



Media Release

For Release: 10 November 2010

ANZ changes deposit and lending rates

- **new package to improve choice for customers**
- **mortgage exit fee abolished**
- **discounted 3-year fixed rate mortgage offer**
- **offer includes discounts, subsidies to save on switching costs for new and existing customers**

ANZ today announced it will increase its variable mortgage interest rate by 0.39%pa to 7.80%pa following the sustained rise in the cost of funds in recent months.

Variable deposit rates have also risen by up to 0.75%pa in recent weeks.

ANZ also announced it would introduce a new package of measures to create more competition in the mortgage market and help customers better manage repayments in an uncertain interest-rate environment.

ANZ's mortgage package features:

- Abolishing the Deferred Establishment Fee for mortgages (also known as an 'exit fee').
- Offering a 0.44% discount on ANZ's current 3-year fixed mortgage rate until the end of 2010 reducing the interest rate to 7.10%pa - 0.70%pa less than the standard variable rate.
- Providing up to \$1,600 in fee discounts and subsidies until the end of 2010 to reduce 'switching costs' for new and existing customers, including:
 - Waiving ANZ's Loan Approval Fee of up to \$600 for all new and existing mortgage customers applying for ANZ's discounted 3-year fixed rate offer.
 - Providing a subsidy of up to \$1,000 to offset switching costs charged by other institutions for new mortgage customers applying for ANZ's discounted 3-year fixed rate offer.

ANZ CEO Australia Philip Chronican said: "Raising lending rates is never an easy decision and while we have taken a commercial decision to increase variable interest rates, we've also recognised that we need to take the lead in doing more to give customers' choice and to help them manage their finances in this uncertain interest rate environment.

"This package gives Australians greater choice by reducing switching costs and introducing a very competitive fixed rate offer for customers wanting to fix their mortgage interest rate at a lower rate compared to the standard variable rate.

"At the same time, the intense competition for deposits and high wholesale funding costs is very real and has continued to increase the average cost of lending. ANZ's fortunate however that these pressures are less pronounced because of our funding diversity, particularly our ability to grow deposits in Asia.

"Our mortgage exit fee was already among the lowest in the market and by abolishing it we are telling our customers we are prepared to win and retain their business through competitive pricing, convenient products and great customer service.

"We know our combination of competitive pricing, convenient products and great customer service is attractive to customers of other banks because we have been consistently growing market share in mortgages over the recent months.

"We also understand that we need to keep working hard to identify savings in all areas of our mortgage business to help minimise the impact that current funding pressures are having on customers. This includes continuing improvements in our operational processes and all our distribution channels," said Mr Chronican.

ANZ also announced changes to deposit rates with ANZ's Premium Cash Management Account up 0.25%pa and ANZ Progress Saver Account having increased 0.75%pa in recent weeks. Interest rates for credit cards will increase by 0.25%pa. Interest rates for business lending will increase by 0.39%pa.

"Higher interest rates are stretching many household budgets and we have other options on top of this package to help our customers manage. These options are available to all existing ANZ home loan customers and there is no need to actually establish that hardship exists," said Mr Chronican.

Customers wishing to take advantage of ANZ's fixed mortgage rate switching offer or if any ANZ customers are struggling to meet re-payments should call ANZ on 1800 035 500 or visit their nearest ANZ branch.

All changes are effective Monday 15 November 2010, except credit cards which will be effective the following day.

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