AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
ACN 005 357 522
CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
Half-Year Ended 31 March 2000

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All amounts are in Australian dollars unless otherwise stated. The information included in the Highlights, Financial Highlights and Chief Financial Officer's Review on pages 1 to 16 is based on the consolidated financial statements on pages 21 to 57, which have been subject to review by the Group's auditors, KPMG (refer page 58). The Company has a formally constituted Audit, Compliance & Finance Committee of the Board of Directors.

Australia and New Zealand Banking Group Limited

ACN 005 357 522

Consolidated Financial Statements And Dividend Announcement

Half-Year Ended 31 March 2000

HIGHLIGHTS

- Operating profit after tax $817 million up 14% (March 1999 : $716 million)
- ANZ returns to full franking; interim dividend 29 cents per share, up 3 cents.

- Earnings per ordinary share up 10% to 49.3 cents, from 44.7 cents
- Asset growth of 10%
- Return on ordinary shareholders' equity 17.8% (17.3%)
- Interest margins down from 3.05% to 2.93% due to interest rate squeeze
- Non interest income up to $1,350 million ($1,157 million)
- Cost income ratio down to 51.4% (55.2%)
- Operating expenses steady at $1,663 million ($1,646 million)
- Abnormal loss from tax rate adjustment offset by abnormal gains

Comparatives are March 1999

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FINANCIAL HIGHLIGHTS

PROFIT & LOSS

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Net interest income	**1,875**	1,841	1,814
Other operating income	**1,350**	1,220	1,157
Net operating income	**3,225**	3,061	2,971
Operating expenses	**(1,663)**	(1,654)	(1,646)
Operating profit before debt provisions	**1,562**	1,407	1,325
Provision for doubtful debts	**(256)**	(252)	(258)
Income tax expense	**(488)**	(389)	(347)
Outside equity interests	**(1)**	(2)	(4)
Operating profit after tax	**817**	764	716

BALANCE SHEET	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Assets			
Liquid assets	**5,410**	5,283	6,442
Due from other financial institutions	**4,543**	3,472	3,354
Trading and investment securities	**9,280**	8,954	8,668
Net loans and advances including acceptances	**129,386**	118,921	116,131
Other	**18,339**	16,171	17,822
Total assets	**166,958**	152,801	152,417
Liabilities			
Due to other financial institutions	**8,796**	9,001	8,851
Deposits and borrowings	**106,157**	96,559	97,269
Acceptances	**15,364**	14,858	16,565
Other	**26,979**	22,954	20,498
Total liabilities	**157,296**	143,372	143,183
Total shareholders' equity and outside equity interests	**9,662**	9,429	9,234

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FINANCIAL HIGHLIGHTS (continued)

PERFORMANCE MEASUREMENTS

	Half year Mar 00	Half year Sep 99	Half year Mar 99
Profitability ratios			
Return on:			
Average ordinary shareholders' equity [1]	**17.8%**	17.1%	17.3%
Average assets	**1.02%**	1.01%	0.94%
Average risk weighted assets	**1.34%**	1.29%	1.22%
Total income	**12.5%**	13.0%	12.5%
Net interest average margin	**2.93%**	3.08%	3.05%
Efficiency ratios [2]			
Operating expenses to net operating income	**51.4%**	53.9%	55.2%
Operating expenses to average assets	**2.1%**	2.2%	2.2%
Debt provisioning			
Economic loss provisioning ($M)	**256**	252	258
Net specific provisions ($M)	**197**	248	234
Earnings per ordinary share (cents)			
Earnings per ordinary share (basic)	**49.3**	45.9	44.7
Earnings per ordinary share (diluted)	**49.1**	45.7	44.6
Ordinary share dividends (cents)			
Interim 2000 - 100% franked at 34% (legislation pending) : 1999: 75% franked	**29**	n/a	26
Final 1999 - 80% franked	**n/a**	30	n/a
Dividend payout ratio	**57.9%**	65.6%	58.4%
Preference share dividend			
Dividend paid ($M)	**49**	48	24

1 Ordinary shareholders' equity excluding outside equity interests

2 Excludes goodwill amortisation

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FINANCIAL HIGHLIGHTS (continued)

ASSETS AND CAPITAL

	As at Mar 00	As at Sep 99	As at Mar 99	Movt Mar 00 v Sep 99	Movt Mar 00 v Mar 99
Total assets ($M)	**166,958**	152,801	152,417	9%	10%
Risk weighted assets ($M)	**126,553**	118,037	118,624	7%	7%
Shareholders' equity [1, 2] ($M)	**9,649**	9,403	9,210	3%	5%
Total advances ($M)	**132,307**	122,453	119,418	8%	11%
Specific provisions ($M)	**(896)**	(907)	(908)	-1%	-1%
Net advances ($M)	**131,411**	121,546	118,510	8%	11%
Net tangible assets per ordinary share ($)	**5.42**	5.21	5.09	4%	6%
Net tangible assets attributable to ordinary shareholders ($M)	**8,313**	8,149	7,906	2%	5%
Total number of ordinary shares (M)	**1,533**	1,565	1,554	-2%	-1%
Capital adequacy ratio (%)					
- Inner Tier 1	**6.5%**	6.9%	6.7%	n/a	n/a
- Tier 1	**7.5%**	7.9%	7.7%	n/a	n/a
- Total	**10.1%**	10.7%	10.9%	n/a	n/a
General provision ($M)	**1,436**	1,395	1,421	3%	1%
General provision as a % of risk weighted assets	**1.1%**	1.2%	1.2%	n/a	n/a
Non-accrual loans ($M)					
Non-accrual loans	**1,425**	1,543	1,719	-8%	-17%
Specific provisions	**(871)**	(886)	(860)	-2%	1%
Net non-accrual loans	**554**	657	859	-16%	-36%
Specific provision as a % of total non-accrual loans	**61.1%**	57.4%	50.0%	n/a	n/a
Net non-accrual loans as a % of net advances	**0.4%**	0.5%	0.7%	n/a	n/a
Net non-accrual loans as a % of shareholders' equity [3]	**5.7%**	7.0%	9.3%	n/a	n/a
Other information					
Full time equivalent staff	**28,940**	30,171	30,979	-4%	-7%
Market capitalisation of ordinary shares ($M)	**15,948**	16,045	17,797	-1%	-10%

[1] *Excludes outside equity interests*

[2] *Includes preference share capital of $1,232 million (Sep 99: $1,145 million)*

[3] *Includes outside equity interests*

CHIEF FINANCIAL OFFICER'S REVIEW

Overview

Australia and New Zealand Banking Group Limited (ANZ) recorded an operating profit after tax of $817 million for the six months ended 31 March 2000, compared to a result for the six months to September 1999 of $764 million, and $716 million for the previous March half year. Earnings per ordinary share were 49.3 cents, up 7% from 45.9 cents from the September half. The return on ordinary shareholders' equity was 17.8% (September 1999 half year was 17.1%).

The cost income ratio reduced to 51.4% (52.4% excluding significant one off items) from 53.9% in the six months to September 1999, reflecting a continued emphasis on cost efficiency and income growth and is in line with our target of 53% for 2000.

Significant one off items impacting profit :

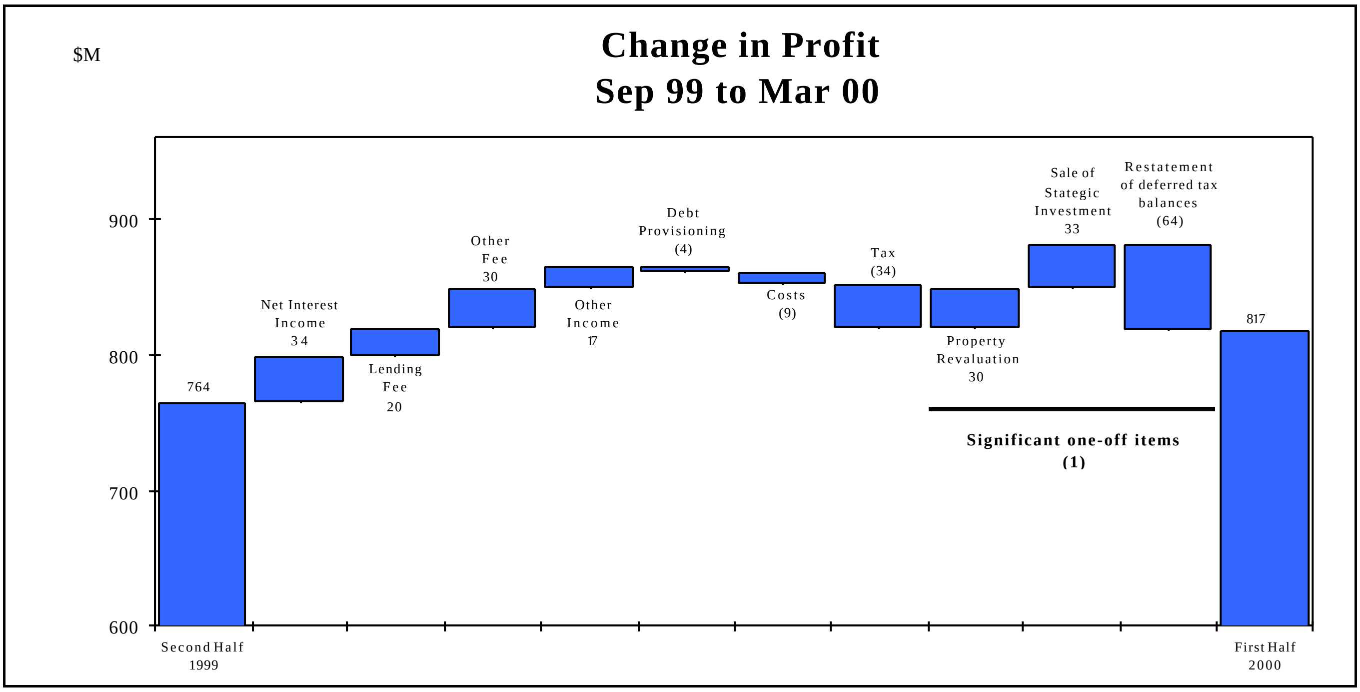
- gain on sale from investment in Colonial Limited following the announcement of its acquisition by Commonwealth Bank ($33m)
- reversal of previous property decrement on revaluation of properties ($30m)
- restatement of deferred tax balances to reflect new company tax rate (-$64m)

On 27 April 2000, the Group announced that an agreement had been entered into with Standard Chartered PLC, a United Kingdom registered bank, for the sale of ANZ Grindlays Limited and international Private Banking operations. Further details are included in the post balance date event note on page 55.

Net interest income increased $34 million over the previous six months, with 7.7% growth in volumes being offset by reduced margins. The principal source of growth was mortgage lending in Australia and New Zealand which was offset by a $49 million reduction in net interest margins on mortgages caused by competition and the delay in passing on the full impact of wholesale interest rate increases to retail customers.

Growth in fee income at 6% was strong and reflected higher activity levels in all business units. Other income was boosted by property revaluations and the sale of the strategic investment in Colonial Limited.

Other income also benefited from increased foreign exchange trading by customers, and e-Commerce revenues in Personal Financial Services.



Operating expenses remained constant, reflecting the success of the Group's continued focus on cost containment and improved operating efficiency.

Risk levels have continued to reduce across the Group. The Economic Loss Provision as a percentage of average net lending assets declined from 0.43% in September 1999 to 0.40% reflecting improved risk profiles across international and continuing growth in the mortgage portfolio. Non accrual loans reduced and net specific provisions fell 21% in the half from $248 million to $197 million. Notwithstanding a further $46 million in specific provisions for Daewoo, overseas markets specific provisions were down $86 million on the September 1999 half. Losses on personal loans in Personal Financial Services exceeded expectation leading to a $27 million increase in specific provision in that division.

The Group's Tier 1 capital position reduced to 7.5% from 7.9% at September 1999 following the $509 million share buyback but remains strong. The total capital adequacy ratio has reduced to 10.1% (down from 10.7% at September 1999).

The Group is being managed to maximise value for our shareholders. Internally, total return to shareholders is measured through EVA™ (Economic Value Added) a measure of economic profit. EVA™ is based on operating profits after tax adjusted for the cost of capital, the assessed value of imputation credits, and economic credit costs. EVA™ for the six months ended 31 March 2000 was $474 million up from $449 million for the six months ended 30 September 1999, using a cost of capital of 11% (a hurdle rate of 15% is used for internal purposes). This calculation excludes the effect of abnormal items.

The adoption of AASB1038 'Life Insurance Business' has resulted in the recognition of the $4 billion of assets and liabilities in statutory funds. While there is no net profit and loss impact from the introduction of AASB 1038, the requirement to recognise life insurance income on a gross basis results in the recognition of an additional net $40 million of income, offset by $5 million of expenses and $35 million of income tax expense. Comparatives have been restated.

BUSINESS SEGMENT PERFORMANCE

ANZ manages its activities along the following lines of business: Personal Financial Services, Corporate Financial Services and International.

- Personal Financial Services comprises Personal Banking (including Private Banking), Cards and Funds Management operations in Australia and New Zealand
- Corporate Financial Services comprises Corporate & Institutional Banking, Global Transaction Services, Asset Finance, Structured Finance, Foreign Exchange and Capital Markets operations in Australia, New Zealand and the mature markets of UK, Europe and Americas
- International comprises countries outside Australia and New Zealand, excluding the investment bank operations in the mature markets of UK, Europe and Americas
- each line of business has established a presence in e-Commerce, and is actively working to maximise customer benefits from use of alternative distribution channels. e-Commerce businesses are described on pages 11-12.

Group includes the results of asset and liability management; earnings on central capital; costs relating to hedging capital positions and certain central costs. Segment results exclude abnormal items.

Operating profit after service transfer pricing (equity standardised) [1]

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v. Sep 99 %	Movt Mar 00 v. Mar 99 %
Personal Financial Services	**368**	358	258	3%	43%
Corporate Financial Services	**311**	300	266	4%	17%
International	**76**	55	116	38%	-34%
Group	**62**	51	76	22%	-18%
	817	764	716	7%	14%

[1] *Refer definitions on page 61*

Personal Financial Services contributed $368 million (45%) to the Group result. Continued strong growth in the mortgage lending and cards portfolios in Australia and New Zealand was offset by a reduction in lending margins following rises in wholesale interest rates. Fees rose in line with increased transaction levels, while continued focus on operating efficiencies kept costs flat.

Corporate Financial Services increased profits by 4% to $311 million, and represents 38% of the Group's profit. The result reflects the growth in non-interest income and tight cost control.

The International network contributed $76 million to the result, a 38% increase over the disappointing September half. This reflects the improved asset quality to reduce risk, increased interest and fee income, and reduced costs, but was constrained by write offs of some tax assets.

BUSINESS SEGMENT - PERSONAL FINANCIAL SERVICES

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Net interest income	**963**	961	914
Fee income	**476**	446	397
Other operating income	**101**	91	76
Net operating income	**1,540**	1,498	1,387
Operating expenses	**(873)**	(863)	(921)
Operating profit before debt provisions	**667**	635	466
Provision for doubtful debts	**(74)**	(66)	(57)
Income tax expense	**(225)**	(211)	(151)
Operating profit after tax	**368**	358	258
Operating profit after tax			
Personal Banking	**312**	308	218
Funds Management	**56**	50	40
	368	358	258
Net interest average margin	**3.19%**	3.51%	3.60%
Return on assets	**1.17%**	1.25%	0.98%
Return on risk weighted assets	**2.14%**	2.25%	1.73%
Operating expenses to net operating income	**56.5%**	57.4%	66.2%
Operating expenses to average assets	**2.76%**	2.99%	3.50%
Net specific provisions	**87**	60	36
Net specific provision as a % of average net advances	**0.3%**	0.2%	0.1%
Net non-accrual loans	**71**	84	76
Net non-accrual loans as a % of net advances	**0.1%**	0.2%	0.2%
Total employees	**12,485**	12,926	13,112
Total assets	**66,406**	59,709	54,928

Personal Financial Services contributed $368m (45%) to the Group's result. While the result was essentially flat on the September 1999 result, it consolidated the improvements made in the second half of 1999 and is up 43% on March 1999.

The key factors influencing revenue and costs in the March half result of Personal Financial Services were:

- good growth in fees and other income representing sustained increases in transaction volumes across the Division while net interest income remains flat due to continued margin contraction
- strong growth in mortgage lending (reflecting ANZ's rating as Home Loan Bank of the Year and the Canex five star rating on home loans) leading to increased market share
- lower margins on mortgage lending resulting from delays in repricing for the full cost of increased wholesale interest rates. Margin reduction reduced net interest income by $49 million
- increased revenues from the sale of risk products
- expenses were held to a 1% increase, with a 3% reduction in staff numbers from 12,926 to 12,485 being more than offset by the personnel cost increase from the Enterprise Bargaining agreement and seasonally higher costs including advertising in the March half. The Group continues to implement efficiency initiatives, and to encourage its customers to use more cost effective distribution channels.

The increased economic loss provision charge reflects 12% growth in advances, mainly in mortgages, and an increase in loss rates in personal lending. Net specific provisions reflect increases in credit card volumes, and higher than expected losses from personal lending. Risk management procedures have been reviewed and are expected to result in reduced losses in future periods.

BUSINESS SEGMENT - CORPORATE FINANCIAL SERVICES

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Net interest income	**503**	498	490
Fee income	**338**	327	313
Other operating income	**166**	154	174
Net operating income	**1,007**	979	977
Operating expenses	**(466)**	(464)	(489)
Operating profit before debt provisions	**541**	515	488
Provision for doubtful debts	**(112)**	(100)	(122)
Income tax expense	**(118)**	(115)	(100)
Operating profit after tax	**311**	300	266
Operating profit after tax			
Corporate Relationships	**215**	203	176
Asset Finance	**46**	44	38
Foreign Exchange	**34**	32	31
Capital Markets	**16**	21	21
	311	300	266
Net interest average margin	**1.84%**	1.91%	1.72%
Return on assets	**0.86%**	0.84%	0.70%
Return on risk weighted assets	**0.86%**	0.83%	0.74%
Operating expenses to net operating income	**46.2%**	47.3%	49.9%
Operating expenses to average assets	**1.29%**	1.29%	1.29%
Net specific provisions	**35**	44	67
Net specific provision as a % of average net advances	**0.1%**	0.1%	0.2%
Net non-accrual loans	**249**	338	524
Net non-accrual loans as a % of net advances	**0.4%**	0.6%	0.9%
Total employees	**4,571**	4,880	5,014
Total assets	**74,038**	70,229	72,906

During the half, Corporate Financial Services profits increased 4% to $311 million, which represents 38% of the Group's result.

The growth in Corporate Financial Services primarily reflects:

- strong growth in fee income through increased transaction fees following a review of pricing and cost structures
- increased foreign exchange option revenue with volatility in currency markets increasing customer activity
- growth in transaction fees associated with "ANZ OnLine", the PC based banking product for Corporate customers
- flat expenses with higher salary costs being offset by a 6% reduction in staff numbers

offset by:

- reducing margins in Asset Finance as higher margin business written in prior years rolled off and increased competitive pressures.

During the six months to 31 March 2000, a number of initiatives have been undertaken to improve the distribution of products to Institutional and Corporate customers. Corporate Financial Services has realigned its business into product and relationship management specialisations, Corporate and Institutional Banking has been restructured along industry lines, and customers have increased their use of electronic distribution channels including FX Online, ANZ OnLine and e-Gate.

BUSINESS SEGMENT - INTERNATIONAL

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Net interest income	**268**	251	292
Fee income	**113**	101	106
Other operating income	**86**	75	68
Net operating income	**467**	427	466
Operating expenses	**(257)**	(269)	(219)
Operating profit before debt provisions	**210**	158	247
Provision for doubtful debts	**(49)**	(76)	(60)
Income tax expense	**(85)**	(27)	(71)
Operating profit after tax	**76**	55	116
Net interest average margin	**2.64%**	2.67%	2.60%
Return on assets	**0.96%**	0.69%	1.37%
Return on risk weighted assets	**1.17%**	0.86%	1.72%
Operating expenses to net operating income	**55.0%**	63.0%	47.0%
Operating expenses to average assets	**3.25%**	3.39%	2.59%
Net specific provisions	**75**	126	121
Net specific provision as a % of average net advances	**1.6%**	2.6%	2.4%
Net non-accrual loans	**234**	239	288
Net non-accrual loans as a % of net advances	**2.2%**	2.6%	2.9%
Total employees	**7,483**	8,052	8,165
Total assets	**16,884**	15,011	16,622

The International business segment result is different from the Overseas Markets result included on page 16. International business segment results are equity standardised and reflect management of the commercial International network, thus excluding the Investment Banking operations of the mature markets of UK, Europe and Americas, which are included in Corporate Financial Services.

The International network contributed $76 million to the Group result, an increase of 38% over the poor September 1999 half-year, which was down 53% on the March 1999 half-year.
Key drivers of the result were:

- a reduction in Asian exposures over the last 12 months with a drive to improve credit quality, and a significant reduction in off-balance sheet risk across all regions leading to a reduction in expected loss factors
- increased fee revenue following a review of ANZ and competitor pricing, particularly in South Asia
- higher other operating income with the sale of ANZ Guernsey ($10 million profit before tax)
- increased foreign exchange and trading income in India from higher volumes and reducing interest rates
- a reduction in operating expenses, as a result of a decrease in staff numbers (down to 7,483) with voluntary retirement schemes in Pakistan and Jordan
- income tax expense has increased, as the Group re-assessed the probability of recovery of tax assets in certain countries.

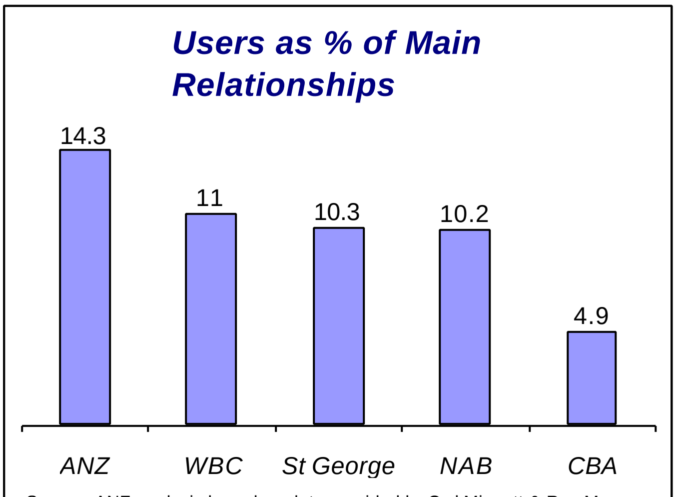
The reduction in specific provisions demonstrates the improvement in the risk profile and the stabilisation of credit problems. The provision was dominated by $46 million further provisioning on Daewoo.

BUSINESS SEGMENT - E-COMMERCE

ANZ is intent on building swiftly a leading e-Commerce presence in financial services as use of the internet becomes increasingly pervasive. ANZ has made exciting progress with its Personal, Business and International e-Commerce initiatives over the last six months:

Personal E-Commerce

As at 31 March 2000 ANZ had 204,000 registered users in Australia and 27,000 users in New Zealand (since increased to over 250,000 in aggregate). ANZ offers market leading functionality and on 3 April IMR Worldwide (a leading internet market research company) ranked ANZ the most visited bank web site in Australia. ANZ's customer uptake of internet banking has also been the highest of all the banks as shown below:



Source: ANZ analysis based on data provided by Ord Minnett & Roy Morgan Research

In addition to the principal services of account information, BPay, funds transfer, and various on-line product applications, enhancements delivered over the last six months include third party payments ("pay anyone" functionality), enhanced calculators and tools, on-line deposit applications, insurance quotes and managed investments (prices and downloadable prospectuses).

ANZ recently launched ANZ BizSite, an on-line web site creation service that enables both personal and business users to build and maintain a professional web site including the ability to receive on-line orders and make payments.

ANZ's strategic alliance with E*Trade, one of the pioneers of on-line securities trading in the United States provides customers with the ability to conduct share trading and use a variety of investment and portfolio management tools. ANZ's customers share of new E*Trade registrations is in excess of 50% and their usage of E*Trade and associated trading volumes are above forecast. This has helped strengthen E*Trade's position as one of the two dominant on-line brokers in Australia.

ANZ has also developed an alliance with Free Net to provide customers with free and unrestricted internet access. This service is currently being piloted in Melbourne and Sydney and we expect to be able to extend it to all our customers later this year.

Business E-Commerce

ANZ has a strong and established on-line business which is being web enabled. ANZ OnLine, our PC based electronic banking service for companies has over 15,000 installed base stations with over 60,000 users, and processes over four million payments per month. In addition, Esanda Online originates and processes 95% of Esanda's dealer and broker network loan contracts.

With business e-Commerce forecast to grow to $200 billion in Australia by 2006, ANZ is well placed to build on this momentum and secure a leading market position via the following three elements:

1) Web Enabling Existing Products

Through internet enabling existing products our objective is to create a rich corporate banking portal that improves customer financial decision making and transacting. Initial offerings include the following:

- FX Online provides real-time pricing and execution of foreign exchange spot, forward, extension and non-deliverable transactions. It also provides a chat facility between the customer and dealer. For the six months to March, $A1.3 billion in deals have been processed through FX Online. Building on these impressive statistics, the web based version of FX Online will be launched simultaneously to clients in Australia, New Zealand and the UK in May.

- ANZ has also established a New Issues Centre web site to provide certain institutional clients with interactive access to ANZ's bonds issue data. Allowing access to both current and historical data, the site also offers book-building functionality and was recently used for the Fairfax issue, which involved 12 institutional investors registering $150 million worth of bonds.

2) Creating a New Range of e-Products

Our strategy is to build the most innovative range of financial e-products, including payment facilities and authentication services, to enable and enhance customer on-line trading. ANZ is well advanced with ANZ eGate, its Internet-based payments gateway, which is utilised by a number of customers involved in industries such as subscription services, e-tailing, wireless applications, and freeway operation and toll collection.

Recently, ANZ announced a 2.3% equity investment in global digital certificate entity Identrus – a strategic move that will provide ANZ with authentication and transaction assurance capabilities.

3) Turnkey On-line Enablement Solutions

We are particularly focused on providing turnkey on-line enablement solutions with complementary partners, where financial services integration and ANZ distribution add value. ANZ is currently exploring a number of joint venture opportunities as a means of protecting and developing existing/new revenue streams. With equity in strategic partners, ANZ has opportunities to participate in trading communities and procurement services, thereby facilitating and streamlining supply chain processes.

Via eAuto, ANZ is now a genuine contender for market leadership in the on-line automotive marketplace in Australia and New Zealand.

ANZ's proposed strategic investment in eisa supports our strategy to rapidly develop an e-Commerce presence and significantly enhance on-line distribution capabilities for ANZ financial products and services. Through this investment, ANZ will have certain exclusive rights to provide financial products to eisa's on-line customer base in Australia and New Zealand, with first rights on opportunities developed by eisa in Asia.

e.Asia

In addition to the momentum gained in our domestic markets of Australia and New Zealand, ANZ is actively exploring e-Commerce initiatives to gain access to attractive new customers in key Asian markets. In less developed markets, we are exploring ways of building a broad presence by leveraging off the e-Commerce work we have already undertaken in Australia and New Zealand. In the more developed markets, we are reviewing more focused opportunities in cooperation with local equity partners.

e-Commerce results [1]	**Half year March 2000**		
	Total income $M	Total expenses $M	Profit (loss) before tax $M
Personal Financial Services	14.9	18.3	(3.4)
Corporate Financial Services	18.0	14.6	3.4
	32.9	32.9	-

[1] *Earnings from non-consolidated investments not included (such as E*Trade)*

GEOGRAPHIC SEGMENT PERFORMANCE

	Half year Mar 00 $M	%	Half year Sep 99 $M	%	Half year Mar 99 $M	%
Operating profit after tax						
Australia	**565**	**69%**	560	73%	472	66%
New Zealand	**116**	**14%**	97	13%	101	14%
Domestic Markets	**681**	**83%**	657	86%	573	80%
UK and Europe	**24**	**3%**	17	2%	24	3%
Asia	**15**	**2%**	2	0%	17	2%
Pacific	**22**	**3%**	17	2%	20	3%
South Asia	**43**	**5%**	27	4%	36	5%
Americas	**25**	**3%**	22	3%	28	4%
Middle East	**7**	**1%**	22	3%	18	3%
Overseas Markets	**136**	**17%**	107	14%	143	20%
	817	**100%**	764	100%	716	100%

	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Total assets			
Australia	**116,352**	107,551	103,186
New Zealand	**21,542**	19,730	19,364
Domestic Markets	**137,894**	127,281	122,550
UK and Europe	**7,657**	6,444	10,229
Asia	**5,329**	4,582	4,971
Pacific	**1,112**	1,040	1,160
South Asia	**5,473**	4,802	5,405
Americas	**5,281**	4,988	4,080
Middle East	**4,212**	3,664	4,022
Overseas Markets	**29,064**	25,520	29,867
	166,958	152,801	152,417
Risk weighted assets			
Australia	**85,198**	80,462	78,700
New Zealand	**15,025**	13,546	14,265
Domestic Markets	**100,223**	94,008	92,965
UK and Europe	**7,199**	6,733	7,205
Asia	**4,556**	4,203	4,634
Pacific	**906**	880	938
South Asia	**4,461**	3,919	4,034
Americas	**5,364**	4,786	5,027
Middle East	**3,844**	3,508	3,821
Overseas Markets	**26,330**	24,029	25,659
	126,553	118,037	118,624

GEOGRAPHIC SEGMENT - AUSTRALIA

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Net interest income	**1,266**	1,253	1,204
Fee income	**623**	586	549
Other operating income	**302**	229	188
Net operating income	**2,191**	2,068	1,941
Operating expenses	**(1,114)**	(1,071)	(1,096)
Operating profit before debt provisions	**1,077**	997	845
Provision for doubtful debts	**(173)**	(150)	(145)
Income tax expense	**(339)**	(287)	(228)
Operating profit after income tax	**565**	560	472
Net interest average margin	**2.98%**	3.15%	3.23%
Return on ordinary book equity	**19.0%**	19.1%	17.7%
Return on risk weighted assets	**1.37%**	1.40%	1.23%
Operating expenses to net operating income	**50.7%**	51.5%	56.3%
Operating expenses to average assets	**1.98%**	2.03%	2.23%
Net specific provision	**102**	73	93
Net specific provision as a % of average net advances	**0.2%**	0.2%	0.2%
Net non-accrual loans	**257**	345	515
Net non-accrual loans as a % of net advances	**0.3%**	0.4%	0.6%
Total employees	**16,742**	17,147	17,510
Lending growth	**7.0%**	4.3%	8.0%
Total assets	**116,352**	107,551	103,186
Risk weighted assets	**85,198**	80,462	78,700

Profit after tax in Australia was steady compared to the previous six months, following strong growth in the second half of 1999 (the result is 20% higher than the first half of 1999).

The main influences on this result were:

- flat net interest income with the increased lending volumes (mortgages) offset by a contraction in margins due to:
  - the lag in passing on the impact of higher interest rates to mortgage customers
  - margin contraction in mortgages reducing net interest by $49 million
  - competitive pressures on margins in Esanda ; and
  - a significant interest recovery in the September half year.
- good growth in non-lending fee income in Personal and Corporate Financial Services, due to volume growth and revised fee structures.

offset by

- higher personnel expenses with the EBA and annual salary increases, marketing costs, higher software amortisation and higher restructuring costs
- increased economic loss provision charge reflecting volume growth and an increase in loss rates on the non mortgage lending book in Personal Financial Services and central portfolio provisions.

GEOGRAPHIC SEGMENT - NEW ZEALAND

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Net interest income	**240**	235	242
Fee income	**133**	127	113
Other operating income	**30**	33	38
Net operating income	**403**	395	393
Operating expenses	**(227)**	(238)	(231)
Operating profit before debt provisions	**176**	157	162
Provision for doubtful debts	**(18)**	(18)	(23)
Income tax expense	**(42)**	(42)	(38)
Operating profit after income tax	**116**	97	101
Net interest average margin	**2.66%**	2.73%	2.74%
Return on ordinary book equity	**24.8%**	22.7%	25.9%
Return on risk weighted assets	**1.62%**	1.41%	1.44%
Operating expenses to net operating income	**56.1%**	60.3%	58.5%
Operating expenses to average assets	**2.25%**	2.50%	2.35%
Net specific provision	**18**	12	6
Net specific provision as a % of average net advances	**0.2%**	0.2%	0.1%
Net non-accrual loans	**46**	30	33
Net non-accrual loans as a % of net advances	**0.3%**	0.2%	0.2%
Total employees	**4,053**	4,290	4,498
Lending growth (including FX impact)	**14.5%**	(0.2%)	1.6%
Lending growth (excluding FX impact)	**11.2%**	6.4%	1.1%
Total assets	**21,542**	19,730	19,365
Risk weighted assets	**15,025**	13,546	14,265

New Zealand contributed $116 million (14%) to the Group result. This represented a 20% increase over the previous six months and reflects:

- strong lending volume growth, but net interest income has been constrained by competitive pressures on margins
- increased fee income from volume growth, new products and changes to fee structures
- an increase in structured financing activities
- lower operating costs, in particular personnel costs, reflecting the benefits of restructuring programs undertaken.

The operating cost to income ratio has reduced to 56.1% from 60.3% in the previous half year. Asset quality remains good.

GEOGRAPHIC SEGMENT - OVERSEAS MARKETS

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Net interest income	**369**	353	368
Fee income	**171**	164	162
Other operating income	**91**	81	107
Net operating income	**631**	598	637
Operating expenses	**(322)**	(345)	(319)
Operating profit before debt provisions	**309**	253	318
Provision for doubtful debts	**(65)**	(84)	(90)
Income tax expense	**(107)**	(60)	(81)
Outside equity interests	**(1)**	(2)	(4)
Operating profit after income tax	**136**	107	143
Net interest average margin	**2.16%**	2.30%	2.22%
Return on ordinary book equity	**12.1%**	9.9%	13.4%
Return on risk weighted assets	**1.08%**	0.87%	1.07%
Operating expenses to net operating income	**51.0%**	57.7%	50.1%
Operating expenses to average assets	**1.73%**	1.99%	1.56%
Net specific provision	**77**	163	135
Net specific provision as a % of average net advances	**0.9%**	1.9%	1.5%
Net non-accrual loans	**251**	282	311
Net non-accrual loans as a % of net advances	**1.4%**	1.7%	1.8%
Total employees	**8,145**	8,735	9,422
Lending growth (including FX impact)	**8.0%**	(3.8%)	(5.4%)
Lending growth (excluding FX impact)	**1.5%**	(0.1%)	0.7%
Total assets	**29,064**	25,520	29,867
Risk weighted assets	**26,330**	24,029	25,659

Overseas markets increased profit by 27% on the disappointing September half to $136 million, but was flat compared with March 1999. The result reflects:

- improved asset quality in Asia and the Middle East
- increases in net interest and fees as a result of increased volumes
- lower operating costs reflecting the reduction in staff numbers and containment of other operating costs
- higher trading results in the UK and South Asia.

offset by

- reduced margins in Middle East and South Asia as credit quality improved and competitive pressures increased
- write off of tax assets in some countries.

The Group's aggregate Asian exposures in US dollar terms remains steady over September 1999 at USD 5.5 billion as increased trade finance offset reduced corporate exposures.

Gross non-accrual loans in Overseas Markets are $858 million, down from $870 million. Net specific provisions representing new and increased provisions less specific provision releases and recoveries totalled $77 million for Overseas markets, including $51 million booked in Asia dominated by $46 million related to further provisioning on ANZ's Daewoo exposure.

The Asian non-accrual loan portfolio continues to be well provided with a coverage ratio of 68%.

FOUR YEAR SUMMARY BY HALF-YEAR

	Mar 00	Sept 99	Mar 99	Sept 98	Mar 98	Sept 97	Mar 97	Sept 96
	$M	$M	$M	$M	$M	$M	$M	$M
Profit and loss								
Net interest income	**1,875**	1,841	1,814	1,774	1,773	1,719	1,718	1,682
Other operating income	**1,350**	1,220	1,157	971	1,128	1,110	1,000	947
Operating expenses	**(1,663)**	(1,654)	(1,646)	(1,701)	(1,737)	(1,808)	(1,694)	(1,752)
Provision for doubtful debts	**(256)**	(252)	(258)	(250)	(237)	(203)	(197)	(61)
Operating profit	**1,306**	1,155	1,067	794	927	818	827	816
Income tax expense	**(488)**	(389)	(347)	(239)	(298)	(223)	(243)	(216)
Outside equity interests	**(1)**	(2)	(4)	(5)	(4)	(4)	(4)	(4)
Operating profit after tax before abnormals	**817**	764	716	550	625	591	580	596
Net abnormal (loss)profit	-	-	-	(69)	-	(116)	(31)	-
Operating profit after tax	**817**	764	716	481	625	475	549	596
Balance Sheet								
Assets	**166,958**	152,801	152,417	149,720	147,681	138,241	135,020	127,604
Net Assets	**9,662**	9,429	9,234	8,391	7,388	6,993	6,678	6,336
Ratios (after abnormals)								
Return on average ordinary equity	**17.8%**	17.1%	17.3%	12.3%	17.1%	13.3%	16.6%	18.6%
Return on average assets	**1.0%**	1.0%	0.9%	0.6%	0.8%	0.7%	0.8%	1.0%
Tier 1 capital ratio	**7.5%**	7.9%	7.7%	7.2%	6.5%	6.6%	6.6%	6.7%
Ratios (before abnormals)								
Cost to income [1]	**51.4%**	53.9%	55.2%	62.0%	59.9%	63.9%	62.3%	66.6%
Shareholder value - ordinary shares								
Total return to shareholders (share price movement plus dividends)	**4.4%**	-8.2%	30.0%	-8.3%	-8.2%	42.3%	15.1%	21.1%
Market capitalisation	**15,948**	16,045	17,797	13,885	15,385	17,017	12,084	10,687
Dividend	**29.0c**	30.0c	26.0c	28.0c	24.0c	26.0c	22.0c	24.0c
Franked portion	**100%**	75%	75%	60%	60%	100%	100%	100%
Share price								
- high	**$11.67**	$12.45	$11.69	$11.88	$11.44	$11.58	$8.64	$7.28
- low	**$9.71**	$8.58	$8.58	$8.45	$9.09	$7.56	$7.10	$5.52
- closing	**$10.40**	$10.25	$11.45	$9.02	$10.10	$11.28	$8.08	$7.23
Share information (per fully paid ordinary share)								
Earnings per share - basic	**49.3c**	45.9c	44.7c	35.9c	41.3c	39.4c	39.1c	40.5c
Dividend payout ratio	**57.9%**	65.6%	58.4%	78.4%	58.6%	66.3%	56.7%	59.6%
Net tangible assets	**$5.42**	$5.21	$5.09	$4.98	$4.81	$4.59	$4.42	$4.24
Number of fully paid ordinary shares on issue (millions)	**1,533.4**	1,565.4	1,554.3	1,539.4	1,523.3	1,508.6	1,495.6	1,478.1
Other information								
Permanent employees (FTE's)	**27,703**	28,744	29,648	30,827	34,695	35,926	37,807	39,721
Temporary employees (FTE's)	**1,237**	1,427	1,331	1,245	1,243	904	665	n/a
Total employees	**28,940**	30,171	30,979	32,072	35,938	36,830	38,472	n/a
Number of shareholders	**223,803**	214,151	184,183	151,564	138,056	132,450	134,484	121,847

1 *Excludes the impact of goodwill amortisation*

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

FINANCIAL STATEMENTS

Half-Year Ended
31 March 2000

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ANZ

DIRECTORS' REPORT

The directors present their report on the consolidated accounts for the half-year ended 31 March 2000.

Directors

The names of the directors of the Company who held office during and since the end of the half-year are:

Mr C B Goode - Chairman
Mr J McFarlane OBE - Chief Executive Officer
Mr J C Dahlsen
Dr R S Deane
Mr J K Ellis
Ms M A Jackson
Dr B W Scott AO
Mr G K Toomey

Result

The consolidated operating profit after income tax attributable to shareholders of the Company was $817 million. Further details are contained in the Chief Financial Officer's Review on pages 5 to 16 and in the financial statements.

Review of Operations

A review of the operations of the Group during the half-year and the results of those operations are contained in the Chief Financial Officer's Review on pages 5 to 16 and in the financial statements.

Rounding of Amounts

The Company is a company of the kind referred to in the Australian Securities and Investments Commission class order 98/100 dated 10 July 1998 pursuant to section 341(1) of the Corporations Law. Consequently, amounts in this report and the accompanying financial statements have been rounded to the nearest million dollars except where otherwise indicated.

Signed in accordance with a resolution of the directors.

Charles Goode
Chairman
1 May 2000

John McFarlane
Chief Executive Officer

PROFIT AND LOSS ACCOUNT

	Note	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Total income	2	**6,126**	5,518	5,543	11%	11%
Interest income		**4,776**	4,298	4,386	11%	9%
Interest expense		**(2,901)**	(2,457)	(2,572)	18%	13%
Net interest income		**1,875**	1,841	1,814	2%	3%
Other operating income	2	**1,350**	1,220	1,157	11%	17%
Total net operating income		**3,225**	3,061	2,971	5%	9%
Operating expenses	3	**(1,663)**	(1,654)	(1,646)	1%	1%
Operating profit before debt provision		**1,562**	1,407	1,325	11%	18%
Provision for doubtful debts	11	**(256)**	(252)	(258)	2%	-1%
Operating profit before tax		**1,306**	1,155	1,067	13%	22%
Income tax expense	5	**(488)**	(389)	(347)	25%	41%
Operating profit after income tax		**818**	766	720	7%	14%
Outside equity interests		**(1)**	(2)	(4)	-50%	-75%
Operating profit after income tax attributable to members of the Company		**817**	764	716	7%	14%
Retained profits at start of period		**2,952**	2,702	2,412	9%	22%
Total available for appropriation		**3,769**	3,466	3,128	9%	20%
Transfers (to)from reserves		**(28)**	(29)	(25)	-3%	12%
Dividends provided for/paid - ordinary shares	6	**(427)**	(437)	(377)	-2%	13%
Dividends paid - preference shares	6	**(49)**	(48)	(24)	2%	large
Retained profits at end of period		**3,265**	2,952	2,702	11%	21%

The notes appearing on pages 25 to 57 form an integral part of these financial statements

BALANCE SHEET

	Note	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Assets						
Liquid assets		**5,410**	5,283	6,442	2%	-16%
Due from other financial institutions		**4,543**	3,472	3,354	31%	35%
Trading securities		**4,871**	4,259	4,195	14%	16%
Investment securities	8	**4,409**	4,695	4,473	-6%	-1%
Net loans and advances	9	**114,022**	104,063	99,566	10%	15%
Customers' liability for acceptances		**15,364**	14,858	16,565	3%	-7%
Life insurance investment assets		**4,443**	4,063	3,868	9%	15%
Regulatory deposits		**608**	616	1,366	-1%	-55%
Shares in associates		**44**	32	30	38%	47%
Other assets		**11,760**	10,036	11,031	17%	7%
Premises and equipment		**1,484**	1,424	1,527	4%	-3%
Total assets		**166,958**	152,801	152,417	9%	10%
Liabilities						
Due to other financial institutions		**8,796**	9,001	8,851	-2%	-1%
Deposits and other borrowings		**106,157**	96,559	97,269	10%	9%
Liability for acceptances		**15,364**	14,858	16,565	3%	-7%
Income tax liability		**1,021**	1,051	975	-3%	5%
Creditors and other liabilities		**10,697**	9,421	9,551	14%	12%
Provisions		**979**	1,010	923	-3%	6%
Life insurance policy liabilities		**3,978**	3,795	3,629	5%	10%
Bonds and notes		**6,910**	4,456	1,952	55%	large
Loan capital		**3,394**	3,221	3,468	5%	-2%
Total liabilities		**157,296**	143,372	143,183	10%	10%
Net assets		**9,662**	9,429	9,234	2%	5%
Shareholders' equity						
Ordinary share capital		**4,399**	4,770	4,686	-8%	-6%
Preference share capital		**1,232**	1,145	1,190	8%	4%
Reserves		**753**	536	632	40%	19%
Retained profits		**3,265**	2,952	2,702	11%	21%
Share capital and reserves attributable to members of the Company		**9,649**	9,403	9,210	3%	5%
Outside equity interests		**13**	26	24	-50%	-46%
Total shareholders' equity and outside equity interests		**9,662**	9,429	9,234	2%	5%
Derivative financial instruments	17					
Contingent liabilities	18					

The notes appearing on pages 25 to 57 form an integral part of these financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Share capital					
Balance at start of period	**5,915**	5,876	5,226	1%	13%
Ordinary share issues					
Dividend reinvestment plan	**113**	84	92	35%	23%
Group employee share acquisition scheme	**20**	-	4	n/a	large
Group share option scheme	**4**	-	9	n/a	-56%
Group share purchase scheme	**#**	-	#	n/a	n/a
Share buyback	**(509)**	-	-	n/a	n/a
Preference share issues	**-**	-	578	n/a	n/a
Retranslation of preference share issues	**88**	(45)	(33)	n/a	n/a
Total share capital	**5,631**	5,915	5,876	-5%	-4%
Foreign currency translation reserve					
Balance at start of period	**(152)**	(27)	63	n/a	n/a
Currency translation adjustments, net of hedges after tax	**158**	(125)	(90)	n/a	n/a
	6	(152)	(27)	n/a	n/a
Asset revaluation reserve					
Balance at start of period	**-**	-	-	n/a	n/a
Revaluation of properties	**31**	-	-	n/a	n/a
	31	-	-	n/a	n/a
General reserve					
Balance at start of period	**539**	510	485	6%	11%
Transfers from retained profits	**28**	29	25	-3%	12%
	567	539	510	5%	11%
Capital reserves	**149**	149	149	0%	0%
Total reserves	**753**	536	632	40%	19%
Retained profits					
Balance at start of period	**2,952**	2,702	2,412	9%	22%
Operating profit after income tax attributable to members of the Company	**817**	764	716	7%	14%
Total available for appropriation	**3,769**	3,466	3,128	9%	20%
Transfers to reserves	**(28)**	(29)	(25)	-3%	12%
Dividends provided for or paid - ordinary shares	**(427)**	(437)	(377)	-2%	13%
Dividends paid - preference shares	**(49)**	(48)	(24)	2%	large
Retained profits at end of period	**3,265**	2,952	2,702	11%	21%

 # Amounts less than $500,000

STATEMENT OF CASH FLOWS

	Note	Half year Mar 00 Inflows (Outflows) $M	Half year Sep 99 Inflows (Outflows) $M	Half year Mar 99 Inflows (Outflows) $M
Cash flows from operating activities				
Interest received		**4,432**	4,368	4,311
Dividends received		**91**	81	76
Fees and other income received		**1,237**	1,007	1,082
Interest paid		**(2,660)**	(2,432)	(2,607)
Personnel expenses paid		**(930)**	(907)	(933)
Premises expenses paid		**(139)**	(139)	(143)
Other operating expenses paid		**(519)**	(433)	(544)
Income taxes paid				
Australia		**(265)**	(98)	(205)
Overseas		**(159)**	(131)	(101)
Net decrease(increase) in trading securities		**(574)**	(158)	1,600
Net cash provided by operating activities	**19**	**514**	1,158	2,536
Cash flows from investing activities				
Net decrease(increase) in				
Due from other financial institutions		**(229)**	(61)	677
Regulatory deposits		**51**	704	124
Net loans and advances		**(8,740)**	(6,344)	(6,592)
Investment securities				
Purchases		**(2,459)**	(4,327)	(4,613)
Proceeds from sale or maturity		**2,959**	3,966	4,117
Associates				
Purchased (net of cash acquired)		**-**	(2)	-
Transferred from controlled entities (net of cash)		**-**	-	(94)
Premises and equipment				
Purchases		**(162)**	(128)	(49)
Proceeds from sale		**53**	134	8
Other		**(807)**	565	(1,175)
Net cash (used in) investing activities		**(9,334)**	(5,493)	(7,597)
Cash flows from financing activities				
Net (decrease)increase in				
Due to other financial institutions		**(656)**	442	(1,221)
Deposits and other borrowings		**7,741**	959	4,243
Creditors and other liabilities		**(347)**	1,056	(313)
Bonds and notes				
Issue proceeds		**2,859**	2,678	1,652
Redemptions		**(675)**	(122)	(357)
Loan capital				
Issue proceeds		**77**	-	-
Redemptions		**(72)**	(143)	(113)
(Decrease)increase in outside equity interests		**(14)**	2	(3)
Dividends paid		**(388)**	(335)	(336)
Share capital issues		**-**	14	577
Share buyback		**(509)**	-	-
Net cash provided by financing activities		**8,016**	4,551	4,129
Net cash provided by operating activities		**514**	1,158	2,536
Net cash (used in) investing activities		**(9,334)**	(5,493)	(7,597)
Net cash provided by financing activities		**8,016**	4,551	4,129
Net (decrease)increase in cash and cash equivalents		**(804)**	216	(932)
Cash and cash equivalents at beginning of period		**6,634**	7,307	8,981
Foreign currency translation on opening balances		**867**	(889)	(742)
Cash and cash equivalents at end of period	**19**	**6,697**	6,634	7,307

The notes appearing on pages 25 to 57 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

This report has been based on financial data which has been prepared in compliance with the accounting provisions of the Banking Act, the Corporations Law, applicable Australian Accounting Standards and Urgent Issues Group Consensus Views and should be read in conjunction with the September 1999 financial statements. Where necessary, amounts shown for previous periods have been reclassified to facilitate comparison.

The accounting policies have been consistently applied by entities in the Group and are consistent with those of the previous financial year except for the changes disclosed below.

Property Revaluation

Valuations of premises are assessed annually by officers of the Group. All premises over a certain value are also subject to external valuation once every three years by independent valuers. Valuations are based on the open market value and assume that the premises concerned continue to be used in their existing manner by the Group.

The Group has revalued its class of assets 'Property' at director's valuation at 31 March 2000, based on independent valuations by Arthur Andersen (most Australian and Pacific properties) and Jones Lang LaSalle Advisory (other major International properties). The valuations estimated that the market value of properties exceeded book value by $61 million. Consistent with Australian Accounting Standards, $30 million of the revaluation surplus has been taken to profit and loss, to reverse a decrement previously taken to profit on revaluation of properties (1993), with the remaining $31 million booked in the asset revaluation reserve.

CHANGES IN ACCOUNTING POLICY

Life Insurance Standard

The Group conducts life insurance business through ANZ Life Assurance Company Limited (ANZ Life).
A new Accounting Standard AASB 1038 'Life Insurance Business', was applied from 1 October 1999.
This standard requires the first time consolidation of approximately $4 billion of assets and liabilities in the statutory funds of ANZ Life which relate to policyholders. Previously, only the Group's interest in the actuarially assessed surplus of ANZ Life's statutory funds, after allowing for increases in policyholder reserves determined under the margin on services methodology, together with the assets and liabilities of the shareholders funds of ANZ, were included. AASB 1038 requires all assets held by ANZ Life, including subsidiary companies, to be marked to market however this requirement, under the current structure has nil impact on the Group. AASB 1038 also requires the Group to consolidate income, expenses and the income tax expense relating to the statutory funds. This resulted in an increase to other income of $40 million, an increase to other expenses of $5 million and an increase of $35 million in income tax expenses in the six months to March 2000. Payments between ANZ Life and other Group entities have been eliminated on consolidation. The net contribution from ANZ Life for the half year was $28 million (Sep 99, $29 million, Mar 99, $25 million). This net contribution was unaffected by the adoption of AASB 1038. Comparative figures have been restated.

NOTES TO THE FINANCIAL STATEMENTS

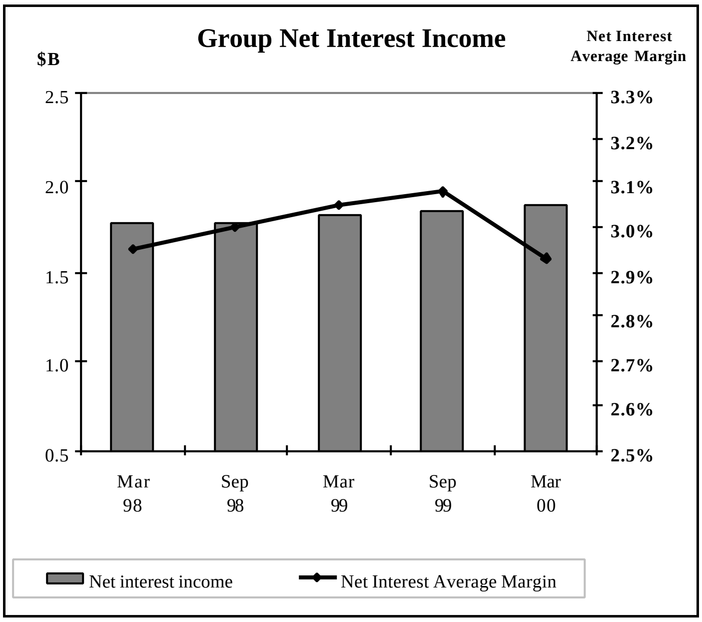
2. INCOME

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Interest income	**4,776**	4,298	4,386	11%	9%
Interest expense	**(2,901)**	(2,457)	(2,572)	18%	13%
Net interest income	**1,875**	1,841	1,814	2%	3%
Interest Spread and net interest average margin					
Gross interest spread	**2.38**	2.59	2.58	n/a	n/a
Interest foregone on impaired assets	**(0.07)**	(0.07)	(0.12)	n/a	n/a
Net interest spread	**2.31**	2.52	2.46	n/a	n/a
Interest attributable to net non-interest bearing items	**0.62**	0.56	0.59	n/a	n/a
Net interest average margin	**2.93**	3.08	3.05	n/a	n/a
Average interest earning assets ($M)	**128,873**	119,699	120,027	8%	7%

Net interest income increased 2% since September 1999 with lending growth offsetting margin decline. Growth was principally in mortgage lending volumes in Australia and New Zealand ($6 billion since September 1999), combined with increased lending in Corporate and Overseas Markets

The Group net interest margin reduced 15 basis points since September 1999 reflecting:

- competitive pressure on margins as wholesale interest rates rose ahead of cash rates
- volume growth in lower margin third party originated mortgages
- funding cost of equity holdings
- increased holding of liquid assets leading into the Year 2000 period



NOTES TO THE FINANCIAL STATEMENTS

2. INCOME (continued)

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Interest income	**4,776**	4,298	4,386	11%	9%
Other operating income					
Fee income					
Lending	**366**	346	333	6%	10%
Other including commissions	**561**	531	491	6%	14%
Total fee income	**927**	877	824	6%	13%
Other income					
Foreign exchange earnings	**169**	160	180	6%	-6%
Profit on trading instruments	**51**	45	44	13%	16%
Life insurance margin on services operating income	**98**	100	74	-2%	32%
Rental income	**4**	5	5	-20%	-20%
Profit on sale of premises	**3**	19	-	-84%	n/a
Profit on sale of strategic investment	**33**	-	-	n/a	n/a
Dividend income from strategic investments	**9**	-	-	n/a	n/a
Revaluation of properties	**30**	-	-	n/a	n/a
Other	**26**	14	30	86%	-13%
Total other income	**423**	343	333	23%	27%
Total other operating income	**1,350**	1,220	1,157	11%	17%
Total income [1]	**6,126**	5,518	5,543	11%	11%

[1] *Includes dividend income of $95 m (Half-year Sep 99: $81m, Half-year Mar 99: $76m)*

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Life insurance margin on services operating income					
Premium and related revenue	**653**	725	570	-10%	15%
Investment revenue	**231**	57	165	large	40%
Claims expense	**(531)**	(519)	(413)	2%	29%
Insurance policy liabilities expense	**(255)**	(163)	(248)	56%	3%
Life insurance margin on services operating income	**98**	100	74	-2%	32%

NOTES TO THE FINANCIAL STATEMENTS

OTHER OPERATING INCOME

The 6% growth in other operating income (excluding the one-off income items reported as abnormal in note 4) since September 1999 reflects the success of the Group's objective to reduce reliance on net interest income and diversify income streams. Foreign exchange movements increased other income by $3 million.

Lending fees were up 6% from September 1999, as a result of:

- increased volumes, and
- improved collection procedures and realignment of fee structures across businesses, in particular Personal Financial Services and Asset Based Finance.

Non-lending fees were also up 6% over September 1999 as a result of:

- increased volumes and realignment of fee structures to better reflect the cost of providing services
- growth in "ANZ On Line", the PC based banking products for Corporate customers.

Other income increased by 23% over September 1999 due to:

- abnormal income associated with the revaluation of the property portfolio ($30 million) and the sale of the stake in Colonial Limited ($33 million)
- foreign exchange income increased 6% since September 1999. Foreign exchange earnings are derived from customer trades, and increase in periods of currency volatility. The particularly strong earnings in March 1999 resulted from volatility of Asian currencies. In the last six months ANZ has had strong earnings from foreign currency options
- profit and loss on trading instruments also increased over September 1999 largely from operations in India in January 2000
- revenue from E*Trade and Free Net alliances
- the sale of ANZ Guernsey ($10 million)
- dividends from equity holdings

3. OPERATING EXPENSES

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Personnel					
Employee taxes					
Fringe benefits tax	**18**	20	18	-10%	0%
Payroll tax	**36**	31	32	16%	13%
Pension fund	**51**	49	46	4%	11%
Provision for employee entitlements	**18**	21	12	-14%	50%
Salaries and wages	**621**	600	637	4%	-3%
Other	**149**	151	115	-1%	30%
Total personnel expenses	**893**	872	860	2%	4%
Premises					
Amortisation of leasehold improvements	**6**	7	7	-14%	-14%
Depreciation of buildings	**14**	17	14	-18%	0%
Rent	**72**	77	82	-6%	-12%
Utilities and other outgoings	**53**	51	51	4%	4%
Other	**7**	5	3	40%	large
Total premises expenses	**152**	157	157	-3%	-3%
Computer					
Computer contractors	**25**	8	24	large	4%
Data communications	**22**	21	22	5%	0%
Depreciation and amortisation	**46**	46	48	0%	-4%
Rentals and repairs	**36**	35	30	3%	20%
Other	**43**	48	62	-10%	-31%
Total computer expenses	**172**	158	186	9%	-8%
Other					
Advertising and public relations	**48**	37	47	30%	2%
Audit fees	**2**	1	2	100%	0%
Depreciation of furniture and equipment	**22**	23	23	-4%	-4%
Freight and cartage	**13**	14	15	-7%	-13%
Goodwill amortisation	**5**	5	5	0%	0%
Loss on disposal of premises and equipment	**2**	3	3	-33%	-33%
Non-lending losses, frauds and forgeries	**20**	36	17	-44%	18%
Postage	**22**	23	21	-4%	5%
Professional fees	**66**	79	51	-16%	29%
Stationery	**31**	30	31	3%	0%
Telephone	**40**	44	46	-9%	-13%
Travel	**39**	40	37	-3%	5%
Other	**83**	90	96	-8%	-14%
Total other expenses	**393**	425	394	-8%	0%
Restructuring	**53**	42	49	26%	8%
Total operating expenses	**1,663**	1,654	1,646	1%	1%
Employees (FTE) - Permanent	**27,703**	28,744	29,648	-4%	-7%
Employees (FTE) - Temporary	**1,237**	1,427	1,331	-13%	-7%
Total employees	**28,940**	30,171	30,979	-4%	-7%

3. OPERATING EXPENSES (continued)

Total operating expenses by geographic segmentation

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Australia	**1,114**	1,071	1,096	4%	2%
New Zealand	**227**	238	231	-5%	-2%
Overseas markets	**322**	345	319	-7%	1%
	1,663	1,654	1,646	1%	1%

Operating expenses increased only marginally from September 1999 as the Group continues to contain costs by improved efficiencies and constant review of work practices whilst increasing investment in e-Commerce.

The increase in personnel costs (2% over September 1999) reflects the impact of increases under the Enterprise Bargaining Agreement and annual remuneration increases. This more than offset the reduction in the number of full time equivalent staff of 4% since September 1999.

Premises costs were down 3% as the Group has continued to review its property requirements, to sell and lease back branches, and to exit surplus premises. The Group now leases 90% of its branch network.

Computer expenses were up 9% on the September half year reflecting final Y2K expenses, software amortisation and continued investment in electronic distribution channels and products, to develop straight through processes and to web-enable its employees.

Overall, other expenses reduced 8% from September 1999. Within other expenses, advertising and public relations expenditure increased as advertising campaigns are traditionally weighted to the first half of the financial year, and ANZ has recently launched “Grow with ANZ” in Australia to promote the brand name.

Restructuring expenses increased by $11 million over September 1999. The major areas of restructure were the Australian and New Zealand branch network, support areas in Personal Financial Services, and ANZ’s operations in the Middle East.

Foreign exchange movements had no net effect on operating expenses.

4. ABNORMAL ITEMS

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Profit before tax			
Revaluation of properties	**30**	-	-
Gain on sale of strategic investment	**33**	-	-
	63	-	-
Income tax			
Restatement of deferred tax balances	**64**	-	-
Total abnormal income tax	**64**	-	-
Abnormal loss after tax	**(1)**	-	-

The Group has revalued its class of assets ‘Property’ at director’s valuations, based on independent valuations by Arthur Andersen (most Australian and Pacific properties) and Jones Lang LaSalle Advisory (other major International properties). Consistent with Australian Accounting Standards, a $30 million revaluation surplus has been taken to profit and loss, to reverse a decrement previously taken to profit on revaluation of properties. The remaining revaluation increment of $31 million has been taken to asset revaluation reserve.

The Australian Government has announced a change in corporate tax rates. The Group’s Australian tax rate will fall from 36% for the year ended 30 September 2000, to 34% for the 2001 year and 30% thereafter. Deferred tax balances have been restated at these rates.

During the March half year the Group sold its small stake in Colonial Limited, realising a gain of $33 million.

NOTES TO THE FINANCIAL STATEMENTS

5. INCOME TAX EXPENSE

Reconciliation of the prima facie income tax payable on operating profit and abnormal items with the income tax expense charged in the profit and loss account.

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99 %	Movt Mar 00 v Mar 99 %
Operating profit before income tax	**1,306**	1,155	1,067	13%	22%
Prima facie income tax at 36%	**470**	416	384	13%	22%
Tax effect of permanent differences					
Impact of corporate tax rate change	**64**	-	-	n/a	n/a
Overseas tax rate differential	**3**	5	(3)	-40%	n/a
Rebateable and non-assessable dividends	**(35)**	(28)	(27)	25%	30%
Other non-assessable income	**(3)**	(8)	(8)	-63%	-63%
Change in Life insurance accounting	**12**	13	4	-8%	n/a
Application of available capital losses	**(21)**	(3)	-	n/a	n/a
Property revaluations	**(11)**	-	-	n/a	n/a
Other	**6**	(1)	2	n/a	n/a
	485	394	352	23%	38%
Income tax under(over) provided in prior years	**3**	(5)	(5)	n/a	n/a
Total income tax expense on operating profit	**488**	389	347	25%	41%
Australia	**339**	287	228	18%	49%
Overseas	**149**	102	119	46%	25%
	488	389	347	25%	41%
Effective tax rate	**37.4%**	33.7%	32.5%	11%	15%

The Group’s effective tax rate increased 3.7% to 37.4% largely as a result of the recognition of a $64 million income tax expense arising from the restatement of deferred tax balances for changes in the corporate tax rate to 34% from October 2000 and 30% from October 2001.

6. DIVIDENDS

	Half year Mar 00	Half year Sep 99	Half year Mar 99
Dividend per ordinary share (cents)			
Interim [1]	**29**	n/a	26
Final [2]	**n/a**	30	n/a
Ordinary share dividend ($M)			
Interim [1]	**445**	n/a	404
Final [2]	**n/a**	470	n/a
Bonus option plan	**(18)**	(33)	(27)
Total	**427**	437	377
Ordinary share dividend payout ratio (%)	**57.9%**	65.6%	58.4%

[1] The Mar 2000 interim dividend of 29 cents is fully franked at 34% (legislation pending) (Mar 1999: 75% franked)

[2] The Sep 1999 final dividend of 30 cents was 80% franked

The directors propose that an interim dividend of 29 cents per share be paid on each fully paid ordinary share. The dividend will be fully franked.

The proposed interim dividend will be payable on 3 July 2000 to shareholders registered in the books of the Company at close of business on 26 May 2000. Transfers must be lodged before 5.00pm on that day to participate. Dividends payable to shareholders resident in the United Kingdom and New Zealand will be converted to local currency at ANZ's daily forward exchange rate on 26 May 2000.

The Company has issued 124,032,000 preference shares, raising USD 775 million via Trust Securities issues. The Trust Securities carry an entitlement to a distribution of 8% (USD 400 million) or 8.08% (USD 375 million). The amounts are payable quarterly in arrears.

	Half year Mar 00	Half year Sep 99	Half year Mar 99
Preference share dividend			
Dividend paid ($M)	**49**	48	24

NOTES TO THE FINANCIAL STATEMENTS

7. EARNINGS PER ORDINARY SHARE

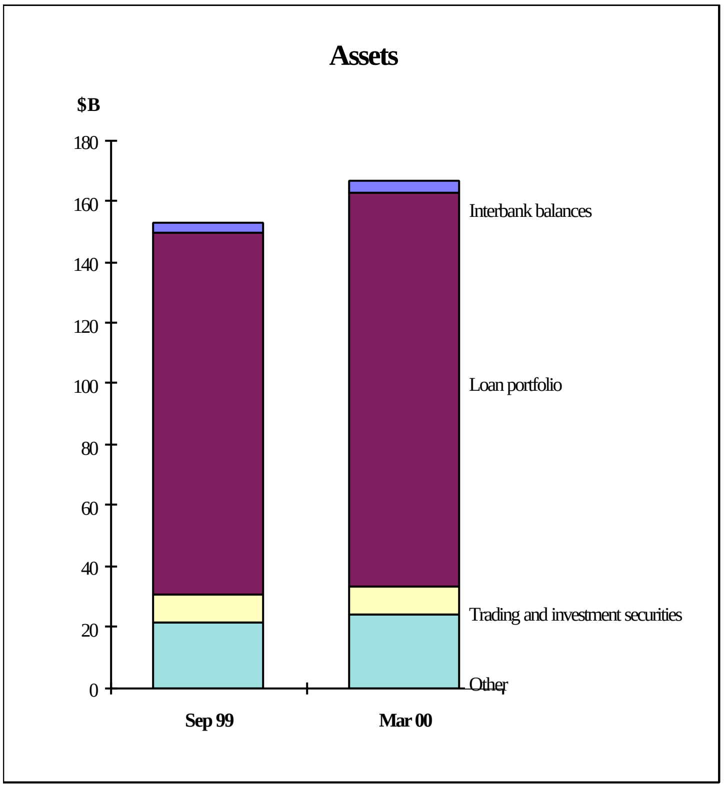
	Half year Mar 00	Half year Sep 99	Half year Mar 99
Basic			
Profit attributable to ordinary shareholders[1] ($M)	768	716	692
Weighted average number of shares (M)	1,559	1,560	1,547
Earnings per share - basic (cents)	**49.3**	**45.9**	**44.7**
Diluted			
Adjustment to profit for interest on options ($M)	2	1	1
Weighted average number of shares - diluted (M)	1,570	1,569	1,553
Earnings per share - diluted (cents)	**49.1**	**45.7**	**44.6**

[1] *Excludes preference share dividend*

NOTES TO THE FINANCIAL STATEMENTS

BALANCE SHEET

Total Group assets increased by 9% over September 1999 (8% excluding foreign exchange impact).



Lending growth of 9% was achieved through:

- Personal Financial Services growing by 11% including $5.6 billion growth in mortgage lending
- growth in New Zealand structured finance of $0.6 billion. Corporate growth in Australia was contained to 3%
- international lending growing 14% (8% excluding foreign exchange impact) with strong growth in the Middle East, South Asia, and Asia Pacific regions

A $1.1 billion increase in interbank lending resulted largely from the strengthening liquidity in Australia and the United States.

The increase in Other Assets and Other Liabilities is largely as a result of the unrealised gains and losses on derivative instruments following increased customer activity with volatility in financial markets.

A $2.5 billion increase in senior debt resulted from the issuance of Euro Medium Term Notes to improve the term structure of the funding profile.

Deposits and borrowings increased 10%, largely in Australia.

Total shareholders' equity increased 2.5% with growth in retained earnings being largely offset by the $509 million share buy back.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT SECURITIES

	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Total book value	**4,409**	4,695	4,473
Total market value	**4,444**	4,730	4,500

9. NET LOANS AND ADVANCES

	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Australia			
Term loans - housing	**36,155**	31,684	28,431
Term loans - non housing	**28,984**	27,431	26,424
Lease finance/hire purchase	**11,037**	10,842	10,412
Overdrafts	**2,640**	2,776	2,670
Other	**2,884**	2,522	2,280
	81,700	75,255	70,217
Overseas			
Term loans - housing	**9,494**	8,449	8,218
Term loans - non housing	**20,811**	19,331	20,097
Lease finance/hire purchase	**934**	732	504
Overdrafts	**2,829**	2,448	2,742
Other	**1,809**	1,336	1,315
	35,877	32,296	32,876
Total gross loans and advances	**117,577**	107,551	103,093
Less :			
Provisions for doubtful debts	**(2,332)**	(2,302)	(2,329)
Income yet to mature	**(1,223)**	(1,186)	(1,198)
Total net loans and advances	**114,022**	104,063	99,566

NOTES TO THE FINANCIAL STATEMENTS

10. IMPAIRED ASSETS

Asset quality

The charge for doubtful debts was determined under economic loss provision principles (ELP) and represents the expected average annual loss on principal over the economic cycle for the lending portfolio. The ELP charge was $256 million for the first half of 2000, a small increase on the second half of 1999, notwithstanding 7% growth in average net lending assets. There was a significant improvement in the risk profile, driven by improved asset quality in International, and growth in the mortgage book in Australia. The ELP charge as a percentage of average net lending assets reduced to 40 basis points from 43 basis points at September 1999.

Actual loss experience or net specific provisions during the half year totalled $197 million, a reduction of $51 million from the second half of 1999.

The half year net specific provisions by country of risk were:

- $54 million on Asian exposures (Sep 1999: $53 million). Of this, an additional $46 million of provisions were taken for Daewoo
- $23 million on Middle East and South Asian exposures (Sep 1999: $83 million)
- $120 million on Australia and New Zealand exposures (Sep 1999: $92 million)

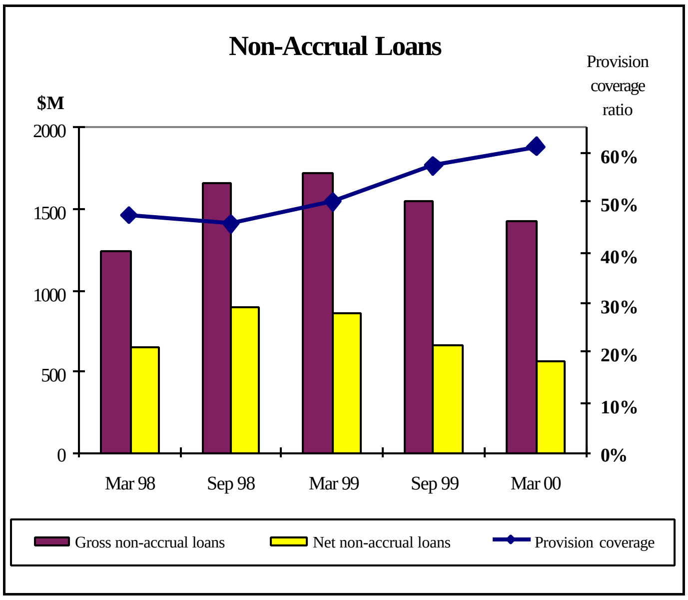
Net specific provision increases in Australia and New Zealand reflect an increase in credit card volumes, and higher than expected losses from personal lending. Risk management procedures have been reviewed and are expected to result in reduced losses in future periods.

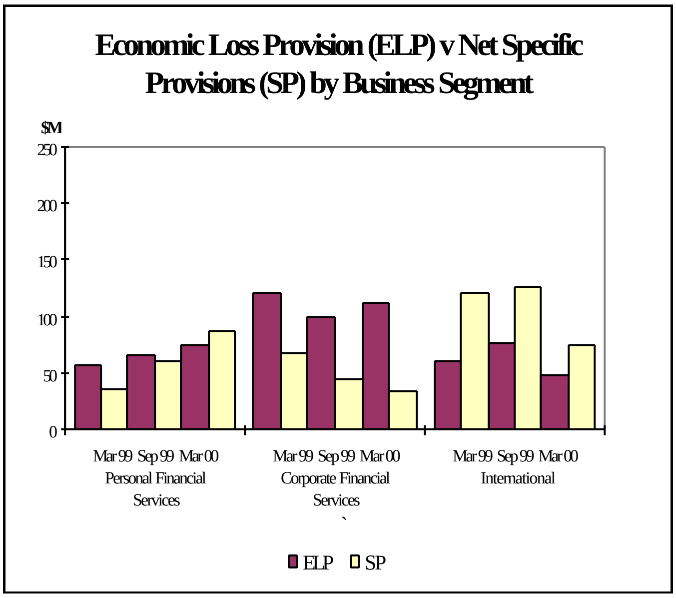
At 31 March 2000, the general provision stood at $1,436 million, a surplus of $492 million over the tax effected 0.5% of risk weighted assets guidelines indicated by the Australian Prudential Regulation Authority.

Non-accrual loans

Gross non-accrual loans have decreased to $1,425 million. New non-accruals of $256 million were booked in Australia and $101 million in Asia, offset by realisations and write-offs also in Australia and Asia. New non-accruals in Asia included $25 million for Daewoo previously classified as an unproductive facility.

The Group remains well provided with a coverage ratio of 61%. Net non-accruals are $554 million (Sep 1999: $657 million) and represent 5.7% of shareholders equity at March 2000.





10. IMPAIRED ASSETS (continued)

	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Summary of impaired assets			
Non-accrual loans	**1,425**	1,543	1,719
Restructured loans	**2**	7	7
Unproductive facilities	**57**	91	106
Gross impaired assets	**1,484**	1,641	1,832
Less: Specific provisions			
Non-accrual loans	**(871)**	(886)	(860)
Unproductive facilities	**(25)**	(21)	(48)
Net impaired assets	**588**	734	924
Non-accrual loans			
Non-accrual loans	**1,425**	1,543	1,719
Specific provisions	**(871)**	(886)	(860)
	554	657	859
Before specific provisions			
Australia	**495**	623	827
New Zealand	**72**	50	58
Overseas markets	**858**	870	834
Total non-accrual loans	**1,425**	1,543	1,719
After specific provisions			
Australia	**257**	345	515
New Zealand	**46**	30	33
Overseas markets	**251**	282	311
Total net non-accrual loans	**554**	657	859

NOTES TO THE FINANCIAL STATEMENTS

10. IMPAIRED ASSETS (continued)

	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Restructured loans			
Australia	**2**	7	7
	2	7	7
Other real estate owned (OREO)	**-**	-	-

In the event of customer default, any loan security is held as mortgagee in possession and therefore the Group does not hold any other real estate owned assets.

Unproductive facilities

	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Australia	**26**	43	34
New Zealand	**1**	1	1
Overseas markets	**30**	47	71
Gross unproductive facilities	**57**	91	106
Specific provision - Unproductive facilities			
Australia	**5**	3	5
New Zealand	**-**	-	-
Overseas markets	**20**	18	43
Specific provision	**25**	21	48
Net unproductive facilities	**32**	70	58

Accruing loans past due 90 days or more[1]

The following amounts are not classified as impaired assets and therefore are not included within the summary on page 38.

	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Australia	**221**	245	248
New Zealand	**36**	32	35
Overseas markets	**32**	36	28
	289	313	311

10. IMPAIRED ASSETS (continued)

Further analysis of non-accrual loans at 31 March 2000 and interest and/or other income received during the period is as follows:

Non-accrual loans	Gross balance outstanding $M	Specific provision $M	Interest and/or other income received $M
Without provisions			
Australia	128	-	2
New Zealand	18	-	-
Overseas markets	58	-	1
	204	-	3
With provisions and no, or partial, performance[1]			
Australia	335	222	11
New Zealand	42	22	-
Overseas markets	675	551	9
	1,052	795	20
With provisions and full performance[1]			
Australia	32	16	1
New Zealand	12	4	-
Overseas markets	125	56	5
	169	76	6
Total non-accrual loans	1,425	871	29

[1] *A loan's performance is assessed against its contractual repayment schedule*

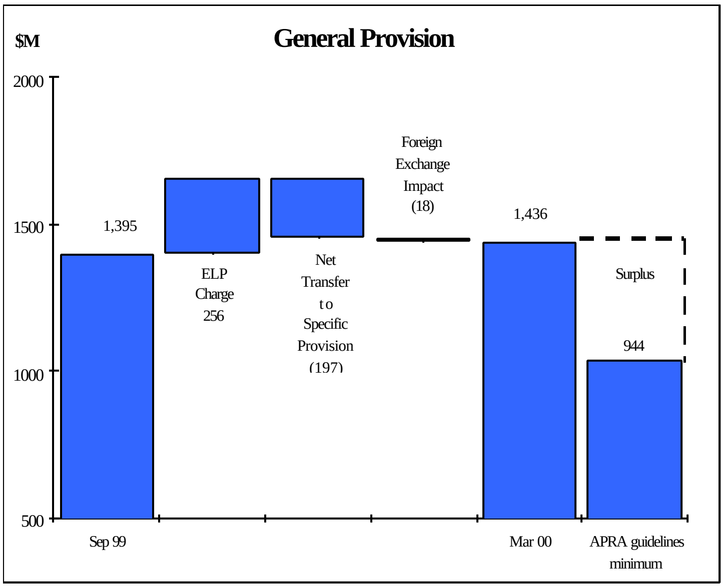
Interest and other income forgone on impaired assets

The following table shows the estimated amount of interest and other income forgone, net of interest recoveries, on average impaired assets during the period.

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Gross interest and other income receivable on impaired assets			
Australia	22	35	38
New Zealand	3	3	4
Overseas markets	49	44	48
Total gross interest and other income receivable on impaired assets	74	82	90
Interest income and other income received			
Australia	(14)	(21)	(8)
New Zealand	-	(1)	(1)
Overseas markets	(15)	(15)	(7)
Total interest income and other income received	(29)	(37)	(16)
Net interest and other income forgone			
Australia	8	14	30
New Zealand	3	2	3
Overseas markets	34	29	41
Total net interest and other income forgone	45	45	74

11. PROVISION FOR DOUBTFUL DEBTS

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
General provision			
Balance at start of period	**1,395**	1,421	1,401
Adjustment for exchange rate fluctuations	**(18)**	(30)	(4)
Charge to profit and loss	**256**	252	258
Transfer to specific provision	**(215)**	(267)	(248)
Recoveries	**18**	19	14
	1,436	1,395	1,421
Specific provision			
Balance at start of period	**907**	908	819
Adjustment for exchange rate fluctuations	**49**	(22)	(23)
Bad debts written off	**(275)**	(246)	(136)
Transfer from general provision	**215**	267	248
	896	907	908
Total provisions for doubtful debts	**2,332**	2,302	2,329



NOTES TO THE FINANCIAL STATEMENTS

11. PROVISION FOR DOUBTFUL DEBTS (continued)

	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M
Specific provision balance			
Australia	**243**	281	317
New Zealand	**26**	20	25
Domestic markets	**269**	301	342
Overseas markets	**627**	606	566
Total specific provision	**896**	907	908
General provision	**1,436**	1,395	1,421
Total provisions for doubtful debts	**2,332**	2,302	2,329

Provision movement analysis	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
New and increased provisions			
Australia	**145**	143	110
New Zealand	**21**	20	12
Asia	**63**	80	70
Other overseas markets	**35**	96	115
	264	339	307
Provision releases	**(49)**	(72)	(59)
	215	267	248
Recoveries of amounts previously written off	**(18)**	(19)	(14)
Net specific provisions	**197**	248	234
Net credit to general provision	**59**	4	24
Charge to profit and loss	**256**	252	258

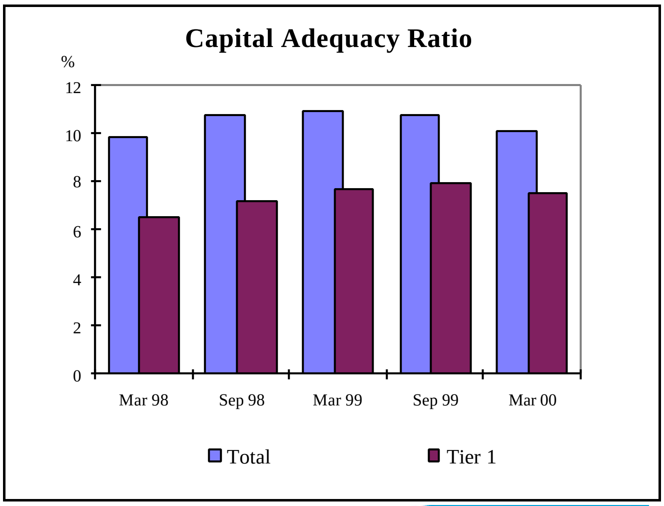
12. CAPITAL ADEQUACY

Qualifying capital	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M	Movt Mar 00 v. Sep 99 %	Movt Mar 00 v. Mar 99 %
Tier 1					
Total shareholders' equity and outside equity interests[1]	**9,631**	9,429	9,234	2%	4%
Less: net future income tax benefit	**(26)**	-	(28)	n/a	n/a
unamortised goodwill	**(78)**	(82)	(81)	5%	-4%
investment in ANZ Lenders Mortgage Insurance	**(18)**	(18)	(18)	0%	0%
Shareholders' equity [1, 2] ($M)	**9,509**	9,329	9,107	2%	4%
Tier 2					
Asset revaluation reserve	**31**	-	-	n/a	n/a
Perpetual subordinated notes	**920**	855	889	8%	3%
General provision for doubtful debts [2]	**962**	851	873	13%	10%
	1,913	1,706	1,762	12%	9%
Subordinated notes [3]	**2,217**	2,211	2,352	0%	-6%
Tier 2 capital	**4,130**	3,917	4,114	5%	0%
Deductions					
Investment in Funds Management entities	**298**	298	298	0%	0%
Other	**609**	286	-	large	n/a
Total deductions	**907**	584	298	55%	large
Total qualifying capital	**12,732**	12,662	12,923	1%	-1%
Ratios (%)					
Tier 1	**7.5%**	7.9%	7.7%	n/a	n/a
Tier 2	**3.3%**	3.3%	3.5%	n/a	n/a
	10.8%	11.2%	11.2%	n/a	n/a
Less: deductions	**(0.7%)**	(0.5%)	(0.3%)	n/a	n/a
Total	**10.1%**	10.7%	10.9%	n/a	n/a
Risk weighted assets	**126,553**	118,037	118,624	7%	7%

1 Excluding asset revaluation reserve which is included within tier 2 capital
2 Excluding attributable future income tax benefit
3 For capital adequacy calculation purposes, subordinated note issues are reduced each year by 20% of the original amount during the last five years to maturity.

The Group's capital position continues to be strong.

Tier 1 ratios were managed downwards by the share buyback of $509 million that was completed during the half year. General provision for doubtful debts increased following the reduction in specific provisions and the restatement of future income tax benefits for the change in tax rates. Other deductions from total capital comprise the Group's investments in St George Bank, Panin Bank, Indonesia along with associated company bank operations in Bahrain and Nepal.
The Australian Prudential Regulation Authority guideline ratio of qualifying capital to risk weighted assets is a minimum of 8%, of which Tier 1 capital must be at least 4%.



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13. SHARE CAPITAL AND OPTIONS

Number of issued shares	As at Mar 00	As at Sep 99	As at Mar 99
Ordinary shares fully paid (listed)	**1,533,448,200**	1,565,428,469	1,554,324,560
Ordinary shares paid to 10 cents per share	**84,000**	95,000	139,000
Preference shares fully paid	**124,032,000**	124,032,000	124,032,000

Options ANZ Group Share Option Scheme	Latest date of conversion	Number	Conversion price $
On issue at 31 March 2000	30 January 2002	207,413	8.76
Exercised during the half-year	-	41,189	8.76
Lapsed during the half-year	-	755	8.76
On issue at 31 March 2000	13 February 2002	33,291	8.76
Exercised during the half-year	-	1,913	8.76
On issue at 31 March 2000	23 March 2002	100,000	8.76
On issue at 31 March 2000	1June 2002	650,000	8.76
Exercised during the half-year	-	150,000	8.76
On issue at 31 March 2000	22 January 2003	130,914	11.45
Lapsed during the half-year	-	42,678	-
On issue at 31 March 2000	1 October 2002	500,000	12.12
On issue at 31 March 2000	1 October 2002	500,000	11.40
On issue at 31 March 2000	21 January 2003	-	10.65
Exercised during the half-year	-	100,000	10.65
On issue at 31 March 2000	21 January 2003	-	11.40
Exercised during the half-year	-	100,000	11.40
On issue at 31 March 2000	17 February 2003	10,480	11.45
On issue at 31 March 2000	23 February 2003	1,450,000	9.51
On issue at 31 March 2000	21 June 2003	175,000	10.64
On issue at 31 March 2000	30 July 2003	50,000	10.76
On issue at 31 March 2000	1 October 2003	200,000	8.93
On issue at 31 March 2000	27 October 2003	1,125,000	8.97
On issue at 31 March 2000	10 December 2003	755,000	10.34
On issue at 31 March 2000	27 January 2004	10,000	10.41
On issue at 31 March 2000	23 February 2004	150,000	10.44
On issue at 31 March 2000	24 March 2004	175,000	11.44
On issue at 31 March 2000	1June 2004	3,177,500	11.20
On issue at 31 March 2000	6 June 2004	7,500	11.26
On issue at 31 March 2000	4 July 2004	25,000	11.29
On issue at 31 March 2000	11 July 2004	150,000	11.30
On issue at 31 March 2000	26 October 2004	1,000,000	9.94
Issued during the half-year	-	1,000,000	9.94
On issue at 31 March 2000	30 December 2004	750,000	11.49
Issued during the half-year	-	750,000	11.49
On issue at 31 March 2000	30 January 2005	140,000	10.63
Issued during the half-year	-	140,000	10.63
On issue at 31 March 2000	22 February 2007	1,386,000	10.11
Issued during the half-year	-	1,386,000	10.11
On issue at 31 March 2000	7 March 2007	350,000	10.20
Issued during the half-year	-	350,000	10.20

NOTES TO THE FINANCIAL STATEMENTS

14. AVERAGE BALANCE SHEET AND RELATED INTEREST

Averages used in the following tables are predominantly daily averages. Interest income figures are presented on a tax-equivalent basis. Non-accrual loans are included under the interest earning asset category, "Loans, advances and bills discounted". Intragroup interest earning assets and interest bearing liabilities are treated as external assets and liabilities for the geographic segments.

HALF YEAR AVERAGE BALANCE SHEET

	Mar 2000 Half Year			Sep 1999 Half Year			Mar 1999 Half Year		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest earning assets									
Due from other financial institutions									
Australia	**850**	**22**	**5.1%**	1,182	24	4.1%	1,285	21	3.2%
New Zealand	**332**	**8**	**4.7%**	330	7	4.2%	757	14	3.6%
Overseas markets	**2,098**	**70**	**6.7%**	2,260	72	6.4%	2,698	89	6.6%
Regulatory deposits with Reserve Bank of Australia	**-**	**-**	**-**	338	-	-	660	-	-
Investments in public securities									
Australia	**4,729**	**136**	**5.8%**	4,938	117	4.7%	4,409	105	4.8%
New Zealand	**1,115**	**28**	**5.1%**	913	22	4.8%	1,101	25	4.6%
Overseas markets	**2,318**	**119**	**10.3%**	2,292	120	10.4%	2,862	150	10.6%
Loans, advances and bills discounted									
Australia	**77,855**	**2,810**	**7.2%**	71,306	2,555	7.1%	66,818	2,415	7.2%
New Zealand	**16,354**	**633**	**7.7%**	15,329	569	7.4%	15,163	609	8.1%
Overseas markets	**17,231**	**725**	**8.4%**	16,233	666	8.2%	17,511	745	8.5%
Other assets									
Australia	**1,647**	**44**	**5.3%**	1,657	38	4.6%	1,521	44	5.8%
New Zealand	**970**	**40**	**8.2%**	865	32	7.5%	1,050	43	8.2%
Overseas markets	**3,374**	**153**	**9.1%**	2,056	82	8.0%	4,192	136	6.5%
Intragroup assets									
Overseas markets	**9,210**	**214**	**4.7%**	8,072	203	5.0%	6,363	185	5.8%
	138,083	**5,002**		127,771	4,507		126,390	4,581	
Intragroup elimination	**(9,210)**	**(214)**		(8,072)	(203)		(6,363)	(185)	
	128,873	**4,788**	**7.4%**	119,699	4,304	7.2%	120,027	4,396	7.3%
Non-interest earning assets									
Acceptances									
Australia	**14,897**			15,978			16,025		
New Zealand	**-**			-			100		
Overseas markets	**372**			392			447		
Premises and equipment	**1,419**			1,452			1,453		
Other assets	**16,906**			15,066			16,682		
Provisions for doubtful debts									
Australia	**(1,733)**			(1,684)			(1,635)		
New Zealand	**(162)**			(162)			(172)		
Overseas markets	**(416)**			(443)			(429)		
	31,283			30,599			32,471		
Total assets	**160,156**			150,298			152,498		

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NOTES TO THE FINANCIAL STATEMENTS

14. AVERAGE BALANCE SHEET AND RELATED INTEREST (continued)

	Mar 2000 Half Year			Sep 1999 Half Year			Mar 1999 Half Year		
	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %	Ave bal $M	Int $M	Rate %
Interest bearing liabilities									
Time deposits									
Australia	**23,315**	**603**	**5.2%**	21,525	512	4.7%	21,032	496	4.7%
New Zealand	**7,943**	**208**	**5.2%**	7,599	180	4.7%	8,428	226	5.4%
Overseas markets	**15,424**	**458**	**5.9%**	13,863	396	5.7%	15,195	476	6.3%
Savings deposits									
Australia	**9,153**	**111**	**2.4%**	8,956	102	2.3%	9,007	100	2.2%
New Zealand	**2,999**	**41**	**2.7%**	3,246	43	2.6%	3,395	47	2.8%
Overseas markets	**1,570**	**33**	**4.2%**	1,626	42	5.2%	1,563	42	5.4%
Other demand deposits									
Australia	**16,128**	**324**	**4.0%**	14,866	264	3.6%	14,331	258	3.6%
New Zealand	**1,477**	**28**	**3.9%**	1,621	29	3.6%	1,636	29	3.6%
Overseas markets	**1,508**	**28**	**3.7%**	1,543	29	3.7%	1,500	29	3.9%
Due to other financial institutions									
Australia	**226**	**7**	**5.8%**	237	6	4.8%	314	6	3.9%
New Zealand	**558**	**11**	**3.8%**	683	13	3.7%	575	8	2.7%
Overseas markets	**8,015**	**239**	**6.0%**	7,016	196	5.6%	10,026	271	5.4%
Commercial paper									
Australia	**5,008**	**135**	**5.4%**	4,236	103	4.9%	3,431	84	4.9%
Overseas markets	**3,778**	**107**	**5.6%**	3,401	84	4.9%	1,778	43	4.9%
Borrowing corporations' debt									
Australia	**5,867**	**161**	**5.5%**	5,451	157	5.8%	5,348	160	6.0%
New Zealand	**1,089**	**32**	**5.8%**	1,068	30	5.6%	1,059	35	6.6%
Loan capital, bonds and notes									
Australia	**7,409**	**229**	**6.2%**	5,622	156	5.6%	3,706	114	6.2%
New Zealand	**311**	**11**	**7.0%**	157	4	5.7%	163	5	5.6%
Overseas markets	**241**	**8**	**6.5%**	328	9	5.5%	431	13	6.1%
Other liabilities[1]									
Australia	**929**	**21**	**n/a**	1,969	33	n/a	1,477	28	n/a
New Zealand	**132**	**68**	**n/a**	132	37	n/a	252	43	n/a
Overseas markets	**304**	**38**	**n/a**	202	32	n/a	813	59	n/a
Intragroup Liabilities									
Australia	**5,845**	**154**	**5.3%**	5,824	147	5.0%	4,182	133	6.4%
New Zealand	**3,365**	**60**	**3.6%**	2,248	56	5.0%	2,181	52	4.8%
	122,594	**3,115**		113,419	2,660		111,823	2,757	
Intragroup elimination	**(9,210)**	**(214)**		(8,072)	(203)		(6,363)	(185)	
	113,384	**2,901**	**5.1%**	105,347	2,457	4.7%	105,460	2,572	4.9%
Non-interest bearing liabilities									
Deposits									
Australia	**3,397**			3,231			3,160		
New Zealand	**802**			798			659		
Overseas markets	**1,414**			1,410			1,543		
Acceptances									
Australia	**14,897**			15,978			16,025		
New Zealand	**-**			-			100		
Overseas markets	**372**			392			447		
Other liabilities	**16,073**			13,609			16,037		
	36,955			35,418			37,971		
Total liabilities	**150,339**			140,765			143,431		

1 Includes foreign exchange swap costs

14. AVERAGE BALANCE SHEET AND RELATED INTEREST (continued)

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Total average assets			
Australia	**112,115**	105,825	99,850
New Zealand	**20,093**	18,969	19,661
Overseas markets	**37,158**	33,576	39,350
less intragroup elimination	**(9,210)**	(8,072)	(6,363)
	160,156	150,298	152,498
% of total average assets attributable to overseas activities	**30.0%**	29.6%	34.5%
Total average liabilities			
Australia	**105,397**	98,317	92,182
New Zealand	**19,156**	18,118	18,877
Overseas markets	**34,996**	32,402	38,735
less intragroup elimination	**(9,210)**	(8,072)	(6,363)
	150,339	140,765	143,431
Total average shareholders' equity			
Ordinary share capital	**8,644**	8,389	8,037
Preference share capital	**1,173**	1,144	1,030
	9,817	9,533	9,067
Total average liabilities and shareholders' equity	**160,156**	150,298	152,498
% of total average liabilities attributable to overseas activities	**33.8%**	34.3%	38.6%
Average interest earning assets			
Australia	**85,081**	79,421	74,693
New Zealand	**18,771**	17,437	18,071
Overseas markets	**34,231**	30,913	33,626
less intragroup elimination	**(9,210)**	(8,072)	(6,363)
	128,873	119,699	120,027

NOTES TO THE FINANCIAL STATEMENTS

15. INTEREST SPREADS AND NET INTEREST AVERAGE MARGINS

Intragroup interest earning assets and interest bearing liabilities are treated as external assets and liabilities for the geographic segments.

	Half year Mar 00 %	Half year Sep 99 %	Half year Mar 99 %
Gross earnings rate[1]			
Australia	**7.08**	6.87	6.94
New Zealand	**7.56**	7.21	7.67
Overseas markets	**7.49**	7.37	7.78
Total Group	**7.43**	7.17	7.35

Interest spread and net interest average margin may be analysed as follows:

	Half year Mar 00 %	Half year Sep 99 %	Half year Mar 99 %
Australia			
Gross interest spread	**2.38**	2.60	2.62
Interest forgone on impaired assets	**(0.02)**	(0.03)	(0.08)
Net interest spread	**2.36**	2.57	2.54
Interest attributable to net non-interest bearing items	**0.62**	0.58	0.69
Net interest average margin - Australia	**2.98**	3.15	3.23
New Zealand			
Gross interest spread	**2.45**	2.58	2.65
Interest forgone on impaired assets	**(0.03)**	(0.03)	(0.03)
Net interest spread	**2.42**	2.55	2.62
Interest attributable to net non-interest bearing items	**0.24**	0.18	0.12
Net interest average margin - New Zealand	**2.66**	2.73	2.74
Overseas markets			
Gross interest spread	**1.77**	1.94	2.04
Interest forgone on impaired assets	**(0.19)**	(0.19)	(0.24)
Net interest spread	**1.58**	1.75	1.80
Interest attributable to net non-interest bearing items	**0.58**	0.55	0.42
Net interest average margin - Overseas markets	**2.16**	2.30	2.22
Group			
Gross interest spread	**2.38**	2.59	2.58
Interest forgone on impaired assets	**(0.07)**	(0.07)	(0.12)
Net interest spread	**2.31**	2.52	2.46
Interest attributable to net non-interest bearing items	**0.62**	0.56	0.59
Net interest average margin - Group	**2.93**	3.08	3.05

1 Average interest rate received on interest earning asset

NOTES TO THE FINANCIAL STATEMENTS

16. SEGMENT ANALYSIS

The following analysis shows segment income, operating profit and total assets by industry segments.

INDUSTRY

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M	Movt Mar 00 v Sep 99	Movt Mar 00 v Mar 99
Income (equity standardised) [1]					
Personal Financial Services	**2,698**	2,423	2,318	11%	16%
Corporate Financial Services	**2,311**	2,149	2,186	8%	6%
International	**816**	781	897	4%	-9%
Group	**301**	165	142	82%	large
	6,126	5,518	5,543	11%	11%
Operating profit after tax (equity standardised) [1]					
Personal Financial Services	**368**	358	258	3%	43%
Corporate Financial Services	**311**	300	266	4%	17%
International	**76**	55	116	38%	-34%
Group	**62**	51	76	22%	-18%
	817	764	716	7%	14%

Total assets	As at Mar 00 $M	As at Sep 99 $M	As at Mar 99 $M	Movt Mar 00 v Sep 99	Movt Mar 00 v Mar 99
Personal Financial Services	**66,406**	59,709	54,928	11%	21%
Corporate Financial Services	**74,038**	70,229	72,906	5%	2%
International	**16,884**	15,011	16,622	12%	2%
Group	**9,630**	7,852	7,961	23%	21%
	166,958	152,801	152,417	9%	10%

[1] *Refer definitions on page 61*

NOTES TO THE FINANCIAL STATEMENTS

17. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices. They include swaps, forward rate agreements, futures, options and combinations of these instruments. The use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. Derivatives are also used to manage the Group's own exposure to fluctuations in exchange and interest rates as part of its asset and liability management activities. Derivatives are subject to the same types of credit and market risk as other financial instruments, and the Group manages these risks in a consistent manner.

The following table provides an overview of the Group's exchange rate and interest rate derivatives. It includes all contracts, both trading and other than trading.

	31 March 2000			30 September 1999		
	Notional Principal Amount $M	Credit Equivalent Amount $M	Fair Value $M	Notional Principal Amount $M	Credit Equivalent Amount $M	Fair Value $M
Foreign exchange contracts						
Spot and forward contracts	**185,507**	**4,205**	**188**	159,229	3,091	24
Swap agreements	**23,046**	**2,268**	**801**	20,938	1,947	659
Options purchased	**14,195**	**643**	**504**	12,914	516	302
Options sold [1]	**14,473**	**n/a**	**(352)**	14,497	n/a	(360)
Other contracts	**4,802**	**337**	**(36)**	5,201	313	-
	242,023	**7,453**	**1,105**	212,779	5,867	625
Interest rate contracts						
Forward rate agreements	**75,641**	**53**	**(1)**	84,114	59	2
Swap agreements	**239,616**	**2,781**	**(432)**	215,238	2,604	(98)
Futures contracts [2]	**56,249**	**n/a**	**(5)**	74,545	n/a	(27)
Options purchased	**5,824**	**43**	**29**	5,131	42	25
Options sold [1]	**8,624**	**n/a**	**(31)**	5,706	n/a	(29)
	385,954	**2,877**	**(440)**	384,734	2,705	(127)
	627,977	**10,330**	**665**	597,513	8,572	498

[1] *Options sold have no credit exposures as they represent obligations rather than assets*
[2] *Credit equivalent amounts have not been included as there is minimal credit risk associated with exchange traded futures, where the clearing house is the counterparty*

Notional principal amount is the face value of the contract and represents the volume of outstanding transactions. Credit equivalent amount is calculated in accordance with the APRA capital adequacy guidelines and combines the aggregate value of all contracts in a positive market position plus an allowance for the potential increase in value over the remaining term of the transaction. Fair value is the net position of contracts with positive market values and negative market values.

NOTES TO THE FINANCIAL STATEMENTS

Market Risk

The market risk of derivatives arises from the potential for changes in value due to movements in market rates and prices.

The value at risk is a statistical estimate of the maximum **daily** trading loss with a 97.5% confidence. Conversely there is a 2.5% probability of the trading loss exceeding the value at risk estimate. The Group has adopted the variance/covariance methodology as its standard for the calculation of value at risk. This methodology is based on historic estimates of the volatility and correlation of market rates and prices. Reflecting the nature of its trading activities, the Group monitors its value at risk by reference to close-to-close (overnight) risk levels.

The Group trades in numerous products and markets which operate under either a capital markets or foreign exchange business line. The types of risks that are taken include interest rate, foreign exchange, commodity and implied option volatility risk. Given the range of products and markets, market risk is well diversified.

Below are the Groups' aggregate value at risk figures covering both physical and derivatives trading positions for its principal trading centres.

	As at Mar 00 $M	Max for period Mar 00 $M	Min for period Mar 00 $M	Avg for period Mar 00 $M	As at Sep 99 $M	Max for period Sep 99 $M	Min for period Sep 99 $M	Avg for period Sep 99 $M
Value at risk at 97.5% confidence								
Foreign exchange	**1.5**	**2.2**	**0.9**	**1.4**	1.5	2.9	1.0	1.8
Interest rate	**3.9**	**4.3**	**2.5**	**3.4**	3.5	8.9	2.5	5.1
Diversification benefit	**(1.5)**	-	-	**(1.5)**	(1.4)	-	-	(1.5)
Total VaR	**3.9**	-	-	**3.3**	3.6	-	-	5.4

HEDGING

In addition to customer and trading activities, the Group uses, inter alia, derivatives to manage the risk associated with its balance sheet and future revenue streams.

The table below shows the notional principal amount, credit equivalent amount and fair value of derivatives held by the Group, split between those entered into for customer-related and trading purposes and those entered into for other than trading purposes.

	31 March 2000			30 September 1999		
	Notional Principal Amount $M	Credit Equiv. Amount $M	Fair Value $M	Notional Principal Amount $M	Credit Equiv. Amount $M	Fair Value $M
Foreign exchange contracts						
Customer-related and trading purposes	**222,845**	**5,679**	**190**	193,539	5,006	187
Balance sheet hedging purposes	**19,178**	**1,774**	**915**	19,240	861	438
	242,023	**7,453**	**1,105**	212,779	5,867	625
Interest rate contracts						
Customer-related and trading purposes	**353,101**	**2,607**	**(379)**	350,904	2,480	(80)
Balance sheet hedging purposes	**32,853**	**270**	**(61)**	33,830	225	(47)
	385,954	**2,877**	**(440)**	384,734	2,705	(127)
Total	**627,977**	**10,330**	**665**	597,513	8,572	498

NOTES TO THE FINANCIAL STATEMENTS

18. CONTINGENT LIABILITIES

GENERAL

There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot readily be quantified. Appropriate legal advice has been obtained and, in the light of such advice, provisions as deemed necessary have been made.

India - National Housing Bank

In 1992 the branch of ANZ Grindlays Bank Ltd in India (the Bank) received a claim, aggregating approximately Indian Rupees 5.06 billion ($191 million at 31 March 2000 rates) from the National Housing Bank (NHB) in that country. The claim arose out of certain cheques drawn by NHB in favour of the Bank, the proceeds of which were credited into the account of one of the customers of the Bank.

On 29 March 1997, pursuant to an Arbitration Agreement entered into on 4 November 1992, the Arbitrators made an award on this dispute in favour of the Bank. NHB paid to the Bank the principal and interest due under the award (aggregating Indian Rupees 9.12 billion ($344 million at 31 March 2000 rates)). Subsequently, NHB had the award reviewed by the Special Court (Trial of Offences Relating to Transactions in Securities) at Mumbai, which on 4 February 1998 ordered that the award be set aside. ANZ has filed an appeal with the Supreme Court of India seeking that the Special Court's order be set aside.

As the matter is sub judice, comment by the parties is limited. The Group has from time to time during the course of this matter obtained legal advice from Senior Counsel. To date no provision has been made in respect to this claim.

India - General

In addition to the claim by the National Housing Bank against the branch of ANZ Grindlays Bank Limited in India (the Bank), the Bank is aware of other circumstances arising in connection with practices engaged in by stockbrokers in India in the early 1990s which may give rise to possible claims against the Bank. The aggregate amount of these possible claims cannot be readily quantified.

India - Foreign Exchange Regulation Act

In 1991, certain amounts were transferred from non-convertible Indian Rupee Accounts maintained with ANZ Grindlays Bank Ltd (the Bank) in India. In making these transactions it would appear that the provisions of the Foreign Exchange Regulation Act, 1973 were inadvertently not complied with. The Bank, on its own initiative, brought these transactions to the attention of the Reserve Bank of India.

The Indian authorities have served notices on the Bank and certain of its officers in India that could lead to prosecutions and possible penalties. The Bank has commenced proceedings in the courts contesting the validity of these notices. Pending the completion of these proceedings any adjudication in respect of the notices and any prosecution of Bank officers have been stayed. It may take many years before these proceedings are concluded. ANZ considers that the outcome will have no material adverse affect on the 31 March 2000 financial statements.

Sale of ANZ Grindlays Bank

On completion of the sale of ANZ Grindlays Bank it is proposed to review all contingencies associated with the Grindlays businesses, and to make appropriate provisions in light of the cessation of, and indemnities provided in relation to, the businesses in various countries.

19. NOTES TO THE STATEMENT OF CASH FLOWS

	Half year Mar 00 Inflows (Outflows) $M	Half year Sep 99 Inflows (Outflows) $M	Half year Mar 99 Inflows (Outflows) $M
Reconciliation of operating profit after income tax to net cash provided by operating activities			
Operating profit after income tax	**817**	764	716
Adjustments to reconcile to net cash provided by operating activities			
Provision for doubtful debts	**256**	252	258
Depreciation and amortisation	**93**	98	97
Provision for restructuring and other provisions	**89**	148	124
Payments from provisions	**(124)**	(126)	(164)
Provision for surplus lease space	**4**	-	1
(Profit)loss on property disposals	**2**	(16)	3
(Increase)Decrease in interest receivable	**(310)**	61	17
(Decrease)increase in interest payable	**241**	25	(35)
Decrease(increase) in trading securities	**(574)**	(158)	1,600
Decrease in net tax assets	**64**	77	18
Other	**(44)**	33	(99)
Net cash provided by operating activities	**514**	1,158	2,536
Reconciliation of cash and cash equivalents			
Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows			
Liquid assets - less than 3 months	**3,530**	4,243	5,035
Due from other financial institutions - less than 3 months	**3,167**	2,391	2,272
	6,697	6,634	7,307
Non-cash financing and investment activities			
Share capital issues			
Dividend reinvestment plan	**113**	84	92

NOTES TO THE FINANCIAL STATEMENTS

20. US GAAP RECONCILIATION

The consolidated financial statements of the Group are prepared in accordance with Generally Accepted Accounting Principles applicable in Australia (Australian GAAP) which differ in some respects from Generally Accepted Accounting Principles in the United States (US GAAP).

The following are reconciliations of the operating profit after income tax, shareholders' equity and total assets, applying US GAAP instead of Australian GAAP.

	Half year Mar 00 $M	Half year Sep 99 $M	Half year Mar 99 $M
Operating profit after income tax according to Australian GAAP	**817**	764	716
Items having the effect of increasing(decreasing) reported income:			
Employee share issue	**(23)**	(3)	(20)
Reversal of profit on revaluation of properties	**(30)**	-	-
Depreciation charged on the difference between revaluation amount and historical cost of buildings	**1**	1	1
Difference in gain or loss on disposal of properties revalued under historical cost	**9**	47	-
Deferred profit on sale and leaseback transactions	**(24)**	(58)	-
Amortisation of sale and leaseback gain over lease term	**4**	-	-
Amortisation of goodwill	**(18)**	(18)	(18)
Pension expense adjustment	**5**	2	(3)
Net income according to US GAAP	**741**	735	676
Other comprehensive income			
Currency translation adjustments, net of hedges after tax	**158**	(125)	(90)
Unrealised profit(loss) on available for sale securities	**(12)**	7	-
Total comprehensive income according to US GAAP	**887**	617	586
Shareholders' equity according to Australian GAAP[1]	**9,649**	9,403	9,210
Elimination of gross asset revaluation reserves	**(315)**	(293)	(340)
Reversal of profit on revaluation of properties	**(30)**	-	-
Unrealised profit(loss) on available for sale securities	**(12)**	7	-
Adjustment to accumulated depreciation on buildings revalued	**42**	41	40
Restoration of previously deducted goodwill	**807**	807	807
Accumulated amortisation and write-off of goodwill	**(562)**	(544)	(526)
Profit on sale and leaseback transactions	**(19)**	(12)	-
Provision for dividend	**445**	470	404
Pension expense adjustment	**62**	57	55
Shareholders' equity according to US GAAP	**10,067**	9,936	9,650
Total assets according to Australian GAAP	**166,958**	152,801	152,417
Elimination of gross asset revaluation reserves	**(315)**	(293)	(340)
Unrealised profit(loss) on available for sale securities	**(19)**	11	-
Adjustment to accumulated depreciation on buildings revalued	**42**	41	40
Restoration of previously deducted goodwill	**807**	807	807
Accumulated amortisation and write-off of goodwill	**(562)**	(544)	(526)
Prepaid pension adjustment	**43**	39	39
Reclassification of deferred tax assets against deferred tax liabilities	**(499)**	(400)	(407)
Total assets according to US GAAP	**166,455**	152,462	152,030

[1] *Excluding outside equity interests*

21. EXCHANGE RATES

Major exchange rates used in translation of results of offshore controlled entities and branches into the Group accounts for each reporting period were as follows:

	Balance Sheet			Profit and Loss Average		
	As at Mar 00	As at Sep 99	As at Mar 99	Half year Mar 00	Half year Sep 99	Half year Mar 99
NZD/AUD	**1.2239**	1.2598	1.1814	**1.2623**	1.2150	1.1812
GBP/AUD	**0.3808**	0.3972	0.3900	**0.3939**	0.4043	0.3800
USD/AUD	**0.6073**	0.6533	0.6285	**0.6378**	0.6484	0.6287

22. SIGNIFICANT EVENTS SINCE BALANCE DATE

On 27 April 2000, Australia and New Zealand Banking Group Limited (ANZ) announced it had agreed to sell its Grindlays businesses in the Middle East and South Asia, and associated Grindlays Private Banking business, to Standard Chartered PLC for $2.2 billion in cash.

Half year ended 31 Mar 00	**Sold business $M**	**Remaining business $M**	**Total ANZ $M**
Net interest income	212	1,663	1,875
Other operating income	124	1,226	1,350
Net operating income	**336**	**2,889**	**3,225**
Operating expenses	(163)	(1,500)	(1,663)
Operating profit before debt provisions	**173**	**1,389**	**1,562**
Provision for doubtful debts	(34)	(222)	(256)
Income tax expense, Outside equity interests	(60)	(429)	(489)
Operating profit after tax	**79**	**738**	**817**

The results for the remaining business do not reflect interest earnings on sale proceeds.

Contribution to profit of Grindlays operations sold	**Half year Mar 00 $M**	**Full year Sep 99 $M**
Net interest income	212	404
Other operating income	124	221
Net operating income	**336**	**625**
Operating expenses	(163)	(298)
Operating profit before debt provisions	**173**	**327**
Provision for doubtful debts	(34)	(76)
Income tax expense, Outside equity interests	(60)	(102)
Operating profit after tax	**79**	**149**

NOTES TO THE FINANCIAL STATEMENTS

22. SIGNIFICANT EVENTS SINCE BALANCE DATE (continued)

Pro forma Balance Sheet of operations sold	As at 31 March $M
Assets	
Liquid Assets	559
Due from other financial institutions	785
Trading and Investment Securities	1,630
Net Loans and Advances including acceptances	6,061
Other assets	1,209
Total External Assets	**10,244**
Net intragroup assets	3,476
Total Assets	**13,720**
Liabilities	
Due to other financial institutions	648
Deposits and Borrowings	11,258
Acceptances	196
Other	632
Total Liabilities	**12,734**
TOTAL SHAREHOLDERS' EQUITY AND OUTSIDE EQUITY INTERESTS	**986**

[1] *Adjusted for dividends paid to parent entity and exclusive of provisions related to indemnities given by parent.*

Risk weighted assets of the Group represented by the sold business are $8 billion.

The following table shows the impact of the sale on the Group's product exposures by country as set out on page 60.

USD million	Total ANZ exposure	% of total	Grindlays total	% of total	ANZ post Grindlays sale[1]	% of total
Total for countries externally rated A or better	4,351	31%	1,037	18%	3,314	40%
Total for countries externally rated below A	9,631	69%	4,648	82%	4,983	60%
Total all countries	13,982	100%	5,685	100%	8,297	100%

[1] *Excludes indemnities and warranties*

As part of the transaction, ANZ will provide Standard Chartered with indemnities on credit and litigation matters, including the National Housing Bank matter.

On completion, provision will be made for all potential claims under the indemnities together with costs arising and tax liabilities. This will include a reassessment, in light of circumstances at the time, in respect of all residual financial risks relating to Grindlays.

The impact of this transaction on ANZ's second half 2000 results will be dependent on the reassessment of provisions, but if full provisions for possible claims under indemnities were taken, along with other appropriate adjustments and taxes, the net impact is still estimated to be over $400 million profit.

With the exception of this sale agreement, there have been no significant events since 31 March to the date of this report.

DIRECTORS' DECLARATION

The directors of Australia and New Zealand Banking Group Limited declare that :

(i) the financial statements and notes of the consolidated entity set out on pages 21 to 56 comply with applicable Australian Accounting Standards and other mandatory professional reporting requirements; and

(ii) the financial statements and notes set out on pages 21 to 56 give a true and fair view of the financial position and performance of the consolidated entity; and

(iii) in the directors' opinion at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

CHARLES GOODE
CHAIRMAN

JOHN MCFARLANE
CHIEF EXECUTIVE OFFICER

1 MAY 2000

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Scope

We have reviewed the financial statements of Australia and New Zealand Banking Group Limited for the half-year ended 31 March 2000, consisting of the profit and loss account, balance sheet, statement of cash flows, accompanying notes and the directors' declaration set out on pages 21 to 57. The financial statements include the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial statements.

We have performed an independent review of the financial statements in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial statements are not presented fairly in accordance with Accounting Standard AASB 1029 "Half-Year Accounts and Consolidated Accounts" and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial statements with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial statements of Australia and New Zealand Banking Group Limited are not in accordance with:

(a) the Corporations Law, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2000 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 1029 "Half-Year Accounts and Consolidated Accounts" and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

KPMG
Chartered Accountants

PS Nash
Partner

1 May 2000

COUNTRY EXPOSURES

The exposure definitions in the following tables are consistent with the ones used by Standard & Poor's in their assessment of regional risk published in February 1998.

Both local currency and cross border exposures are included.

Trade finance is captured at 100% of face value.

Exposure to regional banks assumes the country of the parent and includes all foreign subsidiaries. For example, Japanese bank data includes UK subsidiaries of Japanese banks.

Treasury funded exposures includes predominantly bank Money Market lines and Certificates of Deposit.

Treasury unfunded exposure includes Foreign Exchange and Interest Rate contracts (forwards, options and swaps). The exposure is calculated using a conservative "Mark to market plus potential exposure" methodology. This methodology calculates the market value of a contract and adds a factor for the potential change in value from the valuation date to maturity.

Financial guarantees represents lending to entities outside of Asia (typically Australia) where there is relationship with the parent entity through a guarantee standby letter of credit.

Term lending is split into three categories: exposure to multinationals covers lending in countries to international or global companies, frequently involving Australian parents or joint venture partners, term lending in local currency which is principally franchise countries, and cross border term lending (mostly USD).

Project finance includes a mix of products and is net of Political Risk Insurance (PRI) cover provided by either a large Government Multi Lateral Agency or a large Global Private Insurance company.

Securities include traded debt instruments and are measured at assessed market value (mark-to-market).

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SUPPLEMENTARY FINANCIAL INFORMATION

COUNTRY EXPOSURES (continued)

PRODUCT DISCLOSURE BY SELECTED REGIONS

As at 31 March 2000 in USD millions (net exposures)

Countries	CROSS BORDER RISK & LOCAL CURRENCY RISK											
	Trade	Treasury On B/Sht	Treasury Off B/Sht	Performance Bonds	Financial Guarantees[1]	Term Lending Multinationals	Term Lending XBR	Term Lending LCY	Underwriting & Project Risk[2]	Investment Securities[3]	Combined Total	Movement from Sep-99 increase (decrease)
ASIA												
China	219	7	38	26	41	84	42	-	34	1	492	(32)
Hong Kong	71	11	14	49	28	25	176	111	-	-	485	(110)
Indonesia	59	29	1	6	8	30	70	17	75	8	303	(63)
Japan	51	-	448	356	407	96	186	20	-	-	1,564	63
Laos	-	-	-	-	1	-	-	-	-	-	1	-
Macau	-	-	2	-	-	-	32	-	-	-	34	(14)
Malaysia	9	-	1	-	58	14	4	-	28	-	114	(24)
North Korea	-	-	-	-	-	-	4	-	-	1	5	5
Philippines	60	87	-	10	4	16	60	9	23	-	269	55
Singapore	70	3	41	8	73	44	302	22	-	-	563	84
South Korea	766	132	-	46	15	12	62	8	-	-	1,041	20
Taiwan	148	13	3	11	28	-	19	169	-	-	391	(66)
Thailand	23	29	2	-	-	-	16	-	9	-	79	(8)
Vietnam	98	-	-	-	5	15	32	55	-	-	205	9
Total	**##**	**311**	**550**	**512**	**668**	**336**	**1,005**	**411**	**169**	**10**	**5,546**	**(81)**
SOUTH ASIA												
Bangladesh	121	-	-	30	-	26	-	272	16	-	465	51
India	558	-	59	548	91	186	79	1,301	169	16	3,007	387
Nepal	30	-	-	10	-	-	-	61	-	-	101	(10)
Sri Lanka	29	-	-	10	-	15	21	69	-	-	144	(29)
Total	**##**	**-**	**59**	**598**	**91**	**227**	**100**	**1,703**	**185**	**16**	**3,717**	**399**
LATIN AMERICA												
Argentina	137	2	14	-	-	-	83	-	24	-	260	(52)
Brazil	272	-	4	-	-	161	-	-	1	-	438	(56)
Chile	7	25	-	-	-	-	76	-	25	-	133	5
Mexico	128	-	-	-	-	-	12	-	64	-	204	(31)
Peru	-	-	-	-	-	-	-	-	17	-	17	12
Venezuela	1	-	-	-	-	-	1	-	57	-	59	24
Total	**##**	**27**	**18**	**-**	**-**	**161**	**172**	**-**	**188**	**-**	**1,111**	**(98)**
MIDDLE EAST												
Bahrain	-	13	2	2	60	-	15	-	5	-	97	-
Egypt	30	-	-	-	-	-	-	-	-	-	30	1
Greece	12	-	1	4	4	87	73	79	-	-	260	(14)
Iran	74	-	-	-	-	-	-	-	-	-	74	11
Israel	25	3	5	50	57	-	15	19	-	-	174	67
Jordan/West Bank	18	-	-	12	2	-	40	142	1	-	215	(4)
Kuwait	16	-	2	-	21	-	-	-	-	-	39	13
Lebanon	1	-	-	-	-	-	-	-	-	-	1	1
Oman	2	-	-	-	1	-	35	-	-	2	40	(15)
Pakistan	183	-	8	93	25	11	49	349	19	-	737	33
Qatar	20	45	-	7	2	-	97	163	72	-	406	(164)
Saudi Arabia	6	-	3	2	22	-	134	-	192	-	359	(20)
UAE	387	-	11	24	2	74	180	308	187	1	1,174	(119)
Total	**##**	**61**	**32**	**194**	**196**	**172**	**638**	**1,060**	**476**	**3**	**3,606**	**(210)**
EASTERN EUROPE												
Russia	-	-	-	-	-	-	-	-	-	2	2	(17)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**2**	**(17)**

1 *Securing regional lending in countries not detailed*

2 *Less political risk insurance cover*

3 *At market value*

ANZ

DEFINITIONS

Corporate Financial Services comprises Corporate and Institutional Banking, Global Transaction Services, Asset Based Finance, Wholesale e-commerce and ANZ Investment Banking which includes structured finance, foreign exchange and capital markets operations in Australia, New Zealand and the mature markets of UK, Europe and Americas.

Economic loss provisioning (ELP) charge is determined based on the expected average annual loss of principal derived from the Group's risk management models.

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

Geographic segmentation
UK and Europe includes France, Germany, Guernsey, Jersey, Switzerland and United Kingdom.
Asia includes Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand, The People's Republic of China and Vietnam.
Pacific includes American Samoa, Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu.
South Asia includes Bangladesh, India, Nepal and Sri Lanka.
Americas includes United States of America excluding American Samoa.
Middle East includes Bahrain, Greece, Iran, Israel, Jordan, Pakistan, Palestine, Qatar and United Arab Emirates.

Group comprises the results of asset and liability management; earnings on central capital; costs relating to hedging capital positions and certain central costs not recharged to business units.

Impaired assets are loans or other credit facilities where there is reasonable doubt about the collectability of interest, fees (past and future) or principal outstanding, or where concessional terms have been provided because of the financial difficulties of the customer.

International comprises the results of operations outside Australia and New Zealand for personal banking (including Private Banking), funds management, and corporate and institutional banking. It includes structured finance, foreign exchange and capital markets operations of other countries, except the mature markets of UK, Europe and Americas.

Net advances include gross loans and advances, acceptances and ANZ accepted bills held as part of trading securities less income yet to mature and specific provisions (for both as at and average volumes).

Net interest average margin is net interest income as a percentage of average interest earning assets. Non-assessable interest income is grossed up to the equivalent before tax amount for the purpose of these calculations.

Net interest spread is the average interest rate received on interest earning assets less the average interest rate paid on interest bearing liabilities. Non-assessable interest income is grossed up to the equivalent before tax amount for the purpose of these calculations.

Net non-interest bearing items, referred to in the analysis of interest spread and net interest average margin, includes shareholders' equity, provisions for doubtful debts, and deposits not bearing interest and other liabilities not bearing interest, offset by premises and equipment and other non-interest earning assets. Non-accrual loans are included within interest bearing loans, advances and bills discounted.

Net specific provision is the transfer from the general provision to the specific provision (representing new and increased specific provisions less specific provision releases) less recoveries.

Operating expenses exclude charge for doubtful debts and abnormal items.

Overseas geographic segment includes the results from all operations outside Australia and New Zealand.

Personal Financial Services comprises Personal Banking (including Private Banking) and Funds Management operations in Australia and New Zealand.

Service Transfer Pricing is in use throughout the Group, whereby business and support units recover the cost of services provided to other units. There are some head office costs which are not recharged.

Total advances include gross loans and advances, acceptances and ANZ accepted bills held as part of trading securities less income yet to mature (for both as at and average volumes).

Unproductive facilities comprise standby letters of credit, bill endorsements, documentary letters of credit, guarantees to third parties, undrawn facilities to which the Group is irrevocably committed and market related exposures.

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