



**To: Companies Announcements
Australian Stock Exchange Limited**

Company Name:	ST.GEORGE BANK LIMITED
ABN:	92 055 513 070
Pages (Includes this page):	32
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Subject:	FINAL RESULTS PRESENTATION
Date Sent:	1 November 2006

I attach slides of a presentation to analysts by St.George Bank's Managing Director, Mrs Gail Kelly (commencing 11:30 am). The presentation is web cast live on the St.George Bank website at www.stgeorge.com.au. The slides will also be made available on the website.

Yours sincerely

Michael Bowan
General Counsel and Secretary

Full Year Results 2006

1 November 2006



Agenda

Result highlights:

Gail Kelly

Financial overview:

Steve McKerihan

**Strategy, business performance
and outlook:**

Gail Kelly

Result Highlights

Gail Kelly
Managing Director



FY06 – overview

- Strong, high quality sustainable earnings
- 2H06 performance particularly strong, highlighted by:
 - robust revenue growth
 - expansion in net interest margin
 - strong growth in business volumes
 - middle market exceeding twice system growth
- Excellent full year performance in managed funds
- Consistent disciplined cost management and sound credit quality
- Continued investment in the future
- Well positioned for 2007 and 2008



Profit result – FY06

	Sep-06	Sep-05	Change %
Profit - full AIFRS[^]	\$1,048m	\$889m	17.9
- cash AIFRS*	\$1,026m	\$896m	14.5
Earnings per share - cash AIFRS*	195.8¢	173.1¢	13.1
Return on equity - cash AIFRS*	22.9%	22.1%	
Expense to income - cash AIFRS*	44.0%	47.1%	
Dividend	151¢	137¢	10.2

[^]Full AIFRS includes hedging and derivatives, significant items and goodwill impairment

*Cash AIFRS excludes these items



Profit result – 2H06

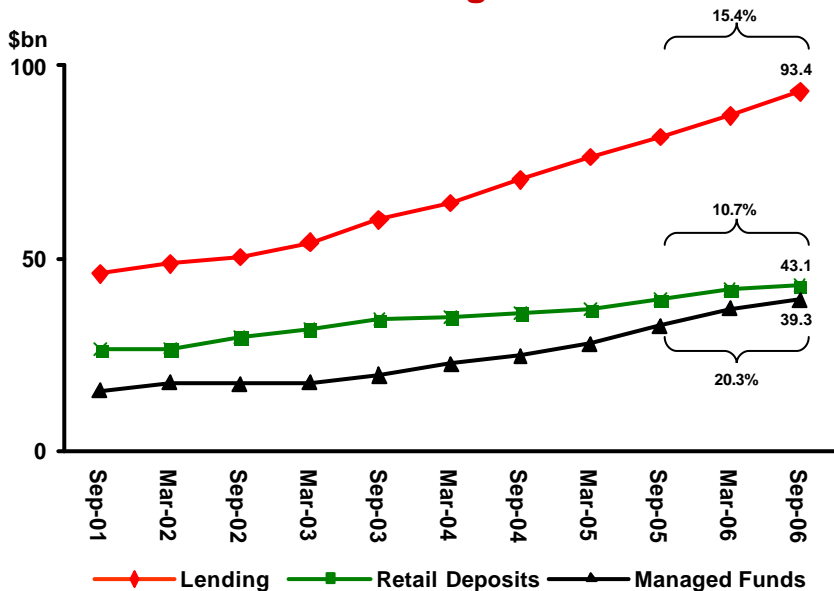
	2H06	1H06	Change %
Profit - full AIFRS[^]	\$546m	\$502m	8.8
- cash AIFRS[*]	\$531m	\$495m	7.3
Earnings per share - cash AIFRS[*]	202.2¢	189.1¢	6.9
Return on equity - cash AIFRS[*]	23.0%	22.7%	
Expense to income - cash AIFRS[*]	43.5%	44.5%	

[^]Full AIFRS includes hedging and derivatives, significant items and goodwill impairment

^{*}Cash AIFRS excludes these items



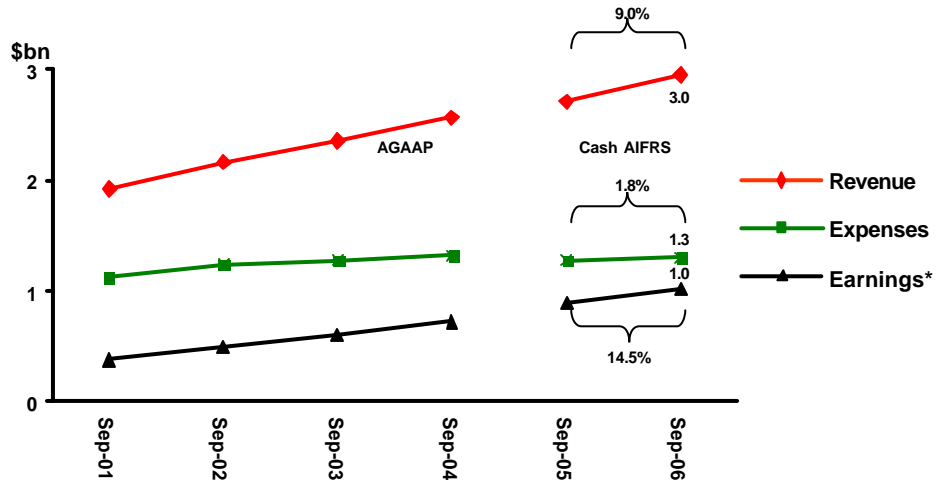
Robust business volumes growth



Percentages Sep-05 to Sep-06 excluding St.George New Zealand



Delivering high quality earnings

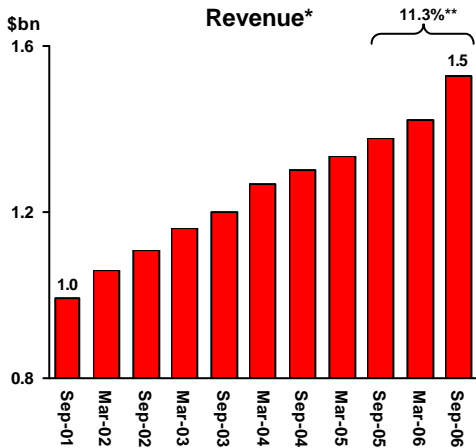


Revenue growth 5yr CAGR 10%



*After tax expense and preference dividends. Percentages Sep-05 to Sep-06 before significant items

Outstanding 2H06 revenue performance



- 7.4%^ 2H06 revenue growth
- 9.0%^ 2H06 net interest income growth
- 4.1%^ 2H06 non-interest income growth

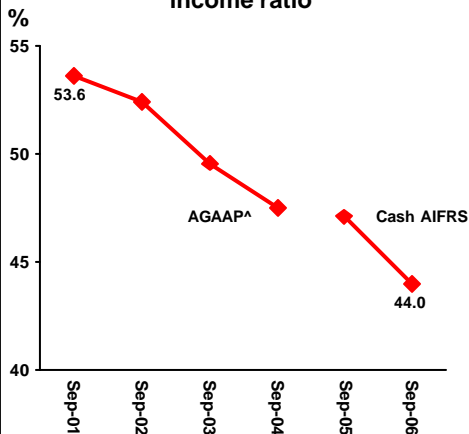
Strong momentum going into 2007

*AGAAP to Sep-04, cash AIFRS from Mar-05. **2H06 on 2H05 cash AIFRS. ^2H06 on 1H06 cash AIFRS

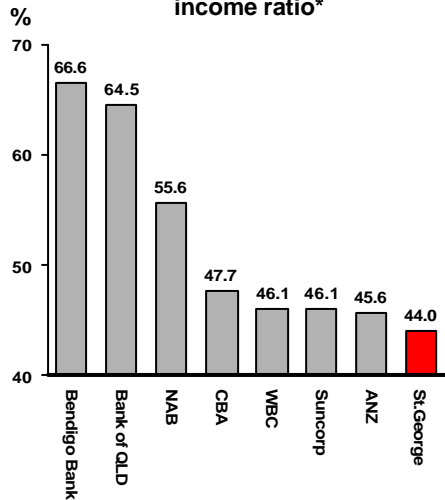


Optimising our efficiency ratio

St.George expense to income ratio



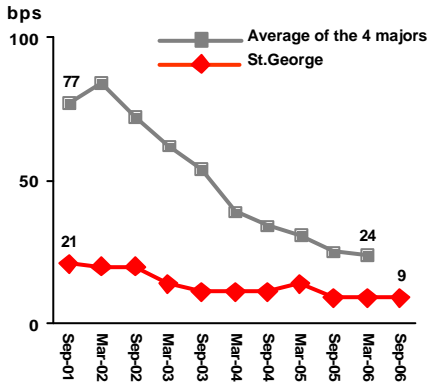
Peer group expense to income ratio*



^Excluding goodwill and before significant items. *Ratios as at the companies last reporting date

Maintaining excellent credit quality

Gross non-accruals/total receivables*

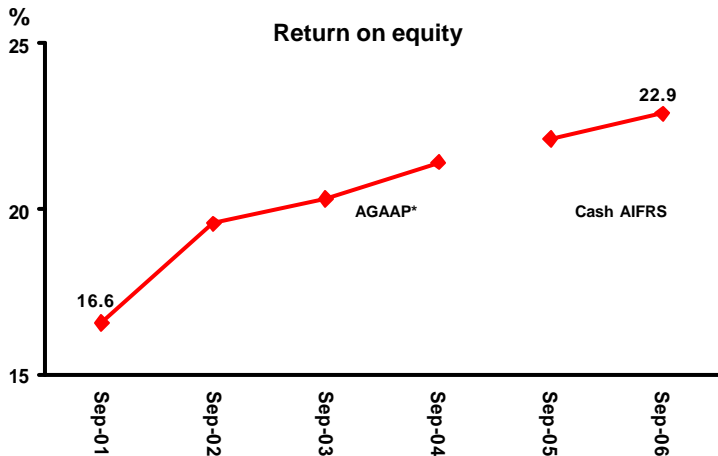


- Business lending credit quality remains excellent
- Moderate deterioration in unsecured consumer lending write-offs, absolute levels remain low
- Low risk business mix
- Proven track record

Bad and doubtful debts 0.23% of average total receivables[^]

*Sep-05 onwards includes securitisation and bill acceptances. [^]Excludes securitisation and bill acceptances

Superior return on equity



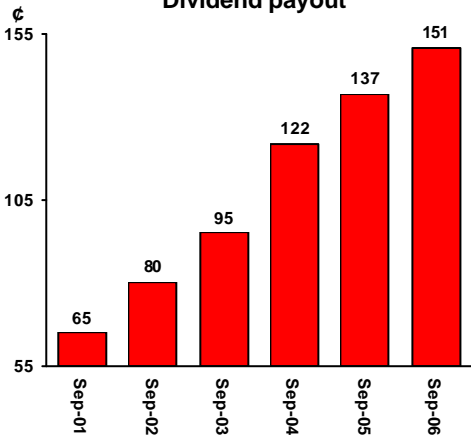
5 consecutive years of improvement in ROE



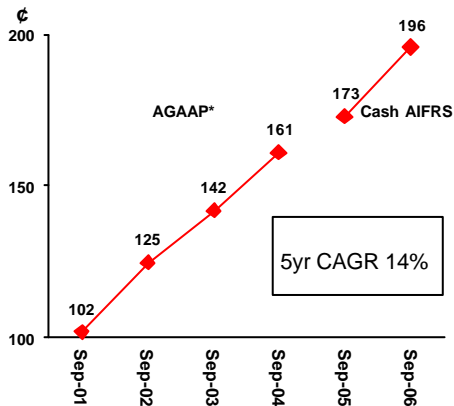
*After preference dividends, before significant items and goodwill

Dividend growth strong and consistent

Dividend payout



Earnings per share



Dividend payout 5yr CAGR 18%



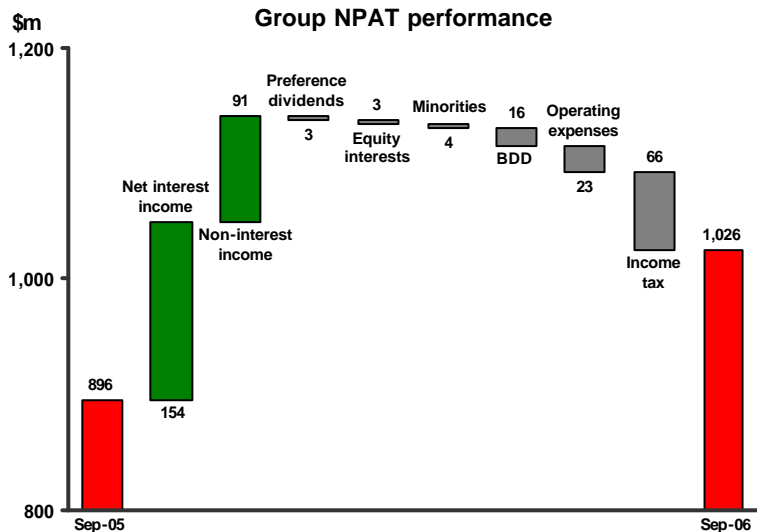
*Before significant items and goodwill

Financial Overview

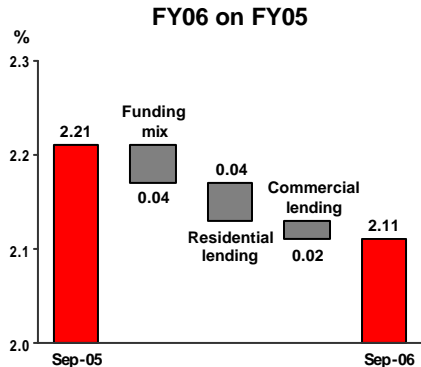
Steve McKerihan
Chief Financial Officer



Strong operational result – FY06 on FY05



Margin performance in line with guidance

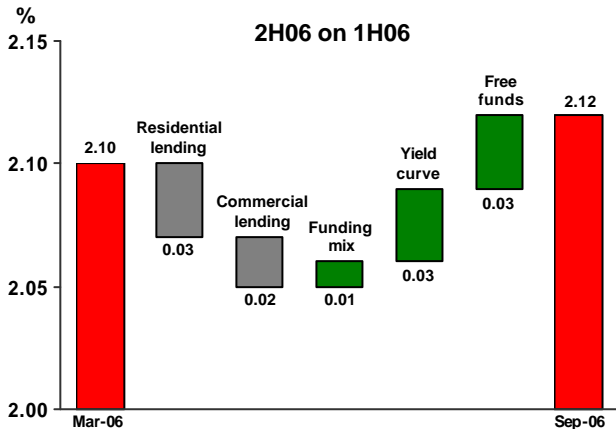


- Deposit volumes and mix managed with focus on profitable growth
- Residential and commercial lending spreads impacted by competitive intensity
- Commercial lending spreads also impacted by larger size loans to highly rated customers

Margin compression in FY07 expected to be broadly in line with FY06



Strong 2H06 margin performance



2bps margin expansion 2H06 on 1H06



Excellent momentum in non-interest income

	Sep-06 \$m	Sep-05 \$m	Change %
Product fees and commissions:			
- Deposits and other accounts	219	213	2.8
- Lending	114	100	14.0
- Electronic banking	202	187	8.0
Managed funds	254	223	13.9
Trading income	70	60	16.7
Factoring and invoice discounting	20	19	5.3
Sale of shares	10	4	large
Property sales	7	3	large
Other	43	39	10.3
Total	939	848	10.7



Factors impacting non-interest income

Deposits and lending

- Higher volumes and Jul-06 fee initiatives have lifted fee revenue

Electronic banking

- Reflects increased transaction volumes and revised pricing in Jul-06

Managed funds

- Fee growth driven by strong net flows into ASGARD platform and continued strength of investment markets

Profit on sale of shares

- \$8m gain on sale of 50% of Group's equity interest in Ascalon in 1H06

Property

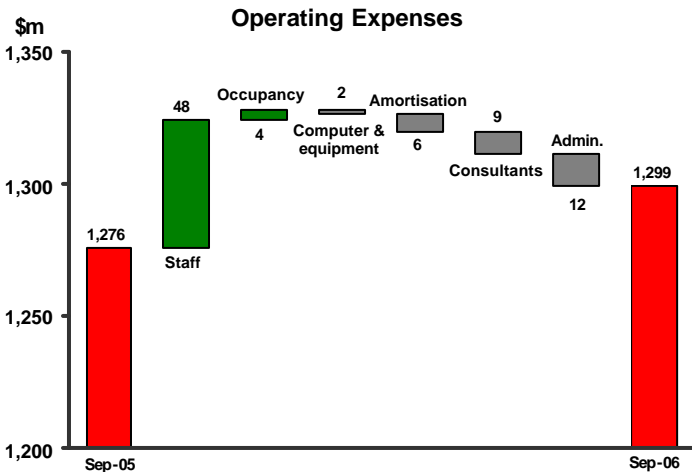
- Reflects net profit from sale and leaseback program*
- Net profit from sale and leaseback of branches \$25m in FY03, \$20m in FY04 and \$3m in FY05

Solid underlying growth in recurrent non-interest income

*Excludes profit on sale and leaseback of Kogarah head office which has been treated as a significant item



Effective cost management – FY06 on FY05

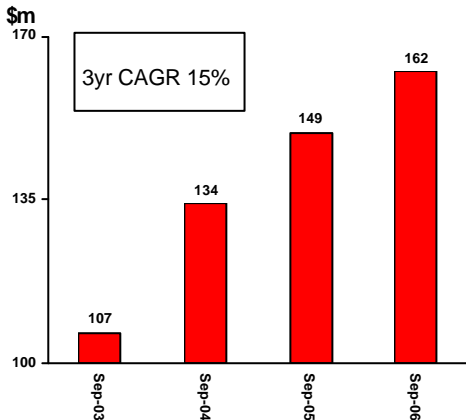


Continuing to invest in people while remaining disciplined on costs



FY06 - consistent and sustained reinvestment

Project investment expenditure*



- Best Business Bank program ongoing
- CRM platform enhanced
- New auto and equipment financing system established
- Contact and mortgage processing centres upgraded
- New products such as 'Vertigo' credit card and Visa Debit transaction account developed
- Continued investment in training and development of our people
- 269 additional front line staff in FY06
- Staff numbers up 10% since Sep-03

More invested in FY06 than ever before

*Includes capitalised and P&L project expenditure and excludes marketing, people and training



FY07 - continued reinvestment

Initiatives include:

- Enhance product bundling/packaging capacity
- Develop new credit cards processing system
- Upgrade home loan management system
- Improve business banking e-channel delivery
- Redesign Asgard client desktop interface
- Further improve contact centre capabilities
- Ongoing Basel II and anti-money laundering projects
- Continue to invest in skilling and development of retail front line staff
- Invest in additional business bankers and commercial banking sites



Bad and doubtful debts expense

Consumer

- Increase in 2H06 specific provision reflects:
 - growth in underlying lending portfolios
 - increase in consumer loan losses
 - adoption of an earlier timeframe for the transfer of problem loans between the collective and specific provisions

Residential

- Loan losses up modestly due to property price movements
- Absolute level of write-offs remains low

Commercial

- FY06 provision remains low and consistent with prior years

Combined collective and specific provisions in FY06 tracking in line with business growth



Impaired assets and non-accrual loans

Impaired assets

- Total impaired assets increased \$1m to \$52m
- Past 90 days due loans decreased \$1m to \$181m

Non-accruals loans

- Net non-accrual loans stable at \$51m
- Largest exposure <\$9m
- Next 3 largest net exposures range from \$3.5m to \$7.2m
- Remaining 16 non-accrual loans range from \$0.3m to \$2.4m*
- Specific provision coverage for non-accruals is 40.0%
- Exposures well secured and prudently provisioned



*Only 20 non-accrual loans exist >\$100k

Significant items

	Sep-06 \$m
Profit on sale of Kogarah head office	41
Write-off of capitalised computer software	(32)
Recognition of restructure costs	(16)
New Zealand joint venture closure costs	(6)
	<hr/>
Total before tax	(13)
Tax benefit	25
	<hr/>
Total after tax	12



Lenders Mortgage Insurance

- Contribution to Group profit after tax is \$39m, up from \$36m in FY05
- Growth in insurance premiums more than offset lower investment returns
- Insurance premiums contribute 61% of profit, 44% in FY05
- Movement of domicile from Singapore to Australia completed in Sep-06*
- Strongly capitalised with \$197m of shareholder funds
- S&P rating lifted to A+ from A in Jan-06^
- Moody's rating lifted to A1 from A2 in May-06



*Under APRA's guidelines the Group had until 1 Jan-08 to transfer SGI's operations to Australia. ^Fitch rating AA-

AIFRS adjustments

Tier 1 capital transition adjustment

- On 1 May-06 AIFRS tier 1 transition adjustments were expected to total \$194m
- On 30 Jun-06 APRA approved a transition adjustment of \$261m
- The increase reflects:
 - \$42m increase in the general reserve for credit losses in accordance with APRA's loan loss provisioning rules
 - \$21m relating to fair valuing swaps entered into as part of the Group's securitisation activities

Appropriation to general reserve

- Appropriation for FY06 is \$7m, appropriation for 2H06 is \$3m
- This appropriation to a non distributable reserve may be viewed as an additional charge against profits



Active capital management

FY07

- Non-innovative tier 1 issuance of \$300m expected in Dec-06
- Issue will return tier 1 ratio to 7.0-7.5% range

FY06

- Tier 1 capital 6.9%*
- \$8.2bn of residential loans securitised
- \$186m of capital raised through DRP
- \$300m of PRYMES converted to ordinary shares in Feb-06
- \$300m buy back of ordinary shares in Feb-06
- \$150m of innovative tier 1 Step-up Preference Shares issued in Jun-06



*Temporary reduction allowed by APRA around issuance of guidelines on innovative/non-innovative hybrids

Basel II - costs well managed, benefits flowing

- Total program cost to date c.\$40m, 100% expensed
- Application to adopt Retail Advanced and Commercial Foundation approaches to Credit Risk submitted to APRA in Sep-05
- Application to adopt the Advanced Measurement Approach to Operational Risk submitted to APRA in Sep-06
- Accreditation applications for Securitisation and Interest Rate Risk in the Banking Book to be submitted during 2007*
- Preparation work for Advanced Corporate approach to Credit Risk to commence in 2007
- Accreditation and timing subject to APRA approval



Segmental profits - all divisions contributing

	Profit before tax Sep-06 \$m	Change* %	Cost to income ratio Sep-06 %	Contribution to segment profit %
Retail Bank	697	16	46.6	46
Institutional and Business Banking	421	11	36.1	28
BankSA	213	15	42.3	14
Wealth Management	180	25	50.3	12



Segmental profits - all divisions contributing

Retail Bank

- 7% revenue growth 2H06*
- Strong volume momentum across all key products
- Integrated Sales and Service and 'local markets' strategies delivering
- Efficiencies achieved in operational and head office support areas
- Cost reductions realised in New Zealand joint venture

Institutional and Business Banking

- 10% revenue growth 2H06*
- 7% increase in FY06 operating expenses due to significant investment in people through the Best Business Bank program

BankSA

- 9% revenue growth 2H06* reflects continued above system growth in lending
- Cost to income ratio 42.3% down from 45.2%
- Strong local business model and excellent sales and service disciplines in place

Wealth Management

- 16% revenue growth FY06 reflects strong growth in FUA[^] and margin lending

*Percentages 2H06 on 1H06. [^]Funds under administration



AGAAP EPS growth target of 10% achieved

	Sep-06	Sep-05	Change %
Profit before significant items	\$942m	\$828m	13.8
Profit after significant items	\$944m	\$828m	14.0
Earnings per share*	198.7¢	180.2¢	10.3
Return on equity*	23.6%	22.6%	
Expense to income*	42.9%	45.5%	



*Before goodwill and significant items

Strategy, Business Performance and Outlook

Gail Kelly
Managing Director



Business priorities update

Deepening and expanding our national footprint

Management outlook and targets

Strategic framework

Deepen and strengthen customer relationships in chosen markets

Leverage specialist capabilities for growth

Creatively differentiate on customer service

Accelerate and empower relationship-selling

Optimise cost structure

Build team and performance culture

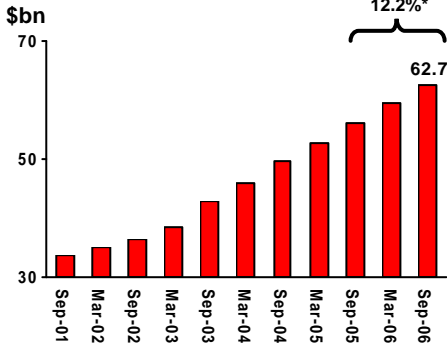
Business priorities

Home Loans	Manage volumes and mix, with objective of achieving profitable growth in line with system
Deposits	Manage volumes and margin, with objective of achieving profitable growth
Middle Market	Targeting twice system growth
Wealth management	Within top five for net funds inflow
VIC, QLD and WA	Accelerated targeted growth strategy, capturing market share in key segments
Productivity management	Rolling program of efficiency initiatives, facilitating reinvestment in revenue growth
Team	Retaining and strengthening high quality and aligned teams at every level



Home Loans – solid performance

Residential receivables



- National market share stable with 59% of the portfolio NSW domiciled
- 16% run-off rate, down from 23.9% in Sep-02[^]
- Improved proprietary channel performance
- Broker introduced flows stable at 45%
- Credit quality remains excellent

Growth in line with system in 2005 and 2006



*Percentage Sep-05 to Sep-06 excluding St.George New Zealand

[^]Annualised run-off rate includes contractual repayments, discharges and pre-payments

Strengthening and diversifying distribution

Proprietary branches

- Settlements up 13%
- Average new loan size up 15%
- Increased delegation at point of sale
- Sales and service skills program embedded
- Lender retention significantly improved

Broker

- Average new loan size up 8%
- Settlement to lodgement ratio up 5%
- Refinement of broker commission structures effective 1 Jan-07*

Mortgage Connect

- First phase launched Sep-06 in QLD
- St.George branded owner operated model, selling St.George branded products
- 130 'mobile marketing territories' on completion of roll out^
- Variable cost build, nominal fixed costs to establish and operate



*Communicated 1 Oct-06. ^80 territories to be rolled out by Sep-07, with remainder by Sep-08

Home Loans - product mix actively managed

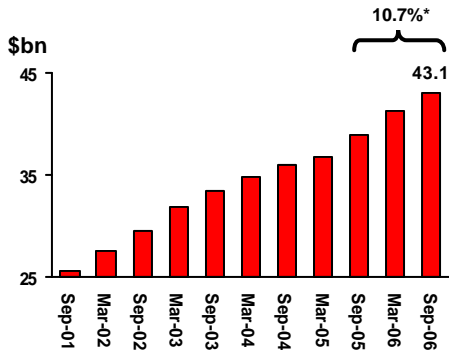
	Receivables	Settlements				
	Sep-06	FY06	FY05	FY04	FY03	FY02
	%	%	%	%	%	%
Introductory	0.9	2.8	3.6	8.0	20.4	39.9
Portfolio	31.4	29.2	29.9	34.7	34.0	30.2
Standard variable and basic	43.8	40.2	42.2	37.3	31.1	21.3
Fixed	14.1	13.3	10.4	7.8	9.6	8.6
Low doc	5.3	8.2	8.3	8.5	2.2	0.0
No deposit	3.7	5.8	4.7	2.8	2.1	0.0
Seniors access	0.8	0.5	0.9	0.9	0.6	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

69.9% LVR for mortgages written in FY06, 39.3% for mortgage book



Deposits – balancing growth and profitability

Retail deposit balances



Transaction accounts

- 15% growth, balances now \$15.2bn
- Average account balances up by 6.5%^

Dragondirect

- 9% growth, balances now \$6.6bn
- c.70% of flow new to the bank

Business Deposits

- 16% growth, balances now \$5.9bn

New Visa debit transaction accounts

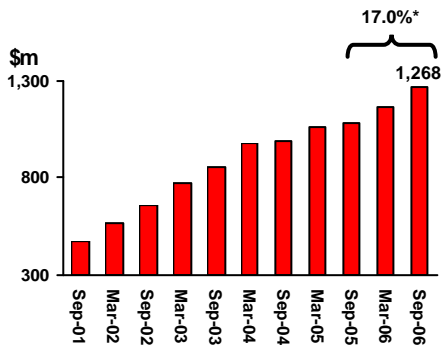
- Suite of competitively priced flat fee accounts launching in Nov-06
- Combines benefits of flat fee accounts with flexibility of Visa debit

Margin improved and market share stable at 10%



Credit cards - balancing growth and risk

Credit card balances



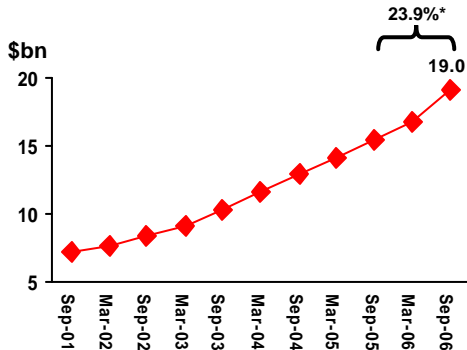
- Industry leading revolve and retention rate
- Credit quality remains sound and within expected ranges
- Vertigo Mastercard
 - >\$100m in balances
 - 28k new accounts since launch in May-06
 - 65% of balance growth from existing customers

20% increase in credit cards sales 2H06 on 1H06



Middle Market – outstanding 2H06 performance

Total middle market receivables



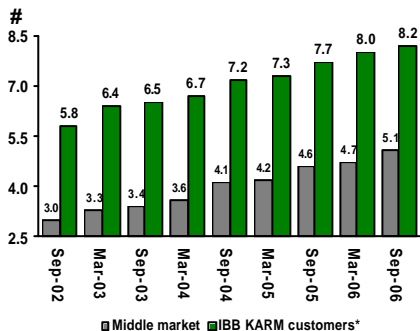
- 28% annualised growth 2H06
- 18% FY06 growth in NSW
- Average borrowings per customer up 10% since Sep-05
- Target industry segments strategy delivering
- Impaired assets/total middle market receivables 0.14%, down from 0.22% in Sep-05

Twice system growth achieved
with 55% of portfolio domiciled in NSW and ACT

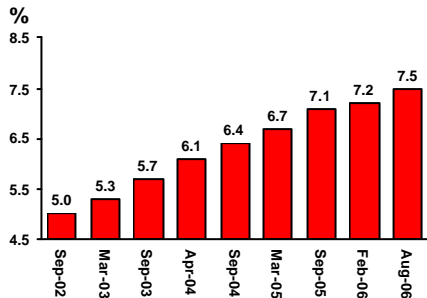


Middle Market – growing customer relationships

Products per customer



Market share^



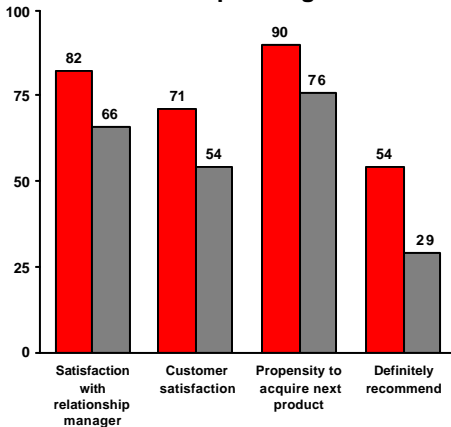
30% growth in Middle Market customers since Sep-05

*KARM – Key account relationship management. ^Cannex derived middle market market share



Middle Market - maintaining customer advocacy

Relationship management[^]



Expected churn*

- 0% of St. George customers are considering changing banks in the next 6 months
- 18% of major bank customers are considering changing

■ St. George
■ Average of the 4 majors

Relationship model and Best Business Bank delivering

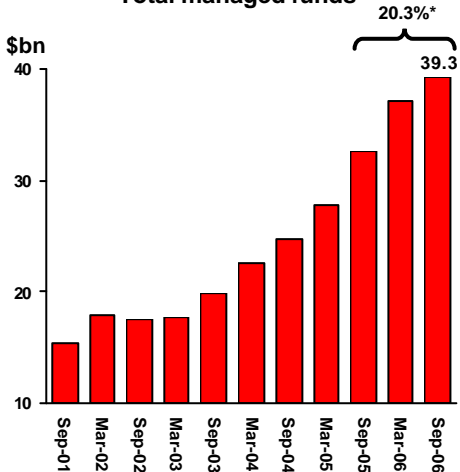


[^]Source: Jones Donald Customer Satisfaction Survey Sep-06

*East & Partners - Australian Commercial Transaction Banking Markets Survey Aug-06

Wealth Management – strong momentum

Total managed funds



- 11% annualised growth 2H06
- Excellent inflows reflecting:
 - strong platform sales
 - quality investment offerings
 - expanded distribution channels and product innovation
 - favourable equity markets

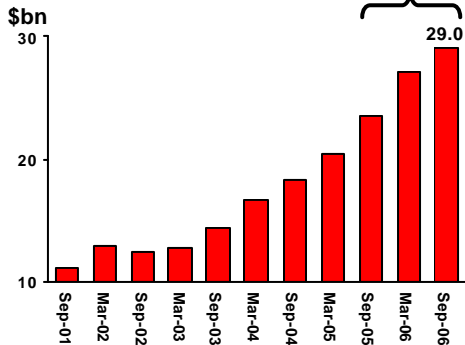
Wealth businesses well positioned to continue delivering above system growth

*Percentage Sep-05 to Sep-06



Asgard – another solid performance

Funds under administration



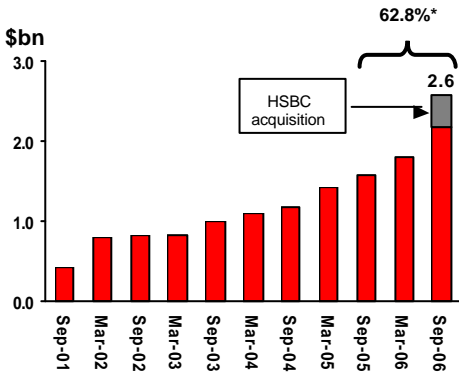
- 15% annualised growth 2H06
- Industry leading levels of customer service and retention
- Benefiting from government changes to superannuation legislation
- Continued investment in underlying infrastructure

Strong net inflows driving market share to 9.2%, up from 8.1%^



Margin lending – accelerated growth

Margin lending receivables



- Acquired HSBC Australia's \$398m margin lending portfolio in Aug-06
- Excluding HSBC acquisition, portfolio up 38% since Sep-05
- Credit quality remains excellent

Awarded Asset Magazine's Margin Lender of the Year
for 3rd consecutive year

*Percentage Sep-05 to Sep-06 and includes \$398m acquisition of HSBC Australia margin lending portfolio in Aug-06



Rolling program of productivity initiatives

- Contact Centre operational enhancements including:
 - new rostering system
 - improved desktop systems
 - redesigned IVR* enabling increased customer self-authentication
- Continued improvements in speed of credit decisioning through enhanced staff training and higher lending delegations at point of sale
- Continued investment in back-office imaging and workflow technology including electronic valuations
- Rollout of revised branch rostering system to top 70 branches
- Review of head office functions, eliminating duplication
- Realisation of benefits from outsourced property and facilities management



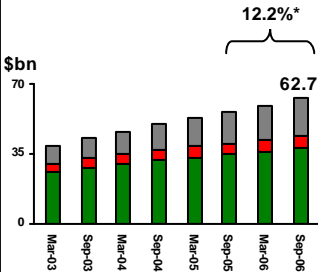
Business priorities update

Deepening and expanding our national footprint

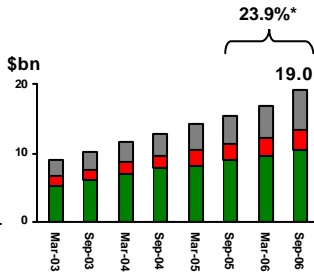
Management outlook and targets

Deepening and expanding our footprint

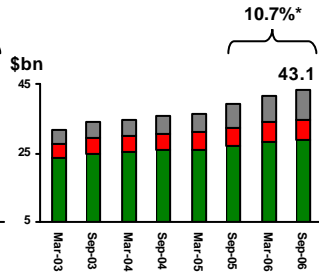
Residential receivables



Middle Market receivables



Total retail deposits



■ NSW**
 ■ SA^
 ■ VIC, QLD and WA

VIC, QLD and WA now represent 30% of residential receivables, 29% of Middle Market receivables and 19% of retail deposits

*Percentages Sep-05 to Sep-06 **Includes ACT ^Includes NT



NSW and SA – strong volumes growth momentum

NSW

	Home Loans %	Middle Market %	Deposits %
NSW*	10	18	9
System	9	10	6

SA

	Home Loans %	Middle Market %	Deposits %
SA^	14	23	10
System	14	20	8

- Focus on top 50 branches
 - Sales and service and 'local markets' disciplines embedded
 - Significant investment over prior years delivering uplift
 - Economic outlook unchanged
- Focus on top 20 branches
 - Local decisioning and 'local markets' model delivering measurable benefits
 - Stable economic outlook

Strengthening our franchise in core markets



VIC – measured growth strategy delivering

Business volumes growth

	Home Loans %	Middle Market %	Deposits %
VIC	13	32	18
System	11	11	10

Additional investment

	Mar-03	Sep-06
Staff	262	413
Retail sites	28	38
Business sites	3	8

Since Mar-03 we have:

- Appointed a State Manager and adopted a co-ordinated team-based approach
- Embedded sales and service disciplines and deployed 'local markets' strategy
- Doubled wealth funds under administration to \$5.8bn
- Doubled lending receivables and increased market share in targeted segments

Positioned as a full service alternative to the majors



QLD and WA – continuing to expand the franchise

QLD

	Home Loans %	Middle Market %	Deposits %
QLD	18	48	10
System	15	19	9

WA

	Home Loans %	Middle Market %	Deposits %
WA	26	39	37*
System	26	19	23

- In Nov-04 State Manager appointed
- In FY06 staff increased by 7% and 2 new sites^ added
- 4 new sites scheduled for FY07
- Middle Market industry diversification driving accelerated growth

- In Sep-05 State Manager appointed and growth strategy launched
- In FY06 staff increased by 13% and a new site^ added
- 4 new sites scheduled for FY07
- Middle Market market share 9.3%

Growing market share in target markets of Middle Market, home loans and deposits

Percentages business volumes Sep-05 to Sep-06.

*Includes Asgard cash management accounts. ^Combined retail and business site



Contact Centre - significant sales and service uplift

People

- Market leading staff retention at 89%
 - up from 75% in Mar-03
 - compares to industry average of 71%
- Sales and service skills program embedded
- Improved and increased incentive program in place

Since Sep-05:

- Customer contacts per day per employee up 33%
- Business lending up 2.9 times
- Credit card cross sales to mortgage customers up 30%
- Consumer Credit Insurance cross sales to personal loan customers now 54%

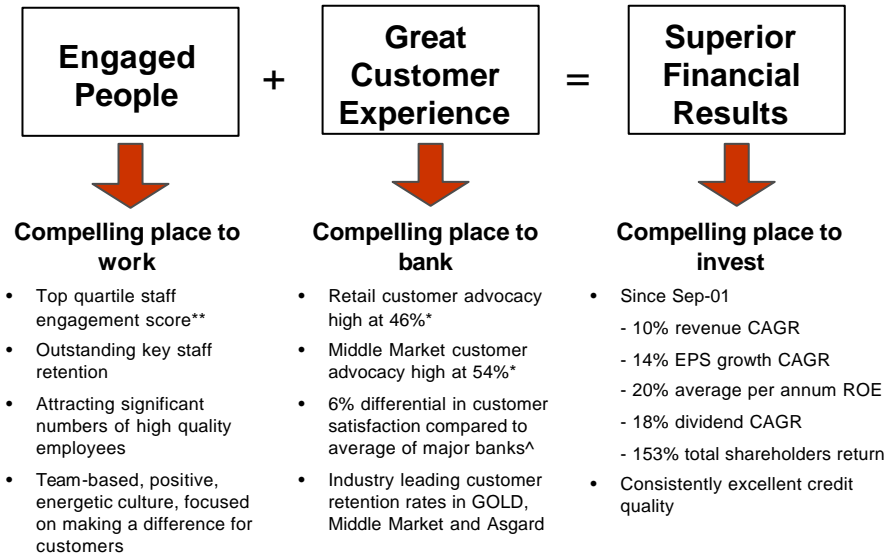
2006 Awards

'Best Call Centre' - Australian TeleServices Association

'Service Excellence by a Call Centre' - Customer Service Institute of Australia



Delivering on our customer service formula



**The Gallup Organization Staff Survey 2006, Engagement Index Australian Top Quartile

*Source: Jones Donald Customer Satisfaction Survey Sep-06. Customers who would 'definitely recommend'

^Source: Roy Morgan Research Sep-06 rolling 3-mth average. Respondents (aged 14+) with transaction accounts



Business priorities update

Deepening and expanding our national footprint

Management outlook and targets

Confidence for the future

- Core strengths of people and culture
- Strong customer loyalty and advocacy
- Room to grow across products, segments and geographies
- Focused, agile and quick to innovate
- Management team with track record of excellent execution



Outlook

Sector outlook

- National home loan credit growth to moderate to around 10%-12%
- National business lending growth to remain solid
- Markets factoring in a further increase in official rates
- NSW economic growth to remain subdued in 2007
- Competitive environment to remain intense

St.George outlook

- Home loan portfolio to grow in line with system
- Middle market targeting twice system growth
- Deposit volumes managed with focus on profitable growth
- Wealth management net inflows to exceed system growth



Targets: FY07 and FY08

EPS growth FY07	10%*
EPS growth FY08	10%*
Cost to income	Manage to low end of peer group
Capital	Tier one 7.0-7.5%
Credit quality	Maintain positive differential to majors
Customer satisfaction	Maintain positive differential to majors



*AIFRS targets exclude impact of hedging and derivatives



Consistently delivering on targets

	Target	Outcome
FY03 EPS growth	Nov-02: 10%	14.0%
FY04 EPS growth	Nov-03: 10-11%	13.1%
FY05 EPS growth	Nov-04: 10%	12.1%
FY06 EPS growth	Nov-05: 10% AGAAP >10% AIFRS	10.3% AGAAP 13.1% Cash AIFRS
Cost to income	Sep-04: sub 50% Manage to lower end of peers	47.5% in FY04 44.0% in FY06
Capital	Tier one 7.0-7.5%	Consistently in range*
Credit quality	Maintain positive differential to the majors	Consistently achieved
Customer satisfaction	Maintain positive differential to the average of the majors	Consistently achieved

*Temporary reduction allowed by APRA around issuance of guidelines on innovative/non-innovative hybrids



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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