AUSTRALIA & NEW ZEALAND BANKING GROUP LTD
Form 6-K
November 08, 2002

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of October , 2002

Australia and New Zealand Banking Group Limited

(Translation of registrant s name into English)

Level 6, 100 Queen Street Melbourne Victoria Australia

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ý Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No ý

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Media Release

Corporate Affairs

Level 20, 100 Queen Street

Melbourne Vic 3000

Facsimile 03 9273 4899

www.anz.com

For Release: 18 October 2002

Greg Camm becomes ANZ New Zealand Managing Director

ANZ today announced the appointment of Mr Greg Camm as Managing Director, New Zealand.

Mr Camm s appointment follows Dr Murray Horn accepting a new senior role within the ANZ Group as Managing Director, Global Institutional Banking, based in Sydney.

ANZ Chief Executive Officer Mr John McFarlane said: Dr Horn has earned this exciting development opportunity having advanced ANZ s business in New Zealand over the last four years.

We have made particularly strong improvements in our financial performance and in staff satisfaction, and have laid the foundation for restoring our personal customers faith in ANZ. Through Murray s leadership we have also been able to play a particularly important role in the community including his Chairmanship of the Business Round Table.

As we move into the next phase of ANZ s development, our challenge is to take this to the next level by providing greater management autonomy to our business in New Zealand, Mr McFarlane said.

Mr Camm moves to New Zealand from his role as Managing Director, Mortgages, in the ANZ Group where he is also a member of ANZ s Management Board. Previously Greg was General Manager Retail Banking in New Zealand between 1993 and 1996.

Dr Horn s new role involves responsibility for ANZ s major corporate and institutional customers globally.

Commenting on the changes, Dr Horn said: My new role is a further development opportunity for me within the Group, however it is with some mixed feelings that I leave New Zealand.

We have achieved strong results through the hard work and dedication of all the people at ANZ in New Zealand. It s been an honour to work with such a fantastic group of people and I am sad to be leaving them, Dr Horn said.

Greg is well regarded in the banking industry in Australasia. He is also remembered very warmly by ANZ people and customers in New Zealand from his former assignment in New Zealand he said.

The change is effective 1 December 2002.

For media enquiries contact:

Steve Fisher

Public Relations Manager

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Media Release

Corporate Affairs

Level 20, 100 Queen Street

Melbourne Vic 3000

Facsimile 03 9273 4899

www.anz.com

For Release: 18 October 2002

ANZ structures specialised business oversight around customers

ANZ today announced changes in the senior management oversight of its specialist businesses to sharpen its focus on customers and around the priorities for ANZ s future development.

Elmer Funke Kupper, Managing Director, Personal Banking and Wealth Management Australia, will focus exclusively on Australia including all channels for personal customers and the ING Australia funds management joint venture.

Greg Camm will move from Mortgages to become Managing Director, New Zealand, responsible for ANZ s businesses in New Zealand.

Bob Edgar will become Managing Director, Global Institutional and Investment Banking. Dr Edgar will oversee all businesses dealing with large corporate and institutional customers including Global Institutional Banking, Global Transaction Services, ANZ Investment Banking businesses, and Asia Corporate. Reporting to Dr Edgar, Murray Horn will become Managing Director, Global Institutional Banking based in Sydney; Mark Paton will become Managing Director, Global Transaction Services. Mark is currently Head of Food, Beverage and Agri-business in Corporate & Institutional Banking.

Graham Hodges will become Managing Director, Corporate and Small to Medium Business Australia, bringing together corporate and small business banking into a single business to harness synergies between these segments.

Chris Cooper will move from Global Foreign Exchange to become Managing Director, Mortgages. Rick Sawers, currently Group Treasurer, will become Managing Director, Global Foreign Exchange reporting to Dr Edgar. Mr. Sawers replacement will be announced in due course.

Grahame Miller will move from Investment Banking to Managing Director, Major Investment Programs. Mr. Miller will be responsible for major process development projects, strategic cost programs and the project related to Basel II - the new global regulatory capital standard.

ANZ Chief Executive Officer Mr. John McFarlane said: Our unique specialisation strategy and our focus on executing strategy well, are making ANZ a very different bank.

These changes leave our specialised business structure intact, and enhance synergies between our businesses by emphasising a total customer relationship approach. The changes will give new development opportunities for senior colleagues, introducing movement between the corporate and personal sides of the Group, he said.

The new Group structure will be effective December 1st 2002.

For media enquiries contact:

Paul Edwards, Head of Media Relations

Tel: 03-9273 6955 or 0409-655 550, Email: edwardp12@anz.com

Attachments: ANZ Senior Management and Organisation Chart

ANZ Management Board

John McFarlane	
David Boyles	Brian Hartzer
Greg Camm	Peter Hawkins
Roger Davis	Graham Hodges (New)
Chris Cooper (New)	Mark Lawrence
Bob Edgar	Peter Marriott
Shane Freeman	Grahame Miller
Elmer Funke Kupper	Elizabeth Proust

Specialised Business Heads

Personal Banking Australia	Elmer Funke Kupper
Wealth Management Australia	Craig Coleman
ING Australia	*John Wylie*
Corporate Banking Australia	Graham Hodges*
Small to Medium Business Australia	Graham Hodges
New Zealand Customers	Greg Camm*
Consumer Finance	Brian Hartzer
Mortgages	Chris Cooper*
Asset Finance	Elizabeth Proust
Global Institutional Banking	Murray Horn*
Global Transaction Services	Mark Paton*
Global Foreign Exchange	Rick Sawers*
Global Capital Markets	David Hornery
Global Structured Finance	Gordon Branston
Corporate Finance and Advisory	Peter Hodgson
Asia Corporate	John Winders
Asia-Pacific Consumer	Bob Lyon
Group Treasury	TBA*

** New to Role*

Company Secretary s Office

Level 6, 100 Queen Street

Melbourne VIC 3000

Phone 03 9273 6141

Fax 03 9273 6142

www.anz.com

4 October 2002

Company Announcements

Australian Stock Exchange

Level 10

20 Bond Street

Sydney NSW 2000

Australia and New Zealand Banking Group Limited

This is to provide formal advise to the Australian Stock Exchange that Ms Jane Slatter has resigned as a Secretary of the Company effective 4 October 2002 following her decision to relocate overseas with her family.

The formal position of Secretary of the Company continues to be held by Mr Peter Marriott, Mr Tim Paine and Mrs Karen Phillips.

Yours faithfully

Peter Marriott

Company Secretary

Australia and New Zealand

Banking Group Limited

ABN 11 005 357 522

Consolidated Financial Report

Dividend Announcement

and Appendix 4B

Full year

30 September 2002

FOR PRIORITY TRANSMISSION

Name of Company: Australia and New Zealand Banking Group Limited
ABN 11 005 357 522

Report for the year ended 30 September 2002

	A$ million
Group operating revenue	6,988
Operating profit after tax and outside equity interests	2,322
Final dividend per ordinary share, fully franked at 30% tax rate	46 cents
Record date for the final dividend	7 November 2002
Payment date for the final dividend	13 December 2002

The final dividend will be payable to shareholders registered in the books of the Company at close of business on 7 November 2002. Transfers must be lodged before 5:00 pm on that day to participate.

ANNOUNCEMENT TO THE MARKET

Name of Company: Australia and New Zealand Banking Group Limited
ABN 11 005 357 522

Report for the year ended 30 September 2002

				A$ million
Group operating revenue	up	9%	to	6,988
Operating profit after tax attributable to members	up	24%	to	2,322
Extraordinary items after tax attributable to members		Nil		Nil
Operating profit and extraordinary items after tax Attributable to members	up	24%	to	2,322
Final dividend per ordinary share, fully franked at 30% tax rate (previous corresponding period: 40 cents, fully franked at 34% tax rate)				46 cents
Record date for the final dividend				7 November 2002

Media Release

Corporate Affairs

Level 20, 100 Queen Street

Melbourne Vic 3000

Telephone 03 9273 6190

Facsimile 03 9273 4899

www.anz.com

For Release: 24 October 2002

ANZ delivers consistent earnings growth

Australia and New Zealand Banking Group Limited (ANZ) today announced a record operating profit after tax and excluding significant transactions of $2,168 million for the year ended September 2002, up 16% on 2001 (FY2001 $1,870 million).

Results Summary (excluding significant transactions)

2002 Full year operating profit after tax of $2,168 million, up 16%

Earnings per ordinary share up 17% to $1.37 per share

Return on ordinary shareholders equity of 21.6% up from 20.2%

Final dividend 46 cents. Full year dividend 85 cents, up 16%

Cost income ratio 46% down from 48%

All comparisons with Full Year 2001.

Earnings including significant transactions were $2,322 million up 24%. Significant transactions after tax involved: profit of $170 million on sale of businesses to ING Australia JV; recovery of $159 million on settlement of National Housing Bank litigation; and special provision of $175 million to increase the general provision for doubtful debts.

ANZ Chairman, Mr Charles Goode said: This is a strong result that highlights the consistency of ANZ s earnings growth, achieved at the same time as lowering our risk profile. Management and staff are to be congratulated.

During the year we took steps to further strengthen corporate governance. This included a new policy in respect to the relationship with our auditor and having ANZ s internal audit function report to the Chairman of the Board Audit Committee.

We have better aligned the use of executive options with shareholders interests by linking the exercise price to movements in the S&P/ASX 200 Banks Accumulation Index (excluding ANZ). This ensures executives are rewarded only when ANZ out-performs its peers and the reward is only the value of the out-performance.

We have also shown the impact of expensing options issued to employees and expect to formally change our accounting to reflect this following necessary changes to accounting standards and taxation laws, Mr Goode said.

Chief Executive Officer, Mr John McFarlane said: Our specialisation strategy and the consistency of our performance is creating a very different bank. We have delivered on our promises.

ANZ s specialised businesses continue to produce good results with 14 out of 16 increasing their profits during the year, the majority with double-digit earnings growth.

For five years we have been working towards creating a high-performance organisation with sustainable growth at low risk.

The challenge ahead is to build on our foundation of consistent performance to take ANZ to a new level for shareholders, staff, customers and the community. We will do this by reinventing the business and creating an organization based to a far greater extent on growing our revenue and customer base, at low-risk.

This will require us to continue to improve productivity to allow us to invest in future growth, while maintaining good earnings performance.

Our 2003 financial targets are unchanged. Looking further ahead however the environment is likely to be more challenging with fewer opportunities to achieve double-digit earnings growth in our specialist businesses. However, by creating a very different bank we have substantially improved our capacity to succeed and deliver against market expectations over the next three years,   Mr McFarlane said.

For media enquiries, contact:
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Email: gentryp@anz.com

ANZ   s 2002 Annual Results are available on www.anz.com

1

Chief Executive Officer s Review

2002 Annual Results

We have again delivered on our commitments to shareholders

I am pleased to report that ANZ has produced another consistent result in what has been a very difficult year for banks around the world.

This year we exceeded all of our financial targets. Once again we reported a record profit, up 16% on 2001. When we include one-off significant transactions, profit was up 24%. Earnings per share rose by 17%, and by 25% after significant transactions.

Return on equity rose to 21.6% (23.2% including significant transactions) from 20.2%, and our cost-income ratio improved to 46% from 48%.

The second half performance was roughly equivalent to the first half, after adjusting for the tax rate change and the increase in goodwill amortisation arising from the new wealth management and insurance joint venture with ING.

In the 2002 result, significant transactions added a net $154 million after tax. In the second half we made a $170 million gain on the creation of the joint venture with the ING Group.

We also ended the year with strong capital and general reserves, and maintained our strong credit rating.

ANZ a different bank

Our specialisation strategy is distinctive. This year s performance reinforces the benefits of our distinctive strategy and our increasing reputation for execution.

This capacity reflects the changes we have made in recent years to reduce risk, to achieve global industry-leading productivity, to build a balanced and sustainable business mix and to evolve a high performance culture.

Our specialised businesses continue to produce good results with 14 out of 16 increasing their profits during the year. While the new joint venture with ING has been impacted by the difficult market conditions that exist in this segment, it is performing respectably. Integration is on track.

During the year, many banks around the world suffered as a result of corporate failures. ANZ was impacted by losses from Enron and Marconi, which were disappointing, but we were able to absorb them. We have reduced the likelihood of similar losses reoccurring, by reducing the scope of our international corporate and investment banking activities and cutting individual customer concentration limits.

2

Moving from perform to perform and grow

Our vision is to generate sustainable returns and growth at low risk. Over the last five years we have made considerable progress in reshaping the organisation to this end.

In the years ahead, our challenge is to maintain good financial performance at low-risk, and to grow our revenue and customer base. To achieve this we need to establish stronger relative positions in our core businesses in Australia and New Zealand, and selectively overseas. We are currently well positioned in our Corporate, Institutional and Investment Banking businesses, and in Credit Cards and Asset Finance. Going forward we need to develop similar relative strengths in Personal Banking, Mortgages, Small to Medium Business, and in Wealth Management.

Internationally we will continue to seek opportunities to expand our franchise in the Pacific. In Asia we will consider opportunities to establish more modest, lower risk growth options, principally in consumer banking for longer-term growth.

These initiatives will require us to continue to grow our expenses and invest in future growth, while maintaining acceptable earnings performance.

Staff satisfaction and culture have improved dramatically

The investment we have made in our people and culture has resulted in staff satisfaction rising by 16% in 2002, the largest annual increase we have experienced. 78% of staff are now satisfied with ANZ, compared with around 50% five years ago. Over 80% of staff completed the survey, again the highest ever. During the year, 4,200 of our people participated in Breakout, our cultural transformation program, and we expect 6,000 will participate in 2003.

We are also experiencing a dramatic improvement in new people looking for a career with ANZ. Last year, we had around 3,000 applicants for our graduate recruitment program. This year it was around 11,000.

Earning the trust of our customers and the community

The strength of our relationships with corporations is generally recognised, but it is very clear that we need to do more to improve relationships with personal customers, small to medium businesses, and with the wider community.

In 2002 we launched Restoring Customer Faith in Victoria and New Zealand. This program decentralises our consumer banking business into small, community-based businesses, each with a local CEO. We launched simpler, lower-cost transaction accounts for our personal customers. Initial results are very encouraging and we have seen a rise in new customers and a fall in customer turnover. Customer satisfaction and retention in the pilot programs rose, as did staff satisfaction, and there are early signs of significant improvement in financial performance in the pilot areas.

We have also appointed a senior Customer Advocate as part of the Office of the Chief Executive. We updated our Customer Charter, with ten charter promises for our customers, and we are publishing our performance in our annual report. For the second year we will also publish the customer satisfaction ratings for our businesses.

Increasingly, our people are engaged through volunteering leave and support from the ANZ Community Fund. These actions that we are taking in the communities in which we operate are gradually improving the image of ANZ in the wider community.

We have maintained high governance standards

2002 has been a year of increased focus on the integrity and governance of corporations. During the year, the Board undertook a review of governance procedures and strengthened ANZ s governance process, disclosure levels and transparency. These included a new policy covering ANZ s relationship with its auditor and new reporting arrangements for the company s internal audit function that sees it report directly to the Board Audit Committee.

This year has also seen a desire that options should be expensed. For the first time, we have included a schedule showing the impact that this would have on our 2002 results. It is our aim to treat options as a full expense in the year they are granted, once we have an approved accounting standard together with government clarification that the taxation treatment will be neutral.

We are equally conscious of the debate on the use of options as part of senior executive remuneration. We have decided that options have a legitimate place in executive compensation, provided the value allocated is reasonable, the value is disclosed, and their nature is aligned with the interests of shareholders.

In the second half, we restructured the long-term incentive scheme for senior executives to be more in line with shareholder sentiment and interests. We reduced the value of options granted and increased the use of deferred stock. The use of traditional options where senior executives could benefit from a general rise in bank stock prices was disbanded. In its place we will use a new type of option which links the exercise price to movements in the S&P/ASX 200 Banks Accumulation Index excluding ANZ. This ensures executives are only rewarded when ANZ out-performs its peers and the reward is only the value of the out-performance.

We are leaving our 2003 targets unchanged

Global economic prospects for the year ahead are likely to remain subdued. Closer to home however, we expect the Australian and New Zealand economies to continue to perform steadily.

The housing market is overheating and is prone to decline. There is also a reasonable expectation of an upswing in business credit to offset this, although, the pacing of these may not be perfectly aligned. Domestic interest rates are likely to pursue a neutral to upwards bias. Taken together, we expect to see an increase in domestic consumer default, but not sufficient to create severe credit difficulties in either the corporate or consumer sectors. Further, we expect any such impact to be lagged, impacting 2004 and beyond rather than 2003. Also for 2004, as we separately announced, we expect a $40m after tax profit decline from the recently announced changes in credit card interchange and increase in the costs of loyalty programs. In 2003, credit losses from the international corporate sector, while cyclically high, are likely to be below 2002 levels.

4

Over the past few years, ANZ has been through one of its most successful periods in its history. We have also been through one of our most challenging periods in the context of external risks. All of this has helped to strengthen our capacity to be successful in different environments.

Looking ahead, the coming years are likely to become more challenging, but we remain confident of our ability to perform relatively well.

For 2003 our initial internal forecasts lie marginally below our 10%+ earnings per share target, however this is not unusual at this early stage in the year and is consistent with our philosophy of managerial stretch. Accordingly our target earnings per share growth for 2003 remains unchanged.

5

ANZ Group Management Structure

GROUP LEADERSHIP

Chief Executive Officer
John McFarlane

Group Finance	Group Strategic Development	Group Customers	Group Risk	Group People Capital	Major Investment Programs	Operations, Technology & Shared Services
Peter Marriott	**Peter Hawkins**	**Roger Davis**	**Mark Lawrence**	**Shane Freeman**	**Grahame Miller**	**David Boyles**
Group Treasury	Asia Pacific Personal					

SEGMENT LEADERSHIP

ANZ New Zealand
Greg Camm

Consumer Finance
Brian Hartzer

Mortgages
Chris Cooper

Corporate and Small-Medium Business
Graham Hodges

Global Institutional and Investment Banking
Bob Edgar

Global Institutional Banking
Global Transaction Services
Global Foreign Exchange
Global Capital Markets
Corporate Financing and Advisory
Global Structured Finance
Asia Corporate

Asset Finance
Elizabeth Proust

Personal Banking and
Wealth Management Australia
Elmer Funka Kupper

Personal Banking Australia
Wealth Management
ING Joint Venture

Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

CONSOLIDATED FINANCIAL REPORT AND DIVIDEND ANNOUNCEMENT

Year ended 30 September 2002

CONTENTS

All amounts are in Australian dollars unless otherwise stated. The information on which this announcement is based has been reviewed by the Group s auditors, KPMG. The Company has a formally constituted Audit Committee of the Board of Directors. This report was approved by resolution of a Committee of the Board of Directors on 24 October 2002.

Additional voluntary disclosures

Power and Telecommunications exposures

HIGHLIGHTS

CHIEF EXECUTIVE OFFICER
John McFarlane

Annual Results		Comparative Sep 01	Change
Net profit after tax **$2,322 million**	$	1,870m	24% increase
Earnings per ordinary share **147.3 cents**		117.4 cents	25% increase
Return on ordinary shareholders equity **23.2%**		20.2%	up 3.0%
Final dividend **46 cents**, interim 39 cents		40 cents	6 cents increase
EVA **$1,475 million**	$	1,275m	16% increase

Significant transactions

Profit after tax of $170 million on sale of businesses to joint venture with ING Group (2nd half)

Litigation with India s National Housing Bank (NHB) settled, with recovery of $248 million before tax ($159 million after tax) (1st half)

Special provision of $250 million to increase general provision for doubtful debts ($175 million after tax) (1st half)

Proforma annual results (adjusted for significant transactions)		Comparative Sep 01	Change
Net profit after tax **$2,168 million**	$	1,870m	**16% increase**
Earnings per ordinary share **137.0 cents**		117.4 cents	**17% increase**
Return on ordinary shareholders equity **21.6%**		20.2%	**up 1.4%**
Non Interest income **$2,796 million**	$	2,573	**9% increase**
Cost to income **46.0%**		48.0%	**down 2.0**
Provisioning levels increased, mainly from Marconi and Enron defaults			
Net specific provisions **$728 million**	$	520m	**40% increase**
Economic loss provision **$610 million**	$	531m	**15% increase**

Impact of expensing options and shares issued under $1,000 employee share plan

	Sep 02 $ million
Net profit after tax	2,322
Expense attributable to:	
Options issued to Management Board	(7)
Options issued to general management	(19)
Shares issued under $1,000 employee share plan	(18)
	(44)
Revised profit after tax	2,278
Revised EPS	144.4 cents

Half year results		Comparative Mar 02	Change
Net profit after tax **$1,272 million**	$	1,050m	21 increase%
Net profit excluding significant transactions **$1,102 million**	$	1,066m	3 increase%
Net profit excluding significant transactions and goodwill amortisation **$1,130 million**	$	1,076	5 increase%
Earnings per ordinary share **81.0 cents**		66.3 cents	22 increase%
Return on ordinary shareholders equity **24.8%**		21.6%	up 3.2%
Cost to income ratio (excluding significant transactions) **45.5%**		46.5%	down 1%
Net specific provisions **$362 million**	$	366m	1 decrease%

FINANCIAL HIGHLIGHTS

Net Profit

	Half year Sep 02	Half year Mar 02	Movt Sep 02 v. Mar 02	Full year Sep 02	Full year Sep 01	Movt Sep 02 v. Sep 01
	$ M	$ M	%	$ M	$ M	%
Net interest income	2,053	1,965	4%	**4,018**	3,833	**5%**
Other operating income	1,561	1,409	11%	**2,970**	2,573	**15%**
Operating income	3,614	3,374	7%	**6,988**	6,406	**9%**
Operating expenses	(1,575)	(1,330)	18%	**(2,905)**	(3,092)	**-6%**
Profit before debt provision	2,039	2,044		**4,083**	3,314	**23%**
Provision for doubtful debts	(309)	(551)	-44%	**(860)**	(531)	**62%**
Profit before income tax	1,730	1,493	16%	**3,223**	2,783	**16%**
Income tax expense	(457)	(441)	4%	**(898)**	(911)	**-1%**
Outside equity interests	(1)	(2)	-50%	**(3)**	(2)	**50%**
Net profit attributable to members of the Company	1,272	1,050	21%	**2,322**	1,870	**24%**
Net Profit Reconciliation						
Profit excluding profit after tax from sale of businesses to joint venture NHB recovery and special general provision for doubtful debts	1,102	1,066	3%	**2,168**	1,870	**16%**
Special general provision for doubtful debts after tax		(175)	-100%	**(175)**		**n/a**
Recovery from NHB litigation after tax		159	-100%	**159**		**n/a**
Profit on sale of businesses to ING joint venture after tax	170		n/a	**170**		**n/a**
Net profit attributable to members of the Company	1,272	1,050	21%	**2,322**	1,870	**24%**

Profit excluding profit on sale of businesses to joint venture, NHB recovery and special general provision for doubtful debts

	Half year Sep 02	Half year Mar 02	Movt Sep 02 v. Mar 02	Full year Sep 02	Full year Sep 01	Movt Sep 02 v. Sep 01
	$ M	$ M	%	$ M	$ M	%
Net interest income	2,053	1,965	4%	**4,018**	3,833	**5%**
Other operating income	1,387	1,409	-2%	**2,796**	2,573	**9%**
Operating income	3,440	3,374	2%	**6,814**	6,406	**6%**
Operating expenses	(1,575)	(1,578)		**(3,153)**	(3,092)	**2%**
Profit before debt provision	1,865	1,796	4%	**3,661**	3,314	**10%**
Provision for doubtful debts	(309)	(301)	3%	**(610)**	(531)	**15%**
Profit before income tax	1,556	1,495	4%	**3,051**	2,783	**10%**
Income tax expense	(453)	(427)	6%	**(880)**	(911)	**-3%**
Outside equity interests	(1)	(2)	-50%	**(3)**	(2)	**50%**

Net profit adjusted for significant transactions	1,102	1,066	3%	**2,168**	1,870	**16%**

3

Performance Measurements

	Half year Sep 02 $ M	Half year Mar 02 $ M	Full year Sep 02 $ M	Full year Sep 01 $ M
Profitability ratios				
Return on:				
Average ordinary shareholders equity(1)	24.8%	21.6%	**23.2%**	20.2%
Average ordinary shareholders equity(1) excluding significant transactions(3)	21.3%	22.0%	**21.6%**	20.2%
Average assets	1.43%	1.18%	**1.30%**	1.07%
Average risk weighted assets	1.83%	1.53%	**1.68%**	1.39%
Total income	19.6%	17.1%	**18.4%**	13.7%
Net interest average margin	2.79%	2.75%	**2.77%**	2.77%
Profit per average FTE ($)	56,011	46,464	**102,246**	82,667
Efficiency ratios(2)				
Operating expenses to operating income (excluding significant transactions(3))	45.5%	46.5%	**46.0%**	48.0%
Operating expenses to operating income	43.3%	39.1%	**41.3%**	48.0%
Operating expenses (excluding significant transactions)(3) to average assets	1.8%	1.8%	**1.8%**	1.8%
Operating expenses to average assets	1.8%	1.5%	**1.6%**	1.8%
Debt provisioning				
Economic loss provisioning ($M)	309	301	**610**	531
Special general provision charge ($M)		250	**250**	
Net specific provisions ($M)	362	366	**728**	520
Earnings per ordinary share (cents)				
Earnings per ordinary share (basic)	81.0	66.3	**147.3**	117.4
Earnings per ordinary share (diluted)	80.6	66.0	**146.6**	117.0
Earnings per ordinary share (basic) excluding significant transactions(3)	69.6	67.4	**137.0**	117.4
Earnings per ordinary share (basic) excluding significant transactions(3) and goodwill amortisation	71.5	68.1	**139.6**	118.5
Ordinary share dividends (cents)				
Interim - 100% franked (Mar 02: 100% franked)	n/a	39	**39**	33
Final - 100% franked (Sep 01: 100% franked)	46	n/a	**46**	40
Dividend payout ratio	57.0%	58.9%	**57.8%**	62.0%
Preference share dividend				
Dividend paid ($M)	57	60	**117**	119

EVA				
Profit (excluding ING notional goodwill) after tax excluding significant transactions(3)	1,120	1,066	**2,186**	1,870
Imputation credits	232	217	**449**	477
Risk adjusted profit	1,352	1,283	**2,635**	2,347
Cost of capital	(538)	(505)	**(1,043)**	(953)
Cost of preference share capital	(57)	(60)	**(117)**	(119)
EVA	757	718	**1,475**	1,275

(1). Ordinary shareholders equity excluding outside equity interests

(2). Excluding goodwill amortisation

(3). Significant transaction during the half year ended 30 September, 2002 was sale of businesses to INGA joint venture; during half year ended 31 March, 2002 were NHB recovery and special general provision for doubtful debts

Statement of Financial Position

	As at Sep 02	As at Mar 02	As at Sep 01	Movt Sep 02 v. Sep 01	Movt Sep 02 v. Mar 02
	$M	$M	$M	%	%
Assets					
Liquid assets	**7,410**	6,752	7,794	**-5%**	10%
Due from other financial institutions	**3,815**	3,468	4,829	**-21%**	10%
Trading and investment securities	**9,482**	7,905	8,314	**14%**	20%
Net loans and advances including acceptances	**145,856**	139,779	137,981	**6%**	4%
Other	**16,542**	18,685	26,575	**-38%**	-11%
Total assets	**183,105**	176,589	185,493	**-1%**	4%
Liabilities					
Due to other financial institutions	**10,860**	8,215	12,690	**-14%**	32%
Deposits and other borrowings	**113,297**	105,616	104,874	**8%**	7%
Liability for acceptances	**13,796**	14,512	14,324	**-4%**	-5%
Bonds and notes	**14,708**	14,437	15,340	**-4%**	2%
Other	**18,979**	23,006	27,714	**-32%**	-18%
Total liabilities	**171,640**	165,786	174,942	**-2%**	4%
Total shareholders equity	**11,465**	10,803	10,551	**9%**	6%

Assets and Capital

	As at Sep 02	As at Mar 02	As at Sep 01	Movt Sep 02 v. Sep 01 %	Movt Sep 02 v. Mar 02 %
Total assets ($M)	**183,105**	176,589	185,493	**-1%**	4%
Risk weighted assets ($M)	**141,390**	135,418	139,129	**2%**	4%
Shareholders equity(1) (2) ($M)	**11,448**	10,789	10,538	**9%**	6%
Total advances ($M)	**149,390**	142,934	141,800	**5%**	5%
Specific provisions ($M)	**(585)**	(589)	(500)	**17%**	-1%
Net advances ($M)	**148,805**	142,345	141,300	**5%**	5%
Net tangible assets per ordinary share ($)	**6.58**	6.14	5.96	**10%**	7%
Net tangible assets attributable to ordinary shareholders ($M)	**9,893**	9,191	8,875	**11%**	8%
Total number of ordinary shares (M)	**1,503.9**	1,495.7	1,488.3	**1%**	1%
Capital adequacy ratio (%)					
Inner Tier 1	**6.9%**	6.8%	6.4%	**9%**	3%
Tier 1	**7.9%**	7.8%	7.5%	**6%**	1%
Tier 2	**2.8%**	3.1%	3.3%	**-15%**	-9%
Total	**9.5%**	10.4%	10.3%	**-8%**	-9%
Adjusted common equity ($M)	**8,123**	8,522	8,257	**-2%**	-5%
% of risk weighted assets (%)	**5.7%**	6.3%	5.9%	**-3%**	-9%
General provision ($M)	**1,496**	1,546	1,386	**8%**	-3%
General provision as a % of risk weighted assets	**1.06%**	1.14%	1.00%	**6%**	-7%
Non-accrual loans ($M)					
Non-accrual loans	**1,203**	1,357	1,260	**-5%**	-11%
Specific provisions	**(575)**	(524)	(490)	**17%**	10%
Net non-accrual loans	**628**	833	770	**-18%**	-25%
Specific provision as a % of total non-accrual loans	**47.8%**	38.6%	38.9%	**23%**	24%
Total provisions(3) as a % of non-accrual loans	**172.2%**	152.5%	148.9%	**16%**	13%
Net non-accrual loans as a % of net advances	**0.4%**	0.6%	0.5%	**-23%**	-28%
Net non-accrual loans as a % of shareholders equity(4)	**5.5%**	7.7%	7.3%	**-25%**	-29%
Other information					
Full time equivalent staff (FTE s)	**22,482**	22,737	22,501		-1%
Assets per FTE ($M)	**8.1**	7.8	8.2	**-1%**	4%
Market capitalisation of ordinary shares ($M)	**26,544**	26,579	23,783	**12%**	

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(1). Excludes outside equity interests

(2). Includes preference share capital of $1,375 million (Mar 2002: $1,410 million; Sep 2001: $1,526 million)

(3). General provision plus specific provisions on non-accrual loans

(4). Includes outside equity interests

CHIEF FINANCIAL OFFICER S REVIEW

CHIEF FINANCIAL OFFICER
Peter Marriott

Overview

Australia and New Zealand Banking Group Limited (ANZ, or the Group) recorded a profit after tax of $2,322 million for the year ended 30 September 2002, an increase of 24% over the September 2001 year. Earnings per ordinary share were 25% higher, at 147.3 cents, and return on ordinary shareholders equity was up from 20.2% to 23.2%.

Net profit after tax was impacted by three significant items:

In January 2002, the Group settled its long standing litigation with National Housing Bank in India (NHB). This resulted in the recovery of $248 million ($159 million after tax), from the net amount of $575 million, which had been provided when the Group sold Grindlays to Standard Chartered Bank.

In March 2002, following an assessment of the general provision balance, a special provision for doubtful debts of $250 million ($175 million after tax) was charged in order to restore the provision balance to an appropriate level in the current environment of unexpected investment grade defaults.

In April 2002, certain life and general insurance and funds management businesses were sold to a joint venture with ING Group, and a 49% interest in the joint venture was acquired. A profit after tax of $170 million arose on sale of the businesses. This is slightly lower than the estimated $180 million advised at the time of sale due to higher exit and clawback provisions.

Profit after tax for the year excluding these items was $2,168 million, an increase of 16% over the September 2001 year. Adjusting for the 4% reduction in the Australian corporate tax rate, profit after tax increased by 11%. Key influences on the operating result for the year were:

Growth of 5% in net interest income. Changes in the funding mix (deposits grew by $4 billion in the Personal businesses, and by $4 billion in the Corporate businesses) assisted this growth. Net lending assets grew by $7.5 billion overall, with growth of $8.9 billion in Mortgages offset by a $2.7 billion decline in Corporate and Investment bank lending assets.

A 9% increase in other operating income. Lending fees grew by 11%, principally from an increased range of specialist services in Corporate businesses. Non-lending fees grew principally from higher transaction volumes in Consumer Finance.

Expenses increased by 2% (3% adjusting for sale of businesses to INGA joint venture). Personnel numbers were held steady. Increases in computer expenses were primarily driven by increased software amortisation.

The provision for doubtful debts increased by 15%. While the ELP charge to operating segments was relatively stable, central charges were taken in each half as a conservative measure to reflect higher levels of default in our UK and US portfolios. The recent collapses of previously investment grade corporates, and the uncertain economic outlook, have influenced the level of central provisioning.

Equity instruments issued to employees

Under current Australian Accounting Standards, certain equity instruments issued to employees are not required to be expensed. The Group does not presently expense shares issued to employees under the $1,000 scheme, nor options issued to employees.

The absence of accounting guidance in this area, and the current Australian taxation legislation leads to the possibility of share capital becoming tainted, for tax purposes, should these equity instruments be expensed. Accordingly it has not been possible to change our accounting to expense these items. It is expected that changes will be made shortly to both accounting standards and taxation laws to overcome these impediments. The impact of expensing these equity instruments issued to employees is shown below and detailed on page 73:

	Actual 2002	After expensing $1,000 share and options 2002
NPAT	$ 2,322m	$ 2,278m
EPS	147.3 cents	144.4 cents

Comparison of September 2002 half year with the March 2002 half year

Profit after tax for the September half year, excluding the profit on sale of businesses to the joint venture, was $1,102 million. This was 3% higher than the March half year, excluding the NHB recovery and the special provision for doubtful debts. Excluding amortisation of notional goodwill on the INGA joint venture, cash earnings increased 5% demonstrating continued earnings momentum.

Features of the second half

Key factors effecting the second half were:

Official interest rates in Australia and New Zealand rose by 0.5% and 1% respectively during the half and the financial markets anticipate further rises. This benefited the net interest margin of our deposit-taking businesses (principally Personal Banking), but reduced the net interest margin in our Mortgages, Consumer Finance and Group Treasury businesses.

Overall net interest margin increased by 4 basis points, with improved spread.

Lending growth of 4.5% was driven principally by strong home loan growth of 8.3% reflecting the focus of increasing our portfolio towards consumer.

Deposit volume growth was again sufficient to fund lending growth without securitising mortgage assets.

Non interest income fell by $22 million. Adjusting for the sale of ANZ Funds Management business, income increased $50 million or 4% (including $18 million of goodwill amortisation).

Operating expenses were impacted by increasing software amortisation, initiatives in cards programs, and from the first half, acquisitions in the Pacific. The sale of the ANZ Funds Management business to the INGA joint venture reduced costs by $31 million meaning that the underlying increase in costs was 1.8%.

Our focus going forward remains investment in more attractive sectors to grow income, whilst continuing to maintain a healthy buffer between income growth and cost growth and thus continuing to moderately lower the cost income ratio.

Major Projects

Major projects being undertaken across the Group are designed to streamline our processes and to improve our interaction with customers. Our programs leverage the value of technology to create better ways to work and to serve our customers. During the second half, the Group:

Implemented a new general ledger across Australia and New Zealand, as part of the Common Administrative System (CAS). The final part of CAS, payroll services, will roll out in Australia and New Zealand during the next 6 months. Accounts payable, procurement, fixed assets management and human resources management are already operating on CAS.

Completed the implementation of the new back office processing system for cards, VisionPlus. This system provides increased flexibility to develop and implement new products.

Development of the new technology system for our branch network, including a branch sales platform, continued. This project will improve our general banking processes, and will better support our front line staff and our Restoring Customer Faith program.

The Payments Transformation Project will simplify the payments architecture of the Bank by replacing a range of existing payments processing applications and functions with a single integrated vendor solution.

Our Restoring Customer Faith program is an initiative designed to radically transform our approach to the business of branch banking. The program aims to enable a customer-centric ownership culture that drives the transformation of the branch network. The model is initially being implemented in Victoria and New Zealand. The organisational model empowers our frontline staff, cuts bureaucracy and builds customer and staff advocacy.

Completed the replacement of merchant EFTPOS terminals for the new smart-chip enabled credit cards.

Restructured the Telstra and Qantas Visa card loyalty structure and administration.

Progressed the upgrade of all PC hardware to Windows 2000 compatible hardware to enhance security and enable centralised and standardised management.

Restructuring expenditure against the provision raised at September 2000 was $37 million in the half and $105 million for the full year (total spend to date $361 million, ie. fully utilised). The remaining central restructuring balance of $95 million represents on-going restructuring programs to which we are committed and has been funded from annual profits.

Approximately one-third of the original restructuring provision has been used for redundancies and the balance for surplus lease space, EDP hardware write offs (Windows 2000 and EFTPOS terminals), payout costs, write off on fittings on refurbishment and restructuring program costs. Benefits from these programs are estimated to be two-thirds costs and one-third revenue enhancement and the efficiencies from these programs have contributed to ANZ s leading cost income ratio.

The Group has capitalised the development of software for major projects. As at 30 September, 2002, the balance of software capitalised was $419 million ($303 million at September 2001). Software is amortised over 3 to 5 years, commencing on the date of implementation (the only exception is the branch network platform, which is amortised over 7 years). During the second half, software amortisation of $27 million was recognised. The software amortisation charge is expected to approach $90 million for the 2003 full year. The build up in capitalised projects has been at a time when the Group has had an unusually high number of long term infrastructure projects.

Balances of amounts capitalised for major projects include:

	$ million
Branch Sales and Service Platform and Telling - new technology platform for our branches, including telling	91
Common Administrative System - web based administration system	69
VisionPlus - Cards processing platform	34
Yuetsu - back office processing for Esanda	30
CVM - single view of customer database	28
Middleware - allows better communication between host systems and applications	16
Mortgages Origination System - streamline mortgage processing	13
Payments Transform - simplifying payments architecture	13
Tandem - replacement of current EFTPOS/ATM infrastructure	13
STP Mortgages - straight through processing for mortgages	11
Contact Centre - consolidation of call centres	10

Risk

The Group economic loss provision (ELP) was $610 million, compared with $531 million in the year to September 2001. A new methodology implemented in the first half of 2002 has enhanced our measurement of corporate credit risk, and allowed more accurate risk assessment in the Consumer Finance portfolios.

The ELP charge to operating segments remained stable at $538 million in the year to September 2002. ELP reduced slightly in the Personal portfolios offset by an increase in risk in the offshore investment banking portfolio.

In addition to the $250 million special provision taken in March 2002 (refer page 7), a charge of $72 million (5 basis points) was taken centrally. This charge recognises the continued uncertainty in the international economic outlook, and is based on moving the credit profile of our offshore structured finance portfolio down one grade on our internal rating scale (equivalent to increasing the expected default percentages by approximately 150%) to reflect the higher incidence of downgrade and default evident in the portfolio. We do not expect to see a significant decrease in our ELP charge until there is evidence that the level of unexpected losses have reduced. Excluding the $250 million special provision, the ELP rate increased over the year to 43 basis points compared to 38 basis points for the September 2001 year.

Net specific provisions were $728 million, up from $520 million in the September 2001 year. A small number of large single name losses in the United Kingdom and Americas portfolios caused the increase with provisions in the Australia and New Zealand portfolios falling by 30% or $153 million over the year. Provisions on formerly investment grade names dominated the total net specific provisions including Marconi and Enron which alone accounted for 43% of the total net specific provisions (64% of Corporate businesses net specific provisions).

Net non-accrual loans were $628 million at September 2002 compared with $770 million at September 2001 with new non-accruals principally from former investment grade names in the UK and US. The general provision balance at 30 September 2002 was $1,496 million (1.06% of risk weighted assets), compared with $1,386 million (1.00% of risk weighted assets) at 30 September 2001.

Capital management

The Group s Tier 1 ratio increased in the half to 7.9%. The total capital adequacy ratio remains strong at 9.5%, with a small reduction in the Tier 2 ratio and an increase in deductions.

Following the establishment of the joint venture with ING Group, our principal focus is Adjusted Common Equity, defined as the Tier 1 capital, less preference shares and deductions of investments in funds management subsidiaries from total capital. Over the September 2002 half, Adjusted Common Equity decreased from 6.3% to 5.7% of risk weighted assets, however remains at the top of our target range of 5.25% to 5.75%. The investment in the joint venture, which was funded from internal resources, has increased the deductions from capital, as shown in the table below.

	Sep 02	Mar 02	Sep 01	Mar 01
	$B	$B	$B	$B
Tier 1	11.2	10.6	10.4	10.0
Preference Shares	(1.4)	(1.4)	(1.5)	(1.5)
Deductions	(1.7)	(0.7)	(0.6)	(0.3)
Adjusted Common Equity ($B)	**8.1**	**8.5**	**8.3**	**8.2**
% of risk weighted assets	**5.7%**	**6.3%**	**5.9%**	**6.0%**

The Group is managed to maximise value for our shareholders. One measure of shareholder value is EVA™ (Economic Value Added) growth relative to prior periods. EVA™ for the year ended 30 September 2002 was $1,475 million, up from $1,275 million for the year ended 30 September 2001. EVA for the September 2002 half was $757 million, compared with $718 million for the March 2002 half.

EVA™ is a measure of risk adjusted accounting profit. It is based on operating profit after tax, adjusted for one-off items, the cost of capital, imputation credits and economic credit costs. Of these, the major component is the cost of capital, which is calculated on the risk adjusted or economic capital at a rate of 11%.

At ANZ, economic capital is the equity allocated according to a business unit s inherent risk profile. It is allocated for several risk categories including: credit risk, operating risk, interest rate risk, basis risk, mismatch risk, investment risk, trading risk and other risk. The methodology used to allocate capital to business units for risk is designed to help drive appropriate risk management and business strategies throughout the Group.

EVA™ is a key measure for evaluating business unit performance and correspondingly is a key factor in determining the variable component of remuneration packages. Business unit results are equity standardised, by eliminating the impact of earnings on each business unit s book capital and attributing earnings on the business unit s risk adjusted or economic capital.

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Business Segment Performance

Analysis of the segment and business unit results appears on pages 15 to 55. The principles used to compile business unit results are explained in the glossary on page 122.

Net profit for each business is determined after service transfer pricing and equity standardisation.

The Group from time to time modifies the organisation of its businesses to enhance the focus on delivery of specialised products or services to customers. Prior period numbers are adjusted for such organisational changes to allow comparability.

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Personal Banking and Wealth Management	293	280	5%	**573**	526	**9%**
Corporate Businesses	270	257	5%	**527**	466	**13%**
ANZ Investment Bank	157	154	2%	**311**	288	**8%**
Small to Medium Business	82	75	9%	**157**	130	**21%**
Mortgages	123	123		**246**	236	**4%**
Consumer Finance	71	78	-9%	**149**	99	**51%**
Asset Finance	54	48	13%	**102**	92	**11%**
Group Treasury	61	63	-3%	**124**	75	**65%**
Operating segments total	**1,111**	**1,078**	3%	**2,189**	**1,912**	**14%**
Corporate Centre	(9)	(12)	-25%	**(21)**	(42)	**-50%**
Profit excluding significant transactions(1)	**1,102**	**1,066**	3%	**2,168**	**1,870**	**16%**

(1). Significant transaction during the half year ended 30 September, 2002 was sale of businesses to INGA joint venture; during half year ended 31 March, 2002 were NHB recovery and special provision for doubtful debts.

Specialist Business Units

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Personal Banking Australia	132	120	10%	**252**	243	**4%**
Personal Banking New Zealand	51	44	16%	**95**	102	**-7%**
Asia Pacific Personal Banking	49	43	14%	**92**	66	**39%**
Wealth Management	53	48	10%	**101**	70	**44%**
INGA Joint Venture / ANZ Funds Management	8	25	-68%	**33**	45	**-27%**
Corporate Banking	66	68	-3%	**134**	126	**6%**
Global Institutional Banking	128	115	11%	**243**	205	**19%**
Global Transaction Services	76	74	3%	**150**	135	**11%**
Global Foreign Exchange	43	41	5%	**84**	87	**-3%**
Global Capital Markets	33	31	6%	**64**	53	**21%**
Global Structured Finance	43	41	5%	**84**	76	**11%**
Corporate Finance & Advisory	38	41	-7%	**79**	72	**10%**
Small to Medium Business	82	75	9%	**157**	130	**21%**
Mortgages	123	123		**246**	236	**4%**
Consumer Finance	71	78	-9%	**149**	99	**51%**
Asset Finance	54	48	13%	**102**	92	**11%**
Group Treasury	61	63	-3%	**124**	75	**65%**
Operating segments total	**1,111**	**1,078**	3%	**2,189**	**1,912**	**14%**
Corporate Centre	(9)	(12)	-25%	**(21)**	(42)	**-50%**
Profit excluding significant transactions(1)	**1,102**	**1,066**	3%	**2,168**	**1,870**	**16%**

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(1). Significant transaction during the half year ended 30 September, 2002 was sale of businesses to INGA joint venture; during half year ended 31 March, 2002 were NHB recovery and special provision for doubtful debts.

14

PERSONAL BANKING AND WEALTH MANAGEMENT

Elmer Funke Kupper

Comprises Personal Banking Australia, Personal Banking New Zealand, Asia Pacific Personal Banking, Wealth Management and the INGA joint venture

	Half year Sep 02	Half year Mar 02	Movt Sep 02 v. Mar 02	Full year Sep 02	Full year Sep 01	Movt Sep 02 v. Sep 01
	$M	$M	%	$M	$M	%
Net interest income	553	524	6%	**1,077**	1,096	**-2%**
Other external operating income	388	433	-10%	**821**	814	**1%**
Net inter business unit fees	156	150	4%	**306**	272	**13%**
Operating income	1,097	1,107	-1%	**2,204**	2,182	**1%**
External operating expenses	(526)	(530)	-1%	**(1,056)**	(1,038)	**2%**
Net inter business unit expenses	(140)	(144)	-3%	**(284)**	(292)	**-3%**
Operating expenses	(666)	(674)	-1%	**(1,340)**	(1,330)	**1%**
Profit before debt provision	431	433	0%	**864**	852	**1%**
Provision for doubtful debts	(19)	(19)	0%	**(38)**	(38)	**0%**
Profit before income tax	412	414	0%	**826**	814	**1%**
Income tax expense and outside equity interests	(119)	(134)	-11%	**(253)**	(288)	**-12%**
Net profit attributable to members of the Company	293	280	5%	**573**	526	**9%**
Net loans & advances including acceptances	7,224	6,770	7%	**7,224**	6,967	**4%**
Other external assets	3,411	7,565	-55%	**3,411**	6,630	**-49%**
External assets	10,635	14,335	-26%	**10,635**	13,597	**-22%**
Deposits and other borrowings	37,906	36,064	5%	**37,906**	34,082	**11%**
Other external liabilities	1,436	6,063	-76%	**1,436**	5,916	**-76%**
External liabilities	39,342	42,127	-7%	**39,342**	39,998	**-2%**
Net interest average margin	3.20%	3.04%	5%	**3.12%**	3.37%	**-7%**
Return on assets	1.50%	1.34%	12%	**1.42%**	1.38%	**3%**
Return on risk weighted assets	4.80%	4.62%	4%	**4.71%**	4.59%	**3%**
Operating expenses to operating income	60.5%	60.8%	0%	**60.7%**	61.0%	**0%**
Operating expenses to average assets	3.40%	3.21%	6%	**3.30%**	3.48%	**-5%**
Net specific provisions	15	11	36%	**26**	30	**-13%**
Net specific provision as a% of average net advances	0.43%	0.32%	32%	**0.38%**	0.44%	**-15%**
Net non-accrual loans	22	22	0%	**22**	23	**-4%**
Net non-accrual loans as a% of net advances	0.30%	0.32%	-6%	**0.30%**	0.33%	**-8%**
Total employees	8,917	9,308	-4%	**8,917**	9,283	**-4%**

PERSONAL BANKING AUSTRALIA
Elmer Funke Kupper

Provides a full range of banking services for personal customers and rural small business customers in Australia through branches, call centres and on-line banking

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M%	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Net interest income	311	291	7%	**602**	613	**-2%**
Other external operating income	148	140	6%	**288**	270	**7%**
Net inter business unit fees	133	133		**266**	271	**-2%**
Operating income	592	564	5%	**1,156**	1,154	
External operating expenses	(302)	(292)	3%	**(594)**	(581)	**2%**
Net inter business unit expenses	(91)	(90)	1%	**(181)**	(186)	**-3%**
Operating expenses	(393)	(382)	3%	**(775)**	(767)	**1%**
Profit before debt provision	199	182	9%	**381**	387	**-2%**
Provision for doubtful debts	(10)	(11)	-9%	**(21)**	(22)	**-5%**
Profit before income tax	189	171	11%	**360**	365	**-1%**
Income tax expense and outside equity interests	(57)	(51)	12%	**(108)**	(122)	**-11%**
Net profit attributable to members of the Company	132	120	10%	**252**	243	**4%**
Operating expenses to operating income	66.4%	67.7%	-2%	**67.0%**	66.5%	**1%**
Net specific provisions	8	8		**16**	19	**-16%**
Net non-accrual loans	12	7	71%	**12**	7	**71%**
Total employees	4,582	4,614	-1%	**4,582**	4,866	**-6%**

2002 result

Profit after tax grew by 4%, helped by the change in the Australian tax rate. Profit before tax was 1% lower, with income flat, and a small increase in expenses. Core deposit business and transaction volumes were successfully grown throughout the year, but interest margins in the first half contracted due to falling interest rates. Profit grew strongly in the second half with margins between wholesale and official interest rates widening in the rising rate environment.

Features of the second half

Operating income increased by 5%, with growth in both net interest and other income. Net interest income benefited from higher deposit volumes and interest margins.

Deposit volumes grew by 6%, continuing the impact of marketing campaigns in the first half and reflecting ANZ s competitive pricing on term deposit products. Deposit interest margins benefited from the rises in interest rates during the second half.

Growth in lending fees and seasonal loan approval fees around the tax year-end, was partly offset by a reduction in account transaction and service fees following the migration of Access customers to the low cost Access Advantage and Select accounts.

Operating expenses were 3% higher in the half. Personnel expenses increased, due mainly to the timing of the annual pay award. Software amortisation and the operating costs emanating from a new branch sales platform added to technology expenses. These impacts were partly offset by the benefits of purchasing initiatives, which have reduced overheads.

Provision for doubtful debts was slightly lower reflecting lower demand for lending in the rural economy.

Achievements

Launched the Access Advantage account, providing unlimited ANZ transactions for $5 per month.

Confirmed commitment to rural Australia with establishment of Rural Banking unit.

Launched a Customer Charter, with 10 promises to customers.

Implemented the Restoring Customer Faith program in Victoria, and launched it in New South Wales and New Zealand.

Improved staff satisfaction from 48% to 75% in the past 12 months.

Business environment and outlook

Reflecting ANZ s corporate heritage, Personal Banking Australia has an underweight position in the consumer segment. Market share in transaction and deposit banking ranges between 8%-10%.

ANZ maintains a large footprint in this market segment, with 745 Branches (15% of total branches), and 1,128 ATMs (8% of total ATMs), leaving ANZ well placed to further grow this segment of the business.

Apart from general system growth in transaction and deposit volumes, a key driver for this business is the interest rate trend. A rising interest rate environment tends to have a beneficial impact, which was reflected in the improved financial results over the last six months.

ANZ has made a strong commitment to reconnect with customers and the community. A key initiative for achieving this is our Restoring Customer Faith program, which is designed to significantly improve the customer service proposition, and to strengthen the links between branches and their local communities.

Objectives

Improve cross sell, particular for wealth management products.

Significantly increase customer number.

Continue implementation of Restoring Customer Faith initiative.

Increase customer satisfaction and maintain this above peer levels.

Seek greater efficiencies in our back office and support areas.

PERSONAL BANKING NEW ZEALAND

Murray Horn

Provides a full range of banking services, including wealth management, for personal customers and rural small business customers in New Zealand through branches, call centres and on-line banking

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Net interest income	104	88	18%	**192**	177	**8%**
Other external operating income	74	71	4%	**145**	149	**-3%**
Net inter business unit fees	15	15		**30**	31	**-3%**
Operating income	193	174	11%	**367**	357	**3%**
External operating expenses	(82)	(77)	6%	**(159)**	(139)	**14%**
Net inter business unit expenses	(33)	(29)	14%	**(62)**	(60)	**3%**
Operating expenses	(115)	(106)	8%	**(221)**	(199)	**11%**
Profit before debt provision	78	68	15%	**146**	158	**-8%**
Provision for doubtful debts	(2)	(2)		**(4)**	(5)	**-20%**
Profit before income tax	76	66	15%	**142**	153	**-7%**
Income tax expense and outside equity interests	(25)	(22)	14%	**(47)**	(51)	**-8%**
Net profit attributable to members of the Company	51	44	16%	**95**	102	**-7%**
Operating expenses to operating income	59.6%	60.9%	-2%	**60.2%**	55.7%	**8%**
Net specific provisions	2	1	100%	**3**	4	**-25%**
Net non-accrual loans			n/a		4	**-100%**
Total employees	1,667	1,581	5%	**1,667**	1,575	**6%**

2002 results

Profit after tax fell by 7%, (10.5% excluding foreign exchange impact) from the record result in 2001. Income showed some growth, but expenses were 11% higher, due to investment in the branch network. Operating income in 2001 was boosted by property sales, and 2001 expenses were reduced by one-off cost recoveries.

Features of the second half

Profit after tax was 16% higher driven by Net Interest Income which grew by 18%, with growth in deposit volumes and a margin benefit from the 1% rise in interest rates since March 2002.

Operating expenses were 8% higher, impacted by increased technology costs, including amortisation of the new branch sales platform. Staff numbers were increased to cover longer operating hours (Saturdays and late nights) and to reduce queues.

Loan delinquencies and losses remain at sound levels.

While improving, customer satisfaction levels remain below target.

Achievements

Established Personal Banking New Zealand as a separate Group business.

Piloted Restoring Customer Faith and launched full rollout across most of the branch network as part of the Restoring Customer Faith project.

Completed the INGA joint venture in New Zealand and commenced integration of the wealth business into Personal Banking.

Improved staff satisfaction from 63% to 81% in the past 12 months.

Business environment and outlook

The New Zealand personal banking market is highly competitive, with 5 major established banks. In what is a relatively small market, the Government owned Kiwi Bank was launched during the year.

The ANZ footprint is less than market weight, with 143 Branches (15% of total branches), and 394 ATMs (21% of total ATMs).

ANZ has made a strong commitment to reconnect with customers and the community. A key initiative for achieving this is our Restoring Customer Faith program, which is designed to significantly improve the customer service proposition, and to strengthen the links between branches and their local communities.

Objectives

Focused on longer-term growth by getting the basics right :

Improve customer satisfaction.

Improve service delivery and reduce queues.

Improve sales productivity, and grow specialist sales force.

Grow key segments including wealth and focus on faster growing regions.

These initiatives will be underwritten by Restoring Customer Faith, which brings management of the business much closer to the customer.

ASIA PACIFIC PERSONAL BANKING
Bob Lyon

Provision of primarily retail banking services in the Pacific Region and Asia, including ANZ s share of PT Panin Bank in Indonesia

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Net interest income	57	55	4%	**112**	125	**-10%**
Other external operating income	78	66	18%	**144**	86	**67%**
Net inter business unit fees			n/a			**n/a**
Operating income	135	121	12%	**256**	211	**21%**
External operating expenses	(50)	(44)	14%	**(94)**	(78)	**21%**
Net inter business unit expenses	(14)	(14)		**(28)**	(31)	**-10%**
Operating expenses	(64)	(58)	10%	**(122)**	(109)	**12%**
Profit before debt provision	71	63	13%	**134**	102	**31%**
Provision for doubtful debts	(5)	(5)		**(10)**	(9)	**11%**
Profit before income tax	66	58	14%	**124**	93	**33%**
Income tax expense and outside equity interests	(17)	(15)	13%	**(32)**	(27)	**19%**
Net profit attributable to members of the Company	49	43	14%	**92**	66	**39%**
Operating expenses to operating income	45.9%	47.1%	-3%	**46.5%**	51.7%	**-10%**
Net specific provisions	5		n/a	**5**	5	
Net non-accrual loans	11	14	-21%	**11**	10	**10%**
Total employees	1,547	1,566	-1%	**1,547**	1,347	**15%**

2002 results

Profit after tax grew very strongly by 39% ($26 million). Acquisitions in PNG, Fiji, Vanuatu and Kiribati and increased returns from Panin were the main contributors to this result.

Features of the second half

Operating income increased by 12%, or $14 million ($16 million underlying increase, offset by $2 million decrease due to average exchange rate movements).

Net interest income increased mainly in PNG, due to lending volume growth, partly offset by lower margin.

Other income grew by 18% due to:

Increased equity accounted income from Panin.

Increased revenue resulting from acquisitions.

Higher foreign exchange earnings mainly due to the volatility of the PNG Kina.

Continued revenue diversification through focus on extending our electronic banking and distribution channels.

Operating expenses were 10% higher, partly reflecting the full half impact of the acquisition of several Bank of Hawaii businesses, and further investment in electronic banking initiatives and upgraded operating platforms. Reorganisation and centralisation of some functions across the Pacific region is underway and will lead to in-sourcing opportunities as well as reduced costs. Investment in infrastructure replacement will continue in the next financial year.

Provision for doubtful debts increased slightly due to the higher lending volumes, with minimal change in the risk profile. The specific provision related to one exposure in the Pacific.

*Grade	Sep-01	Mar-02	Sep-02
B+ to CCC	9.2%	6.8%	10.2%
CCC and lower	2.2%	2.6%	2.6%
ELP Rate	0.82%	0.82%	0.86%

Internal credit ratings have been mapped to equivalent external credit grades in this table

Achievements

Acquisition and integration of Bank of Hawaii businesses in Vanuatu, Fiji and PNG.

First full year of operation for acquired businesses in American Samoa, Kiribati and the greenfield business in East Timor.

Further strengthening of the Panin retail banking franchise in Indonesia, and increased returns from the Panin investment.

Continued growth in electronic banking channels and transactions; ATMs, EFTPOS, Cards and Internet Banking.

Commencement of a Virtual Hub centralised operations centre in the Region.

Business environment and outlook

Economic prospects vary across the Pacific region. Of the major economies, Fiji is expecting an uplift on the back of increased tourism, further helped by next year s South Pacific Games to be held in Suva. The Papua New Guinea economy is looking fragile with many projects running off and little new investment on the horizon except for the proposed gas pipeline.

Our operations in Asia are expected to show continued improvement in line with positive outlooks in the Asian economies.

Objectives

In the Pacific region, ANZ plans to further strengthen existing positions, and where appropriate, consider further infill acquisitions that meet our return criteria.

In Asia, ANZ s objective is to assist the further development and growth of Panin Bank. ANZ will also continue to consider modest, lower risk investments in the region that could provide opportunities for longer term growth.

WEALTH MANAGEMENT

Craig Coleman

Wealth Management delivers comprehensive financial advisory, trustee and distribution services to high net worth customers in Australia covering investment, risk, lending and banking

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Net interest income	97	90	8%	**187**	177	**6%**
Other operating income	68	69	-1%	**137**	108	**27%**
Operating income	165	159	4%	**324**	285	**14%**
Operating expenses	(88)	(90)	-2%	**(178)**	(176)	**1%**
Profit before debt provision	77	69	12%	**146**	109	**34%**
Provision for doubtful debts	(1)	(1)		**(2)**	(2)	
Profit before income tax	76	68	12%	**144**	107	**35%**
Income tax expense and outside equity interests	(23)	(20)	15%	**(43)**	(37)	**16%**
Net profit attributable to members of the Company	53	48	10%	**101**	70	**44%**
Operating expenses to operating income	53.3%	56.6%	-6%	**54.9%**	61.8%	**-11%**
Total employees	1,006	881	14%	**1,006**	805	**25%**

2002 results

Profit before tax grew by 35% and with the benefit of the Australian tax rate change, profit after tax was 44% higher. Revenues grew 14% reflecting strong business momentum, underpinned by increased mortgage sales and retentions, higher income from E*Trade milestone shares, and growth in deposits. Operating efficiency continued to improve notwithstanding additional investment in professionally accredited financial planners.

Features of the second half

Interest income grew by 8% principally due to growth in deposits.

Other income was relatively flat, as increased income from managed investments due to improved commission rates negotiated with the joint venture and strong mortgage sales was offset by the general market slow down in managed investment product sales.

Despite ongoing investment in growing ANZ s financial planning force, operating expenses were marginally lower in the second half largely due to the allocation of costs to be borne by the executors and trustees business following separation from ANZ Investments and tighter cost control on non-core activities.

Achievements

Increased planner force by 73 (29%) FTE to 322.

Implemented first phase of Adviser Workbench to increase adviser effectiveness, including new planning software and tools, plus increased paraplanning support.

Met the 30 June 2002 planner training and qualification requirement outlined in ASIC Policy Statement 146.

Increased shareholding in E*TRADE to 35%.

Business environment and outlook

The Australian wealth management market, comprising both investment and lending products, has an industry profit pool of approximately $600 million and strong growth potential.

Despite short term market uncertainties, funds under management are expected to grow in excess of 10% per annum over the next 10 to 15 years.

Growth in funds under management of managed investment products in 2002 substantially slowed due to both adverse market performance and customers choosing to redeem their investments in the face of uncertain markets.

The INGA/ANZ joint venture provides an excellent platform for managed investment growth that will enable ANZ to strengthen the managed investment relationships with our customers.

Objectives

Successfully leverage and optimise the INGA joint venture.

Grow financial planner numbers from 322 to 372 over the next year, with a goal of 600 financial planners by 2005.

Double retail funds flows by 2005.

ING AUSTRALIA / SOLD BUSINESSES

John Wylie Elmer Funke Kupper

ING Australia, the joint venture between ANZ and ING Group, provides integrated manufacture and distribution of wealth creation, management and protection products and services aligned to ANZ distribution and the open market

The table shows the results of the INGA joint venture for 5 months of the half year ended September 2002, and the results of the ANZ business sold into the joint venture, for one month of this half year.

	Half year Sep 02 $M	**Half year Sep 02 $M**	**Half year Sep 02 $M**	**Half year Mar 02 $M**	**Movt Sep 02 v. Mar 02 %**	**Full year Sep 02 $M**	**Full year Sep 01 $M**	**Movt Sep 02 v. Sep 01 %**
	Joint Venture	**Sold Businesses**	**Total**	**Total**		**Total**	**Total**	
Net interest income	(18)	1	(17)		n/a	**(17)**	**5**	**n/a**
Other operating income	7	22	29	87	-67%	**116**	**170**	**-32%**
Operating income	(11)	23	12	87	-86%	**99**	**175**	**-43%**
Operating expenses		(6)	(6)	(37)	-84%	**(43)**	**(80)**	**-46%**
Profit before debt provision	(11)	17	6	50	-88%	**56**	**95**	**-41%**
Provision for doubtful debts					n/a			**n/a**
Profit before income tax	(11)	17	6	50	-88%	**56**	**95**	**-41%**
Income tax expense	4	(2)	2	(25)	n/a	**(23)**	**(50)**	**-54%**
Net profit after income tax	(7)	15	8	25	-68%	**33**	**45**	**-27%**
Total employees		105	105	655	-84%	**105**	**673**	**-84%**
FUM ($B)(1)	26.6	n/a	26.6	7.6	n/a	**n/a**	7.2	**n/a**
Gross Retail flows ($M)(1)	2,852	n/a	2,852	1,202	n/a	**n/a**	2,530	**n/a**
Net Retail flows ($M)(1)	742	n/a	742	115	n/a	**n/a**	486	**n/a**
Plan for Life Ranking - Gross Retail flows(1)	6	n/a	6	10	n/a	**n/a**	10	**n/a**
Plan for Life Ranking - Net Retail flows(1)	6	n/a	6	11	n/a	**n/a**	11	**n/a**

(1). Australia only. As the joint venture commenced on 1 May 2002, prior period comparatives are for ANZ Investments only. Market rankings of gross and net retail flows exclude cash and are based on Plan for Life information with a three month lag.

2002 results

The 2002 result includes 7 months trading of the businesses sold to the INGA joint venture and 5 months trading of our share of the joint venture. The joint venture s overall contribution to ANZ was below expectations principally due to lower investment earnings on capital partly offset by a gain on an investment hedge taken out by ANZ to reduce its exposure to equity risk held by the joint venture. This is in line with ANZ s policy not to take general market equity risk. Lower managed investment income was largely offset by higher insurance income.

Employees of sold businesses will progressively migrate to the joint venture.

Features of the second half

The joint venture contributed a net loss of $7 million, made up as follows:

ANZ s equity accounted share of the joint venture profits	$	20 million
Investment earnings hedge income (net of tax)	$	5 million
Funding cost (net of tax)	$	(14 million)
Amortisation of notional goodwill	$	(18 million)

The joint venture has maintained its relative market ranking in gross and net retail inflows, however funds under management has been adversely impacted both by market performance and slowing in the absolute level of net and gross inflows.

A profit of $15 million was made by the sold businesses in the half year to September 2002 and reflects a combination of the underlying business performance for April 2002 plus accounting adjustments prior to transfer into the joint venture.

Achievements

Enhanced products - OneAnswer Mastertrust launched to ING advisors and ANZ Wealth Management financial planners.

Repositioned ING Australia owned advisor network with the launch of a new advisor group Tandem Financial Services aimed at growing the wealth accumulator market.

Enhanced adviser support services to the ANZ financial planner network and established tailored service levels for open market adviser segments.

Reduced headcount below joint venture integration targets and locked in near term cost reductions.

Launched claims management and efficiency initiatives in the Life risk business.

Commenced initiatives to create a Fast, Focused, Open culture.

Redefined Management Information needs and agreed and commenced rollout of an IT systems roadmap.

Business environment and outlook

Revenue has been generally weaker than expected with the adverse impact of volatile investment markets on capital and customer investments.

Investor caution, in a period of volatile investment returns, has resulted in lower sales volumes and funds under management growth.

Revenues from the Risk business have been better than expected reflecting a number of initiatives to improve the efficiency.

Expenses have been managed closely and are in line with expectations. Cost reduction initiatives pursued over the next 12 months are expected to deliver improved efficiency.

Objectives

Profitable growth - deliver shareholder expectations.

Relevant in market - top 3.

Deliver customer focused solutions - grow aligned distribution and economically capture open market channel funds under management and premiums.

Become a low cost operator.

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CORPORATE BUSINESSES

Bob Edgar

Comprises Corporate Banking, Global Institutional Banking (including Asia) and Global Transaction Services

	Half year Sep 02 $M	**Half year Mar 02 $M**	**Movt Sep 02 v. Mar 02 %**	**Full year Sep 02 $M**	**Full year Sep 01 $M**	**Movt Sep 02 v. Sep 01 %**
Net interest income	331	334	-1%	**665**	669	**-1%**
Other external operating income	368	352	5%	**720**	665	**8%**
Net inter business unit fees	(18)	(18)		**(36)**	(38)	**-5%**
Operating income	681	668	2%	**1,349**	1,296	**4%**
External operating expenses	(155)	(151)	3%	**(306)**	(303)	**1%**
Net inter business unit expenses	(68)	(71)	-4%	**(139)**	(147)	**-5%**
Operating expenses	(223)	(222)		**(445)**	(450)	**-1%**
Profit before debt provision	458	446	3%	**904**	846	**7%**
Provision for doubtful debts	(70)	(74)	-5%	**(144)**	(149)	**-3%**
Profit before income tax	388	372	4%	**760**	697	**9%**
Income tax expense and outside equity interests	(118)	(115)	3%	**(233)**	(231)	**1%**
Net profit attributable to members of the Company	270	257	5%	**527**	466	**13%**
Net loans & advances including acceptances	38,694	37,888	2%	**38,694**	40,075	**-3%**
Other external assets	4,128	4,008	3%	**4,128**	4,170	**-1%**
External assets	42,822	41,896	2%	**42,822**	44,245	**-3%**
Deposits and other borrowings	21,758	16,974	28%	**21,758**	17,790	**22%**
Other external liabilities	18,615	19,507	-5%	**18,615**	19,343	**-4%**
External liabilities	40,373	36,481	11%	**40,373**	37,133	**9%**
Net interest average margin	2.35%	2.34%		**2.34%**	2.27%	**3%**
Return on assets	1.28%	1.19%	7%	**1.23%**	1.04%	**18%**
Return on risk weighted assets	1.04%	0.98%	7%	**1.01%**	0.87%	**15%**
Operating expenses to operating income	32.7%	33.2%	-1%	**32.9%**	34.6%	**-5%**
Operating expenses to average assets	1.05%	1.03%	3%	**1.04%**	1.00%	**3%**
Net specific provisions	30	64	-53%	**94**	119	**-21%**
Net specific provision as a % of average net advances	0.16%	0.32%	-52%	**0.24%**	0.29%	**-17%**
Net non-accrual loans	172	237	-27%	**172**	400	**-57%**
Net non-accrual loans as a % of net advances	0.44%	0.62%	-29%	**0.44%**	0.98%	**-56%**
Total employees	2,207	2,247	-2%	**2,207**	2,268	**-3%**

CORPORATE BANKING

Bob Edgar

Managing customer relationships and developing product strategies for medium sized businesses (turnover $10 million to $100 million) in Australasia

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Net interest income	110	112	-2%	**222**	234	**-5%**
Other external operating income(1)	75	75		**150**	143	**5%**
Net inter business unit fees	(6)	(6)		**(12)**	(12)	
Operating income	179	181	-1%	**360**	365	**-1%**
External operating expenses	(43)	(42)	2%	**(85)**	(83)	**2%**
Net inter business unit expenses	(20)	(20)		**(40)**	(42)	**-5%**
Operating expenses	(63)	(62)	2%	**(125)**	(125)	
Profit before debt provision	116	119	-3%	**235**	240	**-2%**
Provision for doubtful debts	(21)	(22)	-5%	**(43)**	(50)	**-14%**
Profit before income tax	95	97	-2%	**192**	190	**1%**
Income tax expense and outside equity interests	(29)	(29)		**(58)**	(64)	**-9%**
Net profit attributable to members of the Company	66	68	-3%	**134**	126	**6%**
Operating expenses to operating income	35.2%	34.3%	3%	**34.7%**	34.2%	**1%**
Net specific provisions	15	22	-32%	**37**	53	**-30%**
Net non-accrual loans	72	90	-20%	**72**	130	**-45%**
Total employees	653	663	-2%	**653**	691	**-5%**

(1) *Includes commercial bill income*

2002 results

Profit before tax was 1% higher, with the benefit of the reduction in the Australian tax rate leading to 6% growth in profit after tax. Growth in fee income was offset by lower interest recoveries on impaired assets and lower interest margins on deposits in the first half, due to falling interest rates. Profit was boosted by a lower provision for doubtful debts, reflecting the improving quality of the loan book.

Features of the second half

Continued uncertainty in the business community was apparent in lower average lending volumes and higher levels of deposits as companies built up cash. In this environment operating income was marginally lower, with a small increase in fee income offset by slightly lower net interest income. Net interest was also adversely impacted by lower interest recoveries on impaired assets compared to prior periods.

The increase in fee income on a reduced volume of loans reflects an emphasis on providing a greater range of services. In addition, loan approval fees and volumes picked up in the last quarter, potentially showing early signs of increasing business activity.

Provision for doubtful debts, specific provisions and non-accrual loans all decreased, reflecting sound credit quality. Approximately 50% of the portfolio is investment grade.

*Grade	Sep 01	Mar 02	Sep 02
B+ to CCC	6.0%	5.6%	3.7%
CCC and lower	1.5%	1.3%	1.1%
ELP Rate	0.45%	0.40%	0.40%

Internal credit ratings have been mapped to equivalent external credit grades in this table

Achievements

We have realised benefits from our Wall Street to Main Street initiative where we have received enthusiastic customer response. This has been a key component in the growth of total customer returns, with customer EVA increasing 34% on prior year. 50% of this result is reported in the product businesses.

Amongst the 4 Majors we were rated No. 1 in overall satisfaction by Corporate Businesses customers.

Focus on cross sell has continued with a number of initiatives undertaken to further the value we are delivering to the customer.

Despite a challenging risk environment, we have achieved our objective of maintaining performing loans at 99% of book.

Business environment and outlook

Corporate Banking is responsible for managing relationships with customers who have turnover between $10 million and $100 million. ANZ has a strong position in this market segment, with 26% of lead relationships, and approximately 3,500 customers.

economics@anz is forecasting business lending growth of 8.1% in the year to September 2003, up from an estimated 2.1% in the current year. While we expect an improvement in lending growth it is too early to be confident that this level will be achieved.

This higher level of lending growth is expected to be driven by increased business investment. Evidence to date suggests that business investment has recovered in the past quarter, however this was funded primarily from cash reserves.

The top three needs of customers in this segment are i) Provision of lending on reasonable terms; ii) Creating a partner and trusted advisor relationship; and iii) Delivering smart products and customised solutions.

Objectives

The key objective for Corporate Banking is the ongoing implementation of a Wall St to Main St strategy, which involves supplying Corporate Banking customers with more sophisticated investment banking style products customised to individual need.

Maintain leading position in market share and customer satisfaction.

Maintain a strong focus on risk, with performing loans to remain at >99% of total book.

GLOBAL INSTITUTIONAL BANKING
Bob Edgar

Managing customer relationships and developing financial services solutions and strategies for large businesses (turnover greater than $100 million) and specialised industry segments including property lending in Australasia and corporates in Asia

	Half year Sep 02	Half year Mar 02	Movt Sep 02 v. Mar 02	Full year Sep 02	Full year Sep 01	Movt Sep 02 v. Sep 01
	$M	$M	%	$M	$M	%
Net interest income	128	123	4%	**251**	240	**5%**
Other external operating income(1)	170	159	7%	**329**	285	**15%**
Net inter business unit fees			n/a		1	**-100%**
Operating income	298	282	6%	**580**	526	**10%**
External operating expenses	(63)	(60)	5%	**(123)**	(117)	**5%**
Net inter business unit expenses	(5)	(7)	-29%	**(12)**	(15)	**-20%**
Operating expenses	(68)	(67)	1%	**(135)**	(132)	**2%**
Profit before debt provision	230	215	7%	**445**	394	**13%**
Provision for doubtful debts	(45)	(47)	-4%	**(92)**	(89)	**3%**
Profit before income tax	185	168	10%	**353**	305	**16%**
Income tax expense and outside equity interests	(57)	(53)	8%	**(110)**	(100)	**10%**
Net profit attributable to members of the Company	128	115	11%	**243**	205	**19%**
Operating expenses to operating income	22.8%	23.8%	-4%	**23.1%**	24.9%	**-7%**
Net specific provisions	17	35	-51%	**52**	67	**-22%**
Net non-accrual loans	97	145	-33%	**97**	260	**-63%**
Total employees	783	794	-1%	**783**	773	**1%**

(1) Includes commercial bill income

2002 results

Profit before tax grew by 16%, driven mainly by strong growth in fee income from a range of product offerings and advisory services. Lending margins improved, leading to higher net interest income on lower loan volumes.

Features of the second half

Average lending volumes were flat, yet operating income grew by 6%. Net interest income growth was due to improved interest margins with risk more fully factored into pricing.

The growth in other income despite the flat loan volumes reflects charges for providing our specialist expertise on complex lending deals, including restructuring.

Operating expenses were well contained relative to income growth, evidenced by the further reduction in the cost to income ratio.

Provision for doubtful debts, specific provisions and non-accrual loans all decreased, reflecting improving credit quality in the half. Approximately 72% of the portfolio is investment grade. Overall the quality of the portfolio reflects our specialist industry expertise and strong credit processes.

*Grade	Sep 01	Mar 02	Sep 02
B+ to CCC	1.9%	2.3%	1.8%
CCC and lower	1.3%	1.0%	0.6%
ELP Rate	0.32%	0.35%	0.34%

Achievements

The focus on cross sell and increased share of wallet has resulted in a 26% growth in customer EVA from prior year. Over 60% of this result is booked in other business units.

Maintaining existing high levels of market share and customer satisfaction ranked No. 1 amongst peers for both measures.

Maintaining non performing loans at less than 1% of total book.

Business environment and outlook

Institutional Banking is responsible for managing relationships with top end corporates with turnover greater than $100 million.

economics@anz is forecasting business lending growth of 8.1% in the year to September 2003, up from an estimated 2.1% in the current year. Institutional Banking expects its lending growth to be broadly in line with system growth, however focus is primarily on fee driven activity.

The higher level of lending growth is expected to be driven by increased business investment. Evidence to date suggests that business investment has recovered in the past quarter, however this was funded primarily from cash reserves.

Top three needs of customers in this segment are i) Industry knowledge; ii) Creative ideas and solutions; and iii) High quality service proposition.

Objectives

Continue growth and diversification of customer revenue mix.

Maintain leading customer satisfaction ratings.

Increase focus on fee revenue.

Develop advanced portfolio management capabilities.

Maintain a strong focus on risk, with performing loans to remain at >99% of total book.

	GLOBAL TRANSACTION SERVICES Carole Anderson
	Provision of cash management, trade finance, international payments, clearing and custodian services principally to institutional and corporate customers in Australasia and overseas

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Net interest income	93	99	-6%	**192**	195	**-2%**
Other external operating income	123	118	4%	**241**	237	**2%**
Net inter business unit fees	(12)	(12)		**(24)**	(27)	**-11%**
Operating income	204	205		**409**	405	**1%**
External operating expenses	(49)	(49)		**(98)**	(103)	**-5%**
Net inter business unit expenses	(43)	(44)	-2%	**(87)**	(90)	**-3%**
Operating expenses	(92)	(93)	-1%	**(185)**	(193)	**-4%**
Profit before debt provision	112	112		**224**	212	**6%**
Provision for doubtful debts	(4)	(5)	-20%	**(9)**	(10)	**-10%**
Profit before income tax	108	107	1%	**215**	202	**6%**
Income tax expense and outside equity interests	(32)	(33)	-3%	**(65)**	(67)	**-3%**
Net profit attributable to members of the Company	76	74	3%	**150**	135	**11%**
Operating expenses to operating income	45.1%	45.4%	-1%	**45.2%**	47.7%	**-5%**
Net specific provisions	(1)	7	n/a	**6**	(1)	**n/a**
Net non-accrual loans	4	4		**4**	9	**-56%**
Total employees	770	790	-3%	**770**	805	**-4%**

2002 results

Profit before tax grew by 6% and with the benefit of the Australian tax rate change, profit after tax was 11% higher. This was achieved through increased deposits and increased utilisation of ANZ on-line services. Costs decreased whilst significant investment was made in strategies for future growth.

Features of the second half

Net interest income fell as consolidation among customers resulted in lower balances held in international clearing accounts. The September half also suffered the full impact of the first half run-off in Latin American trade finance to reduce risk.

The growth in cash management and structured trade transactions coupled with higher foreign cash fees and international payments contributed to a 4% increase in non-interest income.

Overall, operating income remained steady in a tough global trading environment.

Operating expenses were held flat, notwithstanding increased investment in our wholesale banking service initiative and the custody system replacement. Ongoing restructuring, including our trade processing platform, reduced staff levels whilst also re-positioning our sales and product management teams.

Provision for doubtful debts was slightly lower in line with reduced risk profile and there was a net specific provision recovery of $2 million.

Achievements

Rated Best Stand Out Transaction Bank , across all (Cash Management & Trade) Product/Services.

ANZ Custodian Services in Australia remains top rated by Global Custodian magazine in its 2002 review of Agent Banks.

Business environment and outlook

Cash Management: Strong domestic growth continues to support the business however this is partially offset by a slowdown in equity raisings.

International Trade: Slower world recovery and the Australian drought will slow trade growth, though mineral and energy commodity exports are forecast to expand augmented by the continued growth of trade in the Asian region.

International Payments: After the downturn that followed the events of September 11, demand is returning to international payments particularly with sales of travellers cheques and foreign cash.

Clearing: With the global settlement risk reduction initiative, Continuous Linked Settlement, commencing live operations in September, client expectations will shift towards real time cash management and liquidity support and away from traditional transaction processing services.

Custodian Services: Transaction volumes have increased in line with increased volatility on the Australian security exchange.

Objectives

Maintain strong competitive position:

Leverage ANZ s strong trade finance capability to build an international business around commodity trade flows.

Establish independent International Money Centres within the ANZ branch Network.

Support the future needs of our custody business by implementing a new core processing system.

Create new businesses and enter new markets in partnership with our customers:

Wholesale Banking which will enable our corporate customers to offer select banking services to their employees or end-customers.

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ANZ INVESTMENT BANK

Grahame Miller

ANZ Investment Bank provides a customer focussed integrated service, utilising specialist capabilities, innovative products and customised client solutions. Comprises Global Foreign Exchange, Global Capital Markets, Global Structured Finance and Corporate Financing & Advisory

	Half year Sep 02 $M	Half year Mar 02 $M	Movt Sep 02 v. Mar 02 %	Full year Sep 02 $M	Full year Sep 01 $M	Movt Sep 02 v. Sep 01 %
Net interest income	139	123	13%	**262**	209	**25%**
Other external operating income	274	264	4%	**538**	548	**-2%**
Net inter business unit fees	(2)	(2)		**(4)**	(8)	**-50%**
Operating income	411	385	7%	**796**	749	**6%**
External operating expenses	(167)	(168)	-1%	**(335)**	(331)	**1%**
Net inter business unit expenses	(14)	(13)	8%	**(27)**	(23)	**17%**
Operating expenses	(181)	(181)		**(362)**	(354)	**2%**
Profit before debt provision	230	204	13%	**434**	395	**10%**
Provision for doubtful debts	(35)	(33)	6%	**(68)**	(64)	**6%**
Profit before income tax	195	171	14%	**366**	331	**11%**
Income tax expense and outside equity interests	(38)	(17)	large	**(55)**	(43)	**28%**
Net profit attributable to members of the Company	157	154	2%	**311**	288	**8%**
Net loans & advances including acceptances	12,323	13,713	-10%	**12,323**	13,645	**-10%**
Other external assets	13,346	11,847	13%	**13,346**	16,206	**-18%**
External assets	25,669	25,560		**25,669**	29,851	**-14%**
Deposits and other borrowings	11,219	12,641	-11%	**11,219**	13,904	**-19%**
Other external liabilities	9,435	8,648	9%	**9,435**	12,208	**-23%**
External liabilities	20,654	21,289	-3%	**20,654**	26,112	**-21%**
Net interest average margin	1.61%	1.32%	22%	**1.46%**	1.19%	**23%**
Return on assets	1.20%	1.08%	11%	**1.13%**	1.02%	**12%**
Return on risk weighted assets	1.39%	1.26%	10%	**1.32%**	1.19%	**11%**
Operating expenses to operating income	44.0%	47.0%	-6			