

20 March 2018

Suncorp announces changes to interest rates

Suncorp has today announced it will increase interest rates on all variable rate home and small business loans, effective 28 March 2018.

The changes will see Variable Owner Occupier Principal and Interest rates increase by 0.05% p.a., Variable Investor Principal and Interest rates increase by 0.08% p.a and Variable Interest Only rates increase by 0.12% p.a.

Suncorp's Variable Small Business rates will increase by 0.15% p.a and Access Equity (Line of Credit) rates will increase by 0.25% p.a.

The vast majority of customers will continue to pay rates well below the headline, due to the products' various features and benefits and all rates remain competitive in the market.

Suncorp Banking & Wealth CEO David Carter said the decision to increase rates was based on increasing costs of funding, as well as meeting the costs associated with regulatory change.

"Funding costs have been steadily rising since the end of October. This has been driven by the outlook for US interest rates, as well as domestic factors," Mr Carter said.

"As a result, we have seen the key base cost of funding, being the three-month Bank Bill Swap Rate (BBSW), rise approximately 0.20%. This increase results in higher interest costs to our wholesale funding, as well as our retail funding portfolio, such as term deposits.

"Additionally, APRA released its consultation paper on capital levels for banks in February, which will require all banks to hold additional capital for all investment and interest-only loans.

"It remains our priority to offer a range of competitive products and services to all of our customers. The higher interest costs will benefit our deposit customers, with Suncorp offering attractive rates across term deposit and at call portfolios, including our new Growth Saver product that rewards regular savers with a 2.60% bonus interest rate."

Suncorp's rates for Commercial and Agribusiness customers, and fixed-rate products remain unchanged.

A summary of the new rates is outlined in the table below:

Suncorp Product	Loan Purpose	Repayment Type	Current Rate	Increase	New Rate
Standard Variable	Owner Occupier	Principal & Interest	5.55% p.a.	0.05% p.a	5.60% p.a.
Back to Basics			4.97% p.a.		5.02% p.a.
Standard Variable	Investor		5.99% p.a.	0.08% p.a.	6.07% p.a.
Back to Basics			5.36% p.a.		5.44% p.a.
Standard Variable	Owner Occupier	Interest Only	5.65% p.a.	0.12% p.a.	5.77% p.a.
Back to Basics			5.07% p.a.		5.19% p.a.

Standard Variable	Investor		6.37% p.a.		6.49% p.a.
Back to Basics			5.74% p.a.		5.86% p.a.
Residential Line of Credit			6.02% p.a.	0.25%	6.27% p.a.
Small Business Essentials			5.14% p.a.	0.15%	5.29% p.a.

Ends

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