

AUSTRALIA & NEW ZEALAND BANKING GROUP LTD
Form 6-K
January 08, 2007

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 December 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.

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. 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 08 January 2007

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

Corporate Communications

100 Queen Street

Melbourne Vic 3000

www.anz.com

For Release: 6 December 2006

ANZ's Asia Strategy

ANZ has an opportunity to build a high-growth core banking business to take advantage of the prospective growth rates in Asia. Ultimately our aim is to build Asia-Pacific as the third core geographic franchise in addition to consolidating our position in its domestic markets of Australia and New Zealand, and to advance our position as Australia's leading bank in Asia, building on our existing presence and long experience in the region.

Why Asia?

The developing countries in Asia are likely to have 2-3 times the economic growth of OECD countries and much higher than our domestic markets and even higher rates of growth in financial services. With Australia's increasing economic and political interdependence with Asia, this presents a natural expansion opportunity for a highly capable bank like ANZ.

Shareholders can invest in Asia and ANZ separately. What they cannot currently invest in is an Asian financial institution with ANZ inside. That, in addition to our traditional Institutional regional franchise, is what ANZ will offer investors.

While the return on risk is favourable, it is equally recognised that the risk of Asia is likely to be higher than Australia's, but this can partly be mitigated by focusing on lower risk businesses such as retail banking, by leveraging our knowledge of our clients, and through exporting genuine capability that may be lacking in these developing markets. Additionally, with the increase in intra-Asia trade and economic activity, Asia now has less reliance on the US.

Our Approach

Network businesses we will to grow our ANZ branded network business in Asia, which is already one of the largest in the region. We will continue supporting trade flows in the region, supporting our Australian and New Zealand clients doing business in Asia, and supporting our Asian clients doing business in Australia and New Zealand. This business grew 45% last year.

Partnership businesses we will invest in establishing retail and small business oriented partnerships with local banks with strong but under-leveraged franchises. We will provide support in their development with our well-recognised domestic and international banking expertise, to accelerate their growth and development. Key areas of management involvement are in retail banking, small business, credit cards and risk management.

Some countries are unrestricted in their foreign shareholdings and this would permit us to have legal and management control. In most cases however, there are shareholding restrictions, which limit our shareholding, say to an initial 20%. This varies by country. In addition, domestic-owned banks tend to have full freedom whereas foreign-owned banks tend to operate with local restrictions. By partnering with local owners ANZ can participate more fully in these markets.

Also, ANZ is targeting joint-ventures in specialist areas such as credit cards where we can hold a higher share in the joint-venture, than in the partner.

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

ANZ's Asia Strategy

Going Forward

In terms of investing additional capital, our focus will be on the Partnerships business, where over the medium term we will look for further opportunities in existing countries with our partners, and in high population fast-growing developing countries. This could include further city investments in China, an increased investment in Indonesia, Vietnam or the Philippines, and new situations in countries such as Thailand. We are unlikely to invest in more developed markets such as Japan, Singapore, and Hong Kong, other than in Institutional.

As regulations relax we would also be willing to expand our shareholdings in our existing partnerships and work with them in local consolidation opportunities.

Over the medium-term, the higher growth rates in our Asia businesses could result in Asia being material to ANZ, and equivalent in the fullness of time to New Zealand in its contribution to ANZ.

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Asian Strategy Update

Australia and New Zealand Banking Group Limited

6 December 2006

www.anz.com

Asian expansion is central to ANZ's growth strategy

ANZ's Asian Strategy

Business	ANZ Network	International Partnerships
Strategy	Meeting banking requirements of Australia, NZ & Multinational Corporates and Private Bank & Ex-pat customers throughout Asia	Equity investments in local financial institutions in rapidly growing and developing Consumer & SME markets
Highlights	<ul style="list-style-type: none">• Representation in 12 countries• Leading Australian bank in Asia, over 600 staff• Strong financial performance, FY06 NPAT up 45%• Markets, Trade and Personal & Private Banking key contributors	<ul style="list-style-type: none">• ANZ creates value via transfer of experience and technical expertise• SRCB and potential AMMB deal consistent with strategy• Increasing portfolio focused on medium to long term value creation• Size and timing of future investments dependent on emergence of acceptable opportunities

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ANZ is Australia s leading bank in Asia with a presence in 13 markets

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Asia's growth paradigm creates three very large opportunities

1 Trade

**Asia driving global trade,
particularly China**

24% of global trade, regional trade
US\$1 trillion

- Trade Finance
- Foreign Exchange

2 Infrastructure

Intensive Investment

US\$1 trillion in new infrastructure
investment

- Project Finance
- Advisory Mandates

3 Retail

**Growth in Personal Saving and
Spending**

US\$2 trillion in potential new
deposits by 2009

- Retail/SME Banking
- Credit Cards
- Mortgages

Asia Network

Partnerships

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We have a substantial Network business

CHINA

- Established 1986 with branches in Beijing, Shanghai and Guangzhou
- 82 staff
- Only Australasian bank offering full range of banking services

HONG KONG SAR

- Established 1970; 30 staff
- Leading Australian/NZ bank
- Supporting of trade flows between Australia/NZ & Hong Kong

VIETNAM

- Commenced 1993 with branches in Hanoi, Ho Chi Minh City & representative office in Can Tho
- 120 staff
- Leading foreign bank & electronic banking provider

INDIA

- Small presence in Mumbai since sale of Grindlays
- Non-bank financial company
- Trade finance & corporate banking

MALAYSIA & THAILAND

- Representative offices in Kuala Lumpur & Bangkok with total of 5 staff
- Network support for companies doing trade business in Malaysia & Thailand

SINGAPORE

- Regional headquarters for Asia
- Established 1974 & currently holding a wholesale banking licence
- 130 staff
- Regional hub for all lines of business across Asia - specialising in structured finance & advisory services and structured trade finance

KOREA

- Established 1978 with branch in Seoul
- 20 staff
- Principally trade finance services to support ANZ's international customers

JAPAN

- Commenced 1969 with branches in Tokyo & Osaka; 56 staff
- The first, and still the only Australasian based bank with a branch in Osaka

TAIWAN

- Established 1980 with branch in Taipei
- 40 staff
- Wide variety of individual, corporate and commercial, trade finance and foreign exchange services

PHILIPPINES

- Established 1990; 41 staff
- Full service commercial bank specialising in corporate banking, trade finance, international remittances and treasury

INDONESIA

- Established 1973 through 85%-owned subsidiary PT ANZ Panin
- 70 staff in the Network business
- Focus on trade finance, global MNCs and personal banking

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which is performing very well

Revenue growth delivering strong NPAT

Strong deposit Growth

(\$m)

Source of Revenue by business

supporting lending growth with a shift towards lower risk exposure (\$b)

Non Performing Loans reduced to zero in FY06

We continue to carve a regional niche in our business

Awards include:

Best Bank in Asia

Global Finance, World's Best Project Finance Bank 2005

Project Finance Deal of the Year

Infravest Wind Power, Euromoney Deal of the Year 2005

Best Project Finance Deal

Nam Theun 2, FinanceAsia Achievement Awards 2005

Asia-Pacific Project Adviser of the Year

Nam Theun 2, Project Finance International PFI Awards 2005

Signatures

The Best Customer Oriented Bank 2005

Vietnam Economic Times

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Partnership strategy creates a new high growth business

Core Elements

1 Markets with higher economic growth rates than Aust/NZ

2 Markets interconnecting strongly with Aust/NZ

3 Markets which are underbanked & less developed*

4 Partners with good footprints in their markets

5 Opportunities for ANZ to add value

**focus on Consumer & SME Banking*

Prospective Growth

We are entering markets with much higher growth prospects Illustrative

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targeting rapidly growing Asian markets

Asia's Retail Banking Opportunity

- Good potential for more developed banking services
- Low penetration of personal/SME banking
- Strong savings
- Strong aspirations for home ownership
- Growing demand for consumer goods
- Emerging use of debt for personal dwellings, vehicles etc

Countries

China

- Central (SRCB, Shanghai)
- North (TCCB, Tianjin)

S.E. Asia

- India, Indonesia, Malaysia, Vietnam

- Higher priority markets
- Relatively lower risk profile
- Attractive size

S.E. Asia

- Philippines, Thailand

- High growth upside
- High reliance on strong partner

Ground Floor

- Cambodia, Laos

- Less developed bank markets
- Small investments, first mover

Consumer Debt

US\$ GDP ppp/capita

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and taking a longer-term perspective

Illustrative partnership approach

1 Cooperate upfront	2 Plan together	3 Transform progressively	4 Perform over the long term
<p>Agreed Initial Focus Areas</p> <ul style="list-style-type: none"> • Risk management • Retail banking • Governance • Technology <p>Agreed ANZ Representation</p> <ul style="list-style-type: none"> • Board Member • Risk Committee • Senior Advisors <p>Committed Projects</p> <ul style="list-style-type: none"> • First projects agreed • Quick wins <p style="text-align: center;">Pre-transaction</p>	<p>Business Strategy</p> <ul style="list-style-type: none"> • Jointly develop strategy • Focus on organic growth <p>ANZ Representation</p> <ul style="list-style-type: none"> • Project teams in place • 3-6 month duration <p>Projects</p> <ul style="list-style-type: none"> • Medium to longer-term projects agreed • ANZ and partner deliverables clear <p style="text-align: center;">Year 1</p>	<p>Project Teams</p> <ul style="list-style-type: none"> • Agreed resourcing • Senior-level sponsorship • Closely monitoring progress <p>Training & Development</p> <ul style="list-style-type: none"> • Included in projects • Melbourne & across Asia <p>Corporate Strategy</p> <ul style="list-style-type: none"> • Participation in consolidation <p style="text-align: center;">Year 2 - 3</p>	<p>Leverage</p> <ul style="list-style-type: none"> • Capturing growth opportunities • Clear progress towards market leadership • Superior financial performance • Progress on strategic goals • Improved access to capital markets <p style="text-align: center;">Year 5+</p>

The strategy is delivering value two recent examples

Philippines

- Credit Card partnership formed with Metrobank in 2003

Card numbers increased whilst delinquencies reduced

Profit dramatically improved

Cambodia

- Banking partnership formed with Royal Group in 2005

Significant FUM growth over short period

Cambodia s leading Bank within 12 months

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The Business Co-operation Agreement (BCA) sets out key areas of focus and contributions of each party - EXAMPLE

	Retail	Corp/SME (non Gov t)		Trade		Markets	
Partner Action	ANZ value add	Partner Action	ANZ value add	Partner Action	ANZ value add	Partner Action	ANZ value add
• Product managers	• Permanent Senior Advisor	Policy of tangible collateral or self-liquidating loans	• Permanent Senior Advisor	Product manager	• Short-term advisor	• New leadership	• Project role (3-6m)
• Branch redesign	• Product	• Dedicated credit processes	• Product	• Train sales team	• Product	• Risk framework	• Product & Research
• Split sales/service	• Sales training	• Build sales-oriented culture	• Credit risk	• Increase trade licenses	• Sales	• Improve FTP	• Risk models
• Split back office	• Local CEO		• Back office	• Cross-sell FX	• ANZ trade system	• Improve reporting	•