

Media Release



Corporate Communications

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ANZ increases deposit and lending rates by 25bp and allows customers to maintain current repayment amount by extending loan term

In line with the direction given by the Reserve Bank of Australia to increase the Official Cash Rate by 0.25%pa earlier this week, ANZ today announced it would increase interest rates for a range of key deposit and lending products by the same percentage.

However, in response to the change, ANZ has put in place new special assistance measures to help customers who are having difficulty with repayments on their home loan, personal loan, or credit card, principally by extending the term of variable rate loans to maintain repayments at the current level.

ANZ Group Managing Director Personal, Mr Brian Hartzler said: "This is the second increase in official rates this year which inevitably places additional pressure on household budgets.

"Although our customers are continuing to manage their repayments reasonably well, given the underlying strength in the Australian economy, we understand the increase may be difficult for some families.

"If customers are experiencing any difficulty meeting their new repayments, we encourage them to contact us to work through the available measures to help address their individual circumstances.

"We are committed to helping our customers manage their finances better and we have also taken the step of publishing tips and advice on anz.com to help them reduce the cost of home or personal borrowing," Mr Hartzler said.

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Details of Changes to ANZ Interest Rates

Effective Monday, 7 August 2006, the interest rate on ANZ's standard variable rate home loan will increase by 0.25%pa to 7.82%pa (7.87%pa Comparison Rate*) for new and existing customers.

The rise in the standard variable rate will increase repayments on an average \$150,000 25-year loan by \$24.59 per month. ANZ customers with standard variable rate loans will continue to benefit from features such as no monthly fees and 100% offset facility.

ANZ's other variable rate mortgage products will also increase by 0.25%pa effective from 7 August. The new rates are: Money Saver – 7.22%pa; Equity Manager – 7.82%pa; Home Equity – 8.32%pa. Fixed rate loans have increased in recent weeks following increases in wholesale interest rates. The current rates are: 1 Year, 2 Year and 3 Year – 7.19%pa; 4 Year and 5 Year – 7.35%pa and 7 and 10 Year – 7.49%pa.

Following rises in wholesale interest rates in recent weeks, rates of ANZ Term Deposits have also risen by up to 0.30%pa. The new rates effective from 7 August include: 12 Month Term Deposit – 6.10%pa (up 0.30%pa since mid-June) and 3 Month Term Deposit – 5.75%pa (up 0.25%pa since mid-June).

Effective Monday, 14 August 2006, interest rates on the ANZ Premium Cash Management Account will increase by 0.25%pa for balances of \$100,000-\$250,000 and 0.35%pa for balances above \$250,000. Interest rates for ANZ V2 Plus will increase 0.25%pa and ANZ's mainstream savings product, ANZ Progress Saver, will also increase by 0.25%pa for balances from \$0 to \$50,000.

The ANZ Personal Lending Index rate, ANZ Retail Index rate and ANZ's Business Lending rates will also increase by 0.25%pa from 7 August.

The increase in the Reserve Bank's Official Cash Rate has also resulted in increases in interest rates for credit cards effective Tuesday, 8 August 2006. The new rates include: ANZ Low Rate MasterCard 12.24%pa and ANZ First 17.50%pa.

* Comparison Rate calculated on a loan amount of \$150,000 over a term of 25 years with monthly repayments.

Tips and advice to help reduce the cost of home or personal borrowing

ANZ wants to help customers manage their finances responsibly. With interest rates having increased twice this year, it is worth customers making sure their mortgages and credit cards are not costing more than they need to. The following are some tips to help save money on home loans and credit cards. More detail on these tips can be found at www.anz.com.

Ways to save money and help pay off your home loan faster

- **Pay extra from the start.** Paying just \$50 above the minimum repayment on a \$100,000 variable-rate loan can cut years off the loan term and save you thousands in interest costs.
- **Consider a loan package.** When taking out a new home loan, you may qualify for a special package offering discounted loan products and low fees.
- **Set up a mortgage offset account.** Mortgage offset accounts can help reduce the amount of interest payable on your linked home loan. The interest savings can really add up over the life of your loan and the money in an offset account is easy to access.

- **Move to fortnightly repayments.** One of the easiest ways to pay off your loan sooner is to shift from monthly to fortnightly repayments. You will effectively make 13 monthly repayments instead of 12, which will reduce the principal more quickly and cut your total interest bill.
- **Put extra income towards your home loan.** Deposit any extra income such as dividend cheques, annual bonus or tax return directly into your loan account. You probably won't notice the difference in your daily spending but you will notice the difference in your loan balance.

Manage your credit card carefully and save money

- **If you can't afford it – don't buy it.** Only charge items to your card that you know you can afford to pay off within a realistic time frame.
- **Avoid paying unnecessary fees.** Higher fees can come from having more than one card, using your credit card to withdraw cash, exceeding your credit limit and being late with monthly payments. Avoiding or minimising these activities can save money.
- **Avoid interest payments altogether.** You can avoid paying interest on your purchases if your card offers interest free days and you always pay off the closing balance on your card in full, by the due date on your statement.
- **Minimise interest charges.** Always pay at least the minimum repayment by the due date. Better still, if possible, pay more than the minimum – the more you pay, the faster you can reduce your credit card debt and the less interest you will pay.
- **Don't use your credit card for long-term borrowing.** It is worth speaking to us about consolidating your debts under one umbrella like your housing loan.
- **Choose the right sort of card to suit your needs and spending habits.** If you think you will have a regular ongoing balance on your credit card, then you should look for a card with a low interest rate. If you plan to pay off your balance in full each month, you are better off focusing on things like annual fees and rewards.
- **Manage your debt sensibly.** Talk to us if you get into trouble paying off your credit card and see whether you can organise a payment schedule that works for you.