AUSTRALIA & NEW ZEALAND BANKING GROUP LTD
Form 20-F
December 24, 2002

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ANZ BANKING GROUP LIMITED ABN 11 005 357 522

2002

US FORM 20-F

ANNUAL REPORT

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Securities and Exchange Commission

Washington, D.C. 20549

Form 20-F

(Mark One)

o **Registration Statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**

or

ý **Annual Report pursuant to Sections 13 or 15(d) of the Securities Exchange Act of 1934**

o **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the transition period from _____________ to _____________

For the fiscal year ended September 30, 2002
Commission file number 0-18262

Australia and New Zealand Banking Group Limited

(Exact name of registrant as specified in its charter)

Victoria, Australia

(Jurisdiction of incorporation or organization)

100 Queen Street, Melbourne, VICTORIA, 3000, AUSTRALIA
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
American Depositary Shares each representing five ordinary shares	The New York Stock Exchange, Inc.
$9^{1}/_{8}$% Capital Securities	The New York Stock Exchange, Inc.
American Depositary Receipts each representing four Preference shares	The New York Stock Exchange, Inc.

Securities registered or to be registered pursuant to Section 12 (g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

Ordinary Shares	1,503,886,082 fully paid
US$6.25 Preference Shares	124,032,000 fully paid

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check which financial statement item the registrant has elected to follow.

Item 17 o Item 18ý

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Form 20-F Cross Reference Index

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Forward-Looking Statements

This Annual Report contains certain forward-looking statements,including statements regarding (i) economic and financial forecasts, (ii) anticipated implementation of certain control systems and programs, (iii) the expected outcomes of legal proceedings, and (iv) strategic priorities.Such forward-looking statements are not guarantees of future performance and involve known and unknown risks,uncertainties and other factors,many of which are beyond the control of Australia and New Zealand Banking Group Limited ("the Company"), together with its subsidiaries ("ANZ", or the "Group"), which may cause actual results to differ materially from those expressed in the forward-looking statements contained in this Annual Report.

For example, the economic and financial forecasts contained in this Annual Report will be affected by movements in exchange rates and interest rates, which may vary significantly from current levels, as well as by general economic conditions in each of ANZ's major markets. Such variations may materially impact ANZ's financial condition and results of operations. The implementation of control systems and programs will be dependent on such factors as ANZ's ability to acquire or develop necessary technology and its ability to attract and retain qualified personnel.The plans, strategies and objectives of management will be subject to, among other things,government regulation, which may change at any time and over which ANZ has no control. In addition, ANZ will continue to be affected by general economic conditions in capital markets, the competitive environment in each of its markets and political and regulatory policies. There can be no assurance that actual outcomes will not differ materially from the forward-looking statements contained in this Annual Report. See "Summary of Material Risk Factors" on page 27.

Currency of Presentation, Exchange Rates and Certain Definitions

The Company, together with its subsidiaries, publishes consolidated financial statements in Australian dollars. In this Annual Report, unless otherwise stated or the context otherwise requires, references to "US$", "USD" and "US dollars" are to United States dollars and references to "$", "AUD" and "A$" are to Australian dollars. For the convenience of the reader, this Annual Report contains translations of certain Australian dollar amounts into US dollars at specified rates. These translations should not be construed as representations that the Australian dollar amounts actually represent such US dollar amounts or could be converted into US dollars at the rate indicated. Unless otherwise stated, the translations of Australian dollars into US dollars have been made at the rate of US$0.5429 = A$1.00, the Noon Buying Rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York (the "Noon Buying Rate") on September 30, 2002.

Exchange Rates

For each of the periods indicated, the high, low, average and period-end Noon Buying Rates for Australian dollars were:

Year ended		High	Low	Average	Close
			US$ per A$1.00		
1998	September	0.7386	0.5550	0.6444	0.5930
1999	September	0.6712	0.5887	0.6390	0.6528
2000	September	0.6687	0.5372	0.6032	0.5415
2001	September	0.5712	0.4828	0.5182	0.4946
2002	September	0.5748	0.4923	0.5329	0.5429
Month ended	June	0.5748	0.5583	0.5682	0.5628
	July	0.5688	0.5370	0.5538	0.5445
	August	0.5534	0.5280	0.5413	0.5495
	September	0.5518	0.5419	0.5465	0.5429
	October	0.5585	0.5422	0.5502	0.5548
	November	0.5660	0.5563	0.5613	0.5601

The average is calculated from the Noon Buying Rate on the last day of each month during the period.

On December 2, 2002, the Noon Buying Rate was US$0.5594 per A$1.00.

In 2002, 28% (2001:30%) of our gross revenue was derived from overseas operations and was denominated principally in New Zealand dollars ("NZ$" or "NZD"), US dollars ("US$"or "USD") and British pounds sterling ("£" or "GBP"). Movements in foreign currencies against the Australian dollar can therefore affect ANZ's earnings through the restatement of overseas profits to Australian dollars.Based on exchange rates applied to convert overseas profits and losses from September 1998 to September 2002, the Australian dollar moved against these currencies as follows (refer also Note 56 to the Financial Report):

	Years ended September 30				
	2002	2001	2000	1999	1998
NZ$	-4%	-1%	+5%	+4%	+3%
US$	2%	-14%	-5%	-1%	-16%
£	0%	-7%	0%	0%	-17%

We monitor our exposure to revenues, expenses and invested capital denominated in currencies other than Australian dollars. These currency exposures are hedged as considered necessary.

Certain Definitions

Our fiscal year ends on September 30. As used throughout this Annual Report, unless otherwise stated or the context otherwise requires, the fiscal year ended September 30, 2002 is referred to as 2002, and other fiscal years are referred to in a corresponding manner. References to calendar years are identified as such.

Company Profile

Item 4: Information on the Company

Overview

ANZ is one of the four major banking groups headquartered in Australia. Our Australian operations began in 1835 and our New Zealand operations began in 1840. We were incorporated in the State of Victoria, Australia, and have our principal executive office located at 100 Queen Street, Melbourne, Victoria, 3000, Australia. Our telephone number is (61) (3) 9273 5555.

Based on publicly available information as at September 30, 2002, we ranked fourth among Australian banking groups in terms of total assets ($183.1 billion) and third in terms of shareholders' equity ($11.5 billion). At December 2, 2002, our market capitalization of $29.6 billion ranked us the sixth largest company listed on the Australian Stock Exchange Limited.

We provide a broad range of banking and financial products and services to retail, small business, corporate and institutional clients. We conduct our operations primarily in Australia (approximately 74% of our total assets at September 30, 2002) with significant operations in New Zealand (approximately 13% of total assets at September 30, 2002). The remainder of our operations are conducted in the United Kingdom, the United States and a number of other countries, most of which are located in the Asia Pacific region. At September 30, 2002, we had 1,018 branches and other points of representation worldwide.

In 2000 we announced a new strategy for ANZ designed to position us effectively in a more competitive, electronic and globalizing environment. Our strategy has three main elements perform, grow and breakout as described below:

Perform Ensuring "best in class" performance for shareholders, customers, staff and the community.

Grow Demonstrating strong growth momentum in core businesses and positioning ourselves in attractive new high growth categories.

Breakout Being bold and different, a high performance culture with a human face, technological leadership and a strong domestic and regional strategic position.

To implement this strategy we created 16 specialist business units to provide a more focused, competitive and responsive approach to customer and product segments. While our strategy has remained the same there has been refinements to the business structure. During the year ended September 30, 2002, ANZ managed its activities along the following lines of business:

Personal Banking Australia and Wealth Management

- Personal Banking Australia
- Wealth Management
- ING Australia Limited
- Personal Banking New Zealand
- Asia Pacific Personal Banking

Corporate Business

- Corporate Business
- Global Institutional Banking

- Global Transaction Services

Investment Banking

- Global Foreign Exchange
- Global Capital Markets
- Global Structured Finance
- Corporate Finance & Advisory

Small to Medium Business
Mortgages
Consumer Finance
Asset Finance
Group Treasury

The activities of each of these businesses for the September 2002 year end are described below. Definitions of each lines of business are on page 120 of the Financial Report. Included in the following narrative are statements regarding our competitive position. Those that are not attributed to a third-party source are based on internally held and/or publicly available information. To the best of our knowledge these statements are accurate.

Personal Banking and Wealth Management

Personal Banking and Wealth Management includes our Personal Banking businesses in Australia, New Zealand and Asia-Pacific, Wealth Management and our joint venture in funds management with ING (refer page 14).

During 2002, earnings rose 8.9% to $573 million as we continued repositioning these businesses for future growth. This has involved a commitment to transforming our customers'banking experience. We have made some real progress in these areas this year.

We launched our new access accounts which now set a new standard in the industry. We have received an award from Personal Investor Magazine for our product, Access Advantage.

In May 2002, we made a strategic leap in wealth management through our joint venture with the ING Group, establishing ING Australia as a leader in funds management and life insurance in Australia and New Zealand.

We implemented the Restoring Customer Faith program in Victoria and New Zealand. This new model for our retail business is being rolled out across Australia and New Zealand during the next two years. It involves giving local staff a greater sense of ownership and freedom by allowing them to put customers first, and supporting our people by investing in modern branch premises, training programs and improved technology.

Our new Customer Service Charter established clear benchmarks for service to personal and small business customers.

We extended our leadership position in the Pacific through acquisitions in Kiribati, Papua New Guinea, Vanuatu and Fiji, and through investment in electronic banking and new products.

Our challenge is to build on this new momentum to take our Personal Banking and Wealth Management businesses to the next level by continuing to focus on growing our revenue and customer base. We will make key investments in our product suite, technology and training programs.

Corporate Businesses

Corporate Businesses includes our relationships with middle-market corporate clients, major Australian and international institutions and corporations, and Global Transaction Services which provides products to support working capital management, liquidity management and transaction processing.

It has been a subdued year in the domestic business market. Although consumer sentiment has helped drive growth in the domestic economy, the business market has been relatively quiet. It has been even more difficult internationally.

However, ANZ has an enviable franchise in the business market. In a survey by Greenwich, among the major Australian banks, customers again rated us number one in satisfaction for both the corporate and institutional markets. Key elements of performance include:

Earnings in Corporate Banking were up 6.3% to $134 million in 2002 despite restrained balance sheet growth reflecting the contribution of lending, leasing and deposit products.

Institutional Banking faced a more challenging international environment in 2002. Earnings were up 18.5%, mainly from lending fee income.

Global Transaction Services earnings were up 11.1% to $150 million with growth in structured trade partly offset by downturns in foreign cash and travellers cheques following September 11 and a repositioning of the trade finance portfolio to reduce risk.

Our performance is also a reflection of the quality and commitment of our people, with high levels of satisfaction reflected in our staff survey results.

Our client franchise and high levels of customer satisfaction together provide a strong combination that continues to allow us to explore opportunities to reshape the business and create growth.

Investment Banking

ANZ Investment Bank, which includes our structured and corporate finance, capital markets and foreign exchange businesses, has produced a solid performance in a challenging international environment.

We remained the premier Australian foreign exchange ("FX") bank globally. Although earnings were down 3.4% to $84 million, reflecting lower FX volatility internationally and tightened credit conditions, growth in FX amongst funds management clients and e-commerce are positioning us for the future.

Global Capital Markets was ranked number 1 by Asia Money magazine in Interest Rate and Credit Derivatives, and number 1 in Australian and New Zealand Loans by Basis Point magazine. Earnings were up 20.8% to $64 million supported by debt, derivative and securitization deal flow.

Corporate Financing and Advisory earnings grew 9.7% to $79 million reflecting a range of leading roles in major project financings and the development of growth businesses in private equity capital and leveraged finance.

Global Structured Finance produced earnings growth of 10.5% to $84 million, achieving a strong performance in project and structured finance and industrial transportation and growth in non-lending fees, despite subdued markets. We incurred significant specific provision losses from loans made to two major international companies that collapsed during the year, namely Enron and Marconi. Following this, further steps have and are being taken to address credit issues and improve risk mitigation internationally. Our strong business foundation is enabling us to continue to reshape our business and

focus on new growth opportunities in private equity products and securitization and increased fee-based structuring and advisory activities.

Consumer Finance

Consumer Finance, which includes credit cards, merchant payment solutions, ePayment products and personal loans, has performed well in 2002.

Earnings were up 50.5% to $149 million in 2002, based on growth in the credit card portfolio following the collapse of competitor airline loyalty programs, increases in card spending volumes, higher merchant acquiring share, and improved credit performance particularly in personal loans.

Our specialist approach has allowed us to focus on the quality of our people and technology to deliver products efficiently with high levels of customer satisfaction. This focus is showing results, including the highest credit card satisfaction among our major competitors and a 7% increase in staff satisfaction.

Our 2002 results reflect a number of significant technology investments designed to support future growth. During the year, we were the first bank in Australia and New Zealand to commence converting our credit card technology to chip. The $50 million investment in new chip-based cards and chip-capable "MultiPOS' terminals provides an early mover advantage with cardholders and merchants. This included launching Sphere, a new chip-based reward program, for ANZ First customers.

In March, we replaced our main processing platform with a new system called VisionPlus. This system will allow us to provide more flexible, customized, and responsive service to customers and reduce costs through greater processing efficiencies.

We have also improved our share of merchant acquiring; introduced new on-line tools for our customers and staff; reduced fraud losses through the application of neural network technology;and taken early steps to extend our credit card business into Asia by launching credit cards in Hong Kong.

Mortgages

Growing our Mortgage business starts with good products. In 2002, for the fourth year in a row, we received Personal Investor magazine's award for Home Lender of the Year, reflecting the first rate features and competitiveness of our mortgage products.

Good products don't add value without high levels of customer service, and this year we invested heavily in technology and resources to develop faster, more responsive ways of serving our customers.

This has included implementation of new online systems to allow mortgage applications in Australia and New Zealand (including broker channels) to be lodged electronically, speeding up processing and approvals. We have also developed new businesses in the wholesale funding and servicing of third party mortgages.

We are already seeing some early results. While we have taken a conservative position on risk, we have approved mortgages in record numbers in the second half of 2002. Loans outstanding have grown by 16% over the year. Brokers have voted us 'the best bank to do business with'. These results have, however, been impacted by pressure on margins through increased funding costs in the rising interest rate environment, resulting in 4.2% earnings growth to $246 million.

Asset Finance

Esanda and UDC are our asset finance and rental businesses in Australia and New Zealand. We specialize in supporting our customers and business partners, such as dealers and brokers, through

vehicle and equipment finance, vehicle fleet and equipment management and servicing, and debenture investments.

The asset finance and rental market is highly competitive and has experienced consolidation and increased margin pressures in recent years. Our response has been a series of initiatives to develop a more sustainable market leadership position. This includes a program of efficiency improvements involving investments in technology and process re-engineering and redesign, and a focus on improving credit quality.

Our efforts are already starting to show results. Earnings in 2002 are up 10.9% to $102 million. Customer satisfaction remains strong at 80% and staff satisfaction has also risen to 77%. These results reflect the specialized culture and identity we have developed around serving our business and personal customers.

There is still much to do. We need to create an operationally excellent platform for our customers and business partners and continue to attract and retain talented people. This focus will provide a platform to capture future growth opportunities and continue to improve profitability within our asset finance business.

Small to Medium Business

The small to medium business sector is an important growth opportunity for ANZ. During 2002, we continued to develop our specialist focus by implementing a distinctive new service proposition one focused on developing the quality of our people and empowering them to address customer needs more effectively.

The new service proposition directly addresses some of the key drivers of customer satisfaction being flexible and responsive around customer needs, providing expert advice and innovative products and a long-term focus to customer relationships. We have expanded our geographic 'footprint' and developed specialist industry segments such as franchising.

Our efforts have begun to pay dividends. Customer satisfaction has risen from 66% in 2001 to 69% in 2002. Staff satisfaction increased from 59% in 2001 to 75% in 2002. We also received recognition in Personal Investor magazine's financial services awards for the Best Business Transaction Account, Best Small Business Web Site and the Lifestyle Package Banking Award for Small Business.

During the year, Small to Medium Business earnings grew 20.8% to $157 million in 2002, driven by growth in new customers, increased share of business from our existing customers, and higher deposit and lending volumes. While we have a long way to go to build a market-leading position, we have made good progress in 2002. We will continue to invest in the business, by growing our geographic presence, serving our customers better, developing new products and extending our specialist capabilities.

Group Treasury

Group Treasury provides cash flow support, ensures liquidity, manages interest rate risk and provides capital to our businesses. In 2002, Treasury's earnings increased 65% to $124 million, reflecting strong interest income from interest rate risk management activities.

Corporate Centre

ANZ's Corporate Centre provides a diverse range of services to the Group. It comprises Group Strategic Development, Group Risk Management, People Capital, Chief Financial Officer's (CFO) Units and Operations Technology and Support Services (OTSS).

Providing these services is about a working partnership between our technology, payments and other specialists and each of our businesses. The objective is to provide our customers with superior personalized services at lower cost.

In 2002, OTSS worked on a number of projects including the replacement of front-to-back systems for our Asset Finance business, installation of a common administrative system for the Group, rollout of a new branch sales platform and implementation of a new platform for our cards business called VisionPlus.

The technology development arms work closely with each of ANZ's business divisions to develop, integrate and improve core business software for ANZ. The teams include over 1500 analysts and developers located in Australia, New Zealand and India. The development teams continue to support ANZ business units and the Group in delivering new systems and infrastructure for customers and staff. ANZ's project delivery capability continued to be improved with upgraded processes and tools put in place and the software development centre based in India attained Capability Maturity Model level 4 certification from the Software Engineering Institute (USA). As well as the new PeopleSoft systems mentioned above, key initiatives include a new telling system for staff in the branch network, implementation of a new Cards processing platform, and replacement of ANZ's Asset Financing operation's existing business computing systems in Australia and New Zealand with a new common platform.

The Payments area has responsibility for providing secure, timely and cost-effective deposits and payments processing, and associated operations, to support ANZ's lines of business and their customers. It also operates and manages the clearing interface with other institutions globally. Focus remains on maintaining high reliability, mitigation of risk and cost management. Implementation of a new global payments application and roll-out of a new image-based item processing platform was successfully completed in Australia and is now being extended into NZ. Payments also commenced operations (along with 39 major global banks) in the new continuous linked settlement system for the seven major trading currencies of the world.

Other Shared Services continued to deliver cost savings. The Property area completed a new four year outsource of real estate services for Australia and New Zealand premises. The Procurement and Strategic Sourcing area continued to extract procurement cost savings. The Human Resources operations area achieved its cost targets.

Staff satisfaction for OTSS increased from 69% to 83%, while internal customer satisfaction continued to rise.

Group Strategic Development works closely with the businesses to strengthen and maximize their performance. In 2002, ANZ launched a new funds management joint venture with ING as well as acquired the Bank of Hawaii's Pacific businesses.

Group Risk Management is responsible for the organization's risk strategies, policies and processes.

People Capital is involved in leading a range of initiatives to help build organizational capability, and deliver the best opportunities to our people.

CFO Units are responsible for the Group's financial governance. In 2002, the Company won several awards in recognition of the quality of its disclosure with CFO Units being major contributors to this transparency.

Subsidiaries, Associates and Joint Venture

We have many subsidiaries and associates. More detailed information regarding material subsidiaries and associates is contained in Exhibit 8, Note 44, Note 45 and Note 46 of the Financial Report.

Organization Restructure

On October 18, 2002 and effective December 1, 2002, we announced a change to our business structure, primarily to sharpen our focus on customers and priorities for ANZ's future development.

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.

Global Institutional and Investment Banking will oversee all business dealing with large corporate and institutional customers including Global Institutional Banking, Global Transaction Services, ANZ Investment banking businesses, and Asia Corporate.

Corporate and Small to Medium Business Australia brings together corporate and small business banking into a single business to harness synergies between these segments. These changes leave our specialized business structure intact, and enhance synergies between our businesses by emphasizing a total customer relationship approach.

Strategic Priorities

The core elements of our strategy going forward are to:

Organic Out-Performance

- Extend specialization
- Grow customer numbers
- Increase share of wallet
- Drive productivity

Portfolio Reshaping

- Invest in high growth areas
- Build specialist capabilities
- Exit weak positions
- Risk reduction
- Transformational moves

- Step changes in positioning
- Creating new growth options
- Proactively shaping industry

Our 2003 Priorities

- Rollout Restoring Customer Faith, reconnect with community
- Complete Joint Venture integration. Leverage distribution opportunity

- Reposition cards and mortgages for tougher environments
- Narrow focus of offshore activities to reduce risk
- Capture share of cyclical upswing in corporate lending and small to medium enterprises
- Implement three major strategic cost programs, fewer projects
- Accelerate shift in performance culture and identify and develop the next generation of leaders

Financial Aspirations

We have set the following targets for 2003:

- Earnings per share growth 10%
- Cost income ratio 45%
- Return on equity 20%
- Adjusted Common Equity ratio 5.25% 5.75% (refer page 63)
- Credit Rating AA-

Property

We have a sizeable holding of freehold and leasehold land and buildings (largely within Australia) for our business purposes. These premises, which include branches, administration centers and residential accommodation for employees, had a carrying value at September 30, 2002 of $455 million and a market value of $464 million. (2001 carrying value of $483 million).

The Group last valued this class of assets, based on independent valuations, as at June 30, 2002. There were no material movements in property values in the period to September 30, 2002.

The decrease in property carrying values from September 30, 2001 to September 30, 2002 reflects the Group's continued divestment strategy through sales and sale and leasebacks of non core property assets.

Recent Developments

Acquisition of Bank of Kiribati

In October 2001, ANZ announced it had acquired (on September 30, 2001) a majority interest in the Bank of Kiribati Ltd, consolidating our position as the leading bank in the Pacific.

ANZ purchased 75% of the Bank of Kiribati from the Kirbati Government which retains a 25% interest. The consideration of approximately $5.4 million brought $1.4 million in net assets into ANZ.

Bank of Kiribati has four branches three on Tarawa and one on Kirimati Island.

Establishment of Joint Venture with ING

On April 10, 2002 the Group entered a contract to sell certain life and general insurance and funds management business to a joint venture with ING Group, and acquire a 49% interest in the joint venture.

Key details of the transaction are:

ING Australia Limited is owned 51% by ING Group and 49% by ANZ.

Both shareholders have an equal say in strategic decisions with a number of matters requiring the approval of both Shareholders. These include major items of capital expenditure, acquisitions or disposals in excess of $20 million and changes to the Board structure.

Equal board representation with four ANZ nominees and four ING Group nominees. All key issues (including business plans, major capital expenditure, acquisitions etc) require unanimous Board approval.

The Joint Venture was valued in April 2002, at $3,750 million with ING contributing businesses valued at $2,874 million; ANZ contributing businesses valued at $879 million. ANZ's contribution to the Joint Venture was by way of selling a controlling interest in ANZ Life Assurance Company Limited, ANZ Managed Investments Limited, ANZ General Insurance Limited and Investment and Administration Services Limited, as well as making a capital contribution of $960 million.

The Joint Venture includes the majority of ANZ's and ING's funds management and insurance activities in Australia and New Zealand.

Acquisition of Bank of Hawaii Assets

On October 4, 2001, ANZ announced it had agreed to acquire the Bank of Hawaii's operation in Papua New Guinea, Vanuatu and Fiji further consolidating ANZ's leading position in retail and commercial banking in the Pacific region.

The consideration of approximately $100 million in cash includes total assets of about $350 million ($52 million net assets and $48 million of goodwill). The acquired business operates from two branches in Papua New Guinea, two in Vanuatu and three inFiji.

The acquisition builds upon an important year of strategic growth for ANZ in the Pacific. We now have operations in three new countries American Samoa, East Timor and Kiribati.

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Assets and Gross Revenue by Line of Business

	Years ended September 30(1)					
	2002		2001		2000	
	$M		$M		$M	
Line Of Business(2)						
Assets						
Personal Banking and Wealth Management	10,635	6%	13,597	7%	n/a	n/a
Corporate Businesses	42,822	23%	44,245	24%	n/a	n/a
Investment Banking	25,669	14%	29,851	16%	n/a	n/a
Consumer Finance	5,551	3%	4,881	3%	n/a	n/a
Mortgages	64,826	35%	55,901	30%	n/a	n/a
Asset Finance	12,410	7%	12,013	7%	n/a	n/a
Small to Medium Business	6,764	4%	6,013	3%	n/a	n/a
Other	14,428	8%	18,992	10%	n/a	n/a
	183,105	100%	185,493	100%	n/a	n/a
Gross Revenue(3)*(equity standardized)(4)*						
Personal Banking and Wealth Management	1,376	11%	1,440	11%	n/a	n/a
Corporate Businesses	2,141	18%	2,467	19%	n/a	n/a
Investment Banking	1,527	13%	2,309	18%	n/a	n/a
Consumer Finance	986	8%	896	7%	n/a	n/a
Mortgages	3,760	31%	3,846	30%	n/a	n/a
Asset Finance	1,036	9%	1,071	8%	n/a	n/a
Small to Medium Business	503	4%	473	4%	n/a	n/a
Other	678	6%	322	3%	n/a	n/a
	12,007	100%	12,824	100%	n/a	n/a

	Years ended September 30(1)			
	2001		2000	
	$M		$M	
Line Of Business				
Assets				
Personal (2001)	73,528	39%	66,896	38%
Corporate (2001)	68,191	37%	65,161	38%
International and Subsidiaries (2001)	26,416	14%	24,372	14%
Corporate Centre, Technology and Finance (2001)	16,270	9%	15,129	9%
Discontinued Businesses (2001)	1,088	1%	909	1%

	Years ended September 30(1)			
	185,493	100%	172,467	100%
Gross Revenue(3)*(equity standardized)(4)*				
Personal (2001)	6,306	49%	5,517	39%
Corporate (2001)	4,524	35%	4,041	29%
International and Subsidiaries (2001)	1,977	15%	1,789	13%
Corporate Centre, Technology and Finance (2001)	48	1%	1,743	12%
Discontinued Businesses (2001)	8		941	7%
	12,863	100%	14,031	100%

(1) Comparative Line of Business information cannot be provided without unreasonable effort or expense, refer table below for line of business under previous business structure

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(2) For discussion of operating results by Line of Business see "Operating and Financial Review and Prospects Results by Line of Business"

(3) Gross revenue comprises interest income and non-interest income

(4) EconomicValueAdded (EVA) principles are in use throughout the Group, whereby risk adjusted capital is allocated and charged against business units. Equity standardized profit is determined by eliminating the impact of earnings on each business unit's book capital and attributing earnings on the business units risk adjusted capital.This enhances comparability of business unit performance. Geographic results are not equity standardized

Assets and Gross Revenue by Region

	Years ended September 30					
	2002		2001		2000(3)	
	$M		$M		$M	
Region(1)						
Assets						
Australia	135,050	74%	133,057	72%	127,306	74%
New Zealand	23,799	13%	22,337	12%	20,354	12%
Overseas Markets	24,256	13%	30,099	16%	24,807	14%
	183,105	100%	185,493	100%	172,467	100%
Gross Revenue(2)						
Australia	8,697	72%	9,012	70%	7,991	57%

	Years ended September 30					
New Zealand	1,917	16%	2,011	16%	1,843	13%
Overseas Markets	1,393	12%	1,801	14%	4,197	30%
	12,007	100%	12,824	100%	14,031	100%

(1) For discussion of operating results by region see "Operating and Financial Review and Prospects Results by Region"

(2) Gross revenue comprises interest income and non-interest income

(3) Includes abnormal items

Supervision and Regulation

Australia

Our operations are regulated in each country in which we operate. The Australian Prudential Regulation Authority ("APRA") has responsibility for the prudential and regulatory supervision of Australian banks, Credit Unions, Building Societies, other Authorized Deposit-Taking Institutions ("ADI's"), Insurance Companies and Superannuation Funds.

APRA discharges its responsibilities by requiring banks subject to its supervision to conform to a set of prudential standards and to regularly provide it with reports which set forth a broad range of information, including financial and statistical data relating to their financial position and information in respect of prudential and other matters.

In its supervision of banks, APRA gives special attention to capital adequacy, liquidity, earnings, loan loss experience, concentration of risks, the maturity structure of assets and liabilities,potential exposures through equity investments, funds management and securitization activities and international banking operations. APRA may also exercise certain investigative powers if a bank fails to provide

information about its financial condition or becomes unable to meet its obligations or suspends payment.

In carrying out its supervisory role, APRA supplements its analysis of statistical data collected from banks with selective "on site" visits and formal meetings with banks' senior management and external auditors. APRA has also formalized a consultative relationship with each bank's external auditors. The external auditors provide additional assurance that prudential standards set by APRA are being observed, and that statutory and other banking requirements are being met. External auditors also undertake targeted reviews of specific risk management areas as selected at the annual meeting between the bank, its external auditors and APRA. In addition, each bank's Chief Executive Officer attests to the adequacy and operating effectiveness of the bank's management systems to control exposures and limit risks to prudent levels.

Individual equity investments by banks or their subsidiaries in entities not operating in the field of finance may not exceed a value greater than 0.25% of a bank's consolidated Tier 1 capital, and the total of such investments may not exceed a value greater than 5% of a bank's consolidated Tier 1 capital, without prior reference to APRA. Banks should also notify APRA before committing to equity investments in entities not operating in the field of finance which will result in more than a 10% equity interest in the entity being acquired. These restrictions do not apply to equity holdings held within a trading portfolio.

A bank may not enter into any agreement or arrangement for the sale or disposal of its business or carry on business in partnership with another bank without the consent of the Treasurer of the Commonwealth of Australia ("the Treasurer").

Although the Reserve Bank of Australia "RBA" has the authority, with the approval of the Treasurer, to set interest rates paid or charged by banks, this authority is not currently being exercised.

Bank Liquidity

Liquidity is regulated by APRA through individual agreements with each bank which take into consideration the specific operations of each organization. APRA requires that banks have a comprehensive liquidity policy statement which defines the guidelines and systems for managing domestic and foreign currency liquidity. This statement must be approved by the Board of Directors. A bank's liquidity management policy should cater for a range of potential conditions and APRA requires each bank's liquidity risk to be assessed under two specific scenarios. The first scenario is known as the "going-concern" and refers to the normal behaviour of cash flows in the ordinary course of business and forms the day-to-day focus of a bank's liquidity management. The second scenario, known as the "short term crisis", covers the behaviour of cash flows where there is a problem (real or perceived) which may include operational problems, doubts about the solvency of a bank or adverse rating changes. APRA expects a bank to have sufficient liquidity to keep operating for at least 5 business days.

Banks must supply APRA with a monthly return which details the projected future cash flows under both the "going concern" and "short term crisis" scenarios. The latter must include maturity profiles out to 5 business days based on assumptions agreed with APRA. Banks are required to consult with APRA before making any significant changes to the assumptions underlying these reports.

Where APRA is not satisfied with the adequacy of an ADI's liquidity management strategy, or where it has particular concerns about an ADI's liquidity, it can direct the ADI to hold specified amounts of liquid assets such as cash and certificates of deposit.

Banks operate Exchange Settlement Accounts with the RBA. These accounts are used primarily for liquidity management purposes by banks. Prior to October 1,1997 the RBA paid an interest rate on

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balances in Exchange Settlement Accounts of 10 basis points under the cash rate. Effective from that date,the RBA reduced the interest payable on these balances to 25 basis points below the cash rate**.**

Capital Adequacy

APRA imposes guidelines for the capital adequacy of banks as an essential part of its prudential supervision of ADI's.

Under the existing APRA guidelines, balance sheet assets and off-balance sheet exposures are assessed according to broad categories of relative credit risk, based largely on the nature of the asset or counterparty.

There are four categories of risk weights (0%, 20%, 50%, 100%) applied to the different types of assets or counterparties. Mortgage lending over residential property to individual borrowers is risk weighted at 50%, including mortgage lending with a loan to valuation ratio over 80% which is insured through an acceptable lenders mortgage insurer.

Off-balance sheet exposures are taken into account by applying different categories of credit conversion factors to arrive at credit equivalent amounts, which are then weighted in the same manner as balance sheet assets according to the counterparty.

Effective January 1 1998, APRA required banks to measure and apply capital charges in respect of their market risks arising from their trading and commodity positions, in a manner which is broadly consistent with the January 1996 Basel Committee amendment to its Capital Accord. In measuring their market risks, banks have a choice of two methods. The first alternative is to measure risks in a standardized manner defined by APRA. The second alternative allows banks to utilize their internal risk measurement systems subject to APRA approval. ANZ applies the second approach.

Capital, for APRA supervisory purposes, is classified into two tiers, referred to as Tier 1 and Tier 2. APRA requires all ADI's to maintain a minimum ratio of capital to risk-weighted assets of 8 per cent, at least half of which must be maintained in the form of Tier 1 capital. APRA has not indicated that it has any plans to allow Australian ADI's to employ a third tier of capital, which would consist of short term subordinated notes, to meet a proportion of the market risk capital requirements. APRA will consider other risk factors that have not been incorporated or accounted for quantitatively in the framework when assessing the overall capital adequacy of an ADI. Where it is judged appropriate, APRA may require individual ADI's to maintain a minimum capital ratio above 8 per cent. APRA requires ANZ to maintain the minimum capital ratio of at least 8 per cent.

Tier 1 or "core" capital, consists of paid up ordinary share capital,general reserves, retained earnings, non-cumulative preference shares not redeemable at the holders' option (as approved by APRA) together with minority interests but exclude retained earnings and reserves of subsidiaries and associates that are not consolidated for capital adequacy purposes. Tier 1 must constitute at least 50% of the capital base requirements. In June 1999, APRA expanded the definition of Tier 1 capital to include innovative equity instruments (as approved by APRA). Innovative equity instruments include capital instruments which are a permanent and unrestricted commitment of funds, are available to absorb losses, have no fixed servicing obligations and are subordinated to the interests of depositors and other creditors. Provision has also been made so that capital instruments issued via special purpose vehicles may be eligible for inclusion in Tier 1 capital.

ANZ also reports Inner Tier 1 capital and Adjusted common equity as a percentage of risk weighted assets. Inner Tier 1 capital comprises Tier 1 capital excluding non-cumulative, non-converting preference shares as approved by APRA. Adjusted common equity is defined as Inner Tier 1 capital less deductions (see below).

Tier 2 capital consists of general allowance for loan losses, asset revaluation reserves, certain cumulative irredeemable preference shares, mandatory convertible notes and similar capital instruments, and subordinated and perpetual debt. The contribution made to the overall capital adequacy ratio by Tier 2 capital cannot exceed that made by Tier 1 capital. Certain categories of Tier 2 capital, including term (as distinct from perpetual) subordinated debt, are not counted towards qualifying capital to the extent that they exceed 50% of Tier 1 capital.

In order for subordinated debt securities issued by ANZ to qualify as Tier 2 for capital adequacy purposes, further approvals from APRA may be required, and APRA may require other terms and conditions to the issue of such subordinated debt securities to be satisfied.

Deductions from Capital (as required by APRA)

Deductions (as required by APRA) from Tier 1 Capital comprise:

- Future income tax benefits (other than those associated with general allowance for loan losses), net of any provision for deferred income tax;
- Unamortized goodwill and any other intangible assets;
- Investments in and any other forms of credit support provided to associated lenders mortgage insurers;
- Retained earnings and reserves of subsidiaries and associates that are not consolidated for capital adequacy purposes (ie funds management and insurance entities).

Deductions from total capital comprise:

- ADI's investments in non-consolidated financial entities, and investments in entities involved in funds management, insurance and securitization activities;
- Strategic cross-ADI shareholdings (including those strategic shareholdings in equivalent deposit taking institutions in overseas countries);
- Any non repayable loans advanced by an ADI under APRA's certified industry support arrangements; and
- Any undertakings by an ADI to absorb designated first level of losses on claims supported by it (eg; first loss facilities associated with funds management and the securitization of assets).

ANZ's capital adequacy ratio was 9.5% (including 7.9% of Tier 1 Capital) at September 30, 2002, compared with 10.3% at September 30, 2001, and 10.2% at September 30, 2000.

APRA may from time to time vary the capital adequacy ratios, which it sets for individual banks subject to its supervision. For further information on our capital adequacy, see "Operating and Financial Review and Prospects Capital".

Large Credit Exposures

APRA requires banks to report large credit exposures in terms of the consolidated group (ie the bank and its subsidiaries). Banks must consult with APRA before committing to any exposure (includes claims and commitments recorded on and off balance sheet) to any individual counterparty or group of related counterparties which will exceed 10% (subject to exceptions) of the capital base of the consolidated group. Banks are required to report quarterly to APRA exposures greater than 10% of its

consolidated capital base. We reported exposures to nine counterparties (four Governments, four Corporates and one Bank) as at September 30, 2002 their respective ratings are as follows:

Banks

One Bank S&P rating A+, Moody's rating A1

Government

Four Government bodies S&P rating AA, Moody's rating Aa2

Corporate

Two Corporates S&P rating A, Moody's rating A2

One Corporate S&P rating AAA, Moody's rating Aaa

One Corporate S&P rating AA-, Moody's rating Aa3

Possible Future Developments

A policy discussion paper "Prudential Supervision of Conglomerates", was issued in March 1999 by APRA, and relates to future developments in regulation. Further revisions of this paper were released in November 1999, April 2000 and November 2002. The original paper and subsequent revisions address issues associated with the increasing number of institutions offering financial services within a conglomerate or group structure which also contains other activities, often with differing risk profiles. A particular issue of concern to APRA is the possibility of contagion where problems in some unregulated part might be transmitted to a healthy regulated entity. The paper outlines a common prudential framework in which all the activities of conglomerates with financial and other business can be considered. Many aspects of this paper have now been accepted by ADI's and incorporated within APRA's prudential standard framework. The impact of incorporating these changes to date has not had a material effect on ANZ. The November 2002 papers contain new proposals as to calculating capital ratios principally for the ADI and the conglomerate group (if one exists), and new regulations as to exposure limits between the ADI and its related parties, and with external counterparties. Some of the changes will be effective July 1, 2003 and with further changes, which are currently only in draft form, being implemented January 1, 2007 when the current Basel Committee proposals are expected to be implemented also. The July 2003 changes are expected to reduce the Group's Tier 1 ratio by approximately 55bpts, with the total capital ratio unchanged. At this stage the impact of the proposed January 2007 regulatory changes cannot be predicted.

In January, 2001, the Basel Committee on Banking Supervision issued a set of consultative papers discussing a new capital adequacy framework. The papers set out proposals to update the 1988 Accord, and establish the risk management and regulatory capital calculation framework for bank regulators around the world. When adopted, the proposals will amplify the influence of credit opinions from agencies such as Standard & Poor's and Moody's Investors Services and, for banks with more advanced internal risk grading and risk management practices and processes, provide the opportunity to use internal credit ratings. Once adopted, these developments will mean regulatory capital holdings are a more accurate reflection of the risk profile of a bank's loan portfolio, market related and operational activities.

Since January 2001, the Basel Committee have progressively released a number of working papers, refining the content of the original documents. A final version of the consultative papers is expected early in the 2003 calendar year, with implementation of the new proposals expected by the end of 2006.

New Zealand

The Reserve Bank of New Zealand is responsible for promoting and maintaining the soundness and efficiency of the New Zealand financial system. Capital adequacy requirements are in accordance with the Basel Committee framework. Prudential reporting requirements are fulfilled by the issue of quarterly public disclosure statements.

United States

On October 26, 2001, the President signed into law H.R. 3162, the USA PATRIOT Act (the "Act"), which contains strong measures to prevent, detect, and prosecute terrorism and international money laundering. Title III of the Act is the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001. It includes numerous provisions for fighting international money laundering and blocking terrorist access to the U.S. financial system. The Act is far-reaching in scope, covering a broad range of financial activities and institutions.

The provisions affecting banking organizations are generally set forth as amendments to the Bank Secrecy Act ("BSA"). These provisions relate principally to U.S. banking organizations' relationships with foreign banks and with persons who are resident outside the United States. The BSA, which generally applies to insured depository institutions as well as to the U.S. branches and agencies of foreign banks, does not immediately impose any new filing or reporting obligations for banking organizations, but requires certain additional due diligence and recordkeeping practices. Some requirements take effect without the issuance of regulations. Other provisions are to be implemented through regulations that will be promulgated by the U.S. Department of the Treasury, in consultation with the Federal Reserve Board and the other federal financial institutions' regulators.

Following the passage in March 2000 of the Gramm-Leach-Bliley Act of 1999 ("GLB", also known as the Financial Modernization Act), ANZ successfully applied to the Federal Reserve Bank and became a Financial Holding Company ("FHC"). As a FHC, ANZ is allowed to engage in financial activities that are financial in nature or incidental, or complementary to financial activities, as determined by the Federal Reserve Bank and the Secretary of the Treasury Department. This legislation provides a clearer method for future integration of banks with other financial businesses and allows the Bank to enter into other new business lines for the first time.

Under this legislation, the FHC is subject to restrictions if it were determined that the FHC is not "well managed" or "well capitalized". In addition, under the GLB, the Federal Reserve Bank is the "umbrella" supervisor with jurisdiction over the FHCs.

Under the GLB's new requirements, the Office of the Comptroller of the Currency ("Comptroller") will continue to oversee, as "primary regulator," foreign banks having a federal branch in the United States. Therefore, the ANZ New York Branch will continue to be subject to supervision, examination and extensive regulation by the Comptroller and the International Banking Act of 1978 (the "IBA"), along with the regulations adopted pursuant to the IBA. The IBA provides, among other things, that a federal branch of a foreign bank can exercise the same rights and privileges that are available to national banks. In addition, the exercise of any such right or privilege must be subject to the same duties, restrictions, penalties, liabilities, conditions and limitations that apply to national banks at the same location. The Comptroller also imposes a required "capital equivalency" deposit to a federal branch, which must be maintained on deposit with a Federal Reserve member bank (or invest in qualifying securities as authorized by the Comptroller). The amount of this deposit should be not less than 5% of the total liabilities (excluding, among other things, liabilities to affiliates) of the federal branch. In addition, a federal branch is subject to the record-keeping and reporting requirements that apply to national banks. The branch must maintain its accounts and records separate from those of the foreign bank and must comply with such additional requirements as may be prescribed by the Comptroller. In addition to the above deposit requirement, Regulation D of the Federal Reserve Bank imposes uniform reserve requirements to all institutions (including a federal branch) with transaction accounts or non-personal time deposits. The Regulation defines such deposits and requires reports of deposits to the Federal Reserve.

Under the IBA, a federal branch of a foreign bank is subject to the receivership provisions to the same extent as a national bank. The Comptroller may take possession of the business and property of a federal branch. Accordingly, the Comptroller has at its disposal a wide range of supervisory and enforcement tools addressing violations of laws and regulations and breaches of safety and soundness, which can be used against federal branches. The Comptroller may remove federal branch management and assess civil money penalties. In certain circumstances, the Comptroller may also terminate a federal branch license at its own initiative or at the recommendation of the Federal Reserve Board.

Also under the IBA, the branch is subject to certain restrictions with respect to opening new domestic deposit-taking branches and establishing or acquiring subsidiary banks in states outside of our "home-state" of NewYork.

Other Countries

Local banking operations in all of ANZ's offshore branches and banking subsidiaries are subject to host country supervision by their respective regulators.

Competition

The Australian banking system is highly competitive. In September 2002, the four major banking groups in Australia being ANZ, Commonwealth Bank of Australia, National Australia Bank Limited and Westpac Banking Corporation, together with their respective banking subsidiaries, held 68% of the total Australian assets of banks that carry on business in Australia. Each of these four banking groups operates a nationwide branch network and, at September 30, 2002, they collectively operated 74% of the total number of bank branches in Australia. The operations of the smaller regional banks are typically limited to servicing customers in a particular State or region with particular emphasis on residential mortgage lending.

The deregulation of the Australian financial system during the early 1980s led to a proliferation of financial institutions which compete in selected markets with the four major banks. Non-bank financial intermediaries such as building societies and credit unions compete principally in the areas of accepting deposits and residential mortgage lending, mainly for owner-occupied housing. Some large building societies were granted banking authorizations under the Banking Act 1959. Specialist non-bank residential mortgage lenders and direct (non-branch) banking operations have become more prominent in recent years.

Competition is particularly intense in the housing lending market. Mortgage originator specialists, supported by a developing securitization market, have been able to undercut the average interest rates previously available from the banks. Major banks have tended to closely match the competitive pricing offered by specialist originators. Regional banks are also offering competitively priced home lending products.

Most of the foreign banks that are authorized to operate in Australia, either through subsidiaries or branches of their parent companies, engage in commercial lending, funds management and treasury activities, but have a low profile in personal banking.

The funds management industry is an area of strong competition among the four major banks and Australia's insurance companies. Competition has increased as the Australian Government has encouraged long-term saving through superannuation by means of taxation concessions and the imposition of a mandatory superannuation guarantee levy on employers. In May 2002, ANZ

commenced operations of the joint venture with the ING Group to create a larger and more competitive organization in wealth management.

We offer personal and business superannuation and, savings and insurance products (in addition to our more established banking products) through our personal banking network and the joint venture.

In New Zealand, we compete with the Bank of New Zealand (a wholly-owned subsidiary of National Australia Bank Limited), The National Bank of New Zealand (a wholly owned subsidiary of Lloyds TSB Group plc), Westpac Trust Corporation (a wholly owned subsidiary of Westpac Banking Corporation), ASB Bank Limited (a subsidiary of Commonwealth Bank of Australia) and others.

ANZ Investment Bank offers a wide range of financial market services to our large corporate and institutional customer base including: foreign exchange, derivative and fixed interest activities, project and global structured finance, corporate finance (mergers and acquisitions, and other advisory), primary markets origination and syndication and leasing finance. Competitors gain recognition through the quality of their client base, perceived skill sets, reputation and brands. In domestic markets, ANZ Investment Bank's competitors are generally either international investment banks operating in niche markets, the boutique operations of large multi-national banking conglomerates or domestic investment banks with a focus on niche areas. Internationally, ANZ Investment Bank's key competitive strength is its focused geographic and sector experience, league table rankings and its established client base. Due to the large number of participants, niche orientation and the highly competitive nature of investment banking, there are no dominant competitors in international markets competing across the range of the ANZ Investment Bank's major product areas.

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Financial Review

Item 3: Key Information

The summary consolidated balance sheet data as of September 30, 2002 and 2001 and income statement data for the fiscal years ending September 30, 2002, 2001 and 2000 have been derived from, and should be read in conjunction with our audited consolidated financial statements (The Financial Report) which is attached to this document. The Financial Report has been audited by our independent auditors. The balance sheet data as of September 30, 2000, 1999 and 1998 and income statement data for the fiscal years ending September 30, 1999 and 1998 have been derived from our audited consolidated financial statements for the fiscal years ending September 30, 2000, 1999 and 1998 which are not incorporated in this document. The Financial Report has been prepared in accordance with Australian GAAP which varies in certain respects from US GAAP. See Note 55 to the Financial Report.

Amounts reported in US dollars have been translated at the September 30, 2002 Noon Buying Rate (refer to page 6).

	Years ended September 30					
	2002	2002	2001	2000	1999	1998
	US$M	$M	$M	$M	$M	$M
Summary of Consolidated Statement of Income Australian GAAP						
Interest income	4,906	9,037	10,251	10,241	8,684	9,499
Interest expense	(2,725)	(5,019)	(6,418)	(6,440)	(5,029)	(5,952)
Net interest income	2,181	4,018	3,833	3,801	3,655	3,547
Allowance for loan losses(1)	(467)	(860)	(531)	(502)	(510)	(487)
Net interest income after allowance for loan losses	1,714	3,158	3,302	3,299	3,145	3,060
Non-interest income	1,612	2,970	2,573	2,583	2,377	2,142
Prior period abnormal income				1,207		
Other operating expenses	(1,577)	(2,905)	(3,092)	(3,314)	(3,300)	(3,442)
Prior period abnormal expenses				(986)		(102)
Operating profit before income tax	1,749	3,223	2,783	2,789	2,222	1,658
Income tax expense attributable to operating profit	(487)	(898)	(911)	(863)	(736)	(576)
Prior period abnormal tax				(177)		33
Operating profit after income tax	1,262	2,325	1,872	1,749	1,486	1,115
Outside equity interests	(1)	(3)	(2)	(2)	(6)	(9)
Operating profit after income tax	1,261	2,322	1,870	1,747	1,480	1,106
Non-interest income as a % of operating income(2)	42.5%	42.5%	40.5%	40.5%	39.4%	36.4%

	Years ended September 30					
Dividends paid / provided(3)	680	1,252	1,062	941	814	747
Per fully paid ordinary share:						
Operating profit after income tax(4)(5)	$ 0.80	$ 1.47	$ 1.17	$ 1.07	$ 0.91	$ 0.73
Dividends	$ 0.46	$ 0.85	$ 0.73	$ 0.64	$ 0.56	$ 0.52
Dividends US$		US$ 0.46	US$ 0.36	US$ 0.35	US$ 0.37	US$ 0.31
Dividends per ADR US$		US$ 2.31	US$ 1.80	US$ 1.75	US$ 1.85	US$ 1.55
Adjusted in accordance with US GAAP:						
Operating profit after income tax	1,138	2,097	1,796	1,940	1,410	1,096
Operating profit after income tax per share(5)	$ 0.72	$ 1.32	$ 1.12	$ 1.19	$ 0.86	$ 0.72
Continuing Operations(6):						
Total income	6,519	12,007	12,855	11,883	10,017	n/a
Operating profit after income tax before abnormals	1,261	2,322	1,882	1,594	1,365	n/a
Operating profit after income tax per fully paid ordinary share(4)(5)	$ 0.80	$ 1.47	$ 1.18	$ 0.97	$ 0.83	n/a

(1) The allowance for loan loss charge represents the economic loss provision (refer page 64)

(2) Operating income is the sum of net interest income and non-interest income

(3) Excludes preference share dividends and dividends taken under the bonus option plan

(4) Amounts are based on weighted average number of ordinary shares outstanding

(5) Per weighted average fully paid ordinary share and share equivalents

(6) Operations that will continue to contribute to the results of the Group in future periods. Information for 1998 is not available.

	Years ended September 30					
	2002 US$M	**2002 $M**	**2001 $M**	**2000 $M**	**1999 $M**	**1998 $M**
Summary of Consolidated Balance Sheets Australian GAAP						
Shareholders' equity(1)	6,215	11,448	10,538	9,795	9,403	8,335
Subordinated debt	1,870	3,445	3,831	3,687	3,221	3,748
Bonds and notes	7,985	14,708	15,340	9,519	4,456	666
Deposits and other borrowings	61,509	113,297	104,874	100,602	96,559	94,599
Gross loans,advances and acceptances (net of unearned income)(2)	80,315	147,937	139,867	133,879	121,223	112,325
Specific allowance for loan losses	(318)	(585)	(500)	(709)	(907)	(819)
General allowance for loan losses	(812)	(1,496)	(1,386)	(1,373)	(1,395)	(1,401)
Net loans,advances and acceptances	79,185	145,856	137,981	131,797	118,921	110,105
Total assets	99,408	183,105	185,493	172,467	152,801	153,215
Risk weighted assets	76,761	141,390	139,129	129,688	118,037	116,096
Adjusted in accordance with US GAAP						
Shareholders' equity(1)	6,590	12,139	11,207	10,517	9,889	8,822
Total assets	99,370	183,035	185,573	171,858	152,415	152,773
Summary of Consolidated Ratios Australian						

	Years ended September 30				
GAAP					
Operating profit(1) after income tax and abnormals as a percentage of:					
Average total assets	1.3%	1.1%	1.1%	1.0%	0.7%
Average shareholders' equity(1)	23.2%	20.2%	18.8%	17.2%	14.6%
Dividends(3) to ordinary shareholders as a percentage of operating profit after income tax	57.8%	60.6%	57.2%	57.8%	67.5%
Average shareholders' equity as a percentage of average total assets(5)	5.3%	5.0%	5.3%	5.4%	5.1%
Capital Adequacy ratios:					
Tier 1	7.9%	7.5%	7.4%	7.9%	7.2%
Tier 2	2.8%	3.2%	3.4%	3.3%	2.8%
Deductions(4)	(1.2)%	(0.4)%	(0.6)%	(0.5)%	(0.3)%
Total	9.5%	10.3%	10.2%	10.7%	9.7%
Adjusted in accordance with US GAAP					
Operating profit(1) after income tax as a percentage of:					
Average total assets	1.2%	1.0%	1.2%	0.9%	0.8%
Operating profit(1) after income tax as a percentage of:					
Average shareholders' equity(1)	20.9%	18.2%	20.6%	15.8%	13.8%
Dividends(4) to ordinary shareholders as a percentage of operating profit after income tax	63.2%	63.3%	51.2%	60.8%	68.2%
Average shareholders' equity(1)(5) as a percentage of average total assets	5.3%	6.8%	5.4%	5.6%	5.5%

(1) Excludes outside equity interest

(2) Our balance sheet shows loans and advances net of the specific and general allowances. For ease of presentation the gross amount is shown here

(3) Excludes dividends taken under the bonus option plan

(4) Deductions represent our investment in life insurance, funds management, securitization activities and other banks of $1,703 million (2001: $604 million, 2000: $787 million, 1999: $584 million, 1998: $305 million)

(5) Excludes preference shares

	Years ended September 30					
	2002	2002	2001	2000	1999	1998
	US$M	$M	$M	$M	$M	$M
Summary of credit quality data						

	Years ended September 30					
Gross non-accrual loans(1)						
Subject to specific allowance for loan losses	582	1,072	940	1,046	1,288	1,414
Without specific allowance for loan losses	71	131	320	345	255	248
Total non-accrual loans	653	1,203	1,260	1,391	1,543	1,662
Allowance for loan losses						
Specific allowance (loans)	312	575	490	692	886	762
Specific allowance (off-balance sheet commitments)	5	10	10	17	21	57
General allowance	812	1,496	1,386	1,373	1,395	1,401
Total allowance	1,129	2,081	1,886	2,082	2,302	2,220
Gross loans, advances and acceptances(2)						
Gross loans and advances(2, 3)	72,825	134,141	125,543	118,397	106,365	96,677
Acceptances	7,490	13,796	14,324	15,482	14,858	15,648
Total gross loans, advances and acceptances	80,315	147,937	139,867	133,879	121,223	112,325
Gross non-accrual loans as a percentage of gross loans and advances		0.9%	1.0%	1.2%	1.4%	1.7%
Gross non-accrual loans as a percentage of gross loans, advances and acceptances		0.8%	0.9%	1.0%	1.3%	1.5%
Specific allowance for loan losses as a percentage of gross non-accrual loans(1):						
Subject to allowance		53.6%	52.1%	66.2%	68.8%	53.9%
Total non-accrual loans		47.8%	38.9%	49.7%	57.4%	45.8%
Total allowance for loan losses as a percentage of:						
Gross loans and advances(2)		1.6%	1.5%	1.8%	2.2%	2.3%
Gross loans, advances and acceptances(2)		1.4%	1.3%	1.6%	1.9%	2.0%
Risk weighted assets		1.5%	1.4%	1.6%	2.0%	1.9%

(1) Excludes off-balance sheet commitments that have been classified as unproductive of $44 million (2001: $31 million, 2000: $56 million, 1999: $70 million, 1998: $47 million) net of an allowance of $10 million (2001: $10 million, 2000: $17 million, 1999: $21 million, 1998: $57 million)

(2) Net of unearned income

(3) Our balance sheet shows loans and advances net of the specific and general allowances. For ease of presentation the gross amount is shown here

Summary of Material Risk Factors

Our business activities are subject to risk factors that can impact our future performance. Some of these risks can be mitigated by the use of safeguards and appropriate systems and actions but some are outside our control and cannot be mitigated.

Major risk factors for ANZ are discussed in detail throughout the Financial Review section of this document and in a number of sections of the Financial Report.

In summary, the material risk factors which may impact ANZ include:

Dependence on the Australian and New Zealand Economies

Our earnings are dependent on the level of banking and finance and financial services required by our customers. In particular, levels of borrowing are heavily dependent on customer confidence, the state of the economy and market interest rates at the time. As we currently conduct the majority of our business in Australia and New Zealand, our performance is influenced by the level and cyclical nature of business activity in Australia and New Zealand, which, in turn is impacted by both domestic and international economic and political events. There can be no assurance that a weakening in the Australian and New Zealand economies will not have a material effect on our future results. Our future performance can also be affected by the economic conditions of other regions where we conduct our operations.

Credit Risk

Credit risk arises from potential financial loss resulting from the failure of a counter party to honour fully the terms of a loan or contract. General economic or business conditions, either internationally or in the states or regions in which ANZ does business, may be less favourable than expected, resulting in, among other things, a deterioration in credit quality or a reduced demand for credit.

Two areas that emerged as credit quality problems during 2002, were the US power industry and the Global telecommunications industry.

Recently, the US power industry has undergone some specific sectoral stress following market deregulation and ensuing expansions. In this regard, ANZ has been adversely affected by a small number of single name exposures (most notably Enron).

Many foreign Telecommunications companies have been exposed to high levels of debt in creating what now amounts to industry overcapacity. In this regard, ANZ has been adversely affected by its exposures to Marconi and one other customer (refer page 68).

Liquidity Risk

Liquidity risk is the potential financial loss resulting from not having sufficient funds available at all times to meet maturing obligations as they fall due (see page 118 of the Financial Review).