AUSTRALIA & NEW ZEALAND BANKING GROUP LTD
Form 6-K
October 24, 2003

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 2003**

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-

**Australia and New Zealand
Banking Group Limited**

ABN 11 005 357 522

***Consolidated Results
Dividend Announcement
and Appendix 4E***

**Full year
30 September 2003**

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 2003

	A$ million
Group operating revenue	7,119
Operating profit after tax and outside equity interests	2,348
Final dividend per ordinary share, fully franked at 30% tax rate	51 cents
Record date for the final dividend	13 November 2003
Payment date for the final dividend	19 December 2003

The final dividend will be payable to shareholders registered in the books of the Company at close of business on 13 November 2003. Transfers must be lodged before 5:00 pm on that day to participate.

RESULTS FOR 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 2003

				A$ million
Group operating revenue	up	2%	to	7,119
Operating profit after tax attributable to members	up	1%	to	2,348
Extraordinary items after tax attributable to members		Nil		Nil
Operating profit and extraordinary items after tax attributable to members	up	1%	to	2,348
Final dividend per ordinary share, fully franked at 30% tax rate (previous corresponding period: 46 cents, fully franked at 30% tax rate)				51 cents
Interim dividend per ordinary share, fully franked at 30% tax rate				44 cents
Record date for the final dividend				13 November 2003

Refer to Chief Financial Officer s review on page 7 for an explanation of these figures.

Corporate Affairs
Level 22, 100 Queen Street
Melbourne Vic 3000
Facsimile 03 9273 4899
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For Release: 24 October 2003

ANZ delivers solid earnings growth

Australia and New Zealand Banking Group Limited (ANZ) today announced a record operating profit after tax and excluding significant transactions of $2,348 million for the year ended September 2003, up 8.3% on 2002 (FY2002 $2,168 million).

Results Summary (excluding significant transactions)

2003 Full year operating profit after tax of $2,348 million, up 8.3%

Earnings per ordinary share up 8.2% to $1.48 per share. EPS excluding goodwill up 9.2% to $1.52 per share.

Return on ordinary shareholders equity of 20.6% down from 21.6%

Final dividend 51 cents, fully franked. Full year dividend 95 cents, fully franked, up 11.8%

Cost income ratio 45.1% down from 46%

Specific provisions $527 million down 27.6% from $728 million.

All comparisons with Full Year 2002.

ANZ Chairman, Mr Charles Goode said: This is a solid result that demonstrates the effectiveness of our specialist business model in delivering consistent returns. Management and staff are to be congratulated on their achievements.

Chief Executive Officer, Mr John McFarlane said the 2003 financial result was reasonable in an environment that continued to be difficult for banks around the world.

While the Australian and New Zealand economies are sound, significant challenges are posed by low interest rates and associated margin pressure, the rising Australian dollar and softness in the international economy, Mr McFarlane said.

Our specialisation strategy has allowed us to develop ANZ as a low risk, well-managed company that aims to produce consistent results.

Increasingly though another measure of our progress will be the actions we take in other areas to seek to ensure continued superior performance and growth over the coming years.

Much of this involves building on the competitive advantages that exist in our specialist businesses and maximising their growth potential. At the same time we continually evaluate opportunities to expand in Australia, New Zealand, the Pacific and to a lesser extent elsewhere in Asia.

In the year ahead however the environment is likely to be at least as challenging with fewer opportunities to achieve earnings growth in our specialist businesses at the levels achieved in 2003. However, by creating a very different bank we have improved our capacity to succeed and deliver against market expectations, Mr McFarlane said.

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ANZ s 2003 Annual Results are available on www.anz.com

Chief Executive Officer s Review
2003 Final Results

2003 Earnings up 8.3%

I am pleased to report a solid result for ANZ in 2003. ANZ s net profit after tax was another record at $2,348 million. This is an 8.3% increase in earnings and an 8.2% increase in earnings per share over 2002, excluding one-off significant transactions in 2002.

ANZ s productivity is now among the best in the world, with our cost to income ratio of 45.1% reflecting further gains in efficiency during the past year. Return on equity remained very healthy at 20.6%, down marginally, partly driven by our very strong capital position. The final dividend of 51 cents is up 10.9%. This brings the full year dividend to 95 cents, up 11.8%.

Second half performance demonstrated solid growth over the first half result, with net profit after tax up 5.8%.

We maintained our AA- credit rating, and ended the year with a strong common equity and reserves position.

Our risk position remains sound, with net non-accrual loans down 16% and a reduction in the economic loss provisioning charge as a percentage of risk-weighted assets from 43 basis points to 39 basis points. Net specific provisions were down 28%. We have continued to rebalance the portfolio, with an increased proportion of lower risk assets and a reduction in the higher risk parts of our portfolio, such as power and telecommunications.

Overall, this is a solid result, in a challenging environment, broadly in line with market estimates and our internal targets.

Gaining Momentum with the ANZ Agenda

At ANZ, we are currently on a journey to create an organisation that is both different and sustainable. This is not something that can be achieved overnight or with a simple statement of intent. It requires sustained commitment, persistence and investment over a number of years.

We took the first major step on this through our innovative strategy that created a portfolio of specialist businesses, and embarked on a journey to transform the culture of the whole organisation. The success of these programmes is making ANZ very distinctive. Specialisation has not only brought a sharper financial focus through greater accountability, it has also contributed to a greater sense of ownership and commitment from our people. Staff satisfaction is at a record high. This has already contributed to improved customer satisfaction across many business units, and in turn, improved results.

Our Breakout programme has now been attended by over 13,000 of our people. We see this as fundamental to the creation of a different organisation, with motivated people, satisfied customers and superior returns.

The next step on this journey is to determine how we build an institution that is capable of sustained performance over the long term. It means serving our customers well, with innovative and good value services, and delivering sound profitable growth for shareholders. It means our being committed to creating more jobs, and building a challenging, exciting and caring environment for our people. It means earning and retaining the trust of the communities in which we operate and extends to making an overall contribution to society. It means being bold and different, investing for growth and partnering with world-class organisations where joint capability creates a competitive advantage that we could not achieve on our own. This is the ANZ Agenda, with the overall aim of making ANZ the most respected major company in Australia and New Zealand in the eyes of our stakeholders:

Customers: A bank that is easy to do business with, a human face, and one that values and builds enduring relationships.

People: A great company, with great people, great values and great opportunities.

Shareholders: One of the most efficient, best managed. and most successful banks in the world.

Community: A company that is trusted by the community, and makes a sustainable contribution to society.

Progress on the ANZ Agenda in 2003

People make great companies. At ANZ, we are committed to helping our people continuously to improve their skills and capabilities, and support them in obtaining tertiary and post-graduate qualifications. This year saw the first of our MBA graduates from our online MBA with Charles Sturt University. We now have 100 people on the programme. We continue to be one of the largest private sector recruiters of graduates with a new intake of 240 in Australia and New Zealand alone.

In July, we conducted our annual staff satisfaction survey and I am delighted to report that satisfaction levels have again risen and are now at 82%. With capable, satisfied and motivated people, we have a strong foundation for the future.

In our retail banking businesses, trained and committed staff acting as advocates for ANZ, are essential to the health of our relationships with customers and the broader community. Over the last two years, staff satisfaction in our network has risen from under 50% to over 80%. We have also maintained high levels of investment to improve customer service, quality and efficiency. In Australia we have invested over $100 million in a new industry-leading technology for our branch network, and the new telling project, MyTell , is now in a number of pilot branches, with full roll out to occur during this financial year.

We are particularly excited about the growth in our rural Australia franchise, through the commitment of our people in the more remote communities.

In our Small and Medium Enterprises business, special focus and investment in specialist relationship managers is yielding above average levels of growth.

Many people in Australia find difficulty in understanding financial information, and this is putting the most vulnerable at considerable potential risk. This year we were proud to launch Australia s first financial literacy survey, and are continuing to take a lead in alleviating this problem. We see this study as a first step towards empowering people with the appropriate financial skills to make informed basic financial decisions.

Our specialised business portfolio provides a strong platform for growth

At ANZ we have an attractive portfolio of businesses. Our specialisation strategy is based on the premise that specialists will outperform generalists, and that a portfolio of specialised businesses provides synergistic benefits and also a diversified risk profile.

ANZ s traditional strength is in Institutional Financial Services and Corporate Banking. These businesses, by function of their size and market position should be key drivers of ANZ s future success, as should our developing franchise in Small to Medium Business. We believe the economic outlook now favours an overweight position in these areas as activity shifts from the consumer-centric growth of recent years.

We have a strong portfolio of specialised product businesses. Our credit card franchise remains a major strength of ANZ notwithstanding issues in the first half together with the reduced interchange levels from the Reserve Bank of Australia s reforms. The Mortgage business has become a major force in the third-party market and is employing innovative new distribution channels. Esanda in Australia, and UDC in New Zealand, are also leading brands in auto and equipment finance.

We are the largest bank in the English-speaking South Pacific, the leading Australian bank in Asia, and the market leader in key domestic niche markets such as credit cards and auto-finance.

Personal Banking and Wealth Management are less traditional areas for ANZ, making it difficult to transform quickly our market position against larger entrenched competitors. Nevertheless we are finding new ways to build these businesses so that we can transform our position over the medium to long term.

Building a future

Organic growth remains our priority, based on realising the competitive advantages of our specialisation strategy. Specialisation creates a demonstrably more agile operation, able to respond rapidly to the opportunities presented within each business segment. Our efficiency levels enable us to provide highly competitive customer value, such as in personal transaction accounts. We are targeting further productivity gains through technology-based process improvements.

We will consider enhancing our capabilities, growth opportunities, scale benefits and other synergies through selective acquisitions. In order to proceed, any proposed acquisitions must demonstrate a capacity to add value for shareholders and pass a rigorous investment review.

We will also enter commercial arrangements and partnerships where these provide a strategic fit with our existing businesses. Our recently announced agreement with Diners Club Australia is an example of this approach. In response to the regulatory regime for credit cards, we have provided a different solution that enhances our prospective performance whilst continuing to service our customers needs.

Our regional international strategy is focused on consumer banking, ideally on transactional and deposit-taking business. We have a long and successful experience of running businesses within the Pacific and East Asia. Our preference is to work with local partners with domestic customer franchises where we can add our own distinct capabilities to theirs. A good example is our credit card joint venture with Metrobank in the Philippines. Over time we would like to pursue further initiatives, but at a more modest pace and scale, reflecting the need to maintain a lower risk profile.

We do have a very strong institutional business across Australasia, Asia, Europe and North America, and this is focused on Trade and Project finance, and financial markets.

Finally, our regional international strategy is disciplined and long-term. We have no pressing sense of urgency and if a proposed investment does not meet our requirements, we will not proceed. As well-publicised events in 2003 demonstrated, we are quite prepared to discontinue discussion where the transaction fails to meet our required return, or risk tolerance.

The year ahead

The directors expect that ANZ will continue to perform well in a more difficult banking industry environment in 2004. Based on current economic conditions, the directors anticipate that for the year ending 30 September 2004 ANZ will see moderately lower growth in consolidated net profit after tax (excluding significant transactions) than it achieved in 2003.

ANZ Management Structure

Chief Executive Officer
John McFarlane

Chief Financial Officer
Peter Marriott

Chief Operating Officer
Bob Edgar

Group Development
Peter Hawkins

Personal Banking
Elmer Funke-Kupper

Corporate-SMB
Graham Hodges

New Zealand
Greg Camm

Institutional
TBA

Consumer Finance
Brian Hartzer

Mortgages
Chris Cooper

Asset Finance
Elizabeth Proust

OTSS
Mike Grime

People Capital
Shane Freeman

Risk
Mark Lawrence

Major Projects
Grahame Miller

Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

CONSOLIDATED FINANCIAL REPORT AND DIVIDEND ANNOUNCEMENT

Year ended 30 September 2003

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All amounts are in Australian dollars unless otherwise stated. The information on which this announcement is based is in the process of being audited 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 23 October 2003.

HIGHLIGHTS

CHIEF EXECUTIVE OFFICER
John McFarlane

Year end results

			Change		Sep 02
Net profit after tax	**$**	**2,348 million**	**1.1%**	$	2,322m
Earnings per ordinary share		**148.3 cents**	**0.7%**		147.3 cents
Final dividend		**51 cents**	**10.9%**		46 cents
Net specific provisions	**$**	**527 million**	**(27.6)%**	$	728 million

Year end results excluding significant transactions(1)

			Change		Sep 02
Net profit after tax	**$**	**2,348 million**	**8.3%**	$	2,168m
Earnings per ordinary share		**148.3 cents**	**8.2%**		137.0 cents
EPS excluding goodwill(2)		**152.4 cents**	**9.2%**		139.6 cents
Return on ordinary shareholders equity		**20.6%**	**(1.0)%**		21.6%
Cost to income(3)		**45.1%**	**(0.9)%**		46.0%

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(1). Significant transactions during year ended 30 September 2002 were NHB recovery ($159 million after tax), special provision for doubtful debts ($175 million after tax), and profit on sale of businesses to INGA ($170 million after tax). ANZ believes that the exclusion of significant transactions provides investors with a measure of the performance of the operating business without the distortion of one-off gains and losses. Refer page 2 for reconciliation to net profit

(2). EPS excluding goodwill is calculated by dividing cash earnings by the number of ordinary shares outstanding. Refer to Note 6 for the calculation. Refer to page 10 for a reconciliation of cash earnings to net profit

(3). This excludes goodwill amortisation. Refer to page 101 for a reconciliation and an explanation of the usefulness of this adjusted measure

FINANCIAL HIGHLIGHTS

Net Profit

	Half year Sep 03 $M	Half year Mar 03 $M	Movt Sep 03 v. Mar 03 %	Full year Sep 03 $M	Full year Sep 02 $M	Movt Sep 03 v. Sep 02 %
Net interest income	2,171	2,140	1%	**4,311**	4,018	7%
Other operating income	1,456	1,352	8%	**2,808**	2,970	-5%
Operating income	3,627	3,492	4%	**7,119**	6,988	2%
Operating expenses	(1,626)	(1,602)	1%	**(3,228)**	(2,905)	11%
Profit before debt provision	2,001	1,890	6%	**3,891**	4,083	-5%
Provision for doubtful debts	(311)	(303)	3%	**(614)**	(860)	-29%
Profit before income tax	1,690	1,587	6%	**3,277**	3,223	2%
Income tax expense	(482)	(444)	9%	**(926)**	(898)	3%
Outside equity interests	(1)	(2)	-50%	**(3)**	(3)	0%
Net profit attributable to members of the Company	1,207	1,141	6%	**2,348**	2,322	1%

Net Profit Reconciliation

Profit excluding profit after tax from sale of businesses to joint venture NHB recovery and special general provision for doubtful debts	1,207	1,141	6%	**2,348**	2,168	8%
Special general provision for doubtful debts after tax			n/a		(175)	-100%
Recovery from NHB litigation after tax			n/a		159	-100%
Profit on sale of businesses to ING joint venture after tax			n/a		170	-100%
Net profit attributable to members of the Company	1,207	1,141	6%	**2,348**	2,322	1%

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

	Half year Sep 03 $M	Half year Mar 03 $M	Movt Sep 03 v. Mar 03 %	Full year Sep 03 $M	Full year Sep 02 $M	Movt Sep 03 v. Sep 02 %
Net interest income	2,171	2,140	1%	**4,311**	4,018	7%

Other operating income	1,456	1,352	8%	**2,808**	2,796	0%
Operating income	3,627	3,492	4%	**7,119**	6,814	4%
Operating expenses	(1,626)	(1,602)	1%	**(3,228)**	(3,153)	2%
Profit before debt provision	2,001	1,890	6%	**3,891**	3,661	6%
Provision for doubtful debts	(311)	(303)	3%	**(614)**	(610)	1%
Profit before income tax	1,690	1,587	6%	**3,277**	3,051	7%
Income tax expense	(482)	(444)	9%	**(926)**	(880)	5%
Outside equity interests	(1)	(2)	-50%	**(3)**	(3)	0%
Net profit excluding significant transactions	1,207	1,141	6%	**2,348**	2,168	8%

Performance Measurements

	Half year Sep 03 $M	Half year Mar 03 $M	Full year Sep 03 $M	Full year Sep 02 $M
EVA™(1)	828	744	1,572	1,457
Profitability ratios				
Return on:				
Average ordinary shareholders equity(2)	20.9%	20.3%	**20.6%**	23.2%
Average ordinary shareholders equity(2) excluding significant transactions(3)	20.9%	20.3%	**20.6%**	21.6%
Average assets	1.24%	1.22%	**1.23%**	1.30%
Average risk weighted assets	1.60%	1.57%	**1.59%**	1.68%
Total income	17.4%	17.1%	**17.2%**	18.4%
Net interest average margin	2.64%	2.71%	**2.67%**	2.77%
Profit per average FTE ($)	53,348	51,077	**103,779**	102,246
Efficiency ratios(4)				
Operating expenses to operating income (excluding significant transactions(3))	44.6%	45.6%	**45.1%**	46.0%
Operating expenses to operating income	44.6%	45.6%	**45.1%**	41.3%
Operating expenses (excluding significant transactions(3)) to average assets	1.7%	1.7%	**1.7%**	1.8%
Operating expenses to average assets	1.7%	1.7%	**1.7%**	1.6%
Debt provisioning				
Economic loss provisioning ($M)	311	303	**614**	610
Special general provision charge ($M)				250
Net specific provisions ($M)	268	259	**527**	728
Earnings per ordinary share (cents)				
Earnings per ordinary share (basic)	76.3	72.0	**148.3**	147.3
Earnings per ordinary share (diluted)	76.1	71.7	**147.9**	146.6
Earnings per ordinary share (basic) excluding significant transactions(3)	76.3	72.0	**148.3**	137.0
Earnings per ordinary share (basic) excluding significant transactions and goodwill amortisation(5)	78.4	74.0	**152.4**	139.6
Ordinary share dividends (cents)				
Interim - 100% franked (Mar 02: 100% franked)	n/a	44	**44**	39
Final - 100% franked (Sep 02: 100% franked)	51	n/a	**51**	46
Dividend payout ratio(6)	67.0%	61.3%	**64.2%**	57.8%
Preference share dividend				
Dividend paid ($M)	48	54	**102**	117

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(1). EVA™ refers to Economic Value Added, a measure of shareholder value. See page 12 for reconciliation of EVA™ to reported net profit and a discussion of EVA™ and an explanation of its usefulness as a performance measure

(2). Ordinary shareholders equity of EVA™ excluding outside equity interests

(3). Refer footnote 1 on page 1 for an explanation of the usefulness of adjusting profit to remove the impact of significant transactions. For a reconciliation to net profit, see page 2

(4). This excludes goodwill amortisation. Refer to page 101 for a reconciliation and an explanation of the usefulness of this adjusted measure

(5). Earnings used in ratio of $2,308 million (Full year 2002: $2,089 million; Sep 2003 half: $1,190 million; Mar 2003 half: $1,118 million) excludes significant transactions $nil (Full year 2002: $154 million; Sep 2003 half: $nil; Mar 2003 half: $nil) and goodwill and notional goodwill amortisation $62 million (Full year 2002: $38 million; Sep 2003 half: $31 million; Mar 2003 half: $31 million)

(6). Dividend payout ratio is calculated using the dividend declared but not paid for as at 30 September 2003

Statement of Financial Position

	As at Sep 03 $M	As at Mar 03 $M	As at Sep 02 $M	Movt Sep 03 v. Mar 03 %	Movt Sep 03 v. Sep 02 %
Assets					
Liquid assets	6,592	7,759	7,410	-15%	-11%
Due from other financial institutions	2,427	3,123	3,815	-22%	-36%
Trading and investment securities	8,980	9,520	9,482	-6%	-5%
Net loans and advances including acceptances	162,643	155,235	145,856	5%	12%
Other	14,949	14,881	16,542	0%	-10%
Total assets	195,591	190,518	183,105	3%	7%
Liabilities					
Due to other financial institutions	6,467	8,824	10,860	-27%	-40%
Deposits and other borrowings	124,494	122,122	113,259	2%	10%
Liability for acceptances	13,178	13,270	13,796	-1%	-4%
Bonds and notes	16,572	14,917	14,708	11%	13%
Other	21,093	18,900	19,017	12%	11%
Total liabilities	181,804	178,033	171,640	2%	6%
Total shareholders equity	13,787	12,485	11,465	10%	20%

Assets and Capital

	As at Sep 03 $M	As at Mar 03 $M	As at Sep 02 $M	Movt Sep 03 v. Mar 03 %	Movt Sep 03 v. Sep 02 %
Total assets	195,591	190,518	183,105	3%	7%
Risk weighted assets	152,164	148,603	141,390	2%	8%
Shareholders equity(1), (2)	13,770	12,468	11,448	10%	20%
Total advances	164,661	157,323	147,937	5%	11%
Net advances	162,643	155,235	145,856	5%	12%
Net tangible assets per ordinary share ($)	7.49	7.32	6.58	2%	14%
Net tangible assets attributable to ordinary shareholders	11,398	11,072	9,893	3%	15%
Total number of ordinary shares (M)	1,521.7	1,513.4	1,503.9	1%	1%

	As at Sep 03 $M	As at Mar 03 $M	As at Sep 02 $M
Capital adequacy ratio (%)			
Tier 1	7.7%	7.7%	7.9%
Tier 2	4.0%	3.4%	2.8%
Total capital ratio	11.1%	9.9%	9.5%
Adjusted common equity ratio(3)	5.7%	5.7%	5.7%

	As at Sep 03 $M	As at Mar 03 $M	As at Sep 02 $M	Movt Sep 03 v. Mar 03 %	Movt Sep 03 v. Sep 02 %
Impaired assets					
General provision	1,534	1,530	1,496	0%	3%
General provision as a % of risk weighted assets	1.01%	1.03%	1.06%	-2%	-5%
Gross non-accrual loans	1,007	1,153	1,203	-13%	-16%
Specific provisions	(482)	(553)	(575)	-13%	-16%
Net non-accrual loans					