



news release

1 September 2008

St.George raises \$1 billion to complete 40% of 2009 term funding

St.George Bank today announced it has finalised an issue of \$1 billion of Residential Mortgage-Backed Securities (RMBS) under its Crusade securitisation program, Crusade Trust No.1 of 2008. The Group has now completed 40% or \$4.6 billion of its estimated \$11-\$12 billion term wholesale funding requirements for 2009.

Managing Director & CEO, Paul Fegan said; "St.George continues to have access to a diversified range of funding markets and we have made strong inroads on our 2009 funding targets. Given this advanced position, we do not see the need to raise any substantial new term funding in the near future."

"We were one of the first of the Australian banks to complete funding for the 2008 financial year, and currently have a large proportion of next year's requirements already locked away. Since 1 October 2007, St.George has raised a total \$12.6 billion of committed term funding."

"In addition, we continue to see strong growth in retail deposit balances with growth of 18.9% annualised for the ten months ended 31 July 2008. This growth is exceeding growth in retail lending, providing a significant funding offset. In July alone, retail deposits grew by over \$3 billion."

"St.George remains in a very strong position and is on track to meet its EPS growth target of 8-10%* for the 2008 financial year. This will place St.George at the top end of earnings for all Australian banks," Mr Fegan said.

In this issue, Residential Mortgage-Backed Securities with a value of A\$1,051 million will be issued, backed by a revolving mortgage pool. A senior class A tranche of \$1 billion has been privately placed and, accordingly, pricing is not disclosed. The pricing is competitive with comparable sources of funding available to Australian banks. A subordinated class B tranche of \$51.3 million will be retained by St.George.

It is expected that the senior class A tranche will be rated AAA by Standard and Poor's. Securities issued will be denominated only in Australian dollars and will be backed by Australian residential mortgage loans originated by St.George.

Since 31 March 2008, St.George has raised \$5.3 billion of term funding, excluding securitisation, with an average weighted maturity of 29 months.

Overall, the Group's credit quality remains very good, reflecting the high quality of the Bank's residential and business lending portfolios and its prudent credit culture and policies. The Loan to Valuation ratio (LVR) for the total mortgage portfolio is less than 40% and 95% of commercial loans are secured.

St.George is rated A+ by Standard & Poor's (CreditWatch Positive), Aa2 by Moody's Investors Service (Under Review - Direction Uncertain) and A+ by Fitch Ratings (RatingWatch Positive).

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* This target continues to exclude the impact of hedging and non-trading derivatives volatility and significant items; assumes a reasonably sound economic environment and no further one-off material credit losses.