Australia and New Zealand Banking Group Limited

ACN 005 357 522

Consolidated Results and Dividend Announcement

Year Ended 30 September 1997

FOR PRIORITY TRANSMISSION

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

Report for the year ended 30 September 1997

		A$ Million
Group operating revenue		
- before abnormal items		11,846
- after abnormal items		11,991
Group operating profit after income tax and outside equity interests		
- before abnormal items		1,171
- after abnormal items		1,024
Group net abnormal (loss) after tax		(147)
Final dividend per share		
This year	fully franked at 36%	26 cents
Last year	fully franked at 36%	24 cents
Books close for final ordinary dividend		12 December 1997
Payment of final ordinary dividend		21 January 1998

The final dividend will be payable to shareholders registered in the books of the Company at close of business on 12 December 1997. Transfers must be lodged before 5:00 pm on that day to participate.

ANZ

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
ACN 005 357 522
CONSOLIDATED RESULTS AND DIVIDEND ANNOUNCEMENT
Year Ended 30 September 1997

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All amounts are in Australian dollars unless otherwise stated. The results on which this announcement is based have been audited by the Group's auditors, KPMG. The Company has a formally constituted Audit and Compliance Committee of the Board of Directors. This report was approved by resolution of a Committee of the Board of Directors on 19 November 1997.

HIGHLIGHTS

- Underlying profit after tax[1] up 17% to $1,308 million, with Australia up 16% and the rest of the world up 19%
- Final dividend increased to 26 cents, making 48 cents for the year fully franked, up 14%
- Additional general provision transfer of $137 million
- Abnormal charge after tax of $147 million, comprising restructuring costs less NHB interest
- Operating profit after tax and abnormals of $1,024 million
- Non-accrual loans at $872 million, down 29%
- Growth in total assets of 8%

1 *See definition on page 48*

CONSOLIDATED RESULTS

Before additional general provision and abnormal items	**1997 $M**	**1996 $M**	**Movt %**
Operating profit before income tax and abnormal items	**1,895**	1,615	17%
Income tax expense	**(579)**	(490)	18%
Outside equity interests	**(8)**	(9)	-11%
Underlying profit after tax	**1,308**	1,116	17%

Before abnormal items

Operating profit before income tax and abnormal items	**1,758**	1,615	9%
Income tax expense	**(579)**	(490)	18%
Outside equity interests	**(8)**	(9)	-11%
Operating profit after income tax and before abnormal items	**1,171**	1,116	5%

After abnormal items

Operating profit after income tax and before abnormal items	**1,171**	1,116	5%
Abnormal (loss) after tax	**(147)**	-	n/a
Operating profit after income tax and abnormal items	**1,024**	1,116	-8%

FINANCIAL HIGHLIGHTS (continued)

PERFORMANCE MEASUREMENTS

	1997	1996
Profitability ratios		
Before additional general provision and abnormal items		
Return on:		
Average shareholders' equity[1]	**18.9%**	18.3%
Average assets	**1.0%**	0.9%
Average risk weighted assets	**1.3%**	1.3%
Total income	**11.0%**	9.8%
After abnormal items		
Return on:		
Average shareholders' equity[1]	**14.8%**	18.3%
Average assets	**0.7%**	0.9%
Average risk weighted assets	**1.0%**	1.3%
Total income	**8.5%**	9.8%
Net interest average margin	**3.0%**	3.3%
Efficiency ratios[2]		
Operating expenses to net operating income	**64.9%**	67.3%
Operating expenses to average assets	**2.7%**	3.0%
Doubtful debts charge		
Specific provision charge for doubtful debts ($M)	**86**	117
General provision charge for doubtful debts ($M)	**201**	37
Specific provision charge as a % of average net advances	**0.1%**	0.1%
Earnings per share (cents)		
Basic		
Before abnormal items	**78.4**	76.3
After abnormal items	**68.6**	76.3
Diluted		
Before abnormal items	**78.2**	76.1
After abnormal items	**68.4**	76.1
DIVIDENDS		
Dividend rate (cents)		
Interim - fully franked (1996: franked to 9 cents)	**22**	18
Final - fully franked (1996: fully franked)	**26**	24

[1] *Excluding outside equity interests*

[2] *Before abnormal items*

FINANCIAL HIGHLIGHTS (continued)

ASSETS AND CAPITAL

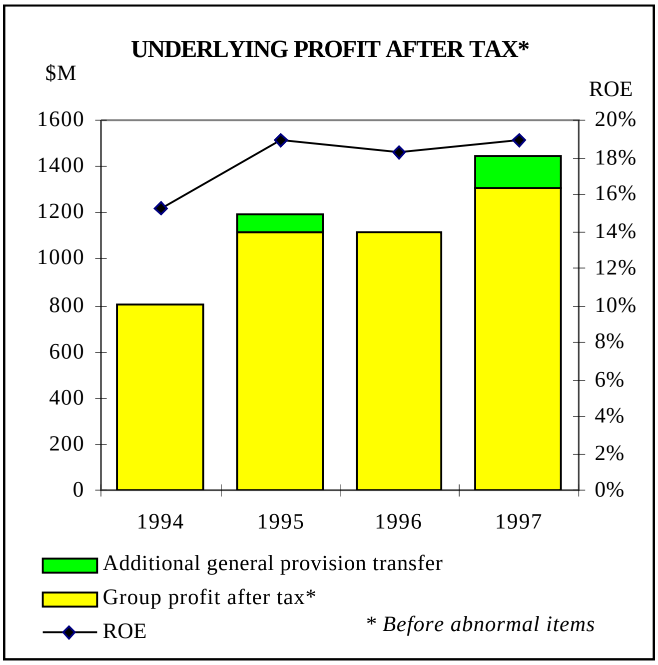
	1997	1996	Movt %
Total assets ($M)	**138,241**	127,604	8%
Risk weighted assets ($M)	**106,147**	93,517	14%
Shareholders' equity [1] ($M)	**6,943**	6,290	10%
Total advances ($M)	**101,405**	92,572	10%
Net tangible assets [2] per share ($)	**4.59**	4.24	8%
Capital adequacy ratio (%)			
- Tier 1	**6.6%**	6.7%	n/a
- Total	**9.8%**	10.5%	n/a
General provision as a % of risk weighted assets	**0.9%**	0.8%	n/a
Non-accrual loans ($M)			
Non-accrual loans	**872**	1,225	-29%
Specific provisions	**(444)**	(501)	-11%
Net non-accrual loans	**428**	724	-41%
Specific provision as a % of total non-accrual loans	**50.9%**	40.9%	n/a
Net non-accrual loans as a % of net advances	**0.4%**	0.8%	n/a
Net non-accrual loans as a % of shareholders' equity[3]	**6.1%**	11.4%	n/a

[1] *Excluding outside equity interests*
[2] *Including net future income tax benefit*
[3] *Includes outside equity interests*

CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS

Overview

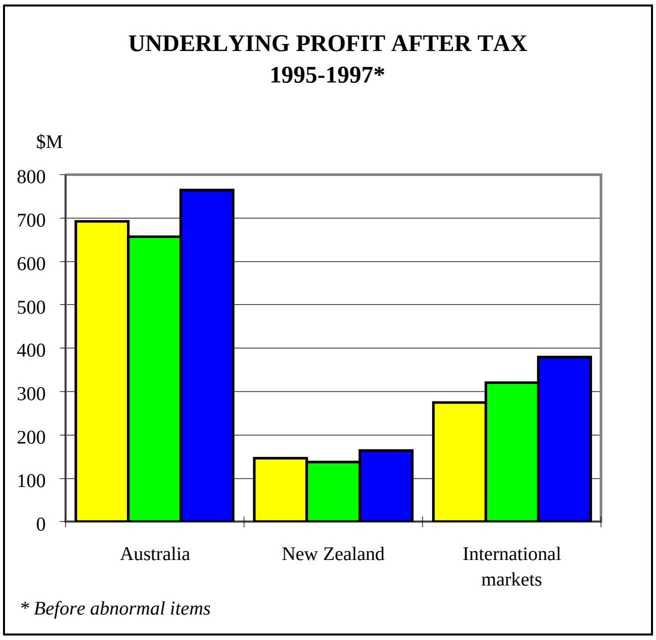
Australia and New Zealand Banking Group Limited recorded a 17% increase in underlying profit after tax for the year ended 30 September 1997 to $1,308 million. This was prior to an additional transfer to the general provision of $137 million and abnormal items of $147 million (both after tax) leading to an operating profit after tax and abnormal items of $1,024 million.



Interest margins declined reflecting competitive pressures and falling interest rates. Despite this, net interest income increased by 3% from strong growth in business lending in Australia and across the international network, particularly South Asia, Asia Pacific and the Middle East.

Non-interest income was strong with growth of 15%. Good trading performances in buoyant global markets led to the significant increase in trading, fee and other income. There was also growth in the Cards business and increased retail transaction fees.

Core costs increased by 2%. Staff numbers in Australia and New Zealand declined as a result of branch closures and increased automation and centralisation of processes particularly in retail banking and Esanda. Non-lending losses were favourable, particularly in the second half. These were offset, however, by higher profit related bonuses in our investment banking activities together with the fees of the consultants engaged on the ANZ Global program.



There was again a low specific provision charge for doubtful debts of $86 million, and a further fall in non-accrual loans. In recognition that loan losses would normally be higher than current levels across the economic cycle, an additional general provision transfer of $137 million was made. This was based on the annual average provision implied in our portfolio risk management models and is not linked to any need to provide against specific regions, industries or individual borrowers. The general provision now stands at 0.9% of risk weighted assets, well in excess of the Reserve Bank of Australia guideline of 0.5%.

Cost reduction is a major priority for the Group. We are proceeding with the implementation of ANZ Global. The change programs resulted in a $417 million before tax restructuring charge. This amount covers both completed restructuring programs and those ANZ Global projects in train to which the Group is demonstrably committed. Of this charge, $327 million is abnormal.

The effective tax rate is 32.9% (1996: 30.3%), impacted by the increased general provision charge and the level of rebateable dividends.

The Arbitrators of the long running dispute with the National Housing Bank of India ("NHB") handed down their award in the Group's favour on 29 March. The NHB has repaid the deposit together with interest at 18% in accordance with the decision. Given its size, the $65 million interest receipt (after tax) is disclosed as an abnormal item. Subsequently, NHB filed documents with the relevant Court to challenge the award. ANZ is confident that the award will stand.

The final dividend is increased to 26 cents per share, fully franked, bringing the full year dividend to 48 cents per share compared to 42 cents for 1996. We said last year that there would be some limit on our future franking capacity as the proportion of Group profits earned offshore increases. Furthermore, the restructuring costs do impact our franking capacity. As a result, we do not expect that dividends in 1998 will be fully franked.

At year end, the Group had total assets of $138 billion, shareholders' equity of $6.9 billion, and a Tier 1 capital ratio of 6.6%.

PROFIT AND LOSS

	1997 $M	**1996 $M**
Net interest income	**3,413**	3,317
Other operating income	**2,415**	2,096
Net operating income	**5,828**	5,413
Operating expenses	**(3,783)**	(3,644)
Operating profit before debt provisions	**2,045**	1,769
Provisions for doubtful debts	**(287)**	(154)
Income tax expense	**(579)**	(490)
Outside equity interests	**(8)**	(9)
Operating profit after income tax before abnormal items	**1,171**	1,116
Abnormal (loss) before tax	**(182)**	-
Income tax benefit - abnormal items	**35**	-
Abnormal (loss) after tax	**(147)**	-
Operating profit attributable to members of the Company	**1,024**	1,116

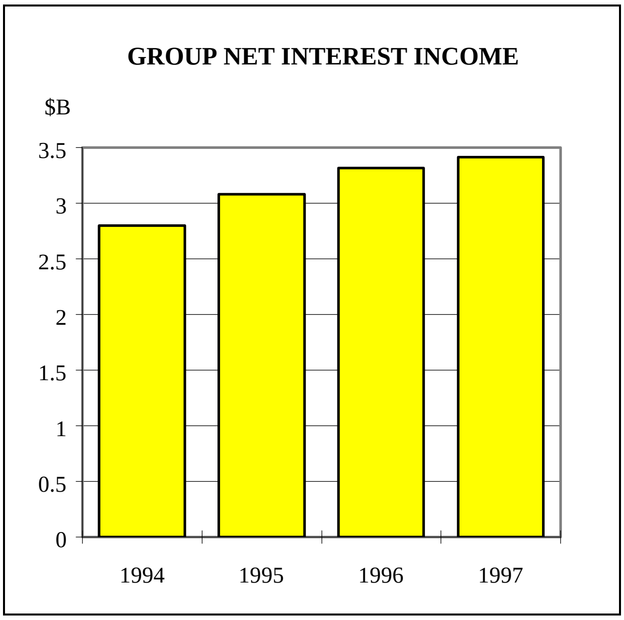
Net interest income

	1997 $M	1996 $M
Interest income	**9,431**	9,286
Interest expense	**(6,018)**	(5,969)
Net interest income	**3,413**	3,317
Interest spread and net interest average margin	**%**	%
Gross interest spread	**2.48**	2.67
Interest forgone on impaired assets	**(0.06)**	(0.10)
Net interest spread	**2.42**	2.57
Interest attributable to net non-interest bearing items	**0.60**	0.77
Net interest average margin	**3.02**	3.34
Average interest earning assets ($M)	**113,142**	99,671

Net interest income grew by 3% as asset growth offset reduced margins in the domestic markets.

Competitive pressures in Australia and New Zealand led to the 19 point decline in gross interest spread. Lower levels of non-accrual loans and lower interest rates reduced the related funding costs. However, the lower interest rates also reduced the earning rate on non-interest bearing items, resulting in a 32 point reduction in overall margins.

The reduction in margins was more than offset by strong growth in interest earning assets in International markets, particularly South Asia, Asia Pacific and the Middle East, the investment bank and business lending in Australia.



Other operating income

	1997 $M	1996 $M
Fee income		
Lending	**570**	550
Other including commissions	**964**	854
Total fee income	**1,534**	1,404
Foreign exchange earnings	**245**	231
Profit on trading instruments	**192**	113
Other income	**444**	348
Total other operating income	**2,415**	2,096

Non-interest income increased by 15%. Strong growth in our Cards business together with higher transaction and corporate advisory fees lifted fee income.

Foreign exchange continues to be a stable core business. Good trading performances in buoyant global markets led to the significant increase in trading, fee and other income. The Group is involved in investment banking capital markets activities. This portion of the Group's earnings is sensitive to asset prices in the global financial markets. Profits before tax from these activities were $208 million in 1997 (1996: $100 million). Refer page 32.

Strong growth in operating lease income and the profit on the sale of the Omani operation also lifted other income.

Operating expenses

	1997 $M	1996 $M
Personnel expenses	**1,949**	1,805
Premises expenses	**362**	385
Computer expenses	**330**	328
Other expenses	**715**	774
Total core operating expenses	**3,356**	3,292
Direct income-related expenditure	**337**	295
Restructuring costs[1]	**90**	57
Total operating expenses	**3,783**	3,644
Employees (FTE)	**35,926**	39,721

[1] *In addition, restructuring costs of $327 million have been treated as abnormal in the year ended 30 September 1997*

Core costs increased by 2%. Staff numbers in Australia and New Zealand declined as a result of branch closures and increased automation and centralisation of processes particularly in retail banking and Esanda, albeit there were higher overtime and temporary staff costs relating to these major change programs. Personnel costs grew by 8% as a result of higher performance related bonuses in our investment banking activities and higher overtime and temporary staff costs. The recruitment of relatively highly paid professional staff in the investment bank and the impact of high salary inflation in South Asia and Middle East also contributed to the increase in personnel expenses.

Premises costs fell due to branch closures while computer expenses were steady. Expansion of our Cards and operating lease business underpinned the growth in direct income-related costs.

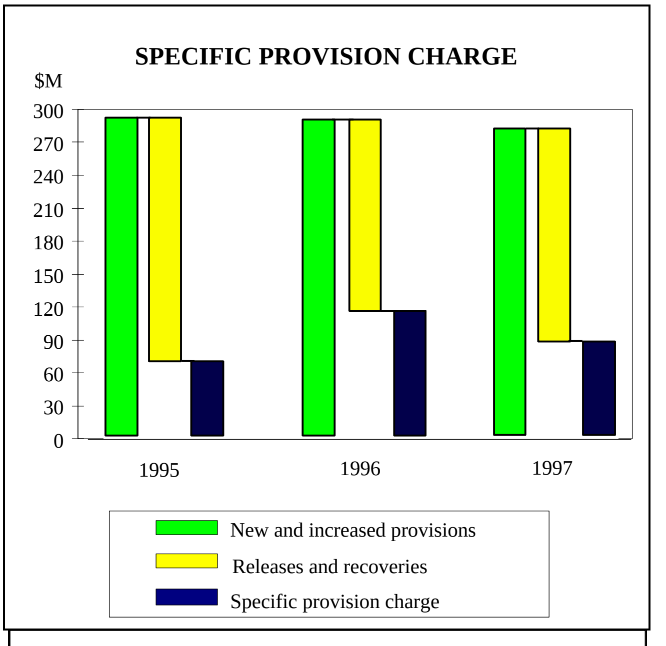
Other expenses fell reflecting a favourable non-lending loss experience both in Australia and following resolution of certain Indian scam related issues in the second half.

Provisions for doubtful debts

	1997 $M	1996 $M
Specific provision charge (credit)		
Australia	**95**	108
New Zealand	**(8)**	11
Principal domestic markets	**87**	119
International markets	**(1)**	(2)
Total specific provision charge	**86**	117
General provision charge	**201**	37
Total provisions for doubtful debts	**287**	154

The specific provision charge fell by 26%, reflecting continued good credit conditions and experience. New and increased provisions were slightly down while releases and recoveries were also favourable to last year.

The general provision charge was $201 million, including an additional transfer of $137 million. The latter was in recognition that loan losses would normally be higher than current levels across the economic cycle. The additional general provision transfer was based on the annual average provision implied in our portfolio risk management models and is not linked to any need to provide against specific regions, industries or individual borrowers. The general provision now stands at 0.9% of risk weighted assets, well in excess of the Reserve Bank of Australia guideline of 0.5%.

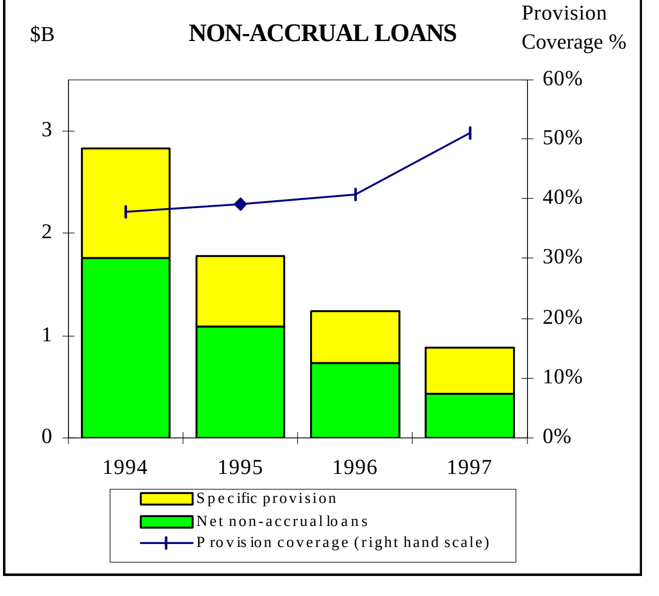


Non-accrual loans

Gross non-accruals were reduced by $353 million to $872 million through asset realisations and reduced new non-accrual loans.

Net non-accrual loans fell to $428 million and represent 6% of shareholders' equity at September 1997, down from 11% in 1996.

The Group remains well provided with the coverage ratio (specific provisions to gross non-accrual loans) now above 50%.



Balance Sheet

Group assets grew by 8%.

Good lending growth was achieved, particularly in business lending in Australia, the investment bank and international markets (South Asia, Asia Pacific and the Middle East).

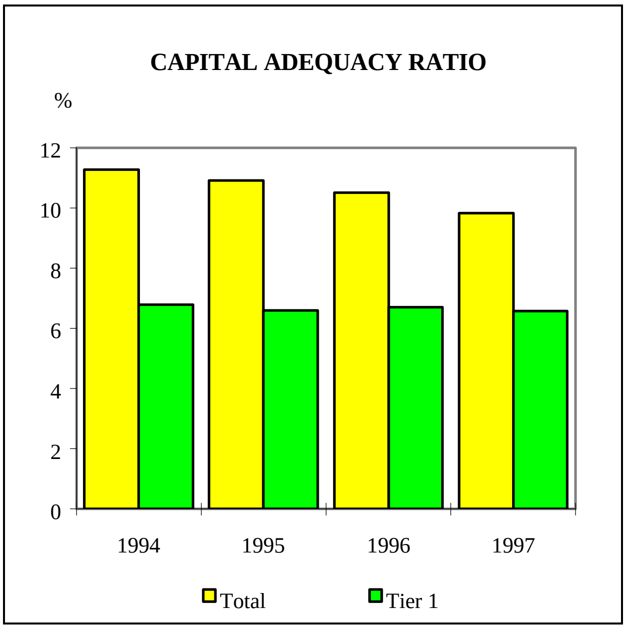
Funding for asset growth came from the wholesale market, as well as from increased retail and corporate deposits.

Total shareholders' equity increased to $7 billion and capital resources increased to $10.4 billion, after the redemption of some subordinated debt.

BALANCE SHEET	1997 $B	1996 $B
Assets		
Interbank balances	11.6	11.4
Loan portfolio	98.2	89.9
Trading and investment securities	10.4	9.9
Other	18.0	16.4
	138.2	127.6
Liabilities and equity		
Interbank balances	10.9	12.7
Deposits and borrowings	89.2	79.7
Acceptances	14.0	14.0
Other	13.7	11.3
Capital resources	10.4	9.9
	138.2	127.6

Capital adequacy

The Reserve Bank of Australia's guideline ratio of qualifying capital to risk weighted assets is a minimum of 8.0%, of which Tier 1 capital must be at least 4.0%. The Group's capital adequacy ratio is 9.8%, with a Tier 1 ratio of 6.6%, down 0.1% from September 1996. Retained earnings and dividend reinvestment supported the 14% growth in risk weighted assets achieved over the year. The Group seeks to maintain the Tier 1 ratio in the range of 6.5% to 7.0%.



Risk management

Effective management of risk is a core competency of all major financial institutions. The major risk areas are broadly defined as follows:

- ***Credit Risk*** **-** risk of financial loss from the failure of customers to honour fully the terms of a credit facility.

- ***Market Risk*** **-** comprises balance sheet and trading risk which involve risk to earnings and capital from changes in interest rates and liquidity, currency fluctuations, foreign currency capital fluctuations, equity and commodity prices.

- ***Operating Risk*** **-** the risks of day to day business operations, including preparedness to recover from a disaster, processing and settling of transactions, safeguarding of assets and adherence to laws and regulations etc.

These risks are managed within an overall risk management framework that provides defined standards, policies and processes and is co-ordinated by Group Risk Management.

The risk management processes are subject to the oversight of the Risk Management Committee of the Board. This includes the review of risk exposures and credit portfolio strategy, policy, process and controls (including establishing approval authorities for the management of exposures).

Specialist units assist the Risk Management Committee in its oversight capacity and are responsible for the strategic co-ordination of risk matters. For example, with respect to credit risk management, the Board has delegated specific credit authority limits to the Credit Approvals Committee. The Global Funds Management Committee co-ordinates matters relating to market risk. The Operating Risk Executive Committee maintains and reviews operating risk policy and monitors operating practices.

We have reviewed our exposures in Asia and are satisfied that there are no immediate concerns. Non-accrual loans in Asia total $16 million and loans to higher risk counterparties (equivalent to a Moody's rating of B+ or less) total $111 million. Further information is provided at Appendix A.

AUSTRALIA

	1997	1996	Movt %
Operating profit before debt provisions[1] ($M)	**1,158**	1,016	14%
Underlying profit after tax[1] ($M)	**764**	657	16%
Operating profit after tax[1] ($M)	**627**	657	-5%
Operating profit after tax[1] as a % of average risk weighted assets	**1.0%**	1.2%	n/a
Operating expenses to net operating income[1]	**69.0%**	70.7%	n/a
Operating expenses[1] to average assets	**3.3%**	3.5%	n/a
Specific provision charge as a % of average net advances	**0.1%**	0.2%	n/a
Net non-accrual loans ($M)	**313**	586	-47%
Net non-accrual loans as a % of net advances	**0.4%**	0.9%	n/a
Lending growth (%)	**8.9%**	9.8%	n/a
Total assets ($M)	**80,321**	75,110	7%
Risk weighted assets ($M)	**66,687**	59,681	12%
Employees (FTE)	**21,113**	23,727	-11%

[1] *Before abnormal items*

Notwithstanding competitive pressures, underlying profit after tax showed strong growth of 16%. Operating profit after tax was impacted by the additional general provision charge of $137 million.

Reduced housing margins, together with falling interest rates, resulted in a decline in overall margins. However, this was offset by good growth in business lending and, to a lesser extent, housing lending.

Strong growth in the Cards business through the co-branded Telstra/Qantas card and higher transaction fee income lifted total fee income. Strong trading profits and corporate advisory fees, together with the impact of market appreciation on the life surplus also boosted total income. Operating expenses were higher with increased personnel costs reflecting higher profit share. The retail transformation programs resulted in the closure of 200 branches and staff numbers falling by 11%. Esanda's operations also underwent major transformation during the year which will result in significant efficiency improvements.

Our Funds Management activities again grew strongly with funds under management growing by 16%.

Asset quality continues to improve with net non-accrual loans now approaching $300 million or 0.4% of net advances.

NEW ZEALAND

	1997	1996	Movt %
Operating profit before debt provisions[1] ($M)	**225**	222	1%
Underlying/Operating profit after tax[1] ($M)	**165**	138	20%
Operating profit after tax[1] as a % of average risk weighted assets	**1.2%**	1.1%	n/a
Operating expenses to net operating income[1]	**75.0%**	74.3%	n/a
Operating expenses[1] to average assets	**3.7%**	4.0%	n/a
Specific provision (credit)/charge as a % of average net advances	**(0.1%)**	0.1%	n/a
Net non-accrual loans ($M)	**74**	80	-8%
Net non-accrual loans as a % of net advances	**0.5%**	0.6%	n/a
Lending growth (%)	**6.0%**	13.1%	n/a
Total assets ($M)	**18,831**	17,463	8%
Risk weighted assets ($M)	**14,332**	13,492	6%
Employees (FTE)	**5,564**	5,939	-6%

[1] *Before abnormal items*

While New Zealand profit before debt provisions was steady, the profit after tax increased by 20% benefiting from net provision releases and a lower effective tax rate.

Competitive pressures remained intense which, together with the impact of the capital repatriation to Australia, led to a 47 basis point fall in margins. Lending growth, while down on 1996 levels, improved in the second half with strong housing growth.

The deterioration in the cost to income ratio reflects, inter alia, higher restructuring costs and adjustments to the residual value of leased assets. Core costs were stable.

The UDC leasing business continued to grow, driving the increase in non-fee income.

Restructuring of the operations in New Zealand continued with a further 62 branches closed, resulting in a 6% fall in staff numbers.

The funds management operation in New Zealand had a very successful year with excellent investment results attracting a strong inflow of new funds, lifting funds under management by 17%.

INTERNATIONAL

	1997	1996	Movt %
Operating profit before debt provisions[1] ($M)	**662**	531	25%
Underlying/Operating profit after tax[1] ($M)			
UK and Europe	**112**	106	6%
Asia Pacific	**95**	99	-4%
South Asia	**82**	36	128%
Americas	**36**	38	-5%
Middle East	**54**	42	29%
	379	321	18%
Operating profit after tax[1] as a % of average risk weighted assets	**1.6%**	1.7%	n/a
Operating expenses to net operating income[1]	**44.8%**	50.9%	n/a
Operating expenses[1] to average assets	**1.3%**	1.6%	n/a
Specific provision credit as a % of average net advances	**(0.0%)**	(0.0%)	n/a
Net non-accrual loans ($M)	**41**	58	-29%
Net non-accrual loans as a % of net advances	**0.3%**	0.4%	n/a
Lending growth (%)	**17.0%**	18.4%	n/a
Total assets ($M)	**39,089**	35,031	12%
Risk weighted assets ($M)	**25,128**	20,344	24%
Employees (FTE)			
UK and Europe	**848**	938	-10%
Asia Pacific	**2,725**	2,651	3%
South Asia	**4,209**	4,902	-14%
Americas	**162**	162	0%
Middle East	**1,305**	1,402	-7%
Employees (FTE)	**9,249**	10,055	-8%

[1] *Before abnormal items*

ANZ's international businesses have continued to perform well. Profit before debt provisions increased by 25% driven by lending growth of 17% at stable spreads and strong growth in non-interest income. Asset quality remained good. In Asia, non-accrual loans total $16 million and loans to higher risk counterparties (equivalent to a Moody's rating of B+ or less) total $111 million.

Strong trading profits and portfolio management performance fees underpinned the continuing strong UK earnings.

Asia Pacific experienced good lending growth, but profits were constrained by increased provisioning in Sri Lanka in the first half.

South Asia again achieved strong lending growth and benefited from the removal of the funding drag relating to the NHB deposit, which was repaid in April, and the release of non-lending loss provisions.

The Middle East also had good lending growth and benefited from the sale of Omani operations in the first half.