St.George Bank Ltd

New York/London/Europe
September 2008

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st.george

Agenda

St.George Bank and the economy

Progress to date

Funding, credit quality and capital

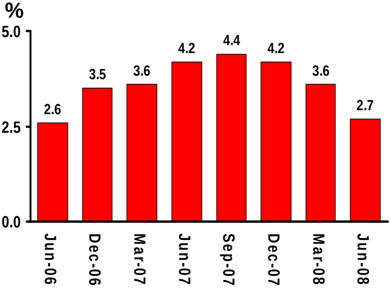
Business priorities, proposed merger and management targets

St.George Bank is…

- Australia's 5th largest bank
- Differentiated by customer service
- Strongly capitalised and well funded
- Focused on retail banking, middle market and wealth management in selected geographies and customer segments
- A low risk, solely domestically focused, growth orientated financial services company

Australian economy – slowing but resilient

Australian Gross Domestic Product^



Economy growing at close to long run average

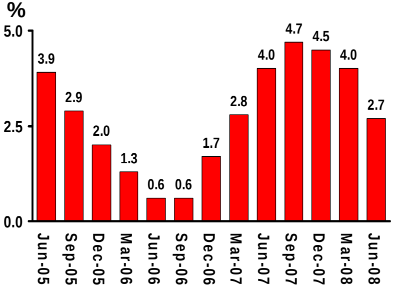
- Unemployment low and stable at 4.3%*
- Commodity price support continues with coal, iron ore and gold at or near record prices**
- Established house prices lifted by 8.2% in the year to Jun-08 quarter.
- Tighter financial conditions are dampening housing activity, but rising rents, falling vacancies, and high immigration levels are providing some support
- Trade patterns have changed. Japan is still our largest export market, but China now the 2nd biggest with the United States ranked 4th

Data Sources: EcoWin, Consensus Economics, IMF, ABS.

^12 month annual percentage change, seasonally adjusted. *Jul-08 seasonally adjusted. **Top 3 merchandise exports

NSW economy – significant contributor

NSW state final demand*
(GDP equivalent^)



NSW contributes one third of the national economy

- NSW unemployment rate averaged 4.5% in the first half of this year, not far from historic lows
- Residential vacancy rates remain tight at around 1.0%
- Sydney's median house prices rose by 4.4% in the year to the Jun-08 quarter
- Overseas migration remains strong at 54,900pa
- State government activities and plans for spending are underpinning business and public sector investment
- Private capital expenditure now growing at double digit annual rate

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

Agenda

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FY08 progress to date…

- ‘On track’ to deliver 8-10% EPS growth in FY08
- FY08 term funding 100% complete in Jun-08, $4.6bn already raised for FY09
- Credit quality remains very good despite slowing operating environment
- All businesses delivering solid performances despite challenging conditions
- Solid business volumes growth and margin performance, with retail deposits particularly strong

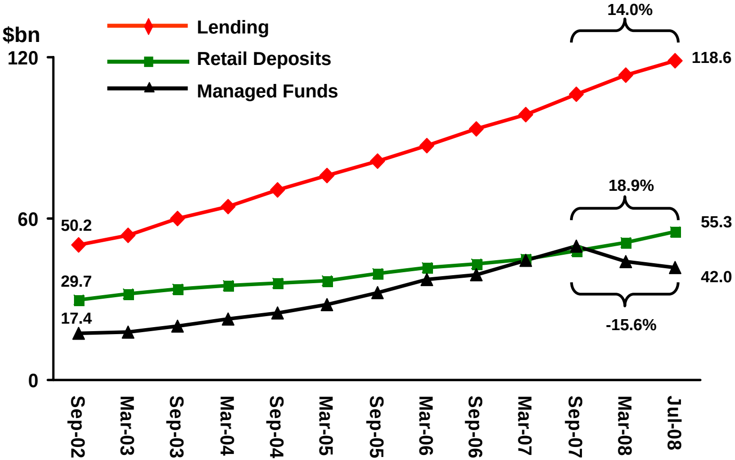
FY08 earnings performance to date

	10 months to Jul-08	10 months to Jul-07	Change %
Cash profit*	$1,073m	$954m	12.5
Revenue*	$2,955m	$2,706m	9.2
Expenses*	$1,196m	$1,149m	4.1
Return on equity*	21.2%	23.2%	-

Return on equity annualised

*Cash basis excludes the impact of hedging and non-trading derivatives volatility and significant items

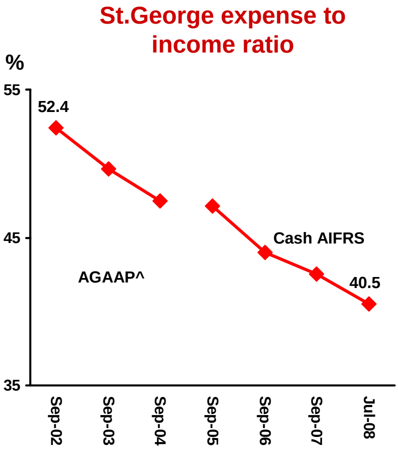
Continued solid business volumes growth

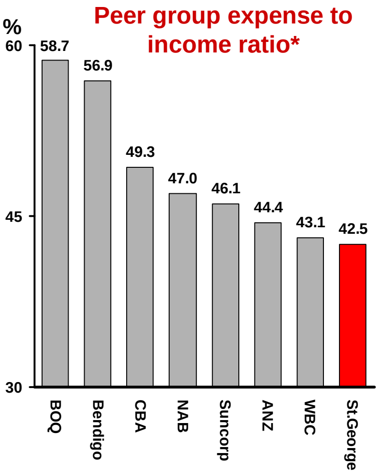


Retail deposit growth rate exceeding lending receivables growth

Percentages Sep-07 to Jul-08 annualised

Effective cost management

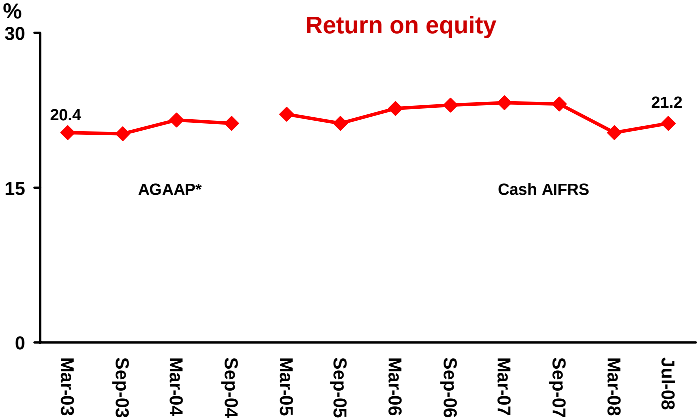




St.George remains the most efficient Australian bank

St.George 40.5% expense to income ratio is 10 months to Jul-08.
^Excluding goodwill and before significant items. *Ratios are from the most recent half year profit announcements

Return on equity



Consistently high return on equity

*After preference dividends, before significant items and goodwill, annualised

What we said we would deliver in 2H08

	On track
• 100% FY08 funding complete, FY09 pre-funding well advanced	✓
• Full period run rate impact of:	
- product repricing	✓
- free funds benefit of Nov-07 capital placement	✓
- costs disciplines initiated in 1H08	✓
• Stabilisation of earnings from SGIA investment portfolio	✓
• Reduced costs related to realignment of mortgage broker commissions	✓
• Reduced individual provisioning charge in 2H08 versus 1H08	✓
• Superior to peer overall credit quality	✓

Agenda

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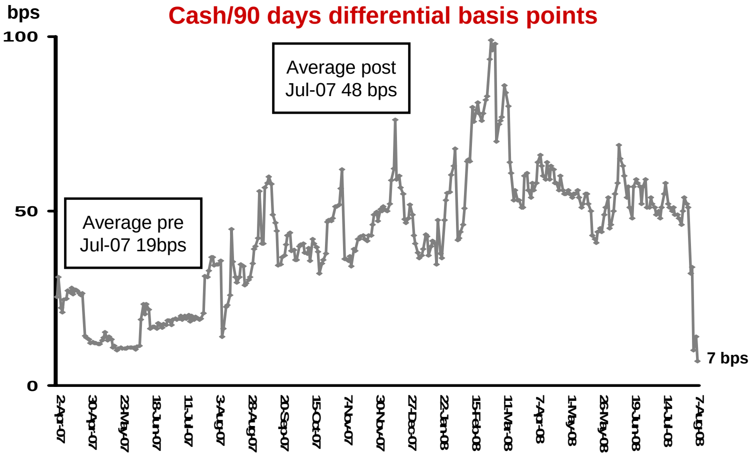
Funding – cash to 90 days differential



Cash/90 days differential is a source of increased funding costs for all banks

Funding

Total funding by source as at 31 Jul-08^

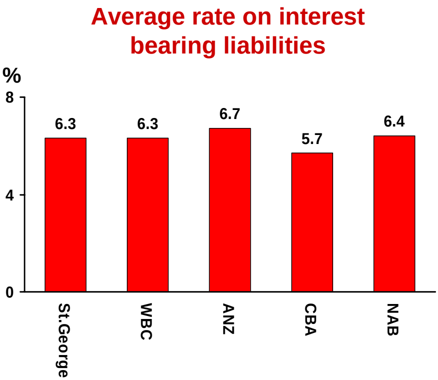
	$bn	%
Retail	55.3	42
Short term wholesale	35.5	27
Term wholesale	20.6	16
Securitisation	16.4	13
Subordinated debt	2.4	2
Preference shares	0.7	0
Total	**130.9**	**100**

- St.George maintains diversified funding sources
- 13% of funding from securitisation has reduced St.George's immediate demand for committed term wholesale funding
- AA versus A+ rating* is most relevant for term wholesale funding and subordinated debt
- Excluding securitisation St.George's proportion of term wholesale funding is 16%, which is lower than our peers
- Loan to retail deposits ratio is 174%**

Notwithstanding our successful funding program to date, access to markets and pricing remains challenging for all borrowers due to the expected volatility and potential worsening of markets

^Includes bank bill funding. *Aa2 Moodys **Excluding on sold securitised assets and bank bill assets

Funding – maintaining competitiveness



Looking forward

- If funding benefit to AA versus A+ persists for next four years and assuming:
  - an additional 30bps for term and 10bps for short term wholesale; and
  - St.George replaces all existing funding
- Then St.George's funding costs would be 10-12bps over the majors

St.George's total cost of funds is currently similar to the major banks

Based on the most recent half year profit announcements

Funding – the efficiency offset

Expense to Income ratios*

	%
St.George	42.5
WBC	43.1
ANZ	44.4
NAB	47.0
CBA	48.4

- St.George's expense to income ratio is 40.5% for the 10 months to Jul-08
- A 1% expense to income advantage over the major banks allows St.George to absorb additional funding costs of $89m or 6-8bps without impacting competitiveness
- St.George's current expense to income advantage over the average of the majors is >3%

St.George's current efficiency advantage of >3% is equivalent to approximately 20bps of additional funding costs

*Expense to incomes are based on the most recent half year profit announcements

Funding – maintaining an appropriate term

Term debt issuances since 31 Mar-08

Date	Currency	Description	Pricing	Term yrs	Amount $bn*
Apr-08	EUR	Term	3mo Euribor +140bps	3.2	0.2
May-08	AUD	Subordinated	3mo BBSW +275bps	5.0	0.7
Jun-08	EUR	Term	Euribor +140bps	5.0	1.5
3rd Qtr	Mixed	Term-Private	n/a	1.6	2.0
Jul-08	AUD/ EUR	Auto securitisation	1mo BBSW +80bps / 3mo Euribor +120bps	Up to 5.0	1.2
Sep-08	AUD	Mortgage-backed securitisation	Not disclosed	Not disclosed	1.0
4th Qtr	Mixed	Term-Private	n/a	1.7	1.0

- Average weighted maturity of committed funding is unchanged from Mar-08 at 26 months
- Since 31 Mar-08 St.George has raised $5.3bn of term debt funding, excluding securitisation, with an average weighted maturity of 29 months

St.George has successfully maintained an appropriate average duration for its term funding

*Australian dollar equivalent

FY09 - the funding task

Impact of credit and deposit growth on FY09 term funding

$bn		Retail deposits growth		
		14%	12%	10%
Asset growth	10%	9.6	10.0	10.4
	11%	10.1	10.5	10.9
	12%	10.6	11.0	11.4
	13%	11.1	11.5	11.9
	14%	11.6	12.0	12.4
	15%	12.1	12.5	12.8

FY09 expected term wholesale funding requirement*

	$bn
St.George	11-12
WBC	20-25
ANZ	30
NAB	27
CBA	24-26

St.George represents less than 10% of total term funding requirements for the Australian banks in FY09

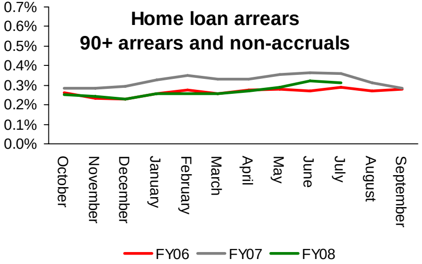
*Source: Market releases by major banks

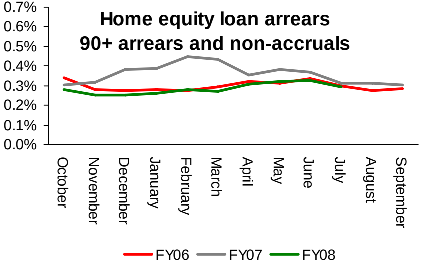
Overall credit quality remains very good

- St.George is domestically focused with no offshore operations
- No exposure to Collateralised Debt Obligations (CDO), Collateralised Loan Obligations (CLO) or Credit Default Swaps (CDS)
- No exposure to US or domestic sub prime
- No exposure to stock lending or hedge funds
- 63% of lending assets in residential mortgages
- Houses in possession stable at 87, representing only 0.02% of total portfolio
- Approximately 95% secured in Middle Market lending

Conservatively managed with prudent policies and well placed compared to peers in terms of business mix and security levels

Strong housing loan arrears performance





- Home loan 90+ days arrears lower than Jul-07
- Home equity loan 90+ days arrears stable compared to Jul-07
- Some deterioration expected due to moderating economic environment and higher interest rates
- Overall arrears remain within expected ranges and manageable
- 73.9% LVR for mortgages written from Sep-07 to Jun-08, LVR for total mortgage portfolio stable at <40%

Strong capital position, excess liquidity

Current positioning as at 31 Jul-08

- Tier 1 capital 6.74%, minimum 6.25%
- $335m of excess capital held, sufficient to support $9bn of RWA growth^
- Liquidity high at 13% with c.$5bn excess over minimum requirement

FY08 capital management initiatives

- $759m institutional capital placement in Nov-07
- $392m non-innovative convertible preference share issuance in Dec-07
- $76m in Dec-07 DRP*, $151m in Jul-08 DRP (after 2.5% discount)
- $85m Share Purchase Plan in Mar-08
- $336m of Auto asset backed securities securitised in Mar-08 and $1,236m in Jul-08, improving capital position by a net 3bps and 8bps respectively^^

Strongly capitalised to support expected growth in FY08 and into FY09

*Dividend Reinvestment Plan. ^Including internally generated capital over the same period. ^^After capitalised/other costs

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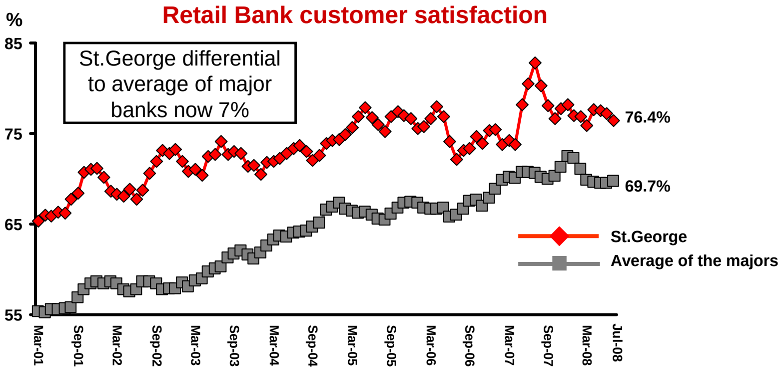
Customer satisfaction offering still distinctive

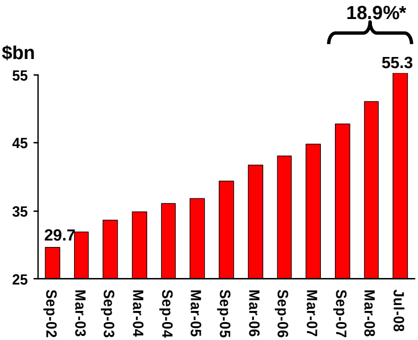


Extending service leadership while still making tough commercial decisions

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

Deposits – growth providing funding offset

Retail deposit balances

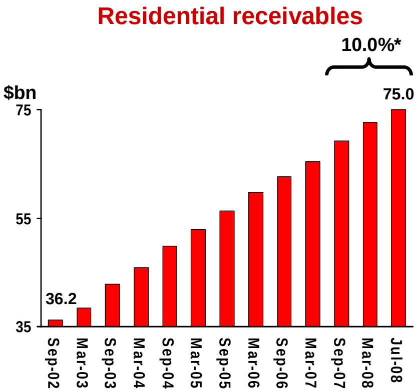


- 24% annualised growth Mar-08 to Jul-08
- Balance growth benefiting from:
  - flight to quality
  - focus on core offering
  - leverage of wealth and commercial relationships
- 34% annualised growth in commercial deposits Mar-08 to Jul-08
- Margin performance remains strong
- Robust growth levels providing a mitigate to challenging funding markets

Outstanding retail deposit growth exceeding growth in retail lending

*Annualised percentage Sep-07 to Jul-08

Home Loans – focusing on profitable segments



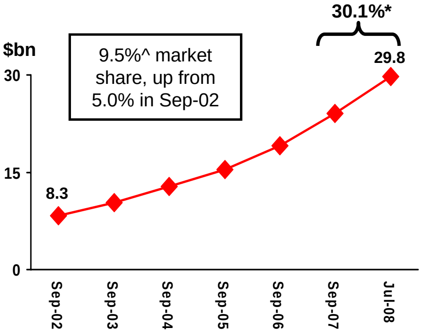
- 10% annualised growth Mar-08 to Jul-08
- Housing volumes slowing in line with sector as consumers are impacted by higher interest rates, food and petrol prices and slowing economy
- Run-off rate^ 14.7%, down from 15.2% in Jul-07
- Broker commissions realignment has improved channel profitability without impacting volumes
- Houses in possession stable at 87
- <1bps loan loss rate

Credit quality and arrears performance remains excellent

*Annualised percentage Sep-07 to Jul-08.
^Jul-08 annualised run-off rate includes contractual repayments, discharges and pre-payments

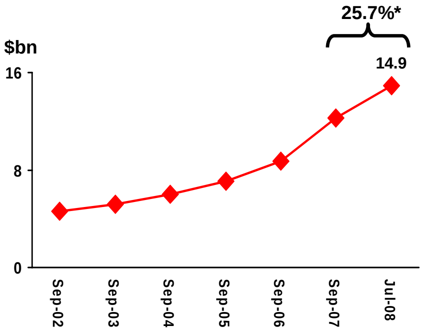
Middle Market – outstanding performance

Total middle market receivables



- 25% annualised growth Mar-08 to Jul-08
- 30% annualised growth Sep-07 to Jul-08

Total commercial deposits



- 34% annualised growth Mar-08 to Jul-08
- 26% annualised growth Sep-07 to Jul-08

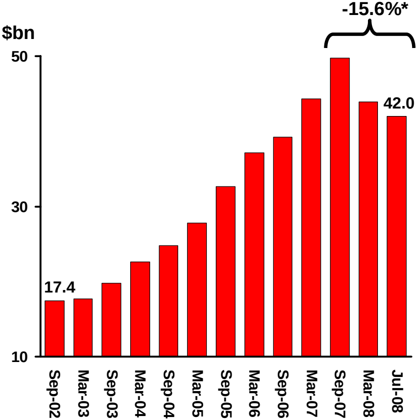
Credit quality remains strong though some deterioration is expected going forward given the current operating environment

*Annualised percentage Sep-07 to Jul-08.

^Cannex derived market share, from Mar-06 impact of leveraged buy out transactions are excluded

Wealth Management

Total managed funds



- Total managed funds down 4.4% since Mar-08
- Asgard top 4 in industry for net flows^
- Continuing to heavily invest in underlying infrastructure
- 10.1%** increase in financial adviser numbers

Industry leading levels of customer retention and service delivering a solid performance notwithstanding volatile markets

*Percentage Sep-07 to Jul-08, excludes Securitor balances. **Percentage Mar-07 to Mar-08.
^Plan for Life Mar-07 to Mar-08 Quarterly Data System

Proposed merger timetable progressing

Calendar of events*

ACCC Statement of Issues released	23 Jul-08
ACCC final decision announced	13 Aug-08
Scheme booklet registered by ASIC and lodged with ASX	by 30 Sep-08
Scheme booklet mailed to St.George shareholders	by 13 Oct-08
St.George 2008 final result and dividend announcement	29 Oct-08
Westpac 2008 final result and dividend announcement	30 Oct-08
St.George EGM and Scheme meeting	13 Nov-08

*Timetable is based on best estimates of the parties and is subject to change

Sector outlook

- National home loan credit growth has continued to slow. Official rate cuts may provide boost to lending in coming months
- National business lending growth moderating
- RBA has now adopted an easing bias, cutting official interest rates by 0.25% in Sep-08
- Credit markets dislocation to persist in the medium term
- Investment market volatility likely to continue
- Australian economy continues to slow but remains resilient

FY08 guidance

		On track
EPS growth FY08	**8-10%***	✓
Cost to income	Manage to low end of peer group	✓
Capital	Maintain a prudent buffer above our Tier 1 minimum of 6.25%^	✓
Credit quality	Maintain positive differential to majors	✓
Customer satisfaction	Maintain positive differential to majors**	✓

^Additional APRA review scheduled as part of Basel II transition. *Targets exclude impact of hedging and derivatives and assumes a reasonably sound economic environment and no further one-off material credit losses.

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

In conclusion

- ‘On track’ for 8-10% EPS growth in FY08
- FY08 funding 100% complete, pre-funding of FY09 well advanced
- Credit quality very good, supported by conservative credit culture, prudent policies, high levels of security and strong business mix for current challenging operating environment
- All businesses and products continuing to deliver solid performances in a slowing economic environment
- Customer satisfaction and staff engagement levels remain high
- Proposed merger timetable progressing

For further information visit
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