Media Release

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ANZ receives Basel II accreditation from APRA

ANZ today confirmed the Australian Prudential Regulation Authority (APRA) has advised that the Bank has achieved Advanced accreditation under the new Basel II rules for capital adequacy.

Accreditation by APRA means ANZ will now use the most sophisticated approaches for the three major risk types facing banks - credit risk, operational risk and market risk - for regulatory capital determination from 1 January 2008.

ANZ Chief Executive Officer Mr Michael Smith said: “We have made a significant investment in our risk management framework and infrastructure over recent years to provide ANZ with some of the most advanced risk management capabilities globally.

”We have already seen benefits from this work with improvements to the speed and consistency of our customer credit decisions. This work also provides an important platform from which we can continue to make improvements to our risk models for the benefit of our customers and the Bank.

“We expect that our high-quality business lending portfolio and a large well diversified consumer portfolio will allow for some reduction in ANZ’s minimum regulatory capital requirements under the new Basel II rules. This will also be a positive for our shareholders.

“We are however continuing to have discussions with APRA on a number of issues to finalise specific impacts,” Mr Smith said.

APRA has placed a cap of 10 per cent in 2008 on any reduction in capital requirements from the Basel II changes and has advised the cap will be retained during 2009 pending a review of experience with the Basel II advanced approaches.

In a simultaneous announcement today by the New Zealand banking regulator, The Reserve Bank of New Zealand advised that ANZ National Bank, ANZ’s New Zealand subsidiary, has received Advanced accreditation under the new Basel II framework from 1 January 2008.

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