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St.George to increase variable interest rate due to prolonged increases in funding costs

St.George today announced that following a sustained level of higher costs for wholesale funding, all variable home loan interest rates will increase by 0.20% pa. As a result the St.George Standard Variable Rate will increase from 8.57% pa to 8.77% pa. The new variable home loan interest rates will be effective Tuesday 15 January 2008 for new and existing customers.

Michael Cameron, Chief Financial Officer said that due to the impacts of the US sub-prime lending crisis on global liquidity and the wholesale funding markets, the supply of funding remains tight, and as with all Australian banks, St.George had seen a significant increase in its funding costs.

“Over the past five months we have been absorbing increased funding costs of more than 0.30% pa, and have hoped that conditions would soon return to normal and we would not have to pass these costs onto our customers. However, as this situation has continued, the Bank has now changed its interest rates to take into account these increased costs,” Mr Cameron said.

George Beatty, Acting Group Executive Retail Bank said; “We recognise that any increase to rates does impact our customers and that it is also an important issue for many Australians. The decision to increase the rate was made only after very careful consideration, and 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.”

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 8.29% pa and the current 5 year fixed rate to 8.25% pa.

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Media contact:

Jeremy Griffith, Corporate Relations, 02 9236 1328 or 0411 259 432

Lara Daniels, Corporate Relations, 02 9236 1508 or 0419 226 449