

AUSTRALIA & NEW ZEALAND BANKING GROUP LTD
Form 6-K
August 06, 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 June 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. Form 40-F

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 No

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

Media Release

[LOGO]

Corporate Affairs

Level 22, 100 Queen Street
Melbourne Vic 3000

Telephone 03 9273 6190

Facsimile 03 9273 4899

www.anz.com

For Release: 12 June 2003

ANZ to pay 4% salary increase to staff

ANZ today announced it would pay eligible Australian staff a minimum 4% salary increase in July 2003.

Staff will continue to have access to additional performance pay of between 2% and 7%. ANZ has also introduced a range of other initiatives for staff in recent years including:

the ability for all staff to salary sacrifice for superannuation

providing staff with heavily subsidised PCs for home use

providing opportunities for staff to become shareholders through the issue of ANZ shares to all Australian staff and the introduction of a share save scheme

flexible leave options including parental leave, opportunities for career breaks and pro-rata access to long service leave for eligible staff

paid volunteering leave to support staff involved in community work.

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ANZ Head of People Capital Mr Shane Freeman said the pay increase was fair in a more subdued operating environment.

The 2003 salary increase is above inflation and takes into account competitor and market pay rates, and ANZ's position as a leading employer, said Mr Freeman.

We are delivering on our promise to pay a fair and competitive salary increase to our people. Staff can expect a further pay increase in July 2004.

We are building a strong relationship with our people and it is pleasing that since July 2000 staff satisfaction has risen from 58% to 78% in February 2003, he said.

The increase follows the 4% increases paid to staff in 2001 and 2002. ANZ staff will continue to work under the terms and conditions of the 1998 Enterprise Bargaining Agreement.

Eligible staff will receive the 4% increase effective 11 July 2003.

For media enquiries, contact:

Paul Edwards

Head of Group Media Relations

Tel: 03-9273 6955 or 0409-655 550

Email: paul.edwards@anz.com

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Corporate & SME Banking

Graham Hodges
Managing Director

12 June 2003

Australia and New Zealand Banking Group Limited

[LOGO]

Outline

Business Overview

Financial & risk performance

Market position & trends

SME Banking strategy update

Corporate Banking strategy update

Summary

UBS Presentation

Overview of the businesses

SME Banking

Traditional relationship management

Segment: \$50K business FUM to \$10M turnover

21 Business Districts (Metro Aust); total staff of 1021 (642 frontline); approx 35,000 customers

Manage end-to-end for customer

Frontline

Centralised Ops

Scoring/Modelling

Portfolio Management

Business Products

Centralised Credit

Approx 20% of customer wallet in other business units NPAT

Corporate Banking

Proposition ranges from traditional relationship banking to sophisticated financial solutions

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Segment: turnover between \$10-\$100M

15 Corporate Regions (Aust); total staff of 505 (380 frontline); approx 2,700 customers

Product, Risk & Solutions Specialists co-located

Approx 45% of customer wallet in other business units NPAT

Segment has strong financial momentum

SME

Strong NPAT growth

[CHART]

Continue to exceed target of 15%+ pa NPAT growth

EVA growth in line with NPAT growth

Corporate

More modest NPAT growth

[CHART]

Lending growth in Corporate more subdued, with focus on non-traditional products to drive growth across the Bank

SME – Disciplined investment strategy paying off

High investment levels

[CHART]

Virtuous cycle of stronger revenues allowing increased cost (investment)

Efficient business platform

Effective investment in business

Contributing to strong balance sheet growth

[CHART]

Annualised growth 8 mths to end May 03

lending growth: 23.4%

deposit growth: 7.3%

Corporate – creating value across the bank

Total customer NIACC/EVA* growing strongly

[CHART]

Total Customer profit (NIACC/EVA) has continued to increase strongly

The Corporate franchise contributes strongly to other Business Units

Major NIACC contributions to other Business Units in H1 03 included:

CF&A \$3.4m

Trans Services \$7.6m

Cap Mkts & FX \$12.8m

Cards/AAF \$9.5m

* NIACC - Net income after capital charge, an EVA based measure of customer profitability

Decreasing level of specific provisions reflects quality of portfolio

	2H 01	1H 02	2H 02	1H 03
Specific Provisions (\$m)				
SME	12	7	6	2
Corporate	18	20	15	6
Total	30	27	21	8
ELP (\$m)				
SME	7	7	7	7
Corporate	20	18	16	16
Total	27	25	23	23
ELP rate (bps)	38	37	34	33

Lending growth in SME sector has not been at the expense of credit quality

Portfolio is well secured

[CHART]

Portfolio is ~80% fully secured with higher security at weaker end

Behavioural risk profiles improving

[CHART]

Portfolio reviewed dynamically via behaviour scoring on quarterly basis

New business of equivalent credit standard to existing business

* Drop in Mar 03 partly due to scorecard enhancement

Market position & trends

SME Banking

Market Share* - underweight

[CHART]

Trends

Healthy SME sector; credit growth broadly tracks nominal GDP

GST has driven improved customer cashflow management

Businesses are in good financial shape

Customers seeking business understanding, dealings with decision makers, flexibility, pro-activity

* Market share measured by lending

Corporate Banking

Market share – stronger at top end

[CHART]

Trends

Good profitability; low gearing

Industry consolidation; uncertain environment

Less demand for credit and increased capacity to amortise debt

Growing need for smarter products and customised solutions

Source: Roberts Research 2002

SME – Delivering on our commitments

In August 2001, we said:

We were revitalising the business:

Focus on customer proposition

Re-engineering business & credit processes

MIS to support the strategy (EVA based customer profitability)

We were shifting mind-sets to:

Customer first

Culture of business ownership

80% staff & customer satisfaction by 2004

Average earnings growth of 15%+ to 2005

Our relatively weak market position created growth opportunities

What's happened:

Customer proposition competitive

Behavioural & credit scoring embedded

Straight through processing loan origination operating:

Intranet based

4 hour proposition within reach

Staff satisfaction

[CHART]

Customer Satisfaction

[CHART]

Cultural shift from admin focus to sales focus

Growth opportunities – unleashed energy

SME – Continuing to invest for growth

Our August 2001 Investment Roadmap is being delivered

[CHART]

Footprint Expansion

New SME staff (yr to May 03)

98 in frontline roles

18 in specialised businesses

Specialised businesses a success in achieving focussed growth

Steady growth in monthly revenue from Franchising sector

Rapid growth in monthly revenue from Broker introduced business

Bolt on services

e-Com led sales slow

SME Development Capital product launch Jul 03

SME – Building a sustainable competitive position

The virtuous cycle can be sustained to deliver NPAT growth

Effective investment a prerequisite

Balance between:

near-term revenue opportunities

medium-term platform development

[GRAPHIC]

Winning new business (not just X-sell) is key to accelerating the cycle

Disciplined execution and front-line leadership

New business and platform efficiency critical to achieving sustainable growth

Corporate – Dual strategy in place

Business has a strong position in a more mature market place

Proven business model

Efficient platforms & delivery

Moderate profit growth from traditional product range

Strong cross-sell via co-located specialists

Customer segment generates significant additional profit growth for other ANZ businesses

Dual strategy being followed

Lower end

Underweight share creates opportunity for new business growth

Focus on new customers but maintain x-sell discipline

Higher end

Very strong position at top-end

Growing demand for sophisticated solutions

Wall St To Main St Strategy

Wall St to Main St - Customers seeking more sophisticated solutions

Likely to use one or more sophisticated products*

[CHART]

Strength of franchise, people and products positions us well

Investment banks less active in the middle market. Our points of differentiation are:

Large number of relationships

We are with the client before, during and after the transaction

We can provide both expertise and a balance sheet

Opportunity is substantial, driven by:

Generational change

Business expansion

Industry consolidation/divestments

Changes in ownership (MBO, Public/Private)

* Source: Roberts Research 2002

Wall St to Main St strategy requires investment in skills...

It takes time to develop Wall St to Main St capabilities

We are well progressed

Opportunities will increase

**Phase 1 (pre 2000)
Lender**

Detailed customer strategy plans

Regional Executives key transactors

Some non-traditional financing deals-mainly debt focused

**Phase 2 (00- 02)
Trusted Advisor**

Significant training

Appointed dedicated investment banking specialists

Created awareness and generated different discussions

Significant deal-flow

Phase 3 (03- 05)
Strategic Partner

Increased investment

Industry knowledge and focus generating opportunities

Proactively building client awareness

Goal is to create further mid market demand for this service

...and success in converting opportunities

Corporate Life Cycle and Wall St to Main St Solutions

[CHART]

A typical example of a completed deal originated in 2000 and completed in 2003:

MBO transaction

Private equity (approx \$7m); profit \$10.5m

Debt tranches; senior / mezzanine; W/C line:~ \$1.1m NII & \$0.1m fees

Summary

Businesses performing well, and we are delivering on our commitments

Risk performance strong, but watchful for emerging risks

Further opportunities for growth

Investment effectiveness, business leadership and disciplined execution are keys to sustained performance

Goals for 2003 to 2005

Double digit earnings growth for segment

Continue growth and diversification of customer revenue mix

Achieve 80% customer satisfaction and maintain staff satisfaction over 80%

Performing loans remain at 99% of total book

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For further information visit

www.anz.com

or contact

Philip Gentry

Head of Investor Relations

ph: (613) 9273 4185 fax: (613) 9273 4091 e-mail: gentryp@anz.com

[GRAPHIC]

Australia and New Zealand Banking Group Limited

Judith Downes, Head of Finance and Business Information Centre

Ross Glasscock, Executive Treasurer, Group Wholesale Funding

16 June 2003

[LOGO]

Outline

Group overview

Result review

Portfolio performance

Credit Quality

Other issues

Term debt funding

Supplementary information

2003 Interim Results

Group Overview

One of the four major Australian banks

Established in 1835

Full range financial service provider

Distinctive specialist business strategy – 17 separate businesses

Assets

(as at 1H2003)

A\$190.5bn.(US\$115bn.)

Market Cap.

(as at 10 June 2003)

A\$28.7bn.(US\$18.8bn.)

Tier 1 Capital Ratio

7.7%

Credit Ratings

AA-/Aa3 (Stable)

2003 Interim Results

v Mar 02

NPAT	\$	1,141m	8.7%
EPS		72cents	8.6%
Cash EPS		74cents	10.4%
Interim Dividend		44cents	12.8%
Net Specific Provisions	\$	259m	29%

Before Significant Items

NPAT	\$	1,141m	7.0%
EPS		72cents	6.8%
Cash EPS		74cents	8.7%

A respectable result

A respectable result, with good underlying momentum

Strong interest income driven by asset growth

Non-interest income impacted by one-offs

Expenses well controlled

Majority of portfolio performing well

Credit quality strong in Australia, offshore issues containable

Remain well provisioned, with strong capital position

On target for approximately 8% full year NPAT growth

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Result driven by asset & deposit growth, non-interest income impacted by one offs

[CHART]

* Sep-02 excludes significant items

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Expenses well controlled, cost income ratio flat

[CHART]

Growth spend held back due to lower income growth

Underlying half on half cost growth of 1.4%

Includes \$10m increase in software amortisation

Restructuring costs of \$32m taken, in line with previous half

Continued focus on re-engineering business as usual costs

Provisioning charge reflects conservative management

ELP Charge

[CHART]

ELP rate down 3bp- reflecting strong mortgage growth & improved risk profile

ELP Portfolio adjustment continued

accruing higher level of ELP, reflecting ongoing global economic uncertainty

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A diversified portfolio performing well

	Mar 03	Sep 02	Change
Institutional Banking	145	131	11%
Personal Banking	137	133	3%
Mortgages	131	124	6%
Transaction Services	84	77	9%
SME	78	72	8%
Consumer Finance	47	71	-34%
New Zealand	74	69	7%
Treasury	49	61	-20%
Asset Finance	60	54	11%
Corporate Banking	55	53	4%
Wealth Management	51	52	-2%
Asia Pacific	67	51	31%
Foreign Exchange	43	43	0%
Structured Finance	36	44	-18%
Corp Fin & Advisory	38	37	3%
Capital Markets	36	33	9%
INGA JV*	21	7	large

1st half NPAT \$m

[CHART]

* Excludes funding costs

JV performance – good insurance and expense performance, offset by FM

ING Australia NPAT*

[CHART]

Life Insurance business performing well due to improved service, efficiency, and claims management

Subdued equity market conditions continue to impact Funds Management business

Improved capital investment returns, combined with hedge delivering cash rate of return

Synergies being extracted in line with expectations

* Movements on a semi-annualised basis

Valuation supports carrying value of investment in INGA JV

[CHART]

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Arrears profile close to historical lows

Arrears > 60 days

[CHART]

Consumer sector in good shape, with continuing low levels of unemployment and low interest rates

Mortgage arrears remain very low

Ongoing focus on collections management

Upwards movement in cards arrears expected, will be carefully managed

Scorecards remain tight

* excl Asset Finance, Pacific, Asia

Mortgages portfolio healthy*

High quality arrears profile

[CHART]

Strong LVR profile

[CHART]

Increasing flexibility to service mortgage

[CHART]

Equity Loans remain modest

[CHART]

Domestic corporates well placed

Domestic corporates remain lowly geared

[CHART]

Reflected in healthy risk grade profile*

[CHART]

* Institutional & Corporate Australia & NZ

Top 10 exposures further reduced

Top 10 committed exposures

[CHART]

Limits represent total 7 month limits excluding uncommitted and non-recourse, net of credit derivatives

Top 10 exposures as % of ACE

[CHART]

excludes non-recourse and uncommitted facilities

Specific provisions down 29% – no large single provisions

Provisions

[CHART]

1st half Specific Provisions by size