



Annual Report 2000

Key dates

Record Date for Final Dividend
9 November 2000

Annual General Meeting
15 December 2000

Payment of Final Dividend
15 December 2000

Announcement of Interim Results
26 April 2001

Record Date for Interim Dividend
17 May 2001

Payment of Interim Dividend
2 July 2001

Grow with ANZ



The Carter family, from our 'Grow with ANZ' television advertising campaign.

Front cover:
ANZ staff member Alexandra Haritou,
Corporate Financial Services.

2000 Highlights*

- › Earnings per share up 15% to \$1.04
- › Operating profit after tax up 15% to \$1,703m (\$1,480m)
- › Return on equity up to 18.3% (17.2%)
- › Annual dividend increased to 64 cents – fully franked
- › Grindlays sold for \$2.3b
- › Strong positions developed in B2C and B2B eCommerce

* before abnormal gain of \$44m (1999 nil)



ANZ is a **performance** organisation delivering for our shareholders

We aim to improve customer **experience** each day

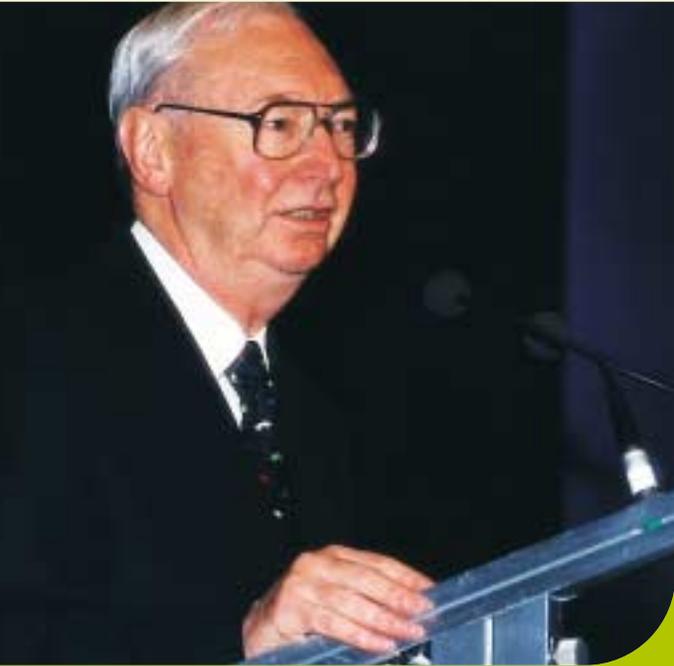
People find **opportunities** find people

Our people have energy and **passion**

leadership is everyone's responsibility

e.embrace the future

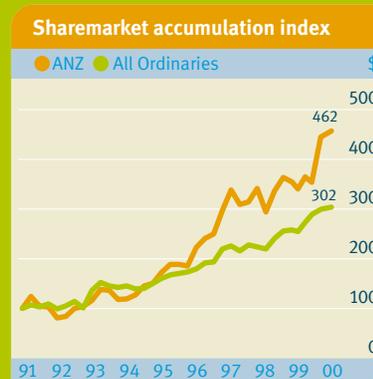
growing
respected
open
winning



ANZ Chairman, Charles Goode,
at the 1999 Annual General Meeting.

Shareholders

- › Total shareholder return of 35.3% during year
- › \$941m dividends (16% increase)
- › Return to full franking
- › Electronic distribution of documents
- › Online and telephone voting introduced
- › Shareholder meetings held in Perth, Adelaide, Brisbane, Auckland, Wellington and Christchurch





Call centre staff celebrate ANZ's victory as the best financial services call centre in Australia.

Staff

- › 23,134 employees
- › \$1,758m in personnel expenses
- › Offered subsidised home pcs for Australian and New Zealand staff with more than 10,500 applications received
- › Introduced “Max”, ANZ’s Intranet site
- › Share scheme introduced to enable staff to increase shareholding from their salary at a discount
- › Graduate recruitment program expanded – 175 graduates recruited in Australia in 2000



[Click here for more details](#)



Melma Hamersfeld,
Director of Metalicus Australia.

Customers

- › New customer segments introduced:
 - General Banking
 - Wealth Management
 - Small Business
- › Over 420,000 customers registered for Internet Banking
- › \$200m investment in upgrading branch computers commenced
- › Personal Investor Magazine Awards:
 - Home Lender of the Year
 - Business Lender of the Year
 - Best Business Credit Card
- › Maintained leadership in Corporate Banking customer satisfaction



ANZ Human Resources Consultant, Sophie Williams offered advice and conducted training interviews as part of ANZ's partnership with Australia's Youth at Risk organisation.

Community

- › \$2.5m in donations and community programs
- › Committed \$750,000 to the Intensive Care Appeal over three years
- › Committed \$1m to support Foodbank nationally over five years
- › Maintained ANZ's dollar for dollar commitment to match staff contributions to the ANZ Staff Foundation
- › Committed \$1m to the Foundation for Rural & Regional Renewal over three years

[Click here for more details](#)



Personal Financial Services

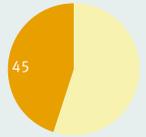
Achieving growth

Business Outcomes

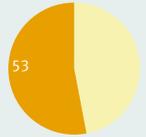
- › Leading mortgage origination bank in Australia for the past two years
- › Approximately 27% of all credit card expenditure in Australia is on an ANZ credit card, more than any other bank
- › Home Lender of the Year and Business Lender of the Year (Personal Investor Magazine Awards–2000)
- › 423,000 Internet Banking customers (360,000 in Australia and 63,000 in New Zealand)
- › Successful alliance with E*TRADE Australia currently generating approximately 50% of new customers
- › 4 million customers (3 million in Australia, 1 million in New Zealand)
- › 1,021 points of representation (871 in Australia, 150 in New Zealand)

Financial Outcomes

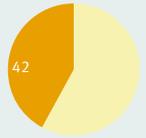
- › Profit \$772m (1999 – \$616m)
- › Income growth 9%
- › Cost income ratio 55.2%
- › Asset growth 20%



Profit after tax
\$772m



Staff
12,235



Assets
\$71,673m

[Click here for more details](#)



Corporate Financial Services

Leveraging our leadership position

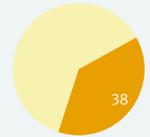
ANZ is the leading corporate bank in Australia and New Zealand with 81,000 customers

Business Outcomes

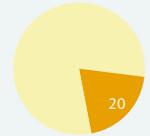
- › Best FX Bank of the Year – INSTO Magazine 2000
- › eauto launched – already one of the premier automotive web sites in Australia
- › Transformed the Relationship Banking business into a specialist industry segment
- › Developed innovative eProcurement capabilities with MRO.com and corProcure
- › e initiatives – FX Online, eGate

Financial Outcomes

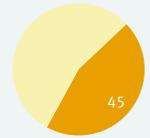
- › Profit \$647m (1999 – \$562m)
- › Income growth 6%
- › Cost income ratio 46.7%
- › Asset growth 10%



Profit after tax
\$647m



Staff
4,689



Assets
\$77,169m

[Click here for more details](#)



International

Selective investments

Business Outcomes

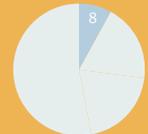
- › Grindlays sold for \$2.3b to Standard Chartered Bank
- › Entered into a joint venture with OCBC of Singapore to create an Internet bank targeting the emerging affluent in Asia
- › Investment in two new countries in the Pacific
- › Mobile banking launched in Indonesia

Financial Outcomes

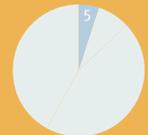
- › Profit \$40m (1999 – \$62m)
- › Cost income ratio 65.6%
- › Asset growth 38%
- › Impaired assets down



Profit after tax
\$40m



Staff
1,961



Assets
\$8,011m

[Click here for more details](#)



Technology

eTransforming ANZ

Comprises

Technology, eCommerce and Payments

Business Outcomes

- › Majority of sites connected via a single Internet Protocol network
- › Renegotiated telecommunications contracts resulting in \$25m in savings to the Group
- › Most employees now connected to the intranet and email
- › Successfully completed Y2K and GST programs
- › Continued the move to standardised servers and desktops providing all staff with the best tools at a low cost
- › Strategic alliances with Microsoft and Dell
- › Established ANZ Ventures, an expert team supporting minority investments in eCommerce companies including Identrus

[Click here for more details](#)

Chairman's message to shareholders



ANZ has again delivered on our promises to shareholders. In the year ended 30 September 2000 profit rose 15% to \$1,703m, a new record for the company. Earnings per share grew by 15% to exceed \$1.00 for the first time and the dividend was increased by 8 cents to 64 cents per share and was fully franked.

It is also pleasing to see this performance reflected in the share price, which rose

in excess of 25% during the year and recorded all time highs.

Management and staff are to be complimented for these achievements which were made in a rapidly changing and sometimes volatile world.

On 27 April we announced the sale of the Grindlays business to Standard Chartered Bank. The transaction was completed on 31 July with ANZ receiving a total consideration of \$2.3b including a \$1.2b premium over book value. With the changes in world banking, the sale of Grindlays to Standard Chartered Bank enables ANZ to receive value today from a buyer which specialises in emerging markets banking. While we retain the liability for the dispute with the National Housing Bank of India, even after provision for this and other items, we realised over \$400m net profit from the sale. The sale of Grindlays allowed us in one move to “simplify and focus” our international network in line with the strategy outlined in last years annual report. It also represents a substantial step in our program to reposition ANZ as a more balanced organisation.

In conjunction with the announcement of the sale of Grindlays we also announced a \$1b on market share buyback to enhance ANZ's

capital management. As at 30 September this buyback was approximately 50% complete. Recently in October we announced that participation in the Dividend Reinvestment Plan and Bonus Option Plan would be capped at a maximum of 50,000 shares for each shareholder as a further capital management initiative.

In July we outlined further details of our strategy which focuses on the themes of specialisation, eTransformation and growth. The establishment of individual customer businesses to focus on general banking, wealth management and small business customers underscores our commitment to improving the customer experience. This strategy is discussed further in the CEO's strategic overview and the business commentaries.

Our focus is now shifting to the application of eCommerce to our internal operations and increasingly to growth. We already have significant momentum in eCommerce with greater penetration of our customer base than our peers and first mover advantage in business to business eCommerce. The announcement of the Asian internet banking joint venture with Oversea Chinese Banking Corporation of Singapore is an important building block in our plans to leverage our eCommerce expertise in regional markets.

In terms of outlook for the 2001 year, while there is some prospect of further interest rate rises and a moderately slowing economy, ANZ has a strong financial foundation, a clear strategy and good momentum in key areas to continue to deliver shareholder value.

A handwritten signature in blue ink that reads "Charles Goode". The signature is fluid and cursive.

Charles Goode
Chairman



Chief Executive Officer's strategic overview

Specialisation, eTransformation and growth

We have spent much time over the past three years repositioning ANZ to reduce risk, improve efficiency and establish a better balanced organisation. This work is now largely complete.

In July we outlined our strategic thinking on how to take ANZ forward in a rapidly changing world. Our strategy is around three themes – specialisation, eTransformation and growth.

Specialisation

Reconceive ANZ as a portfolio of specialist businesses

- › Make each of our 21 businesses a specialist in its own right
- › Establish three new stand alone customer businesses – General Banking, Wealth Management and Small Business
- › Accelerate the growth of our strong product monoline businesses
- › Move towards open architecture, selectively over time
- › Manage the portfolio and brands actively from the centre

eTransformation

Become an “eBank with a human face”

- › Provide our customers with a multichannel, personalised experience through seamless channel integration and web enablement
 - › Create robust and flexible infrastructure by rationalising core systems and platforms, standardising desktops and servers and creating a single IP network across ANZ
 - › Build strong eCommerce capabilities through our eCommerce centre of excellence, ANZ Ventures disciplines and by changing the way business and IT work together
 - › Continue aggressive cost reduction using technology to improve productivity in payments, processing and internal administration
 - › Differentiate by out-innovating and out-executing the competition
- › Leverage our consumer and corporate eCommerce and Cards capabilities by partnering to build new businesses in Asia
 - › Build a small number of regional and/or global niches which leverage our capabilities
 - › Be very selective about acquisitions, considering only those which add strategically to individual businesses or enhance capabilities and create value

Growth

Create growth businesses

- › Build from our strong corporate franchise by creating new businesses in corporate ePayments and eProcurement
- › Strengthen our consumer franchise through building on our early eCommerce momentum, creating strong core propositions and new businesses
- › Extend our leadership in the Pacific by replicating our model in new countries

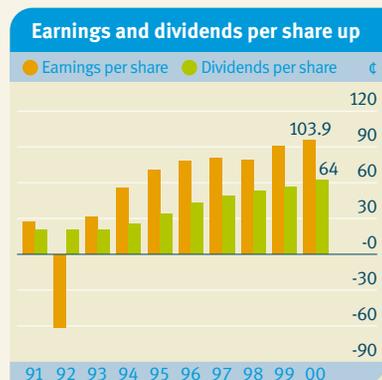
Our strategy is already showing positive momentum. The majority of our businesses are building strong positions as leaders or co-leaders in their respective segments. We have established targets for all of our businesses to outperform and we are well placed to achieve these. We are implementing a range of initiatives around the themes of specialisation, eTransformation and growth in the year ahead and expect to achieve further improvements in overall performance.

Finally, I'd like to personally congratulate and thank staff for their contribution to our great result. We are entering 2001 with greater cohesion for our shareholders, our customers and our staff. I look forward to another successful year ahead.

Chief Financial Officer's review

1 of 4

The following review excludes the impact of abnormals, unless stated otherwise.



Strong earnings and dividends per share growth

- › Earnings per share 103.9 cents; up 15% (1999 – 90.6 cents)
- › Dividend per share 64 cents; up 14% (1999 – 56 cents)
- › Payout ratio 61% (1999 – 62%)
- › Franking 100% interim, 100% final (1999–80% final)



Return on equity increasing towards 20% target

- › The Group has a goal of achieving a return on equity of 20% for the next 2/3 years
- › During the year, we made progress towards achieving this goal, increasing our return on ordinary shareholders' equity from 17.2% to 18.3%
- › Profit attributable to members of the company \$1,703m; up 15% (1999 – \$1,480m)
- › Average ordinary shareholders' equity \$8,789m (1999 – \$8,237m)



Strong profit growth

- › The Group reported a strong profit increase of 15% to \$1,703m
- › This was a good profit result driven by increased revenues and flat expenses
- › Net interest income up \$146m (4%) to \$3,801m
- › Non interest income up \$206m (9%) to \$2,583m
- › Expenses flat at \$3,314m
- › Provisions down marginally to \$502m, despite increased volume, reflecting improved risk profile



Operating income

- › Net interest income growth of 4% was the result of solid asset growth of 11%, partly offset by margins decreasing from 3.05% to 2.87%
- › Non-interest income (excluding abnormals) increased by 9% to \$2,583m
- › Fee income up 9%, reflecting increased lending fee volumes, together with increased transaction fees



Cost income ratio below target of 53%

- › We made a commitment to reduce our cost income ratio to 53% – with expenses flat from last year and with strong income growth, we have been able to reduce this ratio to 51.7% (1999 – 54.5%)
- › The \$50m reduction of costs resulting from the sale of Grindlays 10 months into the year, was partly offset by an additional \$7m from irrecoverable GST and an additional \$11m costs associated with the purchase of EFTPOS New Zealand
- › Implementation costs for the GST were \$19m
- › Restructuring provision of \$361m created to cover costs involved in restructuring our current technology, premises, and organisational infrastructure
- › Management has a cost income ratio target comfortably in the forties



Asset quality

- › Last year we undertook to improve asset quality in our International division – there has been a material reduction in both provisions for doubtful debts and non-accrual loans in International (excluding the impact of Grindlays)
- › For the Group, non-accruals reduced by 10% to \$1,391m, from \$1,543m
- › Specific provisions as a percentage of non-accrual loans were 49.7%
- › General provision credited with \$502m (1999 – \$510m) using Economic Loss Provisioning (ELP), with reduction attributable to improved asset quality, partly offset by growth in loans and advances



Balance sheet management

- › Our active capital management program resulted in share buybacks that returned \$1,014m in capital to shareholders
- › Total assets grew 13%
- › Change in asset mix to lower risk Personal Financial Services assets which now account for 50% of loans and advances (1999 – 38%)
- › \$5,961m raised from global capital markets during the year



Financial goals

ANZ is committed to maximising returns to shareholders. To achieve this going forward, we have set ourselves the following financial goals for the next 2/3years:

- › Earnings per share growth above peer average (target 10+%)
- › Return on equity above 20%
- › Cost income ratio comfortably in the forties
- › Inner Tier 1 of 6%
- › Maintain AA category credit rating



ANZ customers Joseph Scopelliti, Cindy Condon and baby Eva.

Personal portfolio

Accelerating growth

Personal Financial Services provides a full range of financial services to around three million personal and small business customers in Australia and around one million in New Zealand. It comprises three customer businesses, three product businesses and Personal eCommerce:

Customer Businesses

General Banking

Rural, regional, general consumer banking and small businesses with annual turnover typically up to \$3m

- › Creation of dedicated business unit with responsibility for end to end product and service delivery
- › Providing control over both distribution and transaction products creating a single responsibility for customer experience and migration to self-service channels
- › Sales events up 200% per employee since January 1999

Strategies

- › Focus on continuing to improve productivity and the customer experience
- › Leverage information analysis capabilities for sales effectiveness
- › Transform and reposition the branch network

Wealth Management

Premier and Private Banking clients

- › Creation of dedicated business unit with responsibility for end to end product and service delivery
- › Opened 11 new look Premier branches bringing the total to 22 Premier branches in Australia and New Zealand

Strategies

- › Offer customers choice from a menu of options – advice, products, price
- › Service proposition to be underpinned by an integrated product suite covering banking and investment products and a seamless ‘bricks and clicks’ approach
- › Extensive third party offerings for funds management and insurance

Small Business

Small business customers typically with annual turnover from around \$3m

- › Share of small business debt increased from 10% to 12% over the last year

Strategies

- › Creation of dedicated business unit with responsibility for end to end product and service delivery
- › Develop integrated seamless offering across relationship branches, call centres and the internet for each customer sub-segment
- › Coalesce small business eCommerce

Product Businesses

Mortgages

Origination, funding and servicing of both ANZ and third party mortgages

- › Won the Personal Investor Magazine Home Lender of the Year for 1999 and 2000
- › Largest share of mortgage originations and funding in Australia over the year. Steadily grew share in New Zealand

Strategies

- › Continue the development of award winning products, active database marketing campaigns and broadening of distribution to maintain leadership

- › Improve productivity through rationalisation of systems and increased automation
- › Improve funding flexibility

Cards

Credit cards, personal loans, corporate /purchasing cards and merchant processing of credit/debit cards

- › Retained and grew market leadership position in credit card issuing, with ANZ share of total credit card spend up from 25% to 27%
- › Acquired EFTPOS New Zealand, the leading provider of merchant terminals in the NZ market (40% market share)

Strategies

- › Continue to improve and leverage Qantas Telstra Visa Program
- › Acquire new customers through cross-sell to Personal base and new channels
- › Build leadership in eCommerce and other high growth merchant acquiring segments
- › Develop state-of-the-art operations, credit and portfolio management capabilities

Infrastructure

Two key infrastructure initiatives will be supporting the strategic development of all the businesses in the Personal portfolio:

- › Implementation of a new sales and service platform and customer relationship management system for front-line staff. This will be web-based, common across all channels and enable a more consistent, positive and proactive experience for customers
- › Increased levels of 'straight through processing' to improve responsiveness, reduce cost and enhance the customer experience

Funds Management & Insurance

- › Appointment of new experienced management team

Strategies

- › Leverage bank distribution strengths and customers
- › Reposition asset management and optimise products and features
- › Leverage universal account and targeted marketing to grow IFA channel

Personal eCommerce

Personal and small business eCommerce

- › More than 420,000 customers now registered on internet banking
- › Highest % customer take up of internet banking of any bank in Australia
- › Launched myanz.com as a completely self-tailorable home page or web site incorporating internet banking and a wide range of non-financial information
- › Alliances with MultiEmedia.com and Gateway for small business enablement on the web

Strategies

- › Create a business that is obsessed with satisfying our customers needs with innovative online solutions
- › Establish anz.com as the leading financial services portal in Australia and New Zealand
- › Unlock new sources of value by translating our skills and partnerships into new online offers to both consumers and the SME sector
- › Transfer and inculcate eCommerce capabilities in traditional businesses



Source: Ord Minnett & Roy Morgan



Jo Wastell, Corporate and Institutional Banking, with ANZ customer.

Corporate portfolio

Leveraging our leadership position

ANZ is the market leader in corporate banking in Australia and New Zealand, serving some 81,000 corporate customers. It comprises three customer businesses, four product businesses and Corporate eCommerce:

Customer Businesses

Institutional Banking

Large corporate, multi-national, institutional and government clients

- › Completed restructure of Institutional Banking into nine industry segments
- › Awarded Best Bank in Australia 1999 (US Global Finance Magazine)

Strategies

- › Leverage industry specialisation capabilities
- › Increase advisory work and related corporate finance activities
- › Maintain focus on customer profitability, cross sell and effective use of balance sheet

Corporate Banking

Mid-market corporate clients, typically with turnover of \$10-150m

- › Maintained leadership in Corporate Banking market share and customer satisfaction while increasing profitability and reducing risk

Strategies

- › Increase sales of new value added solutions such as private equity, securitisation, fixed income and interest rate risk management; investment banking products to middle market customers
- › Deepen share of wallet through broader fee-based offerings, eCommerce solutions and personal banking packages for employees

Asset Finance

Asset finance business focusing on equipment and vehicle financing

- › Achieved significant efficiency improvements in Esanda in Australia and UDC in New Zealand through better use of technology
- › Successfully launched eauto as a leading automotive web site – currently has the largest number of participating dealer franchises of any automotive web site in Australia

Strategies

- › Strengthen leading eCommerce position in auto-finance
- › Continue unit-cost reduction in back office – transform operating platform
- › Grow into new asset and customer classes where the back office and/or customer base can be leveraged
- › Utilise extensive customer base for the sale of non-asset related products such as insurance

Product Businesses

Structured Finance

Global project and structured finance

- › No.1 Arranger 1999, Asia Pacific (Project Finance International)
- › No.1 Arranger 1999, Asia and Australia (Global Finance)

Strategies

- › Strengthen client relationships through leveraging chosen industry and geographic expertise
- › Increase focus on structured, high margin product solutions
- › Establishment of securitisation structure to reduce balance sheet usage and risk levels

Financial Markets

Foreign exchange and precious metals trading

- › Best FX Bank, Australia 1999 (FX Week)
- › Best FX Bank of the Year (INSTO Magazine 2000)
- › World No.1 FX Options AUD, 1999 (Risk Magazine)

Strategies

- › Continued expansion of the product range and focus on sales as the main drivers of business performance
- › Expansion of the precious, semi-precious and base metals business
- › Increased penetration of FX Online to major users/investors in Australia and overseas

Capital Markets

Debt instrument and derivatives origination and trading

- › Partnership with Lehman Brothers for offshore fixed income products
- › Establishment of new issues web site for ANZ bonds issue data
- › No.1 Domestic Commercial Paper (Asiamoney July 2000)
- › Derivatives/Risk Management House of the Year (INSTO Magazine 2000)

Strategies

- › Introduction of Credit Derivatives and Equity Derivatives businesses
- › Increase scope of securitisation activities in Australia and New Zealand
- › Expand partnerships with Private Banking and Corporate Banking

Transaction Services

Incorporates trade finance, custody, correspondent banking and cash management services

- › No. 1 trade services provider in Australasia 2000 (Brand Wood International)
- › No. 1 in sub-custody in Australasia 2000 (Global Investor Magazine)
- › Leader in cash management and transaction banking services. Major deals won included Telstra 2 and NRMA floats

Strategies

- › Continue to re-engineer and automate processes to reduce cost and improve responsiveness
- › Develop value added transaction products and solutions
- › Embrace eCommerce in payments

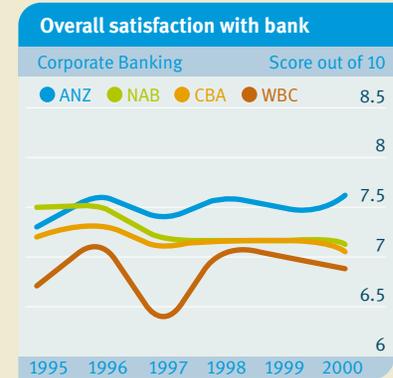
Corporate eCommerce

B2B eCommerce

- › Independently judged to be B2B leader in the SME/Corporate market with over 170,000 registered users
- › Established eProcurement market-place in conjunction with MRO.com
- › First bank to offer an online foreign exchange trading product
- › Continued development of ANZ eGate as a leading multi-payment, multi-channel payments platform

Strategies

- › Provide turn-key online enablement solutions with complementary partners where financial services integration & ANZ distribution add value
- › Internet enable existing products to create a corporate banking portal that improves customer financial decision making
- › Build the most innovative range of financial eProducts to enable customer electronic trading



Source: Roberts Research

International portfolio

Selective investments

Sale of Grindlays

As part of the previously announced strategy to reduce risk and simplify and focus the international network, the sale of Grindlays to Standard Chartered Bank was completed on 31 July 2000:

- › Price of \$2.3b delivers good value for shareholders representing 2.3 times net assets and 14.2 times earnings. Dividend of \$0.9b from retained earnings prior to sale
- › Transaction enables the planned repositioning of the business in a single move, quickly and without substantial restructuring costs
- › Co-operation agreement established with Standard Chartered Bank to enable continuity of service to customers in trade finance and project finance
- › Freed up capital and management to focus on growth in Asia-Pacific

International now provides financial services including consumer finance, trade finance, structured finance and foreign exchange through ANZ's international network in 20 countries outside Australia and New Zealand and the money centres of Europe and New York.

Simplification completed in one move

- Grindlays transaction
- Asia – selective investment
- Pacific – extended leading position



<i>Grindlays transaction</i>	<i>Asia — selective investment</i>	<i>Pacific – extend leading position</i>
<ul style="list-style-type: none"> › \$9.5b assets, \$109m earnings in 10 months to 31 July 2000 › Simplifies network in one move › Extracts immediate value at 2.3 times NAV and 14.2 times earnings 	<ul style="list-style-type: none"> › Japan, Korea: trade, money centres › Three Chinas: 4 branches › South East Asia: Singapore, Indonesia, Philippines, Vietnam, Malaysia, Thailand 	<ul style="list-style-type: none"> › South Pacific well covered › 41 branches › 20-60% share of market

eAsia

- › Announcement of 50/50 ANZ/OCBC joint venture to build web-led bank in Asian region
- › 10% share in Hong Kong internet broker Boom.com

Asia

- › Network positions in 11 countries
- › Investment in Panin Bank Indonesia

Strategies

- › Build existing positions
 - Re-energise network points
 - Support Panin to become a top 5 or 6 retail bank
- › Invest in new growth
 - Target the emerging affluent as they get online
 - Partner to complement ANZ's strengths in eCommerce and monoline businesses

Pacific

- › Leading position in 8 markets
- › Strong track record

Strategies

- › Extend leadership position to new geographies
 - Organic growth or acquisition
 - Rapid deployment of successful management model
- › Continue to drive operational improvement
 - Continue to invest in new channels and products
 - Review opportunities to regionalise operations



ANZ staff member Georgi Dickens, with Max, ANZ Staff Intranet in the background.

Technology, eCommerce and Payments

eTransforming ANZ – eBank with a human face

This division oversees all technology and eCommerce strategy, policy and infrastructure and manages the payments business:

- › Continued to develop a new, high capacity eCommerce platform including servers, firewalls and networks
- › Web-enabled a large portion of ANZ's workforce via network upgrades and deployment of Windows NT PCs. 700 branches connected in Australia this year. 16,000 desktops are now connected to the intranet and email. This project continues
- › Continued to implement standardised servers and desktops, including preparation for Windows 2000 rollout
- › Continued rationalisation and simplification of applications and platforms providing significant cost savings and increased business capability
- › Initiated the implementation of new global payments technology, providing greater efficiencies and real time capabilities
- › Successfully completed the Year 2000 and GST Programs
- › Continued to develop specialist eCommerce Centre of Excellence capability providing cost effective rapid delivery of business solutions
- › Established a Customer Relationship Management (CRM) Centre of Excellence developing a systems capability for a single view of the customer

- › Established ANZ Ventures providing expert support for making and managing minority equity investments in strategic eCommerce and technology companies
- › Renegotiated telecommunications contracts resulting in \$25m in savings to the Group
- › Increased use of development capability in Bangalore, India
- › Numerous projects under way to achieve significant productivity savings to business operations through automation and straight through processing
- › Developed the systems solutions for the successful launch of many new products including eGate and eauto.com

Objectives

- Provide our *customers* with a personalised, multi-channel experience through seamless channel integration, web enablement and CRM technology
- › Provide robust, flexible and cost effective *infrastructure* – rationalise core systems and platforms, standardise desktops and servers and create a single IP network
 - › eCommerce *capabilities* – build strong capabilities through our eCommerce Centre of Excellence, ANZ Ventures discipline and improving the way Business Units and IT work together
 - › *Cost reduction* – aggressively reduce costs by using technology to improve productivity, reduce complexity, increase straight through processing and automate administrative functions
 - › Close *alignment of IT and the Business Units*, from planning through to delivery
 - › Provide low risk, high efficiency and *state-of-the-art payments* capabilities

Enabling our staff

Max

ANZ's staff intranet went live on 1 November 1999. Max provides staff with a powerful search tool and a platform for the paperless office of the future.

Max's features include online leave forms, a global contact list, daily news, ANZ share price updates and business unit home pages. Over 25,000 pages are available on Max which receives over 3 million hits per month.

Shares Scheme

ANZ has launched a Share Save Scheme where staff can buy ANZ shares at a 5 per cent discount to the market price from their salary.

pcs@home

ANZ became the first company in Australia to implement a home-computer offer for staff. More than 10,500 staff in Australia and New Zealand applied for the heavily subsidised PC deal which included Internet access.

pcs@home has proved to be one of the most popular staff initiatives in ANZ's history. Delivery started in September and continued throughout October.

The package is designed to help staff and their families become familiar with PC and Internet technology, and underlines the strategic importance ANZ places on eCommerce.



Enabling our staff

2 of 2

Staff Survey

More than 14,500 staff responded to the 2000 Staff Survey. Overall, staff satisfaction with ANZ increased from the previous year by 9 per cent to 58 per cent.

Our survey provider says this is one of the biggest improvements ever achieved in a single year by a company of ANZ's size and complexity.

98 per cent of staff indicated that giving customers a high standard of service was important to them, while 77 per cent said they had the opportunity to show initiative in their jobs.



Pip Blackwell from St. Heliers branch in Auckland, New Zealand, is one of the 10,500 staff who received a heavily subsidised PC at home.



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Wet 'n' Wise program about water safety.

Community involvement

ANZ is strongly involved with the communities in which it operates through the ANZ Staff Foundation, direct donations and sponsorships.

ANZ Staff Foundation

- › The ANZ Staff Foundation is a charitable trust that is funded by contributions made by ANZ and its staff. Staff participation in community work is coordinated through the Foundation
- › The ANZ Staff Foundation donated over \$100,000 to various groups including:
 - Care Ring (Vic)
 - Eagles RAPS (NSW)
 - Noosa Youth Service Association (Qld)
 - Palmwoods Riding for the Disabled (Qld)
 - Rivskills (SA)
 - Speech and Hearing Centre (WA)
 - Starlight Children's Foundation (National)
 - St John's House Crisis Accommodation and Support Centre (Qld)
 - Wimmera Community Care (Vic)



Foodbank and ANZ staff participation

ANZ has committed \$1m to support Foodbank nationally at \$200,000 a year for 5 years. ANZ gives Foodbank the opportunity to help welfare agencies around Australia meet the most basic need of people – food.

The partnership between ANZ and Foodbank gives ANZ staff the opportunity to make a real difference through volunteer activities for those who need it most. A number of activities have been conducted with Foodbank:

- › 'Paint a fresh face on Foodbank' – about 70 ANZ staff volunteers made a big difference on the building's "new" look

[Back](#)

Foodbank – cont.

- › volunteer team work from a number of business units to pack goods
- › SPC ‘Operation Share-A-Can’ – over 50 staff and partners volunteered their time by working on the production line which resulted in \$750,000 worth of products which were donated to Foodbank and the Victorian Relief Committee

Foundation for Rural and Regional Renewal

ANZ has donated \$1m over 3 years to the foundation to fund projects to support and reinvigorate rural and regional Australia.



ANZ Staff Foundation supported involvement of Queensland community groups at a recent Brisbane Broncos Game Day.

Wet'n'Wise

Wet'n'Wise, a major partnership with the Royal Lifesaving Society in Australia, is a national program about water safety and teaches young people how to save others. Wet'n'Wise will see the development of resource kits for schools and a special website on water safety, as well as building on existing water safety education programs.

Intensive Care Appeal

ANZ is helping save 2000 lives each year through its support of the ‘Intensive Care Appeal’, run by the Australian and New Zealand Intensive Care Foundation. The appeal aims to raise \$5m over 3 years. ANZ has already contributed \$250,000 to the appeal this year and has committed the same amount in 2001 and 2002.

Youth at Risk Australia

ANZ has donated \$100,000 to conduct a series of educational/training programs to skill young people in job search and job retention tools – the program deals with issues such as positive attitude, goal setting, presentation and communication skills, interview techniques (ANZ Human Resources staff ran these sessions) and relationship building.

Donation of computers

ANZ has donated 180 Pentium computers to 30 Victorian schools in rural and regional areas and 130 Pentium computers to 25 NSW schools in disadvantaged areas.

Over 100 computers have also been donated to Rotary to pass on to charities and disadvantaged people.

Philanthropy Australia

ANZ is currently providing rent free accommodation to Philanthropy Australia on Level 10/530 Collins Street, Melbourne, at an annual cost to the Group of \$65,000 for 3 years. ANZ also supports their seminars and luncheons in Martin Place, Sydney.

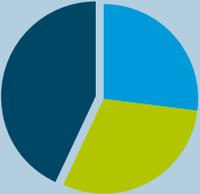
Political Donations

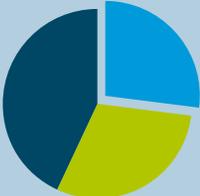
In Australia in the year to September 2000, ANZ donated \$80,000 to the Liberal Party, \$55,000 to the Australian Labor Party and \$10,000 to the National Party.

Risk Management

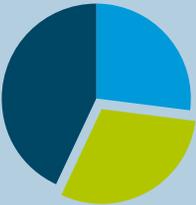
The identification and management of risk is an essential part of banking.

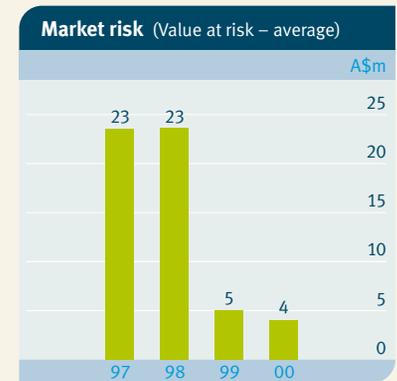
Risk management policies are approved by the Board with the Board Risk Management Committee supervising implementation and adherence to policy.

Risk	Credit Risk
<p>Credit Risk The potential financial loss resulting from the failure of a customer to honour fully the terms of a loan or contract</p> 	<ul style="list-style-type: none">› Policy controls aimed at developing and maintaining a well diversified credit portfolio are supervised by the Board Risk Management Committee› Major lending decisions require sign-off from an independent credit area as well as the business area. The largest transactions require approval by the Credit and Trading Risk Committee or Risk Management Committee› Rebalancing portfolio towards lower risk consumer credit› Capability developed to reduce concentration risk through the credit derivatives market› Main area of concern was cross border lending. The sale of the Grindlays network has reduced our exposures to high risk countries

Risk	Credit Risk
<p>Market Risk Risk to earnings arising from movements in interest and exchange rates and bond, equity and commodity prices</p> 	<ul style="list-style-type: none"> › The Group Asset and Liability Committee oversees the Group’s balance sheet risk – trading risk is monitored by the Credit and Trading Risk Committee › Main area of concern was balance sheet exposures to emerging markets. The sale of Grindlays has reduced our exposures in this area



Risk	Credit Risk
<p>Operating Risk Operating risk arises from the potential breakdown of day-to-day processes</p> 	<p>Prime responsibility of Business Units is to ensure compliance with policies, regulations and laws</p> <ul style="list-style-type: none"> › The Operating Risk Executive Committee is responsible for development and oversight of operating risk policies › ANZ has spent significant time and effort during the past year to develop world class measurement and management capabilities in operational risk management › Key focus areas include fraud prevention, payments risk management, and eCommerce security





ANZ Directors online at the Board Meeting.

Corporate Governance

Good corporate governance is essential for ANZ to carry out its business activities and meet the objectives of shareholders, regulators, customers and employees.

Good Corporate Governance

Board of Directors to

- › Chart direction of Group
- › Monitor management's performance
- › Ensure regulatory and ethical standards are met
- › Approve delegations and discretions to management
- › Appoint Chief Executive Officer

Experienced Balanced Board

- › Seven non-executive Directors and Chief Executive Officer
- › Wide range of business backgrounds – see next page for Directors' details

- › Directors appointed after 1993 will retire after 15 years service
- › Directors resign and are proposed for re-election by shareholders every three years

Ethical Standards

- › Non-executives are 'independent' – not substantial customers/suppliers nor past executives
- › Non-executive Chairman
- › Directors must hold at least 2,000 shares (page 31) – restrictions on share trading
- › Code of Conduct covers conflict of interest procedures

Effective Committee Structure

- › Four main committees cover:
 - Audit
 - Risk
 - Strategy
 - Human Resources
- › Regular meetings
- › Chaired by non-executive Directors
- › Committee charters regularly reviewed
- › Details in Concise Financial Report

Active Participation

- › 10 board meetings during the year
- › Annual strategy review
- › Open access to information including independent expert advice
- › Regular meetings with staff and visits to branches



Mr C B Goode

B Com (Hons) (Melb), MBA (Columbia), Hon LLD (Melb)

Chairman, Company Director.

Director since July 1991. Appointed Chairman August 1995.

Chairman of Woodside Petroleum Ltd. Director of CSR Limited, Singapore Airlines Limited, Air New Zealand Limited and other companies.

Lives in Melbourne. Age 62.

Mr J McFarlane OBE

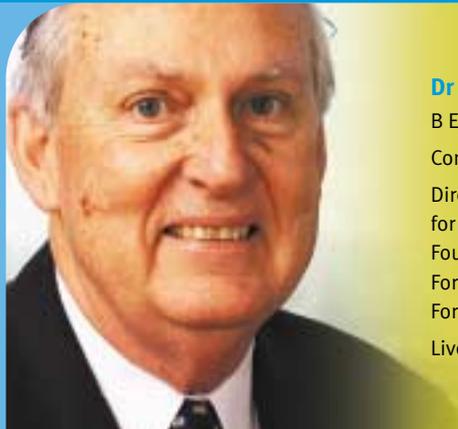
MA, MBA, FAIBF, FAIM, FHKIB, FRSA, FFTP (Hon), MSI

Chief Executive Officer.

Appointed Group Managing Director and Chief Executive Officer in October 1997. President of the Australasian Institute of Banking and Finance, a Council Member of the Australian Bankers' Association, Director of the Business Council of Australia, Australian Graduate School of Management and The Financial Markets Foundation for Children. Former Group Executive Director, Standard Chartered PLC (1993–1997), Head of Citibank, United Kingdom (1990–1993), Managing Director, Citicorp Investment Bank Ltd (1987–1990), Director London Stock Exchange (1989–1991).

Lives in Melbourne. Age 53.





Dr B W Scott AO

B Ec, MBA, DBA

Company Director.

Director since August 1985. Chairman of Management Frontiers Pty Ltd and The Foundation for Development Co-operation Ltd. Director of Air Liquide Australia Ltd and the James N. Kirby Foundation Ltd. Australian member of the Board of Governors of the Asian Institute of Management. Former Chairman of the Australian Government's Trade Development Council (1984–1990). Former Federal President, Institute of Directors in Australia (1982–1986).

Lives in Sydney. Age 65.

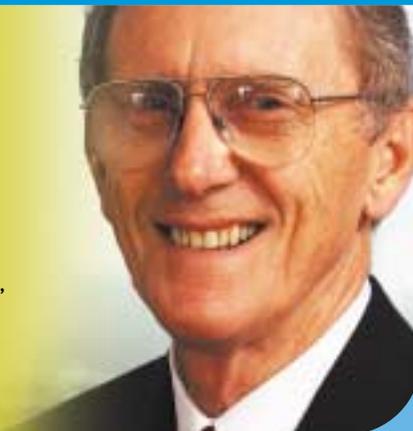
Mr J K Ellis

MA (Oxon), FAICD, Hon FIE Aust, FAusIMM, FTSE

Company Director.

Director since October 1995. Chairman of Sandvik Australia Pty Ltd, Australia-Japan Foundation, Australian Minerals & Energy Environment Foundation and Black Range Minerals Limited. Director of Aurora Gold Limited, GroPep Limited and Pacifica Group Limited. Chancellor of Monash University. Council Member, Victorian College of the Arts. Former Chairman, BHP Limited, International Copper Association Ltd and Board Member of the Museum of Contemporary Art.

Lives in Melbourne. Age 63.





Ms M A Jackson

B Econ, MBA, FCA

Company Director.

Director since March 1994. Chairman of Transport Accident Commission (Victoria), Qantas Airways Limited and Methodist Ladies College. Director of The Brain Imaging Research Institute, Billabong International Limited and Equest Telecom Pty Ltd. Board Member of Howard Florey Institute of Physiology and Medicine.

Lives in Melbourne. Age 47.

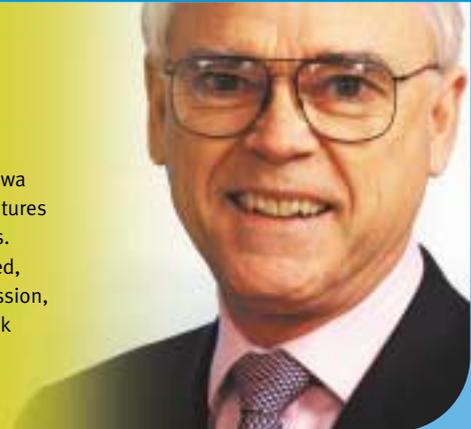
Dr R S Deane

PhD, B Com (Hons), FCA, FCIM, FNZIM

Company Director.

Director since September 1994. Chairman of Telecom Corporation of New Zealand Limited, Fletcher Challenge Limited, ANZ Banking Group (New Zealand) Limited and Te Papa Tongarewa (The Museum of New Zealand). Director of Woolworths Limited, TransAlta Corporation, eVentures New Zealand Limited, The Centre for Independent Studies Ltd and Institute of Policy Studies. Formerly Chief Executive and Managing Director Telecom Corporation of New Zealand Limited, Chief Executive Electricity Corporation of New Zealand Ltd, Chairman State Services Commission, Alternate Executive Director International Monetary Fund and Deputy Governor Reserve Bank of New Zealand.

Lives in Wellington, New Zealand. Age 59.





Mr G K Toomey

B Com, FCPA, FCA, FCIS

Company Director.

Director since March 1998. Appointment as Chief Executive Officer of Air New Zealand Group announced. Formerly Deputy Chief Executive Officer and Executive Director of Qantas Airways Limited (December 1993 to September 2000). Formerly Non-Executive Director of Air Pacific Limited (May 1998 to September 2000).

Lives in Sydney. Age 45.

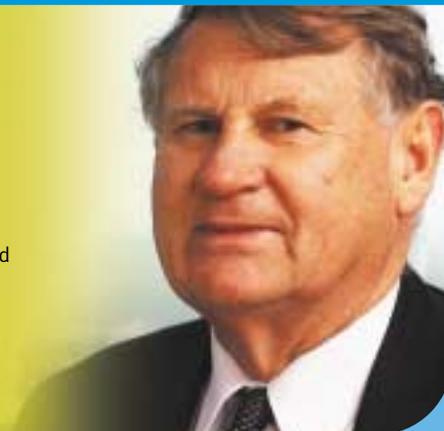
Mr J C Dahlsen

LLB, MBA (Melb)

Solicitor and Company Director.

Director since May 1985. Former Consultant and Partner of the legal firm Corrs Chambers Westgarth. Chairman of Woolworths Limited. Director of Southern Cross Broadcasting (Australia) Limited, Mining Project Investors Pty Ltd, The Smith Family and J.C. Dahlsen Pty Ltd Group. Former Chairman of the The Herald and Weekly Times Ltd, Melbourne Business School Limited and Deputy Chairman Myer Emporium Ltd.

Lives in Melbourne. Age 65.



Group Executives



David Boyles
Chief Information Officer



John McFarlane
Chief Executive Officer



Peter Marriott
Chief Financial Officer



Peter Hawkins
Personal Financial Services



Roger Davis
Corporate Financial Services



Elmer Funke Kupper
Strategy & International



Bruce Brook
Deputy Chief Financial Officer



Greg Camm
Mortgages



Satyendra Chelvendra
On Sabbatical leave



Craig Coleman
Wealth Management



Larry Crawford
General Banking



Bob Edgar
Corporate and
Institutional Banking



Kathryn Fagg
Global Transaction Services



Mick Green
Retail Risk Management



Brian Hartzler
Cards



Graham Hodges
Small Business



Murray Horn
New Zealand



Mark Lawrence
Risk Management



James MacKenzie
Funds Management



Peter McMahon
Asset Finance



Grahame Miller
Investment Banking



Elizabeth Proust
Corporate Affairs and
Human Resources



Rick Sawers
Group Treasurer



Alison Watkins
Personal eCommerce

2000 Concise Financial Report

The 2000 Concise Financial Report has been derived from the Group's 2000 Financial Report. This Concise Financial Report cannot be expected to provide as full an understanding of the Group's financial performance, financial position and financing and investing activities as the Group's 2000 Financial Report. The Chief Financial Officer's Review on pages 8 to 9 provides a discussion and analysis of the financial statements.

2000 Financial Report

A copy of the Group's 2000 Financial Report, including the independent Auditors' Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The Financial Report can be requested by telephone (Australia 1800 11 33 99, overseas 61 3 9615 5989) and by internet at investor.relations@anz.com or viewed directly on the internet at www.anz.com

Open Concise Financial Report

Shareholder information

Dividends

The final dividend of 35 cents per share will be paid on 15 December 2000, 100% franked. Dividends may be paid directly to a bank account in Australia, New Zealand or the United Kingdom. Shareholders who want their dividends paid this way should advise ANZ Share Registry in writing. Dividend Reinvestment and Bonus Option plans are available to shareholders.

The plans are detailed in a booklet called 'Shareholder Alternatives', copies of which are available from ANZ Share Registry at the addresses shown below.

Stock Exchange Listing

The Group's ordinary shares are listed on the Australian Stock Exchange and the New Zealand Stock Exchange. The Capital Securities offered in 1993 and the Preference Shares issued in 1998 are listed on the New York Stock Exchange.

American Depository Receipts

The Bank of New York sponsors an American Depository Receipt (ADR) program in the United States of America and ADRs are listed on the New York Stock Exchange. ADR holders should deal directly with the Bank of New York, New York, telephone (212) 815 2276, fax (212) 571 3050 on all matters relating to their ADR holdings.

ANZ

Registered Office

Level 6, 100 Queen Street
Melbourne, Victoria 3000 Australia
Tel: (61 3) 9273 6141
Fax: (61 3) 9273 6142
Secretary: J Slatter

ANZ Share Registry

Australia

Level 12, 565 Bourke Street
Melbourne, Victoria 3000 Australia
Australia: 1800 11 33 99
Fax: (61 3) 9611 5710
UK: (44 870) 702 0000
anzshareregistry@computershare.com.au

New Zealand

Private Bag 92119
Auckland
Tel: 0800 174 007
Fax: (64 9) 522 0058

Shareholder information

2 of 2

Credit Ratings (November 1999)

Short Term

Moody's Investors Service

P-1

Standard & Poor's Rating Group

A1+

Long Term Debt

Moody's Investors Service

Aa3 (outlook stable)

Standard & Poor's Rating Group

AA- (outlook stable)

2000 Financial Report

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Australian Telephone Numbers

Customer Banking Enquiries **13 13 14**

anz.com **13 33 50**

Esanda Finance **13 23 73**

ANZ Funds Management **1800 021 052**

Credit Card Enquiries **13 22 73**

Lost or Stolen Cards **1800 033 844**

Home Buyers Line **1800 035 500**

Internet

ANZ product and company information is available on **www.anz.com**