St.George Bank

Credit Suisse AIC
Hong Kong
March - April 2008

Paul Fegan
Managing Director & CEO
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Chief Financial Officer

St.George Bank is….

- Australia's 5th largest bank
- Differentiated by customer service
- Strongly capitalised and well funded with >$110bn of high quality lending assets
- Diversified across consumer, business banking and wealth management in multiple geographies and customer segments
- A low risk, solely domestically focused, growth orientated financial services company

On track to meet FY08 EPS growth target

Profit result – FY07

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

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

Challenges for the sector

Review of core businesses

Outlook and targets

Global environment

- World economic view has become more pessimistic
- Massive sub-prime losses and write-offs for global investment banks
- Equity markets weaker – off c.17% from 2007 high*
- Interest rate gap between Australia and US widening
- Australian banks re-pricing interest rates outside RBA changes
- Investor sentiment has increasingly become more nervous
- Massive equity placements by Chinese Banks and Sovereign Entities
- Dividends suspended eg Citi
- Capital depletion, funding issues
- Major fraud eg Societe Generale
- Corporate impairment
- International ratings downgrades – corporates, banks, monolines

*ASX S&P 200 Acc Index to 25 Mar-08

This has produced new challenges for the sector…

Higher funding costs
Tighter access to funding
Renewed focus on credit quality
Increased demands on capital
Slower recovery for NSW economy

Strong and flexible sources of funding

Total funding by source as at Feb-08

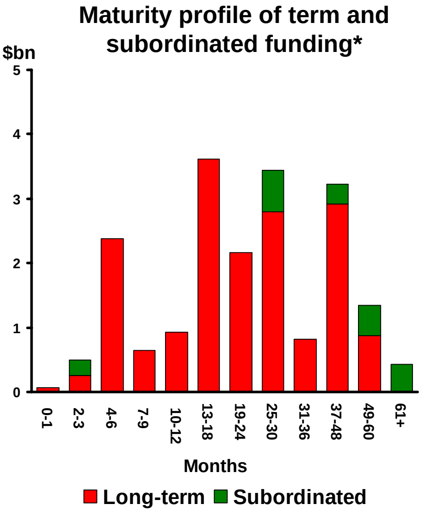
	$bn
Retail	50.5
Short term wholesale	26.1
Term wholesale	16.1
Securitisation^^	16.7
Subordinated debt	1.9
Preference shares	0.7
Total	**112.0**

- Retail deposits growing at 13.5%^
- Strong base of retail deposits accounting for:
  - 63% of all retail lending*
  - 53% of total funding excluding securitised assets
  - 45% of total funding including securitised assets
- $6.8bn of business deposits and $4.1bn of Wealth cash balances are strongly growing sources of funding

Liquidity in the bank is high at 12%**

All data as at 29 Feb-08 *Including securitised assets. ^^Including c.$1bn of asset backed conduit funding
^Annualised percentage Sep-07 to Feb-08. **Includes liquid assets and treasury securities

Committed term funding - ahead of schedule



- Committed term funding represents 36% of total wholesale funding
- <15% of committed term funding is maturing in next 6 months
- Average weighted maturity of committed funding is 26 months
- $4.6bn committed term funding issued since 1 Oct-07
- $341m Auto asset-backed securities priced in Mar-08
- Over 50% of $8bn of planned committed funding achieved YTD

Increasing flexibility and diversity to counter challenging market conditions

*As at 29 Feb-08

Wholesale funding costs and the impact on NIM

Widening spreads*

	Oct-07 bps	Mar-08 bps
Cash/90 days**	35	65
Senior debt		
3 year^	35	90
5 year^	45	120

Mitigants

- Growth in retail deposits broadly matching growth in consumer and home lending
- Deposits spreads increased
- Corporate borrowing rates widened
- Free funds benefit from recent capital raisings
- Active management of product spreads:
  - standard mortgage variable rate up 30bps
  - business lending variable rate up 50bps
  - margin lending rate up 26bps
  - credit cards lending rates up 25-75bps

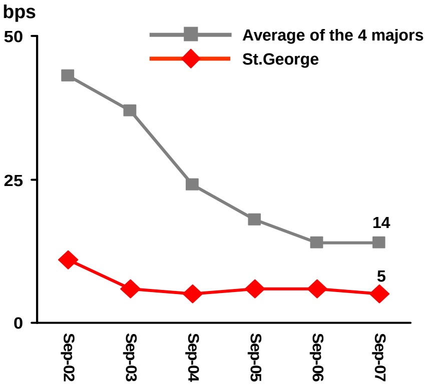
Underlying FY08 net interest margin compression (excluding the impact of increased excess liquidity) expected to be around 10bps

*Spreads to 90 day bank bill swap rate

**Differential between overnight cash rate and 90 day bank bill swap rate

Credit quality remains robust

Net impaired assets/net receivables*

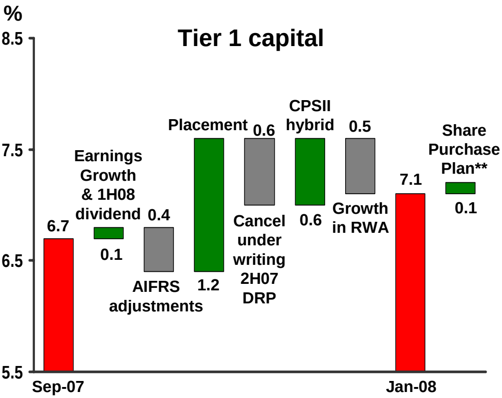


Bad and doubtful debts 0.18% of average total receivables

- Low risk business mix
- Proven track record
- Credit quality in retail division remains excellent, with the arrears performance strong
- Overall credit quality in business banking remains strong, exposures to individual entities are being closely monitored
- No exposures to:
  - US or domestic sub-prime lending
  - CDOs
  - hedge funds

*Sep-05 onwards includes securitisation and bill acceptances

Optimising the capital equation

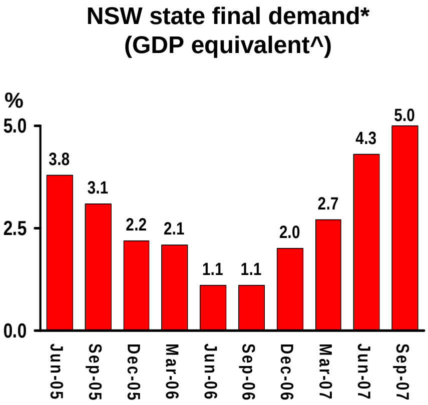


- Tier 1 capital currently >7%*
- Lower Tier 1 minimum of 6.25% agreed by APRA in Dec-07
- Factors impacting 2009 capital requirements include:
  - 1 Jan-09 Basel II accreditation^
  - growth in risk weighted assets
  - state of securitisation markets
  - DRP participation rate

Sufficient capital to meet FY08 requirements and beyond

*As at 29 Feb-08. **Share Purchase Plan to be completed in Mar-08. ^Accreditation subject to APRA approval

NSW economy remains strong and resilient



NSW economy has displayed a convincing rebound

- NSW contributes 32% of national GDP
- NSW unemployment rate at 4.5% is near long term lows
- Residential vacancy rates remain tight at 1.4%, encouraging property investment
- Sydney's median house price rose by 8% in 2007
- Overseas immigration is strong at 50,000pa
- State government supportive of business and public sector investment has accelerated
- Private capital expenditure now growing at double digit annual rate

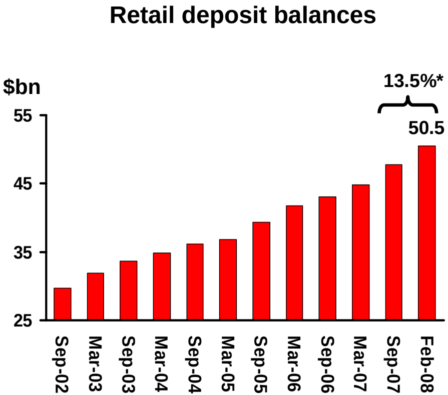
*12 month annual percentage change, seasonally adjusted ^Excludes import and export data. Source: ABS

Challenges for the sector

Review of core businesses

Outlook and targets

Deposits – strong growth

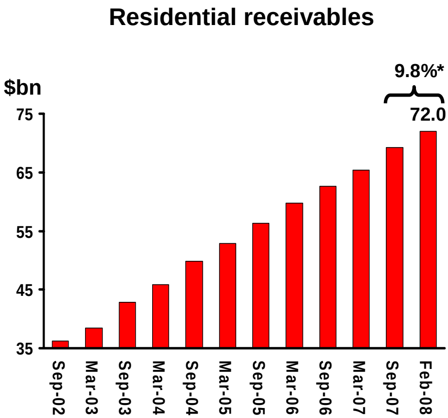


- Balance growth benefiting from:
  - flight to quality
  - focus on core offering
  - instability in investment markets
  - changes in superannuation legislation
- Margin performance improved due to:
  - robust growth in transaction accounts
  - recent rises in official interest rates

Retail deposits growth YTD broadly matching retail lending growth

*Annualised percentage Sep-07 to Feb-08

Home Loans – solid growth continues



- Market share in NSW 14.4%, up from 14.2% in Nov-06^
- 30+ day arrears to total mortgages is 0.98%, down from 1.34% in Jan-07
- Houses in possession 74, down from 86 in Sep-07
- Credit quality remains excellent

On track to grow broadly in line with system

*Annualised percentage Sep-07 to Feb-08 ^Cannex derived Jan-08

Middle Market – growing market share

Market share by state^

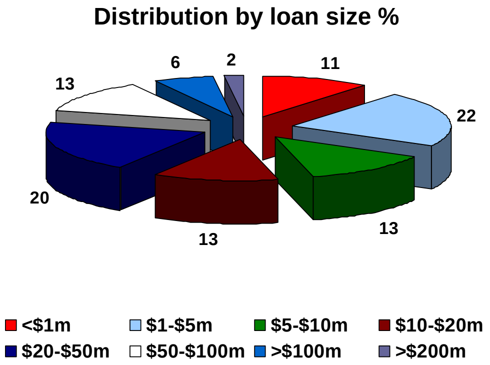
	Dec-07	Dec-06
NSW	13.1	9.9
ACT	39.4	34.9
BankSA	21.2	18.5
Victoria	3.7	2.7
Queensland	4.0	4.0
Western Australia	10.4	9.7
National	9.0	7.5

- 32% annualised growth Sep-07 to Feb-08
- 31% annualised growth in NSW
- Strong performance driven by:
  - continued investment in people and processes
  - consistent adherence to proven relationship model
  - robust national system growth with solid NSW contribution

On track to achieve receivables growth rates >25%

^Cannex derived

Commercial lending - well secured and diversified

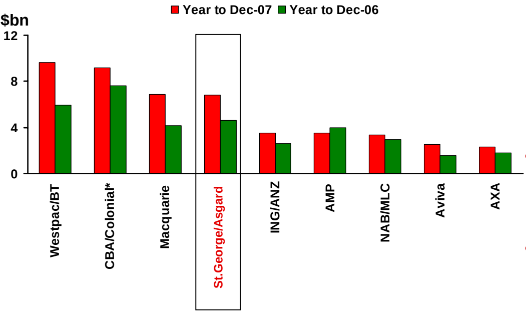


State	Geographical distribution %
NSW/ACT	48
SA/NT	18
WA	16
VIC	11
QLD	7

- 82% of the portfolio in chosen industries
- 68% of new business sourced from existing customers
- 79% of total portfolio balances are <$50m
- >90% of the portfolio secured

Wealth Management – meeting the challenges

Yearly platform net flows



- Managed funds balances have fallen 9.9% over the five months ended Feb-08
- Balance growth impacted by:
  - deteriorating investments markets
  - reallocation of investments to bank deposits
- Gross inflows have grown at 11% for the five months ended Feb-08
- Asgard, Advance, insurance and margin lending businesses remain strong contributors to group earnings

Consistently ranked in top 5 for net flows

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

Substantial investment agenda maintained

- 230 new ATMs already in place in FY08
- 10 new retail branches scheduled in FY08
- 3 new business sites scheduled in FY08
- Continuing to attract and hire quality new frontline sales people across our retail, business banking and financial planning businesses
- Substantial investment in brand and marketing
- New credit cards processing platform completed in Feb-08
- Significant investment in technology platform supporting business banking
- Investing in wealth's underlying infrastructure and customer interface
- Ongoing Basel II and Anti-Money Laundering compliance projects

Challenges for the sector

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Sector outlook

- Wholesale funding costs to remain high in the medium term
- Expect increased discernment between differentiated credit risks
- St.George to benefit from increased risk focus over time due to quality of underlying assets and businesses
- Competitive environment to moderate as pressures from non-bank lenders and peripheral players subside
- Home loan and consumer credit growth, while remaining robust, may moderate due to recent interest rate rises
- Business lending to remain strong due to sound economic environment
- Markets factoring in an additional rise in official interest rates

St.George outlook

- Retail deposits growth to remain robust and broadly match growth in retail lending
- Home loan growth strong at around current levels of 10%*
- Personal lending and credit cards to continue to grow at 13%*
- Middle market growing at 32%* with strong pipeline supporting future growth
- Wealth management net inflows to continue to exceed system growth, though absolute growth will be impacted by deteriorating investment markets
- Product spreads repricing to have full run rate earnings impact in 2H08

Momentum across all core businesses remains strong

*Annualised percentage Sep-07 to Feb-08

FY08 guidance

	As at Sep-07	As at Mar-08
EPS growth FY08	**10%***	**On track*** Assuming no one-off material credit losses
Cost to income	Manage to low end of peer group	On track while maintaining solid investment program
Capital	Tier 1 minimum 6.5% pending APRA review^	Currently >7% with new minimum Tier 1 ratio of 6.25% agreed to by APRA
Credit quality	Maintain positive differential to majors	On track
Customer satisfaction	Maintain positive differential to majors	On track with differential currently 6%

^As part of Basel II transition

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

**Roy Morgan Research Feb-08 rolling 3 mth average respondents (aged 14+) with transaction accounts at institution

In conclusion

- Robust growth across all businesses continues
- Management is actively managing the businesses to counter headwinds through:
  - product repricing
  - prudent cost disciplines
  - focused reinvestment
  - superior service offerings delivering market share gains
- A strong management team is in place
- Overall credit quality remains solid
- Franchise is well diversified, solely domestically focused, growing and of high quality

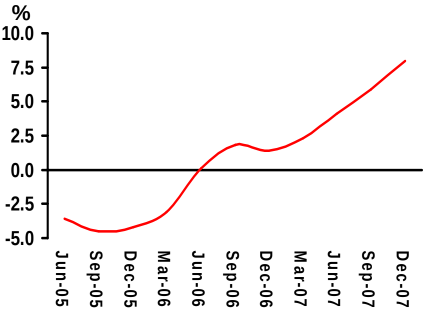
10% EPS growth guidance is reaffirmed

st.george

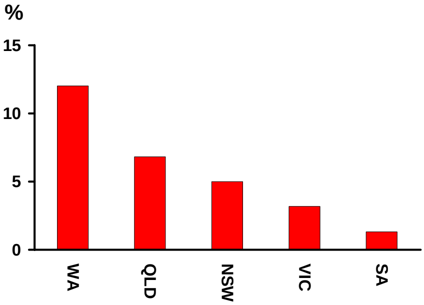
Appendix

NSW economy

Sydney house price*
(annual percent change)

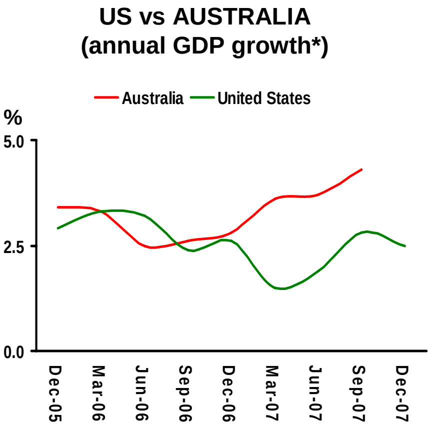


Annual economic growth by state
(state final demand^)



*Annual percent change, seasonally adjusted.
^Annual percent change to Sep-07 (seasonally adjusted data), excludes imports and exports. Source: ABS Source: ABS

National economy



Decoupling: Economist 2008 GDP forecast for US 1.6%, Australia 3.5%*

- 2007 Australian GDP growth of 3.8% well ahead of advanced economy average of 2.6%^
- Housing market upswing in place after 2003-05 downturn. National house price increased 12.3% in 2007
- Trade patterns have changed. China now 2nd largest export market. Japan 1st, India 6th and United States 7th
- Commodity price support for the economy continues with coal, iron ore and gold (top 3 merchandise exports) at or near record prices

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