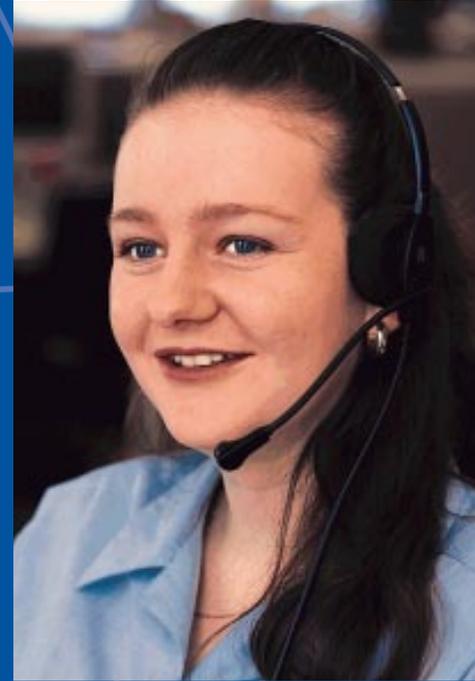
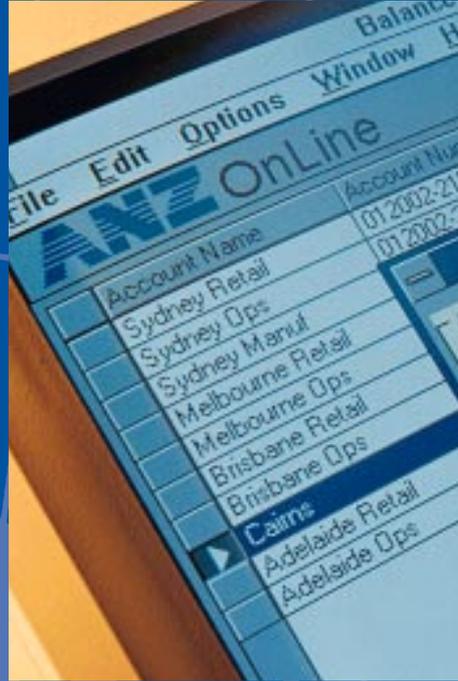


AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED



1996 Annual Report



Key Dates

Books close for
Final Dividend

13 December 1996

Annual General
Meeting

15 January 1997

Payment of
Final Dividend

15 January 1997

Announcement of
Interim Results

28 May 1997*

Books close for
Interim Dividend

6 June 1997*

Payment of
Interim Dividend

7 July 1997*

Announcement of
Final Results

19 November 1997*

*tentative dates only

C O N T E N T S

ANZ at a Glance 2

Brief overview of the Group, Australia,
New Zealand and International operations



Chairman's Report 4

"good profit outcome for shareholders"



Chief Executive Officer's Review 6

"change initiatives are the key task"

Key Strategic Initiatives 8

ANZ Investment Bank
Back Office Support Projects
Commercial Banking System



Commentary



Australia 10

"new delivery channels"



New Zealand 12

"facing competitive pressures"



International 14

"strong growth"

Management Structure 16

Board of Directors 18

Corporate Governance 20

Risk Management Framework 22

Financial System Inquiry 24



ANZ in the Community and Environment 25

Seven Year Summary 27



Review of 1996 Results 28

Financial Highlights in Key Currencies 32

1996 Financial Statements 33

ANZ's Worldwide Representation 119

Shareholder Information Inside back cover

Cover:

Five channels of banking available
to ANZ customers –

Front: Smart Card Technology p10

OnLine Banking p10

Customer Service Officer p8

Back: Supermarket Banking p12

Branch Network

Australia and New Zealand Banking Group Limited
ACN 005 357 522

Paper: Corporate Section – 100% Australian paper

Financial Statements – 100% Australian recycled paper

Unless otherwise stated, all amounts are expressed in Australian dollars

ANZ INTERNET ADDRESS Home Page: www.anz.com

WHO WE ARE

ANZ is Australia and New Zealand's international bank.

In our home markets of Australia and New Zealand, we are a major financial institution providing the full range of banking and other financial services. We seek to differentiate ourselves from our competitors by the quality of our customer service, our professionalism, and our international capability.

Overseas, we have a significant presence in countries from the Middle East through South and East Asia to the Pacific – the region of greatest geographic and economic relevance to Australia and New Zealand. These businesses are complemented by wholesale and investment banking operations in the world's major financial centres.

OUR VALUES

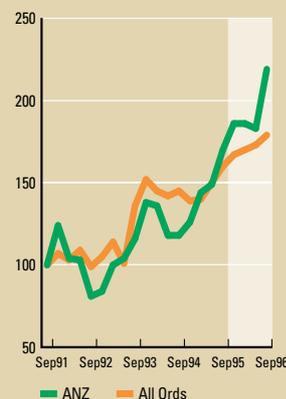
- We have a strong customer focus and build relationships based on integrity, superior service and mutual benefit.
- We strive for profit and sound growth.
- We work as a team to serve the best interests of the Group.
- We are relentless in pursuit of business innovation and improvement.
- We value and respect people and make decisions about people based on merit.
- We base recognition and reward on performance.
- We value open and honest communication.
- We are responsible, trustworthy and law-abiding in all we do.

What was achieved in 1996

- Profit growth of 8%
- Asset growth of 13%
- 18.3% return on shareholders' equity
- Increased dividends, 42 cents from 33 cents
- Fully franked final dividend
- Upgrade to AA status

● Creation of shareholder value

Sharemarket Accumulation Index



GROUP PROFILE



\$128B	Group Assets
43	Countries of Operation
39,721	Employees
\$6.3B	Shareholders' Equity
1,744	Points of Representation

The Group originated in the United Kingdom in 1835 when the Bank of Australasia was established by Royal Charter.

In 1951, The Bank of Australasia merged with Union Bank of Australia to form Australia and New Zealand Bank Limited which in 1970 merged with The English, Scottish and Australian Bank Limited.

In 1977 ANZ transferred its domicile from the United Kingdom to Australia (Melbourne).

In 1979 ANZ acquired the Bank of Adelaide.

In 1984 ANZ acquired Grindlays Bank plc.

In 1989 ANZ acquired PostBank Limited (in New Zealand).

In 1990 ANZ acquired both the National Mutual Royal Bank Limited and the Town & Country Building Society in Australia.

Performance

- Operating profit after tax \$1,116 million
- Return on shareholders' equity 18.3%
- Earnings per share 76.3 cents
- Annual dividend 42 cents
- Asset growth 13%
- Return on average risk weighted assets 1.3%

Highlights

- Credit rating upgrade
- Franking lifted to 100% of final dividend
- ANZ Grindlays became an Australian bank
- Introduction of Economic Value Added
- Formation of ANZ Investment Bank
- Risk management further strengthened
- Group Human Resources strategy developed

Forward Strategy

- Growth, strongest in international operations
- Achievement of significant efficiency gains

AUSTRALIA



\$75B	Assets
59%	of Group Assets
23,727	Employees
1,070	Branches
1,010	Automatic Teller Machines
17,315	EFTPOS Machines

ANZ is one of the "big four" Australian domestic banks providing a full range of financial services. Within this spectrum, ANZ's relative strengths are in business banking, cards and international banking services.

Through wholly owned subsidiaries ANZ offers complementary financial services - investment and insurance services through ANZ Funds Management; personal and corporate stockbroking services through ANZ Stockbroking and ANZ Securities Limited; and specialised leasing, motor vehicle and property finance services through Esanda Finance Corporation Limited, the largest finance company in Australia.

Performance

- Operating profit after tax \$657 million
 - Banking \$498 million
 - Esanda \$100 million
 - ANZ Funds Management \$59 million
- Return on average risk weighted assets 1.2%
- Lending growth 10%

Highlights

- Customer satisfaction rated above competitors
- Centralisation of back office functions
- New products launched
 - ANZ Direct • ANZ OnLine
 - Qantas Telstra Visa Card
- EFTPOS terminal base doubled
- Strong funds management product growth

Forward Strategy

- High focus on cost control
- Business Banking efficiency improvements
- Branch rationalisation
- 24 hour telephone banking
- Internet Banking
- Smart cards
- Growth in ANZ Funds Management
- Building on ANZ's international and investment banking capability

NEW ZEALAND



\$17B	Assets
14%	of Group Assets
5,939	Employees
259	Branches
303	Automatic Teller Machines
11,514	EFTPOS Machines

ANZ has been operating in New Zealand since 1840. ANZ is the oldest and one of the largest banks in the country.

ANZ provides a complete range of products and services to the retail and business markets, and is known as New Zealand's export bank.

The finance subsidiary (UDC Finance Limited) is New Zealand's largest finance company specialising in leasing and motor vehicle finance.

ANZ Securities (NZ) Limited provides wholesale broking services while ANZ Funds Management provides investment management services.

Performance

- Operating profit after tax \$138 million (Pre-tax profit same as 1995 record)
- Return on average risk weighted assets 1.1%
- Lending growth 13%

Highlights

- Intense competition in overbanked market
- Market share maintained
- Shift to electronic delivery continues
- EFTPOS terminals more than doubled
- Supermarket branches, telephone and bill payment service introduced
- Number of branches reduced by 61
- 42% growth in funds under management in ANZ Funds Management
- Non-executive directors appointed to ANZ (New Zealand) Board

Forward Strategy

- High focus on cost control
- Restructuring delivery channels
- Further branch rationalisation
- Building on ANZ's international and investment banking capability

To page 12 for details

INTERNATIONAL



\$35B	Assets
27%	of Group Assets
41	Countries of Operation
10,055	Employees
208	Branches & Representative Offices

ANZ has a network of niche banking operations (principally trading as ANZ and ANZ Grindlays) providing trade finance and commercial banking services in 41 countries outside Australia and New Zealand, mainly throughout Greater Asia (pages 119 & 120 list ANZ's worldwide representation).

This network is complemented by an active presence in major global financial centres.

ANZ provides on-the-ground banking services to support the international activity of ANZ's customers worldwide.

Performance

- Operating profit after tax \$321 million
 - UK & Europe \$106 million
 - Asia Pacific \$99 million
 - South Asia \$36 million
 - Americas \$38 million
 - Middle East \$42 million
- Return on average risk weighted assets 1.7%
- Lending growth 18%

Highlights

- ANZ Grindlays Bank migrated to Australia
- ANZ Investment Bank formed
- New branches in Ho Chi Minh City (Vietnam) and Manila (Philippines)
- ANZ Link introduced into China, Middle East and countries in the Pacific
- New banking system (CBS) piloted
- Expansion of international card activity
- Best Australian Large Business Activity in Asia Award

Forward Strategy

- Expand ANZ's representation
- Installation of new banking system
- Expansion of international cards & electronic banking and other global products
- Expand ANZ Investment Bank activities
- Grindlays Private Banking refocus and expansion

To page 14 for details

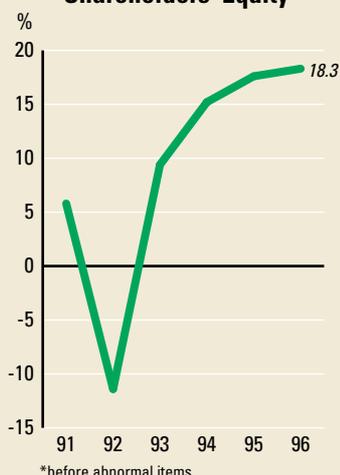
CHAIRMAN'S REPORT



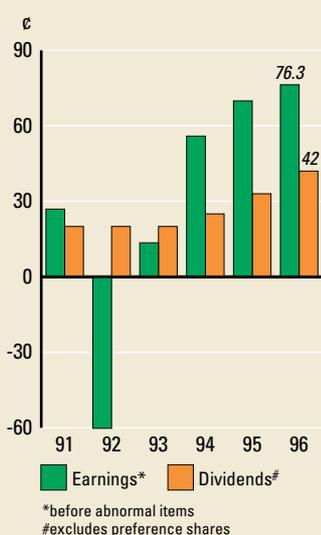
Dear Shareholders

In 1996 ANZ achieved a good profit outcome for shareholders. The profit of \$1,116 million is an 8% increase on the 1995 profit before abnormal items. The result was built around continued growth of the Group's business across all sectors, particularly the international operations. Dividends were increased with the final dividend fully franked.

Return on Average Shareholders' Equity*



Earnings and Dividends Per Share



Earnings per share grew by 11% to 76.3 cents for the year. Dividends were increased to 42 cents per share for the year, compared to 33 cents in 1995. The 1996 final dividend of 24 cents was fully franked at 36%.

We are particularly pleased to be able to move to full franking earlier than had been anticipated. We expect to sustain full franking at least for the 1997 financial year. However, there may be some limit on our franking capacity thereafter if the proportion of Group profits earned offshore continues to increase.

A highlight of the year was the upgrade in ANZ's credit ratings by US rating agencies Moody's Investors Service and Standard and Poor's. These upgrades returned the Group to "AA" status and recognised the improvement in our financial position. The upgrades also reflected comfort with the changes we have made to the way we manage risk throughout the Group. We now have considerable expertise in this area which will benefit ANZ through the economic cycle.

Corporate Structure

Two major changes to our corporate structure were completed during 1996.

First, the domicile of the major offshore subsidiary ANZ Grindlays Bank was migrated to Australia from the United Kingdom. This brings together all the Group's head office functions in Melbourne and will enable better co-ordination and support of our international operations in South Asia and the Middle East.

The second change was bringing together in one business unit all the investment banking activities of the Group. We have had significant investment banking operations for a long time, particularly in Australia and London. The co-ordination of these activities on a global basis will enable us to maximise business opportunities wherever they occur.



With the migration of ANZ Grindlays, Sir Brian Shaw, Sir John Thompson and Mr Rick Wheeler-Bennett have retired from the Board of ANZ Grindlays. We wish them well and thank them for their significant contributions over many years.

With ANZ Grindlays now an Australian registered bank, Ms Margaret Jackson and Dr Brian Scott, non-executive directors of the Group, have also become non-executive directors of ANZ Grindlays. Also, in Australia, Mr Donald McDonald, Mr Charles Williams and Mr Lawrence Willet AO, became non-executive directors of companies within the ANZ Funds Management group.

In New Zealand, the Hon Fran Wilde and Mr Jeff Todd joined the Board of ANZ Banking Group (New Zealand) Limited.

We warmly welcome them all to ANZ.

Managing for Increased Shareholder Value

Many companies around the world have been seeking ways to align management objectives more closely with the creation of long term shareholder value. The Economic Value Added methodology developed by consulting firm Stern Stewart & Co (EVA™) is one approach gathering support among industrial companies and financial institutions worldwide. EVA is a method of determining how much shareholder value has been created. It measures profit contributions after making a charge for credit risk, which represents an estimate of credit costs over an economic cycle, and after an allowance for the cost of capital. ANZ is now using EVA to bring increased focus on customer and business unit profitability and as a basis for management remuneration.

The introduction of EVA based remuneration is part of the Group's focus to improve the way we motivate, assess and reward staff which is so important in a changing environment.

Structural Change in the Financial Services Industry

Technological development is driving enormous change in the banking industry. New, more convenient and more efficient ways to deliver banking services are now available to customers, and new providers are entering the industry. At the same time distinctions between providers of

different financial services are becoming increasingly blurred. The Government has commissioned a review of the regulatory framework governing the financial system, chaired by Mr Stan Wallis. ANZ supported the holding of such an inquiry and has submitted a detailed statement, a summary of which is contained on page 24 of this report.

Your directors believe ANZ is of sufficient size, and has the growth opportunities available to continue to be a successful independent bank in the changing environment.

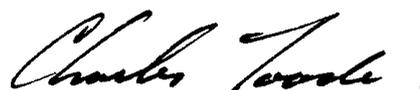
Outlook

We expect an acceleration in economic activity in Australia later in 1997, but growth in the first half is likely to remain subdued. There are some risks to the short-term outlook for New Zealand arising from the prolonged period of very high real interest rates and uncertainty surrounding the new political arrangements there. Asia as a whole should continue to enjoy strong economic growth. However some countries within Asia may encounter periods of less robust growth than in recent years.

The challenges now facing ANZ are very different from the last four years. The return to full franking and 'AA' status completes the recovery process. ANZ is financially strong and well able to meet the competitive challenges now in front of us.

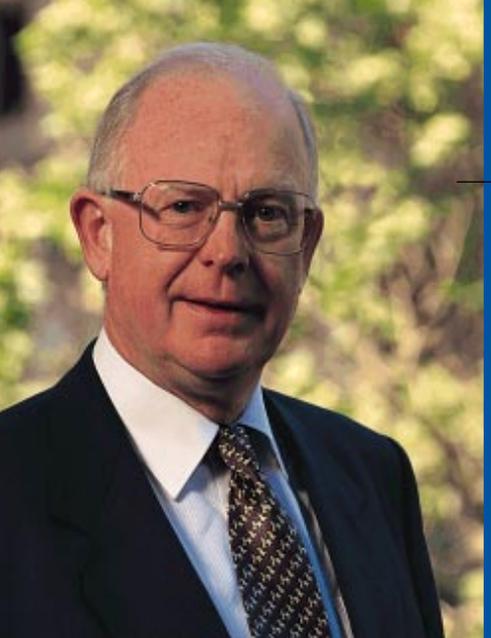
Our franchises at home and abroad are strong with growth opportunities, particularly in our international operations. While we are facing increasing competitive pressure in our domestic banking markets, the initial benefits from the major restructuring program now underway are expected to emerge during 1997.

Overall, ANZ is well placed to continue to add to shareholder value over the coming years.



Charles Goode
Chairman





CHIEF EXECUTIVE OFFICER'S REVIEW

The Group profit in 1996 of \$1,116 million represents an 18.3% return on shareholders' equity. This is a good result, achieved under very competitive market conditions.

With the Australian finance industry undergoing rapid change, the challenge for management is to increase earnings, while investing in major change programs to reposition the Group for the future.

1996 in Review

ANZ achieved an 8% increase in operating profit after tax to \$1,116 million in the year ended 30 September 1996. There were no abnormal items. The 18.3% return on shareholders' equity is significantly above the Group's cost of capital.

Our international operations contributed to the Group result with strong lending growth, particularly in Asia, and a good performance by our investment banking operations in London.

In Australia, we have seen a reduction in underlying profitability reflecting very competitive market conditions, higher personnel costs and the additional costs associated with the significant re-engineering program underway. However we benefited from a lower charge for doubtful debts and a lower effective tax rate.

In New Zealand underlying earnings remained stable. The benefits of asset growth were offset by competitive pressures on interest margins. Re-engineering costs continue to be a significant factor in New Zealand.

Managing our People

The rate of technological advance and change in the finance industry is creating challenges for the way we manage our staff. Skill requirements are changing, and entire job functions are being eliminated. Nevertheless, the delivery of superior service to our customers remains dependent upon the best use of resources, both people and technology. ANZ is committed to attracting, retaining and developing staff of the highest calibre. Building on ANZ's core values we have developed

a comprehensive human resources philosophy to provide the framework for managing our people. Central to this is our intention to make improvements in the way we assess, develop and reward individuals to build a performance based culture throughout the Group.

A key tenet of this philosophy is to treat all staff fairly and with dignity and respect. These principles particularly apply in handling issues associated with the restructuring program. ANZ is open and honest in communication with staff and follows the procedures endorsed by respective industrial relations authorities. Restructuring is never an easy process, but is absolutely necessary if ANZ is to remain a competitive, successful and independent financial institution.

Strategic Challenges

The strategic issues ANZ faces in our domestic markets and overseas are very different. In Australia and New Zealand the priority is to restructure our business to meet the challenges of intense competition. In our international operations the objective is the continuation of sound growth.

Australia

New competitors and new lower cost delivery channels are driving downward pressure on interest margins making improving efficiency in the delivery of financial services essential.

We have had several initiatives underway for the past two years to improve efficiency through centralisation of back office activity and closer targeting of services to customer needs. These



Group Results*			
	1996	1995	1994
Operating profit after tax (\$M)			
– Australia	657	612	457
– New Zealand	138	146	95
– International	321	275	251
Total	1,116	1,033	803
Operating profit before debt provisions and tax (\$M)	1,769	1,722	1,586
Return on average shareholders' equity (%)	18.3	17.6	15.2
Return on average risk weighted assets (%)	1.3	1.3	1.1
Cost to income (%)	67.3	65.9	66.0
Total assets (\$B)	128	113	104
Capital adequacy (%)	10.5	10.9	11.3
Employees (full-time equivalents)	39,721	39,240	39,642

*before abnormal items

initiatives are now well advanced, with the new centralised support platform now complete. The task for 1997 is to complete the implementation of these initiatives and achieve the benefits.

ANZ also has developed new products to deliver banking services electronically including ANZ OnLine for business customers and ANZ Direct for retail customers. With the high level of customer acceptance of these products their use will continue to grow rapidly.

New Zealand

Competitive conditions are even more intense in New Zealand leading to significant falls in interest margins during 1996. For the past two years we have been working to migrate customer transactions to lower cost delivery channels. The number of ATMs and EFTPOS terminals have been increased, telephone banking has been introduced and new card products launched. Strong growth in the use of electronic systems has enabled a reduction in the number of branches. This focus on improving efficiency will continue through 1997.

International

The strategic expansion of our operations in East Asia over recent years has identified ANZ as Australia and New Zealand's international bank. In 1996 we opened branches in Manila (Philippines) and Ho Chi Minh City (Vietnam). We will continue to broaden and deepen this network. To support expansion, and to improve

efficiency, we are investing in a new core banking system to be installed across the network over the next two years (see page 8).

We will also increase the range of banking services provided in many countries with the introduction of electronic and card based products.

We have re-organised our investment banking activities to create a global line of business which can deliver the best that ANZ can offer wherever in the world this is required. For example, our largest customers in Australia can now benefit from the full range of ANZ's London based expertise in Treasury, Capital Markets and Structured and Project Finance (see page 9). We are pleased that John Sunderland, previously a senior executive with BZW, has joined us to head up ANZ's investment banking activities.

Systems Integrity

One of the rather different issues we face relates to the integrity of our computer systems after 31 December 1999. Systems may require modification to ensure that transactions are accurately processed when the change to the year 2000 occurs. At this stage the review is not complete and the total costs of the modifications cannot be quantified.

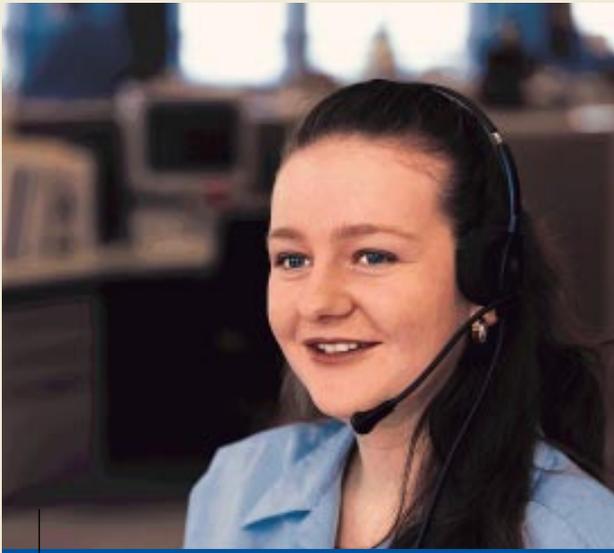
Conclusion

We see growth opportunities for the Group particularly in our international operations and also in investment banking, cards and funds management. However, the benefits of growth are likely to be partially offset by a further contraction of interest margins in Australia and New Zealand in the year ahead. Completion of the implementation of our change initiatives to improve efficiency is the key task for 1997. This will involve some branch closures as banking services are increasingly delivered to customers using electronic channels. We expect the initial benefits to emerge during 1997, with more significant benefits thereafter.



Don Mercer
Chief Executive Officer





Angela Olsen, Customer Service Officer.

The National Teleservicing Centre has the capacity to handle most of the 120,000 phone calls received from customers daily.

Back Office Support Projects

In the early 1990s ANZ was the first major bank to remove back office functions from metropolitan branches to improve efficiency and free up staff to concentrate on customer service. Phase two, the centralisation of back office functions from a zone basis (13 around Australia) to national centres, has been underway for the past 18 months and is now almost complete. This has involved reducing the number of back office processing sites from 33 to 8 and the extension of centralised back office support services to include country branches.

A key facility in this program is located in Flinders Street, Melbourne. The National Teleservicing Centre has the capacity to handle most of the 120,000 phone calls ANZ receives from customers daily and operates from 8.00am to 8.00pm. In early 1997, telephone banking will be extended to allow customers 24 hour access to obtain account balances, transfer funds between accounts and pay bills.

Support for retail lending activities has also been centralised incorporating computer assisted online credit assessment which enables branch staff and mobile lenders to advise most customers of the decision on their mortgage application immediately on completion of the interview. The monitoring of loans to ensure accounts are in order and initiation of any necessary follow-up action is also controlled from the centre.

The centralisation of transaction processing into co-ordinated state based sites enables more efficient processing and storage of banking instructions.

Overall, these projects provide ANZ with a state of the art support platform to significantly improve efficiency and customer service.

Commercial Banking System

ANZ operates in 41 countries outside the domestic markets of Australia and New Zealand. However, the 170 branches that make up the international network have very different support systems, many of which are still heavily manual and are becoming dated.

A key strategic initiative for ANZ has been to develop and install a modern core banking system throughout the international network to support the full range of banking products and services. Such a system, internally referred to as the Commercial Banking System or CBS, has now been developed. It will replace all existing computer and paper based processing, accounting and management information systems.

CBS offers significant benefits to both ANZ and its customers. For ANZ the installation of a standard system throughout the international network will increase efficiency through the elimination of manual back office tasks, reduce the costs of supporting the current multitude of systems and improve the collection of accounting

Josephine Sam, Customer Services in Port Vila.

Day 1 for CBS, ANZ's new Commercial Banking System for the international network.



and risk management information. Importantly, it provides the platform to support multibranch banking, as well as enabling the introduction of retail banking products not currently offered. For ANZ customers CBS will provide a range of consistently high standard banking products and customer information and will enable improved electronic access including remote access to bank accounts in different countries.

The development phase of CBS has been completed with the initial pilot in Vanuatu operating successfully since May. The second installation is now underway in Bahrain. The system will be rolled out to other points of the network over the next twenty-four months.

Formation of ANZ Investment Bank

A key part of ANZ's business banking franchise has been the provision of professional Treasury and other sophisticated banking services to large corporate and institutional customers in Australia, New Zealand and overseas. Around the world some 2,000 staff are involved in this part of ANZ's business.

Up to now ANZ has been organised primarily geographically with reporting lines running to "country heads". To improve product delivery co-ordination across borders, optimise the use of ANZ expertise wherever it is located around the world, assist innovation and improve risk

management, we are drawing all investment banking activities into one unit, ANZ Investment Bank. This will be organised on functional rather than geographical basis.

The key global lines of business forming the Investment Bank are:

- **Financial Markets** encompassing foreign exchange, derivatives, capital market activities including specialist funds management and money markets;
- **Global Structured Finance** including project finance, corporate finance, originations and syndications, leasing and tax based finance and Islamic finance;
- **Stockbroking and related services** including equity derivatives, capital raising, advice and the distribution of ANZ originated Australian, New Zealand and selected Asian equity research;
- **Relationship Management** for large corporate customers covering Australia, New Zealand, Asia, UK/Europe and the Americas.

Importantly ANZ's on-the-ground banking capability in Asia, where so many infrastructure projects will proceed in coming years, will be a competitive advantage for ANZ in winning business.

ANZ has drawn all investment banking activities into one unit including Treasury functions in Australia and overseas.
ANZ Treasury, Melbourne.





With 59% of Group assets generating an equivalent percentage of Group earnings, the Australian operations remain the largest part of ANZ's business. Reasonable loan growth continues to be achieved in Australia, although intense competitive pressures are reducing fee income and margins. A major transformation program has been underway to centralise back office functions and utilise new technology to improve efficiency and customer service. The initial benefits of this program will emerge during 1997 with more significant benefits thereafter.

ANZ OnLine:
Electronic delivery channels are changing the nature of retail and business banking in Australia.

1996 Financial Performance

The Australian operations produced a contribution to Group profit of \$657 million, up 7% from 1995. Lower provisions for doubtful debts and a lower effective tax rate offset the reduction in underlying earnings.

Australian lending assets grew 10% with reasonable growth in home mortgage and corporate lending. However, competitive pressures reduced interest margins in the second half of the year. Retail lending fees were also lower due to competitive pressure.

Costs were higher, mostly in personnel. Personnel costs increased as a result of additional staff being employed in the implementation phase of the major change programs, salary increases from the enterprise bargaining agreement, the effect of the move to total employment cost packaging for managerial staff, restructuring expenses and profit participation by staff. Costs associated with developing and running computer systems also increased, while premises costs fell.

Asset quality continues to improve. The level of net non-accrual loans fell by over \$300 million or 36%. The total charge to profit for doubtful debts was lower as a reduction in the general provision charge more than offset a higher specific provision charge. The increase in the specific provision charge reflected a lower level of recoveries and releases rather than an increase in new and top-up provisions, which remained stable.

Increased levels of tax preferred income and the favourable resolution of issues under dispute with revenue authorities led to the lower effective tax rate.

Business Developments

Growth in the use of electronic delivery channels is changing the nature of retail and business banking in Australia. ANZ's major projects to centralise back office functions on a national basis and more fully utilise online computer assisted credit assessment, are now in their final phases of implementation. Further details on this initiative are on page 8.

Throughout this process ANZ has maintained the focus on customer service. Independent market research shows ANZ as having a clear lead over other major banks in regard to retail customer satisfaction. Along with the extension of the ATM and EFTPOS networks, alternative forms of banking have also been trialled including the opening of banking facilities in four supermarkets.

ANZ has introduced a new direct banking service for customers in Sydney, ANZ Direct. This includes a range of very competitive mortgage products along with transaction account and funds management products delivered only through electronic channels. The developments during the year have been managed against a background of major computer and procedural changes to ensure compliance with the new Uniform Consumer Credit Law.

Cards are the key to access electronic banking services. The issuing of 370,000 ANZ Telstra Visa Cards since the launch in June 1995 has significantly increased our penetration in the cards market and led to a 45% increase in business turnover. Qantas joined the program in September with the launch of the ANZ Qantas Telstra Visa Card allowing customers to build frequent flyer points.

Australian Results*

	1996	1995	1994
Operating profit after tax (\$M)	657	612	457
Operating profit before debt provisions & tax (\$M)	1,016	1,055	953
Return on average risk weighted assets (%)	1.2	1.2	0.9
Total assets (\$B)	75	68	64
Employees (full-time equivalents)	23,727	23,129	23,596
Total points of representation	1,261	1,322	1,396

*before abnormal items

Esanda, ANZ's finance company, achieved \$4.9 billion in new business writings, an increase of 2.5% on 1995. Market conditions were very competitive, which caused a decline in margins and overall profit. A major initiative is underway to re-engineer Esanda's operations using technology to automate work flows and improve efficiency.

ANZ Funds Management again achieved strong growth in sales through the branch network with total retail funds under management increasing by 11% to \$7.2 billion. Profits were slightly below the 1995 record profit which benefited from a reassessment of mortality assumptions in ANZ Life.

In Business Banking the process of market segmentation to improve service delivery across the range of business customers is now complete. The use of risk adjusted measures as the financial benchmark for assessing customer profitability is driving management strategies to improve credit quality while maximising income and reducing costs.

The position of trade finance and other international banking services has always been a key part of ANZ's business, linking the traditional domestic business banking franchise with the overseas network. Process re-engineering and new technology such as ANZ OnLine will enable significant improvements in the delivery of customer service to be achieved over the next 12 months.

At the top end of the corporate market, the global needs of ANZ's largest corporate customers are being met through ANZ Investment Bank. This includes treasury operations in Australia, which continue to perform well, and the stockbroking subsidiary, ANZ Securities, which has substantially completed its rebuilding program.

Stored value cards were successfully piloted during 1996 for wider use in 1997.

Outlook

A reasonably promising outlook for the global economy will support continued growth in Australia. However, Australian growth rates are likely to remain subdued into the first half of 1997, ahead of an expected acceleration in activity later in the year and into 1998. Longer-term prospects for Australia will be shaped by the Government's success in its labour market reforms and in improving the country's national saving performance.

ANZ expects continued intense competitive pressures in the financial services industry to lead to a further contraction of interest margins. The task for ANZ in 1997 is to complete the implementation of the re-engineering initiatives we have been working on over the past eighteen months. This will involve some branch closures as banking services are increasingly delivered to customers using electronic channels.

During 1997 ANZ will be launching further new banking services, including the introduction of 'around the clock' telephone banking service using interactive voice response technology, providing home banking facilities over the internet and expanding the use of stored value cards.

Funds management is the fastest growing part of the Australian financial system and ANZ expects to participate fully in that growth.

In summary, the key focus for 1997 will be to continue with the restructuring of the Australian operations and ensure the initial benefits emerge during the year with more significant benefits to flow thereafter.





With \$17 billion in total assets earning \$138 million after tax, the Group's New Zealand operations accounted for 14% of total assets and 12% of total profit in the 1996 financial year.

The banking environment in New Zealand remains intensely competitive with increased activity from non-traditional players in both the consumer and business markets. ANZ's focus is to improve efficiency and customer service through the continued migration of customers to electronic delivery channels and rationalisation of the branch network, while continuing to grow the business.

1996 Financial Performance

The performance of the Group's operations in New Zealand remains satisfactory. Underlying earnings were about the same as in 1995, while an increase in the effective tax rate reduced profits.

Strong growth was achieved in both business and home mortgage lending. Overall lending assets grew by 13%, reflecting a slight increase in market share. However, very competitive conditions reduced margins, leaving net interest income down slightly. Non-interest income increased as a result of the expansion of UDC's operating lease business and growth in income from cards.

Costs increased by 8%, principally reflecting increased staff salaries, restructuring costs and direct revenue costs. However, greater focus on cost management and a 4% reduction in staff numbers meant there was little increase in costs in the second half.

Asset quality in New Zealand remains very good. The charge to profit for doubtful debts remained at a low 0.1% of net lending advances.

Business Developments

The central focus of ANZ's strategy in New Zealand has been to migrate customers to more convenient and efficient electronic delivery channels, and to seek other internal efficiency gains. Over the year ATM numbers increased by a further 11% while EFTPOS terminals more than doubled to 11,500 nationwide. Telephone banking has also seen a strong growth in registered customers, giving a market penetration of around 10% of the population.

The increased use of electronic channels is facilitating the reshaping of the distribution network. Branch numbers were reduced from 320 to 259. At the same time, alternative specialist sales channels such as supermarket banking and mobile mortgage managers are being trialled or expanded. Good growth in home mortgage lending and retail deposits continues to be achieved.

ANZ retains a strong position in the business banking market by providing a full suite of corporate, treasury and international services. To further improve customer service, business banking activities were segmented into Corporate, Middle Market, and Property, while the global needs of the largest corporates are served by ANZ Investment Bank.

The finance company subsidiary, UDC, which is the largest finance company in New Zealand, had another outstanding year. Increased operating lease activity offset the competitive pressure on interest margins resulting in another record profit.

Very strong growth in both retail and wholesale funds (42%) saw ANZ Funds Management (ANZFM) in New Zealand exceed the \$NZ1 billion funds under management mark. Good investment performance underpinned this growth. ANZFM's outstanding performance was acknowledged by receipt of the industry awards for the most improved fund manager, the third best fund manager overall (out of 35) and the first among major banks.

ANZ/PostBank is New Zealand's third largest banking group.



New Zealand Results*

	1996	1995	1994
Operating profit after tax (\$M)	138	146	95
Operating profit before debt provisions and tax (\$M)	222	224	159
Return on average risk weighted assets (%)	1.1	1.3	1.0
Total assets (\$B)	17	15	13
Employees (full-time equivalents)	5,939	6,205	6,313
Total points of representation	275	351	424

*before abnormal items

Board Appointments

Following changes to the regulatory regime in New Zealand, the Group was pleased to appoint Mr J G Todd and the Hon F H Wilde as non-executive directors to the Board of ANZ Banking Group (New Zealand) Limited. Mr Todd, with his background in accounting and superannuation reform, brings to the Board detailed knowledge and understanding of the finance industry, while Ms Wilde's broad experience in local and national politics and business also brings an added and most valuable perspective to ANZ's New Zealand operations.

Outlook

Following a sustained period of strong growth and very high real interest rates, the New Zealand economy has slowed in the past year. Nonetheless, the economy remains sound and ANZ anticipates strengthening in activity from the second half of 1997 and into 1998. Inflation pressures are abating which should provide some scope for an easing in monetary policy, although the sustainability of lower interest rates is partly contingent upon a stable political and economic policy outlook.

ANZ expects the highly competitive banking environment will continue through 1997. New entrants into the home mortgage market will add to the competition coming from other existing banks. Increasing disintermediation by corporate borrowers may dampen demand for traditional banking products and services from that sector.

For ANZ, the focus will continue to be on restructuring delivery channels while generating more business from the large customer base and internationally using ANZ's international network.



Supermarket Banking, Auckland.

Alternative specialist channels, such as supermarket banking, are being trialled.





A key element of ANZ's strategy over recent years has been to build the Group's commercial banking presence throughout Greater Asia, the region of most geographic and economic relevance to Australia and New Zealand. ANZ is differentiated from the other Australian banks by this international network, which extends over 41 countries. These operations account for 27% of Group assets and 29% of Group profits. They are the most profitable and fastest growing part of the Group.

1996 Financial Performance

The profit contribution from the international operations increased in 1996 by 17% to \$321 million. Strong lending growth (18%) with stable margins, a good performance by the investment banking operations and continuing sound asset quality underpinned this performance.

The strongest lending growth was achieved in Asia Pacific where businesses established in recent years continue to expand and deepen. While good growth was also achieved in South Asia in domestic currency terms, this was masked by the appreciation of the Australian dollar against the Indian rupee. The continuing cost of funding the deposit with the National Housing Bank and restructuring provisions adversely affected profits from South Asia.

A strong performance by the investment banking operations in London, particularly in the second half, contributed to the profit improvement in UK/Europe. The branch in New York and representative offices in Latin America continued to expand their cross-border finance activities.

The more mature business in the Middle East continued to perform well, although with a slightly lower profit contribution than in 1995, which benefited from provision write-backs.

Business Developments

There have been several important changes over the past year in the way ANZ manages its international operations. In July the domicile of the major international subsidiary, ANZ Grindlays Bank, was migrated from London to Melbourne and became an Australian bank. This move consolidates all the head office functions of the

Group in Melbourne and will enable better co-ordination and support of our operations in South Asia and the Middle East. Cost savings result from the elimination of duplication.

As noted earlier the investment banking activities of the Group have been grouped together in one business unit, ANZ Investment Bank, to provide greater focus in meeting the global financial needs of ANZ's largest customers' business. A full description of this initiative is contained on page 9.

The expansion of the network in Asia has continued. In March, ANZ officially opened its first branch in Manila (Philippines), and is the only Australian bank represented in the Philippines. A branch was also opened in March in Ho Chi Minh City, the commercial centre in the south of Vietnam. ANZ is one of only a few international banks to have two branches in Vietnam.

The Group has also announced a restructuring of the operation in Oman. A local company has been formed, in which ANZ has taken a minority interest, to acquire the business.

As elsewhere in the Group, the development of electronic delivery channels is a key element of ANZ's strategy. ANZ Link, which facilitates remote access by customers to their bank accounts, was introduced in the Middle East, China and countries in the Pacific.

ANZ believes that having branches located in the countries where its customers are doing business is the most effective way to deliver high quality and comprehensive international banking services. The effectiveness of this strategy is clearly

ANZ Manila was officially opened in March 1996.

International Results*			
	1996	1995	1994
Operating profit after tax (\$M)	321	275	251
Operating profit before debt provisions and tax (\$M)	531	443	474
Return on average risk weighted assets (%)	1.7	1.6	1.6
Total assets (\$B)	35	30	27
Employees (full-time equivalents)	10,055	9,906	9,733
Total points of representation	208	208	206

*before abnormal items

demonstrated by ANZ's receipt of a number of awards during the year including:

- *International Business Asia* magazine's "Best Australian Large Business Activity in Asia" and
- ANZ being named as the "Best Commercial Bank in Australia" by *Asiamoney* partly because of its international capability.

Outlook

The outlook for the global economy is reasonably promising, with overall world growth likely to strengthen during 1997 and 1998. Supporting this continued expansion is moderate inflation and smaller current account imbalances than were experienced during the 1980s. A gradual slowing in the US economy, with its more mature business cycle than elsewhere, is likely to be offset by stronger growth in Western Europe and Japan. Asia should continue to enjoy strong growth although some countries may encounter periods of less robust growth than in recent years.

ANZ expects that its international operations will continue to grow at a faster rate than the domestic operations. The careful expansion of the greenfield operations in East Asia will continue, and ANZ will look to add strategically to the network where the business case exists and opportunities arise.

In addition to the growing trade and investment flows, the rapid pace of economic development in Asia is creating numerous demands for infrastructure projects (ports, airports, electricity and communications networks) throughout the region. This presents significant opportunities for ANZ Investment Bank.

Upgrading the core banking system used by the international operations is central to ANZ's strategy to build an integrated network. The new Commercial Banking System (CBS) was successfully piloted in 1996 and will be implemented throughout the network over the next two years. Details of this project are discussed on page 8. The installation of CBS will supplement and enable the further expansion of international electronic banking services currently available on line to domestic customers through ANZ Link.

There is enormous demand for card-based banking products, enhanced by electronic delivery channels throughout Greater Asia. ANZ already has card businesses operating in several countries in Asia and the Pacific with all processing done in Melbourne. The combination of ANZ's customer base of high net worth individuals in many countries in the region and the scale of the card processing operations in Melbourne, provides clear opportunities for further profitable expansion of this business.

Over recent years ANZ has had a consistent international strategy of being the bank with the expertise and on-the-ground presence to assist its customers with the expansion of their business activities in Greater Asia. This aspect of the business is not only the fastest growing, it is also the most profitable. ANZ is now recognised as Australia and New Zealand's international bank, a position on which we intend to build.





Chief Executive Officer
Don Mercer

Don Mercer joined ANZ in March 1984 as General Manager, Strategic Planning and Economics after many years with Shell International Petroleum Co. Ltd where he held positions in the United Kingdom, Holland, Canada, Indonesia and Australia. In 1988 Don Mercer was appointed to the position of Chief General Manager Australian Retail Services which he held until 1992 when he became Managing Director and Chief Executive Officer.

ANZ is organised into principal business units with a strong customer focus and support functions which span the group.



Executive Director
Alister Maitland

Alister Maitland's career with ANZ spans 33 years. Following positions as an Economist in Australia, New Zealand and London he was appointed Chief Economist in 1979. He held a number of executive positions in Management Services, Retail Banking and Global Treasury before he was appointed Managing Director ANZ New Zealand in June 1990. Alister Maitland assumed his present post in November 1992 as Executive Director with responsibilities for ANZ's international operations.

- South Asia
- Middle east
- Asia
- Pacific
- Global Private Banking
- Correspondent Banking
- Nominees
- CBS Project



Acting Managing Director ANZ Banking Group (New Zealand) Limited
Andrew Ward

- Retail Banking
- Business Banking
- Finance Treasury & Economics
- Operations & Payment Services
- UDC Group
- Human Resources
- Strategic Planning



Managing Director ANZ Investment Bank
John Sunderland

John Sunderland joined ANZ in late 1996 to head the Group's global investment banking activities. He has responsibility for the various business activities undertaken by ANZ to support its large corporate and institutional customers around the globe. Prior to joining ANZ John Sunderland held senior investment banking roles with BZW in London, New York and Hong Kong.

- UK and Europe
- Americas
- Japan / Singapore
- Financial Markets / Capital Markets
- Structured Finance
- Relationship Management
- ANZ Securities



Executive Director
John Ries

John Ries joined ANZ in 1961 and has held senior management positions within the corporate banking and international banking divisions. In June 1988 he was appointed as Managing Director, ANZ Grindlays Bank, London. He returned to Melbourne in August 1990 to take up the position of Chief General Manager International Banking. In August 1992, John Ries was appointed to the ANZ Board as Executive Director with responsibility for Australia. He currently has direct oversight of the Group's global investment banking activities and the bank's business banking activities in Australia.

- Esanda
- Global Balance Sheet Management
- International Services



Senior General Manager Business Banking
Bob Edgar

Bob Edgar joined ANZ in December 1984 as Senior Economist. In 1986 Dr Edgar was appointed Chief Economist. Since then he has been Group Executive, Strategic Planning and Economics, General Manager - South Asia, ANZ Grindlays Bank Plc, based in Bombay responsible for India, Bangladesh and Nepal and Managing Director, Esanda. In March 1995 he was appointed to his present position of Senior General Manager - Business Banking. Before joining ANZ Bob Edgar held senior positions with the Australian Bankers Association and the Reserve Bank of Australia in Sydney.

- Business Banking





Chief General Manager Australian Retail Division
Peter Hawkins

Peter Hawkins joined ANZ in December 1971 and has had considerable experience in all aspects of banking. He was appointed to his present position in February 1995 after two and a half years as Managing Director ANZ Banking Group (New Zealand) Limited, where he re-oriented distribution and service delivery and oversaw the integration of PostBank into ANZ. Prior to that Peter Hawkins was General Manager Asia Pacific.

- Retail Marketing
- Retail Operations
- Network Development
- Cards and Electronic Delivery
- Australian Private Banking
- Retail Transformation Program
- Town & Country



Chief General Manager Australian Operations & Payments Division
Charles Carbonaro

Charles Carbonaro joined ANZ in January 1987. Subsequently he engineered the centralisation of ANZ's cards business and turned it into a highly successful operation. He was appointed to his current position in February 1995 and is responsible for the total service support of ANZ's banking distribution.

- National Teleservicing Centre
- Computer & Network Services
- Strategy & Int. Payments
- National Finance Centre
- Transaction Processing Centres
- Cards Operations
- International Cards



Acting Managing Director ANZ Funds Management
Bill Casimir

ANZ Funds Management is the arm of ANZ that offers a broad range of non-bank financial services, including insurance, investment, estate planning and management and financial planning, as well as a range of personal, business and wholesale superannuation services.

- Financial Planning
- Estate Planning & Management
- Insurance
- Investment
- Strategy
- Marketing
- Operations
- Finance
- Human Resources



Chief Financial Officer & Company Secretary
David Craig

David Craig joined ANZ in January 1955 at Temuka, New Zealand. He has held senior positions in a number of divisions within the Bank in Australia and overseas including Executive Director ANZ Grindlays, Managing Director Esanda and Chief General Manager Business Banking. He was appointed to his present position in June 1992.

- Accounting
- Audit
- Expenditure Review Group
- General Counsel / Legal
- Investor Relations
- Operating Risk
- Regulatory Affairs
- Secretariat
- Taxation



Group General Manager Credit / Risk Management
Peter Marriott

Peter Marriott joined ANZ in February 1993 as General Manager Accounting. He was previously a partner of KPMG Peat Marwick located in the Melbourne office and has been involved in the finance industry for more than 16 years. He was appointed to his current position in July 1995 and is responsible for the institutionalisation and operation of credit and other risk management systems and processes.

- Australian Credit Operations
- New Zealand Credit Operations
- International Credit Operations
- Credit Policy
- Credit / Portfolio Management
- Credit Inspection
- Group Credit Management
- Market Risk Oversight



Group General Manager Human Resources
Peter Wilson

Peter Wilson joined ANZ in October 1990 as Group General Manager, Strategic Planning and Economics. From 1992-95, he was General Manager, Asia Pacific at ANZ, and responsible for the bank's operations in North Asia, South East Asia, Sri Lanka, Papua New Guinea and the Pacific Islands. Peter Wilson joined ANZ after a 20 year career with the Commonwealth and Victorian Treasuries, and also as a commissioner with the State Electricity Commission of Victoria. He took up his current role as Group General Manager, Human Resources in January 1996.

- Management Services
- Group Executive Development
- Human Resources Policy
- Operations & Administration



Group General Manager Corporate Development
Dave Richardson

Dave Richardson joined ANZ as General Manager Information Technology in March 1993. He was appointed to his current role as Group General Manager Corporate Development in January 1996. This position is responsible for Strategic Planning, Economics, Public Affairs and Technology. Dave Richardson has over 20 years experience in Information Technology and has held a variety of senior positions in Coles Myer, Ansett Australia and overseas.

- Strategic Planning
- IT Development
- IT Planning & Architecture
- Economics
- Public Affairs





(standing left to right)

MR J F RIES

B Bus, FCPA, FAIB

Executive Director

Executive Director since August 1992 and appointed to his present position in October 1992. Thirty-six years experience in banking with the Group including Managing Director, ANZ Grindlays Bank plc, London (1988–1990) and Chief General Manager, International Banking (1990–1992). Lives in Melbourne. Age 52.

MR J K ELLIS

MA (Oxon) FAIMM FTS

Deputy Chairman, The Broken Hill Proprietary Co Ltd.

Director since October 1995. Chairman of Sandvik Australia Pty Ltd. President of the Minerals Council of Australia and Executive Committee Member of the International Copper Association Ltd. Board Member of the Museum of Contemporary Art. Lives in Melbourne. Age 59.

DR B W SCOTT ^{AO} (seated)

B Ec, MBA, DBA

Company Director

Director since August 1985. Chairman of Management Frontiers Pty Ltd, W.D. Scott International Development Consultants Pty Ltd, Television Makers Pty Ltd and the Foundation for Development Co-operation. Director of Air Liquide Australia Ltd and the James N. Kirby Foundation Australian member of the Board of Governors of the Asian Institute of Management and Chairman of the Australia-Korea Foundation. Former Chairman of the Australian Government's Trade Development Council (1984–1990). Lives in Sydney. Age 61.

SIR RONALD TROTTER

B Com (Wellington), Hon LLD (Wellington), FCA, Cert in Agriculture

Company Director

Director since December 1988. Chairman of Toyota New Zealand Ltd and Wrightson Limited. Director of Air New Zealand Ltd, and Wrightson Farmers Finance Limited. Formerly Chairman and Chief Executive of Fletcher Challenge Limited, Director of the Reserve Bank of New Zealand, Chairman of New Zealand Business Roundtable and a member of a number of government, economic, advisory and rural industry bodies. Lives in Wellington, New Zealand. Age 69.

MR C B GOODE (left)

B Com (Hons) (Melb), MBA (Columbia University, New York), FCPA, FSIA

Chairman

Company Director

Director since July 1991, appointed Chairman August 1995.

Director of CSR Limited, Pacific Dunlop Ltd, Queensland Investment Corporation, Woodside Petroleum Ltd, Mercury Asset Management Ltd and other companies. Former Chairman and Chief Executive of Potter Partners Group Ltd.

Lives in Melbourne. Age 58.

MR D P MERCER

BSc (Hons), MA (Econ)

Chief Executive Officer

Executive Director since April 1992, appointed Group Managing Director in June 1992 and to his present position in October 1992. A senior executive of the Group since 1984 including Chief General Manager, Australian Retail Services (1988–1992). Director and President of Australian Coalition of Services Industries Inc. Director and Victorian President of the Australian Institute of Company Directors 1994–1996. Former executive of Shell International Petroleum Co. Ltd. (1965–1984).

Lives in Melbourne. Age 55.





(left to right)

MR J C DAHLSSEN

LLB, MBA (Melb)

Solicitor and Company Director

Director since May 1985. Consultant to and former Partner of the legal firm Corrs Chambers Westgarth. Director of Woolworths Ltd, Southern Cross Broadcasting (Australia) Ltd, Mining Project Investors Pty Ltd, Melbourne Business School Ltd, The Smith Family, and J. C. Dahlsen Pty Ltd Group. Former Chairman of The Herald and Weekly Times Ltd and Deputy Chairman Myer Emporium Ltd.

Lives in Melbourne. Age 61.

MR R B VAUGHAN AO

Company Director

Director since January 1988. Chairman of MIM Holdings Ltd. Deputy Chairman of National Commercial Union Assurance Limited and Transgrid. Chairman of the Federal Government's Trade Policy Advisory Council, APEC Committee and Sugar Industry Review Working Party, and Vice-President of the Australia Japan Business Co-operation Committee. President and Chairman of the Research Institute for Asia and the Pacific. Former Chairman and Chief Executive of Dalgety Farmers Ltd and former Chairman of ICI Australia Ltd.

Lives in Sydney. Age 68.

MS M A JACKSON

MBA, B Econ, FCA

Company Director

Director since March 1994. Chairman of Transport Accident Commission (Victoria). Director of The Broken Hill Proprietary Co Ltd, Pacific Dunlop Ltd, Qantas Airways Ltd and other companies. Fund Committee Member of The Walter and Eliza Hall Institute of Medical Research.

Lives in Melbourne. Age 43.

(left to right)

DR R S DEANE

PhD, B Com (Hons), FCA, FCIS, FNZIM

Chief Executive and Managing Director, Telecom New Zealand Limited.

Director since September 1994. Director of Fletcher Challenge Limited, The Centre for Independent Studies Ltd and Institute of Policy Studies, Victoria University, Wellington. Formerly Chief Executive, Electricity Corporation of New Zealand Ltd, Chairman State Services Commission, Alternate Executive Director, International Monetary Fund and Deputy Governor, Reserve Bank of New Zealand.

Lives in Wellington, New Zealand. Age 55.

MR C J HARPER

CA (Scots)

Company Director

Director since October 1976. Director of CSL Ltd and North Ltd. Former General Manager and Chief Executive of the merchant bank Australian United Corporation Ltd (1968–1976) and since then a professional non-executive director. Inaugural National Vice President of The Australian Institute of Company Directors.

Lives in Melbourne. Age 65.

MR A T L MAITLAND

B Com, AAIB, FAIM

Executive Director

Executive Director since April 1992 and appointed to his present position in November 1992. Thirty-three years experience in banking with the Group including Group Chief Economist (1979–1982) and Managing Director, ANZ Banking Group (New Zealand) Ltd (1990–1992). Chairman of the Australia India Business Council, Director of the Committee for Economic Development of Australia, and member of the Australian Government's Trade Policy Advisory Council and APEC Committee.

Lives in Melbourne. Age 55.



The Board of Directors is responsible for the overall corporate governance of ANZ, ensuring the Group is run in a proper manner. Policies and procedures are required to balance the objectives of shareholders, employees, and customers while meeting the requirements of the regulators and the communities in which the Group operates around the world.

The Role of the Board of Directors

The Board of Directors is responsible to shareholders for the overall corporate governance of ANZ. This involves charting the direction of the Group by participating in the setting of objectives and strategy formulation and establishing policy guidelines. The Board is then responsible for monitoring management's running of the business to ensure implementation is in accordance with the agreed framework.

To achieve these objectives a well structured Board is necessary. Details of directors, their qualifications and experience are set out on pages 18 and 19. To ensure the benefit of independent views the Articles of Association of the Company state that there must be a majority of non-executive directors on the Board.

ANZ's Board currently has nine non-executive directors and three executive directors, including the Chief Executive Officer. The Articles also provide that the role of Chairman cannot be held by an executive director ensuring that the roles of Chairman and Chief Executive Officer are separate. Non-executive directors appointed

since 1993 have agreed that they will not seek re-election after 15 years service.

Procedural Guidelines

The Board has established guidelines setting out proper procedures for matters such as conduct of Board meetings, conflicts of interest, trading in the Bank's shares and obtaining independent professional advice.

Directors are required to hold at least 2,000 shares in the Company. They must refrain from dealing in the Company's shares for their personal benefit except in three four week periods; following the announcement of half year and full year results, and the Annual General Meeting, and in each case the Chairman of the Board must be informed prior to any trading. The same restrictions are also imposed upon senior management and those staff in departments with access to market sensitive information, with the notification being required to the Chief Executive Officer.



Attendance of Board and Committee meetings for the period 1/10/95 – 30/9/96.

	Board		Audit & Compliance		Risk Management		Personnel		Executive App. & Remuneration		Board Nominations		Donations		Superannuation	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
C B Goode	10	10	7	4	13	5	3	3	3	3	1	1	2	2		
J C Dahlsen	10	10	7	7					3	3						
R S Deane*	10	10			13	13	3	3	3	3						
J K Ellis	10	10			13	10			3	3						
C J Harper	10	10			13	12			3	3						
M A Jackson	10	10			13	8			3	2						
A T L Maitland	10	10	1	1	1	1			3	1						
D P Mercer	10	10	5	5	4	4	3	3	3	3	1	1	2	2		
J F Ries	10	10			13	13			3	1						
B W Scott	10	10	7	7			3	3	3	3	1	1			8	7
Sir Ronald Trotter*	10	9	7	6					3	3						
R B Vaughan	10	10	7	6					3	3	1	1			8	8

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

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

The Chairman is an ex officio member of all Board committees. *Resident of New Zealand

To assist in the exercise of their responsibilities, Directors are entitled to seek independent professional advice. With the Chairman's prior approval the advice can be obtained at the Company's expense and is to be made available to the whole Board.

Committee Structure

The Board's function is to address issues in their broadest context. It is through the Board's committee structure that specific areas of detail are examined. There are seven board committees, each with a defined Charter. These committees are charged with providing quality and independent advice to the Board as a whole.

Directors have also participated in meetings of Committees of the Board (16 meetings during 1996) to declare dividends, to make allotments under the Company's various dividend reinvestment and employee share schemes and to sign the accounts. There is also an Executive Committee of the Board which has general executive authority to deal with all matters relating to the Company's affairs when normal Board timetables are not convenient. This committee was not required to meet during 1996.

Directors also create opportunities to meet and discuss current issues with management and staff and participate in visits to ANZ operations. The Board held its March meeting in New Zealand which allowed Directors to visit local banking operations, meet staff and customers, and representatives of the New Zealand Government.

Subsidiary Boards – Non-executive Directors

ANZ has a number of subsidiary companies some of which have non-executive directors. The major subsidiaries in this regard are:

ANZ Grindlays Bank Limited

Non-executive directors – MA Jackson, BW Scott

ANZ Banking Group (New Zealand) Limited

Non-executive directors – J G Todd, F H Wilde

Companies within ANZ Funds Management Group

Non-executive directors

– D P McDonald, C M Williams, LJ Willet AO.

The Group also has independent directors for its joint ventures overseas as well as advisory boards in several countries to provide external advice on local conditions, policies and practices.

The Audit & Compliance Committee

(Chairman – J C Dahlsen)

Reviews the Group's accounting policies and practices; financial statements; due diligence processes in relation to capital raisings; and compliance with the Group's statutory responsibilities including those relating to Consumer Credit Legislation, Trade Practices Act and privacy issues.

Monitors compliance with approved policies and controls; liaises with internal and external auditors. **Approves** audit plans and the audit fee of the external auditor.

The Risk Management Committee

(Chairman – C J Harper)

Supervises all aspects of risk management. This includes approving and overseeing the setting of delegation policies, standards and reporting mechanisms for credit risk, trading risk, balance sheet risk and operating risk. **Monitors** the risks being assumed by the Group to ensure standards are being met. A full description of the Group's Risk Management procedures is contained on pages 22 to 23 of this report.

Personnel Committee

(Chairman – Dr B W Scott)

Reviews and advises on executive remuneration policies. Has been charged with the responsibility of developing the new senior executive remuneration scheme, which more closely aligns management remuneration to the generation of shareholder value.

The Executive Appointment & Remuneration Committee

(Chairman – C B Goode)

Approves appointments and individual remuneration packages for the senior officers of the Group. The Committee obtains independent advice on the appropriateness of remuneration packages.

The Board Nominations Committee

(Chairman – C B Goode)

Reviews the composition of the Board to ensure that it has the appropriate mix of expertise and experience. Recommends appointments to the Board where it is considered that the Board would benefit from the service of a new director with particular skills.

The Donations Committee

(Chairman – C B Goode)

Advises on donations policy and considers requests for corporate contributions.

The Superannuation Committee

(Chairman – R B Vaughan)

Advises on staff superannuation issues. Members of the committee also sit on the Board of the main Australian Staff Superannuation and Pension companies.



Effective risk management is central to good banking. At ANZ we are continuing to strengthen our systems and procedures to ensure risks are accurately identified and assessed, and to make risk management a core competence of the organisation.

ANZ manages risk through an approval and delegation of limits structure that starts with the Board of Directors. The Risk Management Committee of the Board approves and oversees the framework of risk standards, policies and processes for credit, market and operating risks.

Delegations pass through Executive Committees to individual customer controllers and risk managers. Regular reports and compliance checks are presented back through the Risk Management Committee to the Board.

The Credit/Risk Management Department has overall responsibility for ensuring the cohesion and effectiveness of the Group's risk management framework and oversees the activities of all areas involving risk policy and monitoring. There are also separate processes of independent review and audit by both the internal and external auditors to ensure compliance with policies, procedures and industry/government regulations.

In banking, there are three major areas of risk; credit risk, market risk and operating risk.

Credit Risk Management

Credit risk is the potential financial loss resulting from the failure of customers to honour fully the terms of a loan or contract. Credit risk represents just over 50% of the Group's total risk exposure.

ANZ's credit approvals policy and structure underpins the soundness of lending decisions. The Board establishes the framework of delegated authority limits for the approval of credit risk transactions. The largest transactions are approved by the Risk Management Committee. This Committee also reviews all asset quality issues, including portfolio composition, large customer exposures, and developments in credit management policy and processes.

The Credit Portfolio and Policy Committee, involving senior executives, formulates and administers the credit portfolio strategy, policy and processes. Specialist credit and business areas have been established for the larger portfolios (eg real

estate), whilst a specialist group will continue for the effective management of problem loans.

At an operational level, in all major lending decisions, dual approval is required by independent specialist credit officers alongside customer relationship managers. A sophisticated customer credit risk grading system, supported by objective risk measurement tools, aids in the assessment of the risk of default at transactional levels. This assists in the management of individual loans and provides information for portfolio management purposes.

Market Risk Management

The Group's exposure to fluctuations in market prices is the second largest risk exposure faced by the Group. There are two key areas, balance sheet risk and trading risk. Each unit operates with a set limit of financial exposure and such exposures are independently monitored daily and regularly reported to the Global Funds Management Committee and the Risk Management Committee.

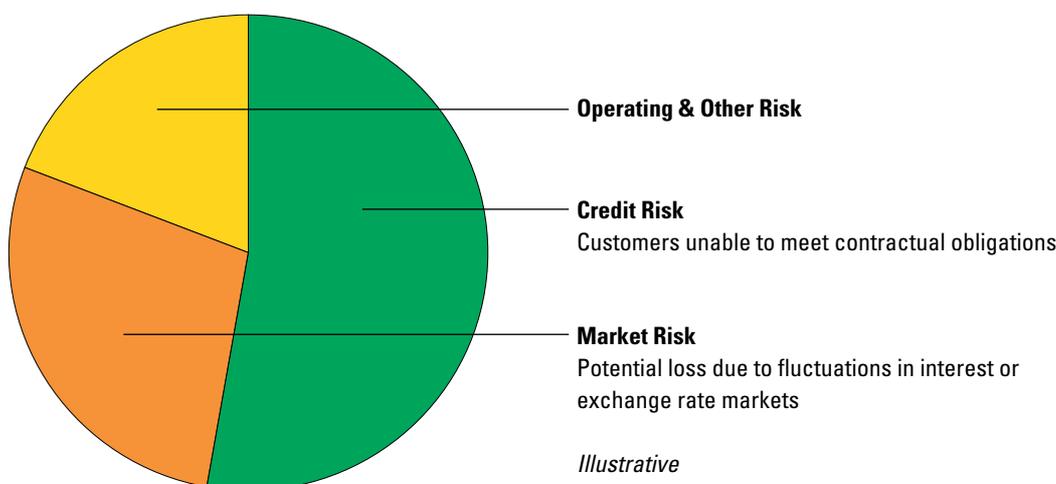
Balance Sheet Risk Management

Balance sheet risk is the potential risk to earnings and capital resulting from changes in interest rates, liquidity conditions, and the impact of exchange rate fluctuations on the Group's capital position. Balance sheet interest rate risks are monitored through the Global Funds Management Committee within limits set by the Risk Management Committee. The objective is to minimise the fluctuations in net interest income that may occur over time as a result of changes in market interest rates. Gap and simulation modelling techniques are used to manage this risk.

Liquidity management policies seek to ensure funds are available at all times (including possible "unfounded name crisis" conditions) to meet maturing obligations as they fall due.

Foreign exchange exposures are managed with the objective of ensuring that ANZ's capital ratio is not adversely impacted by movements in exchange rates.

Sources of Risk



Trading Risk Management

Trading risk involves the exposure to change in foreign exchange rates, interest rates and equity/security prices in our operations and financial markets. The taking of proprietary trading positions by business units is limited and highly controlled (the primary objective of the Group's activity in foreign exchange, debt and derivative markets is to serve customer needs).

With the establishment of ANZ Investment Bank which groups the majority of the Group's trading activities in one unit, the Group's financial market activity is more globally co-ordinated and centrally managed.

Trading activities are governed by a set of standards, policies and controls, involving clear separation of trading and processing functions. ANZ uses the industry best practice methodology of managing trading risks through setting limits for "value at risk" (the potential loss of revenue which a particular risk position may incur, based on historical fluctuations in market prices).

The Market Risk Management unit within Group Credit/Risk Management provides the independent monitoring of the exact nature and size of the risks involved in trading activities and the balance sheet. It also co-ordinates the Professional Standards Review in which specialists conduct reviews of ANZ's major trading activities and geographically isolated operations to ensure high standards of professional conduct throughout all offices of the Group worldwide.

Operating Risk Management

ANZ's operations around the world are open to other forms of business risk that need to be effectively managed. Examples include the impact of natural disasters, errors in processing and settlement of transactions, safeguarding of assets, adherence to laws and regulations, system failure, fraud and forgery.

The assessment and management of these risks is undertaken under the auspices of the Operating Risk Executive Committee. This Committee assesses, approves and reviews policies, guidelines and actions in respect of all operating risks of ANZ world-wide, including those related to business operations, systems, procedures, security, ethics, products or services.

Business units are charged with the ongoing responsibility of identifying and assessing key operating risks facing their individual units. They must develop, test and maintain plans which will ensure that they are capable of prompt resumption of their businesses should a major disruption occur.

ANZ has decided to follow, wherever practicable, the risk management standards established jointly by Australia and New Zealand Standards bodies.



In May 1996 the Federal Treasurer announced an inquiry into the financial system, chaired by Mr Stan Wallis. The committee of inquiry was asked to:

- Provide a stocktake on financial deregulation;
- Identify the factors that will drive future change in the financial services industry; and
- Make recommendations on changes to regulatory arrangements to ensure the financial services industry is efficient and competitive, as well as stable, fair and prudently managed.

A discussion paper was issued in late November, with the final report to be submitted to the Treasurer by 31 March 1997.

ANZ supported the need for a thorough review of the financial system. Since the financial market deregulation of the 1980s, the financial services industry has changed dramatically. Products and services traditionally offered by banks are now available from a much wider range of suppliers including insurance companies and niche financial services providers which operate under very different regulatory frameworks. With more change ahead, ANZ believed it was timely to assess the appropriateness of the current regulatory framework.

In its submission to the Inquiry, ANZ recommended changes to regulatory arrangements to improve efficiency and responsiveness to customer demands while safeguarding the stability and integrity that are features of Australia's financial system.

The key recommendations in ANZ's submission were:

- The roles of existing regulators be modified to reduce overlap and provide more effective supervision of financial conglomerates. The Reserve Bank of Australia to take responsibility for the prudential oversight of building societies and credit unions as well as banks.
- A 'lead regulator' approach to the prudential supervision of financial conglomerates be adopted.
- Removal of the so-called "Six Pillars" policy which precludes merger between the largest market participants, leaving competition policy to be applied to banking in the same way as it is to other industries, ie by the Australian Competition and Consumer Commission.
- Debits Tax and Financial Institutions Duty, both charged to bank customers, be abolished.
- The depositor protection provisions of the Banking Act be retained.
- To safeguard the stability and integrity of the financial system, direct access to the payments system be limited to institutions supervised by the Reserve Bank of Australia.
- Responsibility for consumer protection, currently fragmented across a range of regulators, be vested with one national regulator.
- In recognition of the international nature of the financial services industry, Australia to continue to adhere to the Basle Capital Accord (or any globally recognised framework that succeeds it).

Acceptance of these recommendations would allow market participants reasonable scope to determine their preferred size and structure while ensuring consumer interests are protected through healthy and effective competition.



Each year, ANZ supports a wide range of organisations and activities. These include charitable contributions to medical research, community welfare, education and heritage projects.

ANZ also contributes to some of Australia's leading arts companies such as the Australian Opera and provides support for a series of free outdoor concerts.

At the local level, ANZ plays an active role supporting sports activities, ethnic festivals and initiatives in rural areas. Some of these include:

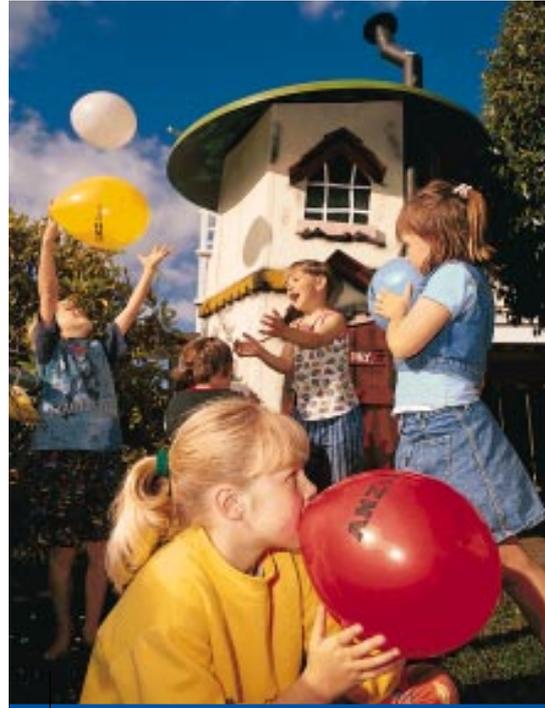
- Wagga Wagga Tennis Association
- Western Australian Farmers Federation
- Chinatown Carnivale – Sydney
- Brisbane Broncos
- Tasmanian Agricultural Festival

During 1996, ANZ has also encouraged community involvement by staff through a commitment to the ANZ Foundation, a charitable trust funded by staff donations.

Zoological Parks Board of NSW – Australia

During 1996, ANZ developed a relationship with the Zoological Parks Board of New South Wales to support the construction of a lecture theatre complex at the world famous Taronga Zoo in Sydney.

The lecture theatre will be a centre of excellence in environmental education, reflecting the Zoological Parks Board's increasing role in conservation research initiatives, international liaison and its positioning as the leading wildlife conservation centre in Australasia.



aNZkids program involved ANZ employees who assisted with fundraising.

aNZkids – New Zealand

ANZ's major community initiative in New Zealand, called aNZkids, is a program designed to benefit a wide range of children.

The aNZkids program involved ANZ employees who assisted with fund-raising, giving their time to support projects and work alongside a number of health organisations throughout the country to raise public funds. The public donations received were matched dollar for dollar, up to a pre-agreed amount, by ANZ.



Model of the new lecture theatre at Taronga Zoo in Sydney to be used for environmental education.



A five day Leadership and Management training program was provided to staff from Vietnamese banks.

At a local level, each ANZ and PostBank branch and banking centre had funds available to support local kindergartens and playcentres. Language Nests, similar to kindergartens but with teaching in Maori, Samoan, Tongan or Fijian, and Plunket early childhood health centres, were also supported. Organisations were chosen for their high degree of parental involvement and their outreach into every community in New Zealand.

Banking Education

ANZ, through its presence in developing countries, assists in building the local financial infrastructure through training initiatives in banking.

A five day Leadership and Management training program was provided to staff from Vietnamese banks which deal with agriculture, industry development and retailing. Similar programs have also been conducted in China.

The mix of staff from ANZ and other financial institutions gives participants the chance to share ideas and build networks which are helpful in the day to day operations of the financial system. Over 400 staff from other banks have now been trained in the programs.

ANZ and the Environment

ANZ believes that being a good corporate citizen requires recognition of environmental concerns. Two key programs have been launched internally over recent years.

An Energy Awareness Program aims to assist staff in the efficient use of energy at their work place without affecting existing working conditions and customer service levels.

The other program is the Visy Recycling and Waste Management project which began in 1995 and is a comprehensive paper recycling program. The program benefits include reductions in ANZ's waste management costs in Australia by more than 50%, saving about \$500,000 annually, while maintaining stringent security controls over the disposal of confidential information.



The Visy Recycling and Waste Management project is a comprehensive paper recycling program.

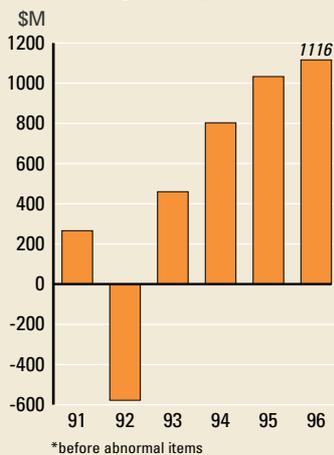
SEVEN YEAR SUMMARY

	1996	1995	1994	1993	1992	1991	1990
	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Profit and loss							
Interest income	9,286	8,310	6,485	6,887	8,083	10,180	10,188
Interest expense	(5,969)	(5,229)	(3,685)	(4,344)	(5,645)	(7,578)	(7,713)
Net interest income	3,317	3,081	2,800	2,543	2,438	2,602	2,475
Other operating income	2,096	1,975	1,969	1,875	2,109	2,067	1,765
Net operating income	5,413	5,056	4,769	4,418	4,547	4,669	4,240
Operating expenses	(3,644)	(3,334)	(3,183)	(3,124)	(3,329)	(3,153)	(2,848)
Operating profit before tax, debt provisions and abnormal items	1,769	1,722	1,586	1,294	1,218	1,516	1,392
Provisions for doubtful debts - specific	(117)	(63)	(368)	(629)	(1,600)	(1,037)	(788)
- general	(37)	(111)	(13)	(5)	(337)	(16)	(5)
Operating profit(loss) before abnormal items	1,615	1,548	1,205	660	(719)	463	599
Income tax (expense)benefit	(490)	(505)	(395)	(193)	146	(193)	(186)
Outside equity interests	(9)	(10)	(7)	(7)	(5)	(4)	(1)
Operating profit(loss) before abnormal items	1,116	1,033	803	460	(578)	266	412
Net abnormal profit(loss)	-	19	17	(213)	(1)	1	(191)
Operating profit(loss) after income tax and outside equity interests	1,116	1,052	822	247	(579)	267	221
Balance sheet¹							
Assets	127,604	112,587	103,874	103,045	101,138	98,212	99,300
Liabilities	121,268	106,840	98,370	97,912	96,547	93,194	94,977
Net assets	6,336	5,747	5,504	5,133	4,591	5,018	4,323
Issued and paid-up capital	1,478	1,446	1,360	1,315	1,165	1,026	972
Reserves and retained earnings	4,812	4,254	4,096	3,774	3,377	3,958	3,340
Outside equity interests	46	47	48	44	49	34	11
Share information (per fully paid share)							
Dividend - declared rate	42.0¢	33.0¢	25.0¢	20.0¢	20.0¢	20.0¢	38.0¢
Franked portion	79%	18%	-	-	50%	100%	100%
Earnings after abnormal items - basic	76.3¢	69.9¢	55.9¢	13.5¢	-60.2¢	26.9¢	24.2¢
Net tangible assets	\$4.24	\$3.94	\$3.58	\$3.43	\$3.40	\$4.31	\$4.45
Rights issue	-	-	-	-	1 for 5	-	-
Share price on ordinary shares - high	\$7.28	\$5.75	\$5.68	\$4.40	\$4.88	\$4.20	\$6.38
- low	\$5.41	\$3.55	\$3.78	\$2.53	\$2.87	\$2.92	\$3.95
Number of shares on issue (millions)							
Ordinary shares - fully paid	1,478.1	1,446.0	1,353.6	1,308.2	1,054.5	1,019.3	971.1
- paid to 10¢	0.7	0.9	2.1	3.1	3.6	4.0	4.5
- preference shares	-	-	6.0	6.0	6.0	6.0	-
Dividend reinvestment plan							
Share price - interim	\$5.59	\$4.40	\$3.78	\$3.42	\$3.58	\$3.42	\$4.35
- final	-	\$6.27	\$3.73	\$4.44	\$2.51	\$4.46	\$2.72
Ratios (after abnormal items)							
Dividend payout ratio (ordinary & preference)	55.5%	52.1%	50.5%	133.3%	n/a	75.6%	160.0%
Return on average shareholders' equity	18.3%	17.9%	15.6%	5.0%	-11.4%	5.8%	5.4%
Return on average assets	0.9%	0.9%	0.8%	0.2%	-0.6%	0.3%	0.2%
Capital adequacy - total	10.5%	10.9%	11.3%	10.8%	9.0%	9.9%	8.6%
Other information							
Points of representation	1,744	1,881	2,026	2,136	2,302	2,367	2,431
Number of employees (full-time equivalents)	39,721	39,240	39,642	40,277	43,977	46,261	48,182
Number of shareholders	121,847	114,829	121,070	115,000	112,036	101,188	92,606

¹ Assets and liabilities have been increased by \$2,685 million at 30 September 1994 and by \$3,112 million at 30 September 1993, due to the change in practice, effective 1 October 1994, whereby unrealised losses arising from marking to market trading derivative contracts are not offset against unrealised gains unless a legal right of set-off exists. Comparative information prior to 30 September 1993 is unavailable



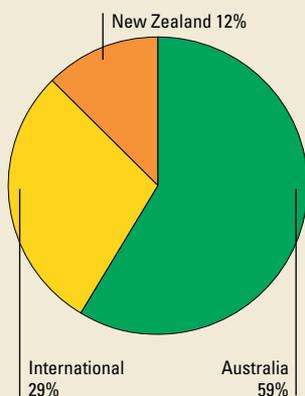
Operating Profit*



Return on Average Shareholders' Equity*



Group Profit



Overview

Australia and New Zealand Banking Group Limited achieved an 8% increase in operating profit after tax to \$1,116 million for the year ended 30 September 1996. There were no abnormal items. The return on shareholders' equity increased to 18.3% from 17.6%. Earnings per share were 11% higher at 76.3 cents and total dividends per share for the year were 42 cents, up from 33 cents in 1995, an increase of 9 cents.

The 1996 result was built around continued growth of the group's business, particularly the international operations. Total income was 7% higher than in 1995, while costs increased by 9% largely reflecting higher personnel costs. A lower charge for doubtful debts, together with a lower effective tax rate also contributed to the higher result.

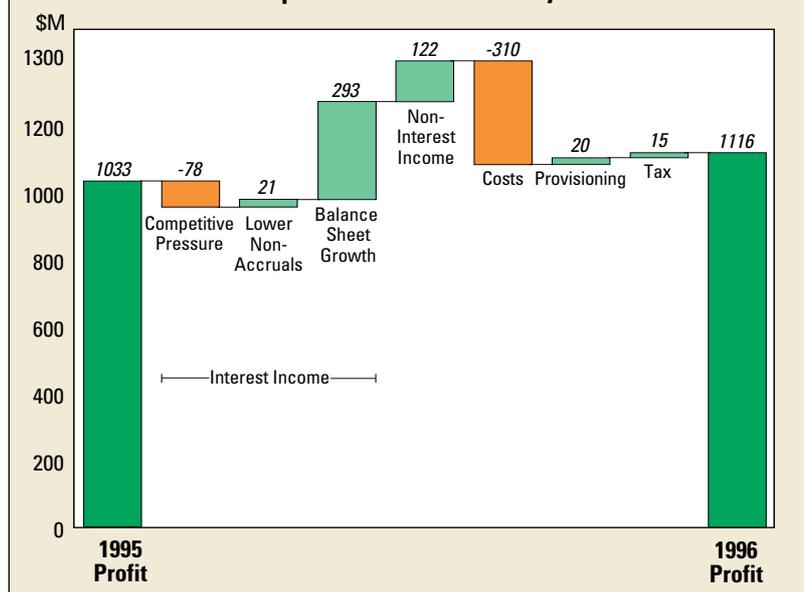
The international operations contributed strongly with a 17% increase in profit. There was strong lending growth, particularly in Asia, and a good contribution from the investment banking activities based in London.

In Australia ANZ achieved solid asset growth, generating increased interest income notwithstanding a contraction in interest margins in the second half. Costs were higher, mainly personnel expenses. The total charge for doubtful debts was lower, as was the effective tax rate.

In New Zealand underlying earnings were stable. The benefits of good asset growth were offset by a decline in interest margins.

At year end, the Group had total assets of \$128 billion, shareholders' equity of \$6.3 billion, and a Tier 1 capital ratio of 6.7%.

Improvement in Profitability



Income

The Group's principal source of revenue is net interest income which arises from the difference between interest revenue and interest expense.

Net interest income grew by 8%. Good lending growth was achieved in all markets; 10% in Australia, 13% in New Zealand and 18% in International. Strong growth in retail liabilities was also achieved in Australia and New Zealand.

However, there was an 8 basis point decline in the Group's net interest margin over the year. Lower margins in New Zealand were the principal cause, although intensifying competitive pressures in Australia, particularly in the home mortgage market, reduced margins in the second half. In International, margins were stable.

Other operating income for the Group came from lending fees, other banking fees, foreign exchange earnings, the net profit or loss on securities and other income which included rental and leasing income.

Fee income grew 5%, principally in international markets which benefited from a strong performance by the investment banking operations in London. Other positive factors were growth in Australian corporate lending fees in the first half and the expansion of the cards business. Competitive pressure continued to adversely affect retail lending fees in Australia, notwithstanding the increase in loan volumes.

Growth in the operating lease business in New Zealand and increased trading profits from London lifted other income. The Group continues to make good returns on its foreign exchange activities.

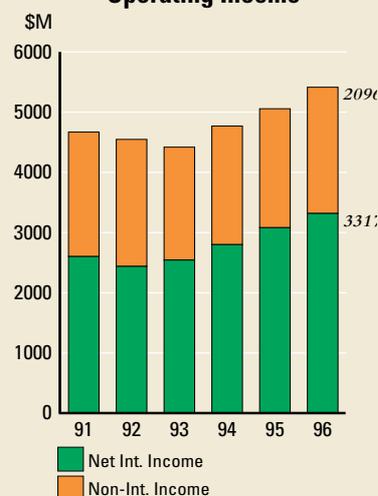
Operating Expenses

Higher personnel expenses were the main factor in the 9% increase in operating costs. In Australia, the higher costs reflected additional staff being employed in the implementation phase of the major change programs, salary increases from the enterprise bargaining agreement, the effect of the move to total employment cost packaging for managerial staff and profit participation for staff. Restructuring expenses occurred throughout the Group.

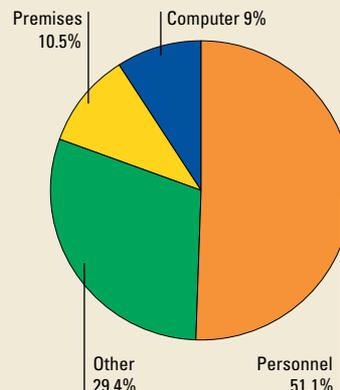
Premises costs were down, principally in Australia. The increase in computer expenses reflected costs associated with the Australian change program and systems development for the International network and Treasury.

Within "Other Expenses", revenue related expenses (credit card interchange costs, operating lease depreciation and brokerage) were 11% higher, reflecting significant expansion in business volumes, while non-lending losses were 30% lower.

Operating Income



Operating Expenses



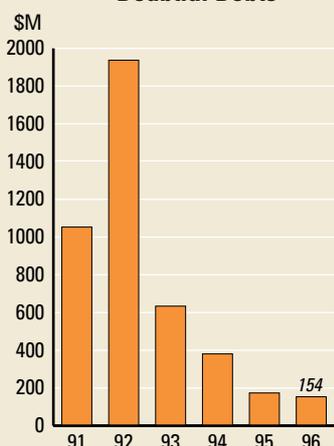
Operating Expenses as % of Net Income



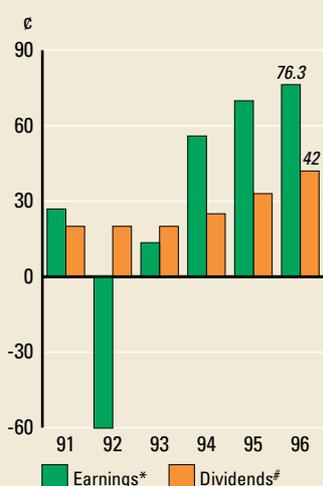
Net Non-Accrual Loans to Shareholders' Equity



Provisions for Doubtful Debts



Earnings* and Dividends# Per Share



*before abnormal items
#excludes preference shares

Asset Quality

Asset quality continued to improve. Gross non-accrual loans fell by \$549 million to \$1,225 million as the ongoing asset realisation program more than offset new non-accrual loans. Net non-accrual loans fell to \$724 million and represent 11.4% of shareholders' equity as at September 1996, down from 18.8% in 1995. The coverage ratio (specific provisions to gross non-accrual loans) has increased slightly to above 40%.

The total charge to profit for doubtful debts was reduced by 11% to \$154 million. While the level of new and increased provisions was stable, releases and recoveries were lower leading to a higher specific provision charge of \$117 million compared to \$63 million in 1995.

The \$37 million general provision charge reflected the growth in risk weighted assets during the year. (The 1995 general provision charge included an additional \$80 million to bolster the general provision). The general provision remains at 0.8% of risk weighted assets – well in excess of the industry benchmark of 0.5%.

Income Tax

The effective tax rate in 1996 was 30.3%, a slight reduction on 32.6% in 1995 (notwithstanding the increase in the Australian corporate tax rate). Increased levels of tax preferred income in Australia and the favourable resolution of issues under dispute with tax authorities led to the lower effective tax rate.

Dividends

The strong growth in earnings per share to 76.3 cents led Directors to increase total dividends to 42 cents from 33 cents in 1995. Just over 55% of Group earnings was distributed to shareholders as dividends.

The interim dividend of 18 cents was 50% franked, and the final dividend of 24 cents was fully franked at 36% tax rate. The Group expects to be able to sustain full franking at least for the 1997 financial year. However, there may be some limit on franking capacity thereafter, if the proportion of Group profits earned offshore continues to increase.

Balance Sheet

Total Group assets grew by 13% to \$128 billion.

Strong lending growth was achieved across the Group. The strongest lending growth was achieved in International (18%), particularly in Asia. In Australia, the 10% lending growth was principally in corporate and home mortgage lending. In New Zealand, business and home mortgage lending both contributed to the 13% growth in lending assets.

Wholesale liquid assets also grew strongly, particularly in London.

Good growth in retail deposits was achieved in Australia and New Zealand, reducing the reliance on wholesale funding and contributing to the maintenance of interest margins.

Capital Resources

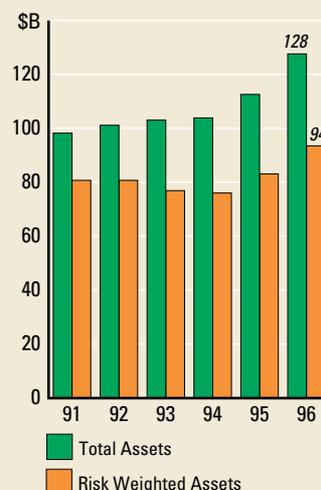
ANZ continues to be a very soundly capitalised bank with an overall capital adequacy ratio of 10.5%. This is in line with ANZ's domestic and international peers. Under the Reserve Bank of Australia (RBA) guidelines, ANZ must maintain a ratio of qualifying capital to risk weighted assets of at least 8%.

The Group's Tier 1 (paid up capital, share reserves and retained profits) ratio stood at 6.7%, up from 6.6% at September 1995. The Group seeks to maintain the Tier 1 ratio in the range of 6.5% to 7.0%.

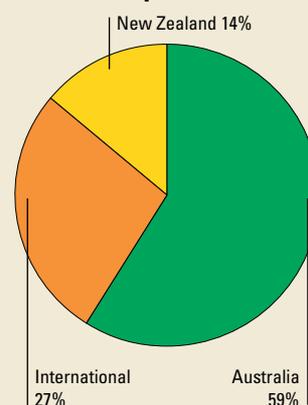
Tier 2 capital (principally subordinated debt and general provision for doubtful debts) increased by 5%. The issue of USD 500 million subordinated debt more than offset the repayment of NZD 125 million subordinated debt in December, the amortisation of existing Tier 2 debt, and the impact of the stronger Australian dollar.

Due to a change in RBA prudential requirements, the Group's investments in funds management subsidiaries are now deducted from the aggregate of Tier 1 and Tier 2 capital. This resulted in a 0.2% fall in the capital adequacy ratio.

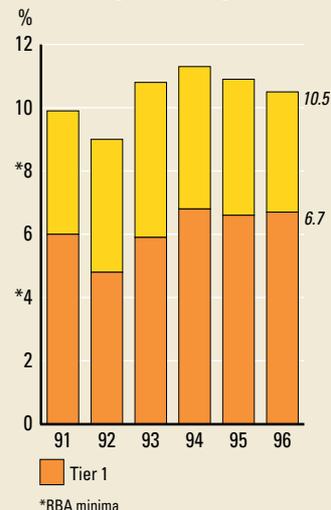
Group Assets



Group Assets



Capital Adequacy



FINANCIAL HIGHLIGHTS IN KEY CURRENCIES

Millions	1996 AUD	1996 USD ¹	1996 GBP ¹	1996 NZD ¹
Profit and loss				
Net income	5,413	4,160	2,686	6,138
Operating expenses	(3,644)	(2,800)	(1,809)	(4,132)
Profit before tax and doubtful debts	1,769	1,360	877	2,006
Provisions for doubtful debts - specific	(117)	(90)	(58)	(133)
- general	(37)	(28)	(18)	(42)
Profit before tax and abnormal items	1,615	1,242	801	1,831
Income tax expense	(490)	(377)	(243)	(556)
Outside equity interests	(9)	(7)	(4)	(10)
Profit after tax and abnormal items	1,116	858	554	1,265
Profit after tax by geographic segment				
Australia	657	506	326	745
New Zealand	138	106	68	156
UK & Europe	106	81	53	120
Asia Pacific	99	76	49	112
South Asia ²	36	28	18	41
Americas	38	29	19	43
Middle East ³	42	32	21	48
Profit after tax	1,116	858	554	1,265
Balance Sheet				
Assets	127,604	100,986	64,593	144,371
Liabilities	121,268	95,972	61,386	137,202
Shareholders' equity ⁴	6,336	5,014	3,207	7,169
Ratios				
Earnings per share	76.3¢	58.7¢	37.9p	86.5¢
Dividends per share - declared rate	42.0¢	32.4¢	20.9p	47.7¢
Net tangible assets per share	\$4.24	\$3.36	£2.15	\$4.80

¹ USD, GBP and NZD amounts - profit and loss converted at average rates for financial year ended 30 September 1996 and balance sheet items at closing rates at 30 September 1996

² Includes Bangladesh, India and Nepal

³ Includes Bahrain, Greece, Jordan, Oman, Pakistan, Qatar and United Arab Emirates

⁴ Includes outside equity interests

1996 Financial Statements



	Page		Page
Alphabetical index	35	35 Contingent liabilities and credit related commitments	86
Directors' report	36	36 Superannuation commitments	89
Profit and loss accounts	39	37 Assets and liabilities of non-banking controlled entities	90
Balance sheets	40	38 Financing arrangements	90
Statements of changes in shareholders' equity	41	39 Exchange rates	90
Statements of cash flows	43	40 Employee share purchase and share option schemes	91
Notes to the financial statements		41 Related party disclosures	93
1 Accounting policies	44	42 Remuneration of directors	96
2 Income	48	43 Remuneration of executives	97
3 Expenses	48	44 US GAAP reconciliation.....	98
4 Remuneration of auditors	50	45 Operation of systems in Year 2000.....	101
5 Abnormal items	50	46 Events since the end of the financial year	101
6 Income tax expense	51	Directors' statement	102
7 Dividends	52	Auditors' report	103
8 Earnings per share	53	Financial information	
9 Liquid assets	54	1 Capital adequacy	104
10 Due from other banks	54	2 Average balance sheet and related interest	105
11 Trading securities	55	3 Interest spreads and net interest average margins ..	107
12 Investment securities	56	4 Volume and rate analysis	108
13 Net loans and advances	57	5 Interest sensitivity gap	110
14 Impaired assets	58	6 Investment securities by maturities and yields	111
15 Provisions for doubtful debts	60	7 Loans and advances by industry	112
16 Regulatory deposits	60	8 Concentrations of credit risk	113
17 Shares in controlled entities and associates	60	9 Maturity distribution and interest rate sensitivity of loans	114
18 Other assets	62	10 Cross border outstandings	114
19 Premises and equipment	63	11 Doubtful debts - industry analysis.....	115
20 Due to other banks	63	12 Certificates of deposit and term deposit maturities	116
21 Deposits and other borrowings.....	64	13 Short term borrowings.....	116
22 Income tax liability	65	Shareholder information	
23 Creditors and other liabilities	65	1 Major shareholders.....	117
24 Provisions	65	2 Substantial ordinary shareholders	117
25 Bonds and notes.....	66	3 Average size of shareholdings	117
26 Loan capital	67	4 Distribution of shareholdings	117
27 Outside equity interests	68	5 Voting rights of shareholders.....	118
28 Segment analysis	68	6 Holders of non-marketable parcels	118
29 Notes to the statements of cash flows	70	7 Employee shareholder information.....	118
30 Controlled entities	72	8 Directors' shareholding interests	118
31 Associates.....	77		
32 Commitments	78		
33 Derivative financial instruments	78		
34 Fair value information	84		



	Page		Page
Abnormal items	50	Income	48
Accounting policies	44	Income tax expense	51
Assets and liabilities of non-banking controlled entities	90	Income tax liability	65
Associates	77	Interest sensitivity gap	110
Auditors' report	103	Interest spreads and net interest average margins	107
Average balance sheet and related interest	105	Investment securities	56
Average size of shareholdings	117	Investment securities by maturities and yields	111
Balance sheets	40	Liquid assets	54
Bonds and notes	66	Loan capital	67
Capital adequacy	104	Loans and advances by industry	112
Certificates of deposit and term deposit maturities	116	Major shareholders	117
Commitments	78	Maturity distribution and interest rate sensitivity of loans	114
Concentrations of credit risk	113	Net loans and advances	57
Contingent liabilities and credit related commitments	86	Notes to the financial statements	44
Controlled entities	72	Notes to the statements of cash flows	70
Creditors and other liabilities	65	Other assets	62
Cross border outstandings	114	Operation of systems in Year 2000	101
Deposits and other borrowings	64	Outside equity interests	68
Derivative financial instruments	78	Premises and equipment	63
Directors' report	36	Profit and loss accounts	39
Directors' shareholding interests	118	Provisions	65
Directors' statement	102	Provisions for doubtful debts	60
Distribution of shareholdings	117	Regulatory deposits	60
Dividends	52	Related party disclosures	93
Doubtful debts - industry analysis	115	Remuneration of auditors	50
Due from other banks	54	Remuneration of directors	96
Due to other banks	63	Remuneration of executives	97
Earnings per share	53	Segment analysis	68
Employee share purchase and share option schemes	91	Shareholder information	117
Employee shareholder information	118	Shares in controlled entities and associates	60
Events since the end of the financial year	101	Short term borrowings	116
Exchange rates	90	Statements of cash flows	43
Expenses	48	Statements of changes in shareholders' equity	41
Fair value information	84	Substantial ordinary shareholders	117
Financial information	104	Superannuation commitments	89
Financing arrangements	90	Trading securities	55
Holder of non-marketable parcels	118	US GAAP reconciliation	98
Impaired assets	58	Volume and rate analysis	108
		Voting rights of shareholders	118



The directors present their report together with the accounts of the parent entity (the Company) and the consolidated accounts of the Economic entity for the year ended 30 September 1996.

The information is provided in conformity with the Corporations Law.

Activities

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

There has been no significant change in the nature of the principal activities of the Economic entity during the financial year.

At 30 September 1996, the Economic entity had 1,744 points of representation.

Result

Consolidated operating profit after income tax attributable to members of the Company was \$1,116 million. Further details are contained in the Chief Executive Officer's Review and the Review of 1996 Results on pages 6 and 7 and pages 28 to 31 respectively of the 1996 Annual Report.

Dividends

The directors propose payment of a final dividend of 24 cents per ordinary fully paid share, fully franked at 36%, to be formally declared on 16 December 1996 and to be paid on 15 January 1997. The proposed payment amounts to \$355 million.

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

Type	Cents per share	Amount before bonus option \$m	Date of payment
Final	18	260	17 Jan 1996
Interim	18	264	8 July 1996

The final dividend paid on 17 January 1996 was detailed in the directors' report dated 1 December 1995.

Neither the interim dividend paid on 8 July 1996 nor the current proposed dividend have been mentioned in previous directors' reports.

Review of Operations

A review of the operations of the Economic entity during the financial year and the results of those operations are contained in the Chairman's Report, the Chief Executive Officer's Review, the Review of 1996 Results and in the financial statements.

State of Affairs

In the directors' opinion, there have been no significant changes in the state of affairs of the Economic entity during the financial year, other than:

Net loans and advances increased by 11% from \$68,216 million to \$75,901 million, primarily from non-housing term loan growth of \$6,087 million. Deposits and other borrowings increased by 13% from \$70,238 million to \$79,709 million.

The charge for provisions for doubtful debts reduced by 11% to \$154 million. New and increased specific provisions were \$292 million and releases and recoveries totalled \$175 million. The charge for the general provision reduced from \$111 million in 1995 to \$37 million for 1996. Gross non-accrual loans fell to \$1,225 million, or 1.6% of net loans and advances, from \$1,774 million at 30 September 1995.

ANZ Grindlays Bank plc, a wholly owned subsidiary, changed its place of incorporation from the United Kingdom to Australia on 22 July 1996 and was renamed ANZ Grindlays Bank Limited on that date. ANZ Grindlays Bank Limited has been granted an authority under the Banking Act of Australia and is subject to the supervision of the Reserve Bank of Australia.

During the year the Economic entity's credit ratings were upgraded to "AA" status by United States rating agencies, Moody's Investor Services and Standard and Poors.

While the above matters are those considered to be significant changes in the state of affairs, reviews of matters affecting the Economic entity's state of affairs are contained in the Chairman's Report, the Chief Executive Officer's Review, the Review of 1996 Results and the financial statements.



Events since the End of the Financial Year

No item, transaction or event of a material and unusual nature has arisen between 30 September 1996 and the date of this report that has significantly affected or may significantly affect the operations of the Economic entity, the results of those operations or the state of affairs of the Economic entity in subsequent years.

Future Developments

Details of likely developments in the operations of the Economic entity in subsequent financial years are contained in the Chairman's Report and the Chief Executive Officer's Review on pages 4 and 5 and pages 6 and 7 respectively of the 1996 Annual Report.

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

Rounding of Amounts

The Company is a company of the kind referred to in the Australian Securities Commission class order 94/1253, issued on 17 August 1994 pursuant to section 313(6) of the Corporations Law. As a result, amounts in this report and the accompanying financial statements have been rounded to the nearest million dollars except where otherwise indicated.

Shareholdings

The directors' interests, beneficial and non-beneficial, in the shares of the Company are detailed on page 118.

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

Share Options

ANZ Group Share Option Scheme

At the date of this report, there are 7,445,000 outstanding options at an exercise price of \$5.34 per share. The options held by current employees cannot be exercised earlier than three years from the date of issue or later than 30 January 1999 and may only be exercised if the basic earnings per share of the Company (before abnormal items) for the relevant one of the financial years ending 30 September 1996, 1997 or 1998 are at least 50% over the equivalent figure for the 1993 financial year. 185,000 options were exercised and 185,000 shares issued since the end of the financial year, in accordance with the Rules of the Scheme.

The Company is of the kind referred to in class order 94/284 issued by the Australian Securities Commission on 8 March 1994 under which the directors are relieved from the need to disclose the names of employees and relevant details in respect of options granted to those employees under the schemes. The directors have availed themselves of the relief granted under this class order.

The names of all persons who currently hold options granted under the schemes are entered in the register kept by the Company pursuant to section 216C of the Corporations Law and the register may be inspected free of charge.

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Further details on the ANZ Group Share Option Scheme are contained in Note 40 of the financial statements and form part of this report.

Directors' Share and Option Purchase Scheme

At the date of this report, there are 100,000 unexercised options over ordinary shares of \$1 each at an exercise price of \$3.43 per share with an expiry date of 1 March 1998 or 90 days after cessation of a director's term of office, whichever is the earlier.

50,000 partly paid shares were issued during the year ended 30 September 1996. In addition 100,000 fully paid shares were issued during the year upon the exercise of options.

Details of directors' shareholdings interests are set out on page 118 of the Shareholder Information section of the 1996 Annual Report.

Directors, their Qualifications and Experience

The Board includes nine non-executive directors who have a diversity of business and community experience and three directors with executive responsibilities who have extensive banking experience. The names, qualifications and experience of the directors who are in office at the date of this report are contained on pages 18 and 19 of the 1996 Annual Report.

Special responsibilities and attendance at meetings, are shown on pages 20 and 21 of the 1996 Annual Report.



Directors' Benefits

No director has, during or since the end of the financial year, received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received, or due and receivable, by directors shown in the Company's financial statements for the financial year or the fixed salary of a full-time employee of the Company, or an entity controlled by the Company, or a body corporate that was related to the Company at a relevant time) because of a contract that the director, or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, has made with the Company or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the director received, or became entitled to receive the benefit, with the exception of benefits which may arise pursuant to the subscription by a director for shares under the Directors' Share and Option Purchase Scheme or benefits that may be deemed to have arisen because legal fees have been paid or are payable to Corrs Chambers Westgarth of which J C Dahlsen is a consultant.

Further details are set out in note 41 to the financial statements dealing with Related Party Disclosures.

Directors' and Officers' Indemnity

Article 143 provides that to the extent permitted by the Corporations Law "every director, secretary or employee of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto". The Corporations Law prohibits a company from indemnifying directors, secretaries, executive officers and auditors for liabilities except for a liability to a party, other than the Company or a related body

corporate, where the liability arises out of conduct involving good faith, and for costs and expenses incurred in defending proceedings in which the officer or auditor is successful. An indemnity for officers or employees, who are not directors, secretaries or executive officers, is not expressly restricted by the Corporations Law.

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

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

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

The directors, the secretaries of the Company, being D T Craig, R T Jones and J E Clark, and executive officers of the Company have the benefit of the indemnity in Article 143.

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

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

Signed in accordance with a resolution of the directors.

Charles B Goode

Chairman

D P Mercer

Chief Executive Officer



Australia and New Zealand Banking Group Limited and Controlled Entities

Profit and Loss Accounts for the year ended 30 September 1996

	Note	Consolidated			The Company	
		1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
Interest income	2	9,286	8,310	6,485	5,974	5,230
Interest expense	3	(5,969)	(5,229)	(3,685)	(4,037)	(3,546)
Net interest income		3,317	3,081	2,800	1,937	1,684
Other operating income	2	2,096	1,975	1,969	1,994	1,447
Operating income		5,413	5,056	4,769	3,931	3,131
Operating expenses	3	(3,644)	(3,334)	(3,183)	(2,574)	(2,303)
Operating profit before debt provisions and abnormal items		1,769	1,722	1,586	1,357	828
Provisions for doubtful debts	3	(154)	(174)	(381)	(110)	(149)
Operating profit before abnormal items		1,615	1,548	1,205	1,247	679
Abnormal profit	5	-	-	17	-	-
Operating profit		1,615	1,548	1,222	1,247	679
Income tax (expense)benefit						
Operating profit	6	(490)	(505)	(395)	(224)	(271)
Abnormal items	5	-	19	2	-	22
Income tax expense	6	(490)	(486)	(393)	(224)	(249)
Operating profit after income tax		1,125	1,062	829	1,023	430
Outside equity interests		(9)	(10)	(7)	-	-
Operating profit after income tax attributable to members of the Company		1,116	1,052	822	1,023	430
Retained profits at start of year		1,106	585	198	317	337
Total available for appropriation		2,222	1,637	1,020	1,340	767
Transfers (to)from reserves		(55)	(27)	(42)	15	46
Dividends provided for or paid	7					
Ordinary shares		(584)	(424)	(313)	(574)	(416)
Preference shares		-	(80)	(80)	-	(80)
Retained profits at end of year		1,583	1,106	585	781	317
Earnings per share(cents)	8					
Before abnormal items		76.3	68.5	54.5		
After abnormal items		76.3	69.9	55.9		

The notes appearing on pages 44 to 101 form an integral part of these financial statements



Australia and New Zealand Banking Group Limited and Controlled Entities

Balance Sheets as at 30 September 1996

	Note	Consolidated		The Company	
		1996 \$M	1995 \$M	1996 \$M	1995 \$M
Assets					
Liquid assets	9	6,901	5,054	4,784	2,472
Due from other banks	10	11,352	8,759	8,258	5,352
Trading securities	11	7,334	5,785	6,157	4,840
Investment securities	12	2,570	2,833	910	832
Net loans and advances	13	75,901	68,216	48,086	41,686
Customers' liabilities for acceptances		14,013	12,646	13,307	11,766
Due from controlled entities		-	-	6,251	6,066
Regulatory deposits	16	1,163	1,174	612	553
Shares in controlled entities and associates	17	10	10	4,769	5,004
Other assets	18	6,340	6,119	4,196	3,796
Premises and equipment	19	2,020	1,991	480	403
Total assets		127,604	112,587	97,810	82,770
Liabilities					
Due to other banks	20	12,682	11,161	11,363	9,499
Deposits and other borrowings	21	79,709	70,238	50,443	42,776
Liability for acceptances		14,013	12,646	13,307	11,766
Due to controlled entities		-	-	4,310	3,068
Income tax liability	22	575	652	301	285
Creditors and other liabilities	23	7,471	6,481	5,551	4,731
Provisions	24	954	862	785	667
Bonds and notes	25	2,264	1,579	2,264	1,579
Loan capital	26	3,600	3,221	3,196	2,699
Total liabilities		121,268	106,840	91,520	77,070
Net assets		6,336	5,747	6,290	5,700
Shareholders' equity					
Issued and paid-up capital		1,478	1,446	1,478	1,446
Reserves		3,229	3,148	4,031	3,937
Retained profits		1,583	1,106	781	317
Share capital and reserves attributable to members of the Company		6,290	5,700	6,290	5,700
Outside equity interests	27	46	47	-	-
Total shareholders' equity and outside equity interests		6,336	5,747	6,290	5,700
Commitments	32				
Derivative financial instruments	33				
Contingent liabilities and credit related commitments	35				

The notes appearing on pages 44 to 101 form an integral part of these financial statements

Australia and New Zealand Banking Group Limited and Controlled Entities

Statements of Changes in Shareholders' Equity for the year ended 30 September 1996

	Consolidated			The Company	
	1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
Authorised capital					
2,100,000,000 shares of \$1 each	2,100	2,100	2,100	2,100	2,100
1,000,000,000 preference shares of \$0.01 each	10	10	10	10	10
Total authorised capital	2,110	2,110	2,110	2,110	2,110
Issued and paid-up capital					
Balance at start of year	1,446	1,360	1,315	1,446	1,360
Conversion of preference shares	-	(6)	-	-	(6)
Ordinary shares ¹					
Shares issued on conversion of preference shares	-	129	-	-	129
Share buy-back	-	(100)	-	-	(100)
Dividend reinvestment plan ²	23	47	34	23	47
Employee share purchase scheme ³	3	2	2	3	2
Bonus option plan ⁴	6	11	5	6	11
Senior officers' share purchase scheme ⁵	#	3	4	#	3
Directors' share and option purchase scheme ⁶	#	#	#	#	#
Total issued and paid-up capital	1,478	1,446	1,360	1,478	1,446
Share premium reserve					
Balance at start of year	2,516	2,905	2,783	2,516	2,905
Premium on issue of shares	121	621	122	121	621
Conversion of preference shares	-	(594)	-	-	(594)
Share buy-back	-	(416)	-	-	(416)
Total share premium reserve	2,637	2,516	2,905	2,637	2,516
Asset revaluation reserve					
Balance at start of year	-	-	-	1,143	574
Revaluation of investments in controlled entities	-	-	-	24	615
Transfer to retained profits	-	-	-	(15)	(46)
Total asset revaluation reserve	-	-	-	1,152	1,143
Foreign currency translation reserve					
Balance at start of year	(88)	(87)	142	223	225
Currency translation adjustments, net of hedges after tax	(95)	(1)	(229)	(36)	(2)
Total foreign currency translation reserve	(183)	(88)	(87)	187	223
General reserve					
Balance at start of year	571	544	502	55	55
Transfers from retained profits	55	27	42	-	-
Total general reserve	626	571	544	55	55
Capital reserve	149	149	149	-	-
Total reserves	3,229	3,148	3,511	4,031	3,937



Australia and New Zealand Banking Group Limited and Controlled Entities

Statements of Changes in Shareholders' Equity for the year ended 30 September 1996

	Note	Consolidated			The Company	
		1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
Retained profits						
Balance at start of year		1,106	585	198	317	337
Operating profit after income tax attributable to shareholders of the Company		1,116	1,052	822	1,023	430
Total available for appropriation		2,222	1,637	1,020	1,340	767
Transfers (to)from reserves		(55)	(27)	(42)	15	46
Dividends provided for or paid	7					
Ordinary shares		(584)	(424)	(313)	(574)	(416)
Preference shares		-	(80)	(80)	-	(80)
Retained profits at end of year		1,583	1,106	585	781	317
Total shareholders' equity attributable to members of the Company		6,290	5,700	5,456	6,290	5,700

Number of issued shares	1996	The Company	
		1995	1994
Ordinary shares of \$1 each fully paid	1,478,089,641	1,446,047,877	1,353,580,687
Ordinary shares of \$1 each paid to 10 cents per share	687,500	929,500	2,103,000
Non-redeemable non-cumulative 13.25% converting preference shares of \$1 each fully paid	-	-	6,000,000
Total number of issued shares	1,478,777,141	1,446,977,377	1,361,683,687

The notes appearing on pages 44 to 101 form an integral part of the financial statements

Amounts less than \$500,000

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

² Dividend reinvestment plan issues were
12,904,287 ordinary shares at \$6.27 per share
9,759,336 ordinary shares at \$5.59 per share

³ Employee Share Purchase Scheme issues were
2,791,459 ordinary shares at \$4.96 per share
358,024 ordinary shares at \$4.80 per share

⁴ Bonus option plan issues were
3,473,973 ordinary shares at \$6.27 per share
2,311,685 ordinary shares at \$5.59 per share

⁵ Senior officers' share purchase scheme
issue of shares
51,000 ordinary shares at \$6.20 per share
issue proceeds from conversion of partly paid to fully paid
3,000 ordinary shares at \$3.42 per share
10,000 ordinary shares at \$3.44 per share
27,000 ordinary shares at \$3.75 per share
10,000 ordinary shares at \$4.85 per share
10,000 ordinary shares at \$4.90 per share
3,000 ordinary shares at \$4.93 per share
5,000 ordinary shares at \$5.04 per share
28,000 ordinary shares at \$5.20 per share
3,000 ordinary shares at \$5.26 per share
16,000 ordinary shares at \$5.36 per share
17,000 ordinary shares at \$5.42 per share
10,000 ordinary shares at \$5.46 per share

⁶ Directors' share and option purchase scheme
issue of shares

50,000 ordinary shares at \$6.20 per share (partly paid to \$0.10)
50,000 ordinary shares at \$3.44 per share (on exercise of options)
50,000 ordinary shares at \$4.09 per share (on exercise of options)
issue proceeds from conversion of partly paid to fully paid
50,000 ordinary shares at \$3.75 per share
50,000 ordinary shares at \$4.09 per share
50,000 ordinary shares at \$6.20 per share

Total uncalled capital at 30 September 1996 was \$3.2 million, comprising capital of \$0.6 million and share premium of \$2.6 million

Australia and New Zealand Banking Group Limited and Controlled Entities

Statements of Cash Flows for the year ended 30 September 1996

	Note	Consolidated			The Company	
		1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
		Inflows/(Outflows)			Inflows/(Outflows)	
Cash flows from operating activities						
Interest received		9,458	7,945	6,446	6,061	5,035
Dividends received		111	4	5	516	8
Fees and other income received		1,946	1,918	1,919	1,490	1,423
Interest paid		(6,136)	(4,864)	(3,789)	(4,101)	(3,299)
Personnel expenses paid		(1,850)	(1,618)	(1,459)	(1,309)	(1,115)
Premises expenses paid		(351)	(362)	(362)	(333)	(364)
Other operating expenses paid		(1,134)	(1,118)	(1,058)	(755)	(727)
Income taxes paid		(353)	(153)	(160)	(79)	(12)
Net (increase)decrease in trading securities		(1,595)	(1,222)	852	(1,339)	(1,678)
Net cash provided by(used in) operating activities	29(a)	96	530	2,394	151	(729)
Cash flows from investing activities						
Net (increase)decrease						
Due from other banks		(171)	(1,801)	(646)	(562)	(1,584)
Regulatory deposits		(28)	(291)	107	(61)	(27)
Loans and advances		(8,269)	(7,487)	(5,114)	(6,769)	(3,798)
Shares in controlled entities and associates		-	(6)	-	480	56
Investment securities						
Purchases		(2,166)	(6,949)	(13,747)	(718)	(4,875)
Proceeds from sale or maturity		2,381	8,573	13,252	609	6,491
Controlled entities	29(c)					
Purchased (net of cash acquired)		13	(81)	12	(198)	(22)
Proceeds from sale (net of cash disposed)		14	14	23	-	-
Premises and equipment						
Purchases		(412)	(361)	(269)	(202)	(95)
Proceeds from sale		104	69	373	5	16
Other		(954)	(44)	464	(1,832)	335
Net cash used in investing activities		(9,488)	(8,364)	(5,545)	(9,248)	(3,503)
Cash flows from financing activities						
Net increase(decrease)						
Due to other banks		2,094	520	570	2,395	780
Deposits and other borrowings		10,109	6,080	3,839	7,959	3,385
Due from/to controlled entities		-	-	-	929	(1,109)
Creditors and other liabilities		879	(186)	259	653	83
Bonds and notes						
Issue proceeds		1,427	655	547	1,427	655
Redemptions		(655)	(578)	(592)	(655)	(578)
Loan capital						
Issue proceeds		634	165	353	634	-
Redemptions		(110)	-	(271)	-	-
Decrease in outside equity interests		(8)	(8)	(2)	-	-
Dividends paid		(354)	(241)	(198)	(343)	(233)
Share capital issues		18	19	31	18	19
Share buy-back		-	(516)	-	-	(516)
Net cash provided by financing activities		14,034	5,910	4,536	13,017	2,486
Net cash provided by(used in) operating activities		96	530	2,394	151	(729)
Net cash used in investing activities		(9,488)	(8,364)	(5,545)	(9,248)	(3,503)
Net cash provided by financing activities		14,034	5,910	4,536	13,017	2,486
Net increase(decrease) in cash and cash equivalents		4,642	(1,924)	1,385	3,920	(1,746)
Cash and cash equivalents at beginning of year		7,079	9,092	9,080	3,238	5,044
Foreign currency translation on opening balances		(475)	(89)	(1,373)	(354)	(60)
Cash and cash equivalents at end of year	29(b)	11,246	7,079	9,092	6,804	3,238

The notes appearing on pages 44 to 101 form an integral part of these financial statements



1: Accounting Policies

This general purpose financial report complies with the accounts provisions of the Banking Act, applicable Australian Accounting Standards, the accounts provisions of the Corporations Law and Urgent Issues Group Consensus Views. The accounting policies are consistent with those adopted in the prior year.

The financial statements also include disclosures required by the United States Securities and Exchange Commission in respect of foreign registrants.

(i) Bases of accounting

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

The carrying values of all non-current assets have been assessed and are not in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

(ii) Consolidation

The financial statements of the Economic entity are a consolidation of the financial statements of Australia and New Zealand Banking Group Limited (the Company) and its controlled entities listed in note 30.

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

(iii) Goodwill

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

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

(iv) Shares in controlled entities and associates

Shares in controlled entities are revalued annually based on the net tangible assets of the entity.

Associates are accounted for by the cost method. Supplementary equity financial statements are not prepared as the impact is immaterial.

(v) Foreign currency

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

Revenues and expenses of overseas branches and controlled entities are translated at average exchange rates for the year, while assets and liabilities are translated at the mid-point rates of exchange ruling at balance date.

Net translation differences arising from the translation of overseas branches and controlled entities considered to be self-sustaining operations are included in the foreign currency translation reserve, after allowing for those positions hedged by foreign exchange contracts and related currency borrowings.

Assets and liabilities denominated in foreign currencies are translated into Australian dollars at the rates of exchange ruling at balance date.

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

(vi) Comparative figures

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

(vii) Rounding of amounts

The Company is a company of the kind referred to in the Australian Securities Commission class order 94/1253, dated 17 August 1994. Consequently, amounts in the financial statements have been rounded to the nearest million dollars except where otherwise indicated.

(viii) Life insurance business

The Economic entity conducts life insurance business through ANZ Life Assurance Company Limited (ANZ Life). The Economic entity's financial statements include its interest in the actuarially assessed surplus of ANZ Life's statutory funds for the year, after allowing for increases in policyholder reserves determined on a realistic basis. The result for the year of \$55 million (1995: \$52 million) has been included in the profit and loss account and then transferred to general reserve within the consolidated financial statements until available for distribution under the requirements and restrictions of the Life Insurance Act 1995 and statutory accounting practices.

The Economic entity's interest in the accumulated retained earnings of the life insurance statutory funds of \$354 million (1995: \$302 million), together with the net assets of the shareholders' funds of ANZ Life, are included within the balance sheet of the Economic entity.

Due to the provisions of the Life Insurance Act 1995, the assets of the life insurance statutory funds attributable to policyholders of ANZ Life do not form part of the assets to which the Economic entity is entitled and are therefore not consolidated.

(ix) Funds under management

The Company and certain of its controlled entities act as trustee and/or manager for a number of investment funds and trusts including retirement funds, mortgage funds, approved deposit funds, and equity and property unit trusts. The value of funds under management by the Economic entity exceeds \$12 billion (1995: \$10 billion). These funds have not been consolidated as the Company does not have direct or indirect control of the funds.

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

(x) Income tax

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

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

Provision for Australian income tax is made where the earnings of overseas controlled entities are subjected to Australian tax under the attribution rules for the taxation of foreign sourced income. Otherwise, no provision is made for overseas withholding tax or Australian income tax which may arise on repatriation of earnings from overseas controlled entities, where it is expected these earnings will be retained by those entities to finance their ongoing business.

(xi) 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.

(xii) Investment securities

Investment securities are those which the Economic entity purchased with the positive intent and ability to hold until maturity. Such securities are recorded at cost or at cost adjusted for amortisation of premiums or discounts. Premiums and discounts are capitalised and amortised from date of purchase to maturity. Interest and dividend income is accrued.

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

(xiii) Net loans and advances

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

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

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

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

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



(xiv) Bad and doubtful debts

Specific provisions are maintained to cover identified doubtful debts.

General provisions are maintained for losses which, although not specifically identified, are known from experience to be inherent in any asset portfolio. The level of the general provision is determined having regard to economic conditions, the level of on and off-balance sheet assets and other general risk factors.

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

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

(xv) Credit assessment

All loans are subject to regular scrutiny and graded according to the level of credit risk. Loans are classified as either productive or non-accrual. The Economic entity has adopted the Reserve Bank of Australia Impaired Assets Guidelines in assessing non-accrual loans. Non-accrual loans include loans where the accrual of interest and fees has ceased due to doubt as to full recovery, and loans that have been restructured with an effective yield below the Economic entity's average cost of funds at the date of restructuring. A specific provision is raised to cover the expected loss, where full recovery of principal is doubtful.

Restructured loans are loans with an effective yield above the Economic entity's cost of funds and below the yield applicable to a customer of equal credit standing.

Cash receipts on non-accrual loans are, in the absence of a contrary agreement with the customer, applied as income or fees in priority to being applied as a reduction in principal, except where the cash receipt relates to proceeds from the sale of security.

(xvi) Leasing

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

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

(xvii) Premises and equipment

Premises and equipment (including computer equipment) are carried at cost less depreciation or amortisation, or at valuation. Any surplus on revaluation of a class of assets is credited directly to the asset revaluation reserve. Where a deficit arises, this is debited to the asset revaluation

reserve to the extent of any previous revaluation surplus for that class, and the excess debited to the profit and loss account. Potential capital gains tax arising from revaluations is not taken into account as the Economic entity has no current intention to dispose of the subject properties.

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

The directors carried out a valuation in September 1996 supported by independent and officer valuations. The market value of premises exceeded the book value by \$55 million. This excess has not been booked in the financial statements.

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

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

(xviii) Property held for resale

Property held for resale comprises properties held for development and sale. These are recorded at the lower of net investment level or estimated realisable value.

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

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

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

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

(xix) Acceptances

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

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

(xx) Derivative financial instruments

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

Trading derivative financial instruments, comprising derivatives entered into for customer-related or proprietary reasons or for hedging the trading portfolio, are measured at fair value and all gains and losses are taken to the profit and loss account.

Fair value losses arising from trading derivative financial instruments are not offset against fair value gains unless a legal right of set-off exists.

Derivative financial instruments designated, and effective, as hedges of underlying non-trading exposures are accounted for on the same basis as the underlying exposures.

Gains and losses resulting from the termination of a derivative instrument that was designated as a hedge of non-trading exposures are deferred and amortised over the remaining period of the original term covered by the terminated instrument where the underlying exposure still exists. Where the underlying exposure no longer exists, the gains and losses are recognised in the profit and loss account.

Gains and losses on derivative financial instruments related to hedging exposures arising from anticipated transactions are deferred and recognised in the financial statements when the anticipated transaction occurs. These gains and losses are deferred only to the extent that there is an offsetting unrecognised (unrealised) gain or loss on the exposures being hedged. Deferred gains and losses are amortised over the expected term of the hedged exposure.

(xxi) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include liquid assets and amounts due from other banks with original term to maturity of 90 days or less.

(xxii) Repurchase agreements

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

Securities purchased under agreements to resell are recorded as Liquid assets, Net loans and advances, or Due from other banks, depending on the term of the agreement and the counterparty.

(xxiii) Superannuation commitments

Contributions, which are determined on an actuarial basis, to superannuation schemes are charged to personnel expense in the profit and loss account.

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

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

(xxiv) Employee entitlements

The amounts expected to be paid in respect of employees' entitlements to annual leave are accrued at current salary rates including on costs. Liability for long service leave is accrued in respect of all applicable employees at the present value of future amounts expected to be paid.



Notes to the Financial Statements

	Consolidated			The Company	
	1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
2: Income					
Interest income					
From other banks	766	661	516	525	410
On regulatory deposits	25	43	33	14	30
On trading and investment securities	754	698	566	480	419
On loans and advances	7,320	6,502	5,080	4,381	3,744
Dividends from redeemable preference share finance	9	2	7	-	-
Other	412	404	283	216	191
	9,286	8,310	6,485	5,616	4,794
From controlled entities	-	-	-	358	436
Total interest income	9,286	8,310	6,485	5,974	5,230
Other operating income					
(i) Fee income					
Lending	550	537	559	440	420
Other	854	801	763	571	493
	1,404	1,338	1,322	1,011	913
From controlled entities	-	-	-	269	268
Total fee income	1,404	1,338	1,322	1,280	1,181
(ii) Other income					
Foreign exchange earnings	231	226	222	132	130
Foreign exchange gains on hedges of investments in controlled entities	-	-	-	8	2
Profit on trading instruments	113	96	126	80	60
Rental income	36	33	34	28	43
Operating lease income	116	89	61	-	-
Life insurance fund surplus	55	52	42	-	-
Development ventures					
Income	6	13	12	-	(8)
Diminution in value	7	14	(21)	6	26
Profit on sale of premises and equipment	10	4	-	3	3
Other ¹	118	110	171	457	10
Total other income	692	637	647	714	266
Total other operating income	2,096	1,975	1,969	1,994	1,447
Abnormal items (refer note 5)	-	-	19	-	-
Total income	11,382	10,285	8,473	7,968	6,677
¹ Includes dividend income of \$111 million (1995: \$4 million) for the Economic entity and \$516 million (1995: \$8 million) for the Company. The Company's dividends include dividends received from controlled entities of \$405 million (1995: \$8 million)					
3: Expenses					
Interest expense					
To other banks	862	809	637	694	647
On deposits	3,826	3,271	2,146	2,498	2,116
On borrowing corporations' debt	520	490	472	-	-
On commercial paper	247	179	88	109	59
On bonds and notes	134	114	61	134	114
On loan capital	245	254	207	210	217
Other	135	112	74	107	97
	5,969	5,229	3,685	3,752	3,250
To controlled entities	-	-	-	285	296
Total interest expense	5,969	5,229	3,685	4,037	3,546



Notes to the Financial Statements

	Consolidated			The Company	
	1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
3: Expenses (continued)					
Provisions for doubtful debts (refer note 15)					
New and increased provisions	292	293	n/a	201	211
Provision releases	(129)	(178)	n/a	(87)	(144)
	163	115	456	114	67
Recoveries of amounts previously written off	(46)	(52)	(88)	(26)	(22)
Specific provision	117	63	368	88	45
General provision	37	111	13	22	104
Total provisions for doubtful debts	154	174	381	110	149
Operating expenses					
(i) Personnel					
Salaries and wages	1,387	1,270	1,170	1,031	911
Pension fund	105	93	87	10	8
Employee taxes					
Payroll	73	64	57	70	60
Fringe benefits tax	53	48	28	48	42
Provision for employee entitlements	29	19	12	27	14
Retrenchment and redeployment	57	13	11	30	8
Other	158	116	103	122	74
Total personnel expenses	1,862	1,623	1,468	1,338	1,117
(ii) Premises					
Rent	204	207	216	144	157
Depreciation of buildings and integrals	31	31	30	4	4
Amortisation of leasehold improvements	13	16	16	7	8
Other	137	147	139	92	98
	385	401	401	247	267
To controlled entities	-	-	-	87	98
Total premises expenses	385	401	401	334	365
(iii) Other					
Direct income-related expenditure					
Brokerage paid	61	67	69	22	27
Interchange and card costs	172	150	127	141	121
Operating lease depreciation	62	49	34	-	-
Computer costs					
Depreciation	97	86	70	64	55
Other	231	224	212	150	137
Non-lending losses, frauds and forgeries	55	79	98	44	46
Remuneration of auditors (refer note 4)	8	8	8	3	3
Depreciation of furniture and equipment	49	49	52	31	32
Depreciation of motor vehicles	3	5	7	2	3
Loss on disposal of premises and equipment	24	5	-	15	-
Management fees	7	-	1	-	3
Other	628	588	636	412	363
	1,397	1,310	1,314	884	790
Management fees - controlled entities	-	-	-	18	31
Total other expenses	1,397	1,310	1,314	902	821
Total operating expenses	3,644	3,334	3,183	2,574	2,303
Total expenses	9,767	8,737	7,249	6,721	5,998



	Consolidated			The Company	
	1996 \$'000	1995 \$'000	1994 \$'000	1996 \$'000	1995 \$'000
4: Remuneration of Auditors					
Amounts received and due and receivable					
Auditing the accounts					
By KPMG	3,376	3,566	4,523	1,373	1,360
By other Economic entity auditors	8	84	230	-	-
	3,384	3,650	4,753	1,373	1,360
Other services					
By KPMG					
Audit related services ¹	2,419	2,390	2,145	1,177	916
Other	1,769	2,186	1,357	477	468
By other Economic entity auditors	42	101	75	5	-
	4,230	4,677	3,577	1,659	1,384
Total remuneration of auditors	7,614	8,327	8,330	3,032	2,744

By virtue of an Australian Securities Commission class order dated 29 June 1992, the auditors of Australia and New Zealand Banking Group Limited and its related bodies corporate, KPMG, have been exempted from compliance with the requirements of Section 324(2) of the Corporations Law. The class order exemption applies in that partners and associates of KPMG not engaged on the audit of Australia and New Zealand Banking Group Limited and its related bodies corporate may be indebted to the Company, provided that such indebtedness arose upon ordinary commercial terms and conditions.

¹ *Audit related services are services other than those relating to the audit of the statutory financial statements of the Economic entity. These services include prudential supervision reviews for central banks, prospectus and half-yearly reviews, trust audits and other audits required for local statutory purposes*

	Consolidated			The Company	
	1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
5: Abnormal Items					
Profits before tax					
Residual gain on sale of LFD Limited's pastoral and shipping businesses	-	-	12	-	-
Sale of controlled entities and associates	-	-	7	-	-
	-	-	19	-	-
Losses before tax					
Sale of premises	-	-	2	-	-
Total abnormal profit before tax	-	-	17	-	-
Abnormal tax benefit					
Sale of controlled entities and associates	-	-	2	-	-
Restatement of net deferred tax balances to reflect the increase in the Australian corporate tax rate	-	19	-	-	22
Total abnormal tax benefit	-	19	2	-	22
Total abnormal profit after tax	-	19	19	-	22

Notes to the Financial Statements

	Consolidated			The Company	
	1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
6: Income Tax Expense					
Reconciliation of the prima facie income tax payable on operating profit and abnormal items with the income tax expense charged in the profit and loss account					
Operating profit before income tax and before abnormal items	1,615	1,548	1,205	1,247	679
Prima facie income tax at 36% (1995, 1994: 33%)	581	511	398	449	224
Tax effect of permanent differences					
Overseas tax rate differential	1	18	44	6	6
Other non-assessable income	(27)	(34)	(33)	(24)	(6)
Rebateable and non-assessable dividends	(41)	(4)	(6)	(184)	(3)
Non-allowable depreciation and amortisation	4	3	3	3	2
General provision for doubtful debts	13	37	4	8	35
Other	(19)	(10)	(3)	(15)	14
	512	521	407	243	272
Income tax over provided in prior years	(22)	(16)	(12)	(19)	(1)
Total income tax expense on operating profit before abnormal items	490	505	395	224	271
Abnormal profit before tax	-	-	17	-	-
Prima facie income tax at 36% (1995, 1994: 33%)	-	-	6	-	-
Tax effect of permanent differences					
Restatement of net deferred tax balances (refer note 5)	-	(19)	-	-	(22)
Loss on sale and revaluation of premises	-	-	1	-	-
Profit on controlled entities and associates	-	-	(5)	-	-
Residual gain on sale of LFD Limited's pastoral and shipping businesses	-	-	(4)	-	-
Total income tax benefit on abnormal items	-	(19)	(2)	-	(22)
Total income tax expense	490	486	393	224	249
Current income tax expense	355	365	185	142	109
Deferred income tax expense	135	121	208	82	140
Total income tax expense	490	486	393	224	249



	Consolidated			The Company	
	1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
7: Dividends					
Ordinary dividends					
Interim dividend	264	208	146	254	200
Proposed final dividend	355	260	189	355	260
Bonus option plan adjustment (see below)	(35)	(44)	(22)	(35)	(44)
Dividends on ordinary shares	584	424	313	574	416
Preference dividends (13.25% per annum, unfranked)					
Dividend paid in January	-	40	40	-	40
Dividend paid in July	-	40	40	-	40
Dividends on preference shares	-	80	80	-	80
Total dividends	584	504	393	574	496

A final dividend of 24 cents fully franked at 36% is proposed to be paid on each fully paid ordinary share (1995: final dividend of 18 cents per fully paid share, franked to 6 cents at 36%; 1994: final unfranked dividend 14 cents per fully paid share). Non-resident shareholders will be exempt from dividend withholding tax on the full dividend.

The 1996 interim dividend of 18 cents was franked to 9 cents at 36% (1995: unfranked interim dividend of 15 cents per fully paid ordinary share; 1994: unfranked interim dividend of 11 cents per fully paid ordinary share).

The difference between the consolidated dividend and the Company dividend is due to dividends of \$10 million (1995: \$8m; 1994: \$8m) paid by ANZ U.K. Dividends (AUD) Limited, a wholly owned controlled entity, under the 'Dividend Selection Plan' available to the Company's shareholders in the United Kingdom. This plan was suspended after the payment of the 1996 interim dividend.

Restrictions which Limit the Payment of Dividends

There are presently no significant restrictions on the payment of dividends from controlled entities to the Company. Various capital adequacy, liquidity, statutory reserve and other prudential requirements must be observed by certain controlled entities and the impact on these requirements caused by the payment of cash dividends is monitored. In practice however, there are significant tax considerations associated with the receipt of dividends from controlled entities by a company. Payment of dividends from domestic controlled entities constitutes assessable income to a recipient Australian company. The recipient company is generally entitled to a rebate of tax otherwise payable on the assessable dividend. Should the recipient company's total assessable income be less than the dividend income, or it be in a tax loss position, the rebate will reduce or be eliminated. The Economic entity therefore acts to preserve the availability of rebates by avoiding the payment of dividends by domestic controlled entities in this situation.

Payments of dividends from overseas controlled entities may attract withholding taxes which have not been provided for in these financial statements.

There are presently no restrictions on payment of dividends by the Company other than

- (i) the share premium reserve is not available for distribution other than in the form of bonus issues (share dividends); and
- (ii) reductions of shareholders' equity through payment of cash dividends is monitored having regard to the regulatory requirements to maintain a specified capital adequacy ratio. In particular, the Reserve Bank of Australia has advised Australian banks that a bank under its supervision must consult with it before declaring a dividend if the bank has incurred a loss, or proposes to pay dividends which exceed the level of profits earned.

7: Dividends (continued)

Bonus option plan

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

	DECLARED DIVIDEND \$M	BONUS OPTIONS EXERCISED \$M	AMOUNT PAID \$M
Final dividend 1995	260	22	238
Interim dividend 1996	264	13	251
	524	35	489

	1996 \$M	Consolidated 1995 \$M	1994 \$M
8: Earnings per Share			
Before abnormal items			
Basic			
Operating profit after income tax attributable to shareholders of the Company	1,116	1,052	822
Abnormal items after tax	-	(19)	(19)
Operating profit after tax before abnormal items	1,116	1,033	803
Preference share dividend	-	(80)	(80)
Total adjusted earnings	1,116	953	723
Weighted average number of ordinary shares (millions)	1,462.3	1,390.3	1,327.6
Basic earnings per share (cents)	76.3	68.5	54.5
After abnormal items			
Basic			
Operating profit after income tax attributable to shareholders of the Company	1,116	1,052	822
Preference share dividend	-	(80)	(80)
Total adjusted earnings	1,116	972	742
Weighted average number of ordinary shares (millions)	1,462.3	1,390.3	1,327.6
Basic earnings per share (cents)	76.3	69.9	55.9

Separate disclosure of diluted earnings per share has not been made as amounts are not materially different from basic earnings per share.



	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
9: Liquid Assets				
Australia				
Coins, notes and cash at bankers	1,351	256	1,334	240
Loans to authorised dealers in Australian short term money market	-	314	-	314
Money at call	25	30	-	-
Other banks' certificates of deposit	7	6	-	-
Securities purchased under agreement to resell less than 90 days	130	121	130	121
Bills receivable and remittances in transit	3	176	2	165
	1,516	903	1,466	840
Overseas				
Coins, notes and cash at bankers	216	259	23	33
Money at call	687	469	145	60
Other banks' certificates of deposit	3,321	2,756	2,695	1,212
Securities purchased under agreement to resell less than 90 days	900	146	445	125
Bills receivable and remittances in transit	261	521	10	202
	5,385	4,151	3,318	1,632
Total liquid assets	6,901	5,054	4,784	2,472
Maturity analysis based on original term to maturity at 30 September				
Less than 90 days	4,285	2,824	2,456	1,463
More than 90 days	2,616	2,230	2,328	1,009
Total liquid assets	6,901	5,054	4,784	2,472
10: Due from Other Banks				
Australia	1,607	288	1,507	288
Overseas	9,745	8,471	6,751	5,064
Total due from other banks	11,352	8,759	8,258	5,352
Maturity analysis based on original term to maturity at 30 September				
Less than 90 days	6,961	4,255	4,348	1,775
More than 90 days	4,391	4,504	3,910	3,577
Total due from other banks	11,352	8,759	8,258	5,352

Notes to the Financial Statements

	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
11: Trading Securities				
Trading securities are allocated between Australia and Overseas based on the domicile of the issuer				
Listed - Australia				
Commonwealth securities	1,496	2,517	1,496	2,517
Local and semi-government securities	10	10	10	10
Other securities and equity investments	91	39	-	-
	1,597	2,566	1,506	2,527
Listed - Overseas				
Indian government securities	272	247	-	-
Other securities and equity investments	265	303	236	233
	537	550	236	233
Total listed	2,134	3,116	1,742	2,760
Unlisted - Australia				
Treasury notes and bills	103	856	103	856
Other government securities	1,577	-	1,577	-
ANZ accepted bills	1,317	1,016	1,249	931
Other securities and equity investments	269	121	199	134
	3,266	1,993	3,128	1,921
Unlisted - Overseas				
Treasury notes and bills	1,564	272	1,177	159
Other government securities	64	91	64	-
Other securities and equity investments	306	313	46	-
	1,934	676	1,287	159
Total unlisted	5,200	2,669	4,415	2,080
Total trading securities	7,334	5,785	6,157	4,840



	Consolidated		The Company	
	1996	1995	1996	1995
	\$M	\$M	\$M	\$M
12: Investment Securities				
Investment securities are allocated between Australia and Overseas based on the domicile of the issuer				
Listed - Australia				
Commonwealth securities	4	4	4	4
Local and semi-government securities	46	29	46	7
Other securities and equity investments	297	116	286	53
	347	149	336	64
Listed - Overseas				
Indian government securities	304	352	10	12
Other government securities	147	200	83	90
Other securities and equity investments	316	162	187	47
	767	714	280	149
Total listed	1,114	863	616	213
Unlisted - Australia				
Other securities and equity investments	139	477	134	472
Unlisted - Overseas				
New Zealand government securities	540	618	9	9
Indian government securities	32	2	-	-
Other government securities	576	558	146	115
Other securities and equity investments	169	315	5	23
	1,317	1,493	160	147
Total unlisted	1,456	1,970	294	619
Total investment securities	2,570	2,833	910	832
Market value information				
Listed - Australia				
Commonwealth securities	4	4	4	4
Local and semi-government securities	46	29	46	7
Other securities and equity investments	297	117	286	55
	347	150	336	66
Listed - Overseas				
Indian government securities	300	348	10	12
Other government securities	149	203	83	90
Other securities and equity investments	316	164	187	48
	765	715	280	150
Total market value of listed investment securities	1,112	865	616	216
Unlisted - Australia				
Other securities and equity investments	140	478	134	471
Unlisted - Overseas				
New Zealand government securities	537	610	9	9
Indian government securities	32	2	-	-
Other government securities	575	558	145	115
Other securities and equity investments	171	313	6	23
	1,315	1,483	160	147
Total market value of unlisted investment securities	1,455	1,961	294	618
Total market value of investment securities	2,567	2,826	910	834

Notes to the Financial Statements

	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
13: Net Loans and Advances				
Loans and advances are classified between Australia and Overseas based on the domicile of the lending point				
Australia				
Overdrafts	3,358	3,887	3,352	3,872
Credit card outstandings	1,156	989	1,156	989
Term loans - owner-occupied housing	15,001	14,218	15,001	14,218
Term loans - other	23,026	20,335	20,583	17,868
Lease finance (refer below)	3,282	3,138	657	651
Hire purchase	5,803	5,264	-	-
Commercial bills	21	304	-	270
Redeemable preference share finance	20	20	-	-
Other	422	117	412	97
	52,089	48,272	41,161	37,965
Overseas				
Overdrafts	2,699	2,732	587	436
Credit card outstandings	231	210	2	2
Term loans - housing	6,878	6,233	187	102
Term loans - non-housing	15,590	12,194	6,868	3,707
Lease finance (refer below)	68	50	22	9
Hire purchase	458	419	-	11
Commercial bills	568	921	189	462
Redeemable preference share finance	9	3	-	-
Other	329	260	-	10
	26,830	23,022	7,855	4,739
Total gross loans and advances	78,919	71,294	49,016	42,704
Provisions for doubtful debts (refer note 15)	(1,218)	(1,380)	(884)	(958)
Income yet to mature	(1,800)	(1,698)	(46)	(60)
	(3,018)	(3,078)	(930)	(1,018)
Total net loans and advances	75,901	68,216	48,086	41,686
Lease finance consists of gross lease receivables				
Current	885	1,170	187	105
Non-current	2,465	2,018	492	555
	3,350	3,188	679	660
Included in the above are receivables of controlled entity borrowing corporations net of income yet to mature				
Not later than 1 year	3,493	4,000		
Later than 1 year but not later than 2 years	2,831	2,126		
Later than 2 years but not later than 5 years	3,500	3,106		
Later than 5 years	240	198		
	10,064	9,430		



	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
14: Impaired Assets				
Summary of impaired assets				
Non-accrual loans	1,225	1,774	835	1,305
Restructured loans	33	25	25	25
Other real estate owned	-	-	-	-
Unproductive facilities	82	86	22	29
Gross impaired assets	1,340	1,885	882	1,359
Specific provisions				
Non-accrual loans	(501)	(694)	(338)	(447)
Unproductive facilities	(8)	(8)	(7)	(6)
Net impaired assets	831	1,183	537	906
Non-accrual loans				
Non-accrual loans	1,225	1,774	835	1,305
Specific provisions	(501)	(694)	(338)	(447)
Total net non-accrual loans	724	1,080	497	858
Restructured loans				
For these loans interest and fees are recognised as income on an accruals basis	33	25	25	25
Other real estate owned				
In the event of customer default, any loan security is held as mortgagee in possession and therefore the Economic entity does not hold any other real estate owned assets	-	-	-	-
Unproductive facilities				
These facilities comprise standby letters of credit, bill endorsements, documentary letters of credit and guarantees to third parties				
Unproductive facilities	82	86	22	29
Specific provisions	(8)	(8)	(7)	(6)
Net unproductive facilities	74	78	15	23
Accruing loans past due 90 days or more				
These amounts, comprising loans less than \$100,000 or fully secured, are not classified as impaired assets and therefore are not included within the above summary	212	153	174	114

14: Impaired Assets (continued)

Further analysis of non-accrual loans at 30 September 1996 and interest and/or other income received during the year under RBA guidelines is as follows

	Consolidated			The Company		
	Gross balance outstanding \$M	Specific provision \$M	Interest and/or other income received \$M	Gross balance outstanding \$M	Specific provision \$M	Interest and/or other income received \$M
Non-accrual loans						
Without provisions						
Australia	207	-	24	150	-	24
New Zealand	28	-	1	-	-	-
International markets	32	-	2	7	-	1
	267	-	27	157	-	25
With provisions and no, or partial performance ¹						
Australia	552	275	30	444	243	30
New Zealand	86	42	2	-	-	-
International markets	123	117	3	66	36	1
	761	434	35	510	279	31
With provisions and full performance ¹						
Australia	152	50	15	152	50	15
New Zealand	14	6	1	-	-	-
International markets	31	11	3	16	9	1
	197	67	19	168	59	16
Total non-accrual loans	1,225	501	81	835	338	72

¹ A loan's performance is assessed against its contractual repayment schedule

Total interest forgone on impaired assets

The following tables show the estimated amount of interest income that would have been recorded had interest on non-accrual loans been accrued to income (or, in the case of restructured loans, had interest been accrued at the original contract rate), and the amount of interest income received with respect to such loans.

	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
Gross interest receivable on non-accrual loans and restructured loans				
Australia	149	214	128	173
New Zealand	13	16	-	-
International markets	19	40	4	9
Total gross interest receivable on non-accrual loans and restructured loans	181	270	132	182
Interest income received				
Australia	69	87	69	81
New Zealand	4	15	-	-
International markets	8	46	3	15
Total interest income received	81	148	72	96
Net interest forgone				
Australia	80	127	59	92
New Zealand	9	1	-	-
International markets	11	(6)	1	(6)
Total net interest forgone	100	122	60	86



	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
15: Provisions for Doubtful Debts				
Specific provision				
Balance at start of year	702	1,085	454	760
Adjustment for exchange rate fluctuations	(10)	(1)	(3)	-
Bad debts written off	(346)	(497)	(239)	(373)
Transfer from profit and loss account (refer note 3)	163	115	114	67
Acquired	-	-	19	-
Total specific provision	509	702	345	454
General provision				
Balance at start of year	678	567	504	400
Adjustment for exchange rate fluctuations	(6)	-	(1)	-
Charge to profit and loss account (refer note 3)	37	111	22	104
Acquired	-	-	14	-
Total general provision	709	678	539	504
Total provisions for doubtful debts	1,218	1,380	884	958
Ratios				
Provisions ¹ as a % of total advances ²	%	%	%	%
Specific	0.5	0.8	0.5	0.8
General	0.8	0.8	0.8	0.9
Provisions as a % of risk weighted assets				
Specific	0.5	0.8	0.5	0.7
General	0.8	0.8	0.7	0.8
Bad debts written off as a % of total advances ²	0.4	0.6	0.4	0.7
Specific provision charge as a % of total advances ²	0.1	0.1	0.1	0.1

¹ Excludes provisions for unproductive facilities

² Total advances comprise gross loans, advances, acceptances and ANZ accepted bills held as part of trading securities less income yet to mature

16: Regulatory Deposits

Reserve Bank of Australia	551	505	551	505
Overseas central banks	612	669	61	48
Total regulatory deposits	1,163	1,174	612	553

17: Shares in Controlled Entities and Associates

Refer notes 30 and 31 for details of controlled entities and associates

Controlled entities

At directors' valuation 1995			-	5,003
At directors' valuation 1996			4,768	-
Total shares in controlled entities			4,768	5,003

Associates

Total shares in associates	10	10	1	1
Total shares in controlled entities and associates	10	10	4,769	5,004



17: Shares in Controlled Entities and Associates (continued)

Acquisitions of controlled entities

	Date acquired	Interest acquired %	Consideration \$M	Net tangible assets on acquisition \$M	Goodwill \$M
Year ended 30 September 1996					
Autofleet Pty Ltd ¹	1 Jul 1996	50.0	#	#	-
Year ended 30 September 1995					
Sebrof Holdings Ltd ²	7 Aug 1995	100.0	81	81	-
Bank of Western Samoa ³	26 Sep 1995	25.0	7	3	4
			88	84	4

Disposals of controlled entities

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

	Profit on disposal \$M	Net tangible assets on disposal \$M
Year ended 30 September 1996^{4,5}		
Esanda Limited	-	-
Pukeko Holdings Limited	-	-
Pukeko Investments Limited	-	-
Pukeko Securities Limited ⁶	-	-
Year ended 30 September 1995		
Broadbreach Waters Pty Ltd	#	#
The Potter Mercantile Unit Trust No. 1	#	#

Amounts less than \$500,000

¹ During the year, the remaining 50% interest in Autofleet Pty Ltd was acquired by Esanda Finance Corporation Limited, bringing the total interest to 100%

² The following entities were included in the acquisition of Sebrof Holdings Ltd by ANZ Banking Group (New Zealand) Limited
Pukeko Holdings Ltd Pukeko Investments Ltd

³ During 1995, the remaining 25% interest in Bank of Western Samoa was acquired by ANZ Funds Pty Ltd, bringing the total interest to 100%

⁴ The following controlled entities were liquidated during the year ended 30 September 1996 and had no impact on the financial statements

ANZ II Limited Partnership	Castle-Lane (Nominees) Pty Limited	Mercredits Wholesale Limited
ANZ Finance Corporation Limited	Ceylonite Pty Limited	NMRB Australia Finance Limited
ANZ Grindlays Pension Trustees Limited	Dalyee Pty Limited	NMRB Investments Limited
ANZ Grindlays Trust Holdings Limited	Development Finance Corporation Limited	Noreag Pty Ltd
ANZ McCaughan Properties Limited	Durham Developments Pty Limited	Pemarvin Pty Limited
ANZ Realty Holdings II (USA) Inc	Erolnot Pty Limited	Port Phillip Scouring Pty Limited
ANZCAP Securities Limited	ES&A Properties (UK) Limited	Rinope Pty Limited
Anzstock Securities Limited	Fifth Mallatri Pty Ltd	Royaust Management Limited
Binnstone (Sydney) Limited	G&DPL Pty Ltd	Sebrof Holdings Limited
Capel Court Finance (Vic) Pty Limited	Grindlays Equipment Finance Limited	The National Alliance Insurance Company Limited
Capel Court Inc	McCaughan Dyson Holdings Limited	
Capel Court Nominees Ltd	Mercantile Underwood Limited	Watlingford Real Estate Pty Limited

⁵ The following controlled entities, which had their final meeting prior to 30 September 1996 and will be liquidated within the statutory period (3 months), had no impact on the financial statements

A.F.T. Limited	Capel Court Finance Limited
ANZ McCaughan Asset Management Limited	Capel Court Investments Pty Limited
ANZ McCaughan Clearing Services Limited	NMRB Management Services Limited
Bronzan Pty Limited	

⁶ Formerly ANZ Securities (New Zealand) Limited



	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
18: Other Assets				
Property held for resale				
Cost of acquisition	70	88	5	7
Development expenses capitalised	68	84	14	12
Interest, rates and taxes capitalised	3	5	-	1
	141	177	19	20
Provision for diminution in value	(16)	(28)	(12)	(19)
	125	149	7	1
Accrued interest/prepaid discounts	836	1,102	575	699
Accrued commission	39	47	32	40
Prepaid expenses	48	56	23	30
Future income tax benefits (refer below)	491	666	344	399
Treasury instruments revaluations	3,070	2,693	2,692	2,467
National Housing Bank deposit (refer note 35)	179	198	-	-
Life insurance reserves (refer note 1[viii])	354	302	-	-
Other	1,198	906	523	160
Total other assets	6,340	6,119	4,196	3,796
Future income tax benefits comprises				
Provision for doubtful debts	148	225	107	167
Interest	3	22	-	-
Tax losses	26	123	3	33
Provision for employee entitlements	80	91	68	64
Provision for non-lending losses, frauds and forgeries	54	48	43	35
Provision for leased premises surplus to current requirements	12	19	12	19
Provision for diminution in development ventures	8	11	4	7
Development venture income	22	34	4	8
Treasury instruments	11	5	11	5
Leveraged leasing	19	13	24	20
Other	108	75	68	41
	491	666	344	399

Certain potential future income tax benefits within the Economic entity arising from tax losses and timing differences which could amount to \$5 million (1995: \$26 million) have not been recognised as assets because recovery cannot be regarded as virtually certain.

In addition, potential future income tax benefits within the Economic entity of \$133 million (1995: \$91 million) arising from realised capital losses for tax purposes have not been recognised as assets because recovery cannot be regarded as virtually certain.

These benefits will only be obtained if

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

Notes to the Financial Statements

	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
19: Premises and Equipment				
Freehold and leasehold land and buildings				
At directors' valuation 1993	944	997	83	32
At cost	26	10	1	2
Provision for depreciation	(20)	(13)	(1)	(1)
	950	994	83	33
Leasehold improvements				
At cost	121	149	61	95
Provision for amortisation	(71)	(85)	(35)	(52)
	50	64	26	43
Furniture and equipment				
At cost	811	861	374	411
Provision for depreciation	(429)	(457)	(210)	(240)
	382	404	164	171
Computer equipment				
At cost	668	547	416	317
Provision for depreciation	(423)	(329)	(260)	(183)
	245	218	156	134
Motor vehicle operating lease assets				
At cost	430	347	-	-
Provision for depreciation	(97)	(76)	-	-
	333	271	-	-
Capital works in progress				
At cost	60	40	51	22
Total premises and equipment	2,020	1,991	480	403

20: Due to Other Banks

Australia	717	648	717	648
Overseas	11,965	10,513	10,646	8,851
Total due to other banks	12,682	11,161	11,363	9,499



	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
21: Deposits and Other Borrowings				
Deposits and other borrowings are classified between Australia and Overseas based on the location of the deposit taking point				
Australia				
Certificates of deposit	1,135	2,618	1,135	2,618
Term deposits	17,366	15,973	17,313	15,928
Other deposits bearing interest	17,612	14,910	17,612	14,910
Deposits not bearing interest	2,751	2,860	2,751	2,857
Commercial paper	2,341	2,044	1,394	1,221
Borrowing corporations' debt	5,286	5,044	-	-
Securities sold under agreement to repurchase	394	128	394	128
Other borrowings				
Unsecured	20	109	20	109
	46,905	43,686	40,619	37,771
Overseas				
Certificates of deposit	4,218	2,077	2,203	596
Term deposits	16,880	14,315	5,583	3,673
Other deposits bearing interest	5,837	5,187	547	384
Deposits not bearing interest	2,459	2,396	257	158
Commercial paper	946	1,166	-	-
Borrowing corporations' debt	1,199	1,158	-	-
Securities sold under agreement to repurchase	1,171	155	1,142	103
Other borrowings				
Secured	94	7	92	-
Unsecured	-	91	-	91
	32,804	26,552	9,824	5,005
Total deposits and other borrowings	79,709	70,238	50,443	42,776
Included in the above are liabilities of controlled entity borrowing corporations with remaining terms to maturity				
Not later than 1 year	5,374	4,540		
Later than 1 year but not later than 2 years	121	1,476		
Later than 2 years but not later than 5 years	1,806	1,009		
Later than 5 years	131	-		
	7,432	7,025		
Charges over assets in respect of these borrowings ¹				
Secured	5,887	5,735		
Unsecured	1,545	1,290		
	7,432	7,025		

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

Notes to the Financial Statements

	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
22: Income Tax Liability				
Australia				
Provision for income tax	116	181	95	88
Provision for deferred income tax (refer below)	384	349	154	168
	500	530	249	256
Overseas				
Provision for income tax	14	41	25	2
Provision for deferred income tax (refer below)	61	81	27	27
	75	122	52	29
Total income tax liability	575	652	301	285
Provision for deferred income tax comprises				
Lease finance	204	186	33	26
Depreciation	33	32	8	16
Investment income	8	6	1	1
Other	200	206	139	152
	445	430	181	195

23: Creditors and Other Liabilities

Australia				
Creditors	306	308	228	216
Accrued interest and unearned discounts	748	795	497	552
Treasury instruments revaluations	1,648	1,448	1,648	1,446
Accrued charges	93	61	88	56
Security settlements	170	-	170	-
Other liabilities	436	289	183	122
	3,401	2,901	2,814	2,392
Overseas				
Creditors	164	146	13	15
Accrued interest and unearned discounts	647	802	312	341
Treasury instruments revaluations	2,249	2,179	1,890	1,880
Accrued charges	134	105	49	35
Security settlements	594	112	376	3
Other liabilities	282	236	97	65
	4,070	3,580	2,737	2,339
Total creditors and other liabilities	7,471	6,481	5,551	4,731

24: Provisions

Employee entitlements	272	260	211	182
Dividends (refer note 7)	355	260	355	260
Non-lending losses, frauds and forgeries	171	168	120	98
Leased premises surplus to current requirements	32	49	21	39
Other	124	125	78	88
Total provisions	954	862	785	667



	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
25: Bonds and Notes				
USD medium term notes	834	78	834	78
GBP medium term notes	89	84	89	84
AUD medium term notes	235	235	235	235
JPY medium term notes	257	105	257	105
USD 125m floating rate notes due 1996	-	165	-	165
GBP 200m floating rate notes due 1997	-	418	-	418
GBP 78m floating rate notes due 1997	154	163	154	163
USD 250m floating rate notes due 1998	379	331	379	331
USD 300m floating rate note due 1998	316	-	316	-
Total bonds and notes	2,264	1,579	2,264	1,579
Bonds and notes by currency				
USD United States dollars	1,529	575	1,529	575
GBP Great British pounds	243	664	243	664
JPY Japanese yen	257	105	257	105
AUD Australian dollars	235	235	235	235
	2,264	1,579	2,264	1,579
Bonds and notes by maturity				
Due not later than 1 year	831	249	831	249
Due later than 1 year but not later than 2 years	1,038	644	1,038	644
Due later than 2 years but not later than 5 years	333	624	333	624
Due later than 5 years	62	62	62	62
	2,264	1,579	2,264	1,579

				Interest	Consolidated		The Company	
				Rate	1996	1995	1996	1995
				%	\$M	\$M	\$M	\$M
26: Loan Capital								
Perpetual subordinated notes								
USD	300m	floating rate notes	LIBOR ¹ + 0.15	379	397	379	397	
USD	258.7m	fixed rate notes	9.125	327	343	327	343	
USD	120m	floating rate notes	LIBOR + 0.80	152	159	-	-	
USD	30m	floating rate notes	LIBOR + 0.80	38	40	-	-	
				896	939	706	740	
Subordinated notes								
LUX	1,000m	fixed notes due 1998	9.375	40	45	40	45	
AUD	48.8m	fixed notes due 1999	7.720	49	49	49	49	
JPY	10,000m	fixed notes due 1999 ²	7.430, 5.800	114	135	114	135	
USD	30m	floating rate notes due 1999	LIBOR + 0.46	38	40	38	40	
USD	70m	floating rate notes due 1999	LIBOR + 0.46	88	93	88	93	
USD	200m	floating rate notes due 1999	LIBOR + 0.50	253	265	253	265	
GBP	22.7m	fixed notes due 2000	7.050	57	48	-	-	
AUD	65m	floating rate notes due 2000	BB ³ + 0.40	65	65	65	65	
AUD	55.3m	floating rate notes due 2000	BB + 0.40	55	55	55	55	
USD	140m	floating rate notes due 2000	LIBOR + 0.50	177	185	177	185	
USD	70m	floating rate notes due 2000	LIBOR + 0.625	88	93	88	93	
NZD	125m	floating rate notes due 2000	14.25	-	109	-	-	
AUD	58.2m	floating rate notes due 2001 ⁴	BB + 0.40	58	58	58	58	
GBP	60m	fixed notes due 2001	12.625	119	125	119	125	
USD	200m	floating rate notes due 2002	LIBOR + 0.70	253	265	253	265	
USD	250m	fixed rate notes due 2004	6.25	316	331	316	331	
USD	125m	floating rate notes due 2005	LIBOR + 0.45	157	166	-	-	
USD	500m	fixed notes due 2006	7.55	632	-	632	-	
USD	12.5m	floating rate notes due 2007	LIBOR + 0.50	16	17	16	17	
JPY	482m	floating rate notes due 2007	LIBOR + 0.50	5	6	5	6	
JPY	568.8m	floating rate notes due 2008	LIBOR + 0.55	6	8	6	8	
USD	14.3m	floating rate notes due 2008	LIBOR + 0.50	18	19	18	19	
USD	79m	floating rate notes due 2008 ⁵	LIBOR + 1.03	100	105	100	105	
				2,704	2,282	2,490	1,959	
Total loan capital				3,600	3,221	3,196	2,699	
Loan capital by currency								
USD	United States dollars			3,032	2,518	2,685	2,153	
AUD	Australian dollars			227	227	227	227	
GBP	Great British pounds			176	173	119	125	
JPY	Japanese yen			125	149	125	149	
NZD	New Zealand dollars			-	109	-	-	
LUX	Luxembourg francs			40	45	40	45	
				3,600	3,221	3,196	2,699	
Loan capital by maturity								
Due later than 1 year but not later than 2 years				40	-	40	-	
Due later than 2 years but not later than 5 years				985	1,073	928	1,025	
Due later than 5 years				1,679	1,209	1,522	934	
Perpetual				896	939	706	740	
				3,600	3,221	3,196	2,699	

¹ LIBOR is an average of rates offered for US dollar deposits by leading banks in London

² Two equal tranches of notes were issued with different interest rates

³ BB is the stated average of Bank Bill rates

⁴ Prior to July 1996 the interest rate was 12.5% p.a.

⁵ After January 2002 the interest rate is LIBOR + 0.53%

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

	Consolidated	
	1996 \$M	1995 \$M
27: Outside Equity Interests		
Issued and paid-up capital	22	30
Reserves	14	14
Retained profits	10	3
Total outside equity interests	46	47

28: Segment Analysis

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

Geographical	1996		Consolidated 1995		1994	
	\$M	%	\$M	%	\$M	%
Income						
Australia	6,623	58	6,145	60	5,191	62
New Zealand	1,886	16	1,657	16	1,138	13
UK and Europe	1,000	9	861	8	740	9
Asia Pacific	826	7	680	7	504	6
South Asia	435	4	339	3	369	4
Americas	325	3	317	3	265	3
Middle East	287	3	286	3	266	3
	11,382	100	10,285	100	8,473	100
Operating profit before income tax						
Australia	886	55	903	58	639	53
New Zealand	203	13	204	13	141	12
UK and Europe	155	9	116	8	99	9
Asia Pacific	147	9	124	8	89	7
South Asia	81	5	57	4	77	6
Americas	64	4	60	4	85	7
Middle East	79	5	84	5	75	6
	1,615	100	1,548	100	1,205	100
Abnormal items						
Australia	-		-		14	
New Zealand	-		-		3	
	-		-		17	
	1,615		1,548		1,222	
Operating profit after income tax						
Australia	657	59	612	59	457	57
New Zealand	138	12	146	14	95	12
UK and Europe	106	10	83	8	64	8
Asia Pacific	99	9	79	8	57	7
South Asia	36	3	27	3	32	4
Americas	38	3	39	4	59	7
Middle East	42	4	47	4	39	5
	1,116	100	1,033	100	803	100
Abnormal items						
Australia	-		19		16	
New Zealand	-		-		3	
	-		19		19	
	1,116		1,052		822	

	1996		Consolidated 1995		1994	
	\$M	%	\$M	%	\$M	%
	28: Segment Analysis (continued)					
Total assets						
Australia	75,110	59	67,594	60	63,706	61
New Zealand	17,463	13	15,310	13	12,730	12
UK and Europe	15,008	12	12,001	11	10,279	10
Asia Pacific	9,163	7	7,874	7	7,582	7
South Asia	3,333	3	3,306	3	3,299	3
Americas	4,723	4	3,666	3	3,701	4
Middle East	2,804	2	2,836	3	2,577	3
	127,604	100	112,587	100	103,874	100
Risk weighted assets						
Australia	59,681	64	53,531	65	50,941	67
New Zealand	13,492	14	11,748	14	9,709	13
UK and Europe	6,220	7	5,238	6	4,687	6
Asia Pacific	5,358	6	4,766	6	4,110	5
South Asia	2,244	2	2,213	3	2,111	3
Americas	4,527	5	3,535	4	2,838	4
Middle East	1,995	2	2,045	2	1,631	2
	93,517	100	83,076	100	76,027	100
Industry						
Income						
General and investment banking	9,951	87	8,955	87	7,299	86
Finance	1,253	11	1,154	11	1,005	12
Insurance and funds management	178	2	176	2	169	2
	11,382	100	10,285	100	8,473	100
Operating profit before income tax						
General and investment banking	1,330	82	1,217	79	965	80
Finance	201	13	234	15	182	15
Insurance and funds management	84	5	97	6	58	5
	1,615	100	1,548	100	1,205	100
Abnormal items	-		-		17	
	1,615		1,548		1,222	
Operating profit after income tax						
General and investment banking	909	81	793	77	622	78
Finance	133	12	158	15	128	16
Insurance and funds management	74	7	82	8	53	6
	1,116	100	1,033	100	803	100
Abnormal items	-		19		19	
	1,116		1,052		822	
Total assets						
General and investment banking	116,411	91	102,120	91	94,512	91
Finance	10,639	8	9,997	9	8,968	9
Insurance and funds management	554	1	470	-	394	-
	127,604	100	112,587	100	103,874	100



	Consolidated			The Company	
	1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
29: Notes to the Statements of Cash Flows					
a) Reconciliation of operating profit after income tax to net cash provided by(used in) operating activities					
		Inflows (Outflows)		Inflows (Outflows)	
Operating profit after income tax	1,116	1,052	822	1,023	430
Adjustments to reconcile operating profit after income tax to net cash provided by operating activities					
Provision for doubtful debts	154	174	381	110	149
Depreciation and amortisation	255	236	209	108	102
Provisions for employee entitlements and other	189	201	199	81	76
Payments from provisions	(194)	(190)	(124)	(49)	(86)
Loss(profit) on sale of premises and equipment	14	1	2	12	(3)
Profit on sale of controlled entities and associates	-	-	(7)	-	-
Provision for surplus lease space	(7)	2	(7)	(8)	-
Net (increase)decrease					
Trading securities	(1,595)	(1,222)	852	(1,339)	(1,678)
Interest receivable	230	(282)	(3)	101	(177)
Accrued income	8	6	5	8	3
Net debit tax balances	137	333	233	145	237
Amortisation of discounts/premiums included in interest income	(58)	(83)	(50)	(14)	(18)
Net (decrease)increase					
Interest payable	(167)	364	(92)	(64)	246
Accrued expenses	62	(2)	26	44	16
Amortisation of discounts/premiums included in interest expense	-	1	2	-	1
Other	(48)	(61)	(54)	(7)	(27)
Total adjustments	(1,020)	(522)	1,572	(872)	(1,159)
Net cash provided by(used in) operating activities	96	530	2,394	151	(729)
b) Reconciliation of cash and cash equivalents					
Cash and cash equivalents at the end of the financial year as shown in the statements of cash flows are reconciled to the related items in the balance sheets as follows:					
Liquid assets - less than 90 days	4,285	2,824	3,771	2,456	1,463
Due from other banks - less than 90 days	6,961	4,255	5,321	4,348	1,775
	11,246	7,079	9,092	6,804	3,238

	Consolidated			The Company	
	1996 \$M	1995 \$M	1994 \$M	1996 \$M	1995 \$M
29: Notes to the Statements of Cash Flows (continued)					
c) Acquisitions and disposals					
Details of aggregate assets and liabilities of controlled entities acquired, and disposed of, by the Economic entity are as follows					
Fair value of net assets acquired					
Liquid assets	13	-	56	10	2
Due from other banks	-	-	12	1,672	-
Trading securities	-	-	-	-	145
Regulatory deposits	-	-	4	-	22
Net loans and advances	2	-	125	42	2,093
Other assets	1	81	3	83	9
Premises and equipment	-	-	1	4	2
Due to other banks	-	-	(107)	(39)	-
Creditors and other liabilities	(1)	-	(32)	(16)	(36)
Deposits and other borrowings	-	-	(19)	(1,596)	(1,195)
Due to controlled entities	-	-	-	(7)	(1,015)
Income tax liability	(5)	-	(1)	(9)	-
Provisions	(10)	-	(5)	-	(3)
Outside equity interests in controlled entities	-	-	(6)	-	-
Fair value of net assets acquired	-	81	31	144	24
Goodwill on acquisition	-	-	5	64	-
Consideration paid	-	81	36	208	24
Cash acquired	(13)	-	(48)	(10)	(2)
Cash consideration (received)paid	(13)	81	(12)	198	22
Fair value of net assets disposed					
Premises and equipment	-	-	5	-	-
Outside equity interests in controlled entities	-	-	(1)	-	-
Fair value of net assets disposed	-	-	4	-	-
Net profit on disposal	-	-	5	-	-
Consideration received/receivable	-	-	9	-	-
Deferred settlements	14	14	14	-	-
Cash consideration received	14	14	23	-	-
d) Non-cash financing and investing activities					
Share capital issue					
Dividend reinvestment plan	135	192	137	135	192
Bonus option plan	6	11	5	6	11



	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1996 \$M	1995 \$M	1996 \$M	1995 \$M	
30: Controlled Entities						
All controlled entities are 100% owned unless otherwise noted ¹						
Australia and New Zealand Banking Group Limited²				557	417	Banking
Adelaide Nominees Limited *	England	-	-	-	-	Non-operative
A.F.T. Investors Services Limited ‡	Australia	6	6	#	#	Holding Company
Australian Fixed Trusts Limited ‡	Australia	1	1	-	-	Non-operative
A.F.T. Property Management Pty Limited ‡	Australia	#	-	-	-	Real Estate Manager
A.F.T. Property Services Pty Limited ‡	Australia	1	1	-	-	Real Estate Manager
ANZ Adelaide Group Limited ‡⁴	Australia	63	60	3	(1)	Property Owner
ANZ Bank (Guernsey) Limited *	Guernsey	27	25	3	3	Banking
ANZ Management Company (Guernsey) Limited *	Guernsey	#	#	#	-	Funds Management
ANZ Trust Company (Guernsey) Limited *	Guernsey	#	#	-	-	Company Administration
ANZ Business Licensing Pty Ltd ‡	Australia	-	-	-	-	Non-operative
ANZ Capital Hedging Limited ‡	Australia	52	16	8	7	Capital Hedging
ANZ (Delaware) Inc. *	USA	#	-	-	-	Finance
ANZ Eurofinance B.V. *	Netherlands	2	2	#	#	Finance
ANZ Executors & Trustee Company Limited	Australia	41	32	9	10	Trustee/Nominee
ANZ Executors Nominees Limited	Australia	#	#	-	-	Non-operative
ANZ Executors & Trustee Co. (Canberra) Limited	Australia	1	1	#	#	Trustee/Nominee
ANZ Executors & Trustee Co. (South Australia) Limited	Australia	1	1	#	#	Trustee/Nominee
B. & R. Securities Proprietary Limited	Australia	-	-	-	-	Non-operative
ANZ Finance (Far East) Limited ‡	Australia	22	22	#	#	Property Owner
ANZ Funds Pty Ltd ‡	Australia	3,327	3,548	21	55	Holding Company
ANZ Grindlays International Limited * ⁵	Hong Kong	#	-	#	#	Holding Company
ANZ Asia Pacific Holdings Limited * ⁶	Hong Kong	71	4	1	1	Holding Company
ANZ Asia Limited *	Hong Kong	2	2	8	9	Finance Banking
ANZ Bank (Vanuatu) Limited *	Vanuatu	#	#	3	2	Finance Banking
ANZ Securities (Asia) Limited * ⁷	Hong Kong	2	2	1	#	Merchant Banking
ANZ International Private Limited *	Singapore	715	715	(2)	#	Holding Company
ANZCOVER Insurance Pte Ltd*	Singapore	75	25	15	6	Insurance
ANZ Holdings (New Zealand) Limited *	New Zealand	203	199	(12)	(13)	Holding Company
ANZ Banking Group (New Zealand) Limited *	New Zealand	355	349	60	75	Banking
ANZ Finance (New Zealand) No. One Limited *	New Zealand	-	-	1	1	Investment
ANZ Investment Services (New Zealand) Limited *	New Zealand	-	-	-	-	Funds Management
Bage Investments Limited *	New Zealand	221	217	13	10	Investment
Endeavour Investments (New Zealand) Limited *	New Zealand	843	830	47	48	Holding Company
UDC Group Holdings Limited * ⁸	New Zealand	8	65	-	-	Holding Company
UDC Finance Limited * ⁹	New Zealand	54	53	22	20	Finance
Mutual Leasing Limited *	New Zealand	16	4	5	4	Lease Finance
Kea Car Sales Limited *	New Zealand	1	1	-	-	Non-operative
Truck Leasing Limited *	New Zealand	2	2	#	#	Leasing
Truck Rental Limited *	New Zealand	-	-	-	-	Non-operative
UDC Leasing Limited *	New Zealand	16	#	2	2	Lease Finance
National Mutual Permanent Building Society *	New Zealand	12	12	#	(1)	Non-operative
ANZ Singapore Limited *	Singapore	11	11	6	5	Merchant Banking
Index Computing Private Limited *	India	#	#	#	#	Computer Consultant
Siam Digest Limited *	Thailand	#	#	#	#	Investment
Bank of Western Samoa *	Western Samoa	18	18	3	2	Banking
LFD Limited	Australia	204	201	23	(1)	Finance
Active Day Hospitals of Australia Pty Limited §	Australia	#	#	1	11	Finance
Asquith Investments Pty Limited §	Australia	#	#	-	-	Investment
Glen Gala Estates Pty Limited	Australia	#	#	3	-	Property Development
BF Limited	Australia	1	1	-	-	Non-operative
Binnstone Pty Limited	Australia	#	#	-	-	Non-operative
Binnstone Traders Pty Limited	Australia	#	#	#	#	Non-operative
DAOL Limited	Australia	#	#	5	#	Non-operative
DBPL Pty Limited	Australia	#	#	#	-	Non-operative
DET Pty Limited §	Australia	#	#	(1)	6	Finance
DFN Pty Limited	Australia	#	#	#	-	Non-operative
DPSPL Pty Limited	Australia	#	#	#	#	Non-operative
GNPL Limited	Australia	11	11	#	#	Non-operative
Montage Pty Limited	Australia	#	#	#	-	Non-operative
RFDL Limited	Australia	1	1	8	5	Finance

	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1996	1995	1996	1995	
		\$M	\$M	\$M	\$M	
30: Controlled Entities (continued)						
Minerva Holdings Limited * ¹⁰	England	82	193	#	5	Holding Company
ANZ Global Nominees Limited * ^{11,12}	England	-	-	#	#	Property/Nominee
ANZ Grindlays Executor & Trustee Company Limited * ¹²	England	#	#	-	-	Non-operative
ANZ Grindlays Export Finance Limited * ¹²	England	43	1	2	#	Export Finance
ANZ Grindlays Finance Corporation Limited * ¹²	England	-	193	-	4	Investment Company
Camberley Developments Limited * § ¹²	England	-	-	-	-	Non-operative
ANZ Leasing Limited *	England	-	-	#	#	Lease Finance
ANZ Leasing (No.2) Limited *	England	-	-	#	(1)	Lease Finance
ANZMB Limited *	England	-	59	#	3	Non-operative
ANZ McCaughan (UK) Limited *	England	29	30	1	(6)	Investment Company
ANZ Securities (UK) Limited * ¹³	England	-	3	#	#	Non-operative
ANZ Securities Inc. *	USA	1	1	#	#	Broker
Brandts Nominees Limited * ¹²	England	-	-	-	-	Nominee
Minerva Nominees Limited *	England	-	-	-	-	Nominee
National and Grindlays Bank Limited *	England	-	-	-	-	Non-operative
Grindlays Nominees Limited * ¹⁴	England	-	-	-	-	Nominee
PPF Finance Limited *	England	#	-	#	-	Non-operative
Spey Industrials Limited *	England	-	-	#	-	Non-operative
Gillespie Bros & Company Limited *	England	-	-	-	-	Non-operative
Town & Country Land Holdings Limited	Australia	115	115	(1)	27	Property Development
ANZ Lenders Mortgage Insurance Pty Limited	Australia	9	8	2	2	Mortgage Insurance
Glencove Pty Limited §	Australia	-	#	-	#	Non-operative
T&C Management Pty Limited	Australia	#	#	#	#	Property Manager
T&C Technology Pty Limited §	Australia	-	#	-	-	Non-operative
Topgard Pty Ltd § ¹⁵	Australia	-	#	-	-	Non-operative
GMBS International No.3 Ltd * § ¹⁵	Cayman Islands	-	#	-	-	Non-operative
Town & Country Housing Trust	Australia	46	39	#	#	Property Investment
Town & Country Property Growth Trust	Australia	6	6	1	1	Property Investment
Town & Country Properties Ltd	Australia	#	#	1	1	Management
ANZ General Insurance Pty Limited	Australia	3	-	#	-	General Insurance
ANZ Grindlays Jersey Holdings Limited *	Jersey	130	80	-	-	Holding Company
ANZ Grindlays Bank (Jersey) Limited *	Jersey	51	80	17	17	Banking
ANZ Grindlays Bank Nominees (Jersey) Limited *	Jersey	#	#	-	-	Nominee
ANZ Grindlays Trust Corporation (Jersey) Limited *	Jersey	#	#	2	-	Trust Manager
ANZ Grindlays Nominees Limited *	Jersey	#	#	-	-	Nominee
ANZ Grindlays Secretaries Limited *	Jersey	#	#	-	-	Company Administration
ANZ Grindlays Trust (Jersey) Limited *	Jersey	#	#	-	-	Trust Manager
ANZ Grindlays Yacht Services Limited *	Jersey	#	#	-	-	Non-operative
ANZ One Limited *	Jersey	#	#	-	-	Nominee
ANZ Three Limited *	Jersey	#	#	-	-	Nominee
ANZ Two Limited *	Jersey	#	#	-	-	Nominee
Olec Secretaries Limited *	Jersey	#	#	-	-	Secretarial Services
Olec Trustee Limited *	Jersey	#	#	-	-	Non-operative
Valiant Heart Limited *	Jersey	#	#	-	-	Property Holder
ANZ Grindlays Holdings Limited ‡ ¹⁶	Australia	841	1,120	1	(3)	Holding Company
ANZ Grindlays Bank Limited ¹⁷	Australia	204	219	94	119	Banking
ANZ Finanziaria Sp A * §	Italy	#	1	-	-	Non-operative
ANZ McCaughan Securities (Switzerland) AG *	Switzerland	5	4	#	#	Holding Company
ANZ Grindlays Trust (Switzerland) SA *	Switzerland	-	-	-	-	Trust Manager
Clive Street Nominees Private Limited †	India	-	-	-	-	Nominee
Esanda Finanz and Leasing Limited * ¹⁸	India	1	1	#	#	Lease Finance
Finanz Investments (Private) Limited *	India	-	-	-	-	Non-operative
Grindlays Bahrain Bank B.S.C. † ¹⁹	Bahrain	14	5	2	2	Banking
Grindlays International (Cayman Islands) Limited †	Cayman Islands	-	-	-	-	Non-operative
Grindlays International (Nederland) B.V. †	Netherlands	#	#	#	#	Holding Company
Grindlays Modaraba Management (Private) Limited †	Pakistan	#	#	-	-	Fund Management
Grindlays Services of Pakistan (Private) Limited †	Pakistan	2	2	#	#	Fund Management
Hotel Regina S.A. * ²⁰	Switzerland	#	#	-	-	Non-operative
Nepal Grindlays Bank Limited †	Nepal	10	1	3	2	Banking
Societe Immobiliere Quai Du Mont-Blanc 7 *	Switzerland	7	3	#	#	Property Holder

	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1996 \$M	1995 \$M	1996 \$M	1995 \$M	
30: Controlled Entities (continued)						
A.N.Z. Holdings Limited ‡	Australia	128	125	#	#	Property owner
ANZ Infrastructure Investments Limited	Australia	#	-	(4)	-	Investment
ANZ Investment Holdings Limited ‡	Australia	44	27	#	1	Investment
530 Collins Street Property Trust	Australia	397	397	18	26	Investment Activities
A.N.Z. Investments Limited	Australia	16	16	#	1	Deposit Taker
A.N.Z Discounts Limited	Australia	-	-	(44)	(39)	Superannuation Contributor
ANZ Leasing Pty Ltd ‡	Australia	-	-	-	-	Leveraged Leasing
ANZ Leasing (ACT) Pty Ltd ‡	Australia	-	-	-	-	Leveraged Leasing
ANZ Leasing (NSW) Pty Ltd ‡	Australia	-	-	-	-	Leveraged Leasing
ANZ Leasing (NT) Pty Ltd ‡	Australia	-	-	-	-	Leveraged Leasing
ANZ Leasing (Vic) Pty Ltd ‡	Australia	-	-	-	-	Leveraged Leasing
ANZ Life Assurance Company Limited	Australia	354	302	55	52	Life Assurance
ANZ Limited Partnership *²¹	USA	-	-	-	-	Non-operative
ANZ Managed Investments Limited	Australia	70	61	11	14	Investment Services
A.N.Z Nominees Limited ‡	Australia	#	-	-	-	Nominee Services
ANZ Nominees (Guernsey) Limited *	Guernsey	-	-	-	-	Nominee Services
ANZ Payment Services Pty Limited ‡	Australia	-	-	-	-	Lockbox Services
ANZ Participacoes E Servicos Ltda *	Brazil	-	#	-	-	Representative
ANZ Pensions (UK) Limited *	England	#	1	-	-	Pension Fund Trustee
A.N.Z Properties (Australia) Limited ‡	Australia	21	22	(1)	-	Property Owner
Weelya Pty Ltd ‡	Australia	1	4	#	-	Property Owner
ANZ Realty Holdings (USA) Inc. *	USA	-	-	-	-	Non-operative
ANZ Securities (Holdings) Limited²²	Australia	47	73	(1)	(7)	Holding Company
ANZ Futures Limited ²³	Australia	#	#	1	1	Futures Trading
ANZ Securities (Corporate) Limited ²⁴	Australia	1	1	#	#	Corporate Advisory
ANZ Securities (NZ) Limited ^{* 25}	New Zealand	1	1	(1)	(1)	Stockbroking
ANZMAC Securities (NZ) Nominees Limited *	New Zealand	-	-	-	-	Nominee
Tui Nominees Limited *	New Zealand	-	-	-	-	Nominee
ANZ Securities (Services) Pty Limited ²⁶	Australia	-	-	4	(8)	Administration
A.N.Z. Securities (USA) Inc ^{* 27}	USA	2	2	#	2	Stockbroking
ANZ Securities Limited ²⁸	Australia	6	6	6	15	Stockbroking
ANZ Margin Services Pty Limited ²⁹	Australia	-	-	-	-	Nominee
Bow Lane Nominees Pty Ltd	Australia	-	-	-	-	Nominee
Skeet Nominees Pty Ltd	Australia	-	-	-	-	Nominee
Australian International Limited *	Vanuatu	#	#	#	#	Merchant Banking
ANZ U.K. Dividends (AUD) Limited *	England	#	1	#	#	Dividend Plan
Australia and New Zealand Banking Group (PNG) Limited *	Papua New Guinea	27	14	13	11	Banking
Dinias Pty Ltd ‡	Australia	-	-	-	-	Non-operative
Eriel Pty Limited ‡	Australia	-	-	-	-	Trustee
E.S.&A. Holdings Limited ‡	Australia	2	-	2	2	Property Owner
E.S.&A. Properties (Australia) Limited ‡	Australia	6	7	#	-	Property Owner
Esanda Finance Corporation Limited	Australia	937	834	95	94	General Finance
Autofleet Pty Limited ³⁰	Australia	#	-	-	-	Fleet Management
Esanda (Finance) Australia Limited	Australia	#	#	#	#	Lease Finance
Esanda (Wholesale) Proprietary Limited	Australia	#	#	-	-	Motor Vehicle Finance
Finance Corporation of Australia Limited	Australia	75	75	3	7	Real Estate Finance
Esanda Equipment Credit Pty Limited	Australia	8	8	#	#	Lease Finance
International Corporate Park Management Pty Ltd	Australia	#	#	-	-	Management Company
Mercantile Credits Limited	Australia	9	9	(2)	(2)	General Finance
Alliance Holdings Limited	Australia	119	119	1	#	Holding Company
Alliance Acceptance Co. Limited	Australia	2	2	#	#	Finance
The John Beesley Alliance Unit Trust	Australia	#	#	#	#	Property Development
ANZCAP Leasing Nominees Pty Ltd	Australia	#	#	#	1	Lease Finance
ANZCAP Leasing Nominees (Vic) Pty Ltd	Australia	#	#	#	#	Lease Finance
ANZCAP Leasing Services Limited	Australia	#	#	1	4	Lease Finance
ANZCAP Leasing (Vic) Pty Ltd	Australia	#	#	#	2	Lease Finance
F.C.A. Finance Pty Limited ‡	Australia	13	8	3	2	Real Estate Finance
Analed Pty Ltd ‡	Australia	#	#	2	5	Property Development
Grindlays Eurofinance BV *	Netherlands	5	6	#	#	Finance
Japan Australia Venture Capital Fund (MIC) Limited	Australia	5	6	#	#	Investment
Mardi Pty Limited ‡	Australia	-	-	-	-	Non-operative

	Incorporated in	Book value		Contribution to the consolidated result		Nature of Business
		1996 \$M	1995 \$M	1996 \$M	1995 \$M	
30: Controlled Entities (continued)						
NMRB Limited ‡	Australia	420	328	2	4	Holding Company
ANZ Capel Court Limited	Australia	57	57	5	1	Investment Banking
Capel Court International Investments Pty Ltd Ψ	Australia	-	-	1	#	Investment
Capel Court Management Limited Ψ	Australia	1	1	#	#	Investment
Capel Court Pacific Inc. * \S	USA	-	#	-	-	Non-operative
NMRB Finance Limited \S	Australia	-	-	-	1	Non-operative
NMRSB Limited ‡	Australia	132	132	#	#	Holding Company
Ecomel Pty Limited ‡	Australia	-	-	#	#	Agency
Elgeba Pty Limited ‡	Australia	-	-	#	#	Agency
NMRB Insurance (Agents) Pty Limited ‡	Australia	1	1	-	-	Non-operative
PT ANZ Panin Bank *	Indonesia	41	37	8	5	Banking
The Anchorage Port Stephens Pty Ltd ³¹	Australia	4	21	-	-	Property Management
The Anchorage Unit Trust ³¹	Australia	-	-	-	-	Property Development
Zan Investments Limited * \S	Singapore	-	128	#	(2)	Investment
Total contributions to the Economic entity result after income tax and abnormal items				1,116	1,048	
Adjustment for controlled entities sold/liquidated				#	4	
Adjustments on consolidation				#	#	
Consolidated operating profit after income tax				1,116	1,052	

* Audited by overseas KPMG firms

† Audited by firms other than members of KPMG

‡ These controlled entities and the Company entered into a Deed of Cross Guarantee in respect of relief granted from specific accounting and financial reporting requirements and other matters in accordance with Australian Securities Commission class order 95/1530 dated 10 November 1995

Ψ These controlled entities and ANZ Capel Court Limited entered into a deed of Cross Guarantee in respect of relief granted from specific accounting and financial reporting requirements and other matters in accordance with Australian Securities Commission class order 95/1530 dated 10 November 1995

Amounts less than \$500,000

\S Company currently in liquidation

¹ All controlled entities are 100% owned with the exception of Australia and New Zealand Banking Group (PNG) Limited (93%), Esanda Finanz and Leasing Limited (51%), GMBS International No. 3 Limited (33%), Grindlays Bahrain Bank B.S.C (40%), International Corporate Park Management Pty Ltd (72%), Japan-Australia Venture Capital Fund (MIC) Ltd (77%), Nepal Grindlays Bank Limited (50%), PT ANZ Panin Bank (85%), The Anchorage Port Stephens Pty Ltd (33%), The Anchorage Unit Trust (33%), Topgard Pty Ltd (33%), Town & Country Housing Trust (93% (1995: 90%)), Truck Leasing Limited (80%) and Truck Rentals Limited (80%)

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

³ Outside equity interests hold ordinary shares or units in the following controlled entities:

Australia and New Zealand Banking Group (PNG) Limited - 371,507 PGK1 shares (7%)

Esanda Finanz and Leasing Limited - 2,365,000 INR10 shares (49%)

GMBS International No. 3 Limited - 67 USD1 shares (67%)

Grindlays Bahrain Bank B.S.C - 3,600,000 BHD1 shares (60%)

International Corporate Park Management Pty Ltd - 1,393 class "A" shares and 2 class "D" shares (28%)

Japan-Australia Venture Capital Fund (MIC) Limited - 19,224 \$1 shares (23%)

Nepal Grindlays Bank Limited - 750,000 NPR100 shares (50%)

PT ANZ Panin Bank - 7,500 IDR1m shares (15%)

The Anchorage Port Stephens Pty Ltd - 66 \$1 shares (67%)

The Anchorage Unit Trust - 19,702,673 \$1 units (67%)

Topgard Pty Ltd - 67 \$1 shares (67%)

Town & Country Housing Trust - 2,535,122 \$1 units (7%)

Truck Leasing Limited - 633,000 NZD1 shares (20%)

Truck Rentals Limited - 20 NZD1 shares (20%)

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

⁵ ANZ Grindlays International Limited was previously a controlled entity of Australia and New Zealand Banking Group Limited and was purchased by ANZ Funds Pty Ltd during the year

⁶ ANZ Asia Pacific Holdings Ltd was previously a controlled entity of ANZ International Pte Ltd and was purchased by ANZ Grindlays International Limited during the year

⁷ Formerly ANZ McCaughan Securities (Asia) Limited



- ⁸ ANZ Banking Group (New Zealand) Ltd owns an additional 21% of the issued ordinary shares of UDC Group Holdings Ltd. This investment is recorded in the books of ANZ Banking Group (New Zealand) Ltd at an amount of \$8m
- ⁹ During the year, the assets and liabilities of Southland Development Corporation Limited, UDC Developments Limited and UDC Finance (1991) Limited were amalgamated with those of UDC Finance Limited
- ¹⁰ Minerva Holdings Limited was previously a controlled entity of Grindlays Equipment Finance Limited and was purchased by ANZ Funds Pty Ltd during the year
- ¹¹ Formerly Anvid Limited
- ¹² These entities were previously controlled entities of ANZ Grindlays Bank Ltd and were purchased by Minerva Holdings Limited during the year
- ¹³ Formerly ANZ McCaughan Securities (UK) Limited
- ¹⁴ Formerly National and Grindlays Bank Trust Company Limited
- ¹⁵ Town & Country Land Holdings Limited controls Topgard Pty Limited and GMB International No. 3 Ltd as it has substantially all the risks and benefits incidental to ownership
- ¹⁶ Formerly ANZ Holdings (UK) plc
- ¹⁷ Formerly ANZ Grindlays Bank plc. Australia and New Zealand Banking Group Limited owns an additional 25% of the issued ordinary shares of ANZ Grindlays Bank Limited. This investment is recorded in the books of Australia and New Zealand Banking Group Limited at an amount of \$71m
- ¹⁸ Index Computing Pte Limited owns an additional 21% of the issued ordinary shares of Esanda Finance and Leasing Ltd. This investment is recorded in the books of Index Computing Pte Limited at an amount of \$0.4m
- ¹⁹ ANZ Grindlays Bank Limited controls Grindlays Bahrain Bank B.S.C. due to the existence of a management contract that gives ANZ Grindlays Bank Limited the capacity to dominate decision making
- ²⁰ ANZ McCaughan Securities (Switzerland) AG owns an additional 50% of the issued ordinary share capital of Hotel Regina SA. This investment is recorded in the books of ANZ McCaughan Securities (Switzerland) AG at an amount of \$50
- ²¹ ANZ Realty Holdings (USA) Inc owns an additional 10.9% of the issued ordinary shares of ANZ Limited Partnership. This investment is recorded in the books of ANZ Realty Holdings (USA) Inc at an amount of nil
- ²² Formerly ANZ McCaughan Limited
- ²³ Formerly ANZ McCaughan Futures Limited
- ²⁴ Formerly ANZ McCaughan Corporate Limited
- ²⁵ Formerly ANZ McCaughan Securities (NZ) Limited
- ²⁶ Formerly ANZ McCaughan Services Pty Limited
- ²⁷ Formerly ANZ McCaughan Securities (USA) Inc
- ²⁸ Formerly ANZ McCaughan Securities Limited
- ²⁹ Formerly Snipe Nominees (1981) Pty Limited
- ³⁰ Esanda Finance Corporation Limited acquired the remaining 50% interest in Autofleet Pty Ltd during the year. At 30 September 1996 it is a 100% owned controlled entity (1995:50%)
- ³¹ The Company has no ownership interest in The Anchorage Port Stephens Pty Ltd or The Anchorage Unit Trust but controls them because it has assumed responsibility for the business and operating decisions of these entities, in order to maximise the financial return to the Economic entity
- ³² The following entities: AFT (Canberra) Ltd, ANZASSS No. 2 (NMRBE) Pty Ltd, ANZASSS No. 3 (NMRBS) Pty Ltd, ANZASSS No. 4 (FCA) Pty Ltd, ANZASSS No. 5 (MCL) Pty Ltd, ANZASSS No. 6 (ANZCAP) Pty Ltd, ANZASSS No. 7 (T&C) Pty Ltd, McCaughan RBF Pty Ltd, ANZ Pensions Pty Ltd, ANZ Staff Superannuation (Australia) Pty Limited, DPF Pty Ltd and Greater Pacific Nominees Pty Limited all of which act as the corporate trustee for a number of the ANZ staff superannuation funds, have not been consolidated into the accounts of the Economic entity, although the Company owns 100% of the issued ordinary share capital of these entities. These entities are not controlled entities as they do not meet the control criteria as specified in AASB 1024 "Consolidated Accounts". They currently act as the trustee of regulated superannuation funds, in accordance with the Superannuation Industry (Supervision) Act 1993 and Regulations ("SIS Legislation"). They exercise their powers and duties in the best interests of the beneficiaries. In addition, there is equal employer/employee director representation for each of these entities, in accordance with the SIS Legislation

Notes to the Financial Statements

	Incorporated in	Interest %	Book value		Balance date	Held By	Principal activity
			1996 \$M	1995 \$M			
31: Associates							
Amalgamated Finance Limited	New Zealand	50.0	5	4	31 Mar	UDC Finance Limited	Finance
ANZ Grindlays 3i Investment Services Limited	Guernsey	50.0	#	#	31 Mar	Australia and New Zealand Banking Group Limited	Fund Administration
Asian International Merchant Bankers Berhad	Malaysia	26.5	4	4	31 Jan	ANZ Grindlays Bank Limited	Merchant Banking
Cardlink Services Ltd	Australia	20.0	#	#	30 Jun	Australia and New Zealand Banking Group Limited	Charge Card Services
Charge Card Services Ltd	Australia	20.0	#	#	30 Jun	Australia and New Zealand Banking Group Limited	Property Management
Computer Services Ltd	Western Samoa	22.8	#	#	31 Dec	Bank of Western Samoa	Computer Services
Cribbellum Pty Ltd	Australia	37.5	#	#	30 Jun	Australia and New Zealand Banking Group Limited	Property Development
Fleetlink Leasing Pty Ltd ¹	Australia	50.0	1	1	30 Jun	Esanda Finance Corporation Limited	Lease Finance/ Management
Industrial Asset Management Pty Limited	Australia	50.0	#	#	30 Jun	Esanda Finance Corporation Limited	Lease Finance/ Management
Malcha Properties Limited	India	50.0	#	#	31 Mar	ANZ Grindlays Bank Limited	Property Owner
Meadow Springs FairwayVillage Pty Ltd	Australia	39.0	#	#	30 Jun	Town & Country Land Holdings Limited	Property Development
Mondex Australia Pty Ltd	Australia	25.0	#	-	31 Dec	Australia and New Zealand Banking Group Limited	Stored Value Card Technology
Mulwala Unit Trust	Australia	50.0	#	#	30 Jun	Mercantile Credits Limited	Non-operative
Network Trust	Australia	37.5	#	#	30 Jun	Australia and New Zealand Banking Group Limited	Property Development
New Zealand Bankcard Associates Limited §	New Zealand	50.0	#	#	30 Sep	ANZ Banking Group (New Zealand) Limited	Non-operative
Renishaw Pty Ltd	Australia	50.0	#	#	30 Jun	Mercantile Credits Limited	Non-operative
Rosignol Development Corporation	Panama	50.0	#	#	30 Sep	ANZ Grindlays Bank Limited	Non-operative
Roslin Pty Ltd	Australia	25.0	#	#	30 Jun	ANZ Capel Court Limited	Investment
Tovepool Pty Limited	Australia	50.0	#	#	30 Jun	Mercantile Credits Limited	Non-operative
Valuta Group Pty Ltd	Australia	33.3	#	#	30 Jun	Capel Court Management Limited	Investment
Associates disposed of or reclassified as controlled entities or unlisted equity investments during the current year			#	1			
Total shares in associates			10	10			

Amounts less than \$500,000

§ Company currently in liquidation

¹ Formerly Link Asset Management Pty Ltd



	Consolidated		The Company	
	1996 \$M	1995 \$M	1996 \$M	1995 \$M
32: Commitments				
Capital expenditure				
Contracts for outstanding capital expenditure				
Not later than 1 year	43	49	9	19
Total capital expenditure commitments	43	49	9	19
Lease rentals				
Future rentals in respect of leases				
Land and buildings				
Not later than 1 year	143	142	114	110
Later than 1 year but not later than 2 years	131	133	107	106
Later than 2 years but not later than 5 years	251	267	204	210
Later than 5 years	475	420	472	371
	1,000	962	897	797
Furniture and equipment				
Not later than 1 year	4	16	-	12
Later than 1 year but not later than 2 years	3	4	-	1
Later than 2 years but not later than 5 years	1	5	1	1
Later than 5 years	-	2	-	-
	8	27	1	14
Total lease rental commitments	1,008	989	898	811
Total commitments	1,051	1,038	907	830

33: Derivative Financial Instruments

Derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. The use of derivatives and their sale to customers as risk management products is an integral part of the Economic entity's trading activities. Derivatives are also used to manage the Economic entity's own exposure to fluctuations in exchange and interest rates as part of its asset and liability management activities. Derivatives are subject to the same types of credit and market risk as other financial instruments, and the Economic entity manages these risks in a consistent manner.

The principal exchange rate contracts used by the Economic entity are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency on a specified future date at an agreed rate. A currency swap generally involves the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified rate on or before a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

The principal interest rate contracts used by the Economic entity are forward rate agreements, interest rate futures, interest rate swaps and options. Forward rate agreements are contracts for the payment of the difference between a specified interest rate and a reference rate on a notional deposit at a future settlement date. There is no exchange of principal. An interest rate future is an exchange traded contract for the delivery of a standardised amount of a fixed income security or time deposit at a future date. Interest rate swap transactions generally involve the exchange of fixed and floating interest payment obligations without the exchange of the underlying principal amounts.

Derivative transactions generate income for the Economic entity from buy-sell spreads and from trading positions taken by the Economic entity. Income from these transactions is taken to net interest income, foreign exchange earnings or profit on trading instruments. Income or expense on derivatives entered into for balance sheet hedging purposes is accrued and recorded as an adjustment to the interest income or expense of the related hedged item.

33: Derivative Financial Instruments (continued)

Credit risk

The credit risk of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligation. Credit risk arises when market movements are such that the derivative has a positive value to the Economic entity. It is the cost of replacing the contract in the event of counterparty default. The Economic entity limits its credit risk within a conservative framework by dealing with creditworthy counterparties, setting credit limits on exposures to counterparties, and obtaining collateral where appropriate.

The following table provides an overview of the Economic entity's exchange rate and interest rate derivatives. It includes all trading and non trading contracts. Notional principal amounts measure the amount of the underlying physical or financial commodity and represent the volume of outstanding transactions. They are not a measure of the risk associated with a derivative.

The gross replacement cost is the cost of replacing those financial instruments with a positive market value to the Economic entity. It represents the potential credit loss had all counterparties defaulted on the reporting date and any collateral become worthless. There is no allowance for netting arrangements.

The credit equivalent amount is calculated in accordance with the Reserve Bank of Australia's Capital Adequacy guidelines. It combines the aggregate gross replacement cost with an allowance for the potential increase in value over the remaining term of the transaction should market conditions change.

	Notional principal amount 1996	Gross replacement cost 1996	Credit equivalent amount 1996	Notional principal amount 1995	Gross replacement cost 1995	Credit equivalent amount 1995
Consolidated	\$M	\$M	\$M	\$M	\$M	\$M
Foreign exchange contracts						
Spot and forward contracts	159,243	1,487	2,916	147,791	1,647	3,164
Swap agreements	5,872	127	355	3,127	35	162
Options purchased	5,637	47	111	6,569	103	175
Options sold ¹	5,385	n/a	n/a	6,243	n/a	n/a
	176,137	1,661	3,382	163,730	1,785	3,501
Interest rate contracts						
Forward rate agreements	95,994	65	137	72,754	55	86
Swap agreements	148,495	1,256	1,567	94,676	1,146	1,346
Futures contracts ²	87,864	n/a	n/a	56,488	n/a	n/a
Options purchased	4,001	8	15	3,376	9	12
Options sold ¹	3,632	n/a	n/a	3,249	n/a	n/a
Other contracts	248	3	4	64	11	13
	340,234	1,332	1,723	230,607	1,221	1,457
	516,371	2,993	5,105	394,337	3,006	4,958

¹ Options sold have no credit exposure, as they represent obligations rather than assets

² Replacement costs have not been included as there is minimal credit risk associated with exchange traded futures, where the clearing house is the counterparty

33: Derivative Financial Instruments (continued)

The maturity structure of derivative activity is a primary component of potential credit exposure. The table below shows the remaining maturity profile by class of derivatives based on notional principal amounts.

Consolidated	Remaining life			Total \$M
	Less than 1 year \$M	1 to 5 years \$M	Greater than 5 years \$M	
At 30 September 1996				
Foreign exchange contracts				
Spot and forward contracts	157,429	1,800	14	159,243
Swap agreements	1,645	3,921	306	5,872
Options purchased	5,454	183	-	5,637
Options sold	5,239	146	-	5,385
	169,767	6,050	320	176,137
Interest rate contracts				
Forward rate agreements	81,573	14,421	-	95,994
Swap agreements	86,096	58,518	3,881	148,495
Futures contracts	64,403	22,926	535	87,864
Options purchased	2,576	1,293	132	4,001
Options sold	2,269	1,230	133	3,632
Other contracts	228	19	1	248
	237,145	98,407	4,682	340,234
Total	406,912	104,457	5,002	516,371
At September 1995				
Foreign exchange contracts				
Spot and forward contracts	145,087	2,686	18	147,791
Swap agreements	736	2,107	284	3,127
Options purchased	6,205	364	-	6,569
Options sold	6,033	210	-	6,243
	158,061	5,367	302	163,730
Interest rate contracts				
Forward rate agreements	66,639	6,115	-	72,754
Swap agreements	54,642	37,705	2,329	94,676
Futures contracts	40,221	16,224	43	56,488
Options purchased	2,426	868	82	3,376
Options sold	2,093	1,074	82	3,249
Other contracts	49	15	-	64
	166,070	62,001	2,536	230,607
Total	324,131	67,368	2,838	394,337

33: Derivative Financial Instruments (continued)

Concentrations of credit risk exist for groups of counterparties when they have similar economic characteristics. Major concentrations of credit risk arise by location and type of customer.

The following table shows the concentrations of credit risk, by class of counterparty and by geographic location, measured by credit equivalent amount. In excess of 82% of the Economic entity's exposures are with counterparties which are either Australian banks or banks based in other OECD countries.

Consolidated Class of Counterparty	Credit equivalent	
	1996 \$M	1995 \$M
Commonwealth and OECD governments	60	99
Australian and OECD banks	4,200	3,993
Corporations, non-OECD banks and others	845	866
	5,105	4,958

Geographic location	Credit equivalent	
	1996 \$M	1995 \$M
Australia	1,959	1,889
New Zealand	486	363
International markets	2,660	2,706
	5,105	4,958

Market risk

The market risk of derivatives arises from the potential for changes in value due to movements in interest and foreign exchange rates.

The Economic entity calculates value at risk based on historical models of movements in interest rates and exchange rates, and using a 97.5% confidence level that the adverse movements will not exceed the value at risk. If value at risk is estimated to be \$1 million, then based on historical analysis over 500 working days there is approximately one chance in 40 of seeing an adverse movement in excess of \$1 million for the specified period. Reflecting the nature of its trading activities, the Economic entity monitors its value at risk by reference to close-to-close (overnight) risk levels.

Below are the Economic entity's aggregate value at risk figures covering both physical and derivatives trading positions for its principal treasury trading centres.

Consolidated	As at	Maximum	Average	As at	Maximum	Average
	30 Sep 96	1996	1996	30 Sep 95	1995	1995
	\$M	\$M	\$M	\$M	\$M	\$M
Value at risk at 97.5% confidence						
Foreign exchange	2	5	2	1	5	2
Interest rate	10	13	6	5	10	6



33: Derivative Financial Instruments (continued)

The next table shows the fair values of the Economic entity's derivatives by product type, disaggregated into gross unrealised gains and gross unrealised losses. The fair value of a derivative represents the aggregate net present value of the cash inflows and outflows required to extinguish the rights and obligations arising from the derivative in an orderly market as at the reporting date. Fair value does not indicate future gains or losses, but rather the unrealised gains and losses from marking to market all derivatives at a particular point in time.

Consolidated	Fair value as at 30 Sep 1996	Average fair value 1996	Fair value as at 30 Sep 1995	Average fair value 1995
	\$M	\$M	\$M	\$M
Foreign exchange contracts				
Spot and forward contracts				
Gross unrealised gains	1,510	1,515	1,668	1,612
Gross unrealised losses	(1,778)	(1,736)	(1,801)	(1,788)
Swap agreements				
Gross unrealised gains	127	88	35	118
Gross unrealised losses	(343)	(325)	(254)	(266)
Options purchased	47	66	102	97
Options sold	(73)	(104)	(118)	(131)
	(510)	(496)	(368)	(358)
Interest rate contracts				
Forward rate agreements				
Gross unrealised gains	65	5	55	84
Gross unrealised losses	(71)	(23)	(65)	(86)
Swap agreements				
Gross unrealised gains	1,256	1,174	1,145	1,183
Gross unrealised losses	(1,579)	(1,385)	(1,504)	(1,415)
Futures contracts				
Gross unrealised gains	6	12	1	4
Gross unrealised losses	(26)	(30)	(14)	(7)
Options purchased	8	7	6	10
Options sold	-	(7)	(9)	(15)
Other contracts				
Gross unrealised gains	3	2	9	10
Gross unrealised losses	-	-	-	(1)
	(338)	(245)	(376)	(233)
Total	(848)	(741)	(744)	(591)

The fair values of derivatives vary over time depending on movements in interest and exchange rates and the trading or hedging strategies used. The negative fair value as at 30 September 1996 does not represent the profitability from such transactions. It arises from contracts that have generated net positive cash flows (on which interest is being earned) since their inception but which are expected to generate negative cash flows over their remaining term.

33: Derivative Financial Instruments (continued)

In addition to customer and trading activities, the Economic entity uses, inter alia, derivatives to manage the risk associated with its balance sheet. The principal objectives of asset and liability management are to hedge the market value of the Economic entity's capital and to manage and control the sensitivity of the Economic entity's income while maintaining acceptable levels of interest rate and liquidity risk. The Economic entity also uses a variety of foreign exchange derivatives to hedge against adverse movements in the value of foreign currency denominated assets and liabilities.

The table below shows the notional principal amount, gross replacement cost and fair value of derivatives held by the Economic entity, split between those entered into for customer-related and trading purposes, and those entered into for balance sheet hedging purposes.

	Notional principal amount 1996 \$M	Gross replacement cost 1996 \$M	Fair value 1996 \$M	Notional principal amount 1995 \$M	Gross replacement cost 1995 \$M	Fair value 1995 \$M
Consolidated						
Foreign exchange contracts						
Customer-related and trading purposes	165,861	1,587	(323)	158,218	1,695	(326)
Balance sheet hedging purposes	10,276	74	(187)	5,512	90	(42)
	176,137	1,661	(510)	163,730	1,785	(368)
Interest rate contracts						
Customer-related and trading purposes	317,122	1,102	(396)	211,835	992	(447)
Balance sheet hedging purposes	23,112	230	58	18,772	229	71
	340,234	1,332	(338)	230,607	1,221	(376)
Total	516,371	2,993	(848)	394,337	3,006	(744)

Detailed below are the net deferred realised and unrealised gains and losses arising from hedging contracts used to manage interest rate exposure or used to hedge anticipated transactions. These gains and losses are deferred only to the extent that there is an offsetting unrecognised gain or loss on the exposure being hedged. Deferred gains or losses are generally amortised over the expected term of the hedged exposure.

	Balance sheet hedging contracts at 30 Sep 1996 \$M	Balance sheet hedging contracts at 30 Sep 1995 \$M
Consolidated		
Expected recognition in income		
Within one year	19	43
One to two years	(16)	(20)
Two to five years	39	48
Greater than five years	(20)	(21)
	22	50



34: Fair Value Information

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

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

The estimates of fair value are based on relevant information available as at 30 September 1996. While best judgement is used in estimating the fair value of financial instruments, there are inherent weaknesses in any estimation technique. Many of the estimates involve uncertainties and matters of significant judgement and cannot be determined with precision. Changes in underlying assumptions could significantly affect these estimates.

SFAS 107 requires that fair values be calculated by reference to the value of one trading unit without regard to any premium or discount that may result from concentrations of ownership of a financial instrument, possible taxes on the sale of financial instruments and estimated transaction costs. Furthermore, market prices or rates of discount are not available for many of the financial instruments valued and surrogates have been used which may not reflect the price that would apply in an actual sale. Therefore, for substantially all financial instruments, the fair value estimates are not necessarily indicative of the amounts the Economic entity could have realised in a sale transaction as at 30 September 1996.

The estimated fair value amounts have not been updated for the purposes of these financial statements since 30 September 1996 and, therefore, the estimated fair value of these financial instruments subsequent to 30 September 1996 may be different from the amounts reported.

	Carrying value		Estimated fair value	
	1996	1995	1996	1995
	\$M	\$M	\$M	\$M
Significant financial assets				
Loans, advances and acceptances	87,034	78,067	88,100	78,869
Investment securities and shares in associates	2,580	2,843	2,577	2,843
Trading securities	7,334	5,785	7,334	5,785
Other financial assets	23,863	19,083	23,993	19,179

Loans, advances and acceptances

The carrying value of loans, advances and acceptances is net of specific and general provisions for doubtful debts and income yet to mature, and also excludes lease finance receivables. Lease finance receivables have a carrying value of \$2,880 million (1995: \$2,795 million) and an estimated fair value of \$2,864 million (1995: \$2,779 million). The estimated fair value of loans, advances and acceptances represents the discounted amount of estimated future cash flows and accordingly has not been adjusted for either specific or general provisions for doubtful debts.

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

The difference between estimated fair value of loans, advances and acceptances and in carrying value reflects changes in interest rates and the credit worthiness of borrowers since loan origination. The excess of estimated fair value of loans, advances and acceptances over the carrying value is primarily a result of the offsetting of the general provision for doubtful debts against the carrying value and the effect of declining interest rates.

34: Fair Value Information (continued)

Investment securities and shares in associates

Fair value is based on quoted market prices or broker or dealer price quotations. If this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield characteristics, or by reference to the net tangible asset backing of the investee.

Trading securities

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

Other financial assets

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

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

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

	Carrying value		Estimated fair value	
	1996	1995	1996	1995
	\$M	\$M	\$M	\$M
Significant financial liabilities				
Deposits and other borrowings and acceptances	93,722	82,884	93,730	82,894
Loan capital and bonds and notes	5,864	4,800	5,863	4,773
Other financial liabilities	19,797	17,412	19,857	17,441

Deposits and other borrowings and acceptances

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

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

The estimated fair value of interest bearing deposits and other liabilities reflects the shortening term of the Economic entity's funding during the year ended 30 September 1996.

Loan capital and bonds and notes

The aggregate fair value of loan capital and bonds and notes at 30 September 1996 was calculated based on quoted market prices. For those debt issues where quoted market prices were not available, a discounted cash flow model using a yield curve appropriate for the remaining term to maturity of the instrument was used.

Other financial liabilities

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

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

Income tax liabilities, other provisions and accrued charges are not considered financial liabilities.

Commitments and contingencies

As outlined in note 35, the Economic entity has various credit-related commitments. Based upon the level of fees currently charged for granting such commitments, taking into account maturity and interest rates, together with any changes in the creditworthiness of counterparties since origination of the commitments, their estimated replacement or fair value is not material.



35: Contingent Liabilities and Credit Related Commitments**Contingent liabilities**

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

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

	Consolidated		The Company		Controlled Entities	
	1996 Contract amount \$M	1995 Contract amount \$M	1996 Contract amount \$M	1995 Contract amount \$M	1996 Contract amount \$M	1995 Contract amount \$M
Guarantees	2,149	2,165	1,431	1,402	718	763
Standby letters of credit	355	215	319	205	36	10
Bill endorsements	29	14	25	12	4	2
Documentary letters of credit	1,349	1,320	608	652	741	668
Performance related contingents	6,614	6,454	5,328	4,182	1,286	2,272
Other	828	1,049	631	772	197	277
Total contingent liabilities	11,324	11,217	8,342	7,225	2,982	3,992

Credit related commitments

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

	Consolidated		The Company		Controlled Entities	
	1996 Contract amount \$M	1995 Contract amount \$M	1996 Contract amount \$M	1995 Contract amount \$M	1996 Contract amount \$M	1995 Contract amount \$M
Undrawn facilities	30,014	25,453	21,592	17,228	8,422	8,225
Underwriting facilities	361	267	82	133	279	134
Securities lending	590	-	590	-	-	-
	30,965	25,720	22,264	17,361	8,701	8,359

35: Contingent Liabilities and Credit Related Commitments (continued)

The details and estimated maximum amount of contingent liabilities classified according to the party from whom the contingent liability could arise are set out below

The Company

In accordance with the clearing arrangements set out in the Australian Payments Clearing Association Regulations for the Australian Paper Clearing System and the Bulk Electronic Clearing System, the Company has a commitment to provide liquidity support to these clearing systems in the event of a failure to settle by a member institution.

Controlled entities

- (i) The Economic entity will indemnify each customer of controlled entities engaged in nominee activities against loss suffered by reason of such entities failing to perform any obligation undertaken by them to a customer.
- (ii) Pursuant to class order 95/1530 dated 10 November 1995, relief was granted during the year to a number of wholly owned controlled entities (refer footnote ¶ in note 30) from the Corporations Law requirements for preparation, audit, and publication of accounts. It is the condition of the class order that the Company and each of its controlled entities enter into a Deed of Cross Guarantee. A Deed of Cross Guarantee under the class order was lodged and approved by the Australian Securities Commission. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up any of the controlled entities under certain provisions of the Corporations Law. The Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up. A Deed of Revocation was executed during the year for all companies which were party to a Deed of Cross Guarantee (as amended) under previous class orders. At 30 September 1996 the controlled entities which are parties to the Deed had external aggregate assets of \$2,721 million (1995: \$2,960 million); external aggregate liabilities of \$747 million (1995: \$753 million); and their operating profit after tax and abnormal items for the year was \$418 million (1995: \$16 million).
- (iii) Pursuant to class order 95/1530 dated 10 November 1995, relief was granted during the year to a number of wholly owned controlled entities (refer footnote Ψ in note 30) from the Corporations Law requirements for preparation, audit and publication of accounts. It is the condition of the class order that ANZ Capel Court Limited and each of its controlled entities enter into a Deed of Cross Guarantee. A Deed of Cross Guarantee under the class orders was lodged and approved by the Australian Securities Commission. The effect of the Deed is that ANZ Capel Court Limited guarantees to each creditor payment in full of any debt in the event of winding up any of its controlled entities under certain provisions of the Corporations Law. ANZ Capel Court Limited will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that ANZ Capel Court Limited is wound up. A Deed of Revocation was executed during the year for all companies which were party to a Deed of Cross Guarantee (as amended) under previous class orders. At 30 September 1996 ANZ Capel Court Limited and its controlled entities which are party to the Deed had external aggregate assets of \$358 million (1995: \$279 million); external aggregate liabilities of \$163 million (1995: \$191 million); and their operating profit after tax and abnormal items for the year was \$1 million (1995: \$1 million).
- (iv) The Company has guaranteed payment on maturity of the principal and accrued interest of commercial paper notes issued by ANZ (Delaware) Inc. of \$946 million (1995: \$1,164 million).
- (v) The Company is party to an underpinning agreement with ANZ Grindlays Bank Limited whereby the Company undertakes to assume risk in relation to credit facilities extended by ANZ Grindlays Bank Limited to certain individual customers which exceed 25% of ANZ Grindlays Bank Limited's capital base.
- (vi) The Company is party to an underpinning agreement with ANZ Banking Group (New Zealand) Ltd whereby the Company undertakes to assume risk in relation to credit facilities extended by ANZ Banking Group (New Zealand) Ltd to individual customers which exceed 35% of ANZ Banking Group (New Zealand) Ltd's capital base.
- (vii) The Company has guaranteed, on a subordinated basis, the issue of \$157 million Subordinated Floating Rate Notes issued by ANZ Banking Group (New Zealand) Ltd.



35: Contingent Liabilities and Credit Related Commitments (continued)

General

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

India - National Housing Bank

The branch of ANZ Grindlays Bank Limited in India ("the Bank") has received a claim, aggregating approximately Indian Rupees 5.06 billion (\$179 million) from the National Housing Bank ("NHB") in that country. The claim arises out of certain cheques drawn by NHB in favour of the Bank, the proceeds of which were credited into the account of one of the customers of the Bank.

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

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

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

India - Financial markets scam

The after effects of the much publicised 1992 India financial markets scam continue. Banks, including ANZ Grindlays Bank Limited, which provided banking services to banks and brokers subsequently identified as involved in the scam, are now facing legal issues as transactions are potentially unwound and the legality of some transactions which were commonly executed in the market are challenged. Resolution of these matters is likely to be protracted, especially because in many cases these issues are without legal precedent, and the Economic entity may be exposed to claims and potential losses the aggregate amount of which cannot be quantified. The Economic entity is being advised by senior counsel and no material loss is currently anticipated.

India - Foreign Exchange Regulation Act

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

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



36: Superannuation Commitments

A number of pension/superannuation schemes have been established by the Economic entity worldwide. The Economic entity is obliged to contribute to the schemes as a consequence of legislation and provisions of trust deeds. Legal enforceability is dependent on the terms of the legislation and trust deeds. The major schemes with assets in excess of \$20 million are

Country	Scheme	Scheme type	Contribution levels		Last formal actuarial valuation	Actuary
			Employee	Employer		
Australia	ANZGROUP (Australia) Staff Pension Scheme ¹	Defined Benefit Scheme	nil	Balance of cost	Dec 1995	C J Haberecht F.I.A.A.
Australia	ANZ Australian Staff Superannuation Scheme ²	Defined Contribution Scheme	2.5% min	Balance of cost ³	Dec 1995	C J Haberecht F.I.A.A.
New Zealand	ANZGROUP (New Zealand) Staff Superannuation Scheme ^{1,2}	Defined Benefit Scheme	5.5% min	Balance of cost	Dec 1993	William M Mercer Ltd
		or Defined Contribution Scheme	2.5% min	Balance of cost ⁴	Dec 1993	William M Mercer Ltd
England	ANZ UK Staff Pension Scheme ¹	Defined Benefit Scheme	nil	Balance of cost	Dec 1995	Watson, Wyatt Partners

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

¹ These schemes provide for pension benefits

² These schemes provide for lump sum benefits

³ As recommended by the actuary, not to exceed 7.25% of members' superannuation salaries for the financial year ended 30 September 1997

⁴ 7.5% of superannuation salaries

Details of major defined benefit schemes are as follows

1996 Scheme	Employer's contribution \$M	Accrued benefits \$M	Net market value of assets held by scheme \$M	Excess(deficiency) of net market value of assets over accrued benefits \$M	Vested benefits \$M
ANZ UK Staff Pension Scheme ²	-	459	584	125	429

1995 Scheme	Employer's contribution \$M	Accrued benefits \$M	Net market value of assets held by scheme \$M	Excess(deficiency) of net market value of assets over accrued benefits \$M	Vested benefits \$M
ANZ UK Staff Pension Scheme ⁴	-	433	545	112	397

¹ Amounts were measured at 30 September 1996

² Amounts were measured at 31 December 1995

³ Amounts were measured at 31 December 1994

⁴ Amounts were measured at 30 September 1995

Any aggregate deficit arising from the actuarial valuation of the Economic entity's defined benefit schemes has been provided for in the Economic entity's financial statements.



37: Assets and Liabilities of Non-Banking Controlled Entities

Under class order 92/621 issued by the Australian Securities Commission on 24 June 1992, the balance sheets of the Economic entity and the Company are presented in accordance with International Accounting Standard IAS 30 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions". This standard requires assets and liabilities of a bank to be classified by their nature and to be disclosed in their approximate order of liquidity. The class order requires the amounts of total assets and total liabilities reported in the consolidated balance sheet that are attributable to controlled entities which are not prescribed corporations, defined in Section 408A(1) of the Corporations Law as either an Australian Bank or a body corporate that is registered under the Life Insurance Act 1995 at the end of the financial year, to be separately disclosed.

	1996 \$M	1995 \$M
Total assets	34,257	40,428
Total liabilities	28,566	32,872

38: Financing Arrangements

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

	1996		1995	
	Available \$M	Unused \$M	Available \$M	Unused \$M
Financing arrangements which are available to such controlled entities (under normal financial arrangements)				
Credit standby arrangements				
Commercial bills acceptance discount lines	100	100	100	100
Standby lines	1,955	1,854	1,723	1,721
Other financing arrangements				
Overdrafts and other financing arrangements	457	449	450	444
Total finance made available to such controlled entities	2,512	2,403	2,273	2,265
Financing arrangements which have been made available by such controlled entities (contractually arranged for each client)				
Standby lines	482	127	424	110

In addition, credit facilities of \$126 million (1995: \$111 million) have been made available to the Economic entity, of which \$7 million is utilised as at 30 September 1996 (1995: \$55 million).

39: Exchange Rates

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

	1996		1995		1994	
	Closing	Average	Closing	Average	Closing	Average
Great British pound	0.5062	0.4963	0.4764	0.4659	0.4685	0.4653
United States dollar	0.7914	0.7685	0.7520	0.7406	0.7393	0.7064
New Zealand dollar	1.1314	1.1340	1.1498	1.1407	1.2254	1.2200

40: Employee Share Purchase and Share Option Schemes

The Company has four share purchase and share option schemes available for employees and directors of the Group: the ANZ Group Employee Share Purchase Scheme; the ANZ Group Senior Officers' Share Purchase Scheme; the ANZ Group Share Option Scheme; and the Directors' Share and Option Purchase Scheme. Shareholders of the Company have approved the Rules of each of the schemes. Fully paid ordinary shares issued under these schemes rank equally with other existing fully paid ordinary shares, except for fully paid ordinary shares issued on conversion from partly paid shares which are not entitled to the first dividend paid. Partly paid ordinary shares, paid to 10 cents, issued under the ANZ Group Senior Officers' Share Purchase Scheme and the Directors' Share and Option Purchase Scheme are not entitled to dividends payable by the Company, but are entitled to one vote for every ten partly paid shares. They are also entitled to participate in rights and bonus issues.

Each option granted under the ANZ Group Share Option Scheme and the Directors' Share and Option Purchase Scheme entitles a holder to purchase one ordinary share subject to any attached terms and conditions.

An offer to employees and non-executive directors cannot be made under any of the schemes if an issue pursuant to that offer will result in the aggregate of shares issued, and those liable to be issued pursuant to exercisable options granted under any of the schemes, and bonus shares issued in respect of shares issued under these schemes, exceeding 7% of the issued capital of the Company.

During the financial year, loans at concessional interest rates were available for financing shares purchased under the ANZ Group Employee Share Purchase Scheme and the ANZ Group Senior Officers' Share Purchase Scheme. Shares issued under these schemes are free of brokerage and stamp duty costs.

The market price of one ordinary share at 30 September 1996 was \$7.23.

Amounts received from employee share purchase and share option schemes are accounted for as follows

- the par value of fully paid shares and amounts received on partly paid shares are recognised as issued and paid-up capital;
- the difference between par value and issue price is credited to the share premium reserve; and
- amounts received for options are credited to the general reserve.

Amounts received from employee share purchase and share option schemes during the financial year, excluding calls on partly paid shares issued in prior financial years, were recognised as follows

	The Company	
	1996	1995
Issued and paid-up capital	3,200,483	3,411,594
Share premium reserve	12,679,869	11,087,670
General reserve	-	64,100

ANZ Group Employee Share Purchase Scheme

All employees, excluding part-time service employees, who have had continuous service for one year with the Company or any of its controlled entities are eligible to participate in this scheme. Each eligible employee's entitlement depends on the employment level of the employee, and the maximum entitlement is 5,000 ordinary shares.

During the financial year, 3,149,483 fully paid ordinary shares were issued at a 20% discount to the market price at 28 February 1996 to 2,300 eligible employees for a total consideration of \$15,564,152. 33,618 employees were eligible to participate in this offer. The total market value of the shares at issue date, which was 22 March 1996, was \$19,652,774. At 30 September 1996, 39,663,335 ordinary shares had been issued since the commencement of this scheme.

ANZ Group Senior Officers' Share Purchase Scheme

Senior officers eligible to participate in this scheme may be offered fully paid or partly paid ordinary shares.

During the financial year, 51,000 fully paid ordinary shares were issued at market price to 10 eligible senior officers for a total consideration of \$316,200, which was the total market value of the shares at issue date which was 28 February 1996. 775 senior officers were eligible to participate in this offer.

At 30 September 1996, 11,035,400 fully paid ordinary shares and 7,805,000 partly paid ordinary shares had been issued since the commencement of this scheme. The partly paid ordinary shares were paid to 10 cents on application and the balance payable either at the request of the employee or upon cessation of employment, except in the event of death, retirement or illness, in which case, the balance is payable three months after the event.



40: Employee Share Purchase and Share Option Schemes (continued)

ANZ Group Share Option Scheme

Executive directors and executive officers may be invited to purchase options at one cent each under this scheme. These options do not entitle the holder to participate in a share issue of any other body corporate apart from the Company.

No options were issued during the financial year. 80,000 options granted under the scheme lapsed during the financial year.

At 30 September 1996, 7,630,000 options were outstanding under this scheme. These options may only be exercised within the exercisable period if the basic earnings per share of the Economic entity (before abnormal items) for one of the financial years ending 30 September 1996, 1997 or 1998 is at least 50% over the equivalent figure for the 1993 financial year.

No. of options outstanding at 30 September 1996	Exercise price	Exercisable period (subject to performance condition)
1,350,000	\$5.34	Not exercisable before 31 Jan 1997, or later than 30 Jan 1999
1,520,000	\$5.34	Not exercisable before 22 Dec 1997, or later than 30 Jan 1999
4,760,000	\$5.34	Not exercisable before 23 Mar 1998, or later than 30 Jan 1999

These options will expire immediately on termination of employment, except in the event of retirement, death or where agreed by the directors of the Company, in which case, the directors may allow the options to be exercised. 185,000 options were exercised by former employees since the end of the financial year with the consent of the directors. In the event of a takeover offer or takeover announcement, the directors of the Company may allow the options to be exercised within thirty days from the date of notification.

If there is a bonus issue prior to the expiry or exercise of the options, option holders are entitled to those shares as if the options have been exercised prior to that issue. These shares will be allotted to the option holder when the options are exercised.

Directors' Share and Option Purchase Scheme

Each non-executive director is entitled to subscribe for up to 50,000 partly paid ordinary shares at market price, paid to 10 cents, under this scheme, with the balance payable any time at the request of the director or upon ceasing to be a director, except in the event of retirement, death or illness, in which case the balance is payable ninety days after such date.

Each director is, subject to the Board's approval, eligible to subscribe for an equivalent number of options at one cent each under this scheme. Options granted under this scheme are exercisable within five years after issuance or within 90 days after ceasing to be a director, if earlier. The exercise price of an option is based on the market price of an ordinary share when the option is granted, less one cent, which is payable on issue of the option.

During the financial year, one director was eligible to subscribe for up to 50,000 shares under the scheme. 50,000 partly paid shares, paid to 10 cents, were issued on 28 February 1996 at \$6.20, which was the market price as at that date.

No options were offered during the financial year. 100,000 options were exercised during the financial year.

At 30 September 1996, 950,000 partly paid shares, paid to 10 cents and 1,100,000 options had been issued since the commencement of this scheme.

No. of options outstanding at 30 September 1996	Exercise Price	Expiry date
100,000	\$3.43	1 March 1998



41: Related Party Disclosures

The directors during the year were

C B Goode	A T L Maitland
J C Dahlsen	D P Mercer
Dr R S Deane	J F Ries
J K Ellis (appointed 1 October 1995)	Dr B W Scott
C J Harper	Sir Ronald Trotter
M A Jackson	R B Vaughan

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

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

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

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

(a) Transactions with directors and director-related entities

Shares and Share Options

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

	The Company	
	1996	1995
	No.	No.
Fully paid ordinary shares in the Company	224,229	56,508
Partly paid ordinary shares in the Company	50,000	100,000

Certain executive directors have acquired fully paid ordinary shares under the ANZ Group Senior Officers' Share Purchase Scheme on conditions no more favourable than those offered to other employees. All other fully paid ordinary shares were acquired on terms and conditions no more favourable than those offered to other shareholders.

Certain non-executive directors have acquired partly paid ordinary shares under the Directors' Share and Option Purchase Scheme, approved by shareholders in January 1988. No share options have been issued to directors under this scheme during the financial year.

The reduction in the number of partly paid shares held by directors of the Company and their director-related entities during the financial year was 100,000 (1995: nil).

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

	1996	1995
	No.	No.
Fully paid ordinary shares in the Company	872,544	698,315
Partly paid ordinary shares, paid to 10 cents per share, in the Company	290,000	340,000
Share options over ordinary shares in the Company	1,200,000	1,300,000

41: Related Party Disclosures (continued)

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

Loans made to Directors

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

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

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

The directors involved are

A D Betham ^{3,4}	P J O Hawkins ³	I F Peterkin ¹
A K Bommakanti ³	M B Hensley ^{3,4}	J F Ries ^{1,2,3,4}
I Brandon ^{1,2}	P F Horsfall ^{1,2,3,4}	J L Roach ^{1,3,4}
T J Brennan ³	G G Howard ^{3,4}	J D Tait ³
D J Brunskill ^{1,2}	W D B Johnstone ³	J G Todd ^{1,2}
A Buhindi ^{1,4}	B J Jolliffe ^{1,2,3,4}	R R Trotter ²
M I Calderwood ³	R G Jones ^{1,3}	R H C Turner ^{3,4}
G J Camm ^{1,3}	R E Knight ³	D B Valentine ^{3,4}
P J Conway ²	J M Lineham ³	A E Ward ^{1,3}
J C Dahlsen ^{1,3}	A T L Maitland ^{1,3,4}	D F Wicks ¹
P H Ellis ³	D W Manoa ^{2,3}	
C J Harper ^{1,3}	D P Mercer ^{1,2,3,4}	

¹ Repayments made during the year

² Loans made during the year

³ Repayments made during the prior year

⁴ Loans made during the prior year

The aggregate amount of such loans outstanding at 30 September was

	Consolidated		The Company	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Balance outstanding at 30 September	2,176	5,657	1,198	2,736
Total interest received	173	304	89	98
The aggregate amount of repayments received from directors and their director-related entities during the year was				
Normal terms and conditions	1,012	523	305	5
Employee terms and conditions	1,689	1,345	1,460	839
The aggregate amount of loans made during the financial year was				
Normal terms and conditions	273	696	13	-
Employee terms and conditions	238	1,382	187	1,004

41: Related Party Disclosures (continued)

Other transactions of Directors and Director-Related Entities

(i) Financial instrument transactions

Under the Australian Securities Commission class order referred to above, disclosure of financial instrument transactions regularly made by a bank is limited to disclosure of such transactions with a director of the entity concerned. AASB 1017 requires financial instrument transactions which have occurred on arm's length terms and conditions, and are deemed trivial or domestic in nature, to be disclosed by general description.

Financial instrument transactions between the directors and the banks during the financial year were in the nature of normal personal banking, investment and deposit transactions. These transactions occurred on an arm's length basis and on normal commercial terms and conditions no more favourable than those given to other employees or customers.

(ii) Transactions other than financial instrument transactions of banks

All other transactions with directors and their director-related entities are conducted on arm's length terms and conditions, and are deemed trivial or domestic in nature. These transactions are in the nature of deposits, debentures, or investment transactions conducted with non-bank controlled entities.

(b) Transactions with associated entities

During the course of the year the Company and the Economic entity conducted transactions with associated entities (listed in note 31) on normal commercial terms and conditions, other than an interest free loan of nil (1995: \$3,768,602) to Network Trust and a loan of \$2,390,000 (1995: \$2,390,000) to Valuta Group Pty Ltd at an interest rate of 5%. A provision for doubtful debts of nil (1995: \$646,093) is held against the loan to Network Trust. Transactions with associated entities are detailed below.

	Consolidated		The Company	
	1996 \$'000	1995 \$'000	1996 \$'000	1995 \$'000
Aggregate				
Amounts receivable from associated entities	2,290	12,795	300	4,069
provision for doubtful debts	-	846	-	646
provision for doubtful debts - charge	-	646	-	646
Property held for resale in				
development ventures with associated entities	-	356	-	356
provision for diminution in value	-	356	-	356
Interest revenue	509	1,092	24	39
Dividend revenue	2,581	1,639	-	-
Interest expense	105	-	-	-
Other revenue	172	-	-	-



42: Remuneration of Directors

Remuneration includes salaries, bonuses, other benefits (including non-cash benefits) and retirement benefits and superannuation contributions. The maximum total remuneration for non-executive directors of the company was set at the Annual General Meeting on 20 January 1995 at \$0.85 million. Total fees paid to non-executive directors by the Company for the year was \$0.7 million (1995: \$0.7 million). The number of directors of the Company with total remuneration in each of the following bands was

	The Company			The Company	
	1996	1995		1996	1995
\$50,001 to \$60,000	-	1	\$160,001 to \$170,000	1	-
\$60,001 to \$70,000	4	2	\$480,001 to \$490,000	-	2
\$70,001 to \$80,000	4	3	\$530,001 to \$540,000	-	1
\$80,001 to \$90,000	-	1	\$580,001 to \$590,000	2	-
\$90,001 to \$100,000	-	1	\$810,001 to \$820,000	-	1
\$130,001 to \$140,000	-	1	\$1,000,001 to \$1,010,000	1	-
Total number of directors				12	13

	Consolidated		The Company	
	1996	1995	1996	1995
	\$'000	\$'000	\$'000	\$'000
Total remuneration received or due and receivable by directors of the Company and controlled entities from the Company or related body corporate ¹	7,555	9,477	2,911	3,040

¹ Including the total remuneration of executive directors, excluding executive directors of controlled entities who are executives of the Company

Under class order 96/1171 issued by the Australian Securities Commission on 25 July 1996, the Company is relieved from the disclosure requirements in respect of directors' remuneration set out in Australian Accounting Standard AASB 1017 "Related Party Disclosures". The disclosure requirements in respect of directors' remuneration set out in Schedule 5 of the Corporations Law have been complied with. Remuneration amounts (including comparatives) are disclosed in accordance with the class order.



43: Remuneration of Executives

Remuneration includes salaries, bonuses, other benefits, and superannuation contributions. The remuneration of executives who work wholly or mainly outside Australia are excluded from this disclosure. The number of executives with total remuneration exceeding \$100,000 in each of the following bands was

	Consolidated		The Company			Consolidated		The Company	
	1996	1995	1996	1995		1996	1995	1996	1995
\$110,001 to \$120,000	2	-	1	-	\$340,001 to \$350,000	1	1	1	1
\$130,001 to \$140,000	1 ¹	3	-	-	\$350,001 to \$360,000	1	1	1	1
\$140,001 to \$150,000	-	3	-	-	\$360,001 to \$370,000	2 ¹	-	1	-
\$150,001 to \$160,000	2 ¹	1 ¹	-	-	\$370,001 to \$380,000	-	3	-	3
\$160,001 to \$170,000	3	3	-	-	\$380,001 to \$390,000	3 ¹	-	3 ¹	-
\$170,001 to \$180,000	2	3	-	-	\$390,001 to \$400,000	1	-	1	-
\$180,001 to \$190,000	4	2	1	-	\$400,001 to \$410,000	1	2 ¹	1	1
\$190,001 to \$200,000	2	1	1	-	\$420,001 to \$430,000	1	-	1	-
\$200,001 to \$210,000	5 ¹	2	1	2	\$430,001 to \$440,000	2	-	2	-
\$210,001 to \$220,000	1	2	-	2	\$440,001 to \$450,000	1	-	1	-
\$220,001 to \$230,000	4	2	2	1	\$460,001 to \$470,000	-	1 ¹	-	-
\$230,001 to \$240,000	2	3	1	2	\$480,001 to \$490,000	-	2	-	2
\$240,001 to \$250,000	1	-	1	-	\$520,001 to \$530,000	2	1 ¹	2	-
\$250,001 to \$260,000	1	3 ¹	1	-	\$540,001 to \$550,000	-	1 ¹	-	-
\$260,001 to \$270,000	1	4 ¹	1	3 ¹	\$580,001 to \$590,000	2	1 ¹	2	-
\$270,001 to \$280,000	3	2	1	1	\$640,001 to \$650,000	-	1 ¹	-	-
\$280,001 to \$290,000	4	2	3	2	\$650,001 to \$660,000	1 ¹	-	1 ¹	-
\$290,001 to \$300,000	1	3	1	3	\$720,001 to \$730,000	1	1 ¹	1	-
\$300,001 to \$310,000	-	2 ¹	-	2 ¹	\$760,001 to \$770,000	1 ¹	-	-	-
\$320,000 to \$330,000	2 ¹	-	2 ¹	-	\$810,001 to \$820,000	-	1	-	1
\$330,001 to \$340,000	1 ¹	-	-	-	\$1,000,001 to \$1,010,000	1	-	1	-
					\$1,140,001 to \$1,150,000	-	1 ¹	-	1 ¹
Total number of executives						63	58	36	28
Total remuneration received or due and receivable directly or indirectly by executives of the Company and controlled entities (\$'000)						19,778	18,109	13,621	9,827

¹ The executives whose remuneration is recorded in these bands include fixed term employees with contracts which recognise their particular expertise and that they have been recruited by the Economic entity for specialised activities. These bands also include employees in the sharebroking industry whose income includes bonuses in accord with the practice of that industry

44: US GAAP Reconciliation

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

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

	Note	1996 \$M	1995 \$M	1994 \$M
Operating profit after income tax using Australian GAAP				
		1,116	1,052	822
Items having the effect of increasing(decreasing) reported income:				
Depreciation charged on the difference between revaluation amount and historical cost of buildings				
	(i)	1	2	1
Difference in gain or loss on disposal of properties revalued under historical cost				
	(i)	4	2	3
Amortisation of goodwill				
	(ii)	(36)	(36)	(37)
Write-off of goodwill				
	(ii)	(7)	(5)	(5)
Amortisation of sale-leaseback gain over lease term				
	(iii)	4	5	17
Pension expense adjustment				
	(vii)	5	2	-
Amortisation of capitalised profit arising from sale of Coles Myer warrants				
	(iv)	-	-	10
Net income according to US GAAP		1,087	1,022	811
Shareholders' equity reported at year end using Australian GAAP				
		6,290	5,700	5,456
Elimination of gross asset revaluation reserves				
	(i)	(366)	(370)	(372)
Adjustment to provision for depreciation on buildings revalued				
	(i)	33	32	30
Restoration of previously deducted goodwill				
	(ii)	807	807	807
Accumulated amortisation and write-off of goodwill				
	(ii)	(436)	(393)	(352)
Provision for final dividend				
	(v)	355	260	189
Pension expense adjustment				
	(vii)	34	30	-
Restoration of deferred gain on sale-leaseback transactions less amortisation				
	(iii)	-	(4)	(9)
Shareholders' equity according to US GAAP		6,717	6,062	5,749
Total assets reported using Australian GAAP				
		127,604	112,587	103,874
Elimination of gross asset revaluation reserves				
	(i)	(366)	(370)	(372)
Adjustment to provision for depreciation on buildings revalued				
	(i)	33	32	30
Restoration of previously deducted goodwill				
	(ii)	807	807	807
Accumulated amortisation and write-off of goodwill				
	(ii)	(436)	(393)	(352)
Prepaid pension adjustment				
	(vii)	26	26	-
Reclassification of deferred tax assets against deferred tax liabilities				
	(vi)	(388)	(350)	(315)
Total assets according to US GAAP		127,280	112,339	103,672

44: US GAAP Reconciliation (continued)

(i) Premises and equipment

Properties have been revalued by the Economic entity at various times, increasing the book value of these assets (refer note 1 (xvii) in the Financial Statements). Under Australian GAAP, any increments on revaluation are credited directly to the Asset Revaluation Reserve (“ARR”), and decrements are debited to the ARR to the extent of any previous revaluation increments.

Decrement in excess of any previous revaluation increments are charged to the Profit and Loss Account. The ARR forms part of Shareholders’ equity.

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

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

(ii) Goodwill

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

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

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

(iii) Sale-leaseback transactions

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

(iv) Option transactions – Coles Myer Warrants

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

(v) Dividends

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

(vi) Income taxes

Under Australian GAAP, tax benefits relating to carry forward tax losses must be “virtually certain” of being realised before being booked. Realisations of benefits relating to other timing differences must be “beyond a reasonable doubt” before they may be booked. These tests are as stringent as those applied under US GAAP and hence no write-down of future tax benefits is required.

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

(vii) Pension commitments

Under Australian GAAP, contributions in respect of defined benefit schemes are made at levels necessary to ensure that these schemes are maintained with sufficient assets to meet their actuarially assessed liabilities. Any net deficiency arising from the aggregation of assets and liabilities of the Economic entity’s defined benefit schemes is provided for in the Economic entity’s financial statements (refer note 36 in the Financial Statements). Under US SFAS 87, “Employer’s Accounting for Pensions”, pension expense is a function of an employee’s service period, interest costs, actuarial return on the schemes’ assets, amortisation of unrecognised prior service costs and unrecognised net gains or losses. No adjustment was made to the US GAAP reconciliation in 1994 as the impact on net income, shareholders’ equity and total assets was not material.



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

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

(ix) Trading securities

US GAAP requires that in instances where trading securities are not bought and held principally for the purpose of selling them in the near term, they should be classified as available for sale and recorded at market value with unrealised profits and losses in respect of market value adjustments recognised in Shareholders' equity.

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

(x) Foreclosed and in-substance foreclosed assets

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

(xi) Accounting for the impairment of loans

SFAS 114 "Accounting by Creditors for Impairment of a Loan", as amended by SFAS 118 "Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures", requires the value of an impaired loan to be measured as the present value of future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of the collateral, if the loan is collateral dependent. There is no requirement under Australian GAAP to discount the expected future cash flows attributable to impaired loans in assessing the level of specific provision for doubtful debts.

No adjustment is required in the US GAAP reconciliation as the estimated fair value of impaired loans is not materially different from the carrying value as at 30 September 1996.

(xii) Accounting for the impairment of long-lived assets and for long-lived assets to be disposed of

SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", requires that where an event or a change in circumstance indicates that the carrying value of an asset that is expected to be held and used may not be recoverable, an impairment loss shall be recognised. The standard also requires that where there is a committed plan to dispose of an asset, the asset shall be reported at the lower of the carrying value or fair value less selling costs.

SFAS 121 will become effective in the Economic entity's financial statements for the year ending 30 September 1997. The adoption of this standard is not anticipated to have a material impact on the Economic entity's net income, total assets or shareholders' equity.

(xiii) Accounting for stock-compensation plans

Under Australian GAAP, an expense is not recognised for share options issued to employees or for shares issued at a discount. SFAS 123 "Accounting for Stock-Based Compensation", requires share options and shares issued to employees to be recognised using either the fair value based method or the intrinsic value based method as prescribed by APB No 25. No adjustment is made for the impact of the intrinsic value based method in the US GAAP reconciliation as the impact is not material.

The disclosure provisions of SFAS 123, which are not effective until financial years commencing on or after 15 December 1995, have not been adopted by the Economic entity. They will be adopted in the financial year commencing on 1 October 1996.

(xiv) Accounting for transfers and servicing of financial assets and extinguishments of liabilities

The Economic entity has not adopted the provisions of SFAS 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities". SFAS 125 prescribes the accounting and reporting requirements for transfers of financial assets and extinguishments of liabilities occurring after 31 December 1996. The Statement also requires, under certain circumstances, a transferor of financial assets that are pledged as collateral to reclassify those assets and the transferee to recognise those assets and their obligation to return them.

It is estimated that the adoption of the provisions of SFAS 125 by the Economic entity as at 30 September 1996 would not have resulted in a material adjustment to the US GAAP reconciliation.



44: US GAAP Reconciliation (continued)

(xv) Details of Pension Schemes and Pension Expense

Reconciliations of the funded status of major defined benefit schemes as at 30 June 1996 are summarised below. Details of the funding of the schemes are set out in note 36.

	Australian Scheme accumulated benefits exceed assets \$M	UK Scheme assets exceed accumulated benefits \$M
Accumulated benefit obligation - vested	58	456
Projected benefit obligation	58	498
Fair value of plan assets	47	603
(Deficiency)excess of assets over projected benefit obligation	(11)	105
Unrecognised net transition loss(gain)	8	(45)
Unrecognised net loss(gain)	3	(49)
Unrecognised prior service cost	-	15
Adjustment needed to recognise minimum liability	(11)	-
(Pension liability)prepaid pension cost	(11)	26

The assumptions used in the actuarial calculations are as follows

	Australian Scheme	UK Scheme
Discount rate used in determining present values		
- active members	7.5%	8.75%
- pensioners	9.0%	-
Annual increase in future compensation levels		
- salary	5%	7%
- pensions	3%	-
Expected long-term rate of return on assets	8%	9.5%

The elements of the net periodic pension cost of the above schemes are as follows

	1996 \$M
Service cost	11
Interest cost	44
Actual return on schemes' assets	(96)
Net amortisation and deferral	42
Net periodic pension cost	1

The Economic entity also sponsors defined contribution schemes. Details of the major schemes are set out in note 36. The Economic entity's contributions to major defined contribution schemes amounted to \$83 million for the year.

45: Operation of Systems in Year 2000

The Economic entity is reviewing its systems to ensure they will operate satisfactorily when the year changes from 1999 to 2000. The reason for this is that some computer systems process transactions based on storing two digits for the year of a transaction, rather than a full four digits (for example, "96" for 1996). These systems may require modification to ensure that transactions are accurately processed in the year 2000. At this stage the review is not complete and the total cost of the modifications cannot be quantified. Such costs, being in the nature of maintenance, will be expensed.

46: Events Since the End of the Financial Year

There have been no significant events since 30 September 1996 to the date of this Report.



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

- (i) the financial statements set out on pages 39 to 101 are drawn up so as to give a true and fair view of the results and cash flows for the financial year ended 30 September 1996, and the state of affairs at 30 September 1996, of the Company and the Economic entity;
- (ii) the consolidated accounts have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law; and
- (iii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The financial statements have been prepared in accordance with applicable Australian Accounting Standards and Urgent Issues Group Consensus Views.

The Company and some of its wholly owned controlled entities listed in note 30 executed a Deed of Cross Guarantee enabling them to take advantage of the accounting and audit relief offered by the class order 95/1530, dated 10 November 1995 issued by the Australian Securities Commission.

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

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

Signed in accordance with a resolution of the directors

Charles B Goode
Chairman

29 November 1996

D P Mercer
Chief Executive Officer



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

We have audited the financial statements of Australia and New Zealand Banking Group Limited for the financial year ended 30 September 1996, consisting of the profit and loss accounts, balance sheets, statements of changes in shareholders' equity, statements of cash flows, accompanying notes and the directors' statement set out on pages 39 to 102. The financial statements comprise the accounts of the Company and the consolidated accounts of the Economic entity being the Company and its controlled entities. The Company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards (which are substantially the same as auditing standards generally accepted in the United States of America) to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with accounting standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements in the manner authorised for a prescribed corporation being a banking corporation so as to present a view which is consistent with our understanding of the Company's and the Economic entity's financial position, the results of their operations and their cash flows.

The names of the controlled entities of which we have not acted as auditors are set out in note 30. We have received sufficient information and explanations concerning these controlled entities to enable us to form an opinion on the consolidated accounts.

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

Qualification

The audit report on the financial statements for the year ended 30 September 1996 of a controlled entity of the Company, being ANZ Grindlays

Bank Limited, states that the ultimate outcome of a claim against ANZ Grindlays Bank Limited by the National Housing Bank of India is at present uncertain.

This material uncertainty is detailed within note 35 of the financial statements under the heading "India - National Housing Bank". In view of the circumstances, and in particular having regard to the legal opinion obtained by the Economic entity, we concur with the basis on which the financial statements of the Economic entity have been presented.

Qualified Audit Opinion

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

- (a) so as to give a true and fair view of:
 - (i) the state of affairs of the Economic entity at 30 September 1996 and 1995 and of the results and cash flows of the Economic entity for the financial years ended on 30 September 1996, 1995 and 1994;
 - (ii) the state of affairs of the Company at 30 September 1996 and 1995 and of the results and cash flows of the Company for the financial years ended 30 September 1996 and 1995; and
 - (iii) the other matters required by Divisions 4, 4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Corporations Law in the manner authorised for a prescribed corporation being a banking corporation; and
- (c) in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements.

Accounting principles generally accepted in Australia vary in certain respects from accounting principles generally accepted in the United States of America. An explanation of the major differences between the two sets of principles is presented in note 44 to the financial statements. The application of the United States principles would have affected the determination of consolidated net profit for each of the three years in the period ended 30 September 1996 and the determination of the consolidated financial position as of 30 September 1996, 1995 and 1994 to the extent summarised in note 44 to the financial statements.

KPMG

Chartered Accountants

Melbourne

29 November 1996

P M Burroughs

Partner



1: Capital Adequacy

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

Capital is divided into tier 1, or 'core' capital, and tier 2, or 'supplementary' capital. For capital adequacy purposes, eligible tier 2 capital cannot exceed the level of tier 1 capital. Banks are required to deduct from total capital any strategic holdings of other banks' capital instruments and investments in entities engaged in life insurance, funds management and securitisation activities. Under RBA guidelines, banks must maintain a ratio of qualifying capital to risk weighted assets of at least 8 per cent.

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

	1996	1995	1996	1995	1996	1995
Qualifying capital	\$M	\$M	\$M	\$M	\$M	\$M
Tier 1						
Total shareholders' equity and outside equity interests					6,336	5,747
Unamortised goodwill					(17)	(8)
Net future income tax benefit					(46)	(236)
Tier 1 capital					6,273	5,503
Tier 2						
Perpetual notes - subordinated					895	943
General provision for doubtful debts					709	678
					1,604	1,621
Subordinated notes ¹					2,419	2,213
Tier 2 capital					4,023	3,834
Investment in ANZ Life					(354)	(302)
Investments in funds management and securitisation activities ²					(122)	n/a
Total qualifying capital					9,820	9,035
Balance sheet assets						
			Assets		Risk weighted assets	
Liquid assets			6,901	5,054	1,715	1,534
Due from other banks			11,352	8,759	2,403	1,771
Trading securities			7,334	5,785	2,681	1,809
Investment securities			2,570	2,833	630	840
Net loans and advances			75,901	68,216	59,142	52,449
Customers' liabilities for acceptances			14,013	12,646	12,948	12,178
Regulatory deposits			1,163	1,174	178	134
Shares in associates			10	10	10	10
Other assets			6,340	6,119	1,538	1,740
Premises and equipment			2,020	1,991	2,020	1,991
			127,604	112,587	83,265	74,456
Off-balance sheet exposures						
	Contract/ notional amount		Credit equivalent			
Direct credit substitutes	3,360	3,419	3,360	3,419	2,369	2,437
Trade and performance related items	7,964	7,798	3,577	3,496	3,202	3,068
Commitments	30,965	25,720	4,085	2,204	3,431	1,898
Foreign exchange, interest rate and other market related transactions	516,371	394,337	5,105	4,958	1,250	1,217
					10,252	8,620
Total risk weighted assets and off-balance sheet exposures					93,517	83,076
Capital adequacy ratios						
Tier 1					6.7	6.6
Tier 2					4.3	4.6
Deductions					(0.5)	(0.3)
Total					10.5	10.9

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

² RBA guidelines did not require investments in funds management and securitisation activities to be deducted in 1995

2: Average Balance Sheet and Related Interest

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

	1996			1995			1994		
	Average balance \$M	Interest \$M	Average rate %	Average balance \$M	Interest \$M	Average rate %	Average balance \$M	Interest \$M	Average rate %
Interest earning assets									
Due from other banks									
Australia	630	41	6.5	390	25	6.4	737	27	3.6
New Zealand	346	27	7.8	339	28	8.3	660	37	5.6
International markets	10,209	699	6.8	8,940	607	6.8	7,002	452	6.5
Regulatory deposits with									
Reserve Bank of Australia	535	13	2.4	491	30	6.1	460	22	4.8
Investments in public securities									
Australia	4,897	380	7.8	4,464	332	7.4	4,485	238	5.3
New Zealand	1,090	88	8.1	1,116	81	7.3	1,013	59	5.8
International markets	2,973	289	9.7	3,195	290	9.1	3,577	294	8.2
Loans, advances and									
bills discounted									
Australia	48,399	4,939	10.2	44,783	4,471	10.0	41,411	3,648	8.8
New Zealand	12,619	1,315	10.4	11,134	1,143	10.3	8,803	714	8.1
International markets	11,770	1,084	9.2	10,313	922	8.9	9,510	743	7.8
Other assets									
Australia	618	53	8.6	861	61	7.1	779	47	6.0
New Zealand	760	77	10.1	800	70	8.8	254	17	6.7
International markets	4,825	293	6.1	4,086	278	6.8	4,766	229	4.8
	99,671	9,298	9.3	90,912	8,338	9.2	83,457	6,527	7.8
Non-interest earning assets									
Acceptances									
Australia	12,581			11,521			10,708		
New Zealand	597			672			740		
International markets	462			586			703		
Premises and equipment	2,027			1,982			1,934		
Other assets	6,842			7,714			8,675		
Provisions for doubtful debts									
Australia	(1,002)			(1,163)			(1,607)		
New Zealand	(118)			(96)			(117)		
International markets	(238)			(300)			(632)		
	21,151			20,916			20,404		
Total assets	120,822			111,828			103,861		
Total assets									
Australia	70,917			66,095			62,743		
New Zealand	16,212			14,924			12,187		
International markets	33,693			30,809			28,931		
	120,822			111,828			103,861		
% of total assets attributable to overseas activities	41.3%			40.9%			39.6%		



2: Average Balance Sheet and Related Interest (continued)

	1996			1995			1994		
	Average balance \$M	Interest \$M	Average rate %	Average balance \$M	Interest \$M	Average rate %	Average balance \$M	Interest \$M	Average rate %
Interest bearing liabilities									
Time deposits									
Australia	18,542	1,340	7.2	17,605	1,251	7.1	14,374	757	5.3
New Zealand	7,313	622	8.5	6,175	491	8.0	4,061	239	5.9
International markets	11,722	785	6.7	9,885	644	6.5	9,154	481	5.3
Savings deposits									
Australia	7,530	264	3.5	7,408	239	3.2	7,440	209	2.8
New Zealand	2,183	83	3.8	1,959	52	2.7	1,930	41	2.1
International markets	1,142	57	5.0	1,158	55	4.7	1,038	48	4.6
Other demand deposits									
Australia	8,683	520	6.0	7,207	408	5.7	7,355	289	3.9
New Zealand	1,534	121	7.9	1,395	103	7.4	1,293	61	4.7
International markets	810	35	4.3	628	30	4.8	727	21	2.9
Due to other banks									
Australia	397	27	6.8	213	15	7.0	340	15	4.3
New Zealand	732	72	9.8	863	69	8.0	901	42	4.7
International markets	11,501	763	6.6	10,902	722	6.6	10,958	580	5.3
Commercial paper									
Australia	2,469	186	7.5	1,601	110	6.9	1,738	75	4.3
New Zealand	-	-	-	-	-	-	-	-	-
International markets	1,087	61	5.6	1,173	68	5.8	932	39	4.2
Borrowing corporations' debt									
Australia	5,081	420	8.3	4,915	402	8.2	4,779	386	8.1
New Zealand	1,167	99	8.5	1,137	87	7.7	877	59	6.7
International markets	-	-	-	2	-	-	-	-	-
Loan capital, bonds and notes									
Australia	4,246	322	7.6	4,060	314	7.7	4,194	223	5.3
New Zealand	186	19	10.2	120	17	14.2	102	15	14.7
International markets	621	37	6.0	605	38	6.3	618	30	4.9
Other liabilities ¹									
Australia	676	76	n/a	727	78	n/a	469	45	n/a
New Zealand	-	7	n/a	-	9	n/a	7	6	n/a
International markets	698	53	n/a	406	27	n/a	642	24	n/a
	88,320	5,969	6.8	80,144	5,229	6.5	73,929	3,685	5.0
Non-interest bearing liabilities									
Deposits									
Australia	2,736			3,340			3,581		
New Zealand	1,139			1,075			855		
International markets	1,249			1,139			1,082		
Acceptances									
Australia	12,581			11,521			10,708		
New Zealand	597			672			740		
International markets	462			586			703		
Other liabilities	7,586			7,420			6,935		
	26,350			25,753			24,604		
Total liabilities	114,670			105,897			98,533		
Total liabilities									
Australia	66,679			62,193			58,561		
New Zealand	15,352			14,022			11,397		
International markets	32,639			29,682			28,575		
	114,670			105,897			98,533		
Shareholders' equity	6,152			5,931			5,328		
Total liabilities and shareholders' equity	120,822			111,828			103,861		
% of total liabilities attributable to overseas activities	41.9%			41.3%			40.6%		

¹ Includes foreign exchange swap costs

3: Interest Spreads and Net Interest Average Margins

	1996	1995	1994
	\$M	\$M	\$M
Net interest income			
Australia	2,271	2,102	1,983
New Zealand	484	494	364
International markets	574	513	495
	3,329	3,109	2,842
Average interest earning assets			
Australia	55,079	50,989	47,871
New Zealand	14,815	13,389	10,730
International markets	29,777	26,534	24,856
	99,671	90,912	83,457
	%	%	%
Gross earnings rate¹			
Australia	9.85	9.65	8.32
New Zealand	10.17	9.87	7.71
International markets	7.94	7.90	6.91
Total	9.33	9.17	7.82
Interest spreads and net interest average margins may be analysed as follows			
Australia			
Gross interest spread	3.37	3.46	3.87
Interest forgone on impaired assets ²	(0.15)	(0.25)	(0.47)
Net interest spread ³	3.22	3.21	3.40
Interest attributable to net non-interest bearing items	0.90	0.91	0.74
Net interest average margin ⁴ - Australia	4.12	4.12	4.14
New Zealand			
Gross interest spread	2.43	2.77	2.80
Interest forgone on impaired assets ²	(0.06)	(0.01)	(0.14)
Net interest spread ³	2.37	2.76	2.66
Interest attributable to net non-interest bearing items	0.90	0.93	0.73
Net interest average margin ⁴ - New Zealand	3.27	3.69	3.39
International markets			
Gross interest spread	1.49	1.48	1.67
Interest forgone on impaired assets ²	(0.04)	0.02	0.16
Net interest spread ³	1.45	1.50	1.83
Interest attributable to net non-interest bearing items	0.48	0.43	0.16
Net interest average margin ⁴ - International markets	1.93	1.93	1.99
Group			
Gross interest spread	2.67	2.79	3.07
Interest forgone on impaired assets ²	(0.10)	(0.14)	(0.24)
Net interest spread ³	2.57	2.65	2.83
Interest attributable to net non-interest bearing items	0.77	0.77	0.57
Net interest average margin ⁴ - Group	3.34	3.42	3.40

¹ Average interest rate received on interest earning assets

² Refer note 14 to the Financial Statements

³ Average interest rate received on interest earning assets less the average interest rate paid on interest bearing liabilities

⁴ Net interest income as a percentage of average interest earning assets

4: Volume and Rate Analysis

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

	1996 over 1995			1995 over 1994		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
Interest earning assets						
Due from other banks						
Australia	16	-	16	(16)	14	(2)
New Zealand	1	(2)	(1)	(22)	13	(9)
International markets	87	5	92	131	24	155
Regulatory deposits with						
Reserve Bank of Australia	2	(19)	(17)	2	6	8
Investments in public securities						
Australia	33	15	48	(1)	95	94
New Zealand	(2)	9	7	6	16	22
International markets	(21)	20	(1)	(33)	29	(4)
Loans, advances and bills discounted						
Australia	367	101	468	312	511	823
New Zealand	155	17	172	214	215	429
International markets	133	29	162	66	113	179
Other assets						
Australia	(19)	11	(8)	5	9	14
New Zealand	(4)	11	7	46	7	53
International markets	47	(32)	15	(36)	85	49
Change in interest income	795	165	960	674	1,137	1,811

4: Volume and Rate Analysis (continued)

	1996 over 1995			1995 over 1994		
	Volume \$M	Rate \$M	Total \$M	Volume \$M	Rate \$M	Total \$M
Interest bearing liabilities						
Time deposits						
Australia	67	22	89	194	300	494
New Zealand	95	36	131	151	101	252
International markets	123	18	141	41	122	163
Savings deposits						
Australia	4	21	25	(1)	31	30
New Zealand	6	25	31	1	10	11
International markets	(1)	3	2	6	1	7
Other demand deposits						
Australia	87	25	112	(6)	125	119
New Zealand	11	7	18	5	37	42
International markets	8	(3)	5	(3)	12	9
Due to other banks						
Australia	13	(1)	12	(7)	7	-
New Zealand	(11)	14	3	(2)	29	27
International markets	40	1	41	(3)	145	142
Commercial paper						
Australia	65	11	76	(6)	41	35
New Zealand	-	-	-	-	-	-
International markets	(5)	(2)	(7)	12	17	29
Borrowing corporations' debt						
Australia	14	4	18	11	5	16
New Zealand	2	9	11	19	9	28
International markets	-	-	-	-	-	-
Loan capital, bonds and notes						
Australia	14	(6)	8	(7)	98	91
New Zealand	8	(7)	1	3	(1)	2
International markets	1	(2)	(1)	(1)	9	8
Other liabilities						
Australia	(6)	4	(2)	27	6	33
New Zealand	-	-	-	(3)	6	3
International markets	22	4	26	(11)	14	3
Change in interest expense	557	183	740	420	1,124	1,544
Change in net interest income	238	(18)	220	254	13	267

5: Interest Sensitivity Gap

The following table represents the interest rate sensitivity as at 30 September 1996 of the Economic entity's assets, liabilities and off-balance sheet instruments repricing (ie when interest rates applicable to each asset or liability can be changed) in the periods shown.

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

At 30 September 1996	To 3 months \$M	3 to 6 months \$M	6 to 12 months \$M	1 to 5 years \$M	Greater than 5 years \$M	Not bearing interest \$M	Total \$M
Net loans and advances	41,819	7,799	7,806	17,127	1,335	15	75,901
Liquid assets							
and due from other banks	13,924	2,514	730	202	4	879	18,253
Trading and investment securities	4,357	1,186	354	1,902	1,794	311	9,904
Other assets	872	7	-	14	3	22,650	23,546
Total assets	60,972	11,506	8,890	19,245	3,136	23,855	127,604
Certificates of deposit and term deposits	28,014	6,835	5,661	3,558	160	-	44,228
Other deposits	22,529	393	85	4	438	5,210	28,659
Other borrowings and due to other banks	14,656	2,641	1,376	357	43	431	19,504
Bond, notes and loan capital	3,329	1,038	274	517	706	-	5,864
Other liabilities	34	5	-	15	-	22,959	23,013
Total liabilities	68,562	10,912	7,396	4,451	1,347	28,600	121,268
Shareholders' equity and outside equity interests	-	-	-	-	-	6,336	6,336
Off-balance sheet items affecting interest rate sensitivity	5,359	(820)	(1,197)	(2,712)	(630)	-	-
Interest sensitivity gap							
- net	(2,231)	(226)	297	12,082	1,159	(11,081)	-
- cumulative	(2,231)	(2,457)	(2,160)	9,922	11,081	-	-

6: Investment Securities by Maturities and Yields

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

Based on remaining term to maturity at 30 September 1996

	Due in 1 year or less	Due between 1 year and 5 years	Due between 5 years and 10 years	Due after 10 years	Total	Market value total
At book value	\$M	\$M	\$M	\$M	\$M	\$M
Australia						
Commonwealth securities	4	-	-	-	4	4
Local and semi-government securities	9	37	-	-	46	46
Other securities and equity investments	281	152	1	2	436	437
	294	189	1	2	486	487
Overseas						
New Zealand government securities	526	14	-	-	540	537
US treasury and government securities	28	-	-	-	28	27
Indian government securities	88	231	12	5	336	332
Other government securities	507	164	22	2	695	697
Other securities and equity investments	302	174	3	6	485	487
	1,451	583	37	13	2,084	2,080
Total book value	1,745	772	38	15	2,570	n/a
Total market value	1,741	772	37	17	n/a	2,567
Weighted average yields¹						
	%	%	%	%		
Australia						
Commonwealth securities	8.35	-	-	-		
Local and semi-government securities	7.70	8.04	-	-		
Other securities and equity investments	6.53	7.42	-	5.73		
Overseas						
New Zealand government securities	9.21	8.00	-	-		
US treasury and government securities	5.67	-	-	-		
Indian government securities	9.60	11.65	11.76	13.22		
Other government securities	10.54	9.29	5.45	10.50		
Other securities and equity investments	8.41	7.38	5.59	8.65		

¹ Based on coupon rates for fixed interest securities, effective yields for discounted securities and dividend yield for equity investments at 30 September 1996



7: Loans and Advances by Industry

The Economic entity's loans and advances classified according to industry segments are set out below

	1996	1995	1994	1993	1992
	\$M	\$M	\$M	\$M	\$M
Australia					
Agriculture, forestry, fishing and mining	2,038	1,721	1,884	1,802	1,889
Business service	950	1,053	851	759	727
Entertainment, leisure and tourism	1,302	1,079	827	894	896
Financial, investment and insurance	2,472	2,106	2,359	1,638	2,333
Government and official institutions	70	104	345	205	327
Lease finance	3,282	3,138	3,179	3,212	3,610
Manufacturing	2,998	2,639	1,752	1,948	2,006
Personal ¹	7,384	7,109	6,379	6,252	6,357
Real estate - construction	857	817	704	774	1,022
Real estate - mortgage ²	23,518	22,734	21,674	19,676	19,245
Retail and wholesale trade	4,210	3,615	3,362	3,497	3,309
Other	3,008	2,157	1,451	2,042	2,257
	52,089	48,272	44,767	42,699	43,978
Overseas					
Agriculture, forestry, fishing and mining	1,471	1,309	750	901	722
Business service	439	501	481	449	505
Entertainment, leisure and tourism	393	319	237	227	356
Financial, investment and insurance	4,493	2,066	1,703	1,776	2,043
Government and official institutions	377	320	595	409	408
Lease finance	68	51	52	63	68
Manufacturing	3,722	3,973	2,598	2,821	2,912
Personal ¹	3,115	3,221	2,388	2,366	2,251
Real estate - construction	753	602	373	331	414
Real estate - mortgage ²	8,034	7,488	6,245	5,492	4,777
Retail and wholesale trade	1,711	1,554	1,485	1,524	1,375
Other	2,254	1,618	1,486	1,391	1,022
Rescheduled country debt	n/a	n/a	n/a	600	691
	26,830	23,022	18,393	18,350	17,544
Gross loans and advances	78,919	71,294	63,160	61,049	61,522
Provisions for doubtful debts	(1,218)	(1,380)	(1,652)	(2,690)	(3,338)
Income yet to mature ³	(1,800)	(1,698)	(1,477)	(2,075)	(2,417)
	(3,018)	(3,078)	(3,129)	(4,765)	(5,755)
Net loans and advances	75,901	68,216	60,031	56,284	55,767

n/a Not applicable

¹ Personal includes non-business loans to individuals through overdrafts, personal loans, credit cards and fully drawn advances

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

³ Effective from 30 September 1994, the Economic entity ceased the practice of reserving interest on certain non-accrual loans. The reserved interest balance as at 30 September 1994 of \$286 million for the Economic entity has been written back against the relevant loan accounts. Income yet to mature as at 30 September 1993 includes reserved interest of \$517 million for the Economic entity

8: Concentrations of Credit Risk

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

	1996			Specific provision \$M	1995	
	Loans and advances \$M	Acceptances \$M	Total \$M		Total \$M	Specific provision \$M
Australia						
Agriculture, forestry, fishing and mining	2,038	556	2,594	21	2,326	25
Business service	950	228	1,178	27	1,534	36
Entertainment, leisure and tourism	1,302	1,629	2,931	18	2,178	23
Financial, investment and insurance	2,472	1,054	3,526	22	3,734	32
Government and official institutions	70	8	78	-	114	-
Lease finance	3,282	-	3,282	8	3,138	14
Manufacturing	2,998	2,155	5,153	17	4,409	62
Personal ¹	7,384	343	7,727	35	7,417	40
Real estate - construction	857	111	968	12	1,001	15
Real estate - mortgage ²	23,518	4,079	27,597	82	25,898	126
Retail and wholesale trade	4,210	1,904	6,114	51	5,383	75
Other	3,008	890	3,898	53	2,552	57
	52,089	12,957	65,046	346	59,684	505
Overseas						
Agriculture, forestry, fishing and mining	1,471	24	1,495	4	1,352	11
Business service	439	94	533	6	589	9
Entertainment, leisure and tourism	393	1	394	3	325	7
Financial, investment and insurance	4,493	218	4,711	23	2,356	26
Government and official institutions	377	-	377	3	322	3
Lease finance	68	-	68	-	51	-
Manufacturing	3,722	311	4,033	55	4,335	54
Personal ¹	3,115	28	3,143	15	3,262	11
Real estate - construction	753	45	798	16	636	16
Real estate - mortgage ²	8,034	6	8,040	8	7,494	10
Retail and wholesale trade	1,711	168	1,879	28	1,698	27
Other	2,254	161	2,415	2	1,836	23
	26,830	1,056	27,886	163	24,256	197
Total portfolio	78,919	14,013	92,932	509	83,940	702

¹ Personal includes non-business loans to individuals through overdrafts, personal loans, credit cards and fully drawn advances

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

9: Maturity Distribution and Interest Rate Sensitivity of Loans

Based on remaining term to maturity at 30 September 1996	Due in 1 year or less \$M	Due between 1 year and 5 years \$M	Due over 5 years \$M	Total \$M
Australia				
Agriculture, forestry, fishing and mining	1,036	767	235	2,038
Business service	440	357	153	950
Entertainment, leisure and tourism	406	453	443	1,302
Financial, investment and insurance	847	993	632	2,472
Government and official institutions	5	29	36	70
Lease finance	861	1,808	613	3,282
Manufacturing	1,353	1,450	195	2,998
Personal	2,296	2,182	2,906	7,384
Real estate - construction	433	281	143	857
Real estate - mortgage	2,092	3,124	18,302	23,518
Retail and wholesale trade	1,993	1,639	578	4,210
Other	1,308	1,198	502	3,008
Overseas	14,112	7,485	5,233	26,830
Gross loans and advances	27,182	21,766	29,971	78,919
Interest rate sensitivity				
Fixed interest rates ¹	14,497	15,361	13,058	42,916
Variable interest rates	12,685	6,405	16,913	36,003
	27,182	21,766	29,971	78,919

¹ Housing loans and other loans that are capped for an initial period are treated as fixed interest rate loans and maturity profiled on the principal repayments due over the term of the loan

10: Cross Border Outstandings

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

Cross border foreign outstandings are based on the country of domicile of the borrower or guarantor of the ultimate risk and comprise loans (including accrued interest), placements with banks, acceptances and other monetary assets denominated in currencies other than the borrower's local currency.

	Governments and other official institutions \$M	Banks and other financial institutions \$M	Other commercial and industrial \$M	Total \$M	% of Economic entity assets	Commitments including irrevocable letters of credit \$M
At 30 September 1996						
New Zealand	10	588	2,984	3,582	2.8	1,217
USA	916	679	875	2,470	1.9	16
United Kingdom	96	1,351	776	2,223	1.7	27
Japan	78	1,552	577	2,207	1.7	175
Singapore	22	990	282	1,294	1.0	248
Hong Kong	1	767	456	1,224	1.0	218
France	87	965	69	1,121	0.9	63
At 30 September 1995¹						
New Zealand	77	724	3,134	3,935	3.5	1,871
United Kingdom	98	1,444	2,114	3,656	3.2	436
USA	87	479	910	1,476	1.3	560
Japan	94	1,165	493	1,752	1.6	678
Singapore	26	1,388	253	1,667	1.5	34
India	361	46	484	891	0.8	746

¹ Prior year amounts include gross unhedged investment in overseas branches and controlled entities

11: Doubtful Debts - Industry Analysis

	1996	1995	1994	1993	1992
	\$M	\$M	\$M	\$M	\$M
Balance at start of year	1,380	1,652	2,690	3,338	1,993
Adjustment for exchange rate fluctuations	(16)	(2)	(84)	56	110
Write-offs (refer (i) below)	(346)	(497)	(1,427)	(1,440)	(769)
Transfer from/charge to profit and loss account	200	226	469	718	1,975
Provisions acquired(disposed)	-	-	3	(22)	40
Tax (liability)benefit realised on rescheduled debt	-	-	-	(2)	1
Recognition of provisions previously netted against tax benefits	-	-	-	35	-
Other	-	1	1	7	(12)
Total provisions for doubtful debts	1,218	1,380	1,652	2,690	3,338
(i) Total write-offs by industry					
Australia					
Agriculture, forestry, fishing and mining	(11)	(19)	(75)	(55)	(37)
Business service	(17)	(11)	(52)	(75)	(56)
Entertainment, leisure and tourism	(19)	(29)	(95)	(22)	(21)
Financial, investment and insurance	(8)	(11)	(34)	(49)	(36)
Government and official institutions	-	-	(#)	-	(3)
Lease finance	(12)	(45)	(26)	(53)	(28)
Manufacturing	(49)	(41)	(79)	(46)	(45)
Personal ¹	(46)	(47)	(42)	(91)	(48)
Real estate - construction	(6)	(6)	(36)	(22)	(16)
Real estate - mortgage ²	(77)	(102)	(382)	(576)	(206)
Retail and wholesale trade	(33)	(50)	(127)	(93)	(61)
Other	(23)	(55)	(21)	(18)	(38)
Overseas					
Rescheduled country debt	n/a	n/a	(321)	(82)	(11)
Other	(45)	(81)	(137)	(258)	(163)
Total write-offs	(346)	(497)	(1,427)	(1,440)	(769)
(ii) Total recoveries by industry					
Australia					
Agriculture, forestry, fishing and mining	3	1	4	1	1
Business service	1	1	1	2	1
Entertainment, leisure and tourism	2	3	3	1	#
Financial, investment and insurance	3	2	4	5	1
Government and official institutions	-	-	-	-	-
Lease finance	3	3	4	5	4
Manufacturing	2	1	1	#	1
Personal ¹	9	10	11	8	10
Real estate - construction	1	-	1	#	#
Real estate - mortgage ²	9	3	5	7	6
Retail and wholesale trade	2	4	6	2	1
Other	2	3	3	1	5
Overseas					
Rescheduled country debt	n/a	n/a	12	30	-
Other	9	21	33	9	7
Total recoveries	46	52	88	71	37
Net write-offs	(300)	(445)	(1,339)	(1,369)	(732)
Ratio of net write-offs to average loans and acceptances	0.3%	0.6%	1.9%	1.9%	1.0%

Amounts less than \$500,000

n/a Not applicable

¹ Personal includes non-business loans to individuals through overdrafts, personal loans, credit cards and fully drawn advances

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



12: Certificates of Deposit and Term Deposit Maturities

The following table shows the maturity profile of the Economic entity's certificates of deposit and term deposits in excess of \$100,000 issued at 30 September 1996

	Due in 3 months or less \$M	Due between 3 months and 6 months \$M	Due between 6 months and 1 year \$M	Due in over 1 year \$M	Total \$M
Australia					
Certificates of deposit	980	39	72	44	1,135
Term deposits	7,177	1,130	863	589	9,759
	8,157	1,169	935	633	10,894
Overseas					
Certificates of deposit	2,205	1,441	347	216	4,209
Term deposits	9,378	1,780	756	342	12,256
	11,583	3,221	1,103	558	16,465
Total	19,740	4,390	2,038	1,191	27,359

13: Short Term Borrowings

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

	1996 \$M	1995 \$M	1994 \$M
Balance at end of year			
Commercial paper - ANZ (Delaware) Inc.	946	1,164	1,375
Commercial paper - other	2,341	2,046	1,730
Unsecured notes	490	382	394
Weighted average interest rate at end of year			
Commercial paper - ANZ (Delaware) Inc.	5.58%	5.76%	4.86%
Commercial paper - other	7.22%	5.71%	5.15%
Unsecured notes	6.93%	7.40%	6.95%
Maximum amount outstanding at any month end during year			
Commercial paper - ANZ (Delaware) Inc.	1,841	1,860	1,439
Commercial paper - other	3,021	2,396	2,048
Unsecured notes	506	419	481
Average amount outstanding during year			
Commercial paper - ANZ (Delaware) Inc.	1,087	1,172	931
Commercial paper - other	2,469	1,602	1,740
Unsecured notes	478	379	466
Weighted average interest rate during year			
Commercial paper - ANZ (Delaware) Inc.	5.58%	5.80%	4.16%
Commercial paper - other	7.53%	6.90%	4.29%
Unsecured notes	6.48%	7.40%	6.94%

1: Major Shareholders

Ordinary shares

At 8 November 1996 the twenty largest holders of ordinary shares held 761,601,271 ordinary shares, equal to 51.5 per cent of the total issued ordinary capital.

	Number of shares	%
Chase Manhattan Nominees Ltd	171,790,437	11.6
Westpac Custodian Nominees Limited	120,298,089	8.2
ANZ Nominees Ltd	75,140,425	5.1
National Nominees Limited	65,390,474	4.4
MLC Life Limited	33,379,089	2.3
Australian Mutual Provident Society	32,862,238	2.2
State Authorities Superannuation Board	30,959,941	2.1
Queensland Investment Corporation	28,804,585	1.9
Permanent Trustee Company Limited	24,678,981	1.7
Permanent Trustee Australia Limited	20,797,283	1.4
The National Mutual Life Association of Australasia Limited	17,557,421	1.2
Mercantile Mutual Life Insurance Company Limited	17,107,171	1.2
Pendal Nominees Pty Limited	16,678,740	1.1
Citicorp Nominees Pty Limited	16,487,349	1.1
Commonwealth Custodial Services Limited	16,462,655	1.1
Perpetual Trustees Nominees Limited	16,092,837	1.1
HKBA Nominees Pty Limited	15,368,867	1.0
Prudential Corporation Australia Limited	15,362,917	1.0
Perpetual Trustees Victoria Limited	13,871,734	0.9
Barclays Australian Custodian Services Limited	12,510,038	0.9
	761,601,271	51.5

2: Substantial Ordinary Shareholders

At 8 November 1996, there was one entry in the Register of Substantial Shareholdings.

During the year to 8 November 1996 a notice was received from The Capital Group Companies, Inc. advising that on 21 December 1995 they became a substantial shareholder with a holding of 72,390,211 ordinary shares. This holding is held by several of the nominee companies listed in item 1 above.

3: Average Size of Shareholdings

At 8 November 1996 the average size of holding of ordinary shareholdings was 12,119 (1995: 12,594) shares.

4: Distribution of Shareholdings

Ordinary shares - fully paid

At 8 November 1996 Range	Number of holders	% of holders	Number of shares '000	% of shares
1 to 1,000 shares	43,786	35.9	21,552	1.5
1,001 to 5,000 shares	57,439	47.1	137,463	9.3
5,001 to 10,000 shares	12,252	10.0	86,722	5.9
10,001 to 100,000 shares	7,924	6.5	168,952	11.4
Over 100,001 shares	566	0.5	1,063,401	71.9
	121,967	100.0	1,478,090	100.0



5: Voting Rights of Shareholders

Ordinary shares - fully paid

The Articles provide for

- (i) on show of hands 1 vote;
- (ii) on a poll 1 vote for each ordinary share held; and
- (iii) 1 vote for every 10, 10 cent paid shares issued pursuant to the Company's Senior Officers' Share Purchase Scheme and the Directors' Share and Option Purchase Scheme.

6: Holders of Non-Marketable Parcels

Ordinary shares

At 8 November 1996, shareholdings of less than a marketable parcel (1 to 99 shares) were 5,370 (1995: 4,838), which is 4.4% of the total holdings of ordinary shares.

7: Employee Shareholder Information

At the January 1994 Annual General Meeting, shareholders approved a limit of 7% of the issued share capital of the Company on the number of shares which may be issued under the Employee and Senior Officers' Share Purchase Schemes and the unissued shares to which options may be granted under any incentive schemes for employees and directors of the Group.

At 8 November 1996, participants in the Employee and Senior Officers' Share Purchase Schemes held 1.8% (1995: 1.9%) of the issued share capital. Options to purchase 7,730,000 ordinary shares have been granted under the Directors' Share and Option Purchase and the ANZ Group Share Option Schemes.

8: Directors' Shareholding Interests

	A	B	C	D	E
C B Goode	253,199	-	-	-	-
J C Dahlsen	33,400	50,000	-	-	12,000
Dr R S Deane	25,000	50,000	-	-	-
J K Ellis	52,343	-	-	-	-
C J Harper	26,814	40,000	-	-	-
M A Jackson	20,026	50,000	-	-	-
A T L Maitland	82,730	-	50,000	300,000	-
D P Mercer	62,056	-	-	500,000	-
J F Ries	102,000	-	50,000	300,000	-
Dr B W Scott	32,284	50,000	-	-	-
Sir Ronald Trotter	12,400	50,000	-	-	-
R B Vaughan	83,913	-	-	-	-
	786,165	290,000	100,000	1,100,000	12,000

A Beneficially held - fully paid ordinary shares of \$1.00 each

B Beneficially held - partly paid ordinary shares of \$1.00 each, paid to 10 cents, issued pursuant to the Directors' Share and Option Purchase Scheme

C Beneficially held - options issued pursuant to the Directors' Share and Option Purchase Scheme to take up shares in the Company during the period of 5 years after issue at market prices fixed as at the time of issue less one cent, which was paid on issue of the option

D Beneficially held - options issued pursuant to the ANZ Group Share Option Scheme to take up shares in the Company no earlier than 3 years or later than 5 years after issue at market prices fixed as at the time of issue less one cent, which was paid on issue of the option, provided certain performance criteria are met

E Non-beneficially held - fully paid ordinary shares of \$1.00 each

Australia

Group Headquarters

Australia and New Zealand Banking Group Limited,
100 Queen Street,
Melbourne,
Victoria 3000
GPO Box 537E,
Melbourne 3001
Telephone: (61-3) 9273 5555
Telex: AA 68210 (International)
AA 139920 (Domestic)
Fax: (61-3) 9273 4909

Principal State Offices

New South Wales

20 Martin Place,
Sydney 2000
GPO Box 495,
Sydney 2001
Telephone: (61-2) 227 1911

Queensland

324 Queen Street,
Brisbane 4000
GPO Box 1051,
Brisbane 4001
Telephone: (61-7) 3228 3228

South Australia

13 Grenfell Street,
Adelaide 5000
GPO Box 1819,
Adelaide 5001
Telephone: (61-8) 218 8122

Tasmania

ANZ Centre
2nd Floor,
22 Elizabeth Street,
Hobart 7000
GPO Box 504E,
Hobart 7001
Telephone: (61-02) 212 601

Western Australia

77 St. George's Terrace,
Perth 6001
GPO Box L905, Perth 6001
Telephone: (61-9) 323 8111

Australian Capital Territory

25 Petrie Plaza,
Canberra City 2601
GPO Box 371,
Canberra City 2601
Telephone: (61-6) 276 4100

Northern Territory

43 Smith Street The Mall,
Darwin 0801
GPO Box 1, Darwin 0800
Telephone: (61-89) 823 555

Subsidiary Companies

ANZ Funds Management,
(ANZ Managed Investments
Limited/ANZ Life Assurance
Company Limited/ANZ Executors
and Trustee Company
Limited)
68 Pitt Street, Sydney 2000
Telephone: (61-2) 216 2345
Fax: (61-2) 216 2350
ANZ Securities Limited,
10th Floor, 530 Collins Street,
Melbourne 3000
Telephone: (61-3) 9205 1400
Fax: (61-3) 9649 7023

Esanda Finance Corporation Limited,
85 Spring Street,
Melbourne 3000
Telephone: (61-3) 9666 9100
Fax: (61-3) 9666 9626
Town & Country Bank
(a division of Australia and New
Zealand Banking Group Limited)
297 Murray Street,
Perth W.A. 6000
Telephone: (61-9) 267 3333
Fax: (61-9) 267 3435

New Zealand

Headquarters

ANZ Banking Group
(New Zealand) Limited,
215-229 Lambton Quay, Wellington
PO Box 1492, Wellington
Telephone: (64-4) 496 7000
Telex: NZ 3385
Fax: (64-4) 473 6919

ANZ Bank House
Cnr Queen & Victoria Streets
Auckland
Telephone: (64-9) 358 9200
Fax: (64-9) 358 9339
104 Victoria Street,
Christchurch
Telephone: (64-3) 371 4100
Fax: (64-3) 371 4120

Subsidiary Companies

ANZ Securities (NZ) Limited,
21st Floor, ASB Building,
135 Albert Street, Auckland
PO Box 6243,
Wellesley Street, Auckland
Telephone: (64-9) 308 9867
Freephone: 0800 800 611
Telex: 63372
Fax: (64-9) 309 9410
UDC Group Holdings Limited,
113-119 The Terrace, Wellington
PO Box 1616, Wellington
Telephone: (64-4) 471 4500
Fax: (64-4) 471 4592

International

Headquarters

Australia and New Zealand Banking
Group Limited,
International Banking Division,
20th Floor, 100 Queen Street,
Melbourne, Victoria 3000
Telephone: (61-3) 9273 6042
Fax: (61-3) 9273 4777

Asia Pacific

China, Peoples Republic of

Australia and New Zealand Banking
Group Limited,
201A West Wing Office Complex,
Equatorial hotel,
65 Yanan Road West
Shanghai 200040
Telephone: (86-21) 248 8877
Fax: (86-21) 248 0080

Cook Islands

Australia and New Zealand Banking
Group Limited,
Development Bank Building,
PO Box 907,
Avarua, Rarotonga
Telephone: (682) 21750
Telex: 62038
Fax: (682) 21760

Fiji

Australia and New Zealand Banking
Group Limited,
ANZ House,
PO Box 179, Suva
Telephone: (679) 302 144
Telex: 2194
Fax: (679) 300 267

Hong Kong

Australia and New Zealand Banking
Group Limited
27th Floor,
One Exchange Square,
8 Connaught Place Central,
Hong Kong
Telephone: (852) 2843 7111
Telex: 86019
Fax: (852) 2525 2475

Indonesia

PT ANZ Panin Bank
17th Floor, BNI Building
Jl. Jend.,
Sudirman No. 1
Jakarta Pusat 10220
Telephone: (62-21) 251 0530
Fax: (62-21) 570 5135

Japan

Australia and New Zealand Banking
Group Limited,
8th Floor,
Yanmar Tokyo Bldg,
1-1 Yaesu 2-Chome,
Chuo-ku, Tokyo 104
Telephone: (81-3) 3271 1151
Telex: 24157
Fax: (81-3) 3281 8417
ANZ Banking Group
(Merchant Banking),
Tokyo Representative Office,
8th Floor,
Yanmar Tokyo Bldg,
1-1 Yaesu 2-Chome,
Chuo-ku, Tokyo 104
Telephone: (81-3) 5202 0731
Fax: (81-3) 5202 0730

Korea

Australia and New Zealand Banking
Group Limited,
18th Floor, Kyobo Building,
1 Chongro 1,
Chongro-Ku, KPO 1065, Seoul
Telephone: (82-2) 730 3151
Telex: 27338
Fax: (82-2) 737 6325

Malaysia

Australia and New Zealand Banking
Group Limited,
Suite 1, 4th Floor,
Wisma Genting,
Jalan Sultan Ismail 50250
Kuala Lumpur
Telephone: (60-3) 261 6088
Telex: 31054
Fax: (60-3) 261 3210

Papua New Guinea

Australia and New Zealand Banking
Group (PNG) Limited,
2nd Floor, Defens Haus,
Cnr Champion Parade and Hunter
Street,
Port Moresby
Telephone: (675) 3223 333
Telex: 22178
Fax: (675) 3223 306

Philippines

Australia and New Zealand Banking
Group Limited,
Tower One,
Ayala Triangle, Ayala Avenue
Makati City
Telephone: (623) 848 5091
Fax: (623) 848 5086

Singapore

Australia and New Zealand Banking
Group Limited,
10 Collyer Quay,
No 17 02/05,
Ocean Building,
Singapore 0104
Telephone: (65) 535 8355
Telex: 23336
Fax: (65) 539 6111

Solomon Islands

Australia and New Zealand Banking
Group Limited,
Mendana Avenue,
Honiara
Telephone: (677) 21835
Telex: 66321
Fax: (677) 22957

Sri Lanka

ANZ Grindlays Bank Limited,
PO Box 112,
37 York Street,
Colombo 1
Telephone: (94-1) 446 130
Telex: 21130/21521/21845
Fax: (94-1) 446 158

Taiwan

Australia and New Zealand Banking
Group Limited,
8F, 44 Chung Shan North Road,
Section 2, Taipei
Telephone: (886-2) 568 3353
Telex: 11894
Fax: (886-2) 511 1232

Tonga

Australia and New Zealand Banking
Group Limited,
Cnr Railway & Salote Roads,
Nuku' Alofa
Tel: (676) 24944
Fax: (676) 23870

Thailand

Australia and New Zealand Banking
Group Limited,
Representative Office
9th Floor, Tower A,
Diethelm Towers,
93/1 Wireless Road,
Bangkok 10330
Telephone: (66-2) 256 6350
Telex: 21583
Fax: (66-2) 256 6347

Vanuatu

ANZ Bank (Vanuatu) Limited,
ANZ House,
Kumul Highway, Port Vila
Telephone: (678) 22536
Telex: 21012
Fax: (678) 22814



Vietnam, Socialist Republic of
Australia and New Zealand Banking
Group Limited,
14 Le Thai To Street,
Hanoi
Telephone: (84-4) 8258 190
Fax: (84-4) 8258 188

Western Samoa
Bank of Western Samoa,
PO Box L1855, Apia
Telephone: (685) 22422
Telex: 258 BWS SX
Fax: (685) 24595

South Asia

India
ANZ Grindlays Bank Limited,
PO Box 725,
90 Mahatma Gandhi Road,
Mumbai 400 001
Telephone: (91-22) 267 1295
Telex: 011-4792 RDSA IN
Fax: (91-22) 261 9903

Eastern India
PO Box 2465,
19 Netaji Subhas Road,
Calcutta 700 001
Telephone: (91-33) 208 346
Telex: 021 7341 GBCL IN
Fax: (91-33) 282 266

Northern India
PO Box 624,
'H' Block, Connaught Circus,
New Delhi 110 001
Telephone: (91-11) 332 0793
Telex: 031-66528 GBND IN
Fax: (91-11) 332 2364

Southern India
PO Box 1359,
19 Rajaji Salai,
Madras 600 001
Telephone: (91-44) 534 4025
Telex: 041-212 GBMS IN
Fax: (91-44) 534 1065

Western India
PO Box 141,
90 Mahatma Gandhi Road,
Bombay 400 001
Telephone: (91-22) 267 1295
Telex: 011-2240 GBBY IN
Fax: (91-22) 261 9903

Bangladesh
ANZ Grindlays Bank Limited,
PO Box 502,
No. 2 Dilkusha C.A.,
Dhaka - 1000
Telephone: (880-2) 833 958
Telex: 642597/642841/642654
Fax: (880-2) 956 2329

Nepal
Nepal Grindlays Bank Limited,
Kantipath PO Box 3990,
Kathmandu
Telephone: (977-1) 228 474
Telex: 2531/2532
Fax: (977-1) 228 692

Middle East

Bahrain
Grindlays Bahrain Bank
B.S.C. (c),
PO Box 793,
Manama Centre,
Government Road,
Manama
Telephone: (973) 225 999
Telex: 8335
Fax: (973) 224 482
ANZ Grindlays Bank plc,
Offshore Banking Unit,
PO Box 5793
1st Floor,
Manama Centre,
Manama
Telephone: (973) 224 210
Telex: 8722/8723/8796
Fax: (973) 224 478

Iran
Australia and New Zealand Banking
Group Limited,
3rd Floor, No. 14, 4th Alley, Shahid
Ahmad Ghasir,
(ex Bucharest Avenue),
Tehran 15146
Telephone: (98-21) 873 3554
Telex: 213948
Fax: (98-21) 873 3559

Jordan
ANZ Grindlays Bank Limited,
PO Box 9997,
Shmeissani,
Amman
Telephone: (962-6) 660201/7
Telex: 21980/21209
Fax: (962-6) 679115

Oman
Oman Savings & Finance Bank,
PO Box 3550,
Ruwi, Postal Code 112
Telephone: (968) 70 3013/4035/
5826
Telex: 3393
Fax: (968) 70 6911

Pakistan
ANZ Grindlays Bank Limited,
PO Box 5556,
I.I. Chundrigar Road,
Karachi,
Tel: (92-21) 241 4131/2671
Telex: 2755
Fax: (92-21) 241 4914

Qatar
ANZ Grindlays Bank Limited,
PO Box 2001, Doha
Telephone: (974) 418 222
Telex: 4209
Fax: (974) 428 077/423 956

United Arab Emirates
ANZ Grindlays Bank Limited,
PO Box 4166,
Al Maktoum Street
(Near Deira Clock Tower)
Deira, Dubai
Telephone: (971-4) 285 663/
228 171
Telex: 45618
Fax: (971-4) 233 501

Europe

United Kingdom
Australia and New Zealand Banking
Group Limited, Minerva House,
PO Box 7,
Montague Close,
London SE1 9DH
Telephone: (44-171) 378 2121
Telex: 8812741-4 ANZBKAG
Fax: (44-171) 378 2378

Australia and New Zealand Banking
Group Limited,
Private Bank,
13 St. James's Square,
London SW1Y 4LF
Telephone: (44-171) 930 4611
Telex: 885043-6 GRNDLY G
Fax: (44-171) 930 5501

Channel Islands
ANZ Bank (Guernsey) Limited,
PO Box 153,
St. Peter Port,
Guernsey
Telephone: (44-1481) 72 6771
Telex: 4191663 ANZGSY G
Fax: (44-1481) 72 7851

ANZ Grindlays Bank (Jersey) Limited
PO Box 80,
West House, West's Centre,
Peter Street,
St. Helier, Jersey
Telephone: (44-1534) 874248
Telex: 4192062 GRNDLY G
Fax: (44-1534) 877695
ANZ Grindlays Trust
Corporation (Jersey) Limited
West House, West's Centre
Peter Street,
St Helier, Jersey
Tel: (44-1534) 607351
Fax: (44-1534) 37600

France
Australia and New Zealand
Banking Group Limited,
6 rue de Berri 75008
Paris
Telephone: (33-1) 40 75 0537
Telex: 643311 F ANZB
Fax: (33-1) 40 75 0546

Germany
Australia and New Zealand
Banking Group Limited,
Mainzer Landstr. 46,
60325
Frankfurt/Main 17
Telephone: (49-69) 710 0080
Telex: 4185126 ANZBD
Fax: (49-69) 710 00821

Greece
ANZ Grindlays Bank Limited,
7 Merlin Street,
PO Box 30391,
Athens 10671
Telephone: (30-1) 3624 601
Telex: 214651 GRIN GR
Fax: (30-1) 3603 811

Switzerland
ANZ Grindlays Bank Limited,
Case Postale 1560,
7 Quai du Mont Blanc,
CH-1211
Geneva 1
Telephone: (44-22) 906 0111
Telex: 412521 ANZCH
Fax: (44-22) 906 0122

Americas

United States of America
New York
Australia and New Zealand Banking
Group Limited,
1177 Avenue of the Americas
New York,
NY 10036
Telephone: (1-212) 801 9800
Telex: 667559
Fax: (1-212) 801 9859

Argentina
Australia and New Zealand Banking
Group Limited,
Bouchard 547,
10th Floor,
1106 Buenos Aires
Tel: (54-1) 315 2330
Fax: (54-1) 313 3967

Brazil
Australia and New Zealand Banking
Group Limited,
Av Nilo Pecanha,
50 Grupo 810,
20.044
Rio de Janeiro-RJ
Telephone: (55-21) 240 2294
Fax: (55-21) 220 0840

Chile
Australia and New Zealand Banking
Group Limited,
Representative Office,
Edificio Atlantis,
Av. El Bosque Norte 0440,
Las Condes,
Santiago
Telephone: (56-2) 203 5217
Fax: (56-2) 203 5226

Mexico
Australia and New Zealand Banking
Group Limited,
Representative Office,
Ejercito Nacional,
No 926-20 Piso
11510 Mexico D.F.
Tel: (52-5) 580 1036
Fax: (52-5) 580 1031



Dividends

The final dividend of 24 cents per share will be paid on 15 January 1997 bringing the full year dividend to 42 cents per share. The interim dividend paid in July 1996 was 50% franked and the final dividend is fully franked at 36% for Australian taxation purposes.

Dividends may be paid directly to a bank account in Australia, New Zealand or United Kingdom.

Shareholders who want their dividends paid this way should advise the relevant Share Registry in writing prior to books closing date. Dividend reinvestment and Bonus option plans are available to shareholders. The plans are detailed in a booklet called "Shareholder Alternatives", copies of which are available from the Share Registrars at the addresses shown.

Stock Exchange Listings

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

American Depositary Receipts

The Bank of New York sponsors an American Depositary Receipt program in the United States of America. The ADRs were listed on the New York Stock Exchange on 6 December 1994. ADR holders should deal directly with the Depositary, Bank of New York, New York, Telephone (212) 815-2729, Fax (212) 571-3050 on all matters relating to their ADRs.

Enquiries

Shareholders who wish to contact the Company on any matter related to their shareholding are invited to telephone or write to the most convenient Share Registry.

Change of Address

It is important that shareholders notify the Company in writing if there is a change to their address. For added protection shareholders should quote their Shareholder Number.

Removal from Annual Report Mailing List

Shareholders who do not want the Annual Report or who are receiving more than one copy should advise the Share Registrar in writing. These shareholders will continue to receive all other shareholder information.

To Consolidate Shareholdings

Shareholders who wish to consolidate their separate holdings should advise the share registry in writing.

Annual General Meeting

The Annual General Meeting will be held at the Savoy Ballroom, Grand Hyatt Melbourne, 123 Collins Street, Melbourne on Wednesday, 15 January 1997.

Chairman's Address

A summary of the Chairman's address to the AGM will be published in the "Shareholder Contact" magazine issued in January 1997.

Credit Ratings (December 1996)

Short Term Debt

Moody's Investors Service	P-1
Standard & Poor's Ratings Group	A-1+

Long Term Debt

Moody's Investors Service	Aa3
Standard & Poor's Ratings Group	AA-

Registered Office

Level 2, 100 Queen Street, Melbourne, Victoria 3000 Australia

Phone: (03) 9273-6141

Fax: (03) 9273-6142

Secretary and Chief Financial Officer: D T Craig
General Manager Investor Relations: D H Ward

Share Registrars

Australia

Coopers & Lybrand

Level 12, 333 Collins Street, Melbourne, Victoria 3000

Phone: (03) 9205 4999 Toll Free: 1800 331 721

Fax: (03) 9205 4900

New Zealand

C/- ANZ Banking Group (New Zealand) Limited
8th Floor, 215-229 Lambton Quay, Wellington

Phone: (04) 496 7000

Fax: (04) 496 8872

United Kingdom

Computershare Limited

Level 5, Bowman House, 29 Wilson Street, London EC2M 2SJ

Phone: (0171) 920 0010

Fax: (0171) 920 0120

ANZ has branches or representative offices in 43 countries:

- Australia
- New Zealand
- Argentina
- Bahrain
- Bangladesh
- Brazil
- Chile
- China
- Cook Islands
- Fiji
- France
- Germany
- Greece
- Guernsey
- Hong Kong
- India
- Indonesia
- Iran
- Japan
- Jersey
- Jordan
- Korea
- Malaysia
- Mexico
- Nepal
- Oman
- Pakistan
- Papua New Guinea
- Philippines
- Qatar
- Singapore
- Solomon Islands
- Sri Lanka
- Switzerland
- Taiwan
- Thailand
- Tonga
- United Arab Emirates
- United Kingdom
- United States of America
- Vanuatu
- Vietnam
- Western Samoa



Australia and New Zealand Banking Group Limited ACN 005 357 522

Registered Office: Level 2, 100 Queen Street, Melbourne, Victoria 3000, Australia.
Telephone: (03) 9273 6141 Facsimile: (03) 9273 6142