



THE MARKET

In the rapidly evolving and extremely competitive financial services market, St.George presents consumers with a unique and appealing alternative to Australia's big four banks.

While providing the comprehensive range of financial products expected of a leading bank, St.George also records against-the-category odds of customer satisfaction. Its outstanding reputation and high levels of brand loyalty are the result of the bank's heritage and values, which build on the customer focus, friendly service and community awareness that have differentiated St.George since the early days.

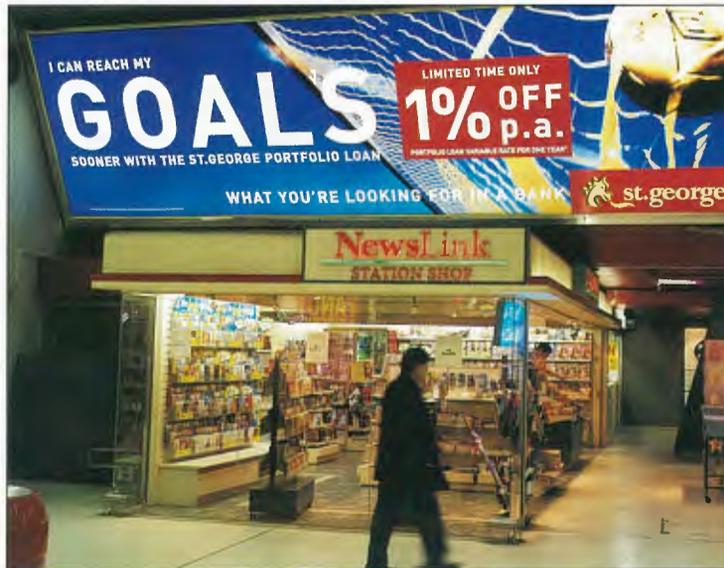
It is through balancing commercial success with these underlying values that St.George is able to occupy a niche in the market that no other bank can fill, while remaining an enduring Australian icon.

ACHIEVEMENTS

St.George has grown from Australia's largest building society in 1992 to Australia's fifth largest bank today.

As a result of its acquisition of Advance Funds Management and leading fund managers SEALCORP, St.George was the first bank to include investment funds in the suite of services offered to customers.

The St.George Group currently serves 2.6 million customers with a full range of financial



services. It has 413 branches Australia-wide, with total assets of \$49.6 billion.

Recent award-winning St.George products include the Starts Low Stays Low credit card, which was voted best in its category by Cannex, and Portfolio Loan, which won a silver AFA Effectiveness Award for the most flexible loan in Australia.

Despite its significant growth and highly successful business strategy, St.George has also maintained a balance between commercial success and human values. In fact, one of its greatest achievements is the St.George Foundation.

Established in 1990, the St.George Foundation has provided more than \$4.1 million to fund projects which improve the quality of life of

disadvantaged children. In the ten years since its inception, the St.George Foundation has brought assistance, support, relief and joy to countless children with special needs throughout Australia.

HISTORY

The St.George and Cronulla building societies were formed as "terminating" societies in the late 1930s, but did not experience their first major growth until legislation after the Second World War made housing more affordable.

St.George converted to a permanent building society in 1955, and during the 1960s began to open branches throughout suburban Sydney. It opened 13 branches between 1967 and 1970 alone.

Interestingly, by this date computers had already been introduced to the organisation, and played a key role in its operations.

By 1979, St.George had 800 staff working in 130 branches to serve some 600,000 members. The society's amalgamated assets of over \$1 billion made St.George the biggest building society in Australia.

The society went on to acquire the State Building Society in 1988, and made its first major interstate leap by buying the Victorian Savings and Loans Society in 1991.

St.George became a bank in 1992 and was listed on the Australian Stock Exchange, and two years later bought the retail commercial banking and finance divisions of Barclays Bank Australia, incorporating Barclays' 550 staff and 18 branches into the Group.

St.George successfully completed its merger with Advance Bank Australia in January 1997, giving it a much broader spread of business and greater geographic reach than ever before. The acquisition of Advance substantially added to the St.George customer base, while reinforcing the bank's financial strength, scale of operational efficiencies and breadth of services and skills. This also gave the bank control of South Australia's leading bank, BankSA, which had been acquired by Advance in 1995.

In January 1998, St.George purchased SEALCORP, a leader in the provision of personal savings and investment products. In line with the bank's increasing focus on meeting the investment and wealth management needs of its growing customer base, the bank also acquired KPMG Financial Services Pty Limited in August 1999. Then in May 2000, St.George acquired the Scottish



Pacific Group, a provider of cashflow finance solutions to Australian small and medium enterprises.

Continuing its commitment to providing innovative, sophisticated and personalised financial solutions to a diverse customer base, these latest acquisitions have further expanded St.George's expertise, range of financial services and overall presence in the market.

THE PRODUCT

In a market that bombards consumers with a confusing array of financial products, St.George is committed to understanding its customers' needs and providing them with personalised solutions to suit their evolving financial needs. Being a full service consumer and business bank, its business is handled through three divisions.

St.George's Personal and Small Business Banking offers a full range of financial solutions for the individual and small business. Two of its most successful products are the Portfolio Loan and the Starts Low Stays Low credit card. The flexibility of the Portfolio Loan, which allows customers to pay off their home loan faster while helping them grow their wealth over the long term, makes it a key product for the bank and one of the most popular home loans on the market. In addition, the Starts Low Stays Low credit card currently offers one of the lowest interest rates in Australia.

The Institutional and Business Banking Division offers a full relationship banking solution for the corporate and business market. Services include a range of corporate banking solutions; property development finance, investment finance, international trade finance, business equipment finance and automotive finance; e-commerce solutions; debtor and cash-flow financing; foreign exchange and interest rate risk management; and hedging strategies.

Investment Services delivers a full range of wealth-creation solutions to build and secure the financial futures of its customers, including services such as margin lending and online share trading and research. With its emphasis on personalised



advice, the Private Wealth Management group provides customers with investment solutions designed specifically for their individual needs, while Private Bank provides solutions for customers with the most complex financial needs.

Advance Funds Management is the specialist funds management arm of St.George Bank, managing over \$2.4 billion on behalf of more than 80,000 customers. Advance offers a wide range of investment and retirement products, including a range of single asset and diversified funds. Advance allows customers to access some of the world's leading names in funds management, including Maple-Brown Abbott, Morgan Stanley and Goldman Sachs. It does this with the overall objective of providing customers with better than average returns on a consistent basis, while carefully managing risk.

RECENT DEVELOPMENTS

The biggest development affecting St.George over the past few years has been the rapid evolution of online services such as Internet Banking.

Being at the forefront of new technology, Internet Banking has allowed St.George to provide existing customers with more convenient access to services, as well as innovative new products, such as dragondirect and Global Dealer. Internet Banking has also enabled the bank to acquire new customers and take maximum advantage of market opportunities.

St.George has also made a series of investments in and formed strategic alliances with Internet-related businesses to further expand its product offering and provide greater value to customers.

With the move towards electronic delivery, St.George has taken a unique approach to educating customers by reconfiguring some branches into Automated Banking Centres and having staff on-hand to help customers become familiar with new methods of banking.

PROMOTION

St.George has recently unveiled a new look communications campaign to take the brand into the new era of banking. The campaign is designed to invigorate the existing attributes of the brand while positioning St.George as a serious provider of a full range of financial services. It does this by building on the loyalty already surrounding the brand, while also communicating the comprehensive range of sophisticated financial

services which St.George offers.

The new look advertising communicates the brand values in a refreshingly simple and impactful way across all media in a fully integrated marketing campaign – covering everything from TV, press, radio and outdoor advertising to in-branch materials, direct marketing, promotions and online communications. With its graphic simplicity and contemporary feel, the campaign has raised the bar in relation to financial services advertising.

Despite the new look, St.George retains its links with two much-loved personalities and long-time representatives of the bank – the Happy Dragon, who represents the friendly face that differentiates St.George from other banks, and Julie Anthony, who is also on the Board of Governors of the St.George Foundation.

BRAND VALUES

St.George has always prided itself on helping people realise their dreams – no longer just by enabling them to own their own home but by offering a full range of financial solutions to help them reach their goals through every stage of their lives.

As highlighted by all its communications, the St.George brand values are satisfaction, innovative, expertise, convenience, solutions, value and goals. Combined with its new tagline “What you're looking for in a bank”, they represent the fact that St.George is committed to providing consumers with the benefits they want across every product and service it offers.

When combined with its commitment to customers and community, these are the values that set St.George apart from other major financial institutions.

THINGS YOU DIDN'T KNOW ABOUT ST. GEORGE

- St.George started life in 1937 as a “terminating building society” – designed to be wound up once it had bought and built homes for its members.
- Today, the St.George Group comprises BankSA, SEALCORP and Advance Funds Management.
- In against-the-category odds, industry research revealed that St.George customers are more satisfied than customers of any other major bank.
- In the ten years since it started, the St.George Foundation has raised over \$4.1 million for charitable organisations that improve the quality of life of disadvantaged children throughout Australia.
- Launched in August 2000, St.George's dragondirect service provides banking facilities accessed exclusively via the phone and Internet.
- St.George is one of the few financial organisations that provides a full range of wealth-creation services. It does this through an expanding base of hand-picked investment advisers and financial planners, including independent financial advisers.