

23 October 2008

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**St.George Bank Limited**  
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Dear Shareholder

## Merger Update and Confirmation of Details for Dividend Payments

I am writing to provide you with an update on the proposed merger of St.George and Westpac and to ensure your direct credit details are up to date so that St.George can pay both the final dividend for 2008 and a special dividend to you in a timely manner.

### Merger Update

By now you should have received a Scheme Booklet including details on the proposed merger with Westpac. The Independent Expert Grant Samuel considers the merger proposal is “fair” and “reasonable” and has therefore concluded that, in its opinion, the merger proposal is in the best interests of shareholders, in the absence of a superior proposal. A summary of the Independent Expert’s report is in the Scheme Booklet.

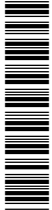
The St.George Board unanimously recommends you vote in favour of the merger proposal, in the absence of a superior proposal. The reasons for this recommendation are set out in the Scheme Booklet.

This proposal provides an opportunity for you to receive an attractive upfront premium and have ownership in a larger and stronger financial services company – characteristics which are important, especially in these uncertain economic times.

Westpac has agreed to the payment by St.George of a fully franked special dividend to shareholders in addition to a final dividend for the year to September 2008, on the basis that the aggregate of those dividends does not exceed \$1.25 per share. This would be an increase of \$0.28 per St.George share in total potential dividends payable to St.George shareholders, as compared to the original merger proposal. The final dividend and the special dividend will be announced to the market on 29 October 2008. We expect the dividends to be paid on 18 December 2008.

The Australian Taxation Office has issued St.George with a favourable class ruling confirming the tax implications of the Share Scheme for St.George shareholders including that St.George shareholders who would otherwise make a capital gain in respect of their St.George shares should be eligible to choose to obtain CGT scrip for scrip rollover relief.

I encourage you to vote in favour of the proposal. Proxy forms, enclosed with the Scheme Booklet, must be received by noon (Sydney time) on Tuesday, 11 November 2008.



## Payment Details

Are your payment instruction details shown below (if applicable) correct?

- Direct credit instruction: BSB: 123-456 Account Number: 123456789

It is important these details are correct to ensure you receive your dividend payments in a timely manner.

The dividend reinvestment plan (DRP) will not be operational if the proposed merger with Westpac is approved. For current DRP participants, the direct credit details you provided to the St.George share registry prior to participating in the DRP as set out above will be the banking instructions used for payment of the final dividend and special dividend to you. The St.George Board has approved modifications to the Terms and Conditions of the DRP as set out below.

For all shareholders, if the proposed merger with Westpac is approved, the direct credit details set out above will be used for any future payments to you by Westpac.

- If your banking details have changed; or
- if you currently receive your dividends by cheque and would like to provide your bank account details to receive dividends into your bank account instead,

**please complete** the enclosed Direct Credit instruction form and return to the St.George share registry in the reply paid envelope provided by 24 November 2008.

Yours sincerely,



John Curtis  
Chairman

### Modifications to St.George Bank Dividend Reinvestment Plan

The first modification is to amend the definition of "Market Price" by inserting the words in italics below:

**"Market Price"** means the average of each day's volume weighted average price (expressed in terms of cents and with fractions of cents rounded to the nearest full cent) of all the shares of St.George sold on the Australian Securities Exchange during the 15 days of trading commencing on the second day after the record date for determination of entitlement to the relevant dividend (*or such other period determined by the Directors and announced to the Australian Securities Exchange*).

The second modification is to amend clause 11.1 by inserting the words in italics below:

*"Except as otherwise contemplated in these Terms and Conditions, all notices shall be in writing and in such form as St.George may from time to time require."*

The third modification is to amend clause 13.1 "**Notice**" by deleting "on giving one month's notice to Shareholders" and inserting the words in italics below, to read:

*"The Plan may be suspended, modified or terminated by St.George at any time. Notice of suspension, modification or termination of the Plan may be given by announcement to the Australian Securities Exchange and such notice will be effective on the date that it is given."*

The above modifications provide St.George with more flexibility with regard to its capital management should the merger not proceed, whilst still allowing DRP participants sufficient time to act as may be required. The DRP will be operational for the final dividend for 2008 and the special dividend should the proposed merger not proceed.