



news release

31 March 2008

St.George increases standard variable home loan interest rates

St.George today announced that, due to continued higher costs of wholesale funding, all of its variable home loan interest rates will increase by 0.10% pa. As a result the St.George Standard Variable Rate will increase from 9.37% pa to 9.47% pa. The new variable home loan interest rates will be effective Thursday 3 April 2008 for new and existing customers.

The far reaching impacts of the US sub-prime lending crisis on global liquidity and the wholesale funding markets have not abated, and with the supply of funding remaining tight the market has seen funding costs continue to increase.

George Beatty, Acting Group Executive Retail Bank said; "We have sustained increased funding costs for the last nine months, and we currently continue to absorb some of this increase along with our customers. However, similar to shop owners who increase prices to reflect the cost of their goods, we also need to reprice loans to reflect the increased cost of funding those loans."

"We recognise that any increase to rates does impact our customers and this decision was made only after very careful consideration, with the hope that the global market conditions will soon moderate."

"While the majority of St.George customers already pay more than their regular minimum repayment and have a buffer in place for any rate changes, we encourage any customers who are experiencing hardship to contact us immediately and we can discuss their personal situation. Assistance for eligible customers includes delaying repayments or restructuring their loans."

This 0.10% rate rise equates to an increase in a monthly home loan payment of approximately \$17 per month on an average sized loan of \$250,000 over 30 years.

St.George has a wide range of home loan products to suit customer needs. Customers who would like the certainty of fixed repayments may consider our competitive fixed home loan rates available for periods from 1 to 5 years. For a limited time new customers who take up our Advantage Home Loan Package are eligible to receive a discount of 0.15% pa off the fixed rate, for example reducing the current 3 year fixed rate to 8.80% pa and the current 5 year fixed rate to 8.75% pa.

St.George recently increased deposit interest rates by up to 0.50% on a range of products and was one of the first banks to respond to the change in Government Deeming rates by increasing deposit interest rates on our award winning Retirement Access Plus account by up to 0.50% effective 25 March.

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