

Financial Statements *1989*



Australia and New Zealand Banking Group Limited

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In the interests of the environment, we have printed these Financial Statements on recycled paper.



Directors' report

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

Directors

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

Set out on pages 28 and 29 of the Annual Report are statements which provide particulars of the qualifications, broad experience and special responsibilities of each director.

Activities

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

At 30 September 1989 the Company and its subsidiaries had 2,080 points of representation.

Profit

Consolidated operating profit after tax and before abnormal items for the year excluding extraordinary items was \$721.7 million. Consolidated operating profit after tax excluding extraordinary items was \$518.0 million. Consolidated operating profit after tax and extraordinary items was \$350.7 million. More details are contained in the Group Chief Executive's report on pages 10 and 27 of the Annual Report.

Dividends

The directors propose payment of a fully franked final dividend of 22 cents per share, amounting to \$196.0 million to be declared on 15 January 1990 and to be paid on 5 February 1990.

Since the end of the previous year the following fully franked dividends have been paid:

Type	Cents per share	Amount before bonus option \$ million	Date of payment
Final	22	157.7	10 February 1989
Special interim	26	219.9	21 April 1989
Interim	22	190.5	14 July 1989

The final dividend paid on 10 February 1989 and the special interim paid on 21 April 1989 were detailed in the directors' report dated 12 December 1988. Neither the interim dividend paid on 14 July 1989 nor the current proposed dividend have been mentioned in previous directors' reports.

Review of operations

A review of the operations of the Group during the financial year and the results of those operations is contained in the Chairman's message and Group Chief Executive's report or in the Group accounts.

State of affairs

There was no significant change in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in the Chairman's message, the Group Chief Executive's report or in the Group accounts.

Events since the end of the financial year

No item, transaction or event of a material and unusual nature has arisen between 30 September 1989 and the date of this report that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Future developments

Likely developments in the operations of the Group in subsequent financial years are contained in the Chairman's message, and the Group Chief Executive's report on pages 10 to 27 of the Annual Report.

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

Shareholdings

The directors' shareholding interests, beneficial and non-beneficial, in the share capital of the Company are detailed on page 47.

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

Directors' interests in contracts

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

Mr. M.D. Bridgland

Australia and New Zealand Banking Group Limited (Group)
ICI Australia Limited
Jennings Group Limited (Group)

Mr. W.J. Bailey

Australia and New Zealand Banking Group Limited (Group)
Dalgety Farmers Limited
Enterprise Australia Limited
Institute of Public Affairs Limited
Nepean International Travel Pty. Ltd.
The Australian Opera
Victorian Health Promotion Foundation

Sir Roderick Carnegie

Australia and New Zealand Banking Group Limited (Group)
Cats & Co. Pty. Ltd. (Group)
Commonwealth Scientific & Industrial Research Organisation
Hudson Conway Limited (Group)
Kildrummie Pastoral Company Pty. Ltd.
Kildrummie Pty. Ltd.
Pacific Edge Holdings Pty. Ltd.
Torch Computers Limited

Mr. J.C. Dahlsen

Australia and New Zealand Banking Group Limited (Group)
CEC Services Pty. Ltd.
Corrs
Dahlsen Properties Pty. Limited
Institute of Public Affairs Ltd
J.C. Dahlsen (Acceptance) Pty. Limited
J.C. Dahlsen Pty. Limited (Group)
J.C. Dahlsen (Investment) Pty. Limited

Johndahl Nominees Pty. Ltd.
 KTD (Nominees) Pty. Limited
 Latrobe Custodians Pty. Ltd.
 Maleela Holdings Pty. Ltd.
 Melbourne Business School Ltd
 Myer Investment Pty. Ltd. (Group)
 Retail Shopping International (Australia) Pty. Ltd.
 Sandridge City Development Pty. Ltd.
 The Byvest Management Buyout Group
 The Devilbent Quarry Trust
 The Graduate School of Management Ltd
 The J.C. Dahlsen Property Trust
 The J.C. Dahlsen Trust Fund
 The Keith Dahlsen Family Trust Fund
 The Twenty-Fourth Tribute Pty. Ltd.
 Tricom Corporation Limited (Group)

Mr. D.C.L. Gibbs

Australia and New Zealand Banking Group Limited (Group)
 C.T. Bowring Reinsurance Australia Pty. Ltd.
 Djefah Pty. Ltd.
 Folkestone Ltd. (Group)
 Hollstone Properties Pty. Ltd.
 Jewels Pty. Ltd.
 John Swire & Sons Pty. Ltd.
 Marsh & McLennan Pty. Ltd. (Group)
 Parbury Henty Holdings Ltd. (Group)
 Redfurn Pty. Ltd.
 The British Real Estate Group Pty. Ltd.
 Toolang Pty. Ltd.
 Twenty-Seventh Taljan Pty. Ltd.
 Victoria State Opera Co. Ltd.

Mr. R.K. Gosper

Australia and New Zealand Banking Group Limited (Group)
 Australian Institute of Petroleum Limited
 Australian Trade Commission (AUSTRADE)
 North West Shelf Development Pty. Ltd.
 Provident and Pensions Holdings Proprietary Limited
 Shell Australia Limited (Group)
 Shell Fiji Limited
 Shell Papua New Guinea Pty. Ltd.
 Woodside Petroleum Limited (Group)

Mr. J.B. Gough

Amcor Limited
 Australia and New Zealand Banking Group Limited (Group)
 BHP Gold Mines Ltd.
 CSR Limited
 General Motors Australia Advisory Council
 Graduate School of Management Limited
 ICI Australia Limited
 Pacific Dunlop Limited
 The Broken Hill Proprietary Co. Ltd.
 Walter and Eliza Hall Institute of Medical Research

Mr. C.J. Harper

Australia and New Zealand Banking Group Limited (Group)
 Commonwealth Serum Laboratories
 Hyster Australia Pty. Ltd.
 IBM Australia Limited
 ICI Australia Limited - Dulux Advisory Board
 Institute of Public Affairs Limited
 Legal and General Assurance Holdings (Australia) Limited (Group)
 North Broken Hill Holdings Limited (Group)
 R.E. Ross Nominees Pty. Limited (Group)

The Institute of Directors in Australia
 Vickers Holdings Limited (Group)
 Wiggins Teape Pty. Ltd.

Mr W.J. Holcroft

Australia and New Zealand Banking Group Limited (Group)
 Brick and Stone Holdings Limited
 Caltex Australia Limited
 Gelnethy Pty. Ltd.
 Gelnethy Pastoral Company
 The Australian Wildlife Fund Limited
 The Commonwealth Industrial Gases Limited
 Western Granites Limited

Professor Dame Leonie Kramer

Australia and New Zealand Banking Group Limited (Group)
 Educational Standards Pty. Ltd.
 Western Mining Corporation Holdings Limited (Group)
 Electricity Commission of New South Wales

Sir Laurence Muir

Alcoa of Australia Limited
 Alcoa Superannuation Fund Pty. Ltd.
 Alcoa Wages Fund Pty. Ltd.
 Australia and New Zealand Banking Group Limited (Group)
 Elders Austral Chartering Ltd.
 General Motors Australia Advisory Council
 Hudson Conway Limited
 L'Air Liquide World Advisory Committee
 Liquid Air Australia Limited
 National Commercial Union Limited
 Parliament House Construction Authority
 Templeton Global Growth Fund Ltd.
 University Paton Ltd.

Mr. R.A.D. Nicolson

Australia and New Zealand Banking Group Limited (Group)

Dr. B.W. Scott

Australia and New Zealand Banking Group Limited (Group)
 Bemco Australie NV
 Imagineering Technology Ltd.
 James N. Kirby Foundation Limited
 Jon & Associates Pty. Ltd. (Group)
 Liquid Air Australia Limited
 Management Frontiers Pty. Ltd.
 Television Makers Pty. Ltd.
 Trade Development Council
 W.D. Scott International Development Consultants Pty. Ltd.

Sir Ronald Trotter

Air New Zealand
 Australia and New Zealand Banking Group Limited (Group)
 Fletcher Challenge Limited
 Telecom Corporation of New Zealand Limited

Mr. R.B. Vaughan

Australia and New Zealand Banking Group Limited (Group)
 Dalgety Farmers Limited (Group)
 Dalgety Australia Holdings Limited (Group)
 Dalgety Investments Pty. Limited (Group)
 Dalgety Rural Finance Limited
 Dalgety PLC (UK)
 Durham Holdings Limited
 ICI Australia Limited
 MIM Holdings Limited (Group)
 National Commercial Union Limited
 Pacific Australia Rural Company Limited
 Tubemakers of Australia Limited

Share options

Details of share options are set out in note 21 to the accounts.

Directors' benefits

No director has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received, or due and receivable by directors shown in the Group accounts or the fixed salaries of directors who are full-time employees of the Company or its subsidiaries), by reason of a contract made by the Company, or a related corporation, with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest with the exception of

(i) retirement benefits pursuant to agreements of the type referred to in Article 79(b) which have been entered into since the end of the previous financial year between the Company and Mr. R.K. Gosper and Sir Ronald Trotter, and

(ii) benefits that may be deemed to have arisen because legal fees have been paid to Corrs of which Mr. J.C. Dahlsen is a partner, and to Bell Gully Buddle Weir, in which Mr. L.M. Papps who retired on 15th October, 1989 is a consultant, insurance business has been placed through Marsh &

McLennan Pty. Limited, of which Mr. D.C.L. Gibbs is a director, and management service fees have been paid to Jon & Associates Pty. Ltd. and Management Frontiers Pty. Ltd. of which companies Dr. B.W. Scott is a director, and

(iii) benefits that may have arisen as a consequence of the subscription by certain directors, under the directors' share and option purchase scheme, for scheme shares and options to take up unissued shares or the exercise of options issued under the scheme.

Signed at Melbourne for and on behalf of the board of directors in accordance with a resolution of the directors this 7th day of December 1989.



Chairman



Deputy Chairman
Group Chief Executive

	NOTE	Consolidated		Holding Company	
		1989 \$M	1988 \$M	1989 \$M	1988 \$M
Profit and loss statement for the year ended 30 September 1989					
Interest received*	2	8,266.5	6,634.3	4,279.0	3,385.5
Less: interest paid	3	5,920.6	4,554.3	3,277.2	2,443.3
Net interest income		2,345.9	2,080.0	1,001.8	942.2
Other operating income	2	1,670.1	1,480.3	1,631.0	1,188.6
Total net operating income		4,016.0	3,560.3	2,632.8	2,130.8
Less: operating expenses	3	2,557.3	2,333.3	1,700.5	1,529.7
provisions for doubtful debts*	3	528.8	264.8	357.8	159.6
Operating profit before income tax		929.9	962.2	574.5	441.5
Income tax expense attributable to operating profit	4	411.0	455.6	154.0	207.7
Operating profit after income tax		518.9	506.6	420.5	233.8
Minority interests in operating profit after income tax		0.9	1.2	-	-
Operating profit after income tax and minorities*		518.0	505.4	420.5	233.8
Profit (loss) on extraordinary items before income tax		(165.5)	123.7	(8.4)	29.3
Income tax attributable to profit (loss) on extraordinary items		(1.8)	(0.2)	(0.2)	-
Profit (loss) on extraordinary items after income tax	5	(167.3)	123.5	(8.6)	29.3
Operating profit and extraordinary items after income tax attributable to members of the holding company		350.7	628.9	411.9	263.1
Retained profits at start of year		890.0	549.3	171.3	154.6
Total available for appropriation		1,240.7	1,178.2	583.2	417.7
Dividends provided for or paid	6	555.1	246.4	555.1	246.4
Transfers to reserves	22	18.2	41.8	-	-
Retained profits at end of year		667.4	890.0	28.1	171.3

*
Profit before abnormal items

Operating profit after tax and minorities		518.0	505.4	420.5	233.8
Abnormal items					
Less: interest received		17.3	-	-	-
		500.7	505.4	420.5	233.8
Add: provisions for doubtful debts (debt rescheduling countries)		221.0	-	192.0	-
Operating profit after tax and minorities and before abnormal items		721.7	505.4	612.5	233.8

For further details refer notes 1(g), 1(i), 2 and 3.

The notes appearing on pages 8 to 35 form an integral part of these accounts

	NOTE	Consolidated		Holding Company	
		1989 \$M	1988 \$M	1989 \$M	1988 \$M
Balance sheet as at 30 September 1989					
Liquid assets	7	3,165.8	2,530.6	1,025.8	856.4
Due from other banks		8,998.4	6,813.0	6,709.4	4,899.7
Trading securities	8	1,045.8	735.0	72.7	24.3
Investment securities	9	7,148.9	6,514.0	3,493.1	4,004.2
Regulatory deposits	10	1,064.9	1,104.6	708.7	889.2
Net loans and advances	11&12	43,758.9	35,884.5	19,145.0	15,093.3
Customers' liabilities for acceptances		15,177.6	16,416.2	14,191.3	15,164.9
Due from subsidiary companies		-	-	3,133.0	1,618.7
Shares in subsidiary and associated companies	13	50.1	37.0	3,272.6	3,250.5
Other assets	14	2,820.6	2,347.8	979.0	881.4
Premises and equipment	15	1,485.6	1,390.2	381.2	354.1
Total assets		84,716.6	73,772.9	53,111.8	47,036.7
Bills payable and other liabilities	16	4,668.6	2,954.4	2,014.0	1,136.4
Due to other banks		7,064.2	6,591.2	5,901.9	5,522.4
Deposits and other borrowings	17	49,560.3	40,328.5	21,421.2	16,940.9
Liability for acceptances		15,177.6	16,416.2	14,191.3	15,164.9
Due to subsidiary companies		-	-	3,544.9	2,683.5
Income tax liability	18	822.3	822.0	421.4	474.7
Provisions	19	445.5	389.3	354.0	301.9
Bonds and notes	20	1,733.6	1,466.1	1,621.0	1,451.0
Total liabilities		79,472.1	68,967.7	49,469.7	43,675.7
Net assets		5,244.5	4,805.2	3,642.1	3,361.0
Paid-up capital	21	891.5	817.9	891.5	817.9
Reserves	22	2,443.4	2,194.7	1,937.7	1,732.6
Retained profits		667.4	890.0	28.1	171.3
Share capital and reserves applicable to shareholders of Australia and New Zealand Banking Group Limited		4,002.3	3,902.6	2,857.3	2,721.8
Minority shareholders' interest in subsidiary companies		6.9	8.0	-	-
Total shareholders' funds and minorities		4,009.2	3,910.6	2,857.3	2,721.8
Loan capital	23	1,235.3	894.6	784.8	639.2
Total shareholders' funds and loan capital		5,244.5	4,805.2	3,642.1	3,361.0
Commitments	30				
Contingent liabilities and off-balance sheet transactions	31				

The notes appearing on pages 8 to 35 form an integral part of these accounts

Notes to the accounts

1: Bases of accounting

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

Under section 288 of the Companies (Victoria) Code (the Code) accounts prepared by banking corporations in accordance with the Banking Act are deemed to comply with the accounts provisions of the Code. Australia and New Zealand Banking Group Limited and Australia and New Zealand Savings Bank Limited are banking corporations under section 288 of the Code. For Group accounts purposes, ANZ Banking Group (New Zealand) Limited, ANZ Savings Bank (New Zealand) Limited, Post Office Bank Limited, Australia and New Zealand Banking Group (PNG) Limited, Australia and New Zealand Banking Group (Channel Islands) Limited, ANZ Bank Canada, ANZ Bank (Vanuatu) Limited and ANZ Grindlays Bank plc are also considered to be banking corporations by virtue of their status as banks in their respective countries of incorporation.

The financial statements comply with the accounts provisions of the Banking Act and Australian Accounting Standards (AAS), and to the extent applicable to a banking group, the accounts provisions of the Companies (Victoria) Code, including Schedule 7 of the Companies (Victoria) Regulations, and Approved Accounting Standards (ASRB).

(a) Consolidation

The Group accounts are a consolidation of the accounts of the Holding Company and all subsidiaries. Subsidiary companies are defined as those in which the Holding Company holds or controls more than 50% of the issued ordinary share capital. Where subsidiary companies have been sold or acquired during the year, their operating results have been included to the date of disposal or from the date of acquisition.

Where the Holding Company holds shares or voting interests between 20% and 50% of the issued ordinary share capital of a company that company is classified as an associated company. The Group does not prepare supplementary equity accounts for its investment in associated companies on the grounds that the effect is immaterial to the Group's accounts.

All inter-company balances and transactions have been eliminated.

(b) Life insurance business

The Group conducts life insurance business through its subsidiary, ANZ Life Assurance Co. Limited (ANZ Life). Included in the Group's accounts are the financial statements of the shareholders' interest in ANZ Life, the shareholders' proportion of the declared profits of ANZ Life's statutory life funds, and the net movement in the present value of future surpluses actuarially assessed to emerge from these funds after having full regard to the entitlements of policyholders. These amounts total \$17.2 million (1988: \$19.6 million) and have been credited to general reserve within the consolidated accounts as they are not fully available for distribution due to the requirements and restrictions of the Life Insurance Act 1945 and statutory accounting practices. The assets of these statutory funds are also subject to the provisions of the Life Insurance Act 1945 and do not form part of the assets to which the Group is entitled and are therefore excluded from consolidation.

(c) Foreign currency

All amounts are expressed in Australian dollars unless otherwise stated. Profits and losses of overseas branches and subsidiaries are translated at average exchange rates for the year. Assets and liabilities of overseas branches and subsidiaries are translated at the mid-point rates of exchange ruling at balance date. The net translation difference arising from the conversion of overseas branch capital positions and investment in overseas subsidiaries, after allowing for those positions hedged by foreign exchange contracts and related currency borrowings, is transferred to the foreign currency translation reserve.

Overseas branches and subsidiaries engaged in banking operations have loans and deposits and borrowings in their local currencies and in other major currencies. The Holding Company also has loans and deposits and borrowings in Australia in currencies other than Australian dollars. Assets and liabilities denominated in foreign currencies are converted into reporting currencies at the rates of exchange ruling at balance date. It is the Group's general policy to maintain a matched position in foreign currencies and as a consequence there are no material foreign currency exposures.

The accounts depart from certain requirements of the Approved Accounting Standard ASRB 1012 'Foreign Currency Translation', principally in respect of disclosure, on the basis that the relevant provisions of the standard are inapplicable to a banking corporation.

(d) Goodwill

Shares in subsidiary companies are valued on acquisition at the Group's interest in the fair market value of the net assets of the subsidiary company at the date of acquisition; any difference between the fair value of net assets and cost is written off through the profit and loss statement as an extraordinary item in the year of acquisition, together with, in the consolidated profit and loss statement, the equivalent amount being attributable to goodwill on consolidation. This policy has been applied consistently with the treatment of such items in past years and represents a departure from Approved Accounting Standard ASRB 1013 'Accounting for Goodwill', but is considered to be an appropriate and prudent policy for a banking group. The policy is consistent with capital adequacy requirements endorsed by the Group of Ten central bank Governors and adopted by the Reserve Bank of Australia which require goodwill to be deducted from capital for prudential supervision purposes. Under section 288 of the Code accounts prepared by banking corporations in accordance with the Banking Act are deemed to comply with the accounts provisions of the Code. Goodwill written off during the current year amounted to \$235.7 million.

(e) Trading securities

Securities held for trading purposes are recorded at market value. Unrealised gains and losses on revaluation are taken to the profit and loss account. This is a departure from the historical cost convention but is considered to be a better reflection of the results arising from trading in highly liquid financial assets.

(f) Investment securities

Securities held for investment purposes are recorded at cost or at cost adjusted for premium or discount amortisation. Interest income is accrued and premiums and discounts are capitalised and amortised from date of purchase to maturity. Changes in market values of the securities are not taken into account unless there is considered to be a permanent diminution in value.

(g) Net loans and advances

Net loans and advances includes all forms of lending and direct finance provided to customers such as bank overdrafts, term loans, lease finance, hire purchase finance and commercial bills discounted.

Overdrafts and term loans are carried at principal balances outstanding. Interest on these accounts is accounted for on an accruals basis.

Lease finance is accounted for using the finance method whereby the lease receivable represents the net present value of total receivables discounted using the implicit interest rate. Interest income is progressively recognised over the life of the lease so as to reflect the implicit yield.

Where leases are structured as leveraged leases and such transactions are entered into as an equity participant, the Group's participation is recorded as an investment net of non-recourse long term debt. Income from these investments is recognised on an actuarial basis over the life of the lease.

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

During the year ended 30 September 1989, Esanda Finance Corporation Limited changed its accounting policy in respect of the actuarial method of bringing interest to account. As a result, \$28.3 million is included as an abnormal item in interest received (\$17.3 million after tax).

Commercial bills discounted are accounted for at face value less unamortised discounts.

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

All loans are subject to continuous scrutiny and graded according to the level of credit risk. Higher risk accounts are designated unproductive. Interest on unproductive accounts is not taken to the profit and loss account.

(h) Redeemable preference share finance

Customer financing through redeemable preference shares is included within net loans and advances. This represents a change from prior years when they were included within investment securities. Dividends received on redeemable preference shares are taken to account as part of interest income.

(i) Bad and doubtful debts

Specific provisions are maintained to cover identified doubtful debts whilst general provisions are maintained to provide cover for unidentified future losses which are inherent in any finance facility. All known bad debts are written off in the year in which they are identified. Provisions for doubtful debts are deducted from loans and advances in the balance sheet. Operating subsidiaries within the Group maintain appropriate provisions for doubtful debts.

During the year ended 30 September 1989 an abnormal general provision charge of \$221.0 million (Holding Company \$192.0 million) was made to provide additional cover for exposure to debt rescheduling countries. No tax applicable.

(j) Trust business

The Holding Company and some of its subsidiaries act as trustee and/or manager for a number of investment funds and trusts including retirement funds, mortgage funds, approved deposit funds, and equity and property unit trusts. The value of funds under management by the Group exceeds \$12 billion (1988: \$8 billion). The assets of these funds and trusts are not included in the accounts. Where the Holding Company or subsidiaries as trustee incur liabilities in respect of these operations, a right of indemnity exists against the assets of the applicable funds or trusts, and as these assets are sufficient to cover liabilities, the liabilities are not included in the accounts. Commissions and fees earned in respect of the Group's trust activities are included in the profit and loss account.

(k) Land held for resale

Land held for resale comprises both properties held for development and sale, and properties acquired through security enforcement. These are recorded at the lower of cost or estimated present realisable value.

Development costs, interest and holding costs are capitalised in respect of major development ventures to the extent that they are considered to be recoverable.

(l) Premises and equipment

Premises and equipment (including computer equipment) are carried at cost or at valuation. Any surplus on revaluation is credited directly to the asset revaluation reserve. Potential capital gains tax arising from revaluations has not been taken into account in determining the revalued amounts.

Any profit or loss on the disposal of premises is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is included in the result of the Group in the year of disposal as an extraordinary item. Profit or loss on the sale of furniture and equipment is included as part of operating profit.

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

(m) Income tax

The Group adopts the liability method of tax effect accounting whereby income tax expense is calculated based on accounting profit adjusted for permanent differences. General provisions for doubtful debts are treated as permanent differences. Future tax benefits and deferred tax liabilities relating to timing differences are carried forward at tax rates applicable to future periods. Future tax benefits relating to tax losses are only carried forward where realisation of the benefit is considered virtually certain.

No provision has been made for overseas withholding tax and Australian income tax on earnings that are expected to be retained by overseas subsidiaries to finance their ongoing business.

(n) Off-balance sheet transactions

The Group enters into a significant volume of off-balance sheet transactions. These include foreign exchange contracts, forward rate agreements, interest rate and currency swaps, interest rate futures and options.

Off-balance sheet transactions taken up as hedges against underlying asset/liability exposures are accounted for on the same basis as the underlying exposures.

Off-balance sheet transactions taken up as part of trading activities are recorded at market value. All gains and losses, whether realised or unrealised, are taken to the profit and loss account.

(o) Superannuation commitments

The Group has a number of superannuation schemes which provide either defined or accumulated benefits for employees and their dependants on retirement or death. These schemes cover the majority of Group employees throughout the world.

The benefits under the schemes are provided from contributions by employee members and the Group, and income from assets of the schemes. The members' contributions are at variable rates while Group contributions in respect of the defined benefits schemes are made at levels necessary to ensure that these schemes are maintained with sufficient assets to meet their liabilities and in respect of the accumulation schemes are at fixed rates. The rate of Group contributions is determined by actuarial valuations which are carried out at regular intervals not exceeding three years. Any deficiencies arising from the actuarial valuations have been provided for in the Group accounts. The assets of the schemes are not included in these accounts (refer note 29).

(p) Comparative figures

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

(q) Rounding of amounts

The Holding Company is a company of the kind referred to in Regulation 58(6) of the Companies (Victoria) Regulations and in a National Companies and Securities Commission (NCSC) class order of 30 October 1986. Consequently amounts in the accounts, where appropriate, have been rounded to the nearest hundred thousand dollars.

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
2: Income				
Interest received or receivable				
On trading and investment securities	955.4	914.5	518.2	419.7
On loans and advances	5,972.8	4,827.0	2,672.4	2,000.7
Dividends on redeemable preference shares	42.3	27.7	2.9	2.0
Other	1,267.7	865.1	836.8	626.7
Abnormal item* (refer note 1(g))	28.3	-	-	-
	8,266.5	6,634.3	4,030.3	3,049.1
Subsidiaries	-	-	248.7	336.4
Total interest received	8,266.5	6,634.3	4,279.0	3,385.5
Other operating income				
Dividends received or receivable from subsidiaries	-	-	351.4	57.9
Dividends received or receivable from other companies	10.6	35.4	6.7	2.7
Rents received or receivable	21.7	21.4	8.8	9.7
Profit on trading securities	122.8	14.3	46.1	9.7
Foreign exchange earnings	214.4	240.8	153.9	148.6
Other	1,300.6	1,168.4	1,064.1	960.0
Total other operating income	1,670.1	1,480.3	1,631.0	1,188.6
Total income	9,936.6	8,114.6	5,910.0	4,574.1

*Income tax of \$11.0m applicable

3: Expenses

Interest paid or payable				
On term deposits	2,273.7	1,729.0	1,538.4	883.0
On short term borrowings	1,233.7	947.8	221.7	207.7
On long term borrowings	256.2	197.9	232.2	195.4
Other	2,157.0	1,679.6	956.4	750.8
	5,920.6	4,554.3	2,948.7	2,036.9
Subsidiaries	-	-	328.5	406.4
Total interest paid	5,920.6	4,554.3	3,277.2	2,443.3
Provisions for doubtful debts (refer note 12)				
Specific provision	301.3	221.6	166.6	150.7
General provision	6.5	43.2	(0.8)	8.9
Abnormal item ¹ (refer note 1(i))	221.0	-	192.0	-
Total provisions for doubtful debts	528.8	264.8	357.8	159.6
Operating expenses				
i) Personnel				
Salaries and wages	1,030.9	936.7	702.4	631.3
Pension funds	41.5	54.1	29.6	29.2
Employee taxes	53.6	45.8	42.1	35.0
Provision for employee entitlements	92.1	86.8	56.5	53.2
Other	45.5	38.8	8.5	15.7
Total personnel expenses	1,263.6	1,162.2	839.1	764.4
ii) Building occupancy				
Depreciation of buildings	18.2	17.0	1.4	1.2
Depreciation of furniture and equipment	42.6	38.7	22.0	21.1
Amortisation of leasehold improvements	7.0	5.4	4.8	4.0
Rent	124.7	95.3	115.4	73.3
Other	136.8	118.9	77.8	70.6
Total building occupancy expenses	329.3	275.3	221.4	170.2
iii) Other				
Provision for non-lending losses	0.6	10.0	(0.2)	8.3
Provisions - other	25.0	28.5	22.2	17.8
Remuneration of auditors (refer note 35)	8.2	7.3	1.9	2.2
Computer costs ²	253.4	196.0	173.7	152.9
Other	677.2	654.0	442.4	413.9
Total other operating expenses	964.4	895.8	640.0	595.1
Total operating expenses	2,557.3	2,333.3	1,700.5	1,529.7
Total expenses	9,006.7	7,152.4	5,335.5	4,132.6

¹No income tax applicable

²Includes depreciation on computer equipment of \$89.1m (1988: \$87.0m) for the Group and \$68.2m (1988: \$68.2m) for the Holding Company

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
4: Income tax				
Reconciliation of the prima facie income tax payable on operating profit with the income tax expense charged in the profit and loss statement				
Operating profit before income tax	929.9	962.2	574.5	441.5
Prima facie income tax at 39% (1988: 49%)	362.6	471.5	224.1	216.3
Tax effect of permanent differences				
General provision for doubtful debts	87.3	17.0	74.9	2.6
Overseas tax rate differential	(14.6)	(21.2)	1.0	1.8
Non-allowable depreciation and amortisation	9.3	5.8	4.3	1.9
Rebateable and non-assessable dividends	(8.8)	(13.2)	(135.7)	(29.2)
Fringe benefits tax	8.7	10.9	7.5	7.6
Change in company tax rate	(0.8)	(5.9)	-	(2.6)
Other items (net)	(13.7)	(7.8)	(2.7)	10.2
	430.0	457.1	173.4	208.6
Income tax over provided in prior years	19.0	1.5	19.4	0.9
Total income tax expense attributable to operating profit	411.0	455.6	154.0	207.7
Current income tax liability	378.0	573.7	154.5	331.9
Deferred income tax expense (future income tax benefit)	33.0	(118.1)	(0.5)	(124.2)
	411.0	455.6	154.0	207.7
Australia	295.9	317.8	151.0	177.7
Overseas	115.1	137.8	3.0	30.0
	411.0	455.6	154.0	207.7

5: Extraordinary items

Profits				
Change in income tax rates*	3.6	53.2	-	14.3
Restatement of investment in leveraged leases *	-	15.9	-	14.5
Profit on disposal of subsidiary and associated companies *	1.4	21.7	1.4	-
Surplus on sale of properties	67.2	38.4	3.3	0.5
Less: tax applicable	(1.8)	-	(0.2)	-
Total profits	70.4	129.2	4.5	29.3
Losses				
Write-off of goodwill* (refer note 1(d))	235.7	-	-	-
Subvention payment*	-	-	11.6	-
Other	2.0	5.9	1.5	-
Less: income tax benefit applicable	-	(0.2)	-	-
Total losses	237.7	5.7	13.1	-
Net extraordinary profit (loss)	(167.3)	123.5	(8.6)	29.3

* No income tax applicable

6: Dividends

Fully franked special interim dividend paid of 26 cents per share		199.9	-
Fully franked interim dividend paid of 22 cents per share (1988: 12.5c per share)		171.9	88.7
Fully franked proposed final dividend of 22 cents per share (1988: 22c per share)		196.0	157.7
Fully franked 1988 final dividend - bonus option plan adjustment (see below)		(12.7)	-
Total dividends		555.1	246.4
Dividend imputation			
Unappropriated profits and reserves which could be distributed as fully franked dividends		68.0	185.7

Bonus option plan

Dividends paid during the year have been reduced by certain shareholders participating in the bonus option plan and foregoing all or part of their right to dividends and instead receiving bonus shares

	Declared dividend	Bonus options exercised	Amount paid
Final dividend 1988	157.7	12.7	145.0
Special dividend	219.9	20.0	199.9
Interim dividend	190.5	18.6	171.9
Total	568.1	51.3	

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
7: Liquid assets				
Australia				
Coins, notes and cash at bankers	157.0	159.4	152.6	158.5
Loans to authorised dealers in Australian short term money market	440.4	102.3	395.9	80.7
Money at call	28.4	30.8	-	-
Bills receivable and remittances in transit	130.9	144.8	86.9	76.7
	756.7	437.3	635.4	315.9
Overseas				
Coins, notes and cash at bankers	191.0	206.3	13.5	18.9
Money at call	1,635.0	1,654.4	252.9	390.1
Bills receivable and remittances in transit	583.1	232.6	124.0	131.5
	2,409.1	2,093.3	390.4	540.5
Total liquid assets	3,165.8	2,530.6	1,025.8	856.4

8: Trading securities

Quoted				
Australia	82.4	336.1	58.5	20.7
Overseas	442.2	64.6	0.9	3.6
Total quoted	524.6	400.7	59.4	24.3
Unquoted	521.2	334.3	13.3	-
Total trading securities	1,045.8	735.0	72.7	24.3

9: Investment securities

Quoted - Australia				
Commonwealth securities	2,327.2	2,188.7	1,909.7	1,851.3
Local and semi-government securities	148.4	-	88.2	-
Other securities	350.5	12.7	168.1	11.7
	2,826.1	2,201.4	2,166.0	1,863.0
Quoted - Overseas				
Treasury notes and bills	502.3	76.9	53.9	7.0
Government securities	1,199.3	943.2	14.3	130.3
Local and semi-government securities	263.7	32.8	9.3	-
Other securities	386.0	262.4	92.7	98.7
	2,351.3	1,315.3	170.2	236.0
Total quoted	5,177.4	3,516.7	2,336.2	2,099.0
Unquoted				
Treasury notes and bills	1,289.0	2,283.3	1,071.1	1,440.4
Government securities	77.5	52.0	7.2	24.8
Local and semi government securities	174.5	175.3	-	54.6
Other securities	430.5	486.7	78.6	385.4
Total unquoted	1,971.5	2,997.3	1,156.9	1,905.2
Total investment securities	7,148.9	6,514.0	3,493.1	4,004.2

Market value information

Quoted - Australia				
Commonwealth securities	2,243.6	2,184.4	1,836.5	1,837.4
Local and semi-government securities	134.1	-	80.2	-
Other securities	358.7	12.7	176.0	13.4
	2,736.4	2,197.1	2,092.7	1,850.8
Quoted - Overseas				
Treasury notes and bills	495.4	76.9	53.0	7.0
Government securities	1,210.8	931.9	13.8	131.3
Local and semi-government securities	259.0	59.1	8.2	-
Other securities	387.5	264.1	90.7	97.6
	2,352.7	1,332.0	165.7	235.9
Total market value of quoted investment securities	5,089.1	3,529.1	2,258.4	2,086.7

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
10: Regulatory deposits				
Reserve Bank of Australia	692.6	865.7	692.6	865.7
Overseas central banks	372.3	238.9	16.1	23.5
Total regulatory deposits	1,064.9	1,104.6	708.7	889.2

11: Net loans and advances

Australia				
Overdrawn accounts	7,356.7	6,119.6	7,353.0	6,117.1
Credit card outstandings	838.6	782.6	838.6	782.6
Term loans	16,895.8	11,714.4	6,865.4	4,216.4
Lease finance	4,381.2	3,408.0	1,175.1	966.0
Hire purchase	2,299.4	1,592.8	-	-
Commercial bills	667.5	1,212.8	201.3	61.3
Redeemable preference share finance	177.6	135.0	87.6	27.6
Other	910.6	1,095.3	45.0	24.6
	33,527.4	26,060.5	16,566.0	12,195.6
Overseas				
Overdrawn accounts	4,984.3	4,932.8	2,321.2	2,549.0
Credit card outstandings	140.1	103.7	-	-
Term loans	7,495.8	5,304.5	1,194.5	945.3
Lease finance	118.9	956.7	19.9	49.5
Hire purchase	264.5	12.2	-	-
Commercial bills	578.2	785.4	76.3	175.6
Redeemable preference share finance	316.0	166.8	-	-
Other	61.7	324.4	3.5	-
	13,959.5	12,586.5	3,615.4	3,719.4
Total gross loans and advances	47,486.9	38,647.0	20,181.4	15,915.0
Less: provisions for doubtful debts (refer note 12)	1,287.2	948.2	711.5	481.8
income yet to mature	2,440.8	1,814.3	324.9	339.9
	3,728.0	2,762.5	1,036.4	821.7
Total net loans and advances	43,758.9	35,884.5	19,145.0	15,093.3
Included in the above are receivables of subsidiary borrowing corporations net of income yet to mature				
Not later than one year	4,133.5	2,457.9		
Later than one year but not later than two years	1,768.4	1,132.9		
Later than two years but not later than five years	2,632.3	1,779.0		
Later than five years	396.0	152.4		
	8,930.2	5,522.2		

Exposure to debt rescheduling countries

Group exposure including trade finance and interbank lending to countries subject to debt rescheduling arrangements is set out below. During the year an abnormal charge of \$221.0 million was made to profit to increase provisions on loans to rescheduling countries and net exposure now approximates secondary market values. The amounts shown are Australian dollar conversions of predominantly US dollar denominated assets and represent a net exposure of 0.6% (1988: 1.2%) of total Group assets and 13.2% (1988: 22.2%) of shareholders' funds. Of the total exposure over 90% represents lending to Governments, banks and Government entities and no individual country's exposure exceeds 0.5% of group total assets. Where considered appropriate specific and general provisions have been made and these approximate 60% (1988: 37%) of the exposure after a notional allowance for tax relief where applicable. In accordance with Group accounting policy general provisions for doubtful debts are not tax effected. Actual provision cover varies from country to country depending on risk assessment.

Central and South America	1,084.8	1,124.2	999.1	820.3
Eastern Europe	93.2	110.9	45.4	46.0
Africa and Middle East	117.7	89.6	22.0	22.2
Asia and Pacific	54.7	55.7	6.8	6.8
Total outstandings	1,350.4	1,380.4	1,073.3	895.3
Specific and general provisions*	822.0	509.2	588.5	330.4
Net exposure	528.4	871.2	484.8	564.9
US dollar equivalents	410.4	681.5	376.5	441.8

*Notionally tax effected (refer note 12)

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
12: Provisions for doubtful debts				
Specific provision				
Balance at start of year	449.5	436.7	128.7	104.5
Adjustment for exchange rate fluctuations	(9.2)	(34.3)	0.7	(1.7)
Bad debts written off	(264.4)	(195.6)	(152.3)	(123.4)
Recoveries	32.9	15.8	6.7	4.9
Charge to profit and loss account	301.3	221.6	166.6	150.7
Provisions acquired (disposed)	13.4	1.5	-	1.5
Transfer between provisions	40.0	3.8	37.6	0.2
Transfers within the Group	-	-	1.0	(8.0)
Transfer from interest suspense	14.8	-	0.4	-
	578.3	449.5	189.4	128.7
General provision				
Balance at start of year	498.7	493.0	353.1	367.3
Adjustment for exchange rate fluctuations	(0.7)	(30.6)	(1.4)	(20.1)
Charge to profit and loss account	227.5	43.2	191.2	8.9
Provisions acquired (disposed)	19.9	(3.1)	(0.1)	-
Transfer between provisions	(40.0)	(3.8)	(37.6)	(0.2)
Transfers within the Group	-	-	16.2	(2.8)
Other	3.5	-	0.7	-
	708.9	498.7	522.1	353.1
Total provisions for doubtful debts	1,287.2	948.2	711.5	481.8

Analysis

General provision balance comprises

General	175.8	166.9	97.3	98.3
General sovereign risk	533.1	331.8	424.8	254.8
Total general provisions	708.9	498.7	522.1	353.1

Sovereign risk provisions

General	533.1	331.8	424.8	254.8
Notional tax	248.6	133.7	157.3	70.0
	781.7	465.5	582.1	324.8
Specific	40.3	43.7	6.4	5.6
Total sovereign risk cover	822.0	509.2	588.5	330.4

Ratios

All ratios exclude sovereign risk provisions and exposures

i) Provision as a % of gross loans and advances, and acceptances	%	%	%	%
Specific	0.91	0.78	0.55	0.41
General	0.47	0.56	0.46	0.57
Total	1.38	1.34	1.01	0.98
ii) Bad debts written off as a % of gross loans and advances, and acceptances	0.45	0.38	0.41	0.41
iii) Doubtful debts charge as a % of pre-tax profit	33.1	27.1	26.4	42.5

Note: For further details of sovereign risk provisions and exposure to debt rescheduling countries refer note 11

13: Shares in subsidiary and associated companies**Subsidiaries**

At cost			2,437.6	2,417.2
At directors' valuation 1981			143.1	143.1
At directors' valuation 1985			369.4	369.4
At directors' valuation 1987			300.7	300.7
Total shares in subsidiary companies			3,250.8	3,230.4

Associates

Quoted - at cost*	35.3	17.9	21.2	14.2
Unquoted - at cost less amounts written off	14.8	19.1	0.6	5.9
Total shares in associated companies	50.1	37.0	21.8	20.1
Total shares in subsidiary and associated companies	50.1	37.0	3,272.6	3,250.5

*Market value of quoted shares in associated companies was \$42.8m (1988: \$17.9m) for the Group and \$21.2m (1988: \$14.2m) for the Holding Company

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
14: Other assets				
Land held for resale				
Cost of acquisition	224.1	148.0	-	-
Development expenses capitalised	119.6	42.6	-	-
Interest, rates and taxes capitalised	36.5	7.4	-	-
	380.2	198.0	-	-
<i>Less: provision for diminution in value</i>	1.8	2.1	-	-
	378.4	195.9	-	-
Future income tax benefits (refer below)	318.0	208.6	169.6	103.0
Accrued interest/prepaid discount	1,068.3	686.5	512.7	369.9
Accrued commission	55.8	61.1	29.5	34.5
Other	1,000.1	1,195.7	267.2	374.0
Total other assets	2,820.6	2,347.8	979.0	881.4

Future income tax benefits comprise				
Provision for doubtful debts	142.0	79.7	69.6	43.9
Provision for long service leave	74.6	68.4	53.8	49.9
Provision for losses, frauds and forgeries	18.8	11.0	6.3	4.8
Other	82.6	49.5	39.9	4.4
	318.0	208.6	169.6	103.0

Potential future income tax benefits in certain subsidiary companies arising from tax losses and timing differences have not been recognised as assets because recovery is not virtually certain. These benefits, which could amount to \$5.9m (1988: \$1.6m) will only be obtained if

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

Capital losses have previously been incurred in a subsidiary company. Potential future income tax benefits of \$5.1m (1988: \$6.9m) from these losses have not been recognised as assets because recovery is not virtually certain.

15: Premises and equipment

Freehold and leasehold land and buildings				
At directors' valuation 1983	0.9	0.9	-	-
At directors' valuation 1984	179.2	230.8	15.0	17.1
At independent valuation 1984	162.8	199.3	1.2	1.2
At independent valuation 1985	48.3	48.4	0.7	0.7
At directors' valuation 1986	65.0	68.1	0.2	0.2
At directors' valuation 1987	192.6	221.9	-	-
At directors' valuation 1989	120.8	-	0.7	-
At cost	206.2	175.1	51.4	40.5
	975.8	944.5	69.2	59.7
<i>Less: provision for depreciation</i>	27.8	20.3	1.2	1.2
	948.0	924.2	68.0	58.5
Leasehold improvements				
At cost	65.1	46.8	44.3	34.5
<i>Less: provision for amortisation</i>	23.4	16.8	19.0	14.5
	41.7	30.0	25.3	20.0
Furniture and equipment				
At cost	508.0	418.5	245.9	220.9
<i>Less: provision for depreciation</i>	200.2	167.2	91.6	86.0
	307.8	251.3	154.3	134.9
Computer equipment				
At cost	495.7	455.9	370.7	366.2
<i>Less: provision for depreciation</i>	307.6	271.2	237.1	225.5
	188.1	184.7	133.6	140.7
Total premises and equipment	1,485.6	1,390.2	381.2	354.1

Based on directors' estimates the current value of the Group's freehold and leasehold land and buildings is \$1,483.3m (1988: \$1,434.7m) and the current value of the Holding Company's freehold and leasehold land and buildings is \$79.2m (1988: \$67.5m). The excess of current value over book value for the Group is \$535.4m (1988: \$510.5m) and for the Holding Company is \$11.2m (1988: \$9.0m). This excess of current value over book value constitutes tier 2 capital as defined by the Reserve Bank of Australia for capital adequacy purposes.

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
16: Bills payable and other liabilities				
Australia				
Bills payable	219.4	219.8	205.8	184.6
Accrued interest and unearned discounts	980.1	624.3	516.2	295.4
Accrued charges	374.1	96.1	42.2	56.3
Other liabilities	317.9	553.2	59.8	74.3
	1,891.5	1,493.4	824.0	610.6
Overseas				
Bills payable	117.8	105.1	10.8	23.1
Accrued interest and unearned discounts	1,542.8	512.9	1,122.7	261.6
Accrued charges	53.6	29.0	3.9	4.6
Other liabilities	1,062.9	814.0	52.6	236.5
	2,777.1	1,461.0	1,190.0	525.8
Total bills payable and other liabilities	4,668.6	2,954.4	2,014.0	1,136.4

17: Deposits and other borrowings

Australia				
Certificates of deposit	6,443.7	2,361.7	6,443.6	2,361.7
Term deposits	9,466.2	8,900.0	9,000.7	8,083.9
Other deposits bearing interest	5,893.5	6,189.3	859.4	776.0
Deposits not bearing interest	2,823.3	3,200.4	2,805.5	3,198.1
Other borrowings	7,579.9	5,126.6	8.9	-
	32,206.6	25,778.0	19,118.1	14,419.7
Overseas				
Certificates of deposit	2,502.5	2,577.6	225.7	728.1
Term deposits	7,919.4	6,784.1	1,787.7	1,525.6
Other deposits bearing interest	4,552.3	2,774.3	228.6	214.5
Deposits not bearing interest	1,748.8	1,586.4	54.2	44.9
Other borrowings	630.7	828.1	6.9	8.1
	17,353.7	14,550.5	2,303.1	2,521.2
Total deposits and other borrowings	49,560.3	40,328.5	21,421.2	16,940.9
Included in total deposits and other borrowings are liabilities of subsidiary borrowing corporations				
Not later than 1 year	3,878.3	2,836.1		
Later than 1 year but not later than 2 years	2,172.4	1,001.6		
Later than 2 years but not later than 5 years	1,449.6	804.6		
Later than 5 years	2.4	3.1		
	7,502.7	4,645.4		

18: Income tax liability

Australia				
Provision for income tax	232.3	300.2	168.2	244.7
Provision for deferred tax	432.9	357.6	188.6	194.0
	665.2	657.8	356.8	438.7
Overseas				
Provision for income tax	113.3	101.2	52.2	19.8
Provision for deferred tax	43.8	63.0	12.4	16.2
	157.1	164.2	64.6	36.0
Total income tax liability	822.3	822.0	421.4	474.7
Provision for deferred tax comprises				
Investment income	42.4	37.4	31.7	29.0
Lease finance	306.7	231.4	100.6	84.7
Leveraged leasing	29.3	31.2	2.0	3.7
Depreciation	34.0	28.7	30.3	24.4
Other	64.3	91.9	36.4	68.4
	476.7	420.6	201.0	210.2

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
19: Provisions				
Provision for dividends (refer note 6)	196.0	157.7	196.0	157.7
Provision for employee entitlements	187.8	166.7	138.9	127.9
Provision for non-lending losses	16.4	18.7	10.3	12.4
Other provisions	45.3	46.2	8.8	3.9
Total provisions	445.5	389.3	354.0	301.9

20: Bonds and notes

AUD 100m zero coupon bonds due 1991	78.9	73.8	78.9	73.8
CHF 50m 5.375% bearer notes due 1988	-	40.2	-	40.2
CHF 50m 5.75% bearer notes due 1988	-	40.2	-	40.2
CHF 60m 5.75% bearer notes due 1988	-	48.2	-	48.2
CHF 100m 5.75% bearer notes due 1989	-	80.3	-	80.3
CHF 45m 5.625% bearer notes due 1991	36.0	36.1	36.0	36.1
LUX 300m 7.25% bearer notes due 1993	9.8	9.6	9.8	9.6
ECU 100m 8.0% bonds due 1993	142.2	141.3	142.2	141.3
LUX 300m 8.125% bearer notes due 1995	9.8	-	-	-
USD 23m 8.25% bearer notes due 1989	29.9	29.6	29.9	29.6
GBP 50m 9.125% bonds due 1993	104.6	107.7	104.6	107.7
ECU 50m 9.75% bonds due 1992	71.1	70.5	71.1	70.5
ECU 50m 10.75% bonds due 1991	71.1	70.5	71.1	70.5
AUD 100m 12.625% bonds due 1992	100.0	50.1	100.0	100.0
AUD 100m 12.75% bonds due 1990	100.0	100.0	100.0	100.0
AUD 75m 13.0% bonds due 1992	75.0	75.0	75.0	75.0
AUD 65m 13.125% deposit notes due 1993	65.0	65.0	-	-
AUD 50m 13.25% bonds due 1990	50.0	50.0	50.0	50.0
NZD 60m 13.25% bonds due 1992	45.8	-	45.8	-
AUD 60m 13.75% bonds due 1992	60.0	60.0	60.0	60.0
AUD 50m 14.0% bonds due 1992	50.0	50.0	50.0	50.0
NZD 60m 14.0% bonds due 1992	45.8	-	45.8	-
AUD 50m 14.25% bonds due 1991	50.0	-	50.0	-
AUD 50m 15.25% bonds due 1990	50.0	50.0	50.0	50.0
AUD 60m 16.25% bonds due 1992	60.0	-	60.0	-
AUD 50m floating rate notes due 1991	-	50.0	-	50.0
NZD 50m floating rate notes due 1992	37.8	-	-	-
GBP 78m floating rate notes due 1997	163.1	168.0	163.1	168.0
AUD medium term notes	109.2	-	109.2	-
USD medium term notes	118.5	-	118.5	-
Total bonds and notes	1,733.6	1,466.1	1,621.0	1,451.0

Bonds and notes by currency

AUD - Australian dollars	848.1	623.9	783.1	608.8
ECU - European currency units	284.4	282.3	284.4	282.3
GBP - British pounds	267.7	275.7	267.7	275.7
USD - United States dollars	148.4	29.6	148.4	29.6
NZD - New Zealand dollars	129.4	-	91.6	-
CHF - Swiss francs	36.0	245.0	36.0	245.0
LUX - Luxembourg francs	19.6	9.6	9.8	9.6
	1,733.6	1,466.1	1,621.0	1,451.0

Bonds and notes by maturity

Due not later than 1 year	179.9	238.5	179.9	238.5
Due later than 1 year but not later than 2 years	236.0	200.0	236.0	200.0
Due later than 2 years but not later than 5 years	926.9	859.6	814.3	844.5
Due later than 5 years	390.8	168.0	390.8	168.0
	1,733.6	1,466.1	1,621.0	1,451.0

Swap arrangements have been entered into in certain circumstances to satisfy the Group's funding requirements.

	Holding Company	
	1989 \$M	1988 \$M
21: Paid-up capital		
Authorised capital - ordinary shares of \$1 each		
Balance at start of year	1,500.0	1,000.0
Increase in authorised capital	-	500.0
Total authorised capital	1,500.0	1,500.0
	No.	No.
Total number of authorised shares	1,500,000,000	1,500,000,000
Issued and paid-up capital - ordinary shares of \$1 each		
	\$M	
Balance at start of year	817.9	
Dividend reinvestment plan		
13,576,610 ordinary shares fully paid at \$4.85 per share	13.6	
21,236,312 ordinary shares fully paid at \$4.34 per share	21.2	
19,476,308 ordinary shares fully paid at \$4.30 per share	19.5	
Bonus option		
2,627,500 options exercised at \$4.85 per option	2.6	
4,600,106 options exercised at \$4.34 per option	4.6	
4,322,657 options exercised at \$4.30 per option	4.3	
Exercise of warrant rights		
4,319,010 options exercised at \$4.59 per option	4.3	
Employee share purchase scheme		
611,711 ordinary shares fully paid at \$4.37 per share	0.6	
998,816 ordinary shares fully paid at \$4.16 per share	1.0	
Senior officers' share purchase scheme		
174,500 ordinary shares fully paid at \$5.46 per share	0.2	
191,000 ordinary shares fully paid at \$5.20 per share	0.2	
301,000 ordinary shares paid to ten cents at \$5.46 per share	-	
409,000 ordinary shares paid to ten cents at \$5.20 per share	-	
Calls on partly paid shares	1.0	
Directors' share and option purchase scheme		
175,000 ordinary shares paid to ten cents at \$5.45 per share	-	
35,000 options exercised at \$2.74 per option	-	
Calls on partly paid shares	0.3	
Special allotment		
194,480 ordinary shares fully paid at \$3.80 per share	0.2	
27,176 ordinary shares partly paid to 50c at \$1.90 per share	-	
Total paid-up capital	891.5	
	No.	No.
Comprising		
Ordinary shares of \$1 each fully paid	870,801,169	797,238,513
Ordinary shares of \$1 each paid to 50c per share	40,181,463	40,154,287
Ordinary shares of \$1 each paid to 10c per share	5,393,000	5,644,000
Total number of issued shares	916,375,632	843,036,800

The purpose of the above issues was to maintain the Group's capital to assets ratio to support the future development of the Group's business and its expansion both within Australia and overseas.

Share Options

During the financial year 175,000 options to purchase ordinary shares of \$1 each in the Company at an exercise price of \$5.45 per share were granted to directors in terms of the 'directors' share and option purchase scheme' approved by shareholders. These options expire on the earlier of 28 February 1994 or 90 days after cessation of a director's term of office.

During the financial year 4,354,010 ordinary shares of \$1 each were issued by virtue of the exercise of options issued to directors and other parties.

Unissued ordinary shares of \$1 each under option at 7 December 1989 are as follows

(i) directors - 490,000 shares at an exercise price of \$3.74 per share and 175,000 shares at an exercise price of \$5.45 per share with expiration dates as defined above; and

(ii) other parties - 29,429,865 shares at an exercise price of \$4.59 per share exercisable up to and including 5 August 1992.

Holders of options to purchase shares in the company have no right, by virtue of those options, to participate in any share issue of any other corporation.

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
22: Reserves				
Share premium reserve				
Balance at start of year	952.8	629.0	952.8	629.0
Premium on issue of shares	202.9	323.8	202.9	323.8
	1,155.7	952.8	1,155.7	952.8
Asset revaluation reserve				
Balance at start of year	50.1	152.4	26.8	26.8
Revaluation of properties	62.2	-	-	-
Transfers between reserves	(13.0)	(95.3)	-	-
Adjustment on sale of property	-	(7.0)	-	-
	99.3	50.1	26.8	26.8
Foreign currency translation reserve				
Balance at start of year	112.2	173.6	193.0	182.8
Currency translation adjustments	(102.0)	(112.2)	(70.2)	(34.6)
Net gain on hedge contracts*	67.4	50.8	72.4	44.8
	77.6	112.2	195.2	193.0
*Income tax deducted \$43.1m (1988: \$36.0m)				
General reserve				
Balance at start of year	915.3	861.8	539.3	539.3
Transfers from profit and loss account	24.9	12.1	-	-
Transfers between reserves	-	32.8	-	-
Other	-	8.6	-	-
	940.2	915.3	539.3	539.3
Capital reserve				
Balance at start of year	164.3	72.1	20.7	20.7
Transfers (to) from profit and loss account	(6.7)	29.7	-	-
Transfers between reserves	13.0	62.5	-	-
	170.6	164.3	20.7	20.7
Total reserves	2,443.4	2,194.7	1,937.7	1,732.6

23: Loan capital

Perpetual notes - subordinated				
USD 300m subordinated floating rate notes	386.3	383.5	386.3	383.5
USD 120m subordinated floating rate notes ¹	154.5	-	-	-
USD 30m subordinated floating rate notes ¹	38.6	-	-	-
	579.4	383.5	386.3	383.5
Other - subordinated				
USD 100m subordinated floating rate notes due 1992	128.7	127.7	-	-
USD 100m subordinated floating rate notes due 1994	128.7	127.7	-	-
USD 200m subordinated floating rate notes due 1998	257.4	255.7	257.4	255.7
JPY 10,000m subordinated loan due 1999 ²	92.3	-	92.3	-
AUD 49m subordinated notes due 1999 ²	48.8	-	48.8	-
	655.9	511.1	398.5	255.7
Total loan capital	1,235.3	894.6	784.8	639.2

Loan capital is subordinated in right of payment to the claims of depositors and all other creditors of the Group companies which have issued the notes and constitute tier 2 capital as defined by the Reserve Bank of Australia for capital adequacy purposes. In certain circumstances proceeds have been swapped to permit efficient utilisation of funds.

¹Under certain circumstances these notes can be converted to ordinary shares of the Holding Company at a prevailing market price

²The redemption amount of these notes is linked by a formula to future foreign exchange rates

24: Exchange rates

The exchange rates used in the translation of the results and the assets and liabilities of major overseas branches and subsidiaries are as follows

	1989		1988	
	Closing	Average	Closing	Average
British pound	0.4783	0.4749	0.4645	0.4178
United States dollar	0.7766	0.8028	0.7822	0.7463
New Zealand dollar	1.3160	1.3130	1.2771	1.1397

25: Segment analysis

The following analysis shows segment results and assets based on geographical locations and industry segments.

The Group's principal operations are in its domestic markets of Australia and New Zealand. The Group also has significant international operations, being represented in over 40 countries worldwide. Although some of these international operations have a domestic base or origin, the Group's international strategy revolves around a network and accordingly segmentation of results reflects that strategy. Further geographic segmentation of domicile and risk is not considered appropriate to the presentation of the Group's results. Segment results are stated before extraordinary items.

	1989				1988			
	Income \$M	Result pre tax \$M	Result post tax \$M	Total assets \$M	Income \$M	Result pre tax \$M	Result post tax \$M	Total assets \$M
Geographical								
Australia	6,146.6	772.7	489.0	53,733.1	4,595.5	638.8	320.6	46,636.6
New Zealand	1,167.5	76.5	64.5	9,078.4	1,160.0	140.7	91.3	6,155.8
International markets	2,594.2	273.4	168.2	21,905.1	2,359.1	182.7	93.5	20,980.5
Abnormal items	28.3	(192.7)	(203.7)	-	-	-	-	-
	9,936.6	929.9	518.0	84,716.6	8,114.6	962.2	505.4	73,772.9
Industry								
Global banking	8,062.9	924.0	586.3	72,005.9	6,217.3	791.5	397.7	62,375.9
Investment banking	420.4	(34.1)	(18.6)	2,347.6	390.8	(19.4)	(13.3)	3,444.1
Finance	1234.6	154.1	96.0	9,029.2	972.8	141.2	82.3	6,040.4
Insurance	17.9	17.0	17.2	115.3	20.4	19.6	19.6	98.0
Other	172.5	61.6	40.8	1,218.6	513.3	29.3	19.1	1,814.5
Abnormal items	28.3	(192.7)	(203.7)	-	-	-	-	-
	9,936.6	929.9	518.0	84,716.6	8,114.6	962.2	505.4	73,772.9

26: Consolidated statement of sources and applications of funds

	1989 \$M	1988 \$M		1989 \$M	1988 \$M
Sources of funds			Applications of funds		
Inflow of funds from operations			Increase in assets		
Interest received	8,266.5	6,634.3	Liquid assets	635.2	-
Other operating income	1,670.1	1,480.3	Due from other banks	2,185.4	1,654.1
	9,936.6	8,114.6	Trading securities	310.8	-
Outflow of funds from operations	8,989.8	6,890.3	Investment securities	634.9	514.2
Funds from operations	946.8	1,224.3	Regulatory deposits	-	2.4
Decrease in assets			Net loans and advances	7,874.4	2,212.9
Liquid assets	-	715.0	Shares in associated companies	13.1	-
Trading securities	-	43.6	Premises and equipment	124.8	120.2
Regulatory deposits	39.7	-	Other assets	421.4	-
Shares in associated companies	-	1.5	Decrease in liabilities		
Other assets	-	559.6	Bills payable and other liabilities	-	333.5
Increase in liabilities			Due to other banks	-	267.8
Due to other banks	473.0	-	Minority interests	1.7	-
Bills payable and other liabilities	1,714.2	-	Income tax paid	493.9	376.4
Deposits and other borrowings	9,231.8	2,198.0	Dividends paid	516.8	165.7
Bonds and notes	267.5	309.8	Other provisions payments	77.8	91.2
Proceeds from issue of shares	276.5	441.2	Total applications of funds	13,290.2	5,738.4
Proceeds from disposal of subsidiaries	-	42.5			
Minority interests	-	2.3			
Proceeds from issue of loan capital	340.7	200.6			
Total sources of funds	13,290.2	5,738.4			

Assets and liabilities of subsidiary companies acquired have been included in the summary of sources and applications of funds under the appropriate headings as follows

Note: Reconciliation of operating profit before income tax with funds from operations		
Operating profit before income tax	929.9	962.2
Add: non-fund items		
Depreciation and amortisation	157.0	148.1
Provision for employee entitlements	67.4	75.5
Provision for non-lending losses	0.6	10.0
Other provisions	27.6	28.5
Goodwill on acquisition of subsidiaries (235.7)	-	-
Funds from operations	946.8	1,224.3

Liquid assets	2,121.7
Investment securities	1,138.5
Net loans and advances	1,275.5
Other assets	20.0
Premises and equipment	44.2
Bills payable and other liabilities	(458.3)
Deposits and other borrowings	(3,698.3)
Income tax liability	(17.3)
Provisions	(10.2)
	415.8
Goodwill on acquisition	235.7
Net consideration paid	651.5

	Incorporated in	Group interest %	Book value		Contribution to Group result		Nature of business	
			1989 \$M	1988 \$M	1989 \$M	1988 \$M		
27: Subsidiary companies								
Australia and New Zealand Banking Group Limited							68.4	176.1
ANZ Executors & Trustee Company Ltd	Australia	100.0	6.0	6.0	8.6	4.5	Trustee/nominee	
ANZ Executors Nominees Ltd	Australia	100.0	#	#	#	#	Trustee/nominee	
ANZ Executors Nominees (NSW) Ltd	Australia	100.0	#	#	#	#	Trustee/nominee	
ANZ Executors & Trustee Co (Canberra) Ltd	Australia	100.0	0.7	0.6	0.1	#	Trustee/nominee	
ANZ Executors & Trustee Co (South Australia) Ltd	Australia	100.0	1.0	0.8	0.4	0.3	Trustee/nominee	
ANZ Funds Pty Ltd	Australia	100.0	1,854.2	1,840.1	2.2	#	Holding company	
*ANZ International Pte Ltd	Singapore	100.0	504.4	407.4	#	#	Holding company	
*ANZ (Asia) Ltd	Hong Kong	100.0	1.7	1.0	8.4	6.6	Deposit taker	
*ANZ Asia Pacific Holdings Ltd	Hong Kong	100.0	5.5	5.5	0.9	#	Holding company	
*ANZ Asia Pacific Management Services Ltd	Hong Kong	100.0	#	#	#	#	Non-operative	
*ANZ Bank (Cook Islands) Ltd	Cook Islands	100.0	#	-	#	-	Banking	
*ANZ Bank (Vanuatu) Ltd	Vanuatu	100.0	#	#	1.7	1.3	Banking	
*ANZ International Trustee Ltd	British Virgin Islands	100.0	#	-	#	-	Trustee company	
*ANZ Managed Investments (Asia) Pte Ltd	Singapore	100.0	0.3	0.3	#	#	Investment	
*ANZ Singapore Ltd	Singapore	100.0	8.4	2.0	1.6	0.4	Merchant banking	
*ANZCOVER Insurance Pte Ltd	Singapore	100.0	3.9	3.8	4.1	4.1	Insurance	
*Beneficial Acceptance Ltd	Vanuatu	100.0	0.1	0.1	#	#	Property owner	
^* Diract Ltd	Vanuatu	100.0	#	#	#	#	Nominee	
+ Index Computing Pte Ltd	India	100.0	0.5	-	(0.5)	-	Consultant	
^* London Finance Ltd	Vanuatu	100.0	#	0.4	#	#	Merchant banking	
^* Lotim Ltd	Vanuatu	100.0	#	#	#	#	Nominee	
^* Melanesia International Trust Company Limited	Vanuatu	100.0	1.5	2.3	0.4	0.3	Trustee	
^* Melanesia Nominees Ltd	Vanuatu	100.0	#	0.5	#	#	Nominee	
^* Meldrew Ltd	Vanuatu	100.0	#	0.4	#	#	Nominee	
*Minerva Industrial Leasing (No 2) Ltd	England	100.0	136.7	#	#	#	Lease finance	
*Rarotonga Trustee Corporation Ltd	Cook Islands	75.0	0.2	0.1	#	#	Trustee	
*Société Immobilière Pasteur de Vaté Unlimited	Vanuatu	100.0	#	#	#	#	Property owner	
+ Siam Digest Ltd	Thailand	100.0	#	-	(0.1)	-	Holding company	
*Zan Investments Ltd	Singapore	100.0	128.9	128.9	#	2.1	Investment	
*ANZ Holdings (New Zealand) Ltd	New Zealand	100.0	307.7	315.9	(24.8)	#	Holding company	
*ANZ Banking Group (New Zealand) Ltd	New Zealand	100.0	306.6	284.8	26.6	63.0	Banking	
*ANZ Investment Services (New Zealand) Ltd	New Zealand	100.0	#	#	#	#	Trust management	
*ANZ McCaughan (NZ) Ltd	New Zealand	100.0	1.5	1.6	(0.5)	(0.2)	Nominee	
*ANZ Name Protection Company Ltd	New Zealand	100.0	#	-	#	-	Non-operative	
*ANZ Pensions (New Zealand) Ltd	New Zealand	100.0	#	#	#	#	Staff pension funds	
*ANZ Properties (New Zealand) Ltd	New Zealand	100.0	10.1	10.4	1.7	(1.4)	Property owner	
*ANZ Savings Bank (New Zealand) Ltd	New Zealand	100.0	7.7	7.9	3.9	4.4	Savings banking	
*ANZ Securities (New Zealand) Ltd	New Zealand	100.0	#	#	#	#	Non-operative	
*ANZ (New Zealand) Finance NV	Netherlands	100.0	#	8.9	#	#	Finance	
*Bage Investments Limited	New Zealand	100.0	114.0	-	#	-	Equity investment	
*Charge Card Corporation Ltd	New Zealand	100.0	#	#	0.2	1.0	Charge card services	
*Endeavour Investments (New Zealand) Ltd	New Zealand	100.0	178.4	183.2	20.1	19.9	Holding company	
*Esanda Ltd	New Zealand	100.0	#	#	#	#	Non-operative	
*Leverage Lease Nominee Ltd	New Zealand	100.0	#	#	#	#	Nominee	
*McCaughan Dyson Capel Cure (NZ) Ltd	New Zealand	100.0	2.3	3.0	(0.6)	(0.5)	Stockbroking	
*Mercantile Securities (Hong Kong) Ltd	Hong Kong	100.0	#	#	0.1	0.7	Finance	
*Post Office Bank Limited	New Zealand	100.0	270.2	-	33.6	-	Banking	
*Post Office of New Zealand Ltd	New Zealand	100.0	#	-	#	-	Offshore funding	
*UDC Developments Ltd	New Zealand	100.0	#	#	(2.6)	#	Property developer	
*UDC Finance Ltd	New Zealand	100.0	#	7.9	3.1	5.0	Finance	
*UDC Group Holdings Ltd	New Zealand	100.0	33.5	34.5	#	#	Holding company	
*UDC Leasing Ltd	New Zealand	100.0	#	#	3.2	#	Property owner	
*UDC Mercantile Securities Ltd	New Zealand	100.0	#	#	1.2	(0.6)	Merchant banking	
*UDC Nominees Ltd	New Zealand	100.0	#	#	#	#	Nominee	

	Incorporated in	Group interest %	Contribution to				Nature of business
			Book value		Group result		
			1989	1988	1989	1988	
			\$M	\$M	\$M	\$M	
27: Subsidiary companies (continued)							
* ANZ Holdings (UK) plc	England	100.0	355.0	383.6	4.0	#	Holding company
* Anvid Ltd	England	100.0	#	#	#	#	Property finance
* Anzstock Securities Ltd	England	100.0	3.1	4.3	(3.5)	(3.1)	Market maker
* ANZ Aval Ltd	England	100.0	#	#	#	#	Factoring
* ANZ Finance Corporation Ltd	England	100.0	#	#	(3.4)	(7.5)	Holding company
* ANZ Finanziaria Sp A	Italy	100.0	0.1	0.9	#	#	Banking
* ANZ Grindlays Bank (Jersey) Ltd	Jersey	100.0	#	3.2	11.5	10.6	Banking
* ANZ Grindlays Bank Nominees (Jersey) Ltd	Jersey	100.0	#	#	#	#	Nominee
* ANZ Grindlays Bank plc	England	100.0	217.6	224.8	118.8	72.1	Banking
* ANZ Grindlays Executor & Trustee Co Ltd	England	100.0	0.2	#	#	#	Corporate trustee
* ANZ Grindlays Export Finance Ltd	England	100.0	0.6	0.6	0.4	0.2	Export financing
* ANZ Grindlays Finance Corporation Ltd	England	100.0	4.1	4.3	(4.5)	(8.2)	Holding company
* ANZ Grindlays Industrial Holdings Ltd	England	100.0	4.7	5.0	0.5	(1.0)	Holding company
* ANZ Grindlays Participacoes E Servicos Ltda	Brazil	100.0	0.1	#	0.2	0.1	Representative services
* ANZ Grindlays Secretarial Services Ltd	Jersey	100.0	#	#	#	#	Company administration
+ ANZ Grindlays Trust Company SA	Switzerland	100.0	#	#	#	#	Trust manager
* ANZ Grindlays Trust (Jersey) Ltd	Jersey	100.0	#	#	0.4	#	Trust matters
* ANZ Leasing Ltd	England	100.0	#	#	(1.4)	(1.2)	Lease finance
* ANZ Leasing (No 2) Ltd	England	100.0	#	12.5	0.1	0.7	Lease finance
* ANZ Management Company (Guernsey) Ltd	Guernsey	100.0	0.1	#	#	(0.2)	Fund management
* ANZ McCaughan Futures (UK) Limited	England	100.0	0.1	#	#	#	Futures trading
* ANZ McCaughan Merchant Bank Ltd	England	100.0	66.1	68.1	4.9	(10.6)	Holding company
* ANZ McCaughan Merchant Bank Nominees Ltd	England	100.0	#	#	#	#	Holding company
* ANZ McCaughan Properties Ltd	England	100.0	0.2	#	1.1	#	Property owner
* ANZ McCaughan Securities (Switzerland) AG	Switzerland	100.0	4.5	4.6	#	(0.3)	Finance/banking
* ANZ McCaughan Securities (UK) Limited	England	100.0	20.9	21.5	(15.6)	(10.2)	Investment banking
* ANZ McCaughan (UK) Limited	England	100.0	#	21.5	(5.7)	(5.1)	Holding company
* ANZ Overseas Finance Ltd	England	100.0	0.1	#	#	#	Nominee services
* ANZ Securities (Agency Broking) Ltd	England	100.0	1.0	#	0.1	(0.4)	Agency broking
* ANZ Securities (Asia) Ltd	Hong Kong	100.0	1.4	1.4	#	1.1	Merchant banking
* ANZ Securities (USA) Inc	USA	100.0	0.1	#	#	1.1	Broking
* Avrenim Catering Services Ltd	England	100.0	#	#	#	#	Non-operative
* Benfar Ltd	England	100.0	#	#	#	#	Printing
* Brandts France SA	France	100.0	#	#	#	#	Corporate finance
* Brandts Nominees Ltd	England	100.0	#	#	#	#	Nominee
* Camberley Developments Ltd	England	100.0	#	#	#	#	Property company
* Caphouse Nominees Ltd	England	100.0	#	#	#	#	Nominee
* Clive Street Nominees Pte Ltd	India	100.0	#	#	#	#	Nominee
* E.S.& A. Properties (UK) Ltd	England	100.0	0.3	#	#	#	Non-operative
* Gillespie Bros & Company Ltd	England	100.0	#	#	#	0.2	Non-operative
* Grindinvest SA	France	99.6	0.1	#	#	#	Investment
* Grindlay Vanguard Management Ltd	Jersey	100.0	#	#	#	#	Management
* Grindlays Assurances SA	France	58.0	0.2	#	#	#	Insurance
* Grindlays Bank International (Kenya) Ltd	Kenya	60.0	0.7	#	0.2	0.4	Banking
+ Grindlays Bank International (Uganda) Ltd	Uganda	100.0	0.5	#	0.2	0.1	Banking
* Grindlays Bank International (Zambia) Ltd	Zambia	100.0	2.3	2.4	1.5	2.2	Banking
* Grindlays Bank SA	France	100.0	19.0	#	3.0	1.3	Banking
+ Grindlays Bank (Uganda) Ltd	Uganda	51.0	0.5	0.5	0.1	#	Banking
+ Grindlays Bank (Zaire) SZARL	Zaire	100.0	0.4	0.4	1.6	0.9	Banking
* Grindlays Company Ltd	Hong Kong	100.0	#	#	#	#	Non-operative
* Grindlays Equipment Finance Ltd	England	100.0	#	#	0.1	3.0	Lease finance
* Grindlays Executor & Trust Company (Private) Ltd	Zimbabwe	100.0	#	#	#	#	Executor/trustee
+ Grindlays Export Finance A.G.	Switzerland	100.0	#	#	#	#	Export finance
* Grindlays Industrial and Commercial Finance Ltd	Zimbabwe	100.0	0.6	#	0.5	0.5	Hire purchase/lease
* Grindlays International (Cayman Islands) Ltd	Cayman Islands	100.0	#	#	#	#	Non-operative
* Grindlays International (Curacao) NV	Netherlands Antilles	100.0	0.1	#	#	#	Holding company
* Grindlays International Finance (Kenya) Ltd	Kenya	60.0	#	0.4	0.3	#	Project finance

	Incorporated in	Group interest %	Book value		Contribution to Group result		Nature of business
			1989	1988	1989	1988	
			\$M	\$M	\$M	\$M	
27: Subsidiary companies (continued)							
* Grindlays International Ltd	Hong Kong	100.0	4.5	4.7	#	(0.3)	Offshore banking
* Grindlays International (Nederland) BV	Netherlands	100.0	0.4	0.1	#	#	Holding company
* Grindlays Leasing of Zambia Ltd	Zambia	100.0	0.8	1.5	0.8	0.7	Lease finance
* Grindlays Nominees (Kenya) Ltd	Kenya	60.0	#	#	#	#	Nominee
* Grindlays Nominees (Private) Ltd	Zimbabwe	100.0	#	#	#	#	Nominee
* Grindlays Nominees (Zambia) Ltd	Zambia	100.0	#	#	#	#	Nominee
+ Grindlays Services of Pakistan (Private) Ltd	Pakistan	100.0	0.8	0.9	0.2	#	Unit trust
* Grindlays (No 1) Investments Ltd	England	100.0	#	#	0.1	#	Non-operative
* Grindlays (No 4) Investments Ltd	England	100.0	#	#	0.1	#	Non-operative
* Grindlays (No 5) Investments Ltd	England	100.0	#	#	#	(0.3)	Non-operative
* Grindlays (No 6) Investments Ltd	England	100.0	#	#	#	#	Non-operative
* Hotel Regina SA	Switzerland	100.0	#	#	#	#	Non-operative
* Lable Shipping Inc	Liberia	100.0	#	#	#	#	Holding company
* McCaughan Dyson Capel Cure Corporate Finance Ltd	England	100.0	#	-	#	-	Name protection
* McCaughan Nominees (UK) Ltd	England	100.0	#	#	#	#	Nominee
* Minerva Nominees Ltd	England	100.0	#	#	#	#	Nominee
* National and Grindlays Bank Ltd	England	100.0	#	#	#	#	Non-operative
* National and Grindlays Bank Trust Co. Ltd	England	100.0	#	#	#	#	Trustee
* Pargola (Shipping) Ltd	England	100.0	#	#	#	#	Shipping
* SCI Immobiliere Poincare	France	100.0	#	#	#	#	Property dealing
* SCI Immobiliere Victor Hugo	France	100.0	#	#	#	#	Property owner
* Societie Immobiliere Quai du Mont Blanc 7	Switzerland	100.0	#	#	0.1	#	Property construction
* Spey Industrials Ltd	England	100.0	#	#	#	#	Non-operative
* Zealand Nominees Ltd	England	100.0	#	#	#	#	Nominee
ANZ Life Assurance Company Ltd	Australia	100.0	48.3	48.3	17.6	19.6	Life assurance
Crescent Pacific Properties Ltd	Australia	100.0	#	#	#	#	Investment
Crown Woolrych Ltd	Australia	100.0	#	#	#	#	Financial planning
Greater Pacific Casualty Ltd	Australia	100.0	0.2	0.2	(0.1)	#	Disability insurance
Greater Pacific Financial Services Ltd	Australia	100.0	0.5	0.8	(0.3)	#	Insurance bonds
Greater Pacific Nominees Pty Ltd	Australia	100.0	#	#	#	#	Trustee
ANZ McCaughan Ltd	Australia	100.0	41.7	26.5	5.5	4.9	Merchant banking
ANZCAP Commercial Development Ltd	Australia	100.0	#	#	#	#	Consulting
ANZCAP Leasing Nominees Pty Ltd	Australia	100.0	#	#	(0.9)	0.5	Lease finance
ANZCAP Leasing Nominees (Vic) Pty Ltd	Australia	100.0	#	#	#	#	Lease finance
ANZCAP Leasing Services Ltd	Australia	100.0	#	#	0.5	0.2	Lease finance
ANZCAP Leasing (Vic) Pty Ltd	Australia	100.0	#	#	(0.4)	0.6	Lease finance
ANZCAP Management Ltd	Australia	100.0	1.0	#	0.1	1.6	Superfund manager
ANZCAP Nominees Ltd	Australia	100.0	#	#	#	#	Nominee services
ANZCAP Securities Ltd	Australia	100.0	2.0	2.0	#	0.2	Securities dealer
ANZ McCaughan Corporate Financial Services Ltd	Australia	100.0	0.8	0.7	#	#	Consulting
ANZ McCaughan Futures Ltd	Australia	100.0	#	0.9	0.5	(6.3)	Futures trading
ANZ McCaughan Securities Limited	Australia	100.0	6.4	5.0	(1.0)	(3.0)	Stockbroking
* ANZ McCaughan Securities (Nederlands) BV	Netherlands	100.0	0.1	0.2	0.1	(0.1)	Stockbroking
* ANZ McCaughan Securities (USA) Inc	USA	100.0	0.8	0.8	0.7	(0.4)	Stockbroking
ANZ McCaughan Services Pty Ltd	Australia	100.0	#	#	0.4	(0.2)	Non-operative
* Australian International Ltd	Vanuatu	100.0	0.2	0.2	0.1	#	Merchant banking
Bow Lane Nominees Pty Ltd	Australia	100.0	#	#	#	#	Non-operative
Carroll Investment Group Ltd	Australia	100.0	2.5	2.5	#	#	Investment
Kite Nominees Pty Ltd	Australia	100.0	#	#	#	#	Non-operative
* McCaughan Dyson International Holdings BV	Netherlands	100.0	0.1	0.2	#	#	Holding company
Skeet Nominees Pty Ltd	Australia	100.0	#	-	#	-	Nominee company
Snipe Nominees (1981) Pty Ltd	Australia	100.0	#	#	#	#	Non-operative
Teal Nominees Pty Ltd	Australia	100.0	#	#	#	#	Non-operative
Australia and New Zealand Savings Bank Ltd	Australia	100.0	7.5	7.5	82.7	65.8	Savings banking
A.N.Z. Properties (Australia) Ltd	Australia	100.0	5.0	5.0	1.8	2.9	Property owner
Weelya Pty Ltd	Australia	100.0	#	#	#	#	Property owner

	Incorporated in	Group interest %	Book value		Contribution to Group result		Nature of business
			1989	1988	1989	1988	
			\$M	\$M	\$M	\$M	
27: Subsidiary companies (continued)							
+Development Finance Corporation Ltd	Australia	100.0	64.1	64.1	1.3	0.5	Investment banking
+AFT Funds Management Ltd	Australia	100.0	0.3	0.3	0.2	0.2	Unit trust manager
+AFT Investors Services Ltd	Australia	100.0	8.7	21.4	1.0	(12.8)	Unit trust manager
+AFT Ltd	Australia	100.0	1.0	1.0	0.5	4.3	Unit trust marketing
+AFT Personal Retiring Plan Ltd	Australia	100.0	0.1	0.1	#	#	Funds manager
+AFT Portfolio Management Ltd	Australia	100.0	6.1	6.1	2.4	(0.9)	Property trust manager
+AFT Property Management Pty Ltd	Australia	100.0	#	#	#	#	Real estate manager
+AFT Property Services Pty Ltd	Australia	100.0	#	#	0.1	#	Real estate manager
+AFT (Canberra) Ltd	Australia	100.0	#	#	#	#	Retirement fund
+Allied Australian Investments Ltd	Australia	100.0	3.1	3.1	#	0.3	Investment
+Australia Fixed Trusts Ltd	Australia	100.0	0.8	0.8	#	#	Superfund trustee
+Australian Fixed Trusts (Victoria) Ltd	Australia	100.0	0.7	0.7	#	#	Superfund trustee
+Belobek Pty Ltd	Australia	100.0	#	#	0.1	0.3	Securities investment
+Buzila Pty Ltd	Australia	100.0	#	#	#	#	Holding company
+Delfin Acceptances Ltd	Australia	100.0	6.8	6.8	0.3	0.2	Merchant banking
Delfin Constructions Pty Ltd	Australia	100.0	0.1	0.1	#	#	Construction
+Delfin Financial Services Ltd	Australia	100.0	#	0.1	0.1	#	Leasing services
+Delfin Holdings Ltd	Australia	100.0	15.9	15.9	2.1	1.6	Investment
+Delfin Investment Services Ltd	Australia	100.0	0.6	0.6	#	#	Investment manager
Delfin Management Services Pty Ltd	Australia	100.0	1.4	1.4	#	#	Property management
Delfin Project Management (Qld) Pty Ltd	Australia	60.0	#	#	#	0.1	Project management
Delfin Properties Pty Ltd	Australia	100.0	5.0	4.9	0.3	#	Property owner
Delfin Property Group Ltd	Australia	100.0	6.0	5.9	5.2	3.1	Real estate
Delfin Realty Pty Ltd	Australia	100.0	0.2	0.2	0.8	0.3	Real estate agent
Delfin Retirement Properties Pty Ltd	Australia	100.0	#	#	#	#	Real estate
+Delfin Securities Pty Ltd	Australia	100.0	#	#	#	#	Trustee
+Delfin Services Ltd	Australia	100.0	1.5	1.5	#	#	Investment
+Delfin (NSW) Pty Ltd	Australia	100.0	0.5	0.4	#	#	Share trading
+Delfin Underwriting Ltd	Australia	100.0	0.5	0.5	0.6	#	Underwriting
+Development Nominees Pty Ltd	Australia	100.0	#	#	#	#	Nominee
+Japan- Australia Investment Co Ltd	Australia	100.0	0.9	1.0	0.1	#	Investment banking
Lakes Shore Hotel Pty Ltd	Australia	100.0	#	#	#	#	Real estate
Reillo Holdings Pty Ltd	Australia	100.0	#	-	#	-	Residential construction
+Vabeta Pty Ltd	Australia	100.0	1.1	1.1	#	#	Investment
West Lakes Ltd	Australia	100.0	9.7	9.7	0.1	0.4	Real estate
+Esanda Finance Corporation Ltd	Australia	100.0	388.6	369.4	97.6	49.5	General finance
+Alliance Acceptance Co. Ltd	Australia	100.0	#	-	1.3	-	Finance
+Alliance Acceptance (Qld) Pty Ltd	Australia	100.0	#	-	#	-	Finance
+Alliance Credit (NSW) Pty Ltd	Australia	100.0	#	-	(1.2)	-	Finance
+Alliance Commercial Finance Ltd	Australia	100.0	#	-	3.0	-	Trade finance
+Alliance Finance (Leasing) Pty Ltd	Australia	100.0	#	-	#	-	Finance
+Alliance Holdings Ltd	Australia	100.0	#	-	(3.3)	-	Holding company
+Analed Pty Ltd	Australia	100.0	#	#	0.8	2.8	Guarantor corporation
+Clark Equipment Credit Proprietary Ltd	Australia	100.0	8.0	-	0.1	-	Lease finance
+Endeavour Hills Pty Ltd	Australia	100.0	#	#	#	#	Custodian/trustee
+Esanda (Finance) Australia Ltd	Australia	100.0	#	0.8	(1.6)	0.7	Lease finance
+Esanda (Wholesale) Pty Ltd	Australia	100.0	#	#	#	#	Motor vehicle finance
+FCA Finance Pty Ltd	Australia	100.0	16.0	19.5	7.2	4.8	Real estate finance
+Finance Corporation of Australia Ltd	Australia	100.0	108.1	123.8	4.8	15.9	Real estate finance
+Financial Resources Ltd	Australia	100.0	#	-	#	-	Finance
+Ironbark Developments Pty Ltd	Australia	100.0	#	#	#	#	Agent/trustee

	Incorporated in	Group interest %	Book value		Contribution to Group result		Nature of business
			1989	1988	1989	1988	
			\$M	\$M	\$M	\$M	
27: Subsidiary companies (continued)							
+John Beesley Developments Pty Ltd	Australia	100.0	#	-	#	-	Land development
+John Beesley Unit Trust	Australia	100.0	#	-	#	-	Trustee company
+Lefca Developments (Section 7) Pty Ltd	Australia	100.0	0.1	0.1	#	#	Trust beneficiary
+Lefca Investments Pty Ltd	Australia	100.0	#	#	#	#	Agent /trustee
+Lepac Limited	Australia	100.0	125.9	-	#	-	Equity investment
+MCL Finance Pty Ltd	Australia	100.0	#	-	(0.6)	-	Finance
+MCL Holdings Pty Ltd	Australia	100.0	#	-	#	-	Holding company
+MCL Insurances Pty Ltd	Australia	100.0	#	-	#	-	Insurance broker
+MCL Leasing Pty Ltd	Australia	100.0	#	-	#	-	Finance
+Mercantile Credits Ltd	Australia	100.0	#	-	(0.8)	-	General finance
+Mercantile Credits Financial Services Ltd	Australia	100.0	#	-	(0.1)	-	Insurance broker
+Mercantile Credits (Leasing) Ltd	Australia	100.0	#	-	#	-	Finance
+Mercantile Credits (N.Z.) Ltd	New Zealand	100.0	#	-	#	-	Finance
+Mercantile Credits (P.N.G.) Pty Ltd	PNG	100.0	#	-	#	-	Finance
+Mercantile Underwood Ltd	Australia	100.0	#	-	0.6	-	Investment
+Mercredits Leasing Ltd	Australia	100.0	#	-	0.1	-	Finance
+Mercredits Wholesale Ltd	Australia	100.0	#	-	0.2	-	Finance
+Mercredits Properties Ltd	Australia	100.0	#	-	0.1	-	General finance
+Merescard (N.Z.) Ltd	New Zealand	100.0	#	-	#	-	Finance
+Merryn Developments Pty Ltd	Australia	100.0	#	-	#	-	Land developer
+The National Alliance Insurance Co. Ltd	Australia	100.0	#	-	0.2	-	Insurance
McCaughan Dyson Holdings Ltd	Australia	100.0	13.2	13.2	#	#	Holding company
McCaughan Dyson Capel Cure Securities Ltd	Australia	100.0	#	#	#	#	Non-operative
! Melbourne Safe Deposit Pty Ltd	Australia	100.0	#	#	(0.1)	#	Holding company
ANZ Funds Management Ltd	Australia	100.0	#	#	4.5	2.1	Unit trust manager
ANZ Group Insurance Brokers Ltd	Australia	100.0	#	#	#	#	Non-operative
ANZ Managed Investments (Qld) Ltd	Australia	100.0	0.1	#	#	#	Investment services
* Adelaide Nominees Ltd	England	100.0	#	#	#	#	Nominee services
! ANZ Custodians Ltd	Australia	100.0	#	#	#	#	Custodian services
! ANZ Discounts Ltd	Australia	100.0	#	#	#	#	Loan negotiation
! ANZ Holdings Ltd	Australia	100.0	54.8	54.8	1.0	#	Property owner
ANZ Investments Ltd	Australia	100.0	#	#	0.3	1.3	Deposit taker
! ANZ Nominees Ltd	Australia	100.0	#	#	#	#	Nominee services
! ANZ Adelaide Group Ltd	Australia	100.0	66.1	66.1	4.6	2.1	Property owner
ANZ Aviation Services Ltd	Australia	100.0	3.0	3.0	#	#	Aviation
* ANZ Bank Canada	Canada	100.0	17.4	16.7	(6.2)	1.8	Banking
* ANZ Bank (Guernsey) Ltd	Guernsey	100.0	0.5	0.5	1.4	1.4	Banking
* ANZ Eurofinance BV	Netherlands	100.0	#	-	0.2	-	Finance
ANZ Finance (Far East) Ltd	Australia	100.0	16.2	16.2	0.9	0.8	Finance
* ANZ Finance (Jersey) Ltd	Jersey	100.0	#	#	#	#	Non-operative
! ANZ Leasing Pty Ltd	Australia	100.0	#	#	#	#	Leveraged leasing
! ANZ Leasing (ACT) Pty Ltd	Australia	100.0	#	#	#	#	Leveraged leasing
! ANZ Leasing (NSW) Pty Ltd	Australia	100.0	#	#	#	#	Leveraged leasing
! ANZ Leasing (NT) Pty Ltd	Australia	100.0	#	#	#	#	Leveraged leasing
! ANZ Leasing (Vic) Pty Ltd	Australia	100.0	#	#	#	#	Leveraged leasing
* ANZ Nominees (Guernsey) Ltd	Guernsey	100.0	#	#	#	#	Nominee services
! ANZ Pensions Pty Ltd	Australia	100.0	#	#	#	#	Staff pension funds trustee
! ANZ Pensions (Adelaide) Ltd	Australia	100.0	#	#	#	#	Staff pension funds trustee
* ANZ Pensions (UK) Ltd	England	100.0	0.5	#	#	#	Staff pension funds trustee
! ANZ Staff Superannuation (Australia) Pty Ltd	Australia	100.0	#	#	#	#	Staff pension funds trustee
* ANZ Trust Company (Guernsey) Ltd	Guernsey	100.0	#	#	#	#	Trustee
* ANZ (Delaware) Inc	USA	100.0	#	#	#	#	Finance
* Australia and New Zealand Banking Group (PNG) Ltd	PNG	85.0	2.5	2.7	3.7	2.1	Banking
Dinias Pty Ltd	Australia	100.0	#	#	#	#	Property developer

	Incorporated in	Group interest %	Contribution to				Nature of business
			Book value		Group result		
			1989 \$M	1988 \$M	1989 \$M	1988 \$M	
27: Subsidiary companies (continued)							
! ES & A Properties (Australia) Ltd	Australia	100.0	2.3	#	#	#	Property investment
! ES & A Holdings Ltd	Australia	100.0	22.2	22.2	#	0.2	Property investment
! ES & A Nominees (Australia) Pty Ltd	Australia	100.0	#	#	#	#	Nominee services
* Grindlays Eurofinance BV	Netherlands	100.0	0.3	0.3	0.5	0.3	Finance
Melbourne Business Jet Centre Pty Ltd	Australia	80.0	#	-	#	-	Jet facilities
! No 3 Hoyle Ave Ltd	Australia	100.0	#	#	#	#	Property leasing
! Pemarvin Pty Ltd	Australia	100.0	0.5	0.5	#	#	Property unit trustee
! Tannadice Pty Ltd	Australia	100.0	#	#	#	#	Property owner
! Tirocourt Pty Ltd	Australia	100.0	#	#	#	#	Property owner
! Yarraga Pty Ltd	Australia	100.0	#	#	#	#	Staff pension fund trustee
Total contributions to Group result					519.8	503.5	
Adjustment for subsidiaries sold/liquidated					(1.8)	1.9	
Group operating profit after income tax and minorities					518.0	505.4	

Acquisitions of subsidiaries

	Consideration \$M	Interest acquired %	Net tangible
			assets on acquisition \$M
Post Office Bank Ltd	515.7	100	294.1
Lepac Ltd (Mercantile Credits Group)	136.0	100	122.6
Clark Equipment Credit Pty Ltd [‡]	(0.2)	100	(0.2)

* Audited by overseas Klynveld Peat Marwick Goerdeler firms

+ Audited by firms other than members of Klynveld Peat Marwick Goerdeler

! Debts of these subsidiaries are guaranteed by the Holding Company in terms of National Companies and Securities Commission (NGSC) class orders dated 22 April 1986 and 9 August 1988 relieving wholly owned subsidiaries from compliance with certain sections of the Companies Code relating to the preparation of audited accounts

Amounts less than \$50,000

^ Company subsequently sold

‡ Consideration was a net reimbursement of the fair value of the company's deficiency at the date of acquisition

28: Associated companies

Associated companies have 30 September financial years unless otherwise stated.

	Incorporated in	Interest %	Book value		Held by	Nature of business
			1989 \$M	1988 \$M		
ACD Holdings Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
AFT-Woolworths Realty Pty Ltd ¹	Australia	50.0	0.1	0.1	AFT	Real estate manager
Amalgamated Finance Limited ²	New Zealand	50.0	#	#	UDC Group	Hire purchase
Anchorage Port Stephens Pty Ltd ¹	Australia	33.3	#	-	Mercantile Credits	Holiday resort
Asian International Merchant Bankers Berhad ³	Malaysia	26.5	3.1	3.1	ANZ Grindlays Industrial Holdings Ltd	Merchant banking
Autofleet Pty Ltd	Australia	27.5	#	#	Esanda	Fleet management
Cambridge Capital Ltd ²	England	40.2	0.1	0.1	ANZ McCaughan Merchant Bank	Corporate finance advice
Cardlink Services Ltd	Australia	20.0	0.2	0.2	ANZ Bank	Charge card services
Charge Card Services Ltd	Australia	20.0	0.3	0.3	ANZ Bank	Charge card services
Chartwell Enterprises Ltd ²	Singapore	20.0	#	-	Development Finance Corporation	Consulting
Citie Centre Projects Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Codeevsco Holdings Pty Ltd ¹	Australia	35.7	#	#	Delfin Holdings	Manufacturer-polythene
Copeland Mercantile Ventures Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Cribellum Pty Ltd	Australia	25.0	#	-	ANZ Bank	Property development
Dalgety Farmers Ltd	Australia	25.0	21.2	14.2	ANZ Bank	Rural industry broker/agent
Databank Systems Ltd ²	New Zealand	20.0	0.1	0.1	ANZ Bank (NZ)	Computer network
Development Capital of Australia ¹	Australia	40.0	3.7	3.7	Delfin Holdings	Investment banking
Devine Development Corporation Pty Ltd ¹	Australia	50.0	0.2	-	Mercantile Credits	Property development
Devine Belmont Estates Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Durham Developments Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Edgeworth Projects Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Erolnot Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Evaclyff Pty Ltd ¹	Australia	33.3	#	-	Mercantile Credits	Property development
Fifty Seven Willis Street Ltd ²	New Zealand	15.0*	0.8	0.7	ANZ Bank (NZ)	Property owner
Flick Developments Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Fonstar Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
General Finance & Securities Ltd	Thailand	25.0	11.3	-	ANZ International	Finance
Grindlays Bahrain Bank ³	Bahrain	40.0	6.5	6.5	ANZ Grindlays	Banking
Grindlays Investment Services (Overseas) Ltd	Guernsey	50.0	0.1	0.2	ANZ McCaughan Merchant Bank	Fund administration
Grindlays Merchant Bank of Nigeria Ltd	Nigeria	40.0	0.5	0.5	ANZ Holdings (UK)	Banking
Hooker Mercantile Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Hooker Mercantile (Qld) Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Jarview Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Kilmuir Pty Ltd ¹	Australia	25.0	#	-	Mercantile Credits	Property development
Liberty Real Estate Pty Ltd ¹	Australia	33.3	#	-	Mercantile Credits	Property development
Merchant Bank (Ghana) Ltd ³	Ghana	30.0	0.1	0.1	ANZ Grindlays Industrial Holdings	Banking
Mimosa Developments Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Nabiac Farm Pty Ltd ¹	Australia	30.0	0.1	0.1	Delfin Management Services	Rural property owner/farmer
Nepal Grindlays Bank Ltd ⁴	Nepal	50.0	0.8	0.8	ANZ Grindlays	Banking
Nepean International Travel Pty Ltd	Australia	50.0	0.1	-	ANZ Bank	Travel services
New Zealand Bankcard Associates Ltd	New Zealand	33.3	#	#	ANZ Bank (NZ)	Charge card services
Ocean Blue Club Resorts Pty Ltd	Australia	50.0	#	-	Mercantile Credits	Holiday resort
Overland Agencies Pty Ltd ⁵	Australia	50.0	#	#	Development Finance Corporation	Investment banking
Property & Finance Partnership ²	England	50.0	0.1	0.1	ANZ McCaughan Merchant Bank	Joint venture
Reading & West Capital ²	England	40.0	#	#	ANZ McCaughan Merchant Bank	Corporate finance
Renishaw Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development

28: Associated companies (continued)

	Incorporated in	Interest %	Book value		Held by	Nature of business
			1989 \$M	1988 \$M		
Salamander Projects Pty Ltd ¹	Australia	50.0	0.1	-	Mercantile Credits	Property development
Salamander Sales Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Seabare Pty Ltd ¹	Australia	25.0	#	-	Mercantile Credits	Furniture retailer
South Pacific Investment Corp Ltd ¹	Australia	20.0	0.5	0.5	Delfin Holdings	Investment banking
Strathford Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Television Australia-Satellite Systems Ltd ¹	Australia	21.2	#	#	Delfin Holdings	Satellite television
Transatlantic Capital Bioscience Fund ²	England	20.0	#	-	ANZ McCaughan Merchant Bank	Investment
Trefold Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Entertainment
Wellington Square Pty Ltd ¹	Australia	50.0	#	-	Mercantile Credits	Property development
Whiteman McCaughan Dyson Ltd	New Zealand	50.0	0.1	0.2	ANZ Bank (NZ)	Stockbroking
			50.1	31.5		
Associated companies sold during the year			-	5.5		
Total shares in associated companies			50.1	37.0		

Amounts less than \$50,000

* The Group holds 27% of voting rights

¹ year ended 30 June² year ended 31 March³ year ended 31 December⁴ year ended 31 July⁵ year ended 31 January

29: Superannuation commitments

A total of 72 pension schemes have been established in the Group worldwide. The major schemes with assets in excess of \$20m are

Country	Fund	Contribution levels		Date of last actuarial valuation	Actuary
		Employee	Employer		
Australia	ANZGROUP (Australia) Staff Pension Scheme	5.5%	Balance of cost	Dec 1987	C.J.White Towers Perrin Forster & Crosby
Australia	ANZ Australian Staff Superannuation Scheme	2.5% minimum	6.25%	Dec 1988	C.J.White Towers Perrin Forster & Crosby
New Zealand	ANZGROUP Staff Pension Scheme(New Zealand)	5.5%	Balance of cost	Dec 1988	Mercers - New Zealand
England	Staff Pension Scheme	nil	Balance of cost	Dec 1987	R.Watson & Sons
England	Senior Management Pension Scheme	5.0%	Balance of cost	Dec 1987	R.Watson & Sons
England	ANZ Merchant Bank Staff Pension Scheme	nil	Balance of cost	Dec 1987	R.Watson & Sons
England	ANZGROUP (UK) Staff Pension Scheme	5.5%	Balance of cost	Dec 1986	R.Watson & Sons
India	Staff Pension Scheme	nil	Balance of cost	Sept 1986	B.Chaterjee FIA

Notes

- i) All funds provide pension benefits other than the ANZ Australian Staff Superannuation scheme which provides for lump sum benefits.
- ii) The liabilities of all pension funds are covered by the assets in the funds or by specific provisions created in the Group.
- iii) The Group is obliged to contribute to the pension funds as a consequence of legislation or trust deeds.
- iv) Balance of cost - the Group's contribution is assessed by the actuary after taking account of members' contributions and the value of the scheme's assets.

Legal enforceability is dependent on the terms of the legislation and trust deeds.

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
30: Commitments				
Capital expenditure				
Contracts for outstanding capital expenditure not provided for in these accounts				
Not later than one year	129.2	44.2	46.3	9.7
Later than one year but not later than two years	27.6	4.8	-	-
Later than two years but not later than five years	1.1	-	-	-
Later than five years	-	0.1	-	-
Total capital expenditure commitments	157.9	49.1	46.3	9.7
Lease rentals				
Future rentals in respect of operating leases not provided for in these accounts				
i) Land and buildings				
Not later than one year	84.1	71.3	58.2	46.7
Later than one year but not later than two years	96.8	63.2	73.1	39.4
Later than two years but not later than five years	228.6	131.3	172.3	76.7
Later than five years	1,257.0	473.2	1,189.3	374.8
	1,666.5	739.0	1,492.9	537.6
ii) Furniture and equipment				
Not later than one year	9.3	8.9	4.9	4.6
Later than one year but not later than two years	7.9	6.1	3.0	2.5
Later than two years but not later than five years	8.6	11.6	3.3	3.5
Later than five years	25.4	0.3	0.1	0.3
	51.2	26.9	11.3	10.9
Total lease rental commitments	1,717.7	765.9	1,504.2	548.5
Total commitments	1,875.6	815.0	1,550.5	558.2

31: Contingent liabilities and off-balance sheet transactions**Contingent liabilities**

Commercial bills endorsed	253.5	454.5	158.2	108.6
Liabilities under letters of credit	2,184.1	2,089.7	1,561.7	1,214.6
Guarantees, warranties and indemnities	6,598.1	6,076.6	3,230.1	3,417.0
Other	314.8	303.9	76.0	26.6
Total contingent liabilities	9,350.5	8,924.7	5,026.0	4,766.8

The Holding Company has

- i) Guaranteed the depositors' balances with Australia and New Zealand Savings Bank Limited;
- ii) Guaranteed payment of certificates of deposit, bearer deposit notes and bankers' acceptances issued by ANZ Bank Canada;
- iii) Guaranteed payment on maturity of the principal and accrued interest of commercial paper notes issued by ANZ (Delaware) Inc;
- iv) Guaranteed the debts of certain Australian wholly-owned subsidiaries specified in Note 27 in terms of National Companies and Securities Commission (NCSC) class orders dated 22 April 1986 and 9 August 1988 relieving wholly-owned subsidiaries from compliance with certain sections of the Companies Code relating to accounts; and
- v) A contingent tax liability in respect of amounts received for share options issued during 1987 and credited to the capital reserve should the option holder decide not to exercise the option by the due date of 5 August 1992.

ANZ Banking Group (New Zealand) Ltd has

- i) guaranteed the depositors' balance with ANZ Savings Bank (New Zealand) Limited; and
- ii) guaranteed the liabilities of Post Office Bank to 30 June 1992.

Litigation

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

Off-balance sheet transactions

The Group is an active market participant in off-balance sheet financial instruments, principally forward exchange contracts, interest rate and currency swaps, forward rate agreements, financial futures and options traded in the financial markets throughout the world.

These instruments are used by the Group to

- i) facilitate prudent and strategic management of the interest rate and currency risks inherent in the Group's banking activities;
- ii) provide financial services as an intermediary to enable customers to modify, transfer or reduce their interest rate or foreign exchange risks; and
- iii) enable arbitrage between the various financial markets of profitable trading opportunities.

Management of these instruments is integrated into the Group's prudential risk practices. In particular, assessment of any credit risk is included in the evaluation of the exposure of the Group to customers.

Adequate provision has been made for any unrealised losses and it is not envisaged that any irrecoverable liability will arise from the settlement of these types of transactions.

32: Assets and liabilities of non-banking corporations

In line with normal banking practice the consolidated balance sheet does not distinguish between current and non-current assets and liabilities. The following assets and liabilities of non-prescribed subsidiaries within the Group are included in the consolidated accounts

	1989	1988		1989	1988
	\$M	\$M		\$M	\$M
Current assets			Current liabilities		
Cash	139.3	112.2	Creditors and borrowings	4,854.3	6,179.6
Receivables	3,975.2	4,756.1	Provisions	199.4	82.8
Investments	230.9	811.6	Other current liabilities	506.6	699.2
Other current assets	693.2	638.9		5,560.3	6,961.6
	5,038.6	6,318.8			
Non-current assets			Non-current liabilities		
Receivables	4,649.8	3,182.7	Creditors and borrowings	3,769.4	1,901.6
Investments	232.8	114.8	Provisions	125.6	18.8
Property, plant and equipment	181.5	123.6	Other non-current liabilities	-	145.9
Other non-current assets	192.2	143.3		3,895.0	2,066.3
	5,256.3	3,564.4	Total liabilities	9,455.3	9,027.9
Total assets	10,294.9	9,883.2	Net assets	839.6	855.3

33: Financing arrangements

	1989		1988	
	Available	Unused	Available	Unused
	\$M	\$M	\$M	\$M
This note details financing arrangements of subsidiary borrowing corporations and subsidiaries registered under the Financial Corporations Act (Australia) 1974.				
Financing arrangements which are available to such subsidiary companies (under normal financing arrangements)				
Credit standby arrangements				
Overdraft standby	-	-	35.0	35.0
Commercial bills acceptance discount lines	281.9	223.9	83.5	83.5
	281.9	223.9	118.5	118.5
Other financing arrangements				
Overdrafts	9.4	9.4	119.8	68.3
Commercial bill endorsement facilities	255.7	99.0	50.0	-
	265.1	108.4	169.8	68.3
Total finance made available to subsidiary borrowing corporations	547.0	332.3	288.3	186.8

Financing arrangements which have been made available by such subsidiary companies (contractually arranged for each client)				
Credit standby arrangements				
Revolving facilities	-	-	213.8	67.0
Loan rollover facilities				
Commercial bill facilities	7.8	7.8	59.7	23.9
Other financing arrangements				
Loan and lease facilities	822.9	789.9	919.7	73.9
Total finance made available by subsidiary borrowing corporations	830.7	797.7	1,193.2	164.8

34: Related party disclosures

The directors for the year were

M.D. Bridgland
 Sir William Vines (retired 23 January 1989)
 W. J. Bailey
 Sir Roderick Carnegie
 J. C. Dahlsen
 D. C. L. Gibbs
 R.K. Gosper
 J. B. Gough
 C. J. Harper

W. J. Holcroft
 Professor Dame Leonie Kramer
 Sir Laurence Muir
 R.A.D. Nicolson
 L. M. Papps (retired 15 October 1989)
 B. W. Scott
 Sir Ronald Trotter
 R. B. Vaughan

During the year there have been transactions between the Holding Company and its subsidiaries and related entities. Loans and deposits were made and interest received and paid at normal commercial rates. Management fees and rents were charged for the provision of accounting and administrative assistance and accommodation based on the resources provided. Balances payable and receivable by the Holding Company are disclosed elsewhere in these financial statements.

35: Remuneration of auditors

	Consolidated		Holding Company	
	1989 \$M	1988 \$M	1989 \$M	1988 \$M
Amounts received, or due and receivable for				
i) auditing the accounts or Group accounts				
By auditors of the Holding Company	3.9	3.7	1.0	0.9
By other auditors	0.7	0.6	-	-
	4.6	4.3	1.0	0.9
ii) other services				
By auditors of the Holding Company	1.5	1.1	0.6	0.4
By other auditors	2.1	1.9	0.3	0.9
Total remuneration of auditors	8.2	7.3	1.9	2.2

The auditors did not receive any other benefits

36: Remuneration of directors

Remuneration includes salaries, bonuses and other benefits.

The number of directors of the Holding Company whose total remuneration received or due and receivable was within each of the following bands

\$1 to \$10,000	-	1
\$10,001 to \$20,000	-	1
\$20,001 to \$30,000	3	-
\$30,001 to \$40,000	5	4
\$40,001 to \$50,000	3	2
\$50,001 to \$60,000	1	3
\$60,001 to \$70,000	2	-
\$70,001 to \$80,000	1	2
\$90,001 to \$100,000	-	1
\$380,001 to \$390,000	-	1
\$430,001 to \$440,000	1	-
\$520,001 to \$530,000	-	1
\$620,001 to \$630,000	1	-
Total number of directors	17	16

Total remuneration received or due and receivable by the directors of all Group corporations including the total remuneration of executive directors, excluding executive directors of subsidiaries who are executives of the Holding Company but including executive directors of the Holding Company (\$M)

	25.2	25.8	2.3	1.5
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	Consolidated	Holding Company		
	1989	1988	1989	1988

37: Remuneration of executives

Remuneration includes salaries, bonuses and other benefits.

The number of executives whose total remuneration received or due and receivable within each of the following bands was

\$85,001 to \$95,000	5	12	-	-
\$95,001 to \$105,000	11	12	-	-
\$105,001 to \$115,000	13	10	-	-
\$115,001 to \$125,000	6	9	-	-
\$125,001 to \$135,000	11	7	-	2
\$135,001 to \$145,000	8	4	-	2
\$145,001 to \$155,000	8	7	-	1
\$155,001 to \$165,000	4	5	-	3
\$165,001 to \$175,000	8	7	1	4
\$175,001 to \$185,000	6	5	3	2
\$185,001 to \$195,000	6	5	4	2
\$195,001 to \$205,000	3	5	3	4
\$205,001 to \$215,000	2	2	2	-
\$215,001 to \$225,000	5	1	2	1
\$225,001 to \$235,000	2	2	2	2
\$235,001 to \$245,000	3	2	2	1
\$245,001 to \$255,000	1	-	1	-
\$255,001 to \$265,000	2	-	2	-
\$265,001 to \$275,000	1	2	-	1
\$275,001 to \$285,000	2	2	2	2
\$285,001 to \$295,000	1	-	-	-
\$295,001 to \$305,000	1	1	1	-
\$305,001 to \$315,000	1	-	1	-
\$315,001 to \$325,000	1	1	-	-
\$335,001 to \$345,000	-	1	-	-
\$345,001 to \$355,000	3	-	2	-
\$355,001 to \$365,000	1	2	-	-
\$375,001 to \$385,000	1	1	-	-
\$385,001 to \$395,000	1	2	-	1
\$395,001 to \$405,000	1	1	-	1
\$425,001 to \$435,000	-	1	-	-
\$435,001 to \$445,000	1	-	1	-
\$445,001 to \$455,000	1	-	-	-
\$465,001 to \$475,000	1	1	-	-
\$475,001 to \$485,000	-	1	-	-
\$505,001 to \$515,000	-	1	-	-
\$515,001 to \$525,000	-	1	-	1
\$545,001 to \$555,000	1	-	-	-
\$555,001 to \$565,000	1	-	-	-
\$565,001 to \$575,000	1	-	-	-
\$615,001 to \$625,000	1	-	1	-
Total number of executives	125	113	30	30
Total remuneration received or due and receivable (\$M)	23.9	20.1	7.5	6.4

38: Retirement benefits

Amounts paid in connection with the retirement of persons from the office of director and principal executive officer of group companies (\$M)

	1.0	0.9	-	-
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The directors believe that the provision of full particulars would be unreasonable

Directors' statement

Statement by the Directors

In the opinion of the directors of Australia and New Zealand Banking Group Limited the accompanying accounts of the Company and its subsidiaries are properly drawn up in accordance with the provisions of the Companies (Victoria) Code in the manner authorised for a prescribed corporation being a banking corporation and on this basis:

- (i) the accompanying profit and loss statements are drawn up so as to give a true and fair view of the profit of the Company and its subsidiaries for the year ended 30 September 1989;
- (ii) the accompanying balance sheets are drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries as at 30 September 1989; and
- (iii) are in accordance with applicable Approved Accounting Standards and with Australian Accounting Standards apart from the departures referred to in note 1 in respect of banking corporations for the reasons stated therein.

It is also the opinion of the directors that at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and be able to meet any obligations or liabilities that may arise from any guarantees or undertakings given to certain subsidiaries specified in note 27 in terms of National Companies and Securities Commission class orders dated 22 April 1986 and 9 August 1988.

Dated at Melbourne this 7th day of December 1989.

Signed in accordance with a resolution of the directors,



M.D. Bridgland *Chairman*



W.J. Bailey *Deputy Chairman and Group Chief Executive*

Auditors' report

To the Members of Australia and New Zealand Banking Group Limited

We have audited the accounts set out on pages 6 to 35 in accordance with Australian Auditing Standards.

In our opinion the accounts are properly drawn up in accordance with the provisions of the Companies (Victoria) Code in the manner authorised for a prescribed corporation being a banking corporation, and on this basis:

- (i) give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 1989 and the profit of the Company and the Group for the year ended on that date so far as they concern members of the Company and the other matters required by Section 269 of that Code to be dealt with in the accounts and in Group accounts; and
- (ii) are in accordance with applicable Approved Accounting Standards and with Australian Accounting Standards apart from the departures referred to in note 1 in respect of banking corporations with which we agree for the reasons therein stated.

The names of the subsidiaries of which we have not acted as auditors are identified in note 27. We have examined their accounts and the auditors' reports thereon.



Peat Marwick Hungerfords
Chartered Accountants



P.M. Burroughs *Partner*

Melbourne
7 December 1989

Supplementary information - additional financial data

Australia and New Zealand Banking Group is in the process of filing a registration statement with the United States Securities and Exchange Commission (SEC). The filing contains additional financial statistical disclosures, extracts of which are available from The Group Secretary upon request at ANZ Banking Group Limited, 13th floor, 55 Collins Street, Melbourne, Victoria Australia 3000.

Supplementary information - analysis of shareholdings

- 1 Twenty largest shareholders
- 2 Average size of shareholdings
- 3 Distribution of shareholdings
- 4 Categories of shareholders
- 5 Voting rights of shareholders
- 6 Holders of non-marketable parcels
- 7 Employee shareholder information
- 8 Directors' shareholding interests at 7 December 1989

1: Twenty largest shareholders

As at 17 November 1989 the twenty largest shareholders held 384,083,066 shares which is equal to 41.9 per cent of the total issued capital of 916,375,632 shares of \$1 each.

Shareholders	No. of shares	%
National Nominees Limited	60,365,812	6.6
Australian Mutual Provident Society	50,726,675	5.5
Snipe Nominees (1981) Pty Ltd	41,528,276	4.5
ANZ Nominees Limited	30,578,887	3.3
Pendal Nominees Pty Limited	26,202,811	2.9
Winstonola Nominees Pty Ltd	24,644,752	2.7
Perrodon Nominees Pty Ltd	18,918,515	2.1
Chase AMP Nominees Ltd	16,445,000	1.8
The National Mutual Life Association of Australasia Limited	13,833,671	1.5
CTB Nominees Limited	13,658,606	1.5
Queensland Treasury Corporation	11,577,009	1.3
State Authorities Superannuation Board	11,139,562	1.2
Bank of New South Wales Nominees Pty Limited	9,989,795	1.1
ANZ Executors Nominees (NSW) Limited	8,990,647	1.0
MLC Life Limited	8,958,036	1.0
Government Insurance Office of New South Wales	8,000,061	0.9
Stuparts Limited	7,617,535	0.8
Pearl Assurance Public Limited Company	7,465,987	0.8
Superannuation Fund Investment Trust	6,792,870	0.7
The Mercantile Mutual Life Insurance Company Limited	6,648,559	0.7
	384,083,066	41.9

2: Average size of shareholdings

As at 17 November 1989 the average size of shareholdings was 10,995 (1988: 11,559).

3: Distribution of shareholdings

Range	Number of holders	% of holders	Number of shares ('000s)	% of shares
1 to 1,000 shares	28,309	34.0	12,231	1.3
1,001 to 5,000 shares	39,896	47.9	95,876	10.5
5,001 to 10,000 shares	8,830	10.6	60,591	6.6
Over 10,000 shares	6,310	7.5	747,678	81.6
	83,345	100.0	916,376	100.0

4: Categories of shareholders

	Number of holders	% of holders	Number of shares ('000s)	% of shares
Individual holders	65,256	78.3	203,599	22.2
Joint holders	8,680	10.4	30,098	3.3
Banks and insurance companies	1,079	1.3	149,692	16.3
Trustee companies	655	0.8	23,701	2.6
Pension funds	54	-	30,854	3.4
Nominee companies	1,460	1.8	321,970	35.1
Other	6,161	7.4	156,462	17.1
	83,345	100.0	916,376	100.0

5: Voting rights of shareholders

The articles provide for:

- i) on show of hands: 1 vote
- ii) on a poll: 1 vote each fully-paid and 50 cent paid share held; and
1 vote for every 10, 10 cent paid shares issued pursuant to the company's senior officers' share purchase scheme and the directors' share and option purchase scheme.

6: Holders of non-marketable parcels

As at 17 November 1989, shareholdings of less than a marketable parcel (1 share to 99 shares) totalled 1,880 (1988: 1,454), which is equal to 2.3% of the total number of shareholdings.

7: Employee shareholder information

As at 17 November 1989 participants in the employee and senior officers' share purchase schemes held 2.2% of the issued share capital.

8: Directors' shareholding interests at 7 December 1989

	Beneficially held Shares		Options (iii) (all beneficially held)	Non-beneficially held shares	
	Fully paid	Partly paid		Fully paid	Partly paid (ii)
		(i)	(ii)		
M.D. Bridgland	87,909	-	-	50,000	
W. J. Bailey	148,758	-	11,771	50,000	
Sir Roderick Carnegie	53,077	50,000	17,179	50,000	5,077 846
J. C. Dahlsen	19,500	50,000	-	50,000	10,000
D. C. L. Gibbs	30,775	50,000	9,295	50,000	
R.K. Gosper	-	50,000	-	50,000	
J. B. Gough	70,641	50,000	18,651	-	
C. J. Harper	20,679	40,000	-	50,000	
W. J. Holcroft	162,946	-	-	-	
Dame Leonie Kramer	6,590	45,000	-	50,000	
Sir Laurence Muir	82,559	10,000	14,306	50,000	
R.A.D. Nicolson	115,866	-	16,219	50,000	
B. W. Scott	2,394	50,000	8,605	50,000	
Sir Ronald Trotter	-	50,000	-	50,000	
R. B. Vaughan	6,751	50,000	-	50,000	
	808,445	495,000	96,026	650,000	15,077 846

- (i) Ordinary shares of \$1.00 each paid as to 10 cents only issued pursuant to the directors' share and option purchase scheme.
- (ii) Partly paid ordinary shares of \$1.00 each paid as to 50 cents with \$1.90 payable on 10 September, 1990 (being 50 cents capital and \$1.40 premium)
- (iii) Options issued pursuant to the directors' share and option purchase scheme to take up shares in the Company during the period of 5 years after issue at market prices fixed as at the time of issue less 1 cent which amount of 1 cent was paid on issue of the option.



Australia and New Zealand Banking Group Limited