



**To: Companies Announcements
Australian Stock Exchange Limited**

Company Name:	ST.GEORGE BANK LIMITED
ABN:	92 055 513 070
Pages (Includes this page):	30
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Subject:	FINAL RESULTS PRESENTATION
Date Sent:	31 October 2007

I attach slides of a presentation to analysts by St.George Bank's Acting Chief Executive Officer, Mr Paul Fegan (commencing 11:30 am). The presentation will be web cast live on the St.George Bank website at www.stgeorge.com.au. The slides will also be made available on the website.

Yours sincerely

Michael Bowan
General Counsel and Secretary

2007 Full Year Results

31 October 2007



Agenda

Result highlights:

Paul Fegan

Financial overview:

Elvio Bechelli

**Strategy, business
priorities and outlook:**

Paul Fegan



Result Highlights



We have delivered an excellent result driven by...

- Strong revenue growth
- Outstanding business volumes growth
- Effective cost management
- Significant investment in the future
- Superior credit quality
- Focused execution of strategy

Robust momentum supports confidence for the future



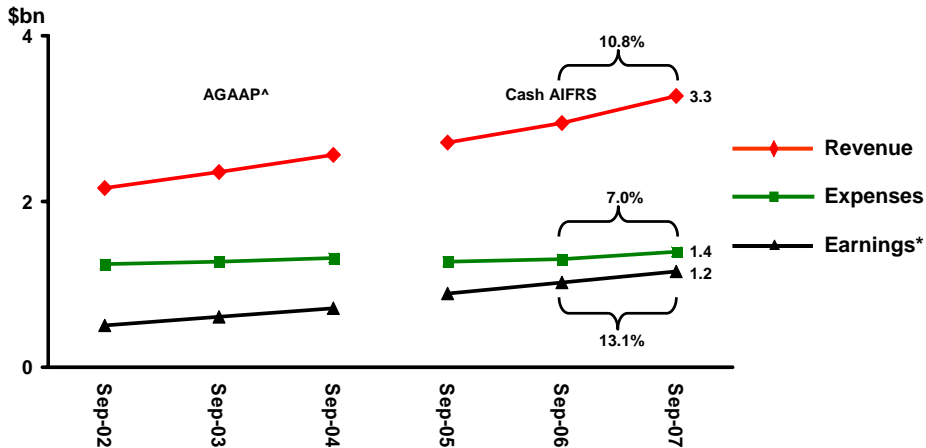
Profit result – FY07

	Sep-07	Sep-06	Change %
Cash profit*	\$1,160m	\$1,026m	13.1
Net profit^	\$1,163m	\$1,048m	11.0
Earnings per share*	218.9¢	195.8¢	11.8
Return on equity*	23.2%	22.9%	
Expense to income*	42.5%	44.0%	
Dividend	168¢	151¢	11.3

^Net profit includes hedging and derivatives and significant items. *Cash basis excludes these items



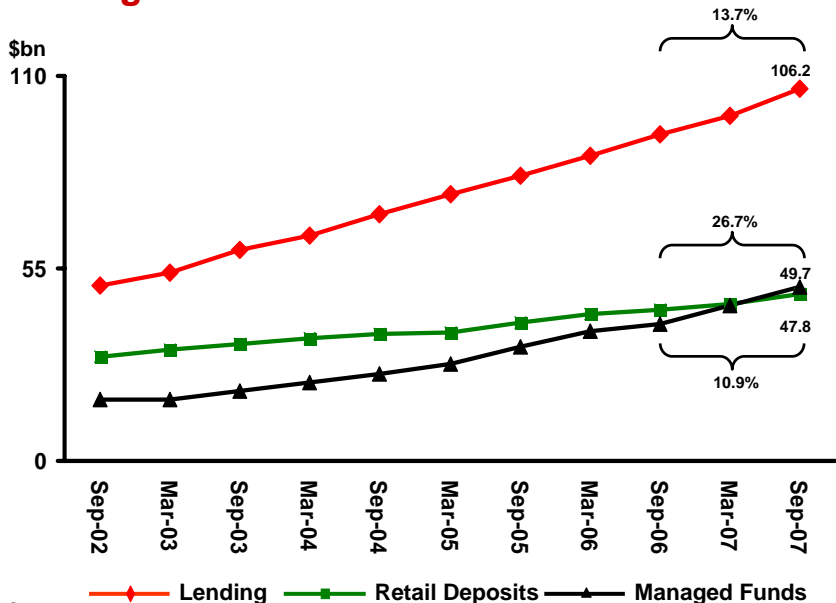
Strong earnings growth



18% earnings CAGR since Sep-02



Growing business volumes

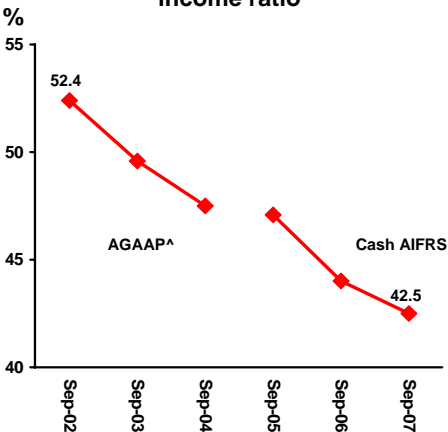


Percentages Sep-06 to Sep-07

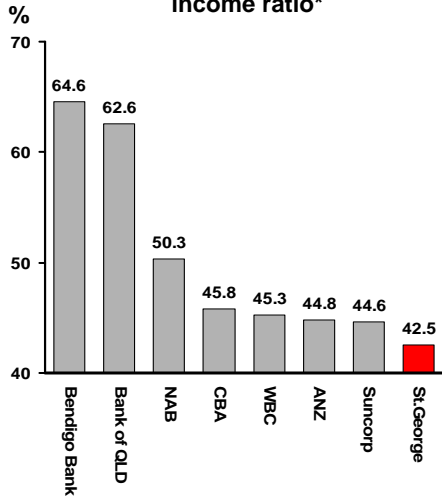


Effective cost management

St.George expense to income ratio[^]



Peer group expense to income ratio^{*}

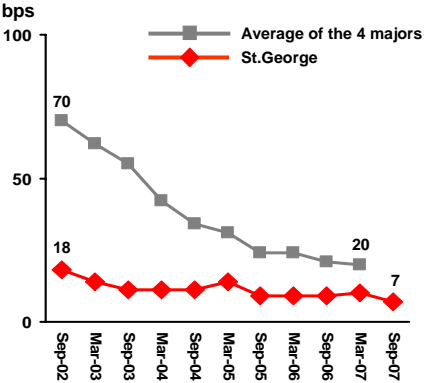


[^]Excluding goodwill and before significant items. ^{*}Ratios as at the companies last reporting date



Consistently excellent credit quality

Gross non-accruals/net receivables*



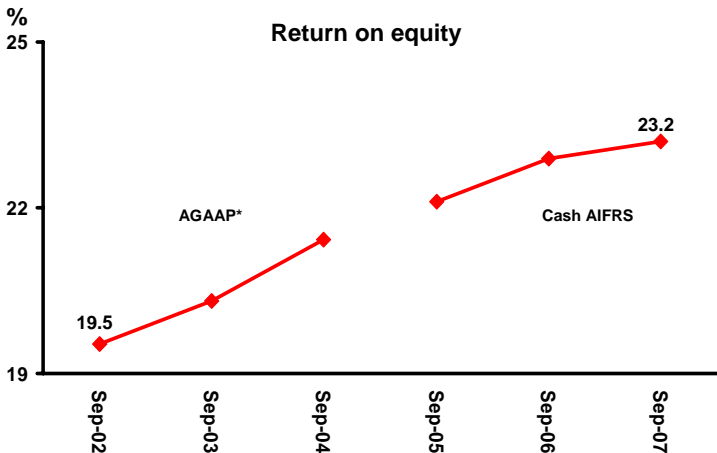
- Low risk business mix
- Proven track record
- No exposures to:
 - US or domestic sub-prime lending
 - CDOs
 - credit default swaps
 - hedge funds
- No underwriting risk to large deals
- 97% of treasury credit exposures are rated "A" or better
- Consumer lending credit quality further improved
- Business lending credit quality remains excellent

Bad and doubtful debts 0.18% of average total receivables



*Sep-05 onwards includes securitisation and bill acceptances

Outstanding return on equity



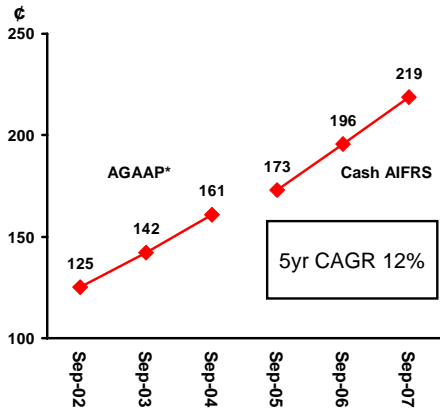
10 years of consecutive growth in ROE

*After preference dividends, before significant items and goodwill

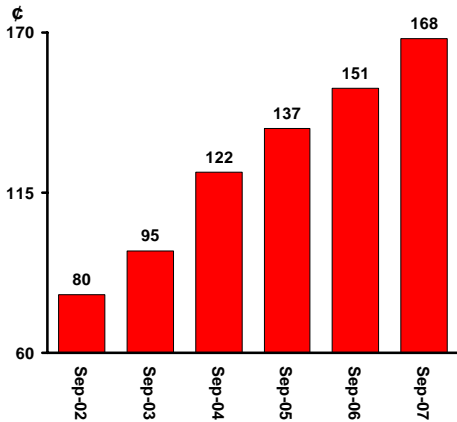


Strong and consistent dividend growth

Earnings per share



Dividends



FY07 77% dividend payout ratio

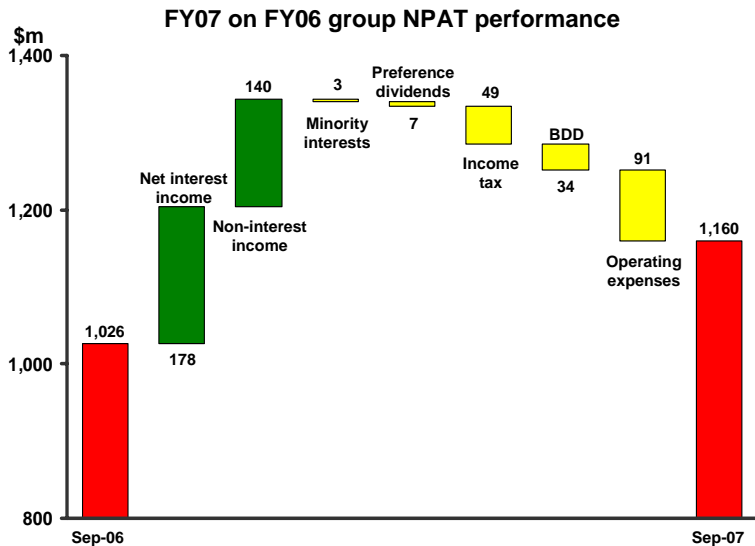
*Before significant items and goodwill



Financial Overview



Robust operational result



Segmental profits – all divisions strong contributors

	Profit before tax Sep-07 \$m	Change* %	Cost to income ratio Sep-07 %	Contribution to segment profit %
Retail Bank	773	10	45.2	46
Institutional and Business Banking	480	15	34.7	28
BankSA	241	13	40.6	14
Wealth Management	210	21	48.0	12

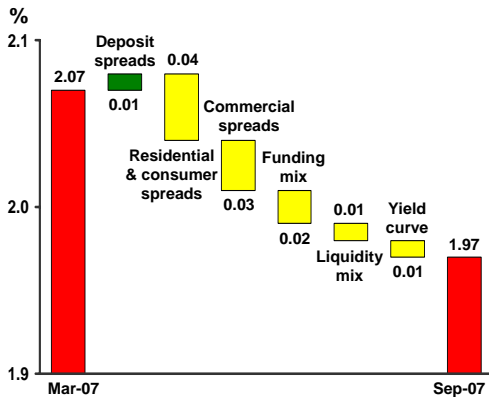
*Percentages Sep-06 to Sep-07



Other key information

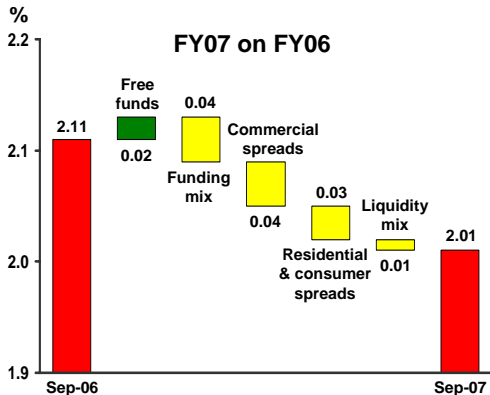
Notes

2H07 on 1H07 margin performance





Tightly managed margin performance



- Funding mix impacted by the increased proportion of wholesale borrowings to fund lending growth
- Commercial lending spreads impacted by increased competitive intensity and the growth in larger size loans
- Residential spreads also affected by competitive intensity and increased demand for fixed rate loans

FY08 margin compression expected to be around 10bps



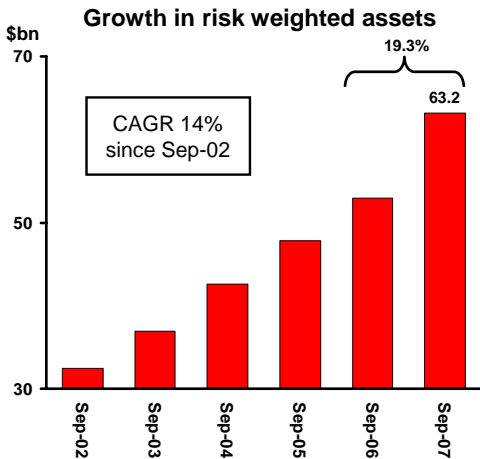
Excellent growth in recurrent non-interest income

	Sep-07 \$m	Sep-06 \$m	Change %
Product fees and commissions:			
- Deposits and other accounts	227	208	9
- Lending	151	127	19
- Electronic banking	218	202	8
Managed funds	296	254	17
Treasury trading	69	58	19
Mortgage insurance investment portfolio	42	18	133
Factoring and invoice discounting	20	20	-
Sale of shares	8*	10	(20)
Property sales	10	7	43
Other	38	35	9
Total	1,079	939	15

*Represents the \$8m gain on sale of Group's equity investment in MasterCard in 1H07



FY08 capital management



- 6.5% tier 1 minimum allowed by APRA pending a review as part of Basel II transition

Dividend Reinvestment Plan

- Expected to raise c.\$458m
- Underwritten up to 100%
- No discount to apply

Non-innovative tier 1 issuance

- Expected to raise c.\$400m
- Replaces US\$250m DCS* redeemed in Jun-07

Capital initiatives driven by strong growth in risk weighted assets



Strong and flexible sources of funding

Total funding by source

	\$bn
Retail	47.8
Short term wholesale	25.2
Long term wholesale	13.9
Securitisation [^]	18.9
Subordinated debt	1.9
Preference shares	0.3
Total	<u>108.0</u>

- Strong base of retail deposits accounting for:
 - 62% of all retail lending*
 - 54% of total funding excluding securitised assets
 - 44% of total funding including securitised assets
- 66% of Middle Market lending funded by bank bills
- \$7.0bn of business deposits and \$3.7bn of Wealth cash balances are strongly growing sources of funding
- Securitisation accounts for 18% of total funding
- \$1.1bn in highly rated conduit assets

Liquidity in the bank is 12% with significant flexibility going forward**

*Including securitised assets

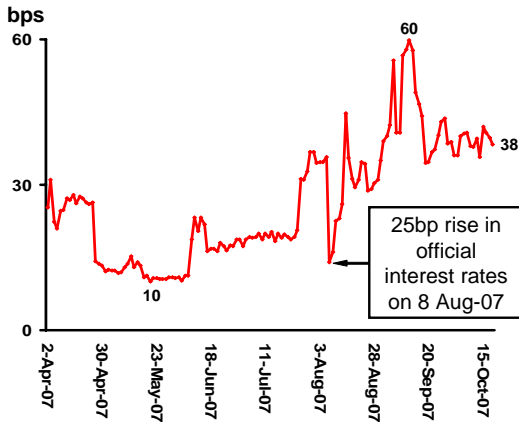
[^]Including \$1.1bn of asset backed conduit funding. **Includes liquid assets and treasury securities



Other key information

Notes

Cash/90 days differential basis points





Credit markets and wholesale funding costs

Widening spreads*

	Mar-07 bps	Oct-07 bps
Cash/90 days**	15	35
Senior debt		
3 year^	14	35
5 year^	18	45
Securitisation		
2.5 year	15	40

- A 1bp increase in the cash/90 spread for 1 year is expected to add \$2m in extra funding costs for the Group
- Mitigating offsets to higher funding costs include:
 - increased spread on deposits
 - widening of corporate borrowing rates
 - active management of product spreads
 - some decreased competitive intensity particularly from non-bank lenders

While absolute debt funding spreads have widened, relative spreads to peers have remained consistent

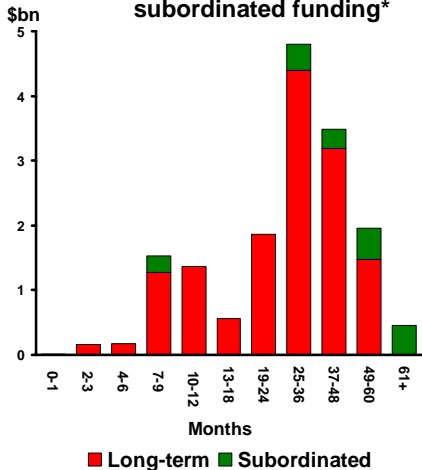
*Spreads on 3 and 5 year St.George term debt and Crusade issuance.

**Differential between overnight cash rate and 90 day bank bill swap rate. ^Spread to swap rates



Substantial volumes of committed term funding

Maturity profile of term and subordinated funding*



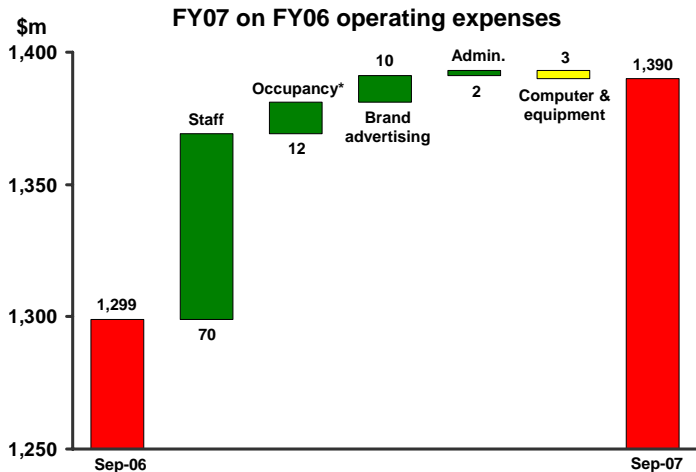
- Committed term funding represents 39% of total wholesale funding
- Average weighted maturity of committed funding is 32 months
- \$500m of fixed and floating transferable deposits issued in Oct-07
- Global term debt markets remain accessible and receptive to St. George issuances

Only 2% of committed term funding is maturing in next 6 months

*Includes \$500m July 2010 fixed and floating rate transferable deposits Oct-07 issue



Targeted and effective investing



Increasing our investment in people, service and brand

*Primarily reflects increased costs associated with sale and leaseback of Kogarah head office and branch openings

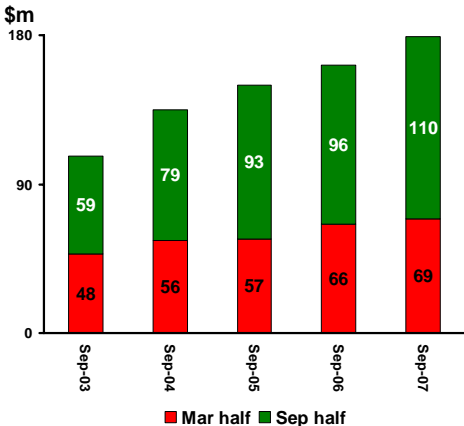


Sustained and growing investment

FY07 completed initiatives:

- New home loan and credit card products
- Improved contact centre processes and systems
- Upgraded Wealth infrastructure and redesigned Asgard desktop interface
- Ongoing investment in IT infrastructure and applications including new internet banking platform
- By end of CY07 we will have:
 - refurbished every retail branch
 - opened 8 business banking centres and 10 retail branches
 - upgraded 21 branches to 'future branch' layout

Project investment expenditure*



14% CAGR increase in project investment expenditure since Sep-03

*Includes capitalised and P&L project expenditure and excludes marketing, people and training



FY08 investment agenda

Distribution

- Substantial investment in brand
- Significant increase in the number of business bankers and financial planners
- At least 1 new branch* opened per month and c.250 new ATMs^

Infrastructure

- New credit cards processing system
- Re-engineering the mortgage process
- Further developing CRM capability
- Simplifying frontline processes and systems in Middle Market
- Investing in Wealth's underlying infrastructure and customer interface

Compliance

- Ongoing Basel II and anti-money laundering projects

*Includes both retail and business banking branches. ^Includes rebranded BP partnership ATMs



Bad and doubtful debts expense

	FY07 \$m	FY06 \$m
Specific provisions		
Residential	15	9
Consumer	98	76
Commercial	42	36
Total	<u>155</u>	<u>121</u>
Collective provision	23	23
Bad and doubtful debts expense	<u>178</u>	<u>144</u>

2H07 performance:

Residential

- \$5m in Sep-07, from \$10m in Mar-07

Consumer

- \$48m in Sep-07, from \$50m in Mar-07
- Improvement across all metrics due to:
 - quality of underwriting
 - improved collections team performance
 - renewed focus and attention

Commercial

- Small increase in specific provision reflects quality of high growth portfolio
- Absolute levels remain low

Collective Provision

- \$8m in Sep-07, from \$15m Mar-07



Non-accrual and past due loans

Non-accrual loans

- Net non-accrual loans \$50m compared to \$59m in Mar-07 and \$51m in Sep-06
 - largest exposure \$11.5m
 - next 19 non-accrual loans range from \$0.4 to \$2.6m[^]
- Exposures well secured and prudently provisioned

Past due loans

- Residential 90 day arrears \$153m compared to \$168m in Mar-07, representing 0.30%* of the portfolio
- Houses in possession stable at 86, representing 0.02% of total portfolio
- Other^{^^} 90 day arrears were \$72m compared to \$73m at Mar-07, representing 0.69% of the portfolio

Appropriation to general reserve

- Appropriation for FY07 is \$36m reflecting growth in risk weighted assets

[^]Only 27 non-accrual loans >\$100k. ^{^^}Comprises hire purchase, leasing and unsecured consumer loans.

*Excludes securitised loans. If included the ratio would decrease to 0.22% as at Sep-07



Basel II

- Targeting Advanced Basel II status by Jan-09
- Application for Advanced Retail Credit Risk and Foundation Corporate Credit Risk lodged in Sep-05
- Application for Advanced Operational Risk lodged in Sep-06
- Advanced Corporate Credit Risk to be addressed subsequent to initial accreditation
- Accreditation applications for Securitisation and Interest Rate Risk in the Banking Book to be submitted during 2007
- Business benefits being delivered through enhanced risk management processes
- APRA has indicated that St.George will remain subject to Basel I during 2008
- Accreditation and timing subject to APRA approval

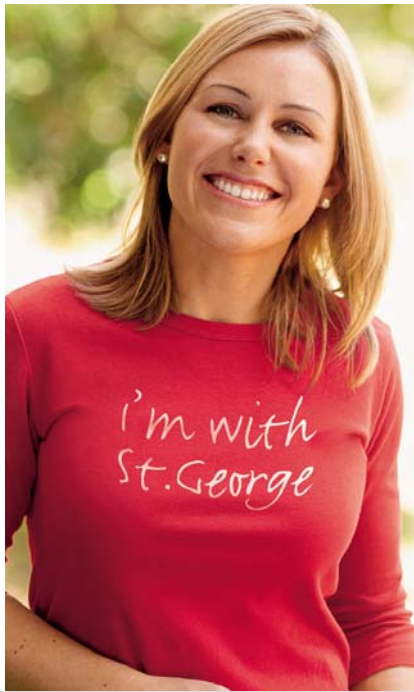


Strategy, Business Performance and Outlook



Strategy and business priorities

Management outlook and targets



Business priorities

People and customers	Reinforcing our commitment to our people and customers
Retail Deposits	Targeting growth in line with system
Home Loans	Targeting growth in line with system
Middle Market	Targeting twice system growth
Wealth management	Net flows to exceed system growth
VIC, QLD and WA	Accelerated targeted growth strategy, capturing market share in key segments
Productivity management	Rolling program of efficiency initiatives, facilitating reinvestment in revenue growth activities



Valuing our people

2007 HR awards

Winner
Employee of
Choice***

Winner
Excellence in
People Management^

Winner
Innovation in
Phased Retirement^

Winner
Innovation in
Recruitment and
Retention***

Winner
National Gold Award
Flexible and Family
Friendly*

Winner
Best In-house
Recruitment Team**

- Staff satisfaction at 75% up from 48% in 2002^^
- Record high and industry leading staff engagement score^^
- Record high levels of staff 'recommending St.George as a good place to work and do business'^^^
- Widely recognised for leading range of staff benefits including:
 - 13 weeks paid parental leave
 - grandparental and eldercare leave
 - work 4 years, take the 5th year off
 - up to 6 weeks purchased leave
- Enterprise Agreement successfully negotiated for further three years

^^St.George Workplace Survey 2007. *National Work and Family Awards.

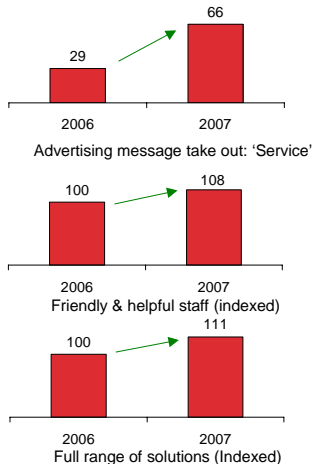
Fairfax Employment Marketing Awards. ^Australian HR Institute Awards. *Australian HR Awards



Brand investment delivering exceptional outcomes

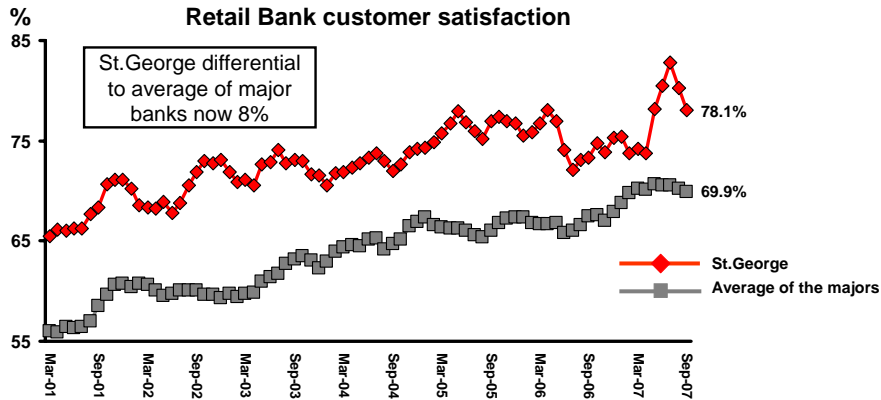


Brand perception metrics



Brand strategy and customer perceptions intrinsically aligned

A differentiated customer experience



Key drivers of customer satisfaction:

- Brand investment leveraged
- Frontline staff numbers increase
- Industry leading levels of staff engagement
- Integrated Sales and Service and 'Local Markets' models embedded

Source: Roy Morgan Research Sep-07 rolling 3-mth average respondents (aged14+) with transaction accounts at institution



Other key information

Retail funding composition

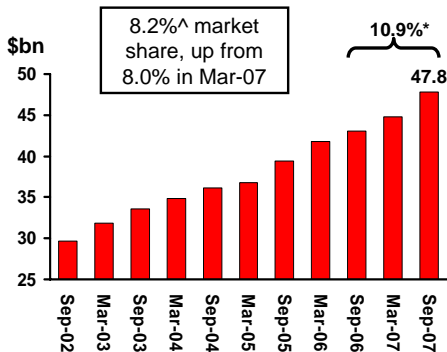
	Sep-07		Sep-06	
	\$bn	%	\$bn	%
Transaction	17.4	37	15.2	35
Savings	0.6	1	0.6	1
Fixed term	14.9	31	13.9	32
directsaver	7.9	16	6.6	16
Investment	7.0	15	6.8	16
Total	<u>47.8</u>	<u>100</u>	<u>43.1</u>	<u>100</u>

Notes



Deposits – outstanding growth in core offering

Retail deposit balances



- 15%* growth in transaction account balances to \$17bn
- 20%* increase in the average balance held in transaction accounts
- 19%* growth in business transaction account balances to \$7bn
- Balance growth benefited from:
 - greater focus on core offerings
 - 'Local Markets' model delivering
 - growth in transaction accounts
 - introduction of new flat fee accounts
 - changes in superannuation legislation

13.2% annualised growth in 2H07



Other key information – product mix

Notes

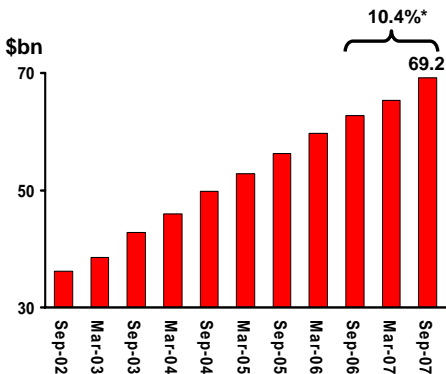
	Receivables	Settlements				
	Sep-07 %	FY07 %	FY06 %	FY05 %	FY04 %	FY03 %
Introductory	1.1	3.9	2.8	3.6	8.0	20.4
Portfolio	29.6	27.2	29.2	29.9	34.7	34.0
Standard variable and basic	38.4	29.7	40.2	42.2	37.3	31.1
Fixed	18.7	21.3	13.3	10.4	7.8	9.6
Low doc	6.8	11.5	8.2	8.3	8.5	2.2
No deposit	4.7	6.2	5.8	4.7	2.8	2.1
Seniors access	0.7	0.2	0.5	0.9	0.9	0.6
Total	100	100	100	100	100	100

73.5% LVR for mortgages written in FY07,
38.3% for mortgage book



Home Loans – solid 2H07 performance

Residential receivables



- 12% annualised 2H07 growth
- 8%* growth in NSW, exceeding NSW system growth
- Solid momentum supported by:
 - greater focus on core offerings
 - launch of new 'packaged' and 'basic' products
 - improved 2H07 proprietary channel performance
- Proprietary sourced flows 56%*
- Run-off rate stable at 16%^

Strongly positioned to deliver in line with system growth in FY08

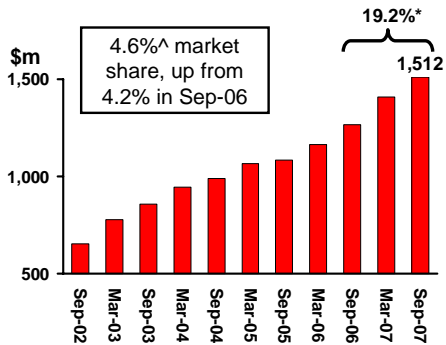
*Percentages Sep-06 to Sep-07

^Annualised run-off rate includes contractual repayments, discharges and pre-payments



Credit cards – achieving market share growth

Credit card balances



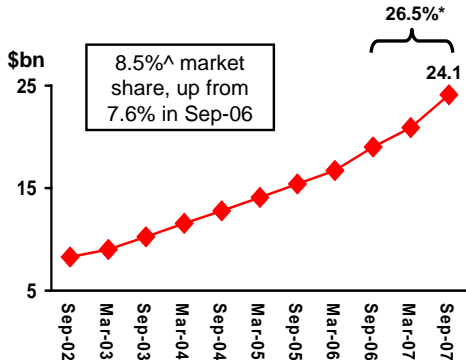
25.0% of customers now hold a St.George credit card, up from 22.7% in Mar-06**

- Total credit card portfolio >500k, 18% uplift since in Sep-05
- Vertigo MasterCard launched May-06:
 - c.85k accounts
 - >\$347m in balances
 - 70% of sales to existing customers
- Core system replacement on track for Feb-08
- Maintaining industry leading revolve and retention rates
- Credit quality remains sound and within expected ranges



Middle Market – stellar performance

Total middle market receivables



- 31% annualised growth 2H07
- 27% growth FY07 in NSW
- Strong performance driven by:
 - significant investment in people, branches, tools, processes and industry specialisation
 - proven, high touch relationship model
- 65% of new business sourced from existing customers and 81% from target industry segments
- Impaired assets/total middle market receivables 0.14%

285 new business and specialist bankers since Sep-04, a 56% increase

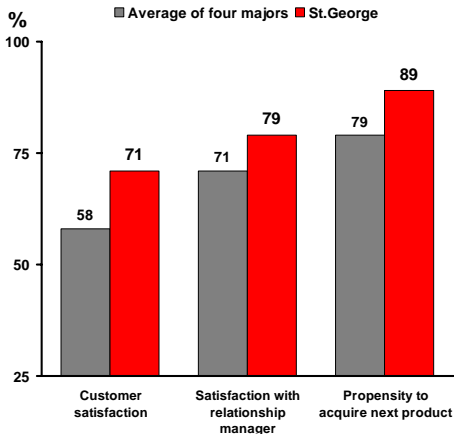
*Percentages Sep-06 to Sep-07

^Cannex derived market share. From Mar-06 impact of large leveraged buy out transactions are excluded



Middle Market – the leader in customer advocacy

Relationship management*



Customer advocacy*

- 51% of St. George customers would 'definitely recommend' their bank
- Only 29% of major bank customers would

Expected churn**

- 0% of St. George customers are considering changing banks in the next 6 months
- 17% of major bank customers are considering changing

Industry leading levels of staff engagement and customer retention

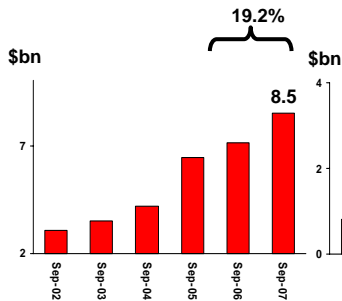
*Source: Jones Donald Customer Satisfaction Survey Sep-07

**East & Partners - Australian Commercial Transaction Banking Markets Survey Aug-07



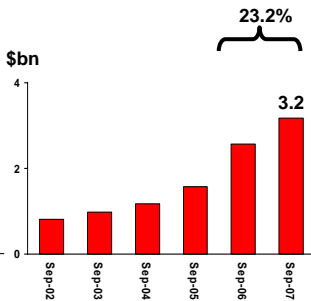
Other key information – Wealth portfolio

Advance FUM



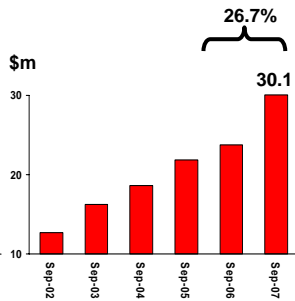
- Sales up 16% to \$2.0bn
- FUM growth benefiting from Aug-06 Wealth restructure and alignment of distribution channels

Margin lending receivables*



- 61% increase in direct contribution
- Awarded 'Best of the Best' for 4th consecutive year[^]

Insurance revenue



- Life income up 47%
- Life (internal risk) new premiums up 75%

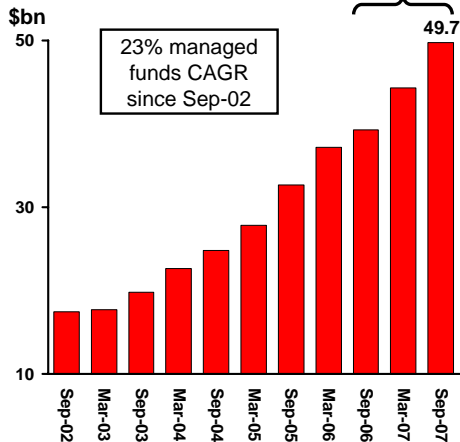
Percentages Sep-06 to Sep-07

*Includes \$398m acquisition of HSBC Australia margin lending portfolio in Aug-06. ^Money Magazine Awards.



Wealth Management – outstanding portfolio

Total managed funds



- Wealth segmental profit CAGR 25% since Sep-02
- Cost to income 48.0%, down from 75.0% in Sep-02
- 12% growth in adviser numbers to 959[^]
- Substantial productivity uplift in FY07:
 - 61% per St.George financial planner
 - 56% per Securitor adviser
- Asgard, Margin Lending and Insurance businesses all contributing strongly

Significant investment for all Wealth businesses scheduled for FY08 to leverage scale and enhance service levels

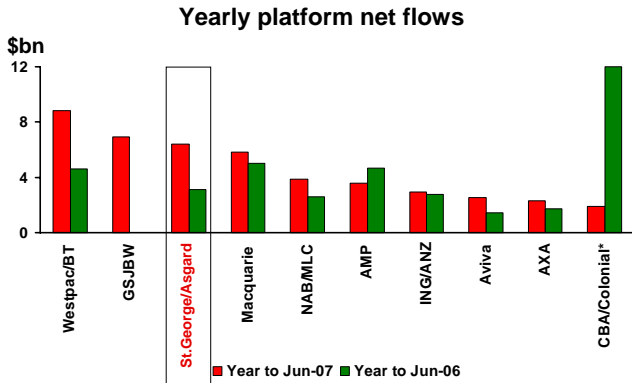
*Percentage Sep-06 to Sep-07, excludes Securitor balances.

[^]Includes St.George Financial Planners, Securitor and Third Party Dealer Clients



Other key information

Notes

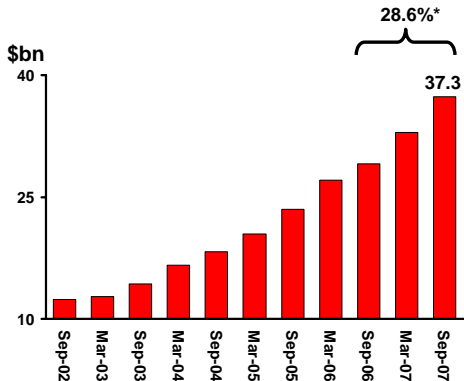


Source: Plan for Life Jun-06 to Jun-07 Quarterly Data System. *One-off win and then loss of GSJBW mandate



Asgard – consistent outperformance

Funds under administration



- 27% annualised growth 2H07
- Asgard top 3 in industry for net flows[^]
- 48% growth in net flows, St.George channel net flows a stand out up 74%
- New accounts up 8% to 467k
- Industry leading levels of customer service and retention

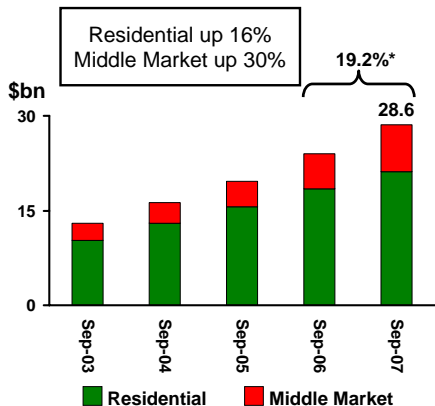
13% of market net flows, up from 7.9% since Jun-06[^]

*Percentage Sep-06 to Sep-07, excludes \$8.1bn Advance portfolio
[^]Source: Plan for Life Jun-06 to Jun-07 Quarterly Data System



VIC, QLD and WA – now core geographies

Residential and Middle Market lending**



VIC

- 3 new retail sites scheduled for FY08
- 47 new ATMs^ planned for FY08

QLD

- 2 new retail and 2 new co-located business and retail sites in FY07
- 4 retail and 2 co-located sites scheduled for FY08
- 72 new ATMs^ planned for FY08

WA

- 5 new co-located business and retail sites in FY07
- 1 retail and 1 co-located site scheduled for FY08
- 39 new ATMs^ planned for FY08

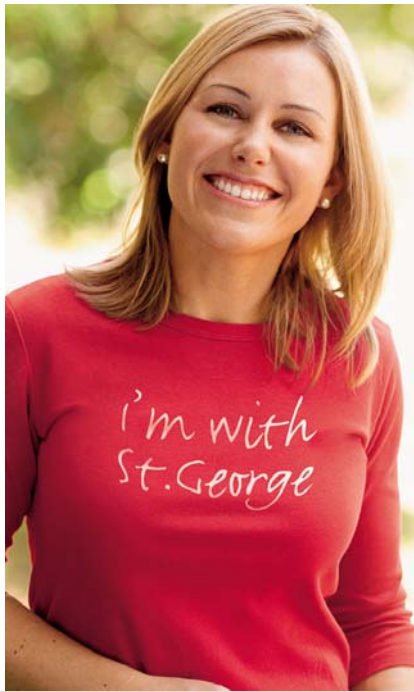
VIC, QLD and WA now represents 31% of residential and Middle Market lending

*Percentages Sep-06 to Sep-07. **Includes VIC, QLD and WA. ^Includes rebranded BP partnership ATMs



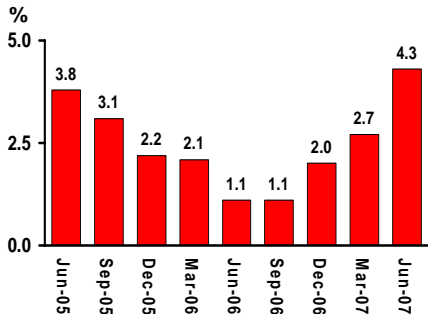
Strategy and business priorities

Management outlook
and targets



Sector outlook

NSW state final demand*
(GDP equivalent^)



NSW economy showing indications of improvement

- National home loan credit growth stable at around 12-13%
- National business lending growth to remain robust
- Markets factoring in further increases in official interest rates
- Competitive environment to remain intense
- Credit markets dislocation to persist in the short term. Expect increased discernment between differentiated credit risks in the medium term
- St.George to benefit from increased risk focus due to quality of underlying assets and businesses



St. George outlook

- Retail deposits to grow in line with system
- Home loan portfolio to grow in line with system
- Consumer lending to exceed system growth, driven by strong growth in credit cards sold to existing customers
- Middle Market targeting twice system growth over full year
- Wealth management net flows to exceed system growth

Strong momentum across all businesses and core product lines



FY08 targets

EPS growth FY08

10%*

Cost to income

Manage to low end of peer group

Capital

Tier 1 minimum 6.5% pending APRA review[^]

Credit quality

Maintain positive differential to majors

Customer satisfaction

Maintain positive differential to majors

[^]As part of Basel II transition.

*Targets exclude impact of hedging and derivatives and assumes a reasonably sound economic environment



In conclusion

- Excellent earnings performance
- Robust growth across all businesses and core product lines
- Well diversified and quality portfolio of high growth businesses
- Confidence to raise levels of reinvestment for the future
- Strong management team with excellent execution track record
- Improved business environment with NSW displaying renewed strength
- Strong momentum and excellent growth prospects going forward

Franchise exceptionally well positioned to continue to deliver sustainable, high quality earnings





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