

Media Release



Corporate Communications

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ANZ changes deposit and lending rates - provides options to assist customers manage repayments -

ANZ today announced it would increase variable interest rates for a range of deposit and lending products by 0.35%pa following the recent increase in the Cash Rate by the Reserve Bank of Australia and increases in funding costs associated with the turmoil in global credit markets.

"We understand higher interest rates are stretching many household budgets and we have put in place a range of options to help customers. These options are available to all existing ANZ home loan customers and there is no need to establish that hardship exists," ANZ Group Managing Director Personal, Brian Hartzler said.

Options available to help customers manage repayments include:

- extending loan terms to maintain existing repayment levels; or
- short term repayment 'holidays'.

Other options include switching to a fixed rate loan to provide greater certainty on future repayments or to an ANZ Money Saver home loan with fewer features at a lower interest rate.

Mr Hartzler said the increase in rates reflected the higher cost of borrowing that is affecting banks around the world. "Not only is wholesale funding now coming at a much higher cost but liquidity is continuing to tighten as global markets ration debt funding.

"We have been absorbing a significant part of the increase in the cost of funds but unless we strike a balance between absorbing some of the increase and passing some on to customers, we will ultimately be limited in the amount we are able to lend customers to buy houses or to expand their businesses.

"The reality is that the ripple effects of the US sub-prime lending crisis have worsened since January. ANZ is now paying up to an additional 20 basis points over and above recent Reserve Bank increases for the short term wholesale funds it lends to customers and even more for term funds.*

"We hope global market conditions will ease in the medium term and more normal conditions will return. We are committed to passing on reductions in wholesale interest rates by reducing lending rates for customers when that occurs," Mr Hartzler said.

Key Deposit and Lending Rate Changes

Deposit products will rise by up to 0.35%. The increases include ANZ Progress Saver up 0.35%pa from 12 March. Selected Term Deposit rates have increased by up to 0.55% in recent weeks including 3 Month TD – 7.60%pa, 6 Month TD – 7.80%pa, 12 Month TD – 7.90%pa.

Interest rates for ANZ's variable rate mortgage products will increase by 0.35%pa for new and existing customers. New rates effective 12 March include: Standard Variable Rate Home Loan – 9.37%pa (9.42%pa Comparison Rate); Money Saver – 8.77%pa and Equity Manager – 9.37%pa.

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Fixed mortgage rates will also increase. New rates effective 13 March are: 1, 3 and 4 year fixed rate – 8.99%pa (+0.25%pa); 2 year fixed rate – 8.89%pa (+0.25%pa); 5 year fixed rate – 9.14%pa (+0.40%pa).

Effective 12 March, interest rates for business lending will increase by 0.35%pa. Interest rates for credit cards remain under review.

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*** Note for Editors: Increases in Short and Long Term Funding Costs**

