Guide to St.George Margin Lending

You’ve got questions? We’ve got time to talk.

Ask at any branch

1300 304 0650
8.30am to 5.30pm
Monday to Friday (AEST)

stgeorge.com.au

marginlending@stgeorge.com.au

Accessibility support

At any time, you can inform us how you would prefer to be contacted. If you are deaf and/or find it hard hearing or speaking with people who use a phone, you can reach us through the National Relay Service (NRS). To use the NRS you can register by visiting **accesshub.gov.au/about-the-nrs**

Visit **stgeorge.com.au/accessibility** for further information on our accessible products and services for people with disability.

Important notice

This Guide is to assist your understanding of how a St.George Margin Loan works and the potential benefits and risks associated with the product.

To the extent that there is any inconsistency between the content of this Guide and the terms of the St.George Margin Facility Agreement, the terms of the St.George Margin Lending Facility Agreement prevail.

Important information

This information is current as at March 2024.

St.George Bank – a Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL No. 233714 is the issuer of the St.George Margin Lending Margin Loan – Product Disclosure Statement (“PDS”). This information has been prepared without taking into account your personal objectives, financial situation or needs so, before acting on it, you should consider its appropriateness in regard to these factors. The PDS and other disclosure documents are relevant when deciding whether to acquire or hold this product and can be obtained by phoning 1300 304 065 or online at stgeorge.com.au.

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Examples given are for illustrative purposes only and cannot be relied upon as any indication of investment. Whilst every effort has been taken to ensure that the assumptions on which any examples are based are reasonable, the examples may be affected by incorrect assumptions or by known or unknown risk and uncertainties. The results ultimately achieved may differ substantially from these examples.

Neither Westpac Banking Corporation nor any of its respective directors, officers, employees, associates, or subsidiaries guarantee or give any assurance in regard to the capital value, income return, or performance of any securities acquired through, or in relation to St.George Margin Lending.

Contents

Features at a glance

General	
Who can borrow?	Investors who are: • Australian residents for tax purposes; and • 18 years of age and over; and • Individuals or joint individuals; or • Australian proprietary companies; or • Individual or Australian company trustees for family or discretionary trusts; and • not holders of a Significant Investor Visa (188C)
Credit assessment	Loans are subject to approval and require credit assessment. When you request a **Credit Limit**, we'll assess your financial situation to determine whether the **Credit Limit** is suitable for you.
Approved investments	Choose from a range of listed securities and managed funds on our **Acceptable Securities List**.
Margin loan features	
Minimum credit limit	$20,000
Loan structure	Your loan **Facility** will consist of a variable interest rate loan and you may request any number of fixed interest rate loans.
Fixed interest rate options	Fixed interest rates are available for terms ranging from 3 months to 5 years.
Interest payment options	Variable interest can either be paid by direct debit or capitalised to the loan (subject to our approval and you having sufficient **Funds Available**). Fixed interest can either be paid by direct debit, BPAY®, direct credit or capitalised to the loan.
Repayments	No regular repayments are required provided your outstanding **Loan Balance** remains at or below your **Borrowing Limit** and **Credit Limit**.
Buffer	To ensure that small fluctuations in the market value of your security do not trigger a **Margin Call**, a **Buffer** (currently 10%) is applied to the market value of each **Acceptable Security**.
Margin call alerts	You can choose to be alerted via SMS or email (or both) if your margin loan nears or has reached a **Margin Call**.
Use a broker of your choice	The ability to either link and trade via a St.George Directshares account or trade via any other broker of your choosing.
Call options	Writing call options gives you the potential to earn additional income from the investments on your portfolio.
Fees and other costs	
Establishment fee	Nil
Transaction fee	Nil
Account keeping fee	Nil
Keeping you informed	
Paper reporting	Quarterly Margin Loan statement
Online	Online access to your account via stgeorge.com.au, 24 hours a day, seven days a week.

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What is a margin loan?

A margin loan is a loan designed specifically for investors looking to borrow money to invest in shares and managed investments. Just like borrowing to invest in property where the property is security for the loan, a margin loan is secured by your shares and managed investments.

The amount you're able to borrow at any point in time is determined by your pre-approved **Credit Limit**, the current value of your secured portfolio, and the **Loan to Value Ratio (LVR)** assigned to each **Acceptable Security**.

The St.George Margin Loan is a margin loan that allows you to buy acceptable shares and managed investments with borrowed money.

Potential benefits of a St.George Margin Loan

Potential to increase your investment returns

A St.George Margin Loan gives you access to a larger amount of capital, allowing you to invest more than would be possible using just your own money. With more money to invest, you can build a larger portfolio and increase your potential for greater capital gains and investment income.

Portfolio diversification

Diversification is a recognised strategy to potentially reduce investment risk without sacrificing long-term returns. Because a margin loan gives you more money to invest, you can spread your investment across a broader range of assets or industry sectors to build a more diversified portfolio.

You can choose from a broad range of investments from our **Acceptable Securities List** which includes shares and managed funds.

Unlock the equity in your existing investments

Because you can borrow money against your existing investments, a margin loan enables you to access money for investment purposes without having to sell your investments and therefore not trigger a capital gains tax event.

Avoid missing an investment opportunity

A St.George Margin Loan may let you take advantage of investment opportunities as they arise by providing ready access to investment capital. It means when an investment opportunity arises you can quickly implement your strategy.

Investing made easy

Buy and sell shares through a linked St.George Directshares account and enjoy the convenience of your share trades settling automatically and seamlessly through your St.George Margin Loan. You can keep track of your loan, trades, and portfolio in the one place 24 hours a day, 7 days a week.

Taxation consequences of Margin Lending

Tax deductible interest

Investors may be able to claim their loan interest expenses as a tax deduction to the extent that borrowed funds are used to acquire assets for the purpose of deriving assessable income such as dividends and income distributions.

Choosing a fixed interest rate and prepaying the interest yearly in advance may allow you to bring your tax deduction forward to the current financial year.

Franking credits

Australian shares often pay franked dividends, which yield imputation credits. Subject to your personal circumstances, these credits may be available to offset other tax liabilities. The utilisation of franking credits is subject to the holding period rule.

Please note we cannot provide tax advice. Any tax commentary outlined in this Guide is general information only. The actual tax consequences may differ depending on your individual circumstances and should not be interpreted as tax advice. As such, you should not place reliance on any such taxation considerations included within this Guide as a basis for making your decision to acquire a St.George Margin Loan. As the tax implications of a St.George Margin Loan can impact individual situations differently, you should seek specific taxation and/or financial advice from a registered tax agent or registered tax (financial) adviser about any liabilities, obligations or claim entitlements that arise, or could arise, under a taxation law now and in the future.

Understanding the risks

Like any investment, investing with a St.George Margin Loan involves some risks. It's therefore important to understand both the risks involved and how you can manage those risks. For this reason, we recommend that you discuss these with your financial adviser and ensure that you're familiar with the terms and conditions of St.George Margin Loan. Some of the main risks are:

- While borrowing to invest can increase your potential for greater returns, it can also increase the potential for greater losses if your investments perform poorly. If the value of your portfolio falls, your losses will be greater than if you had only invested your own money.
- In a volatile market, the value of your Margin Loan portfolio may fall to a level where it no longer provides adequate security for your Margin Loan. If this happens, there may be a **Margin Call** and you'll have to find an alternative source of funds to repay the Margin Loan.
- If a default event occurs under the terms of your Margin Loan you may be required to repay all or part of your Margin Loan or we may sell or otherwise deal with any securities or other assets mortgaged to us. *For a full list of Default Events please refer to clause 31 of the St.George Margin Lending Facility Agreement*.
- As the **facility** is an uncommitted **facility**, we may terminate the facility and require full repayment on 10 business days' notice for any reason.
- We may reduce the **Loan to Value Ratio** or the **Buffer** that applies to some or all of your securities at any time (including reducing them to zero). This may result in a **Margin Call**.
- We can vary the interest rate applicable to your Margin Loan at any time (except on any amount for which you prepaid interest or have entered into a fixed interest rate). If the interest rate rises, your interest repayments may be more than your investment returns, and you may not be able to meet your interest payments. This may result in a **Margin Call**.
- You could lose any other assets you have provided as security for your Margin Loan.
- Dividends and other payments you anticipate receiving from your investments may not be paid, available or otherwise correspond with interest payments that must be made on your Margin Loan. In such circumstances, you may need to rely on an alternative source of funds to meet interest payments.
- Your liability in relation to your Margin Loan (including your obligation to pay us amounts outstanding) is not limited to the proceeds received from the sale of the mortgaged property. If we don't recover all money owing to us through such a sale, we may recover the balance from you personally.
- There are a number of uncertainties including tax laws (and the administrative treatment of tax laws) that may change in the future. If this happens, it may have an adverse impact on your tax position, and this may negatively affect your financial position. You should seek advice from an independent tax adviser on the tax consequences of entering into a St.George Margin Loan.

How a St.George Margin Loan works

A St.George Margin Loan allows you to buy and sell shares with each trade settling through your margin loan. Once your margin loan is established you can transfer in **Acceptable Securities** or cash as your initial equity contribution.

Which investments can I borrow against?

A St.George Margin Loan will allow you to borrow against a broad range of shares and managed investments on our **Acceptable Securities List**. Each **Acceptable Security** is listed with a **Loan to Value Ratio** which is the maximum that we will lend against that security expressed as a percentage of its value.

The LVRs of our **Acceptable Securities** generally range from 35% to 75%. In response to market conditions, we may change the LVRs at our discretion (and may reduce an LVR to nil) at the discretion of St.George Margin Lending and without notice to you. You will be able to view the current LVR of each of your secured investments at any time by logging in to your St.George Margin Lending account.

Our **Acceptable Securities List** is updated regularly to show any changes to LVRs. You can access our latest **Acceptable Securities List** on stgeorge.com.au/personal/investments/margin-lending/acceptable-securities-list or by contacting our Customer Relations team on 1300 304 065.

How much can I borrow?

At any time, you can borrow up to the lower of your approved **Credit Limit** and your **Borrowing Limit**.

Your **Borrowing Limit** is the maximum **Loan Balance** allowed based on what investments you have provided as security. It is calculated by multiplying the LVR of each **Acceptable Security** by its current market value and as the market value of your investments changes daily so too will your **Borrowing Limit**. For example, if the value of your secured investments increases or decreases by 10%, your **Borrowing Limit** will also increase or decrease by 10% provided the LVRs remain the same.

Your **Funds Available** is the cash amount you can borrow to make additional investments and is calculated as follows:

Funds Available = Credit Limit or Borrowing Limit *(whichever is lower)* – Loan Balance

Example

Your St.George Margin Loan currently has a $0 balance and your **Credit Limit** is $200,000. Your secured investment portfolio has a market value of $100,000 and comprises the following investments:

Investments	Market Value	LVR	Borrowing Limit
Share A	$60,000	70%	$42,000 ($60,000 x 70%)
Share B	$40,000	60%	$24,000 ($40,000 x 60%)
Total	**$100,000**	**66%**	**$66,000**

As your **Borrowing Limit** ($66,000) is less than your **Credit Limit** ($200,000), and your **Loan Balance** is $0, your **Funds Available** will be calculated as follows:

Funds available = Credit Limit or Borrowing Limit *(whichever is lower)* **– Loan balance**
= $66,000 – $0
= $66,000

This means you can borrow up to $66,000 to invest, however you may be able to borrow more than $66,000 if you choose to invest in shares or managed funds on our **Acceptable Securities List**. See 'The multiplier effect' below.

The multiplier effect

If you choose to use your **Funds Available** to buy an **Acceptable Security** with a LVR, the maximum amount you can borrow to invest in the security will generally be a multiple of your **Funds Available**. This is because your new investment will also become part of your secured portfolio and your **Borrowing Limit** will increase as a result. This multiplier effect means that you could potentially borrow up to four times the amount of your **Funds Available** depending on the LVR of your new investment and your **Credit Limit**. The formula you can use to work out how much you can borrow if you're investing in an **Acceptable Security** is as follows:

$$\text{Amount you could borrow} = \frac{\textbf{Funds Available}}{\text{1 - LVR of the security you wish to invest in}}$$

Example

As shown in the earlier example, your investment portfolio is valued at \$100,000 and you have **Funds Available** of \$66,000. Let's say you wish to buy shares in XYZ Ltd which has a LVR of 75%. The amount you could borrow would be calculated as follows:

$$\text{Amount you could borrow} = \frac{\textbf{Funds Available}}{\text{1 - LVR}} = \frac{\$66{,}000}{(1 - 0.75)} = \frac{\$66{,}000}{0.25} = \$264{,}000$$

Your current **Funds Available** of \$66,000 would allow you to borrow \$264,000 to invest in XYZ Ltd shares. However, as your **Credit Limit** is \$200,000 and **Loan Balance** is \$0, you would only be permitted to borrow a maximum of \$200,000 to invest in XYZ Ltd.

Using cash as your initial equity contribution

If you are not providing any existing investments as security, you will be required to make an initial cash contribution. Once again, the maximum amount you can borrow to invest will be determined by your **Credit Limit** and the LVR of the security you intend to invest into. You can work out how much you can borrow and invest by applying the following formula:

$$\text{Total amount you can invest} = \frac{\text{Initial cash contribution}}{\text{1 - LVR of the security you wish to invest in}}$$

$$\text{Total amount you can borrow} = \text{Total amount you can invest} - \text{Initial cash contribution}$$

Example

You currently have \$30,000 cash which you would like to invest in ABC Ltd which has a LVR of 70%. The amount you could borrow and invest in ABC Ltd is as follows:

$$\text{Total amount you can invest} = \frac{\text{Initial cash contribution}}{\text{1 - LVR of security}} = \frac{\$30{,}000}{1 - 0.70} = \$100{,}000$$

The total amount you can borrow = Total amount you can invest - Initial cash contribution
= \$100,000 – \$30,000
= \$70,000

In this example, a \$30,000 cash contribution would allow you to borrow \$70,000 to invest in ABC Ltd. The value of your investment would be \$100,000 and your **Loan Balance** would be \$70,000.

Interest rate options

Your St.George Margin Loan will automatically be established as a variable rate loan. At any time, you may establish one or more fixed interest rate loans with a choice of terms and flexible interest payment options. Depending on your personal circumstances, interest paid on your loan may be claimed as a tax deduction in the current tax year^.

Variable rate

Interest is calculated daily on the balance of your variable rate loan and charged monthly in arrears. Interest charges may be capitalised to your variable rate loan or direct debited from a nominated bank account. The variable interest rate is subject to change at any time.

Fixed rate

At any time, you may request for a portion of your variable rate **Loan Balance** to be transferred to a fixed rate loan. Our fixed interest rates are available for terms ranging from 3 months up to 5 years with the option for interest to be charged monthly in arrears or prepaid yearly in advance. Fixed interest charges may be capitalised to your variable rate loan or direct debited from a nominated bank account. The interest rate you will be charged will not change over the term of your fixed loan. On the expiry of your fixed rate loan, you will have the option to rollover the balance to a new fixed rate loan or allow the balance to be transferred back to your variable rate loan.

Example

You establish a St.George Margin Loan and draw down $100,000 to buy shares. You have a variable rate loan with a balance of $100,000 at a variable interest rate of 5.00% per annum*.

It suits your circumstances to convert a portion of your loan to a fixed interest rate and prepay the interest. You decide to transfer $80,000 to a fixed rate of 5.10% per annum for 12 months. The annual interest on your fixed rate loan is $4,080 ($80,000 x 5.10%) and you decide to capitalise the amount to your variable rate loan.

You now have two loans under the one margin loan **Facility**:

- a fixed loan of $80,000 for 12 months
- a variable rate loan of $24,080 ($100,000 less $80,000 plus $4,080 interest).

The balance of your margin loan is now $104,080.

Different interest rates apply to variable and fixed rate loans. For details of our current interest rates please visit stgeorge.com.au/personal/investments/margin-lending/interest-rates or contact our Customer Relations team on 1300 304 065.

^ Investors may be entitled to claim interest as a tax deduction to the extent that borrowed funds are used to acquire assets for the purpose of deriving assessable income. Prepaying interest allows investors to fix an interest rate for up to 5 years AND prepay up to 12 months of interest in the current financial year.

* Variable interest rate is subject to change by providing you sufficient notice.

Loan repayment options

With a St.George Margin Loan there are no set monthly loan repayments. You may make a repayment to your variable rate **Loan Balance** at any time by Electronic Funds Transfer using the details below.

BSB: 332-096
Account number: 599 000 006
Account name: St.George Margin Lending
Reference: Client Reference Number
(Important – You must include your Client Reference Number in the reference field)

If you have a bank account linked to your loan you may also request a repayment via direct debit by contacting our Customer Relations team on 1300 304 065.

Your variable rate loan will also be credited with the sale proceeds of any mortgaged investments that you sell. If the proceeds from the sale of your investments is greater than your outstanding variable **Loan Balance**, your variable loan will have a credit balance. You may request to transfer any credit balance to your nominated bank account. Please note that no interest is earned on credit **Loan Balances**.

Fixed rate loans cannot be repaid early unless you make a specific request to break the fixed loan. If your fixed rate loan is repaid early, any interest you have already paid will be forfeited and break costs may be payable.

Reporting and statements

You can keep track of your loan in the one place 24 hours a day, 7 days a week. Simply log in to your St.George Margin Lending account via stgeorge.com.au.

You'll also receive quarterly statements in relation to your St.George Margin Loan. Your statement will show your loan position, your transactions, current interest rate, your fixed/variable loans and portfolio holdings as at the end of the quarter. In addition, after the quarter ending 30 June, you will receive a Statement of Interest that confirms the total amount of interest charged to your St.George Margin Loan for the previous financial year.

Fees

There are no establishment, account keeping or transaction fees.

What is the buffer?

As investment markets are by nature volatile, a **Buffer** is added to the LVR of each **Acceptable Security** to ensure small fluctuations in the market value of your investments do not result in a **Margin Call**. It is especially useful if you have borrowed up to the maximum permitted. The **Buffer** gives you time to take the appropriate actions to return your loan to a suitable security position and reduce your chance of a **Margin Call**.

The **Buffer** is based on a percentage of the market value of each investment held as security on your St.George Margin Loan. The **Buffer** is currently set at 10% of the market value of each security, although we may change it at any time, including reducing it to zero.

What is a margin call?

From time to time, your loan may exceed your **Borrowing Limit** for a number of reasons including a fall in the market value of your investments, changes to investment LVRs, or delisting of a company. If your **Loan Balance** exceeds your **Borrowing Limit** by more than the allocated **Buffer**, a **Margin Call** will be triggered. If this occurs, you will be contacted either by email and/or SMS (as per your preferred contact method as nominated by you), however it is important that you proactively monitor your loan position regularly.

When a **Margin Call** is made, you will be required to restore your loan back to your **Borrowing Limit** by doing one of the following by 2pm (Sydney time) on the following business day:

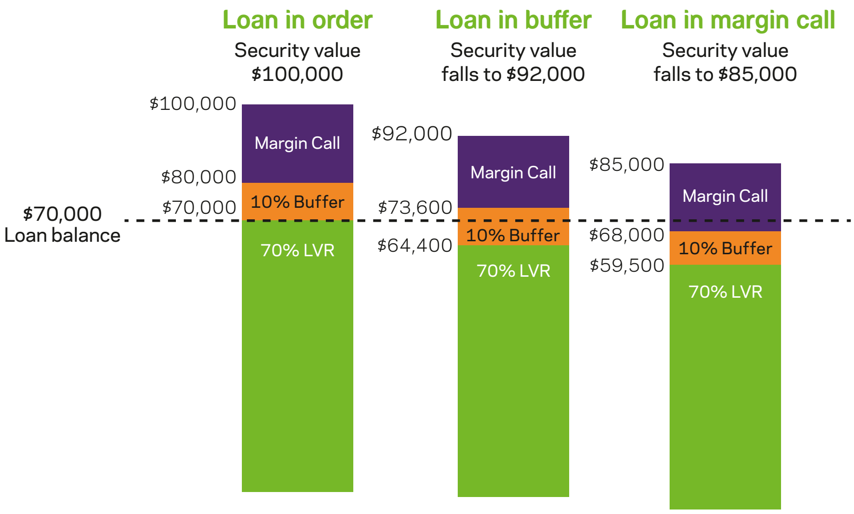
1. Make a loan repayment to reduce your outstanding **Loan Balance**; or
2. Transfer/lodge additional approved securities (held externally) into your St.George Margin Loan to increase your **Borrowing Limit**; or
3. Sell securities held on your St.George Margin Loan to repay a portion of the loan; or
4. Any combination of the above.

Please note that if you are required to clear a **Margin Call**, you must restore your loan to the **Borrowing Limit**. Returning your loan back to within the **Buffer** will not be sufficient.

If you don't clear your **Margin Call** in full within the required timeframe, St.George Margin Lending may sell some or all of the investments held as security to reduce the outstanding **Loan Balance** to your **Borrowing Limit**.

Example

You have decided to invest $100,000 in ABC Ltd shares (which has a 70% LVR) by contributing $30,000 cash and borrowing the maximum of $70,000 (70%). The value of the investment subsequently falls in value to $92,000, placing your loan inside the 10% **Buffer**. At this point no action is required, however it is recommended you monitor your loan and take action to avoid a **Margin Call**. The value of your ABC Ltd shares falls further to $85,000 resulting in your **Loan Balance** exceeding the 10% **Buffer**. A **Margin Call** of $10,500 ($70,000 **Loan Balance** – $59,500 **Borrowing Limit**) is triggered requiring you to make a loan repayment of $10,500 to reduce your loan to the $59,500 **Borrowing Limit**. Alternatively, you may increase your **Borrowing Limit** by lodging additional **Acceptable Securities** or by selling a sufficient amount of security.



Margin Call = $10,500 ($70,000 loan balance less borrowing limit of $59,500)

Additional Margin Lending Strategies

Diversified Loan Feature

The St.George Margin Loan Diversified feature recognises the potential benefits of holding a diversified portfolio of securities by providing investors with a wider range of **Acceptable Securities**.

For investors who hold three or more qualifying securities, the Diversified feature provides access to an extended range of equities, (also known as "bonus" securities), where an LVR would not normally be applied. Once a portfolio is recognised as Diversified, these bonus securities become **Acceptable Security**, and contribute to additional **Borrowing Limit**.

On the basis of holding at least 3 qualifying securities, you can invest in and obtain gearing on the bonus securities as detailed on the Acceptable Bonus Listed Securities List.

The value of bonus securities recognised for gearing purposes is subject to a cap of 20% of the market value of the qualifying securities (from the standard **Acceptable Securities List**).

For example:

- An investor holds 3 qualifying securities with a market value of $10,000.
- The investor acquires 2 bonus securities with a market value of $5,000. The standard diversified bonus stock LVR of 40% is applied to these securities.
- The value of bonus securities recognised for LVR purposes is capped at 20% of the total market value of the qualifying securities i.e. $2,000.
- Therefore, the investor can borrow a total of $800 on the bonus securities. (i.e. $2,000 x 40% LVR).

It is important to note that should the loan lose its diversified status through changes in the underlying securities, the additional borrowing capacity derived from the bonus securities will be removed and may place the loan into **Margin Call**.

Call Options

Writing call options gives you the potential to earn additional income from the investments in your portfolio. When you write a call option on shares in your portfolio, you're selling the right – but not the obligation – to buy those shares at a specified price within an agreed timeframe. In return, you're paid a guaranteed premium.

The agreed selling price of the shares (known as the exercise or strike price) is available to the buyer, should they proceed, up until the agreed expiry date. If the share price remains around the same as or slightly lower than the selling price on or before the expiry date, the buyer is unlikely to exercise their right to buy your shares. This means you keep your shares while still earning income from the call options premium – income that can be used to help pay loan interest, reduce your loan balance or be re-invested.

However, if the share price is higher than the selling price on or before the expiry date, the buyer is likely to exercise their right to buy your shares. This means you sell your shares at a lower price than the market price.

Your financial adviser can advise you on the benefits and risks of using a call options strategy in your margin loan account.

Strategies for Managing Risk

Borrow less than the maximum

One way to manage the risk of a **Margin Call** is to borrow less than the maximum **Borrowing Limit** on your account.

The following example shows how, rather than gearing to the maximum LVR of 70%, you may choose to gear to 50% or 30%. This means that the market value of your portfolio must fall a lot further to trigger a **Margin Call**.

	70% Geared	50% Geared	30% Geared
Own funds invested	$30,000	$30,000	$30,000
Borrowed funds	$70,000	$30,000	$12,587
Portfolio value	$100,000	$60,000	$42,587
Maximum LVR	70%	70%	70%
Borrowing Limit	$70,000	$42,000	$30,000
Portfolio value fall needed to trigger a Margin Call	$12.5% to $87,500	$37.5% to $37,500	$62.5% to $16,071

Develop a plan

Think about how you would deal with a **Margin Call**, such as what additional securities you could lodge, which securities you would be prepared to sell and what money you could access at short notice.

Make regular interest payments

While adding interest costs to your **Loan Balance** (capitalising the interest) may be convenient, paying your interest reduces the likelihood of your current LVR exceeding your maximum LVR.

Monitor your investments

By monitoring your investments, you can ensure your level of borrowing is appropriate for your situation. You can also take suitable action if your loan is in (or near) the **Buffer** and therefore potentially avoid a **Margin Call** before it occurs.

Reinvest your income

Reinvesting the dividends and distributions from your investments may increase the **Borrowing Limit** of your portfolio. Alternatively, you could use the income from your investments to reduce your **Loan Balance**.

Diversify your investments

This means spreading your investments across market sectors, which may minimise the impact that poor performing investments could have on your portfolio's security value and the risk of triggering a **Margin Call**.

You should also make sure we have your latest contact details in case your loan enters the **Buffer** or triggers a **Margin Call**.

Applying for a St.George Margin Loan

Speak to a Financial Adviser

Talk to a financial adviser if you need help, a financial adviser can recommend an investment strategy that covers tax planning, risk management, choice of investments and the amount of gearing appropriate for your situation.

Who can apply?

Investors who are:

- Australian residents for tax purposes; and
- 18 years of age and over; and
- Individuals or joint individuals; or
- Australian proprietary companies; or
- Individual or Australian company trustees for family or discretionary trusts; and
- not holders of a Significant Investor Visa (188C)

How do I apply?

Applying for a St.George Margin loan can be completed by filling in the St.George Margin Lending Application form. When completing the Application form, you will be required to provide a complete picture of your financial position as well as income and liability verification documents.

It's important that you fully understand how a margin loan works, the terms and conditions and all the risks associated with a St.George Margin Loan. You will be required to read and agree to the information contained in the St.George Margin Lending Margin Loan PDS, the St.George Margin Lending Financial Services Guide and the St.George Margin Lending Facility Agreement.

Loan approval

St.George Margin Lending is committed to responsible lending practices and conducts a comprehensive assessment process which includes credit reporting body and affordability verification. St.George Margin Lending will contact you to notify you of the decision and may contact you requesting additional information.

St.George Margin Lending will provide you with a **Credit Limit** as determined by its assessment of your income and financial commitments.

Operating your St.George Margin Loan

Please note that all forms that are mentioned in the following section can be found by navigating to stgeorge.com.au/personal/investments/margin-lending/views-print-forms.

Interest payment methods

Variable interest rate

Variable interest can be paid using one of the following methods:

- **Direct Debit:** If you wish to nominate or update the bank account your variable interest is debited from please complete and return a **Direct Debit/Direct Credit Request form**; or
- **Capitalise interest:** This is where your monthly interest charge is debited to your loan i.e. added to your **Loan Balance**.

Important: You must ensure there are sufficient **Funds Available** in your loan and that your loan is operating within the approved **Credit Limit** to utilise this option.

Fixed interest rates

If you would like to fix your interest rate for a nominated term, you can request a fixed interest loan by completing the **Fixed Loan form**. On this form you will need to nominate a loan amount, start date, type of fixed rate loan (interest paid monthly in arrears or yearly in advance) and a term (up to five years)

You can apply a fixed interest rate to all or just a portion of your total outstanding loan. To confirm our latest fixed interest rates please refer to the rates table located at stgeorge.com.au/personal/investments/margin-lending/interest-rates.

Transfer your Funds Available (Cash Advance) to a Nominated Bank Account

If your St.George Margin Loan has available funds, you have the option to drawdown from your loan (cash advance) and have the amount transferred to your nominated bank account.

Note: *Funds advanced from a St.George Margin Loan must be used wholly or predominately for business or investment purposes. More information regarding this can be found in the St.George Margin Lending* ***Facility*** *terms.*

To request a drawdown, please complete a **Cash Advance Request** or contact our Customer Relations team on 1300 304 065.

Amending your contact details

To notify us of a change to your contact details or to amend the name of a borrower or third-party security provider you will need to complete a **Change of Details Notification form**.

If you change your name due to marriage, a certified copy of the marriage certificate will need to be provided or if you change your name for any other reason, relevant supporting legal documentation will be required.

Varying your Credit Limit

If you would like to request an increase or decrease in your **Credit Limit**, you will need to complete a **Credit Limit Variation Request**. Requests to increase a **Credit Limit** should be returned with the required supporting income verification documents as specified on the form.

Appointing an Authorised Representative

If you would like to authorise someone to operate your St.George Margin Loan on your behalf, you, and the person you are authorising will need to complete the **Authorised Representative form**. With the exception of receiving a **Margin Call** (which will be directed to the **Margin Call** contact), an Authorised Representative can do anything you are able to do under your St.George Margin Loan (including but not limited to increasing the loan, buying/selling investments and changing your contact details).

Provide Third Party Security

If security is being provided that is owned by someone other than the borrower, they will need to complete a **Third-Party Security Provider Application form**. The security can be held in the name of an Individual, Company (except where acting as a trustee) or in the case of Joint Borrowers, where the security being provided is owned by one of the borrowers only.

Closing your St.George Margin Loan

If you would like to close your St.George Margin Loan, you will need to complete an **Account Closure Request form** and pay out any outstanding **Loan Balance**. On the loan repayment form you can also nominate where to pay any credit balance should one exist and where to transfer any remaining security held on the loan **Facility**.

Glossary

'Acceptable Security/Securities' means an investment (i.e. share or managed investment) appearing on the **Acceptable Securities List** with a **Loan to Value Ratio** that you can lodge as security or collateral against your margin loan.

'Acceptable Securities List' means a list of all investments, and their **Loan to Value Ratios**, that you can borrow against with your margin loan.

'Borrowing Limit' means, at any time: (i) the market value of each security in your portfolio; multiplied by (ii) the **Loan to Value Ratio** we have assigned to that security.

'Buffer' is an amount above your **Borrowing Limit**, which allows you to manage small market fluctuations without triggering a **Margin Call**.

'Credit Limit' is the maximum amount we are prepared to lend to the borrower under the **Facility**, as varied from time to time. The **Credit Limit** you request in your application is subject to approval based on an assessment of your financial position.

'Facility' is another way of referring to your margin loan account.

'Funds Available' means the amount available to draw down from your loan for further investment. This is determined by the lower of your **Borrowing Limit** and **Credit Limit**, less the **Loan Balance**.

'Loan Balance' means, at any time, the difference between all amounts credited and all amounts debited to the **Facility** at that time including any amount that St.George Margin Lending is obliged to lend to the borrower but has not yet made available.

'Loan to Value Ratio (LVR)' is the percentage of an investment's market value that we'll lend you. An LVR is allocated to each of the approved shares and managed investments held on your margin loan. These can be changed at any time without notice.

'Margin Call' occurs if your **Loan Balance** exceeds your **Borrowing Limit** by more than the **Buffer at any time**.