

# Global markets & ANZ - Customer Information Factsheet

Updated: 25 November 2008

## Key Points for customers

### Safety of Australian financial institutions

- Australian banks are fundamentally sound, profitable, well capitalised and well regulated financial institutions.
- ANZ announced a net profit of more than A\$3 billion for year ended 30 September 2008.
- ANZ's balance sheet remains strong, with a strong capital position and significantly increased liquidity over the past year.
- With a rating of AA by Standard and Poor's, ANZ is ranked amongst the top 30 Standard & Poor's AA or higher rated banks globally, highlighting its long term financial stability.
- Turmoil in global markets, particularly in the United States (US), and the softening world economic outlook have affected bank share prices around the world, including Australia. Despite the volatility, ANZ remains in a strong position.

### Australian Government Deposit Guarantee - ANZ

- The Australian Government has announced it will guarantee all deposits of Australian banks at no charge up to A\$1million.
- From 28 November 2008, deposits of up to and including A\$1 million will continue to be automatically guaranteed without charge. For deposits of more than A\$1 million, ANZ will offer customers the ability to opt-in to receive the benefit of the guarantee for a monthly fee of 0.7%pa<sup>1</sup>. This is the fee ANZ will be charged directly by the Federal Government as a AA rated bank.
- Customers can nominate the amount they wish to cover and can choose to opt-out or change their level of cover at any time.
- The fee free guarantee threshold applies to the total deposits held in one or multiple accounts by each customer in each Authorised Deposit-Taking Institution (ADI).

For more information, see **page 2** of this Customer Information Factsheet

### Some background on global markets

- Financial markets around the world have experienced unprecedented turbulence over the past year and particularly in recent months.
- All shares globally, including bank shares, have been impacted by the financial turmoil. Both real news and speculation are contributing to volatility in bank share prices. Many other stocks which depend on economic growth and consumer spending are also being impacted. For example, in recent months the transportation, retail, property and media sectors have all fallen significantly.
- All major banks in Australia are currently experiencing at least four year share price lows, primarily because of the global environment, news about increased provisions (money set aside for bad and doubtful debts) and market expectations for slowing earnings. However, major Australian banks have fared better in this environment compared to global peers, particularly US and United Kingdom (UK) financial institutions.

---

<sup>1</sup> Under arrangements established by the Australian Government, ANZ is currently in the process of applying to the scheme administrator for the Government Guarantee.

## About ANZ

- ANZ is Australia's third-biggest bank by assets and among Australia's top 10 largest companies by market capitalisation. ANZ remains a profitable bank with cash earnings of more than A\$3 billion for the year ended 30 September 2008. We are also strongly capitalised and in a strong liquidity position.
- ANZ is among the top 30 banks globally by market capitalisation. ANZ's AA rating was affirmed by Standard & Poor's in September 2008, after a review of our ability to withstand stresses stemming from recent events in global markets.
- ANZ's underlying business continues to deliver a solid performance and is demonstrating considerable resilience to global economic conditions.
- ANZ was named No.1 bank globally on the Dow Jones Sustainability Index (DJSI) 2008 for the second year in a row.

## Australian Government's Funding and Guarantee Scheme

- The Australian Prime Minister announced on 12 October 2008 that the Australian Government will guarantee all deposits of Australian banks, building societies and credit unions and Australian subsidiaries of foreign-owned banks<sup>2</sup>. The guarantee became effective immediately.
- The guarantee applies to:
  - All eligible accounts through which the deposit is made. For example, it includes savings, passbook, cheque, pensioner deeming, mortgage offset, farm management, first home saver and retirement savings accounts, and term deposits. Both retail and commercial deposits are covered.
  - Deposits held in eligible Authorised Deposit-Taking Institutions (ADIs) (of which ANZ is one) by all types of legal entities, including individuals, partnerships, businesses, (including in their offshore branches) trusts and government entities.
- Deposits denominated in any currency. While ANZ customers (both Australian residents and non-residents) with deposits held in ANZ branches offshore will be able to access the deposit guarantee for domestic deposits, fees will apply to all deposits – i.e there will not be a fee-free threshold as there is for Australian ADIs.
- On 24 October, the Government announced details of the fees applicable to the deposit guarantee, which are:
  - Deposits of up to A\$1 million will be free and,
  - From 28 November 2008, a fee will apply for the guarantee for the balance of deposits above A\$1 million. For example, for a deposit of A\$1.5 million the first A\$1 million would be guaranteed free and a fee would apply to the A\$500,000 above the first A\$1 million.
- The fee structure is based on a financial institution's credit rating: AA 70 basis points (bps) per annum, A 100 bps, BBB and unrated 150 bps. ANZ has a Standard & Poor's rating of AA.
- The Government's liability for amounts covered under the scheme is unlimited. At the end of the three-year period, the Government will review the guarantee.
- The Australian Prudential Regulation Authority (APRA) regulates ADIs such as ANZ. APRA requires banks to maintain an adequate amount of capital to act as a buffer against any risks associated with our banking activities. APRA will not allow any bank to carry on a banking business which does not meet with its strict criteria.

For more information on the Federal Government Guarantee visit [www.treasury.gov.au](http://www.treasury.gov.au)

<sup>2</sup> Outside Australia, this includes deposits in foreign branches of the Australian incorporated bank, but not deposits in locally incorporated subsidiaries of the Australian bank.

## Australian Government Deposit Guarantee – ANZ customers

- ANZ will offer customers seeking the Government guarantee for their deposits of more than A\$1 million the option to take up the Australian Government's guarantee, when the all-inclusive guarantee expires at midnight on November 27.
- ANZ will offer customers the ability to opt-in to receive the benefit of the guarantee for a monthly fee of 0.7%pa. This is the fee ANZ will be charged directly by the Federal Government as a AA rated bank.
- ANZ recognises that some Australians are looking for a Government guarantee for their deposits and the new opt-in guarantee provides that for customers with deposits of more than A\$1 million with ANZ. Others can choose not to take on the deposit guarantee and avoid the fee.

### How it works

- Deposits of up to A\$1 million will continue to receive automatic Australian Government guarantee without charge from 28 November 2008.
- From 28 November 2008, for customers seeking a Government guarantee for their deposits of more than A\$1 million, ANZ will offer customers a choice to guarantee nominated deposits of more than A\$1 million by paying the monthly fee of 0.7%pa as set out by the Federal Government.
- For example, for a deposit of A\$1.5 million, the first A\$1 million is guaranteed without charge and a fee of 0.7%pa is paid if the customer wishes to guarantee any or all of the A\$500,000 balance.
- No action is required by customers who do not wish to opt-in. Customers can choose whether or not to opt-in to guarantee their deposits with ANZ of more than A\$1 million.
- The fee will be calculated monthly and charged to customers' nominated account.
- The guarantee threshold applies to the total deposits held in one or multiple accounts by each customer in each Australian Deposit-Taking Institution (ADI).

**To apply for an Australian Government opt-in guarantee visit [www.anz.com](http://www.anz.com)**

### Further information

If you are interested in specific information relating to ANZ's performance, please visit the [shareholder pages of www.anz.com](http://www.anz.com).

If you are interested in further information about Australian prudential regulation of banks, you can visit the APRA website at [www.apra.gov.au](http://www.apra.gov.au). Further information about the Australian Federal Government's views about Australian banks or for an update about the Government's deposit guarantee please visit the Treasurer of the Commonwealth of Australia's website at [www.treasurer.gov.au](http://www.treasurer.gov.au).

**Customer feedback** Customers who wish to provide feedback in writing can email: [media.relations@anz.com](mailto:media.relations@anz.com) or send a letter to: Group General Manager Corporate Communications, ANZ, Level 25, 100 Queen Street, Melbourne 3000.

**ANZ shareholder feedback** ANZ shareholders who wish to provide feedback can contact Investor Relations at: [investor.relations@anz.com](mailto:investor.relations@anz.com) or send a letter to: Investor Relations Department, ANZ Level 22, 100 Queen Street, Melbourne VIC 3000

*ANZ Corporate Communications 25 November 2008*