



Media Release

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ANZ reviews mortgage broker commissions

ANZ today announced changes to mortgage broker commissions following a comprehensive review of the economics of the broker channel.

Interest rates and fees for personal mortgage customers are **not** affected as a result of the changes to broker commissions.

Gross margins on mortgages have fallen by around 20 basis points (0.20%) since 2002 as a result of increased competition and a greater reliance on higher-cost wholesale funding. Over the same period, broker commissions paid by ANZ have remained largely unchanged.

ANZ Managing Director Mortgages Mr Chris Cooper said: "The broker market is strategically important however it is unlikely the overall margin decline will be reversed.

"As a result, ANZ has no choice but to make changes to protect its business and to ensure customers using brokers continue to receive competitively priced mortgages," he said.

The changes to broker commissions are:

- a 5 basis points reduction in trailing commissions - currently between 20 and 30 basis points depending on broker loan portfolio size
- tiered refunds of broker commission to ANZ if loans are repaid within 18 months or substantially reduced within 12 months.

"We are committed to working with our broker partners. We have leading mortgage products and the broker channel has helped grow our market share by serving customers in regions where we are under represented and by attracting customers who are new to ANZ," Mr Cooper said.

"We have re-engineered our business to try and absorb margin decline in recent years. The size of margin reduction however, particularly over the last year, has meant we have no choice but to share some of the effect of lower margins with brokers through lower commissions," he said.

The changes to commissions are effective for new mortgage loans written by brokers from 1 March 2005.

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