



n e w s r e l e a s e

13 November 2007

St George Bank Appoints Paul Fegan as Chief Executive Officer

The Board of St.George Bank Limited today announced the appointment of Mr Paul Fegan as Chief Executive Officer effective immediately.

The Chairman of St.George Bank, Mr John Thame, said, "We are delighted to appoint Paul as the new Chief Executive Officer. He is superbly equipped to continue and build on the Bank's momentum. He brings thirty years financial services experience to the role including over five years experience at St.George. This includes his most recent experience of running both the Retail and Wealth divisions of the Group which account for nearly 60 per cent of the Group's total revenue."

An international executive search was conducted and considered both internal and external candidates.

Mr Thame said, "I am particularly pleased with the appointment of an internal successor. This is a credit to Paul and reflects the depth and strength of a highly experienced and very stable senior executive management team. The Bank has never been in better shape and its organic growth strategy continues to deliver for its shareholders."

Mr Fegan said, "It is a great privilege and responsibility to be asked to lead the St.George Group. The Bank has an outstanding heritage and brand built upon its strong people and community focus."

Further, "As an Australian financial services institution, we have a major responsibility to all our staff, customers, shareholders and the wider community to ensure their ongoing security and prosperity. This will continue to be the Group's key priority."

"Looking ahead, the Group has a clear organic growth strategy in place, which has consistently delivered. My focus will be to ensure that we drive this strategy while continuing to reinvest in the business. Given the increased competitiveness and volatility in the market place we do not have the luxury of being complacent," Mr Fegan commented.

Mr Fegan has been the Acting Chief Executive Officer since the former chief executive Mrs Gail Kelly announced her resignation on 17 August 2007.

Attached are biographical details for Paul Fegan together with the letter of appointment and key employment terms. Details of the service agreement will be provided to the ASX once finalised.

The Bank remains on track to deliver on its target of 10 per cent earnings per share growth for 2008.

Ends

Media contact:

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Biographical Details

Paul Fegan became Acting Chief Executive Officer of St.George in August 2007 following the resignation of the former Managing Director and Chief Executive Officer, Mrs Gail Kelly.

While Acting Chief Executive Officer, he retained responsibility for the Group's largest divisions, Retail Bank & Wealth Management. In combination, these divisions represented nearly 60% of the Bank's profit in the latest financial year.

Paul joined St.George in 2002 after being Chief Operating Officer and a Director of Yorkshire Bank in the United Kingdom, as well as holding senior finance industry roles in Australia, Hong Kong, Ireland, the United Kingdom and the United States. He has over 30 years experience in the banking industry.

He holds a Master of Business Administration, is a Fellow of Finsia and a Graduate of the Australian Institute of Company Directors.

Paul, aged 46, is married with two children.

Appointment Letter and Summary of Key Employment Terms attached.

from the office of the
Chairman

St.George Bank Limited
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13 November 2007

Mr P A Fegan
18 Milner Street
MOSMAN NSW 2088

Dear Paul

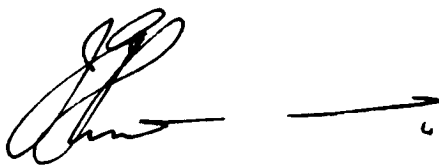
On behalf of the Board of St.George Bank Limited, I confirm that we are delighted today to appoint you the Chief Executive Officer of the Bank, effective immediately.

The appointment will be on the terms of the attached "Service Key Terms". I confirm that we will jointly agree and execute a Service Agreement shortly to more fully set out the terms of appointment.

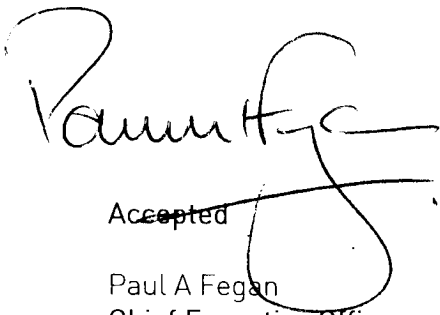
The Board very much looks forward to working with you.

Please sign the duplicate of this letter to accept our invitation.

Yours sincerely



John M Thame
Chairman



Accepted

Paul A Fegan
Chief Executive Officer
Date: 13 November 2007

Service Key Terms

The employment arrangements have been established by taking into account the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations as well as industry practice.

St. George Bank Limited (the **Company**) has also obtained external advice from Egan Associates on Australian and international peer company benchmarks prior to establishing these remuneration arrangements.

Term

Your employment as Chief Executive Officer will commence on 13 November 2007 (**Commencement Date**) and continue until terminated as set out below (the **Term**).

Fixed Remuneration

For each financial year of the Term, the Company will pay you a base amount equivalent to a Total Employment Cost of \$1,700,000 (including superannuation contributions and any fringe benefits tax), which will be reviewed annually. Payment will be made pro-rata for each part of a year comprising the Term. The amounts to be paid may be taken in the form of a base salary and such other components (including without limitation the provision of a motor vehicle) as we may agree with you.

Short Term Incentive

You will be eligible for an annual performance incentive of, in aggregate, up to \$1,800,000. The Nomination and Remuneration Committee will recommend to the Board the Key Performance Indicators against which performance will be assessed. These will be in the form of a Balanced Scorecard related to the Group and the individual and include Financial, Customer, People, Risk and Compliance and Strategy outcomes. The details of the criteria and the portion of the annual performance incentive to which they relate, and the proposed date for payment, will be notified to you by the Board no later than 31 January 2008, and 31 January in each financial year thereafter, and will be subject to annual review by the Board.

Long Term Incentive

Within 10 Business Days of the Commencement Date, the Company will grant to you:

- pursuant to the Company's Executive Option Plan, such number of options being \$650,000 divided by the value of the options determined using a binomial model (the **Options**); and
- pursuant to the Company's Executive Performance Share Plan, such number of awards being \$650,000 divided by the volume weighted average price of the Company's shares for the 5 day period up to and including the Commencement Date (the **Awards**).

Each Option and Award will be granted for no consideration. An Award will entitle you, on exercise, to one fully paid ordinary share in the Company for no consideration. An Option will entitle you, on exercise, to one fully paid ordinary share in the Company for an exercise price per share equal to the volume weighted average price of the Company's shares during the five trading days up to and including the Commencement Date.

The Awards and Options will be divided into 3 equal tranches and will vest over a 5 year period subject to either:

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- EPS growth at an annual compound rate of 10% being achieved; or
 - the aggregate capital of those companies within the Financial Services Comparator Group which have a Total Shareholder Return (measured from 1 October 2007) less than the Company being equal to 50 per cent of the aggregate capital of the total Financial Services Comparator Group (in which case 50% of the options and 50% of the awards will vest, with vesting increasing on a straight line basis to 100% where the aggregate capital of those companies within the Financial Services Comparator Group which have a Total Shareholder Return (measured from 1 October 2007) less than the Company is equal to or greater than 75 per cent of the aggregate capital of the total Financial Services Comparator Group).

Termination

Your employment may be terminated by the Company:

- without notice for cause (in which case you will only be entitled to accrued Total Employment Cost on the termination date, and your unvested Options and Awards and vested Options and Awards which have not been exercised by the termination date will lapse); or
- on 12 months' notice given at any time after the first anniversary of the Commencement Date for any reason (in which case you will be entitled to one times Total Employment Cost and entitled to exercise any Options or Awards which have vested on or before the termination date, and may receive a pro rata payment of any short term incentive amount at the Board's sole discretion).

You may terminate your employment with the Company:

- on 6 months' notice (in which case you will be entitled to accrued Total Employment Cost on the termination date and entitled to exercise any Options or Awards which have vested on or before the termination date); or
- if there is a material diminution of your role and responsibilities (in which case you will be entitled to one times Total Employment Cost and entitled to exercise any Options or Awards which have vested on or before the termination date, and may receive a pro rata payment of any short term incentive amount at the Board's sole discretion).
