



## COMMONWEALTH BANK STANDARD VARIABLE HOME LOAN INTEREST RATES REMAIN THE LOWEST

**12 June 2009:** The Commonwealth Bank today announced that although its standard variable home loan interest rate will increase by 0.10 per cent per annum, its rate is still the lowest of the major banks.

Ross McEwan, Group Executive Retail Banking Services said, "This is a decision the Bank has made reluctantly. During most of the past 18 months, Commonwealth Bank customers have had the benefit of the lowest standard variable home loan rate on offer from the major banks. However, given our increasing funding costs, it has become necessary to make this increase."

"On a typical \$300,000, 25 year loan, the required monthly repayment will increase by \$18 per month. However, over 90 per cent of our customers will have no increase in their repayment as they are currently paying in excess of their required minimum repayment."

"We fully understand that any increase in interest rates impacts on our customers and for that reason, have continued to absorb as much of the additional funding costs as long as we could. Unfortunately, we have seen the Bank's wholesale funding costs remain high and continue to increase as previous long term funding matures and is replaced with new funding at significantly higher cost. At the same time, due to intense competition for retail deposits, the cost of deposits compared to the official cash rate is extremely high," Mr McEwan added.

The Bank will be increasing a range of Home Loan Fixed Interest rates, reflecting the recent rise in wholesale market interest rates and will also be increasing its Residentially Secured Better Business Loan by 0.10 per cent per annum.

The new variable interest rates for Home Loan and Residentially Secured Better Business Loans will be effective from Monday 15 June 2009 for new and existing customers. The increase in Fixed Interest rates does not affect existing fixed rate customers and is effective for new customers from Monday 15 June 2009.

Owner occupied and investment home loan interest rates will be as follows:

	Old Rate % pa	New Rate % pa	Change
Complete Home Loan Variable Rate	5.64%	5.74%	+0.10%
Economiser (Base Variable Rate)	5.13%	5.23%	+0.10%



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Customers are encouraged to review their financial position and budgeting in light of the changes in interest rates to ensure that their arrangements remain appropriate for their circumstances. Customers wishing to increase their repayments to reflect the interest rate change or who are seeking some financial advice should contact their branch or our home loan hotline on 13 22 24.

ENDS

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