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**Title: St Andrew's Australia posts strong half year results**

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**Date: 18 August 2006**

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St Andrew's Australia, the wealth and insurance arm of HBOS Australia, today announced a 95 per cent increase in its revenue, boosting profits 147 per cent on the previous corresponding period.

Profit before tax is \$8.4 million for the first half of the financial year to June 2006.

Other highlights of the results were:

- Funds under management and advice up 13 per cent annualised to \$432 million;
- Continued expansion of financial planning field force

These results were achieved while continuing to invest in people, systems and new products to support future growth, and reflect a full period of RACV Financial Services acquisition.

The announcement follows the recent release of HBOS Australia's results, which showed continuing strong growth of the group's five business streams, including St Andrew's.

Announcing the results, St Andrew's Managing Director John Van Der Wielen said the division was on track to achieve its growth targets for 2006.

He was particularly pleased with the encouraging early success of the newly released Lite Life insurance product through BankWest and other partnered financial institutions that included banks, building societies, credit unions and finance companies.

"Throughout the last 12 months our insurance business gained significant momentum demonstrating the success of our strategy to provide a more competitive market and make insurance and investment products more accessible to Australian consumers," said Mr Van Der Wielen.

"In the first part of 2006 we grew St Andrew's insurance sales by 54 per cent measured in premium income, and our policy numbers are projected to continue this growth in the next few years."

Wealth operations also continued to grow with Top 200, Australia's first direct index fund, attracting strong customer support since its launch in October 2005.

Mr Van Der Wielen said that St Andrew's strong growth had been supported by the RACV acquisition, the expansion of its planning force and the increased sales coming from strong lending growth.

The division had recruited extensively and made a number of key appointments in the first half of 2006, including the appointment of Paul Northey as Director Wealth Management. It would continue with an aggressive recruitment drive in the remainder of the year.

Mr Van Der Wielen said St Andrew's continued to leverage the growth strategy of the broader HBOS Australia group.

"As part of HBOS Australia, we've been able to leverage our ability to cross-sell within the group to BankWest customers. Inside and outside the HBOS Australia group we've focussed on attracting customers by providing low-cost, straightforward products which offer good value for money," he said.

"We will also continue to leverage the experience and expertise of our parent HBOSplc in the UK, where bancassurance is a key component of the HBOS plc retail model, and insurance and investment contributes around 20 per cent of group revenue."

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Please see Notes to the editors

#### **About HBOS Australia**

- HBOS Australia Pty Ltd is a holding company formed in 2004 to oversee the operations of the Australian operations of UK financial services group, HBOS plc. HBOSA comprises four diverse financial services operations - BankWest, Capital Finance, St Andrew's Australia and BOS International. Its parent, HBOS plc, is one of the world's largest financial services groups.
- St Andrew's Australia Pty Ltd, is a wholly owned subsidiary of HBOSA, and is the holding company of HBOS Australia's credit insurance, life insurance and wealth management businesses. St Andrew's Insurance (Australia) began trading in 1998 providing customers with consumer credit insurance products. In 2004, St Andrew's Australia opened a new life insurance company, St Andrew's Life Insurance. St Andrew's continued to further expand its operations, first with the acquisition of BWA Financial Services Ltd (now called St Andrew's Wealth Management Ltd) in 2004 and RACV Financial Services Limited (now called St Andrew's Financial Services Ltd) in 2005. These expansion initiatives form part of the overall growth strategy of HBOSA Insurance & Investment operations in the Australian market.
- BankWest is a wholly owned subsidiary of HBOS plc, one of the world's largest financial services groups, with assets of about AUD\$800 billion (£380 billion). BankWest is a full service bank which originated in Western Australia in 1895 and services more than 660,000 customers. Nationally, BankWest promotes a range of products using cost-effective direct and third party distribution channels, including 24-hour telephone and internet services and mortgage brokers. In WA, BankWest is a market leader with about one quarter of all bank advances and deposits and an extensive network of branches. Standard & Poors short-term credit rating for BankWest is "A-1" and "A+" for the long term, providing customers with investment grade security.