We've outpaced the market in customer satisfaction. We've demonstrated a strong increase in underlying profitability in addition to solid funds management growth. Now we have an opportunity to extend our lead by winning new business from our strong and loyal customer base. We have the energy, agility and drive to capitalise on this opportunity and become an Even Better Bank.

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Morning Report and Economic Outlook

St.George continues to accelerate its position as the market leader in customer satisfaction

See page 12

Giving our wealth customers control of their investments

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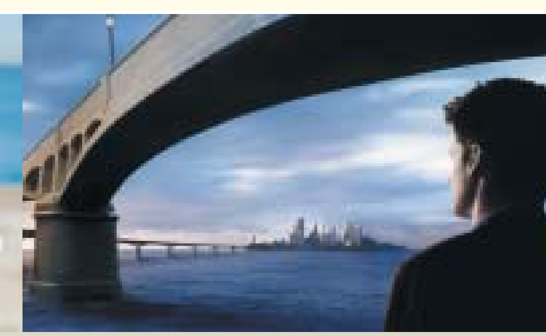
A range of safe and affordable insurance products

See page 20



Tailored products and innovative ways to drive our clients' business into top gear

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BankSA – giving over 500,000 customers the power to make sound financial decisions

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Distributing more than $700,000 in charity across the country

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Report from the Chairman

St.George has returned another strong year of growth. Importantly, the Bank is positioned for continuous growth. Underpinning this is strong corporate management and governance.

The year has also seen the appointment of our new Managing Director and Chief Executive Officer, Mrs Gail Kelly. Gail joined the Bank in January and has already brought significant vitality and ideas to the role. We are delighted to have somebody of her calibre and capability joining us.

The financial result for the year to 30 September 2002 was a net profit after tax and, before significant items, of $505 million, an increase of 34.3 per cent over the previous year. When non-recurring significant items are accounted for, the net profit available to ordinary shareholders is $369 million compared with $336 million the year before, a 9.8 per cent increase.

This represents very satisfactory underlying performance and is the first full year of results after the implementation of our Best Bank Redesign program. The program delivered a total bottom line improvement of $145 million before tax, compared to a part year impact of $80 million in the previous period.

We are now focused on achieving further gains through our Even Better Bank program guided by the Group's new six key business goals. These are outlined in further detail by the Managing Director and throughout the report.

The full year result was adversely impacted by one-off or non-recurring significant items amounting to $166 million ($136 million after tax). This amount related to the write-down of certain non-core investments, a reduction in the value of goodwill attributed to the Bank's investment in WealthPoint Limited, deferred expenditure write-offs, restructuring costs associated with the Even Better Bank program and, on the positive side, a profit was recognised on sale of shares in Cashcard Australia Limited.

The remaining $185 million balance in deferred expenditure as noted in the accounts has been carefully assessed to ensure appropriate future benefits are realisable. Further, the continued amortisation of existing developments means St.George's deferred expenditure has now peaked. A reduction in the level of new expenditure being deferred and a refined policy on capitalisation will lead to a steady decline in the amount being carried on the balance sheet.

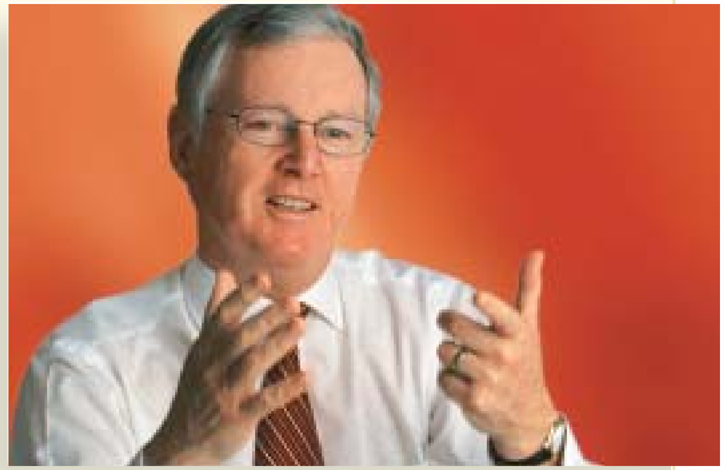
Major factors contributing to St.George's strong operating performance for the year were a profitable increase in lending and deposit volumes, solid increases in managed funds, stable margins in net interest income and strong growth in non-interest income. This is underpinned by our ongoing sound credit quality. The Bank recognises that the market is particularly buoyant in home lending and is taking steps to ensure the Group maintains or improves its market share position.

Your Directors were pleased to be able to announce a final dividend payable of 42 cents per ordinary share. Combined with the interim dividend of 38 cents announced in May, this brings the full year dividend to 80 cents, fully franked and compares favourably to last year's full year dividend of 65 cents.

The Dividend Reinvestment Plan will operate for the final dividend and participation will be from a minimum of 100 shares with no limit on individual shareholder participation. No discount will apply on this occasion.

This is a strong result that reflects how far St.George has come in the 10 years since it received full banking status – and in the 65 years since it was first established as a building society (154 years since BankSA was established). In this last decade, the Bank has increased its employees from 3,100 to almost 7,400, our branches from 280 to 400 and total assets from just over $9 billion to $55 billion today.

Major factors contributing to St.George's strong operating performance for the year were a profitable increase in lending and deposit volumes, solid increases in managed funds, stable margins in net interest income and strong growth in non-interest income. This is underpinned by our ongoing sound credit quality. The Bank recognises that the market is particularly buoyant in home lending and is taking steps to ensure the Group maintains or improves its market share position.



Over this period, the total number of shareholders has risen from 28,000 to 120,000. St.George has also seen its share price rise from $6.16 to $17.70 as of 30 September 2002. St.George is now one of the 15 largest companies by market capitalisation on the Australian Stock Exchange.

Investors may be aware that from 1 July 2002, shareholders can amend the St.George Bank Constitution by special resolution to delete the clause which precludes a greater than 10 per cent shareholding by any individual shareholder. The Bank has, therefore, effectively assumed a similar status to other companies with open share registers. As I have commented before, the Directors of St.George have always considered that the best course of action is to remain focused on continuing to improve performance and thereby increase value for its shareholders. This continues to be our focus.

In February 2001, St.George granted Sell Back Rights to effect an off-market buy-back. The Australian Taxation Office (ATO) issued a Class Ruling stating that shareholders who received them would be liable to income tax on the market value of these Rights.

In order to avoid penalties and interest under taxation laws, St.George advised shareholders in August 2001 to include the market value of the Rights in their assessable income for the year ended 30 June 2001.

The ATO has recently disallowed an objection lodged by a taxpayer in respect of the inclusion of the market value of the Rights in their assessable income for the year ended 30 June 2001 and St.George is funding litigation against the ATO's decision.

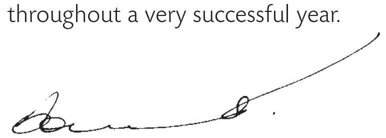
St.George will continue to pursue the best interests of its shareholders and contest the ATO's view as long as there is a strong prospect of obtaining a satisfactory result. It is not expected that a hearing date will be set in the Federal Court until early next year.

On 30 June 2002, Ms Geri Ettinger retired from the Board after 15 years of continuous service as a Director. Over that time, Ms Ettinger made a strong contribution to the Board and has seen considerable growth in the Bank's size and scope.

Mrs Linda Nicholls accepted an invitation from the Directors to join the Board. Mrs Nicholls brings to the Bank extensive experience in the financial services industry.

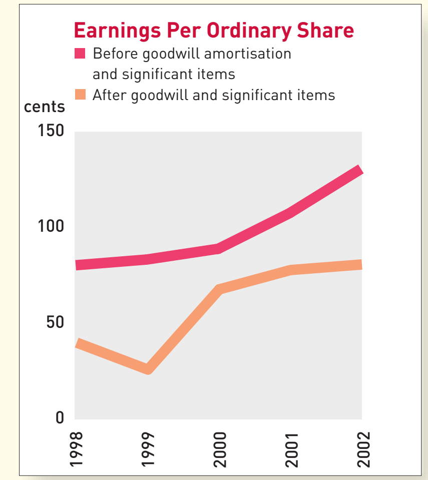
Recently, there has been wide discussion regarding corporate governance issues following a number of large business collapses, both domestically and internationally. I should like to reiterate that the Bank continues to take corporate governance matters very seriously and always adheres to high and appropriate standards. We support full disclosure and in-depth details of the Bank's corporate governance policies can be found on pages 38 to 40 of this report.

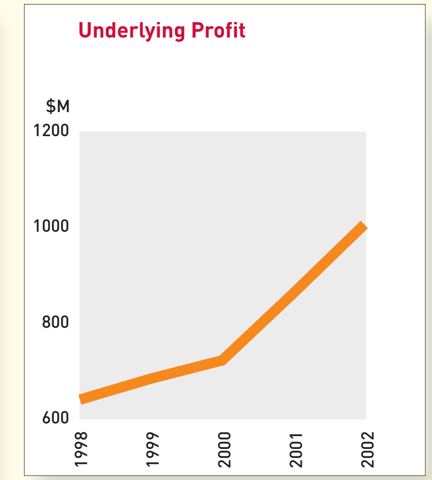
On behalf of the Directors, I should like to take this opportunity to welcome Mrs Gail Kelly along with the other new members of the Group Executive Management team and convey special thanks to all our staff for their dedication and commitment throughout a very successful year.

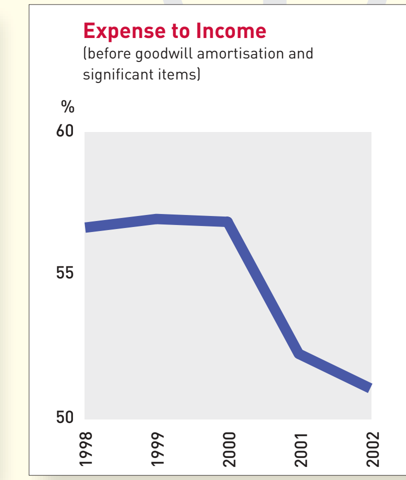


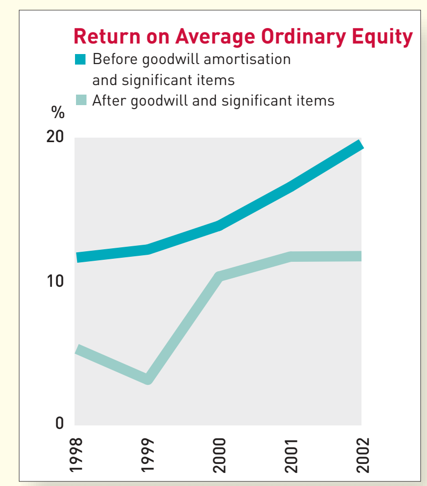
Frank J Conroy
Chairman

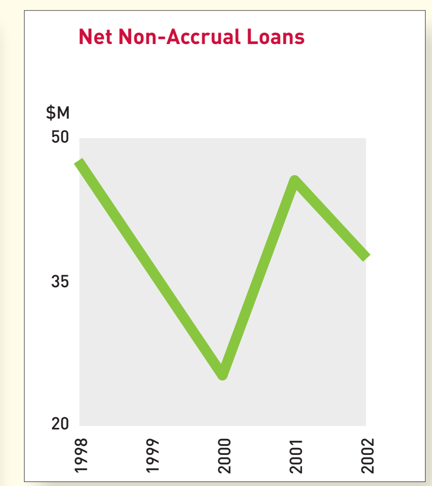
Sustained Financial Performance

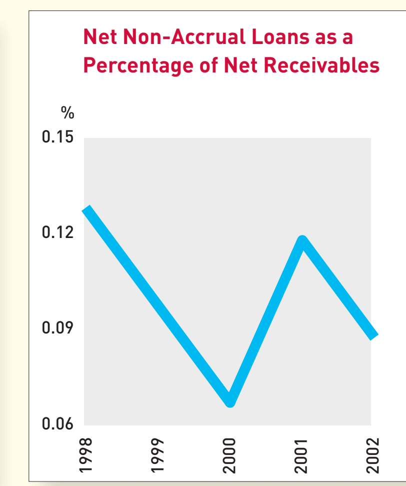


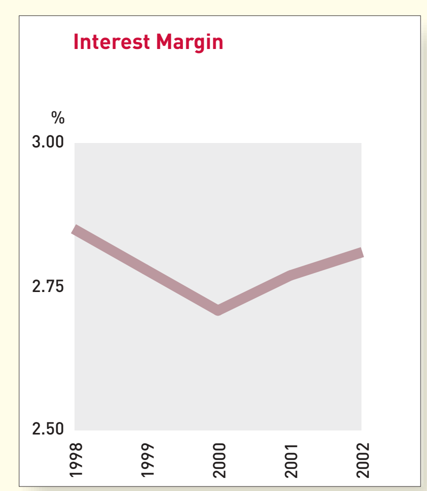


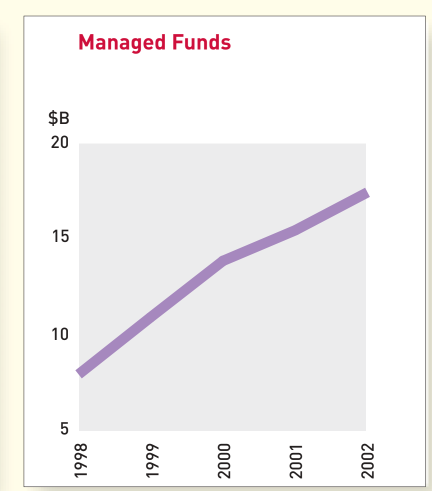


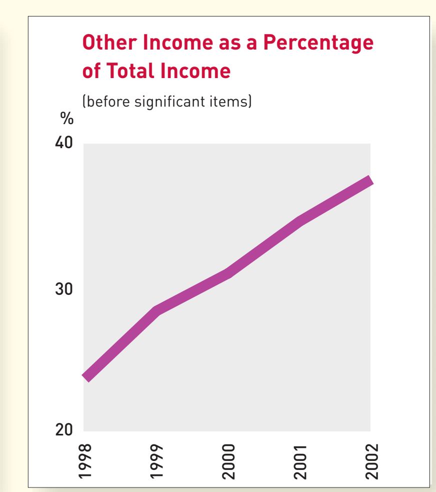












Report from the Managing Director

I am pleased to announce another year of strong profit and dividend growth for St.George. We now have a very stable foundation and are positioned for solid growth in the next few years.

Key Performance Indicators

Our operating profit, before significant items, of $505 million is 34.3 per cent higher than last year and reflects strong performance in several key business groups. When one-time significant items are accounted for, the net profit available to ordinary shareholders is $369 million compared with $336 million the year before. The increased final dividend of 42 cents is also highly satisfactory and brings the total dividend for the year to 80 cents.

St.George's lending and deposit volumes are up, we've seen a solid increase in managed funds and our middle market corporate banking business grew at twice the industry average. These achievements are outlined more fully below.

The Group's return on average ordinary equity, before significant items and goodwill amortisation, is now 19.6 per cent, compared with 16.6 per cent in September 2001.

Non-interest income, before significant items, grew to $834 million, an increase of 22.3 per cent on last year and now accounts for 38.5 per cent of total income.

Basic earnings per ordinary share, before significant items and goodwill amortisation, increased to 124.7 cents for the year ended 30 September 2002, compared to 101.6 cents for the previous year, a 22.7 per cent increase.

Total assets for the Group were $55.0 billion at 30 September 2002 compared to $52.1 billion last year, representing an increase of 5.7 per cent. $2.6 billion in residential receivables were securitised during the year.

"Total assets for the Group were $55.0 billion at 30 September 2002 compared to $52.1 billion last year, representing an increase of 5.7 per cent. $2.6 billion in residential receivables were securitised during the year."

As the theme of this Annual Report suggests, we have approached this year with energy and drive. We are also becoming more efficient. As the chart on page seven demonstrates, the Group's expense to income ratio fell from 53.6 per cent to 52.4 per cent over the past year. This partly reflects the benefits we have realised from the completion of the Best Bank Redesign program.

These cost efficiencies have not been at the expense of customer satisfaction. We are focused on maintaining our high levels of service and will be investing further resources in our customer-facing staff to achieve this goal.

Again this year, we have outperformed our major competitors in the area of customer satisfaction. In July, Roy Morgan Research found the Bank had overall customer satisfaction of 70 per cent compared to 60 per cent for the major banks.

In business banking, we were rated number one in a study by East & Partners that found St.George could expect near zero customer loss in the six months from August 2002 – compared to an industry average of 19.1 per cent.

As the theme of this Annual Report suggests, we have approached this year with energy and drive. We are also becoming more efficient. As the chart on page seven demonstrates, the Group's expense to income ratio fell from 53.6 per cent to 52.4 per cent over the past year. This partly reflects the benefits we have realised from the completion of the Best Bank Redesign program.

For a bank that prides itself on satisfying customers and friendly service, these are very pleasing findings and we will strive to maintain this level of service.

Growth Areas

Our residential loan portfolio (including securitised loans) grew in the full year, increasing by 8.6 per cent from 30 September 2001 to 30 September 2002, however our overall share of this market has declined due to the very strong growth in the total market. The home loan market is a key priority for the Bank and we are working to stabilise our market share in 2003 and reverse the trend in 2004 and 2005, while maintaining profitability.

To achieve this, we are implementing plans that will enhance the attractiveness of our products, streamline approval processes and target at risk customers to bolster retention rates. We will improve our sales performance with skills training and a more proactive sales management focus. In addition, we intend growing share in our non-core markets of Victoria, Queensland and Western Australia via the formation of closer relationships with key mortgage brokers and by the strategic use of mobile lenders.

Our Institutional & Business Banking (IBB) group, including its new Corporate & Business Bank (CBB) sub-brand, delivered a very strong performance in the last year. CBB had growth in assets of 16.2 per cent, over double the industry average rate. It is also expanding into new markets, this year opening two new commercial branches in Victoria. The growth of our business banking operations is part of the wider recognition of St.George as a sophisticated bank capable of meeting customers' full range of needs.

Importantly, our asset growth wasn't achieved at the expense of profitability, with our interest margin increasing from 2.76 per cent to 2.80 per cent. Nor have we compromised on credit quality. Bad and doubtful debts/receivables was 0.20 per cent for the year, and gross impaired assets/receivables was 0.20 per cent. This compares most favourably with our major competitors.

In Wealth Management, St.George's increase in funds has been excellent. Managed funds rose by 13.4 per cent to $17.4 billion over the past year. This continued performance again reinforces the Bank's decision to move further into the wealth management business in the late 1990s.

Another highlight is our acquisition of Deutsche Bank's Australian equity lending business with loan assets of approximately $330 million, announced in September 2001. The integration of the business was completed in March 2002 and it has continued to grow within St.George. Combined with our existing margin lending business, the deal has positioned us as one of the top four players in the margin lending market. It has also further expanded our distribution network of financial planners and stockbrokers – relationships that we continue to develop with innovative, value-added products and services such as Internet access, savings gearing, call options and our new Planner Assist program.

Future Strategy

In September this year, we updated the market on St.George's strategic direction. This strategy has been articulated in six key business goals that will guide us in the coming year and beyond. These are explained in this report and aim to:

1. *Deepen and strengthen customer relationships*
2. *Leverage specialist skills for growth*
3. *Creatively differentiate on customer service*
4. *Accelerate and empower relationship selling*
5. *Optimise cost structure*
6. *Build team and performance culture*

To achieve these goals, we have identified key priorities for the Group which cover: a New Business Model and Integrated Sales & Service program; Wealth Management; Home Loans; Middle Market; Brand and Customer Service; and Productivity Management.

We believe there is extensive scope to better use our robust business platform and customer service reputation to expand both geographically and in our areas of specialty.

Key here will be introducing a customer-led approach to our business and ensuring that we provide integrated sales and service solutions in response to the needs of our customers. In this way we plan to increase our cross-promotion of products and improve our customer relationship management.

St.George has also initiated a review of its brands. This is scheduled to be completed by the end of the year. The objective is to build on our traditional strengths of warmth, friendliness, customer focus, community and service while extending the brand to other areas of expertise such as wealth management and business banking.

Future Prospects

As for most businesses, there is considerable uncertainty about the economic environment in the year ahead. In particular, fluctuations in equity markets and geopolitical instability are causing concerns worldwide. The recent drought has also impacted the Australian farm sector and is expected to weigh on economic growth next year.

The global growth outlook is generally listless, with the US economy showing tepid signs of an upturn, the Japanese economy still under-performing and the German economy showing renewed signs of weakness. Globally, manufacturing activity, which appeared to have turned the corner, has now begun contracting again. However, manufacturing in the Asian region, the emerging bright spot, excluding Japan, appears to be on an upward trend. Historically low interest rates and stimulatory fiscal policy in most countries should be supportive of global growth over the coming year.

While the US economic recovery is the biggest risk, the domestic outlook, remains positive. Australia maintains one of the highest rates of growth of any developed nation and appears well positioned to continue its strong performance. The retail sector has had a strong performance, business investment is expected to rise in 2003, and corporate earnings have remained relatively solid. If interest rates remain low, the economy is expected to perform well in the medium term. Unemployment is expected to remain around 6 per cent.

Low interest rates have also been driving growth in the housing sector. It is anticipated that there will be a softening in this market in 2003 with growth in the order of 8-10 per cent, rather than the double digits experienced over the past year. St.George has a number of plans in place to achieve residential lending growth in 2003 that is in line with the market. These plans include a stronger focus on retention of existing balances. The Bank is not concerned about residential lending credit quality because its portfolio and lending policies are conservative.

It is expected that the business lending market will grow by 6-7 per cent in 2003. St.George anticipates that it can continue to grow faster than the total system in middle market relationship banking. This confidence is based on a successful model which has a strong focus on the most valuable Key Account Relationship segment.

In terms of specific indicators, St.George is targeting 10 per cent earnings per share growth in 2003 and continuing double-digit growth in 2004 and 2005. The Bank has a target of reducing the cost to income ratio to below 50 per cent in 2004.

New Team Members

Our Group Executive team has been invigorated this year with the addition of four new members who bring energy and a wealth of industry expertise. Reflecting the value we place on staff, the Bank has also elevated the human resources function to the Group Executive Management team.

The new executives I would like to welcome are: Rob Chapman, Managing Director BankSA; Peter Clare, Group Executive, Strategy; Paul Fegan, Group Executive, Wealth Management; and Andrew Thorburn, Group Executive, Personal Customers.

Thank you for your support. We look forward to a strong 2003.

Gail Kelly

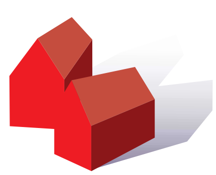
Gail Kelly
Managing Director

Geared up for Growth

St.George occupies a unique and enviable position in the Australian financial services industry. With assets of $55 billion and 2.6 million customers, we are placed between the four majors and the country's smaller regional banking groups and enjoy considerable strategic freedom for our future plans. We have the scale to provide a comprehensive range of banking, wealth management and insurance services on a national basis while retaining the agility and friendly, customer-oriented culture of a smaller organisation.

We have coined the phrase "out-local the nationals and out-national the locals". By this we mean St.George is big enough to provide the security, convenience, competitive product choice and innovation that customers expect while being able to treat each customer as an individual. This is again reflected this year in St.George's high customer satisfaction levels.

"St.George is big enough to provide the security, convenience, competitive product choice and innovation that customers expect while being able to treat each customer as an individual."



St.George is proud of its high levels of customer satisfaction. When it comes to overall customer satisfaction, we consistently outrank the four majors individually and as a group. In July 2002, 70 per cent of St.George customers reported being satisfied with their financial institution, compared to an average of 60 per cent for the big four, according to Roy Morgan Research.

Our service and reputation are key differentiators in the market and enable St.George to 'stand out from the crowd'. St.George's robust credit culture is also a key point of difference to the majors and is inherent to the way St.George approaches its lending business. Our results in this area reflect St.George's excellent asset quality, our prudent lending policies and our retail lending mix.

Combined with our committed and engaged staff, these factors will provide the impetus to drive a revitalised St.George to future growth.

New Products and Innovations

With the enormous amount of choice available to customers from providers of financial products and services, we are very conscious of keeping our finger on the pulse of what our customers want.

St.George continues to develop new and innovative products that represent great value and meet the constantly changing and increasingly sophisticated needs of our customers. These include our cost-effective online banking channel, dragondirect, the e-account with unlimited phone and Internet transactions, St.George's Starts Low Stays Low MasterCard that offers one of the Australian credit card market's lowest interest rates and our new Internet-based Business Banking Online launched in October 2001.

Personal

Speed

Personal banking is the cornerstone of St.George's business. Our Personal Customers can choose from an extensive range of home loan options, savings and investment accounts, credit and debit cards, personal loans, insurance products and can access all of our distribution channels including Internet and phone banking services. With such a diverse portfolio, St.George continues to strengthen its position as the market leader in customer service.

Personal

▶ Home Loans

Whether customers are buying their first home or looking to purchase an investment property, St.George has a range of feature-rich loans to choose from. Our Portfolio Loan, for example, is designed to help customers own their home sooner and use the increasing equity to invest in other assets such as property or shares.

- Introductory Rate Home Loan
- Essential Home Loan
- Standard Variable Rate Home Loan
- Fixed Rate Home Loan
- Mortgage Equaliser
- Portfolio Loan
- Flexible Choice Home Loan
- Residential Construction Home Loan
- Renovation Home Loan
- Relocation Home Loan

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Since its launch in August the success of dragondirect has been particularly exciting. Using automated online channels to offer customers efficient 'banking without the branch', we have delivered the competitive directsaver online high-yield savings account and directfunds online managed funds service. As of 30 September 2002, dragondirect had over 92,000 customers and $3.4 billion in deposits. In 2003, we will further develop the dragondirect channel by introducing new products including credit cards, a transaction account, insurance and share broking services.

St.George customers can access Internet services 24 hours a day, seven days a week through our standard Internet banking service. This continues to grow strongly. In the year to September 2002, we saw a 52 per cent increase in the number of customers actively using the Internet to access their accounts. In the same period, the volume of Internet banking transactions rose 80 per cent.

Customers can of course still choose to use our modern and friendly branches to do their banking.

St.George was the first bank to offer customers an account with unlimited phone and Internet transactions. The e-account has proven extremely successful by targeting the growing market for customers who appreciate the ease and convenience of electronic banking. This year, we have seen 1,200 new e-accounts opened per week.

Our Starts Low Stays Low MasterCard was also a first of its kind amongst the major banks. By offering a low ongoing interest rate, it gives customers immediate savings rather than relying on an expensive rewards points program. This card has received several awards over the last 12 months.

In 2002, St.George Private Bank became one of the first of the major Australian banks to introduce a Platinum credit card. This exclusive product offers a unique range of benefits including a reward scheme that enables points to be redeemed for any item available for purchase in the general market.

In Wealth Management this year we introduced a number of cutting-edge products and services. The ASGARD Managed Accounts platform was launched by SEALCORP, one of Australia's largest investment administration service providers and a key part of the St.George Group. The Managed Accounts platform provides financial advisers and their clients with the industry's widest range of investment administration products and services, including a master trust, an online-based wrap account and a range of pre-set share and managed fund portfolios. The e-WRAP account was introduced in May 2002 making it easier for advisers to manage complex client portfolios.

The St.George Group's specialist funds management arm, Advance Funds Management, performed very strongly in a very difficult year for investment markets, achieving 21 per cent growth in managed funds.

Advance also recently broadened its range of Australian equity products by launching two new funds:

1. The Advance Australian Smaller Companies Fund which invests in securities listed on the Australian Stock Exchange, generally with a market capitalisation of less than $1.2 billion; and
2. The Advance Australian Geared Equity Fund which aims to provide magnified long term capital growth by borrowing to invest in securities listed on the Australian Stock Exchange. Maple-Brown Abbott Limited manages the Fund's underlying portfolio.

The introduction of these two new funds will provide investors with greater choice and flexibility.

Better Business Banking

In business banking, where St.George is growing faster than all of its major competitors, our customers were found to be particularly loyal during 2002. A study by East & Partners of 650 mid-sized corporates found that Australia's major banks could expect to experience average customer turnover, or 'churn', of 16.15 per cent in the six months from August 2002. By comparison, the analysts found that St.George Corporate and Business Bank had an expected churn rate of near zero. This reflects our competitive product range and strong relationship management focus allowing us to fully understand our customers needs.

To offer further products to these loyal business customers, we have introduced a market leading Internet-based Business Banking Online service. This includes the introduction of digital certificates and a system that provides different levels of financial authority and access to employees within the business. Customers will now also find business bankers co-located in selected retail branches for immediate service.

Technology Review

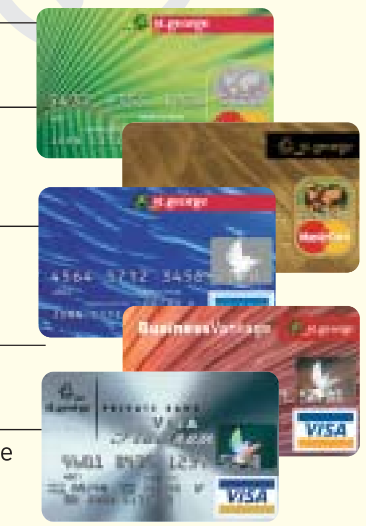
In mid-2002, St.George engaged Compass Management Consulting to benchmark the performance of its information technology systems. It was also a timely initiative following the integration of major IT systems from Advance Bank, BankSA, Barclays, SEALCORP and other acquisitions, as well as our major Y2K and GST programs.

The international benchmarking company's report shows that St.George has a strong, up-to-date and efficient technology infrastructure used in line with industry best practice.

Credit cards

St.George offers five credit cards, each with a range of benefits such as low interest rates or instant rewards. Businesses can opt for flexible options that make it easier to manage cash flow while valued clients can enjoy higher credit limits and exclusive benefits.

St.George Starts Low Stays Low MasterCard	Award-winning credit card with one of the lowest interest rates available.
Gold MasterCard	The credit card that comes with a range of instant rewards and purchase protection services.
Visa Classic Credit Card	An everyday card that can be used to purchase goods, pay bills and withdraw cash.
BusinessVantage Visa Card	The card of choice for small and large businesses.
St.George Private Bank Visa Platinum Card	St.George's exclusive credit card available to St.George Private Bank clients.



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While there are areas for improvement, the report identified St.George IT service as 'High Quality', especially in the Desktop and Network environments.

Empowering our People

St.George has an active and organisation-wide strategy to improve staff learning and development to ensure that every team member is skilled and up to speed on the Bank's full range of products and services. We have introduced state-of-the-art learning technologies, which are delivered to the workplace through the new e-luminate online management system. e-luminate provides access to over 140 classroom, online and self-study learning experiences.

Currently over 3,500 staff have access to the system, with plans to progressively extend e-luminate to all staff by 2003.

St.George has also introduced a management development program called eMPOWER, focused on the development of coaching, leadership, management fundamentals and teamwork. Over 250 managers are currently completing the program with another 400 scheduled to complete it in 2003.

St.George has recently established a partnership with Charles Sturt University and The International Marketing Institute of Australia through which staff can complete a Masters of Business Administration online. These initiatives are supplemented by management information from the Harvard Business School through the online Harvard ManageMentor product.

Another significant change for human resource management in 2002 was the introduction of a best-in-class intranet-based portal, 'HR Xpress', across St.George, giving managers a real-time view of their team's human resource details.

Finally, under our new business model we have flattened St.George's organisational structure such that in retail banking, for instance, there are now only five levels between the Managing Director and the customer instead of seven. This is aimed at further empowering our staff as well as ensuring that St.George is closer to its customer base.

St.George's award-winning Wealth Management solutions are focused on giving our customers control over their investments. Specialist advisers review investment alternatives with customers to ensure a diversified approach to investment. Managed funds in our award-winning subsidiaries, SEALCORP and Advance Funds Management, have over $15 billion of assets for close to 300,000 investors. There is a further $2 billion of funds under advice. St.George's Margin Lending facility has received a five-star rating from Cannex, putting it in the top 5 per cent of products rated by the financial services research group. St.George offers Gold Segment and Private Bank clients personalised financial management and wealth creation advice and services.

Wealth

ASGARD

ASGARD, part of St.George's subsidiary SEALCORP, has $12.4 billion of assets under administration for more than 185,000 individual and corporate investors. Through its Managed Accounts platform, ASGARD provides a range of superannuation and investment products and services including a master fund, wrap account and separately managed accounts. Investors have access to shares and an extensive list of retail managed investments at wholesale prices through a consolidated investment portfolio.

Advance Funds Management

Advance Funds Management is the specialist funds management arm of the St.George Group and currently manages over $3 billion on behalf of more than 100,000 investors. Advance offers a wide range of retail and wholesale managed investments, superannuation and pension products, as well as institutional capability across global fixed income and global equities.

Advance Funds Management
Member of the St.George Group

SEALCORP

ASSIRT

Network Expansion

Automatic Teller Machines (ATMs), the Internet, EFTPOS and other new systems have all made it much easier for customers to access banking services where and when it suits them. Our research shows that easy access to St.George electronic banking facilities is a major contributor to overall customer satisfaction and we continue to extend these networks and associated services.

In March, we announced plans to expand our ATM network with another 100 new ATMs and the replacement of 250 existing machines with new units that are more clearly recognisable and readily accessible to physically disabled customers. Over the last two years, St.George has expanded its ATM network by almost 20 per cent and now provides the second largest network in NSW, SA and the ACT.

We will progressively replace and upgrade more than 900 ATMs over the next three years. In addition to bold new signage and improvements for the disabled, we are providing easier to read screens and increased privacy for users. New machines will also have hardware for the future provision of an audio service for the visually impaired.

> **"St.George's increasing reputation for sophistication and innovation in the market has been recognised this year through a number of awards and achievements."**

These initiatives will increase St.George's total number of branded ATMs to over 1,200. As a world-first, we developed the 'favourite transaction' function on our ATMs. Here customers can establish a preferred transaction on one occasion – such as withdrawing $200 – and complete the same transaction next time with the push of a single button after entering their pin number providing both speed and convenience. We remain the only bank in Australia to offer this transaction.

St.George is also introducing new innovations to electronic payments and merchant services used by our business customers. We now supply more than 46,000 EFTPOS terminals – compared to 38,000 last year – and handle more than 142 million transactions a year.

In February, we announced an alliance with loyalty card leader Worldsmart Technology to allow consumers to transfer 'cash' from a cheque or savings account to a Visa Cash electronic purse on a smart card. These cards can then be used to buy goods at a range of participating retailers, clubs and other venues.

The alliance utilises Worldsmart's successful loyalty program, 'e-asy points', with St.George supporting the Visa Cash electronic purse and providing EFTPOS terminals to accept the cards. It's the first time loyalty points, Visa Cash, multi-application cards, EFTPOS terminals, cash registers and the Internet have been combined to deliver an innovative point of sale solution.

Since this program's launch in February 2002, 10,000 of an initial 40,000 cards have been issued and more than 70,000 Visa Cash load/purchase transactions processed. The program will expand nationally in 2003.

Industry Recognition

St.George's increasing reputation for sophistication and innovation in the market has been recognised this year through a number of awards and achievements. These include:

- *Personal Investor* magazine Credit Card of the Year 2001 for Starts Low Stays Low MasterCard. With an interest rate around 5 per cent below standard cards offered by major competitors, this low cost credit card has proved very popular with customers.
- In 2002, the Starts Low Stays Low MasterCard won the Gold Medal in *Personal Investor's* Credit Card – High User category. Plus, the St.George BusinessVantage (Visa Business Credit Card) and BankSA Business Credit Card won Gold in *Personal Investor's* Business Credit Card category.
- 'Best of the Best' Equity Home Loan. *Money* magazine awarded both St.George and BankSA Portfolio Loan its 2002 'Best of the Best' Award in the Equity Home Loan category.
- Cannex 5 Star Ratings for St.George Home Loans. St.George achieved a 5 Star Rating in each of the three main product categories within Cannex's mortgage star ratings. Standard Home Loan category – St.George Essential Home Loan. Revolving Line of Credit category – Portfolio Loan. Investment Loan category – St.George Essential Home Loan.
- Retail Master Trust of the Year, 2002 from *Personal Investor* magazine for SEALCORP's ASGARD master trust.
- ASSIRT 2002 Service Level Survey Award for Best Master Trust/Wrap Account for ASGARD.
- 5 Star Rating from Cannex for St.George Margin Lending. Margin Lending enables share investors to leverage the value of their existing portfolios to build wealth. This award places St.George's flexible and competitive Margin Lending in the top 5 per cent of products rated by Cannex in terms of rates, fees, approved securities and other criteria.
- Best Regional Bank 2002. *Australian Banking & Finance* magazine recognised St.George as the country's best regional bank.
- Best Securitisation of Australasian Assets Award 2001 for St.George Treasury's Crusade Global Trust No. 1 of 2001. This transaction involved the issue of A$1.75 billion in Australian mortgage-backed securities, sold to local and international investors in a tailored and innovative manner. This prestigious award was presented by *Structured Finance International* and reflects St.George's growing reputation in this field worldwide.
- ASGARD adviserNET, was judged the best online service for advisers by independent expert ACNielsen.consult.
- First in Foreign Exchange – *Personal Investor* magazine awards, 2002, conducted by Cannex. St.George and BankSA shared first prize for excellence in foreign exchange services.

10-Year Anniversary

This year's Annual Report also marks 10 years since St.George achieved full banking status – and a total of 65 years of providing financial services to Australians (154 years for BankSA). We have expanded rapidly since 1992, increasing our employees from 3,100 to approximately 7,400 and our branches from 280 to 400. We have also seen our total assets rise from just over $9 billion to more than $55 billion today.

We have achieved this expansion through a combination of organic growth and strategic acquisitions including the incorporation of the Commercial & Finance Division of Barclays Bank Australia, Advance Bank and BankSA. In 1998, we also acquired SEALCORP, providing St.George with an early lead in wealth management.

Today, St.George is a highly sophisticated organisation able to meet its customers' full range of needs. Our recent advertising campaign with the slogan 'We'll change your view of business banking', for example, was aimed at highlighting that St.George is able to provide a complete range of financial services. Our research indicates that this campaign was very successful in achieving this.

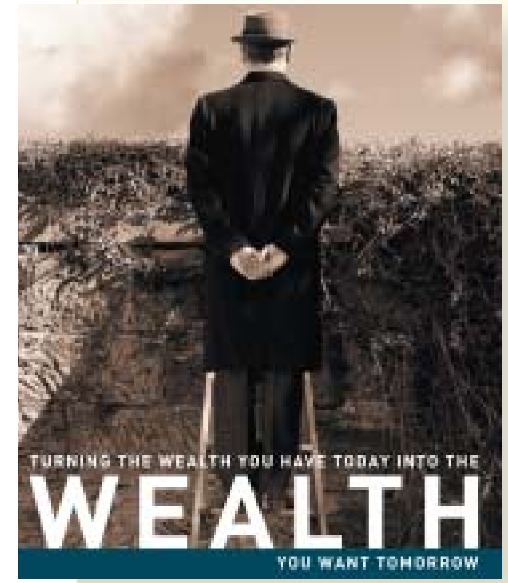
The company's growth has delivered strong share market performance. During the past decade, the price of St.George Group shares has risen from $6.16 to a year-end of $17.70. Combined with regular dividends, this has delivered great long-term investment returns for our shareholders.

Today, we are among Australia's 15 largest companies by market capitalisation. Yet we haven't lost sight of our origins with a mission to offer customers a real alternative to the majors.

Key to preserving our unique culture is our people and the way they interact with customers every day. We believe that St.George has one of the most motivated teams in the industry. Our people are proud to work for St.George and committed to maintaining the friendliness and responsiveness that set it apart.

Going Forward

St.George believes it can achieve substantial organic growth by providing more products to our existing customers and by expanding into new geographic areas. Through new electronic channels such as dragondirect, we can also service customers anywhere there is an Internet or telephone connection.



Margin Lending

St.George Margin Lending is one of the leading providers of margin loans in Australia and was recently awarded the highest (5 star) product rating from independent rating agency Cannex. There is an extensive choice of over 850 approved shares and managed funds, offering customers a potentially tax-effective and diversified investment strategy to create wealth.

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At the same time, we're confident that we can do more to improve the internal efficiency of our business and make it run in a more unified and effective way. One of the major initiatives here is to continue breaking down historic lines between our major business groups such as Personal Customers and Business Banking, and Business Banking and Wealth Management to ensure we're operating as a single team. Customers will be able to deal with St.George as a single organisation and not as a series of 'divisions'.

This will enable us to reduce duplication and deepen the company's relationship with customers across multiple divisions – or groups within the same division. From the customer point of view, this will mean a better level of service and seamless product offering from St.George.

This is a low risk, commonsense strategy of consolidating the gains of the past few years and building on our strengths. If there is a challenge now, it is to continue growing while retaining our reputation for service quality and our unique company culture. By focusing on doing what we do well, and doing it more efficiently in more places, we are confident that this balance can be achieved.

To this end we have developed a new strategic vision: *Customers value St.George as the best partner to manage their finances and build wealth.*

Supporting this vision are our six key business goals:

1. *Deepen and strengthen customer relationships*
2. *Leverage specialist skills for growth*
3. *Creatively differentiate on customer service*
4. *Accelerate and empower relationship selling*
5. *Optimise cost structure*
6. *Build team and performance culture*

These six goals will drive St.George's business going forward. Our aim is to build for the long term, putting customers first as the major pillar of our strategy.

1. Deepen and strengthen customer relationships

A key aim for the year ahead is to encourage our 2.6 million customers to do more of their banking and financial services business with us. We will also strive to further maintain our customer satisfaction differential and improve retention rates.

According to Roy Morgan Research, each St.George customer purchases an average of two banking, insurance or investment products from the group compared to an average of 2.3 for Australia's four largest banks. This suggests that we have significant room for growth.

Key to achieving this is the more precise segmentation of our customer base combined with a strategy of cross-promoting products within the Group. This process has already commenced. We have restructured our entire business around our customer base. We have moved away from a product driven business to an integrated customer driven model.

The new customer segments will allow us to better identify customer needs and design customer solutions. Individual product areas, in which we have significant expertise, will be centres of excellence for product management, development and innovation. There will also be an integrated operations or processing environment rather than multiple product environments.

Safety

Sometimes it's easy to get so caught up in building your lifestyle, you forget how important it is to protect that lifestyle against the many ways it can be put at risk. St.George offers protection for customers' house, family, company and wealth by providing them with a range of safe and affordable insurance products. Whether our clients are building a home, buying a car, travelling the world, starting a business or simply ensuring that their loved ones are taken care of, St.George have the insurance solutions to protect them from unforeseen risks.

Wealth

Affordable Protection

St.George offers 16 affordable insurance products that provide extensive coverage for customers' health, wealth and lifestyle choices.

- Home and Contents Protect
- Travel Protect
- Car Protect
- Landlord Protect
- CTP Greenslips NSW
- Deposit Protect Bond
- Health Protect
- Credit Protect
- Accident Protect
- Home Loan Protect
- Life Protect
- Lifestyle Protect
- Injury Protect
- Protection Choices
- Serious Illness Protect
- Personal Loan Protect

Importantly, an integrated sales and service approach is being implemented. This new model is designed to help us increase our share of wallet, our wealth cross-sell and our customer retention by ensuring that we are able to provide a better-tailored service offering to our customers.

Within our Wealth Management division, we've identified 60,000 high-value, or 'GOLD' customers. By more actively managing these relationships we have reduced our rate of customer loss from 8 per cent to 3 per cent per annum. We have also found that less than 5 per cent of these high value customers participate in St.George's wealth management products, representing a significant sales opportunity.

A key tool for deepening customer relationships in business banking is KARM (Key Account Relationship Management). This has been in place since 2000 with middle market customers and has involved extensive training for St.George account representatives. Since its introduction, all Institutional & Business Banking relationship managers and account executives have been trained in KARM.

In conjunction with the Bank's Groupwide Integrated Sales and Service Program, KARM enables us to better align customer needs with St.George's unique solutions. It is also a key part of really getting to know our customers and developing a genuine understanding of their operations. By working in teams, we also ensure that relationship managed customers can find someone who knows their business.

Today the top 10 per cent of our middle market customer base is actively relationship-managed with KARM techniques and we are seeing solid results. Within our Corporate & Business Bank (CBB), for example, key account customers report 82 per cent customer satisfaction, 88 per cent would consider St.George first for their next banking product and as of September 2002, each customer uses an average of 5.8 products, up from 4.9 in March 2002.

2. Leverage specialist skills for growth

As the country's fifth largest bank, St.George has plenty of room to grow. With leading industry expertise in areas such as residential lending, home equity loans, rural banking, payment services, property finance, wealth management and managing relationships with independent financial advisers, we will be seeking to grow into new territories and leverage our skills to increase our presence in many specialist segments.

On the commercial side, our Institutional & Business Banking group is developing further in-depth expertise in particular industries such as property and construction, manufacturing and wholesaling, health including aged care, professional services and hotels and accommodation. By further developing our understanding of specific industry sectors, St.George can better serve existing customers and become a compelling choice for other organisations in those sectors. Highlighting this growth potential, we recently announced the planned establishment of two new commercial branches in Victoria.

Another key field of specialist expertise and rapid expansion is rural banking. Through BankSA, St.George is a leading provider of rural banking services and has developed a depth of experience. Our program to expand our rural banking expertise beyond South Australia and the Northern Territory began in late 1998 through the placement of rural banking experts in five western Victorian towns. It continued in October 2001 with placements in seven regional centres in New South Wales. By March 2002 we had rural assets of $125.6 million in New South Wales and Victoria, increasing to $197.3 million by September 2002.

Furthermore, St.George is using its specialist skills to grow revenues and serve customers in the area of asset securitisation. Following the success of programs such as Crusade through which the Bank has securitised billions of dollars worth of its own assets, it is now deploying this expertise to offer direct solutions for clients.

The Business Banking arm of St.George remains the market leader in customer loyalty.

3. Creatively differentiate on customer service

St.George is proud of its high levels of customer satisfaction. When it comes to overall customer satisfaction, we consistently outrank the four majors individually and as a group. In July 2002, 70 per cent of St.George customers reported being satisfied with their financial institution, compared to an average of 60 per cent for the major banks, according to Roy Morgan Research.

Our goal is to maintain this positive service differential over our major competitors and improve where our customers demand.

To achieve this we will further align service levels with customer expectations and activity. Whereas a large business may require a dedicated account management team and high levels of product customisation, an individual retail customer might be best served with a cost-effective savings account that can be accessed easily through a branch, via the phone or Internet.

Better defining our different types of customers and organising our operations to meet their particular needs is also reshaping our product development and delivery strategies. This includes a more refined definition of product value propositions both for customers and St.George.

For its part, St.George's Institutional & Business Banking (IBB) group will introduce customer service innovations such as faster credit approval decisions. IBB will also run more of its popular Business Growth Forums through which customers gain valuable business advice from experts and peers who have built and managed businesses.

4. Accelerate and empower relationship selling

At St.George, we believe that if we can help customers to achieve their goals, we'll also achieve ours. We also value long-term relationships. These tenets have been central to our philosophy since we began offering loans as a building society in 1937 and continue to underpin everything we do.

A key focus in the remainder of 2002 and 2003 is the internal reorganisation of our operations to focus on customers as individuals with a broad range of needs.

A major step towards this goal is the creation of a Groupwide Integrated Sales and Service program that enhances our ongoing process of improving customer segmentation.

Business

Top Gear

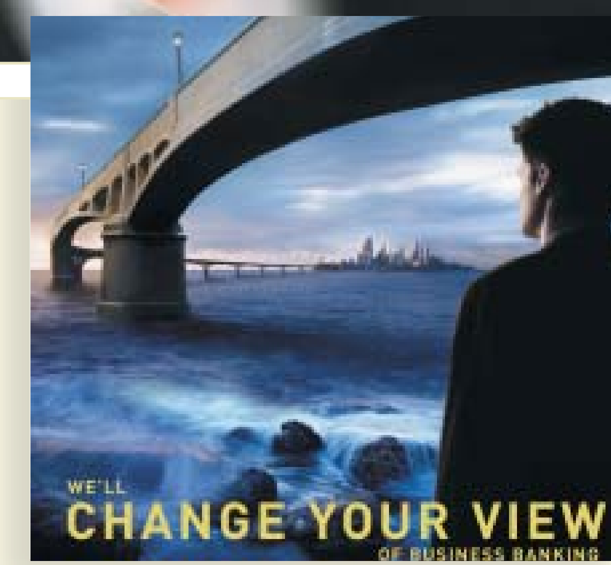
The Business Banking arm of St.George remains the market leader in customer loyalty. We provide clients with expert business finance advice, tailored products and innovative ways to drive their business forward. Our business solutions encompass cash flow finance, e-commerce, money management, risk management, superannuation and transaction banking, among many options. Our products are designed to simplify transactions for business owners. All-in-one lending packages, everyday accounts, competitive business-oriented credit cards, specialist investment advice and round-the-clock online banking.

Business

St.George offers a range of commercial loans that help companies establish a presence in new markets, fund an investment or manage cash flow. Our business banking products such as Business Banking Online, Foreign Exchange Services, Merchant Services and Transactional Banking Solutions also capitalise on technological innovations to enable smarter business operations.

Business Banking Online

St.George Business Banking Online offers customers an easy and convenient way to conduct business banking transactions. Customers can use Business Banking Online to help with payroll processing, accounts payable and BAS preparation. They can view and print up-to-date account balances for accurate cash flow management and receive technical support via phone and email.



- Banking Solutions
- Automotive Finance
- Business and Equipment Finance
- Cash Flow Finance
- Risk Management
- Property Finance
- Trade Finance
- Foreign Exchange

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Through the new sales and service structure, sales and marketing planning, target setting, training and rewards and incentives will be conducted on a Groupwide basis rather than solely within divisions. Accompanying this approach is the better utilisation of a new sales lead management system that covers the organisation as a whole. Used in conjunction with our sophisticated data warehouse of customer information, this is a powerful tool that will enable St.George to respond quickly and appropriately to customer requests.

If there is one thing that sets St.George apart from other large banks, it is its people.

These innovations will enable us to move further towards working with customers on their own terms – where they live, their stage of life, the industry they work in – rather than simply by the particular products they use. On the operational side, these initiatives are being supported by such changes as the consolidation of multiple banking accounts or wealth management products into single statements and other similar improvements.

A complementary human resources strategy is to support the further development of our relationship selling capabilities by developing integrated incentive programs. These programs recognise and reward staff for sales and service performance.

5. Optimise cost structure

Continuous improvement is a way of life at St.George. Through our Best Bank Redesign, we significantly improved our operations, generating a total bottom line improvement of $102 million ($145 million before tax) in the 2002 financial year. Through Even Better Bank we are now finding further areas in which to enhance productivity and increase profitability while delivering better service.

One of the steps we are taking is to redesign a number of our back office and product manufacturing processes. Personal Customers, for instance, is optimising its loan application process to reduce the number of steps involved. This means less work for applicants and less paperwork for St.George – a win for both parties – and is being supported by the new Consumer Lending Application System (CLAS).

St.George is forecasting business productivity benefits of $60 million for 2003 and $80 million of full year benefits in 2004 and beyond.

While the bottom line benefits of these initiatives will be seen in 2003 and 2004, many of these processes are already underway or complete. Importantly, we plan to keep growth in operating expenses in FY03 at a low single digit.

St.George's overall goal is to improve its operating efficiency. Over the course of the last financial year, we reduced our expense to income ratio before goodwill amortisation and significant items from 53.6 per cent to 52.4 per cent. Further, we are targeting a sub-50 per cent ratio by 2004. However, there will be no impact upon St.George customer-facing staff in branches and elsewhere.

There will also be a renewed focus on staff productivity (see below) and tighter control over future investment activities and capital expenditure. To support this, St.George has established a cross-divisional Investment Review Committee that is responsible for reviewing proposed projects and expenditure, tracking projects during implementation and assessing the benefits and our implementation performance when they are completed.

6. Build team and performance culture

St.George is building a high-performance culture. We see ourselves as the fast, agile player in the industry – large and powerful enough to deliver but flexible enough and free enough in our thinking to innovate.

In the year ahead, this will be further reinforced through the introduction of initiatives aimed at building teams and better matching staff incentives to customer satisfaction. We also want to build on the genuine pride that our staff members take in working for St.George and the satisfaction they get in providing friendly service to customers.

St.George's Corporate Performance Centre (CPC) plays a central role in this strategy. The CPC assists staff in meeting their learning and development needs and offers a range of blended learning solutions including face-to-face workshops, self-study guides and online courses through our e-luminate e-learning platform.

St.George People

If there is one thing that sets St.George apart from other large banks, it is its people. Perhaps because of our history as a building society and the fact that we are a smaller and still-growing organisation, our people are friendly and positive. Customers experience this when they visit a branch or reach one of our call centres and we see it internally through the motivation and energy of our staff.

Personal

dragondirect

dragondirect is St.George's direct distribution banking business. It offers two financial products: directsaver and directfunds. The directsaver account is a high yield online savings account that's free of bank fees and gives customers the flexibility to manage their personal accounts over the phone or Internet 24 hours a day. directfunds is an online managed funds service with a choice of two top performing diversified funds, the Income and Growth Fund and the Imputation Fund. In the near future, we plan to introduce new products to the dragondirect channel including credit cards, a transaction account, insurance and broking services.

dragondirect from St.George

www.stgeorge.com.au

We're with St.George

St.George strives to provide a safe, equitable and stimulating workplace and to be the employer of choice among potential recruits. A key goal in the past year has been to maximise staff retention by recruiting more intelligently and making the organisation a better place to work. These programs have led to a reduction in staff turnover of approximately 24 per cent across St.George in the last year.

One strategy has been to address the high turnover of Customer Service Officers (CSOs) in the St.George branch network. We have implemented an innovative recruitment approach that combines quality selection processes with a bio-data recruitment tool, allowing us to identify factors in candidates such as previous job experience and job tenure that may be a predictor of performance.

The new solution has been very successful. Voluntary turnover on a 12 month moving average for CSOs, measured from September 2001 to September 2002, has fallen by approximately 21 per cent. This has resulted in estimated savings of more than $3 million in the reporting year for CSOs.

One reason people are attracted to join St.George – or stay with us for many years – is that our brand stands for integrity and community values. This is reflected in the attitude of staff across the Bank's operations.

BankSA

BankSA is the largest financial institution in South Australia, with 877 full-time equivalent staff and 120 branches in its home state, as well as four in the Northern Territory. It is also the leader in rural banking within St.George, providing services to customers in many outlying locations.

In the 2001-2002 financial year, BankSA signed a five-year contract to continue as the major sponsor of BankSA Crime Stoppers. It also took up the major sponsorship of SA Day, a family fun day held on 28 December to commemorate the state's birthday. In conjunction with this event, BankSA sponsored the South Australian of the Year award, won in 2001 by Lleyton Hewitt.

" BankSA is the largest financial institution in South Australia "

Major contributor

In the year to 30 September 2002, BankSA had over 500,000 customers and made a significant contribution to St.George's overall profit result, delivering a full-year profit contribution of $112 million (before tax). This result was up 17 per cent on the year to September 2001, reflecting BankSA's excellent performance in its core markets of consumer banking, business banking and rural banking. It also follows the effective containment of costs within the operation.

Long history

The strength of the BankSA brand stems in part from its history, which dates back to 1848 when The Savings Bank of South Australia was created by legislation in the fledgling years of the colony of South Australia (only 12 years after the State was founded). It became part of the St.George Group in 1997 through the merger of St.George with Advance Bank and BankSA.

BankSA's strategy for the year ahead includes restructuring its retail banking arm to provide more localised services throughout metropolitan and regional SA. It will also be revising service delivery methods for business customers and establishing a dedicated Business Banking Centre for small business. The Bank will also play a central role in many aspects of the Groupwide Even Better Bank program.

2001 also marked the 60th anniversary of the BankSA & Staff Charitable Fund. Through this fund, BankSA and its staff (who contribute a portion of their salary each fortnight) distribute donations to approximately 100 South Australian and Northern Territory based charities each year.

BankSA's contribution to the state has been recognised in the bi-annual Image Survey, conducted by an independent researcher, completed in May 2002. BankSA was rated most highly in terms of 'Doing a lot to help South Australia', 'Helping the rural community', 'Doing a lot to help the SA economy', 'Supporting small business' and 'Supporting the community through sponsorships'.

Power

BankSA, wholly owned by St.George, is the largest financial institution in South Australia and the state's main provider of housing, personal finance and rural banking services. The Bank has 120 branches in metropolitan and rural South Australia and four branches in the Northern Territory and serves more than 500,000 customers, 160,000 of which are in outlying areas. One in three SA consumers is a BankSA customer and it boasts a customer satisfaction rate of close to 90 per cent. The Bank also plays a key role in the community as a sponsor of major state events and initiatives, and through the BankSA & Staff Charitable Fund, makes donations to approximately 100 South Australia and Northern Territory-based charities each year.

St.George Foundation

The St.George Foundation provides financial support to charitable organisations throughout Australia to help them assist children and young people with special needs. In the last financial year, the Foundation distributed more than $700,000 to 52 organisations across the country. Some of the beneficiaries included Camp Quality, the Neuroscience Institute of Schizophrenia and Allied Disorders and the Spastic Centre.

st.george foundation

HELPING CHILDREN BE THE BEST THEY CAN BE

Giving Back: Community Contribution

St.George has always played an active role in the communities in which it operates and Australia as a whole. In addition to offering a full and stable banking service in many urban and regional centres, we provide sponsorship support to a range of organisations and in 1990 established the St.George Foundation as a registered charity. As South Australia's largest bank, we play a particularly central role in that state's community and social life.

These activities underline St.George's belief that corporations have responsibilities to society at large as well as their shareholders, staff and customers. We also find the promotion of community values and awareness contributes positively to our corporate culture and adds to the friendliness and warmth that people associate with St.George.

St.George Foundation

Each year, the St.George Foundation provides financial support to selected children's charity organisations. Since it was created, the Foundation has provided more than $5.7 million to help fund projects for children with many different special needs.

In the latest financial year, the Foundation distributed more than $700,000 to 52 organisations across Australia. The Foundation works closely with a diverse range of care and social welfare groups to help children reach their full potential by providing financial assistance for new technologies, youth workers, research, equipment, mobility and learning aids, special children's camps, educational assistance, counselling and therapy programs and more.

These funds are raised through a variety of activities including the annual St.George Foundation Golf Classic and Gala Dinner, donations from generous corporate sponsors and individuals, and staff contributions from Happy Hat Day.

Another new initiative is the Zoomobile, a joint project between St.George Bank and the Taronga Foundation. A miniature zoo on wheels, the Zoomobile makes special visits to Foundation recipients to give them an up-close and personal look at native Australian animals such as echidnas, ringtail possums and many others.

Sponsorships

St.George's sponsorship program is an important part of the overall marketing activities of the Group. Our sponsorship properties are designed to reflect St.George's key brand values, provide a means to reach our customers in a way not achieved by advertising, and be aligned with the Bank's core business operations.

Our sponsorship properties also contribute to the success of the organisation by reinforcing our commitment to the community and supporting our fundraising initiatives for the St.George Foundation.

The Bank sponsors a variety of arts, sporting, community and business-based organisations. These include the Hunter Valley Wine Show, the St.George Illawarra Dragons, the Sydney Swans, the Australian Brandenburg Orchestra, the NSW Chamber of Commerce and Wesley Mission.

"These activities underline St.George's belief that corporations have responsibilities to society at large as well as their shareholders, staff and customers."

Shareholder Friendly Financials

FOR THE YEAR ENDED 30 SEPTEMBER 2002

With all the changes that have occurred over recent years, financial statements can sometimes be difficult to understand. All our shareholders should be able to understand our results. To this end, we have included various tables and explanations for key financial items which will help you appreciate the Group's achievements.

GROUP PROFITABILITY SUMMARY	**2002 $M**	2001 $M
Operating income		
Net income	**1,333**	1,235
Other income	**852**	690
Total operating income	**2,185**	1,925
Operating expenses	**1,319**	1,085
Share of net loss of equity accounted associates	**1**	3
Profit before bad debts and goodwill amortisation	**865**	837
Bad and doubtful debts	**87**	77
Goodwill amortisation	**110**	99
Profit after bad debts and goodwill amortisation	**668**	661
Income tax expense	**240**	255
Profit after income tax	**428**	406
Outside equity interest	**1**	1
Profit after income tax and outside equity interest	**427**	405
Preference dividends:		
Preferred Resetting Yield Marketable Equity Securities (PRYMES)	**19**	12
Depositary capital securities (DCS)	**39**	41
Convertible preference shares (CPS)	**-**	16
Profit available to ordinary shareholders	**369**	336

Significant items

During the year there were a number of 'individually significant items' which impacted both our revenue and expenses. Individually significant items are specific revenues and expenses that have a large impact on the Group's result due to their size or nature. Significant items are generally of a non-recurring nature and are separately identified to assist readers to assess underlying results. The net impact of significant items for this financial year is expenses of $136 million (2001: $40 million).

A detailed explanation of each individually significant item is included in Note 2 on page 53.

Net interest income

The Group's net interest income comprises interest income earned from lending and investments, less the interest expense incurred on deposits and borrowings.

Net interest income grew by 7.9% during the year to $1,333 million (2001: $1,235 million) as a result of growth in our lending activities and a reduction in our cost of borrowing. The improvement in the net interest rate on our average interest earning assets from 2.76% to 2.80% demonstrates the stable management of our lending and borrowing activities.

Other income

Other income includes all sources of revenue other than interest income. The majority of this income is generated from the core activities of lending, managed funds and other products and services. Other sources of income include treasury and trading activities, dividend income and rental income.

	2002 $M	2001 $M
Financial markets income	**45**	31
Product fees and commissions		
– Lending	**81**	77
– Other products	**354**	310
Managed funds fees	**178**	152
Securitisation service fees	**73**	44
Other	**103**	68
Other income before significant items	**834**	682
Significant items	**18**	8
Total	**852**	690

Other income before significant items this financial year increased by 22.3% to $834 million. This increase reflects the continual diversification of our revenue sources. Other income before significant items now represents 38.5% (2001: 35.6%) of total revenue.

Product fees and commissions increased by 12.4% as a result of the success of our Best Bank Redesign, solid growth in loans and receivables and increased volume of transactions on our expanded electronic banking network.

Managed funds fee income grew by 17.1% to $178 million over the year, reflecting the 13.4% growth in managed funds to $17.4 billion at 30 September 2002.

Shareholder Friendly Financials

FOR THE YEAR ENDED 30 SEPTEMBER 2002

Operating expenses

The Group's total operating expenses (before goodwill amortisation and significant items) were $1,135 million (2001: $1,027 million), an increase of 10.5%.

	2002 $M	2001 $M
Staff expenses	**558**	507
Computer and equipment expenses	**190**	164
Occupancy expenses	**126**	116
Administration and other expenses	**261**	240
Total operating expenses before goodwill amortisation and significant items	**1,135**	1,027
Significant items	**184**	58
Total operating expenses before goodwill	**1,319**	1,085

The $108 million or 10.5% increase in operating expenses (before goodwill amortisation and significant items) was due to the following items:

- Staff expenses increased by $51 million during the year mainly due to salary and wage increases granted to staff in October 2001 and the inclusion of $15 million of staff costs relating to WealthPoint following its acquisition in November 2001.
- Computer and equipment costs increased by $26 million during the year with $20 million of this increase due to a rise in deferred expenditure amortisation mainly attributable to expenditure capitalised in the 2001 year, to enhance the Bank's computer systems as part of the Best Bank Redesign.
- Occupancy expenses increased by $10 million due to the sale and leaseback of a number of properties and rising energy costs.
- Increases in administration and other expenses of $21 million were mainly due to the inclusion of WealthPoint's other expenses of $6 million and increased printing and stationery costs of $9 million.

Bad and doubtful debts

Bad and doubtful debts expense was $87 million (2001: $77 million). The main reason for this increase is additional general provisions taken to reflect increases in assets. The Group's bad debt charge as a percentage of average assets increased only slightly when compared to the prior year, reflecting the Bank's excellent asset quality and conservative lending mix relative to other market participants.

Goodwill

Goodwill is the difference between the amount we pay to buy a business and the fair value of that business' identifiable net assets. It represents such things as customer loyalty, market penetration, effective advertising and value generated from combining businesses.

Accounting standards require that goodwill be amortised, or spread out, over a period of not more than 20 years. Goodwill amortisation expense is an accounting entry only and is not a cash payment. Therefore, many professional equity analysts believe that profit before goodwill amortisation better reflects a company's underlying performance.

Dividends

A final dividend of 42 cents (2001: 34 cents) has been declared by the directors. This increase reflects the Group's solid profit for the year.

CENTS PER SHARE	**2002**	2001
Interim dividend	**38**	31
Final dividend	**42**	34
Total dividend for the year	**80**	65

Earnings per ordinary share (EPS)

EPS shows an ordinary shareholder's entitlement to current profits on a per share basis. EPS does not necessarily equal the dividend per share, as not all profits are paid out as dividends and some dividends can be paid out of prior year profits.

EPS is calculated by dividing the relevant profit figure by the weighted average number of ordinary shares.

	2002 $M	2001 $M
Profit available to ordinary shareholders (profit after goodwill and significant items)	**369**	336
Add back net loss of individually significant items	**136**	40
Add back goodwill amortisation	**110**	99
Profit before goodwill and significant items	**615**	475
Divided by: Weighted average number of ordinary shares (millions)	**493.048**	467.390
EQUALS	**CENTS**	CENTS
Earnings per ordinary share before significant items and goodwill	**124.7**	101.6
Earnings per ordinary share after significant items and goodwill	**74.8**	71.9

Shareholder Friendly Financials

FOR THE YEAR ENDED 30 SEPTEMBER 2002

Return on ordinary equity (ROOE)

The ROOE shows profit as a percentage of ordinary equity, that is, the return on each dollar you invest in our ordinary shares. The improved profitability of the current year is reflected in our ROOE, as shown in the table below.

	2002	2001
	$M	$M
Profit before significant items and goodwill*	**615**	475
Profit available to ordinary shareholders (after goodwill and significant items)	**369**	336
Divided by: Average ordinary equity	**3,142**	2,869
EQUALS	**%**	%
ROOE before individually significant items and goodwill	**19.57**	16.56
ROOE after individually significant items and goodwill	**11.74**	11.71

** As calculated in the EPS table.*

Expense to income ratio

The expense to income ratio is calculated by dividing operating expenses by operating income.

This ratio measures the efficiency of our operations. It demonstrates the amount of expenses we incur in generating our income. A lower ratio means we are more efficient in creating profit. This year the ratio has decreased to 52.4% (2001: 53.6%), reflecting our commitment to cost containment and improving shareholder value.

	2002	2001
	$M	$M
Operating expenses (before goodwill and significant items)	**1,135**	1,027
Divided by: Operating income (before significant items)	**2,167**	1,917
EQUALS	**%**	%
Expense to income ratio	**52.4**	53.6

Five Year Financial Summary

FOR THE YEAR ENDED 30 SEPTEMBER 2002

		2002	2001	2000	1999	1998
STATEMENT OF FINANCIAL PERFORMANCE						
Interest Income	$m	**3,064**	3,311	3,194	2,833	2,979
Interest Expense	$m	**1,731**	2,076	2,022	1,694	1,821
Net Interest Income	$m	**1,333**	1,235	1,172	1,139	1,158
Other Income	$m	**852**	690	660	491	379
Bad and Doubtful Debts Expense	$m	**87**	77	50	45	47
Operating Expenses	$m	**1,429**	1,184	1,239	1,217	1,113
Share of Net Loss of Equity Accounted Associates	$m	**1**	3	-	-	-
Profit Before Income Tax	$m	**668**	661	543	368	377
Income Tax Expense	$m	**240**	255	189	211	154
Profit after Income Tax	$m	**428**	406	354	157	223
Net Profit Attributable to Outside Equity Interests	$m	**1**	1	-	-	1
Net Profit Attributable to Members of the Bank	$m	**427**	405	354	157	222
CPS, DCS and PRYMES Dividends	$m	**58**	69	68	65	67
Profit Available to Ordinary Shareholders	$m	**369**	336	286	92	155
Return on Average Assets						
– before goodwill and significant items	%	**1.26**	1.09	0.95	0.94	0.91
– after goodwill and significant items	%	**0.80**	0.81	0.74	0.35	0.49
Return on Average Ordinary Equity						
– before goodwill and significant items	%	**19.57**	16.56	13.86	12.20	11.64
– after goodwill and significant items	%	**11.74**	11.71	10.32	3.13	5.29
Return on Average Risk Weighted Assets	%	**1.38**	1.42	1.34	0.62	0.82
Operating Expenses as a % of Average Assets [(1)]	%	**2.13**	2.07	2.11	2.09	1.98
Expense to Income Ratio [(1)]	%	**52.4**	53.6	58.2	58.3	58.0
[(1)] Before goodwill and significant items						
STATEMENT OF FINANCIAL POSITION						
Total Assets	$m	**55,004**	52,056	49,610	45,017	44,261
Liquids and Treasury Securities	$m	**6,822**	5,583	5,796	5,333	3,851
Loans and Other Receivables	$m	**42,767**	39,699	39,454	36,232	35,816
Other Assets	$m	**5,415**	6,774	4,360	3,452	4,594
Deposits and Other Borrowings	$m	**38,394**	35,539	35,047	32,537	31,430
Bonds and Notes and Loan Capital	$m	**8,305**	8,545	8,348	6,747	7,828
Other Liabilities	$m	**4,467**	4,346	2,574	2,078	1,219
Total Shareholders' Equity	$m	**3,838**	3,626	3,641	3,655	3,784
Shareholders' Equity as % of Total Assets	%	**6.98**	6.97	7.34	8.12	8.55
Capital Adequacy						
– Tier 1 Capital	%	**7.5**	8.1	7.7	8.2	8.0
– Tier 2 Capital	%	**3.4**	3.1	3.9	3.7	4.1
– Less: Deductions	%	**(0.1)**	(0.1)	(0.1)	(0.1)	(0.1)
Total	%	**10.8**	11.1	11.5	11.8	12.0
Risk Weighted Assets	$m	**32,495**	29,226	28,102	24,883	24,860
RECEIVABLES						
Residential	$m	**30,527**	28,422	27,971	25,962	25,749
Commercial	$m	**8,975**	8,767	9,054	7,967	7,600
Consumer	$m	**3,104**	2,384	2,079	1,808	2,007
Other	$m	**313**	259	482	618	586
Receivables before General Provision	$m	**42,919**	39,832	39,586	36,355	35,942
General Provision	$m	**152**	133	132	123	126
Net Loans and Other Receivables	$m	**42,767**	39,699	39,454	36,232	35,816
SHARE INFORMATION						
Dividend per Ordinary Share						
– Interim	Cents	**38**	31	26	26	26
– Final	Cents	**42**	34	29	26	26
Total	Cents	**80**	65	55	52	52
Earnings per Ordinary Share						
Basic						
– before goodwill and significant items	Cents	**124.7**	101.6	83.0	77.4	74.7
– after goodwill and significant items	Cents	**74.8**	71.9	61.8	19.9	34.0
Diluted						
– before goodwill and significant items	Cents	**124.1**	101.4	80.5	73.9	73.4
– after goodwill and significant items	Cents	**76.0**	72.4	61.5	23.7	37.0
Dividend Payout Ratio	%	**107.6**	91.7	86.7	260.9	154.2
Net Tangible Assets per Ordinary Share	$	**3.68**	3.28	2.90	2.68	2.39
OTHER STATISTICS						
Branches [(2)]		**406**	409	413	421	437
Staff		**7,342**	7,061	7,619	7,886	7,447
Assets per Staff	$m	**7.5**	7.4	6.5	5.7	5.9
Staff per $m Assets		**0.13**	0.14	0.15	0.18	0.17

[(2)] There were 40 Automated Banking Centres at 30 September 2002.

Engineering

Executive Directory

Gail Kelly
Managing Director and Chief Executive Officer

Greg Bartlett
Group Executive Institutional & Business Banking

Rob Chapman
Managing Director BankSA

Andrew Thorburn
Group Executive Personal Customers

Paul Fegan
Group Executive Wealth Management

Peter Clare
Group Executive Strategy

John Loebenstein
Group Executive Information Technology

Steve McKerihan
Group Executive Finance and Risk Management

Brett Wright
Chief General Manager Human Resources

Gail Kelly DipEd BA MBA became St.George Group Managing Director and Chief Executive Officer in January 2002. She came to St.George from the Commonwealth Bank of Australia where she was Head of the Customer Service Division managing 20,000 staff. Gail migrated to Australia in 1997 after holding a number of senior management positions with one of South Africa's major banks, Nedcor.

Greg Bartlett was appointed Group Executive, Institutional & Business Banking after roles as Group Treasurer and Chief General Manager, Group Treasury and Capital Markets. He has been a member of the St.George Group's Executive Management Committee for 10 years and has more than three decades of experience in the financial services industry.

Rob Chapman Assoc Dip Bus became Managing Director of BankSA in July 2002 after an extensive career in the financial services industry. Most recently, Rob was the Adelaide-based Regional General Manager for the Commonwealth Bank of Australia's (CBA) operations in South Australia, Northern Territory and Western Australia. Prior to CBA, he held a number of senior roles with Colonial State Bank and Prudential Corporation Australia.

Andrew Thorburn BComm MBA Dip Marketing joined St.George in July 2002 after holding a number of senior management roles with the Commonwealth Bank of Australia (CBA). Most recently he was State General Manager, Sales and Service in Western Australia, accountable for the bank's retail and business banking performance. Prior to CBA, Andrew worked for ASB Bank in New Zealand where he was responsible for the Personal Banking Division.

Paul Fegan MBA FAIB GAICD was appointed Group Executive, Wealth Management in June 2002. He was previously based in the United Kingdom as Chief Operating Officer of Yorkshire Bank and a Director of Yorkshire Bank and Clydesdale Bank, both owned by the National Australia Bank. Paul brings a wealth of investment and banking experience to St.George gained in 20 years with NAB in Australia, the United States, Hong Kong, the UK and Ireland.

Peter Clare BComm MBA became Group Executive, Strategy in February 2002. He is responsible for Strategic Planning and Corporate Relations. Peter also headed up the Even Better Bank program. Peter was most recently head of the Strategy Implementation Group at the Commonwealth Bank of Australia (CBA), responsible for the integration of Colonial Limited. Peter's previous experience encompasses the areas of management consulting, corporate reconstruction and insolvency. He also held a number of senior operational roles within CBA.

John Loebenstein FCII has headed up St.George's Information Technology operations since joining the St.George Group in 1995. He was previously General Manager, Management Information Division at FAI Insurance and has more than 25 years' experience in the insurance industry in Australia and the United Kingdom.

Steve McKerihan BComm (Hons) ASA CPA MBA is Group Executive responsible for Finance and Risk Management. He has been with the St.George Group since 1985, holding a range of positions including Chief Manager Financial Development and Chief Manager Balance Sheet Risk and Capital Markets. Before joining St.George, Steve worked at the Commonwealth Bank of Australia.

Brett Wright BE (Hons) M EngSc MBA PhD joined the St.George Group in July 2000 as Chief General Manager, Human Resources. He was previously Group General Manager, Human Resources at Australian Water Technologies. Brett has a PhD in organisational behaviour and has held a range of line management, academic and consulting roles. Beyond HR, he attends meetings of the Group's Nomination & Remuneration Committee and is a Trustee Director of the St.George Staff Retirement Fund.

Direction

Board of Directors

John Mallick
AM FAII FIIC (Canada)
Deputy Chairman

John Mallick, aged 68, joined the Board in August 1993 and was appointed Deputy Chairman in September 1996. He has been involved in the insurance industry for 42 years and was the Managing Director of the Sun Alliance and Royal Insurance Group until his retirement in 1994. He continues to be a non-executive director of Royal & Sun Alliance Australia Holdings Limited, Royal & Sun Alliance Life Assurance Australia Limited and Royal & Sun Alliance Financial Services Limited. He is also a director of Tyndall Australia Limited, Tyndall Investment Management (Australia) Limited and Tyndall Superannuation Limited. Mr Mallick was President of the Insurance Council of Australia Limited in 1984 and Deputy President in 1981. He is also a past President of the Australian Insurance Institute. Mr Mallick is Chairman of the Board's Audit and Compliance Committee and a member of the Nomination and Remuneration Committee. He is a nominee of the Board of Directors on the Bank's various staff superannuation funds and is a director of the Bank's funds administration subsidiary, SEALCORP Holdings Limited. He is also a Governor of the St.George Foundation.

Frank Conroy
BComm MBA
Chairman

Frank Conroy, aged 60, is a professional company director. A former career banker, he joined the St.George Board in August 1995 and was appointed Deputy Chairman in January 1996 and Chairman in September 1996. Mr Conroy is Chairman of Australian Pharmaceutical Industries Limited and Orix Australia Corporation Limited. He is also a director of Futuris Corporation Limited and Santos Limited, Governor of the St.George Foundation and Chairman of St.George Life Limited.

Gail Kelly
Managing Director and Chief Executive Officer
DipEd BA MBA

Gail Kelly, aged 46, was appointed as the Bank's Chief Executive Officer in December 2001 and Managing Director in January 2002. Mrs Kelly was previously with the Commonwealth Bank of Australia as Head of Customer Service Division and a member of its Executive Committee. Prior to that, she served with Nedcor Bank, one of the largest banks in South Africa as General Manager, Cards and General Manager, Personal Banking. Mrs Kelly is a director of the Bank's funds administration subsidiary, SEALCORP Holdings Limited, a Governor of the St.George Foundation and also Deputy Chairman of the Australian Bankers' Association.

John Thame
AAIBF FCPA

John Thame, aged 60, was appointed to the Board in February 1997, having been the Managing Director of Advance Bank Australia Limited from October 1986 to January 1997. His career with Advance spanned 26 years during which time he held a variety of senior positions. Mr Thame is Chairman of Permanent Trustee Company Limited and is a director of AWB Limited, Reckon Limited and Abacus Funds Management Limited. Mr Thame is a member of the Board's Audit and Compliance and Risk Management Committees.

Leonard Bleasel
AM

Len Bleasel, aged 59, was appointed to the Board in May 1993. He was the Managing Director of the Australian Gas Light Company where his career spanned 42 years and was Chairman of Natural Gas Corporation Holdings Limited (New Zealand). Mr Bleasel is a director of QBE Insurance Group Limited and Foodland Associated Limited and is a member of the ABN Amro Advisory Council. He is also Chairman of the Zoological Parks Board of NSW and a member of the Advisory Board of the Salvation Army. Mr Bleasel is Chairman of the Board's Nomination and Remuneration Committee and is a member of the Audit and Compliance Committee.

Linda Nicholls
BA (Econ) MBA (Harvard)

Linda Nicholls, aged 54, is Chairman of Australia Post, Deputy Chairman of Healthscope, a director of Sigma Pharmaceutical Group, Perpetual Trustees Australia Limited, Insurance Manufacturers of Australia and an international advisor to Goldman Sachs. Mrs Nicholls is also a Member of Council of the Walter and Eliza Hall Institute of Biomedical Research, Ormond College at Melbourne University, the Board of Trustees of The Conference Board in New York and a Governor of The Smith Family. She runs her own corporate advisory practice specialising in business strategy in financial services and healthcare. Mrs Nicholls has an MBA from Harvard University and more than 25 years' experience as a senior executive and company director in banking, insurance and funds management in Australia, New Zealand and the United States. She was a member of the Wallis Inquiry into the financial services industry in 1996. Mrs Nicholls was appointed as a director of the Bank on 26 August 2002. She is a member of the Board's Risk Management and Nomination and Remuneration Committees.

John Curtis
BA LLB (Hons)

John Curtis, aged 52, was appointed to the Board in October 1997. Since 1987, he has been a professional company director and is currently the Chairman of Allianz Australia Limited and Caliburn Partnership Pty Limited. He is a director of Perpetual Trustees Australia Limited and Sydney Symphony Orchestra Holdings Pty Limited. Prior to 1987, Mr Curtis was the Managing Director of Wormald International Limited and was responsible as a Chief Executive for its operations at various times in Australia, Europe and the Americas. He is a member of the Board's Risk Management and Nomination and Remuneration Committees.

Paul Isherwood
FCA

Paul Isherwood, aged 64, was appointed to the Board of Directors in October 1997. He is a former partner and National Chairman of Partners of Coopers & Lybrand, Chartered Accountants, his career with that firm spanning a period of 38 years. Mr Isherwood is Chairman of Stadium Australia Management Limited. He is also a director of Munich Reinsurance Company of Australasia Limited, NM Rothschild Australia Holdings Pty Limited and Globe International Limited. He is a member of the Bank's Board Risk Management Committee and Nomination and Remuneration Committee.

Graham Reaney
BComm CPA

Graham Reaney, aged 59, was appointed to the Board in November 1996. He is a director of the Australian Gas Light Company Limited, Queensland Cement Limited, PMP Limited and So Natural Foods Limited. Mr Reaney's business experience spans 30 years during which he has held a number of senior corporate appointments, including Managing Director of National Foods Limited. Other former positions include Operations Director and Managing Director of Industrial Equity Limited, where Mr Reaney had responsibility for managing a range of businesses in the food and beverage and resource and service sectors. Mr Reaney is Chairman of the Board's Risk Management Committee and is also a member of the Board's Audit and Compliance Committee and the BankSA Advisory Board.

Corporate Governance Statement

St.George strives to observe and maintain the highest standards of corporate governance in its operations. The following statement is a summary of the main corporate governance practices and policies that were in place during the financial year.

The Board of Directors

The Board of Directors is responsible for St.George's overall performance and governance. The Board:

- oversees the operations of the Group through the setting of goals and strategy;
- assesses performance against budgets and strategies;
- monitors the management of the Group's business; and
- ensures the appropriate controls, systems and procedures are in place within the Group to manage the risks of its businesses and to ensure compliance with regulatory and prudential requirements.

Board Composition

There are eight non-executive directors and the Managing Director on the St.George Board. One third of the directors (excluding the Managing Director) must retire each year at the Annual General Meeting, but may stand for re-election.

It is the Board's policy that the Chairman, as well as a majority of directors on the Board, must not be executives. The Board requires its directors to have a broad range of expertise and experience, in a field which is complementary to the Bank's activities and strategy or with appropriate professional qualifications and proven ability to make meaningful contributions to the Board's deliberations. Details of the current directors serving on the Board are provided on pages 36 and 37.

Under St.George's Constitution, no director can be appointed to the Board if he or she is aged 65 or over and a director must retire at the conclusion of the Annual General Meeting following that director turning 72. The Board's policy (except in special circumstances, where the Board considers it important to retain valuable skills or knowledge) is that no director should be appointed to fill a casual vacancy if he or she would be over 60 when appointed.

Performance Review

The Board reviews its performance and that of the Bank and its management, the relationship between the Board and management and matters of general corporate governance annually. In addition, the Chairman conducts an annual review of the performance and contribution to the Board of each individual director.

Independent Professional Advice

To assist in the performance of their duties, directors may, in consultation with the Chairman, seek independent advice on any matter before the Board, with such advice being made available to all directors.

Board Committees

The Board's structure of Board committees assists it in its oversight and control. Minutes of committee meetings and committee recommendations are provided to the Board. The Chairman and Managing Director are entitled to attend the meetings of all Board committees and do so as a matter of practice.

Membership/2001-2002 Attendance Record of Board and Board Committees

BOARD (TOTAL NUMBER OF MEETINGS HELD: 15)	ATTENDED
F J Conroy	15
J J Mallick	15
G P Kelly	10 (10)
L F Bleasel	14
J S Curtis	14
G Ettinger (Retired 29.07.02)	13 (13)
P D R Isherwood	15
L B Nicholls	2 (2)
G J Reaney	15
J M Thame	15

RISK MANAGEMENT COMMITTEE (TOTAL NUMBER OF MEETINGS HELD: 16)	
J S Curtis	7 (10)
G Ettinger	15 (15)
P D R Isherwood	14
L B Nicholls	1 (1)
G J Reaney	15
J M Thame	16

AUDIT AND COMPLIANCE COMMITTEES (TOTAL NUMBER OF MEETINGS HELD: 4)	
L F Bleasel	3
J J Mallick	4
G J Reaney	4
J M Thame	3

NOMINATION AND REMUNERATION COMMITTEE (TOTAL NUMBER OF MEETINGS HELD: 5)	
L F Bleasel	5
J S Curtis	5
G Ettinger	5
P D R Isherwood	2 (2)
J J Mallick	4

DUE DILIGENCE COMMITTEE (TOTAL NUMBER OF MEETINGS HELD: 2)	ATTENDED
L F Bleasel	2
J J Mallick	2
G J Reaney	2
J M Thame	2

N.B.: Bracketed numbers denote the number of meetings held while the director was a member of the Board/Committee.

Risk Management Committee

This Committee oversees and monitors policies and procedures in relation to credit, liquidity and market risks and balance sheet management. In the area of credit risk, the Committee reviews and approves loan applications and credit limits within levels delegated by the Board. In addition, it oversees and monitors the Bank's credit practices and reporting procedures to ensure adherence to policy. It also reviews the Group's credit portfolios and provisioning for bad and doubtful debts and the risk management policies and procedures for market, funding and liquidity risks as well as the strategies and positions taken to manage interest rate risk and the Bank's balance sheet.

Audit and Compliance Committee

This Committee is composed entirely of non-executive directors and the Committee Chairman is not the Chairman of the Board. The Committee operates under a charter which is reviewed annually by the Board. Copies of the charter are available upon request. Pursuant to its charter, the Committee reviews and makes recommendations to the Board on the Bank's financial reporting, the systems for internal control established by management and the Board, and internal and external audit processes. It also reviews compliance, reporting and control structures throughout the Bank to ensure compliance with financial, regulatory and legal requirements. In addition, the Committee oversees the reporting systems within the Group to ensure that the Bank observes its disclosure requirements.

At the end of each reporting period, the Committee reviews the Group's half-yearly and yearly financial statements prior to submission to the Board.

The internal and external auditors have a direct line of communication to the Chairman of the Audit and Compliance Committee with the external auditor also having a direct line of communication to the Board's Chairman. The external auditor is invited to attend Committee meetings each quarter and addresses the Committee in the absence of members of management. The Committee is also responsible for making recommendations to the Board regarding the nomination of external auditors to the Group and reviewing the adequacy of existing external audit arrangements.

KPMG was appointed the Bank's external auditor at its Annual General Meeting in December 1998 and continues in this role. The responsible audit partner must be rotated at least every seven years and cannot work on the Bank's audit for a period of two years following a rotation. Details of the total fees paid to the auditor are set out in Note 11 of the Full Financial Report.

Nomination and Remuneration Committee

This Committee meets as required to consider and make recommendations to the Board on the suitability of candidates for nomination for the position of director. This consideration will involve an assessment (with the assistance of external advice, if appropriate) of the qualifications, skills, experience and value which the person may bring to the Board and his or her ability to make a contribution to the Board's strategy, policy and effectiveness.

The Committee also reviews and makes recommendations to the Board on the various Group compensation, incentive and reward programs including the remuneration for the Managing Director and senior executives. In addition, the Committee makes determinations as required of it under the rules of St.George's employee share/option plans. The Managing Director does not attend parts of meetings which relate to the assessment of the Managing Director's remuneration.

Due Diligence Committee

This Committee forms as and when St.George is involved in the issue of a fundraising or similar document. The Committee assists the Board in ensuring the appropriate disclosure of material matters in such documents.

Remuneration of Directors and Senior Executives

The policies and philosophy applicable to the remuneration of directors, the Managing Director and senior executives are set out in the Directors' Report on pages 44 to 47.

Identifying and Managing Significant Business Risks

The operational and financial performance of the Group is monitored by a reporting structure which includes the Board and its committees. The Board also monitors appropriate risk management strategies developed to mitigate the identified risks of the business. The Bank's policies and systems for dealing with market, credit and liquidity risks are outlined elsewhere in this Annual Report.

Ethical Standards

The Board has adopted a Code of Ethics which sets out the expectations of directors and staff in their business affairs and in dealings with customers. Among other things, the Code of Ethics requires high standards of personal integrity and honesty in all dealings, a respect for the privacy of customers and observance of the law.

Other Governance Policies

The Board has established guidelines incorporating governance policies which deal, among other matters, with disclosure of interests by directors and limitations on dealing in the Bank's shares by directors and senior officers.

Directors, senior management and those members of staff with access to market sensitive information are only permitted to deal in the Bank's shares in certain periods (and then only if they are not in possession of unpublished price-sensitive information), namely within six weeks following the announcement of the Bank's interim and final results and within four weeks following the Bank's Annual General Meeting. In each case, directors must advise the Chairman of any proposed dealing once it has taken place and advise the Australian Stock Exchange ('ASX') as required by Section 205G of the Corporations Act. The Bank is also obliged to advise the ASX of directors' dealings in its shares.

Directors are required to have shareholdings in the Bank. Under the Constitution, a director's required shareholding is no less than 500 shares.

Audit Independence

During the year, the Board, on the recommendation of the Audit and Compliance Committee, established a policy for the provision of non-audit related services by the Bank's auditor. Under the policy, the prior approval of the Chairman of the Audit and Compliance Committee is required where non-audit services are sought from the Bank's auditors for which the proposed fee exceeds a specified level. The annual fees payable to the Bank's auditor for non-audit services for which, under the policy, the Committee Chairman's approval is not required, are reviewed by the committee above specified levels. The auditor cannot be engaged to provide non-audit services that may materially conflict with its obligations and responsibilities as the Bank's auditor. In addition, the policy prohibits audit firm partners and professional staff (and their families) from directly investing in the Bank's shares, borrowing from the Bank or being a director or holding an executive position in the Bank which is of significance to the audit.

Disclosure Policy

St.George is committed to timely disclosure to the market of relevant information about St.George to ensure that all its continuous disclosure obligations are met. This is reflected in St.George's Disclosure Policy which provides that all material information is to be immediately notified to the investor community through the ASX without preferential access to any individual or group. The General Counsel and Secretary is primarily responsible for communicating with the ASX. The Policy also sets out guidelines relating to the announcement of future earnings or financial performance, meetings with investors and analysts, shareholder enquiries and inadvertent disclosure of information.

Procedures are in place to ensure that all information which could potentially require disclosure is reported promptly to the Managing Director through relevant senior executives for assessment by the Managing Director with the Group Executive, Strategy, and/or the Chief Financial Officer and General Counsel and Secretary. Compliance with the Disclosure Policy is monitored on a quarterly basis by the Board's Audit and Compliance Committee and the Policy is reviewed annually by that Committee.

St.George endeavours to improve access to information by investors by using, where reasonable, current technology to ensure timely and the widest possible dissemination. All ASX announcements are posted to the St.George website.

All media enquiries relating to issues material to St.George are coordinated by the Group Executive, Strategy, in consultation, if appropriate, with the Chief Financial Officer, with only certain nominated senior staff authorised to make media comments.

Risk Analysis

Risk Management

The consolidated entity in its daily operations is exposed to credit risk, liquidity risk, market risk and operational risk (including fraud, theft and property damage). These risks are managed through a number of specialised committees, which are responsible for policy setting, monitoring and analysing risk.

Credit Risk

Credit Risk is the potential for loss arising from a debtor or counterparty failing to meet their financial contractual obligations. This risk is inherent in the consolidated entity's lending activities as well as transactions involving derivatives and foreign exchange.

Credit risk is managed principally through embedded controls upon the individual lending divisions and business managers who are responsible for the lending. Lending is carried out within the parameters of lending policies (covering approvals, documentation and management), which have been developed having regard to statistical data and historical risk experience.

To maintain the quality of the lending portfolio, prudential standards and lending policies have been established throughout the consolidated entity. Certain core practices are followed in all lending situations.

Credit processes are structured so that loan origination, approval, documentation preparation, settlement and account monitoring and control are segregated to different individuals or areas. Credit must be evaluated against established credit policies and within authorities and be structured, particularly in terms of security, to be prudent for the risk incurred.

The Group Credit division assesses credit which is beyond the lending authorities of business divisions and/or outside normal Group Credit policies or guidelines. This division assesses specific provision requirements where loan default has occurred and also controls the Loans Management Unit which manages large impaired assets with the aim of achieving the optimum result from such assets.

Through its credit inspection function, Group Credit tests internal controls and adherence to credit policies and procedures which are standard throughout the Group and contained in credit manuals administered by Group Credit.

The consolidated entity applies standard credit risk assessment criteria to all extensions of credit from credit scoring systems for basic retail products to complete credit assessment for commercial and trade related transactions.

Standard risk grading methodologies for commercial lending are set at the transaction level and will drive pricing, provisioning and all risk associated components. The retail matrix is aimed at debt serviceability and security cover.

The portfolio maintenance function within Group Credit monitors and refines proprietary risk grading systems to ensure ongoing predictability.

Group Credit regularly reports to the Management Credit Committee and the Board Risk Management Committee on the status of large impaired assets, arrears and trend analysis, compliance reports, portfolio analysis and all approvals above $10 million.

Liquidity Risk

Liquidity Risk refers to the inability to meet financial commitments when they fall due. Liquidity Risk arises from mismatches in the cash flows from financial transactions.

Liquidity is managed based upon policies and strategies determined by the Bank's Asset and Liability Committee (ALCO).

This includes:

- maintaining a core of high quality and readily liquefiable securities;
- sourcing the majority of funds from the retail sector and committed medium term wholesale facilities;
- keeping diversified surplus sources of funding; and
- being able to closely monitor liquidity flows and quickly identify any anomalies.

The consolidated entity meets the APRA prudential requirements for liquidity.

Market Risk

a) Funding Risk

Funding Risk is the risk of over reliance on a particular funding source. The risks associated with such a concentration include volatility in funding costs or funding availability.

To minimise funding risk the consolidated entity has a policy of raising wholesale funds from well diversified sources which encompass both international and domestic capital markets.

b) Interest Rate Risk

Interest Rate Risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result, movements in interest rates can affect earnings or the value of the consolidated entity. The objective of the consolidated entity's interest rate risk management policies is to minimise fluctuations in earnings over time from volatility in movements in interest rates.

(i) Interest Rate Risk in Non-Trading Activities

Interest Rate Risk is monitored by the Bank's Balance Sheet Management unit to ensure that aggregate exposure to interest rate risk is contained within policy guidelines and defined limits set by ALCO.

The 'gap position' between when assets, liabilities and synthetic instruments are contractually due to reprice are managed through the use of derivative products, particularly swaps and options.

Interest rate risk also arises from the impact of interest rate shifts on pricing relationships between asset and liability products of a retail or wholesale nature. The risk is monitored through simulation modelling which estimates the impact on net interest earnings due to changes in interest rates and/or the size and mix of the consolidated entity's balance sheet.

Through the use of this simulation model, ALCO oversees interest rate risk management by determining profit risk parameters, product design and pricing policies.

The model's key assumptions are regularly reviewed to take account of both historical relationships and the current competitive and interest rate environment.

ii) Market Risk from Trading Activities

Market Risk represents the risk to earnings from movements in price due to fluctuations in interest rates, exchange rates and market volatility. This is measured and reported by a segregated and independent body. A Value-at-Risk (VaR) based on variance-covariance methodology is used as the primary method to quantify potential gains or losses resulting from movements in market interest rates and underpins limit structures which are reported to the Board Risk Management Committee monthly.

The consolidated entity uses an internal model accredited by APRA for the calculation of VaR. For the unique risks relating to options, a contingent loss matrix, developed according to the specifications of Prudential Statement C3 ('PSC3'), issued by APRA, is used to generate delta-equivalent cash flows for use in the VaR model. Both models use a 99 per cent confidence interval and a one day holding period.

Stress testing and back-testing are conducted to ensure that the model is a viable predictor of actual trading losses.

Operational Risk

Operational risk is the risk attributable to the daily operations of the Bank which may result in financial or other loss. Particular areas where operational risk may arise include failure to comply with laws, regulations and internal policies, fraud or error and systems failures.

Operational risk is managed by the Bank through the documentation of procedures, disaster recovery and back up systems, extensive staff training programs and regular procedural reviews by internal audit and insurance.

Derivative Financial Instruments

Definition

A derivative is a financial instrument which provides the holder with the ability to participate in some or all of the price changes of an underlying financial asset, reference rate or index.

Swaps

A swap is an agreement between two parties to exchange obligations periodically based on an underlying financial asset, reference rate or index.

Options

An option is a contract that grants the holder the right but not the obligation to buy or sell the underlying asset at a specific price on a specified date.

Business Continuity and Planning

St.George's Business Recovery Policy

As part of St.George's strategy to build its franchise as a successful broad-based financial services provider, the Bank has embraced Business Continuity Management to ensure it can respond to and recover from major incidents.

Business Continuity Management is seen as a significant step in ensuring the survival of St.George. By documenting a co-ordinated implementation response to an event of major damage or denial of service, Business Recovery Plans are developed to facilitate the recovery of critical business processes and services supported at key head office locations.

With the implementation of such plans, St.George is putting in place strategies that will become an ongoing part of the Bank's risk management mind set.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Concise Financial Report

FOR THE YEAR ENDED 30 SEPTEMBER 2002

This Concise Financial Report has been derived from the consolidated entity's 2002 Full Financial Report.

This Concise Financial Report cannot be expected to provide as full an understanding of the consolidated entity's financial performance, financial position and financing and investing activities as the consolidated entity's 2002 Full Financial Report.

Table of Contents

Directors' Report

FOR THE YEAR ENDED 30 SEPTEMBER 2002

The directors of St.George Bank Limited present their report together with the Concise Financial Report of the consolidated entity, being St.George Bank Limited (the Bank) and its controlled entities, for the year ended 30 September 2002.

Directors

The names of the directors of the Bank during the year or since the end of the financial year and up to the date of this report together with details of current directors' qualifications, experience and special responsibilities are contained in the Board of Directors information on pages 36 to 37.

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each of the directors of the Bank during the financial year are set out in the Corporate Governance Statement on pages 38 to 40. This information is to be regarded as incorporated into this report.

Principal Activities of the Consolidated Entity

The principal activities of the consolidated entity during the financial year were undertaken by the following divisions:

Personal Customers (formerly Personal and Small Business Banking)

Personal Customers is responsible for residential and consumer lending, provision of personal financial services including transaction services, call and term deposits, small business banking, general and life insurance. This division also manages retail branches, agency networks and electronic channels such as call centres, EFTPOS terminals, ATMs and Internet banking.

Institutional and Business Banking (IBB)

IBB is responsible for liquidity requirements, securitisation, wholesale funding, capital markets, treasury market activities including foreign exchange and money market, corporate and business relationship banking, international banking services, leasing, hire purchase, automotive finance, commercial property lending and cash flow financing including factoring and invoice discounting.

BankSA

BankSA provides retail banking and business banking services to customers in South Australia and the Northern Territory. These services are now expanding into country New South Wales and Victoria. Customers are serviced through branches, electronic agencies, ATMs, call centres, EFTPOS terminals and Internet banking.

Wealth Management (formerly Investment Services)

Wealth Management provides funds management and administration, financial planning, investment advice and private banking services.

Consolidated Profit

The net profit of the consolidated entity for the financial year after income tax, outside equity interests, goodwill amortisation, significant items and before preference dividends was $427 million (2001: $405 million). The net profit available to ordinary shareholders was $369 million (2001: $336 million).

Dividends

Information regarding dividends paid or declared by the consolidated entity since the end of the previous financial year is included in Note 3.

Review of Operations

A review of the operations of the consolidated entity is contained in the 'Report from the Chairman' on pages 4 to 6, 'Report from the Managing Director' on pages 8 to 11 and 'Shareholder Friendly Financials' on pages 30 to 32. These sections are to be regarded as incorporated into this report.

State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

Securitisation

The Bank securitised a total of $2.6 billion of housing loans in March and September 2002 through the Crusade Program (2001: $3.3 billion).

The total value of securitised receivables outstanding at 30 September 2002 was $5,729 million (2001: $5,070 million).

Chief Executive Officer and Managing Director

Mrs Gail Kelly commenced with the Bank on 14 January 2002 as Chief Executive Officer and was appointed Managing Director on 29 January 2002.

Even Better Bank Program (EBB)

During the year, the consolidated entity completed its EBB program to facilitate the implementation of its strategic agenda. Business productivity benefits of $60 million are expected to be realised in the 2003 year, increasing to $80 million in 2004 and subsequent years. Benefits are derived from streamlining middle management structures, reducing and rationalising information technology application development and support activities, divesting of non-core WealthPoint businesses, integrating remaining WealthPoint activities into SEALCORP and a detailed review of deferred expenditure in light of the consolidated entity's strategic agenda.

The EBB program also identified six priority areas to drive double-digit earnings per share growth: new business model and integrated sales and services, Wealth Management, home loans, business middle market, branch and customer services and productivity management.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

FOR THE YEAR ENDED 30 SEPTEMBER 2002

State of Affairs continued

As part of the EBB program, a restructuring charge of $30 million ($21 million after tax) and a deferred expenditure write-off of $60 million ($42 million after tax) were recognised as significant items during the year.

Acquisitions

On 5 November 2001, WealthPoint Limited became a wholly owned subsidiary. The consideration paid for 52 million shares and 10 million options that the consolidated entity did not already hold was $34 million after including related acquisition costs.

Goodwill on acquisition totalled $139 million. Following a strategic review of the Wealth Management Division, $72 million of goodwill was written off at 31 March 2002.

WealthPoint non-core businesses were disposed of during the year. These businesses were Falkiners Stockbroking, Bourse Education, HotCopper and Bourse Data.

On 22 October 2001, the Bank acquired 100% of Deutsche Equity Lending Australia Limited (now St.George Equity Finance Limited) and Deutsche ML Nominees Limited (now Target Nominees Limited). Goodwill on acquisition totalled $9 million and is being amortised over a ten year period.

The growth in St.George's margin lending portfolio from $412 million at 30 September 2001 to $813 million at 30 September 2002 was primarily due to the acquisition.

Environmental Regulation

The operations of the consolidated entity and its controlled entities are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Events Subsequent to Balance Date

On 21 October 2002 the first two tranches of the Federal Government's tax consolidation legislation were determined to be enacted or substantively enacted for financial reporting purposes.

The enactment or substantive enactment of this legislation may impact the calculation of the deferred tax balances of certain entities within the consolidated entity from 21 October 2002.

The financial effects of the enactment or substantive enactment of this legislation cannot be estimated reliably at this stage and have not been brought to account in the financial statements for the year ended 30 September 2002.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely in the opinion of the directors of the Bank, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Likely Developments

Details of likely developments in the operations of the consolidated entity in subsequent financial years are contained in the 'Report from the Chairman' on pages 4 to 6, "Geared up for Growth" on pages 12 to 18 and 'Going Forward' on pages 18 to 24. These sections are to be regarded as incorporated into this report.

Further information regarding likely developments in the operations of the consolidated entity and the expected results thereof, has not been included in this report because the disclosure of the information would be likely to result in unreasonable prejudice towards the interests of the consolidated entity.

Directors' and Executives' Emoluments

Directors

The Bank's Constitution provides that the directors shall be paid such remuneration as is determined by general meeting. An amount, not exceeding the aggregate amount determined by shareholders, is divided between the directors as they agree. The latest determination was at the Annual General Meeting held on 14 December 2001 where shareholders approved an increase in the aggregate remuneration for directors to $1,200,000 per annum. The Bank's Constitution makes provision for the maximum retirement allowance which the Board may approve for a director by reference to the maximum amount permitted to be paid under the Corporations Act 2001. The retirement allowance entitlement of non-executive directors is currently equal to the aggregate fees received by the director in the three years preceding their retirement date. Directors with less than three years continuous service prior to retirement qualify for commensurately smaller allowance.

Details of remuneration paid to non-executive directors is disclosed in Note 8 of the Concise Financial Report.

Executives

The framework for executive remuneration within the Bank and its relationship with the consolidated entity's performance is as follows:

(i) Reward Philosophy and Structure

The Bank's executive remuneration philosophy aims to motivate and reward the executive officers for sustained improvements in the performance of the consolidated entity. A total target reward framework, recommended by the Board's Nomination and Remuneration Committee and approved by the Board, provides for competitive performance based remuneration through a combination of fixed remuneration, at-risk incentive and long-term share or option based incentives.

Directors' Report

FOR THE YEAR ENDED 30 SEPTEMBER 2002

Executives continued

The Board's Nomination and Remuneration Committee reviews and recommends to the Board a base remuneration for the Managing Director and the executive officers as well as incentive design and incentive program payments, based on independent market advice. The total target reward potential for each executive is set to reflect competitive market practice for that position. The proportion of remuneration at risk within the total target reward varies with the level and nature of the executive officers' position.

(ii) Fixed Remuneration
Fixed remuneration is provided on a total cost-to-company basis. The amount of fixed remuneration is established through reference to independent market research.

Historically, movements in this fixed component of executive remuneration have provided the basis of remuneration competitiveness for the consolidated entity. The Board has endorsed a strategy to substitute progressively annual remuneration increases with incentives as a significant part of total reward where it is market competitive to do so.

(iii) At Risk Remuneration
The executive officers, comprising the Managing Director and the Managing Director's direct reports, participate in an annual cash incentive program. Payments are contingent on the achievement of pre-agreed financial and strategic goals at the consolidated entity, business unit and individual levels. Payments are reviewed by the Board's Nomination and Remuneration Committee and approved by the Board based on a review of results. The Managing Director does not participate in the committee's deliberations on her own remuneration.

(iv) Long-term Incentives
Long-term incentives are provided through the Executive Option Plan (Option Plan) and the Executive Performance Share Plan (Performance Plan), both approved by shareholders on 3 February 1998. The exercise conditions provide for substantial growth in the consolidated entity's earnings per share (EPS) over the next three years and will deliver rewards to executives that will pitch their total target reward at the 75th percentile of comparable positions, provided that the requisite EPS growth is achieved.

Allocations of shares and options are reviewed by the Board's Nomination and Remuneration Committee.

(v) Managing Director's Remuneration
Each year, the Board's Nomination and Remuneration Committee recommends to the Board the total target reward and performance hurdles to apply to the Managing Director for the coming year and determines the qualifications for any at risk incentive based on performance achievements over the past financial year. The potential payments to the Managing Director form a substantial part of the total target reward for that position and are contingent on the achievement of corporate, personal, financial and strategic goals set by the Board.

The Board considers that the total target reward of the Managing Director should include long-term incentive rewards aligned to the performance of the consolidated entity and the interests of shareholders. The Option and Performance Plans facilitate the provision of long-term incentive rewards.

The principal features of the remuneration arrangements for Mrs Gail Kelly, the Bank's Managing Director, were announced at the time of her appointment. Specific contractual conditions are:

(1) base remuneration of $1 million and a short term incentive up to a maximum of 100 percent of the base remuneration;

(2) there is no specific entitlement to receive a payment if the Bank is acquired;

(3) 1,000,000 options have been issued which become exercisable if a bona fide takeover bid for the Bank becomes unconditional, even if the performance hurdles for those options relating to EPS performance over time have not been met;

(4) should the Managing Director terminate the contract (unless she does so because there has been a material diminution in her role and responsibilities), she will receive statutory entitlements only;

(5) should the Bank terminate the contract because of a breach by the Managing Director, only statutory entitlements and an amount in lieu of unused annual leave will be payable;

(6) should the Bank terminate the contract for reasons other than a breach by the Managing Director, an amount is payable by the Bank which reduces over-time, but which never exceeds twice her total fixed remuneration. For example, if the termination occurs eleven months before the end of the contract, she receives only 11 twelfths of her total fixed remuneration; and

(7) should the Managing Director terminate the contract because there has been a material diminution in her role and responsibilities, an amount equal to twice her total fixed remuneration will be payable by the Bank.

In situations (6) and (7), the Bank must also pay the Managing Director an amount as approved by the Board to reflect both the Managing Director's performance and that of the Bank against the performance criteria established by the Board for paying her 'at risk' incentive. Should situations (6) or (7) occur before the Managing Director has received all of the 100,000 shares to be granted to her under the Bank's Executive Performance Share

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Directors' Report

FOR THE YEAR ENDED 30 SEPTEMBER 2002

Executives continued

Plan, the shares not already granted will be granted to her when the contract is terminated. In addition, should situation (6) or (7) occur, then within 12 months of that occurrence, the Managing Director will also be entitled to exercise some or all of those options referred to in point (3) above, subject to satisfaction of relevant performance hurdles relating to EPS.

Details of remuneration paid to the Managing Director and the other five most highly paid members of the executive committee together with options and awards granted during the year are disclosed in Note 9 of the Concise Financial Report.

Share Options
On 12 December 2001, 1,000,000 options were granted to the Chief Executive Officer and Managing Director. On 1 October 2001, a total of 200,001 options were granted to one executive. During the year, and for the period to the date of this report, 1,768,333 ordinary shares were issued by the Bank as a result of the exercising of options granted under the Executive Option Plan. Full details of the Plan are disclosed in Note 40 of the Full Financial Report.

Directors' Shareholdings
The relevant interest of each director in the share capital of the Bank at the date of this report are outlined in the following table. Each interest is held beneficially by the relevant director.

	FULLY PAID ORDINARY SHARES	PRYMES	OPTIONS GRANTED OVER ORDINARY SHARES
F J Conroy	11,643	63	-
J J Mallick	10,699	43	-
G P Kelly	25,000	-	1,000,000
L F Bleasel	24,187	427	-
J S Curtis	12,650	-	-
P D R Isherwood	20,216	-	-
L B Nicholls	500	-	-
G J Reaney	38,756	-	-
J M Thame	150,000	63	-

Directors' Interests
Details of the interests held by directors of the Bank in registered schemes offered by the consolidated entity at the date of this report are as follows:

	NAME OF REGISTERED SCHEME	UNITS HELD
J M Thame	Advance Imputation Fund	27,981

Indemnification and Insurance of Directors and Officers
The Bank's Constitution provides for an indemnity to each person who is or has been a director, principal executive officer or the secretary of the Bank against any liability which results directly or indirectly from facts or circumstances relating to the person serving or having served in that capacity, incurred on or after 1 April 1994 to any person whether or not arising from a prior contingent liability and, which does not arise out of conduct involving a lack of good faith and conduct known to the person to be wrongful. In addition, such indemnity also extends to costs and expenses incurred by the person in defending civil or criminal proceedings in which judgement is given in favour of the person or in which the person is acquitted or the courts grant relief.

The Constitution also provides, to the extent permitted by law, for the directors to authorise the Bank to enter into any documentary indemnity in favour of, or insurance policy for, the benefit of a person who is or has been a director, executive officer, secretary, auditor, employee or other officer of the Bank, which indemnity or insurance policy may be in such terms as the Board of Directors approves.

Directors' and Officers' Insurance
The Bank has paid a premium in respect of a contract of insurance insuring certain officers of the Bank and its controlled entities against those liabilities for which insurance is permitted under Section 199B of the Corporations Act 2001. Such officers consist of the directors named earlier in this report, the company secretary, executive officers, Bank officers appointed on the Bank's behalf to external directorship and all persons deemed to be officers of the Bank and related bodies corporate under the provisions of the Corporations Act 2001, together with all other former and future directors, company secretaries and officers. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

Rounding of Amounts
The Bank is a company of the kind referred to in Australian Securities and Investments Commission class order 98/0100, dated 10 July 1998. Accordingly, amounts in this report and the accompanying Concise Financial Statements have been rounded to the nearest one million dollars except where otherwise indicated.

Signed in accordance with a resolution of the directors.

Gail Kelly

F J Conroy
Chairman

G P Kelly
Chief Executive Officer and Managing Director

Signed at Sydney, New South Wales
6 November 2002

Discussion and Analysis

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

Statement of Financial Performance

The net profit of the consolidated entity for the financial year after income tax, outside equity interests (OEI), goodwill amortisation, significant items and before preference dividends was $427 million (30 September 2001: $405 million). The net profit available to ordinary shareholders was $369 million (30 September 2001: $336 million).

Net profit after income tax and preference dividends and before significant items was $505 million (30 September 2001: $376 million).

Return on average ordinary equity (before goodwill amortisation and significant items) increased to 19.57% (30 September 2001: 16.56%).

Basic earnings per ordinary share increased to 74.8 cents from 71.9 cents. Alternative basic earnings per ordinary share (before goodwill amortisation and significant items) increased to 124.7 cents (30 September 2001: 101.6 cents).

Net interest income for the year was $1,333 million (30 September 2001: $1,235 million), an increase of 7.9%. Interest margin rose from 2.76% for the year ended 30 September 2001 to 2.80% for the year ended 30 September 2002.

Other income before significant items, has grown 22.3% to $834 million from $682 million in the prior year. This was due to initiatives introduced through the Group Redesign, increased financial markets income, growth in securitisation and managed funds income.

Total operating expenses (before goodwill and significant items) were $1,135 million for the year ended 30 September 2002 (30 September 2001: $1,027 million), an increase of 10.5%. This was partly due to an additional $28 million of operating expenses attributable to the inclusion of WealthPoint's operations from 5 November 2001.

Deferred expenditure amortisation rose by $20 million over the previous year mainly due to additional expenditure capitalised as part of the Group Redesign to enhance the Bank's computer systems.

Occupancy expenses (before significant items of $2 million) increased by $10 million primarily due to the sale and leaseback of a number of properties.

The expense to income ratio, excluding goodwill amortisation and significant items fell to 52.4% from 53.6% last year.

The charge for bad and doubtful debts increased to $87 million (30 September 2001: $77 million). This was due to the increase in the general provision for doubtful debts which reflects the growth in risk weighted assets during the year as well as a $7 million charge to offset $9 million of income recognised during the year relating to the consolidated entity's mortgage insurance business.

The effective tax rate for 30 September 2002 was 35.9% (30 September 2001: 38.6%), reflecting a reduction in the company tax rate from 34% to 30%.

Statement of Financial Position

Total assets were $55.0 billion at 30 September 2002 (30 September 2001: $52.1 billion), an increase of 5.7%. The following items impacted total assets:

– The securitisation of $2.6 billion of residential lending receivables through the Crusade Program;

– Strong growth in the utilisation of bank acceptances by commercial banking customers. The focus on this product has resulted in growth of 42.1%; and

– Loans and receivables grew to $42.8 billion (30 September 2001: $39.7 billion), an increase of 7.7%.

Total liabilities increased by 5.6% to $51.2 billion (30 September 2001: $48.4 billion). Significantly, retail funding experienced strong growth during the year. The improvement has resulted from a focus on the development of the consolidated entity's retail funding products, specifically the 'directsaver' account from the 'dragondirect' channel and Portfolio Cash Management Account (Portfolio CMA). The directsaver, introduced in August 2000, has approximately $3.4 billion in deposit funds within 92,000 customer accounts, while balances invested with the Portfolio CMA have grown 66.7% to $4.0 billion.

Shareholders' equity increased to $3.8 billion from $3.6 billion at 30 September 2001, primarily due to the issue of 11.9 million shares under the Bank's dividend reinvestment plan and a $17 million increase in the asset revaluation reserve.

Statement of Cash Flows

Net cash used in operating activities was $1,370 million. This was due to cash used to purchase trading securities.

Net cash used in investing activities of $3,048 million was mainly used to increase loans and receivables.

Net cash provided by financing activities of $3,273 million reflected an increase in retail funding and $300 million of subordinated note issues.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Statement of Financial Performance

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

		CONSOLIDATED	
		2002	2001
	NOTE	**$M**	$M
Interest income		**3,064**	3,311
Interest expense		**1,731**	2,076
Net interest income		**1,333**	1,235
Other income	2	**852**	690
Total ordinary income (net of interest expense)		**2,185**	1,925
Charge for bad and doubtful debts		**87**	77
Operating expenses			
– staff		**586**	507
– computer and equipment		**250**	164
– occupancy		**128**	116
– administration and other		**283**	298
Total operating expenses	2	**1,247**	1,085
Share of net loss of associates accounted for using the equity method		**1**	3
Goodwill amortisation and write-off	2	**182**	99
Profit from ordinary activities before income tax		**668**	661
Income tax expense	2	**240**	255
Profit from ordinary activities after income tax		**428**	406
Net profit attributable to outside equity interests		**1**	1
Net profit attributable to members of the Bank		**427**	405
Non Owner Changes in Equity			
Net increase in asset revaluation and realisation reserve		**17**	3
Net increase in claims equalisation reserve		**3**	3
		20	6
Total change in equity other than those resulting from transactions with owners as owners		**447**	411
Dividends per ordinary share (cents)	3	**80**	65
Basic earnings per ordinary share (cents)	4	**74.8**	71.9
Diluted earnings per ordinary share (cents)	4	**76.0**	72.4
Basic earnings per preferred resetting yield marketable equity security ($)	4	**6.36**	6.36

The Statement of Financial Performance should be read in conjunction with the discussion and analysis on page 48 and the accompanying notes to the financial statements.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Statement of Financial Position

CONCISE FINANCIAL REPORT AS AT 30 SEPTEMBER 2002

	NOTE	CONSOLIDATED 2002 $M	2001 $M
ASSETS			
Cash and liquid assets		**414**	1,093
Due from other financial institutions		**239**	458
Trading securities		**5,778**	3,569
Investment securities		**391**	463
Loans and other receivables		**42,767**	39,699
Bank acceptances of customers		**1,662**	1,170
Investments in associated companies		**10**	123
Other investments		**108**	93
Property, plant and equipment		**546**	534
Goodwill		**1,377**	1,409
Other assets		**1,712**	3,445
TOTAL ASSETS		**55,004**	52,056
LIABILITIES			
Deposits and other borrowings		**38,394**	35,539
Due to other financial institutions		**912**	790
Bank acceptances		**1,662**	1,170
Provision for dividends		**221**	179
Income tax liability		**272**	265
Other provisions		**115**	91
Bonds and notes		**7,303**	7,776
Loan capital		**1,002**	769
Bills payable and other liabilities		**1,285**	1,851
TOTAL LIABILITIES		**51,166**	48,430
NET ASSETS		**3,838**	3,626
SHAREHOLDERS' EQUITY			
Share capital	5	**3,349**	3,127
Reserves		**79**	59
Retained profits	6	**71**	102
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE BANK		**3,499**	3,288
Outside equity interests in controlled entities		**339**	338
TOTAL SHAREHOLDERS' EQUITY		**3,838**	3,626

The Statement of Financial Position should be read in conjunction with the discussion and analysis on page 48 and the accompanying notes to the financial statements.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Statement of Cash Flows

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

	CONSOLIDATED 2002 $M	2001 $M
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	**3,074**	3,329
Interest paid	**(1,762)**	(2,136)
Dividends received	**2**	1
Other income received	**926**	839
Operating expenses paid	**(1,171)**	(1,119)
Income taxes paid	**(231)**	(243)
Net payments from the sale and purchase of trading securities	**(2,208)**	(442)
Net cash (used in)/provided by operating activities	**(1,370)**	229
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of controlled entities	**(33)**	-
Disposal of controlled entity	**(2)**	-
Restructuring costs	**(18)**	(43)
Net proceeds from sale of investment securities	**72**	769
Net increase in loans and other receivables	**(2,764)**	(310)
Payments for shares	**(24)**	(58)
Proceeds from sale of shares	**28**	18
Proceeds from sale of Advance Property Fund units	**-**	156
Research and development costs	**(11)**	(9)
Payments for property, plant and equipment	**(74)**	(52)
Proceeds from sale of property, plant and equipment	**10**	24
Net increase in other assets	**(232)**	(63)
Net cash (used in)/provided by investing activities	**(3,048)**	432
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	**2,542**	551
Proceeds from other borrowings	**19,758**	21,398
Repayment of other borrowings	**(19,232)**	(21,260)
Proceeds from loan capital	**301**	-
Repayment of loan capital	**-**	(198)
Net increase/(decrease) in other liabilities	**95**	(380)
Share buyback	**-**	(376)
Proceeds from issue of shares	**99**	27
Net proceeds from the issue of PRYMES	**-**	291
Dividends paid	**(290)**	(341)
Net cash provided by/(used in) financing activities	**3,273**	(288)
Net (decrease)/increase in cash and cash equivalents	**(1,145)**	373
Cash and cash equivalents at the beginning of the financial year	**676**	303
Cash and cash equivalents at the end of the financial year	**(469)**	676

The Statement of Cash Flows should be read in conjunction with the discussion and analysis on page 48 and the accompanying notes to the financial statements.

Notes to the Financial Statements

NOTE 1 BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The Concise Financial Report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 Concise Financial Reports and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosure required by AASB 1039 have been derived from the Full Financial Report of the consolidated entity for the financial year. Other information included in the Concise Financial Report is consistent with the consolidated entity's Full Financial Report. The Concise Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the Full Financial Report.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's Full Financial Report. The accounting policies are consistent with those of the previous year.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

NOTE 2 INDIVIDUALLY SIGNIFICANT ITEMS

	CONSOLIDATED	
	2002	2001
	$M	$M
Other income		
Other income before individually significant items	**834**	682
Individually Significant Items		
Profit on sale of shares (i)	**18**	-
Write-back of excess provisions	**-**	8
	18	8
Total other income	**852**	690
Operating expenses		
Operating expenses before individually significant items	**1,135**	1,027
Individually Significant Items		
Write-down of investments (ii)	**22**	30
Restructure costs (iii)	**30**	-
Write-off of deferred expenditure balances (iv)	**60**	-
Write-down of investment in WealthPoint Limited	**-**	22
Write-down of investment in SMS Management and Technology Limited	**-**	6
	112	58
Total operating expenses	**1,247**	1,085
Goodwill		
Goodwill charge before significant item	**110**	99
Individually Significant Item		
Goodwill write-off (v)	**72**	-
Total goodwill charge	**182**	99
Income tax expense		
Income tax expense before individually significant items	**270**	265
Individually Significant Items		
Income tax expense on profit on sale of shares (i)	**4**	-
Income tax benefit on write-down of investments (ii)	**(7)**	(10)
Income tax benefit on restructure costs (iii)	**(9)**	-
Income tax benefit on deferred expenditure write-off (iv)	**(18)**	-
Income tax expense on write-back of excess provisions	**-**	2
Income tax benefit on write-down of SMS Management and Technology Limited	**-**	(2)
	(30)	(10)
Total income tax expense	**240**	255
SUMMARY		
Loss before tax from individually significant items	**(166)**	(50)
Tax benefit attributed to individually significant items	**(30)**	(10)
Net loss after tax from individually significant items	**(136)**	(40)

Notes to the Financial Statements

NOTE 2 INDIVIDUALLY SIGNIFICANT ITEMS continued

Discussion – September 2002

(i) In September 2002, the Bank entered into an agreement to sell 16,850,145 shares it held in Cashcard Australia Limited. A profit of $18 million ($14 million after tax) was recognised in respect of this transaction.

(ii) Investments have been written down by $22 million ($15 million after related income tax benefit) at 31 March 2002 reflecting a downward revision of their future anticipated revenues.

(iii) As a result of the Even Better Bank (EBB) project, the consolidated entity recognised a restructuring charge of $30 million ($21 million after tax) at 30 September 2002. The restructuring charge includes staff redundancy payments, outplacement services and costs associated with properties no longer required.

(iv) The deferred expenditure write-off of $60 million ($42 million after tax) resulted from a detailed review of both completed projects and projects under development. The write-off comprises the following:

– $31 million due to a reduction in expected future benefits, including certain specific elements of the St.George/Advance Bank core computer systems integration, a component of the work done on the Bank's new front end lending platform and certain projects cancelled as a direct result of EBB.

– $19 million resulting from the refinement of the consolidated entity's capitalisation policy which now involves expensing all development costs below $200,000 and all project support costs.

– $10 million due to certain system developments having superseded functionality and revisions to their estimated useful life.

(v) A strategic review of the Wealth Management Division was conducted during the year. As a result of the strategic review and the reassessment of the future benefits associated with ongoing WealthPoint businesses, an additional $72 million of goodwill has been written-off at 31 March 2002.

Discussion – September 2001

Discussion regarding comparative significant items is included in the Full Financial Report. A full explanation is also included in the prior year Concise Financial Report.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

NOTE 3 DIVIDENDS PROVIDED FOR OR PAID

TYPE	CENTS PER SHARE	$M	DATE OF PAYMENT	FRANKING RATE	PERCENTAGE FRANKED
2002					
Interim – ordinary shares	**38.0**	**188**	**2-Jul-02**	**30%**	**100%**
Final – ordinary shares	**42.0**	**209**	**13-Dec-02**	**30%**	**100%**
Depositary capital securities (1) (7)		**10**	**31-Dec-01**	**-**	**-**
Depositary capital securities		**19**	**28-Jun-02**	**-**	**-**
Depositary capital securities (2)		**10**	**31-Dec-02**	**-**	**-**
Preferred resetting yield marketable equity securities (4)		**7**	**20-Feb-02**	**30%**	**100%**
Preferred resetting yield marketable equity securities		**10**	**20-Aug-02**	**30%**	**100%**
Preferred resetting yield marketable equity securities (5)		**2**	**20-Feb-03**	**30%**	**100%**
		455			
2001					
Interim – ordinary shares	31.0	143	29-Jun-01	34%	100%
Final – ordinary shares	34.0	165	14-Dec-01	30%	100%
Converting preference shares (6)	67.5	5	28-Nov-00	34%	100%
Converting preference shares	44.8	11	29-Mar-01	34%	100%
Depositary capital securities (3)		9	31-Dec-00	-	-
Depositary capital securities		21	02-Jul-01	-	-
Depositary capital securities (1)		11	31-Dec-01	-	-
Preferred resetting yield marketable equity securities		9	20-Aug-01	30%	100%
Preferred resetting yield marketable equity securities (4)		3	20-Feb-02	30%	100%
		377			

(1) A total dividend of $21 million was paid of which $10 million related to the 2002 financial year and $11 million related to the 2001 financial year.

(2) A total dividend of approximately $20 million will be payable on 31 December 2002 of which $10 million relates to the 2002 financial year.

(3) A total dividend of $19 million was paid of which $9 million related to the 2001 financial year.

(4) A total dividend of $10 million was paid on 20 February 2002 of which $3 million related to the 2001 financial year.

(5) A total dividend of $9 million will be payable on 20 February 2003 of which $2 million relates to the 2002 financial year.

(6) A total dividend of $16 million was paid on 28 November 2000 of which $5 million related to the 2001 financial year.

(7) Dividends provided for or paid on depositary capital securities will be paid by St.George Funding Company LLC to the holders of the securities, out of profits to which no franking credits are attached.

It is anticipated that the balance of the consolidated franking account will be $131 million (2001: $17 million) after adjusting for:

(i) franking credits that will arise from the payment of income tax payable as at the end of the year;

(ii) franking debits that will arise from the payment of dividends proposed as at the end of the year;

(iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and

(iv) franking credits that the consolidated entity may be prevented from distributing in the subsequent financial year.

From 1 July 2002 the New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid, rather than on after-tax profits. As a result, consolidated 'franking credits available' as at 30 September 2002 were $131 million instead of $324 million. If the Act had taken effect on 1 July 2001, the anticipated consolidated franking balance converts from $40 million as disclosed in last year's Concise Financial Report to $17 million at 30 September 2001.

This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

Notes to the Financial Statements

NOTE 4 EARNINGS PER SHARE

	CONSOLIDATED 2002	2001
Earnings per share		
Basic – ordinary (cents)	**74.8**	71.9
Diluted – ordinary (cents)	**76.0**	72.4
Basic – preferred resetting yield marketable equity security (PRYMES) ($)	**6.36**	6.36
Alternative earnings per share (1)		
Basic – ordinary (cents)	**124.7**	101.6
Diluted – ordinary (cents)	**124.1**	101.4
Weighted average number of shares		
Basic – ordinary	**493,047,917**	467,389,915
Diluted – ordinary	**510,723,503**	480,286,599
Basic – PRYMES	**3,000,000**	1,816,438

(1) The alternative basic and diluted earnings per ordinary share amounts have been calculated to exclude the impact of goodwill amortisation and individually significant items to provide a meaningful analysis of the earnings per ordinary share performance of the underlying business.

NOTE 5 SHARE CAPITAL

	CONSOLIDATED 2002 $M	2001 $M	CONSOLIDATED 2002 NO. OF SHARES	2001 NO. OF SHARES
Issued and paid-up capital:				
498,097,921 Ordinary shares, fully paid (2001: 483,828,232)	**3,043**	2,821		
3,000,000 Preferred resetting yield marketable equity securities (2001: 3,000,000)	**291**	291		
General reserve	**15**	15		
	3,349	3,127		
Movements in ordinary share capital:				
Balance at beginning of financial year	**2,821**	2,659	**483,828,232**	455,439,731
Shares bought back	**-**	(376)	**-**	(22,790,119)
Conversion of non-redeemable, non-cumulative converting preference shares	**-**	360	**-**	28,168,842
Conversion of unissued allotted capital	**-**	140	**-**	18,440,000
Dividend Reinvestment Plan				
– Final dividend 2000/2001	**54**	-	**3,334,926**	-
– Final dividend 2000/2001 – underwritten	**81**	-	**4,964,412**	-
– Interim dividend 2000/2001	**-**	12	**-**	732,044
– Interim dividend 2001/2002	**69**	-	**3,598,233**	-
Executive Option Plan	**18**	27	**1,768,333**	3,110,000
Employee Reward Share Plan	**-**	-	**340,312**	479,534
Employee Performance Share Plan	**-**	-	**263,473**	248,200
Share issue costs	**-**	(1)	**-**	-
Balance at end of financial year	**3,043**	2,821	**498,097,921**	483,828,232

Issued and uncalled capital:
8,028 Borrowers' shares unpaid (2001: 10,968)
330,233 Depositors' shares unpaid (2001: 364,930)

Notes to the Financial Statements

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

NOTE 6 RETAINED PROFITS

	CONSOLIDATED 2002 $M	2001 $M
Net profit after income tax attributable to members of the Bank	**427**	405
Retained profits at the beginning of the financial year	**102**	77
Total available for appropriation	**529**	482
Dividends	**455**	377
Transfer to reserve	**3**	3
Retained profits at the end of the financial year	**71**	102

NOTE 7 SEGMENTAL RESULTS

(a) Business Segments

Business segments are based on the consolidated entity's organisational structure. The consolidated entity comprises four business segments, namely:

Personal Customers (PC) – formerly Personal and Small Business Banking. This division is responsible for residential and consumer lending, provision of personal financial services including transaction accounts, call and term deposits, small business banking, general and life insurance. This division also manages retail branches, agency networks and electronic channels such as call centres, EFTPOS terminals, ATMs and Internet banking.

Institutional and Business Banking (IBB) – responsible for liquidity requirements, securitisation, wholesale funding, capital markets, treasury market activities including foreign exchange and money market, corporate and business relationship banking, international banking services, leasing, hire purchase, automotive finance, commercial property lending and cash flow financing including factoring and invoice discounting.

BankSA (BSA) – responsible for providing retail banking and business banking services to customers in South Australia and Northern Territory. These services are now extending into country New South Wales and Victoria as part of the consolidated entity's initiative to expand rural banking. Customers are serviced through branches, electronic agencies, ATMs, call centres, EFTPOS terminals and Internet banking.

Wealth Management (WM) – formerly Investment Services. This division is responsible for providing funds management and administration, margin lending, financial planning, investment advice and private banking services. General and life insurance businesses are not included in WM. These insurance businesses are part of PC's operations.

Effective 1 October 2001, a portfolio of small business banking accounts was transferred from IBB to PC. On that date, total assets of $444 million and liabilities of $709 million were transferred. Also on that date, the operations of the Cairns branch, including $126 million of assets and $12 million of liabilities were transferred from BSA to PC.

As part of the consolidated entity's new business model developed through the EBB program, effective 1 October 2002, the following changes have occurred:

– Gold Segment (high value retail customers) was transferred from PC to WM;

– Life and general insurance businesses were transferred from PC to WM; and

– Small business banking customers with borrowings greater than $250,000 were transferred from PC to IBB.

Notes to the Financial Statements

NOTE 7 SEGMENTAL RESULTS continued

FOR THE YEAR ENDED 30 SEPTEMBER 2002	PERSONAL CUSTOMERS $M	INSTITUTIONAL AND BUSINESS BANKING $M	BANKSA $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATED $M
Segment revenue						
Net interest income	786	302	202	43	-	1,333
Non-interest income	325	169	58	205	77	834
Individually significant items	-	-	-	-	18	18
Total segment revenue	1,111	471	260	248	95	2,185
Segment expense						
Bad and doubtful debts	45	32	6	1	3	87
Operating expenses						
– Other provisions	14	12	3	13	9	51
– Depreciation	40	5	8	2	13	68
– Deferred expenditure amortisation	39	5	7	1	14	66
– Other expenses	500	156	124	179	(9)	950
Total operating expenses	593	178	142	195	27	1,135
Individually significant items	-	-	-	-	184	184
Goodwill amortisation	-	-	-	-	110	110
Total segment expense	638	210	148	196	324	1,516
Share of loss of investments in associates	-	-	-	-	1	1
Profit/(loss) before income tax expense	473	261	112	52	(230)	668
Expense to income ratio	53.4%	37.8%	54.6%	78.6%		
Income tax expense						270
Income tax benefit on individually significant items						(30)
Profit after income tax						428
Outside equity interests (OEI)						1
Profit after income tax and OEI						427

AS AT 30 SEPTEMBER 2002	PERSONAL CUSTOMERS $M	INSTITUTIONAL AND BUSINESS BANKING $M	BANKSA $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATED $M
Assets						
– investments in associates	-	-	-	-	10	10
– other assets	26,372	17,016	6,605	2,201	2,800	54,994
Segment Assets	26,372	17,016	6,605	2,201	2,810	55,004
Segment Liabilities	20,048	25,095	4,608	390	1,025	51,166
Other Segment Disclosure						
– Securitised loans	5,694	35	-	-	-	5,729
– Managed funds	-	-	-	17,447	-	17,447

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Notes to the Financial Statements

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

NOTE 7 SEGMENTAL RESULTS continued

FOR THE YEAR ENDED 30 SEPTEMBER 2001	PERSONAL CUSTOMERS $M	INSTITUTIONAL AND BUSINESS BANKING $M	BANKSA $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATED $M
Segment revenue						
Net interest income	721	330	187	26	(29)	1,235
Non-interest income	274	143	55	157	53	682
Individually significant items	-	-	-	-	8	8
Total segment revenue	995	473	242	183	32	1,925
Segment expense						
Bad and doubtful debts	36	42	4	-	(5)	77
Operating expenses						
– Other provisions	7	10	1	13	10	41
– Depreciation	40	5	7	1	12	65
– Deferred expenditure amortisation	30	3	4	1	8	46
– Other expenses	500	157	130	130	(42)	875
Total operating expenses	577	175	142	145	(12)	1,027
Individually significant items	-	-	-	-	58	58
Goodwill amortisation	-	-	-	-	99	99
Total segment expense	613	217	146	145	140	1,261
Share of loss of investments in associates	-	1	-	-	2	3
Profit/(loss) before income tax expense	382	255	96	38	(110)	661
Expense to income ratio	58.0%	37.0%	58.7%	79.2%		
Income tax expense						265
Income tax benefit on individually significant items						(10)
Profit after income tax						406
Outside equity interests (OEI)						1
Profit after income tax and OEI						405

AS AT 30 SEPTEMBER 2001	PERSONAL CUSTOMERS $M	INSTITUTIONAL AND BUSINESS BANKING $M	BANKSA $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATED $M
Assets						
– investments in associates	-	-	-	-	123	123
– other assets	23,958	17,697	6,260	1,518	2,500	51,933
Segment Assets	23,958	17,697	6,260	1,518	2,623	52,056
Segment Liabilities	17,639	25,681	4,348	245	517	48,430
Other Segment Disclosure						
– Securitised loans	4,990	80	-	-	-	5,070
– Managed funds	-	-	-	15,391	-	15,391

(b) Geographical Segments

The consolidated entity operates predominantly in Australia.

Notes to the Financial Statements

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

NOTE 8 REMUNERATION OF NON-EXECUTIVE DIRECTORS

Remuneration paid or payable to each director of the Bank, from the Bank and related entities is as follows:

NON-EXECUTIVE DIRECTORS	DIRECTORS' FEES CASH $'000	DIRECTORS' FEES SHARES [a] $'000	SUB TOTAL $'000	FIXED REMUNERATION [b] $'000	SUPERANNUATION [c] $'000	RETIREMENT PAYMENT $'000	TOTAL $'000
F J Conroy	230	20	250	256 [d]	7	-	513
J J Mallick	121	25	146	-	9	-	155
L F Bleasel	108	-	108	-	9	-	117
J S Curtis	61	45	106	-	9	-	115
G Ettinger [e]	62	30	92	-	7	283	382
P D R Isherwood	22	84	106	-	9	-	115
L B Nicholls [f]	8	-	8	-	1	-	9
G J Reaney	58	60	118	-	9	-	127
J M Thame	108	-	108	-	9	-	117
	778	264	1,042	256	69	283	1,650

(a) *During the year, 15,185 shares were acquired on market and allocated to 6 non-executive directors under the Non-Executive Directors' Share Purchase Plan. In consideration for the shares acquired on their behalf, non-executive directors forgo directors' fees equivalent to the purchase price of the shares less brokerage, stamp duty and a discount equivalent to that available under the Bank's Dividend Reinvestment Plan when operational.*

(b) *Fixed remuneration comprises cash salary.*

(c) *Superannuation Guarantee Charge (SGC) applicable to non-executive directors under 70 years of age.*

(d) *Paid to Mr Conroy in his capacity as Chief Executive (Executive Chairman) from 1 October 2001 to 13 January 2002.*

(e) *Ms Ettinger retired as a director of St.George Bank Limited on 29 July 2002. Remuneration includes a retirement benefit made in accordance with the Bank's Constitution.*

(f) *Mrs Nicholls was appointed a director of St.George Bank Limited on 29 July 2002.*

NOTE 9 REMUNERATION OF EXECUTIVE OFFICERS [a]

Cash and benefits (current employees)

NAME AND POSITION	FIXED [b] $'000	AT RISK [c] $'000	TOTAL $'000
G Kelly [d] Chief Executive Officer and Managing Director	692	800	1,492
G Bartlett Group Executive – Institutional and Business Banking	475	425	900
S McKerihan Chief Financial Officer	575	245	820
J Loebenstein Group Executive – Information Technology	450	170	620
B Wright Chief General Manager – Human Resources	400	160	560
P Clare [e] Group Executive – Strategy	216	135	351

(a) *The executive officers named above are the Chief Executive Officer and Managing Director and the five highest paid current members of the Executive Committee for the year ended 30 September 2002. The above table excludes individuals who are not direct reports of the Chief Executive Officer and Managing Director, whose remuneration, consistent with market practice in the industry, in any given year exceeds that received by a member of the Executive Committee.*

(b) *Fixed remuneration comprises cash salary, available package options grossed-up by related fringe benefits tax where applicable and company superannuation based on the prevailing SGC.*

(c) *At risk remuneration relates to performance in the 30 September 2002 year. The amount payable is dependent upon corporate, divisional and individual performance assessed against a balance of financial and non-financial measures.*

(d) *Commenced on 14 January 2002 and appointed as Managing Director of St.George Bank Limited on 29 January 2002.*

(e) *Commenced on 25 February 2002.*

Notes to the Financial Statements

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

NOTE 9 REMUNERATION OF EXECUTIVE OFFICERS continued

Performance shares and options (current employees)

Details of awards granted, comprising rights over unissued shares, granted under the Employee Performance Share Plan and options granted under the Executive Option Plan during the year to the Chief Executive Officer and Managing Director and the five highest paid current members of the Executive Committee for the year ended 30 September 2002 are as follows:

NAME AND POSITION	PERFORMANCE AWARDS: NO. OF AWARDS ALLOTTED	GRANT DATE	VESTING DATE	FAIR VALUE PER AWARD $	OPTIONS GRANTED: GRANT DATE	NO. OF OPTIONS GRANTED	EXERCISE PRICE $	DATE FIRST EXERCISABLE	FAIR VALUE PER OPTION $
G Kelly	25,000 [1]	12-Dec-01	12-Dec-01	16.91	12-Dec-01	250,000	16.91	12-Jun-04	2.50
Chief Executive Officer					12-Dec-01	250,000	16.91	12-Jun-05	2.50
and Managing Director					12-Dec-01	500,000	16.91	12-Jun-06	2.50
G Bartlett	9,895	1-Oct-01	15-Nov-03	14.64		-	-	-	-
Group Executive –	19,790	1-Oct-01	15-Nov-04	14.64					
Institutional and									
Business Banking									
S McKerihan	11,924	1-Oct-01	15-Nov-03	14.64		-	-	-	-
Chief Financial Officer	23,848	1-Oct-01	15-Nov-04	14.64					
J Loebenstein	7,703	1-Oct-01	15-Nov-03	14.64		-	-	-	-
Group Executive –	15,406	1-Oct-01	15-Nov-04	14.64					
Information Technology									
B Wright	8,188	1-Oct-01	15-Nov-03	14.64		-	-	-	-
Chief General Manager –	16,376	1-Oct-01	15-Nov-04	14.64					
Human Resources									
P Clare	2,797 [1]	25-Feb-02	25-Feb-03	17.88		-	-	-	-
Group Executive –	2,797 [1]	25-Feb-02	25-Feb-04	17.88					
Strategy	2,797 [1]	25-Feb-02	25-Feb-05	17.88					
	3,729	25-Feb-02	15-Nov-03	17.88					
	7,458	25-Feb-02	15-Nov-04	17.88					

Performance Hurdles

Performance Awards

(1) *No performance hurdles relate to these awards as they represent compensation for incentives forgone by the respective executive on leaving their former employer.*

Performance hurdles in respect of the other awards granted under the Employee Performance Share Plan during the year are as follows:

The awards vest in full for nil consideration subject to tenure and if basic earnings per share (EPS) before goodwill and significant items equal or exceed 118.1 cents in the 30 September 2002 year, 131.3 cents in the 30 September 2003 year and 145.3 cents in the 30 September 2004 year. Where EPS is less than 113.8 cents, 122.9 cents and 132.7 cents in each of these respective years, then the awards are forfeited. Where EPS falls between these targets in each of these years then entitlement to awards is determined on a pro rata basis.
In the event that a takeover offer for the Bank becomes unconditional, the awards vest in full.

Notes to the Financial Statements

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

NOTE 9 REMUNERATION OF EXECUTIVE OFFICERS continued

Executive Options

Performance hurdles relating to options granted to the Chief Executive Officer and Managing Director, Mrs G. Kelly, during the year are as follows:

NO. OF OPTIONS	PERFORMANCE HURDLE
250,000	Basic EPS (before goodwill and significant items) for the two year period ended 30 September 2003 grows at an annual rate of 10 per cent compounded annually over the 30 September 2001 basic EPS result of 101.9 cents. This equates to 123.3 cents.
250,000	Basic EPS (before goodwill and significant items) for the year ended 30 September 2004 exceeds EPS for 30 September 2003 by more than 10 per cent or reaches at least 135.6 cents.
500,000	Basic EPS (before goodwill and significant items) for the year ended 30 September 2005 exceeds EPS for 30 September 2004 by more than 10 per cent or reaches at least 149.2 cents.

In the event that a takeover offer for the Bank becomes unconditional, the options become exercisable.

Valuation of Options

The fair value of options granted during the year has been determined using the Black-Scholes option pricing model.

This valuation takes into account the price at the grant date, the exercise price for options, the expected life of the option, expected dividends and volatility in the price of the underlying stock. The fair value has not been discounted for the probability of not meeting performance hurdles (where applicable).

Valuation of Awards

The fair value of awards has been determined based on the volume weighted average share price of the Bank's ordinary shares using the five day trading period before the grant date. The fair value has not been discounted for the probability of not meeting performance hurdles (where applicable).

Notes to the Financial Statements

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

NOTE 9 REMUNERATION OF EXECUTIVE OFFICERS continued

Cash and benefits (former employees)

	REMUNERATION			
NAME AND POSITION	FIXED [(a)] $'000	AT RISK [(b)] $'000	OTHER BENEFITS $'000	TOTAL $'000
W Ott [(c)] Former Group Executive Personal Customers	550	450	246 [(d)]	1,246
R Cawsey [(e)] Former Group Executive Wealth Management	222	-	480 [(f)]	702

(a) Fixed remuneration comprises cash salary, available package options grossed-up by related fringe benefits tax where applicable and company superannuation based on the prevailing Superannuation Guarantee Charge (SGC).

(b) At risk remuneration relates to performance in the 30 September 2002 year. The amount payable is dependent upon the corporate performance assessed against a balance of financial and non-financial measures.

(c) Mr Ott completed his contractual term with the Bank on 30 September 2002.

(d) Comprises contracted payment of relocation costs, travel and accommodation benefits.

(e) Mr Cawsey resigned on 29 March 2002.

(f) Contracted termination payment.

Performance shares and options (former employees)

Details of awards, comprising rights over unissued shares, granted under the Employee Performance Share Plan and options granted under the Executive Option Plan during the year are as follows:

	PERFORMANCE AWARDS				OPTIONS GRANTED				
NAME AND POSITION	NO. OF AWARDS GRANTED	GRANT DATE	VESTING DATE	FAIR VALUE PER AWARD $	GRANT DATE	NO. OF OPTIONS GRANTED	EXERCISE PRICE $	DATE FIRST EXERCISABLE	FAIR VALUE PER OPTION $
W Ott	15,730 [(1)]	1-Oct-01	15-Nov-03	14.64	-	-	-	-	-
Former Group Executive	31,460 [(2)]	1-Oct-01	15-Nov-04	14.64					
Personal Customers									
R Cawsey	-	-	-	-	1-Oct-01	66,667 [(3)]	14.64	15-Nov-03	1.53
Former Group Executive					1-Oct-01	133,334 [(3)]	14.64	15-Nov-04	1.57
Wealth Management									

(1) As a result of termination, these awards are exercisable on 15 November 2002 subject to the achievement of pre-determined earnings per share targets in respect of the year ended 30 September 2002. The awards vest in full in the event that a takeover offer for the Bank becomes unconditional before 15 November 2002.

(2) These awards were forfeited on termination of employment.

(3) These options lapse twelve months after the termination date of employment. The performance hurdles relating to these options when granted were that the options are exercisable in full if basic earnings per share (EPS) before goodwill and significant items, equal or exceed 118.1 cents in the 30 September 2002 year, 131.3 cents in the 30 September 2003 year and 145.3 cents in the 30 September 2004 year. Where EPS is less than 113.8 cents, 122.9 cents and 132.7 cents in each of these respective years then the options are forfeited. Where EPS falls between these targets in each of these years, then entitlement to options is determined on a pro rata basis.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Directors' Declaration

CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2002

In the opinion of the directors of St.George Bank Limited the accompanying Concise Financial Report of the consolidated entity, comprising St.George Bank Limited and its controlled entities for the year ended 30 September 2002, set out on pages 48 to 63:

(a) has been derived from or is consistent with the Full Financial Report for the financial year; and

(b) complies with Accounting Standard AASB 1039: Concise Financial Reports.

For and on behalf of the Board of Directors and in accordance with a resolution of the directors.

F J Conroy
Chairman

Gail Kelly

G P Kelly
Chief Executive Officer and Managing Director

Dated at Sydney, New South Wales
6 November 2002

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Independent Audit Report on Concise Financial Report

TO THE SHAREHOLDERS OF ST.GEORGE BANK LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2002

SCOPE

We have audited the Concise Financial Report of St.George Bank Limited and its controlled entities for the year ended 30 September 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 9, and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows, set out on pages 48 to 63 in order to express an opinion on it to the members of the Company. The Company's directors are responsible for the Concise Financial Report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Concise Financial Report is free of material misstatement. We have also performed an independent audit of the Full Financial Report of St.George Bank Limited and its controlled entities for the year ended 30 September 2002. Our audit report for the Full Financial Report was signed on 6 November 2002, and was not subject to any qualification.

Our procedures in respect of the audit of the Concise Financial Report included testing that the information in the Concise Financial Report is consistent with the Full Financial Report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the Full Financial Report. These procedures have been undertaken to form an opinion whether, in all material respects, the Concise Financial Report is presented fairly in accordance with Accounting Standard AASB 1039: Concise Financial Reports issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the Concise Financial Report of St.George Bank Limited and its controlled entities for the year ended 30 September 2002 complies with AASB 1039: Concise Financial Reports issued in Australia.

KPMG

KPMG

J F Teer
Partner

45 Clarence Street,
Sydney, New South Wales, 2000
6 November 2002

Supplementary Information

FOR THE YEAR ENDED 30 SEPTEMBER 2002

Capital Adequacy

Under Australian Prudential Regulation Authority's (APRA) risk based framework, Statement of Financial Position exposures are assessed on potential risk of borrower and counterparty default. This credit risk is divided into three broad types of counterparty, being governments, banks and other counterparties, with individual exposures weighted according to four categories of risk weighting (0, 20, 50 and 100 per cent). In addition to counterparty credit risk, limited recognition is given to underlying collaterals and guarantees.

Effective from 1 January 1998, APRA requires Australian banks to hold sufficient levels of capital to cover the market risk of their trading books. Market risk is the risk of loss arising from the movements in market price in both on and off balance sheet positions.

APRA's guidelines stipulate banks must maintain a ratio of qualifying capital to risk-weighted assets (credit risk assets plus notional market risk assets) of at least 8 per cent. Qualifying capital is comprised of two discrete tiers. Tier 1 capital must constitute at least 50 per cent of the minimum capital requirement and the contribution made to the capital adequacy ratio by Tier 2 capital cannot exceed that made by Tier 1. Investments (pre-acquisition retained earnings) in funds management and administration companies and the investment in the mortgage insurance company (St.George Insurance Pte Ltd) are deducted from Tier 1 capital. Holdings of other banks' capital instruments and investments (excluding pre-acquisition retained earnings) in funds management and administration companies and life companies are deducted from the total of Tier 1 and Tier 2 capital.

The position with respect to these ratios as at 30 September is summarised below:

	CONSOLIDATED	
	2002	2001
	$M	$M
Qualifying Capital		
Tier 1		
Share capital	**3,349**	3,127
Reserves	**548**	665
Retained profits	**71**	102
Less: Goodwill and other APRA adjustments	**(1,527)**	(1,515)
Total tier 1 capital	**2,441**	2,379
Tier 2		
Asset revaluations	**47**	34
Subordinated debt	**907**	734
General provisions for doubtful debts (not tax effected)	**152**	133
Total tier 2 capital	**1,106**	901
Less: Deductions	**(40)**	(40)
Total qualifying capital	**3,507**	3,240
Risk Weighted Assets	**32,495**	29,226
Capital Adequacy Ratio	**%**	%
Tier 1	**7.5**	8.1
Tier 2	**3.4**	3.1
Less deductions	**(0.1)**	(0.1)
Total Capital Ratio	**10.8**	11.1

Supplementary Information

FOR THE YEAR ENDED 30 SEPTEMBER 2002

Shareholder Information

Classes of shares on issue

The Bank has four classes of shares on issue: fully paid ordinary shares, PRYMES (non-cumulative, resetting, non-redeemable, fully paid, convertible preference shares), unpaid borrower shares and unpaid depositor shares. Further details are contained within the accompanying 'Notes to and forming part of the accounts' and later in this section.

The rights and restrictions attaching to all classes are contained within the Bank's Constitution, consisting of its Memorandum and Articles of Association, a copy of which is available to any shareholder on written request to either St.George's share registry (Computershare Investor Services Pty Limited), or its registered office. Contact details are inside the back cover of this report.

Voting Rights

Subject to the Bank's Constitution, at general meetings of the Bank:

(a) each ordinary shareholder entitled to vote may either vote in person, by proxy, by attorney or, where a body corporate, by representative;

(b) on a show of hands, each ordinary shareholder present in person, by proxy, attorney or representative has one vote;

(c) on a poll, each ordinary shareholder present in person, by proxy, representative or attorney shall have one vote for every ordinary share held by that shareholder. In the case of joint holdings, only one joint holder may vote and if both joint holders attend the meeting only the first named in the register of shareholders may vote.

PRYMES holders will be entitled to attend general meetings of the Bank, but will not be entitled to speak or vote except in limited circumstances prescribed by the ASX Listing Rules. Borrower and depositor shareholders will be entitled to attend general meetings, but will not be entitled to speak or vote. Full details of voting entitlements for all classes of shareholder are contained within the Bank's Constitution.

Voting by Proxy

The Board strongly encourages shareholders who are not able to attend meetings to participate in the decision making process through the completion and return of proxies. If a shareholder appoints a proxy and still attends the meeting, they may not vote unless he or she revokes the proxy prior to the commencement of the meeting.

Corporate shareholders may:

- appoint a representative; or
- appoint a proxy;

to represent them at meetings.

The instrument of appointment must be under the common seal of the corporation or be signed by a duly authorised officer or attorney and be received either at the Bank's share registry or its registered office (or by specified facsimile numbers at such places), no later than 48 hours before the meeting.

Australian Stock Exchange Listing

Both the Bank's ordinary shares and PRYMES are quoted on the Australian Stock Exchange ('ASX') with Sydney being the Bank's home exchange. The stock codes under which these shares trade are 'SGB' for ordinary and 'SGBPB' for PRYMES. Trading results are published in most Australian daily newspapers.

Option contracts against the ordinary shares of the Bank are traded on the ASX Derivatives Market. Further information can be obtained from ASX Derivatives or a stockbroker.

In the United States, the Bank's ordinary shares may be traded in the form of American Depository Receipts issued through Deutsche Bank. Further enquiries should be directed to Deutsche Bank. Contact details are inside the back cover of this report.

Those shareholders or other interested parties wishing to trade in St.George shares on the ASX must do so through a stockbroker. The Corporate Relations office of the ASX can arrange a referral for persons who have had no prior dealings with a stockbroker.

Investor Information on the Internet

Visit our Shareholder Centre section on the St.George website **www.stgeorge.com.au** for shareholder information such as the Concise and Full Financial Reports, profit announcements, news and ASX releases, current share price as well as access to your shareholding on-line.

Annual Report not Required

Shareholders who do not require a copy of the Concise Annual Report should advise the St.George share registry in writing, quoting their Shareholder Reference Number or Holder Identification Number. Shareholders who so opt will still receive all other mailings.

Shareholders wishing to receive a copy of the 2002 Full Financial Report should make their request to the Bank's share registry on 1800 804 457.

Supplementary Information

FOR THE YEAR ENDED 30 SEPTEMBER 2002

Information Regarding Shareholdings

(i) Distribution of Shareholdings as at 16 October 2002

(a) Ordinary Shares

RANGE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDINGS	NUMBER OF ORDINARY SHARES	NUMBER OF PERCENTAGE OF TOTAL
1-1,000	57,037	26,236,166	5.26
1,001-5,000	44,547	99,512,378	19.98
5,001-10,000	7,397	51,648,111	10.37
10,001-100,000	4,792	102,449,965	20.57
100,001 and over	184	218,274,567	43.82
TOTAL	**113,957**	**498,121,187**	**100.00**

There were 1,838 shareholders who held less than a marketable parcel of ordinary shares which equates to a market value of less than $500 based on the market price as at 16 October 2002.

(b) PRYMES

RANGE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDINGS	NUMBER OF PREFERENCE SHARES	PERCENTAGE OF TOTAL
1-1,000	17,350	1,751,266	58.38
1,001-5,000	197	383,247	12.77
5,001-10,000	14	96,362	3.21
10,001-100,000	14	457,737	15.26
100,001 and over	2	311,388	10.38
TOTAL	**17,577**	**3,000,000**	**100.00**

(ii) Limitation on Share Ownership

The Constitution of the Bank imposes a prohibition on the ownership of more than ten per cent (10%) of the issued shares in the Bank. From 1 July 2002, an amendment to the Constitution relating to the ten per cent (10%) shareholding limitation, may be effected by a special resolution of shareholders holding seventy-five per cent (75%) or more of the Bank's ordinary shares voting in favour of the amendment whether in person or by proxy.

The Financial Sector (Shareholdings) Act also contains shareholding limitations.

(iii) Listings

The ordinary and preference shares of the Bank are traded on the Australian Stock Exchange (ASX), with Sydney being the Bank's home exchange. The symbol under which the ordinary shares and PRYMES are traded is 'SGB' and 'SGBPB' respectively. Advance Capital Notes, two issues of subordinated debt, are also listed as 'SGBHB' and 'SGBHC'. Share details of trading activity are published in most daily newspapers.

St.George also has a US$4 billion Euro Note Programme listed on the London Stock Exchange Limited.

Supplementary Information

FOR THE YEAR ENDED 30 SEPTEMBER 2002

(iv) Substantial Shareholder

	NUMBER OF SHARES
By notice dated 3 July 2001, National Australia Bank Limited advised that it or its associates then held relevant interests in the following ordinary shares of the Bank:	45,391,512
By notice dated 12 October 2001, Commonwealth Bank of Australia Limited advised that it or its associates then held relevant interests in the following ordinary shares of the Bank:	41,434,726

(v) Top Twenty (20) Shareholders as at 16 October 2002

(a) Ordinary Shares

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF SHARES HELD
Citicorp Nominees Pty Limited	46,818,173	9.40
National Nominees Limited	23,010,418	4.62
J P Morgan Nominees Australia Limited	21,848,357	4.39
Westpac Custodian Nominees Limited	18,475,852	3.71
ANZ Nominees Limited	10,003,075	2.01
Commonwealth Custodial Services Limited	7,298,373	1.47
AMP Life Limited	7,078,959	1.42
RBC Global Services Australia Nominees Pty Limited	6,648,514	1.33
Queensland Investment Corporation	6,632,506	1.33
ING Life Limited	6,255,374	1.26
Permanent Trustee Company Limited	5,809,351	1.17
NRMA Nominees Pty Limited	3,567,959	0.72
Cogent Nominees Pty Limited	3,505,352	0.70
National Australia Bank Ltd	2,681,375	0.54
The National Mutual Life Association of Australasia Limited	2,479,765	0.50
ARGO Investments Limited	1,746,736	0.35
Australian Foundation Investment Company Limited	1,443,661	0.29
Ostor No 14 Pty Limited	1,322,507	0.27
Suncorp Life & Superannuation Limited	1,104,872	0.22
McCusker Holdings Pty Ltd	1,038,592	0.21

The top twenty ordinary shareholders held 35.89 per cent of all ordinary shares issued.

Supplementary Information

FOR THE YEAR ENDED 30 SEPTEMBER 2002

(b) PRYMES

SHAREHOLDER	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF SHARES HELD
AMP Life Limited	161,188	5.37
Invia Custodian Pty Limited	150,200	5.01
The National Mutual Life Association of Australasia Limited	99,885	3.33
Commonwealth Custodial Services Limited	75,043	2.50
Tower Trust Limited	57,008	1.90
Questor Financial Services Limited	50,043	1.67
ANZ Executors & Trustee Company Limited	48,908	1.63
The University of Melbourne	20,000	0.67
Ms Lesley Yvette Coney	16,113	0.54
Albert Investments Pty Ltd	15,000	0.50
RBC Global Services Australia Nominees Pty Limited	14,585	0.49
Elise Nominees Pty Limited	14,295	0.48
Perpetual Trustee Company Limited	12,932	0.43
Brispot Nominees Pty Ltd	11,463	0.38
UBS Warburg Private Clients Nominees Pty Limited	11,462	0.38
Baker Custodian Corporation	11,000	0.37
Permanent Trustee Company Limited	10,000	0.33
Votraint No 1019 Pty Ltd	9,000	0.30
Milton Corporation Limited	8,250	0.28
Berrimilla Pty Ltd	7,450	0.25

The top twenty PRYMES holders held 26.81 per cent of all PRYMES issued.

Supplementary Information

FOR THE YEAR ENDED 30 SEPTEMBER 2002

(vi) Domicile of Shareholdings as at 16 October 2002

(a) Ordinary Shareholdings

LOCALITY	NUMBER OF SHAREHOLDERS	TOTAL NUMBER OF SHARES HELD
Australian Capital Territory	3,945	7,778,836
New South Wales	63,914	299,561,230
Northern Territory	218	269,132
Queensland	8,902	27,240,004
South Australia	8,668	16,429,287
Tasmania	788	1,594,610
Victoria	23,934	137,506,002
Western Australia	2,690	5,520,790
DOMESTIC TOTAL	113,059	495,899,891
OVERSEAS TOTAL	898	2,221,296
TOTAL	113,957	498,121,187

(b) PRYMES

LOCALITY	NUMBER OF SHAREHOLDERS	TOTAL NUMBER OF SHARES HELD
Australian Capital Territory	625	83,282
New South Wales	9,658	1,421,208
Northern Territory	9	947
Queensland	1,693	255,151
South Australia	1,089	182,037
Tasmania	138	21,984
Victoria	3,967	977,642
Western Australia	377	52,087
DOMESTIC TOTAL	17,556	2,994,338
OVERSEAS TOTAL	21	5,662
TOTAL	17,577	3,000,000

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES

Supplementary Information

FOR THE YEAR ENDED 30 SEPTEMBER 2002

Five Year History of Share Issues and Dividends

HISTORY OF ORDINARY SHARES ISSUED

DATE OF ISSUE	DETAILS	SHARES ISSUED	ISSUE/DRP PRICE ($)
	Balance at 1 October 1997	448,090,655	
05/01/98	Dividend Reinvestment Plan	7,306,897	7.99
25/05/98	Employee Reward Share Plan	644,729	10.40
02/07/98	Dividend Reinvestment Plan	5,806,812	9.83
Nov 99 – Dec 99	Share Buy-Back (Cancelled Shares)	(8,000,000)	10.12(i)
14/01/00	Employee Reward Share Plan	602,441	11.12
Oct 99 – Sep 00	Exercise of Employee Options	835,000	Various
Oct 99 – Sep 00	Exercise of Employee Awards	153,197	Various
28/03/01	Share Buy-Back (Cancelled Shares)	(22,790,119)	16.50
29/03/01	Conversion of Preference Shares	28,168,842	
Jan 01	Employee Reward Share Plan	479,534	13.90
29/06/01	Dividend Reinvestment Plan	732,044	15.52
Aug 01	Primary STRYPES Receipts Exchange	18,440,000	13.9861
Oct 00 – Sep 01	Exercise of Employee Options	3,110,000	Various
Oct 00 – Sep 01	Exercise of Employee Awards	248,200	Various
14/12/01	Dividend Reinvestment Plan	8,299,338	16.28
11/01/02	Employee Reward Share Plan	340,312	17.79
02/07/02	Dividend Reinvestment Plan	3,598,233	19.22
Oct 01 – Sep 02	Exercise of Employee Options	1,768,333	Various
Oct 01 – Sep 02	Exercise of Employee Awards	263,473	Various
	Balance at 30 September 2002	**498,097,921**	

(i) Average price of shares purchased.

HISTORY OF ORDINARY DIVIDENDS

DATE PAID	TYPE	FRANKING	RATE (CENTS)	DRP ($)
03/01/97	Final	36%	26	7.41
02/07/97	Interim	36%	26	7.59
05/01/98	Final	36%	26	7.99
02/07/98	Interim	36%	26	9.83
18/12/98	Final	36%	26	N/A
01/07/99	Interim	36%	26	N/A
17/12/99	Final	36%	26	N/A
03/07/00	Interim	34%	26	N/A
15/12/00	Final	34%	29	N/A
29/06/01	Interim	34%	31	15.52
14/12/01	Final	30%	34	16.28
02/07/02	Interim	30%	38	19.22
13/12/02	Final	30%	42	TBA

HISTORY OF PRYMES

DATE	DETAILS
21/02/01	Initial issue of 3,000,000 PRYMES. Issue price $100.00.
20/08/01	Half-Yearly Dividend of $3.14, fully franked at 30%
20/02/02	Half-Yearly Dividend of $3.22, fully franked at 30%
20/08/02	Half-Yearly Dividend of $3.15, fully franked at 30%

DESIGNED BY BILLY BLUE CREATIVE

KEY DATES

Annual General Meeting (Sydney)
13 December 2002

Shareholder Information Meeting (Melbourne)
26 May 2003*

Announcement of Results and Ordinary Dividend
- Interim (half-year ended 31 March 2003) 6 May 2003*
- Final (year ended 30 September 2003) 5 November 2003*

Ordinary Shares
Final Dividend (2002) paid
13 December 2002
- Ex-dividend trading 25 November 2002
- Record date 29 November 2002

Interim Dividend (2003) paid
02 July 2003*
- Ex-dividend trading 12 June 2003*
- Record date 18 June 2003*

PRYMES
Payment date 20 February 2003*
- Ex-dividend trading 31 January 2003*
- Record date 6 February 2003*

Payment date 20 August 2003*
- Ex-dividend trading 31 July 2003*
- Record date 6 August 2003*

*proposed dates only

CONTACT DETAILS

ST.GEORGE REGISTERED OFFICE
St.George House
4-16 Montgomery Street
Kogarah NSW 2217, Australia
Telephone (02) 9236 1111
International (612) 9236 1111
Facsimile (02) 9952 1000

Secretary: M H S Bowan

ST.GEORGE SHARE REGISTRY
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Postal Address: GPO Box 7045
Sydney NSW 1115, Australia
Telephone 1800 804 457
International (613) 9615 5970
Facsimile (02) 8234 5050

BANKSA
97 King William Street
Adelaide SA 5000
Customer Service 131 376

ADVANCE ASSET MANAGEMENT
Level 10, 182 George Street
Sydney NSW 2000
Customer Service 1800 819 935

SEALCORP
Level 12, 400 George Street
Sydney NSW 2000
Telephone (02) 9947 1255
Facsimile (02) 9511 2366

DEUTSCHE BANK

(American Depositary Receipts)
Depositary Receipts Department
60 Wall Street
New York, NY 10005, USA
Telephone (212) 602 3761

CUSTOMER SERVICES

St.George Customer Service Centre
133 330
New Account Enquiries/Insurance
133 555
dragondirect
1300 301 020
Private Bank
(02) 9236 1882
Small Business Banking
1300 554 003
Business Banking
133 800
Investment Advice
1300 367 240
Auto/Commercial Finance
1300 301 315
St.George Margin Lending
1300 304 065
Group Treasury and Capital Markets
(02) 9320 5555
Foreign Exchange Products and Services
1300 550 244
Advance Funds Management
1800 819 935
ASGARD Master Trust
1800 998 185

EMAIL/INTERNET
Email: stgeorge@stgeorge.com.au
Internet: www.stgeorge.com.au

AUDITORS
KPMG
45 Clarence Street, Sydney NSW 2000

CREDIT RATINGS

	short term	long term
Standard and Poor's	A-1	A
Moody's Investors Service	P-1	A2
Fitch Ratings	F1	A+

FULL FINANCIAL REPORT (2002)
St.George's Full Financial Report may be accessed on the St.George Bank website at www.stgeorge.com.au. Shareholders wishing to be mailed a copy of the St.George Full Financial Report should contact the Bank's share registry at Computershare Investor Services on 1800 804 457

ST.GEORGE BANK LIMITED ABN 92 055 513 070