Bank of New Zealand
119th Annual Report
1980
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Distribuition of Profits

Consolidated net profit for the year after providing for taxation is $13,246,000.

From which interim dividends have been paid:

- Ordinary Shares $2,400
- Long Term Mortgage Shares $52
- Leaving available $10,794

From which the Directors recommend payment of dividend:

- Ordinary Shares (making 16% for the year) $4,000
- Long Term Mortgage Shares (making 7% for the year) $53
- Leaving balance to transfer to Revenue Reserves $6,741

The Results for the Year:

For the year ended 31 March 1980, Bank of New Zealand and its subsidiaries lifted consolidated net profit to $13,246,000 from the previous year's figure of $12,003,000; an increase of $1,243,000 or 10.36%. This result was after providing $16,769,000 for tax (1979 — $14,461,000), dividends paid or provided for totalled $6,505,000 (1979 — $6,053,000), leaving Consolidated Capital and Reserves of the Bank at year end standing at $117,172,000 (1979 — $107,827,000).

Return on Shareholders' Funds is 25.62% before tax (1979 - 24.54%) and 11.30% on a tax-paid basis (1979 - 11.13%).

During the year the trading bank's operating expenses rose by 23.13% (1979 - 16.94%), reflecting both higher costs and increased activities in all sectors of the bank's operations. Although subjected to considerable pressures, particularly within the New Zealand sector, income increased by 20.08% for the year (1979 - 27.10%).

The sustained profitability during the past two years and resultant improvement in return on Shareholders' Funds is gratifying to Board and Management.
Economic Trends 1979/80

New Zealand continued to experience difficult economic conditions in 1979/80. Inflation which had declined during the period 1976 to 1978, again rose to a high level, economic growth was only modest, and unemployment remained high by historical standards. The Government was faced with a major problem in that any policies it might have adopted to aim for a significant improvement in any one of these areas would have caused a deterioration in at least one of the other areas. In the event, the Government elected to maintain economic activity at or near its 1978/79 level.

Domestic Economy

Real GDP is estimated to have risen by 2 per cent in 1979/80, a similar rate of growth to the previous year. There were signs in the middle of the fiscal year that the economy was weakening, but this was not observed until the second half of the year. To offset this trend, the Government introduced fiscal measures to restore the purchasing power of incomes, including a general wage increase of 4.5% in September 1979 and reductions in personal income tax and increased social welfare payments in October 1979. These measures supplemented the increased income which arose from other public and private sector wage increases. The impact on economic activity was therefore averted and real consumption returned to its previous level.

Total unemployment (registered unemployed plus those employed on job creation schemes) levelled off at around 50,000 (4% of the labour force) during the year. At the end of March 1980, 28,998 registered unemployed and 16,950 in job creation schemes. These aggregate figures, however, hide a disturbing imbalance in the labour force in that there is a chronic shortage of skilled workers, but an oversupply of unskilled workers. The shortage of skilled labour has been intensified by a high rate of net migration. In the last 4 years, New Zealand has suffered a net migration loss of 60,000 people. On the other hand this migration outflow has moderated a further rise in unemployment. In 1979/80, the net migration loss was 37,000, a reduction of around 18,000 on the 1978/79 figure. It should be noted that this figure closely matched the natural increase in the population, and thus the population growth rate was 1.3%. The lack of any population growth has had severe consumption and especially private housing investment effects. Private non-residential capital formation remained depressed in 1979/80.

New house completions fell from 19,200 in 1978/79 to 17,700 (est.) in 1979/80. The volume of non-residential construction also fell sharply. Investment in plant and equipment remained at a low level, and much of the investment which did take place was initiated by export industries. In 1979/80, the net investment deficit was $22,798, which was nearly two thirds of the 1978/79 figure. The slowdown in investment was reflected in a reduction in the rate of capacity utilisation. The utilisation rate fell from 79% in March 1979 to 73% in March 1980, compared with 105.3 in March 1979.

Despite the modest level of activity in the domestic economy, there was a small increase in the Overseas Exchanges Transactions current account deficit to $482M (2.3% of GDP) in 1979/80, compared with $426M (2.4% of GDP) in 1978/79. A significant increase in the trade surplus from $660M to $807M, resulted mainly from increased export returns for meat, wool and dairy products. However, this improvement was more than offset by an increase in the net invisibles deficit from $1,087M to $1,236M. In particular, the cost of freight, fares and travel and net interest payments overseas rose appreciably.

The external deficit in 1979/80 was $319M compared with $310M in 1978/79. 1979, the New Zealand dollar was devalued by 5%, and a "controlled" float of the exchange rate was adopted. The trade weighted value of the New Zealand dollar was consequently adjusted regularly by small amounts (less than 0.5 percentage points) to reflect the relative rates of cost increase in New Zealand and the New Zealand dollar was 96.2 at the end of March 1980, compared with 105.3 in March 1979.

The external balance has always been a major constraint on domestic growth in New Zealand. There is an increasing awareness of the need to continue to increase exports, both traditional farm related and non-traditional exports such as horticultural and manufacturing products, and to expose the economy to international competition. Indeed much has already been achieved. The range of export products has expanded rapidly and much progress has been made in opening up new export markets — particularly in the Asia-Pacific region. In addition significant developments in import licensing have been announced and progress is being made towards greater freedom in New Zealand's growing trade with Australia.

Government policy is increasingly being directed to fostering those industries which are able to compete internationally, and to providing protection from those industries or parts of industries which are manifestly uncompetitive, with the aim of switching resources from the latter to the former. Such a shift of resources would not be achieved painlessly, although a cautious development of New Zealand's energy resources should ease the process of adjustment and lead to a more secure future. Already major decisions have been taken in regard to the utilisation of New Zealand's abundant resources of natural gas and hydro-electricity. As a result, the construction of major North Island plants for the production of synthetic petrol, and any area all from natural gas, will be undertaken in the near future. Associated with these developments is a major expansion of the Marsden Point oil refinery. In May 1980, the Government announced a major expansion in the Bluff aluminium smelter and the possibility of the addition of a new liquid smelter. New developments are expected to take place in the near future and other proposed major investments are under discussion. These developments will markedly reduce New Zealand's dependence on imported oil and also increase exports.
Monetary Conditions

Monetary conditions were held under tighter control in 1979/80 than they had been in 1978/79. The broadly defined money supply (M3) increased by 15% in the year ended March 1980 which implies a slight fall after inflation is taken into account. This compares with an increase of 22.5% in money terms, or approximately 10% in real terms, in the previous year.

Monetary policy had been tightened in the second half of 1978/79. A successful issue of Government 5 year savings stock raised almost $300M, and reduced the rate of deposit growth of financial institutions. Also, because of a concern that the rate of growth of lending by the private sector deposit taking institutions at that time was well above desired levels, the authorities reduced the target for free margin of reserve assets when setting the monthly reserve asset ratios for the trading banks from $100M to $50M.

Early in the 1979/80 fiscal year, the Government floated a successful cash loan, offering an increased top rate of 13% for 5 years. This loan raised $420M, and attracted a number of non-captive institutions and personal investors into investing in Government Stock. A second issue of savings stock raised $34M.

The rate of growth of the monetary aggregates other than private sector credit moderated steadily in the first half of the year. However, lending to the private sector continued to increase at a rate unacceptable to the authorities.

In July, 1979 the trading banks' free margin of reserve assets was reduced to zero, and later, finance companies government securities ratio was increased from 20% to 22.5%.

Because these factors caused liquidity to tighten, deposit interest rates rose steadily until the end of 1979. As a natural consequence of this rise in the cost of deposits, financial institutions were forced to progressively raise their lending interest rates. However, savers are still not compensated for the erosion of their savings by inflation; conversely the rate of interest paid by most borrowers is still negative in real terms.

In the last quarter of 1979, the Government made a further cash loan. The top rate was again 13%, this time for 6 years, and the rates for shorter terms were increased from previous loans. Treasury bill rates were raised in October to 11.25% for 3 months and 11.5% for 6 months. A third issue of Savings Stock was made, but this no longer had the competitive edge of the two previous loans because of the rise in private sector rates in the interim and it attracted little support.

Because of the higher government securities ratio, and the continued moderation of deposit growth, financial institutions were forced to curb their lending, and the rate of growth of private sector credit moderated. As a result, from January 1980, the trading banks' reserve requirements were reduced. Savings Banks' reserve requirements were also reduced from 1 February 1980.

The outlook for 1980/81 is for continued firm restraint on liquidity, with the prospect of further increases in interest rates. The extent of these increases will depend largely on the stance Government adopts with regard to its own borrowing.
The recently completed security printing plant at Onerahi, Whangarei, of Bradbury Wilkinson & Co (NZ) Ltd., an associate company of the Bank. The high security production of this complex will contribute significantly to the country’s export earnings and, by substitution, reduce import expenditure.

Traditional ceremonial, commencing at dawn, marked the opening on Saturday 31 May 1980 of the Ngati Poneke Māori Association’s Marae, Pipitea, in central Wellington. The opening ceremony was performed by Rūnanga members under the direction of the Ngati Poneke tribal chairman, Warea te Rangi. The opening of the Marae was the culmination of four years of negotiation and fundraising by the Association and the Bank is pleased to have been associated with the project which, it is hoped, will be of considerable lasting significance to Māori and Pakeha alike.

Through donations and sponsorships, the Bank assists a wide range of charitable, cultural, educational and sporting organisations. An example is BNZ’s sponsorship, in conjunction with the N.Z. Amateur Athletic Association, of the 5 Star Athletic Award Scheme, designed to encourage young athletes at some 130 secondary schools throughout New Zealand. Seen (below left) are pupils of Upper Hutt College after receiving merit award certificates under the scheme and (below) a group at the College receiving their certificates from Upper Hutt Branch Assistant Manager, Pat Callanan.
NEW ZEALAND SECTOR

Deposits
There was again strong deposit growth through most of 1979/80. Total deposits of the BNZ trading and savings banks increased 19.9% to $2,708M in the year ended March 1980.

Depositor funds increased by $31M to $357M during the 12 months to 31 March 1980. Interest rates on New Zealand investment accounts, still taken at the statutory rate of 3%, were raised progressively during the year in line with market trends. Deposits in ordinary savings accounts, still taken at the statutory rate of 3%, were increased because of increased overseas prices, and because farmers retained their stock on their farms longer than normal due to the favourable climatic and feed position.

The Bank continued to be heavily involved in lending to the personal sector which at the end of March represented 26% of total BNZ trading and savings bank lending. This included $365M of lending for home purchase, construction and improvement which makes the Bank the largest individual lender for housing in New Zealand.

Lending
The rate of growth of lending slowed considerably during 1979/80. The increased lending was to finance the working capital requirements of New Zealand’s manufacturing and services industries. Lending to farmers and primary producers also increased because of increased overseas prices, and because farmers retained their stock on their farms longer than normal due to the favourable climatic and feed position.

The Bank commenced, on a selective basis, lease financing which is being developed more to meet the needs of corporate customers. This further innovative move was entered into with BNZ Finance Company Limited for the Bank’s Branches to act as agents for hire-purchase financing.

Bank of New Zealand Savings Bank Limited
Depositors’ funds increased by $31M to $357M during the 12 months to 31 March 1980. Interest rates on New Zealand investment accounts were raised progressively during the year in line with market trends. Deposits in ordinary savings accounts, still taken at the statutory 3% interest rate, show a decrease of $6M, largely reflecting the encouragement given to depositors by the higher interest rates offering to place savings in investment accounts and in trading bank deposits for terms from 1 month to 5 years. Mortgage loans increased by $24M to $180M of which 87% are in housing loans.

BNZ Travel Service continued its development with Auckland and Wellington Travel Centre Branches gaining IATA accreditation during the year. During the coming year development of the Bank’s travel service will continue to be a priority project, with emphasis being placed on increasing customers’ awareness of the service.

Review of Operations

International Operations
In a year of intensifying competition for international business, Bank of New Zealand held its position as the major Bank in this field. The political situation in some areas, particularly in the Middle East, presented challenges in the handling of transacting, but, in the main, these difficulties have been successfully overcome. The year also saw the relaxation of official controls over the trading banks’ ability to provide customers with forward exchange protection. This move has greatly enhanced the ability of Bank of New Zealand to provide a competitive and comprehensive international banking service to its customers, both in New Zealand and overseas.

Visa, the worldwide card facility, has gained a remarkable degree of acceptance since its introduction two years ago and is expanding rapidly. Visa, the worldwide card facility, has gained a remarkable degree of acceptance since its introduction two years ago and is expanding rapidly.

Major Building Activity
Redevelopment of the Victoria Arcade building in Queen Street (Auckland), which will accommodate the principal Auckland Branch, is proceeding well, the project being currently ahead of schedule.

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Research into and investigation of opportunities for improving the quality and range of the Bank’s services in all areas of operations will continue during 1980 to ensure that Bank of New Zealand maintains its position as leader in the industry.

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Promotion of Services
Following initial opposition from consumer groups the Visa card is now experiencing positive support from cardholders and merchants alike. Throughout the year there has been increased awareness and understanding of the benefits of the service with improved results in terms of transaction levels, merchant base growth and numbers of cardholders.

The Visa card continues to enjoy high growth internationally and there has been a growing awareness by New Zealand Visa cardholders of the benefits of the card overseas. A significant development was the conclusion of membership arrangements by Visa International in Australia where New Zealand Visa cardholders visiting that country now have the facility to use their cards.

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Progress on the Bank’s new head Office building in Wellington continues to be disappointing, despite strenuous efforts by the Board and Management of the Bank to achieve an improvement. The project has been plagued consistently by industrial relations and other problems and an unsatisfactory low level of productivity, and these have had the inevitable effect of escalating costs substantially above original estimates. While the Board is concerned and frustrated by the delays and higher costs, there is no doubt that on completion the new building will have a most impressive and functional head Office building which will also be an asset to the City of Wellington.
OVERSEAS SECTORS

Australia

The Bank continues to selectively strengthen its position in Aus-

tralia and two full service branches have recently been opened — Dan-

denong, Victoria (September 1979), and Surfers Paradise, Queensland

(December 1979). With a network of six branches in key locations and a

50% interest in an Australian finance company referred to later, the

Bank is now well placed to achieve profitable business growth in Aus-

tralia. This is evidenced by the opening of a branch at Parramatta, Sydney, in the second half of 1980.

Fiji

The Bank is now established as the largest bank in Fiji. The opening of its seventh branch in Fiji at Marks Street (Suva) in December 1979 has enabled it to provide improved services to Suva customers.

United Kingdom

As well as offering a wide range of traditional services to customers based in New Zealand and elsewhere, the Bank's London Branch has increased its involvement in the domestic Sterling market and in markets with convertible currencies. A fully competitive Foreign Exchange and Money Market Deal-

ing Operation has recently been established and is successfully pro-
moting the Bank's name throughout the international banking field. Close contact is maintained with other agents and correspondents throughout the United Kingdom and Europe and a regular programme of visits is under-
taken.

United States of America

New York

The establishment of an Agency in New York in 1976 has proved most successful in pro-

viding additional facilities for the Bank's international customers. Duri-
ging the year, the Agency ex-
tended its activities, including com-

mencement of foreign exchange dealing.

Los Angeles

—in recognition of the strong trade ties that have de-
veloped between New Zealand and the West Coast of the United States, the Bank has been granted approval to open an Agency in Los Angeles. It is planned that the Agency around the middle of 1980 when the Bank will be able to provide expanded services within the United States of America.

Bank of New Zealand Group and Associates

A full schedule of the Bank's wholly owned subsidiary company and associated company interests appears at the end of this Report. The following are included:

Finance Company

Associates

BNZ Finance Company Limited

This public company, in which Bank of New Zealand owns 40% of the shares, continues to make good progress. The Company reports directly to its shareholders.

Hunter BNZ Finance Ltd

The Bank has purchased a 50% shareholding in an Australian finance company, Hunter Street Finance Ltd, from Perpetual Trusts Australia Limited, a publicly listed company of Sydney. This finance company — henceforward to be known as Hunter BNZ Finance Ltd — was established in 1973, has its main office in Sydney with branches in Melbourne and Brisbane. The acquisition of this interest will complement the Bank's present Australian banking activi-
ties and provide a means of offering a more comprehensive range of fi-
nancial services.

Banking Associates

Bank of Western Samoa

This Bank, which is owned by the Government of Western Samoa and the Bank of New Zealand, continues to provide funds for the development of Western Samoa. A joint Bank of Western Samoa and Bank of New Zealand team is currently assessing the Bank's operations within Samoa, with a view to improving the efficiency of operations in the future.

Tonga

The Bank of Tonga, which is wholly owned by the Bank of New Zealand, has been granted permission to extend its business activities and to open new branches in Tonga. The Bank's operations within Tonga are now fully integrated with the Bank's operations in New Zealand, providing a comprehensive range of financial services for customers in Tonga.

Construction of the plant is well advanced and production of high quality, high security is scheduled to commence in June 1980. Virtually all production of the plant is expected to be sold to commercial customers within Australia. The machine will be able to provide a wide range of high quality, high security products for local and export markets.

MONEY MARKET ACTIVITIES

The market for trading in Govern-

ment Securities, Commercial Bills, Certificates of Deposit, and other

negotiable instruments in New Zea-

land continues to develop along sound lines. The Bank is keen to

encourage the development of these markets and continues to take an active role in trading activities.

BANK OF NEW ZEALAND

ACT 1979

The above Act, which came into force on 1 April 1980, results in a number of changes in the legislation under which the Bank is authorised to operate. Previously the Bank had operated under an Act of Parliament passed in 1976 and a further 22 Acts of Parliament and numerous regula-
tions. All previous legislation is repealed and replaced by the above Act.

The new Act is aligned to modern banking practice and provides wide

powers, thus ensuring that the Bank can operate and respond to any need for change as expeditiously as possible.

THE BANK'S PEOPLE

Every year brings changes and chal-

lenges and the year under review has been no exception. In the course of the year, the staff have made a significant contribution to the Bank's operations and the Board is pleased to record its appreciation to the staff for the results achieved.

The 1980s will bring further changes and challenges but the Bank has every confidence that the executive of the Bank and its staff will meet these situations with success. Management will continue to place a great deal of emphasis on developing the human resources of the Bank to the full and this in turn will lead to a greater degree of work satisfaction for our people.

General Manager and Chief Executive

At the end of 1979 Mr B. H. Smith retired from the post of General Manager and Chief Executive Officer, concluding 45 years service with the Bank, the last 7 years as General Manager during which time the growth of the Bank and its influence have increased substantially. The Board wishes to record its appreciation of his outstanding services during this time, not only for his contribution as Chief Executive Officer, but also in respect of the long and distinguished service to many other organisations associated with banking, agriculture and export trade promotion. Mr Smith's successor is Mr W. J. Shaw. The Board has appointed Mr W. J. Shaw as General Manager since 1976 and, for two years prior to that, Assistant General Manager. Mr Shaw has filled a number of executive appointments in the course of a career which has embraced a wide experience in banking both in New Zealand and overseas.

BOARD OF DIRECTORS

Chief Board

Mr H. H. Parata, DSO was re-

appointed to the Board for a further term of 3 years from 19 April 1979.

London Board

Lord Ballantrae, KT, GCMM, GCVO, DSO, OBE, Chairman of the London Board, was re-appointed for a further term of 3 years from 1 January 1980 and Mr W. R. Russell was re-appointed for a similar term from 20 August 1979. Mr E. P. Chappell, CBE, Deputy Chairman, resigned on 31 January 1980 and the Chief Board records its appreciation of the outstanding contribution made by Mr Chappell to the Bank's operations in the United Kingdom and Europe during his 14 year term as a Director.

Mr H. A. Hitchcock, DFC and Mr H. N. Millward were appointed to the Board on 1 April 1980 for a term of 3 years.

Lady Ballantrae

The Board was saddened to learn of the untimely death as the result of an accident on 18 December 1979 of Lady Ballantrae, wife of the Chairman of the Board's London Board. Through her personal warmth and very real concern for the welfare of others she had endeared herself to all New Zealanders parti-
cularly during the period in which Lord Ballantrae (then Sir Bernard Fergusson) held the post of Governor-General of New Zealand.

Australian Advisory Board

Mr M. G. King, Chairman, was re-

appointed to the Advisory Board for a further term of 3 years from 1 August 1979 and Mr J. M. Rothery was re-appointed for a similar term from 1 February 1980.

CONCLUSION

The past year has seen intensifying competition for deposits, lend-
ing and international business and new ceilings for interest rates within New Zealand. These conditions to the extent that they reflect progressive developmen
t of the policy of greater freedoms for the financial community introduced in 1976, are well-
complied by the Bank as being in the best interests of New Zealand and conducive to the further strengthen-
g of the Bank as a leading member of the financial system.
### Consolidated Balance Sheet as at 31 March 1980

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>$000</th>
<th>$000</th>
</tr>
</thead>
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<tr>
<td>Deposits</td>
<td>3,068,349</td>
<td>2,428,320</td>
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<tr>
<td>Balances due to Other Banks (Note 2)</td>
<td>313,043</td>
<td>189,525</td>
</tr>
<tr>
<td>Bills Payable and Other Liabilities (Note 3)</td>
<td>227,041</td>
<td>108,973</td>
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<tr>
<td>Provision for Taxation — Current</td>
<td>5,261</td>
<td>5,181</td>
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<tr>
<td>Provision for Dividend</td>
<td>4,053</td>
<td>3,617,747</td>
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| Provision for Taxation — Deferred | 12,090 | 8,427 |

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<tr>
<th>Capital and Reserves (Note 4)</th>
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<th>$000</th>
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<tbody>
<tr>
<td>Authorised Issued and Paid Up Capital</td>
<td>41,500</td>
<td>41,500</td>
</tr>
<tr>
<td>Capital Reserves</td>
<td>13,893</td>
<td>11,289</td>
</tr>
<tr>
<td>Revenue Reserves</td>
<td>61,779</td>
<td>55,038</td>
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</table>

|  | 1980  | 1979  |
|  | 3,747,009 | 2,852,506 |

<table>
<thead>
<tr>
<th>Assets</th>
<th>1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on Hand, Deposits with Bankers and Balances due by Other Banks</td>
<td>171,648</td>
<td>107,295</td>
</tr>
<tr>
<td>Money at Call and Short Notice</td>
<td>193,471</td>
<td>50,689</td>
</tr>
<tr>
<td>New Zealand and Overseas Government and Local Body Securities (Note 5)</td>
<td>756,617</td>
<td>664,608</td>
</tr>
<tr>
<td>Items in Transit</td>
<td>145,189</td>
<td>59,323</td>
</tr>
<tr>
<td>Advances, Bills Discounted, Lease Receivables and Other Debts due to the Bank after deducting Provision for Bad and Doubtful Debts (Note 3)</td>
<td>2,376,703</td>
<td>1,890,423</td>
</tr>
<tr>
<td>Long Term Mortgage Loans</td>
<td>2,079</td>
<td>2,153</td>
</tr>
<tr>
<td>Investments in Other Companies (Note 6)</td>
<td>5,806</td>
<td>2,714</td>
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<tr>
<td>Bank Properties and Equipment (Note 8)</td>
<td>95,496</td>
<td>85,301</td>
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</table>

|  | 1979  |
|  | 2,852,506 |

### Consolidated Profit and Loss Statement for Year Ended 31 March 1980

<table>
<thead>
<tr>
<th>Trading Income</th>
<th>$000</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>After provision for Bad and Doubtful Debts and including income from Government and Local Body Securities $61,269,000 and Investments in Other Companies $254,000</td>
<td>138,029</td>
<td>114,205</td>
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</table>

<table>
<thead>
<tr>
<th>Less Operating Expenses</th>
<th>$000</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Expenses</td>
<td>130</td>
<td>72</td>
</tr>
<tr>
<td>Directors’ Remuneration</td>
<td>50</td>
<td>38</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,523</td>
<td>2,734</td>
</tr>
<tr>
<td>Salaries and Allowances</td>
<td>58,780</td>
<td>48,647</td>
</tr>
<tr>
<td>General Expenses</td>
<td>45,531</td>
<td>36,250</td>
</tr>
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<table>
<thead>
<tr>
<th>Net Profit before Taxation</th>
<th>$000</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>30,015</td>
<td>26,464</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Profit after Taxation</th>
<th>$000</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>13,246</td>
<td>12,003</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>This Income was distributed as follows:</th>
<th>$000</th>
<th>$000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim Dividend Paid</td>
<td>2,452</td>
<td>1,852</td>
</tr>
<tr>
<td>Provision for Final Dividend</td>
<td>4,053</td>
<td>4,253</td>
</tr>
<tr>
<td>Transfer to Reserves</td>
<td>6,741</td>
<td>5,898</td>
</tr>
</tbody>
</table>

|  | 13,246 | 12,003 |

### Auditor’s Report

I have examined the foregoing consolidated balance-sheet and consolidated profit and loss statement of the Bank of New Zealand and its subsidiaries. The accounts of the subsidiaries have been audited by their independent auditors.

In my opinion, the consolidated accounts give a true and fair view of the state of affairs as at 31 March 1980 and of the profit indicated in the accounts for the period ended on that date of Bank of New Zealand and its subsidiaries.

G. M. S. WEBSTER
Chief Auditor to Bank of New Zealand
Bank of New Zealand

Balance Sheet as at 31 March 1980

$000  $000

**Liabilities**

- Deposits 2,718,639 2,105,044
- Balances due to Other Banks (Note 2) 313,043 189,525
- Bills payable and Other Liabilities (Note 3) 226,312 108,490
- Provision for Taxation - Current 4,696 5,066
- Provision for Dividend 4,053 4,263

**Provision for Taxation - Deferred** 9,708 6,795

**Capital and Reserves (Note 4)**

- Authorised Issued and Paid Up Capital 41,500 41,500
- Capital Reserves 13,056 10,737
- Revenue Reserves 53,847 48,463

Total Liabilities 3,384,654 2,519,873

**Statement of Accounting Policies (see Note 1)**

**Contingent Liabilities (see Note 9)**

We hereby certify that, having carefully examined the foregoing balance-sheet and statements, we are satisfied that they have been correctly compiled from the books and accounts of the Bank, and the balance-sheet is a full and fair balance-sheet, properly drawn up, and exhibits a true and correct view of the state of the Bank's affairs at the date thereof.

W. J. SHAW  Wm. BRIERLEY

Dated this 14th day of May 1980.

General Manager  Chief Accountant

Auditor's Report

I, GORDON MURRAY SINCLAIR WEBSTER, the Chief Auditor of the Bank of New Zealand, do hereby certify:

1. That, having carefully examined the foregoing balance-sheet and statements, I am satisfied that they have been correctly compiled from the books and accounts of the Bank.

2. That I am also satisfied that the said balance-sheet is a full and fair balance-sheet, properly drawn up, and exhibits a true and correct view of the state of the Bank's affairs at the date thereof.

3. That I have verified so much of the cash, investments, securities, and assets of the Bank as at the date of the said balance-sheet were held at the Head Office in Wellington, and have had access to certified returns of so much thereof as were then held at the various branches and agencies of the Bank, or were then in transit.

DATED this 6th day of June 1980

G. M. S. WEBSTER

Chief Auditor

Profit and Loss Statement for the Year Ended 31 March 1980

$000  $000

**Trading Income**

- After provision for Bad and Doubtful Debts and including income from Government and Local Body Securities $47,344,000 and Investments in Other Companies $254,000 124,916 104,026

**Less Operating Expenses**

- Audit Expenses 124 67
- Directors' Remuneration 50 38
- Depreciation 3,523 2,734
- Salaries & Allowances 53,917 44,660
- General Expenses 41,728 33,184

Total Less Operating Expenses 99,934 75,194

**Net Profit Before Taxation**

- Net Profit Before Taxation 25,574 23,343
- Less Provision for Taxation 14,685 13,021

Total Net Profit After Taxation 10,889 10,322

**This Income was distributed as follows:**

- Interim Dividend Paid 2,452 1,852
- Provision for Final Dividend 4,053 4,253
- Transfer to Reserves 5,184 4,417

Total 11,689 10,522
## Bank of New Zealand Savings Bank Limited

### Deposits Guaranteed by Bank of New Zealand

#### Balance Sheet as at 31 March 1980

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depositors' Balances, including interest credited:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary Accounts</td>
<td>214,045</td>
<td>219,961</td>
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<tr>
<td>Thrift Accounts</td>
<td>1,077</td>
<td>1,239</td>
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<tr>
<td>Home Lay-By Accounts</td>
<td>92</td>
<td>143</td>
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<tr>
<td>Investment Accounts</td>
<td>141,606</td>
<td>104,429</td>
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<tr>
<td>Provision for Taxation — Current</td>
<td>539</td>
<td>111</td>
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<tr>
<td>Other Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owning to Parent Company</td>
<td>8,625</td>
<td>6,842</td>
</tr>
<tr>
<td>Other — including interest accrued</td>
<td>8,541</td>
<td>6,670</td>
</tr>
<tr>
<td>Provision for Taxation — Deferred</td>
<td>2,160</td>
<td>1,489</td>
</tr>
</tbody>
</table>

#### Shareholders' Funds

| Authorised and Issued Capital — 1,000,000 Ordinary Shares of $2 each | 2,000 | 2,000 |
| Paid-up Capital — $2 per share | 2,000 | 1,000 |
| Reserves | 8,198 | 10,198 |
| **Total Shareholders' Funds** | 386,883 | 348,712 |

#### Assets

| Deposits at Bank of New Zealand | 1980 | 1979 |
| Investments: |        |      |
| New Zealand Government Stock — 3.75% Special | 62,490 | 93,190 |
| — Other | 108,848 | 73,032 |
| Local Authority Securities | 12,454 | 12,206 |
| Mortgages and Other Loans | 180,140 | 155,964 |
| Australian Government Securities | 1,052 | 512 |
| Other Australian Investments | 1,995 | 1,467 |
| Income Accrued on Investments | 4,760 | 3,390 |
| Provisional Tax Overpaid | 187,947 | 129 |
| **Total Assets** | 386,883 | 348,712 |

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### Profit and Loss Statement for the Year Ended 31 March 1980

| Trading Income | 1980 | 1979 |
| Income from New Zealand Government Stock and Local Authority Securities | 13,115 | 10,044 |
| Income from Other Investments | 18,101 | 12,591 |
| Other Income | 67 | 119 |
| **Total Trading Income** | 31,283 | 22,754 |
| Less Operating Expenses |        |      |
| Interest to Depositors | 18,316 | 12,867 |
| Management and Operating Expenses | 8,761 | 6,973 |
| **Net Profit before Taxation** | 4,206 | 2,914 |
| Less Provision for Taxation | 1,976 | 1,366 |
| **Net Profit after Taxation** | 2,230 | 1,548 |

This Income was distributed as follows:
- Dividend paid | 800 | 200 |
- Transfer to Reserve | 1,430 | 1,348 |
| **Total** | 2,230 | 1,548 |

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### Auditors' Report to Members of Bank of New Zealand Savings Bank Limited

We have obtained all the information and explanations that we have required. In our opinion, proper books of account have been kept by the Company so far as appears from our examination of those books. In our opinion, according to the best of our information and the explanations given to us and as shown by the said books, the balance sheet and the profit and loss statement are properly drawn up so as to give respectively a true and fair view of the state of the Company's affairs as at 31 March 1980, and of the results of its business for the year ended on that date.

According to such information and explanations, the accounts, the balance sheet and the profit and loss statement give the information required by the Companies Act 1955, in the manner so required.

**WELLINGTON**

12th May 1980

**HUNT DUTHIE & CO.**

**CHARTERED ACCOUNTANTS**
Notes to the Accounts of Bank of New Zealand and its Subsidiaries

**Note 1**

Statement of Accounting Policies
General Accounting Principles
The accounts of the Bank of New Zealand and its Subsidiaries have been prepared on an Historical Cost Basis. The following particular accounting principles which significantly affect the measurement of profit and of financial position have been applied:

- **Income Recognition:** Interest received (and paid) is incorporated on an accruals basis.
- **Government and Local Body Securities:** Premiums and discounts are amortised annually to achieve a level rate of return over the life of the stock. Government and Local Body Securities premiums and discounts are amortised annually to achieve a level rate of return over the life of the stock.
- **Lease transactions:** Income is apportioned between accounting periods using the financing method which produces a level of return consistent with the financing method.
- **Equipment:** Equipment is shown at original cost, less depreciation, except for small items of furniture and fittings which are included at book value at 31/3/79 or cost (whichever is more recent) less depreciation for the year. In Note 7 a breakdown is shown for consolidated accounts.

Basis of Consolidation:
The consolidated accounts include all wholly-owned subsidiaries. Investments in associated and other companies are not consolidated and results of such companies are excluded except to the extent of dividends received. Intra-group sales of services and transactions in the ordinary course of business have not been eliminated.

Bad and Doubtful Debts:
Provision for bad and doubtful debts is made as considered necessary having regard to both specific and general factors. The specific element is reviewed as a result of an annual appraisal of the loan portfolio involving special risks. A general element arises from a broad review of all advances, the bulk of which are subject to normal lending risks.

Provision for Income Taxation:
Depreciation has been calculated using the rates allowable for income tax purposes. At present these are considered to be satisfactory.

The charge against income for taxation is the estimated liability in respect of the profit reported for the year. The net effect of timing differences between profit recognised for accounting purposes and for taxation purposes has been allowed for in the provision for deferred taxation.

Conversion of Foreign Currencies:
Figures in the accounts are expressed in New Zealand currency. With insignificant exceptions, rates used in conversion are historical rates applicable at the date of conversion.

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**Note 2**

**Balances Due to Other Banks**
Includes this Bank's share of $248,370,000 (1979 $162,113,000) of "Compensatory Deposits" lodged with all Trading Banks by the Reserve Bank of New Zealand. This arrangement, implemented in 1978 for the first time by the Central Bank, is designed to relieve the liquidity pressures on the banking system resulting each March from the high funds flow of tax moneys to Government.

**Note 3**

Bills Payable and Other Liabilities
Advances, Bills Discounted, Lease Receivables and Other Debts Due to the Bank include Bank Acceptances outstanding at 31 March 1980 amounting to $83,607,000 (1979 $41,461,000).

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**Note 4**

Capital and Reserves
(Refer to Note 1)
Savings Bank Trading Bank Consolidated
--- --- --- --- --- --- --- ---
**Bank Shares**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Total Capital and Reserves**
108,203 100,700 117,172 107,827
--- --- --- --- --- --- --- ---

---

**Note 5**

New Zealand and Overseas Government and Local Body Securities
Savings Bank Trading Bank Consolidated
--- --- --- --- --- --- --- ---
**New Zealand Government Debt**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Government and Local Body Securities**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Total**
53,647 48,453 61,779 58,038
--- --- --- --- --- --- --- ---

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**Note 6**

Investments in Other Companies
(Refer to Note 1)
Savings Bank Trading Bank Consolidated
--- --- --- --- --- --- --- ---
**Shares in Other Companies (Valued at Cost)**
--- --- --- --- --- --- --- ---
--- --- --- --- --- --- --- ---
**BNZ Finance Company Ltd.**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Private Investment Company for Asia S.A.**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Bank of Tonga**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Private Investment Company for Asia S.A.**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Warspite Nominees Ltd**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**BNZ Nominees Ltd.**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Total**
2,567 2,556 50,762 31,475 53,339 33,031
--- --- --- --- --- --- --- ---

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**Note 7**

Bank of New Zealand Accounts only
Investments in Wholly Owned Subsidiaries
Shares in Wholly Owned Subsidiaries
--- --- --- --- --- --- --- ---
**BNZ Finance Company Ltd.**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**BNZ North End Investment Ltd.**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**BNZ Investments (Australia) Pty Ltd.**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**BNZ Nominees Ltd.**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
**Total**
2,412 2,412 35,365 21,552 37,777 24,067
--- --- --- --- --- --- --- ---

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**Note 8**

Bank Properties and Equipment
(Refer to Note 1)
Savings Bank Trading Bank
--- --- --- --- --- --- --- ---
**Cost**
$000 $000 $000 $000 $000 $000 $000 $000
--- --- --- --- --- --- --- ---
--- --- --- --- --- --- --- ---
**Accumulated Depreciation**
5,184 4,417 6,414 5,897
--- --- --- --- --- --- --- ---
--- --- --- --- --- --- --- ---
**Total**
108,203 100,700 117,172 107,827
--- --- --- --- --- --- --- ---

---

*These figures include progress payments to date in respect of the Bank's new Head Office Building in Wellington. Through factors beyond the Bank's control, the costs of this project have escalated substantially beyond the original estimates and this may necessitate some write-off of the value of the building in the books of BNZ Properties Ltd with consequent adjustment of interest charged by that subsidiary to the Bank. If such an adjustment does become desirable an appropriate transfer will be made from the Bank's reserves.*
Contingent Liabilities:

(a) Commitments for capital expenditure entered into and not provided for in the Accounts totalled $25,892,000 at 31 March 1980 (1979: $25,582,000).

(b) Outstanding Letters of Credit, endorsements and other engagements entered into by Bank of New Zealand on behalf of customers amounted to $400,702,000 at 31 March 1980 (1979: $392,746,000) in respect of which there are corresponding obligations by customers.

(c) Bank of New Zealand’s contingent liability at 31 March 1980 with respect to Forward Exchange Contracts entered into with customers amounted to $539,252,000, which contracts are fully matched.

(d) BNZ North End Investment Ltd has a contingent liability of $425,000 (1979: $425,000) in respect to a debenture issue by Pastoral House Partnership of which it is a partner.

(e) Bank of New Zealand has a contingent liability for uncalled capital in respect of shares in: 1980 1979

(f) Bank of New Zealand has a contingent liability in respect to its guarantee of deposits with Bank of New Zealand Savings Bank Ltd.

Bank of New Zealand and its Subsidiaries

Statement of Change in Financial Position for the Year Ended 31 March 1980

$000

Funds were provided

From Operations

Net Profit After Tax 13,246
Add Back
- Items not requiring the outlay of funds in the current period: Depreciation 3,523
- Increase in Provision for Deferred Taxation 3,663
- 20,432

From Other Sources

Decrease in Working Capital 279
Foreign Currency Realignments 475
- 21,186

Funds were applied to:

Increase in Investments in Other Companies 3,092
- Net Purchases of Bank Properties and Equipment 11,589
- Dividends Appropriated 6,506
- 21,186

Increase/(Decrease) in Working Capital

Increase in Cash on Hand etc and Money at Call and Short Notice 207,135
- Increase in Advances etc and Long Term Mortgage Loans 486,266
- Increase in Investments in New Zealand and Overseas Government and Local Body Securities 102,069
- Increase in Items in Transit 85,866
- Increase in Deposits (640,029)
- Increase in Balances Due to Other Banks (123,518)
- Increase in Bills Payable, Other Liabilities and Provision for Taxation and Dividend (117,948)
- Net Decrease in Working Capital: (279)
<table>
<thead>
<tr>
<th>Branch</th>
<th>Manager</th>
<th>Assistant Manager</th>
<th>Assistant Manager</th>
</tr>
</thead>
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<td>Auckland</td>
<td>G. J. White</td>
<td>R. W. Gilling</td>
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Overseas Offices

LONDON
No. 1 QUEEN VICTORIA STREET, MANSION HOUSE, EC4P 4HE
Telex No. BANK NZ LDN888461, 888459

London Board:
BRIGADIER THE LORD BALLANTRAE, KT, GCMG, GCVO, DSO, OBE (CHAIRMAN)
W. R. RUSSELL, H. A. HITCHCOCK (Deputy Chairman)
H. N. MILLWARD

Regional Manager (UK and Europe): P. R. TRAVERS
Deputy Regional Manager (UK and Europe): J. F. RUSSELL
Manager (Administration): J. M. PAGE
Manager International (UK and Europe): R. G. HUCK
Personnel Manager: F. L. MCGILL
Assistant Manager International: A. G. BLACKLIEE

NEW ZEALAND HOUSE OFFICE, HAYMARKET
28-30 Royal Opera Arcade SW1Y 4UY

AUSTRALIA
SYDNEY
Bank of New Zealand House
Corner George and Wynyard Streets, Sydney (N.S.W.) Telex No. BANK NZ AA22884

Australian Advisory Board
M. G. KING (CHAIRMAN)
V. E. JENNINGS, CBE
J. M. ROTHERY

Regional Manager for Australia: R. J. EDMONDS
Manager Sydney Branch: C. R. SWINBURNE
Assistant Managers: W. N. HINKLEY (CUSTOMER SERVICES)
A. E. GARNETT (ADMINISTRATION)
M. J. FLETCHER (INTERNATIONAL)

CHATSWOOD
387 Victoria Avenue, Chatswood (N.S.W.)
Manager: R. H. F. CHAPPELL

MELBOURNE
351 Collins Street, Melbourne (Victoria) Telex No. BANK NZ AA31784
Manager: J. C. SLAVEN
Assistant Manager: R. D. BROOMHALL

DANDENONG
201 Lonsdale Street, Dandenong (Victoria)
Manager: D. C. ROWLAND

BRISBANE
341 Queen Street, Brisbane (Queensland) Telex No. BANK NZ AA42028
Manager: G. R. BLANE

SURFERS PARADISE
3110 Gold Coast Highway, Surfers Paradise (Queensland)
Manager: R. J. SNELL

FIJI
SUVA
Telex No. BANK NZ FJ2132
Regional Manager for Fiji and Senior Manager Suva Branch: J. A. GALT

SUVA
Manager: D. L. McGOWAN
Manager International: D. B. SMITH
Manager Advances: P. R. FOGGIN
Assistant Managers: T. J. CREIGHTON (CUSTOMER SERVICES)
A. J. AMOS (ADMINISTRATION)

BA
Manager: B. S. ROBB
LABASA
Manager: G. L. WETHYEY

LAUTOKA
Manager: A. E. SNOW

MARKS STREET (SUVA)
Manager: R. G. JEFFERSON

NADI
Manager: K. H. COLLINS

SIGATOKA
Manager: J. B. WILLIAMS

JAPAN
Representative Office in Japan: Suite 240 Shin Tokyo Building
3-1, 3-Chome Marunouchi, Chiyoda-ku, TOKYO 100.
Telex No. BANK NZ JJ2764

Representative: G. C. COLSON

SINGAPORE
Representative Office in South East Asia: Suite 2301, 23rd Floor,
Ocean Building, Collyer Quay, SINGAPORE 1.
Telex No. BANK NZ RS22149

Representative: J. L. A. ABBOTT

UNITED STATES OF AMERICA
New York Agency
299 Park Avenue, New York, NY 10171,
Telex No. UTT427376

Los Angeles Agency
800 West 6th Street, Los Angeles, California 90017
Telex

Agent: D. P. ORAM
Deputy Agent: R. W. FAIREY

BANK OF WESTERN SAMOA
(In which the Bank of New Zealand owns 50% of the shareholding)

APIA (Samoa)
Senior Manager: R. T. NEWMAN
Bank of New Zealand Group and Associates

Bank of New Zealand Group
- Bank of New Zealand (Established 1861).
- Bank of New Zealand capital is held by the New Zealand Government.
- The Trading Bank and its Savings Bank subsidiary have assets in excess of $3,700M making it the largest Bank in New Zealand.
- The Bank has over 400 offices including over 30 overseas offices in London, New York, Los Angeles (opening mid 1980), Tokyo, Singapore, Australia and Fiji. It is further represented in the Pacific area through its connections with the Bank of Western Samoa and the Bank of Tonga.
- Bank of New Zealand Savings Bank Limited
- Wholly owned subsidiary of Bank of New Zealand.
- BNZ Investments Limited
- Wholly owned subsidiary of Bank of New Zealand providing specialised financial facilities including leveraged leasing to corporate borrowers.
- BNZ Investments (Australia) Pty Ltd
- Wholly owned subsidiary through which Bank of New Zealand holds its 50% interest in the Sydney (NSW) based finance company, Hunter BNZ Finance Limited.
- BNZ Nominees Limited
- Warspite Nominees Ltd
- Wholly owned subsidiaries providing nominee services in New Zealand and Overseas respectively.
- BNZ North End Investment Limited
- BNZ Properties Limited
- Wholly owned subsidiaries involved in major property developments in which BNZ holds interests.
- BNZ Finance Company Limited
- A listed public company which, with its subsidiaries, offers merchant banking and finance company services. 40% of the total paid up capital of $3.222M is held by BNZ.

Banking Associates of the Bank of New Zealand
- Bank of Tonga
- Owned 40% by Government of Tonga interests with the Bank of New Zealand, Bank of New South Wales and Bank of Hawaii International Inc. each holding a 20% interest.
- Bank of Western Samoa.
- Owned by the Government of Western Samoa and Bank of New Zealand in equal shares.

Other Associate Company Interests of Bank of New Zealand
- Databank Systems Limited
- A Computer services company in which Bank of New Zealand holds 40% paid-up capital and remaining four trading banks hold share capital in line with respective shares of banking business in New Zealand.
- Private Investment Company for Asia, S.A.
- BNZ holds US$240,000 in paid-up capital in this regional development organisation.
- Bradbury Wilkinson & Company (NZ) Limited
- BNZ holds 35% of the total paid up capital of $3M in this specialised bank note and security document printing business which commences operations at Whangarei in 1980.
- A & B Properties Pty Limited (Sydney)
- This Company in which BNZ has a half interest owns BNZ House in Sydney.
Bank of New Zealand Group and Associates 1980
Bank of New Zealand

(Established 1861)

Bank of New Zealand’s capital is held by the New Zealand Government. The Trading Bank and its Savings Bank subsidiary have assets in excess of NZ$3.700M making it the largest in New Zealand.

Full banking services are offered — the Bank has over 400 offices including over 30 overseas offices in London, New York, Los Angeles, Tokyo, Singapore, Australia and Fiji.

The Bank is further represented in the Pacific area through its connections with the Bank of Western Samoa and the Bank of Tonga.

The Bank also operates in Auckland a Share Registry department serving many of New Zealand’s foremost public companies.

Head Office: Wellington, New Zealand
Postal Address: P.O. Box 2392
Telex: MONARCH NZ 3345
Cable Address: "MONARCH"

Bank of New Zealand

Savings Bank Limited

This Savings Bank subsidiary of the Bank has full savings facilities for customers in New Zealand and Australia. Similar facilities are available in London and Fiji through BNZ Branches.

BNZ Investments Limited

This wholly owned subsidiary of the Bank, which commenced trading in 1976, is designed to provide specialised financial facilities including leveraged leasing to corporate borrowers.

BNZ Investments (Australia) Pty. Ltd.

Through this wholly owned subsidiary, the Bank holds a 50% interest in the Sydney (NSW) based finance company, Hunter BNZ Finance Ltd.

BNZ Nominees Limited

Warspite Nominees Limited

BNZ Nominees Limited, a subsidiary of the Bank, offers nominee services in New Zealand to customers. Another subsidiary, Warspite Nominees Limited, registered in London, offers similar facilities overseas.

BNZ North End Investment Limited

BNZ Properties Limited

These subsidiary companies are involved in major property developments in which the BNZ holds interests.

BNZ Finance Company Limited

This listed public company, incorporated in 1966, and its subsidiaries offer money market facilities and traditional finance company services.

Paid-up capital is $3.222M of which 40% is held by Bank of New Zealand. The remainder is held by New Zealand investors apart from minor overseas shareholdings, principally 12.07% in total held by Development Finance Corporation Limited of Sydney, Morgan Guaranty Trust Co. of New York (through a subsidiary), Morgan Grenfell & Co. Ltd. of London (through a subsidiary), S. G. Warburg & Co. Ltd. of London and M. M. Warburg-Brinckman Wirtz & Co. of Hamburg.

With total assets in excess of $110M the BNZ Finance Group is particularly active as an operator in both the Commercial and Official Short Term Money Markets, and in providing short and medium term finance both on a secured and unsecured basis by way of commercial bill discount and acceptance facilities, conditional purchase facilities, term loans and lease facilities. Throughout New Zealand, branches of Bank of New Zealand are equipped to handle enquiries regarding the company’s deposit and lending facilities.

The Group has offices in Wellington, Auckland and Christchurch.
Postal Address: P.O. Box 401. Wellington 1.
Telex: NZ3072 BNZFIN
## Associates of the Bank of New Zealand

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Head Office</th>
<th>No. of Banking Offices in N.Z.</th>
<th>Deposits in N.Z.</th>
<th>Loans &amp; Advances in N.Z.</th>
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<td>Bank of New South Wales</td>
<td>Sydney, Australia</td>
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<td>The Commercial Bank of Australia</td>
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* From figures published in New Zealand Gazette
As at 26th March, 1980.

### Bank of Tonga

This bank commenced operations in July 1974. It has 40% of its capital held by the Government of Tonga interests; the balance is divided equally among Bank of New Zealand, Bank of New South Wales and Bank of Hawaii International Inc.

### Bank of Western Samoa

The Bank of Western Samoa, established in 1959, is jointly owned by the Government of Western Samoa and the Bank of New Zealand.