



Media Release

For Release: 13 April 2012

ANZ April 2012 Interest Rate Review

- variable rates for mortgages and business lending increase by 0.06%pa -

ANZ today announced it will increase interest rates for variable rate mortgages and small business lending by 0.06%pa reflecting continued pressures on the cost of deposits and wholesale funding.

Key Points

- Increased competition for deposits, particularly term deposits, is currently the most significant driver of rising funding costs.
- Replacement of less expensive term wholesale debt is continuing to push up the average cost of wholesale funding.
- Recent ANZ rate increases paced to assist customers to adjust to new environment while remaining competitively positioned with other major lenders.

Effective 20 April 2012, ANZ's new standard variable mortgage rate will be 7.42%pa (7.52%pa comparison rate). New small business rates are also effective from 20 April.

Standard Variable Mortgage Interest Rates for Major Banks

ANZ	Westpac	NAB	CBA
7.42%pa	7.46%pa	7.31%pa	7.41%pa

The 0.06% increase will add \$3.25 per week to the average home loan of \$280,000 while the increase will add \$1.50 per week to an average business loan of \$130,000.

ANZ CEO Australia Philip Chronican said: "The funding environment changed quite dramatically in late 2011 as a result of the economic and financial crisis in Europe. This has seen wholesale funding costs rise and competition increase dramatically among banks for deposits.

"We accept our response to the new funding environment is difficult for some of our customers - even though deposit customers have benefited from better rates.

"Given this and the volatility we have seen in wholesale funding markets, we wanted to ensure these costs were sustained before we acted to pass them on. We also wanted to pace increases in a way that was manageable for our customers and ensured we were competitively positioned.

"Despite being the only bank that has committed to having a transparent process to review its lending rates, since we moved to reviewing variable rates each month ANZ customers have not been unfairly disadvantaged relative to the rest of the market.

"Throughout that period, our variable rates for mortgages and business lending have been competitively positioned and even with today's increase our rates continue to be competitive compared to other major lenders," Mr Chronican said.

Today's monthly interest rate review follows an announcement by ANZ in December 2011 that it would review variable rates for retail mortgages and small business lending on the second Friday of each month.

ANZ has options available to help customers concerned about interest rates manage their repayments. These include extending loan terms or switching to a fixed rate loan to provide greater certainty on future repayments, or to an ANZ Simplicity PLUS home loan, with fewer features at a lower interest rate. Customers who would like assistance should visit an ANZ branch or business centre, log on to anz.com, contact their relationship manager or call 13 13 14 (mortgage customers) or 1800 801 485 (business customers).

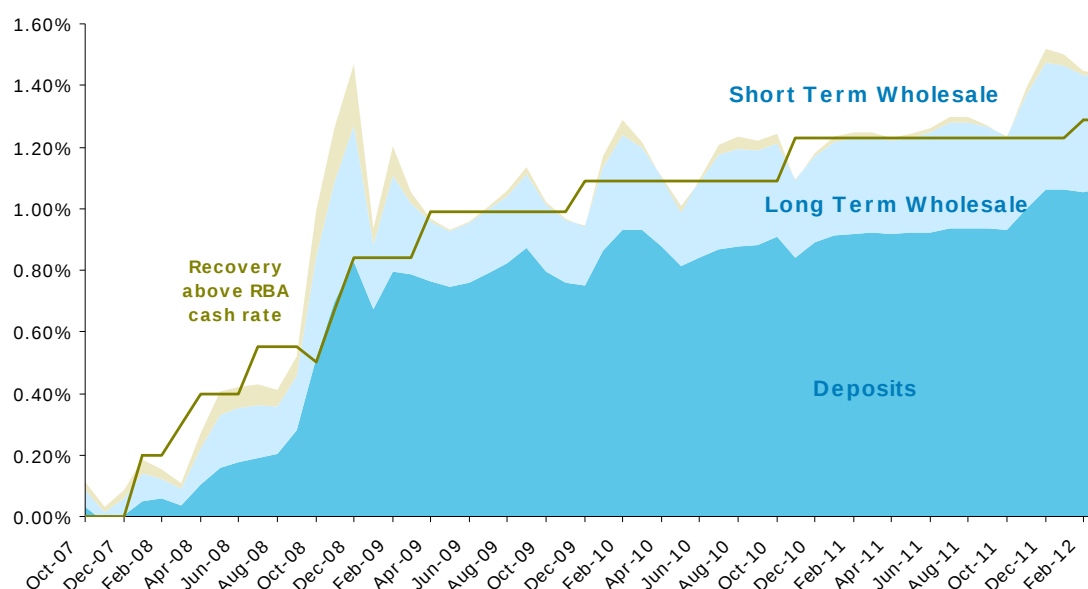
For media enquiries contact:

Paul Edwards
Group GM, Corporate Communications
Tel: +61-3-8654 9999 or +61-434-070101
Email: paul.edwards@anz.com

Stephen Ries
Senior Manager, Media Relations
Tel: +61-3-8654 3659 or +61-409-655551
Email: stephen.ries@anz.com

Notes for Editors:

- **Change in cost of funds over the RBA Cash Rate since the Global Financial Crisis**



- **ANZ Criteria used to Assess Interest Rates**

1. Ensuring attractive returns for depositors: ANZ is committed to providing customers with competitive returns and absolute security for their savings.
2. The cost of wholesale funding: This covers the interest we pay on funds from wholesale markets. The cost of these funds has become more volatile and expensive since the GFC and has been elevated in recent months as a result of the European debt crisis.
3. Our competitive position: ANZ is determined to remain competitive by attracting customers, winning business and managing our costs.
4. Our customers' ability to afford loan repayments: We are committed to pricing loans and lending in a responsible way and giving consideration to the financial health of our customers, the economy and the banking system in Australia.
5. Regulatory requirements: As a bank, ANZ works within a strong prudential and regulatory environment. For example, we must hold capital reserves and levels of liquidity to operate safely and securely for customers.