



# *news release*

11 March 2008

## **St.George to increase home loan variable interest rates and deposit rates**

St.George today announced that it would increase interest rates on a range of lending and deposit products, due to the recent RBA decision and also the significant increase in its wholesale funding costs. As a result, the St.George Standard Variable Rate will increase by 0.35% to 9.37% pa, effective Thursday 13 March 2008 for new and existing customers. Deposit interest rates will increase by up to 0.50% on a range of products, with our online direct saver account increasing 0.25%pa to 7.00%pa and current promotional rate increasing to 7.25%pa, effective yesterday.

Michael Cameron, St.George Chief Financial Officer said that despite the Bank's endeavours to absorb the increased funding costs as a result of the impacts of the US sub-prime lending crisis on global liquidity and the wholesale funding markets, St.George has had to pass on some of this increased cost to customers.

"Since August last year we have been absorbing a significant increase in our funding costs. While we had hoped that conditions would soon return to normal, in fact we have seen these costs continue to increase," Mr Cameron said.

George Beatty, Acting Group Executive Retail Bank said; "This is a decision that has been made only after very careful consideration. While customers who have deposits with St.George will see increased savings as a result of this announcement, we are very mindful of the impact of increased home loan rates on customers. It's reassuring that the majority of St.George customers do already pay more than their regular minimum repayment and have a buffer in place for any rate changes. However 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. Our current campaign offers customers who take up the Advantage Home Loan package a discount of 0.70%pa off the standard variable interest rate. 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.

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