



2002 Interim Results St.George Bank Ltd.



Gail Kelly
Managing Director

Steve McKerihan
Chief Financial Officer

During this half we have delivered

- Excellent operational result
- Profitable increase in lending and deposit volumes
- Solid managed funds growth
- Improved growth and stable margins in net interest income
- Strong growth in non-interest income
- Superior credit quality

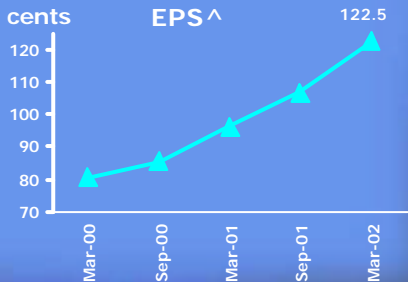
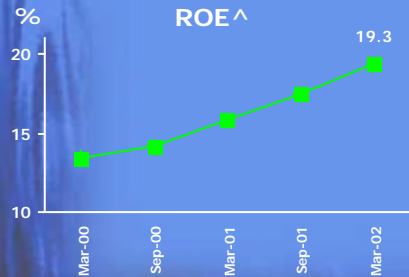
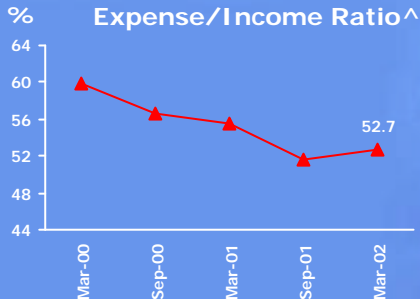
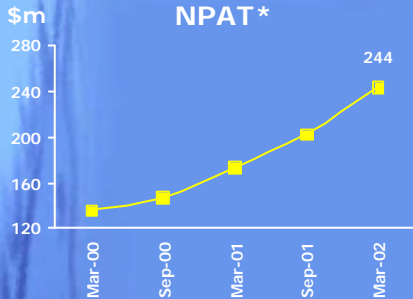
Strong Profit Result

	Mar 2002	Mar 2001	% Change
Profit After Tax [^]	\$244m	\$173m	41
Earnings per Share*	122.5¢	96.4¢	27
Return on Equity*	19.3%	15.8%	
Expense to Income*	52.7%	55.6%	
Dividend	38 cents	31 cents	23

[^]Profit before significant items

*Calculated before significant items and goodwill amortisation

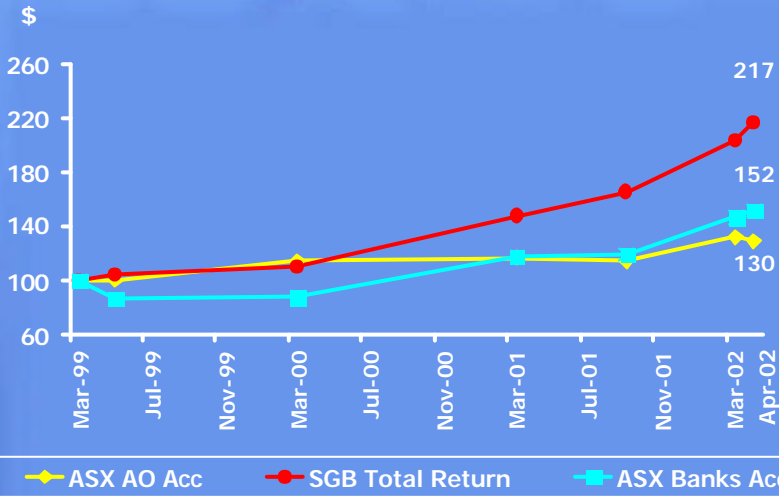
Sustained Financial Performance



* Before significant items

^ Before goodwill amortisation and significant items

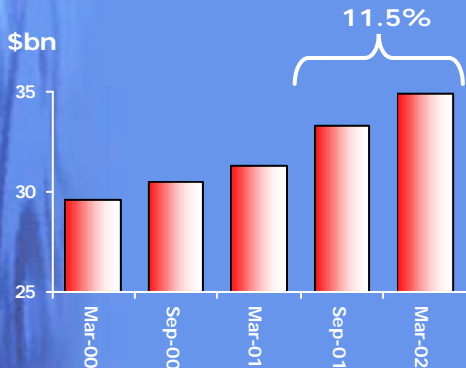
Driving Shareholder Value



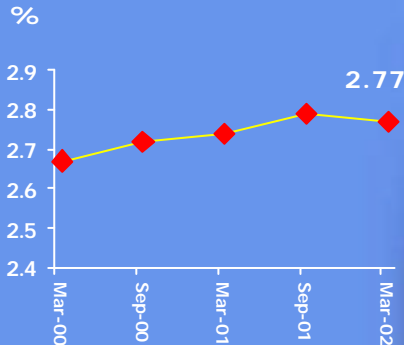
Total shareholder return includes capital appreciation and dividends.
Assumes base of \$100 in March 99.

Building Volumes and Maintaining Margins

Total Residential Loans*



Interest Margin^



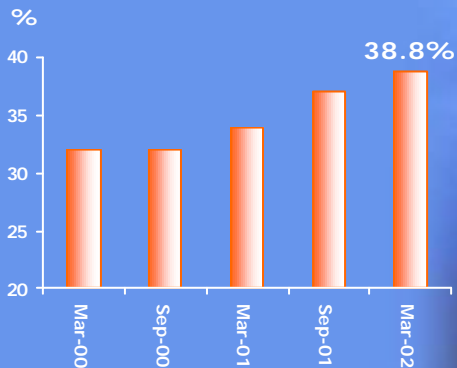
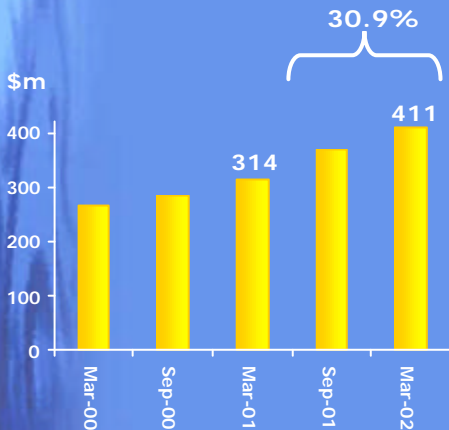
* Includes securitised loans

^ Group interest margin

Non-Interest Income Momentum Continues

Non-Interest Income

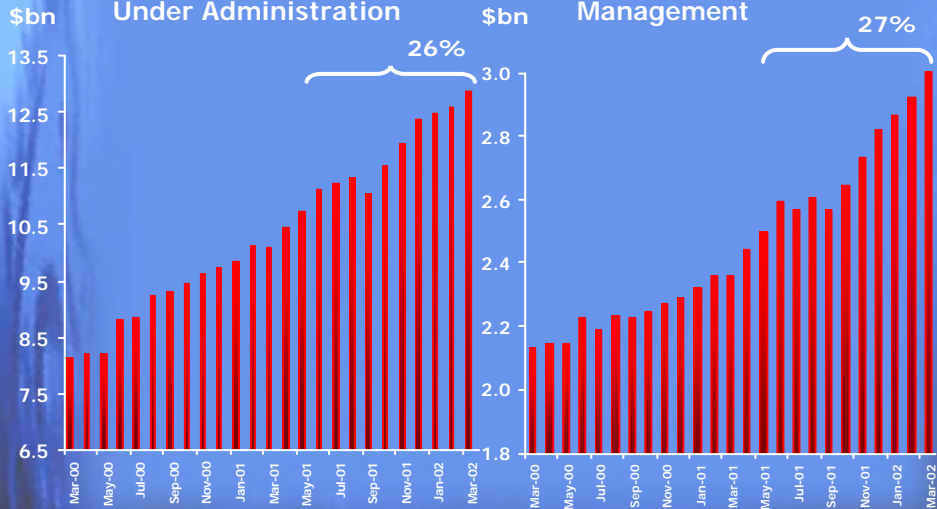
Other Income/Total Income



Growing Total Managed Funds

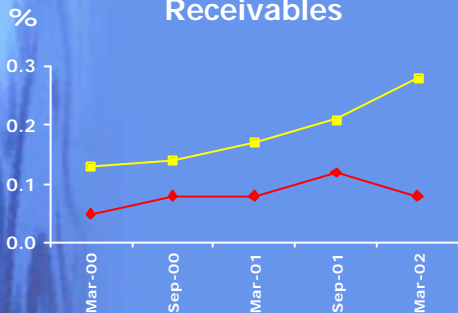
SEALCORP- Funds Under Administration

Advance- Funds Under Management

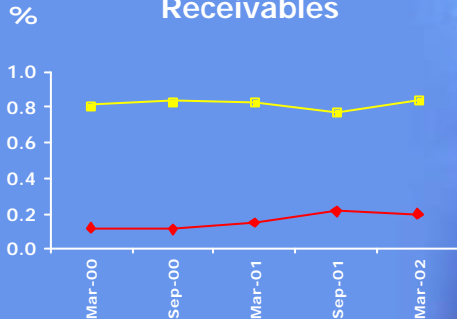


Credit Quality Remains A Differentiator

Bad & Doubtful Debts/ Receivables



Gross Impaired Assets/ Receivables



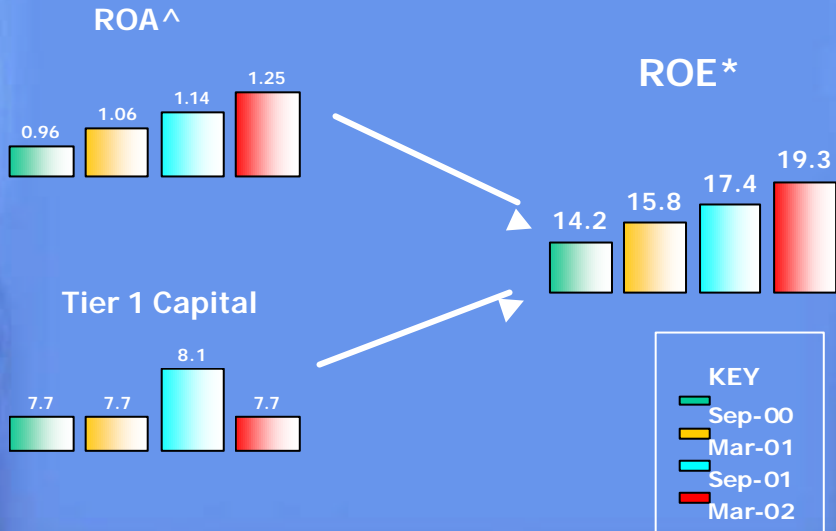
—■— Average of the 4 Majors
—◆— St. George

2002 Interim Results



Steve McKerihan Chief Financial Officer

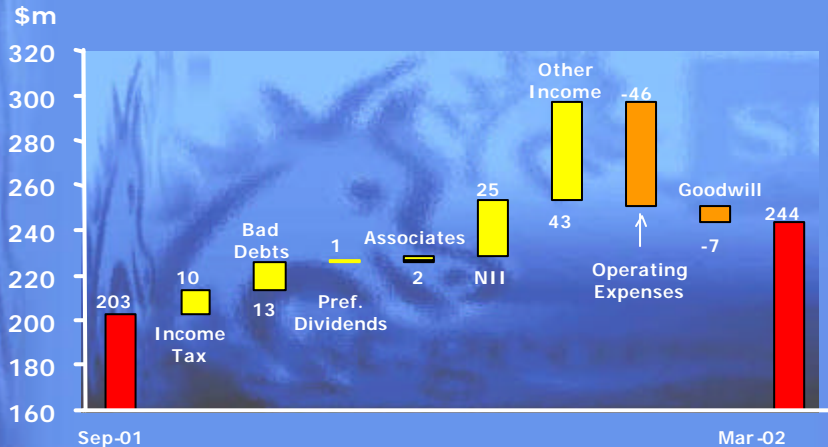
Improving Returns to Shareholders



* Excluding significant items and goodwill amortisation

[^] Excluding significant items, goodwill amortisation and preference dividends

Solid Operational Result



Business Volumes Grow Strongly

	Mar 2002 \$bn	Mar 2001 \$bn	Change %	Market Growth %
Total Lending*	48.3	43.7	10.5	8.3 [^]
Retail Deposits	26.8	23.9	11.9	9.3 ^{^^}
Managed Funds	17.5	13.9	26.0	13.0 ^{**}

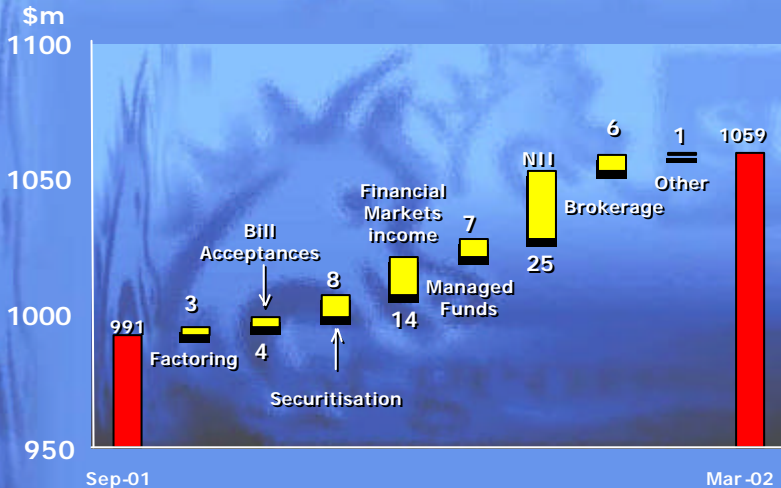
* Includes securitised loan balances and bill acceptances

** Source: ASSIRT

[^] Source: RBA Bulletin - Total aggregate credit growth (system)

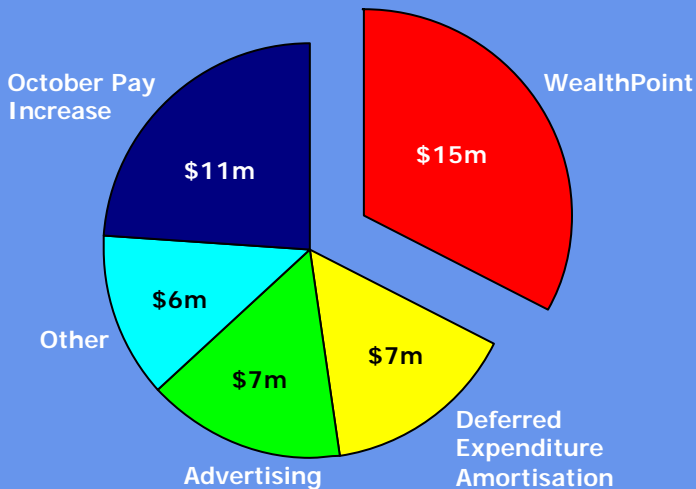
^{^^} Source: Australian Bankers' Association – Total retail deposits

Revenue Gains Drive Profit Performance



*Excludes Significant Items

Drivers of \$46m Expense Increase*



SEP-01 to MAR-02

* Before goodwill amortisation and significant items

Bottom Line Impacted By Significant Items

WealthPoint Goodwill	-\$72m
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Investments	-\$22m
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Tax Benefits on Writedowns	+\$7m
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Total	-\$87m
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Segmental Profit

	Mar-02 \$m	Sep-01 \$m	Mar-01 \$m
PSBB	236	198	184
IBB*	133	123	132
BSA	54	52	44
ISD	20	21	17

* See IBB slide for normalising adjustments

Segmental Profit: Personal and Small Business Banking

	Mar-02 \$m	Sep-01 \$m	Mar-01 \$m
PSBB	236	198	184

- Profit Before Tax rose by 28.3%
- Net Interest Income up 7.7%
- Other Income up 35.5%
- Expense to Income ratio decreased from 59.3% to 54.2%

Segmental Profit: Institutional and Business Banking

	Mar-02 \$m	Sep-01 \$m	Mar-01 \$m
IBB	133	123	132
Normalised	133	123 ⁽¹⁾	117 ⁽²⁾

NORMALISING ADJUSTMENTS:

- (1) - Result increased by \$15m for one-off provision
- Result reduced by \$15m for transfer of Small Business Banking
- (2) - Result reduced by \$15m for transfer of Small Business Banking
- IBB contributes 30% of business segments profit at a cost to income ratio of 38%

Segmental Profit: BankSA

	Mar-02 \$m	Sep-01 \$m	Mar-01 \$m
BSA	54	52	44

- BankSA's contribution to profit before tax increased by 22.7%
- Net Interest Income grew by 7.6%
- Other Income increased by 11.5%
- Expense to Income ratio decreased from 61.9% to 55.5%

Segmental Profit: Investment Services Division

	Mar-02 \$m	Sep-01 \$m	Mar-01 \$m
ISD	20	21	17

- SEALCORP - continues to grow strongly
 - represents more than 100% of profit in all 3 periods
- Mar-02 period impacted by WealthPoint operating loss
- Includes investment in Financial Planners and Investment Advisers
- Excludes insurance

Capital Management Programme

- Feb 2002 New \$200m Tier 2 subordinated debt issue

- Mar 2002 Securitisation issue of \$1,750m Residential Mortgage Backed Securities

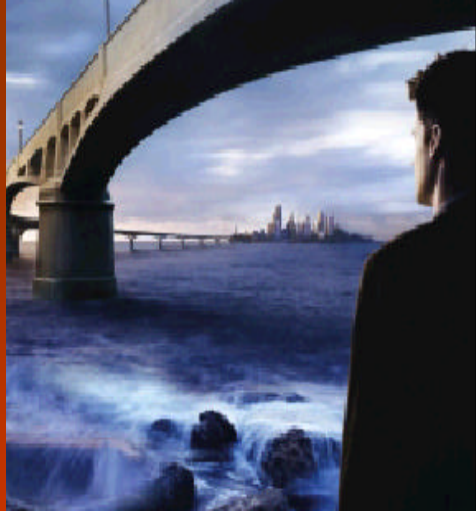
- May 2002 Interim Ordinary dividend increased by 23%*

* Compares Mar -02 to Mar -01

Future Prospects

- Excellent 1st half result in demanding environment
- Profitability expected to be maintained at current levels in the 2nd half
- Cash/90 day steepening to impact second half
- Housing sector growth potentially easing
- Final dividend expected to exceed interim if current profitability is maintained

Strategic Agenda



Gail Kelly Managing Director

Excellent Strategic Foundation

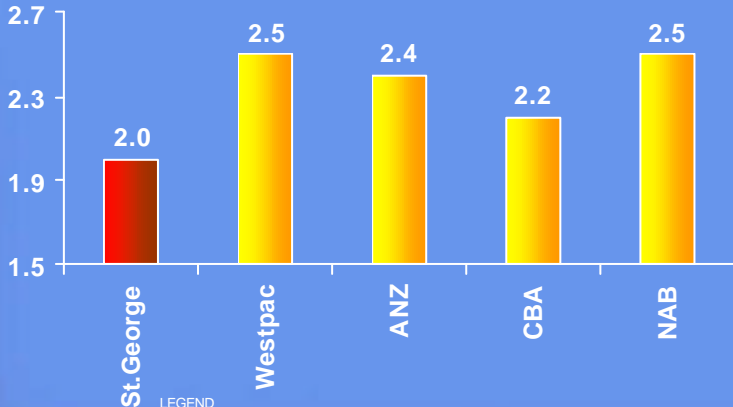
- **Best Bank : robust platform for future initiatives**
- **Outstanding credit quality**
- **Service and reputation : a differentiator**
- **Committed and engaged staff**
- **Strong capabilities**
- **Considerable opportunities for growth**

Strategic Foundation is Under-Leveraged

Av. Number of financial products held (includes insurance & investments)

Base: Respondents aged 14+ who nominate the institution as their Main Financial Institution

Products per MFI customer*



LEGEND

St.G Group = StG/BSA MFI customers

WBC Group = Westpac/BOM/Challenge MFI customers

ANZ Group = ANZ/T&C MFI customers

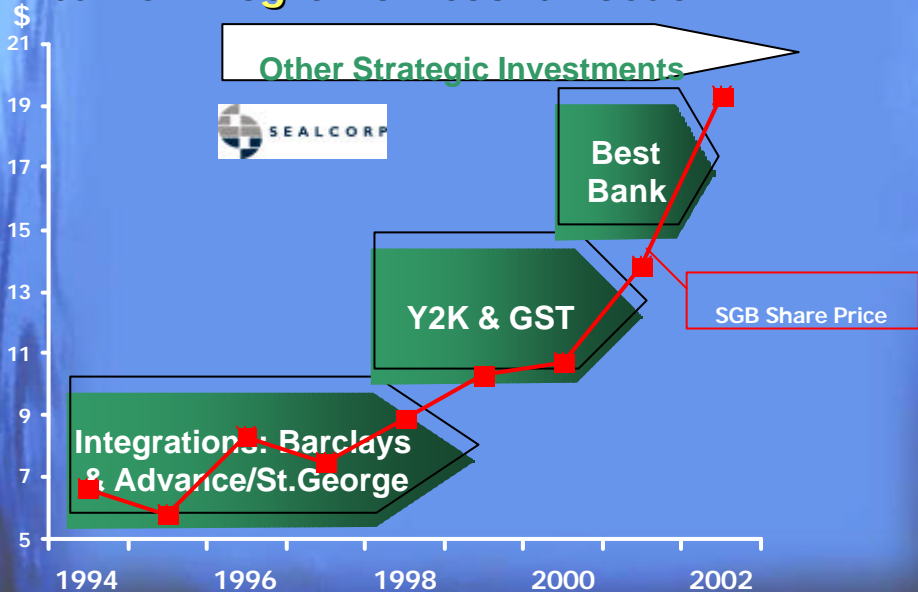
CBA Group = CBA/Trust Bank MFI customers

NAB Group = NAB/BNZ MFI customers

Source: Roy Morgan Single Source-Finance Monitor 3 months to February 2002

* Products held with any part of the group

Strategic Timeline- Major Acquisitions & Internal Programs Absorb Focus



St.George Strategic Framework

**Best Bank:
Establish the
foundation**

**Even Better Bank:
Drive toward full
potential**

St.George Strategic Framework

SIX KEY BUSINESS GOALS:

1. Deepen and strengthen relationships with customers in our chosen markets
2. Leverage specialist capabilities for growth
3. Creatively differentiate on service
4. Accelerate and empower relationship selling
5. Optimise cost structure
6. Build team and performance culture

***Out "local" the nationals
& out "national" the locals***

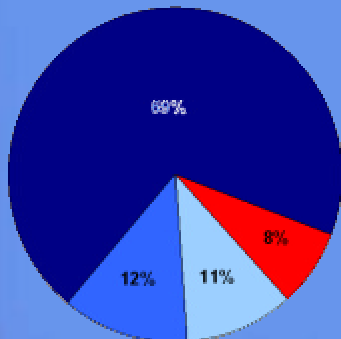
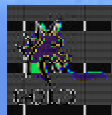
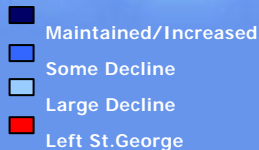
1. Deepen and Strengthen Relationships with Customers in our Chosen Markets

- Develop customer value propositions for chosen segments
- Leverage strong data warehouse capabilities
- Align skills, incentives and service levels
- Prioritise and implement
- Look for quick wins

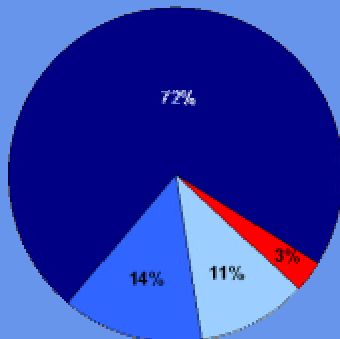
Example- GOLD Segment

Phase 1 - Objectives:

- Retention focus
- Grow customer satisfaction
- Grow profitability

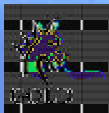


Pre- GOLD



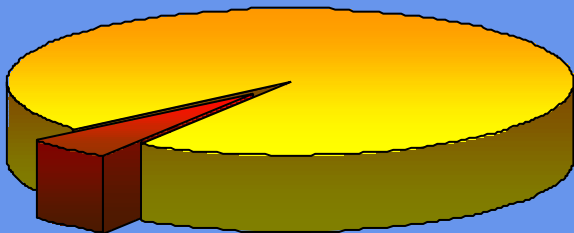
Post- GOLD

Example- GOLD Segment



Phase 2 – The Opportunity:

- 50,000 GOLD Customers



Less than 5% of GOLD customers have
Group managed funds

2. Leverage Specialist Capabilities for Growth

Examples include:

- Residential lending and portfolio loans
- Payment services
- Property finance
- SEALCORP
- IFA relationship capabilities
- “dragondirect”

2. Leverage Specialist Capabilities for Growth

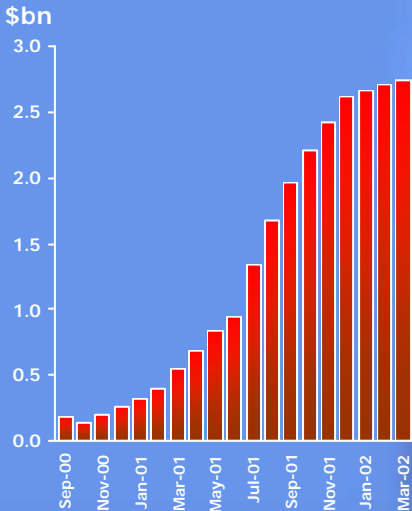
Opportunities for:

- Attracting new customers
- Alliances and partnerships
- Greater than system growth in non-core geographies
- Cost effective growth

Example- Firing Up dragondirect

dragondirect
from St.George

- Rapid growth in 20 months
- Two products \$2.7b:
"directsaver" and "directfunds"
- Almost 70,000 customers
- Opportunity for low cost national expansion
- New products for launch this year:
 - Credit card
 - Transaction account
 - Insurance
 - Share broking

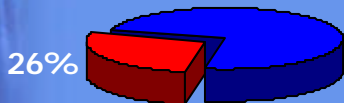


Example- Home Equity Loan

Residential Loans Mix



As at Sep '98




As at Mar '02

- 27% market share in approvals
- Superior profitability characteristics
 - Size of loan
 - Fees and margin
 - Life of loan
 - Relationship focused
- Cannex 5 star rated product

Home Equity Loans 

Example- SEALCORP

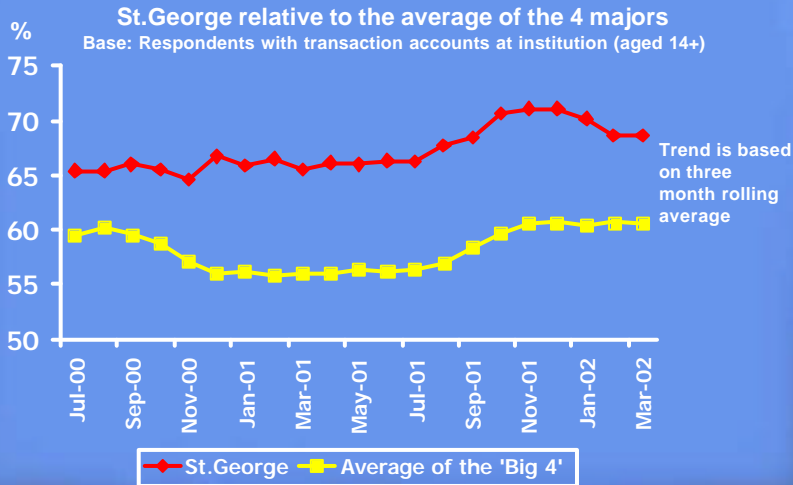
- ASGARD number 2 in Master Trusts
- FUA has increased: \$5b to \$12.8b in 3 years
- Successful multi-channel distribution
- Reputation of service delivery
- Increased leverage St.George  SEALCORP
- Wrap product launching in May 2002

3. Creatively Differentiate on Service

- St.George is the “friendly” alternative sought after by customers
- Align service propositions to desired customer segment outcomes
- Incentives across Group linked to customer satisfaction measures

3. Creatively Differentiate on Service

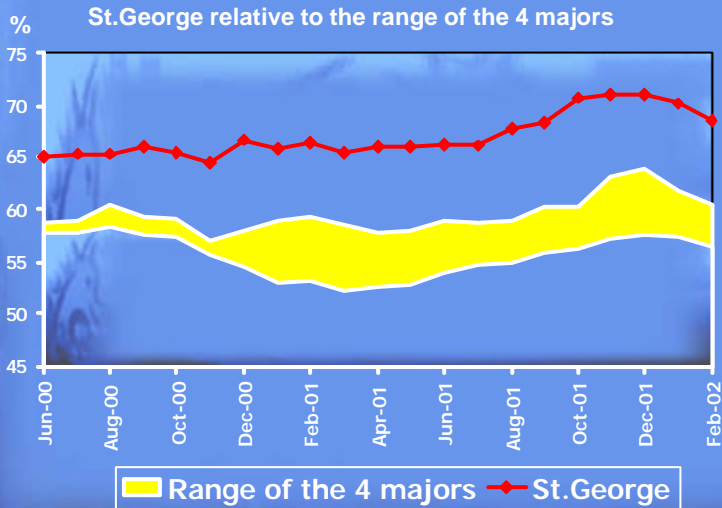
Customer Satisfaction Ratings



3. Creatively Differentiate on Service

Customer Satisfaction Ratings

Base: Respondents with transaction accounts at institution (aged 14+)



Source: Roy Morgan, Feb 2002
Trend is based on three month rolling average

4. Accelerate & Empower Relationship Selling

- Sales culture focused on:
 - Customer relationships
 - Assisting customers achieve their goals
- Sales system aligned to segment outcomes
- Focus on sales of wealth management products into St.George customer base

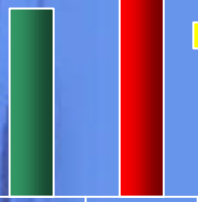
Example- Key Account Relationship Management for Middle Market

- KARM - differential management strategy for middle market
- Started in 2000 using team based business model
- Represents 10% of customer base
- Extensive skilling undertaken

Relationship Selling Culture: (KARM) Key Account Relationship Management

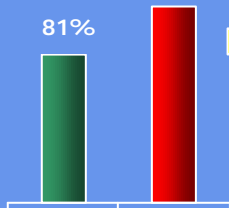
Satisfaction

67%
82%



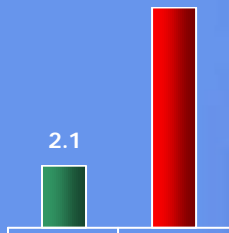
Propensity to Buy*

81%
88%



Cross-Sell Ratio

2.1
4.9



Overall
Corporate &
Business
Bank

Key
Accounts

Overall
Corporate &
Business
Bank

Key
Accounts

Overall
Corporate &
Business
Bank

Key
Accounts

Data: February 2002

* Customers with St.George as first preference for next product

WHAT YOU'RE LOOKING FOR IN A BANK
www.stgeorge.com.au



5. Optimise Cost Structure

- Continuous improvement – a way of life
- Head office, support and administration review
- Process redesign including back office processing and product manufacture
- Tightly manage investments for the future
- Analyse breakthrough alternatives eg. Outsourcing, business model redesign

6. Build Team and Performance Culture

- Strong foundation in place
- Steady improvement in staff satisfaction
- Alignment of reward and recognition systems to support business goals
- Focus on management and leadership development
- Coaching
- Teamwork

And So...

**Best Bank:
Establish the
foundation**

**Even Better Bank:
Drive toward full
potential**

“Even Better Bank”

- A focused program with two core streams:
 - “Customer Led Growth”
 - “Business Productivity”
- Dedicated high quality team
- Leveraging off “Best Bank” learnings
- Energy and urgency the key
- Specific targets being established
- Market update in September

Summing Up...

- Quality 1H earnings
- Strong platform in place
- Brand differentiation sets us apart
- Strongly positioned for future growth
- Program in place – “Even Better Bank”
- Track record to succeed



The material in this presentation is general background information about the Bank's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

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