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St.George Margin Lending

Additional information about fixed interest rate loans

What is a fixed interest rate loan?
It is a loan where the interest rate is fixed (stays the same) for an agreed period.

Key considerations when deciding about a fixed or variable loan
Fixed and variable loans each have different benefits and risks and you should consider which type of loan is best for your based on your personal situation. Before you decide, we recommend that you seek advice from your accountant or financial adviser.

Interest rates can increase and decrease over time, and these changes can impact the amount of interest you pay on your loan. Variable and fixed interest loans also typically have different applicable interest rates based on the amount borrowed. You should consider the amount you intend to borrow and the impact of potential changes in interest rates on the amount of interest you may pay over the life of your loan.

If you believe that interest rates will fall during your proposed loan period, a variable interest loan may result in paying less interest over the loan period. If you think that interest rates will rise during this period, then a fixed interest loan for all or part of your loan balance may result in paying less interest over the loan period.

Cash flow considerations may also impact your decision as to which type of loan is best for you.

What are the main advantages of fixing your interest rate?
If interest rates rise during your fixed interest rate term, then you may pay less interest than if you have a variable rate loan.

Your interest rate is fixed for a chosen period of time, and this is known as the fixed term of the loan. During this time, your fixed rate loan is unaffected by changes to interest rates. Instead, you will pay a pre-agreed amount of interest for the term of the fixed rate loan.

What are the main disadvantages of fixing your interest rate?
Interest rates can decrease during the period that you have chosen to fix your interest. This can result in your fixed interest rate being higher compared to current interest rates. If you repay or make a lump sum payment to your fixed rate loan during the fixed rate term, then you might have to pay a fee (see below).

What happens at the end of the fixed rate period?
At the end of the fixed rate term, you can select either a new fixed rate loan or your existing fixed rate loan will automatically switch to the variable rate prevailing at the time. We will communicate to you prior to the expiry of your fixed interest rate term with instructions on how to select a new fixed rate loan.

What happens to my prepaid interest if I wish to repay my fixed interest rate loan before it matures?
When we agree to lend you money at a fixed interest rate, we do so on the undertaking that you will make certain fixed rate payments for the whole of the fixed rate term. If you decide to repay your

fixed interest rate loan before it matures you will still be charged the set amount of interest for the original term of the loan. This means that we will not refund the amount of interest that you have prepaid, and you may be charged a break cost as per below.

Are there any other fees I should consider if I wish to break or switch my fixed interest rate loan before it matures?

If you decide to break or switch your fixed rate loan before it matures then you may need to pay an amount to us known as a **break cost**. Break costs can be charged to your loan where you have sufficient funds available, to cover these costs. You should consider speaking to your financial adviser if you require clarity on the risks associated with terminating your fixed interest rate loan early.

How is the break cost calculated?

Please refer to Clause 4A.3 of the St.George Margin Lending Facility Agreement for an explanation of this. This can be found at https://www.stgeorge.com.au/marginlending.

Other provisions

The other provisions of the margin lending facility between us continue to apply including any rights and obligations regarding termination. In particular, if the facility is terminated early (including under clause 7.1 of the current terms) then you and any security provider must pay us for any losses or costs (including any break costs) we suffer. These losses are likely to be affected by the change in wholesale market rates, and the remaining fixed interest rate period when the termination occurs.

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. A Product Disclosure Statement ("PDS") is available for this product and can be obtained by phoning 1300 304 065 or visiting www.stgeorge.com.au. You should obtain and consider the PDS before deciding whether to acquire, continue to hold or dispose of interests in the product. This document provides an overview or summary only and it should not be considered a comprehensive statement on any matter or relied upon as such. This document does not take into account your personal objectives, financial situation or needs and so you should consider its appropriateness, having regard to these factors before acting on it.