



Media Release

For Release: 23 July 2015

ANZ residential investment property loan interest rates to increase

- no change to standard variable rate for owner-occupied home loans, cuts to fixed rates for new owner-occupied home loans -

ANZ today announced interest rates for residential investment property loans will increase to manage investor lending growth targets* and in response to changing market conditions.

There is no change to other variable lending rates including the Standard Variable Rate for owner-occupied home loans or for business lending. Fixed rates for new owner-occupied home lending will be reduced by up to 0.40%. (See table.)

Effective Monday, 10 August 2015, ANZ's variable Residential Investment Property Loan (RIPL) Index Rate will rise by 0.27% to 5.65%pa (5.76%pa comparison rate). Fixed rates for new Residential Investment Lending will also increase by up to 0.30%. (See table.)

ANZ CEO Australia Mark Whelan said: "Although interest rates for residential property investors are at very low levels historically, the decision to raise interest rates for residential investment lending has been difficult but necessary in the current environment.

"It allows us to balance the mix of our lending between owner-occupied and investment lending as well as the impact of changing market conditions. This includes a decision to cut fixed rates for new owner-occupied home lending.

"This is a considered decision that takes into account our customers' position and the criteria we look at when setting rates including our competitive position, our regulatory obligations and the state of the residential property market," Mr Whelan said.

ANZ has also introduced a series of other measures recently to improve the mix between investor and owner occupied lending. For residential investment lending, these include reducing interest rate discounts, increasing the deposit required to at least 10% and increasing interest rate sensitivity buffers.

Investor customers concerned about interest rates and their ability to make repayments should visit any ANZ branch or anz.com, or call ANZ on 13 13 14 to discuss options.

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* APRA submission into home ownership, 26 June 2015, page 8: "... all ADI's [Authorised Deposit-taking Institutions] with material investor loan portfolios have committed to operate at or below APRA's 10 per cent benchmark ... There are various market-based levers that ADIs can use to manage their flow of new lending. These include dampening demand naturally through pricing increases, or reducing successful loan applications through use of additional risk criteria."
<http://www.apra.gov.au/Submissions/Documents/Inquiry-into-home-ownership-Jun2015.pdf>

Changes to ANZ Fixed Rates for Residential Investment Lending (without Package)
Effective Tuesday, 28 July 2015

Term	Current Rate	New Rate	Change	Comparison Rate
1-year	4.64%pa	4.94%pa	+0.30%pa	5.64%pa
2-year	4.74%pa	5.04%pa	+0.30%pa	5.60%pa
3-year	4.84%pa	5.14%pa	+0.30%pa	5.58%pa
4-year	5.14%pa	5.14%pa	No change	5.55%pa
5-year	4.74%pa	5.04%pa	+0.30%pa	5.48%pa

0.15% discount currently available within Breakfree Package

Changes to ANZ Fixed Rates for Home Lending (without Package)
Effective Tuesday, 28 July 2015

Term	Current Rate	New Rate	Change	Comparison Rate
1-year	4.64%pa	4.54%pa	-0.10%pa	5.35%pa
2-year	4.74%pa	4.44%pa	-0.30%pa	5.27%pa
3-year	4.84%pa	4.54%pa	-0.30%pa	5.22%pa
4-year	5.14%pa	4.74%pa	-0.40%pa	5.23%pa
5-year	4.74%pa	4.74%pa	No change	5.19%pa

0.15% discount currently available within Breakfree Package

Note:

ANZ's Australian total mortgage book as at 31 March 2015 was \$218 billion – see page 65 of the ANZ 1H15 Results slides. At the time the portfolio comprising the Residential Investment Property Loan Index represented circa 30% of the total mortgage book.