St.George Bank Limited

ACN 055 513 070

GROUP FINANCIAL RESULTS

AND

DIVIDEND ANNOUNCEMENT

for the half-year ended
31 March 2003

Released
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Available on our Internet site at www.stgeorge.com.au

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1 Financial Summary

1.1 Results at a Glance

Financial Performance

- Profit after tax and before significant items was $298 million (31 March 2002: $244 million), an increase of 22.1%. There were no significant items during the half-year.
- Profit available to ordinary shareholders was $298 million (31 March 2002: $157 million), an increase of 89.8%.
- Net-interest income increased by 9.7% to $711 million, with an interest margin of 2.80%, up from 2.77% in the previous corresponding period (pcp).
- Non-interest income before significant items was $448 million (31 March 2002: $411 million), an increase of 9.0%.
- Operating expenses, before goodwill and significant items, increased by 2.2% to $570 million, with an expense to income ratio of 49.2%, down from 52.7% in the pcp.
- Basic earnings per ordinary share (annualised), before significant items and goodwill amortisation, increased to 140.6 cents (31 March 2002: 122.4 cents), an increase of 14.9%.
- Return on average ordinary equity (annualised), before significant items and goodwill amortisation, increased to 20.36% (31 March 2002: 19.29%).

Financial Position

- Total assets were $57.3 billion (31 March 2002: $52.6 billion), an increase of 9.1%.
- Lending assets (both on and off-balance sheet) were $53.9 billion (31 March 2002: $48.3 billion), an increase of 11.5%.
- Residential receivables (including securitisation) were $38.5 billion (31 March 2002: $34.9 billion), an increase of 10.1%. Annualised growth since 30 September 2002 was 12.5%.
- Commercial loans (including securitisation and bill acceptances) were $11.9 billion (31 March 2002: $10.2 billion), an increase of 16.6%.
- Consumer receivables (including securitisation) were $3.4 billion (31 March 2002: $3.0 billion), an increase of 12.5%.
- Retail funding was $31.8 billion (31 March 2002: $27.5 billion), an increase of 15.6%.

Dividends

- A higher interim ordinary dividend of 45 cents per ordinary share, fully franked (31 March 2002: 38 cents) has been declared by the Board.
- The Dividend Reinvestment Plan will operate for the interim dividend with no discount.

Other

- Managed funds stood at $17.7 billion (30 September 2002: $17.4 billion; 31 March 2002: $17.9 billion).
- Net non-accrual loans as a percentage of net receivables decreased from 0.10% at 31 March 2002 to 0.06% at 31 March 2003.

1.2 Group Highlights

The financial information provided in this statement of financial results and dividend announcement relates to the operations of St.George Bank Limited and its controlled entities (the Group) for the half-year ended 31 March 2003. The Group's financial results have been subject to an independent review by the Group's external auditors, KPMG. Comparative information has been reclassified where necessary to enhance comparability. The previous corresponding period (pcp) relates to the half-year ended 31 March 2002.

Half-Year Ended		**March 2003**	Sept 2002	March 2002
TOTAL ON BALANCE SHEET ASSETS	$m	**57,340**	55,004	52,577
SECURITISED RECEIVABLES	$m	**6,653**	5,729	6,065
OPERATING PROFIT				
Before preference dividends and:				
- after income tax, OEI [1] and before goodwill and significant items	$m	**379**	343	330
- after income tax, OEI, goodwill and before significant items	$m	**325**	289	274
- after income tax, OEI, goodwill and significant items	$m	**325**	240	187
After preference dividends and:				
- after income tax, OEI and before goodwill and significant items	$m	**352**	315	300
- after income tax, OEI, goodwill and before significant items	$m	**298**	261	244
- after income tax, OEI, goodwill and significant items (available to ordinary shareholders)	$m	**298**	212	157
UNDERLYING PROFIT	$m	**571**	530	500
RETURN ON AVERAGE ASSETS (Annualised)				
- after income tax, OEI and before goodwill, significant items and preference dividends		**1.34%**	1.27%	1.25%
- after income tax, OEI, goodwill, significant items and before preference dividends		**1.15%**	0.89%	0.71%
RETURN ON AVERAGE RISK WEIGHTED ASSETS (Annualised)				
- after income tax, OEI and before goodwill, significant items and preference dividends		**2.29%**	2.17%	2.18%
- after income tax, OEI, goodwill, significant items and before preference dividends		**1.96%**	1.52%	1.23%
RETURN ON AVERAGE ORDINARY EQUITY[2] (Annualised)				
- after income tax, OEI, preference dividends and before goodwill and significant items		**20.36%**	19.80%	19.29%
- after income tax, OEI, preference dividends, goodwill and before significant items		**17.24%**	16.41%	15.69%
- after income tax, OEI, preference dividends, goodwill and significant items		**17.24%**	13.33%	10.09%
EXPENSES AS % AVERAGE ASSETS - (excluding goodwill and significant items)		**2.02%**	2.14%	2.12%
EXPENSE / INCOME RATIO - (excluding goodwill and significant items)		**49.2%**	52.1%	52.7%
INTEREST MARGIN		**2.80%**	2.82%	2.77%
ORDINARY DIVIDEND (Fully franked)	Cents	**45.0**	42.0	38.0
EARNINGS PER ORDINARY SHARE (Annualised)				
Basic				
- before goodwill and significant items	Cents	**140.6**	126.9	122.4
- after goodwill and significant items	Cents	**119.0**	85.3	64.0
Diluted				
- before goodwill and significant items	Cents	**139.9**	126.2	122.0
- after goodwill and significant items	Cents	**119.0**	86.1	65.6
Weighted Average Number of Shares				
- Basic ordinary shares	000's	**500,751**	495,855	489,801
- Diluted ordinary shares	000's	**516,971**	513,530	507,339
NET TANGIBLE ASSETS PER ORDINARY SHARE	$	**4.45**	3.68	3.40
CAPITAL ADEQUACY RATIO		**10.6%**	10.8%	10.8%

(1) OEI refers to Outside Equity Interests in controlled entities.
(2) Prior periods have been restated in accordance with Accounting Standard AASB 1044, which requires dividends on ordinary shares to be recognised when declared.

1.2 Group Highlights (cont…)

Net Interest Income

- Net interest income for the half-year was $711 million (31 March 2002: $648 million), an increase of 9.7%. The increase is due to growth in average interest earning assets of 8.5% since 31 March 2002 and the improvement in the net interest margin to 2.80% from 2.77% in the pcp.

Non-Interest Income

- Non-interest income (excluding significant items) was $448 million (31 March 2002: $411 million), an increase of 9.0%. Non-interest income accounts for 38.7% of total income (31 March 2002: 38.8%). The increase in non-interest income resulted from strong growth in bank acceptances, product fee and electronic banking income and profits arising from the continuation of the Bank's property sale and lease-back program.
- Managed funds stood at $17.7 billion (30 September 2002: $17.4 billion; 31 March 2002: $17.9 billion).

Operating Expenses

- The expense to income ratio, before goodwill amortisation and significant items, decreased to 49.2% (31 March 2002: 52.7%) due to efficiency gains attributable to the Even Better Bank program (EBB) and growth in total income underpinned by lending asset growth.
- Operating expenses, before goodwill and significant items, were $570 million (31 March 2002: $558 million), an increase of 2.2%. When compared to the September 2002 half-year, operating expenses decreased by $7 million or 1.2%.

Income Tax

- Income tax expense (before significant items) increased by $24 million to $159 million compared to the pcp.

Shareholder Returns

- Annualised return on average ordinary equity, before goodwill and significant items, increased to 20.36% (31 March 2002: 19.29%).
- Annualised basic earnings per ordinary share, before goodwill and significant items, increased to 140.6 cents (31 March 2002: 122.4 cents).
- An interim dividend of 45 cents per ordinary share will be payable on 2 July 2003 to holders of ordinary shares. The dividend will be fully franked at 30%.

1.2 Group Highlights (cont…)

Capital Management

The Group's capital position remains strong with Tier 1 capital at 7.7% and Tier 2 at 3.0%. During the period the following initiatives were undertaken:

- Completion of a $USD1.1 billion securitisation of residential loan receivables through the Crusade Programme in March 2003
- 2.5 million ordinary shares issued under the Bank's Dividend Reinvestment Plan (DRP) raising $46 million of capital.

At 31 March 2003, the Group's adjusted common equity to risk weighted assets (ACE ratio) was 5.5% (31 March 2002: 5.1%).

The DRP will operate for the interim dividend with no discount.

As indicated last year, given the continuing strong level of internal capital generation, it is expected that there will be the potential for some buy-back activity in the second-half of this year.

Assets and Asset Quality

- Lending assets (on and off-balance sheet) were $53.9 billion (31 March 2002: $48.3 billion), an increase of 11.5%. Annualised growth since 30 September 2002 was 14.9%.
- Bad and doubtful debts expense for the period rose by $14 million to $48 million (31 March 2002: $34 million) due to an increase in the general provision for doubtful debts and increased provisioning on the consumer loan portfolio attributable to portfolio growth. The increase in the general provision charge is a result of growth in the Group's asset base and a reduction in the balance of unearned income on mortgage insurance premiums during the period.
- The combination of the tax effected balance of unearned income on mortgage insurance premiums of $12 million with the general provision of $164 million is $9 million above the accepted industry level of 0.50% of risk-weighted assets.

Residential Lending

- On and off balance sheet residential loans grew 10.1% since 31 March 2002, from $34.9 billion to $38.5 billion (an annualised increase of 12.5% since 30 September 2002). This growth is attributable to the introduction of new customer retention initiatives and increased business sourced through the third party mortgage broker market.
- St.George through its Portfolio loan maintains a leading market position for home equity loan approvals. Home equity loans grew 21.5% to $11.0 billion since 31 March 2002.

Retail Funding

- At 31 March 2003, retail deposits were $31.8 billion, an increase of 15.6% since 31 March 2002, reflecting customer preferences for low risk retail banking products.

Managed Funds

- Managed funds stood at $17.7 billion (30 September 2002: $17.4 billion; 31 March 2002: $17.9 billion). Growth since 31 March 2002 was impacted by the diversion of funds to low risk retail banking products and falling world equity markets. However, there has been growth in managed funds since 30 September 2002 despite difficult market conditions.

2 Business Summary

2.1 Strategic Overview

It is the Bank's strategic vision that:

"Customers value St.George as the best partner to manage their finances and build wealth"

To build on this vision the following six business goals were established in May 2002:

- Deepen and strengthen relationships with customers in its chosen markets
- Leverage specialist capabilities for growth
- Creatively differentiate on service
- Accelerate and empower relationship selling
- Optimise cost structure
- Build team and performance culture

The Even Better Bank (EBB) program completed in September 2002 identified a number of priorities to facilitate the delivery of St.George's business goals. These priorities are as follows:

- Home Loans
- New Business Model and Integrated Sales and Service
- Middle Market
- Wealth Management
- Brand and Customer Service
- Productivity Management

The year 2003 has been called out as the year of implementation. Strong progress has been made in each of the priority areas and the Bank is on track in terms of its targets. Specific highlights are summarised in the following section.

At its core, St.George's strategy is one of low risk, organic growth, harnessing the latent potential in the franchise and building on the strength and capabilities of the Group. These strengths include the Bank's track record of superior credit quality, positive customer service ratings relative to the industry and strong product management and product innovation capabilities. Further opportunity is evident in Victoria and Queensland to leverage the key capabilities of the Group to grow in a number of business areas.

In summary, St.George has a business model in place that is both strong and flexible. It has a range of growth opportunities and, as outlined above, clear priorities established. 2003 is an important year for implementation and for further strengthening the platform for 2004 and 2005.

2.2 Achievements

2.2.1 Home Loans

Home loans have been a key area of focus for the Group over the past six months, with particular attention being placed on the retention of home loans and further growth through the mortgage broker channel. The annualised growth rate in home loan receivables has accelerated to 12.5% for the six months ending 31 March 2003. The product mix is improving with a reduction in the proportion of Honeymoon introductory loans. The attrition rate has declined from 31.6% in the twelve months ending 30 September 2002 to 28.3% (annualised) in the six months ending 31 March 2003. Broker introduced loans are up from 31% for the year to September 2002 to 36% in the half-year to March 2003. Credit quality across the portfolio remains outstanding.

2.2.2 New Business Model and Integrated Sales and Service

St.George has restructured its business around distinct customer segments. An integrated sales and services system has also been developed, reflecting the shift from product based silos to the new customer led model. Implementation of the new business model is well underway with all key staff appointments made and the new integrated sales and service system is in prototype in twenty branches, pending full rollout by September 2003.

2.2.3 Middle Market

Performance has been very pleasing in the Middle Market segment with lending growth of 18% over the past twelve month period. Credit quality remains excellent. In the Key Account Relationship Management segment, cross sell ratios and service ratings continue to improve. Good progress has been made against the objective of enhancing capabilities in specific industry segments with lending growth in these segments outstripping overall growth.

2.2.4 Wealth Management

In a volatile and difficult market environment, St.George's wealth management businesses have shown resilience. Funds under administration (SEALCORP) have grown 2.7% since 30 September 2002 and funds under management (Advance) have grown by 1.8%. To support the broader wealth cross sell objective, good progress is being made in building data-mining capabilities, improving customer segment management skills, improving leads management and sales force productivity.

2.2.5 Brand and Customer Service

The relaunch of the St.George brand has taken place. The campaign entitled "Rethink" has been well received internally and externally. St.George retains its positive service differential over the majors (as measured in the Roy Morgan survey).

2.2 Achievements (cont…)

2.2.6 Productivity Management

Through the Even Better Bank (EBB) program, pre-tax cost savings of $28 million were achieved during the half-year, and the Group is on track to deliver the full 2003 year target of $60 million, increasing to $80 million in 2004 and subsequent years. Cost savings during the period are primarily driven from reductions in middle management and rationalisation of IT expenditure. There were 390 full time equivalent staff reductions resulting from the EBB program. The expense to income ratio fell to 49.2% from 52.7% in the pcp and operating expenses (before goodwill) fell 1.2% compared to 30 September 2002 half-year.

The Bank's focus on creatively differentiating on customer service, optimising its cost structure and building team and performance culture is also driving a review of back office processes – the Customer Processes Review (CPR). Initial focus has been on the Home Loans and Small Business processes - significant improvement opportunities in processing efficiency and, consequently, turnaround times, have been identified and are undergoing further investigation for implementation within the remainder of 2003.

A complete review of the Bank's Property and Procurement functions is also underway with the ultimate goal of creating more efficient processes within both areas.

2.2.7 Credit Quality

St.George's asset quality continues to remain robust. The charge for bad and doubtful debts was $48 million, down from $53 million in the September 2002 half-year. Underpinning these results are sound credit policies, excellent performance of the residential portfolio, which represents 71.1% of net loans and receivables and a diversified commercial loan portfolio. Bad debts as a percentage of average loans and receivables (annualised) is 0.22% compared to 0.17% in the pcp and down from 0.25% in the 30 September 2002 half-year. Net non-accrual loans as a percentage of net loans and receivables are 0.06% down from 0.10% in the pcp.

2.2.8 St.George Bank New Zealand Limited (SGBNZ)

In February 2003, SGBNZ commenced its banking alliance with Foodstuffs, New Zealand's largest supermarket retailer.

Under the terms of the "superbank" alliance, SGBNZ delivers banking services in the New Zealand market by leveraging Foodstuff's distribution skills and customer base.

The initial product launched was a "SuperSaver" account that is accessed by customers through electronic channels. Early results from the launch of this product have been pleasing. Plans are in place for a next phase product implementation during the second half of 2003.

The alliance provides the Bank with a low cost, low risk entry point into a new market for its core retail banking products which is consistent with the Bank's organic growth strategy.

2.3 Future Prospects

The economic environment remains quite uncertain near term, given the conflict in the Middle East, continued weakness in the major economies and the lingering drought across Eastern Australia. Despite this, the Australian economy continues to be one of the better performers internationally and this trend seems set to continue over the remainder of 2003 and into 2004, given a broadly based growth profile and a supportive interest rate backdrop.

A key difference between the performance of Australia and the major economies over the past six months has been a local increase in both investment and employment, which has supported consumer spending and corporate earnings. The difficulties in the global economy and most notably the US economy are, however, of concern. Furthermore, it is widely expected that Australia will see a slow down in the rate of growth of housing credit.

Given the strength of the first half results, St.George is now targeting EPS growth of 11-13% for 2003. The final outcome is dependent on a number of factors, including retail deposit growth and the performance of financial markets, including equities. It should also be noted that further investment is underway in key priority areas such as training, redesigning business processes and targeted staff increases in sales and service areas.

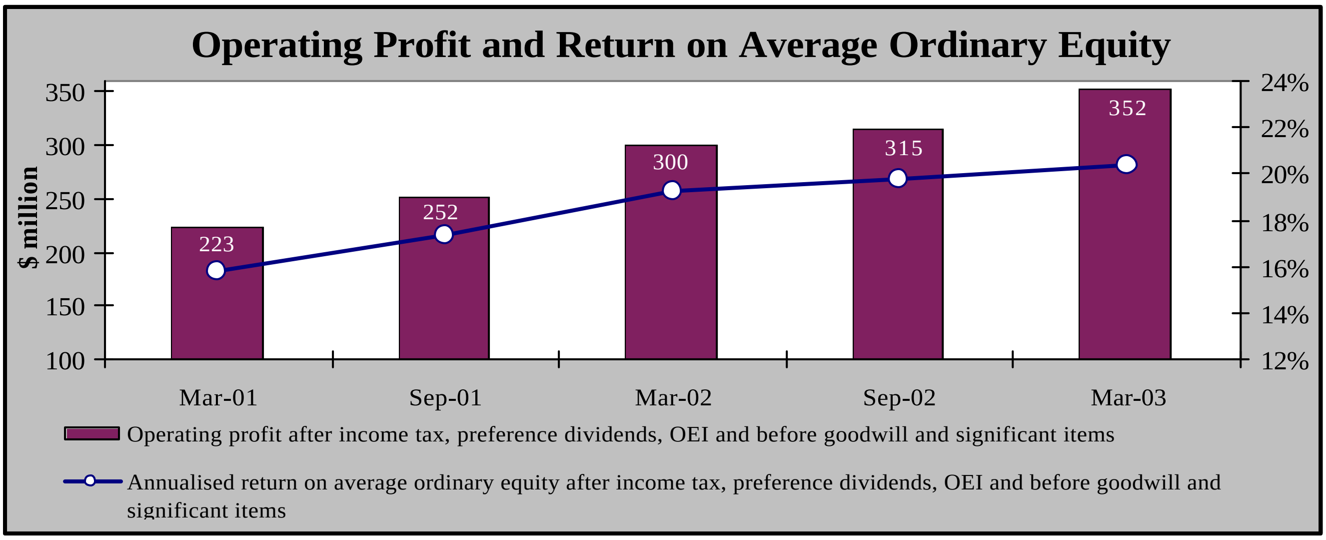
As the implementation of key priorities continues throughout 2004 and 2005, the Group will reap benefit from growth opportunities such as Wealth cross sell, Mid Market and pursuing growth opportunities in Queensland and Victoria. The implementation of the Integrated Sales and Service and Home Loan opportunities will deliver strong organic growth through 2004 and 2005, while the implementation of productivity management initiatives will further drive the move to an efficient cost structure. A strong and flexible business model is now in place, which aids the Group in its focus on growth by enabling it to adjust to changes in economic circumstances.

The Group is focussed on long-term sustainable growth and remains confident of its double digit EPS growth targets throughout 2004 and 2005.

3 Financial Analysis

3.1 Group Performance Summary

Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Interest income	**1,667**	1,571	1,493
Interest expense	**956**	886	845
Net interest income	**711**	685	648
Non-interest income	**448**	423	411
Significant items	**-**	18	-
Total non-interest income	**448**	441	411
Bad and doubtful debts expense	**48**	53	34
Operating expenses	**624**	631	614
Significant items	**-**	90	94
Total operating expenses	**624**	721	708
Share of net loss of equity accounted associates	**3**	-	1
OPERATING PROFIT BEFORE INCOME TAX	**484**	352	316
Income tax expense	**159**	135	135
Income tax benefit on significant items	**-**	(23)	(7)
Total income tax expense	**159**	112	128
OPERATING PROFIT AFTER INCOME TAX	**325**	240	188
Outside equity interests (OEI)	**-**	-	1
OPERATING PROFIT AFTER INCOME TAX AND OEI	**325**	240	187
Preference dividends:			
- Depositary Capital Securities (DCS)	**18**	19	20
- Preferred Resetting Yield Marketable Equity Securities (PRYMES)	**9**	9	10
	27	28	30
PROFIT AVAILABLE TO ORDINARY SHAREHOLDERS	**298**	212	157



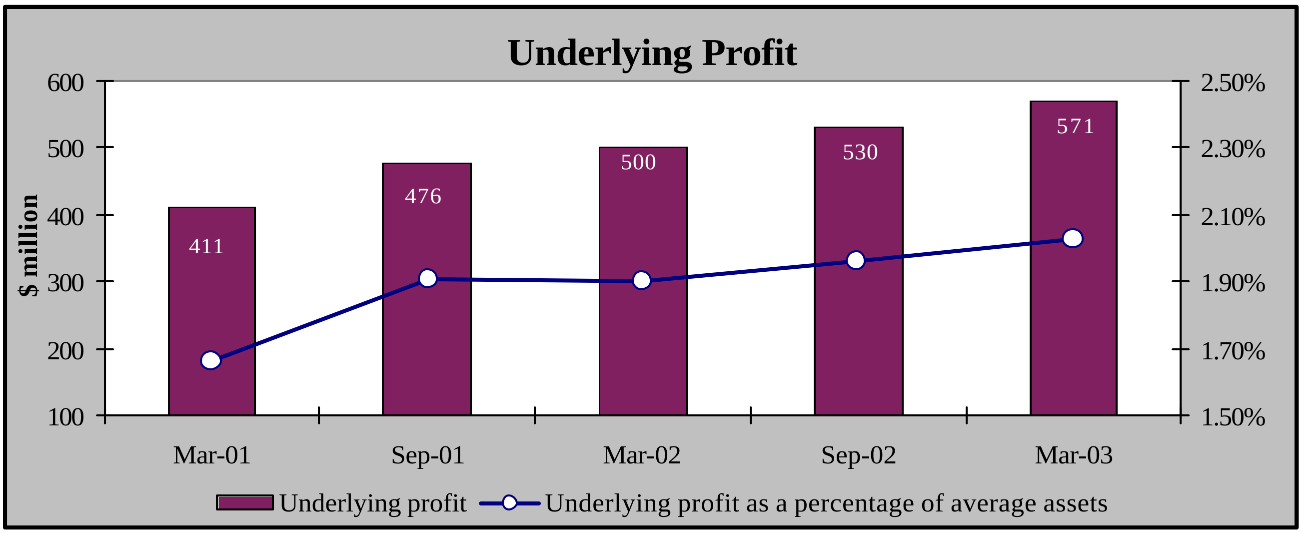
3.1.1 Underlying Profit

The underlying profit for the Group increased 14.2% to $571 million compared to 31 March 2002.

Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Operating profit after income tax and outside equity interests	**325**	240	187
Add: Outside equity interests	**-**	-	1
Operating profit after income tax	**325**	240	188
Add/(Less):			
Net profit on disposal of land and buildings	**(15)**	(1)	-
Income tax expense	**159**	135	135
Net loss on significant items	**-**	49	87
Charge for bad and doubtful debts	**48**	53	34
Goodwill amortisation	**54**	54	56
Underlying Profit	**571**	530	500
Underlying Profit as a percentage of average assets (annualised)	**2.03%**	1.96%	1.90%

Factors driving the growth in underlying profit during the period were:

- growth in net interest income;
- growth in non-interest income;
- increases in business volumes; and
- cost containment driven by the EBB program.



3.1.2 Significant items

Individually significant items according to AASB 1018 are revenues and expenses of such a size, nature or incidence that their disclosure is relevant in explaining the financial performance of the Group. There were no significant items during the half-year.

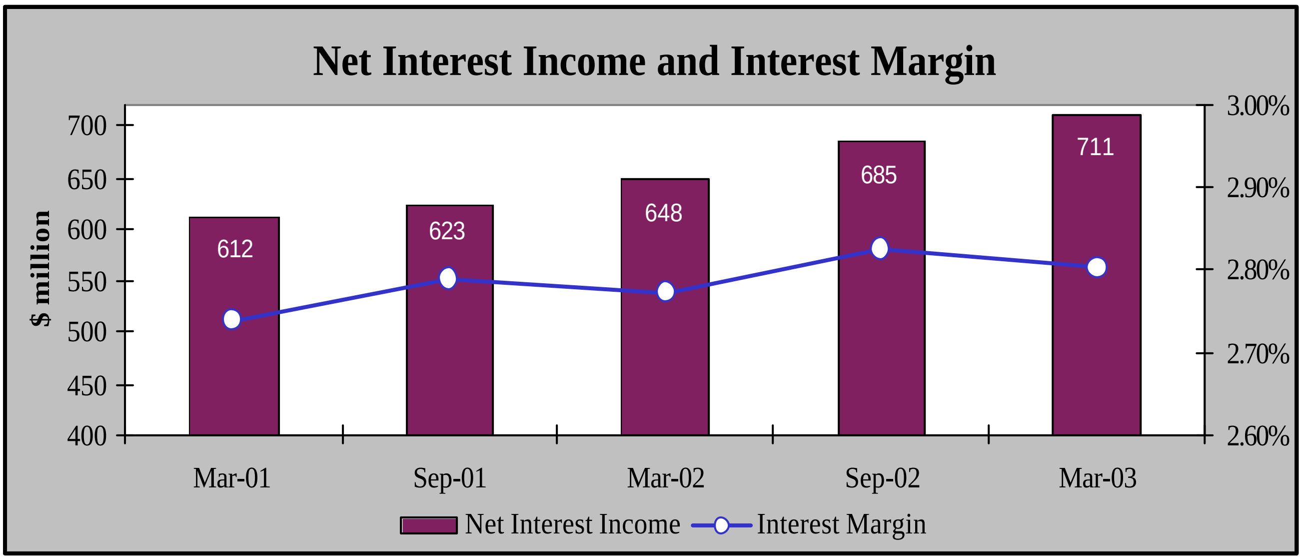
Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Non-interest income			
Non-interest income before significant items	**448**	423	411
Significant items			
- Profit on sale of shares	**-**	18	-
Total non-interest income	**448**	441	411
Operating expenses			
Operating expenses after goodwill and before significant items	**624**	631	614
Significant items			
- Write-down of investments	**-**	-	22
- Goodwill write-off	**-**	-	72
- Restructure costs	**-**	30	-
- Write off of deferred expenditure balances	**-**	60	-
	-	90	94
Total operating expenses	**624**	721	708
Income tax expense			
Income tax expense before significant items:	**159**	135	135
Significant items			
- Income tax expense on profit on sale of shares	**-**	4	-
- Income tax benefit on write-down of investments	**-**	-	(7)
- Income tax benefit on restructure costs	**-**	(9)	-
- Income tax benefit on deferred expenditure balances write-off	**-**	(18)	-
	-	(23)	(7)
Total income tax expense	**159**	112	128
Summary of significant items			
Total pre-tax loss from significant items	**-**	(72)	(94)
Less: Total tax benefit attributable to significant items	**-**	(23)	(7)
Net loss from significant items	**-**	(49)	(87)

3.1.3 Net Interest Income

Net interest income is derived from the Group's business activities of lending, investments, deposits and borrowings. The net interest income for the period was $711 million (31 March 2002: $648 million), an increase of 9.7%.

Half-Year Ended	**March**		September		March	
	-----------2003-----------		----------2002----------		-----------2002-----------	
	Balance $'m	**Rate**	Balance $'m	Rate	Balance $'m	Rate
Actuals						
Net Interest Income	**711**		685		648	
Averages						
Interest Earning Assets	**50,749**	**6.57%**	48,502	6.48%	46,755	6.39%
Interest Bearing Liabilities	**48,516**	**3.94%**	46,862	3.78%	45,979	3.68%
Interest Spread		**2.63%**		2.70%		2.71%
Interest Margin		**2.80%**		2.82%		2.77%

The increase in net interest income was primarily due to growth in average interest earning assets by 8.5% since 31 March 2002. Additionally, interest margin improved during the period to 2.80% (31 March 2002: 2.77%) as a result of growth in retail funding, a stable interest rate environment and the ongoing securitisation of residential loans.



3.1.4 Non-Interest Income

Non-interest income has grown 9.0% to $448 million (before significant items) from $411 million in the pcp.

Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Non-interest income			
Trading income	**18**	14	31
Product fees and commissions			
- Lending	**37**	42	39
- Deposit and other accounts	**107**	106	94
- Electronic banking	**88**	76	78
Securitisation service fees	**38**	37	36
Managed funds fees	**86**	92	86
Dividend income	**3**	-	2
Net profit on disposal of land and buildings	**15**	1	-
Profit on sale of shares	**2**	4	-
Factoring and invoice discounting income	**10**	10	10
Bill acceptance fees	**22**	18	14
Rental income	**8**	7	7
Brokerage and clearing fees	**-**	4	6
Other	**14**	12	8
Non-interest income before significant items	**448**	423	411
Significant items			
Profit on sale of shares	-	18	-
TOTAL NON-INTEREST INCOME	**448**	441	411
Non-Interest Income as a % of Average Assets (annualised)			
- before significant items	**1.59%**	1.57%	1.56%
- after significant items	**1.59%**	1.63%	1.56%
Non-Interest Income as a % of Total Income			
- before significant items	**38.7%**	38.2%	38.8%
- after significant items	**38.7%**	39.2%	38.8%

Trading generates net interest income and non-interest income. Net interest income earned on the trading portfolio was $18 million (30 September 2002: $15 million; 31 March 2002: $2 million). Therefore, total trading income was $36 million (30 September 2002: $29 million; 31 March 2002: $33 million).

Trading non-interest income primarily represents gains and losses made on foreign exchange and derivative transactions, realised gains and losses on disposal of trading securities and unrealised market value adjustments on trading securities.

3.1.4 Non-Interest Income (cont…)

Product fees and commissions income increased by 10.0% over the pcp, primarily due to increased mortgage insurance income driven by home lending growth and continuing growth in electronic banking activities. The result for the half-year was also favourably impacted by the recognition of $6 million (30 September 2002: $9 million; 31 March 2002: $nil) of income previously deferred relating to the Group's mortgage insurance activities. This favourable impact has been offset by an equivalent after tax increase of $4 million in the Group's general provision for doubtful debts.

Lending income decreased over the period despite solid growth in loans and receivables. Increased usage of third party mortgage brokers and the transition to a more conservative amortisation policy of mortgage origination commissions from 4 years to 3 years adversely impacted lending income during the period. Commission expense relating to mortgage brokers is netted against lending income. There have been some targeted discounted fee offers during the period.

Managed funds fee income was steady at $86 million compared to the pcp and has fallen from $92 million in the 30 September 2002 half-year. Revenue has been impacted by declining world equity markets and customers diverting funds to bank deposits.

Net profit on disposal of land and buildings of $15 million arose from the sale of 11 branches during the period, as part of the Bank's ongoing sale and lease-back program.

The increase in bill acceptance fee income to $22 million (31 March 2002: $14 million) is attributable to strong growth in this product of $1,071 million to $2,526 million at 31 March 2003.

3.1.5 Managed Funds

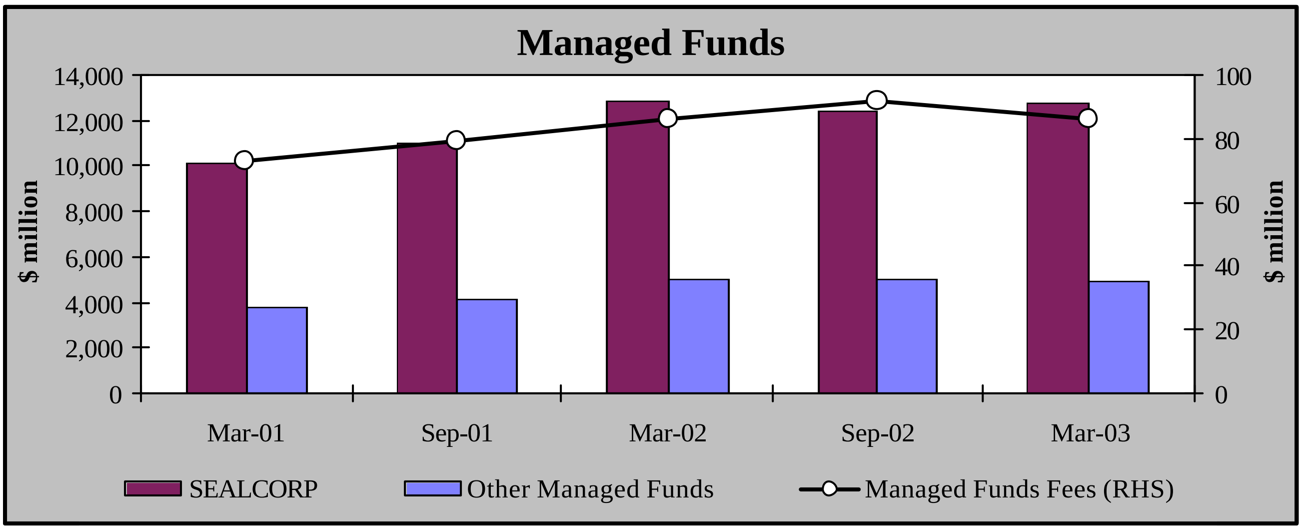
The Group's managed funds comprise funds under management, funds under administration and funds under advice.

Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Income			
Managed funds fees for the half-year	**86**	92	86
Managed funds			
Funds under management	**3,148**	3,093	3,004
Funds under administration (SEALCORP)	**12,735**	12,402	12,865
Funds under advice	**1,794**	1,952	2,016
Total Managed Funds	**17,677**	17,447	17,885

Managed funds fell 1.2% compared to 31 March 2002 but increased by 1.3% since 30 September 2002. SEALCORP fell by 1.0% compared to the pcp but increased by 2.7% since 30 September 2002. Managed funds were unfavourably impacted by declines in world equity markets and customers diverting funds towards bank deposits in response to volatile investment markets.

SEALCORP contributed $66 million to managed funds fees for the period ended 31 March 2003 (31 March 2002: $64 million).

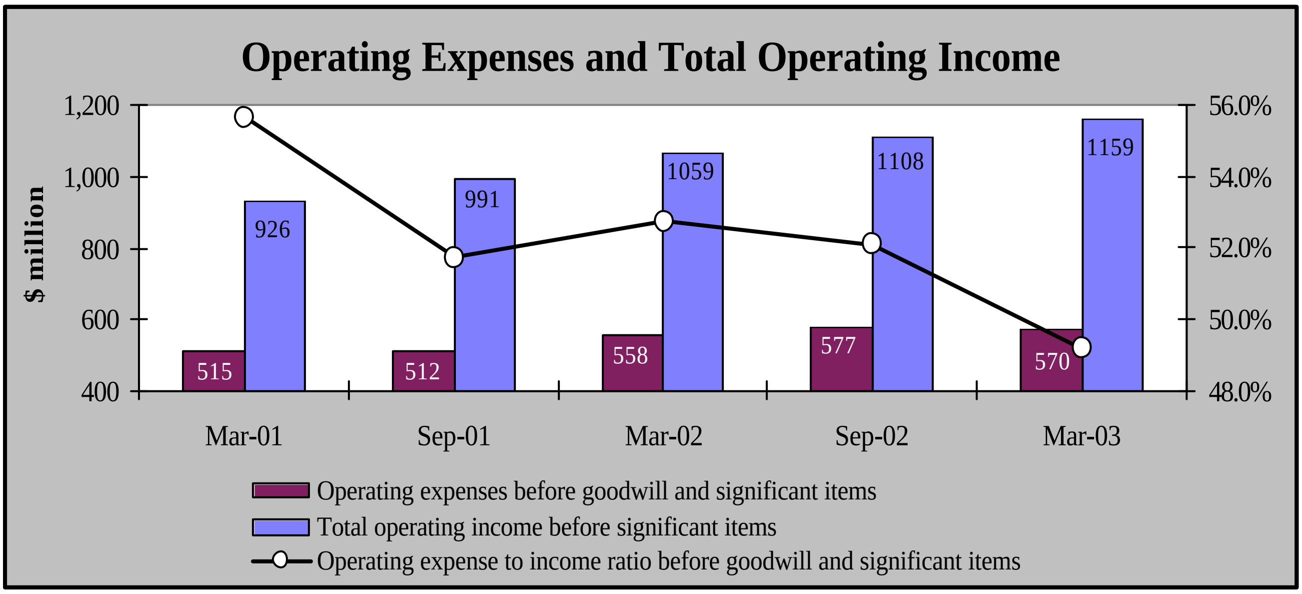
Overall managed funds remained stable despite difficult market conditions, reflected by declining world equity markets.



3.1.6 Operating Expenses

Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Staff expenses			
Salaries	**223**	233	221
Contractors' fees	**5**	5	7
Superannuation	**20**	18	17
Payroll tax	**15**	15	14
Fringe benefits tax	**5**	6	4
Other	**9**	9	9
Total staff expenses	**277**	286	272
Computer and equipment costs			
Depreciation	**21**	19	18
Deferred expenditure amortisation	**35**	35	31
Rental on operating leases	**8**	9	8
Other	**40**	33	37
Total computer and equipment costs	**104**	96	94
Occupancy costs			
Depreciation	**16**	16	16
Rental on operating leases	**29**	27	27
Other	**17**	20	20
Total occupancy costs	**62**	63	63
Administration expenses			
Fees and commissions	**14**	13	14
Advertising and public relations	**23**	26	27
Telephones	**6**	6	8
Printing and stationery	**17**	20	15
Postage	**9**	9	8
Other	**58**	58	57
Total administration expenses	**127**	132	129
Operating expenses before goodwill and significant items	**570**	577	558
Goodwill amortisation	**54**	54	56
Operating expenses after goodwill and before significant items	**624**	631	614
Significant items			
Write down of investments	-	-	22
Goodwill write-off	-	-	72
Restructure costs	-	30	-
Write-off of deferred expenditure balances	-	60	-
	-	90	94
TOTAL OPERATING EXPENSES	**624**	721	708
<u>Ratios (before goodwill and significant items)</u>			
Operating Expenses (annualised) as a % of Average Assets	**2.02%**	2.14%	2.12%
Expense to Income ratio	**49.2%**	52.1%	52.7%

3.1.6 Operating Expenses (cont…)



Total Operating Expenses

Operating expenses are classified in the broad categories of staff, computer and equipment, occupancy and administration. Total operating expenses (before goodwill and significant items) were $570 million for the half-year (31 March 2002: $558 million) an increase of 2.2% and a decrease of 1.2% over the 30 September 2002 half-year. This reduction is due to the continued focus on cost containment and benefits arising from EBB initiatives.

Staff Expenses

Staff expenses increased by $5 million or 1.8% to $277 million compared to the pcp.

Despite an enterprise agreement average wage increase of 4% and other staff receiving an average salary increase of 4.5% effective 1 October 2002, staff expenses decreased by $9 million compared to the 30 September 2002 half-year. This decrease was driven by EBB initiatives which resulted in 390 full time equivalent staff reductions.

Computer and Equipment Costs

The increase of $10 million or 10.6% to $104 million from $94 million in the pcp was mainly due to the following:

- Deferred expenditure amortisation increased by $4 million to $35 million compared to the pcp and remained steady when compared to the 30 September 2002 half-year. The balance of capitalised deferred expenditure at 30 September 2002 was $185 million and has fallen to $171 million at 31 March 2003. This reduction reflects the impact of refinements made to the Group's capitalisation policy last year.

- Depreciation increased by $3 million to $21 million from $18 million in the pcp reflecting increased costs attributable to the expanded ATM network.

Other costs increased by $7 million compared to the 30 September 2002 half-year due to expenditure on software upgrades and a more conservative capitalisation policy.

3.1.6 Operating Expenses (cont…)

Occupancy Costs

Occupancy costs decreased to $62 million compared to $63 million in the pcp.

Administration Expenses

Administration expenses for the half-year ended 31 March 2003 decreased to $127 million (31 March 2002: $129 million), reflecting EBB cost saving initiatives.

Goodwill Amortisation

Goodwill amortisation for the half-year ended 31 March 2003 was $54 million (31 March 2002: $56 million).

3.1.7 Bad and Doubtful Debts Expense

Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Bad and doubtful debts expense (net of recoveries)			
Residential loans	**2**	3	1
Commercial loans	**16**	21	15
Consumer loans	**17**	13	12
Other	**1**	3	2
	36	40	30
Net general provision movement during the period	**12**	13	4
Bad and doubtful debt expense	**48**	53	34
As a percentage of average risk weighted assets (annualised)	**0.29%**	0.33%	0.22%
As a percentage of average assets (annualised)	**0.17%**	0.20%	0.13%

Bad and doubtful debts expense (net of recoveries) for the half-year ended 31 March 2003 was $48 million which is an increase of $14 million on the low levels in the pcp. The bad debt charge is down by $5 million when compared to the 30 September 2002 half-year. The increase on the pcp is due to the higher general provision charge and increased provisioning on consumer loans attributable to portfolio growth. The increase in the general provision charge is due to growth in risk weighted assets and a $4 million increase to the general provision to offset $6 million of income recognised during the period relating to the Group's mortgage insurance activities.

The Group's bad debt charge as a percentage of average assets increased to 0.17% when compared to the pcp and fell when compared to the 30 September 2002 half-year. This result reflects the Bank's sound credit lending mix with the residential portfolio comprising 71.1% of net loans and receivables.

3.1.8 Share of Net Loss of Equity Accounted Associates

The Group has recognised a $3 million loss this period primarily relating to an associated company investment in a pooled development fund.

3.1.9 Income Tax Expense

Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Income tax expense shown in the results differs from prima facie income tax payable on pre-tax operating profit for the following reasons:			
Operating profit before income tax	**484**	352	316
Prima facie income tax payable calculated at 30% of operating profit	**145**	105	95
Add: tax effect of permanent differences which increase tax payable			
* Amortisation of goodwill	**16**	16	17
* Depreciation on buildings	**1**	-	1
* General provision for doubtful debts	**4**	4	1
* Goodwill written-off	**-**	-	22
* Restatement of net deferred tax balances	**-**	-	1
Less: tax effect of permanent differences which reduce tax payable			
* Deduction allowable on depositary capital securities	**5**	6	6
* Deduction allowable on shares issued to employees	**2**	-	2
* Deduction allowable on buildings	**-**	1	1
* Difference between accounting profit and assessable profit on disposal of shares	**-**	4	-
* Other items	**-**	2	-
Total income tax expense	**159**	112	128
Effective tax rate %	**32.9**	31.8	40.5

The effective tax rate for 31 March 2003 was 32.9% which is primarily due to the amortisation of goodwill.

3.1.10 Segmental Results

(a) Business Segments

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

- Personal Customers (PC) – responsible for residential and consumer lending, provision of personal financial services including transaction services, call and term deposits and small business banking (borrowings less than $250,000). This division also manages retail branches, agency networks and electronic channels such as call centres, EFTPOS terminals, ATMs and Internet banking. In accordance with the new business model, PC is responsible for the following customer segments:
  - "Priority" (deposits balances between $50k-$200k, or home loan balances between $90k-$300k or wealth product balances between $20k-$100k);
  - "Foundation" (personal customers with balances less than those of Priority customers); and
  - "Enterprise" small business (business loan balances less than $250k).

- 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. In accordance with the new business model, IBB is responsible for the following segments:

  - "Corporate and Key Account" (business loan balances greater than $1 million).
  - "Business" (business loan balances between $250k - $1 million).

- 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 Group's initiative to expand rural banking. Customers are serviced through branches, electronic agencies, ATMs, call centres, EFTPOS terminals and Internet banking.

- Wealth Management (WM) – responsible for providing funds management and administration, margin lending, financial planning, investment advice, private banking services and general and life insurance businesses. In accordance with the new business model, WM has accountability for the "Gold" segment (personal customers holding deposit balances greater than $200k or home loan balances greater than $300k or wealth product balances greater than $100k).

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

- Life and general insurance businesses were transferred from PC to WM.
- Small business banking customers with borrowings greater than $250k were transferred from PC to IBB.
- A parcel of leasing business was transferred from IBB to BSA.

Comparatives have been amended accordingly.

While accountability for the Gold segment resides with WM, for segmental reporting purposes the assets, liabilities and results remain within PC.

3.1.10 Segmental Results (cont…)

Personal Customers

PC's contribution to profit before tax grew to $265M for the half-year (31 March 2002: $235M).

- Net interest income grew by $26M or 6.9% reflecting strong growth in both lending balances and deposits.
- Non-interest income grew by $42M or 25.1% compared to the pcp. This growth was primarily driven by higher business volumes, continued growth in electronic banking activities and profit arising from the sale of land and buildings.
- Operating expenses increased by $30M or 10.3% with the expense to income ratio falling to 52.2% for the half-year. Expense growth for the period reflected the impact of increased volumes and additional costs related to key initiatives, including customer segmentation, home loan product and process initiatives and additional training for frontline staff.
- Bad debts expense increased by $9M to $28M compared to the pcp, reflecting additional general provisioning for doubtful debts as a result of growth in risk weighted assets and increased provisioning on consumer loans.

Institutional and Business Banking

IBB's contribution to profit before tax was $165M for the period (31 March 2002: $142M) an increase of 16.2%.

- Net interest income increased by 19.9% to $175M as a result of growth in commercial loans and higher interest income from trading activities.
- Non-interest income fell by $1M reflecting lower non-interest income attributable to trading activities compared to the pcp.
- Operating expenses decreased by $3M to $88M.
- Bad and doubtful debts increased to $16M from $11M in the pcp.
- Share of loss on investments in associates primarily relates to an investment write-down in a pooled development fund.
- IBB's middle market receivables (including bill acceptances) grew by 17.2% compared to the pcp.

BankSA

BSA's contribution to profit before tax was $68M for the half-year (31 March 2002: $59M), an increase of 15.3%, reflecting:

- Growth in net interest income of $9M or 9.0% to $109M, due to the 11.9% increase in BSA's total assets to $7.1 billion (31 March 2002: $6.3 billion).
- Non-interest income increased by $1M to $33M compared to the pcp.
- Operating expenses increased by $1M to $71M from the pcp. The expense to income ratio fell to 50.0% for the half-year from 53.0% in the pcp.

Wealth Management

WM's contribution to profit before tax increased to $40M for the half-year compared to $30M in the pcp. Effective 1 October 2002, life and general insurance businesses were transferred to WM.

The result reflects the following:

- Net interest income fell by $1M to $23M compared to the pcp.
- Non-interest income decreased by $5M to $109M compared to the pcp as a result of the sale of WealthPoint subsidiaries and volatility in equity markets impacting managed funds income.
- Operating expenses decreased by $16M or 15.0% to $91M (31 March 2002: $107M) reflecting savings attributable to EBB initiatives and the sale of WealthPoint subsidiaries.

3.1.10 Segmental Results (cont…)

Comparative figures have been amended to reflect interdivisional business transfers and a refinement of the allocation methodology of "Other" segment results to business divisions. The impact on profit before tax as a result of these changes is as follows:

Half-Year Ended	Sept 2002 $'m	March 2002 $'m
PC		
Profit before tax (previously reported)	237	236
Interdivisional business transfers	(4)	(3)
Allocation of "Other" segment results	5	2
Adjusted profit before tax	238	235
IBB		
Profit before tax (previously reported)	128	133
Interdivisional business transfers	3	1
Allocation of "Other" segment results	8	8
Adjusted profit before tax	139	142
BSA		
Profit before tax (previously reported)	58	54
Allocation of "Other" segment results	3	5
Adjusted profit before tax	61	59
WM		
Profit before tax (previously reported)	32	20
Interdivisional business transfers	1	2
Allocation of "Other" segment results	7	8
Adjusted profit before tax	40	30

3.1.10 Segmental Results (cont…)

For the half-year ended 31 March 2003	Personal Customers $'m	Institutional & Business Banking $'m	BankSA $'m	Wealth Management $'m	Other $'m	Consolidated $'m
Segment revenue						
Net interest income	404	175	109	23	-	711
Non-interest income	209	97	33	109	-	448
Individually significant items	-	-	-	-	-	-
Total segment revenue	613	272	142	132	-	1,159
Segment expense						
Bad and doubtful debts	28	16	3	1	-	48
Operating expenses						
- Other provisions	7	9	2	5	-	23
- Depreciation	29	2	5	1	-	37
- Deferred expenditure amortisation	28	2	4	1	-	35
- Other expenses	256	75	60	84	-	475
Total operating expenses	320	88	71	91	-	570
Individually significant items	-	-	-	-	-	-
Goodwill amortisation	-	-	-	-	54	54
Total segment expenses	348	104	74	92	54	672
Share of loss of investments in associates	-	3	-	-	-	3
Profit/(loss) before income tax expense	265	165	68	40	(54)	484
Expense to income ratio [(1)]	52.2%	32.4%	50.0%	68.9%		
Income tax expense						159
Income tax benefit on individually significant items						-
Profit after income tax						325
Outside equity interest (OEI)						-
Profit after income tax and OEI						325

As at 31 March 2003	Personal Customers $'m	Institutional & Business Banking $'m	BankSA $'m	Wealth Management $'m	Other $'m	Consolidated $'m
Assets						
- investments in associates	-	-	-	-	9	9
- other assets	26,957	18,244	7,085	2,477	2,568	57,331
Segment Assets	26,957	18,244	7,085	2,477	2,577	57,340
Segment Liabilities	21,154	25,968	4,924	484	610	53,140
Other Segment Disclosure						
- Securitised loans	6,653	-	-	-	-	6,653
- Managed funds [(2)]	-	-	-	17,677	-	17,677

(1) Excludes bad and doubtful debts expense, significant items and goodwill amortisation.
(2) St.George's managed funds activities are principally through SEALCORP, Advance Asset Management and St.George Wealth Management. The Group's managed funds comprise funds under management, funds under administration and funds under advice.

3.1.10 Segmental Results (cont…)

For the half-year ended 30 September 2002	Personal Customers $'m	Institutional & Business Banking $'m	BankSA $'m	Wealth Management $'m	Other $'m	Consolidated $'m
Segment revenue						
Net interest income	391	169	104	21	-	685
Non-interest income	179	87	32	125	-	423
Individually significant items	-	-	-	-	18	18
Total segment revenue	570	256	136	146	18	1,126
Segment expense						
Bad and doubtful debts	27	23	3	-	-	53
Operating expenses						
- Other provisions	13	9	3	7	-	32
- Depreciation	25	3	5	1	-	34
- Deferred expenditure amortisation	26	4	5	-	-	35
- Other expenses	241	78	59	98	-	476
Total operating expenses	305	94	72	106	-	577
Individually significant items	-	-	-	-	90	90
Goodwill amortisation	-	-	-	-	54	54
Total segment expenses	332	117	75	106	144	774
Share of loss of investments in associates	-	-	-	-	-	-
Profit/(loss) before income tax expense	238	139	61	40	(126)	352
Expense to income ratio	53.5%	36.7%	52.9%	72.6%		
Income tax expense						135
Income tax benefit on individually significant items						(23)
Profit after income tax						240
Outside equity interest (OEI)						-
Profit after income tax and OEI						240

As at 30 September 2002	Personal Customers $'m	Institutional & Business Banking $'m	BankSA $'m	Wealth Management $'m	Other $'m	Consolidated $'m
Assets						
- investments in associates	-	-	-	-	10	10
- other assets	26,065	17,262	6,666	2,201	2,800	54,994
Segment Assets	26,065	17,262	6,666	2,201	2,810	55,004
Segment Liabilities	19,798	25,345	4,608	390	1,025	51,166
Other Segment Disclosure						
- Securitised loans	5,694	35	-	-	-	5,729
- Managed funds	-	-	-	17,447	-	17,447

3.1.10 Segmental Results (cont…)

For the half-year ended 31 March 2002	Personal Customers $'m	Institutional & Business Banking $'m	BankSA $'m	Wealth Management $'m	Other $'m	Consolidated $'m
Segment revenue						
Net interest income	378	146	100	24	-	648
Non-interest income	167	98	32	114	-	411
Individually significant items	-	-	-	-	-	-
Total segment revenue	545	244	132	138	-	1,059
Segment expense						
Bad and doubtful debts	19	11	3	1	-	34
Operating expenses						
- Other provisions	5	5	1	8	-	19
- Depreciation	24	4	5	1	-	34
- Deferred expenditure amortisation	23	3	4	1	-	31
- Other expenses	238	79	60	97	-	474
Total operating expenses	290	91	70	107	-	558
Individually significant items	-	-	-	-	94	94
Goodwill amortisation	-	-	-	-	56	56
Total segment expenses	309	102	73	108	150	742
Share of loss of investments in associates	1	-	-	-	-	1
Profit/(loss) before income tax expense	235	142	59	30	(150)	316
Expense to income ratio	53.2%	37.3%	53.0%	77.5%		
Income tax expense						135
Income tax benefit on individually significant items						(7)
Profit after income tax						188
Outside equity interest (OEI)						1
Profit after income tax and OEI						187

As at 31 March 2002	Personal Customers $'m	Institutional & Business Banking $'m	BankSA $'m	Wealth Management $'m	Other $'m	Consolidated $'m
Assets						
- investments in associates	-	-	-	-	13	13
- other assets	24,553	17,077	6,330	2,022	2,582	52,564
Segment Assets	24,553	17,077	6,330	2,022	2,595	52,577
Segment Liabilities	18,875	24,677	4,368	257	660	48,837
Other Segment Disclosure						
- Securitised loans	6,009	56	-	-	-	6,065
- Managed funds	-	-	-	17,885	-	17,885

(b) Geographical Segments

The Group operates predominantly in Australia.

3.2 Group Position Summary

As at	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Assets			
Cash and liquid assets [(1)]	**648**	414	462
Due from other financial institutions	**352**	239	248
Trading securities	**5,378**	5,778	4,766
Investment securities	**212**	391	677
Loans and other receivables	**44,718**	42,767	40,811
Bank acceptances of customers	**2,526**	1,662	1,455
Property, plant and equipment	**514**	546	527
Goodwill	**1,321**	1,377	1,431
Other assets	**1,671**	1,830	2,200
Total Assets	**57,340**	55,004	52,577
Liabilities			
Retail funding and other borrowings	**48,209**	46,699	44,572
Due to other financial institutions	**475**	912	787
Bank acceptances	**2,526**	1,662	1,455
Bills payable	**179**	165	157
Other liabilities	**1,751**	1,728	1,866
Total Liabilities	**53,140**	51,166	48,837
Net Assets	**4,200**	3,838	3,740
Shareholders' Equity			
Share capital	**3,399**	3,349	3,271
Reserves	**84**	79	60
Retained profits [(2)]	**362**	71	70
Outside equity interests	**355**	339	339
Total Shareholders' Equity	**4,200**	3,838	3,740
Shareholders' equity as a percentage of total assets	**7.32%**	6.98%	7.11%
Net tangible assets per ordinary share issued	**$4.45**	$3.68	$3.40
Number of ordinary shares issued (000's)	**502,218**	498,098	493,385

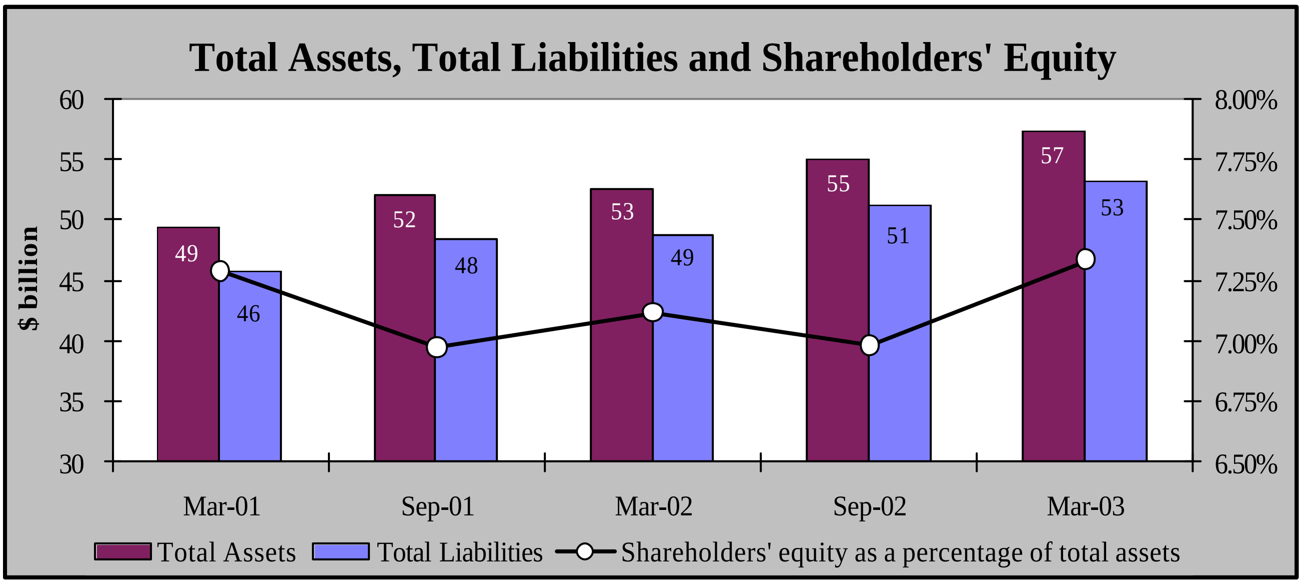
(1) The Bank defines liquids to also include amounts due from other financial institutions, trading securities and investment securities.

(2) In accordance with Accounting Standard AASB 1044, provision for dividends on ordinary shares are no longer recognised until the date they are declared.

3.2.1 Total Assets

Total assets were $57.3 billion at 31 March 2003 (31 March 2002: $52.6 billion), an increase of 9.1%. The following items impacted total assets:

- lending assets (including bank acceptances) grew by 11.5% compared to 31 March 2002; and
- the securitisation of $USD1.1 billion of residential lending receivables through the Crusade Programme in March 2003 (30 September 2002: $AUD 750 million; 31 March 2002: $USD0.9 billion).



3.2.2 Lending Assets

Lending assets (on and off-balance sheet) increased to $53.9 billion (31 March 2002: $48.3 billion) an increase of 11.5%. Annualised growth since 30 September 2002 was 14.9%.

Residential loans (including securitisation) increased by 10.1 % to $38.5 billion from $34.9 billion at 31 March 2002 (within residential loans, home equity loans grew strongly, increasing by 21.5% to $11.0 billion). Annualised growth in residential loans since 30 September 2002 was 12.5%.

Consumer loans (including securitisation) increased by 12.5% to $3.4 billion (31 March 2002: $3.0 billion), driven by growth in personal loan and line of credit products attributable to targeted marketing campaigns. Annualised growth since 30 September 2002 was 15.1%.

Commercial loans (including bill acceptances and securitisation) grew by 16.6% to $11.9 billion from $10.2 billion at 31 March 2002. Annualised growth since 30 September 2002 was 23.5%.

As at	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
RESIDENTIAL			
Housing (1)	**20,790**	20,703	19,908
Home equity loans	**11,014**	9,824	9,066
TOTAL RESIDENTIAL	**31,804**	30,527	28,974
CONSUMER			
Personal loans (2)	**1,765**	1,637	1,577
Line of credit	**776**	654	565
Margin lending	**824**	813	802
TOTAL CONSUMER	**3,365**	3,104	2,944
COMMERCIAL			
Commercial loans	**7,542**	7,205	6,994
Hire purchase (3)	**1,539**	1,462	1,386
Leasing	**318**	308	333
TOTAL COMMERCIAL	**9,399**	8,975	8,713
FOREIGN EXCHANGE CASH ADVANCES	**153**	137	123
STRUCTURED INVESTMENTS	**161**	176	196
GROSS RECEIVABLES	**44,882**	42,919	40,950
GENERAL PROVISION	**164**	152	139
NET RECEIVABLES	**44,718**	42,767	40,811
SECURITISED LOANS (balance not included above)	**6,653**	5,729	6,065
BANK BILL ACCEPTANCES (balance not included above)	**2,526**	1,662	1,455
ON AND OFF BALANCE SHEET RECEIVABLES	**53,897**	50,158	48,331

(1) March 2003 - net of $6,653 million of securitised loans (September 2002: $5,669 million; March 2002: $5,962 million).
(2) March 2003 - net of $nil million of securitised loans (September 2002: $25 million; March 2002: $47 million)
(3) March 2003 - net of $nil million of securitised loans (September 2002: $35 million; March 2002 $56 million)

3.2.3 Impaired Assets

Total impaired assets (net of specific provisions) decreased to $36 million at 31 March 2003 (31 March 2002: $46 million).

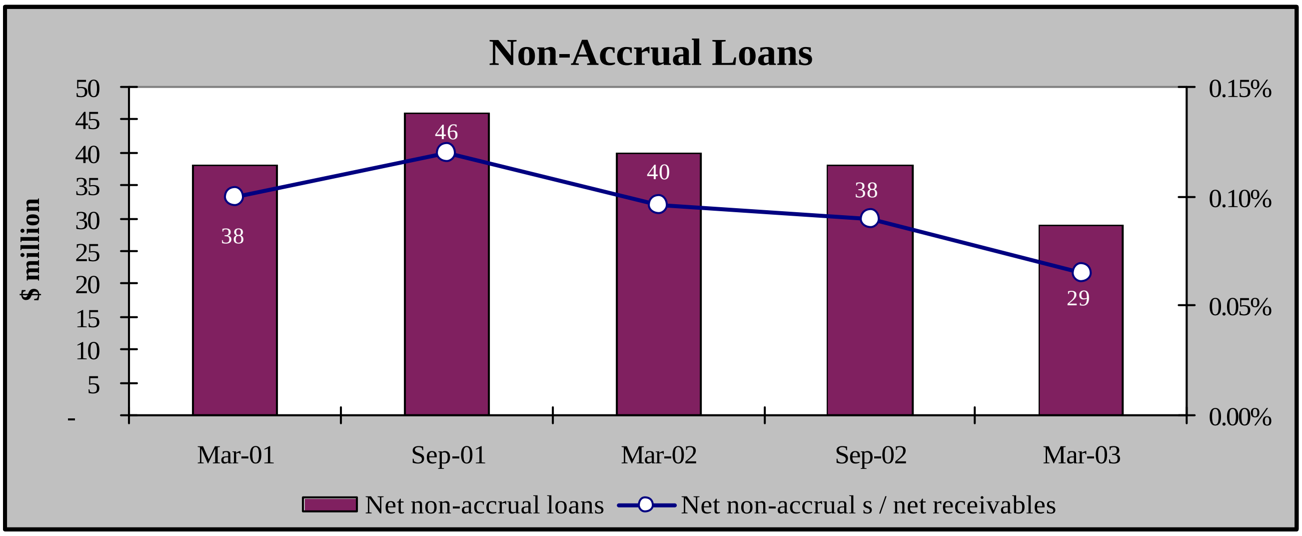
As at	March 2003 $'m	Sept 2002 $'m	March 2002 $'m
Section 1 - Non-Accrual Loans			
With provisions:			
Gross Loan Balances	**53**	64	67
Specific Provisions	**34**	40	34
Net Loan Balances	**19**	24	33
Without provisions:			
Gross Loan Balances	**10**	14	7
Total Non-accrual Loans:			
Gross Loan Balances	**63**	78	74
Specific Provisions	**34**	40	34
Net Loan Balances	**29**	38	40
Section 2 - Restructured Loans (1)			
With provisions:			
Gross Loan Balances	-	-	-
Specific Provisions	-	-	-
Net Loan Balances	-	-	-
Without provisions:			
Gross Loan Balances	-	-	-
Total Restructured Loans:			
Gross Loan Balances	-	-	-
Specific Provisions	-	-	-
Net Loan Balances	-	-	-
Section 3 - Assets acquired through security enforcement			
Other Real Estate Owned	**7**	7	6
TOTAL IMPAIRED ASSETS	**36**	45	46
Section 4 - Past Due Loans (2)			
Residential loans	**75**	63	80
Other	**59**	53	49
Total	**134**	116	129

(1) Loans where the original contractual terms have been amended to provide concessions of interest or principal as a result of customers' financial or other difficulties in complying with the original facility terms.

(2) This category includes loans which are in arrears for 90 or more consecutive days but which are less than $100,000 and well secured. They are not classified as impaired assets.

(3) Balances contained in sections 1, 2 and 3 consist primarily of commercial loans. Unsecured lines of credit, consumer loans, credit cards and other loans with balances less than $100,000 are treated on a portfolio basis. Past due items relates to the Group's entire lending portfolio, but do not include those items already classified as being impaired.

3.2.3 Impaired Assets (cont…)



Past due items were $134 million compared to $129 million at 31 March 2002.

As at	**March 2003**	Sept 2002	March 2002
Specific provision coverage for non-accruals	**53.97%**	51.28%	45.95%
Gross non-accruals / Net receivables	**0.14%**	0.18%	0.18%
Net non-accruals / Net receivables	**0.06%**	0.09%	0.10%

3.2.4 Provisioning

Half-Year Ended	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
GENERAL PROVISION			
Balance at beginning of period	**152**	139	133
Provision acquired	**-**	-	2
Net provision raised during the period	**12**	13	4
Balance at end of period	**164**	152	139
SPECIFIC PROVISION			
Balance at beginning of period	**71**	65	62
Net provision raised during the period	**36**	40	30
Bad debt write offs	**(40)**	(34)	(27)
Balance at end of period	**67**	71	65
TOTAL PROVISION	**231**	223	204

The Bank's general provision for doubtful debts when combined with the tax effected balance of the unearned income on mortgage insurance premiums of $12 million represents 0.53% of risk-weighted assets. The general provision for doubtful debts is not tax effected as it is not determined by reference to statistical techniques.

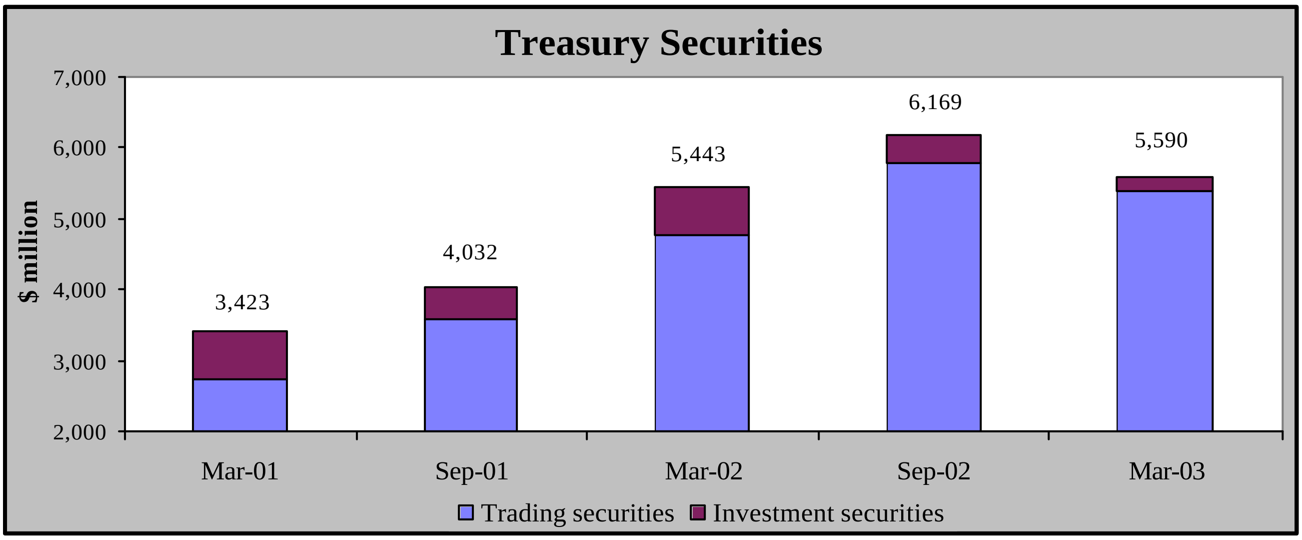
3.2.5 Treasury Securities

The Group's dealing in Treasury Securities comprises holdings of 'Trading' and 'Investment' securities. As at 31 March 2003, total Treasury Securities were $5,590 million (31 March 2002: $5,443 million).

Trading securities are those securities intended for regular trade (*ie:* there is no specific intention to hold the securities to maturity). Trading securities are valued on a mark-to-market basis with unrealised gains and losses recorded in the statement of financial performance.

Investment securities are purchased by the Group with the intention of being held to maturity. They are not identified for regular trade and as such are carried at lower of cost or recoverable amount and reviewed at each reporting date to determine whether they are in excess of their recoverable amount. The book value of investment securities at 31 March 2003 was $212 million and the market value was $201 million. These securities were issued by a range of rated counterparties. They continue to be carried at cost, being their recoverable amount.

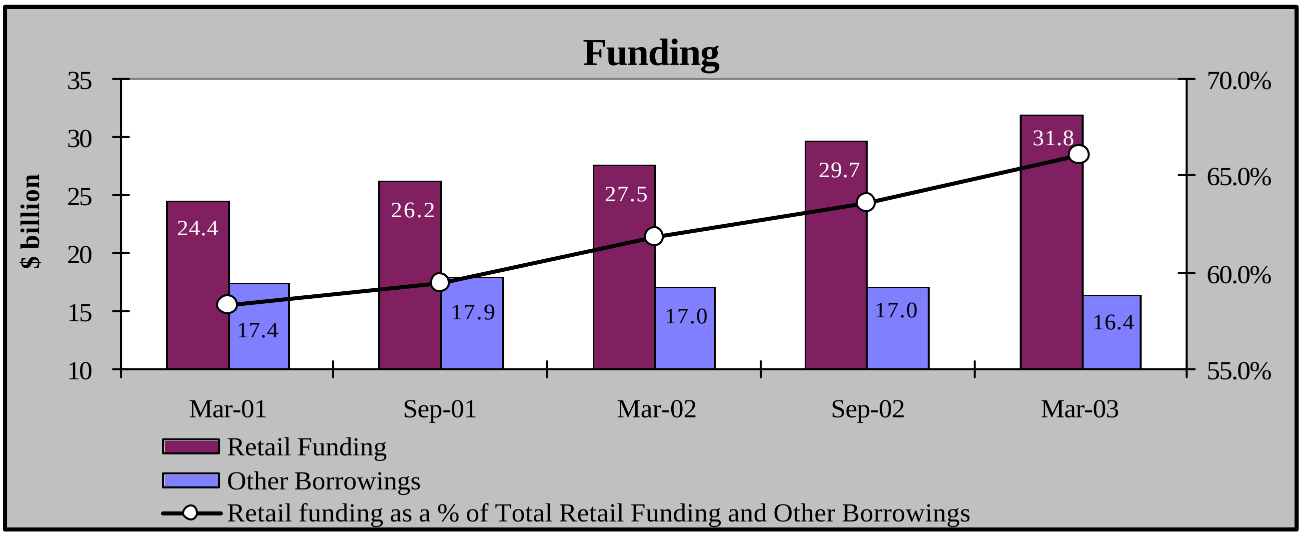
The following graph outlines the changes in the composition of the Group's holdings of Treasury Securities.



3.2.6 Retail Funding and Other Borrowings

Total retail funding and other borrowings have increased to $48.2 billion at 31 March 2003, an increase of 8.2% over 31 March 2002.

As at	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Retail funding	**31,847**	29,670	27,543
Other deposits	**7,816**	6,681	7,625
Offshore borrowings	**5,529**	7,303	6,578
Domestic borrowings	**2,081**	2,043	1,909
Subordinated debts	**936**	1,002	917
Total	**48,209**	46,699	44,572
Retail funding as a % of Total Retail Funding and Other Borrowings	**66.1%**	63.5%	61.8%



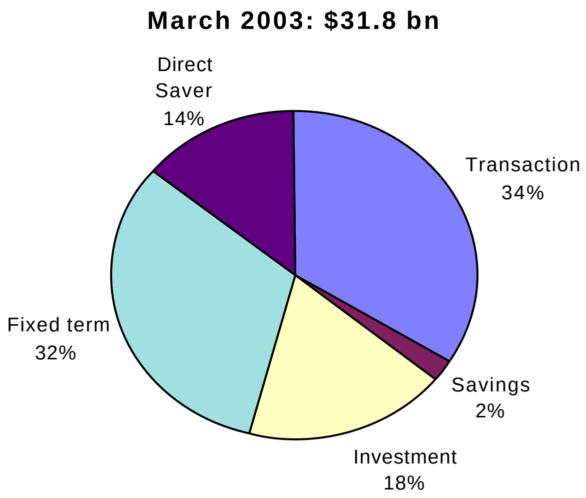
3.2.6 Retail Funding and Other Borrowings (cont…)

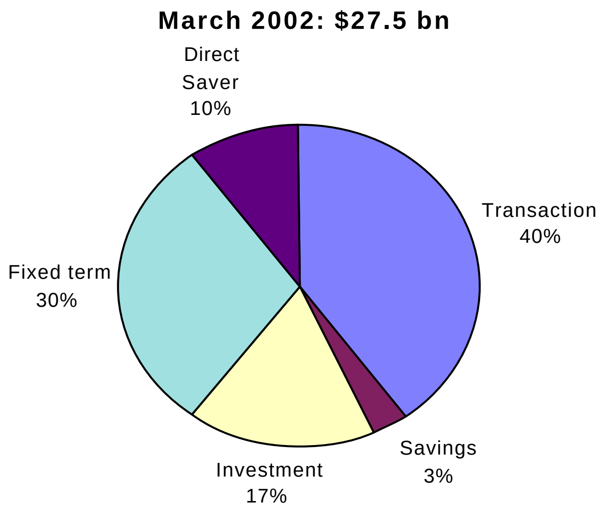
Retail funding

Retail funding has grown strongly by 15.6% to $31.8 billion since 31 March 2002 and accounts for 66.1% of total funding and other borrowings (31 March 2002: 61.8%). Equity market weakness has led to greater customer demand for low risk bank deposit products.

The improvement also resulted from the delivery of convenient and competitively priced retail funding products which include the directsaver account from the dragondirect channel and the Portfolio Cash Management Account (Portfolio CMA). The balance of directsaver accounts at 31 March 2003 was $4.3 billion up from $2.7 billion at 31 March 2002. The balance of Portfolio CMA at 31 March 2003 was $4.9 billion up from $3.4 billion at 31 March 2002.

The graphs below illustrates the diversification of the Bank's retail funding base.



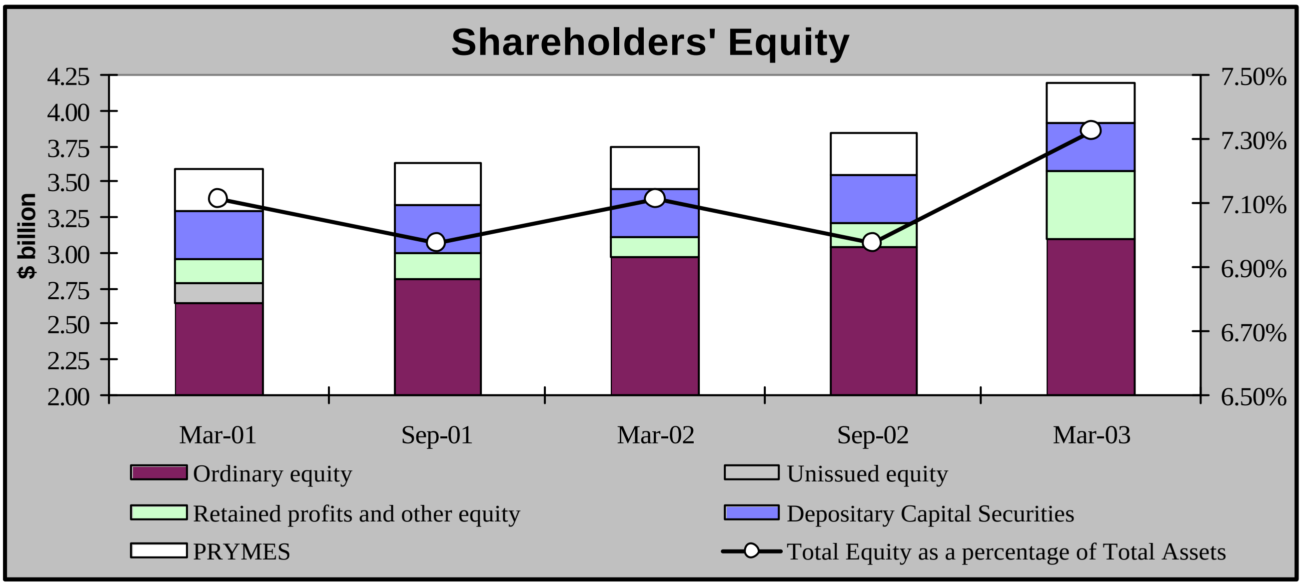


Other borrowings

Other borrowings decreased to $16.4 billion from $17.0 billon at 31 March 2002.

3.2.7 Shareholders' Equity

Shareholders' equity of $4,200 million represents 7.32% of total assets as at 31 March 2003.



Shareholders' equity comprises ordinary equity of $3,093 million, preferred resetting yield marketable equity securities of $291 million, depositary capital securities of $334 million, and retained profits and other equity of $482 million.

Below is a table detailing the movements in ordinary equity during the half-year.

	$M	Number of Shares
Balance as at 1 October 2002	3,043	498,097,921
Shares issued under various plans:		
Dividend Reinvestment Plan – 2002 final ordinary dividend	46	2,547,485
Employee Reward Share Plan	-	348,516
Employee Performance Share Plan	-	874,042
Executive Option Plan	4	350,000
Balance as at 31 March 2003	3,093	502,217,964

3.2.8 Sell Back Rights

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 Sell Back Rights would be liable to income tax on the market value of these Rights.

Shareholders were informed in November 2002, that St.George would continue to contest the ATO's view on behalf of shareholders, so long as there is a strong prospect of obtaining a satisfactory outcome. At present, St.George continues to proceed with this litigation, which will be heard in the Federal Court.

In accordance with the court procedures, documents were filed by the parties in January and February. A hearing on this matter has been set down for the 25th and 26th September 2003. St.George will continue to advise shareholders of any further development in the litigation.

3.3 Other Financial Analysis

3.3.1 Dividends

Ordinary Shares

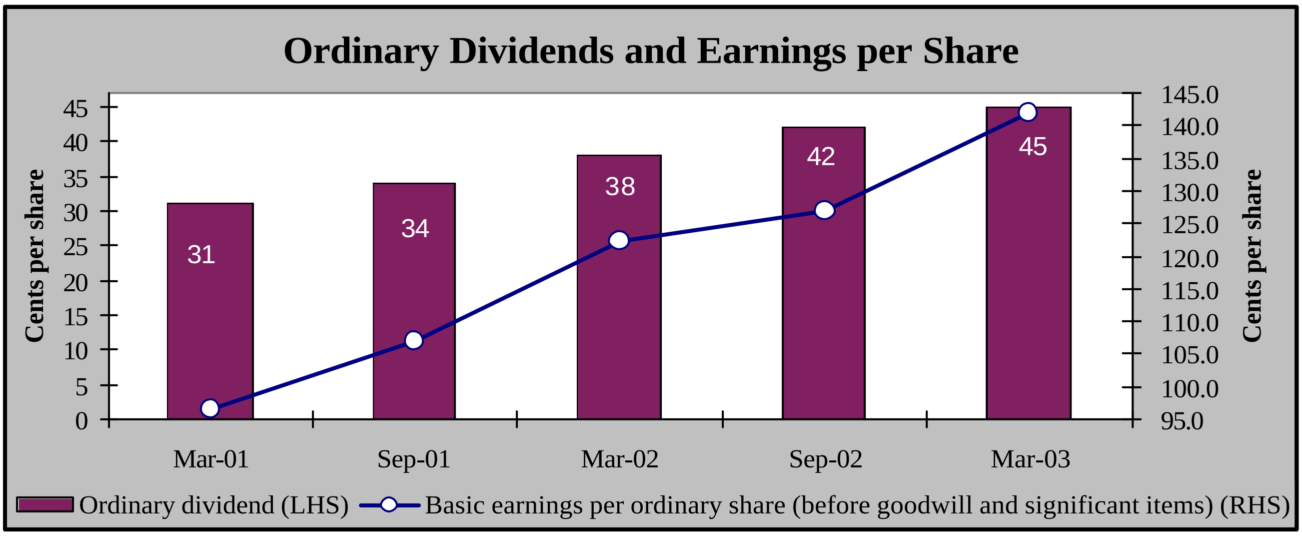
The Board has declared an interim dividend of 45 cents per ordinary share.

The dividend will be fully franked at 30% and will be paid on 2 July 2003. Ordinary shares will trade ex-dividend on 12 June 2003.

Registrable transfers received by St.George at its share registry[1] by 5.00 pm Sydney time on 18 June 2003 if paper based, or by end of the day on that date if transmitted electronically via CHESS, will be registered before entitlements to the dividend are determined.

Dividend Reinvestment Plan (DRP)

The DRP will operate for the interim ordinary dividend with no discount. Participation will be from a minimum of 100 ordinary shares without a cap on participation by individual shareholders. For applications under the DRP to be effective, they must be received at the Bank's Share Registry[1] by 5:00pm on 18 June 2003. DRP application forms are available from the Share Registry.



Preference Shares

The following tables outline the dividend entitlements relating to each class of Preference Share.

Depositary Capital Securities			
Period	Payment date	Amount ($'m)	Franked
1 October 2002 – 31 December 2002	31 December 2002	9	No
1 January 2003 – 31 March 2003	30 June 2003	9	No

The dividend payable on 30 June 2003 is based on the AUD/USD exchange rate at 31 March 2003.

Preferred Resetting Yield Marketable Equity Securities			
Period	Payment date	Amount ($'m)	Franked
1 October 2002 – 20 February 2003	20 February 2003	7	100% franked at 30%
21 February 2003 – 31 March 2003	20 August 2003	2	100% franked at 30%

[1] Computershare Investor Services Pty Ltd, Level 3, 60 Carrington Street, Sydney. Tel: 1800 804 457

3.3.2 Capital Adequacy

The Group has a Tier 1 ratio of 7.7% and a total capital ratio of 10.6% (31 March 2002: 10.8%).

As at	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Qualifying Capital			
Tier 1			
Share capital	**3,399**	3,349	3,271
Reserves	**471**	548	571
Retained profits	**362**	71	70
Less: Expected dividend(1)	**(177)**	-	-
Goodwill and other APRA deductions (2)	**(1,485)**	(1,527)	(1,571)
Total Tier 1 Capital	**2,570**	2,441	2,341
Tier 2			
Asset revaluations	**38**	47	27
Perpetual note	**17**	-	-
Subordinated debt	**781**	907	821
General provision for doubtful debts (not tax effected)	**164**	152	139
Total Tier 2 Capital	**1,000**	1,106	987
Deductions from Capital			
Investments in non-consolidated entities net of goodwill Tier 1 deductions(3)	**27**	27	27
Other	**1**	13	13
Total Deductions from Capital	**28**	40	40
Total Qualifying Capital	**3,542**	3,507	3,288
Risk Weighted Assets	**33,407**	32,495	30,374
Risk Weighted Capital Adequacy Ratio			
Tier 1	**7.7%**	7.5%	7.7%
Tier 2	**3.0%**	3.4%	3.2%
Deductions	**-0.1%**	-0.1%	-0.1%
Total Capital Ratio	**10.6%**	10.8%	10.8%

(1) In accordance with AASB 1044, provision for dividends on ordinary shares can only be recognised when declared. However, for capital adequacy purposes, expected dividends on ordinary shares are required to be deducted from capital.
(2) Investments (pre-acquisition retained earnings) in funds management and administration companies and the investment in mortgage insurance company (St.George Insurance Pte. Ltd.) are deducted from Tier 1 Capital.
(3) Holdings of other banks' capital instruments and investments (excluding pre-acquisition retained earnings) in funds management and administration companies and life insurance companies are deducted from the total of Tier 1 and Tier 2 capital.

The Adjusted Common Equity Ratio was 5.5% at 31 March 2003 up from 5.1% at 31 March 2002.

As at	**March 2003 $'m**	Sept 2002 $'m	March 2002 $'m
Adjusted Common Equity Ratio			
Tier 1 Capital	**2,570**	2,441	2,341
Less: PRYMES	**291**	291	291
Depositary Capital Securities	**414**	460	470
Investment in non-consolidated entities net of goodwill Tier 1 deduction	**27**	27	27
Adjusted Common Equity	**1,838**	1,663	1,553
Risk Weighted Assets	**33,407**	32,495	30,374
Adjusted Common Equity Ratio	**5.5%**	5.1%	5.1%

3.3.3 Average Balances and Related Interest

Average Balances and Related Interest
For the Half-Year Ended 31 March 2003

	Average Balance $m	Interest $m	Average Rate (1)
INTEREST EARNING ASSETS			
Cash and liquid assets	521	12	4.61%
Due from other financial institutions	139	2	2.88%
Investment / trading securities	5,623	138	4.91%
Loans and other receivables	44,466	1,515	6.81%
Total interest earning assets	50,749	1,667	6.57%
NON-INTEREST EARNING ASSETS			
Bills receivable	24		
Property, plant and equipment	526		
Other assets	5,319		
Provision for doubtful debts	(229)		
Total non-interest earning assets	5,640		
TOTAL ASSETS	56,389		
INTEREST BEARING LIABILITIES			
Retail funding	30,807	500	3.25%
Other deposits	8,067	204	5.06%
Due to other financial institutions	319	5	3.13%
Domestic borrowings	2,268	63	5.56%
Offshore borowings	7,055	184	5.22%
Total interest bearing liabilities	48,516	956	3.94%
NON-INTEREST BEARING LIABILITIES			
Bills payable	155		
Other non-interest bearing liabilities	3,617		
Total non-interest bearing liabilities	3,772		
TOTAL LIABILITIES	52,288		
SHAREHOLDERS' EQUITY (2)	4,101		
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	56,389		
Interest Spread (3)			2.63%
Interest Margin (4)			2.80%

(1) Annualised.
(2) Basic weighted average number of ordinary shares outstanding for the half-year were 500.8 million.
(3) Interest spread represents the difference between the average interest rate earned on assets and the average interest rate paid on funds.
(4) Interest margin represents net interest income as a percentage of average interest earning assets.

3.3.3 Average Balances and Related Interest (cont…)

Average Balances and Related Interest For the Half-Year Ended 30 September 2002	**Average Balance $m**	**Interest $m**	**Average Rate (1)**
INTEREST EARNING ASSETS			
Cash and liquid assets	617	14	4.54%
Due from other financial institutions	175	3	3.43%
Investment / trading securities	5,366	122	4.55%
Loans and other receivables	42,344	1,432	6.76%
Total interest earning assets	48,502	1,571	6.48%
NON-INTEREST EARNING ASSETS			
Bills receivable	3		
Property, plant and equipment	532		
Other assets	5,197		
Provision for doubtful debts	(207)		
Total non-interest earning assets	5,525		
TOTAL ASSETS	54,027		
INTEREST BEARING LIABILITIES			
Retail funding	28,642	448	3.13%
Other deposits	7,733	193	4.99%
Due to other financial institutions	421	5	2.38%
Domestic borrowings	2,296	63	5.49%
Offshore borowings	7,770	177	4.56%
Total interest bearing liabilities	46,862	886	3.78%
NON-INTEREST BEARING LIABILITIES			
Bills payable	181		
Other non-interest bearing liabilities	3,175		
Total non-interest bearing liabilities	3,356		
TOTAL LIABILITIES	50,218		
SHAREHOLDERS' EQUITY (2)	3,809		
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	54,027		
Interest Spread (3)			2.70%
Interest Margin (4)			2.82%

(1) Annualised.
(2) Basic weighted average number of ordinary shares outstanding for the half-year were 495.9 million.
(3) Interest spread represents the difference between the average interest rate earned on assets and the average interest rate paid on funds.
(4) Interest margin represents net interest income as a percentage of average interest earning assets.

3.3.3 Average Balances and Related Interest (cont…)

Average Balances and Related Interest
For the Half-Year Ended 31 March 2002

	Average Balance $m	Interest $m	Average Rate (1)
INTEREST EARNING ASSETS			
Cash and liquid assets	696	15	4.31%
Due from other financial institutions	213	3	2.82%
Investment / trading securities	4,685	106	4.53%
Loans and other receivables	41,161	1,369	6.65%
Total interest earning assets	46,755	1,493	6.39%
NON-INTEREST EARNING ASSETS			
Bills receivable	9		
Property, plant and equipment	534		
Other assets	5,508		
Provision for doubtful debts	(199)		
Total non-interest earning assets	5,852		
TOTAL ASSETS	52,607		
INTEREST BEARING LIABILITIES			
Retail funding	27,025	412	3.05%
Other deposits	7,679	177	4.61%
Due to other financial institutions	363	4	2.20%
Domestic borrowings	2,483	67	5.40%
Offshore borowings	8,429	185	4.39%
Total interest bearing liabilities	45,979	845	3.68%
NON-INTEREST BEARING LIABILITIES			
Bills payable	160		
Other non-interest bearing liabilities	2,730		
Total non-interest bearing liabilities	2,890		
TOTAL LIABILITIES	48,869		
SHAREHOLDERS' EQUITY (2)	3,738		
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	52,607		
Interest Spread (3)			2.71%
Interest Margin (4)			2.77%

(1) Annualised.
(2) Basic weighted average number of ordinary shares outstanding for the half-year were 489.8 million.
(3) Interest spread represents the difference between the average interest rate earned on assets and the average interest rate paid on funds.
(4) Interest margin represents net interest income as a percentage of average interest earning assets.

3.3.4 Volume and Rate Analysis

The table below allocates changes in interest income and interest expense between changes in volume and rate for the half-years ended 31 March 2003 and 30 September 2002. Volume and rate variances have been calculated on the movement in average balances and the change in the interest rates on average interest earning assets and average interest bearing liabilities.

	March 2003 over September 2002			September 2002 over March 2002		
	-----------Change Due To-----------			-------------Change Due To-----------		
	Volume	**Rate**	**Total**	Volume	Rate	Total
	$ m	**$ m**	**$ m**	$ m	$ m	$ m
INTEREST EARNING ASSETS :						
Cash and liquid assets	**(2)**	**-**	**(2)**	(2)	1	(1)
Due from other financial institutions	**(1)**	**-**	**(1)**	(1)	1	-
Investment / trading securities	**6**	**10**	**16**	15	1	16
Loans and other receivables	**72**	**11**	**83**	40	23	63
CHANGE IN INTEREST INCOME	**75**	**21**	**96**	52	26	78
INTEREST BEARING LIABILITIES :						
Retail funding	**35**	**17**	**52**	25	11	36
Other deposits	**8**	**3**	**11**	1	15	16
Due to other financial institutions	**(2)**	**2**	**-**	1	-	1
Domestic borrowings	**(1)**	**1**	**-**	(5)	1	(4)
Offshore borrowings	**(19)**	**26**	**7**	(15)	7	(8)
CHANGE IN INTEREST EXPENSE	**21**	**49**	**70**	7	34	41
CHANGE IN NET INTEREST INCOME	**54**	**(28)**	**26**	45	(8)	37

3.3.5 Derivatives

The major categories of risk managed by the Group are credit risk, market risk, liquidity risk and operational risk. The Group uses derivatives as a cost effective way of managing market risk. Derivatives incur extremely low transaction costs in comparison to the face value of the contract. Prudent management of market risk involves the use of derivatives to transfer all or part of the risk to counterparties who are willing to accept it. Derivatives therefore provide protection to income streams from volatile interest and foreign exchange rates in the financial markets.

The following table provides an overview of the Group's exchange rate and interest rate derivatives. It includes all trading and non-trading contracts.

As at	**31 March 2003**		30 September 2002		31 March 2002	
	Notional Amount	**Credit Equivalent***	Notional Amount	Credit Equivalent*	Notional Amount	Credit Equivalent*
	$m	**$m**	$m	$m	$m	$m
Foreign Exchange						
Spot, Forwards	**13,605**	**275**	15,063	328	13,576	302
Swaps	**5,475**	**278**	5,336	643	4,864	787
Options	**1,458**	**-**	571	16	956	11
Total	**20,538**	**553**	20,970	987	19,396	1,100
Interest Rate						
Futures	**33,746**	**-**	29,179	-	17,117	-
Forward Rate Agreements	**20,835**	**1**	20,180	5	11,321	9
Swaps	**61,310**	**367**	62,457	445	67,687	391
Options	**38**	**-**	16	-	66	-
Total	**115,929**	**368**	111,832	450	96,191	400
Grand Total	**136,467**	**921**	132,802	1,437	115,587	1,500

* Credit Equivalent - represents a measure of the potential loss to the Group as a result of non-performance by counterparties.

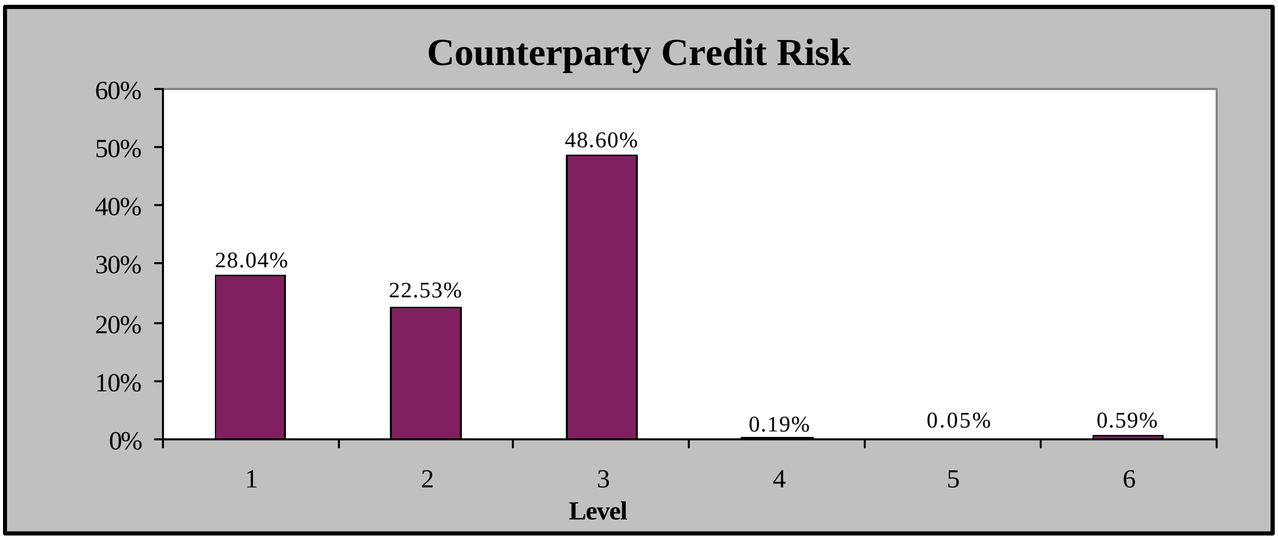
The Group's major use of derivatives is as a hedge for balance sheet assets, the primary exposure to derivative transactions is with counterparties that are rated investment grade quality.

3.3.5 Derivatives (cont…)

The St.George risk rating system has six levels of classification based upon Standard and Poor's International Rating system. The levels are:

Level	International Rating
1	AAA
2	AA or better
3	A or better
4	BBB or better
5	BBB-
6	BB+

The graph below shows the percentage counterparty risk exposure on derivatives on a notional contract basis totalling $136.5 billion as at 31 March 2003 (31 March 2002: $115.6 billion).



3.3.6 Share and Option Plans

Three employee share plans and one executive option plan were approved by shareholders at the Annual General Meeting of the Bank held on 3 February 1998. A Non-Executive Directors' Share Purchase Plan was approved by shareholders at the Annual General Meeting held on 17 December 1999.

Employee Reward Share Plan

The Employee Reward Share Plan provides eligible employees with up to $1,000 value in ordinary shares per annum at no cost. Allocations under the Plan are subject to the achievement of predetermined performance targets as set by the Board and communicated to staff.

Details of issues under this plan are as follows:

Allocation Date	Number of Shares Allocated	Issue Price ($)	Participating Employees	Shares/Employee
22-Nov-2002	348,516	18.30	6,454	54

Employee Share Purchase Plan

All permanent salary packaged employees with continuous service of at least one year as at any relevant share acquisition date, are eligible to participate in the Employee Share Purchase Plan.

Details of shares acquired under this plan are as follows:

Allocation Date	Number of Shares Acquired	Average Purchase Price ($)	Participating Employees
22-Nov-2002	36,108	18.11	134
24-Dec-2002	104,511	17.80	142

Shares are acquired on market. In consideration for the shares allocated, employees forego remuneration equivalent to the market value of the shares on the date of issue, less brokerage and at a discount equivalent to that available under the Bank's Dividend Reinvestment Plan, when operational.

3.3.6 Share and Option Plans (cont…)

Employee Performance Share Plan (Performance Share Plan)

In accordance with the Rules of the Performance Share Plan and as approved by shareholders, share allocations can occur by allotment or by purchase on market. The Board will assess the most appropriate basis of allocation at the time each award is exercised.

The market price of the Bank's shares at 31 March 2003 was $19.21 (31 March 2002: $18.28). The outstanding awards have a market value of $23.0 million as at 31 March 2003.

Awards outstanding as at 1 October 2002 have been amended for awards reinstated during the half-year. Details of awards, comprising rights over unissued ordinary shares, granted under the Performance Share Plan are as follows:

			Movement during the period				
Date Awards Granted	Vesting Date	Awards Outstanding 1 Oct 2002	Number of Awards Granted	Number of Awards Forfeited	Number of Shares Allotted	Awards Outstanding 31 Mar 2003	Senior Executives in Plan
31-Aug-98	23-Feb-01	9,000			9,000	-	
02-Jun-99	08-Dec-02	3,000				3,000	} 1
02-Jun-99	08-Jun-03	3,000				3,000	}
20-Dec-99	20-Dec-02	3,000			3,000	-	}
01-Nov-00	15-Nov-02	545,000			537,934	7,066	3
01-Nov-00	15-Nov-03	308,494		7,277	83,324	217,893	76
06-Nov-00	06-Nov-02	1,800			1,800	-	} 1
06-Nov-00	06-Nov-03	1,800				1,800	}
29-Jan-01	15-Nov-02	4,000			4,000	-	} 1
29-Jan-01	15-Nov-03	2,000				2,000	}
05-Feb-01	15-Nov-02	22,711			17,333	5,378	} 4
05-Feb-01	15-Nov-03	9,447			405	9,042	}
05-Mar-01	15-Nov-02	3,000			3,000	-	} 1
05-Mar-01	15-Nov-03	1,500				1,500	}
14-Mar-01	15-Nov-02	1,047			1,047	-	} 1
14-Mar-01	15-Nov-03	897				897	}
19-Mar-01	15-Nov-02	2,571			2,571	-	} 1
19-Mar-01	15-Nov-03	1,929				1,929	}
12-Apr-01	15-Nov-02	4,706			4,706	-	} 1
12-Apr-01	15-Nov-03	4,033				4,033	}
01-Jul-01	15-Nov-02	750			750	-	} 1
01-Jul-01	15-Nov-03	1,500				1,500	}
01-Oct-01	15-Nov-03	284,627		2,431	63,635	218,561	102
01-Oct-01	15-Nov-04	236,045		23,571		212,474	107
01-Oct-01	15-Nov-04	236,045		32,818		203,227	96
02-Jan-02	15-Nov-03	2,278				2,278	}
02-Jan-02	15-Nov-04	2,278				2,278	} 1
02-Jan-02	15-Nov-04	2,278				2,278	}
24-Jan-02	15-Nov-02	12,482			12,482	-	} 1
24-Jan-02	15-Nov-03	12,482				12,482	}
24-Jan-02	15-Nov-03	1,344				1,344	}
24-Jan-02	15-Nov-04	1,344				1,344	} 1
24-Jan-02	15-Nov-04	1,344				1,344	}
31-Jan-02	15-Nov-02	24,409			24,409	-	} 1
31-Jan-02	15-Nov-03	24,409				24,409	}
31-Jan-02	15-Nov-03	3,872				3,872	}
31-Jan-02	15-Nov-04	3,872				3,872	} 1
31-Jan-02	15-Nov-04	3,872				3,872	}
01-Feb-02	15-Nov-03	911				911	}
01-Feb-02	15-Nov-04	911				911	} 1
01-Feb-02	15-Nov-04	911				911	}

3.3.6 Share and Option Plans (cont…)

			Movement during the period				
Date Awards Granted	Vesting Date	Awards Outstanding 1 Oct 2002	Number of Awards Granted	Number of Awards Forfeited	Number of Shares Allotted	Awards Outstanding 31 Mar 2003	Senior Executives in Plan
25-Feb-02	25-Feb-03	2,797				2,797	
25-Feb-02	25-Feb-04	2,797				2,797	1
25-Feb-02	25-Feb-05	2,797				2,797	
25-Feb-02	15-Nov-03	3,729				3,729	
25-Feb-02	15-Nov-04	3,729				3,729	1
25-Feb-02	15-Nov-04	3,729				3,729	
03-Apr-02	15-Nov-02	12,710			12,710	-	1
03-Apr-02	15-Nov-03	12,710				12,710	
03-Apr-02	25-Feb-03	911				911	
03-Apr-02	25-Feb-04	911				911	1
03-Apr-02	25-Feb-05	911				911	
04-Apr-02	24-Jun-02	3,676			3,676	-	
04-Apr-02	24-Jun-03	3,676				3,676	1
04-Apr-02	24-Jun-04	3,676				3,676	
04-Apr-02	15-Nov-03	1,488				1,488	
04-Apr-02	15-Nov-04	1,488				1,488	1
04-Apr-02	15-Nov-04	1,488				1,488	
08-Apr-02	15-Nov-02	13,144			13,144	-	1
08-Apr-02	15-Nov-03	13,144				13,144	
08-Apr-02	15-Nov-03	1,298				1,298	
08-Apr-02	15-Nov-04	1,298				1,298	1
08-Apr-02	15-Nov-04	1,298				1,298	
01-May-02	15-Nov-02	10,949			10,949	-	1
01-May-02	15-Nov-03	10,949				10,949	
01-May-02	15-Nov-03	729				729	
01-May-02	15-Nov-04	729				729	1
01-May-02	15-Nov-04	729				729	
15-May-02	15-Nov-02	7,119			7,119	-	1
15-May-02	15-Nov-03	7,119				7,119	
15-May-02	15-Nov-03	911				911	
15-May-02	15-Nov-04	911				911	1
15-May-02	15-Nov-04	911				911	
16-May-02	15-Nov-02	9,477			9,477	-	1
16-May-02	15-Nov-03	9,477				9,477	
16-May-02	15-Nov-03	1,162				1,162	
16-May-02	15-Nov-04	1,162				1,162	1
16-May-02	15-Nov-04	1,162				1,162	
02-Jun-02	22-Jul-02	20,000			20,000	-	
02-Jun-02	22-Jul-03	20,000				20,000	1
02-Jun-02	22-Jul-04	20,000				20,000	
02-Jun-02	22-Jul-05	20,000				20,000	
02-Jun-02	15-Nov-03	1,155				1,155	
02-Jun-02	15-Nov-04	1,155				1,155	1
02-Jun-02	15-Nov-04	1,155				1,155	
27-Jun-02	15-Nov-03	454				454	
27-Jun-02	15-Nov-04	454				454	1
27-Jun-02	15-Nov-04	454				454	
01-Jul-02	01-Jul-02	2,571			2,571	-	
01-Jul-02	01-Jul-03	2,571				2,571	1
01-Jul-02	01-Jul-04	2,571				2,571	
01-Jul-02	15-Nov-03	864				864	
01-Jul-02	15-Nov-04	864				864	1
01-Jul-02	15-Nov-04	864				864	
01-Oct-02	15-Nov-04	-	21,433			21,433	
01-Oct-02	15-Nov-04	-	21,433			21,433	8
01-Oct-02	15-Nov-05	-	21,433			21,433	
12-Dec-02	12-Dec-02	-	25,000		25,000	-	
24-Feb-03	24-Feb-03	-	3,147			3,147	1
TOTAL		2,042,932	92,446	66,097	874,042	1,195,239	

3.3.6 Share and Option Plans (cont…)

Executive Option Plan (Option Plan)

Executive officers are eligible to participate in the Option Plan. Exercise is conditional upon the Group achieving a prescribed performance hurdle. Separate performance hurdles have been established in relation to the exercise of the Managing Director's options. The options do not grant rights to the option holders to participate in a share issue of any other body corporate. Non-executive directors are ineligible to participate in the Option Plan.

Details of options granted under the Option Plan are as follows:

Date Options Granted	Exercise Period [1]	Exercise Price [2] ($)	Options Outstanding 1 Oct 2002	Movement during the period: Number of Options Granted	Number of Options Forfeited	Number of Options Exercised	Options Outstanding 31 Mar 2003	Senior Executives in Plan [3]
30-Nov-98	15-Nov-02 to 30-Nov-03	10.30	75,000			75,000	-	
30-Nov-98	15-Nov-03 to 30-Nov-03	10.30	75,000			75,000	-	
30-Nov-98	30-Nov-01 to 30-Nov-03	10.30	120,000			120,000	-	
02-Jun-99	08-Dec-02 to 02-Jun-04	10.73	30,000				30,000 }	1
02-Jun-99	08-Jun-03 to 02-Jun-04	10.73	30,000				30,000 }	
03-Nov-99	08-Nov-02 to 08-May-03	10.34	45,000				45,000	
20-Dec-99	20-Dec-02 to 20-Dec-04	10.86	80,000			80,000	-	
17-Mar-00	17-Mar-03 to 17-Mar-05	11.39	30,000				30,000	1
01-Nov-00	15-Nov-03 to 01-Nov-05	11.14	66,667		66,667		-	
01-Oct-01	15-Nov-03 to 01-Oct-06	14.64	66,667		66,667		-	
01-Oct-01	15-Nov-04 to 01-Oct-06	14.64	133,334		133,334		-	
12-Dec-01	12-Jun-04 to 12-Dec-06	16.91	250,000				250,000 }	
12-Dec-01	12-Jun-05 to 12-Dec-06	16.91	250,000				250,000 }	1
12-Dec-01	12-Jun-06 to 12-Dec-06	16.91	500,000				500,000 }	
01-Oct-02	15-Nov-04 to 01-Oct-07	18.16	-	148,429			148,429 }	
01-Oct-02	15-Nov-04 to 01-Oct-07	18.16	-	148,429			148,429 }	8
01-Oct-02	15-Nov-05 to 01-Oct-07	18.16	-	148,429			148,429 }	
		TOTAL	1,751,668	445,287	266,668	350,000	1,580,287	

1. The options may be exercisable at an earlier date as prescribed by the rules of the Option Plan.
2. A premium is added to the exercise price of the options that represents the time value of money component of the value of the options (calculated as the difference between the actual dividend and bond yields for the period from the Grant Date of the options to the earliest exercise date). The exercise price represents the market value of the Bank's ordinary shares at the Grant Date of the options. This market value represents the weighted average trading price during the five trading days prior to the Grant Date, calculated in accordance with the rules of the Option Plan.
3. Participating executives are required to hold a minimum of 5,000 ordinary shares in the Bank in order to participate in the Option Plan.

Non-Executive Directors' Share Purchase Plan (Directors' Plan)

All non-executive directors are eligible to participate in the Directors' Plan. Ordinary shares are acquired on market. In consideration for the shares acquired on their behalf, non-executive directors forego directors' fees equivalent to the purchase price of the shares less brokerage and a discount equivalent to that available under the Bank's Dividend Reinvestment Plan when operational.

Details of shares allocated under the Directors' Plan are as follows:

Allocation Date	Shares Acquired	Average Purchase Price ($)	Participating Non-Executive Directors
22-Nov-2002	10,212	18.11	6

4 Further Information

4.1 Branches

As at	**March 2003**	Sept 2002	March 2002
New South Wales	**225**	225	222
Australian Capital Territory	**14**	14	14
Queensland	**23**	22	22
Victoria	**30**	30	30
South Australia	**111**	109	111
Western Australia	**2**	2	2
Northern Territory	**4**	4	4
Total	**409**	406	405
Assets per branch - $m	**140**	135	130
Net Profit [(1)] per branch (annualised)			
- after income tax, OEI and before goodwill and significant items - $'000	**1,853**	1,690	1,630
- after income tax, OEI, goodwill and before significant items - $'000	**1,589**	1,424	1,353

(1) Before Preference Dividends.

4.2 Staffing (full time equivalents)

As at	**March 2003**	Sept 2002	March 2002
New South Wales	**4,372**	4,573	4,588
Australian Capital Territory	**143**	151	148
Queensland	**228**	225	228
Victoria	**262**	253	266
South Australia	**1,174**	1,199	1,216
Western Australia	**90**	86	82
Northern Territory	**31**	30	32
New Zealand	**12**	-	-
	6,312	6,517	6,560
SEALCORP	**591**	589	594
Scottish Pacific	**144**	143	141
WEL Ltd (formerly WealthPoint Ltd)[(1)]	-	93	168
Total Permanent and Casual Staff	**7,047**	7,342	7,463
Assets per staff - $m	**8.1**	7.5	7.0
Staff per $m assets - No.	**0.12**	0.13	0.14
Net Profit [(2)] per average staff (annualised)			
- after income tax, OEI and before goodwill and significant items - $'000	**106.5**	92.3	90.5
- after income tax, OEI, goodwill and before significant items - $'000	**91.3**	77.8	75.1
Total Group Workforce[(3)]	**7,579**	7,896	8,164

(1) Remaining WEL Limited staff have been transferred to SEALCORP.
(2) Before Preference Dividends.
(3) The total Group workforce comprises permanent, casual and temporary staff and contractors.

4.3 Dates and Credit Ratings

Financial Calendar

Date	Event
6 May 2003	Announcement of financial results and interim ordinary share dividend
26 May 2003	Melbourne Shareholder Information Meeting
12 June 2003	Ex-dividend trading for interim ordinary share dividend
18 June 2003	Record date for interim ordinary share dividend
2 July 2003	Payment of interim ordinary share dividend

Proposed Dates

Date	Event
31 July 2003	Ex-dividend trading for PRYMES
6 August 2003	Record date for PRYMES
20 August 2003	Payment date for PRYMES
5 November 2003	Announcement of financial results and final ordinary share dividend
1 December 2003	Ex-dividend trading for final ordinary share dividend
5 December 2003	Record date for final ordinary share dividend
19 December 2003	Payment of final ordinary share dividend
19 December 2003	Annual General Meeting

Credit Ratings

	Short term	Long term
Standard & Poor's	A-1	A
Moody's Investors Service	P-1	A2
Fitch Ratings	F1	A+

Further Information

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