	7	-	4	\$410,001 to \$420,000	3 <sup>1</sup>	-	2	-
\$200,001 to \$210,000	5 <sup>1</sup>	2 <sup>1</sup>	2	1	\$430,001 to \$440,000	1 <sup>1</sup>	-	-	-
\$210,001 to \$220,000	5	2 <sup>1</sup>	4	1	\$450,001 to \$460,000	-	1 <sup>1</sup>	-	1 <sup>1</sup>
\$220,001 to \$230,000	5 <sup>1</sup>	4 <sup>1</sup>	2	1	\$490,001 to \$500,000	1 <sup>1</sup>	-	-	-
\$230,001 to \$240,000	4 <sup>1</sup>	3	2 <sup>1</sup>	3	\$580,001 to \$590,000	-	1	-	1
\$240,001 to \$250,000	2 <sup>1</sup>	-	2 <sup>1</sup>	-	\$670,001 to \$680,000	1	-	1	-
\$250,001 to \$260,000	5 <sup>1</sup>	6 <sup>1</sup>	3	4	\$900,001 to \$910,000	1 <sup>1</sup>	-	1 <sup>1</sup>	-
\$260,001 to \$270,000	2 <sup>1</sup>	2 <sup>1</sup>	1	1	\$1,190,001 to \$1,200,000	-	1	-	1
\$270,001 to \$280,000	-	2 <sup>1</sup>	-	-					
Total number of executives						<b>63</b>	65	<b>27</b>	27

Total remuneration received or due and receivable directly or indirectly by executives of the Company and controlled entities (\$'000)	<b>15,791</b>	15,555	<b>7,891</b>	8,106
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<sup>1</sup> The Executives whose remuneration is recorded in these bands include fixed term employees with contracts which recognise their particular expertise and that they have been recruited by the Group for specialised activities. These bands also include employees in the sharebroking industry whose income includes bonuses in accord with the practice of that industry.

1993 is restated for retirement benefits paid

**44: Events Since the End of the Financial Year**

There have been no significant events since 30 September 1994 to the date of this Report.



## DIRECTORS' STATEMENT

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

- (i) the financial statements set out on pages 39 to 98 are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended 30 September 1994, and the state of affairs at 30 September 1994, of the Company and the Economic entity;
- (ii) the consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
- (iii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

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

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

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

Signed in accordance with a resolution of the directors



**John B Gough**  
*Chairman*  
Melbourne  
2 December 1994



**D P Mercer**  
*Chief Executive Officer*

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

**Scope**

We have audited the financial statements of Australia and New Zealand Banking Group Limited for the financial year ended 30 September, 1994, consisting of the profit and loss accounts, balance sheets, statements of changes in shareholders' equity, statements of cash flows, accompanying notes and the directors' statement set out on pages 39 to 99. The financial statements comprise the accounts of the Company and the consolidated accounts of the Economic entity being the company and its controlled entities. The Company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and statutory requirements in the manner authorised for a prescribed corporation being a banking corporation so as to present a view which is consistent with our understanding of the Company's and the Economic entity's financial positions, the results of their operations and their cash flows.

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

*KPMG Peat Marwick*

**KPMG Peat Marwick**  
Chartered Accountants

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

**Qualification**

The audit reports on the financial statements for the year ended 30 September, 1994 of two controlled entities of the Company, being ANZ Grindlays Bank plc and ANZ Holdings (UK) plc, state that the ultimate outcome of a claim against ANZ Grindlays Bank plc by the National Housing Bank of India is at present uncertain.

This material uncertainty is detailed within note 36 of the financial statements under the heading "India - National Housing Bank". In view of the circumstances, and in particular having regard to the legal opinion obtained by the Economic entity, we concur with the basis on which the financial statements of the Economic entity have been presented.

**Qualified Audit Opinion**

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

- (a) so as to give a true and fair view of:
  - (i) the state of affairs of the Company and the Economic entity at 30 September, 1994 and of the results and cash flows of the Company and the Economic entity for the financial year ended on that date; and
  - (ii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law in the manner authorised for a prescribed corporation being a banking corporation; and
- (c) in accordance with applicable Australian Accounting Standards.

*Patrick Burroughs*

**P M Burroughs**  
Partner

Melbourne  
2 December 1994



**1: Capital Adequacy**

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

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

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

	1994	1993	1994	1993	1994	1993
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Qualifying capital</b>						
<b>Tier 1</b>						
Total shareholders' equity and outside equity interests					5,504.1	5,132.9
Less: unamortised goodwill					4.2	-
Less: net future income tax benefit					335.6	587.1
<b>Tier 1 capital</b>					<b>5,164.3</b>	<b>4,545.8</b>
<b>Tier 2</b>						
Perpetual notes - subordinated					958.7	1,098.1
General provision for doubtful debts					567.1	564.7
					<b>1,525.8</b>	<b>1,662.8</b>
Subordinated notes <sup>1</sup>					<b>2,122.4</b>	<b>2,298.0</b>
Less: deductions <sup>2</sup>					-	25.1
<b>Tier 2 capital</b>					<b>3,648.2</b>	<b>3,935.7</b>
Less: investment in ANZ Life					247.9	202.9
<b>Total qualifying capital</b>					<b>8,564.6</b>	<b>8,278.6</b>
<b>Balance sheet assets</b>			Assets		Risk weighted assets	
Liquid assets			2,753.6	3,708.6	1,066.0	1,387.5
Due from other banks			11,553.4	10,213.1	2,524.7	2,228.9
Trading securities			3,711.8	4,708.2	1,435.8	2,045.8
Investment securities			5,230.1	4,917.3	930.3	1,194.2
Net loans and advances			59,935.3	56,284.3	47,311.0	45,235.5
Customers' liabilities for acceptances			12,242.5	12,838.1	11,813.3	12,510.2
Regulatory deposits			888.5	1,042.8	58.9	105.4
Shares in associates			8.2	16.3	8.2	16.3
Other assets			2,937.6	4,193.2	1,273.3	1,927.7
Premises and equipment			1,928.4	2,010.7	1,928.4	2,010.7
			<b>101,189.4</b>	<b>99,932.6</b>	<b>68,349.9</b>	<b>68,662.2</b>
<b>Off-balance sheet exposures</b>		Contract/ Notional Amount		Credit Equivalent		
Direct credit substitutes	2,620.7	2,961.2	2,620.7	2,961.2	1,952.1	2,133.3
Trade and performance related items	7,391.5	7,531.6	3,293.9	3,374.5	2,905.8	3,031.5
Commitments	23,360.3	22,167.7	1,982.5	1,846.2	1,755.6	1,680.9
Foreign exchange, interest rate and other market related transactions	445,871.3	450,621.7	4,358.1	5,111.7	1,063.6	1,352.1
					<b>7,677.1</b>	<b>8,197.8</b>
<b>Total risk weighted assets and off-balance sheet exposures</b>					<b>76,027.0</b>	<b>76,860.0</b>
<b>Capital adequacy ratios</b>					%	%
Tier 1					6.8	5.9
Tier 2					4.8	5.1
Deductions					(0.3)	(0.2)
<b>Total</b>					<b>11.3</b>	<b>10.8</b>

<sup>1</sup> Subordinated note issues are reduced each year by 20% of the original amount during the last five years to maturity

<sup>2</sup> Subordinated note issues cannot exceed 50% of Tier 1 capital

**FINANCIAL INFORMATION**

**2: Average Balance Sheet and Related Interest**

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

Years ended 30 September	1994			1993			1992		
	Average balance \$M	Interest \$M	Average rate %	Average balance \$M	Interest \$M	Average rate %	Average balance \$M	Interest \$M	Average rate %
<b>Interest earning assets</b>									
Due from other banks									
Australia	737.2	26.7	3.6	560.5	27.8	5.0	677.3	50.8	7.5
Overseas	11,512.3	676.9	5.9	11,632.2	778.0	6.7	11,163.0	927.3	8.3
Regulatory deposits with									
Reserve Bank of Australia	459.6	22.1	4.8	481.1	7.7	1.6	479.6	11.6	2.4
Investments in public securities									
Australia	4,484.8	237.6	5.3	4,904.1	286.8	5.8	5,125.5	400.6	7.8
Overseas	4,589.9	352.6	7.7	4,489.4	379.2	8.4	4,517.6	408.4	9.0
Loans, advances and bills discounted									
Australia	41,411.2	3,647.7	8.8	41,151.8	3,927.2	9.5	41,009.0	4,530.2	11.0
Overseas	18,313.5	1,456.6	8.0	17,600.0	1,462.8	8.3	17,159.6	1,702.9	9.9
Other assets									
Australia	778.9	47.1	6.0	533.5	35.5	6.7	500.8	46.0	9.2
Overseas	1,170.0	59.2	5.1	1,242.6	76.4	6.1	979.4	74.5	7.6
	<b>83,457.4</b>	<b>6,526.5</b>	<b>7.8</b>	<b>82,595.2</b>	<b>6,981.4</b>	<b>8.5</b>	<b>81,611.8</b>	<b>8,152.3</b>	<b>10.0</b>
<b>Non-interest earning assets</b>									
Acceptances									
Australia	10,707.7			12,377.3			13,354.5		
Overseas	1,442.7			1,639.5			1,870.2		
Premises and equipment	1,934.0			2,336.2			2,215.1		
Other assets	5,642.6			6,682.4			5,707.6		
Provisions for doubtful debts									
Australia	(1,606.5)			(2,369.5)			(1,687.8)		
Overseas	(749.3)			(834.9)			(856.5)		
	<b>17,371.2</b>			<b>19,831.0</b>			<b>20,603.1</b>		
<b>Total assets</b>	<b>100,828.6</b>			<b>102,426.2</b>			<b>102,214.9</b>		
<b>Total assets</b>									
Australia	61,610.3			63,174.5			64,222.4		
Overseas	39,218.3			39,251.7			37,992.5		
	<b>100,828.6</b>			<b>102,426.2</b>			<b>102,214.9</b>		
% of total assets attributable to overseas activities	<b>38.9%</b>			<b>38.3%</b>			<b>37.2%</b>		



**FINANCIAL INFORMATION**

**2: Average Balance Sheet and Related Interest (continued)**

Years ended 30 September

	1994			1993			1992		
	Average balance \$M	Interest \$M	Average rate %	Average balance \$M	Interest \$M	Average rate %	Average balance \$M	Interest \$M	Average rate %
<b>Interest bearing liabilities</b>									
Time deposits									
Australia	14,373.8	757.1	5.3	15,170.8	966.6	6.4	16,699.0	1,388.3	8.3
Overseas	13,215.1	720.5	5.5	13,712.6	869.6	6.3	13,285.6	1,079.0	8.1
Savings deposits									
Australia	7,439.8	208.9	2.8	6,910.9	234.4	3.4	6,626.2	312.7	4.7
Overseas	2,968.2	88.8	3.0	2,715.6	91.7	3.4	2,117.5	84.5	4.0
Other demand deposits									
Australia	7,354.9	288.8	3.9	6,570.1	288.7	4.4	4,872.2	300.2	6.2
Overseas	2,020.2	82.0	4.1	1,764.4	84.1	4.8	2,031.8	116.5	5.7
Due to other banks									
Australia	340.5	14.7	4.3	243.0	12.6	5.2	247.9	18.4	7.4
Overseas	11,859.1	622.0	5.2	10,750.6	686.4	6.4	9,863.5	827.6	8.4
Commercial paper									
Australia	1,228.1	48.7	4.0	1,314.2	56.6	4.3	1,541.0	97.9	6.4
Overseas	932.1	38.9	4.2	1,568.0	52.8	3.4	1,177.5	54.4	4.6
Borrowing corporations' debt									
Australia	5,288.4	412.5	7.8	5,911.6	555.5	9.4	6,390.3	745.6	11.7
Overseas	876.8	59.4	6.8	745.0	59.6	8.0	641.9	62.8	9.8
Loan capital, bonds and notes									
Australia	4,193.8	223.2	5.3	4,389.6	232.9	5.3	4,154.9	280.8	6.8
Overseas	720.3	44.8	6.2	797.7	52.8	6.6	1,017.5	73.3	7.2
Other liabilities <sup>1</sup>									
Australia	469.2	45.1	n/a	619.4	80.1	n/a	865.3	149.8	n/a
Overseas	648.8	29.6	n/a	668.5	40.9	n/a	777.6	53.3	n/a
	<b>73,929.1</b>	<b>3,685.0</b>	<b>5.0</b>	<b>73,852.0</b>	<b>4,365.3</b>	<b>5.9</b>	<b>72,309.7</b>	<b>5,645.1</b>	<b>7.8</b>
<b>Non-interest bearing liabilities</b>									
Deposits									
Australia	3,581.1			3,123.3			3,227.3		
Overseas	1,937.4			1,715.7			1,592.0		
Acceptances									
Australia	10,707.7			12,377.3			13,354.5		
Overseas	1,442.7			1,639.5			1,870.2		
Other liabilities									
	3,902.8			4,810.8			4,743.5		
	<b>21,571.7</b>			<b>23,666.6</b>			<b>24,787.5</b>		
<b>Total liabilities</b>	<b>95,500.8</b>			<b>97,518.6</b>			<b>97,097.2</b>		
<b>Total liabilities</b>									
Australia	57,173.6			58,772.4			60,116.2		
Overseas	38,327.2			38,746.2			36,981.0		
	<b>95,500.8</b>			<b>97,518.6</b>			<b>97,097.2</b>		
Shareholders' equity	5,327.8			4,907.6			5,117.7		
<b>Total liabilities and shareholders' equity</b>	<b>100,828.6</b>			<b>102,426.2</b>			<b>102,214.9</b>		
% of total liabilities attributable to overseas activities	<b>40.1%</b>			<b>39.7%</b>			<b>38.1%</b>		

<sup>1</sup> Includes foreign exchange swap costs

3: Interest Spread and Net Interest Average Yield

	1994 \$M	1993 \$M	1992 \$M
<b>Net interest income</b>			
Australia	1,982.2	1,857.6	1,745.6
Overseas	859.3	758.5	761.6
	<b>2,841.5</b>	<b>2,616.1</b>	<b>2,507.2</b>
<b>Average interest earning assets</b>			
Australia	47,871.7	47,631.0	47,792.2
Overseas	35,585.7	34,964.2	33,819.6
	<b>83,457.4</b>	<b>82,595.2</b>	<b>81,611.8</b>
	1994 %	1993 %	1992 %
<b>Gross earnings rate<sup>1</sup></b>			
Australia	8.32	9.00	10.54
Overseas	7.15	7.71	9.20
Total	7.82	8.45	9.99
<b>Australia</b>			
Interest spread adjusted to include interest forgone	3.87	4.04	3.66
Interest forgone on impaired assets <sup>2</sup>	(0.47)	(0.95)	(1.07)
Net interest spread <sup>3</sup>	3.40	3.09	2.59
Net non-interest bearing liabilities, provisions and equity	0.74	0.81	1.06
Net interest average yield <sup>4</sup> - Australia	4.14	3.90	3.65
<b>Overseas</b>			
Interest spread adjusted to include interest forgone	2.01	1.99	1.99
Interest forgone on impaired assets <sup>2</sup>	0.07	(0.20)	(0.39)
Net interest spread <sup>3</sup>	2.08	1.79	1.60
Net non-interest bearing liabilities, provisions and equity	0.33	0.38	0.65
Net interest average yield <sup>4</sup> - Overseas	2.41	2.17	2.25
<b>Group</b>			
Interest spread adjusted to include interest forgone	3.07	3.17	2.97
Interest forgone on impaired assets <sup>2</sup>	(0.24)	(0.63)	(0.79)
Net interest spread <sup>3</sup>	2.83	2.54	2.18
Net non-interest bearing liabilities, provisions and equity	0.57	0.63	0.89
Net interest average yield <sup>4</sup> - Group	3.40	3.17	3.07

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

<sup>2</sup> Refer note 15 to the Financial Statements

<sup>3</sup> Average interest rate received on interest earning assets less the average interest rate paid on interest bearing liabilities

<sup>4</sup> Net interest income as a percentage of average interest earning assets



**4: Volume and Rate Analysis**

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

Years ended 30 September	1994 over 1993			1993 over 1992		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
<b>Interest earning assets</b>						
Due from other banks						
Australia	7.5	(8.6)	(1.1)	(7.8)	(15.2)	(23.0)
Overseas	(7.9)	(93.2)	(101.1)	37.6	(186.9)	(149.3)
Regulatory deposits with						
Reserve Bank of Australia	(0.4)	14.8	14.4	-	(3.9)	(3.9)
Investments in public securities						
Australia	(23.4)	(25.8)	(49.2)	(16.7)	(97.1)	(113.8)
Overseas	8.3	(34.9)	(26.6)	(2.5)	(26.7)	(29.2)
Loans, advances and bills discounted						
Australia	24.6	(304.1)	(279.5)	15.7	(618.7)	(603.0)
Overseas	58.1	(64.3)	(6.2)	42.7	(282.8)	(240.1)
Other assets						
Australia	15.1	(3.5)	11.6	2.8	(13.3)	(10.5)
Overseas	(4.3)	(12.9)	(17.2)	17.8	(15.9)	1.9
<b>Change in interest income</b>	<b>77.6</b>	<b>(532.5)</b>	<b>(454.9)</b>	<b>89.6</b>	<b>(1,260.5)</b>	<b>(1,170.9)</b>
<b>Interest bearing liabilities</b>						
Time deposits						
Australia	(48.7)	(160.8)	(209.5)	(118.7)	(303.0)	(421.7)
Overseas	(30.6)	(118.5)	(149.1)	33.7	(243.1)	(209.4)
Savings deposits						
Australia	17.0	(42.5)	(25.5)	12.9	(91.2)	(78.3)
Overseas	8.1	(11.0)	(2.9)	21.5	(14.3)	7.2
Other demand deposits						
Australia	32.5	(32.4)	0.1	88.2	(99.7)	(11.5)
Overseas	11.3	(13.4)	(2.1)	(14.2)	(18.2)	(32.4)
Due to other banks						
Australia	4.5	(2.4)	2.1	(0.4)	(5.4)	(5.8)
Overseas	66.1	(130.5)	(64.4)	69.6	(210.8)	(141.2)
Commercial paper						
Australia	(3.6)	(4.3)	(7.9)	(13.0)	(28.3)	(41.3)
Overseas	(24.6)	10.7	(13.9)	15.3	(16.9)	(1.6)
Borrowing corporations' debt						
Australia	(54.8)	(88.2)	(143.0)	(52.8)	(137.3)	(190.1)
Overseas	9.7	(9.9)	(0.2)	9.2	(12.4)	(3.2)
Loan capital, bonds and notes						
Australia	(10.4)	0.7	(9.7)	15.2	(63.1)	(47.9)
Overseas	(4.9)	(3.1)	(8.0)	(14.9)	(5.6)	(20.5)
Other liabilities						
Australia	(17.0)	(18.0)	(35.0)	(36.9)	(32.8)	(69.7)
Overseas	(1.2)	(10.1)	(11.3)	(7.0)	(5.4)	(12.4)
<b>Change in interest expense</b>	<b>(46.6)</b>	<b>(633.7)</b>	<b>(680.3)</b>	<b>7.7</b>	<b>(1,287.5)</b>	<b>(1,279.8)</b>
<b>Change in net interest income</b>	<b>124.2</b>	<b>101.2</b>	<b>225.4</b>	<b>81.9</b>	<b>27.0</b>	<b>108.9</b>

**5: Interest Sensitivity Gap**

The following table represents the interest rate sensitivity as at 30 September 1994 of the Economic entity's assets, liabilities and off-balance sheet instruments repricing (ie when interest rates applicable to each asset or liability can be changed) in the periods shown.

Sensitivity to interest rates arises from mismatches in the period to repricing of assets and that of the corresponding liability funding. These mismatches are managed within policy guidelines for "gap positions". Major changes in gap positions can be made to adjust the profile as market outlooks change.

At 30 September 1994	To 3 months \$M	3 to 6 months \$M	6 to 12 months \$M	1 to 5 years \$M	Greater than 5 years \$M	Not bearing interest \$M	Total \$M
Lending to customers	36,241.1	5,077.6	8,165.2	8,905.5	582.6	-	<b>58,972.0</b>
Money market loans including interbank	10,563.9	2,035.0	436.7	105.0	14.0	-	<b>13,154.6</b>
Marketable/investment assets	3,691.2	1,758.4	1,323.9	1,526.7	392.2	-	<b>8,692.4</b>
Other assets earning interest	1,014.0	3.4	9.1	7.1	40.3	-	<b>1,073.9</b>
Assets not earning interest	-	-	-	-	-	19,296.5	<b>19,296.5</b>
<b>Total assets</b>	<b>51,510.2</b>	<b>8,874.4</b>	<b>9,934.9</b>	<b>10,544.3</b>	<b>1,029.1</b>	<b>19,296.5</b>	<b>101,189.4</b>
Deposits - at call/savings	19,602.0	549.0	65.8	2.8	306.9	-	<b>20,526.5</b>
Deposits - time	19,777.8	3,296.8	3,006.6	3,127.7	0.5	-	<b>29,209.4</b>
Money market liabilities including interbank	12,675.3	2,067.3	2,166.4	2,370.6	13.4	-	<b>19,293.0</b>
Other long term debt	2,538.7	723.0	68.6	466.1	816.3	-	<b>4,612.7</b>
Other liabilities bearing interest	77.9	2.7	0.3	2.5	-	-	<b>83.4</b>
Other liabilities not bearing interest	-	-	-	-	-	21,960.3	<b>21,960.3</b>
<b>Total liabilities</b>	<b>54,671.7</b>	<b>6,638.8</b>	<b>5,307.7</b>	<b>5,969.7</b>	<b>1,137.1</b>	<b>21,960.3</b>	<b>95,685.3</b>
Shareholders' equity and outside equity interests	-	-	-	-	-	(5,504.1)	<b>(5,504.1)</b>
Off-balance sheet items affecting interest rate sensitivity	(1,775.9)	676.2	179.7	1,006.3	(86.3)	-	-
<b>Interest sensitivity gap - net</b>	<b>(4,937.4)</b>	<b>2,911.8</b>	<b>4,806.9</b>	<b>5,580.9</b>	<b>(194.3)</b>	<b>(8,167.9)</b>	<b>-</b>
<b>Interest sensitivity gap - cumulative</b>	<b>(4,937.4)</b>	<b>(2,025.6)</b>	<b>2,781.3</b>	<b>8,362.2</b>	<b>8,167.9</b>	<b>-</b>	<b>-</b>



**6: Investment Securities by Maturities and Yields**

Investment securities are allocated between Australia or Overseas based on the domicile of the issuer.

Based on remaining term to maturity at 30 September 1994

At book value	Due in 1 year or less \$M	Due between 1 year and 5 years \$M	Due between 5 years and 10 years \$M	Due after 10 years \$M	Total \$M	Market Value Total \$M
<b>Australia</b>						
Treasury notes	1,814.3	-	-	-	<b>1,814.3</b>	1,813.1
Commonwealth securities	-	4.5	-	-	<b>4.5</b>	4.5
Local and semi-government securities	14.2	10.0	-	-	<b>24.2</b>	24.1
Other securities and equity investments	375.6	199.7	0.6	2.5	<b>578.4</b>	583.4
	2,204.1	214.2	0.6	2.5	<b>2,421.4</b>	2,425.1
<b>Overseas</b>						
New Zealand government securities	1,003.5	280.7	1.3	0.4	<b>1,285.9</b>	1,264.2
US treasury and government securities	28.9	-	-	4.7	<b>33.6</b>	33.4
Indian government securities	258.2	11.4	-	-	<b>269.6</b>	269.3
Other government securities	551.6	130.8	82.0	2.1	<b>766.5</b>	770.3
Other securities and equity investments	140.9	238.8	61.7	11.7	<b>453.1</b>	455.7
	1,983.1	661.7	145.0	18.9	<b>2,808.7</b>	2,792.9
Total book value	4,187.2	875.9	145.6	21.4	<b>5,230.1</b>	n/a
Total market value	4,182.2	861.2	147.2	27.4	<b>5,218.0</b>	5,218.0
<b>Weighted average yields<sup>1</sup></b>						
	%	%	%	%		
<b>Australia</b>						
Treasury notes	5.75	-	-	-		
Commonwealth securities	-	8.04	-	-		
Local and semi-government securities	7.40	6.72	-	-		
Other securities and equity investments	5.48	5.61	19.68	3.65		
<b>Overseas</b>						
New Zealand government securities	7.25	8.69	8.65	8.00		
US treasury and government securities	4.37	-	-	4.00		
Indian government securities	9.52	6.26	-	-		
Other government securities	7.02	11.40	13.49	13.60		
Other securities and equity investments	6.59	8.05	12.07	5.08		

<sup>1</sup> Based on coupon rates for fixed interest securities, effective yields for discounted securities and dividend yield for equity investments at 30 September 1994

**7: Loans and Advances by Industry**

At 30 September 1994 the Economic entity was not exposed to any significant loan concentrations other than those disclosed below.

	1994 \$M	1993 \$M	1992 <sup>1</sup> \$M	1991 <sup>1</sup> \$M	1990 <sup>1</sup> \$M
<b>Australia</b>					
Agriculture, forestry, fishing and mining	1,883.7	1,802.4	1,888.8	1,899.0	2,271.3
Business and personal services	851.5	759.2	726.9	n/a	n/a
Commercial and industrial	n/a	n/a	n/a	10,397.5	10,153.4
Entertainment, leisure and tourism	826.9	893.8	896.4	n/a	n/a
Financial, investment and insurance	2,358.8	1,637.6	2,332.8	4,182.4	5,734.4
Government and official institutions	345.1	204.7	326.9	287.0	351.3
Lease finance	3,179.0	3,212.4	3,610.2	3,845.6	4,349.3
Manufacturing	1,752.2	1,948.0	2,006.3	n/a	n/a
Personal	6,379.0	6,252.2	6,357.3	6,199.9	5,845.2
Real estate - construction	703.7	774.4	1,021.8	2,465.1	1,986.0
Real estate - mortgage <sup>2</sup>	21,674.2	19,675.6	19,244.6	13,187.3	10,989.9
Retail and wholesale trade	3,362.3	3,496.8	3,309.0	n/a	n/a
Other	1,450.6	2,041.5	2,256.9	n/a	n/a
	<b>44,767.0</b>	<b>42,698.6</b>	<b>43,977.9</b>	<b>42,463.8</b>	<b>41,680.8</b>
<b>Overseas</b>					
Agriculture, forestry, fishing and mining	749.9	901.3	721.9	n/a	n/a
Banks and other financial institutions	n/a	n/a	n/a	1,225.4	1,526.9
Business and personal services	480.6	448.8	504.8	n/a	n/a
Commercial and industrial	n/a	n/a	n/a	8,152.5	7,508.0
Entertainment, leisure and tourism	237.0	227.4	355.8	n/a	n/a
Financial, investment and insurance	1,606.6	1,776.4	2,043.3	n/a	n/a
Government and official institutions	594.8	409.0	407.7	1,046.0	921.6
Lease Finance	52.1	63.1	68.1	n/a	n/a
Manufacturing	2,597.8	2,821.3	2,912.0	n/a	n/a
Personal	2,388.3	2,365.7	2,251.0	n/a	n/a
Real estate - construction	373.5	331.4	414.2	n/a	n/a
Real estate - mortgage <sup>2</sup>	6,245.5	5,491.7	4,776.9	n/a	n/a
Retail and wholesale trade	1,485.1	1,524.2	1,375.0	n/a	n/a
Other	1,485.8	1,390.9	1,022.4	5,572.1	5,042.8
Rescheduled country debt	n/a	599.5	691.3	n/a	n/a
	<b>18,297.0</b>	<b>18,350.7</b>	<b>17,544.4</b>	<b>15,996.0</b>	<b>14,999.3</b>
<b>Gross loans and advances</b>	<b>63,064.0</b>	<b>61,049.3</b>	<b>61,522.3</b>	<b>58,459.8</b>	<b>56,680.1</b>
Less: provisions for doubtful debts	1,651.6	2,689.8	3,337.6	1,993.4	1,715.0
income yet to mature <sup>3</sup>	1,477.1	2,075.2	2,417.4	2,693.3	2,801.1
	<b>3,128.7</b>	<b>4,765.0</b>	<b>5,755.0</b>	<b>4,686.7</b>	<b>4,516.1</b>
<b>Net loans and advances</b>	<b>59,935.3</b>	<b>56,284.3</b>	<b>55,767.3</b>	<b>53,773.1</b>	<b>52,164.0</b>

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

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

<sup>3</sup> Effective from 30 September 1994, the Economic entity ceased the practice of reserving interest on certain non-accrual loans. Reserved interest balances as at 30 September 1994 amounting to \$285.9 million for the Economic entity has been written back against the relevant loan accounts (refer note 2 to the Financial Statements). Income yet to mature as at 30 September 1993 includes reserved interest of \$516.8 million for the Economic entity

n/a Not available



**8: Maturity Distribution and Interest Rate Sensitivity of Loans**

Based on remaining term  
to maturity at 30 September 1994

	Due in 1 year or less <sup>1</sup> \$M	Due between 1 year and 5 years \$M	Due over 5 years \$M	Total \$M
<b>Australia</b>				
Agriculture, forestry, fishing and mining	1,222.2	420.3	241.2	1,883.7
Business and personal services	461.8	322.0	67.7	851.5
Entertainment, leisure and tourism	479.4	252.9	94.6	826.9
Financial, investment and insurance	993.2	578.3	787.3	2,358.8
Government and official institutions	133.4	125.6	86.1	345.1
Lease finance	1,044.3	1,888.2	246.5	3,179.0
Manufacturing	1,091.0	377.2	284.0	1,752.2
Personal	2,953.6	2,604.0	821.4	6,379.0
Real estate - construction	381.9	253.8	68.0	703.7
Real estate - mortgage	2,435.5	3,017.1	16,221.6	21,674.2
Retail and wholesale trade	1,780.8	1,208.5	373.0	3,362.3
Other	525.2	678.8	246.6	1,450.6
<b>Overseas</b>	8,442.9	5,884.9	3,969.2	18,297.0
<b>Gross loans and advances</b>	21,945.2	17,611.6	23,507.2	63,064.0
<b>Interest rate sensitivity</b>				
Fixed interest rates <sup>2</sup>	10,131.2	10,353.1	7,874.6	28,358.9
Variable interest rates	11,814.0	7,258.5	15,632.6	34,705.1
	21,945.2	17,611.6	23,507.2	63,064.0

<sup>1</sup> Includes overdrafts

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

**9: Fair Value Information**

Statement of Financial Accounting Standards No. 107 (SFAS 107) "Disclosures about Fair Value of Financial Instruments", requires disclosure of the estimated fair value of on- and off-balance sheet financial instruments for which it is practical to estimate fair value. The disclosures exclude all non-financial instruments, such as regulatory deposits, and specified financial instruments, such as leases and investments in controlled entities. Accordingly, the aggregate estimated fair value amounts do not represent the underlying value of the Economic entity.

Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are based on present value estimates or other valuation techniques. For the majority of short term financial instruments, defined as those which reprice or mature in 90 days or less, with no significant change in credit risk, the fair value was assumed to equate to the carrying amount in the Economic entity's balance sheet.

The estimates of fair value are based on relevant information available to management as at 30 September 1994. While management uses its best judgement in estimating the fair value of financial instruments, there are inherent weaknesses in any estimation technique. Many of the estimates involve uncertainties and matters of significant judgement and cannot be determined with precision. Changes in management's underlying assumptions could significantly affect these estimates.

SFAS 107 requires that fair values be calculated by reference to the value of one trading unit without regard to any premium or discount that may result from concentrations of ownership of a financial instrument, possible taxes on the sale of financial instruments and estimated transaction costs. Furthermore, market prices or rates of discount are not available for many of the financial instruments valued and surrogates have been used which may not reflect the price that would apply in an actual sale. Therefore, for substantially all financial instruments, the fair value estimates are not necessarily indicative of the amounts the Group could have realised in a sale transaction as at 30 September 1994.

The estimated fair value amounts have not been updated for the purposes of these financial statements since 30 September 1994 and, therefore, the estimated fair value of these financial instruments subsequent to 30 September 1994 may be different from the amounts reported.

9: Fair Value Information (continued)

	Carrying value		Estimated fair value	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>Significant financial assets</b>				
Loans, advances and acceptances	69,574.4	66,344.7	69,871.5	67,318.2
Investment securities and shares in associates	5,238.3	4,933.6	5,226.2	4,962.0
Trading securities	3,711.8	4,708.2	3,711.8	4,708.2
Other financial assets	16,304.2	16,698.0	16,259.7	16,523.3

**Loans, advances and acceptances**

The carrying value of loans, advances and acceptances is net of specific and general provisions for doubtful debts and income yet to mature, and also excludes lease finance receivables. Lease finance receivables have a carrying value of \$2,603.4 million (1993: \$2,777.7 million) and an estimated fair value of \$2,570.0 million (1993: \$2,833.7 million). The estimated fair value of loans, advances and acceptances represent the discounted amount of estimated future cash flows and accordingly has not been adjusted for either specific or general provisions for doubtful debts.

Estimated contractual cash flows for performing loans are discounted at estimated current market rates to determine fair value. For loans with doubt as to collection, expected cash flows (inclusive of the value of security) are discounted using a rate which includes a premium for the uncertainty of the flows.

The difference between estimated fair value of loans, advances and acceptances and their carrying values reflects changes in interest rates and the credit worthiness of borrowers since loan origination. The excess of estimated fair value of loans, advances and acceptances over the carrying value is primarily a reflection of the offsetting of the general provision for doubtful debts against the carrying value partly offset by the effect of the rising interest rate environment in the period to 30 September 1994.

**Investment securities and shares in associates**

Fair value is based on quoted market prices or broker or dealer price quotations. If this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

**Trading securities**

Trading securities are carried at market value, with the resulting gains and losses included in trading revenue. Market value is generally based on quoted market prices, broker or dealer price quotations, or prices for securities with similar credit risk, maturity and yield characteristics.

**Other financial assets**

Included in this category are cash and amounts due from other banks and accrued interest and fees receivable. The carrying values of these financial instruments are considered to approximate their fair values as they are short term in nature or are receivable on demand.

The fair values of other financial instruments such as interest rate swaps and currency swaps were calculated using discounted cash flow models based on current market yields for similar types of instruments and the maturity of each instrument. Foreign exchange contracts and interest rate option contracts were valued using market prices and option valuation models as appropriate.

Properties held for resale and future income tax benefits are not considered financial assets.



**9: Fair Value Information (continued)**

	Carrying value		Estimated fair value	
	1994	1993	1994	1993
	\$M	\$M	\$M	\$M
<b>Significant financial liabilities</b>				
Deposits and other borrowings and acceptances	76,026.2	76,613.7	75,987.5	76,934.2
Loan capital and bonds and notes	4,612.3	5,149.8	4,523.1	5,198.2
Other financial liabilities	13,791.6	11,915.7	13,770.6	11,915.7

**Deposits and other borrowings and acceptances**

Under SFAS 107, the estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is deemed to equal the amount repayable on demand. SFAS 107 does not permit the fair value to be adjusted for any value expected to be derived from retaining the deposits for a future period of time.

For interest bearing fixed maturity deposits and other borrowings and acceptances without quoted market prices, market borrowing rates of interest for debt with a similar remaining maturity are used to discount contractual cash flows.

The estimated fair value of interest bearing deposits and other liabilities reflects the rising interest rate environment in the period to 30 September 1994.

**Loan capital and bonds and notes**

The aggregate fair value of loan capital and bonds and notes at 30 September 1994 was calculated based on quoted market prices. For those debt issues where quoted market prices were not available, a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the instrument was used.

**Other financial liabilities**

This category includes amounts due to other banks and accrued interest and fees payable for which the carrying amount is considered to be a reasonable estimate of fair value.

The fair values of derivative financial instruments were determined on the basis described under the caption "other financial assets".

Income tax liabilities and other provisions are not considered financial liabilities.

**Commitments and contingencies**

As outlined in note 36, the Economic entity has various credit-related commitments. Based upon the level of fees currently charged for granting such commitments, taking into account maturity and interest rates, together with any changes in the creditworthiness of counterparties since origination of the commitments, their estimated replacement or fair value is not material.

**10: Concentrations of Credit Risk**

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

At 30 September	1994			Specific provision \$M	1993	
	Loans and advances <sup>1</sup> \$M	Acceptances \$M	Total \$M		Total \$M	Specific provision \$M
<b>Australia</b>						
Agriculture, forestry, fishing and mining	1,883.7	709.0	2,592.7	42.2	2,451.2	97.9
Business and personal services	851.5	368.0	1,219.5	47.9	1,444.5	90.8
Entertainment, leisure and tourism	826.9	672.8	1,499.7	88.0	1,366.0	33.5
Financial, investment and insurance	2,358.8	1,133.9	3,492.7	35.5	2,789.9	43.8
Government and official institutions	345.1	44.0	389.1	0.1	338.4	0.2
Lease finance	3,179.0	-	3,179.0	21.4	3,212.4	31.7
Manufacturing	1,752.2	1,848.6	3,600.8	65.1	3,792.5	93.2
Personal <sup>2</sup>	6,379.0	453.2	6,832.2	69.1	6,792.8	77.7
Real estate - construction	703.7	235.8	939.5	13.5	1,139.9	45.1
Real estate - mortgage <sup>3</sup>	21,674.2	4,196.4	25,870.6	221.1	23,635.4	713.4
Retail and wholesale trade	3,362.3	1,221.9	4,584.2	106.6	4,724.8	132.0
Other	1,450.6	126.6	1,577.2	96.4	2,173.6	21.6
	<b>44,767.0</b>	<b>11,010.2</b>	<b>55,777.2</b>	<b>806.9</b>	<b>53,861.4</b>	<b>1,380.9</b>
<b>Overseas</b>						
Agriculture, forestry, fishing and mining	749.9	58.5	808.4	19.6	1,042.5	24.2
Business and personal services	480.6	74.3	554.9	5.1	566.9	12.2
Entertainment, leisure and tourism	237.0	1.4	238.4	10.1	229.0	32.3
Financial, investment and insurance	1,606.6	233.8	1,840.4	30.5	2,058.5	19.6
Government and official institutions	594.8	-	594.8	16.8	425.0	1.0
Lease finance	52.1	-	52.1	0.3	63.1	1.5
Manufacturing	2,597.8	445.5	3,043.3	51.8	3,339.5	57.6
Personal <sup>2</sup>	2,388.3	8.0	2,396.3	16.7	2,379.7	48.8
Real estate - construction	373.5	29.6	403.1	37.9	385.5	61.0
Real estate - mortgage <sup>3</sup>	6,245.5	5.2	6,250.7	23.7	5,491.7	29.4
Retail and wholesale trade	1,485.1	197.4	1,682.5	27.1	1,752.3	33.3
Other	1,485.8	178.6	1,664.4	38.0	1,692.8	14.4
Rescheduled country debt	n/a	n/a	n/a	n/a	599.5	408.9
	<b>18,297.0</b>	<b>1,232.3</b>	<b>19,529.3</b>	<b>277.6</b>	<b>20,026.0</b>	<b>744.2</b>
<b>Total portfolio</b>	<b>63,064.0</b>	<b>12,242.5</b>	<b>75,306.5</b>	<b>1,084.5</b>	<b>73,887.4</b>	<b>2,125.1</b>

<sup>1</sup> Effective from 30 September 1994, the Economic entity ceased the practice of reserving interest on certain non-accrual loans. Reserved interest balances as at 30 September 1994 amounting to \$285.9 million for the Economic entity has been written back against the relevant loan accounts (refer note 2 to the Financial Statements). Income yet to mature as at 30 September 1993 includes reserved interest of \$516.8 million for the Economic entity

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

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



**11: Cross Border Outstandings**

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

Cross border foreign outstandings are based on the country of domicile of the borrower or guarantor of the ultimate risk and comprise loans (including accrued interest), placements with banks, acceptances and other monetary assets denominated in currencies other than the borrower's local currency. The Economic entity's gross unhedged investment in overseas branches and controlled entities is also included in the cross border risk of the respective countries.

	Governments and other official institutions \$M	Banks and other financial institutions \$M	Other commercial and industrial \$M	Total \$M	% of Economic entity assets
<b>At 30 September 1994</b>					
New Zealand	643.3	763.6	2,669.9	4,076.8	4.0
United Kingdom	100.6	1,172.1	1,916.4	3,189.1	3.2
USA	177.9	1,131.9	1,304.4	2,614.2	2.6
Japan	2.4	909.5	439.2	1,351.1	1.3
Hong Kong	-	702.3	426.8	1,129.1	1.1
Singapore	27.8	733.4	167.0	928.2	0.9
India	327.5	113.7	435.6	876.8	0.9
<b>At 30 September 1993</b>					
New Zealand	612.9	318.1	2,508.0	3,439.0	3.4
United Kingdom	106.6	981.8	1,878.1	2,966.5	3.0
USA	4.3	774.4	1,041.4	1,820.1	1.8
Japan	1.0	844.3	449.4	1,294.7	1.3
Hong Kong	-	685.6	205.0	890.6	0.9
India	390.4	88.3	381.4	860.1	0.9
Singapore	2.7	716.7	47.9	767.3	0.8

**12: Doubtful Debts - Industry Analysis**

Years ended 30 September

	1994	1993	1992	1991	1990
	\$M	\$M	\$M	\$M	\$M
Balance at start of year	2,689.8	3,337.6	1,993.4	1,715.0	1,287.2
Adjustment for exchange rate fluctuations	(84.4)	55.8	110.2	(1.2)	(11.9)
Write-offs (refer (i) below)	(1,428.0)	(1,440.1)	(768.6)	(861.5)	(527.1)
Recoveries (refer (ii) below)	88.4	71.3	36.9	18.8	29.2
Charge to profit and loss account	381.4	646.8	1,937.4	1,053.3	793.2
Provisions acquired(disposed)	3.5	(21.6)	39.9	45.9	62.3
Tax (liability)benefit realised on rescheduled debt	-	(2.5)	1.2	-	58.7
Recognition of provisions previously netted against tax benefits	-	35.4	-	-	-
Other	0.9	7.1	(12.8)	23.1	23.4
<b>Total provisions for doubtful debts</b>	<b>1,651.6</b>	<b>2,689.8</b>	<b>3,337.6</b>	<b>1,993.4</b>	<b>1,715.0</b>
<b>(i) Total write-offs by industry<sup>1</sup></b>					
<b>Australia</b>					
Agriculture, forestry, fishing and mining	(74.5)	(55.3)	(36.6)	(13.1)	(14.9)
Business and personal services	(52.2)	(75.3)	(55.7)	n/a	n/a
Commercial and industrial	n/a	n/a	n/a	(391.2)	(135.4)
Entertainment, leisure and tourism	(95.5)	(22.4)	(21.3)	n/a	n/a
Financial, investment and insurance	(33.7)	(48.8)	(36.2)	(36.2)	(1.7)
Government and official institutions	(0.2)	-	(2.8)	(3.4)	(0.3)
Lease finance	(25.8)	(52.9)	(28.1)	(32.9)	(10.8)
Manufacturing	(79.2)	(46.3)	(45.2)	n/a	n/a
Personal <sup>2</sup>	(42.0)	(90.7)	(47.9)	(61.9)	(6.2)
Real estate - construction	(35.7)	(22.0)	(16.2)	(105.8)	(10.8)
Real estate - mortgage <sup>3</sup>	(381.6)	(576.1)	(205.4)	(0.1)	(2.8)
Retail and wholesale trade	(127.0)	(92.7)	(61.1)	n/a	n/a
Other	(21.4)	(17.9)	(37.9)	n/a	n/a
<b>Overseas</b>					
Rescheduled country debt	(321.5)	(82.0)	(11.3)	(80.7)	(218.1)
Other	(137.7)	(257.7)	(162.9)	(136.2)	(126.1)
<b>Total write-offs</b>	<b>(1,428.0)</b>	<b>(1,440.1)</b>	<b>(768.6)</b>	<b>(861.5)</b>	<b>(527.1)</b>
<b>(ii) Total recoveries by industry<sup>1</sup></b>					
<b>Australia</b>					
Agriculture, forestry, fishing and mining	4.4	1.0	0.9	0.3	0.9
Business and personal services	1.3	1.7	0.7	n/a	n/a
Commercial and industrial	n/a	n/a	n/a	4.0	15.0
Entertainment, leisure and tourism	2.9	1.4	0.2	n/a	n/a
Financial investment and insurance	3.6	4.6	0.9	0.2	0.2
Government and official institutions	-	-	-	n/a	n/a
Lease finance	3.7	4.9	4.3	-	7.1
Manufacturing	0.6	0.3	0.7	n/a	n/a
Personal <sup>2</sup>	11.3	8.0	9.7	8.8	0.4
Real estate - construction	1.3	0.4	0.3	0.1	0.1
Real estate - mortgage <sup>3</sup>	5.4	7.7	5.7	-	1.0
Retail and wholesale trade	6.4	2.0	1.0	n/a	n/a
Other	2.5	1.1	5.0	n/a	n/a
<b>Overseas</b>					
Rescheduled country debt	12.4	29.5	-	-	-
Other	32.6	8.7	7.5	5.4	4.5
<b>Total recoveries</b>	<b>88.4</b>	<b>71.3</b>	<b>36.9</b>	<b>18.8</b>	<b>29.2</b>
Net write-offs	(1,339.6)	(1,368.8)	(731.7)	(842.7)	(497.9)
Ratio of net write-offs to average loans and acceptances	1.9%	1.9%	1.0%	1.1%	0.8%

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

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

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

n/a Not applicable.



**13: Certificates of Deposit and Term Deposit Maturities**

The following table shows the maturity profile of the Economic entity's certificates of deposit and term deposits in excess of \$100,000 issued at 30 September 1994.

	Due in 3 months or less \$M	Due between 3 months and 6 months \$M	Due between 6 months and 1 year \$M	Due in over 1 year \$M	Total \$M
<b>Australia</b>					
Certificates of deposit	1,032.0	456.3	725.3	969.0	3,182.6
Term deposits	5,435.7	827.6	648.2	704.1	7,615.6
	6,467.7	1,283.9	1,373.5	1,673.1	10,798.2
<b>Overseas</b>					
Certificates of deposit	894.5	374.5	154.7	101.4	1,525.1
Term deposits	5,938.6	1,288.5	600.0	595.6	8,422.7
	6,833.1	1,663.0	754.7	697.0	9,947.8
<b>Total</b>	<b>13,300.8</b>	<b>2,946.9</b>	<b>2,128.2</b>	<b>2,370.1</b>	<b>20,746.0</b>

**14: Short Term Borrowings**

The Economic entity's short term borrowings comprise commercial paper, as well as unsecured notes issued by subsidiary borrowing corporations with an original term to maturity of less than one year. The Economic entity has commercial paper programmes in the United States, where it issues paper through ANZ (Delaware) Inc., and in Europe and Asia, where the Economic entity issues paper direct.

Years ended 30 September	1994 \$M	1993 \$M	1992 \$M
<b>Balance at end of year</b>			
Commercial paper - ANZ (Delaware) Inc.	1,374.9	350.3	1,649.8
Commercial paper - other	1,104.4	1,328.6	1,276.0
Unsecured notes	1,084.4	1,007.0	1,119.4
<b>Weighted average interest rate at end of year</b>			
Commercial paper - ANZ (Delaware) Inc.	4.86%	3.29%	3.56%
Commercial paper - other	4.86%	3.53%	4.59%
Unsecured notes	5.24%	5.41%	8.66%
<b>Maximum amount outstanding at any month end during year</b>			
Commercial paper - ANZ (Delaware) Inc.	1,439.0	1,704.8	1,649.8
Commercial paper - other	1,416.1	1,647.9	2,370.7
Unsecured notes	1,184.2	1,254.7	1,304.9
<b>Average amount outstanding during year</b>			
Commercial paper - ANZ (Delaware) Inc.	932.1	1,568.0	1,177.5
Commercial paper - other	1,228.1	1,314.2	1,541.0
Unsecured notes	1,102.2	1,077.3	1,188.4
<b>Weighted average interest rate during year</b>			
Commercial paper - ANZ (Delaware) Inc.	4.16%	3.37%	4.62%
Commercial paper - other	3.98%	4.31%	6.35%
Unsecured notes	5.02%	6.32%	8.78%

**15: US GAAP Reconciliation**

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

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

	Note	1994 \$M	1993 \$M	1992 \$M
<b>Operating profit(loss) after income tax using Australian GAAP</b>		<b>821.9</b>	246.5	(579.0)
Items having the effect of increasing(decreasing) reported income:				
Reversal of loss on revaluation of properties	(i)	-	29.8	-
Loss on sale of premises, 530 Collins Street, Melbourne	(i)	-	(89.6)	-
Depreciation charged on the difference between revaluation amount and historical cost of buildings	(i)	1.3	1.0	2.1
Difference in gain or loss on disposal of properties revalued under historical cost	(i)	2.7	1.0	2.8
Amortisation of goodwill	(ii)	(36.7)	(38.2)	(39.9)
Write-off of goodwill	(ii)	(5.4)	(45.5)	(21.7)
Capitalisation of gain arising from sale-leaseback transactions	(iii)	-	-	(2.0)
Amortisation of sale-leaseback gain over lease term	(iii)	17.2	17.2	17.2
Amortisation of capitalised profit arising from sale of Coles Myer warrants	(iv)	10.0	10.0	10.0
Net income(loss) according to US GAAP		<b>811.0</b>	132.2	(610.5)
<b>Shareholders' equity reported at year end using Australian GAAP</b>		<b>5,455.6</b>	5,089.0	4,542.3
Elimination of gross asset revaluation reserves	(i)	(402.0)	(404.7)	(324.5)
Reversal of loss on revaluation of properties	(i)	29.8	29.8	-
Adjustment to provision for depreciation on buildings revalued	(i)	30.3	29.0	28.0
Restoration of previously deducted goodwill	(ii)	807.2	807.2	807.2
Accumulated amortisation and write-off of goodwill	(ii)	(352.3)	(310.2)	(226.5)
Restoration of deferred gain on sale-leaseback transactions less amortisation	(iii)	(9.6)	(26.8)	(44.0)
Restoration of deferred profit on Coles Myer warrants transactions less amortisation	(iv)	-	(10.0)	(20.0)
Provision for final dividend	(v)	189.5	130.8	115.8
Shareholders' equity according to US GAAP		<b>5,748.5</b>	5,334.1	4,878.3
<b>Total assets reported using Australian GAAP</b>		<b>101,189.4</b>	99,932.6	101,137.7
Elimination of gross asset revaluation reserves	(i)	(402.0)	(404.7)	(324.5)
Reversal of downward revaluation of properties	(i)	29.8	29.8	-
Adjustment to provision for depreciation on buildings revalued	(i)	30.3	29.0	28.0
Restoration of previously deducted goodwill	(ii)	807.2	807.2	807.2
Accumulated amortisation and write-off of goodwill	(ii)	(352.3)	(310.2)	(226.5)
Reclassification of deferred tax assets against deferred tax liabilities	(vi)	(315.7)	(406.1)	(543.5)
Total assets according to US GAAP		<b>100,986.7</b>	99,677.6	100,878.4



**15: US GAAP Reconciliation (continued)****(i) Premises and equipment**

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

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

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

**(ii) Goodwill**

For financial years commencing with the year ended 30 September 1993, the Economic entity changed its accounting policy in respect of goodwill. Previously, goodwill on acquisition was charged in full to the Economic entity's Profit and Loss Account in the year of acquisition. Under US GAAP, goodwill is capitalised and amortised over the period of time during which the benefits are expected to arise, such period not exceeding 40 years generally or 25 years in respect of bank acquisitions.

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

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

**(iii) Sale-leaseback transactions**

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

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

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

**(v) Dividends**

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

**(vi) Income taxes**

Under Australian GAAP, tax benefits relating to carry forward tax losses must be "virtually certain" of being realised before being booked.

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

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

**(vii) Pension commitments**

Under Australian GAAP, contributions in respect of defined benefits schemes are made at levels necessary to ensure that these schemes are maintained with sufficient assets to meet their actuarially assessed liabilities. Any net deficiency arising from the aggregation of assets and liabilities of the Economic entity's defined benefit schemes is provided for in the Economic entity's financial statements (refer note 37 in the Financial Statements). Under US GAAP, the pension expense for defined benefits pension schemes is a function of the employee's service period, interest costs, actual return on schemes' assets, amortisation of unrecognised prior service costs and unrecognised net gains or losses. No adjustment is required to be made in the US GAAP reconciliation statement as the difference is immaterial.

**15: US GAAP Reconciliation (continued)****(viii) Post retirement benefits**

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

**(ix) Investment securities**

Under Australian GAAP, there is no requirement to make a valuation allowance for investment securities unless permanent diminution in the value of security has occurred. US GAAP requires that in instances where there is not certainty that investment securities will be held until maturity, such securities should be classified as available for sale and recorded at market value with unrealised profits and losses in respect of market value adjustments recognised in Shareholders' Equity.

No adjustment is required to be made in the US GAAP reconciliation as the effect of reclassifying certain investment securities as available for sale is not material.

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

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

**(xi) Accounting for the impairment of loans**

The Economic entity has not adopted the provisions of SFAS 114, which is not effective until financial years commencing on or after 15 December 1994. SFAS 114 requires the value of an impaired loan to be measured as the present value of future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of the collateral, if the loan is collateral dependent. There is no requirement under Australian GAAP to discount the expected future cash flows attributable to impaired loans in assessing the level of specific provision for doubtful debts.

However, the general provision for doubtful debts, which amounts to \$567.1 million as at 30 September 1994, would exceed the estimated write-down of impaired loans consequent to the adoption of the provisions of SFAS 114 as at 30 September 1994. Therefore, it is estimated that the adoption of the provisions of SFAS 114 by the Economic entity as at 30 September 1994 would not have resulted in an adjustment to the US GAAP reconciliation statement.



**1: Major Shareholders**

**(i) Ordinary shares**

At 11 November 1994 the twenty largest holders of ordinary shares held 677,937,496 ordinary shares, equal to 50.1 per cent of the total issued ordinary capital

	Number of shares	%
Chase Manhattan Nominees Ltd	116,343,246	8.6
National Nominees Limited	112,734,440	8.3
ANZ Nominees Ltd	100,589,167	7.4
Westpac Custodian Nominees Limited	75,708,798	5.6
Australian Mutual Provident Society	45,215,789	3.3
State Authorities Superannuation Board	38,728,013	2.9
Queensland Investment Corporation	24,889,146	1.8
Perpetual Trustees Nominees Limited	19,607,982	1.5
Permanent Trustee Company Limited	19,472,987	1.5
MLC Life Limited	19,187,270	1.4
Citicorp Nominees Pty Limited	17,244,580	1.3
CBA Nominees Limited	16,605,412	1.2
The National Mutual Life Association of Australasia Limited	13,315,556	1.0
Barclays Australian Custodian Services Limited	10,297,352	0.8
Pendal Nominees Pty Limited	9,714,507	0.7
The Equity Trustees Executors and Agency Company Limited	8,309,000	0.6
Victorian Superannuation Board	7,949,249	0.6
NRMA Investments Pty Limited	7,767,570	0.6
Victorian Workcover Authority	7,168,349	0.5
Transport Accident Commission	7,089,083	0.5
	677,937,496	50.1

**(ii) Preference shares**

At 11 November 1994 the twenty largest preference shareholders held 3,366,939 preference shares equal to 56.1 per cent of the total preference shares issued

	Number of shares	%
The National Mutual Life Association of Australasia Limited	1,464,630	24.4
Australian Mutual Provident Society	359,200	6.0
Permanent Trustee Company Limited	353,907	5.9
Mr R J Yeomans & Mrs J P Horton & Mrs A Trimmer	138,200	2.3
J B Were Capital Markets Ltd	123,270	2.0
Mercantile Mutual Life Insurance Co. Limited	100,000	1.7
The Prudential Assurance Co. Ltd	100,000	1.7
Rema Nominees Pty Ltd	99,830	1.7
Hong Kong Bank of Australia Ltd	84,320	1.4
The Australian National University	82,000	1.4
Melfast Nominees Pty Ltd	81,460	1.4
Westpac Custodian Nominees Ltd	63,406	1.0
Bainpro Nominees Pty Ltd	57,500	1.0
NRMA Investments Pty Limited	50,000	0.8
National Nominees Limited	48,031	0.8
Cigna Insurance Australia Limited	43,000	0.7
Hevea Pty Ltd	35,030	0.6
The Equity Trustees Executors and Agency Company Limited	33,000	0.5
ANZ Nominees Ltd	27,355	0.4
Sandhurst Trustees Ltd	22,800	0.4
	3,366,939	56.1

**2: Substantial Ordinary Shareholders**

At 11 November 1994, there were no entries in the Register of Substantial Shareholdings.

During the year prior to 11 November 1994, notices were received from Australian Mutual Provident Society, advising on 10 February 1994 disclosing an interest in 66,917,285 ordinary shares and on 17 May 1994 advising that the Society had ceased to be a substantial shareholder.

**3: Average Size of Shareholdings**

**(i) Ordinary shares - fully paid**

At 11 November 1994 the average size of holding of ordinary shareholdings was 12,207 (1993: 12,076) shares.

**(ii) Preference shares**

At 11 November 1994 the average size of preference shareholdings was 585 (1993: 556) shares.

**4: Distribution of Shareholdings**

**(i) Ordinary shares - fully paid**

At 11 November 1994 Range	Number of holders	% of holders	Number of shares '000	% of shares
1 to 1,000 shares	36,787	33.2	18,172	1.3
1,001 to 5,000 shares	53,792	48.5	129,546	9.6
5,001 to 10,000 shares	11,939	10.8	84,282	6.2
Over 10,001 shares	8,302	7.5	1,121,581	82.9
	110,820	100.0	1,353,581	100.0

**(ii) Preference shares**

At 11 November 1994 Range	Number of holders	% of holders	Number of shares '000	% of shares
1 to 1,000 shares	9,957	97.1	1,546	25.8
1,001 to 5,000 shares	213	2.1	467	7.8
5,001 to 10,000 shares	33	0.3	259	4.3
Over 10,001 shares	47	0.5	3,728	62.1
	10,250	100.0	6,000	100.0

**5: Voting Rights of Shareholders**

**(i) Ordinary shares**

The Articles provide for

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

**(ii) Preference shares**

Preference shareholders may vote only upon

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



**6: Holders of Non-Marketable Parcels**

**(i) Ordinary shares**

At 11 November 1994, shareholdings of less than a marketable parcel (1 to 99 shares) were 4,350 (1993: 3,358), which is 3.9% of the total holdings of ordinary shares.

**(ii) Preference Shares**

At 11 November 1994, preference shareholdings of less than a marketable parcel (1 to 49 preference shares) were 700 (1993: 665), which is 6.8% of the total number of preference shareholdings.

**7: Employee Shareholder Information**

At the 1994 Annual General Meeting, shareholders approved a limit of 7% of the issued share capital of the Company on the number of shares which may be issued under the employee and senior officers' share purchase schemes and the unissued shares to which options may be granted under any incentive schemes for employees and directors of the Group.

At 11 November 1994, participants in the employee and senior officers' share purchase schemes held 2.0% (1993: 2.3%) of the issued share capital. Options to purchase 1,550,000 ordinary shares have been granted under the Directors' share and option purchase and the ANZ Group Option schemes.

**8: Directors' Shareholding Interests**

	A <sup>1</sup>	B <sup>2</sup>	C <sup>3</sup>	D <sup>4</sup>	E <sup>5</sup>
J C Dahlsen	33,400	50,000	-	-	12,000
Dr R S Deane	5,000	-	-	-	-
C B Goode	134,471	50,000	50,000	-	-
J B Gough	153,680	50,000	-	-	-
C J Harper	26,814	40,000	-	-	-
M A Jackson	17,580	-	-	-	-
A T L Maitland	82,730	-	50,000	300,000 <sup>5</sup>	-
D P Mercer	62,056	-	50,000	500,000 <sup>5</sup>	-
J F Ries	139,498	-	50,000	300,000 <sup>5</sup>	-
Dr B W Scott	28,338	50,000	-	-	-
Sir Ronald Trotter	12,400	50,000	-	-	-
R B Vaughan	73,657	-	-	-	-
	769,624	290,000	200,000	1,100,000	12,000

A Beneficially held - fully paid ordinary shares

B Beneficially held - partly paid ordinary shares

C Beneficially held - options

D Beneficially held - options

E Non-beneficially held - fully paid ordinary shares

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

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

<sup>3</sup> Options issued pursuant to the Directors' share and option purchase scheme to take up shares in the Company during the period of 5 years after issue at market prices fixed as at the time of issue less one cent which amount of one cent was paid on issue of the option

<sup>4</sup> Options issued pursuant to the ANZ Group Share Option Scheme to take up shares in the Company no earlier than 3 years or later than 5 years after issue at market prices fixed as at the time of issue less one cent which amount of one cent was paid on issue of the option, provided certain performance criteria are met

<sup>5</sup> Issued during the year

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# INVESTOR INFORMATION

## Shareholder Meetings

The Annual General Meeting will be held at the Savoy Ballroom, Grand Hyatt Melbourne, 123 Collins Street, Melbourne on Friday, 20 January, 1995.

## Chairman's Address

A summary of the Chairman's address to the AGM will be published in the "Shareholder Contact" magazine issued in February 1995.

## Listings

The Group's ordinary shares are listed on the Australian Stock Exchange, the International Stock Exchange in London and the New Zealand Stock Exchange. The Capital Securities offered in February 1993 are listed on the New York Stock Exchange. Preference shares are listed on the Australian Stock Exchange.

Additionally, the Bank of New York sponsors an American Depositary Receipt program in the United States of America. These were listed on the New York Stock Exchange on 6 December 1994. ADR holders should deal directly with the Depository, Bank of New York, New York, on all matters relating to their ADRs.

## Dividends

The final dividend of 14 cents per share will be paid on 20 January, 1995 bringing the full year dividend to 25 cents per share. Both the final and interim dividend (paid in July 94) are unfranked for Australian taxation purposes. Dividend reinvestment plan and Bonus option plans are available to Shareholders. The options are detailed in a booklet called "Shareholder Alternatives", copies of which are available from the Share Registrars at the addresses shown.

## Enquiries

Shareholders who wish to contact the Company on any matter related to their shareholding are invited to telephone or write to the most convenient Share Registry.

## Change of Address

It is important that shareholders notify the Company in writing if there is a change to their registered address. For added protection shareholders should quote their Holder Number.

## Credit Ratings (December 1994)

### Short Term Debt

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

### Long Term Debt

Moody's Investors Service	A1
Standard & Poor's Ratings Group	A+

## Financial Calendar

Books close for Final Ordinary Dividend	9 December 1994
Books close for Preference Dividend	3 January 1995
Preference Dividend Payment	11 January 1995
Final Ordinary Dividend Payment	20 January 1995
Annual General Meeting	20 January 1995
Interim Results Announcement	22 May 1995*
Interim Ordinary Dividend Payment	10 July 1995
Final Preference Dividend Payment and Conversion	11 July 1995
Final Results Announcement	22 November 1995*

\*tentative dates only

## Registered Office

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Victoria 3000 Australia

Phone: (03) 273-6141

Fax: (03) 273-6142

General Manager Corporate Secretariat:

Richard T Jones

Chief Financial Officer and Company Secretary:

David T Craig

General Manager Investor Relations: David H Ward

## Share Registrars

### Australia

Coopers & Lybrand, Southbank Terrace,  
71 City Road, South Melbourne, Victoria 3205

Phone: (03) 602-5688 Toll Free: 008 331-721

Fax: (03) 600-0310

### New Zealand

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

Phone: (04) 496-7000

Fax: (04) 496-8872

### United Kingdom

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