

Annual Report *1989*



Australia and New Zealand Banking Group Limited

The theme of this year's Report is "Achievement and Momentum". We illustrate ANZ's role in assisting achievement-oriented people and organisations in meeting their goals in many aspects of human endeavour; sporting, artistic, academic, and business.

ANZ is proud to have associations with other successful Australasians on the world stage, and to put something back into the communities from which we earn our living.

We also seek to illustrate the momentum ANZ has developed in achieving returns for shareholders, through strength in our home markets, an unmatched international network, and a 'bottom-line' focused business unit structure.

Our cover shows Australasian achievers in action; the ANZ 12-Metre Challenge, held in Sydney in January 1989, was a series of races of equal boats, skippered by Australian Iain Murray, the eventual winner, and Dennis Conner of the USA; and the steel production control pulpit at the Western Port plant of the Coated Products Division of BHP Ltd, one of Australasia's leading companies, and one of ANZ's major corporate customers.

In the interests of the environment, we have printed the Financial Section of this Report on recycled paper.

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*“ ...Recognising that domestic strength drives international success, we aim to be the leading provider of a comprehensive range of financial services in Australasia, with significant market shares in all major product and geographic areas;
and
to leverage off the strength provided by a sound domestic base into profitable niche banking activities primarily built around the trade and capital flows between Australasia and the rest of the world...”*



THE YEAR IN BRIEF



The Group's success depends on the calibre of its people. ANZ is committed to staff training and development, as a means of ensuring both personal and corporate achievement.

Management education took a further step forward this year with the establishment of an executive development centre near Melbourne. The centre is now in constant use, with programmes covering international management skills, leadership, strategy, technology, and risk management.

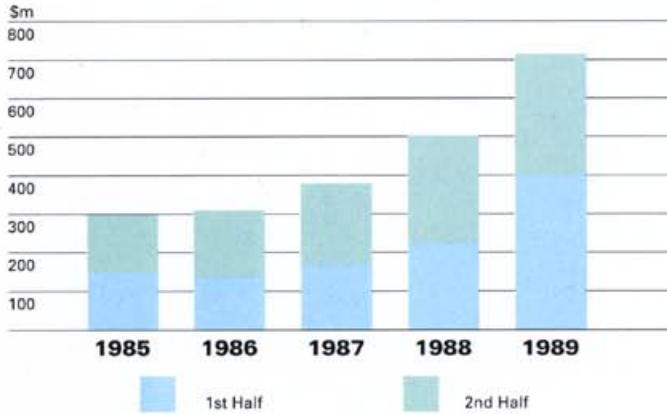
The centre is a restored homestead, dating back to the 1840's. We are pleased to have created an excellent training facility, whilst preserving a part of Australia's early colonial heritage.

- After tax profit, before abnormal items, increased by 42.8% to A\$721.7 million.
- A\$221 million provided as an abnormal item for exposure to debt rescheduling countries, bringing net exposure down to approximate value in secondary market at year-end.
- Return on average shareholders' funds before abnormal items improved from 15.1% to 17.2%.
- Earnings per share before abnormal items increased by 19.9%, from 71 cents to 85.1 cents.
- Continuing productivity improvements saw operating costs fall from 65.5% of income to 64.1%.
- Acquisition of Post Office Bank Ltd (PostBank) in New Zealand, making ANZ the largest banking group in the country.
- Final fully franked dividend of 22 cents to be paid, amounting to total payment of 44 cents for the year, an increase of 27.5% (excluding Special Dividend paid April 1989).
- Profit contribution from international network up 89% to A\$168.2 million, representing 23.3% of Group profit before abnormal items, up from 17.6% last year.
- Dividend Selection Plan announced for U.K. resident shareholders.
- Group assets up 14.8% to A\$84.7 billion.
- Risk weighted capital ratio 8.7%, of which 5.3% was tier 1.
- Acquisition of Mercantile Credits Ltd, lifting our share of the Australian finance company market to 23%.



FINANCIAL PERFORMANCE

OPERATING PROFIT AFTER TAX



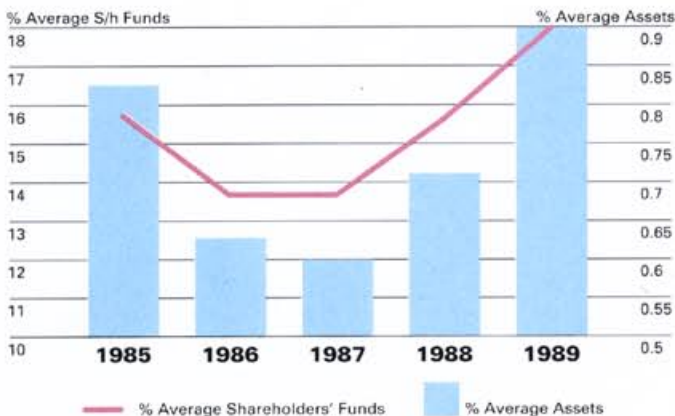
The after tax profit of A\$721.7 million (before abnormal items) was an increase of 42.8% on the previous year (\$505.4 million).

Lower corporate tax rates in Australia and New Zealand contributed A\$77.9 million to the increased profit. Thus, without the tax changes, profit (before abnormal items) would have been up by 27%.

Before tax and abnormal items, operating profit was A\$1122.6 million, up 16.7%.

The second half profit before abnormal items was down on the first half (A\$318.6 million versus A\$403.1 million) due to a significant increase in specific provisions for bad and doubtful debts in the second half, A\$188.3 million, compared to A\$119.5 million. New Zealand accounted for A\$92.5 million of the total charge of A\$307.8 for the year.

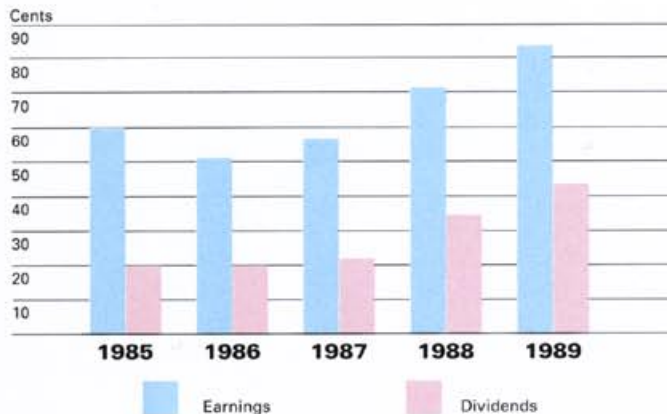
RETURN ON AVERAGE ASSETS & SHAREHOLDERS' FUNDS



Return (before abnormal items) on average assets and shareholders' funds continued to improve, reflecting the growing profitability of our international network, productivity measures and lower tax rates.

These two ratios have improved markedly from their lows of 1986 and 1987, following deregulation of the Australian financial sector and the Group's strategic international diversification.

EARNINGS AND DIVIDENDS PER SHARE



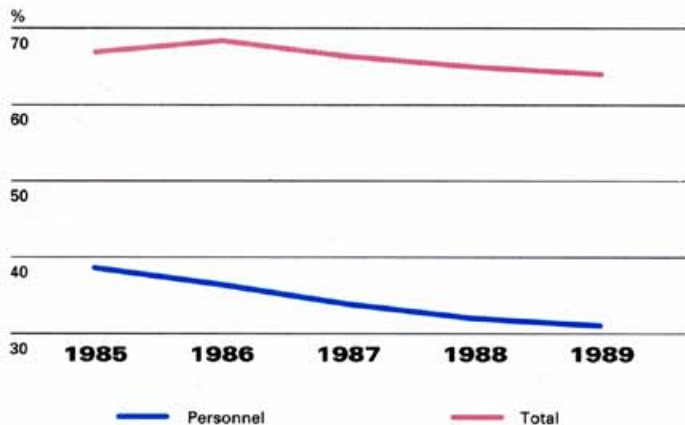
Strong growth in earnings and dividends per share has been evident since 1987, with 1989 showing growth of 19.9% in EPS and 27.5% in DPS (excluding Special Dividend paid in April 1989).

Dividend payout ratio has increased from 32.4% in 1985 to 53.6% before abnormal items in 1989, reflecting the Board's policy (stated in last year's Annual Report) of a minimum payout of 50%.

(It should be noted this graph does not show the April 1989 Special Dividend, which ensured tax effective distribution of accumulated franking balances prior to 30 June 1989).

FINANCIAL PERFORMANCE

COSTS AS % OF INCOME



This measure of productivity shows steady improvement since 1985, through rationalisation, efficiency measures, and asset growth.

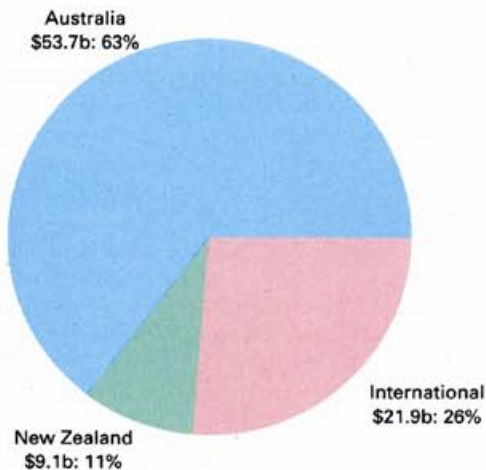
Operating costs were A\$2557.3 million (1988: A\$2333.3 million), up 9.6%. Excluding those costs relating to the newly-acquired PostBank and Mercantile Credits, costs were up 4.8%.

We reorganised to a business unit basis in 1986 (our structure is shown on pages 30 and 31) and this brought about a clearer "bottom-line" focus throughout the Group.

Significant potential still exists to improve productivity, with trials of new retail concepts showing great promise.

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

GROUP ASSETS

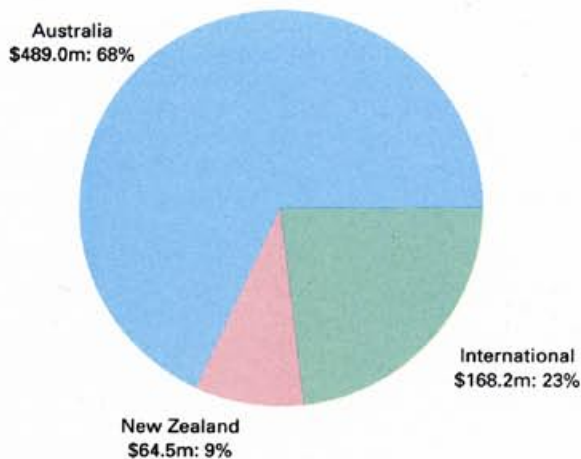


Group assets grew by A\$10.9 billion, or 14.8%, to A\$84.7 billion.

Australian assets grew by \$7.1 billion, whilst New Zealand's jumped from \$6.2 billion to \$9.1 billion following the acquisition of PostBank.

Assets of the international network grew more slowly (4.4%), reflecting an increasing focus on network and transaction business, rather than on "balance sheet building."

GEOGRAPHIC SOURCES OF PROFIT



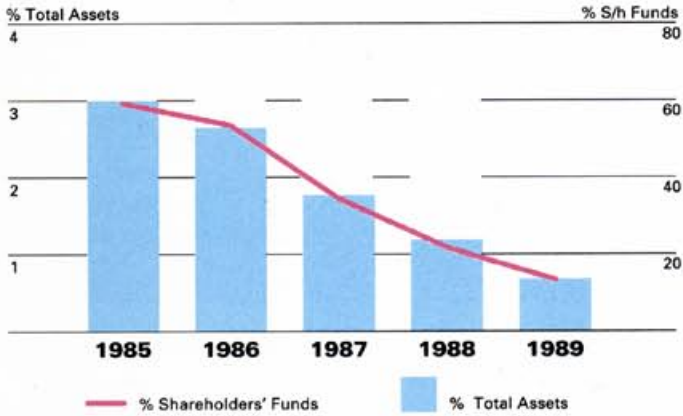
The international network contributed 23% of the Group profit before abnormal items, up from 18% last year.

This was a product of rationalisation, improved margins and earnings on capital employed (in a high interest rate environment) and some good recoveries from past write-offs.

Areas of the network worthy of particular note in terms of improvement included South Asia, United Kingdom, Asia Pacific, Middle East, Africa and International Private Banking.

FINANCIAL PERFORMANCE

NET LDC EXPOSURE

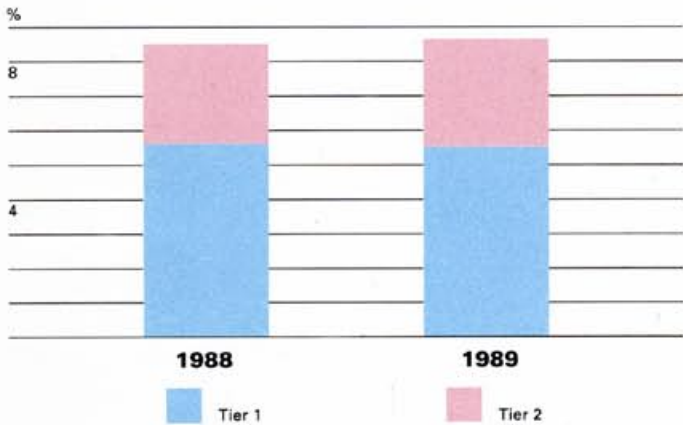


The Group moved to put its LDC exposure behind it.

By taking an abnormal charge to provisions of A\$221 million, the Group's net exposure approximates, on a tax effected basis, secondary market values of approximately 60% of book values at year end. Thus, at current market values, no further provisioning will be required.

The net exposure of A\$528.4 million is a 39.4% reduction on last year, and now represents only 0.6% of Group assets and 13.2% of shareholders' funds.

CAPITAL ADEQUACY



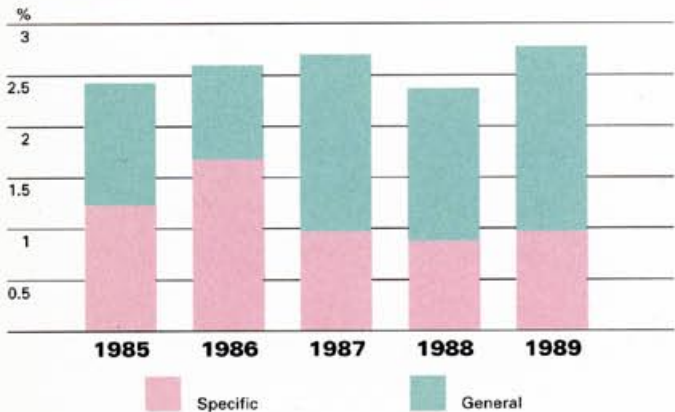
The Group's risk-weighted capital ratio increased to 8.7%, of which 5.3% was in tier 1.

Tier 1 capital fell from 5.7% to 5.3%, partially due to the Group's policy of writing off goodwill in full upon acquisitions. Goodwill of A\$235.1 million was written off in respect of PostBank and Mercantile Credits.

The other major factors in the reduction of this ratio were the abnormal charge for LDC debt provisioning, and the payment of the Special Dividend in April 1989.

The Reserve Bank of Australia requires a minimum 4% tier 1 capital and 8% in total.

PROVISIONS FOR DOUBTFUL DEBTS



Provisions as a percentage of gross loans, advances, and acceptances rose from 2.29% in 1988 to 2.73% in 1989, reflecting difficult economic conditions in Australia and New Zealand, and the increase in provisions for LDC debt to reduce net exposure to approximate secondary market values.

In this chart, the general provision is shown notionally 'grossed-up' to reflect future tax benefits.

FINANCIAL HIGHLIGHTS

Profit and loss before abnormal items

(millions)	1989 AUD	1989 USD [†]	1989 GBP [‡]	1989 NZD [‡]	1988 AUD	% movt 1988/89
Net interest and other income	3,987.7	3,096.8	1,907.3	5,247.8	3,560.3	+12.0%
Bad and doubtful debts expense	307.8	239.0	147.2	405.1	264.8	+16.2%
Operating expenses	2,557.3	1,986.0	1,223.2	3,365.4	2,333.3	+9.6%
Profit before tax	1,122.6	871.8	536.9	1,477.3	962.2	+16.7%
Income tax expense	400.0	310.6	191.3	526.4	455.6	-12.2%
Minority interest	0.9	0.7	0.4	1.2	1.2	-25.0%
Profit after tax and minorities	721.7	560.5	345.2	949.7	505.4	+42.8%

Balance sheet

(millions)	1989	1989	1989	1989	1988	% movt 1988/89
Assets	84,717	65,791	40,520	111,488	73,773	+14.8%
Liabilities	79,472	61,718	38,011	104,585	68,968	+15.2%
Shareholders' funds [‡]	4,002	3,108	1,914	5,267	3,903	+2.5%

Key ratios

Return on average shareholders' funds	17.2%	17.2%	17.2%	17.2%	15.1%	+13.9%
Return on average assets	0.91%	0.91%	0.91%	0.91%	0.73%	+24.7%
Earnings per share (weighted average)	85.1c	66.1c	40.7p	112.0c	71.0c	+19.9%
Dividends per share*	44.0c	34.2c	21.0p	57.9c	34.5c	+27.5%
Net tangible assets per share	\$4.49	\$3.49	£2.15	\$5.91	\$4.78	-6.1%
Risk weighted capital ratio –tier 1	5.3%	5.3%	5.3%	5.3%	5.7%	-7.0%
–tier 1 and 2	8.7%	8.7%	8.7%	8.7%	8.5%	+2.3%

Profit after tax by geographic segment

(millions)	1989	1989	1989	1989	1988	% movt 1988/89
Australia	489.0	379.8	233.9	643.5	325.1	+50.4%
New Zealand	64.5	50.1	30.9	84.9	91.3	-29.4%
International markets	168.2	130.6	80.4	221.3	89.0	+89.0%
Total profit after tax	721.7	560.5	345.2	949.7	505.4	+42.8%

* Excludes special dividend

† Excludes minority interests and loan capital

‡ Figures in USD, GBP and NZD converted at exchange rates as at 30/9/89

Value added statement

ANZ's contribution to wealth creation	1989		1988	
	\$M	%	\$M	%
Total income	9,936.6	100.0	8,114.6	100.0
Less: interest paid, bad debt charges and other expenses	7,586.1	76.3	5,842.1	72.0
Total value added	2,350.5	23.7	2,272.5	28.0

Distribution

Shareholders				
Dividends to shareholders	555.1	23.6	246.4	10.8
Reinvestment				
Depreciation/amortisation, retained earnings and reserves	120.8	5.1	408.3	18.0
Employees				
Salaries, wages and other emoluments	1,194.1	50.8	1,093.8	48.1
Governments				
Income, payroll and fringe benefits taxes	480.5	20.5	524.0	23.1
	2,350.5	100.0	2,272.5	100.0

FIVE YEAR STATISTICAL SUMMARY

Profit and loss before abnormal items

(AUD millions)	1989	1988	1987	1986	1985
Interest income	8,238	6,634	6,437	5,600	4,537
Interest expense	5,920	4,554	4,819	4,264	3,301
Net interest income	2,318	2,080	1,618	1,336	1,236
Non-interest income	1,670	1,480	1,337	1,107	787
Bad and doubtful debts	308	265	174	197	85 ^s
Operating expenses	2,557	2,333	1,967	1,666	1,349
Operating profit before income tax	1,123	962	814	580	589
Income tax	400	456	428	246	271
Minority interests	1	1	1	19	16
Operating profit after income tax and minorities	722	505	385	315	302
Abnormal items	(204)	-	-	-	18
Extraordinary items	(167)	124	14	(151)	10

Balance sheet as at 30 September

(AUD millions)	1989	1988	1987	1986	1985
Assets	84,717	73,773	65,310	56,631	42,782
Liabilities	79,472	68,968	61,473	53,895	40,568
Paid-up capital	891	818	700	450	336
Reserves and retained earnings	3,111	3,085	2,438	2,282	1,823
Minority interest	7	8	5	4	55
Loan capital	1,235	894	694	-	-

Share information (per fully paid share)

Dividend - declared rate	44.0c	34.5c [†]	21.0c	31.0c	31.0c
Earnings (adjusted for bonus issues)	85.1c	71.0c	56.1c	51.2c	60.0c
Net tangible assets	\$4.49	\$4.78	\$4.48	\$4.05	\$4.29
Share price					
High	\$5.62	\$5.47	\$5.78	\$4.12	\$3.39
Low	\$4.48	\$3.22	\$3.27	\$2.79	\$2.71
Number of shares on issue (millions)					
Fully paid	870.8	797.2	699.9	449.5	335.8
Paid to 50c	40.2	40.2	-	-	-
Paid to 10c	5.4	5.8	4.9	3.7	2.9

Ratios (%)

Dividend payout ratio	53.6%	48.8% [†]	33.6%	42.2%	32.4%
Return on average shareholders' funds	17.2%	15.1%	13.1%	13.1%	15.3%
Return on average assets	0.91%	0.73%	0.63%	0.67%	0.85%
Capital gearing ratio	8.7%*	8.5%*	6.5%	5.5%	5.8%

Other information

Points of representation	2,080	1,735	1,690	1,657	1,657
Number of employees (full-time and part-time)	47,009	42,445	41,187	39,018	38,031
Number of shareholders	83,345	72,935	65,552	59,518	51,192

*On risk-weighted basis from 1988

[†]Excludes special dividend of 26.0c paid in April 1989

CHAIRMAN'S MESSAGE TO SHAREHOLDERS



The Australian Opera achieved audience acclaim with an imaginative treatment of the Gilbert and Sullivan favourite "The Gondoliers", which ANZ sponsored.

ANZ is a major sponsor of the Arts in Australia and New Zealand, and has supported the Australian Opera since 1984.



Milton D. Bridgland AO

I AM PLEASED to present the 1989 Annual Report to shareholders at the conclusion of my first year as Chairman.

The year past has seen the reaping of some of the rewards for which the strategic seeds were sown several years ago. Both the international diversification, and subsequent restructuring of the Group to a business unit basis, are now starting to generate the returns our shareholders would expect of us. The net profit of \$721.7 million before abnormal items, an increase of 42.8% on last year, is tangible evidence of the success of these moves.

Return on average shareholders' funds before abnormal items for the year was 17.2%, up from 15.1% last year, making ANZ once again comparable on a world-wide basis in profitability terms.

We are not ashamed of our profitability, we are proud of it; we do not believe our profits are excessive – in fact we feel there is still significant scope for improvement. During the year, our key home market of Australia saw an unprecedented level of often ill-informed "bank-bashing" by some politicians and elements of the media. I am pleased to report ANZ management took a leadership position in this debate which led to a material change in opinion around the nation.

ANZ has engendered the multiple benefits of a clear strategy, an unequalled international network, and most importantly, a depth of energetic and visionary management. In this regard I am particularly delighted to record that our Deputy Chairman and Group Chief Executive, Mr Will Bailey, was awarded an Order of Australia during the year in recognition of his services to commerce and banking.

It is with regret that I inform shareholders of the retirement of a long-serving director, Mr Lyndsay Papps. Lyndsay has been a Director since 1976, and Chairman of ANZ (New Zealand) since 1979. The second half of the year has seen him in poor health, and the Board would like to record its thanks for his efforts on behalf of the Group, and to wish him a speedy recovery.

Two new Directors were appointed in December 1988. Sir Ronald Trotter and Mr Kevan Gosper bring further experience and expertise to a Board which is already endowed with an outstanding breadth of qualifications and talent. Full particulars of the Board membership are shown on pages 28 and 29.

The theme of this year's report is "Achievement and Momentum". We are seeking to illustrate the link between ANZ and the many achievement-oriented people with whom we are associated; our staff, our customers, and the people we support through promotions and sponsorships.

We also seek to illustrate the momentum and vitality the Group has developed; since the bottom-line-focused business unit structure was adopted in 1986, and as the international network brings increasingly valuable returns.

Your Board and management are firmly committed to the continuing growth in earnings of the Group and we are pleased to present this Report as evidence of the success of that commitment.

M.D. Bridgland AO
Chairman
7 December 1989

GROUP CHIEF EXECUTIVE'S REPORT



Sydney Harbour was virtually leased as advertising space by the Group for three days in January 1989 as part of our then biggest sponsorship, the ANZ 12 Metre Challenge - a "war on water" between 1987 America's Cup winner Dennis Conner and Australia's Iain Murray, who unsuccessfully defended the Cup.

The races were telecast live Australia-wide and excerpts were shown in 14 countries where we are represented. The event, won by Murray, associated the Group with a highly-visible and successful international event.



Will J. Bailey AO
Deputy Chairman
and Group Chief Executive

IT IS MY PLEASURE to report to shareholders on the year past, one in which we continued to demonstrate the strength of our business in Australasia, the potential of our international network and the value of a customer and profit driven organisation structure.

Results

The result for the year of a record operating profit after tax of \$721.7m (before abnormal charges of \$203.7m) is an increase of \$216.3m or 42.8% on 1988. The improved profit reflects a significant increase in global banking operations and productivity improvements.

The Group's exposure to "Debt Rescheduling Countries" has received much attention since the acquisition of Grindlays in 1984.

Although the exposure has never been high on an international comparison, and provisioning against it has been at the upper end of the international spectrum, it has been a cause of adverse comparison in the Australian banking context.

The Board decided this year to set aside a significant provision which would leave the net carrying value in the Group's balance sheet (after notionally allowing for future tax benefits) at approximate secondary market values. The charge to profit of \$221million has been treated as an abnormal item and brings the notional provision cover to approximately 60% of exposure.

The net exposure on this basis of \$528.4m represents 0.6% of Group total assets and 13.2% of shareholders' funds at year end. Provided there is no deterioration in secondary market values, further provisioning will not be required. We are pleased to say that the LDC exposure problem is now behind us.

The Group's balance sheet grew by 14.8% to \$84.7 billion; risk weighted assets grew by 9.3% to \$74.2 billion. The Group's core banking and finance business in Australia contributed to most of this growth. In Australia the acquisition by Esanda of Mercantile Credits and in New Zealand the acquisition of PostBank, also contributed to the growth in the Group's assets.

Interest margins in Australia were lower in both banking and finance business than in the previous year. Borrowing costs increased in the second half, putting pressure on interest margins in all categories of lending. Demand for housing loans eased significantly during the year. In terms of the high borrowing costs experienced in the second half particularly, margins for this business were negative.

Management continues to focus on providing improved customer services in the most cost efficient manner. Group productivity continued to improve. Operating costs as a percentage of assets were 3.2% for the year, lower than in the previous year, and down from 3.4% five years ago. Operating costs as a percentage of income were 64.1% compared with 65.5% in 1988.

A pleasing aspect of the Group's performance in recent reporting periods is that growth in revenue has been greater than the increase in operating costs. This has been achieved through a combination of business unit focus on "the bottom line" and rationalisation. Investment in technology continues to be at a high level to ensure that the Group is well placed to meet customer needs and the challenge of global banking and financial services.

A disappointing aspect of the Group's performance was the large increase in provisions for bad and doubtful debts. The charge against profit for specific provisions increased by 36% from \$221.6m to \$301.3m. This outcome reflected adverse experience

GROUP CHIEF EXECUTIVE'S REPORT



Earthwatch is a non-profit international environmental group which has achieved wide support for its scientific field research around the world.

ANZ sponsors staff on Earthwatch field research trips around Australia, giving them the valuable experience of enhancing their knowledge of the earth and working together as a team.

Above, staff survey plant life in the Daintree rainforest in North Queensland and, left, the excavation of dinosaur fossils in the Otway National Park, Victoria, is hard work.

in New Zealand and to a lesser extent banking in Australia. Esanda recorded a most satisfactory result. Offshore the experience was mixed, with some business units reporting improved positions and others a deterioration; overall these were not significant in the Group context.

Group operating profit after abnormal items was \$518m, up 2.5%. Group profit after abnormal and extraordinary items was \$350.7m. Extraordinary items included goodwill written off of \$235.1m for the acquisitions of PostBank and Mercantile Credits.

All in all it was a sound result. Return on shareholders' funds, before abnormal items, was 17.2% (1988: 15.1%) and earnings per share increased from 71c to 85.1c. The Group benefitted by some \$78m from lower corporate tax rates in Australia and New Zealand, a factor which will not be present in the 1989/90 year. Nevertheless, at this early stage expectations are for further profit growth in what will be a difficult economic environment in Australia, and a somewhat better one in New Zealand; the Group's principal domestic markets and the source of some 77% of the Group's profit (before abnormal items) in 1989.

Dividends

Consistent with our policy of a minimum dividend payout ratio of 50%, we declared an interim dividend of 22c per share which was paid on 14 July 1989, and have announced a final dividend of 22c, payable on 5 February 1990 bringing the total dividends for the year to 44c, an increase of 27.5% over last year (excluding the special dividend of 26c paid April 1989).

Investment Options

Last year, we announced our intention, and received shareholder approval, to introduce a Dividend Selection Plan. It was to allow shareholders to select an offshore source of dividends, to take advantage of dividend imputation schemes in their home countries. This plan was affected at the eleventh hour by an announcement in the Australian Federal Budget which effectively causes two franking credits to be used for each dollar of dividend paid through a dividend selection plan. We believe this is inequitable, and discriminates against the non-Australian resident shareholders of companies like ANZ, which has diversified its earnings, assets and

shareholder base into international markets. We are actively pursuing a review of this situation.

Australian resident shareholders will continue to receive fully-franked dividends, and a Plan for UK resident shareholders has been announced which provides partial 'franking' of their dividends. This Plan takes effect from the Final dividend announced in November 1989.

The currently-operating Bonus Option Plan also may be affected by the Budget. At the date of this report, no firm ruling has been made by the Australian Tax Office, nor has the draft legislation been made available. In any case, our final dividend for this year will not be affected by these changes, as they are not to take effect until after 30 June 1990. Shareholders holding 10% of issued capital chose to participate in this Plan.

Our Dividend Reinvestment Plan continues to be very well supported, with 44% of 1989 dividends being reinvested through this scheme. The 10% discount on shares issued under this Plan will be maintained for the time being as it provides an attractive incentive for shareholders to participate in what is a convenient source of capital increments for the Group.

Also, we received approval last year from shareholders to enable the issue of equity capital denominated in foreign currencies. With the moderate growth in the Group's balance sheet, and strong participation in the Dividend Reinvestment Plan, there was little incentive to pursue this avenue of capital raising. Nonetheless, this option remains open to us should the need and 'window of opportunity' be present.

Early in the year, we established an American Depository Receipts (ADR) facility in the US which will assist in gauging the possible use of this market for raising primary capital and in enhancing our investor relations activities.

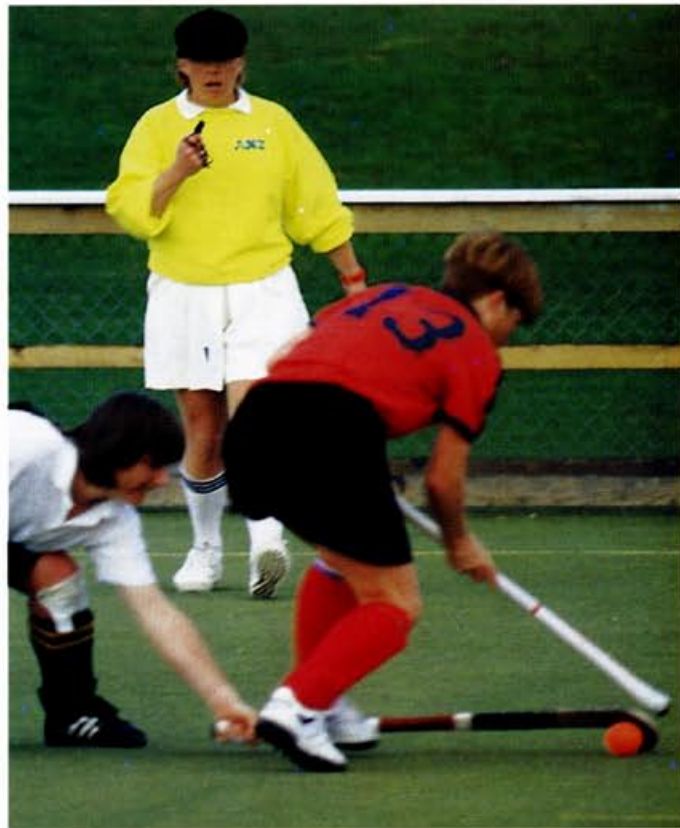
As promised in last year's Report, an explanatory guide on our investment options entitled "Shareholder Alternatives" was forwarded early in the year to all shareholders. We expect to publish an updated version of this booklet in mid-1990 when clarity on the taxation impact of the last Federal Budget will hopefully be evident.

Investor Relations

As further evidence of the Board's ongoing commitment to our shareholders, a full-time Investor Relations function was established during the year. The objective of this unit is to keep markets fully informed on the Group's strategy and performance, so as to ensure our securities are fairly priced. In this regard, it is pleasing to note a significant re-rating of our shares during the course of the year, to be rated a 'preferred buy' amongst our peer banking stocks by the majority of analysts surveyed as at the end of the financial year.

Assets

Total assets of the Group stand at \$84.7 billion as at 30 September, 1989, an increase of 14.8% on last year-end. This moderate growth principally reflected our concern with the medium-term economic outlook in Australia, where we have been selective in acquiring lending assets over the past 18 months. Even so, we are far from content with the substantial increases in provisions and write offs. Nevertheless we believe our lending stance in Australia and New Zealand has been appropriate, particularly when viewed against some of the very large losses reported by some competitors in both these countries.



Hockey player Lynley Print, from Palmerston North, competes in the ANZ-sponsored champions tournament at Christchurch, New Zealand. Lynley, an international services officer, is a provincial representative in the outdoor game and an international representative for indoor hockey. This was her first year as an international representative, playing against Australia and Japan.

ANZ has sponsored women's hockey since 1975.

Capital Adequacy

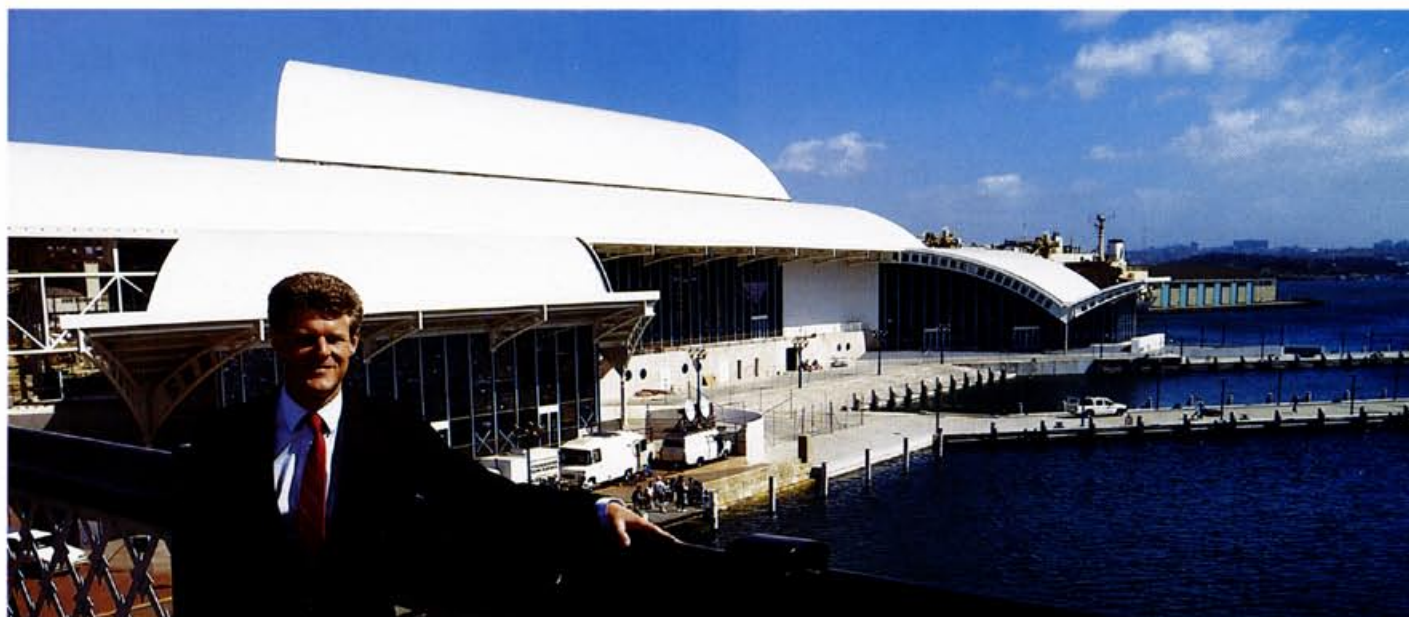
We remain strong by international standards. With risk-weighted assets of \$74.2 billion, our tier 1 capital stands at \$3.9 billion or 5.3%, and tier 2 at \$2.6 billion or 3.4%. This puts us very comfortably over the tier 1 minimum of 4%, even after the significant increase in LDC provision, and well over the total 8% required.

Acquisitions and Divestments

The most notable acquisition was that of PostBank in New Zealand, for a total consideration of NZ\$679m. It brought us to a market share of all financial institution assets in New Zealand of approximately 18%, making us the largest banking group in that country.

The acquisition also brought with it a balance to our New Zealand operation, which previously had a corporate/commercial bias. PostBank, with its 'clean' housing, consumer and treasury assets, together with a very strong customer franchise and image, is a welcome addition to the Group. Shareholders will be heartened

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The Australian National Maritime Museum at Sydney's Darling Harbour is the largest sponsorship undertaken by ANZ. The museum's Director, Dr Kevin Fetzter (pictured) is overseeing the outfitting of the building, which will be officially opened late in 1990.

The museum's main exhibition hall and theatre will be known as The ANZ Gallery and The ANZ Theatre.

to know that the purchase was achieved without dilution to ANZ's earnings. During the 7 months since its acquisition it has earned NZ\$45.4 million which exceeded our expectations.

Another welcome addition was the acquisition of Mercantile Credits by Esanda, for a consideration of \$136 million. This lifted Esanda's market share to 23%, and is evidence of the ongoing rationalisation of the non-bank finance sector in Australia. This purchase brought significant opportunities for economies which are presently being exploited.

As part of the Group's strong interest in the Asia Pacific region, a 25% interest in General Finance and Securities, Thailand's largest investment banking concern, was acquired. Further mention of this region is made later in this report.

To place ourselves in a position of influence in the eventual rationalisation of the Australian financial sector, we acquired some strategic shareholdings in other banks. Whilst this rationalisation period may yet be some time away, opportunities to acquire strategic blocks of shares arise only occasionally, and these opportunities were grasped.

We continued a programme of divestment of non-core businesses, including significant rationalisation of the London office of ANZ McCaughan, and the offering for sale of small parts of the Group which no longer fit within our strategic direction. We have exchanged contracts for the sale of Melanesia International Trust Company Limited ("Melitco"), which no longer fits with our private banking business.

BUSINESS CONDITIONS

International

The world economy went through the seventh year of an economic upswing during 1989. Production and profits remained high; in fact, production facilities were stretched in many countries and modest interest rate rises were needed to stem inflationary pressures.

Japan and Europe grew rapidly, and business spending on plant and equipment boomed. After seven years of above-average growth, the pace slowed in the US. Several years of low growth in spending are still needed if it is to reduce its large trade deficit.

The Asia Pacific region again enjoyed exceptionally strong economic growth. The established high achievers, Korea, Taiwan, Hong Kong and Singapore, also are now being emulated by other countries, namely Thailand, Indonesia and to some extent China.

But the rapid economic growth has been associated with certain stresses both in the economic infrastructure and, as shown in China in June, on the body politic.

Australia

Boom conditions continued in Australia for the first three quarters of 1989, in part sustained by order books carried over from 1988. Business profits were particularly buoyant and investment spending continued at record levels with production at full tilt and wage costs restrained.

But the pace of economic growth was too much for the economy to handle. Spending was far in excess of what local suppliers could deliver and imports were drawn in to fill the gap, which widened dramatically as the year unfolded.

Inflation was again about double that of major competitors - despite wage restraint and lower import prices - no doubt reflecting pressures on local capacity.

In response, the Government kept its own spending in check and the public sector as a whole became a net saver for the first time in several decades. But this was not enough to contain overall demand, and interest rates were progressively increased to take the heat out of the economy. This put pressure on the property sector, small and medium-sized businesses, and on highly-g geared companies and individuals generally.

In the fourth quarter, it was apparent that the spending boom was subsiding. Provided wage constraint continues, this holds out the hope for lower interest rates in 1990, albeit within a low growth environment.

The tightening of monetary policy also led to a progressive squeeze on interest margins, in large part reflecting the subsidisation of home mortgage rates. The community concern and media focus on housing interest rates sadly overlooks the plight of small and medium sized businesses which are facing increasing difficulties servicing their commitments at interest rates much higher than home owners.

Remarkable progress has been made in Australia in the past few years in restructuring the economy. But the task of reform is not yet complete. Although there are policies in place at the macro level that should be working, the micro-economic policies are still encouraging people in the wrong direction. Australians are told they should be saving, but the system encourages spending.

Australia desperately needs incentives to save rather than spend, and incentives to invest in long-term productive business rather than short-term speculative ventures. And there is room for more equity in the system.

In our view, four steps to get the country back on course are:

1. Further fiscal reform to enable the economy to be directed with less reliance on monetary policy, viz:
 - a system of taxation based on consumption, not income
 - a rebate on an initial threshold of interest income to actively promote savings
 - a change in capital gains taxation, to focus more clearly on speculative investments, and for it to apply to all assets held for a short-term gain (say five years);
2. A real commitment to get inflation down to the levels of major trading partners;
3. Continuing reform of the labour market;
4. Greatly increased productivity.

New Zealand

After two years of recession - on the back of tight economic policies and substantial structural reform - the New Zealand economy bottomed out in late 1988 and showed signs of recovery in 1989.

Business profitability remained poor with economic activity still at low levels and interest rates high by world standards. Investment spending suffered as a result.

All these factors contributed to a weak banking environment characterised by slow growth in lending, narrow margins and a marked rise in business failures.

However, there is emerging evidence that the period of structural adjustment is beginning to bear fruit. On the macro-economic front, the Government has achieved an inflation rate in line with New Zealand's trading partners and a big improvement in the foreign trade position.

Rodney King began refereeing basketball when he was at secondary school 27 years ago. He has held international qualifications for 12 years.

The retail representation officer from Wellington, New Zealand, has umpired major international events including the First Achmad Bakrie Memorial Invitation tournament in Indonesia (right) and other major domestic tournaments.



Productivity gains in manufacturing and a number of government enterprises are also encouraging. In fact, the latest Organisation for Economic Co-operation and Development (OECD) report on New Zealand described the re-orientation of micro-economic policies in the past four years as "an outstanding achievement".

Organisation Structure

Since moving to a business-unit structure in 1986, we have been 'fine-tuning' it to achieve the optimum position in terms of customer service, market focus, efficiency and cost. This process continued during the year, with the consolidation of ANZ Life, ANZCAP Management, AFT, and ANZ Investment & Trust Services into one business unit labelled "ANZ Funds Management".

Late in the year, we foreshadowed a further change, effectively splitting the accountability for the Americas and the Asia/Pacific Islands region into separate direct reports to the Chief Operating Officer. This will reflect the increasing importance we are putting on the latter region as its economic growth continues to lead the world.

What now follows is a detailed report on our operations for the year, by sector, in line with the organisation structure.

OPERATIONS REPORT BY SECTOR

Australian Corporate and Commercial Services Sector

Business Banking

The provision of banking services to the business community has been, and remains, a cornerstone of ANZ's success. During the year, we continued to develop and maintain strong relationships with major Australian companies, to which we are prime banker for about one-third.

Business volumes in corporate markets paused after the extraordinary growth of 1987 and 1988. Tight monetary policies, the introduction of new capital adequacy requirements and the "flight to quality" after the 1987 stockmarket downturn all affected volume growth, as did a more conservative lending stance.

Improved customer-oriented reporting systems were introduced during the year, as part of the first stage of the introduction of an advanced computer environment for our business banking services. The new system has already begun to deliver an improved flow of customer and management information which allows higher levels of service to customers, improved exposure management, and

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greater operational efficiency through lower cost processing. Customers will benefit further as programmed enhancements are made.

The Group's worldwide network has helped many Australian companies obtain a greater international reach. Conversely, an ever-increasing number of global multinational corporations based in foreign countries are becoming ANZ Worldwide relationship clients. We now have international relationship arrangements with almost three hundred of the world's largest and most respected companies. The coming year will bring continuing attention to the manner in which our approach to these customers is co-ordinated.

In the smaller end of the business market, ANZ has established its reputation by servicing the specific needs of "middle market" businesses across a broad range of industry sectors. We have a network of decentralised offices strategically located in areas where there is a concentration of commercial activity or industrial growth. Customers are offered fast, personalised professional services, access to skilled personnel who are responsive to customer needs, and a capability to benefit from the Group's global network.

The first half of the year saw very strong growth in commercial outstandings, until continuing high levels of interest rates and a slowing economy reduced demand for credit. High interest rates also took their toll in increased provisions for doubtful debts in the second half, despite a more conservative lending stance over recent times. Small and middle sized businesses are vulnerable to lengthy periods of high interest rates and they now face difficult times. Indeed, these businesses are the powerhouse of entrepreneurial endeavour and employment growth; to see them suffer, and indeed haemorrhage, through a high interest rate regime raises clear policy direction questions, when their output could be reducing import demand.

International Services

A full range of specialised international banking services is provided from the regional network throughout Australia, the most comprehensive available in the market. Combined with the continuing development and enhancement of computer-based systems for issuing documentary letters of credit and other products, we are expecting further significant gains in productivity in this area in the coming year.

Esanda Finance

During the year Esanda acquired two finance companies, Clark Equipment Credit Australia Limited, a specialist capital equipment financier, and Mercantile Credits Limited, Australia's second oldest finance company, which specialises in commercial and property financing. These acquisitions strengthened Esanda's position as Australia's second largest asset-based financier and lifted its market share from 17 per cent to 23 per cent. Assets now total more than \$7 billion.

The assets of Esanda were up 30% on last year, excluding the acquired assets of Mercantile Credits and Clark Equipment Credit, although growth is expected to slow somewhat in the next 12 months. Esanda's total assets increased by 63.4% including the acquisitions.

There was increased demand for motor vehicles and plant and equipment for business, and buoyant sales in the property development area, lower bad debts and a reduced corporate tax rate. Competition for good quality business continued to affect lending margins.



A staff member at BHP Steel's Coated Products Division, Western Port plant, uses a thermographic camera to measure heat distribution.

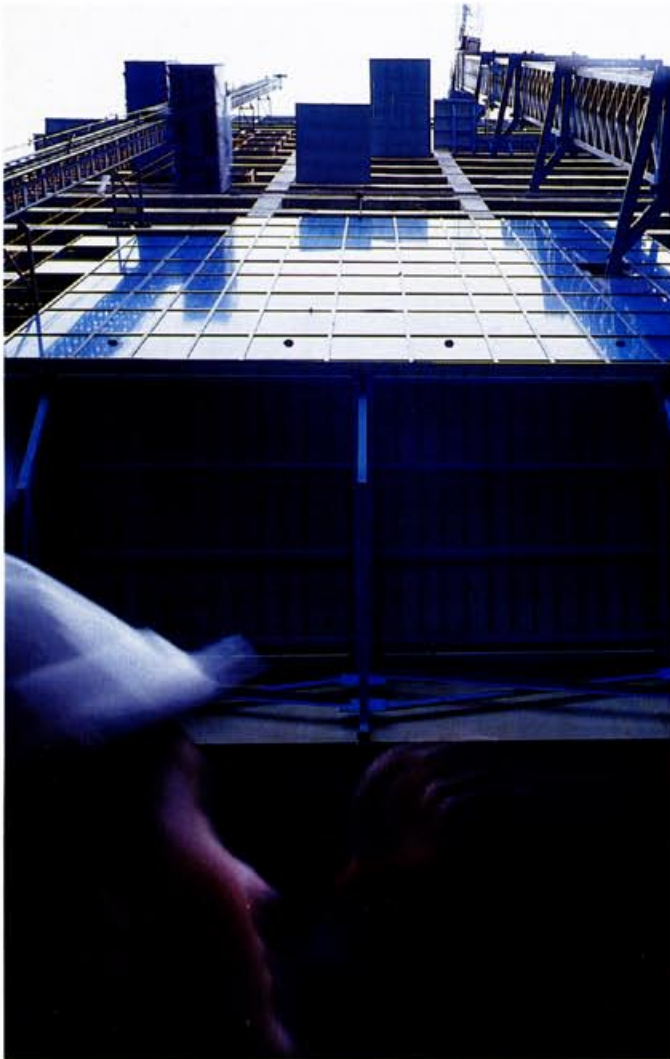
The provision of banking services to the business community remains a cornerstone of ANZ's success. In Australia, we are main bankers to over one-third of the top 100 companies.

Esanda was an active borrower in both the retail and wholesale markets with strong support for public issues. In the wholesale market \$1 billion was raised, mainly in medium-term domestic and overseas issues. Esanda also continued to be prominent in the development of the corporate bond market, with outstandings now at more than \$600 million.

An approved deposit fund, ANZ MaxiSafe, investing primarily in Esanda securities, was launched. This product targets the retiree investor market alongside the existing fixed interest rollover bond, both of which offer the investor security for capital and income.

Travel

ANZ Travel is one of Australia's major travel agents, with annual gross sales this year increasing to \$160 million. This was achieved in a competitive environment in a tightening economy.



This \$500 million development at 530 Collins Street, Melbourne, will become the new headquarters for the Stock Exchange of Melbourne when it is finished in 1991.

The high-technology building is being developed for the Group by its subsidiary, Delfin Property Group. Over 80% of the total floor area has been pre-leased, with ANZ business units occupying approximately one third of the building.

We are continuing to target the business travel market, and concluded arrangements during the year with several major corporations. We also service a major part of the Australian Public Service travel business.

Australian Retail Services sector

Branch and Retail Banking

The reconfiguration of our branch network is continuing with the emphasis on providing superior levels of service while simultaneously reducing costs.

We are now successfully trialling new customer distribution concepts, emphasising customer service and mobile relationship management. An entire large region is operating in this new mode and its implementation nationally is a priority.

The restructure has focused on the tasks performed by branch staff in a typical urban region with the challenge of simplifying

jobs to allow our officers to do their work more efficiently. They are receiving all the support and training needed to adjust to any changes, and are fully supportive of the initiatives. Indeed, many of these initiatives have come from the staff themselves, and have been imaginative, productive and profitable.

Training is also being increased and improved at all levels. All programmes have been overhauled and implemented nationally; more are in the pipeline. Within 12 months we will have completed the introduction of our new retail training programme, covering induction through to specific skill training, including comprehensive management training.

In the middle of calendar 1989, we mounted the most significant staff communication exercise the Group has ever undertaken. A small team of General Management colleagues joined me in addressing meetings embracing around 9000 of our staff on a whirlwind tour of Australia. Staff were informed of our business and marketing plans, and their response was overwhelmingly positive and enthusiastic. An ongoing programme which exposes General Management to staff in the working environment is in place.

There were a number of new product and service initiatives during the year.

The long standing and popular ANZ Access account was further enhanced with the addition of a cheque issuing facility, and now becomes a principal interest-bearing transaction account.

During the year a variety of home loans packages was introduced, including a residential investment property loan which, despite increasing interest rates, was well received.

We launched Australia's first Visa Business Card to complement our Visa Classic and ANZ Premier Card. Our Bankcard became a debit as well as a credit card when we introduced an interest-bearing savings feature. Customers can now shop with access to their own funds as well as being able to access credit.

We now have about three million electronically striped cards on issue, the majority of which have personal identification numbers (PINs). A self-select PIN system was introduced as a service enhancement as well as being part of a campaign to improve card security.

ANZ's global representation allowed us to link with the Australian Government's business migration programme. Managers were appointed in each State to work closely with our offshore offices and government representatives to attract successful business people to settle in Australia and contribute their capital and special skills.

Funds Management

The Group's funds management businesses were integrated in April to form ANZ Funds Management. It controls the former Australian Fixed Trusts, ANZ Investment and Trust Services, ANZ Life, and the corporate superannuation funds manager, ANZCAP Management.

Funds under management total over \$5 billion. The merger will reduce the overlap within the operations to generate greater efficiency and profitability through the provision of a focused and cohesive customer interface.

Funds Management has been structured to service the needs of existing ANZ customers through an internal sales force and the needs of prospective customers through an external sales team. Its products include unit trusts, insurance bonds, managed investment

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Dr Stephen Deery lectures students at the Graduate School of Management at the University of Melbourne.

In the vital area of higher education, ANZ this year funded the establishment of the Sir William Vines Chair of Strategic Marketing at the Graduate School to

honour our immediate past chairman. This recognises not only Sir William's major role in internationalising management and marketing skills in Australia, but also the importance the Group places on marketing.

products, superannuation plans, rollovers, life and disability insurance and, on an agency basis, general insurance.

Growth in Australia's retail funds management market slowed considerably after the sharemarket downturn, and is still characterised by a high level of investor uncertainty.

Profitability was under pressure with reduced sales volumes, lower margins and increasing administrative complexities which reflect legislative changes, particularly in the superannuation and taxation areas. However, in difficult times the added quality and safety of ANZ ownership is proving a decided advantage.

Executors and Trustee Services

ANZ Executors and Trustee's funds under administration increased by 26 per cent to \$5.8 billion in a competitive, low growth market. The cash management common funds grew by 36 per cent to \$2.9 billion, and continue to be the dominant funds of their type in the market.

The value of estates and trusts under administration now totals \$460 million, up 10 per cent, and the Will Bank increased by 12 per cent to more than 40,000.

The total value of charitable funds under administration increased to \$125 million, which further consolidates our position as the administrator of the largest conglomeration of charitable trusts outside the USA.

Australian Treasury

Australian Treasury continued to enhance and develop its range of interest rate and foreign exchange products, including the introduction of currency options.

A specialist group within the client services department was established to advise customers on risk management techniques in respect of interest rate and foreign exchange exposures.

Information systems to support innovative and flexible customer services are under constant review and development.

During the year, a \$500 million floating rate issue of certificates of deposit was well received in the market. This has taken ANZ's outstandings in the Australian medium-term corporate debt market to \$1 billion.

New Zealand sector

The Group acquired Post Office Bank Limited (PostBank) from the New Zealand Government leading to the largest merger of financial institutions in the country's history. The merger boosted our market share by about six per cent to 18 per cent of all financial intermediary business, making us the largest in New Zealand.

PostBank will continue as a nationwide retail bank offering a full range of traditional market products in an efficient and low cost way. We have formed a common executive and headquarter structure and are offering selected ANZ services to PostBank customers. A dual brand strategy (ANZ-PostBank) is being pursued in the market place.

The two "brands" are being successfully maintained. Each bank has conducted major advertising during the year. ANZ's theme is "Listening Thinking Action" to describe the three main areas involved in meeting customer needs. PostBank's theme is "Simply Banking" to describe the straightforward products and services it provides.

Also, there has been cross-selling of products. Our diverse range of international services and products will be integrated into those offered by PostBank on a product-by-product basis. Eventually, this will allow PostBank branches to offer a comprehensive range of international customer services.

Demand for banking services was relatively weak during the year because of the continuing economic recession. This, combined with the aftermath of the sharemarket downturn, caused corporate debt difficulties which required significantly increased write-offs.

In addition, the banking sector is feeling some adverse and unwarranted effects of the "statutory managements" being imposed. The inability of a secured lender to place full reliance on his security due to the possibility of action under the statutes has major implications for future lending policies. Continuation of this undesirable intrusion will inevitably result in restriction of credit to the New Zealand business sector, and a higher cost of borrowing.

However, ANZ has been relatively well-placed in this difficult environment, compared with many other financial institutions. Cost restraints and improvements in market shares have underpinned profitability. An expanded commercial banking unit was established, focusing on the middle market, which widened its representation to provide greater personal attention to its existing customers and to increase market share. Units now operate in seven cities.

Our finance company, UDC, expanded its involvement in the motor vehicle financing sector, and major relationships were developed with multinational companies operating in New Zealand.

Priority was also given to risk management of the loan portfolio because of the difficult economic climate, and the senior management structure was re-organised to streamline the decision-making process and further strengthen risk management.

ANZ WORLDWIDE NETWORK

Europe, South Asia, Middle East and Africa sector

Late in the year, we announced the change of name of the wholly-owned subsidiary, Grindlays Bank plc, to ANZ Grindlays Bank plc. The change of name will apply to most Grindlays' operations around the world, subject to approval from local central banking authorities.

The objective is to project a global marketing image, whilst still retaining the value and reputation of the Grindlays' name.

United Kingdom

Our activities in London continue to be oriented towards supporting the Group's network strategy covering international customers and products.

The London specialist banking team worked with other ANZ points in arranging and successfully syndicating profitable and innovative loans in the US\$50 - US\$100 million range for public sector entities in Pakistan, Kenya and Zimbabwe among others.

There have been good recoveries in respect of shipping exposures.



In 1971, when he was 21, doctors discovered a cyst on Neville Read's spinal cord. By 1981, he was confined to a wheelchair. Two years later Neville, manager, user liaison and accounting, data processing, South Australia, took up lawn bowls.

Since then he has recorded a string of successes in wheelchair competitions in Australia and at international wheelchair games in the UK. At the Paralympics in Seoul, South Korea, last year he won a bronze medal in the singles; this year, at the Far Eastern and South Pacific Games for the Disabled in Japan, he won gold in the singles and bronze in the pairs.

Continental Europe

Increasing business volumes in Europe confirmed ANZ's market acceptance, particularly among large European international customers who are now using our network.

In West Germany, the Frankfurt branch continued with a strong performance, particularly in providing treasury and network services to German multinational corporations.

In Paris, the ANZ branch, opened 12 months ago, is making encouraging progress in developing network business, whilst the more domestically oriented French subsidiary, Grindlays Bank SA, produced an improved performance over last year. The operations in Switzerland have received close management attention and improved results have been produced, particularly in private banking.

The branches in Greece returned good results, although recent changes to Central Bank requirements will impact negatively on future profitability. Our representative offices in Italy and Spain continued to produce worthwhile business opportunities for the network.

ANZ is the only Australasian bank with such a network in the major financial centres of Continental Europe and is well placed to take advantage of the opportunities the single market will create in 1992.

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Finer Fork Services Pty Ltd is a small business specialising in the hiring, distributing, servicing and sales of forklifts in Victoria. It has been in business for 15 years and today has achieved an annual turnover of over \$20 million, with equipment at more than 300 locations.

Managing Director Cameron Barnes says the turning point for the company was 1985, when he switched his business to ANZ. Since then, the company has continued to "gain momentum".

South Asia

The Indian Government and the Reserve Bank are progressively deregulating the financial market. This has seen an upsurge in capital markets activity and, for the first time, the amount raised in one year was more than Rs. 20 billion.

The Reserve Bank also recently introduced certificates of deposit and commercial paper to the market and freed interbank money market rates from controls.

The Indian banks are allowed to float subsidiary companies and managed funds, but these liberalisations have not yet been extended to the foreign banks, of which ANZ Grindlays is the largest. There is a distinct move towards disintermediation which will provide new opportunities.

A new organisation structure, introduced last year, has produced immediate benefits. The four market-orientated units - personal banking, business banking, institutional banking and investment banking - made an increased contribution to Group results by more clearly focusing on individual business objectives. Moreover, the automation of our 56 branches is almost complete; only a few smaller branches remain to be converted.

ANZ Grindlays became the first foreign bank to issue Visa cards and the first to issue a card which allows progressive repayments. Automated teller machines (ATM's) are being installed. Also, there is an increasing demand for technology-driven products.

The Group's network is being used to improve our share of the non-resident Indian market segment where attractive rates of interest encourage non-residents to deposit funds in India.

Our merchant banking division has been involved in a number of large capital market flotations in the past year, helping to raise Rs. 1 billion. It has combined also with ANZ McCaughan in London in a number of international mergers and acquisitions involving Indian companies.

The Group continues to be the leading foreign bank in Sri Lanka in terms of assets and profits, despite an unsettled economic and political climate. Results were particularly pleasing given an increased tax rate and momentum is expected to be maintained given a reasonable business environment.

In Bangladesh, despite a business climate which was subdued because of depressed economic activity after floods and drought, the Group continued its steady growth in both deposits and lending.

The operation in Nepal, which is 50 per cent owned by the Group, made its first contribution to Group results since operations began in Kathmandu in 1986.

Middle East

The ceasefire in the Iran/Iraq war has boosted business in the Gulf States, with a significant growth in trade finance, particularly in Dubai. The UAE is on a firm profitable footing again with solid prospects for the forthcoming year.

There were significant bad debt recoveries in Qatar and, to a lesser extent, in Jordan, where the profits grew strongly despite a deteriorating local economy. Our operations in Bahrain performed satisfactorily as was the case in Oman.

The performance in Pakistan again was very strong in a buoyant local economy. In a very competitive banking environment, we introduced new services to maintain our position as the leading foreign bank. Also, in conjunction with our specialist team in London, we won the mandate for an innovative US\$100 million loan to the Government of Pakistan.

Africa

In close co-operation with the UK Banking team a short-term \$62 million loan for the Coffee Board of Kenya was arranged and syndicated. Similarly, eurocurrency facilities were put in place for the Agricultural Marketing Authority of Zimbabwe where the syndicate involved some 26 international banks.

Results in Zaire and Zimbabwe exceeded expectations, but difficult conditions are still being experienced in Uganda and, to a lesser extent, Kenya. Our associates in Ghana and Nigeria had satisfactory results, managing to expand and diversify their business activities.

In Zambia we continued to assist with offshore finance for new projects which could eventually earn much-needed foreign exchange from exports. A number of significant short-term trade finance transactions also were concluded.

Governments in sub-Saharan Africa are having to re-assess policies in order to encourage new investment and job creation as a result of strong population growth. This, coupled with bilateral debt forgiveness and increasing aid contributions, mainly from OECD countries, is generating a more optimistic business climate. As a result, we are confident about the Group's prospects in Africa.

Americas and Asia Pacific sector

Americas

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

The year involved business change and refocusing of our strategic objectives. We are planning actively to expand our business base by capitalising on opportunities where ANZ has a competitive advantage through its worldwide network. US dollar clearing for Group business, trade finance, corporate banking services and correspondent banks are the key to this strategy.

We experienced a difficult year in respect of our credit portfolio where a level of specific provisioning was necessary. Factors influencing this situation included the effects on borrowers of a rising interest rate environment. Nevertheless, the trade finance department in Los Angeles had a successful year's trading, concentrating on business opportunities emanating from the network, particularly Hong Kong, Taiwan and Singapore.

Treasury, with its traditionally profitable Australia/New Zealand dollar niche, is building on its recent inroads into the interest rate products market by expanding into US government securities dealing.

Asia

In Japan, strong growth continued in the retail deposit market, particularly for Australian dollars. The costs of operating a branch in Tokyo are high, but we are managing to hold costs to similar levels of the past two years.

A Japanese marketing officer was seconded to Karachi to add value to our business involvement with major Japanese contractors working in Pakistan. Japanese officers are also in Australia and India to help strengthen our growing network business.

Our performance bonding business with Japanese contractors working in South Asia provided increased foreign exchange and fee income. Also, there was better than expected Treasury activity and profitability in the face of increasing competition.

Despite a strongly regulated market in South Korea, Seoul branch increased its contribution to Group profit. Although the increase in revenue slowed from previous years, the result was pleasing in a declining economic environment. Expansion in the Treasury area and the promotion of network opportunities contributed significantly to the result.



Barbara Day, a retail banking officer at our Norwood, South Australia, office is one of Australia's leading lacrosse players.

She has represented South Australia - national champions for the past five years - since 1982, and was a member of the Australian team which finished third at the World Cup in September.

In Taiwan, more emphasis was placed on Treasury operations and promoting an awareness of the opportunities in this country throughout our network, resulting in increased international and trade finance business.

There was a large increase in business migration and related banking business.

The political unrest in Beijing had an adverse effect on the business climate and investor confidence in Hong Kong, and the morale of its people. However, the economy remains stable and relatively buoyant with the Territory retaining its robust strength in manufacturing and as a financial and business centre. Hong Kong branch continued to perform well with another good profit contribution, involving strong performances by the trade finance and private banking areas.

In Singapore, there has been deliberate strategic emphasis towards three designated products - capital markets, trade finance and private banking. We are particularly pursuing fee-based activities including major capital raisings on behalf of Singaporean corporate and other ANZ customers.

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Allan Moffat is a four-times Australian Touring Car Champion and four times winner of Australia's premier production car classic, the Bathurst Tooheys 1000.

In 1987, ANZ became the first Australian bank to sponsor a Touring Car when it joined forces with Moffat at the initial World Championship for Touring Cars, winning outright at Monza, Italy, and winning its class in the 24 Hour Endurance Championships at Spa.

Back in Australia, in the ANZ Ford Sierra, Moffat in 1988 won the Sandown 500 Endurance race and this year at Bathurst, the team finished outright second. Later in the year, it won Japan's premier touring car race, the International Fuji 500.

The result of this activity was a significant increase in fee income earned by the branch, both in absolute terms and as a percentage of total income.

In Thailand, the acquisition of a 25% interest in General Finance and Securities Co Ltd., the largest non-bank affiliated finance and securities group, will give us a greatly enhanced presence. Good progress is being made in inter-Group communication and developing better business understanding, leading to increased mutual business.

Pacific Islands

The Pacific Islands, as part of the Pacific Rim trading and financial zone, enjoy trade concessions from Australia and New Zealand and accordingly our operations are well placed to take advantage of increasing South Pacific business opportunities, particularly in trade finance.

In Fiji, some political and economic stability has returned and foreign investment is increasing, benefiting our business. Our branches there are the largest contributor to the profits earned in the Islands.

Our operations in Vanuatu and the Solomon Islands showed pleasing business growth patterns with good profit results, although further progress will not be easy because of relatively confined business communities. The Cook Islands (Raratonga) branch, after 12 months operation, is now well placed to progress following its establishment year. Although business opportunities are limited by the size of the community, potential exists for future profitable growth.

Papua New Guinea

It was a year of increased activity and profitability. International business showed particularly good growth, with advantage being taken of new opportunities afforded by our worldwide network to increase market share. Continued emphasis was placed on staff training of Papua New Guinean nationals and during the year a pleasing number were promoted, including some to senior supervisory positions.

International and Investment Services sector

Investment Banking Services

Our global investment banking and securities group, ANZ McCaughan, formed on 1 October 1988, operated in a subdued environment for much of the financial year as international uncertainty kept stockmarket volumes at low levels.

As volumes improved in the latter months of the financial year, the significant position held by ANZ McCaughan in the local securities markets led to positive results for the company.

The period from 1 October 1988, while being less conducive to profit generation, did enable a number of strategic plans to come to fruition, particularly with the launch of the ANZ Group-guaranteed Australian Futures Fund, the siting of securities trading personnel in the existing Tokyo office and a substantial rationalisation of the securities division in London.

The opportunity to expand our domestic network was grasped in January of this year when Morgan Grenfell Securities (formerly Horden, Utz and Bode) was purchased, giving ANZ McCaughan greater coverage of the Sydney marketplace in particular. An office was opened in Adelaide in May and already is providing a steady flow of new business.

The Australian Futures Fund launch was a continuing sign of the success of ANZ McCaughan Futures which, for the second year in succession, was voted No. 1 Futures Broker in Australia by the Business Review Weekly annual survey. ANZ McCaughan Futures, in the last twelve months, has also developed both a retail and international futures capacity which is staffed 24 hours a day in Sydney for around-the-clock futures trading.

Capital markets activity in South East Asia was rewarded by being lead manager of notes, paper and CD issues by Asia Pacific borrowers again for the second year in succession. Internationally, the IFR magazine nominated ANZ McCaughan as the top dealer in Australian dollar euro-commercial paper.



The ANZ Bank International Festival of the Horse is a major equestrian series in New Zealand, and the only one to feature Olympic and international riders. The Group has been involved as a sponsor since 1982.

In January next year the event will be part of the sesquicentennial celebrations of New Zealand, and of ANZ's presence in New Zealand.

The market environment has been difficult for most in the investment banking and stockbroking sector; ANZ McCaughan has taken the opportunity to undertake sizeable rationalisation of activities and strategic diversifications whilst at the same time addressing a number of efficiency measures to enable a more focused thrust in the coming year.

International Network Services

The international network services unit instigated a number of initiatives during the year to promote, develop and co-ordinate global business capabilities between the countries in which the Group has an active operating presence. These initiatives have produced significant advantages to our customers in dealing with the same bank 'at both ends of the transaction' in terms of the quality of service provided in their international and trade finance activities. In recognition of the growth in international trade, plans are progressing for major enhancements to our trade finance services which will come into effect during the current year.

Our correspondent banking operations continued to perform strongly, particularly in Australia and New Zealand where high interest rates contributed to an increase in both business volumes and funds based income. We are a leading provider of correspondent banking services in these countries.

In Australia, a new electronic customer data storage and retrieval system was installed which has provided one of the fastest and most efficient high volume enquiry services for our correspondent banks around the world.

We have further improved our communications and systems capabilities in India, in line with our commitment to develop a strong correspondent banking operation on the sub-continent.

Private Banking

Our private banking units are established to provide banking, investment management, and trust and company administration services to high net worth individuals around the world, who require objective advice on the effective management of their assets internationally.

The international private banking units had an excellent year with aggregate profitability up significantly. The results from London, Jersey and Geneva were particularly pleasing.

International investment management services aimed at high net worth customers were launched in London and Jersey to complement our well-established capabilities in Geneva.

With offshore trusts, ANZ International Trustee Limited was set up to reinforce our trust and company administration services in Geneva, Jersey and the Cook Islands.

Custodian Services

ANZ Nominees Ltd has continued its market leadership in the field of custodianship of Australian securities for overseas investors. Not only has it the largest market share, it is recognised as the technological leader, with a system which offers customers and stockbrokers real-time dial-up access and input.

In addition to an on-going commitment to full utilisation of the SWIFT system for securities reporting, ANZ Nominees is actively engaged in the promotion of a fully electronic settlement and registration system for Australian securities, in an effort to bring the Australian market up to international standards.

PERSONNEL

At 30 September 1989, Group staff worldwide totalled 47009, an increase of 10.8%. Staff in Australia and New Zealand, including all subsidiaries, numbered 37058 (32367 in 1988) with the higher figure due largely to the Group's acquisition of PostBank in New Zealand (3551 staff) and Mercantile Credits in Australia (470).

Personnel costs amounted to \$1263.6 million, or 49.4% of total operating costs (excluding interest paid and doubtful debts).

Productivity continues to improve with personnel costs per dollar of revenue earned reduced from 32.6 cents in 1988 to 31.7 cents.

Human Resources Management

A comprehensive Human Resources Strategy has been adopted to ensure that the Group's most important non-financial assets are harnessed and developed now and for the future. Our "people strategy" is founded on the Group's strategic business objectives and its ongoing review and implementation is an essential part of our business planning process.

This year, ANZ took the lead by becoming the first, and so far only, private Bank to take part in the Australian Government's Aboriginal Employment Action Programme.



Speed skater Karen Gardiner has represented Australia since 1984 and has competed in world all-round championships in Montreal, Canada, since 1987. She has been Australia's top woman skater since 1985, when she was ranked fourth in the world.

In March and April, Karen, who works for ANZ in Adelaide, South Australia, represented Australia at the World Ice Speed Skating Championships.

GROUP CHIEF EXECUTIVE'S REPORT



Noriko Inamura is a position clerk in the retail deposit area of the Group's Tokyo branch. Her achievements are pure Japanese.

Noriko has learnt the 'tea ceremony' for the past five years and is half-way through a "Master" degree which is obtained only after a lengthy programme of study.

Profit Share and Staff Incentive Schemes

A total of \$41.1 million will be paid to staff throughout the Group for the year through profit sharing and incentive schemes. A 'reward for performance' strategy continues to be developed throughout personnel systems within the Group.

Staff Share Purchases

During the year a further 1,600,527 shares were purchased under the employee share purchase scheme operating in Australia, New Zealand, the United Kingdom and 18 other countries. (43 per cent of eligible Australian staff hold shares under this scheme). In addition, 710,000 partly-paid shares and 365,500 fully-paid shares were issued under the senior officer's share purchase scheme. Total potential holdings under these schemes is limited to 7 per cent of issued capital.

Total staff shareholdings amount to 20,458,661 shares, or 2.23 per cent of issued capital. We are pleased and proud of the high level of staff shareholding, which is a distinguishing feature from our Australasian competitors. Again this year, we conducted Staff Shareholder Meetings around Australia, recognizing the dual importance of this group of 9,046 people, who both contribute to, and benefit from, the Group's success.

Australian Industrial Agreements

Salary movements continue to be negotiated under the structural efficiency principle of the Australian Industrial Relations Commission. ANZ and the Australian Bank Employees' Union have advised the Commission that they are committed to change the existing award structure to one which is more flexible and

relevant to modern competitive requirements. Progress is being made in this regard.

Training and development

More than four per cent of the total Group payroll is devoted to training and development, with a significant proportion now going to management development programmes. We have established an executive development centre in rural Victoria, conveniently close to Melbourne Airport.

We designed, in conjunction with external consultants and educators, a 10-day senior executive programme, conducted at the centre, which is a rite of passage into senior management positions. An international management course was designed to update senior management with international business trends. Other programmes included those on human resource and leadership skills, strategy, risk management and technology.

We continue to send senior officers to advanced programmes at leading international business schools such as Harvard, Stanford and IMI, as well as Australia's leading business schools, and encourage and provide financial support to high potential managers to attend post-graduate studies at major institutions.

Senior Management Changes

A number of senior management changes have occurred during the year. Retirements included Mr T.H. (Tom) Giles, Managing Director, Australian Fixed Trusts; Mr L.C. (Lawton) Graham, Group Secretary; and Mr B.J. (Bernie) Dawson, Assistant General Manager, Branch Banking, and Group Chief Executive's Representative, Queensland. Mr F.A. (Allan) McDonald also

completed his term as Director, International and Investment Services and left the Group to pursue business interests in Sydney. However, he maintains an active association with ANZ and continues on the Board of a subsidiary company.

The management structure of the Group is shown on pages 30 and 31, and a directory of senior personnel follows on page 32.

TECHNOLOGY

A strategic platform for our future information technology environment was adopted in the year under review.

A switching system is now in place which allows customers and staff access to Group products worldwide. This is an essential cornerstone for the introduction of new products and services.

A major achievement was the implementation of integrated banking applications software to service our corporate and commercial customers. Retail customers also will be progressively migrated to a similar system which will differentiate our production or "back-office" systems from the customer service "front-end", resulting in superior and more cost-effective service.

Improved systems covering global limits, exposure management and credit policy were installed during the year. Work has also started on an integrated treasury system designed to provide our dealing rooms worldwide with additional functionality for trading and risk management.

New organisational structures were established in May to emphasise the Group's commitment to global payment systems and communications. Global payments will build on an established electronic delivery capability to develop a fully integrated payments system connecting all network points. This will give us a capability to meet the challenges of customer needs in the 1990s.

We commenced pilot schemes in two areas of strategic significance during the year. ANZ was a pilot site for the development by Telecom Australia of its integrated services digital networks (ISDN), which has now been launched. This will facilitate the transmission of voice, data, video and image over the same network, providing a cost-effective environment for customer service. We are the only Australasian bank, in a group of three international banks, piloting an Electronic Data Interchange (EDI) system, which has exciting possibilities for our international corporate customers.

Our worldwide communication network access is expanding, with India being the most recent addition. In Australia, the network was extended to include all retail and branch banking regions. This year, ANZ's voice network processed about 83 million telephone calls. The network interconnects 24,800 telephones worldwide and, if laid end-to-end, the wires would stretch twice around the world.

ANZ has acquired the exclusive Australasian licence to the leading "knowledge-based" commercial lending software package. This "expert system" is designed as an aid to lending officers, in both analysis and documentation, and is currently being installed around Australia. The system will support the trained and experienced lender, improving the speed and refinement of the lending decision, as well as increasing productivity. In the area of advanced technology, we acquired a specialised database processor which allows us to analyse customer data in large volumes and at high speed. The resulting marketing and service enhancements are already providing worthwhile rewards.

Our data processing operations unit, a vital link between our businesses and customers, has adopted the management philosophy embodied in total quality management (TQM). This emphasises employee involvement, teamwork and measurement in the continuous improvement of work processes so that the focus is on quality service that meets the needs of customers. It is this focus on quality that will lead to sustainable cost effectiveness and increased productivity. Encouraging results are already evident.

COMMUNITY INVOLVEMENT

ANZ's sponsorship and donations programmes play the dual role of enhancing the Group's image as well as fulfilling its community responsibilities. To ensure an equitable spread of resources, our funding covers the arts, sport, health, medical research, education, social welfare and conservation.

One of the most significant events ever sponsored by the Group took place over three days in January 1989. The ANZ 12-Metre Challenge comprised a series of races on Sydney Harbour between 1987 America's Cup winner, Dennis Conner, and Australia's Iain Murray, the eventual Series winner. The races were telecast live in Australia, with excerpts being shown in 14 countries where the Group is represented. The sponsorship resulted in ANZ's name and the 12-Metre Challenge being a talking point across Australia, and associated us with a highly visible and successful international event.

Also on the nautical theme, ANZ will sponsor the new National Maritime Museum, scheduled to open in late 1990. The museum will be a prestigious addition to the development of Darling Harbour, Sydney, and will house the most important artefacts from Australia's maritime history as well as an impressive and diverse fleet of vessels.

We continued our sponsorship of the Australian Institute of Sport, supporting the National Sports Programme and the ANZ Youth Sports Scholarships scheme, which we initiated in 1986.

In education, ANZ funded the establishment of the Sir William Vines Chair of Strategic Marketing in honour of our immediate past Chairman. Located at the University of Melbourne's Graduate School of Management, the Chair recognises the vital role Sir William played in developing the internationalisation of management skills in Australia, and particularly his role in the great marketing achievement of establishing the Woolmark. Also, it reinforces the importance ANZ places on marketing in a deregulated and international business environment.

Robert and Andrea Oliver, from Wellington, New Zealand, are freelance professional musicians who are recognised authorities on music, and musical instruments, from the 13th to 19th century.

ANZ has sponsored their tours of schools and colleges throughout New Zealand for three years.



GROUP CHIEF EXECUTIVE'S REPORT



1990 is New Zealand's sesquicentennial. It is also 150 years since ANZ, as the Union Bank of Australia, opened a branch at Petone, near Wellington.

One of the many events which will be held is the Kite Festival, at Napier. The windsock identifies ANZ as a major sponsor. The 'sock' is lifted by a kite, and attached to the kite's control string, rotates in the wind. The ANZ Windsock will later travel the country, soaring through the sky of the "Land of the Long White Cloud".

Greg Sitkowski, from retail banking, Western Sydney region, is a member of the New South Wales sky diving team which recently won the Australian titles.

In February, Greg went to Thailand as part of a contingent of 80 sky divers from around the world who linked up to break the Australasian free fall formation record.



ANZ is widely recognised as a generous and constant supporter of the Arts in Australia. In 1989, we presented Eugene Von Guerard's *Weatherboard Creek Falls* to the National Gallery of Victoria in Melbourne. The painting, completed in 1862 by one of Australia's foremost colonial artists, is now the focal point of the Gallery's collection of early Australian Art.

Our support of the Australian Opera continued with our sponsorship of *The Gondoliers*. The imaginative treatment of an old Gilbert and Sullivan favourite ensured capacity houses.

An important criterion for ANZ sponsorship is the involvement of staff. One way in which this criterion is fulfilled is through our sponsorship of Earthwatch, a non-profit international environmental group that sponsors scientific field research around the world. This project offers staff the opportunity to travel to different parts of Australia to assist in research projects.

In New Zealand, our efforts also were directed towards the Arts, sport and community activities.

ANZ has supported the International Festival of the Arts, a biennial event, since 1986. In 1990, we will sponsor a concert by world-renowned jazz violinist Stephane Grappelli. We are also a supporter of the Auckland-based Perkel Opera, which presented *La Traviata* during the year.

In sport, the ANZ Bank International Festival of the Horse is a major equestrian series and the only annual event which features Olympic and international riders.

ANZ's involvement with the New Zealand Water Safety Council is our most significant community project and largest individual sponsorship. Its aim is to educate New Zealanders to be safety conscious in and on the water. An important new commitment this year was our sponsorship of the More ANZ Businesswoman of the Year award. This links ANZ to a nationally recognised award acknowledging the work and achievements of women in the community.

Our major role in the rural community was endorsed this year by sponsorship of the National Beef Competition. This is an extensive series of regional competitions which culminates in a national final which attracts significant media attention.

In India, we supported an innovative project for the Chief Minister's Flood Relief Fund in Bombay. We appealed to staff to donate a day's wages and matched the funds collected with an equal contribution.

The Indian Heritage Society awarded us the first Gold Urban Heritage Award, for the restoration of our main office in Bombay, erected in 1865.

In Bangladesh, we sponsored the Dhaka Junior Art and Music Festival. In Sri Lanka, we assisted more than 90 associations for the needy, and in Nepal, we funded the Pashupati Area Development Trust. The Pashupati Temple in Kathmandu is one of the world's most important Hindu temples, and is included on UNESCO's world heritage list.

In Africa, we continued to support a well establishment programme which provides fresh clean water to remote towns.

In addition thousands of smaller local branch events and appeals were supported throughout our extensive international network.



Trudy Woodhead, a typist at PostBank's credit office in Dunedin, has been a high jumper for 10 years and is the New Zealand title and record holder.

She was sixth in the high jump at the 1986 Commonwealth Games and has competed in the US, Canada, South Korea and France. She has "high hopes" for the Commonwealth Games in Auckland in January.

OUTLOOK

As we head into the final decade of this century, I am reminded of the words of James Baldwin:

"The future is like heaven; everyone exalts it, but no-one wants to go there now"

ANZ's view of the future is at odds with this fear of what is to come. We are positioning ourselves for a decade where our home region of Asia/Pacific will be a focal point of world economic growth, and where technology and international management skills will be the essential tools for capitalising on this growth.

In the immediate future, we face a slowing economy in our principal domestic market of Australia, and steadily improving environment in New Zealand.

We expect that the effect of sustained high interest rates will impact quite severely on the Australian small business sector, where our debt provisioning already reflects these difficult times. The slower rate of economic growth will also be reflected in a lower demand for funds, and consequently, asset growth.

However, our strong market position and an improving economic climate in New Zealand should see a better result than the year past, with both bad debts and provisioning returning to more normal and acceptable levels.

We will be paying very close attention to productivity in our retail operations, and will be implementing many of the cost-saving initiatives generated out of the trials that have been conducted during 1988/89.

Our ANZ Worldwide network will continue to gain momentum in its quest to generate profits through servicing customers across borders in trade and capital transactions.

Rationalisation of the finance sector is inevitable as the world becomes one global market and the cost benefits of critical mass become increasingly apparent. It is our view that the early 1990's may see some of the weaker institutions falter, providing the strong with good opportunities to consolidate their positions for the balance of the decade. We are well placed for these developments.

Our vision of the ANZ world of the early-to-mid 90's is of growth and prosperity; a prosperity in which we are determined to participate, to the benefit of our shareholders, our customers, and my colleagues, our people.

Will J. Bailey AO
Deputy Chairman and Group Chief Executive
7 December 1989

BOARD OF DIRECTORS

INTERNATIONAL BOARD OF ADVICE

The Rt. Hon. Lord Carrington

KG, GCMG, CH, MC, PC

*Chairman, ANZ International Board of Advice, Former Secretary-General, NATO***Mr Milton Bridgland AO***Chairman, Australia and New Zealand Banking Group Limited***Mr Will J Bailey AO***Deputy Chairman and Group Chief Executive, Australia and New Zealand Banking Group Limited***Sir Peter Baxendell CBE***Chairman, Hawker Siddeley Group PLC - UK Former Chairman, Shell International - UK***Sir John Bremridge KBE***Director, John Swire & Sons Limited - Hong Kong***Sir Richard Evans KCMG, KCVO***Former UK Ambassador to People's Republic of China***The Rt. Hon. Malcolm Fraser AC, CH***Former Prime Minister of Australia***Sir Leslie Froggatt***Chairman, Pacific Dunlop Limited - Australia***Mr H Frans van den Hoven KBE***Former Chairman, Unilever N.V. - The Netherlands***Dr K S Krishnaswamy***Former Deputy Governor, Central Bank of India***His Excellency Laurence William Lane Jr.***Former American Ambassador to Australia***Mr Roger Martin***Former Chairman Campagne de Saint-Gobin - France***Mr Charles Parry***Former Chairman and CEO, Aluminium Company of America - USA***Mr Karl Gustaf Ratjen***Former Chairman, Metallgesellschaft AG - West Germany***Mr William F Ray AO***Partner, Brown Brothers Harriman & Co, and Chairman, America Australia Association - USA***Lord Remnant CVO, FCA***Chairman, Touche Remnant & Co - UK***Mr Keizo Saji***Chairman of the Board, Santory Limited - Japan***Sir Ronald Trotter***Chairman, Fletcher Challenge Limited - New Zealand***Sir William Vines AC, CMG***Former Chairman, Australia and New Zealand Banking Group Limited***Mr M.D. Bridgland, AO** Age 67**Chairman**

BSc, FTS, FRACI, FAIM

*Company Director**A Director since February 1982, appointed Deputy Chairman January 1987 and Chairman January 1989.**Mr Bridgland has been Chairman of ICI Australia Ltd since 1980 (Managing Director from 1978 - 1984). He is Chairman of Jennings Properties Ltd and a Director of Jennings Group Ltd.**He is a former Director of several public companies and has been a member of a number of industry, government advisory and community organisations.**Mr Bridgland lives in Melbourne.***Mr R.A.D. Nicolson** Age 58**Group Managing Director and Chief Operating Officer**

AAIB, FAIM

*Bank Executive**A Director since July 1984, appointed Group Deputy Managing Director and Chief Operating Officer in December 1984 and to his present post in August 1988. Also a Director of Australia and New Zealand Savings Bank Ltd, ANZ Staff Superannuation (Australia) Pty Ltd, ANZ McCaughan Ltd, Esanda Finance Corporation Ltd, ANZ Grindlays Bank plc, ANZ Banking Group (New Zealand) Ltd, Post Office Bank Ltd and Australia and New Zealand Banking Group (PNG) Ltd.**Mr Nicolson has 39 years experience in banking with the Group including Representative for Japan (1972), Deputy General Manager Esanda Ltd (1975), General Manager Esanda Ltd (1979), General Manager Corporate and International (1982) and Chief General Manager (1983).**Mr Nicolson lives in Melbourne.***Mr W.J. Bailey, AO** Age 56**Deputy Chairman and Group Chief Executive**

AAIB, FAMI, FAIM

*Bank Executive**A Director since July 1984, appointed Group Managing Director and Chief Executive Officer in December 1984 and to his present position in August 1988. Mr Bailey is Chairman of ANZ Holdings (New Zealand) Ltd, ANZ Holdings (UK) plc, Australia and New Zealand Savings Bank Ltd, ANZ Executors & Trustee Co Ltd, ANZ Pensions Pty Ltd, ANZ Properties (Australia) Ltd, ANZ Staff Superannuation (Australia) Pty Ltd and Esanda Finance Corporation Ltd. He is Deputy Chairman of ANZ Grindlays Bank plc, and a Director of ANZ Banking Group (New Zealand) Ltd and ANZ McCaughan Ltd.**Mr Bailey is also a Director of Dalgety Farmers Ltd, Deputy Chairman of The Australian Opera, Director and Hon Treasurer of The Queen Elizabeth II Silver Jubilee Trust for Young Australians, Australian Chairman of the Multifunction Polis - Joint Steering Committee and Chairman of the Governing Board of the University of Melbourne Graduate School of Management Foundation. He is a member of the Business Council of Australia, the Economic Planning Advisory Council and Hon Treasurer of the Baker Medical Research Institute.**He has 38 years experience in banking with the Group including Chief Manager International London (1977), Assistant General Manager Branch Banking Melbourne (1980), General Manager Management Services (1982) and Chief General Manager (1983).**Mr Bailey lives in Melbourne.***Professor Dame Leonie Kramer, DBE** Age 65

BA (Melb), D. Phil (Oxon), Hon D Litt (Tasmania), Hon LLD (Melb and ANU), FAHA, FACE

*University Professor and Company Director**A Director since August 1983.**Dame Leonie is Deputy Chancellor, a Fellow of the Senate and Professor of Australian Literature of the University of Sydney and a noted author and editor who serves on a number of scholastic committees. She is also a Director of Western Mining Corporation Holdings Ltd, Western Mining Corporation Ltd and the Electricity Commission of New South Wales, National President of the Australia - Britain Society, Chairman of the Board of the National Institute of Dramatic Art, a member of the Council of the National Roads and Motorists Association, New South Wales, a Director of CARE Australia and a member of the Board of St Vincent's Hospital, Sydney. She was a member of the Australian Broadcasting Commission from 1977 - 1982 and Chairman of the Commission from 1982 - 1983.**Dame Leonie lives in Sydney.***Mr D.C.L. Gibbs** Age 62

MA (Oxon)

*Company Director**A Director since February 1979, Alternate Director 1976 - 1979. Also a Director of ANZ Executors & Trustee Co Ltd.**Mr Gibbs is Chairman of Folkestone Ltd and CT Bowring Reinsurance Australia Pty Ltd and a Director of Parbury Henty Holdings Ltd, Marsh & McLennan Pty Ltd, John Swire and Sons Pty Ltd and The British Real Estate Group plc. He is Chairman of the Victoria State Opera Foundation and a member of the Victoria State Opera Board. He is also President of the World Wildlife Fund - Australia and a trustee of the Felton Bequest.**Mr Gibbs lives in Melbourne and farms at Coleraine and Yea in Victoria.*



Mr R.K. Gosper, AO Age 55

BA Hons (Michigan State University USA), FAIM Chairman and Chief Executive (Shell Australia) A Director since December 1988.
 Mr Gosper has been Chairman and Chief Executive Officer of Shell Australia Ltd since 1980. He is a Director of Woodside Petroleum Ltd, Deputy Chairman of the Australian Trade Commission (AUSTRADE) and of the Executive Council of the Victorian Branch of the Institute of Directors in Australia and is a member of the Business Council of Australia. Mr Gosper is also President of the Australian Olympic Federation and a member of the Executive Board of the International Olympic Committee. He is immediate past Chairman of the Board of the Australian Institute of Petroleum and is a former member of the Transport Industries Advisory Council and the Advisory Council of the C.S.I.R.O.
 Mr Gosper lives in Melbourne.



Mr J.C. Dahlsen Age 54

LL.B, MBA Solicitor and Company Director A Director since May 1985.
 Mr Dahlsen is a partner of the Melbourne legal firm Corrs. He is a Director of The Graduate School of Management Ltd, Myer Investment Pty Ltd Group, Sandridge City Developments Pty Ltd, Tricom Corporation Ltd and the Supervisory Board of Byvest Management Buyout Group. He was formerly Chairman of The Herald and Weekly Times Ltd and Deputy Chairman of The Myer Emporium Ltd. He is a member of the Finance Advisory Committee of the Walter and Eliza Hall Institute of Medical Research and a member of the Council and Executive Committee of The Institute of Public Affairs Limited.
 Mr Dahlsen lives in Melbourne.



Sir Laurence Muir,VRD Age 64

LL.B, FSIA, FAIM Company Director A Director since August 1980.
 Also a Director of ANZ Pensions Pty Ltd and ANZ Staff Superannuation (Australia) Pty Ltd.
 Sir Laurence is Chairman of Liquid Air Australia Ltd and University Paton Ltd and is a Director of Alcoa of Australia Ltd, Hudson Conway Ltd, National Commercial Union Ltd and Templeton Global Growth Fund Ltd. He is Patron of The Baker Medical Research Institute and the Microsurgery Foundation, Chairman of The Australian Brain Foundation, Deputy Chairman of the Australian Science & Technology Centre Advisory Committee, a trustee of Earthwatch Australia, a member of the General Motors Australian Advisory Council, L'Air Liquide World Advisory Committee, the Parliament House Construction Authority, the Sir Robert Menzies Memorial Trust and a number of other charitable organisations. He retired in 1980 as senior partner of Potter Partners.
 Sir Laurence lives in Melbourne.



Mr J.B. Gough, OBE Age 61

FAIM Company Director A Director since August 1986.
 Mr Gough is Deputy Chairman of Pacific Dunlop Limited (a Director since 1976, Managing Director 1980 - 1987). He is Chairman of BHP Gold Mines Ltd and The Graduate School of Management Ltd and a Director of Amcor Ltd, The Broken Hill Proprietary Company Ltd, ICI Australia Ltd and CSR Ltd. Mr Gough is Chairman of the Bureau of Industry Economics Council of Advice, a Board Member of the Walter and Eliza Hall Institute of Medical Research, a member of the Melbourne Olympic Committee and the General Motors Australian Advisory Council and a Director of CARE Australia. He was formerly Chairman of the Trade Development Council and Vice President of the Business Council of Australia.
 Mr Gough lives in Melbourne.



Sir Ronald Trotter Age 62

B. Com (Wellington) FCA, Hon LL.D (Wellington) Cert in Agriculture Company Director A Director since December 1988.
 Sir Ronald is the Chairman of Fletcher Challenge Ltd. He was appointed Chairman and Chief Executive in 1981 following the merger of Challenge Corporation (of which he was Chairman and Managing Director) with Fletcher Holdings Ltd and Tasman Pulp and Paper Co Ltd. He retired as Chief Executive in 1987. He is also Chairman of Telecom Corporation of New Zealand Ltd and the New Zealand Business Roundtable and is a Director of Air New Zealand Limited. Sir Ronald is a former Director of the Reserve Bank of New Zealand, immediate past President of the Pacific Basin Economic Council, has been a Trustee (and a previous Chairman) of the New Zealand Institute of Economic Research (Inc), is a former Chairman of the New Zealand Stock and Station Agents' Association, the New Zealand Wool Brokers' Association and the Overseas Investment Commission in New Zealand.
 Sir Ronald lives in Wellington, New Zealand.



Mr C.J. Harper Age 58

CA (Scots) Company Director A Director since October 1976.
 Mr Harper is Chairman of Legal and General Assurance Holdings (Australia) Ltd and of the Commonwealth Serum Laboratories and a Director of IBM Australia Ltd, North Broken Hill Holdings Ltd, Vickers Holdings Ltd and Wiggins Teape Pty Ltd. He is Federal President of the Institute of Directors in Australia, and was General Manager and Chief Executive of the merchant bank Australian United Corporation Ltd from 1968 - 1976.
 Mr Harper lives in Melbourne.



Dr B.W. Scott, AO Age 54

B.Ec, MBA, DBA Company Director A Director since August 1985.
 Dr Scott is a Director of Imagineering Technology Ltd, Liquid Air Australia Ltd and James N Kirby Foundation and a member of the Supervisory Board of Bemco Australie NV. He is also Chairman of Management Frontiers Pty Ltd, W.D. Scott International Development Consultants Pty Ltd, Jon and Associates Pty Ltd and Television Makers Pty Ltd. He is Chairman of the Australian Government's Trade Development Council. Dr Scott was Chief Executive of the W.D. Scott Group of Companies (1974 - 1985) and Chairman of ACI International (1986 - 1988).
 Dr Scott lives in Sydney.



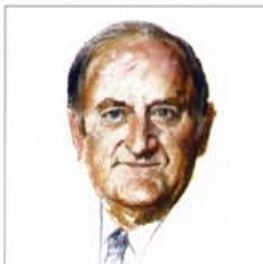
Sir Roderick Carnegie Age 57

B.Sc, MA, Dip Agric Econ, MBA (Harvard) Company Director A Director since February 1986.
 Sir Roderick is Chairman of Hudson Conway Ltd, a member of the General Motors Australian Advisory Council, International Councillor of the Morgan Guaranty Trust and a member of the IBM World Trade Asia/Pacific Group Board. He is a member of a number of charitable and business organisations and is immediate Past President of the Business Council of Australia. He was Chairman and Chief Executive of CRA Limited from 1974 to 1986.
 Sir Roderick lives in Melbourne.



Mr W.J. Holcroft, AO Age 67

FASA, CPA, FCIS, FCIT, FAIM Company Director A Director since October 1976.
 Also a Director of ANZ Pensions Pty Ltd and ANZ Staff Superannuation (Australia) Pty Ltd.
 Mr Holcroft is a Director of a number of other Companies including Caltex Australia Ltd and The Commonwealth Industrial Gases Ltd as well as being a member of the Board of Governors of The Australian Wildlife Fund. In 1980 he retired as Managing Director of Brambles Industries Ltd.
 Mr Holcroft lives in Bathurst and also farms in that area of New South Wales.



Mr R.B. Vaughan Age 61

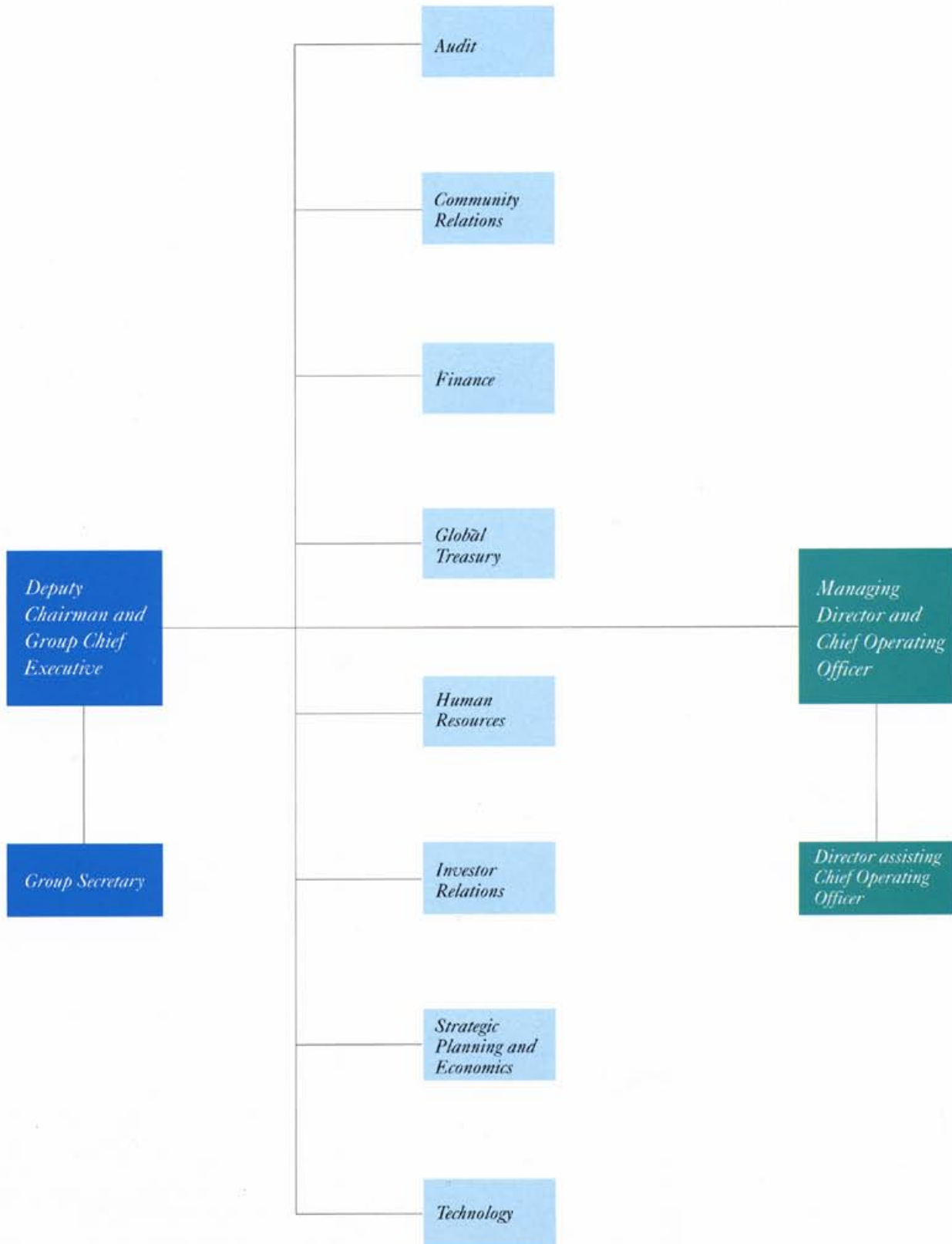
Company Director A Director since January 1988.
 Mr Vaughan is Chairman and Chief Executive of Dalgety Australia Holdings Ltd and Dalgety Farmers Ltd and a Director of Dalgety Rural Finance Ltd, Dalgety PLC (UK) and Pacific Australia Rural Company Ltd. He is also a Director of ICI Australia Ltd, National Commercial Union Ltd, Tubemakers of Australia Ltd and MIM Holdings Ltd.
 Mr Vaughan lives in Sydney.

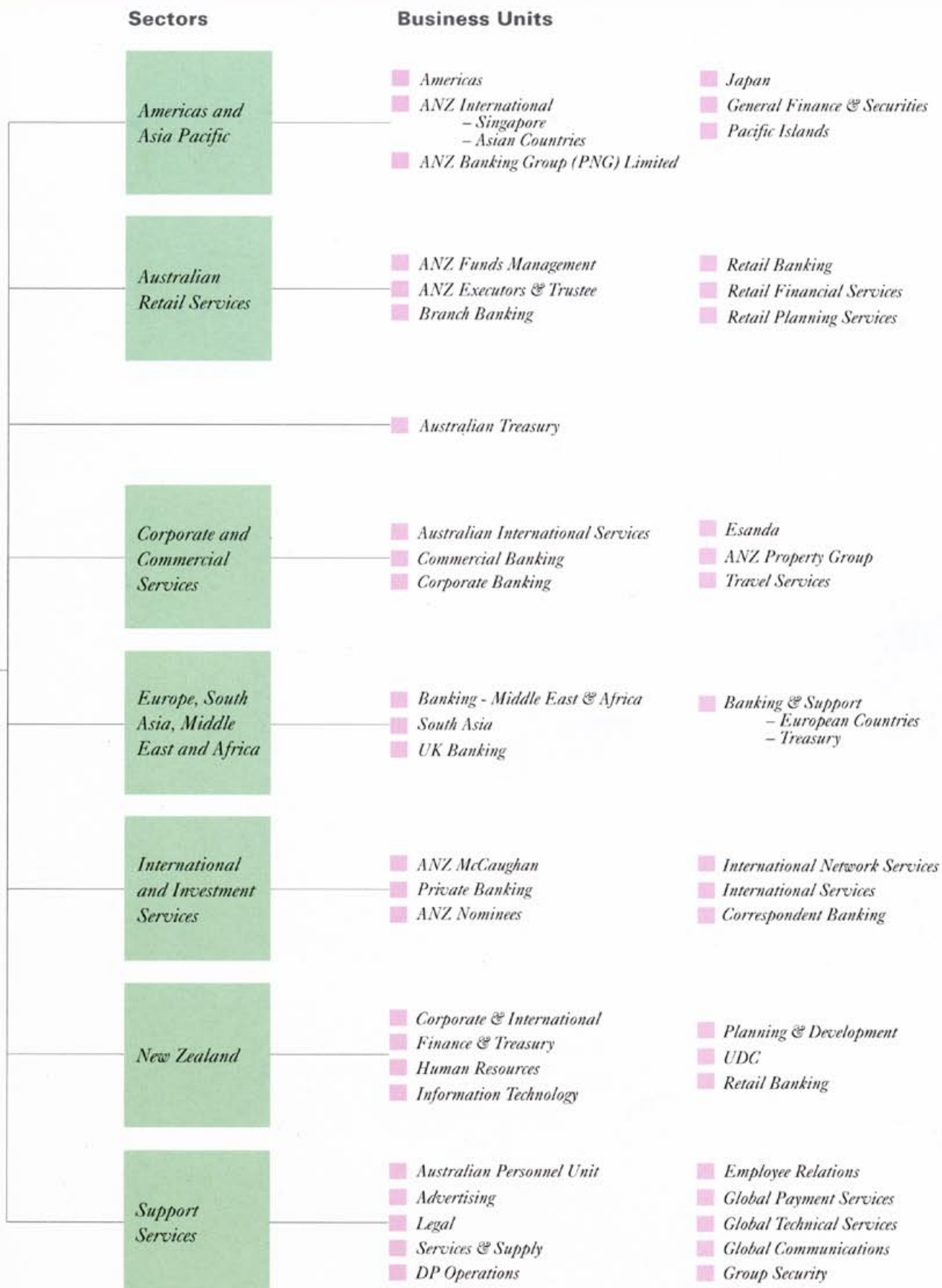
MANAGEMENT STRUCTURE

Strategy and Policy

Operations and Marketing

Group Executive





MANAGEMENT DIRECTORY

Group Headquarters

*W J (Will) Bailey, AO, AAIB, FAMI, FAIM	56	Deputy Chairman & Group Chief Executive
†R A D (Reg) Nicolson, AAIB, FAIM	58	Group Managing Director & Chief Operating Officer
*D (Jim) Nicolson, AAIB, ACA (NZ), FCA (NZ)	60	Director Assisting Chief Operating Officer
*D J (David) Butler, BEc(Hons), FASA, CPA, AAIB	41	Group Executive-Finance (From 4/12/89)
*R J (Bob) Edgar, PhD (Ec), MEd, BEc (Hons), AAIB	43	Group Executive-Strategic Planning & Economics
*A T L (Alister) Maitland, BComm, AAIB	48	Group Executive-Global Treasury
*B (Bruno) Sorrentino, PhD (Physics), BSc, AIB (Lon)	47	Group Executive-Technology
*B J (Brian) Waldron, LLB, FASA, CPA	61	Group Executive-Audit
*E J (John) White, AAIB, MIPMA	45	Group Executive-Human Resources
G J (Greg) Camm, B Bus, AASA, CPA	34	General Manager, Investor Relations
M P R (Matthew) Percival, BA	38	General Manager, Community Relations
R T (Richard) Jones, LLB, FCIS	42	Group Secretary

Australian Corporate and Commercial Services Sector

*R K W (Bob) Bennett, AAIB	59	Sector Director
C A (Charles) Griss, AAIB, FASA, CPA	47	Managing Director, Esanda Finance Corp Ltd (From 4/12/89)
T C W (Tim) Ingram, MA, MBA, FIB	42	General Manager, Commercial Banking
J R (John) McConnell, BComm, Dip Bkg (NZ), FAIB, AAIM	50	General Manager, Corporate Banking
B P (Brian) Martin, AO, Dip Acctg, FASA, FAIM, ACIS	56	General Manager, ANZ Property Group & Managing Director, Delfin Property Group Ltd

Australian Retail Services Sector

*D P (Don) Mercer, BSc, MA(Econ)	48	Sector Director
D T (David) Craig, AAIB, ACA (NZ)	49	General Manager, Branch Banking (From 4/12/89)
T C (Tim) Jenkins, FIA, FIAA	47	General Manager, ANZ Funds Management Ltd
C R (Robin) Pleydell, AAIB, FAIM	57	Managing Director, ANZ Executors & Trustee Company Limited
R C (Rupert) Thomas, AAIB	52	General Manager, Retail Banking
L G (Glen) Twidale, AAIB, FIDA	58	General Manager, Branch Banking (Retired 1/12/89)

Australian Treasury

R N (Bob) Challis, Dip Bkg, FAIB, ABINZ	51	General Manager, Australian Treasury
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New Zealand Sector

*P J (Paul) Rizzo, MBA, BComm, AAIB	44	Sector Director & Managing Director, ANZ Banking Group (NZ) Ltd
R E (Ted) Baker, ACA (NZ)	53	Managing Director, UDC Group Holdings Ltd (Retired 27/10/89)
P J O (Peter) Hawkins, ACANZ, BCA, BGA (Hon), FAIB	35	General Manager, Planning and Development
J W (Jeff) Pitt, B Comm, BEc, AAIB, AAUQ	44	Managing Director, UDC Group Holdings Ltd (From 30/10/89)

Americas, Asia and Pacific Islands Sector

*R (Roland) Isherwood, ASCA, ACIS	59	Sector Director (Retired 30/11/89)
I J (John) Buckley, BComm, AASA, AAIB	43	Executive Vice President, Americas
J R (John) Sudholz, BEc, AASA	50	General Manager, ANZ International Pte Ltd Singapore
D R (Doug) Watson, AAIB, ABIM, FCIB, FCIS	47	General Manager, Asia and Pacific Islands (from 1/12/89)

Europe, South Asia, Middle East and Africa Sector

*J F (John) Ries, B Bus, AASA, AAIB	44	Sector Director & Managing Director, ANZ Grindlays Bank plc
R N (Roger) Fenton, AAIB	48	Regional General Manager, Banking (UK)
G G (Gerald) Howard, FICA	49	Regional Director, South Asia
A R D (Robin) Peatfield, MBA, BA, AAIB	44	General Manager, Banking & Support & Deputy Managing Director, ANZ Grindlays Bank plc

International and Investment Services Sector

*E C J (Ted) Johnson, BSc, Dip Bus Admin, AAIB, FAIM	50	Sector Director
D W (David) Browne, ASIA	43	Managing Director, ANZ McCaughan Ltd
B P (Bevyn) Ranford, AAIB	55	Deputy Managing Director, ANZ McCaughan Ltd
D B (David) Valentine, MBA, BA	45	Executive Director, Private Banking

Support Services Sector

*B (Brian) Weeks	57	Sector Director & Director Assisting Group Chief Executive
A N (Alan) Findlay, AAIB	47	General Manager, Global Technical Services
D W (Derek) Gall, AAIB, AIB (Scot), FBCS	48	General Manager, Global Payment Services
B A (Bruce) Plaice-Leary, MBCS, MBIM, MDPMA	47	General Manager, Global Communication Services
J (John) Preston	46	General Manager, DP Operations

† Chairman, Management Executive Committee * Member of Management Executive Committee

Ages shown are as at 30 September 1989

PRINCIPAL ESTABLISHMENTS

55 Collins Street, Melbourne,
Victoria, Australia 3000
Telephone: 658 2955
Telex: 39920
Fax: (03) 658 2909

AUSTRALIA

New South Wales
20 Martin Place, Sydney 2000
Telex: 29800
Fax: (02) 237 9387

Queensland
324 Queen St., Brisbane 4000
Telex: 40333
Fax: (07) 228 3484

South Australia
13 Grenfell St., Adelaide 5000
Telex: 82100
Fax: (08) 218 8699

Western Australia
77 St. George's Terrace,
Perth 6000
Telex: 92011
Fax: (09) 323 8030

Tasmania
40 Elizabeth St., Hobart 7000
Fax: (002) 21 2429

Australian Capital Territory
City Walk and Ainslie Ave.,
Canberra 2600
Fax: (062) 76 4240

ANZ Executors & Trustee
Company Limited,
91 William St., Melbourne 3000
Telex: 34436
Fax: (03) 648 5854

ANZ Funds Management Limited,
16 O'Connell St., Sydney 2000
Telex: 20135
Fax: (02) 227 1313

Esanda Finance Corporation
Limited,
85 Spring St., Melbourne 3000
Telex: 154226 ESND A
Fax: (03) 666 9628

ANZ McCaughan Limited,
9th Floor, 360 Collins St.,
Melbourne 3000
Telex: 33228
Fax: (03) 602 4808

NEW ZEALAND

ANZ Banking Group
(New Zealand) Limited,
215-229 Lambton Quay,
Wellington
Telex: 3385
Fax: (4) 73 6919

UDC Group Holdings Limited,
113-119 The Terrace,
PO Box 1616, Wellington
Telex: 3507
Fax: (4) 72 0867

ANZ McCaughan (NZ) Limited
Level 6, Durham House,
Chase Plaza,
92-96 Albert St., Auckland
Telex: NZ 2251
Fax: (9) 37 3543

EUROPE, SOUTH ASIA, MIDDLE EAST AND AFRICA

UNITED KINGDOM

Australia and New Zealand
Banking Group Limited,
Minerva House, PO Box 7,
Montague Close,
London SE1 9DH
Telex: 8812741-4 ANZBKA G
Fax: 378 2378

ANZ Grindlays Bank plc,
Minerva House, Montague Close,
London SE1 9DH
Telex: 885043 GRNDLY G
Fax: 403 4182

ANZ Grindlays Bank plc,
Private Bank,
13 St. James's Square,
London SW1Y 4LF
Telex: 885043-6
Fax: 930 5501

ANZ McCaughan (UK) Limited,
65 Holborn Viaduct,
London EC1A 2EU
Telex: 88556/8956108 ANZMB G
Fax: 248 1103

Channel Islands

ANZ Bank (Guernsey) Limited,
PO Box 153, St. Peter Port,
Guernsey
Telex: 4191663 ANZGSY G
Fax: (0481) 27851

ANZ Grindlays Bank (Jersey)
Limited,
PO Box 80, West House,
West's Centre,
Peter Street, St. Helier, Jersey
Telex: 4192062 GRNDLY G
Fax: (0534) 77695

CONTINENTAL EUROPE

France

Australia and New Zealand
Banking Group Limited,
96, Avenue Raymond Poincare,
75116 Paris
Telex: 643311 F ANZB
Fax: (1) 4501 7741

Grindlays Bank S.A.,
96, Avenue Raymond Poincare,
75116 Paris
Telex: 640469 F GRIPA
Fax: (1) 4501 7741

Federal Republic of Germany

Australia and New Zealand
Banking Group Limited,
Mainzer Landstr. 46,
6000 Frankfurt-am-Main 17
Telex: 4185126 ANZBD
Fax: (69) 724231

Greece

ANZ Grindlays Bank plc,
7 Merlin St.,
PO Box 30391, GR-10671 Athens
Telex: 214651 GRIN GR
Fax: (1) 360 3811

Italy

Australia and New Zealand
Banking Group Limited,
Via F. Turati 25, 20121 Milan
Telex: 332102
Fax: (02) 659 0967

Monaco

Grindlays Bank S.A.,
24, Avenue de Fontvieille,
98000 Monaco
Telex: 479419 MC GRINMO
Fax: (93) 501895

Spain

Australia and New Zealand
Banking Group Limited/
ANZ Grindlays Bank plc,
Paseo de la Castellana 23,
28046, Madrid
Telex: 46363 ANZGRE
Fax: 532 3482

Switzerland

ANZ Grindlays Bank plc,
Case Postale 875,
7 Quai du Mont Blanc,
CH-1211 Geneva 1
Telex: 22730 GRIN CH
Fax: (022) 731 5589

ANZ Grindlays Bank plc,
Giesshuelstrasse 45,
Postfach
CH-8045 Zurich
Telex: 813571 GBZ CH
Fax: (01) 461 7997

ANZ McCaughan Securities
(Switzerland) Limited AG,
Giesshuelstrasse 45,
Postfach
CH-8045 Zurich
Telex: 817541 ANZ CH
Fax: (01) 463 2034 or (01) 461 3171

SOUTH ASIA

India

Regional Directorate,
ANZ Grindlays Bank plc,
PO Box 725,
90 Mahatma Gandhi Road,
Bombay 400 001
Telex: 011-4792 RDSA IN
Fax: 271 223

Eastern India

PO Box 278119,
Netaji Subhas Road,
Calcutta 700 001
Telex: 021 7341 GBCL IN
Fax: 282 266

Northern India

PO Box 624,
'H' Block, Connaught Circus,
New Delhi 110 001
Telex: 031-66528 GBND IN
Fax: 332 2364

Southern India

PO Box 297, 19 Rajaji Salai,
Madras 600 001
Telex: 041-212 GBMS IN
Fax: 581 065

Western India

PO Box 1175,
90 Mahatma Gandhi Road,
Bombay 400 001
Telex: 011-2240 GBBY IN
Fax: 271 223

ANZ Group World Wide Distribution (at 30 September 1989)

	Representation	Personnel
Australia	1,335	28,742
New Zealand	646	8,300
South Asia	71	4,485
Middle East	42	1,064
Africa	24	1,008
Pacific Islands	23	570
Continental Europe	21	613
Asia Pacific	10	395
Papua New Guinea	8	318
Americas	6	298
United Kingdom	5	1,216
Totals	2,191	47,009

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Bangladesh

ANZ Grindlays Bank plc,
PO Box 502, No. 2 Dilkusha C.A.,
Dhaka - 1000
Telex: 642841/642597 GBLD BJ
Fax: 41 2226

Sri Lanka

ANZ Grindlays Bank plc,
PO Box 112, 37 York Street,
Colombo 1
Telex: 21130/21521 GRNDLAY CE
Fax: 546 158

Nepal

Nepal Grindlays Bank Limited,
GPO Box 3990, Naya Baneshwar,
Kathmandu, Nepal
Telex: 2531 GRNDLY NP
Fax: 226762

MIDDLE EAST

Bahrain

ANZ Grindlays International
Limited,
Offshore Banking Unit,
PO Box 20324,
1st Floor, Manama Centre,
Entrance 3, Manama
Telex: 9254 GILBAH BN
Fax: 25 4161

Grindlays Bahrain Bank BSC (c),
PO Box 793, Manama Centre,
Government Road, Manama
Telex: 8335 GRNDLY BN
Fax: 27 2708

Iran

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

Jordan

ANZ Grindlays Bank plc,
PO Box 9997, Shmeissani, Amman
Telex: 21209 MNERVA JO
Fax: 679115

Oman

ANZ Grindlays Bank plc,
PO Box 3550, Ruwi
Telex: 3393/3219 GRNDLY ON
Fax: 706911

Pakistan

ANZ Grindlays Bank plc,
PO Box 5556,
I.I. Chundrigar Road, Karachi-2,
Telex: 2755 GB PK
Fax: 736923

Qatar

ANZ Grindlays Bank plc,
PO Box 2001, Rayyan Road, Doha
Telex: 4209 GRNDLY DH
Fax: 428077

United Arab Emirates

ANZ Grindlays Bank plc,
PO Box 4166, Deira, Dubai
Telex: 49265 MINERV EM
Fax: (4) 233 501

AFRICA

Ghana

Merchant Bank (Ghana) Limited,
Swanmill, Kwame Nkrumah Ave.,
PO Box 401, Accra
Telex: 2191 MERBAN GH
Fax: 667305

Kenya

Grindlays Bank International
(Kenya) Limited,
PO Box 30113,
Kenyatta Ave., Nairobi
Telex: 22397 GRNDLY
Fax: (2) 330227

Nigeria

Grindlays Merchant Bank of
Nigeria Limited,
PO Box 54746, Falomo, Ikoyi,
188 Awolowo Road, Lagos
Telex: 23216/23474 GRIMBK NG
Fax: 685934

Uganda

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

Zaire

Grindlays Bank (Zaire) s.z.a.r.l.,
Avenue de la Mongala No. 12,
B P 16.297, Kinshasa 1
Telex: 21413 BGIZ.R.

Zambia

Grindlays Bank International
(Zambia) Limited,
PO Box 31955, Woodgate House,
Cairo Road, Lusaka
Telex: 42461 GRINDLAY ZA
Fax: 21 8938

Zimbabwe

ANZ Grindlays Bank (Zimbabwe)
Limited, (from 1 January 1990)
PO Box 300, Ottoman House,
59 Samora Machel Avenue, Harare
Telex: 26103/26104/24361 GBLZW
Fax: (4) 702270

AMERICAS

New York

Australia and New Zealand
Banking Group Limited,
120 Wall Street, New York,
NY 10005, USA
Telex: 667559
Fax: (212) 820 9859

Los Angeles

Suite 3290, 725 South Figueroa St.,
Los Angeles, California 90017, USA
Telex: 4720773
Fax: (213) 955 7266

Chicago

Suite 500190 South La Salle Street,
Chicago, Illinois 60603, USA
Telex: 4330119
Fax: (312) 236 7112

Houston

Suite 3750, Gulf Tower,
1301 McKinney Street,
Houston, Texas 77010, USA
Telex: 166229
Fax: (713) 658 0406

Bahamas

ANZ Grindlays Bank plc,
PO Box N7788, Nassau

Brazil

Australia and New Zealand
Banking Group Limited/
ANZ Grindlays Bank plc,
Av Nilo Pecanha, 50 grupo 810,
20.044 Rio de Janeiro-RJ
Telex: 2130541
Fax: (21) 220 0840

Canada

ANZ Bank Canada,
18th Floor, North Tower,
Royal Bank Plaza,
Toronto, Ontario, M5J 2J3
Telex: 217530
Fax: (416) 367 3213

ASIA PACIFIC

Hong Kong

Australia and New Zealand
Banking Group Limited,
27th Floor, One Exchange Square,
8 Connaught Place, Central,
Hong Kong
Telex: 86019
Fax: (5) 27 9084 or (5) 868 0089

Indonesia

Australia and New Zealand
Banking Group Limited/
Grindlays Bank plc,
12 A Floor, Wisma Kosgoro,
Jalan MH Thamrin,
53 Jakarta, 10350
Telex: 61656
Fax: (21) 33 4910

Japan

Australia and New Zealand
Banking Group Limited,
8th Floor, Yanmar Tokyo Building,
1-1 Yaesu 2 Chome,
Chuo-ku, Tokyo 104
Telex: J 24157
Fax: (3) 281 8417

ANZ McCaughan Limited
Room 1109,
Shin Yurakucho Building,
12-1 Yurakucho 1-Chome,
Chiyoda-ku, Tokyo 100
Telex: J 33927
Fax: (3) 216 5684

Korea

Australia and New Zealand
Banking Group Limited,
18th Floor, Kyobo Building,
1, 1-ka, Chong-ro, Chongro-ku,
Seoul
Telex: 27338
Fax: (2) 737 6325

Malaysia

Australia and New Zealand
Banking Group Limited/
ANZ Grindlays Bank plc,
Suite 1, 4th Floor,
Wisma Genting, Jalan Sultan Ismail,
50250 Kuala Lumpur
Telex: 31054
Fax: (3) 261 3210

People's Republic of China

ANZ Grindlays Bank plc,
Room 1906, Noble Tower,
22 Jianguomenwai Dajie, Beijing
Telex: 210323
Fax: (1) 512 3650

Singapore

Australia and New Zealand
Banking Group Limited,
10 Collyer Quay,
No. 17 02/05, Ocean Building,
Singapore 0104
Telex: 23336
Fax: (65) 532 3231

ANZ International Private Limited,
10 Collyer Quay,
No. 8 01/04, Ocean Building,
Singapore 0104
Telex: RS 43431
Fax: (65) 539 6094

Taiwan

ANZ Grindlays Bank plc Branch/
Australia and New Zealand
Banking Group Limited
Representative Office
2nd Floor, Shin Kong Building,
123 Nanking East Road, Section 2,
Taipei
Telex: 11894
Fax: (2) 508 3035

Thailand

Australia and New Zealand
Banking Group Limited,
17th Floor, Sathorn Thani
Building,
Sathorn Road, Bangkok 10500
Telex: 21583
Fax: (2) 236 4200

Papua New Guinea

Australia and New Zealand
Banking Group (PNG) Limited,
2nd Floor, Defens Haus,
Cnr. Champion Parade and
Hunter St., Port Moresby
Telex: 22178
Fax: 211 462

Fiji

Australia and New Zealand
Banking Group Limited,
4th Floor, Civic House,
Suva
Telex: 2194
Fax: 30 0267

Solomon Islands

Mendana Avenue, Honiara
Telex: 66321
Fax: 22957

Cook Islands

Development Bank Building,
Avarua, Rarotonga
Telex: 62035

Vanuatu

ANZ Bank (Vanuatu) Limited,
ANZ House, Kumul Highway,
Port Vila
Telex: 11012
Fax: 2814

INVESTOR INFORMATION

Shareholder Meetings

The Annual General Meeting will be held in the ANZ Pavilion, The Theatres, Victorian Arts Centre, St Kilda Road, Melbourne, at 10.30am on Friday 19 January 1990. Further details of the Meeting are contained in the separate Notice of Meeting enclosed with this Report.

In addition to the AGM, informal shareholder meetings will be held in Wellington on 25 January 1990 and in London on 12 February 1990. Details of these meetings will be separately advised to shareholders in New Zealand and the United Kingdom.

Chairman's Address

A summary of the Chairman's address to the AGM will be published in the Australian Financial Review and The Australian on 22 January 1990. Copies of the address will be available from:

- Group Community Relations, 55 Collins Street, Melbourne
- Group Publicity Department, Minerva House, Montague Close, London
- Branch Banking Services, 215-229 Lambton Quay, Wellington

Listings

The Group's shares are listed on The Australian Stock Exchange, The Stock Exchange in London, and the New Zealand Stock Exchange. Additionally, the Bank of New York sponsors an ADR programme in the United States of America.

Results Announcements - 1989

Interim: 24 May 1989

Final: 22 November 1989

Dividends

Several dividend options are available to shareholders. Full details of these are included in a booklet, "Shareholder Alternatives", available from the addresses shown below.

Share Registrars

Australia

Price Waterhouse, Price Waterhouse Centre, 3rd floor, 215 Spring Street, Melbourne

Branch Registers:

New South Wales: Price Waterhouse, 9th Floor, 201 Kent Street, Sydney

Queensland: Price Waterhouse, 18th Floor, 167 Eagle Street, Brisbane

South Australia: Price Waterhouse, 1st Floor, 186 Greenhill Road, Parkside

Western Australia: Price Waterhouse, 13th Floor, 200 St George's Terrace, Perth

Tasmania: Price Waterhouse, AMP Building, 86 Collins Street, Hobart

ACT: Price Waterhouse, Price Waterhouse Centre, 19-23 Moore Street, Canberra City

New Zealand

8th Floor, 215-229 Lambton Quay, Wellington

United Kingdom

C/- Barclays Registrars Ltd, 6 Greencoat Place, London SW1 P 1YU, England

Registered Office:

Level 13, 55 Collins Street, Melbourne, Victoria, 3000 Australia

Group Secretary: R.T. Jones

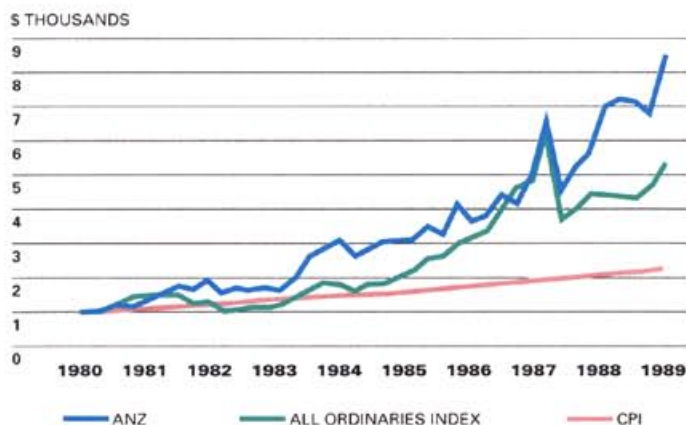
Group Executive, Finance: D.J. Butler

General Manager, Investor Relations: G.J. Camm

Solicitors: Blake Dawson Waldron

Auditors: Peat Marwick Hungerfords

VALUE OF \$1000 INVESTED IN 1980





Australia and New Zealand Banking Group Limited