



news release

2 May 2008

ST.GEORGE BANK PRICES A\$700m TIER 2 CAPITAL ISSUE

St.George Bank Limited announces the pricing today of a new A\$700 million Subordinated Notes issue. The issue was upsized from an initial A\$300 million to A\$700 million following strong investor demand and will settle on 9 May, 2008.

The Notes have a 10 year tenor, maturing on 9 May, 2018. They will be callable by St.George, with the prior written consent of the Australian Prudential Regulation Authority (APRA), in May 2013 and quarterly thereafter.

The issue comprises a Fixed Rate series of A\$590 million and a Floating Rate series of A\$110 million. The Fixed Rate tranche has a semi-annual coupon of 10.00% to the first call date and is priced at 99.519%, yielding a margin of 395 basis points over the May 2013 Commonwealth Government bond or 275 basis points over the 5 year swap rate. The Floating Rate tranche was priced at par with a coupon of 275 basis points over quarterly BBSW. The coupon on both series will step up to 3 month BBSW+375 basis points if the Notes are not called at the first call date.

The Notes are being distributed to non-retail investors by St.George Bank Limited as Sole Lead Manager. The minimum parcel size is A\$500,000.

APRA has indicated that the Notes will qualify as Lower Tier 2 capital for St.George. It is expected the Notes will be rated Aa3 by Moody's, A by Standard & Poor's and A by Fitch.

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