



Broker Update

Issue No 296 29 April 2009

Changes to credit policy: Effective Monday 4 May 2009

Due to ongoing volatility in global financial markets, rising unemployment levels and declining property prices in Australia, and to ensure the Bank continues to manage a responsible level of risk, it has become necessary for the Bank to amend its lending criteria by:

1. Reducing the maximum LVR values for new customers;
2. Reducing the maximum LVRs when the LMI premium is being capitalised onto the loan amount;
3. Withdrawal of the Non-Genuine Savings option; and
4. Changes to genuine savings policy.

1. Maximum LVR for new customers

New customers applying for a home loan from Monday 4 May 2009 will have different LVR limits to existing customers. The maximum LVR for a new customer is **reduced to 90%** (plus LMI premium to a maximum of 92%).

Where current policy imposes a lower LVR, then that lower LVR will apply (e.g. Low Doc is max 80% LVR plus LMI premium to max 2%).

Maximum LVR for existing customers

Existing customers (as defined below) applying for a home loan from Monday 4 May 2009 will have maximum LVRs available of up to 95% (plus LMI to a maximum of 97%). Where current policy imposes a lower LVR, then that lower LVR will apply (e.g. Low Doc is max 80% LVR plus LMI premium to a max 2% giving total LVR of 82%).

How do we define an "existing customer"?

An existing customer is defined as any one of the loan applicants having one of the following:

1. A customer who has been with the bank for a minimum of 6 months and who is Sole or Joint Owner of an open facility with the St.George Group (St.George or BankSA only*) at the time of application; or
2. A customer who has been with the bank for greater than 6 months (as at the date of application) who have had any one of an existing St.George Group Commercial facility or Margin Lending facility or Auto-Finance loan.

Otherwise the application is to be considered as being from a new customer, and the lower LVR thresholds apply.

*NB This does not include either a Westpac customer or a RAMS customer

2. Reducing the maximum LVRs when the LMI premium is to be capitalised

In addition to the above LVR changes, a cap of 2% over and above the maximum LVR (per standard policy) is being introduced for any capitalised LMI premium. This means that, when the maximum LVR is 95% as per policy and where LMI is being capitalised, the total maximum LVR will be 97%.

3. Withdrawal of the No Genuine Savings home loan option

From Monday 4 May, the Non Genuine Savings option is no longer available for sale.

4. Changes to genuine savings policy

From Monday 4 May all mortgage insured applications, and all non-mortgage insured purchase applications, regardless of LVR will be required to have the 5% genuine savings validated before the loan can be approved.

How will these changes affect Pipeline Loans?

These changes will not affect home loan applications accepted prior to 4 May 2009.

Customers with conditional approvals have 90 days from the date of the conditional approval to formalise approval. Customers wanting to take up the approval after the 90 day limit will be assessed under the new credit policy(s) prevailing at that time.

When LMI is involved, the conditional approval is not a formal approval, and that formal approval is still subject to LMI approval.

(Continued on Page 2)

Page 1 of 2



Visit brokers.stgeorge.com.au or
brokers.banksa.com.au for more information.
Broker Update issued by Mortgage Broker Sales
St. George Bank Limited ABN 92 055 513 070.

This content is for the information of accredited mortgage brokers only.





Broker Update

Issue No 296 29 April 2009

For any loan application accepted prior to these changes, applications will be assessed under previous policies subject to the application containing no exceptions to the previous policy(s).

In addition, where a conditional approval has been issued, formal approval will be 'honoured' under previous policies providing that:

- The financial information provided at the time of the conditional approval remains unchanged or has not been materially affected since the issue of the conditional approval;
- There is no increase to the LVR or loan amount;
- No decrease to the purchase price or market value of the property;
- In the case of a refinance, the continued satisfactory repayment history of all existing loans (since the issue of the conditional approval).

Land and Building Loans

Where customers have a land loan only and approach the Bank for the building funds, the request for additional funds will be assessed under the new credit policy. Exceptions to this rule include where the customer has previously received a conditional approval for the building costs at the time of applying for the land loan.

Basic Home Loan Campaign: Effective Sunday 3 May 2009

For a limited time only we are offering a market leading interest rate of 4.99% pa (comparison rate 5.04% pa) and waiving the \$500 establishment fee on our Basic Home Loan. Only applications received from Sunday 3 May are eligible for this campaign.

Important notes about this offer:

- This offer commences on 3 May 2009 for applications lodged from this date and can be withdrawn at any time at the Bank's discretion, and is not available in conjunction with any other offer.
- The \$0 establishment fee provides a saving of \$500 on the standard Basic Home Loan establishment fee. This standard establishment fee for a Basic Home Loan covers the Bank's legal and valuation fees for the first security only.
- \$100 additional security fee payable for each additional security after the first. Valuers traveling allowance charged for remote properties.
- While this offer is not available to existing customers simply switching to the Basic Home Loan, it is eligible to existing customers who increase their loan when switching to the Basic Home Loan.

Automatic Transfer Discount Increases: Effective Monday 1 June 2009

We are pleased to advise that, from Monday 1 June 2009, all home loan customers who have their St.George/BankSA Home Loan payment automatically deducted from a Complete Freedom Account will have the current 50% discount off the monthly service fee increased to 100%.

Regards,

Steven Heavey
General Manager
Intermediary Distribution.

Page 2 of 2



Visit brokers.stgeorge.com.au or
brokers.banksa.com.au for more information.
Broker Update issued by Mortgage Broker Sales
St. George Bank Limited ABN 92 055 513 070.

This content is for the information of accredited mortgage brokers only.

