St.George Bank Limited

ABN 92 055 513 070

APPENDIX 4D

PRELIMINARY INTERIM REPORT

for the half-year ended

31 March 2004

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4 May 2004

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

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r e l e a s e

4 May 2004
RE010504

St.George reports 18.8% increase in interim profit, 33.3% increase in the interim dividend and upgrades the 2004 EPS target

Mr Frank Conroy, Chairman of St.George Bank, today announced an interim profit after tax of $354 million for the half-year ended 31 March 2004, up 18.8% on the 2003 half-year. A fully franked interim dividend of 60 cents has been declared, a 33.3% increase on the March 2003 half.

The result highlights are as follows:

	March 2004	March 2003	% Change
Profit available to ordinary shareholders	$354m	$298m	18.8%
Earnings per share	160.0 cents	140.6 cents	13.8%
Return on equity	21.56%	20.36%	
Expense to income	48.1%	49.2%	
Interim ordinary dividend	60 cents	45 cents	33.3%

There were no significant items during the half-year. EPS, ROE & Expense to Income were calculated before goodwill amortisation. The above EPS and ROE figures are annualised.

Managing Director, Mrs Gail Kelly, commented, “I am pleased with the quality of this result and with the continuing excellent momentum in the business. Top line growth remains strong, the margin remains stable and costs are being well managed. The team remains focussed on the execution of our key priorities.”

Key drivers of the results are as follows:

Significant increase in lending and deposit volumes

- Total lending receivables (on and off balance sheet) increased by 19.4% to $64.4 billion.
- Retail funding increased by 9.5% to $34.9 billion.
- Commercial lending increased by 22% with middle market receivables increasing by 27%.
- Residential lending (including securitised loans) increased by 19.4% to $45.9 billion. Annualised growth for the March 2004 half was 14.7%.
- Interest margin of 2.74% (2.80% in the March 2003 half and 2.74% in the September 2003 half).

Solid increases in total revenue

- Total revenue increased by 9.5% to $1,269 million.
- Net interest income increased by 11.7% to $794 million due to increases in lending and deposit volumes and stable margins.
- Non-interest income increased by 6.0% to $475 million. Increases in a range of non-interest income items have been partially offset by the impact of credit and debit card interchange fee changes and higher home loan broker commissions.

Effective cost control

- Cost-to-income decreased from 49.2% in the March 2003 half to 48.1% in the March 2004 half.
- Deferred expenditure on balance sheet continues to decline, now standing at $128 million, 25% lower than March 2003 and 47% lower than March 2002.

Credit quality maintained

- Bad debts as a percentage of net receivables were 0.10% (31 March 2003: 0.11%).
- Net non-accrual loans, as a percentage of net receivables, decreased to 0.04% compared to 0.06% at 31 March 2003.

Continued Growth in Wealth Management

- Managed funds increased by 27.9% from March 2003 to $22.6 billion at March 2004 including Sealcorp funds under administration up $3.8 billion to $16.6 billion.

Capital Management

From 1 July 2004, APRA requires banks to deduct certain capitalised expenses from Tier 1 capital (for St.George this amounts to around $170m). To maintain the Tier 1 ratio at the target level of between 7% - 7.5%, the Group plans to raise $250m to $300m in new Tier 1 capital during July 2004.

The Group has made a step change in the interim dividend to 60 cents per share. The final dividend is expected to be at least equal to the interim dividend.

Outlook

Looking ahead, Mrs Kelly said, "St.George continues to differentiate itself in terms of its earnings profile and we remain focused on our low risk organic growth strategy. We have stepped up our focus on customer service, which has always been a key differentiator for St.George. We recognise that continuing to improve the Bank's customer service is critical to delivering superior earnings over the long term.

While a moderation in residential loan system growth is occurring as anticipated, St.George expects to exceed system growth for the 2nd half of 2004. We are also likely to continue to outstrip system growth in commercial lending. Prudent credit policies will be maintained.

Based upon our strong first half profit result, we have increased our EPS growth target for the full year 2004 from 10 - 11% to 11 - 13% while still targeting double digit EPS growth for 2005."

The revised EPS growth target for 2004 takes into account the impact of the steepening short term yield curve, increasing legal and regulatory compliance costs, continued investment to progress business priorities and no further sale of land and buildings being expected in 2004. Profits arising from the sale of the Bank's investment in Cashcard are excluded from the 2004 revised EPS growth target. A profit after tax of $12 million will be recognised in the second half of 2004 as a significant item in respect of the Cashcard sale.

Media Contact:

Jeremy Griffith

Corporate Relations

02 9236 1328 or 0411 259 432

St.George Bank Limited

ABN 92 055 513 070

RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half-year ended

31 March 2004

1 Financial Summary

1.1 Results at a Glance

Financial Performance

- Profit available to ordinary shareholders was $354 million (31 March 2003: $298 million), an increase of 18.8%.
- Net-interest income increased by 11.7% to $794 million, with an interest margin of 2.74%, down from 2.80% in the March 2003 half. The interest margin was stable when compared to 2.74% in the September 2003 half.
- Non-interest income was $475 million (31 March 2003: $448 million), an increase of 6.0%.
- Operating expenses, before goodwill, increased by 7.0% to $610 million compared to the March 2003 half and increased by 1.7% compared to the September 2003 half. The expense to income ratio was 48.1%, down from 49.2% in the March 2003 half, and 49.9% in the September 2003 half.
- Basic earnings per ordinary share (annualised) before goodwill amortisation, increased to 160.0 cents (31 March 2003: 140.6 cents), an increase of 13.8%.
- Return on average ordinary equity (annualised) before goodwill amortisation, increased to 21.56% (31 March 2003: 20.36%).

Financial Position

- Total assets were $66.3 billion (31 March 2003: $57.3 billion), an increase of 15.7%.
- Lending assets (both on and off-balance sheet) were $64.4 billion (31 March 2003: $53.9 billion), an increase of 19.4%.
- Residential receivables (including securitisation) were $45.9 billion (31 March 2003: $38.5 billion), an increase of 19.4%. Annualised growth since 30 September 2003 was 14.7%.
- Commercial loans (including bill acceptances) were $14.6 billion (31 March 2003: $11.9 billion), an increase of 22.0%.
- Consumer receivables were $3.9 billion (31 March 2003: $3.4 billion), an increase of 15.3%.
- Retail funding was $34.9 billion (31 March 2003: $31.8 billion), an increase of 9.5%.

Dividends

- A higher interim ordinary dividend of 60 cents per ordinary share, fully franked (31 March 2003: 45 cents) has been declared by the Board.
- The Dividend Reinvestment Plan will operate for the interim dividend with no discount.

Other

- Managed funds increased by 27.9% to $22.6 billion (31 March 2003: $17.7 billion).
- Net non-accrual loans as a percentage of net receivables decreased from 0.06% at 31 March 2003 to 0.04% at 31 March 2004.

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 2004. 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. In this document, the term March 2004 half or period refers to the six months ended 31 March 2004 and the term September 2003 half or period refers to the six months ended 30 September 2003. Other half-years are referred to in a corresponding manner.

Half-Year Ended		**March 2004**	Sept 2003	March 2003
TOTAL ON BALANCE SHEET ASSETS	$M	**66,326**	62,714	57,340
SECURITISED RECEIVABLES	$M	**8,345**	7,788	6,653
OPERATING PROFIT				
Before preference dividends and:				
- after income tax, OEI [(1)] and before goodwill	$M	**429**	387	379
- after income tax, OEI and goodwill	$M	**377**	333	325
After preference dividends and:				
- after income tax, OEI and before goodwill	$M	**406**	362	352
- after income tax, OEI and goodwill (available to ordinary shareholders)	$M	**354**	308	298
UNDERLYING PROFIT	$M	**641**	592	571
RETURN ON AVERAGE ASSETS (Annualised)				
- after income tax, OEI and before goodwill and preference dividends		**1.32%**	1.29%	1.34%
- after income tax, OEI, goodwill and before preference dividends		**1.16%**	1.11%	1.15%
RETURN ON AVERAGE RISK WEIGHTED ASSETS (Annualised)				
- after income tax, OEI and before goodwill and preference dividends		**2.24%**	2.17%	2.29%
- after income tax, OEI, goodwill and before preference dividends		**1.96%**	1.87%	1.96%
RETURN ON AVERAGE ORDINARY EQUITY (Annualised)				
- after income tax, OEI, preference dividends and before goodwill		**21.56%**	20.21%	20.36%
- after income tax, OEI, preference dividends and goodwill		**18.80%**	17.20%	17.24%
EXPENSES AS % AVERAGE ASSETS (Annualised) - (excluding goodwill)		**1.88%**	1.99%	2.02%
EXPENSE / INCOME RATIO - (excluding goodwill)		**48.1%**	49.9%	49.2%
INTEREST MARGIN		**2.74%**	2.74%	2.80%
ORDINARY DIVIDEND (Fully franked)	Cents	**60.0**	50.0	45.0
EARNINGS PER ORDINARY SHARE (Annualised)				
Basic				
- before goodwill	Cents	**160.0**	143.8	140.6
- after goodwill	Cents	**139.3**	122.3	119.0
Diluted				
- before goodwill	Cents	**158.9**	143.3	139.9
- after goodwill	Cents	**138.9**	122.4	119.0
Weighted Average Number of Shares				
- Basic ordinary shares	000's	**508,094**	503,892	500,851
- Diluted ordinary shares	000's	**523,575**	519,148	517,074
NET TANGIBLE ASSETS PER ORDINARY SHARE	$	**5.24**	4.86	4.45
CAPITAL ADEQUACY RATIO		**10.9%**	10.3%	10.6%

(1) OEI refers to Outside Equity Interests in controlled entities.

1.2 Group Highlights (continued)

Net Interest Income

- Net interest income for the half-year was $794 million (31 March 2003: $711 million), an increase of 11.7%. The increase is due to growth in average interest earning assets of 14.3% since 31 March 2003, which is partially offset by a small decrease in the interest margin to 2.74% from 2.80% in the March 2003 half. The interest margin was stable when compared to 2.74% in the September 2003 half.

Non-Interest Income

- Non-interest income was $475 million (31 March 2003: $448 million), an increase of 6.0%. Non-interest income accounts for 37.4% of total income (31 March 2003: 38.7%). The increase in non-interest income resulted from growth in bank acceptances, managed funds and securitised loans, increased financial markets income from trading activities and profits arising from the continuation of the Bank's property sale and lease-back program. Growth in non-interest income was impacted by a reduction in credit and debit card interchange fees and higher home loan broker commissions.

Operating Expenses

- The expense to income ratio, before goodwill amortisation, decreased to 48.1% (31 March 2003: 49.2%) due to a continued focus on cost containment and growth in total income underpinned by strong lending asset growth. The expense to income ratio also improved when compared to 49.9% in the September 2003 half.

- Operating expenses, before goodwill, were $610 million (31 March 2003: $570 million), an increase of 7.0%. When compared to the September 2003 half, operating expenses, before goodwill increased by 1.7%.

Income Tax

- Income tax expense increased by $21 million to $180 million compared to the March 2003 half.

Shareholder Returns

- Annualised return on average ordinary equity, before goodwill, increased to 21.56% (31 March 2003: 20.36%).

- Annualised basic earnings per ordinary share, before goodwill, increased to 160.0 cents (31 March 2003: 140.6 cents), an increase of 13.8%.

- The Board has declared an interim ordinary dividend of 60 cents per share, payable on 2 July 2004. The dividend will be fully franked at 30%.

1.2 Group Highlights (continued)

Capital Management

The Group's capital position remains strong with Tier 1 capital adequacy at 7.1% and Tier 2 at 3.9%. The Bank's credit ratings remained unchanged during the period. The following initiatives were undertaken during the half-year:

- Completion of a $2.0 billion securitisation of residential loan receivables through the Crusade Securitisation Program in February 2004.
- APRA approval granted for $24 million of Perpetual Notes relating to the Bank's New Zealand operations to be reclassified from Tier 2 to Tier 1 capital for capital adequacy purposes in March 2004.
- 3.3 million ordinary shares issued under the Bank's Dividend Reinvestment Plan (DRP) raising $63 million of capital in December 2003.
- Completion of a US$400 million subordinated note raising in the United States Rule 144A market in October 2003 that qualifies as Tier 2 capital for capital adequacy purposes.

At 31 March 2004, the Group's adjusted common equity to risk weighted assets (ACE ratio) was 5.4% (31 March 2003: 5.5%).

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

From 1 July 2004, APRA requires that banks deduct certain capitalised expenses such as home loan broker commissions from Tier 1 capital. At 31 March 2004, capitalised expenses subject to deduction from Tier 1 capital totalled $167 million. As a result of this new requirement, to maintain the Group's Tier 1 capital adequacy ratio at the target level of between 7% - 7.5%, a $250 million-$300 million Tier 1 capital raising is planned during July 2004.

The Group has made a step change in the interim dividend to 60 cents per ordinary share. This compares to 45 cents for the first half of 2003 and to 50 cents for the second half of 2003.

The final dividend for 2004 is expected to be at least equal to the interim dividend.

Assets and Asset Quality

- Lending assets (on and off-balance sheet) were $64.4 billion (31 March 2003: $53.9 billion), an increase of 19.4%.
- Bad and doubtful debts expense for the period increased by $4 million to $52 million (31 March 2003: $48 million) due to an increase in the general provision for doubtful debts reflecting strong loan portfolio growth.
- The general provision for doubtful debts balance of $192 million and the unearned income on mortgage insurance premiums balance of $12 million (tax effected), when taken together, are $5 million above the accepted industry level of 0.50% of risk weighted assets.

1.2 Group Highlights (continued)

Residential Lending

- On and off-balance sheet residential loans grew by 19.4% since 31 March 2003, from $38.5 billion to $45.9 billion (annualised growth of 14.7% since 30 September 2003). This result reflects continued growth in the residential housing market, implementation of initiatives to reduce loan-processing times, improvements in customer retention and increased business sourced from both proprietary and home loan broker channels. Home lending growth slowed in the March 2004 half due to efforts being focussed on enhancing service quality in the broker channel. Improvements in growth levels in February and March 2004 indicate that St.George's growth is expected to exceed system for the second half of 2004.
- St.George through its Portfolio loan maintains a leading market position for home equity loan approvals. Home equity loans have grown by 31.4% since 31 March 2003 to $14.5 billion.

Retail Funding

- Retail deposits have increased by 9.5% since 31 March 2003 to $34.9 billion. Improved investment market performance together with tactical pricing changes to the directsaver account have slowed retail deposit growth in the six months ended 31 March 2004, resulting in an increase in the proportion of wholesale funding relative to retail funding.

Managed Funds

- Managed funds rose to $22.6 billion (31 March 2003: $17.7 billion) an increase of 27.9%. This growth is due to expanded distribution channels together with improved equity markets and investor confidence.

2 Business Summary

2.1 Strategic Overview

The Group's focused organic growth strategy continues to deliver superior returns as evidenced by the results for the period to March 2004.

Underpinning the Group's vision are its six business goals that have remained unchanged since their inception in 2002:

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

2.1 Strategic Overview (continued)

These goals continue to provide the framework for specific work programs. Pleasing progress has been made in each business priority area and the Group remains on track in terms of its targets. The Operational Update that follows outlines details of the progress in the following key areas:

- Home Loans
- Integrated Sales and Service
- Productivity Management
- Middle Market
- Wealth Management
- Victorian Expansion
- People and Culture
- Risk Management
- Credit Quality

During the last half-year the Group has intensified its work on creatively differentiating on the basis of customer service. The Group's service program is based on the following customer loyalty formula:

Engaged People	+	**Great Customer Experience**	=	**Superior Financial Results**

Compelling place to work

- An inspiring vision
- Right people, right roles
- Empowered workplace
- People who are passionate about the Group's brands
- Clear consistent communication

Compelling place to bank

- Targeted approach
- Compelling propositions
- Customers who stay and do more
- Customers who advocate St.George
- Differentiated positioning

Compelling place to invest

- Superior financial results over time
- Consistent, superior growth profile
- Self sustaining platform

Detailed workstreams have been established with milestones and measurements in place. The program has been designed to build on the Group's inherent cultural strength and heritage in the areas of customer satisfaction and staff goodwill. A philosophy of continuous service improvement and "building to last" underpins the work.

The Group remains committed to its organic growth strategy and, given the consistent focus on disciplined execution, is confident of delivering continued superior shareholder returns.

Strong current financial performance is evidenced by the increase in the 2004 EPS growth target to 11-13% and confidence in the future is shown by the re-affirming of the double digit EPS growth target for 2005.

2.2 Operational Update -Business Priorities

2.2.1 Home Loans

Initiatives implemented to grow home loan balances include improving the focus on service and customer retention, increasing the productivity of personnel, expanding the product offering, developing deeper relationships with key home loan brokers and growing the Bank's market share in Victoria, Queensland and Western Australia.

Customer retention initiatives include the implementation of a group-wide customer retention model, aligning staff and home loan broker incentives to customer retention outcomes and the development of an integrated sales and service framework (refer Section 2.2.2 Integrated Sales and Service).

The Bank recognises the potential to grow its market share in Victoria, Queensland and Western Australia where it is not strongly represented. These markets provide the Bank with the opportunity to deliver a customer service proposition that can be positively differentiated from the majors. Initial geographical expansion activity has been targeted in Victoria through a number of initiatives including establishing 4 new sites during the half-year and strengthening relationships with home loan brokers. Residential loan balances in Victoria have grown by 26% to $4.1 billion since March 2003 as result of these initiatives. Strong growth has also been achieved in Queensland and Western Australia with residential loan balances increasing by 32% and 27% respectively since March 2003.

A number of innovative products were introduced during 2003 such as "no deposit" and " Seniors' Access" loans. During the 2004 half-year, new products and features were introduced such as "Family Pledge" loan with the option to capitalise mortgage insurance, designed to meet the needs of first home buyers. These new products together with well established products such as the "Portfolio" home equity loan deliver a range of features to ensure that St.George continues to meet customers' changing financial needs. The new products are prudently managed and represent a small proportion of total residential loan balances.

Productivity and efficiency improvements and enhanced customer service quality have been achieved from initiatives implemented as part of the Bank's Mortgage Transformation Program. This program has reduced the time taken to process loan applications and prepare mortgage documents by extending the use of imaging and workflow technology and also re-engineering processes. Redirecting loan establishment enquiries from lending and mortgage processing staff to dedicated units in the Bank's contact centre has also enabled the Bank to more effectively respond to enquiries from mortgage brokers and customers.

The annualised growth in residential receivables (including securitised loans) was 14.7% for the March 2004 half (30 September 2003: 22.5%). Home loan balance growth fell below system growth in October and November 2003 due to efforts being redirected to improving customer service quality in the home loan broker channel that was adversely impacted by increased volumes in the latter half of the 2003 year. As a result of process improvements introduced, loan approvals returned to strong levels in the months of February and March 2004. When combined with continuing improvements in customer retention, this trend is expected to result in the Bank exceeding system home loan balance growth for the second half of 2004. The loan balance run-off rate has improved, falling to 19.6% in the March 2004 half compared to 21.9% in the September 2003 year. New loans sourced from mortgage brokers were 39% in the March 2004 half which is steady when compared to the September 2003 year.

2.2 Operational Update - Business Priorities (continued)

2.2.2 Integrated Sales and Service (ISS)

The Bank continued to roll out its ISS framework during the half-year. ISS is a key component of the Bank's Customer Service Program and extends across the entire St.George Group. The objective of ISS is to deliver strategies, best practice solutions and tools to staff based on the customers' particular financial needs that will improve retention and cross sale efforts. ISS also provides staff with the necessary information and tools to recommend products that are best suited to the customer's requirements. A second phase of ISS is being launched which is designed to build on the tools and disciplines of ISS through the delivery of a program that is designed to further enhance the customer servicing skills of staff.

The ISS framework includes:

1. ISS EnAct is a support tool that has been rolled out across the Group. It provides staff with a greater level of customer information to assist in improving sales and service efforts. It also tracks sales activities and provides improved management reporting.
2. Customer service roles in St.George have been redefined with a greater focus on sales and service activities. Staff are required to develop and action Market Plans for customers based on their anticipated financial needs. Staff are also required to develop and implement plans to attract new customers to the Bank.
3. Incentives for customer service staff have been restructured to better align rewards with sales and service objectives.
4. Service standards have been improved with the aim of achieving a consistent and measurable service level across the organisation.
5. Increased training to enhance sales and service skills of staff.
6. Tracking and reporting systems have been introduced to monitor the outcomes of Market Plans developed by staff.

2.2.3 Productivity Management

Pre tax cost savings of $40 million ($80 million annualised) were realised during the half-year in accordance with targets set for the Even Better Bank (EBB) program. Cost savings were primarily driven from efficiency improvements, middle management staff reductions and rationalisation of computer expenditure.

The success of EBB and other initiatives have contributed to an improvement in the cost to income ratio to 48.1% (September 2003 half: 49.9%) and the increase in operating expenses before goodwill being contained to 1.7 % compared to the September 2003 half. The reduction in the expense to income ratio also reflects the benefits from improved disciplines in controlling project investment expenditure which is managed centrally by the Group's Investment Review Committee.

2.2 Operational Update - Business Priorities (continued)

2.2.4 Middle Market

This segment continues to perform strongly with lending growth of 27% over the past twelve month period. Customer service is a key success factor that drives growth in this segment. Customers are relationship managed by staff who are skilled in meeting customers' needs according to their industry segments. The business is focussed around six key industry segments – manufacturing and wholesale, professionals, hotels and leisure, aged care and health, property and construction, and automotive finance.

Customer loyalty and satisfaction continue to be a differentiator for St.George in the Middle Market with 87% of customers likely to refer the Bank to colleagues compared to an average of 67% for the four major banks. East & Partners customer satisfaction surveys continue to rank St.George first in relationship management and innovation, continuing a two year trend. The high service levels provided to Middle Market customers result not only in stronger customer loyalty, minimal customer churn but also a propensity for customers to broaden their relationship with St.George.

Lending market share for this segment grew from 5.5% in September 2003 to 5.8% in January 2004.

To realise further potential in this segment, future initiatives include broadening the connection with customers to provide their complete business banking needs, expanding the Bank's physical presence and continuing marketing activities to enhance brand awareness and attract new customers.

2.2.5 Wealth Management

During the half-year conditions improved for the wealth management industry due to stronger equity markets and improved investor confidence. Within the St.George Group, managed funds grew by 27.9% to $22.6 billion compared to $17.7 billion at 31 March 2003.

Wealth Management's strategy emphasises its sources of sustainable competitive advantage. In the platform business, the strategy is to maintain Asgard's position as the most profitable scale participant, gaining leverage from its core platform and focusing on profitable growth. Its product and service suite has been upgraded with the addition of the Self Managed Superannuation Fund to the Managed Funds range and the launch of Asgard Elements, a new mini-master trust. This completes a broader, unique product suite that provides profitable solutions to financial planners for all clients through advisorNET on a single platform. In Funds Management, Advance Asset Management is now well positioned as an asset selection and packaging business. It provides a diverse range of investment solutions via its model of outsourced specialist sector and style managers. Another source of competitive advantage for Wealth lies in its proficiency in multi-channel distribution. Sales channels include the St.George network, aligned advisors in the Securitor dealer group, independent financial advisers and stockbrokers and a small proportion of direct sales.

Wealth Management's margin lending and private banking businesses grew strongly since 31 March 2003 with margin lending's assets increasing by 32.2% to $1,095 million. Private banking's lending assets increased by 20.1% to $1,665 million since March 2003 with deposits growing to $400 million, an increase of 9.8%. Premium income from Life Insurance grew by 24.3% since March 2003, with General Insurance commissions up 18.6% over the same period.

The Gold customer segment which is managed by Wealth Management is being targeted through the Group's ISS program and focussed marketing campaigns.

2.2 Operational Update - Business Priorities (continued)

2.2.6 Victorian Expansion

The Group's expansion strategies for the Victorian market are well on track. This includes a review of the Bank's distribution platforms, which has seen four additional sites (two additional corporate centres and two additional full service branches) opened in the first half, with further sites to be finalised in the second half of 2004. To complement this expansion, a significant investment has also been made in our customer facing staff, with new recruits, internal promotion and sales and service training.

A complete review of all ATM sites has also been undertaken with up to twenty new sites identified for installation in the second half of the year and a relocation of some existing sites to improve access for customers.

The primary Victorian growth focuses are the target markets of consumer and middle market commercial clients. The increased focus on operations in these lines of business, coordinated with traditional areas of business, has seen a March 2004 half asset growth of 20% annualised compared to 10% annualised in the March 2003 half.

The level of enquiry and growth in the target markets is anticipated to increase as the recently opened new sites gain momentum and sites scheduled for delivery in the second half of the year are finalised.

2.2.7 People and Culture

The Group recognises that people are the key to the organisation's long term success. Considerable focus is being applied to all aspects of people management, from the selection and induction of staff, to leadership development and performance management. The Group has a culture that is distinguished not only by its "warm and friendly" nature, but also by its transparency and candour.

2.2.8 Risk Management

The Group in its daily activities is exposed to credit risk, market risk, liquidity risk and operational risk. The Group has a well established and integrated framework to manage these risks through a number of specialised committees, that are responsible for policy setting, monitoring and analysing risk.

The Group's risk framework is being further enhanced as it progresses with the implementation of the targeted Basel II advanced approaches. St.George is targeting advanced approaches for credit risk by 2007 and the advanced approach for operational risk by 2009. Accreditation and its timing is still subject to further discussion with the Australian Prudential Regulation Authority.

2.2.9 Credit Quality

St.George's asset quality continues to be very strong, reflecting a low interest rate environment, a loan portfolio dominated by residential loans and sound credit policies. The Group continues to be well provisioned with total specific provisions as a percentage of gross impaired assets representing 52.4% (31 March 2003: 48.6%). The charge for bad and doubtful debts was $52 million, up from $48 million in the March 2003 half. This comprised a general provision charge of $16 million compared to $12 million in the March 2003 half and a specific provision charge of $36 million which remained steady compared to the March 2003 half. Total impaired assets (net of specific provisions) were $30 million down from $36 million at 31 March 2003. Bad and doubtful debts as a percentage of average gross loans and receivables decreased to 0.10% compared to 0.11% in the March 2003 half. Net non-accrual loans as a percentage of net loans and receivables are 0.04%, down from 0.06% at 31 March 2003.

2.3 Operational Update - Other

2.3.1 Depositary Capital Securities (DCS)

As reported to the market in February 2004, the Bank has received queries from and is in discussion with the Australian Taxation Office (ATO) concerning income tax deductions claimed on its DCS issued in June 1997. The Bank has provided documents and responded to questions from the ATO in respect of the DCS. The ATO is considering the documents and information provided.

St.George obtained independent legal opinions at the time the DCS were issued and further opinions recently in response to the ATO queries. St.George considers that the deductions claimed in respect of the DCS were and continue to remain valid.

The amount of primary tax relating to deductions claimed for the period from 1997 to 2003 is $75 million.

Going forward, if draft legislation now before the Federal Parliament (the Taxation Law Amendment Bill No.7) is passed in its current form, St.George will incur a total tax charge in respect to the DCS of approximately $3 million per annum for the period commencing 1 October 2003.

2.3.2 Disposal of Investment

Cashcard Australia Limited (Cashcard)
In September 2002, the Bank recognised a profit of $18 million ($14 million after tax) from the sale of 16,850,145 shares it held in Cashcard.

On 15 April 2004, the Bank sold its remaining 4,319,290 shares in Cashcard to First Data Corporation Limited in accordance with the Scheme of Arrangement approved by the Supreme Court on 2 April 2004. This final sale of shares held in Cashcard resulted in a profit before tax of $17 million ($12 million after tax) which will be brought to account in the second half of 2004 as a significant item.

2.4 Future Prospects

The outlook for the domestic economy remains positive. A moderation in residential loan system growth is occurring. This moderation is attributable to two official interest rate rises in the December 2003 quarter and a slow down in the investor housing market in response to low rental yields.

Interest rates are at historical lows. While no change is anticipated in the official cash rate, there is some possibility of a small upward movement in the next 6 months. Competition is expected to intensify in the second half of 2004 as home loan growth slows. St.George expects to exceed system growth for the second half of 2004. Prudent credit policies will be maintained.

The outlook for business investment is positive with businesses experiencing growth in demand and stronger profits. Against this backdrop, it is expected that demand for credit from small to medium businesses will strengthen in the second half of 2004. St.George expects to continue to outperform system growth in this area.

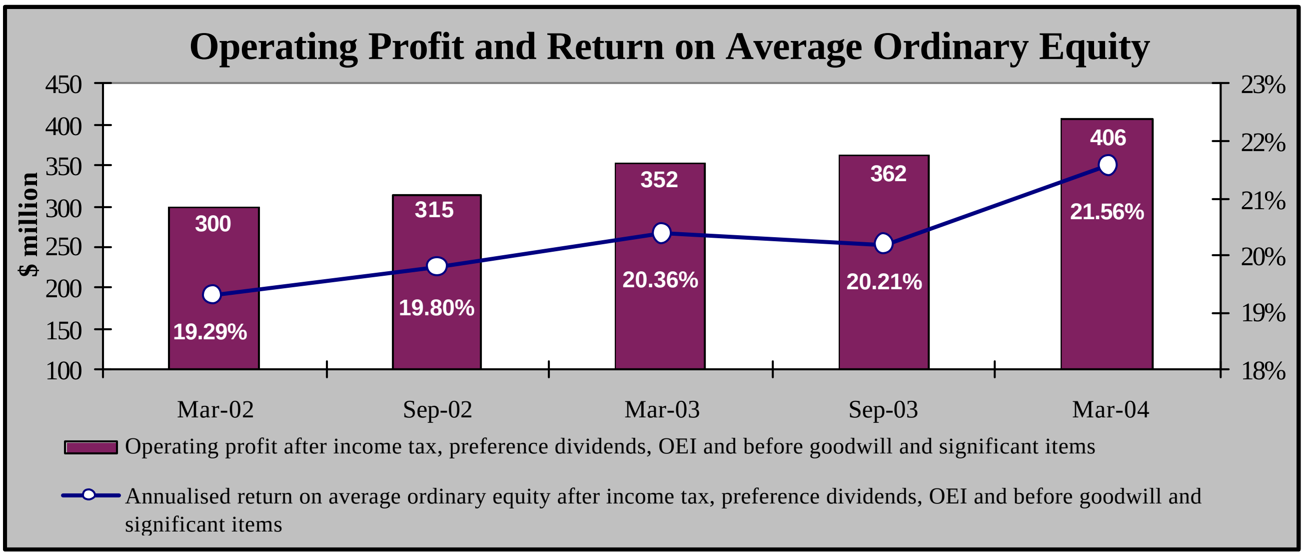
Based on St.George's strong first half profit result and the positive economic outlook for the remainder of the year, the Bank has increased its EPS growth target for 2004 from 10%-11% to 11%-13% and as previously indicated, is targeting double digit EPS growth in 2005.

The revised EPS growth target for 2004 takes into account the impact of the steepening short term yield curve, increasing legal and regulatory compliance costs, continued investment to progress business priorities and no further sales of land and buildings being expected in the second half of 2004. Profits arising from the sale of the Bank's investment in Cashcard, which will be recorded as a significant item in the second half, are excluded from the 2004 revised EPS growth target.

3 Financial Analysis

3.1 Group Performance Summary

Half-Year Ended	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Interest income	**1,966**	1,767	1,667
Interest expense	**1,172**	1,027	956
Net interest income	**794**	740	711
Non-interest income	**475**	462	448
Bad and doubtful debts expense	**52**	54	48
Operating expenses	**662**	654	624
Share of net (profit)/loss of equity accounted associates	**(1)**	-	3
OPERATING PROFIT BEFORE INCOME TAX	**556**	494	484
Income tax expense	**180**	166	159
OPERATING PROFIT AFTER INCOME TAX	**376**	328	325
Outside equity interests (OEI)	**(1)**	(5)	-
OPERATING PROFIT AFTER INCOME TAX AND OEI	**377**	333	325
Preference dividends:			
- Depositary Capital Securities (DCS)	**14**	15	18
- Preferred Resetting Yield Marketable Equity Securities (PRYMES)	**9**	10	9
	23	25	27
PROFIT AVAILABLE TO ORDINARY SHAREHOLDERS	**354**	308	298



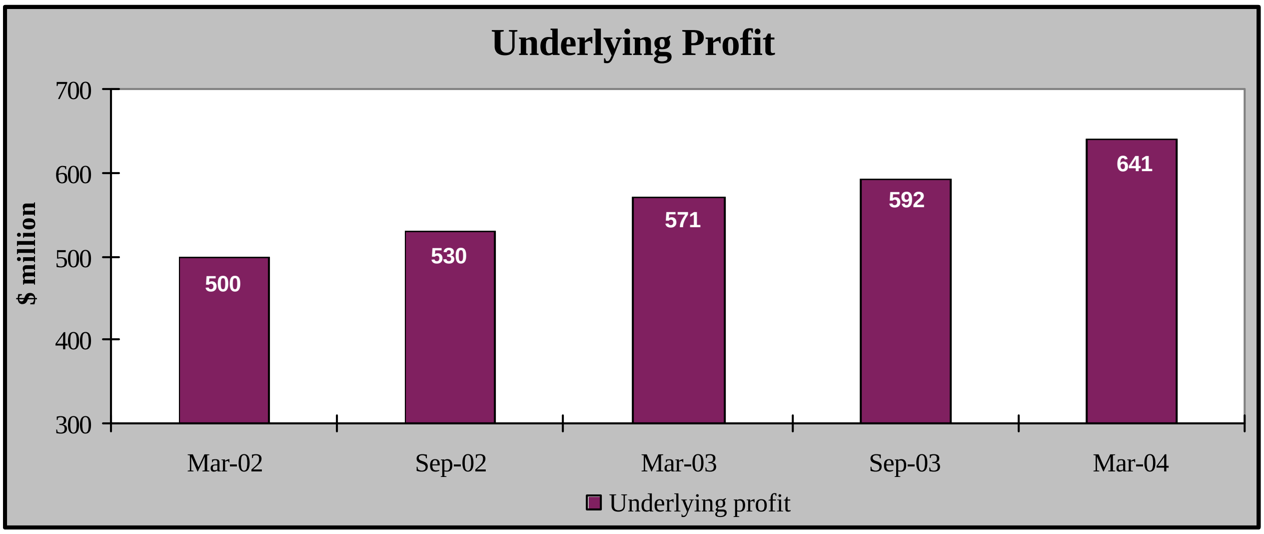
3.1.1 Underlying Profit

The underlying profit for the Group increased by 12.3% to $641 million compared to 31 March 2003.

Half-Year Ended	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Operating profit after income tax and outside equity interests	**377**	333	325
Add: Outside equity interests	**(1)**	(5)	-
Operating profit after income tax	**376**	328	325
Add/(Less):			
Net profit on disposal of land and buildings	**(19)**	(10)	(15)
Income tax expense	**180**	166	159
Charge for bad and doubtful debts	**52**	54	48
Goodwill amortisation	**52**	54	54
Underlying Profit	**641**	592	571

Factors driving the growth in underlying profit during the half-year were:

- growth in net interest income;
- growth in non-interest income;
- increases in business volumes; and
- cost containment driven by the Even Better Bank program and other productivity initiatives.



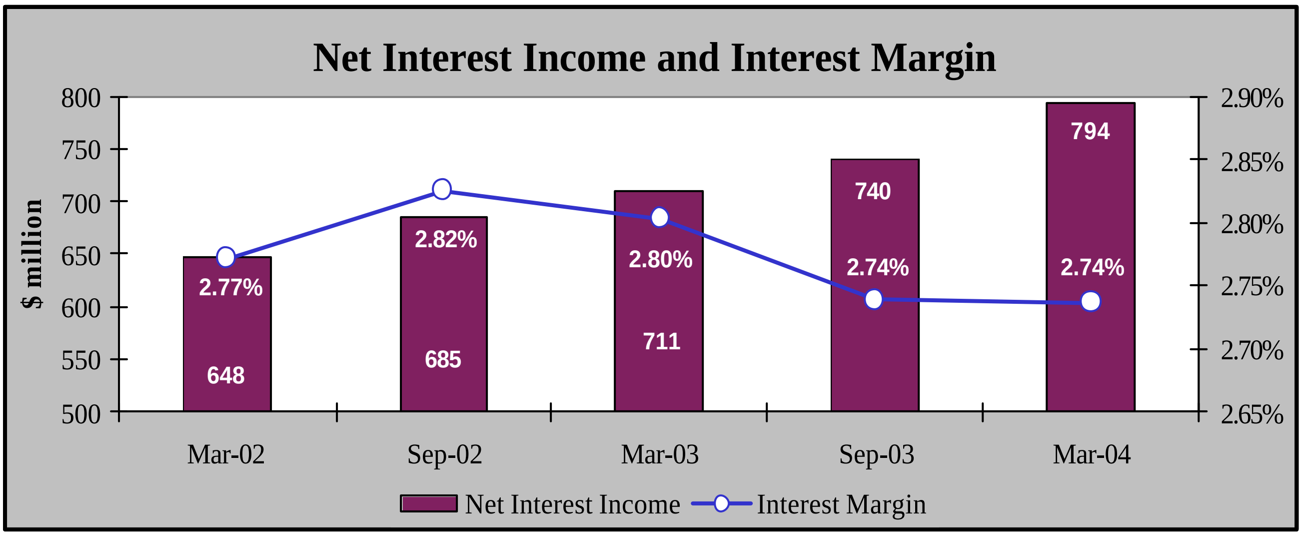
3.1.2 Net Interest Income

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 $794 million (31 March 2003: $711 million), an increase of 11.7%.

Half-Year Ended	**March**		September		March	
	-----------2004-----------		----------2003----------		-----------2003-----------	
	Balance $M	**Rate %**	Balance $M	Rate %	Balance $M	Rate %
Actuals						
Net Interest Income	**794**		740		711	
Averages						
Interest Earning Assets	**58,010**	**6.78%**	54,043	6.54%	50,749	6.57%
Interest Bearing Liabilities	**55,224**	**4.24%**	51,514	3.99%	48,410	3.95%
Interest Spread		**2.54%**		2.55%		2.62%
Interest Margin		**2.74%**		2.74%		2.80%

The increase in net interest income was primarily due to growth in average interest earning assets of 14.3% since 31 March 2003. The interest margin reduced by 6 basis points to 2.74% (31 March 2003: 2.80%) and was steady compared to the September 2003 half.

The growth in average interest earning assets reflects an increase of $6.8 billion or 15.3% in the average balance of the loans and other receivables portfolio. This result is due to continued growth in home lending balances and very strong growth in the commercial loan portfolio.



3.1.3 Non-Interest Income

Non-interest income grew 6.0% to $475 million from $448 million for the March 2003 half.

Half-Year Ended	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Non-interest income			
Trading income	**34**	35	18
Product fees and commissions			
- Lending	**34**	34	34
- Deposit and other accounts	**103**	107	109
- Electronic banking	**91**	93	89
Securitisation service fees	**42**	44	38
Managed funds fees	**94**	86	86
Dividend income	**2**	-	3
Net profit on disposal of land and buildings	**19**	10	15
Profit on sale of shares	**-**	1	2
Factoring and invoice discounting income	**10**	10	10
Bill acceptance fees	**31**	26	22
Rental income	**6**	8	8
Other	**9**	8	14
TOTAL NON-INTEREST INCOME	**475**	462	448
Non-Interest Income as a % of Average Assets (annualised)	**1.46%**	1.53%	1.59%
Non-Interest Income as a % of Total Income	**37.4%**	38.4%	38.7%

Trading generates net interest income and non-interest income. Net interest income earned on the trading portfolio was $16 million (30 September 2003: $7 million; 31 March 2003: $18 million). Therefore, total trading income was $50 million (30 September 2003: $42 million; 31 March 2003 $36 million).

Trading income is largely driven by customer related transactions.

Product fees and commissions income decreased by 1.7% to $228 million from $232 million in the March 2003 half, primarily due to reductions in mortgage insurance premium income in the March 2004 half. The reduction in mortgage insurance premium income in the March 2004 half is due to the recognition of $6 million of previously deferred income in the March 2003 half. Mortgage insurance premium income was also lower when compared to the September 2003 half due to the volume and mix of loan advances being different in the March 2004 half.

Within product fees and commissions, lending income remained steady. Solid growth in loans and receivables resulted in increased fee revenue, offset by increased commission expense relating to home loan brokers that is netted against lending income. Business sourced from home loan brokers has contributed to solid home lending growth which has underpinned the increase in net interest income.

Electronic banking income increased by $2 million to $91 million compared to $89 million in the March 2003 half. The increase was driven by solid volume growth, offset by the impact of interchange reforms. Electronic banking income was reduced by $9 million during the March 2004 half as a result of changes to credit and debit card interchange fees introduced in the March 2004 half.

Managed funds fee income increased to $94 million compared to $86 million in the March 2003 half reflecting strong growth in managed funds since 31 March 2003.

Net profit on disposal of land and buildings of $19 million arose mainly from the sale of 25 branches during the half as part of the Bank's ongoing sale and lease-back program.

The increase in bill acceptance fee income to $31 million (31 March 2003: $22 million) is attributable to strong growth in bank acceptances of 46.2% to $3,692 million.

3.1.4 Managed Funds

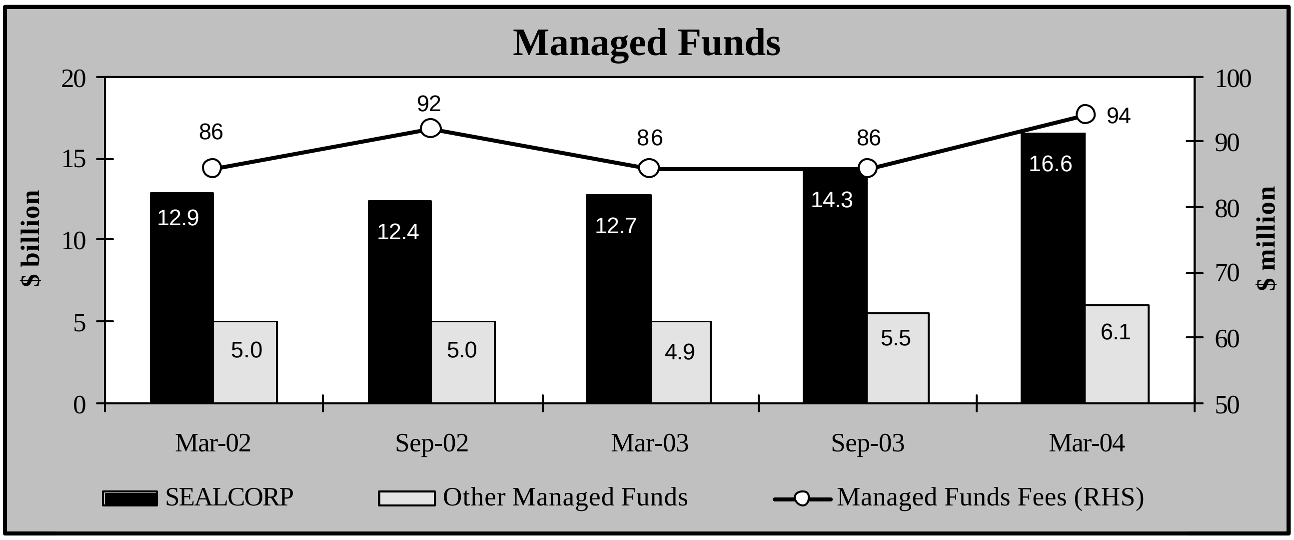
The Group's managed funds comprise funds under management, funds under administration and funds under advice.

Half-Year Ended	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Income			
Managed funds fees for the half-year	**94**	86	86
Managed funds			
Funds under management	**3,875**	3,530	3,148
Funds under administration (SEALCORP)*	**16,551**	14,336	12,735
Funds under advice	**2,178**	1,954	1,794
Total Managed Funds	**22,604**	19,820	17,677

* Excluding Advance Funds Management

Managed funds rose by 27.9% compared to 31 March 2003. SEALCORP funds under administration rose by 30.0% compared to 31 March 2003. This growth reflects recent improvements in equity markets and investor confidence together with expanded distribution channels and product innovation. The continued support of eWrap product and the distribution agreement signed with AMP in June 2003 contributed to the strong growth in SEALCORP's funds under administration during the half-year.

The growth in SEALCORP's funds under administration was shared by traditional master funds sales and growth in eWrap and institutional business sales.



3.1.5 Operating Expenses

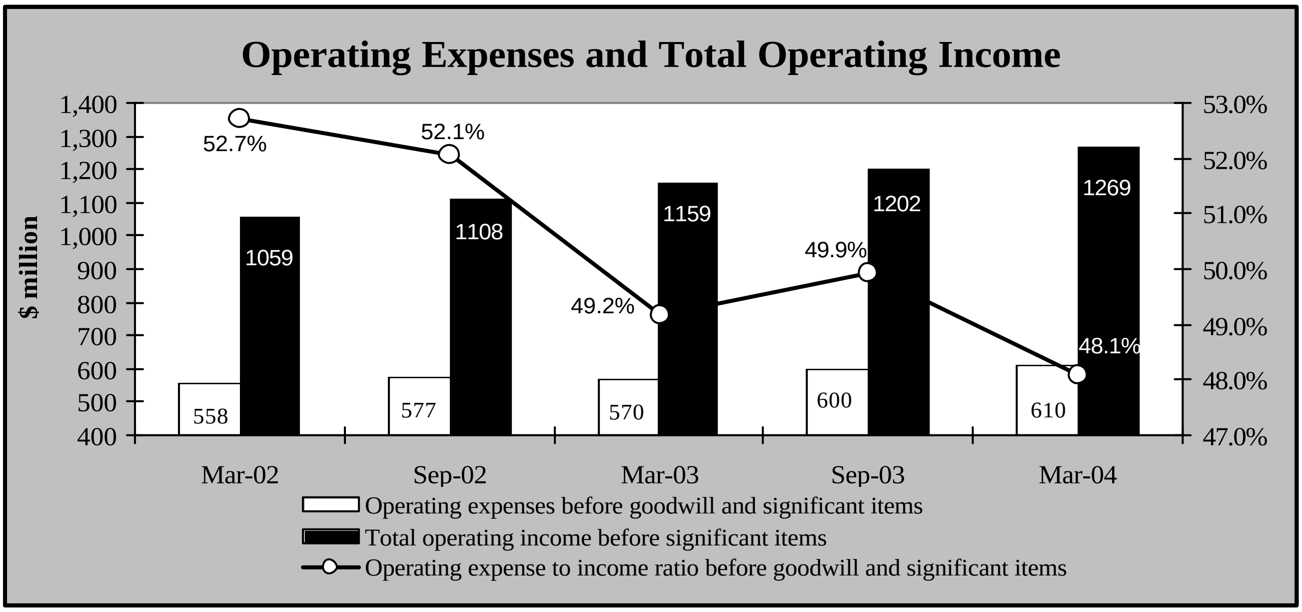
Half-Year Ended	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Staff expenses			
Salaries	**254**	246	223
Contractors' fees	**5**	5	5
Superannuation	**20**	19	20
Payroll tax	**17**	15	15
Fringe benefits tax	**4**	4	5
Other	**10**	11	9
Total staff expenses	**310**	300	277
Computer and equipment costs			
Depreciation	**20**	20	21
Deferred expenditure amortisation	**35**	40	35
Rentals on operating leases	**9**	8	8
Other (1)	**37**	35	40
Total computer and equipment costs	**101**	103	104
Occupancy costs			
Depreciation	**14**	15	16
Rentals on operating leases	**34**	30	29
Other (2)	**19**	18	17
Total occupancy costs	**67**	63	62
Administration expenses			
Fees and commissions	**12**	15	14
Advertising and public relations	**21**	23	23
Telephone	**6**	7	6
Printing and stationery	**19**	19	17
Postage	**9**	9	9
Subscriptions and levies	**3**	3	3
Consultants	**9**	10	8
Other (3)	**53**	48	47
Total administration expenses	**132**	134	127
Operating expenses before goodwill and significant items	**610**	600	570
Goodwill amortisation	**52**	54	54
TOTAL OPERATING EXPENSES	**662**	654	624
Ratios (before goodwill)			
Operating Expenses (annualised) as a % of Average Assets	**1.88%**	1.99%	2.02%
Expense to Income ratio	**48.1%**	49.9%	49.2%

(1) Other computer and equipment costs are primarily comprised of software and hardware maintenance and data line communication costs.

(2) Other occupancy costs are primarily comprised of management fees paid for property facility management and security services.

(3) Other administration expenses are primarily comprised of audit and related service fees, legal services, travel costs, non-lending losses and financial charges.

3.1.5 Operating Expenses (continued)



Total Operating Expenses

Operating expenses are classified in the broad categories of staff, computer and equipment, occupancy and administration. Total operating expenses (before goodwill) were $610 million for the half (31 March 2003: $570 million) an increase of 7.0%, and an increase of 1.7% over the September 2003 half. The small increase on the September 2003 half reflects a continued focus on cost containment and benefits arising from Even Better Bank (EBB) and other initiatives. The Group is on track to achieve the targeted $80 million cost savings from the EBB program for the 2004 full year.

Staff Expenses

Staff expenses increased by $33 million or 11.9% to $310 million compared to the March 2003 half and increased by 3.3% compared to the September 2003 half.

This increase reflects an enterprise average wage increase of 4.0% and other staff receiving average salary increases of 4.25% effective 1 October 2003. The increase in staff expenses from the March 2003 half was also due to continued investment in front line staff required to implement and support the Bank's business growth and customer service improvement initiatives.

Computer and Equipment Costs

Computer and equipment costs decreased by $3 million or 2.9% to $101 million from $104 million compared to the March 2003 half.

Deferred expenditure amortisation peaked at $40 million in the September 2003 half, falling to $35 million in the March 2004 half, reflecting the benefits of a more conservative capitalisation policy and stronger disciplines on controlling deferred expenditure. The balance of capitalised deferred expenditure in the Statement of Financial Position has reduced to $128 million compared to $149 million at September 2003 and $171 million at March 2003.

3.1.5 Operating Expenses (continued)

Occupancy Costs

Occupancy costs increased to $67 million compared to $62 million in the March 2003 half, reflecting a higher rental cost resulting from the Bank's property sale and lease-back program and the recognition of $2 million of future rental costs associated with the closure of branches during the half-year.

Administration Expenses

Administration expenses for the half increased to $132 million (31 March 2003: $127 million), reflecting costs associated with business growth and increased costs of legal and regulatory compliance. Administration costs fell by $2 million when compared to the September 2003 half.

Goodwill Amortisation

Goodwill amortisation for the period was $52 million (31 March 2003: $54 million). The reduction is due to the finalisation of goodwill amortisation relating to the Bank's acquisition of Barclay's commercial business division in 1994.

3.1.6 Bad and Doubtful Debts Expense

Half-Year Ended	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Bad and doubtful debts expense (net of recoveries)			
Residential loans	**-**	-	2
Commercial loans	**14**	21	16
Consumer loans	**21**	20	17
Other	**1**	1	1
	36	42	36
Net general provision movement during the period	**16**	12	12
Bad and doubtful debt expense	**52**	54	48
As a percentage of average risk weighted assets (annualised)	**0.27%**	0.30%	0.29%
As a percentage of average assets (annualised)	**0.16%**	0.18%	0.17%

Bad and doubtful debts expense (net of recoveries) for the half was $52 million, an increase of $4 million on the March 2003 half. The increase is mainly due to the higher general provision charge and increased provisioning on consumer loans attributable to portfolio growth. The increase in consumer loan provisioning would have been greater if it were not for $6 million of recoveries arising from the sale of a portion of the Bank's impaired consumer loan portfolio. The $4 million increase in the general provision charge is due to growth in risk-weighted assets.

The Group's annualised bad debt charge as a percentage of average assets was 0.16%, down from 0.17% in the March 2003 half. This result reflects the Bank's sound credit policies and low risk lending mix with the residential portfolio comprising 71.8% of net loans and receivables.

3.1.7 Income Tax Expense

Half-Year Ended	**March 2004 $M**	Sept 2003 $M	March 2003 $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	**556**	494	484
Prima facie income tax payable calculated at 30% of operating profit	**167**	148	145
Add: tax effect of permanent differences which increase tax payable			
* Amortisation of goodwill	**16**	16	16
* Depreciation on buildings	**1**	1	1
* General provision for doubtful debts	**5**	3	4
* Non-deductible write-downs	**-**	2	1
* Tax losses not recognised	**1**	3	-
* Other	**1**	2	1
Less: tax effect of permanent differences which reduce tax payable			
* Deduction allowable on depositary capital securities	**4**	5	5
* Deduction allowable on shares issued to employees	**2**	-	2
* Deduction allowable on buildings	**1**	2	-
* Rebatable dividends	**1**	1	-
* Difference between accounting profit and assessable profit on sale of properties	**1**	1	2
* Other items	**2**	2	-
Underprovision in prior year	**-**	2	-
Total income tax expense	**180**	166	159
Effective tax rate %	**32.4**	33.6	32.9

The effective tax rate for the March 2004 half was 32.4%, primarily as a result of the amortisation of goodwill.

At the date of this announcement, the Directors of the Bank have not made a decision on whether or not to elect into the tax consolidation regime. The Bank is continuing to consider the implications associated with the tax consolidation regime.

3.1.8 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. This division manages retail branches, call centres, agency networks and electronic channels such as EFTPOS terminals, ATMs and Internet banking.

- Institutional and Business Banking (IBB) - responsible for liquidity management, securitisation, wholesale funding, capital markets, treasury market activities including foreign exchange, money market and derivatives, corporate and business relationship banking, international and trade finance banking services, leasing, hire purchase, automotive finance, commercial property lending and cash flow financing including factoring and invoice discounting.

- 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. While accountability for the Gold segment resides with WM, for Segmental Reporting purposes, the assets, liabilities and results remain within PC.

Personal Customers

PC's contribution to profit before tax grew to $295 million for the half (31 March 2003: $265 million), an increase of 11.3%.

- Net interest income grew by $58 million or 14.4% reflecting strong growth in both lending balances and deposits. PC's total assets grew by $5.1 billion or 19.0% since 31 March 2003.
- Non-interest income decreased by $7 million or 3.3% compared to the March 2003 half. This decrease was primarily driven by lending fee income, reflecting higher amortisation charges for loans sourced from the mortgage broker channel which are netted against lending fees. The introduction of changes reducing credit and debit card interchange fees during the March 2004 half also impacted non-interest income. Non-interest income included a profit on sale of land and buildings of $15.3 million during the March 2004 half (31 March 2003: $15.0 million).
- Operating expenses increased by $18 million or 5.6% with the expense to income ratio falling to 50.9% from 52.2% in the March 2003 half. Expense growth for the half-year reflected pay rises and CPI growth, increases linked to business volumes and key initiatives such as expansion into Victoria, the Mortgage Transformation Program and the Group's Integrated Sales and Service Program.
- Bad debt expense increased by $3 million to $31 million compared to the March 2003 half, reflecting additional general provisioning for doubtful debts as a result of growth in risk weighted assets and increased provisioning on consumer loans.

3.1.8 Segmental Results (continued)

Institutional and Business Banking

IBB's contribution to profit before tax was $184 million for the half (31 March 2003: $165 million) an increase of 11.5%.

- Net interest income increased by 4.0% to $182 million as a result of growth in commercial loans.
- Non-interest income rose by $21 million or 21.6% compared to the March 2003 half, reflecting higher non-interest income attributable to bank bill fee income and trading activities.
- Operating expenses increased by $13 million to $101 million reflecting the growth in this business. The expense to income ratio was 33.7% compared to 34.2% in the September 2003 half.
- Bad and doubtful debts remained stable at $16 million compared to the March 2003 half.
- Annualised growth of IBB's middle market receivables (including bill acceptances) was 22.5% for the March 2004 half compared to 17.5% for the March 2003 half.

BankSA

BSA's contribution to profit before tax was $83 million for the half (31 March 2003: $68 million), an increase of 22.1%, reflecting:

- Growth in net interest income of $13 million or 11.9% to $122 million, due to the 16.6% increase in BSA's total assets to $8.3 billion (31 March 2003: $7.1 billion).
- Non-interest income increased by $6 million to $39 million compared to the March 2003 half, $3.6 million of the increase was due to profit on sale of land and buildings.
- Operating expenses increased by $3 million to $74 million from the March 2003 half. The expense to income ratio fell to 46.0% for the period from 50.0% in the March 2003 half.

Wealth Management

WM's contribution to profit before tax increased to $46 million for the half compared to $40 million in the March 2003 half, an increase of 15.0%.

The result reflects the following:

- Net interest income rose by $5 million to $28 million compared to the March 2003 half reflecting a 22.4% growth in its total assets since 31 March 2003 to $3.0 billion (31 March 2003: $2.5 billion).
- Non-interest income increased by $7 million to $116 million compared to the March 2003 half, reflecting growth in managed funds.
- Operating expenses increased by $6 million or 6.6% to $97 million (31 March 2003: $91 million). The cost to income ratio improved to 67.4% in the March 2004 half, down from 72.6% in the September 2003 half.

3.1.8 Segmental Results (continued)

For the half-year ended 31 March 2004	Personal Customers $'M	Institutional & Business Banking $'M	BankSA $'M	Wealth Management $'M	Other $'M	Consolidated $'M
Segment revenue						
Net interest income	462	182	122	28	-	794
Non-interest income	202	118	39	116	-	475
Total segment revenue	664	300	161	144	-	1,269
Segment expense						
Bad and doubtful debts	31	16	4	1	-	52
Operating expenses						
- Other provisions	9	12	3	9	-	33
- Depreciation	26	3	4	1	-	34
- Deferred expenditure amortisation	27	3	4	1	-	35
- Other expenses	276	83	63	86	-	508
Total operating expenses	338	101	74	97	-	610
Goodwill amortisation	-	-	-	-	52	52
Total segment expenses	369	117	78	98	52	714
Share of (profit)/loss of investment in associates	-	(1)	-	-	-	(1)
Profit/(loss) before income tax expense	295	184	83	46	(52)	556
Expense to income ratio (1)	50.9%	33.7%	46.0%	67.4%		
Income tax expense						180
Profit after income tax						376
Outside equity interest (OEI)						(1)
Profit after income tax and OEI						377

As at 31 March 2004	Personal Customers $'M	Institutional & Business Banking $'M	BankSA $'M	Wealth Management $'M	Other $'M	Consolidated $'M
Assets						
- investments in associates	-	-	-	-	9	9
- other assets	32,073	20,513	8,264	3,031	2,436	66,317
Segment Assets	32,073	20,513	8,264	3,031	2,445	66,326
Segment Liabilities	23,109	31,665	5,575	699	745	61,793
Other Segment Disclosure						
- Securitised loans	8,345	-	-	-	-	8,345
- Managed funds (2)	-	-	-	22.604	-	22.604

(1) Excludes bad and doubtful debts expense 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.

3.1.8 Segmental Results (continued)

For the half-year ended 30 September 2003	Personal Customers $'M	Institutional & Business Banking $'M	BankSA $'M	Wealth Management $'M	Other $'M	Consolidated $'M
Segment revenue						
Net interest income	432	168	115	25	-	740
Non-interest income	200	113	39	110	-	462
Total segment revenue	632	281	154	135	-	1,202
Segment expense						
Bad and doubtful debts	30	16	7	1	-	54
Operating expenses						
- Other provisions	11	10	3	6	-	30
- Depreciation	25	4	5	1	-	35
- Deferred expenditure amortisation	31	4	4	1	-	40
- Other expenses	267	78	60	90	-	495
Total operating expenses	334	96	72	98	-	600
Goodwill amortisation	-	-	-	-	54	54
Total segment expenses	364	112	79	99	54	708
Share of (profit)/loss of investment in associates	-	-	-	-	-	-
Profit/(loss) before income tax expense	268	169	75	36	(54)	494
Expense to income ratio	52.8%	34.2%	46.8%	72.6%		
Income tax expense						166
Profit after income tax						328
Outside equity interest (OEI)						(5)
Profit after income tax and OEI						333

As at 30 September 2003	Personal Customers $'M	Institutional & Business Banking $'M	BankSA $'M	Wealth Management $'M	Other $'M	Consolidated $'M
Assets						
- investments in associates	-	-	-	-	7	7
- other assets	29,777	19,891	7,787	2,755	2,497	62,707
Segment Assets	29,777	19,891	7,787	2,755	2,504	62,714
Segment Liabilities	22,758	28,911	5,403	607	670	58,349
Other Segment Disclosure						
- Securitised loans	7,788	-	-	-	-	7,788
- Managed funds	-	-	-	19,820	-	19,820

3.1.8 Segmental Results (continued)

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
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
Goodwill amortisation	-	-	-	-	54	54
Total segment expenses	348	104	74	92	54	672
Share of (profit)/loss of investment in associates	-	3	-	-	-	3
Profit/(loss) before income tax expense	265	165	68	40	(54)	484
Expense to income ratio	52.2%	32.4%	50.0%	68.9%		
Income tax expense						159
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	-	-	-	17,677	-	17,677

(b) Geographical Segments

The Group operates predominantly in Australia.

3.2 Group Position Summary

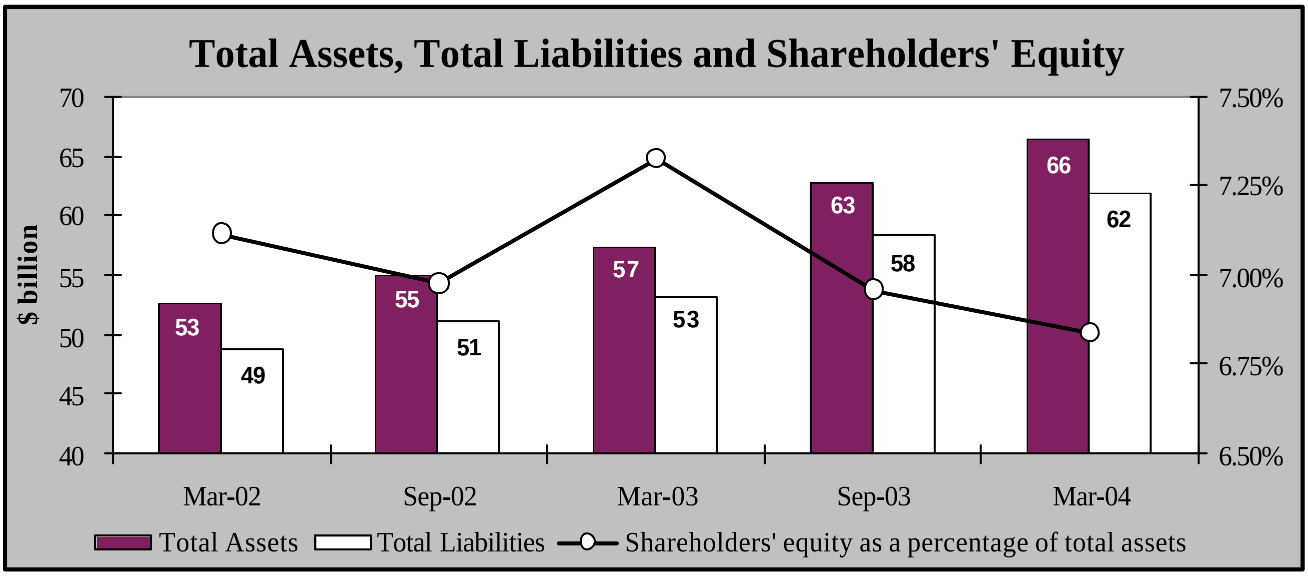
As at	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Assets			
Cash and liquid assets(1)	**1,324**	769	648
Due from other financial institutions	**348**	335	352
Trading securities	**5,426**	5,276	5,378
Investment securities	**35**	143	212
Loans and other receivables	**52,338**	48,904	44,718
Bank acceptances of customers	**3,692**	3,391	2,526
Property, plant and equipment	**466**	506	514
Goodwill	**1,215**	1,268	1,321
Other assets	**1,482**	2,122	1,671
Total Assets	**66,326**	62,714	57,340
Liabilities			
Retail funding and other borrowings	**55,220**	51,919	48,209
Due to other financial institutions	**1,007**	501	475
Bank acceptances	**3,692**	3,391	2,526
Bills payable	**178**	183	179
Other liabilities	**1,696**	2,355	1,751
Total Liabilities	**61,793**	58,349	53,140
Net Assets	**4,533**	4,365	4,200
Shareholders' Equity			
Share capital	**3,531**	3,468	3,399
Reserves	**105**	104	84
Retained profits	**541**	442	362
Outside equity interests	**356**	351	355
Total Shareholders' Equity	**4,533**	4,365	4,200
Shareholders' equity as a percentage of total assets	**6.83%**	6.96%	7.32%
Net tangible assets per ordinary share issued	**$5.24**	$4.86	$4.45
Number of ordinary shares issued (000's)	**509,773**	505,593	502,218

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

3.2.1 Total Assets

Total assets were $66.3 billion at 31 March 2004 (31 March 2003: $57.3 billion), an increase of 15.7%. The following items impacted total assets:

- lending assets (including bank acceptances and excluding securitised loans) grew by 18.6% to $56.0 billion compared to $47.2 billion at 31 March 2003; and
- the securitisation of $2.0 billion of residential lending receivables through the Crusade Program during the half (31 March 2003: US$1.1 billion).



3.2.2 Lending Assets

Lending assets (on and off-balance sheet) increased to $64.4 billion (31 March 2003: $53.9 billion) an increase of 19.4%. Annualised growth since 30 September 2003 was 14.3%.

Residential loans (including securitisation) increased by 19.4 % to $45.9 billion from $38.5 billion at 31 March 2003 reflecting strong demand for housing loans driven by low interest rates and the success of the Bank's initiatives to improve retention and grow loan approvals. Annualised growth since 30 September 2003 was 14.7%. Within residential loans, home equity loans grew strongly, increasing by 31.4% to $14.5 billion.

Consumer loans increased by 15.3% to $3.9 billion (31 March 2003: $3.4 billion), reflecting solid growth across all product lines. Annualised growth since 30 September 2003 was 15.0%.

Commercial loans (including bill acceptances) grew by 22.0% to $14.6 billion from $11.9 billion at 31 March 2003, reflecting the success of the Bank's Middle Market customer service model which results in low levels of customer churn and strong customer referrals. Also at 31 March 2004, there were $1,229 million (30 September 2003: $897 million) of bill financing included in trading securities. Annualised growth in commercial loans since 30 September 2003 after including these additional bills was 17.8%.

As at	**March 2004 $M**	Sept 2003 $M	March 2003 $M
RESIDENTIAL			
Housing [(1)]	**23,109**	22,125	20,790
Home equity loans	**14,474**	12,866	11,014
TOTAL RESIDENTIAL	**37,583**	34,991	31,804
CONSUMER			
Personal loans	**1,982**	1,861	1,765
Line of credit	**947**	857	776
Margin lending	**952**	892	824
TOTAL CONSUMER	**3,881**	3,610	3,365
COMMERCIAL			
Commercial loans	**8,757**	8,205	7,542
Hire purchase	**1,732**	1,659	1,539
Leasing	**368**	338	318
TOTAL COMMERCIAL	**10,857**	10,202	9,399
FOREIGN EXCHANGE CASH ADVANCES	**37**	88	153
STRUCTURED INVESTMENTS	**172**	189	161
GROSS RECEIVABLES	**52,530**	49,080	44,882
GENERAL PROVISION	**192**	176	164
NET RECEIVABLES	**52,338**	48,904	44,718
SECURITISED LOANS (balance not included above)	**8,345**	7,788	6,653
BANK BILL ACCEPTANCES (balance not included above)	**3,692**	3,391	2,526
ON AND OFF BALANCE SHEET RECEIVABLES	**64,375**	60,083	53,897

(1) March 2004 - net of $8,345 million of securitised loans (September 2003: $7,788 million; March 2003: $6,653 million).

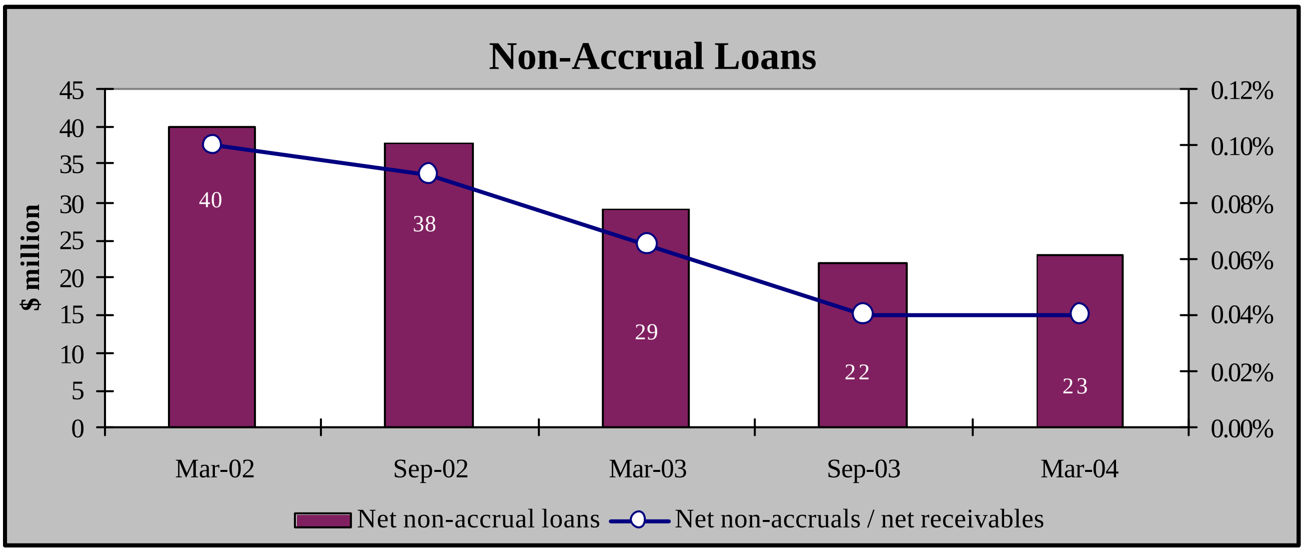
3.2.3 Impaired Assets

Total impaired assets (net of specific provisions) decreased to $30 million at 31 March 2004 (31 March 2003: $36 million).

As at	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Section 1 - Non-Accrual Loans			
With provisions:			
Gross Loan Balances	**50**	49	53
Specific Provisions	**33**	32	34
Net Loan Balances	**17**	17	19
Without provisions:			
Gross Loan Balances	**6**	5	10
Total Non-accrual Loans:			
Gross Loan Balances	**56**	54	63
Specific Provisions	**33**	32	34
Net Loan Balances	**23**	22	29
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	7
TOTAL IMPAIRED ASSETS (2)	**30**	29	36
Section 4 - Past Due Loans (3)			
Residential loans	**69**	75	75
Other	**92**	84	82
Total	**161**	159	157

(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) These balances 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.
(3) Past due items relates to the Group's entire lending portfolio, but do not include those items already classified as being impaired. This category primarily includes loans which are in arrears for 90 or more consecutive days but which are less than $100,000 and well secured.

3.2.3 Impaired Assets (continued)



Past due items were $161 million compared to $157 million at 31 March 2003.

As at	**March 2004**	Sept 2003	March 2003
Specific provision coverage for non-accruals	**58.93%**	59.26%	53.97%
Gross non-accruals / Net receivables	**0.11%**	0.11%	0.14%
Net non-accruals / Net receivables	**0.04%**	0.04%	0.06%

3.2.4 Provisioning

Half-Year Ended	**March 2004 $M**	Sept 2003 $M	March 2003 $M
GENERAL PROVISION			
Balance at beginning of period	**176**	164	152
Net provision raised during the period	**16**	12	12
Balance at end of period	**192**	176	164
SPECIFIC PROVISION			
Balance at beginning of period	**65**	67	71
Net provision raised during the period	**36**	42	36
Bad debt write offs	**(29)**	(44)	(40)
Balance at end of period	**72**	65	67
TOTAL PROVISION	**264**	241	231

The Bank's general provision for doubtful debts when combined with the tax effected balance of unearned income on mortgage insurance premiums of $12 million represents 0.51% of risk-weighted assets. The general provision for doubtful debts is not tax effected as it is not a dynamic provision determined by reference to statistical techniques.

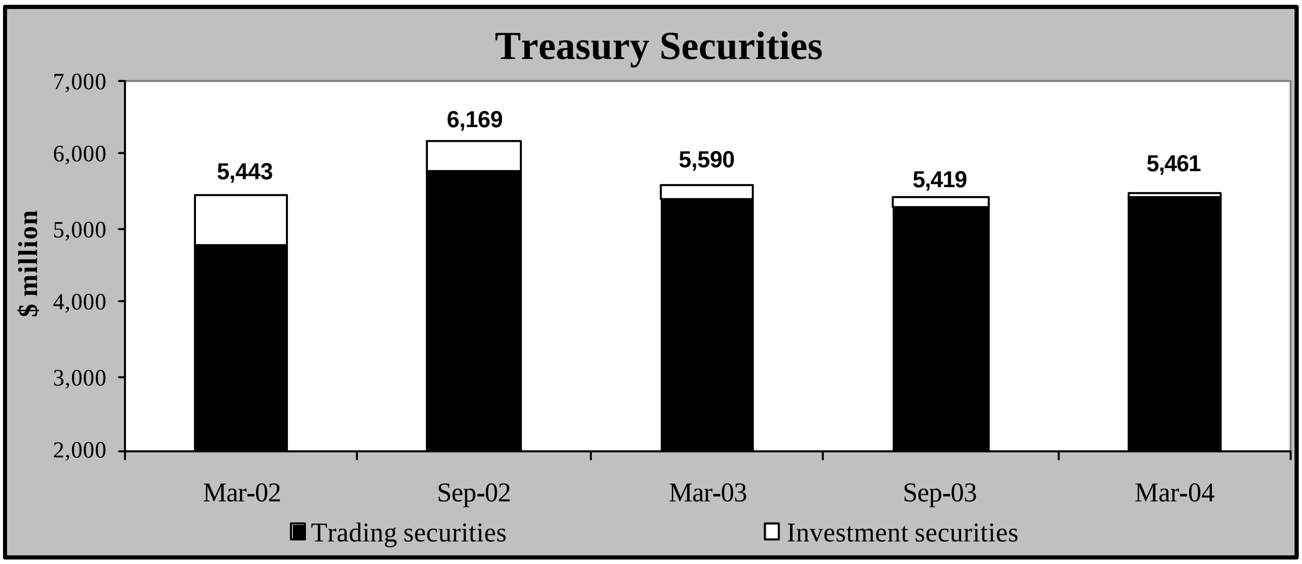
3.2.5 Treasury Securities

The Group's dealing in Treasury Securities comprises holdings of 'Trading' and 'Investment' securities. As at 31 March 2004, total Treasury Securities were $5,461 million (31 March 2003: $5,590 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 2004 was $35 million and the market value was $35 million.

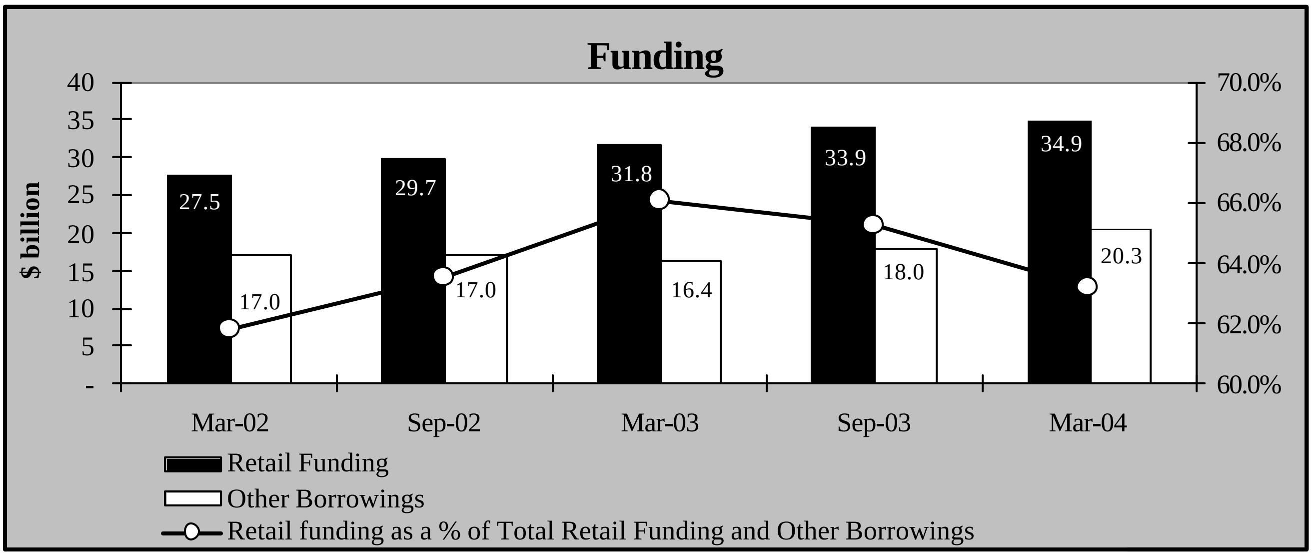
The following graph outlines the changes in the composition of the Group's holdings of Treasury Securities.



3.2.6 Retail Funding and Other Borrowings

Total retail funding and other borrowings have increased to $55.2 billion at 31 March 2004, an increase of 14.5% since 31 March 2003.

As at	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Retail funding	**34,870**	33,875	31,847
Other deposits	**8,875**	9,323	7,816
Offshore borrowings	**7,654**	5,548	5,529
Domestic borrowings	**2,262**	2,093	2,081
Subordinated debt	**1,559**	1,080	936
Total	**55,220**	51,919	48,209
Retail funding as a % of Total Retail Funding and Other Borrowings	**63.1%**	65.2%	66.1%



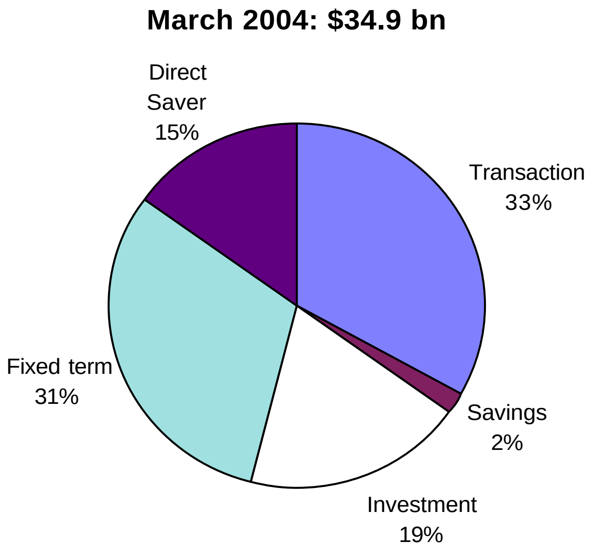
Retail funding has grown by 9.5% to $34.9 billion since 31 March 2003 and accounts for 63.1% of total funding and other borrowings (31 March 2003: 66.1%). The annualised growth rate for retail deposits from 30 September 2003 has fallen to 5.9% in response to improvements in global equity markets which are delivering stronger returns and the impact of tactical pricing changes to the directsaver account.

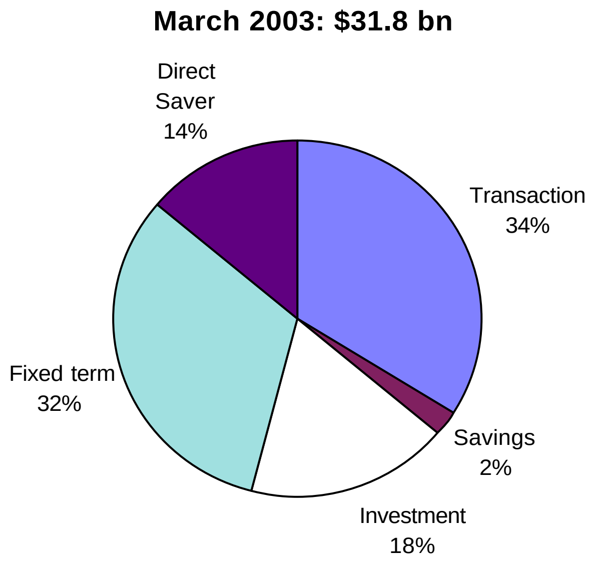
The balance of directsaver accounts at 31 March 2004 was $5.2 billion up from $4.3 billion at 31 March 2003. The balance of Portfolio CMA at 31 March 2004 was $5.6 billion up from $4.9 billion at 31 March 2003.

Transaction account balances increased to $11.6 billion from $10.7 billion at 31 March 2003, reflecting the success of the Group's new "Freedom" transaction account and simplified fee structures that reward customers for holding higher balances.

3.2.6 Retail Funding and Other Borrowings (continued)

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



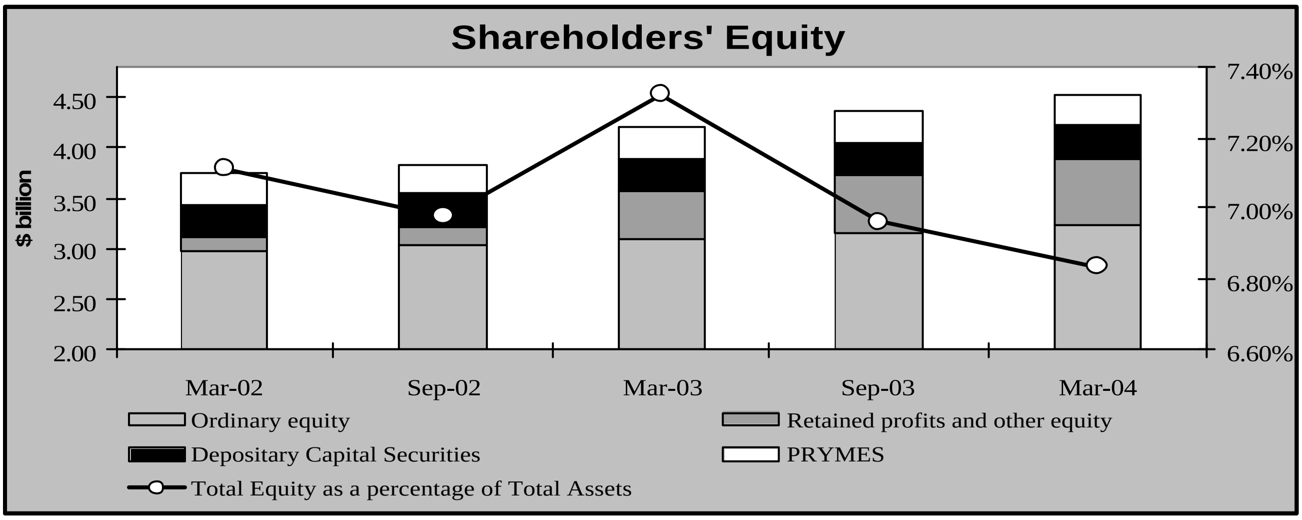


Other borrowings

Other borrowings increased to $20.3 billion from $16.4 billon at 31 March 2003. The Group's senior and subordinated debt raisings are based on a long-term strategy of prudent diversification of wholesale funding sources.

3.2.7 Shareholders' Equity

Shareholders' equity of $4,533 million represents 6.83% of total assets as at 31 March 2004.



Shareholders' equity comprises ordinary equity of $3,225 million, preferred resetting yield marketable equity securities of $291 million, depositary capital securities of $334 million, and retained profits and other equity of $683 million.

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

	$M	Number of Shares
Balance as at 1 October 2003	3,162	505,592,816
Shares issued under various plans:		
Dividend Reinvestment Plan – 2003 final ordinary dividend	63	3,250,056
Employee Reward Share Plan	-	312,571
Employee Performance Share Plan	-	587,870
Executive Option Plan	-	30,000
Balance as at 31 March 2004	3,225	509,773,313

3.2.8 Sell Back Rights

In February 2001, St.George granted Sell Back Rights to effect an off-market buy-back of its ordinary shares. The Australian Taxation Office (ATO) subsequently 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. St.George has funded litigation on behalf of shareholders to challenge the Class Ruling. A hearing on this matter was held in the Federal Court on 30 October 2003.

On 14 April 2004, the Federal Court handed down its judgment in the test case on whether shareholders who were entitled to sell-back rights granted by St.George in February 2001 should be taxed on the value of those rights when they were granted. The Federal Court held that the affected shareholders should not be taxed on the value of the sell-back rights.

The Commissioner of Taxation has the right to appeal against the decision with the Federal Court within 21 days of the decision being handed down.

3.3 Other Financial Analysis

3.3.1 Dividends

Ordinary Shares

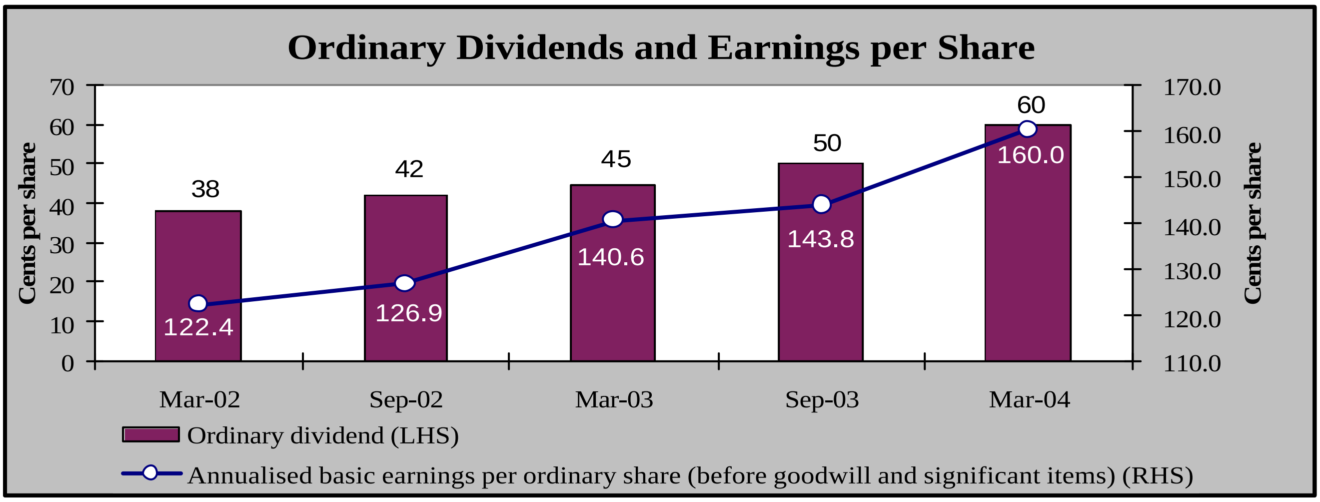
The Board has declared an interim dividend of 60 cents per ordinary share up from 45 cents in March 2003. This higher dividend reflects the Group's strong profit result and a step change in the payout (refer section 1.2 Capital Management). 100% of the dividend will be franked at 30% and will be payable on 2 July 2004. Ordinary shares will trade ex-dividend on 11 June 2004.

Registrable transfers received by St.George at its share registry[1] by 5.00 pm Sydney time on 18 June 2004 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 2004. DRP application forms are available from the Share Registry.

The DRP will be priced during the 10 days of trading commencing 22 June 2004. A combined DRP advice/holding statement will be despatched to DRP participants by 16 July 2004.



Preference Shares

The following table outlines the dividend entitlements relating to each class of Preference Share.

Period	Payment date	Amount ($'m)	Franked
Depositary Capital Securities			
1 October 2003 – 31 December 2003	31 December 2003	7	No
1 January 2004 – 31 March 2004 (A)	30 June 2004	7	No
		14	
Preferred Resetting Yield Marketable Equity Securities			
1 October 2003 – 20 February 2004	20 February 2004	7	100% franked at 30%
21 February 2004 – 31 March 2004	20 August 2004	2	100% franked at 30%
		9	

(A) This dividend entitlement has been calculated based on the AUD/USD exchange rate at 31 March 2004.

[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 7.1% and a total capital ratio of 10.9% (31 March 2003: 10.6%).

As at	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Qualifying Capital			
Tier 1			
Share capital	**3,531**	3,468	3,399
Reserves	**386**	413	471
Retained profits	**541**	442	362
Perpetual notes (1)	**24**	-	-
Less: Expected dividend (2)	**(229)**	(190)	(177)
Goodwill and other APRA deductions (3)	**(1,428)**	(1,459)	(1,485)
Total Tier 1 Capital	**2,825**	2,674	2,570
Tier 2			
Asset revaluations	**46**	58	38
Perpetual note (1)	**-**	17	17
Subordinated debt (4)	**1,336**	917	781
General provision for doubtful debts (not tax effected)	**192**	176	164
Total Tier 2 Capital	**1,574**	1,168	1,000
Deductions from Capital			
Investments in non-consolidated entities net of goodwill and Tier 1 deductions (5)	**27**	27	27
Other	**1**	1	1
Total Deductions from Capital	**28**	28	28
Total Qualifying Capital	**4,371**	3,814	3,542
Risk Weighted Assets	**39,856**	36,903	33,407
Risk Weighted Capital Adequacy Ratio			
Tier 1	**7.1%**	7.2%	7.7%
Tier 2	**3.9%**	3.2%	3.0%
Deductions	**-0.1%**	-0.1%	-0.1%
Total Capital Ratio	**10.9%**	10.3%	10.6%

(1) Reclassification of Perpetual notes relating to the Bank's New Zealand Operations from Tier 2 to Tier 1 was granted by APRA in March 2004.
(2) 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. The expected dividend is adjusted for estimated dividend re-investment plan participation.
(3) 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.
(4) In October 2003, the Bank completed a $US400 million subordinated note raising in the United States Rule 144A market.
(5) 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 5.4% (31 March 2003: 5.5%).

As at	**March 2004 $M**	Sept 2003 $M	March 2003 $M
Adjusted Common Equity Ratio			
Tier 1 Capital	**2,825**	2,674	2,570
Less: PRYMES	**291**	291	291
Depositary capital securities	**328**	366	414
Perpetual notes	**24**	-	-
Investment in non-consolidated entities net of goodwill and Tier 1 deductions	**27**	27	27
Adjusted Common Equity	**2,155**	1,990	1,838
Risk Weighted Assets	**39,856**	36,903	33,407
Adjusted Common Equity Ratio	**5.4%**	5.4%	5.5%

3.3.3 Average Balances and Related Interest

Average Balances and Related Interest For the Half-Year Ended 31 March 2004	**Average Balance $M**	**Interest $M**	**Average Rate (1) %**
INTEREST EARNING ASSETS:			
Cash and liquid assets	656	15	4.57%
Due from other financial institutions	321	6	3.74%
Investment / trading securities	5,760	149	5.17%
Loans and other receivables	51,273	1,796	7.01%
Total interest earning assets	58,010	1,966	6.78%
NON-INTEREST EARNING ASSETS:			
Bills receivable	36		
Property, plant and equipment	484		
Other assets	6,772		
Provision for doubtful debts	(252)		
Total non-interest earning assets	7,040		
TOTAL ASSETS	65,050		
INTEREST BEARING LIABILITIES:			
Retail funding	34,428	607	3.53%
Other deposits	9,557	270	5.65%
Due to other financial institutions	527	9	3.42%
Domestic borrowings	2,764	82	5.93%
Offshore borrowings (2)	7,948	204	5.13%
Total interest bearing liabilities	55,224	1,172	4.24%
NON-INTEREST BEARING LIABILITIES:			
Bills payable	177		
Other non-interest bearing liabilities	5,242		
Total non-interest bearing liabilities	5,419		
TOTAL LIABILITIES	60,643		
SHAREHOLDERS' EQUITY (3)	4,407		
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	65,050		
Interest Spread (4)			2.54%
Interest Margin (5)			2.74%

(1) Annualised.
(2) Includes foreign exchange swap costs.
(3) Basic weighted average number of ordinary shares outstanding for the half-year were 508.1 million.
(4) Interest spread represents the difference between the average interest rate earned on assets and the average interest rate paid on funds.
(5) Interest margin represents net interest income as a percentage of average interest earning assets.

3.3.3 Average Balances and Related Interest (continued)

Average Balances and Related Interest For the Half-Year Ended 30 September 2003	**Average Balance $M**	**Interest $M**	**Average Rate (1) %**
INTEREST EARNING ASSETS:			
Cash and liquid assets	407	9	4.42%
Due from other financial institutions	185	3	3.24%
Investment / trading securities	5,597	131	4.68%
Loans and other receivables	47,854	1,624	6.79%
Total interest earning assets	54,043	1,767	6.54%
NON-INTEREST EARNING ASSETS:			
Bills receivable	12		
Property, plant and equipment	508		
Other assets	5,890		
Provision for doubtful debts	(238)		
Total non-interest earning assets	6,172		
TOTAL ASSETS	60,215		
INTEREST BEARING LIABILITIES:			
Retail funding	32,852	545	3.32%
Other deposits	8,882	239	5.38%
Due to other financial institutions	535	9	3.36%
Domestic borrowings	2,753	78	5.67%
Offshore borrowings (2)	6,492	156	4.81%
Total interest bearing liabilities	51,514	1,027	3.99%
NON-INTEREST BEARING LIABILITIES:			
Bills payable	187		
Other non-interest bearing liabilities	4,287		
Total non-interest bearing liabilities	4,474		
TOTAL LIABILITIES	55,988		
SHAREHOLDERS' EQUITY (3)	4,227		
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	60,215		
Interest Spread (4)			2.55%
Interest Margin (5)			2.74%

(1) Annualised.
(2) Includes foreign exchange swap costs.
(3) Basic weighted average number of ordinary shares outstanding for the half-year were 503.9 million.
(4) Interest spread represents the difference between the average interest rate earned on assets and the average interest rate paid on funds.
(5) Interest margin represents net interest income as a percentage of average interest earning assets.

3.3.3 Average Balances and Related Interest (continued)

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 borrowings (2)	6,949	184	5.30%
Total interest bearing liabilities	48,410	956	3.95%
NON-INTEREST BEARING LIABILITIES:			
Bills payable	155		
Other non-interest bearing liabilities	3,723		
Total non-interest bearing liabilities	3,878		
TOTAL LIABILITIES	52,288		
SHAREHOLDERS' EQUITY (3)	4,101		
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	56,389		
Interest Spread (4)			2.62%
Interest Margin (5)			2.80%

(1) Annualised.
(2) Includes foreign exchange swap costs.
(3) Basic weighted average number of ordinary shares outstanding for the half-year were 500.9 million.
(4) Interest spread represents the difference between the average interest rate earned on assets and the average interest rate paid on funds.
(5) 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 2004 and 30 September 2003. 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 2004 over September 2003			September 2003 over March 2003		
	-----------Change Due To-----------			-------------Change Due To-----------		
	Volume $M	Rate $M	Total $M	Volume $M	Rate $M	Total $M
INTEREST EARNING ASSETS :						
Cash and liquid assets	**6**	**-**	**6**	(3)	-	(3)
Due from other financial institutions	**3**	**-**	**3**	1	-	1
Investment / trading securities	**4**	**14**	**18**	(1)	(6)	(7)
Loans and other receivables	**120**	**52**	**172**	115	(6)	109
CHANGE IN INTEREST INCOME	**133**	**66**	**199**	112	(12)	100
INTEREST BEARING LIABILITIES :						
Retail funding	**28**	**34**	**62**	34	11	45
Other deposits	**19**	**12**	**31**	22	13	35
Due to other financial institutions	**-**	**-**	**-**	4	-	4
Domestic borrowings	**-**	**4**	**4**	14	1	15
Offshore borrowings	**37**	**11**	**48**	(11)	(17)	(28)
CHANGE IN INTEREST EXPENSE	**84**	**61**	**145**	63	8	71
CHANGE IN NET INTEREST INCOME	**49**	**5**	**54**	49	(20)	29

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 2004**		30 September 2003		31 March 2003	
	Notional Amount	**Credit Equivalent***	Notional Amount	Credit Equivalent*	Notional Amount	Credit Equivalent*
	$M	**$M**	$M	$M	$M	$M
Foreign Exchange						
Spot, Forwards	**13,826**	**329**	13,849	263	13,605	275
Swaps	**7,635**	**439**	5,985	277	5,475	278
Options	**4,274**	**32**	4,321	30	1,458	-
Total	**25,735**	**800**	24,155	570	20,538	553
Interest Rate						
Futures	**7,831**	**-**	7,627	-	33,746	-
Forward Rate Agreements	**37,535**	**4**	29,830	4	20,835	1
Swaps	**77,105**	**138**	63,493	198	68,160	367
Options	**173**	**-**	34	-	38	-
Total	**122,644**	**142**	100,984	202	122,779	368
Grand Total	**148,379**	**942**	125,139	772	143,317	921

* 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.

In light of recent industry events, the Group has reviewed its internal controls, processes, procedures and management oversight of its traded market risk activities.

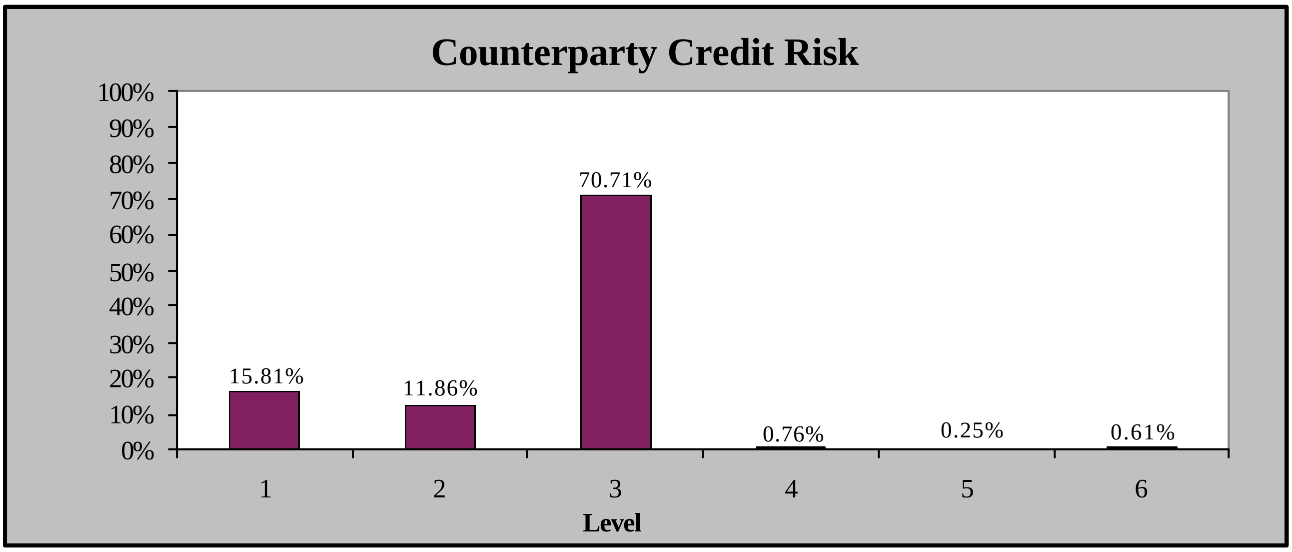
The results of the review confirm the appropriateness of the Group's processes and controls relative to the risks undertaken in this business.

3.3.5 Derivatives (continued)

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 $148.4 billion as at 31 March 2004 (31 March 2003: $143.3 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 Director's 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 per Employee
21-Nov-2003	312,571	20.07	6,379	49

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
28-Nov-03	126,268	20.24	201
19-Dec-03	1,424	19.58	14
15-Jan-04	823	20.20	3

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 (continued)

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 2004 was $21.14 (31 March 2003: $19.21). The outstanding awards have a market value of $17.9 million as at 31 March 2004.

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 2003	Number of Awards Granted	Number of Awards Forfeited	Number of Shares Allotted	Awards Outstanding 31 Mar 2004	Senior Executives in Plan
01-Nov-00	15-Nov-03	200,107	-	244	195,064	4,799	2
06-Nov-00	06-Nov-03	1,800	-	-	1,800	-	-
29-Jan-01	15-Nov-03	2,000	-	-	2,000	-	-
05-Feb-01	15-Nov-03	6,667	-	-	6,667	-	-
05-Mar-01	15-Nov-03	1,500	-	-	1,500	-	-
14-Mar-01	15-Nov-03	897	-	-	897	-	-
12-Apr-01	15-Nov-03	4,033	-	-	4,033	-	-
01-Jul-01	15-Nov-03	1,500	-	-	1,500	-	-
01-Oct-01	15-Nov-03	199,824	-	1,472	194,368	3,984	2
01-Oct-01	15-Nov-04	207,191	-	1,882	19,975	185,334	84
01-Oct-01	15-Nov-04	189,500	-	10,645	-	178,855	84
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-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-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	-	-	-
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	
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-03	12,710	-	1,271	11,439	-	-
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	

3.3.6 Share and Option Plans (continued)

			Movement during the period				
Date Awards Granted	**Vesting Date**	**Awards Outstanding 1 Oct 2003**	**Number of Awards Granted**	**Number of Awards Forfeited**	**Number of Shares Allotted**	**Awards Outstanding 31 Mar 2004**	**Senior Executives in Plan**
04-Apr-02	24-Jun-03	3,676	-	-	3,676	-	-
04-Apr-02	24-Jun-04	3,676	-	-	-	3,676	1
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-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-03	10,949	-	2,190	8,759	-	-
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-04	734	-	-	734	-	-
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-03	20,000	-	-	20,000	-	-
02-Jun-02	22-Jul-04	20,000	-	-	-	20,000	1
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-03	2,571	-	-	2,571	-	-
01-Jul-02	01-Jul-04	2,571	-	-	-	2,571	1
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-05	21,433	-	-	-	21,433	8
01-Oct-02	15-Nov-05	21,433	-	-	-	21,433	
05-May-03	30-Sep-03	5,026	-	-	5,026	-	-
05-May-03	30-Sep-04	5,026	-	-	-	5,026	1
05-May-03	30-Sep-05	5,026	-	-	-	5,026	
01-Oct-03	30-Sep-05	-	18,743	-	-	18,743	
01-Oct-03	30-Sep-06	-	18,743	-	-	18,743	8
01-Oct-03	30-Sep-07	-	18,743	-	-	18,743	
01-Oct-03	30-Sep-04	-	114,417	1,446	1,577	111,394	83
01-Oct-03	30-Sep-05	-	114,417	1,446	1,577	111,394	
12-Dec-03	12-Dec-03	-	25,000	-	25,000	-	-
23-Dec-03	31-Dec-04	-	27,600	-	-	27,600	1
23-Dec-03	31-Dec-05	-	10,000	-	-	10,000	
	TOTAL	1,116,974	347,663	28,340	587,870	848,427	

3.3.6 Share and Option Plans (continued)

Executive Option Plan (Option Plan)

Executive officers are eligible to participate in the Option Plan. Exercise is conditional upon the Group achieving prescribed performance hurdles. 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 2003	Movement during the half Number of Options: Granted	Forfeited	Exercised	Options Outstanding 31 Mar 2004	Senior Executives in Plan [3]
17-Mar-00	17-Mar-03	to	17-Mar-05	11.39	30,000	-	-	30,000	-	
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-05	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	
01-Oct-03	30-Sep-05	to	01-Oct-09	20.40	-	214,834	-	-	214,834	
01-Oct-03	30-Sep-06	to	01-Oct-09	20.40	-	214,834	-	-	214,834	8
01-Oct-03	30-Sep-07	to	01-Oct-09	20.40	-	214,834	-	-	214,834	
				TOTAL	1,475,287	644,502	-	30,000	2,089,789	

1. The options may be exercisable at an earlier date as prescribed by the Option Plan Rules.
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 Option Plan Rules.
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. Brokerage is payable by the Bank. Shares purchased under this Plan are expensed in the Statement of Financial Performance.

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

Allocation Date	Shares Acquired	Average Purchase Price ($)	Participating Non-Executive Directors
28-Nov-2003	5,929	20.24	3

4 Further Information

4.1 Branches

As at	**March 2004**	Sept 2003	March 2003
New South Wales	**206**	222	225
Australian Capital Territory	**13**	13	14
Queensland	**21**	23	23
Victoria	**35**	31	30
South Australia	**109**	109	111
Western Australia	**2**	2	2
Northern Territory	**4**	4	4
Total	**390**	404	409
Assets per branch - $M	**170**	155	140
Net Profit (1) per branch (annualised)			
- after income tax, OEI and before goodwill - $'000	**2,200**	1,916	1,853
- after income tax, OEI and goodwill - $'000	**1,933**	1,649	1,589

(1) Before Preference Dividends.

4.2 Staffing (full time equivalents)

As at	**March 2004**	Sept 2003	March 2003
New South Wales	**4,578**	4,576	4,372
Australian Capital Territory	**164**	146	143
Queensland	**252**	242	228
Victoria	**331**	287	262
South Australia	**1,201**	1,178	1,174
Western Australia	**96**	94	90
Northern Territory	**33**	35	31
	6,655	6,558	6,300
SEALCORP	**579**	604	591
Scottish Pacific	**140**	143	144
St.George Bank New Zealand	**20**	20	12
Total Permanent and Casual Staff	**7,394**	7,325	7,047
Assets per staff - $M	**9.0**	8.6	8.1
Staff per $m assets - No.	**0.11**	0.12	0.12
Net Profit (1) per average staff (annualised)			
- after income tax, OEI and before goodwill - $'000	**117.1**	107.5	106.5
- after income tax, OEI and goodwill - $'000	**102.9**	92.5	91.3
Total Group Workforce (2)	**7,932**	7,839	7,579

(1) Before Preference Dividends.
(2) The total Group workforce comprises permanent, casual and temporary staff and contractors.

4.3 Dates and Credit Ratings

Financial Calendar

Date	Event
31 May 2004	Melbourne Shareholder Information Meeting
11 June 2004	Ex-dividend trading for interim ordinary share dividend
18 June 2004	Record date for interim ordinary share dividend
2 July 2004	Payment of interim ordinary share dividend

Proposed Dates

Date	Event
30 July 2004	Ex-dividend trading for PRYMES
6 August 2004	Record date for PRYMES
20 August 2004	Payment date for PRYMES
30 September 2004	Financial year end
3 November 2004	Announcement of financial results and final ordinary share dividend
29 November 2004	Ex-dividend trading for final ordinary share dividend
3 December 2004	Record date for final ordinary share dividend
17 December 2004	Payment of final ordinary share dividend
17 December 2004	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

Contact Details	Media	Analysts
Name:	Jeremy Griffith	Sean O'Sullivan
Position:	General Manager – Corporate Relations	Investor Relations Manager
Phone:	(02) 9236 1328	(02) 9236 3618
Mobile:	0411 259 432	0412 139 711
Fax:	(02) 9236 3740	(02) 9236 3745
Email:	griffithj@stgeorge.com.au	osullivans@stgeorge.com.au

St.George Bank Limited

ABN 92 055 513 070

Consolidated Financial Report

for the half-year ended

31 March 2004

The Directors of St.George Bank Limited (the Bank) submit their report on the consolidated financial report for the half-year ended 31 March 2004 and the auditors' review report thereon.

Directors

The names of the Directors of the Bank holding office at any time from the beginning of the half-year to the date of this report are:

<u>Name</u>

F J Conroy
Chairman
G P Kelly
Managing Director and Chief Executive Officer
L F Bleasel
J S Curtis
P D R Isherwood
L B Nicholls
G J Reaney
J M Thame

Review of Operations

Unless otherwise indicated, comparative figures relate to the half-year ended 31 March 2003.

Profit from ordinary activities after tax and outside equity interests for the half-year ended 31 March 2004 was $377 million (31 March 2003: $325 million), an increase of 16%. The increase was primarily due to strong growth in net interest income driven by continued growth in residential and business lending while focussing on cost containment.

Net Interest Income

- Net interest income for the half-year was $794 million (31 March 2003: $711 million), an increase of 11.7%. The increase is due to growth in average interest earning assets of 14.3% since March 2003 which is partially offset by a decline in the net interest margin to 2.74% from 2.80% in the previous corresponding period. The net interest margin was stable when compared to 2.74% in the September 2003 half-year.

Other Income

- Other income was $475 million (31 March 2003: $448 million), an increase of 6.0%. Other income accounts for 37.4% of total income (31 March 2003: 38.7%). The increase in other income resulted from growth in bank acceptances, managed funds and securitised loans, increased financial markets income from trading activities and profits arising from the continuation of the Bank's property sale and lease-back program.

- Growth in other income was impacted by a reduction in credit and debit card interchange fees together with an increase in home loan broker commissions.

- Managed funds increased to $22.6 billion (30 September 2003: $19.8 billion; 31 March 2003: $17.7 billion).

Operating Expenses

- The expense to income ratio, before goodwill amortisation decreased to 48.1% (31 March 2003: 49.2%) due to a continued focus on cost containment and growth in total income underpinned by strong lending asset growth. The expense to income ratio also improved when compared to 49.9% in the September 2003 half-year.
- Operating expenses before goodwill were $610 million (31 March 2003: $570 million), an increase of 7.0%. When compared to the September 2003 half-year, operating expenses before goodwill increased by 1.7%.

Income Tax

- Income tax expense increased by $21 million to $180 million compared to the previous corresponding period.

Shareholder Returns

- Annualised return on average ordinary equity before goodwill increased to 21.56% (31 March 2003: 20.36%).
- Basic earnings per ordinary share increased to 69.7 cents (31 March 2003: 59.5 cents).
- The Board has declared an interim ordinary dividend of 60 cents per ordinary share, payable on 2 July 2004. This dividend will be fully franked at 30%.

Corporate Governance

In accordance with the Australian Stock Exchange Principles of Good Corporate Governance and Best Practice Recommendations, the Managing Director and Chief Executive Officer and the Chief Financial Officer, have provided a written statement to the Board that the financial report represents a true and fair view of the Bank's financial position as at 31 March 2004 and of its performance for the six months ended 31 March 2004, in accordance with relevant accounting standards and regulations.

Rounding of Amounts

In accordance with Australian Securities and Investments Commission Class Order 98/100, dated 10 July 1998, amounts in this report and the accompanying consolidated financial statements have been rounded off to the nearest million dollars except where otherwise indicated.

Signed in accordance with a resolution of the Directors.

	Gail Kelly
…………………………	…………………………
F J Conroy	G P Kelly
Chairman	Managing Director and Chief Executive Officer

Signed at Sydney
New South Wales
4 May 2004

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 MARCH 2004

	NOTE	Half-Year to 31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Interest income	2	**1,966**	1,767	1,667
Interest expense	3	**1,172**	1,027	956
Net interest income		**794**	740	711
Other income	2	**475**	462	448
Total ordinary income (net of interest expense)		**1,269**	1,202	1,159
Charge for bad and doubtful debts	4	**52**	54	48
Operating expenses				
- staff		**310**	300	277
- computer and equipment		**101**	103	104
- occupancy		**67**	63	62
- administration and other		**132**	134	127
Total operating expenses	3	**610**	600	570
Share of net (profit)/loss of equity accounted associates		**(1)**	-	3
Goodwill amortisation		**52**	54	54
Profit from ordinary activities before income tax		**556**	494	484
Income tax expense		**180**	166	159
Profit from ordinary activities after income tax		**376**	328	325
Net loss attributable to outside equity interests		**(1)**	(5)	-
Net profit attributable to members of the Bank		**377**	333	325
Non Owner Changes in Equity				
Net decrease in retained profits on initial adoption of:				
Revised AASB 1028 "Employee Benefits"		-	-	(1)
Net (decrease)/increase in asset revaluation and realisation reserve		**(1)**	18	-
Net increase in claims equalisation reserve		**2**	2	4
Net increase in depositors' and borrowers' redemption reserve		-	-	1
Net (decrease)/increase in foreign currency revaluation reserve		-	(1)	1
		1	19	5
Total changes in equity other than those resulting from transactions with owners as owners		**378**	352	330
Dividends per ordinary share (cents)	5	**60**	50	45
Basic earnings per ordinary share (cents)	6	**69.7**	61.2	59.5
Diluted earnings per ordinary share (cents)	6	**69.4**	61.2	59.5
Basic earnings per preferred resetting yield marketable equity security ($)	6	**3.18**	3.18	3.18

The consolidated statement of financial performance should be read in conjunction with the accompanying notes to and forming part of the financial report as set out on pages 62 to 73.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2004

		As at		
		31 March 2004	30 Sept 2003	31 March 2003
	NOTE	**$M**	$M	$M
ASSETS				
Cash and liquid assets		**1,324**	769	648
Due from other financial institutions		**348**	335	352
Trading securities		**5,426**	5,276	5,378
Investment securities	7	**35**	143	212
Loans and other receivables	8	**52,338**	48,904	44,718
Bank acceptances of customers		**3,692**	3,391	2,526
Investment in associated companies		**9**	7	9
Other investments		**82**	102	106
Property, plant and equipment		**466**	506	514
Goodwill		**1,215**	1,268	1,321
Other assets		**1,391**	2,013	1,556
TOTAL ASSETS		**66,326**	62,714	57,340
LIABILITIES				
Deposits and other borrowings	10	**46,007**	45,291	41,744
Due to other financial institutions		**1,007**	501	475
Bank acceptances		**3,692**	3,391	2,526
Provision for dividends	18	**9**	10	12
Income tax liability		**297**	320	257
Other provisions		**94**	93	92
Bonds and notes		**7,654**	5,548	5,529
Loan capital		**1,559**	1,080	936
Bills payable and other liabilities		**1,474**	2,115	1,569
TOTAL LIABILITIES		**61,793**	58,349	53,140
NET ASSETS		**4,533**	4,365	4,200
SHAREHOLDERS' EQUITY				
Share capital	11	**3,531**	3,468	3,399
Reserves		**105**	104	84
Retained profits	12	**541**	442	362
Shareholders' equity attributable to members of the Bank		**4,177**	4,014	3,845
Outside equity interests in controlled entities	13	**356**	351	355
Total Shareholders' Equity		**4,533**	4,365	4,200

The consolidated statement of financial position should be read in conjunction with the accompanying notes to and forming part of the financial report as set out on pages 62 to 73.

ST.GEORGE BANK LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 MARCH 2004

	NOTE	**Half-Year to**		
		31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received		**1,971**	1,782	1,659
Interest paid		**(1,113)**	(1,108)	(1,001)
Dividends received		**2**	-	3
Other income received		**578**	525	484
Operating expenses paid		**(697)**	(606)	(599)
Income taxes paid		**(200)**	(100)	(159)
Net (payments for)/proceeds from the sale and purchase of trading securities		**(189)**	102	370
Net cash provided by operating activities	14(a)	**352**	595	757
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposal of controlled entity	14(c)	**-**	-	(4)
Restructuring costs		**-**	-	(20)
Net proceeds from sale of investment securities		**109**	69	178
Net increase in loans and other receivables		**(3,461)**	(4,243)	(1,965)
Payments for shares		**(7)**	(2)	(2)
Proceeds from sale of shares		**-**	11	1
Payments of research and development costs		**(2)**	(3)	(3)
Payments for property, plant and equipment		**(27)**	(26)	(27)
Proceeds from sale of property, plant and equipment		**75**	28	36
Net (increase)/decrease in other assets		**(21)**	(51)	49
Net cash used in investing activities		**(3,334)**	(4,217)	(1,757)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net increase in deposits		**696**	3,599	3,425
Proceeds from other borrowings		**12,898**	2,150	7,751
Repayment of other borrowings		**(10,650)**	(1,865)	(8,980)
Proceeds from loan capital		**577**	249	-
Repayment of loan capital		**-**	(39)	-
Net decrease in other liabilities		**(259)**	(222)	(212)
Proceeds from the issue of shares		**-**	1	4
Net proceeds from the issue of a perpetual note		**7**	-	17
Dividends paid		**(213)**	(184)	(190)
Net cash provided by financing activities		**3,056**	3,689	1,815
Net increase in cash and cash equivalents		**74**	67	815
Cash and cash equivalents at the beginning of the half-year		**413**	346	(469)
Cash and cash equivalents at the end of the half-year	14(b)	**487**	413	346

The consolidated statement of cash flows should be read in conjunction with the accompanying notes to and forming part of the financial report as set out on pages 62 to 73.

Note 1: Statement of Significant Accounting Policies

(a) Basis of preparation of the half-year financial report

This general purpose financial report for the half-year ended 31 March 2004 has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting", other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the Bank's Concise Annual Report and Full Financial Report for the year ended 30 September 2003 and any public announcements made by the Bank and its controlled entities during the half-year ended 31 March 2004 in accordance with the continuous disclosure obligations under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those of the previous year-end and corresponding half-year.

Where an entity either began or ceased to be controlled during the period, its results are included only from the date control commenced or up to the date control ceased.

The carrying amounts of all non-current assets are reviewed to determine whether they are in excess of their recoverable amounts at the end of the half-year. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower amount. When assessing recoverable amount for a particular non-current asset, the net cash flows arising from the asset's continued use and subsequent disposal have not been discounted to their present value, except where specifically stated.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Reclassification of financial information

Where necessary, the half-year accounts have been changed to reflect the sub totals and totals disclosed in the year-end accounts and comparative figures have been amended to conform with changes in presentation in the current half-year.

Note 2: Revenues from Ordinary Activities

	Half-Year to		
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Interest Income	**1,966**	1,767	1,667
Other Income			
Trading income	**34**	35	18
Product fees and commissions			
- Lending	**34**	34	34
- Deposit and other accounts	**103**	107	109
- Electronic banking	**91**	93	89
Securitisation service fees	**42**	44	38
Managed funds fees	**94**	86	86
Dividend income	**2**	-	3
Profit on disposal of land and buildings	**19**	10	15
Profit on disposal of shares	**-**	1	2
Factoring and invoice discounting income	**10**	10	10
Bill acceptance fees	**31**	26	22
Rental income	**6**	8	8
Other	**9**	8	14
	475	462	448
Total revenue from ordinary activities	**2,441**	2,229	2,115

Note 3: Expenses from Ordinary Activities

	Half-Year to		
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Interest Expense	**1,172**	1,027	956
Operating expenses			
Staff			
Salaries and wages	**254**	246	223
Contractors' fees	**5**	5	5
Superannuation contributions	**20**	19	20
Payroll tax	**17**	15	15
Fringe benefits tax	**4**	4	5
Other	**10**	11	9
	310	300	277
Computer and equipment			
Depreciation	**20**	20	21
Deferred expenditure amortisation	**35**	40	35
Rentals on operating leases	**9**	8	8
Other	**37**	35	40
	101	103	104
Occupancy			
Depreciation and amortisation	**14**	15	16
Rentals on operating leases	**34**	30	29
Other	**19**	18	17
	67	63	62
Administration and other			
Fees and commissions	**12**	15	14
Advertising and public relations	**21**	23	23
Telephone	**6**	7	6
Printing and stationery	**19**	19	17
Postage	**9**	9	9
Subscriptions and levies	**3**	3	3
Consultants	**9**	10	8
Other	**53**	48	47
	132	134	127
Total operating expenses	**610**	600	570
Total expenses from ordinary activities	**1,782**	1,627	1,526

Note 4: Bad and Doubtful Debts

Charge to general provision	**16**	12	12
Charge to specific provision	**36**	42	36
Total bad and doubtful debts expense	**52**	54	48

Note 5: Dividends Provided for or Paid

	Half-Year to		
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Ordinary dividends			
2002 Final dividend (fully franked - 42 cents)	**-**	-	209
2003 Interim dividend (fully franked - 45 cents)	**-**	227	-
2003 Final dividend (fully franked - 50 cents)	**253**	-	-
	253	227	209
Other dividends			
DCS[(1)] dividend provided for or paid (unfranked)	**14**	15	18
PRYMES[(2)] dividend provided for or paid (fully franked)	**9**	10	9
	23	25	27
Total dividends	**276**	252	236

(1) Depositary capital securities
(2) Preferred resetting yield marketable equity securities

Dividend franking account

It is anticipated that the balance of the consolidated franking account will be $330 million (March 2003: $154 million) after adjusting for:
(i) franking credits that will arise from the payment of income tax payable as at the end of the half-year; and
(ii) franking debits that will arise from the payment of dividends recognised as a liability or proposed but not declared at the end of the half-year; and
(iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
(iv) franking credits that the consolidated entity may be prevented from distributing in the subsequent half-year.

Note 6: Earnings per Share

Ordinary Share				
Basic earnings per share	(Cents)	**69.7**	61.2	59.5
Diluted earnings per share	(Cents)	**69.4**	61.2	59.5
Basic PRYMES	($)	**3.18**	3.18	3.18
Alternative earnings per ordinary share[(1)]				
Basic earnings per share	(Cents)	**80.0**	71.9	70.3
Diluted earnings per share	(Cents)	**79.4**	71.7	70.0

(1) The alternative basic and diluted earnings per ordinary share amounts have been calculated to exclude the impact of goodwill amortisation to provide a meaningful analysis of the earnings per ordinary share performance of the underlying business.

Note 7: Investment Securities

Investment securities are purchased with the intention of being held to maturity. The securities are recorded at cost plus accrued interest and in respect of fixed interest securities, are adjusted for amortised premiums and discounts on acquisition.

	As at		
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Book value of investment securities	**35**	143	212
Market value of investment securities	**35**	141	201

Note 8: Loans and Other Receivables

	As at		
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Housing loans (1)	**37,589**	34,998	31,812
Commercial loans	**8,802**	8,247	7,586
Personal loans	**2,944**	2,762	2,597
Lease and commercial hire purchase	**2,100**	1,996	1,857
Structured investments	**172**	189	161
Credit card receivables	**958**	865	783
Other	**37**	88	153
	52,602	49,145	44,949
Less: provision for impairment (refer note 9)			
Specific provision for doubtful debts	**72**	65	67
General provision for doubtful debts	**192**	176	164
Net loans and other receivables	**52,338**	48,904	44,718

(1) Excludes $8,345 million of securitised loans (September 2003: $7,788 million; March 2003: $6,653 million).

Note 9: Provisions for Impairment

Specific provision			
Opening balance	**65**	67	71
Charge to Statement of Financial Performance	**36**	42	36
Recoveries	**11**	4	6
Bad debt write-offs	**(40)**	(48)	(46)
Closing balance	**72**	65	67
General provision			
Opening balance	**176**	164	152
Charge to Statement of Financial Performance	**16**	12	12
Closing balance	**192**	176	164
Total provision for impairment	**264**	241	231

Note 10: Deposits and Other Borrowings

Certificates of deposit	**9,442**	10,259	8,490
Term and other deposits	**36,439**	34,954	33,133
Secured borrowings	**115**	59	98
Unsecured borrowings	**11**	19	23
	46,007	45,291	41,744

Note 11: Share Capital

	As at					
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M	**31 March 2004 No. Shares**	30 Sept 2003 No. Shares	31 March 2003 No. Shares
Capital						
Fully paid ordinary shares	**3,225**	3,162	3,093	**509,773,313**	505,592,816	502,217,964
Preferred Resetting Yield Marketable Equity Securities	**291**	291	291	**3,000,000**	3,000,000	3,000,000
General Reserve	**15**	15	15	-	-	-
	3,531	3,468	3,399			
Issued and Uncalled Capital						
Borrowers' shares - unpaid [1]	-	-	-	**5,382**	6,069	7,148
Depositors' shares - unpaid [1]	-	-	-	**285,442**	300,842	306,087
	-	-	-			
Movements in ordinary share capital						
Balance at beginning of half-year	**3,162**	3,093	3,043			
Ordinary shares issued	**63**	69	50			
Balance at end of half-year	**3,225**	3,162	3,093			

[1] These shares were originally issued to borrowers and depositors when St.George was a building society to enable them to open a loan or deposit account. Borrowers and depositors shareholders have certain rights as set out in the Constitution, including the right to vote on issues which affect their rights, and have certain obligations on a winding up.

Note 12: Retained Profits

	As at		
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Retained profits at the beginning of the half-year	**442**	362	71
Reversal of 2002 final ordinary dividend under AASB 1044	**-**	-	209
Adjustment relating to AASB 1028: Employee Benefits	**-**	-	(1)
Net profit after income tax attributable to members of the Bank	**377**	333	325
Total available for appropriation	**819**	695	604
Dividends recognised during the period	**(276)**	(252)	(236)
Transfer to reserves	**(2)**	(1)	(6)
Retained profits at the end of the half-year	**541**	442	362

Note 13: Outside Equity Interests in Controlled Entities

Depositary capital securities	**334**	334	334
Share capital	**2**	2	2
Perpetual notes	**24**	17	17
(Accumulated losses)/Retained profits	**(4)**	(2)	2
	356	351	355

Note 14: Consolidated Statement of Cash Flows Notes

(a) Reconciliation of net profit to net cash provided by operating activities

	Half-Year to		
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Net Profit	**376**	328	325
Trading income	**(34)**	(35)	(18)
Profit on sale of property, plant and equipment	**(19)**	(10)	(15)
Profit on sale of shares	**-**	(1)	(2)
Bad and doubtful debts expense	**52**	54	48
Depreciation	**34**	34	37
Amortisation			
- leasehold	**-**	1	-
- goodwill	**52**	54	54
- deferred expenditure	**35**	40	35
Write down of investments	**-**	1	3
(Increase)/decrease in:			
- interest receivable	**2**	11	(9)
- other income receivable	**7**	10	-
- trading securities	**(189)**	102	370
(Decrease)/increase in:			
- interest payable	**60**	(82)	(44)
- accrued expenses	**-**	51	(16)
- income tax liability provisions	**(25)**	64	(16)
- other provisions	**1**	(27)	5
Net cash provided by operating activities	**352**	595	757

(b) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash at the end of the half-year is reconciled to the following items in the Statement of Financial Position:

	As at		
	31 March 2004 $M	30 Sept 2003 $M	31 March 2003 $M
Cash and liquid assets	**1,324**	769	648
Due from other financial institutions - at call	**348**	328	334
Due to other financial institutions - at call	**(1,007)**	(501)	(457)
Bills payable	**(178)**	(183)	(179)
Cash and cash equivalents at the end of the half-year	**487**	413	346

(c) Disposal of Controlled Entity

On 8 January 2003, the consolidated entity disposed of its 100% interest in Australian Clearing Services Pty Ltd (ACS) for $1.2 million consideration. ACS's contribution to net profit from 1 October 2002 to the date of its disposal was $191,000.

Note 15: Segmental Reporting

(a) Business Segments

Business segments are based on the consolidated entity's organisational structure. The consolidated entity 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. This division manages retail branches, call centres, agency networks and electronic channels such as EFTPOS terminals, ATMs and Internet banking.

Institutional and Business Banking (IBB) - responsible for liquidity management, securitisation, wholesale funding, capital markets, treasury market activities including foreign exchange, money market and derivatives, corporate and business relationship banking, international and trade finance banking services, leasing, hire purchase, automotive finance, commercial property lending and cash flow financing including factoring and invoice discounting.

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 consolidated entity'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.

Note 15: Segmental Reporting

For the half-year ended 31 March 2004	Personal Customers $'M	Institutional & Business Banking $'M	BankSA $'M	Wealth Management $'M	Other $'M	Consolidated $'M
Segment revenue						
Net interest income	462	182	122	28	-	794
Non-interest income	202	118	39	116	-	475
Total segment revenue	664	300	161	144	-	1,269
Segment expense						
Bad and doubtful debts	31	16	4	1	-	52
Operating expenses						
- Other provisions	9	12	3	9	-	33
- Depreciation	26	3	4	1	-	34
- Deferred expenditure amortisation	27	3	4	1	-	35
- Other expenses	276	83	63	86	-	508
Total operating expenses	338	101	74	97	-	610
Goodwill amortisation	-	-	-	-	52	52
Total segment expenses	369	117	78	98	52	714
Share of (profit)/loss of investment in associates	-	(1)	-	-	-	(1)
Profit/(loss) before income tax expense	295	184	83	46	(52)	556
Expense to income ratio (1)	50.9%	33.7%	46.0%	67.4%		
Income tax expense						180
Profit after income tax						376
Outside equity interest (OEI)						(1)
Profit after income tax and OEI						377

As at 31 March 2004	Personal Customers $'M	Institutional & Business Banking $'M	BankSA $'M	Wealth Management $'M	Other $'M	Consolidated $'M
Assets						
- investments in associates	-	-	-	-	9	9
- other assets	32,073	20,513	8,264	3,031	2,436	66,317
Segment Assets	32,073	20,513	8,264	3,031	2,445	66,326
Segment Liabilities	23,109	31,665	5,575	699	745	61,793
Other Segment Disclosure						
- Securitised loans	8,345	-	-	-	-	8,345
- Managed funds (2)	-	-	-	22,604	-	22,604

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

Note 15: Segmental Reporting

For the half-year ended 30 September 2003	Personal Customers $'M	Institutional & Business Banking $'M	BankSA $'M	Wealth Management $'M	Other $'M	Consolidated $'M
Segment revenue						
Net interest income	432	168	115	25	-	740
Non-interest income	200	113	39	110	-	462
Total segment revenue	632	281	154	135	-	1,202
Segment expense						
Bad and doubtful debts	30	16	7	1	-	54
Operating expenses						
- Other provisions	11	10	3	6	-	30
- Depreciation	25	4	5	1	-	35
- Deferred expenditure amortisation	31	4	4	1	-	40
- Other expenses	267	78	60	90	-	495
Total operating expenses	334	96	72	98	-	600
Goodwill amortisation	-	-	-	-	54	54
Total segment expenses	364	112	79	99	54	708
Share of (profit)/loss of investment in associates	-	-	-	-	-	-
Profit/(loss) before income tax expense	268	169	75	36	(54)	494
Expense to income ratio	52.8%	34.2%	46.8%	72.6%		
Income tax expense						166
Profit after income tax						328
Outside equity interest (OEI)						(5)
Profit after income tax and OEI						333

As at 30 September 2003	Personal Customers $'M	Institutional & Business Banking $'M	BankSA $'M	Wealth Management $'M	Other $'M	Consolidated $'M
Assets						
- investments in associates	-	-	-	-	7	7
- other assets	29,777	19,891	7,787	2,755	2,497	62,707
Segment Assets	29,777	19,891	7,787	2,755	2,504	62,714
Segment Liabilities	22,758	28,911	5,403	607	670	58,349
Other Segment Disclosure						
- Securitised loans	7,788	-	-	-	-	7,788
- Managed funds	-	-	-	19,820	-	19,820

Note 15: Segmental Reporting

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
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
Goodwill amortisation	-	-	-	-	54	54
Total segment expenses	348	104	74	92	54	672
Share of (profit)/loss of investment in associates	-	3	-	-	-	3
Profit/(loss) before income tax expense	265	165	68	40	(54)	484
Expense to income ratio	52.2%	32.4%	50.0%	68.9%		
Income tax expense						159
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	-	-	-	17,677	-	17,677

(b) Geographical Segments

The consolidated entity operates predominantly in Australia.

Note 16: Tax Consolidation

At the date of this report, the Directors of the Bank have not made a decision on whether or not to elect into the tax consolidation regime. The Bank is continuing to consider the implications associated with the tax consolidation regime.

Note 17: Contingent Liabilities

There have been no material changes in contingent liabilities from those disclosed in the 30 September 2003 Full Financial Report.

Note 18: Events Subsequent to Balance Date

On 4 May 2004, the directors declared an interim dividend of 60 cents per ordinary share, amounting to $306 million. In accordance with AASB 1044 “Provisions, Contingent Liabilities and Contingent Assets”, this dividend has not been brought to account in the consolidated entity’s financial statements for the half-year ended 31 March 2004.

On 2 April 2004, the Supreme Court approved a Scheme of Arrangement for First Data Corporation Limited (First Data) to acquire 100% of Cashcard Australia Limited (Cashcard). St.George holds 4,319,290 shares in Cashcard, which in accordance with consideration paid by First Data on 15 April 2004 resulted in a profit before tax of $17 million ($12 million after income tax) that will be brought to account in the second half of 2004 as a significant item. A further $2 million profit before tax may be recognised in the September 2005 year in accordance with the “Adjustment mechanisms” outlined in the Scheme of Arrangement.

In the opinion of the directors of St.George Bank Limited:

1. (a) The financial statements set out on pages 59 to 73, are in accordance with the Corporations Act 2001, including:

    (i) giving a true and fair view of the financial position of the consolidated entity as at 31 March 2004 and of its performance as represented by the results of its operations and cash flows for the half-year ended on that date; and

    (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

    (b) at the date of this declaration, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

2. There are reasonable grounds to believe the Bank and its controlled entities will, as a consolidated entity, be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Bank and those controlled entities pursuant to a Class Order. At the date of this declaration the Bank is within the class of companies affected by Class Order 98/1418.

For and on behalf of the Board of Directors and in accordance with a resolution of the directors.

Gail Kelly

……………………………..	……………………………..
F J Conroy	G P Kelly
Chairman	Managing Director and Chief Executive Officer

Dated at Sydney

New South Wales

4 May 2004

SCOPE

We have reviewed the financial report of St.George Bank Limited (the Bank) for the half-year ended 31 March 2004, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes and the directors' declaration set out on pages 59 to 74. The financial report includes the consolidated financial statements of the consolidated entity comprising St.George Bank Limited and the entities it controlled at the end of the half-year or from time to time during the half-year. The Bank's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: "Interim Financial Reporting" and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Bank's financial position, and performance as represented by the results of its operations and its cash flows and in order for the Bank to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of Bank personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion

STATEMENT

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of St.George Bank Limited is not in accordance with:

(a) the Corporations Act 2001, including:

   (i) giving a true and fair view of the Bank's financial position as at 31 March 2004 and of its performance for the half-year ended on that date; and

   (ii) complying with Accounting Standard AASB 1029: "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

KPMG

J F Teer
Partner
10 Shelley Street
Sydney, New South Wales, 2000
4 May 2004