

AUSTRALIA & NEW ZEALAND BANKING GROUP LTD  
Form 6-K  
March 01, 2005

## **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 February 2005**

### **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

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

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**Company Secretary's Office**  
Australia and New Zealand Banking Group Limited  
Level 6, 100 Queen Street  
Melbourne, VIC 3000  
Phone 61 3 9273 6141  
Fax 61 3 9273 6142  
www.anz.com

3 February 2005

The Manager

Company Announcements

Australian Stock Exchange

Level 10, 20 Bond Street

Sydney NSW 2000

**Advice of Tentative Dividend Dates for 2005 and AGM**

Australia and New Zealand Banking Group Limited advises the following proposed dates. These dates may be subject to change.

Interim Dividend

Announcement of interim results:	27 April 2005
Ex-Date:	16 May 2005
Record Date:	20 May 2005
Payment Date:	1 July 2005

Final Dividend

Announcement of annual results:	25 October 2005
Ex-Date:	8 November 2005
Record Date:	14 November 2005
Payment Date:	16 December 2005

The Annual General Meeting of the Company will be held in Adelaide on Friday, 16 December 2005.

Yours faithfully

**Tim L. Estrange**  
**Company Secretary**

15/04/03

Australia and New Zealand Banking Group Limited ABN 11 005 357 522

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**Media Release**

**Corporate Affairs**  
100 Queen Street  
Melbourne Vic 3000  
Facsimile 03 9273 4899  
www.anz.com

For Release: 14 February 2005

**ANZ confirms earnings momentum**

Following four months of solid performance, ANZ is confident it will meet market expectations of up to 8% cash earnings per share growth in 2005\*, the bank said in a shareholder update today.

ANZ Chief Executive Officer Mr John McFarlane said: Our underlying performance has been pleasing and we remain focused on meeting our financial target of 8% for the year as a whole.

This reflects the strength of the Australian and New Zealand economies and the momentum established in our core businesses. Personal is performing particularly strongly. Corporate is performing solidly as is Institutional, which is showing signs of improvement. New Zealand is flatter, following severe price competition in the mortgage market in the first quarter, he said.

The Personal Division, ANZ's specialist retail product and distribution businesses in Australia, continues to be ANZ's best performing division. In a competitive market, Personal has grown retail deposits 10.2% in the past 12 months, lifted residential lending by 15.8% and funds management flows continue to improve. The credit card business continues to perform well.

Personal's strong performance has been largely driven by improvements in the ANZ branch network and continued advances in customer satisfaction. The latest market research indicates ANZ has the highest customer satisfaction of any of the major banks and has now moved ahead of St George Bank for the first time since 1996.

Mr McFarlane said: These results are built on the success we have had in revitalising the branch network including high levels of staff satisfaction and engagement. We are now expanding our retail presence in population growth corridors with an increase in the number of ATMs and new branches in Sydney and Southern Queensland. This includes trialling new concepts such as *anz@work* involving the location of small sales-focused branches in business precincts.

The Corporate Division is performing well with deposits up 12% over the past 12 months and lending up 13%. While lending growth to smaller businesses remains at a high level, it has moderated slightly with the slowdown in the property market and increasing competition.

Asset growth in Institutional has been stronger although largely offset by lower margins in a highly competitive market. The Markets business has benefited from recent volatility in foreign exchange markets. Going forward, Institutional will also be impacted by the loss of earnings from the London-based Structured Finance business recently sold to Standard Chartered.

New Zealand has been impacted by severe price competition in the mortgage market in the first quarter resulting in a flat financial performance. Volume growth was significantly higher than expected however pointing to improving momentum in second half of 2005 as management moves from a focus on integration to using the Group's two brands to grow market share and improve financial performance.

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Excludes significant transactions, incremental expenditure on the integration of The National Bank of New Zealand, goodwill amortisation.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522

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Customer attrition levels remain well below expectations and the Group's retail market share is stable. This reflects increased investment in retail banking staffing levels in both brands. High levels of staff engagement in New Zealand, among the highest in the Group, and leading customer satisfaction levels at The National Bank of New Zealand, together with continued improvements at ANZ New Zealand have also been important. No material integration issues have arisen and is now well on track to be completed this year. ANZ National Bank Limited will release its General Disclosure Statement for the period ending December 2004 on 17 February 2005.

ANZ continues to expect earnings from Asia Pacific to be well down, reflecting lower earnings from our Panin investment, which were abnormally high in 2004, investment in the region, and the strength of the Australian Dollar. Esanda and UDC's performance is solid. ING Australia is performing well but financial performance will depend on the strength of investment returns.

Credit quality is significantly better than expected and continued de-risking of the portfolio is likely to lower our provisioning charge below expectations.

We have said consistently that 2005 is a year where we will continue to invest in organic growth and that our focus is not on maximising current year's earnings but creating a stronger business platform for the future, Mr McFarlane said.

Our performance in core businesses in Australia has been stronger than expected but New Zealand lower than expected. We are investing in people, particularly in branch and specialist sales activities across Australia and New Zealand. However, tight control of business-as-usual costs has allowed us to maintain our focus on revenue growth by investing in high priority growth areas such as personal and small-to-medium business.

We believe these opportunities are significant and justify giving up some earnings growth in the short term to create a platform for further market share gains and more sustainable earnings performance over the medium term, Mr McFarlane said.

A number of factors previously detailed are however working to offset strong volume growth experienced in the year to date. Margins remain modestly under pressure particularly in Institutional and New Zealand. In Group Treasury the flat yield curve has significantly reduced the opportunity for earning mismatch income across the industry in Australia and offshore, representing a drag of around 1% in EPS terms. The strength of the Australian Dollar relative to the US Dollar is also a negative influence.

Commenting on other issues of interest to shareholders, Mr McFarlane said: Although we have commented that we have an underweight position in wealth management, this is an issue for the long term, not for the moment. Our focus remains on organic growth and it would be imprudent to entertain wealth management acquisitions given the current values in the sector.

We are continuing to look for opportunities in Asia to establish a portfolio of consumer-focused growth businesses in partnership with local players. Although we continue to examine opportunities, we will only proceed where we can engineer financially attractive investments.

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Overall, I remain comfortable with the year, which is now on track against our target of 8% growth in cash earnings per share, and we have also advanced our strategic agenda by investing in organic growth, Mr McFarlane said.

ANZ will hold a conference call for analysts and fund managers at 10.00am today during which John McFarlane and Chief Financial Officer, Mr Peter Marriott will discuss this shareholder update.

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*ANZ National Bank*

*Market Update February 2005*

Sir John Anderson Chief Executive Officer

Michael Rowland Chief Financial Officer

17 February 2005

**ANZ National Bank Limited**

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*Summary*

Strong underlying momentum in both brands driven by a clear plan

ANZ National Bank is continuing to hold market share in all segments

Strong lending growth offset by margin decline, driving flat NPAT for the quarter

National Bank customer satisfaction at top of peers, ANZ continues to improve

ANZ National Bank staff engagement at top end of ANZ group

Integration on track for completion by end 2005, current focus on systems integration and meeting RBNZ requirements

We continue to invest in our franchises, building a strong foundation for sustainable growth

*Clear plan driving strong underlying momentum*

Two retail brand approach operating successfully. Steven Fyfe appointed Managing Director of ANZ Retail Banking, Craig Sims appointed Managing Director of National Bank Retail Banking

Ongoing investment in ANZ retail brand delivering results, including:

Increased promotional spend

Investment in branch infrastructure - new branches planned for 2005

105 increased frontline staff during the year

Realignment of fee structure

Leveraging strong National Bank brand position to maintain growth momentum:

Continuing development and investment in National Bank customer centric model

Increase in Business Banking frontline staff

Targeted customer campaigns launched - Youth market campaign, Saving for a Home, Home Lending and Deposit campaigns

Focus on Operational excellence in customer processes

*Flat NPAT growth - strong lending volumes, constrained by competitor activity*

Item	Dec-04 (NZ\$m)	Sep-04 (NZ\$m)	Change (%)	Commentary
Net Interest Income	482	474	2	Strong growth in lending volumes of ~ 15% (largely mortgages) offset by competition driven margin contraction  i.e. 2 year fixed price war
Other Operating Income	197	211	-7	Reduced capital markets and treasury income due to reduced market volatility
Operating Expenses	368	373	-1	Integration costs were down \$26m to \$12m for quarter, offset by increased initiative spend and frontline retail staff
Provision for Doubtful Debts	32	32	0	Flat ELP charge despite growth in lending portfolio (weighted to mortgages); credit quality improving
Tax Expense	99	100	-1	
NPAT	180	180	0	Includes impact of integration costs

*Interest margins adversely impacted by competition*

Intense competition in the mortgage market (2 year fixed rates) adversely impacted margins during the quarter

Mortgage rates returned to pre-competition levels mid-December

On-going competition in the institutional banking market adversely impacted margins during the quarter.

Deposit margins have benefited from rising interest rates, partially offset by increased competition



*Market share in the Retail Segment remains ahead of expectations*

December quarter lending growth up 73% on previous quarter. Quarterly growth in outstandings of NZ\$1,141m driven by new Spring campaigns and other targeted growth initiatives

ANZ now holding market share

NBNZ Business Banking's home lending growth was 19.3% for the 12 months to Dec-04 (15.1% pcp)\*

Combined ANZ/NBNZ share of Household Deposits has remained stable over the last year

**Home Lending: Growth in Outstandings**

\$m	ANZN
June Quarter	678
Sept Quarter	659
Dec Quarter	1,141

*(excludes impact of General Provision movements)*

*Household Deposits: RBNZ aggregate SSR for registered banks & ANZN Standard Statistical Returns. (Monthly). Home Lending: RBNZ Table C6, ANZ & NBNZ - Net Home loans in GDS. Changes to the RBNZ coverage of financial institutions in Dec 2004 has impacted the absolute value of market share. \*Home lending statistics include all lending secured against personal property accordingly some Business Banking is included for the purposes of mortgage market share*



*Our Customers continue to show faith in both brands*

National Bank customer growth is steady, ANZ is beginning to show a turnaround

Share of main bank customers has been maintained\*

ANZ share of customer acquisition is a key focus of current initiatives and will be the primary driver of achieving market share parity

National Bank continues to lead the market in customer satisfaction\* and ANZ continues to improve

**Sources:**

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\* Share of Customers & Customer Satisfaction: ACNielsenConsumer Finance Monitor.

Sample size is 10,000 pa.

*ANZ National Bank's strong position maintained in Rural Market*

ANZ National's share of rural lending (43.4% in Dec 04) has been stable driven by the success of the National Bank brand

Despite aggressive attempts by competitors to poach National Bank rural staff post acquisition, our people continue to show faith in us

**Source:**

*Rural Lending: RBNZ C7 Table, monthly data series*

*Solid FUM growth in Corporate & Institutional Banking*

**Corporate Banking**

Both brands continue to grow in deposits and lending

Strong deposit growth in the ANZ brand for the quarter, up 6%

National Bank lending growth was up 3.1% in the quarter

Customer numbers remain steady

**Institutional Banking**

Customer activity is growing strongly

Success in a number of large deals in recent months reflected in growth in FUM

Capital markets income down due to reduced market volatility

Increased competition impacting margins

*Integration Update*

Integration is progressing well and is planned to be completed by end of 2005

Approximately 30% of milestones had been completed at the end of the December quarter

Non technology dependent workstreams are completed or nearing completion; all Rural branches relocated and central and HQ functions integrated

Key focus is on relocation of domestic systems to NZ and establishment (in NZ) of a special purpose capability for international (ANZ Group) systems, in line with RBNZ requirements

Cost synergies progressing to plan

Revenue attrition continues to be favourable to expectations, with minimal attrition evident since acquisition

*Integration - Financial Update*

Item	Costs to Date (NZ\$m)	Dec-04 Quarter (NZ\$m)
Non incremental costs	19.8	2.2
Incremental Opex	39.9	10.5
<b>Total P&amp;L Charge</b>	<b>59.7</b>	<b>12.7</b>
Capital Expenditure	2.8	0.8
Restructuring Provision	2.3	2.3
<b>Total Costs</b>	<b>64.8</b>	<b>15.8</b>

Significantly increased resources will be employed in remainder of 2005 to complete integration, driving a large increase in incremental integration costs

Total integration costs forecast in line with prior disclosure

*Staff engagement is at the top end of the group*

*Source - Hewitt's Model & Benchmark. November ANZ National Staff engagement survey*



*Summary of forecasts - New Zealand (bank year)*

	2004	2005	2006
<b>Real GDP</b>	4.6	3.0	2.1
<b>Unemployment</b>	3.8	3.8	4.2
<b>Inflation</b>	2.5	2.7	2.3
<b>Housing Credit</b>	16.6	9.7	9.1
<b>Personal Credit</b>	6.6	4.7	3.3
<b>Business Credit*</b>	10.2	6.4	4.4
<b>Total Credit</b>	11.4	8.1	6.9
<b>90 -day bills</b>	6.6	6.6	6.1
<b>10 -yr bonds</b>	6.2	6.8	6.6
<b>NZ\$/US\$</b>	0.67	0.7	0.62
<b>A\$/ NZ\$</b>	1.07	1.14	1.17

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*\*includes Rural Banking*

The material in this presentation is general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

For further information visit

**[www.anz.com](http://www.anz.com)**

or contact

Stephen Higgins

Head of Investor Relations

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ANZ NATIONAL BANK LIMITED GROUP

**General Short Form Disclosure Statement**

for the three months ended 31 December 2004

Number 36 Issued February 2005

**ANZ NATIONAL BANK LIMITED**

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**ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES**

**GENERAL SHORT FORM DISCLOSURE STATEMENT for the three months ended 31 December 2004**

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**ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES**

**GENERAL DISCLOSURES**

This Short Form Disclosure Statement has been issued in accordance with the Registered Bank Disclosure Statement (Off-Quarter - New Zealand Incorporated Registered Banks) Order 1998 ( the Order ).

In this Short Form Disclosure Statement unless the context otherwise requires:

- a) **Banking Group** means ANZ National Bank Limited and all its subsidiaries; and
  
- b) Any term or expression which is defined in, or in the manner prescribed by, the Registered Bank Disclosure Statement (Off-Quarter - New Zealand Incorporated Registered Banks) Order 1998 shall have the meaning given in or prescribed by that Order.

**General Matters**

The full name of the registered bank is ANZ National Bank Limited ( the Bank ) and its address for service is Level 10, 2 Hunter Street, Wellington, New Zealand.

The Bank was incorporated under the Companies Act 1955 by virtue of the ANZ Banking Group (New Zealand) Act 1979 on 23 October 1979, and was reregistered under the Companies Act 1993 on 13 June 1997. On 26 June 2004, The National Bank of New Zealand Limited amalgamated into ANZ Banking Group (New Zealand) Limited, and the Bank changed its name to ANZ National Bank Limited with effect from 28 June 2004.

The immediate parent company of the Bank is ANZ Holdings (New Zealand) Limited (incorporated in New Zealand). The immediate parent company is owned by ANZ Funds Pty Limited (incorporated in Australia) and Norway Funds Limited (incorporated in New Zealand), a wholly owned subsidiary of ANZ Funds Pty Limited.

The Ultimate Parent Bank is Australia and New Zealand Banking Group Limited, which is incorporated in Australia, and its address for service is 100 Queen Street, Melbourne, Australia.

**Material Financial Support**

In accordance with the requirements issued by the Australian Prudential Regulatory Authority pursuant to the Prudential Statements, Australia and New Zealand Banking Group Limited, as the Ultimate Parent Bank, may not provide material financial support to the Bank contrary to the following:

the Ultimate Parent Bank should not undertake any third party dealings with the prime purpose of supporting the business of the Bank;

the Ultimate Parent Bank should not hold unlimited exposures (should be limited as to specified time and amount) in the Bank (e.g. not provide a general guarantee covering any of the Bank's obligations);

the Ultimate Parent Bank should not enter into cross default clauses whereby a default by the Bank on an obligation (whether financial or otherwise) is deemed to trigger a default of the Ultimate Parent Bank in its obligations;

the Board of the Ultimate Parent Bank in determining limits on acceptable levels of exposure to the Bank should have regard to:

the level of exposure that would be approved to third parties of broadly equivalent credit status. In this regard, prior consultation (and in cases approval) is required before entering exceptionally large exposures; and

the impact on the Ultimate Parent Bank's capital and liquidity position and its ability to continue operating in the event of a failure by the Bank.

the level of exposure to the Bank not exceeding:

50% on an individual exposure basis; and

150% in aggregate (being exposures to all similar regulated entities related to the Ultimate Parent Bank)

of the Ultimate Parent Bank's capital base.

Additionally, the Ultimate Parent Bank may not provide material financial support in breach of the Australian Banking Act (1959). This requires the Australian Prudential Regulatory Authority to exercise its powers and functions for the protection of a bank's depositors and in the event of a bank becoming unable to meet its obligations or suspending payment, the assets of the bank in Australia shall be available to meet that bank's deposit liabilities in Australia in priority to all other liabilities of the bank.

The Ultimate Parent Bank has not provided material financial support to the Bank contrary to any of the above requirements.

**ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES**

**CONDITIONS OF REGISTRATION**

*Conditions of Registration, applicable as at the date of this Disclosure Statement - ANZ National Bank Limited*

The registration of ANZ National Bank Limited ( the Bank ) as a registered bank is subject to the following conditions:

1. That the Banking Group complies with the following requirements at all times:

Capital of the Banking Group is not less than 8 percent of risk weighted exposures.

Tier 1 capital of the Banking Group is not less than 4 percent of risk weighted exposures.

Capital of the Banking Group is not less than NZ \$15 million.

That the Bank complies with the following requirements at all times:

Capital of the Bank is not less than 8 percent of risk weighted exposures.

.Tier 1 capital of the Bank is not less than 4 percent of risk weighted exposures.

Capital of the Bank is not less than NZ \$15 million.

For the purposes of this condition of registration, capital, Tier 1 capital and risk weighted exposures shall be calculated in accordance with the Reserve Bank of New Zealand document entitled "Capital Adequacy Framework" (BS2) dated July 2004.

In its disclosure statements under the Registered Bank Disclosure Statement (Off-Quarter New Zealand Incorporated Registered Banks) Order 1998, the Bank must include all of the information relating to the capital position of both the Bank and the Banking Group which would be required if the second schedule of that Order was replaced by the second schedule of the Registered Bank Disclosure Statement (Full and Half-Year New Zealand Incorporated Registered Banks) Order 1998 in respect of the relevant quarter.



2. That the Banking Group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice, as defined in the Financial Reporting Act 1993.

3. That the Banking Group's insurance business is not greater than 1% of its total consolidated assets. For the purposes of this condition:

(i) Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspections) Act 1994 (including those to which the Act is disappplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;

(ii) In measuring the size of the Banking Group's insurance business:

a) Where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:

The total consolidated assets of the group headed by that entity;

Or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;

b) Otherwise, the size of each insurance business conducted by any entity within the Banking Group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;

c) The amounts measured in relation to parts a) and b) shall be summed and compared to the total consolidated assets of the Banking Group. All amounts in parts a) and b) shall relate to on balance sheet items only, and shall be determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;

d) Where products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.

4. That aggregate credit exposures (of a non-capital nature and net of specific provisions) of the Banking Group

to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit Rating	Connected exposure limit (% of the Banking Group's Tier 1 capital)
AA/Aa2 and above	75
AA /Aa3	70
A+/A1	60
A/A2	40
A /A3	30
BBB+/Baa1 and below	15

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of specific provisions) to non-bank connected persons shall not exceed 15 percent of the Banking Group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled Connected Exposure Policy (BS8) dated July 2003.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
  
6. That the board of the Bank contains at least two independent directors and that alternates for those directors, if any, are also independent. In this context an independent director (or alternate) is a director (or alternate) who is not an employee of the Bank, and who is not a director, trustee, or employee of any holding company (as that term is defined in section 5 of the Companies Act 1993) of the Bank, or any other entity capable of controlling or significantly influencing the Bank.
  
7. That the chairperson of the Bank's board is not an employee of the Bank.
  
8. That the Bank's constitution does not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the Bank).
  
9. That a substantial proportion of the Bank's business is conducted in and from New Zealand.
  
10. That none of the following actions may be taken except with the consent of the Reserve Bank:

(i) Any transfer to another person or entity (other than the Bank or any member of the Banking Group which is incorporated in, and operating in, New Zealand) of all or a material part of any business (which term shall include the customers of the business) carried on by the Bank (or any member of the Banking Group); and

(ii) Any transfer or change by which all or a material part of the management, operational capacity or systems of the Bank (or any member of the Banking Group) is transferred to, or is to be performed by, another person or entity other than the Bank (or any member of the Banking Group which is incorporated in, and operating in, New Zealand); and

(iii) Any action affecting, or other change in, the arrangements by which any function relating to any business carried on by the Bank (or any member of the Banking Group) is performed, which has or may have the effect that all or a material part of any such function will be performed by another person or entity other than the Bank (or any member of the Banking Group which is incorporated in, and operating in, New Zealand); and

(iv) Any action that prohibits, prevents or restricts the authority or ability of the board of the Bank or any statutory manager of the Bank (or the board of any member of the Banking Group or any statutory manager of any member of the Banking Group) to have unambiguous legal authority and practical ability to control and operate any business or activity of the Bank (or any member of the Banking Group).

11. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, shall be made in respect of the Bank unless:

(i) The Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee, and

(ii) The Reserve Bank has advised that it has no objection to that appointment.

12. (i) That the management of the Bank by its chief executive officer shall be carried out solely under the direction and supervision of the board of directors of the Bank.

(ii) That the employment contract of the chief executive officer of the Bank shall be with the Bank. The chief executive officer's responsibilities shall be owed solely to the Bank and the terms and conditions of the chief executive officer's employment agreement shall be determined by, and any decision relating to the employment or termination of employment of the chief executive officer shall be made by, the board of directors of the Bank.

(iii) That all staff employed by the Bank shall have their remuneration determined by (or under the delegated authority of) the chief executive officer of the Bank and be accountable (directly or indirectly) solely to the chief executive officer of the Bank.

13. (i) That no later than 31 December 2005 the Bank shall locate and continue to operate in New Zealand the whole of the Bank's domestic system and the board of directors of the Bank will have unambiguous legal and practical ability to control the management and operation of the domestic system on a stand alone basis in, and resourced wholly within, New Zealand.

(ii) That in respect of the international system the board of directors of the Bank will, no later than 31 December 2005, have unambiguous legal and practical ability to control the management and operation of the international system on a stand alone basis.

For the purposes of these conditions of registration, the term "Banking Group" means ANZ National Bank Limited's financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993).

For the purposes of these conditions of registration, the term "domestic system" means all property, assets and systems (including in particular (but without limitation) all management, administrative and information technology systems) owned, operated, or used, by the Bank supporting, relating to, or connected with:

- (a) the New Zealand dollar accounts and channels servicing the consumer banking market (but potentially also other customer segments); and
- (b) the general ledger covering subsidiary ledgers for (a) above, together with a daily updated summary of the subsidiary ledgers running on the international system; and
- (c) any other functions, operations or business of, or carried on by, the Bank (now or at any time in the future) that are not included in, or form part of, the international system.

For the purposes of these conditions of registration the term "international system" means those systems of the Bank generally having one or more of the following characteristics:

- (a) supports foreign currency accounts/transactions;
- (b) supports cross-border trade, payments and other transactions;
- (c) supports businesses that operate in global markets;
- (d) supports accounts and transactions undertaken by institutions, corporates and banks;
- (e) used to manage large, volatile risk businesses which operate on a global basis;
- (f) used to service customers who conduct accounts and transactions with the Bank in multiple countries;

(g) used by the non-Bank subsidiary companies.

**ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES**

**CREDIT RATING INFORMATION**

The Bank has two current credit ratings, which are applicable to its long-term senior unsecured obligations which are payable in New Zealand in New Zealand dollars. The credit ratings are:

Standard & Poor's **AA-**

Moody's Investors Service **Aa3**

The Standard & Poor's revised rating was first issued on 11 September 1996. There have been no changes in the credit rating issued in the past two years ended 31 December 2004. The rating is not subject to any qualifications.

The Moody's Investors Service rating was first issued on 31 July 2000. There have been no changes in the credit rating issued in the past two years ended 31 December 2004. The rating is not subject to any qualifications.

*The following is a description of the major ratings categories by Ratings Agency:*

**Standard & Poor's** Credit rating scale for long-term ratings:

<b>Ratings scale</b>	<b>Description</b>
<b>AAA</b>	Extremely strong capacity to pay interest and repay principal in a timely manner. Highest rating assigned.
<b>AA</b>	Very strong capacity to pay interest and repay principal in a timely manner. This differs from the highest rating only in a small degree.
<b>A</b>	Strong capacity to pay interest and repay principal in a timely manner, but may be more susceptible to the adverse effects of changes in circumstances and economic conditions than higher rated entities.
<b>BBB</b>	Adequate capacity to pay interest and repay principal in a timely manner, however adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to meet debt servicing commitments than higher rated entities.
<b>BB</b>	A degree of speculation exists with respect to the ability of an entity with this credit rating to pay interest and repay principal in a timely manner. Adverse business, financial, or economic conditions could impair the borrower's capacity to meet debt service commitments

in a timely manner.

- B** Entities rated B are more vulnerable to adverse business, financial or economic conditions than entities in higher rating categories. Adverse business, financial or economic conditions will likely impair the borrower's capacity or willingness to meet debt service commitments in a timely manner.
- CCC** Entities rated CCC are currently vulnerable to default and are dependent on favourable business, financial and economic conditions to meet debt service commitments in a timely manner. In the event of adverse business, financial or economic conditions the entity is likely to default.
- CC** Entities rated CC are currently highly vulnerable to non-payment of interest and principal.
- C** Entities rated C have filed a bankruptcy petition or taken similar action, but payment of obligations are being continued.
- D** D rated entities are in default. This is assigned when interest or principal payments are not made on the date due or when an insolvency petition or a request to appoint a receiver is filed.

Plus (+) or Minus (-): The ratings from **AA** to **CCC** may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.



**Moody's Investors Service - Credit rating scale for long-term ratings:**

Ratings scale	Description
<b>Aaa</b>	Judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as 'gilt edged'. Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualised are most unlikely to impair the fundamentally strong position of such issues.
<b>Aa</b>	Judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than the Aaa securities.
<b>A</b>	Possess many favourable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.
<b>Baa</b>	Considered as medium-grade obligations (i.e. they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
<b>Ba</b>	Judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterises bonds in this class.
<b>B</b>	Generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.
<b>Caa</b>	These bonds are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.
<b>Ca</b>	Represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.
<b>C</b>	These are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

Moody's Investors Service bond ratings, where specified, are applied to financial contracts, senior bank obligations and insurance company senior policyholder and claims obligations with an original maturity in excess of one year.

Moody's Investors Service applies numerical modifiers **1**, **2** and **3** in each generic rating classification from **Aa** through **Caa**. The modifier **1** indicates that the obligation ranks in the higher end of its generic rating category; the modifier **2** indicates a mid-range ranking; and the modifier **3** indicates a ranking in the lower end of that generic rating category.



## ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES

## STATEMENT OF FINANCIAL PERFORMANCE for the three months ended 31 December 2004

	Note	Unaudited 3 months to 31/12/2004 \$m	Consolidated Unaudited 3 months to 31/12/2003 \$m	Audited Year to 30/09/2004 \$m
Interest income		1,413	724	4,481
Interest expense		931	438	2,797
Net interest income		482	286	1,684
Net trading gains		24	24	119
Equity accounted earnings of associates				2
Other operating income		163	113	592
Net operating lease income		10	9	38
Net operating income		679	432	2,435
Operating expenses		368	214	1,265
Provision for doubtful debts	9	32	24	133
<b>Operating surplus before tax</b>		<b>279</b>	<b>194</b>	<b>1,037</b>
Tax expense		99	63	357
<b>Operating surplus</b>		<b>180</b>	<b>131</b>	<b>680</b>

The notes on pages 11 to 24 form part of and should be read in conjunction with these financial statements.

## ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES

## STATEMENT OF MOVEMENTS IN EQUITY for the three months ended 31 December 2004

	Note	Unaudited 3 months to 31/12/2004 \$m	Consolidated Unaudited 3 months to 31/12/2003 \$m	Audited Year to 30/09/2004 \$m
Operating surplus		180	131	680
Issue of ordinary shares	13		5,537	5,537
Dividends				(200)
<b>Movement in equity for the period</b>		<b>180</b>	<b>5,668</b>	<b>6,017</b>
<b>Equity at beginning of the period</b>		<b>7,381</b>	<b>1,364</b>	<b>1,364</b>
<b>Equity at end of the period</b>		<b>7,561</b>	<b>7,032</b>	<b>7,381</b>

The notes on pages 11 to 24 form part of and should be read in conjunction with these financial statements.

## ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES

## STATEMENT OF FINANCIAL POSITION as at 31 December 2004

	Note	Unaudited 31/12/2004 \$m	Consolidated Unaudited 31/12/2003 \$m	Audited 30/09/2004 \$m
<b>ASSETS</b>				
Liquid assets	3	2,365	1,425	1,473
Due from other financial institutions	4	3,189	4,610	2,930
Trading securities	5	1,060	2,450	680
Investment securities	6	1,348	1,196	1,402
Net loans and advances	7,8,9	62,712	58,120	60,391
Investment in associate companies		23	19	21
Income tax assets		390	407	406
Goodwill		3,335	3,544	3,381
Other assets		2,732	3,356	2,858
Premises and equipment		681	625	670
Total assets		77,835	75,752	74,212
<b>LIABILITIES</b>				
Due to other financial institutions		1,533	3,404	1,372
Deposits and other borrowings	11	57,458	54,075	53,912
Income tax liabilities		253	56	227
Creditors and other liabilities		4,009	5,240	4,299
Provisions		141	156	140
Bonds and notes		2,901	1,679	2,747
Related party funding		2,616	2,855	2,777
Loan capital	12	1,363	1,255	1,357
Total liabilities		70,274	68,720	66,831
Net assets		7,561	7,032	7,381
<b>EQUITY</b>				
Paid in share capital	13	5,943	5,943	5,943
Retained earnings		1,618	1,089	1,438
Total equity		7,561	7,032	7,381

The notes on pages 11 to 24 form part of and should be read in conjunction with these financial statements.

## ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES

## STATEMENT OF CASH FLOWS for the three months ended 31 December 2004

	Note	Unaudited 3 months to 31/12/2004 \$m	Consolidated Unaudited 3 months to 31/12/2003 \$m	Audited Year to 30/09/2004 \$m
Gross cash inflow from operating activities		1,569	822	5,234
Gross cash outflow from operating activities		(1,153)	(693)	(4,110)
<b>Net cash flow from operating activities</b>	<b>18</b>	<b>416</b>	<b>129</b>	<b>1,124</b>
Gross cash inflow from investing activities		110	2,900	3,735
Gross cash outflow from investing activities		(2,516)	(7,294)	(9,059)
<b>Net cash flow from investing activities</b>		<b>(2,406)</b>	<b>(4,394)</b>	<b>(5,324)</b>
Gross cash inflow from financing activities		3,720	6,483	7,466
Gross cash outflow from financing activities		(349)	(897)	(3,070)
<b>Net cash flow from financing activities</b>		<b>3,371</b>	<b>5,586</b>	<b>4,396</b>
Net increase in cash and cash equivalents		1,381	1,321	196
Opening cash and cash equivalents		2,855	2,659	2,659
<b>Closing cash and cash equivalents</b>		<b>4,236</b>	<b>3,980</b>	<b>2,855</b>
<b>Reconciliation of closing cash and cash equivalents to the balance sheet</b>				
Liquid assets		2,365	1,425	1,473
Due from other financial institutions - at call		1,307	1,663	1,110
Trading securities		1,060	2,450	680
Due to other financial institutions - at call		(496)	(1,558)	(408)
		<b>4,236</b>	<b>3,980</b>	<b>2,855</b>

The notes on pages 11 to 24 form part of and should be read in conjunction with these financial statements.

**ANZ NATIONAL BANK LIMITED AND SUBSIDIARY COMPANIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

**(i) Statutory base**

These financial statements have been prepared in accordance with the Financial Reporting Standard No.24 Interim Financial Statements ( FRS 24 ) and the Registered Bank Disclosure Statement (Off Quarter - New Zealand Incorporated Registered Banks) Order 1998. These financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 September 2004.

**(ii) Measurement base**

These financial statements have been prepared on a going concern basis in accordance with historical cost concepts, adjusted by the revaluation of certain assets.

**(iii) Changes in accounting policies**

There have been no changes in accounting policies during the period.

**(iv) Comparatives**

To ensure consistency with the current period, comparative figures have been restated where appropriate.

**(v) Impact of acquisition of NBNZ Holdings Limited ( NBNZ Group )**

The 30 September 2004 financial statements include the 10 month results of the NBNZ Group from the date of acquisition, 1 December 2003. Given the NBNZ Group was not part of the Banking Group prior to 1 December 2003, the 31 December 2003 financial statements include one month of results of the NBNZ Group.

**2. RISK MANAGEMENT POLICIES**

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There has been no material change in the Banking Group's policies for managing risk, or material exposures to any new types of risk since the previous General Disclosure Statement (30 September 2004).

### 3. LIQUID ASSETS

	Unaudited 31/12/2004 \$m	Consolidated Unaudited 31/12/2003 \$m	Audited 30/09/2004 \$m
Cash and short term funds	431	416	271
Money at call	1,749	961	1,167
Bills receivable and remittances in transit	185	48	35
<b>Total liquid assets</b>	<b>2,365</b>	<b>1,425</b>	<b>1,473</b>
<b>Included within liquid assets is the following balance:</b>			
Liquid assets used to secure deposit obligations		309	

### 4. DUE FROM OTHER FINANCIAL INSTITUTIONS

Australia and New Zealand Banking Group Limited (Ultimate Parent Company)	56		56
Due from other financial institutions	3,133	4,610	2,874
<b>Total due from other financial institutions</b>	<b>3,189</b>	<b>4,610</b>	<b>2,930</b>
<b>Included within due from other financial institutions are the following balances:</b>			
Able to be withdrawn without prior notice	1,307	1,649	1,110
Term lending to financial institutions	1,248	2,307	1,335
Securities purchased under agreements to resell	634	654	485



**5. TRADING SECURITIES**

	Unaudited 31/12/2004 \$m	Consolidated Unaudited 31/12/2003 \$m	Audited 30/09/2004 \$m
Government, Local Body stock and bonds	548	1,871	417
Certificates of deposit	157	213	89
Promissory notes	304	264	121
Other	51	102	53
<b>Total trading securities</b>	<b>1,060</b>	<b>2,450</b>	<b>680</b>
<b>Included within trading securities is the following balance:</b>			
Securities sold under agreements to repurchase	709	744	594

**6. INVESTMENT SECURITIES**

Government, Local Body stock and bonds	956	817	978
Floating rate notes	305	328	322
Other	87	51	102
<b>Total investment securities</b>	<b>1,348</b>	<b>1,196</b>	<b>1,402</b>
<b>Included within investment securities are the following balances:</b>			
Securities sold under agreements to repurchase		348	
Investments used to secure deposit obligations	217	215	220

**7. NET LOANS AND ADVANCES**

Overdrafts	1,714	1,702	1,850
Credit card out standings	1,151	1,144	1,104
Term loans - housing	34,865	31,582	33,724
Term loans - non-housing	25,484	24,025	24,205
Hire purchase	558	580	553
<b>Gross loans and advances</b>	<b>63,772</b>	<b>59,033</b>	<b>61,436</b>
Provisions for doubtful debts (note 9)	(644)	(568)	(633)
Unearned income	(416)	(345)	(412)
<b>Total net loans and advances</b>	<b>62,712</b>	<b>58,120</b>	<b>60,391</b>
<b>Included within net loans and advances are the following balances:</b>			
Securities purchased under agreements to resell	391	151	166

**Included within net loans and advances is the following related party balance:**

The balance owing by the Parent Company is due within the next twelve months. Interest is received at variable bank rates.

**8. IMPAIRED AND PAST DUE ASSETS**

	Unaudited 31/12/2004 \$m	Consolidated Unaudited 31/12/2003 \$m	Audited 30/09/2004 \$m
<b>On-balance sheet impaired and past due assets</b>			
Non-accrual loans	112	112	123
Past due assets (90 day past due assets)	76	65	83
<b>Total on-balance sheet impaired and past due assets</b>	<b>188</b>	<b>177</b>	<b>206</b>
Off-balance sheet impaired assets	3		

**9. PROVISIONS FOR DOUBTFUL DEBTS**

<b>General provision</b>			
Balance at beginning of the period	560	228	228
Fair value adjustment on acquisition of subsidiaries		247	247
Charge to operating surplus	32	24	133
Transfer to specific provision	(15)	(11)	(65)
Recoveries	5	5	17
<b>Balance at end of the period</b>	<b>582</b>	<b>493</b>	<b>560</b>
<b>Specific provision (non-accrual loans)</b>			
Balance at beginning of the period	73	10	10
Specific provision acquired with subsidiaries		83	83
Fair value adjustment on acquisition of subsidiaries		(16)	(16)
Bad debts written off	(26)	(13)	(69)
Transfer from general provision	15	11	65
<b>Balance at end of the period</b>	<b>62</b>	<b>75</b>	<b>73</b>
<b>Total provisions for doubtful debts</b>	<b>644</b>	<b>568</b>	<b>633</b>

Total provisions for doubtful debts have been deducted from loans and advances.

**10. ACQUISITION OF SUBSIDIARIES****NBNZ Holdings Limited**

On 1 December 2003, the Bank acquired all of the shares of NBNZ Holdings Limited ( NBNZ Group ). The results and financial position of NBNZ Group have been included in the Banking Group since 1 December 2003. The contribution of NBNZ Group to the consolidated operating surplus for the period from 1 December 2003 to 30 September 2004, after accounting policy changes, was \$409 million, and from 1 December 2003 to 31 December 2003 \$40 million. Included in net identifiable assets acquired is a restructuring provision of \$27 million that was recognised on acquisition in accordance with New Zealand accounting standards.

	<b>Consolidated Unaudited 1/12/2003 \$m</b>
<b>Summary of net identifiable assets acquired</b>	
<b>Assets</b>	
Liquid assets	654
Due from other financial institutions	3,589
Trading securities	1,559
Investment securities	291
Net loans and advances	34,276
Investment in associate companies	2
Income tax assets	311
Other assets	1,795
Premises and equipment	178
Total assets	42,655
<b>Liabilities</b>	
Due to other financial institutions	1,853
Deposits and other borrowings	33,942
Income tax liabilities	41
Creditors and other liabilities	2,895
Provisions	93
Bonds and notes	1,262
Due to related party	44
Loan capital	550
Total liabilities	40,680
Net identifiable assets acquired at fair value	1,975
Consideration paid	5,469
Goodwill arising on acquisition of subsidiaries	3,494

**EFTPOS New Zealand Limited**

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On 31 January 2004, the Bank acquired all of the shares of EFTPOS New Zealand Limited ( EFTPOS Group ) for \$37.5 million. The fair value of net identifiable assets acquired was \$2.5 million, giving rise to goodwill on acquisition of \$35 million. The results and financial position of EFTPOS Group have been included in the Banking Group since 1 February 2004. The contribution of EFTPOS Group to the consolidated operating surplus for the period from 1 February 2004 to 30 September 2004 was \$4.0 million.

**11. DEPOSITS AND OTHER BORROWINGS**

<b>Unaudited 31/12/2004 \$m</b>	<b>Consolidated Unaudited 31/12/2003</b>	<b>Audited 30/09/2004</b>
-----------------------------------------	--------------------------------------------------	-------------------------------