

FEDERAL RESERVE SYSTEM

Australia & New Zealand Banking Group Limited  
Melbourne, Australia

Order Approving the Acquisition of a Bank

Australia & New Zealand Banking Group Limited, a foreign banking organization subject to the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act (12 U.S.C. § 1842) to acquire all voting shares of Amerika Samoa Bank, Pago Pago, American Samoa (“Amerika Samoa”).

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (65 Federal Register 34,182 (2000)). The time for filing comments has expired, and the Board has considered the proposal in light of the factors set forth in section 3 of the BHC Act.

ANZ has total consolidated assets of approximately \$88 billion and is the second largest banking organization in Australia.<sup>1</sup> ANZ operates a branch in New York, New York, and engages in limited nonbanking activities in the United States.

Amerika Samoa is the second largest banking operation in American Samoa, controlling deposits of \$44 million, representing 44 percent of all deposits in commercial banking organizations in American Samoa. ANZ does not have banking operations in the banking market in which Amerika Samoa operates. Based on this and the other facts of record, the Board

concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market, and that competitive considerations are consistent with approval.

### Certain Supervisory Considerations

Under section 3 of the BHC Act, the Board may not approve an application involving a foreign bank unless the bank is “subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in the bank’s home country.”<sup>2</sup> The Board has made the following findings with regard to the supervision of ANZ.

The home country supervisor of ANZ is the Australian Prudential Regulation Authority (“APRA”).<sup>3</sup> The Board previously determined, in an application filed under section 3 of the BHC Act, that another Australian bank

---

<sup>1</sup> Asset data are as of December 31, 1999, and use exchange rates then in effect, and deposit data are as of June 30, 1999.

<sup>2</sup> 12 U.S.C. § 1842(c)(3)(B). As provided in Regulation Y, the Board determines whether a foreign bank is subject to consolidated home country supervision under the standards set forth in Regulation K. See 12 C.F.R. 225.13(a)(4). Regulation K provides that a foreign bank may be considered subject to consolidated supervision if the Board determines that the bank is supervised or regulated in such a manner that its home country supervisor receives sufficient information on the worldwide operations of the foreign bank, including the relationships of the bank to its affiliates, to assess the foreign bank’s overall financial condition and compliance with law and regulation. See 12 C.F.R. 211.24(c)(1)(ii).

<sup>3</sup> In July 1998, the APRA assumed the bank supervisory functions formerly exercised by the Reserve Bank of Australia. This transfer of supervisory responsibilities has not resulted in any material changes in the scope or nature of the supervision of Australian banks.

was subject to home country supervision on a consolidated basis.<sup>4</sup> The Board finds that ANZ is supervised in substantially the same manner as the other Australian bank. Based on this finding and all the facts of record, the Board concludes that ANZ is subject to comprehensive supervision on a consolidated basis by its home country supervisor.

The BHC Act also requires the Board to determine that ANZ has provided adequate assurances that it will make available to the Board such information on its operations and activities and those of its affiliates that the Board deems appropriate to determine and enforce compliance with the BHC Act.<sup>5</sup> The Board has reviewed the restrictions on disclosure in jurisdictions where ANZ has material operations and has communicated with relevant government authorities concerning access to information. ANZ has committed that it will make available to the Board such information on its operations and the operations of any of its affiliates that the Board deems necessary to determine and enforce compliance with the BHC Act, the International Banking Act (12 U.S.C. 3101 et seq.), and other applicable federal law. ANZ also has committed to cooperate with the Board to obtain any waivers or exemptions that may be necessary in order to enable ANZ to make any such information available to the Board. In light of these commitments and other facts of record, the Board concludes that ANZ has provided adequate assurances of access to any appropriate information the Board may request.

---

<sup>4</sup> See National Australia Bank Ltd., 81 Federal Reserve Bulletin 1153 (1995).

<sup>5</sup> See 12 U.S.C. § 1842(c)(3)(A).

### Other Factors under the BHC Act

The Board also has carefully considered the financial and managerial resources and future prospects of the banks and companies involved in this proposal, the convenience and needs of the communities to be served, and other supervisory factors applicable under the BHC Act.<sup>6</sup> ANZ's capital levels exceed the levels required under Australian capital guidelines. The capital levels of ANZ also exceed the capital levels under the Basle Capital Accord and are considered equivalent to the capital levels that would be required of a U.S. banking organization under similar circumstances.

The Board has reviewed supervisory information from the home country authorities responsible for supervising ANZ, confidential financial information from ANZ, and reports of examination from the appropriate federal and state supervisors of the organizations involved in the proposal assessing the financial and managerial resources of the organizations. Based on all the facts of record, the Board has concluded that the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are other supervisory factors that the Board must consider under section 3 of the BHC Act. Considerations related to the convenience and needs of the communities to be served, including the

---

<sup>6</sup> The Board received one comment from an individual who objected to the manner in which Amerika Samoa selects outside real estate appraisers in American Samoa. An institution's selection of its outside contractors generally is beyond the scope of factors that the Board is permitted to consider under section 3 of the BHC Act, and the record does not indicate that Amerika Samoa's selection criteria has had an adverse effect on the bank. The Board has forwarded the comment to the Federal Deposit Insurance Corporation ("FDIC") and the Department of Legal Affairs of the Territory of American Samoa, the appropriate federal and state supervisors of Amerika Samoa.

performance record of Amerika Samoa under the Community Reinvestment Act (12 U.S.C. § 2901 et seq.) (“CRA”), also are consistent with approval of the proposal.<sup>7</sup>

### Conclusion

Based on the foregoing and all the facts of record, the Board has determined that the application should be, and hereby is, approved. The Board’s approval is specifically conditioned on ANZ’s compliance with all the commitments made in connection with this application. The approval is also specifically conditioned on the Board’s receiving access to information on the operations or activities of ANZ and any of its affiliates that the Board determines to be appropriate to determine and enforce compliance by ANZ and its affiliates with applicable federal statutes. The commitments and conditions relied on by the Board in reaching its decision are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition of Amerika Samoa shall not be consummated before the fifteenth calendar day following the effective date of this order, and the proposal shall not be consummated later than three months after the effective date of this order, unless such period is extended for good cause by

---

<sup>7</sup> Amerika Samoa was rated “outstanding” in its most recent CRA performance evaluation conducted by the FDIC, as of June 8, 1998.

the Board or the Federal Reserve Bank of New York, acting pursuant to delegated authority.

By order of the Board of Governors,<sup>8</sup> effective August 7, 2000.

(signed)

---

Robert deV. Frierson  
Associate Secretary of the Board

---

<sup>8</sup> Voting for this action: Chairman Greenspan, Vice Chairman Ferguson, and Governors Kelley, Meyer, and Gramlich.