

AUSTRALIA & NEW ZEALAND BANKING GROUP LTD

Form 6-K

April 04, 2006

# **SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

---

## **FORM 6-K**

### **REPORT OF FOREIGN ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Month of March 2006**

## **Australia and New Zealand Banking Group Limited**

**ACN 005 357 522**

(Translation of registrant's name into English)

**Level 6, 100 Queen Street Melbourne Victoria 3000 Australia**

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F : ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Edgar Filing: AUSTRALIA & NEW ZEALAND BANKING GROUP LTD - Form 6-K

Yes ☐ No ☒

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

This Form 6-K may contain certain forward-looking statements, including statements regarding (i) economic and financial forecasts, (ii) anticipated implementation of certain control systems and programs, (iii) the expected outcomes of legal proceedings and (iv) strategic priorities. Such forward- looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control and which may cause actual results to differ materially from those expressed in the forward-looking statement contained in these forward- looking statements. For example, these forward-looking statements may be affected by movements in exchange rates and interest rates, general economic conditions, our ability to acquire or develop necessary technology, our ability to attract and retain qualified personnel, government regulation, the competitive environment and political and regulatory policies.

---

06

**ING Australia Market Update**

Australia and New Zealand Banking Group Limited  
21 March 2006

Dr. Bob Edgar  
ANZ Senior Managing Director

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

---

**INGA JV provides ANZ with a solid position in an attractive market**

Strategic position in wealth management is important to ANZ

attractive high growth market (although cyclical)

Industry FUM continues to increase, driven by compulsory superannuation

allows ANZ to provide full customer service proposition

Partnering with ING strategically sound

strong global brand

scale in Australian market

product manufacturing capabilities

**INGA has a scale position in the Australian market<sup>^</sup>  
(Retail FUM (A\$b))**

<sup>^</sup>Source ASSIRT at 31/12/05 \*excludes V2+

**INGA has met many of ANZ's objectives, current focus is on improving profitability and leveraging adviser network**

**ANZ objectives at JV formation**

Create a strategic position in Wealth  
Management and Insurance in Australia  
& NZ

Access to global brand and capabilities

Platform to improve sales and customer  
management within ANZ's network

Increase scale through leveraging  
extensive professional adviser networks

Improve efficiency through cost synergies

Very strong profit growth

**Summary**

Distribution of Wealth Management and Insurance products remains strategically important to ANZ

INGA provides ANZ with a strong global brand, scale and product manufacturing capabilities in an attractive market

The JV has met many of ANZ's objectives, focus is on improving 3<sup>rd</sup> party distribution and profit growth

INGA has solid momentum and is well positioned for continued growth

**Additional Information**

ANZ owns 49% of the JV, governance is shared

**Ownership Structure**

**Governance**

**Board Composition** Equal Representation

**Chairmanship** Rotated every 3 years. By rotation, ANZ now appoints the Chair

**Management** Joint approval of key appointments

**Voting** Unanimous Board approval (no casting vote)

**We have made solid progress on improving our return on equity**

**Improved INGA performance & capital distributions driving increase in ANZ's ROE**

|                            | May-02    | Sept-05   |
|----------------------------|-----------|-----------|
| ANZ Equity Book Value^     | \$ 1,839m | \$ 1,479m |
| ANZ share of INGA earnings | \$ 92m*   | \$ 150m   |
| ROE                        | ~ 5%      | ~ 10%     |

*^Book Value reduction a result of capital repatriation and dividends received*

*\*2001 pro-forma earnings*

INGA formed at strong point in the investment cycle

ROE improving, remains below Group ROE and WACC

We are confident ROE will continue to improve through:

Ongoing strong performance by ANZ distribution channels

Increased focus on improving 3<sup>rd</sup> party distribution channels

**2002 JV formation slides**

8

---

**INGA was formed to create a strategic position in wealth management**

| ANZ Objectives                                      | ING Objectives                                         |
|-----------------------------------------------------|--------------------------------------------------------|
| Participation in strategic wealth management stream | Secure a top tier position                             |
| Increase scale                                      | Build scale and efficiency                             |
| Access global brand and capabilities                | Diversify distribution                                 |
| Platform to improve sales & customer management     | Leverage wealth management and bancassurance expertise |
| Cost synergies                                      | Cost synergies                                         |
| Profit growth potential                             | Profit growth potential                                |

**Businesses that ANZ and ING contributed to the JV**

**The JV is a substantial wealth management vehicle - pro forma 2001 NPAT of \$187m**

Note: ANZ NPAT reflects year to 30/9 and normalisation adjustments  
ING NPAT reflects year to 31/12 and normalisation adjustments

The JV is a substantial wealth management vehicle with a value of \$3.75b

|            | 2001 PAT | FUM *    | Value     | PE (x) |
|------------|----------|----------|-----------|--------|
| <b>ANZ</b> | \$ 45m   | \$ 14.1b | \$ 879m   | 19.5   |
| <b>ING</b> | \$ 142m  | \$ 24.2b | \$ 2,874m | 20.2   |
|            | \$ 187m  | \$ 38.4b | \$ 3,753m | 20.1   |

|                              |           |
|------------------------------|-----------|
| ANZ's stake (\$3,753m @ 49%) | \$ 1,839m |
| Less value of ANZI           | \$ 879m   |
| Capital contribution         | \$ 960m   |

---

\* Includes \$4.7b V2+ FUM, and also includes Australia and New Zealand FUM

**JV established at fair value**

|            | <b>2001<br/>PE</b> | <b>Value as %<br/>of FUM</b> | <b>PAT /<br/>FUM (%)</b> | <b>Retail as<br/>% of total<br/>FUM</b> |
|------------|--------------------|------------------------------|--------------------------|-----------------------------------------|
| <b>ANZ</b> | 19.5x              | 9.3%                         | 0.48%                    | 91%                                     |
| <b>ING</b> | 20.2x              | 11.9%                        | 0.59%                    | 84%                                     |

|                                     | <b>Historical<br/>PE (x)</b> | <b>Value as<br/>% of FUM</b> | <b>PAT /<br/>FUM (%)</b> | <b>Retail<br/>as % of<br/>total FUM</b> |
|-------------------------------------|------------------------------|------------------------------|--------------------------|-----------------------------------------|
| <b>Recent transaction multiples</b> |                              |                              |                          |                                         |
| NAB/MLC                             | 20.7x                        | 15.2%                        | 0.73%                    | 60%                                     |
| Principal/BT                        | 25.0x                        | 5.5%                         | 0.22%                    | 46%                                     |
| Colonial/Prudential Life            | 17.8x                        | 13.5%                        | 0.76%                    | 67%                                     |
| Colonial/Legal & General            | 19.2x                        | 15.4%                        | 0.80%                    | 38%                                     |

Source: Assirt and Company Reports

ANZ FUM excludes V2+

FUM includes Funds Under Administration

**Sources of FM revenue to JV partners**

*Note: principle of arms length/market based pricing for all commissions  
Margins are indicative only and vary by product*

**ING Australia Market Update**

21 March 2006

Paul Bedbrook  
CEO, ING Australia

**INGA is well positioned for growth**

INGA is a significant player in wealth management

Structured around five P&L business units each with growth opportunities

Solid financial results with good returns to shareholders

Challenge is to capture growth while creating an efficient platform for the business

**INGA is a significant player with a balanced business mix**

**INGA Market Share/ Rankings**

|                          | FUM /<br>Life Risk Inflows<br>Market<br>Share |        |       |    | New Business<br>Market<br>Share |       |      |   |
|--------------------------|-----------------------------------------------|--------|-------|----|---------------------------------|-------|------|---|
|                          | \$                                            |        | Rank  | \$ |                                 | Rank  |      |   |
| Life Risk (1)            | \$                                            | 552m   | 11.3% | 4  | \$                              | 98m   | 9.8% | 3 |
| Employer Super (2)       | \$                                            | 8.8bn  | 13.9% | 3  | \$                              | 1.8bn |      |   |
| Personal Investments (3) | \$                                            | 21.3bn | 5.5%  | 5  | \$                              | 4.4bn | 4.8% | 5 |
| Advice(4) (#)            |                                               |        | 1,066 | 4  |                                 |       |      |   |

Source: 1) Life Risk Plan For Life Sept. 05, Total Inflows, includes Direct Insurances underwriting; (2) Dextx&R Employer Super League table employer master trusts, Sept. 05., new business not available; (3) Funds Mgt - Plan for Life Sep.2005 Retail ex cash ex Corp Super Masterfund, Marketer View (rankings exclude badged wraps) New business = gross inflows Sep04-Sep05 note some overlap with employer super definition; (4) Money Management Top 100 Dealer Group survey June 2005, Adviser numbers, ING numbers updated to Jan 2006.

**ING has the leading consumer brand in wealth management**

**Billy Connolly Advertising Campaign**

**End-Customer View of Fund Manager Overall Quality(1)**

---

*Note: 1) 2005 AC Nielsen Survey end-customer survey, Main Fund Manager Overall Quality/Service Rating;*

\* Average Point Score of transformed scale ratings: Excellent=100, Above Average=50, Average=25, Below Average=25, Poor=0.

**ING Australia links all parts of the value chain**

**ING Australia's Operations**

**Life Risk - leading retail risk product growing our business rapidly**

**Australians are underinsured**

**Insurance Gap(1)**

**ING has launched the leading  
retail risk product OneCare**

**which is growing rapidly**

**Innovative** new ways of  
looking at existing  
products, and introduces  
new products.

**Weekly Application Value(2)**

**Flexible** changes in line  
with clients changing  
needs.

**Customer focussed  
solutions** rewards clients  
for having multiple  
relationships and/or covers  
with us.

**Rated highly** Independent  
research houses have rated  
OneCare as a leading  
product

---

*Note: 1) Source: IFSA/TNS report June/July 2005 Investigating the Issue of Underinsurance in Australia Sample size 606, over 21 years of age, at least one financially dependant child living at home, married or single*

*2) INGA began accepting OneCare business in November 2005; data to week ending 17 February 2006*

**Direct Insurances - successful cross-sell with ANZ branches and growing direct business**

| <b>Loan Linked Insurances</b>       | <b>Strike Rate</b> | <b>Direct General Insurance Sales</b> | <b>ING Branded</b> |
|-------------------------------------|--------------------|---------------------------------------|--------------------|
| Policies sold as % of Loans Written | ANZ Network        | (Jan 2005                             | Jan 2006)          |

**Employer Super - well positioned in favoured SME segment**

**Employer Super Market(1)**

(Size of bubble reflects size of segment in FUM)

**Employer Super Master Trust(2)**

(SME and Med-Large, FUM \$bn)

---

Note: (1) Source of data: ING estimate, DEXX&R, Plan for Life. (2) DEXX&R Report, September 2005

**Personal Investments - focus on growing OneAnswer and managing mature legacy products**

**Personal Investments Funds Under Management by Product**

**Personal Investments Sales by Product**

**OneAnswer Sales by Channel**

---

*Notes: (1) INGA data*



**Advice - Adviser numbers growing, dealer group business models reviewed**

**Growing aligned and bank adviser numbers to top 3**

**Number of Advisers  
by Group<sup>2</sup>**

**through differentiated dealer group models**

**and RetireInvest franchise recharged**

Pioneer and one of Australia's most respected financial planning brands

Leading market position in serving pre/post retirees

Completed comprehensive restructure of business operations in 2004/5

New franchise agreement and dealer services focus on growth and productivity

As a result approximately 50 advisers left during 2005, immediately replaced in new business model

Moving to fee-for-service

Returned to growth

---

*Source: (1) Channel production of Retail & Mezzanine investment products; (2) Money Management Top 100 Dealer Group survey June 2005, Adviser numbers, ING numbers updated*

**Diversified distribution**

**2005 Sales by Channel**

**Personal Investments**

**(Retail + Mezzanine)**

**Employer Super**

**Life Risk**

**(Retail Risk)**

---

*Source: (1) Personal Investments direct sales included in Open Market*

**Strong growth in key business drivers and improved efficiency**

**Funds Under Management(1)**

**(AUD \$bn)**

**Life Risk In-force Premium(2)**

**\$AUD m**

**Efficiency(3),(4),(5)**

---

*Note: (1) FUM for 100% of Joint Venture, excludes New Zealand, excludes V2+ cash product; (2) Life Risk in-force premium for 100% Joint Venture Australia only; (3) Efficiency ratios for joint venture excluding New Zealand; (4) Equivalent FUM converts life risk premiums using multipliers of individual 25, group 10, single premium 4; expenses are underlying Australian management expenses; (5) Income is fees less commission, expenses are underlying Australian management expenses*

driving improved underlying financial performance

Core financial results flat after absorbing remediation and loss of transitional tax relief - producing strong returns to shareholders

# Profit and Loss(1)

|                          | 2005       | 2004       |
|--------------------------|------------|------------|
| Net Revenue Funds Mgt    | 401        | 384        |
| Net Revenue Life Risk    | 227        | 200        |
| Expenses                 | (373)      | (351)      |
| Remediation              | (44)       | (33)       |
| Tax                      | (29)       | (23)       |
| <b>Core Earnings</b>     | <b>181</b> | <b>178</b> |
| Capital Invest Earngs    | 121        | 122        |
| Interest on Debt         | (32)       | (1)        |
| Tax                      | (25)       | (34)       |
| Cap Invest after tax     | 65         | 87         |
| Profit After Tax         | 246        | 264        |
| Intangibles Amtsn        | (3)        | (8)        |
| Profit After Tax & Amtsn | 243        | 257        |
| New Zealand              | 63         | 10         |
|                          | 306        | 267        |

# Shareholder Returns

|                | 2004    | 2005   |
|----------------|---------|--------|
| ROE (excl NZ)  | 16.5%   | 14.1   |
| Dividends (FF) | \$ 260m | \$ 77m |
| Commissions    | \$ 100m | \$ 76m |

Growing global relationship

Custodians

Banking

Audit

IT Services

Sourcing

Wholesale banking for ING Group

Results are for 12 months to 31 December, and prepared under AIFRS. Accordingly care should be taken in comparing these results to those previously disclosed by ANZ

**Challenge is to capture growth while creating an efficient platform for the business**

**Challenges**

**INGA's Responses**

|                                                              |                                                                                                                                    |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Differentiation for growth                                   | Launched new retail risk product in 2005<br>SME super segment focus<br>Renew service proposition<br>e-business capability improved |
| Resolving legacy issues                                      | Remediation project well advanced<br>Restructured the Advice Business                                                              |
| Margin squeeze in investment & need for greater efficiencies | Rationalise legal entities & products<br>Build scale<br>BAU expenses flat                                                          |
| Compliance environment                                       | Risk management strengthened<br>Compliance culture developed<br>Strengthening compliance with a structured project regime          |

**Summary**

**INGA is well positioned for growth**

INGA is a significant player in wealth management

Leading Consumer Brand

Integrated Value chain

Top 5 by market share

Structured around five P&L business units

Solid financial results with good returns to shareholders

Challenge is to capture growth while creating an efficient platform for the business

Remediation ring fenced and complete by end 2006

Infrastructure

First! Think Customer program lifting service standards

**Additional Information**

30

---

**INGA Structure**

**Organised around product/market segments**

**ING Australia Market Update**

Australia and New Zealand Banking Group Limited  
21 March 2006

Geoff Cohen

MD, Investment & Insurance Products

*www.anz.com*

---

**Investment and Insurance Products overview**

**DIRECT BUSINESSES**

| <b>ANZ Financial Planning</b> | <b>Insurance</b>                      | <b>ANZ Margin Lending</b>   | <b>ANZ Trustees</b>      |
|-------------------------------|---------------------------------------|-----------------------------|--------------------------|
| Advice & sales of:            | Loan linked                           | Margin lending              | Estate Planning & Admin. |
| managed investments           | Home & Contents, Motor etc.           | services on over 400 stocks | Charitable services      |
| superannuation                | ANZ white labelled insurance products | Over A\$1b in FUM           | Over A\$2b FUM           |
| life insurance                |                                       |                             |                          |

**PARTNERSHIPS**

| <b>INGA JV</b>           | <b>E*TRADE Aust.</b>                                         |
|--------------------------|--------------------------------------------------------------|
| ANZ 49% stake in INGA JV | ANZ s 35% stake in Aust. fastest growing online share broker |

**Five key elements to ANZ Financial Planning ( ANZFP ) business model**

**1. Separation of distribution**

Distribution via ANZFP, manufacture via INGA

**2. Practice manager model**

Specialist planners and specialist support function servicing defined region

**3. Referral partners**

Retail Bank, Regional and Rural Bank, Business Bank and Mortgages

**4. Products**

Focus on managed funds via platforms and best of breed risk products

**5. Rollout of fee for advice model**

**Strong specialist distribution network**



**ANZFP growing solidly after a period of rationalisation following JV formation**

Softening in market conditions following JV formation necessitated revision of original growth forecasts around;

Financial Planner numbers

FUM inflows

Number of referrals

Material reduction in planner numbers undertaken in 2002/3

Strong performance since 2003 reflects

Improved market conditions

More engaged and efficient financial planner network

Specialist focus on ANZFP

**Sector retail inflows impacted by market downturn**

(excl. Cash Management A\$b)

**Solid momentum in all key business drivers**

**Solid growth in planner numbers following restructuring in FY02**

**Improving referral conversion rate\***

**Referrals continue to increase ( 000)**

**Increased productivity following restructuring**

**(Managed Investment flows per adviser (\$m))**

---

\*Based on 12 month average

**Profitable and productive business**

**Strong FUM growth momentum (\$b)**

**Life insurance risk sales (\$m)**

**Good NPAT momentum resulting from increased focus (\$m)**

**ANZFP is well positioned for continued growth**

Build upon strong current momentum through:

Continued investment in footprint

Improving relationships with referral partners

Increasing planner engagement to deliver improved referrals and conversions

Continuous sales process improvement and IT investment

Focus on convenience & simplicity eg fee for advice

*Strong position to increase volume of flows to ING JV*

**Additional Information**

39

---

**Personal Division Organisational Chart and I&I NPAT contribution**

**Funds under Management reconciliation\***

|                     | Sep-02<br>(A\$ b) | Sep-03<br>(A\$ b) | Sep-04<br>(A\$ b) | Sep-05<br>(A\$ b) |
|---------------------|-------------------|-------------------|-------------------|-------------------|
| Retail & Mezzanine  | 24.0              | 26.1              | 27.2              | 31.7              |
| Wholesale           | 2.6               | 2.5               | 3.6               | 3.8               |
| Cash (includes V2+) | 5.0               | 6.1               | 7.2               | 7.9               |
| <b>Total</b>        | <b>31.6</b>       | <b>34.7</b>       | <b>38.0</b>       | <b>43.4</b>       |

---

\*excludes New Zealand FUM

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

For further information visit

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

or contact  
Stephen Higgins  
Head of Investor Relations

ph: (613) 9273 4185

fax: (613) 9273 4091

e-mail: [higgins@anz.com](mailto:higgins@anz.com)

**Company Secretary's Office**

Level 6, 100 Queen Street

Melbourne VIC 3000

Phone 03 9273 6141

Fax 03 9273 6142

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

**ANZ StEPS quarterly distribution**

On 15 March 2006 ANZ paid the quarterly distribution on its ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS) and set the Distribution Rate for the payment due on 15 June 2006.

The distribution paid for the quarter ended 15 March 2006 for each ANZ StEPS was based on a Distribution Rate of 6.6400% p.a. as announced on 19 December 2005.

The Distribution Rate for the quarter ending 15 June 2006 has been set in accordance with clause 3.1 of the Note Terms set out in the Prospectus dated 14 August 2003. The Distribution Rate was calculated as follows:

|                                                         |              |
|---------------------------------------------------------|--------------|
| Market Rate (90 day bank bill rate as at 15 March 2006) | 5.6050% p.a. |
| Plus the initial margin                                 | 1.0000% p.a. |
| Distribution Rate                                       | 6.6050% p.a. |

This distribution of \$1.6648 for each ANZ StEPS will be paid on 15 June 2006 with the record date being 30 May 2006.

John Priestley

Company Secretary

Edgar Filing: AUSTRALIA & NEW ZEALAND BANKING GROUP LTD - Form 6-K

Australia and New Zealand Banking Group Limited

for and on behalf of

Australia and New Zealand Banking Group Limited and

ANZ Holdings (New Zealand) Limited

16 March 2006

---

## Edgar Filing: AUSTRALIA & NEW ZEALAND BANKING GROUP LTD - Form 6-K

There can be no assurance that actual outcomes will not differ materially from the forward-looking statements contained in the Form 6-K.

### Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Australia and New Zealand  
Banking Group Limited

(Registrant)

By:

/s/ John Priestley  
Company Secretary  
(Signature)\*

Date 03 April 2006

---

\* Print the name and title of the signing officer under his signature.

---