

Media Release



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ANZ cuts variable mortgage rates by 0.25%pa - first step in delivering promise to cut rates as market conditions ease -

ANZ today announced it will lower interest rates for variable rate home mortgages by 0.25%pa as a first step in delivering on its promise to pass on interest rate cuts as global market conditions ease.

ANZ's decision follows government policy measures in Australia and around the world to restore confidence to the global investment community and the expectation of a further easing in monetary policy, both of which are anticipated to flow on to lower wholesale funding costs.

ANZ Chief Executive Officer Australia, Brian Hartzler said: "We are pleased to deliver on the promise we made in January to pass on reductions in funding costs as we see market conditions easing.

"Although wholesale funding costs remain abnormally high, policy measures both here in Australia and around the world have restored some confidence to the global investment community and this is resulting in an easing of high wholesale funding rates.

"Passing on further interest rate cuts to mortgage customers may take some time however as it's clear the damage caused to the global financial system from the US sub-prime crisis is significant and there may also be further volatility along the way.

"Today's cut in mortgage rates is however the right step, at the right time," Mr Hartzler said.

Effective Monday, 27 October 2008, the interest rate on ANZ's standard variable rate home loan will decrease by 0.25%pa to 8.32%pa (8.42%pa Comparison Rate) for new and existing customers. Other variable rate home loan products will also decrease by 0.25%pa from 27 October 2008. The new rates include: Simplicity PLUS – 7.62%pa and Equity Manager – 8.32%pa.

ANZ this week also announced a further reduction in fixed rates for home loans, in light of market conditions. Fixed home loan rates across 1- to 4-year terms will fall by between 0.14%pa and 0.7%pa effective, 20 October 2008. This is the second cut in ANZ's fixed rate home loans since the Reserve Bank's October meeting with ANZ passing on cuts of up to 1.50% in total.

For those customers experiencing hardship, a number of assistance options are available to help manage repayments including 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 a home loan with fewer features at a lower interest rate.

Rates for business lending including agri-business will be cut following the recent reduction in the Cash Rate and will continue to be reviewed. Deposit rates are also under review.

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