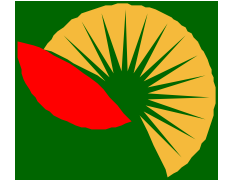


SUNCORP





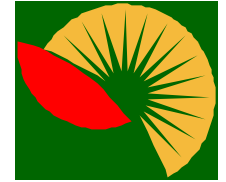
SUNCORP METWAY LTD

**Managing Director
Steve Jones**

**Asia Pacific Financial Institutions
Conference**

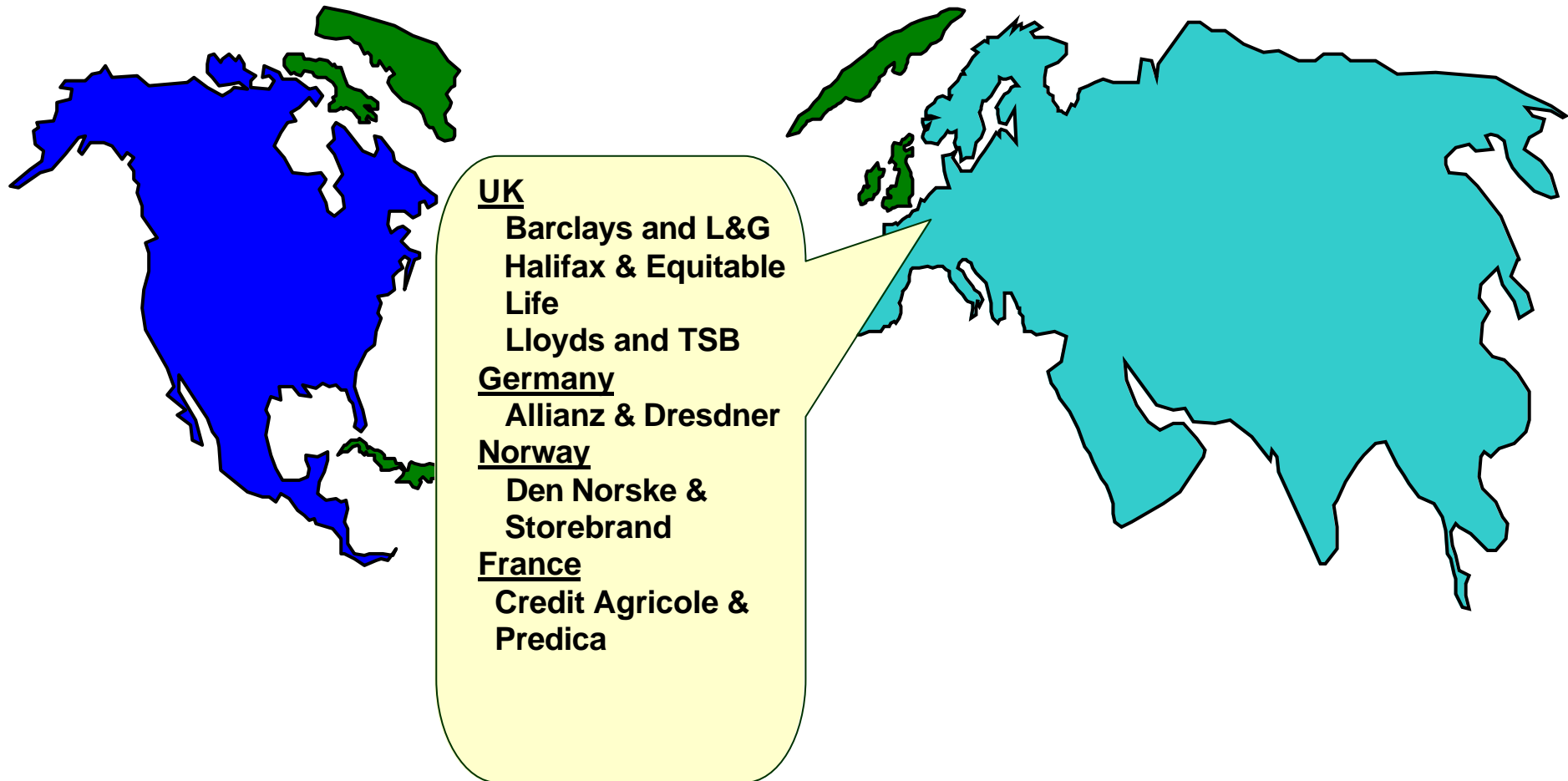
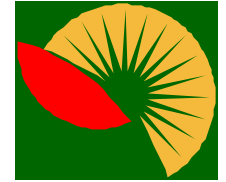
Deutsche Bank, London, July 2002

Briefing Outline

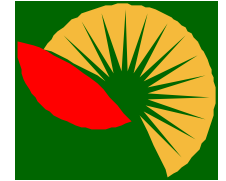


- **Introduction**
- Allfinanz Global Trends
- The Australian Experience
- The Suncorp Metway experience
- Our Allfinanz Approach
- The next phase - GIO
- Extracting Merger Benefits
- Conclusion

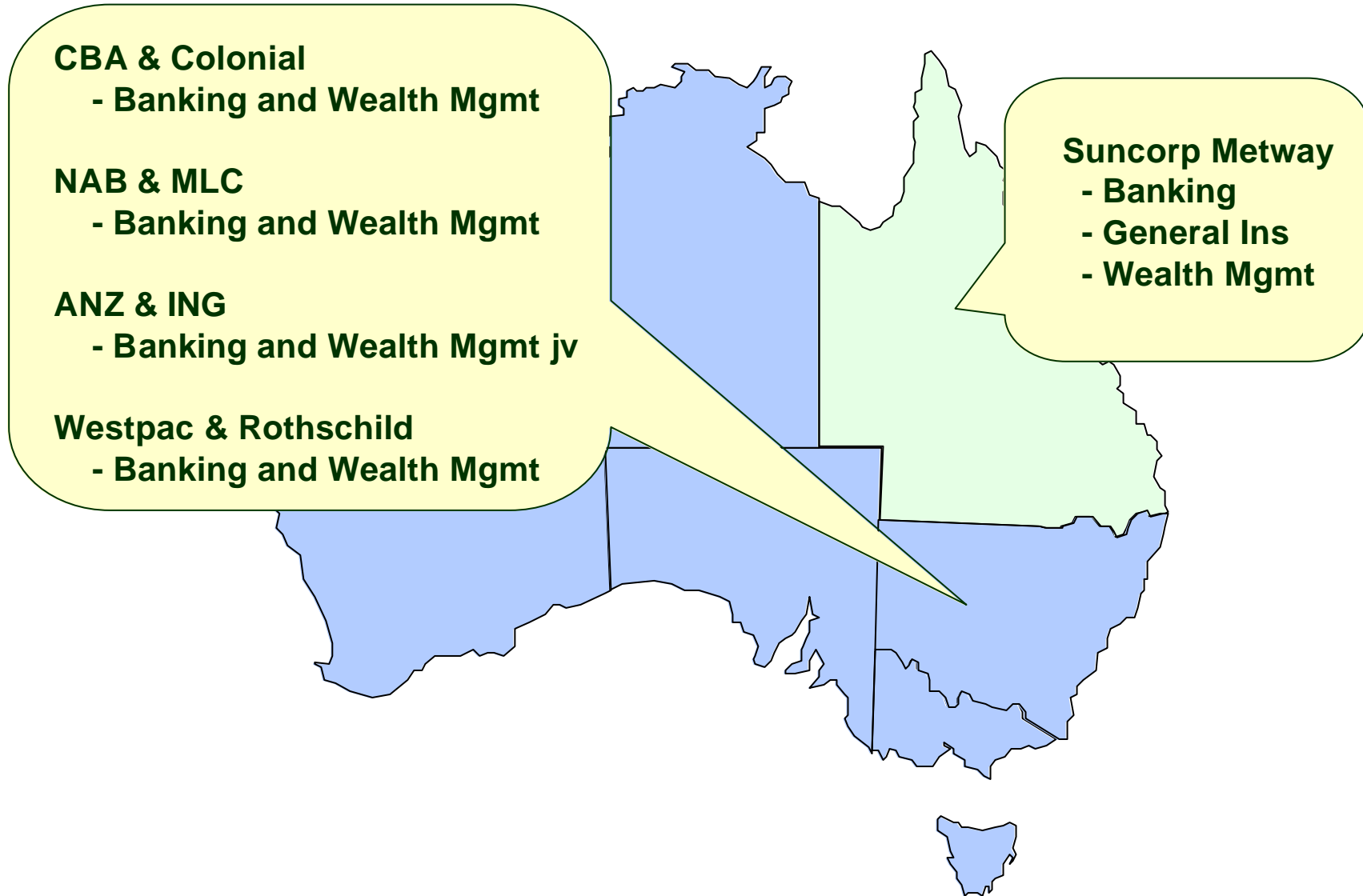
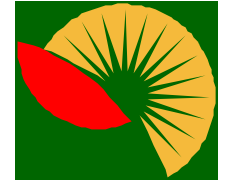
Allfinanz Global Trends



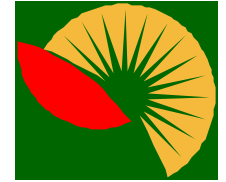
Allfinanz Global Trends



The Australian Experience



SUN experience - 1996 merger



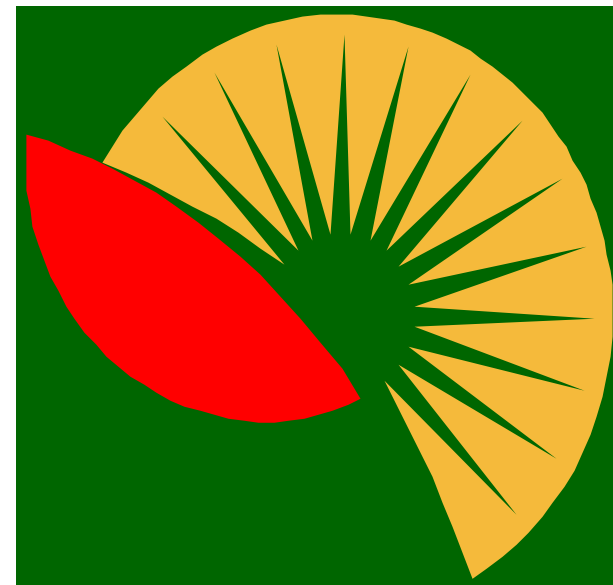
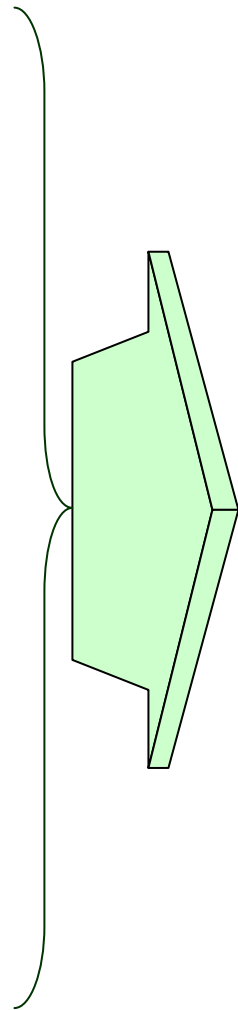
Insurance
& Investment



Retail
Banking



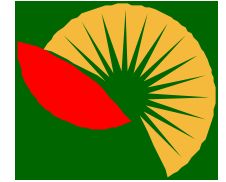
Commercial
Banking



SUNCORP METWAY

\$19 billion assets

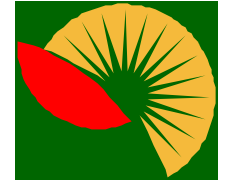
Allfinanz leader in Australia



- **3.5 million customers**
- **2nd largest insurance company**
- **6th largest bank**
- **Growing wealth management operations**
- **Funds under management \$9.2 billion**
- **Total assets of \$31.5 billion***

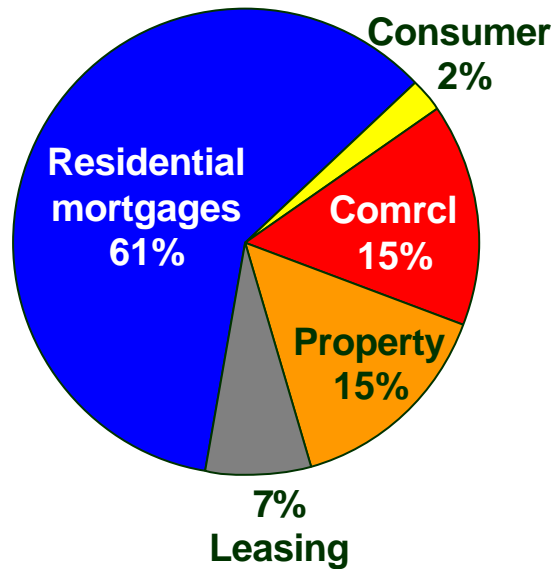
*Excluding Life and Super policyholders' funds

Created diverse business mix

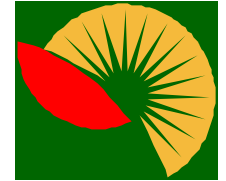


Dec 2001, Excl GIO

**Banking
Assets
\$A21b**

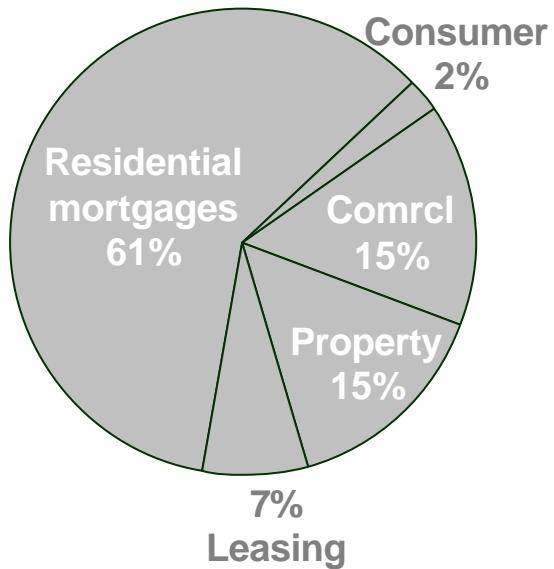


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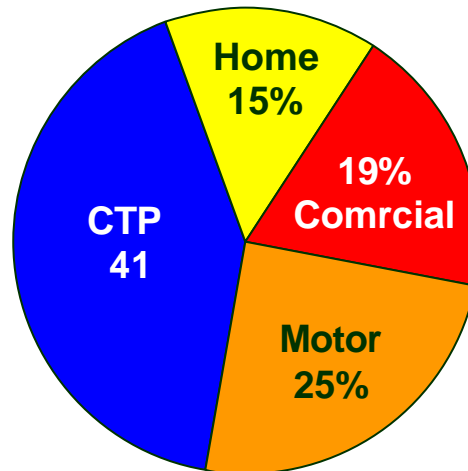


Dec 2001, Excl GIO

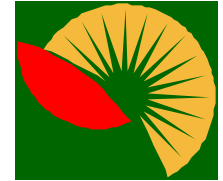
**Banking
Assets
\$A21b**



**Gen Insurance
Premium Mix
\$A1.95b**

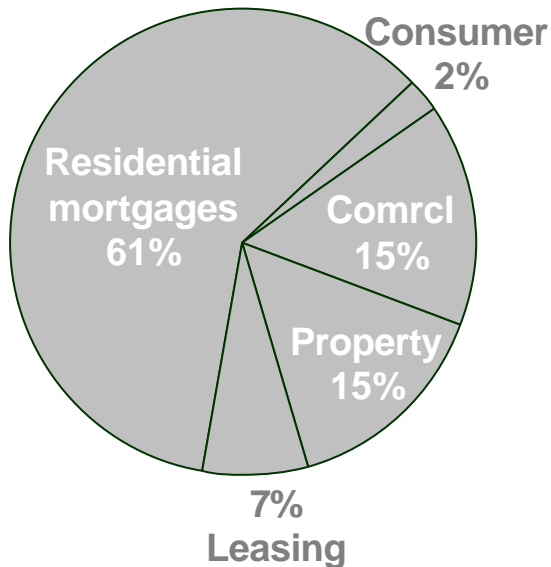


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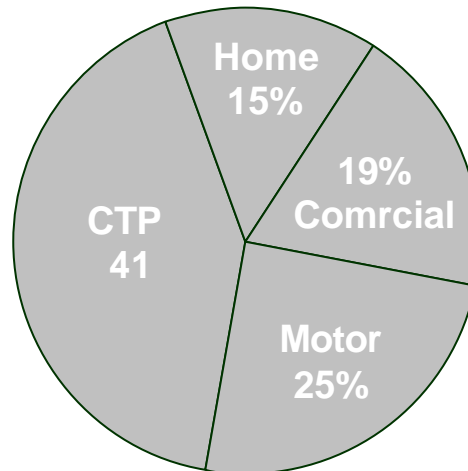


Dec 2001, Excl GIO

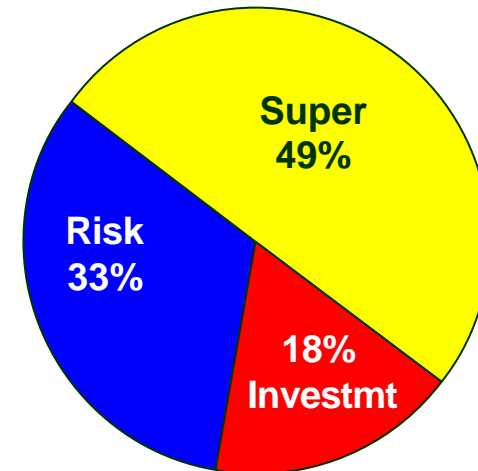
**Banking
Assets
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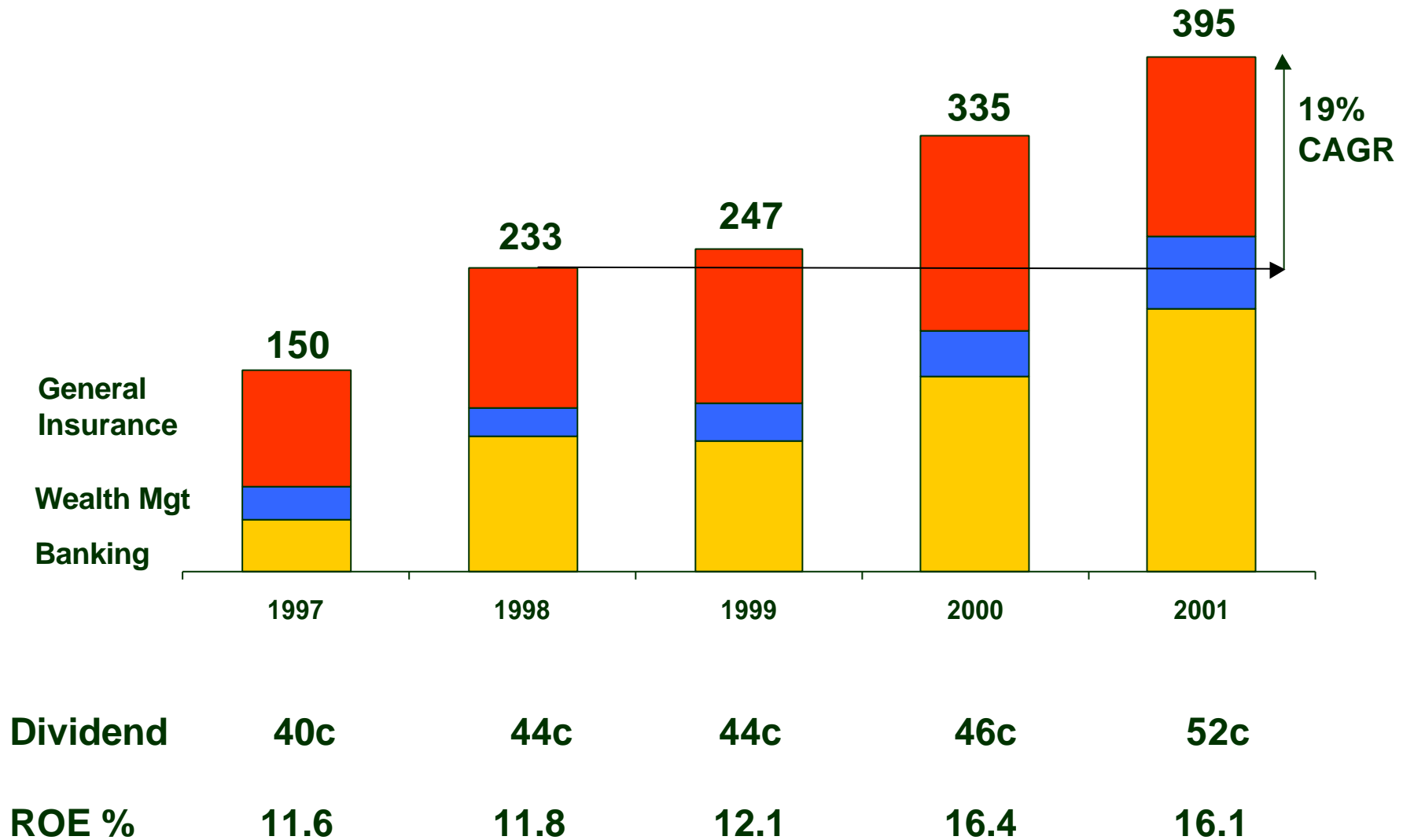
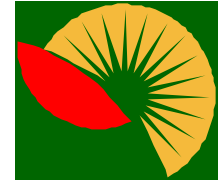
**Wealth Management
Sales *
\$A317m**



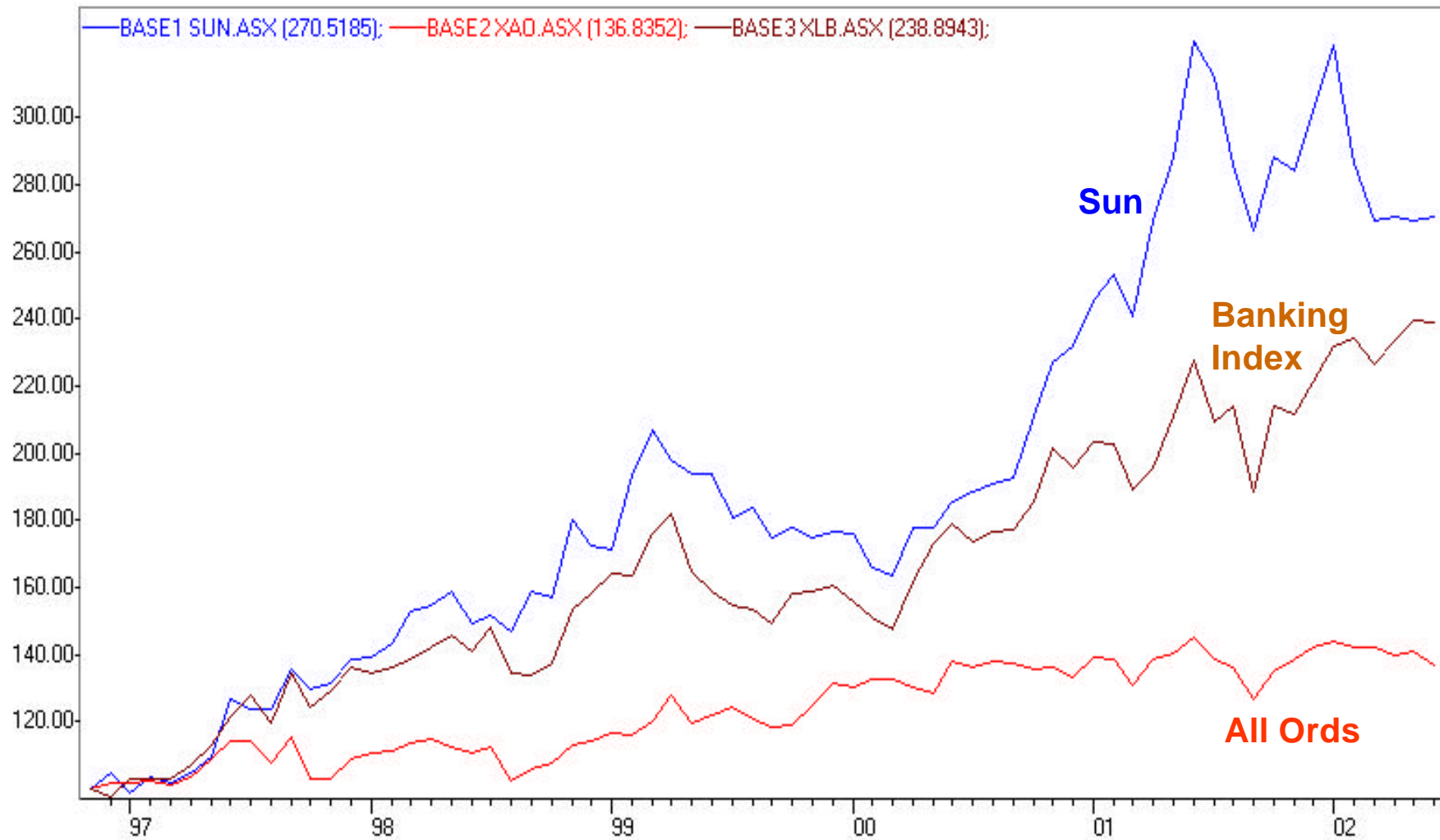
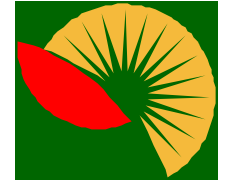
* Risk sales figures are adjusted for comparison purposes. The actual sales are grossed up by a factor of 25 times as an estimate of single premium FUM product sales that would yield a similar profit outcome

Profit growth and mix

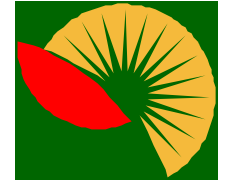
(\$millions)



Share price performance



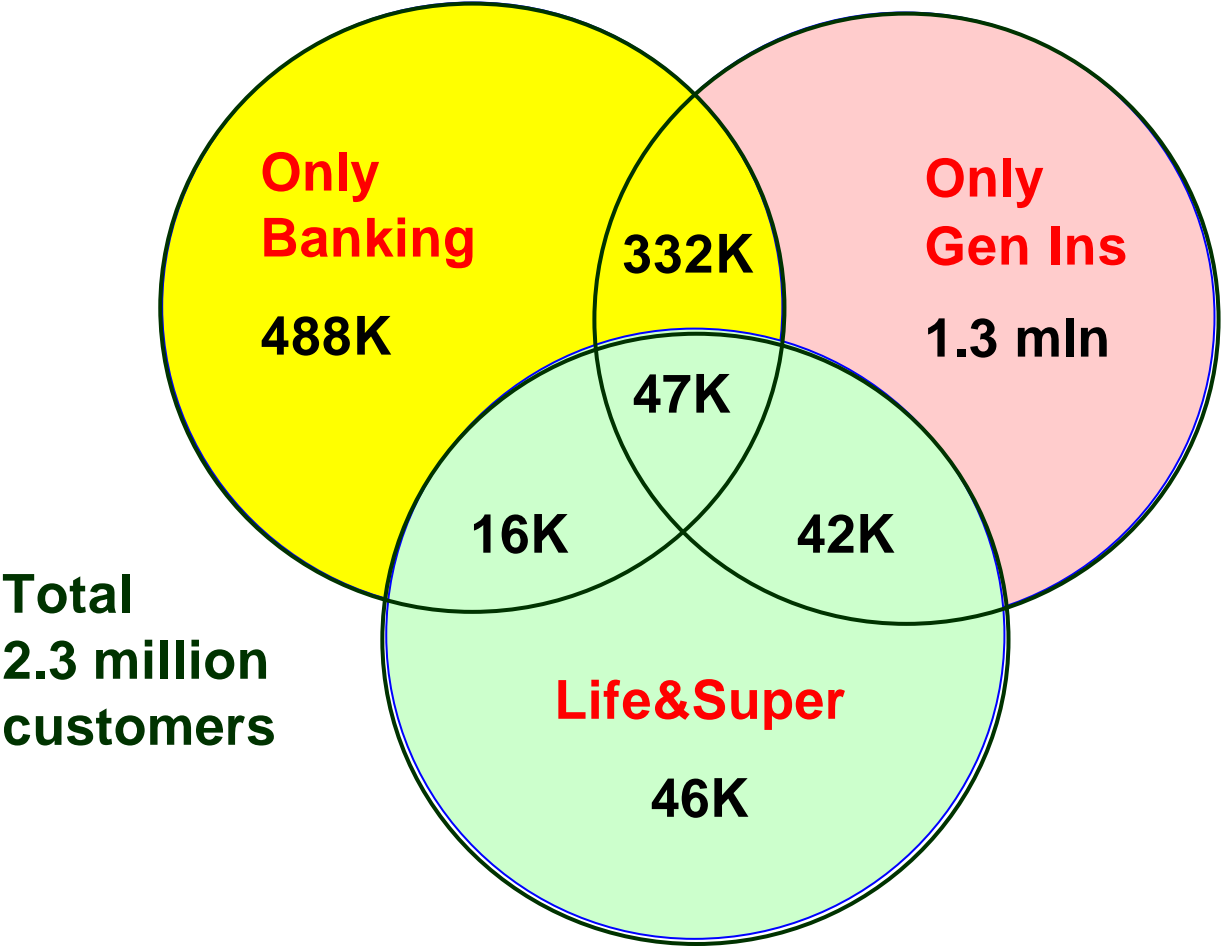
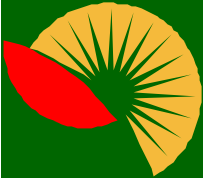
Briefing Outline



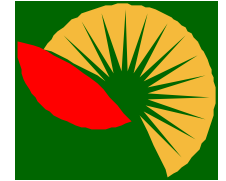
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Allfinanz cross-sell potential

Suncorp Customers Only

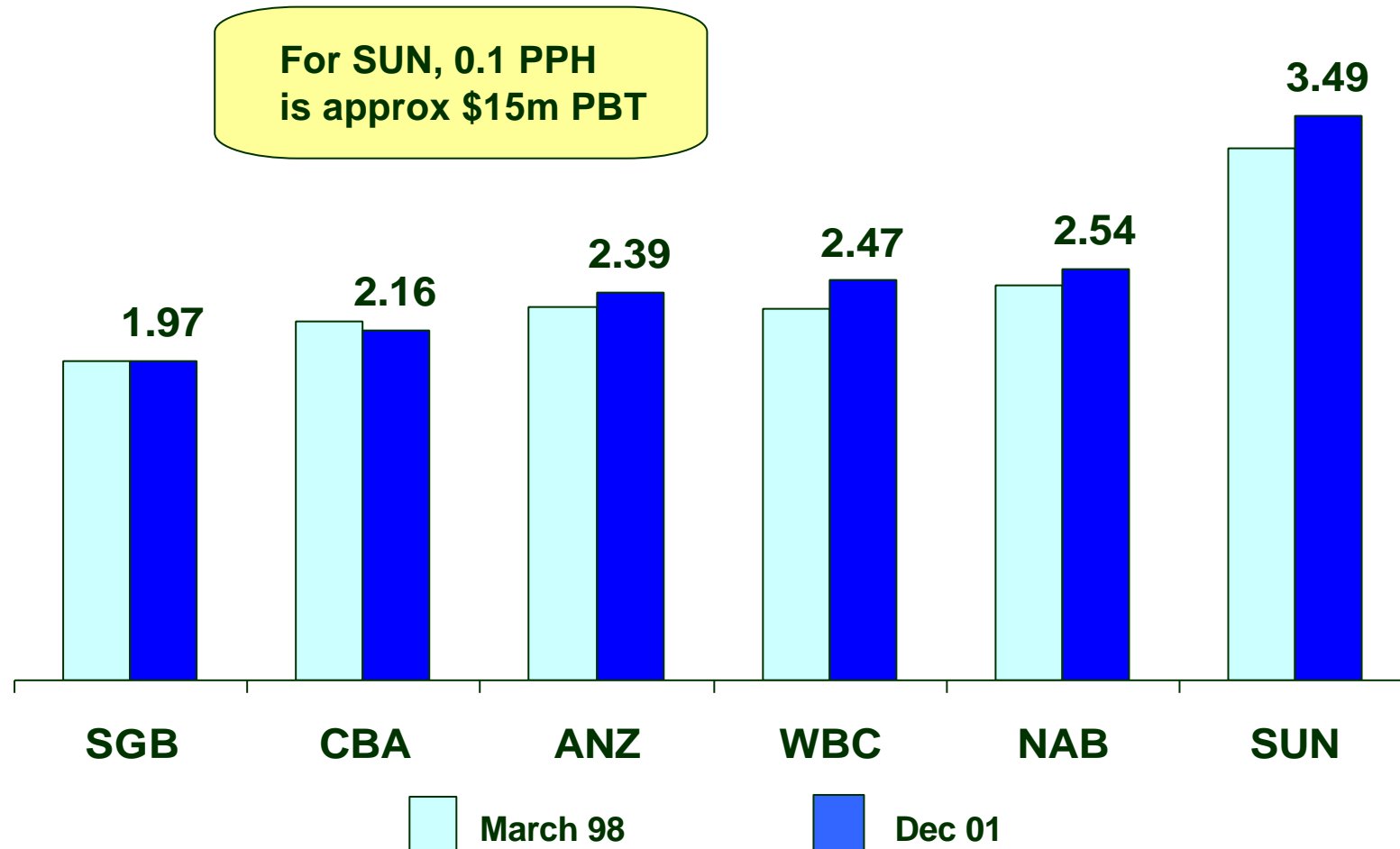


Customers by business line

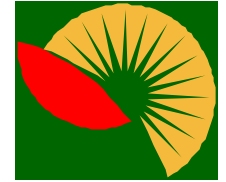


Products per MFI customer

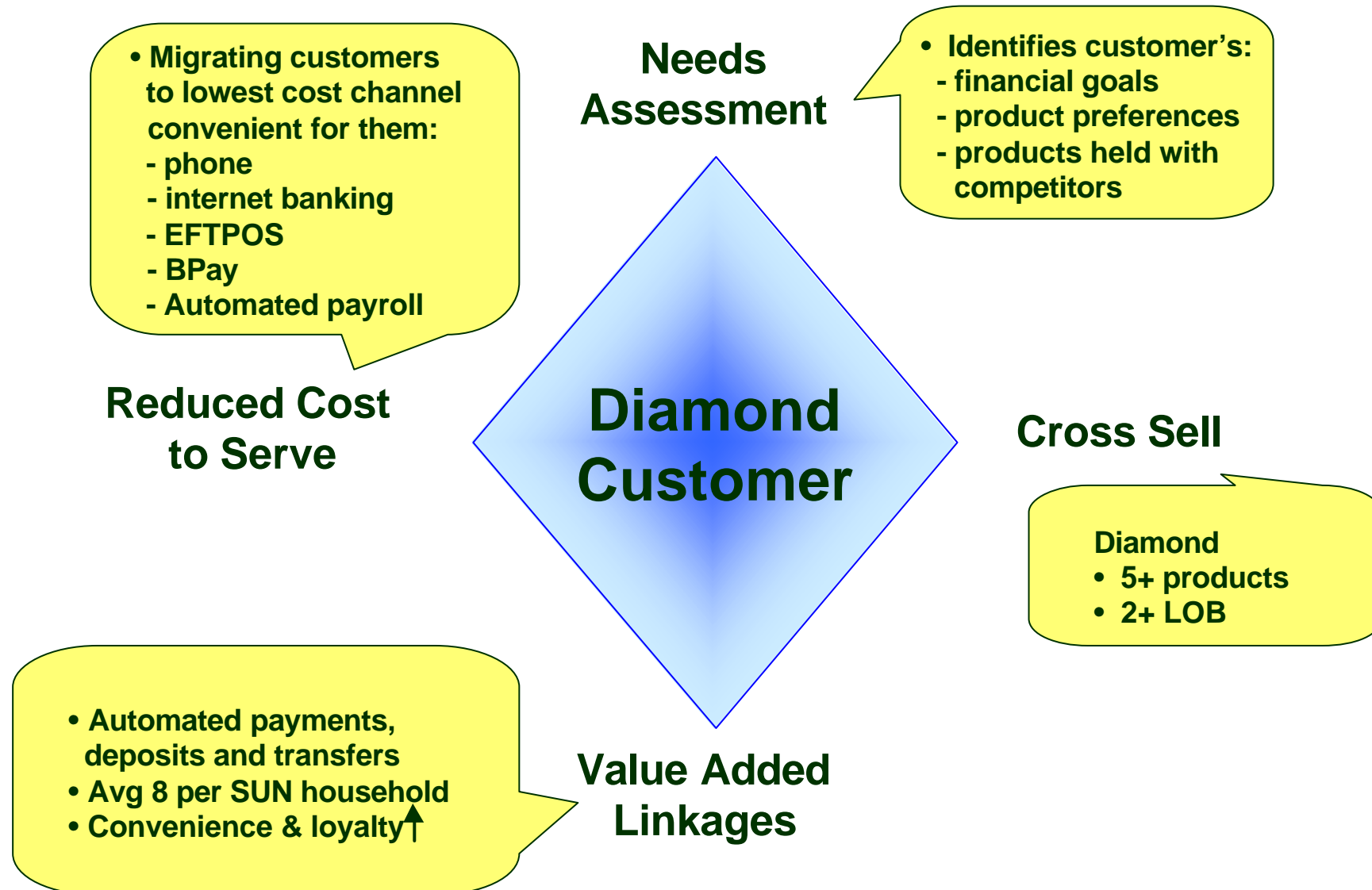
(Excluding GIO Customers)



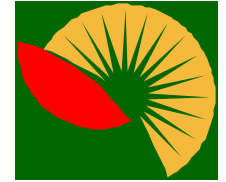
* Customers who nominate SML as main financial institution. 12 month moving average



“Diamond” Tracking



Consumer attitudes & behaviour



The Bugle

ABC Home Loan

- Approved in 15 mins
- No application fee

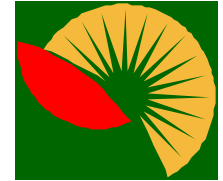
I'll call ABC

Brand Attitude
ABC

Proposition Appeal

- I'm in a hurry
- Don't like fees
- Rate is unclear

Consumer attitudes & behaviour



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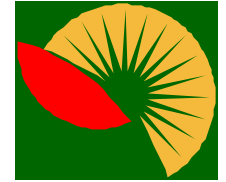
Success of ABC

- Steady profits
- Bank of the Year
- Media coverage

Long-term advertising take-out

- Relevant to me
- Approachable
- Secure

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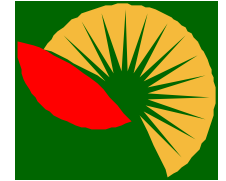
- Relevant to me
- Approachable
- Secure

Own prior experience

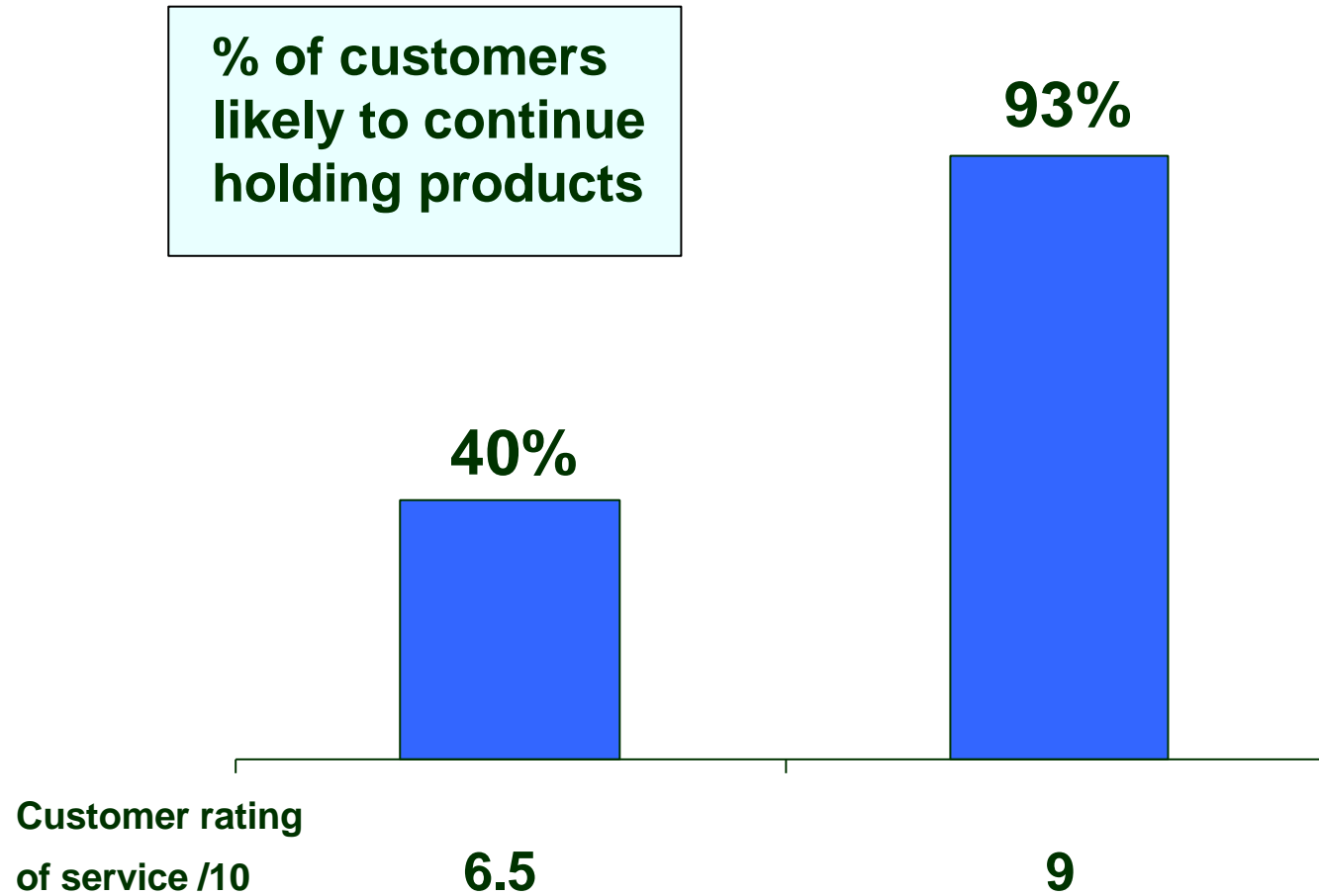
- Staff that care
- Service quality

Word of Mouth referrals

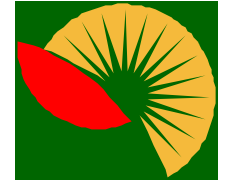
Customer satisfaction



Car Insurance example

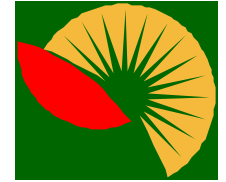


Briefing Outline



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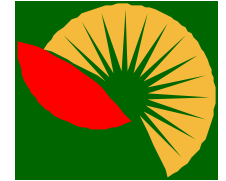
GLO - the next phase



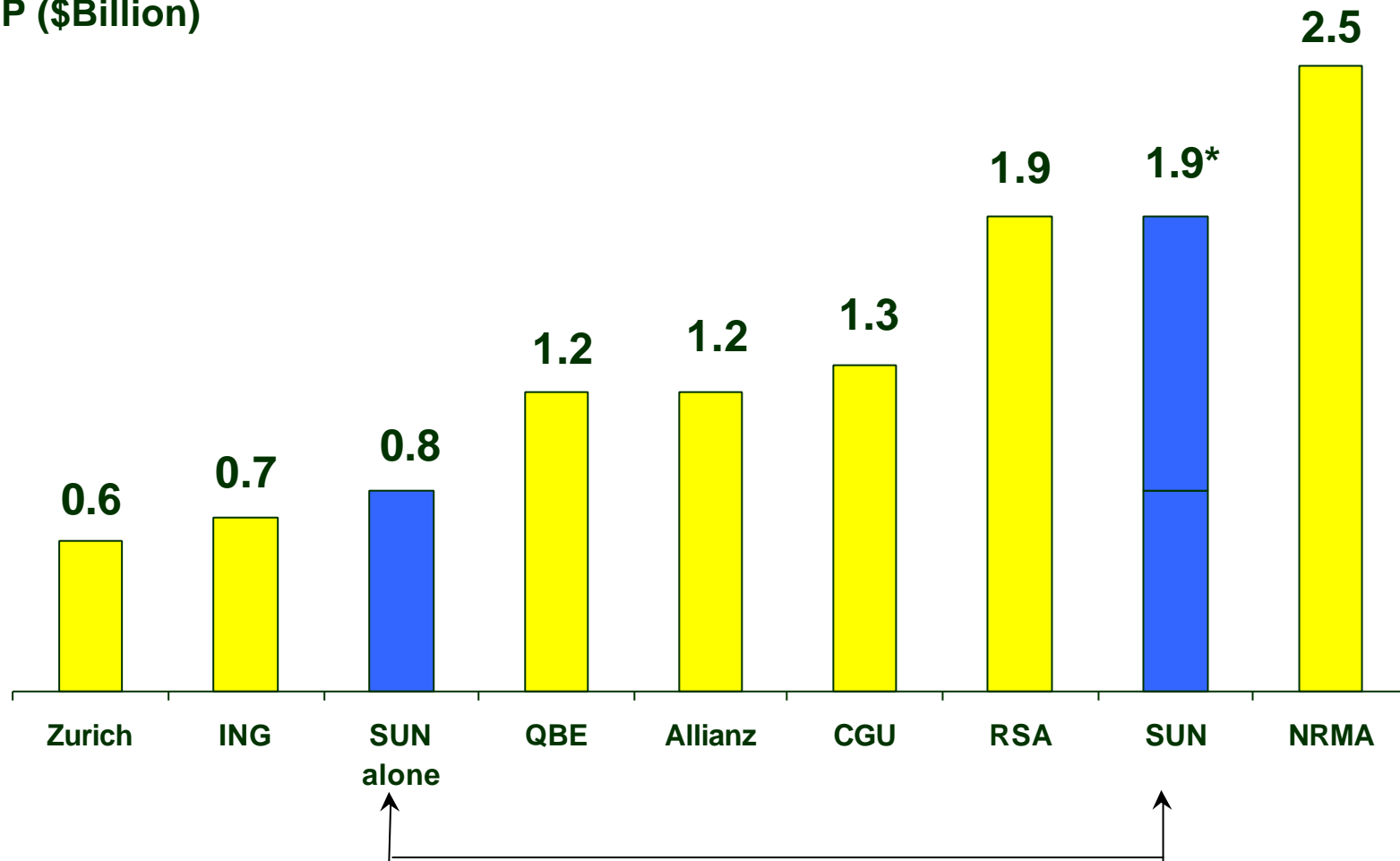
- **GLO acquired Sept 01 for \$A 1.4 b**
- **Combined premium \$A2b, #2 in Australia**
- **Nationwide expansion**
- **Adds 1.5 million customers**



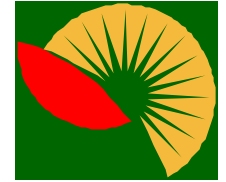
GIO Acquisition



GWP (\$Billion)

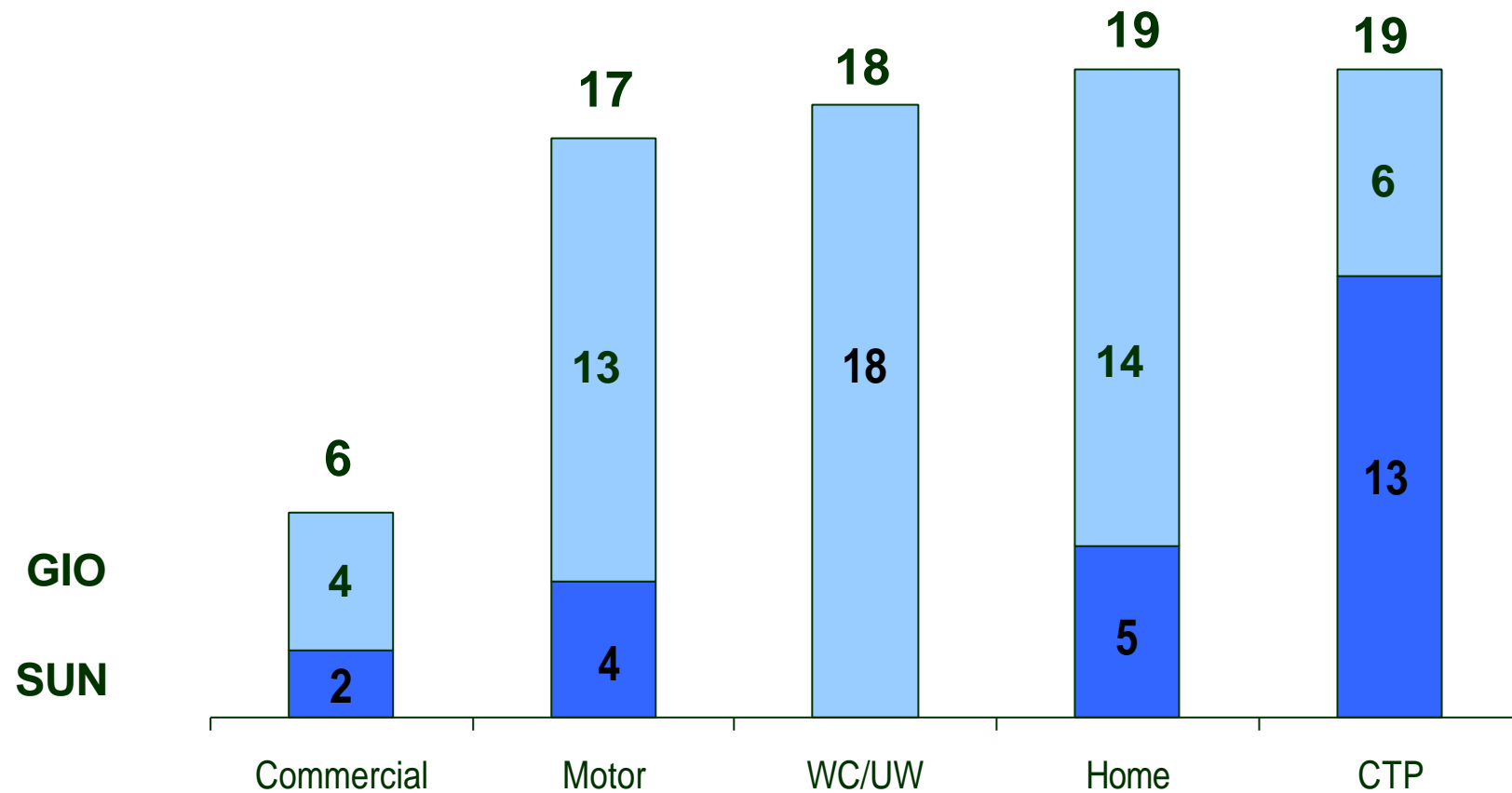


Source: APRA. December 1999 figures. The figures exclude HIH premium revenues which have been redistributed. Figures exclude joint venture business



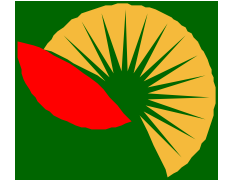
Major market shares

Combined SUN/GIO national market shares %



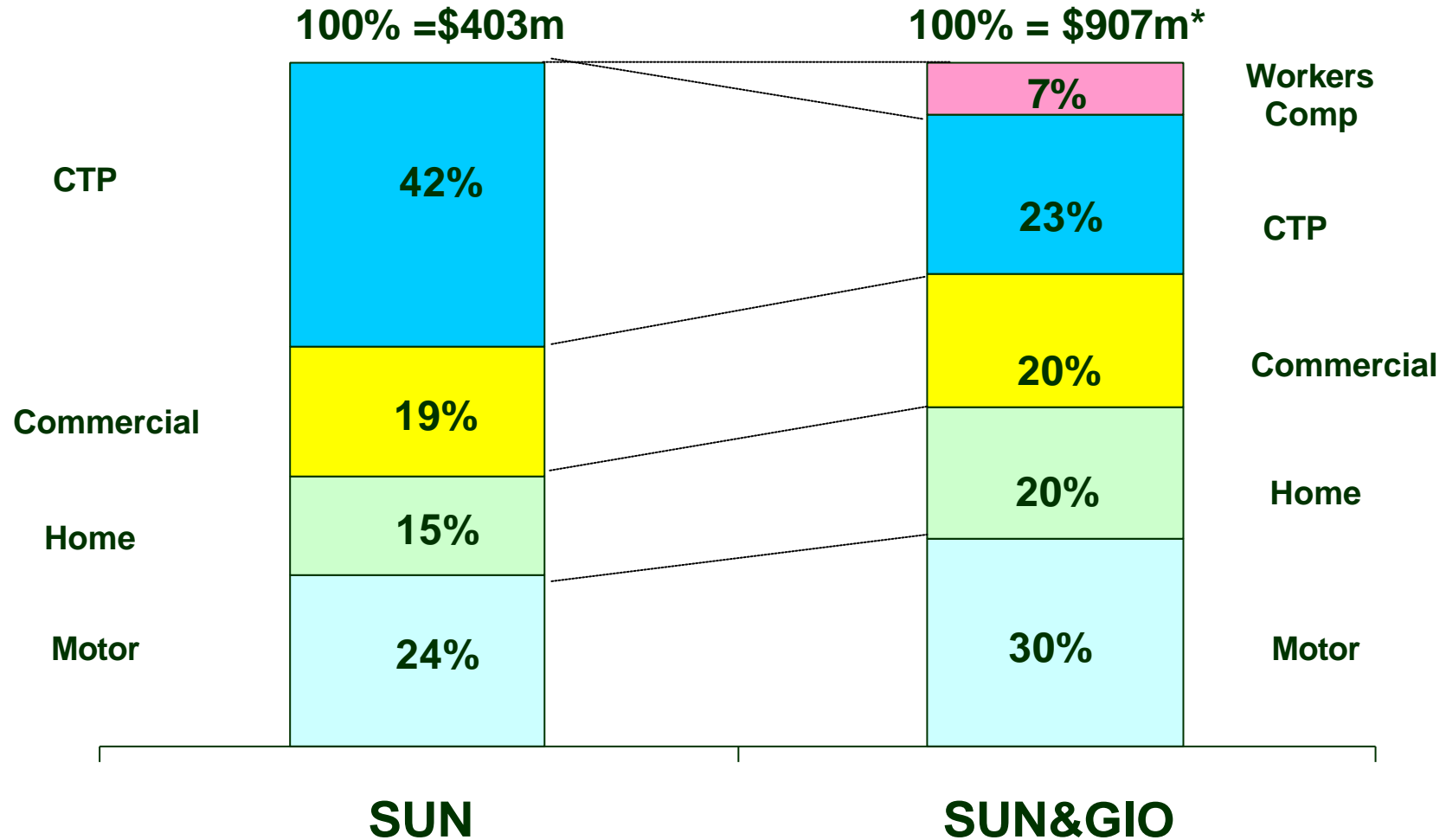
Source: Roy Morgan, APRA, AMP/GIO

Figures exclude JVs



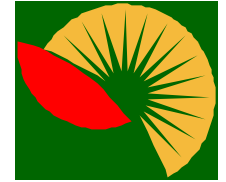
Product Diversification

Net Premium. Half year to Dec 01

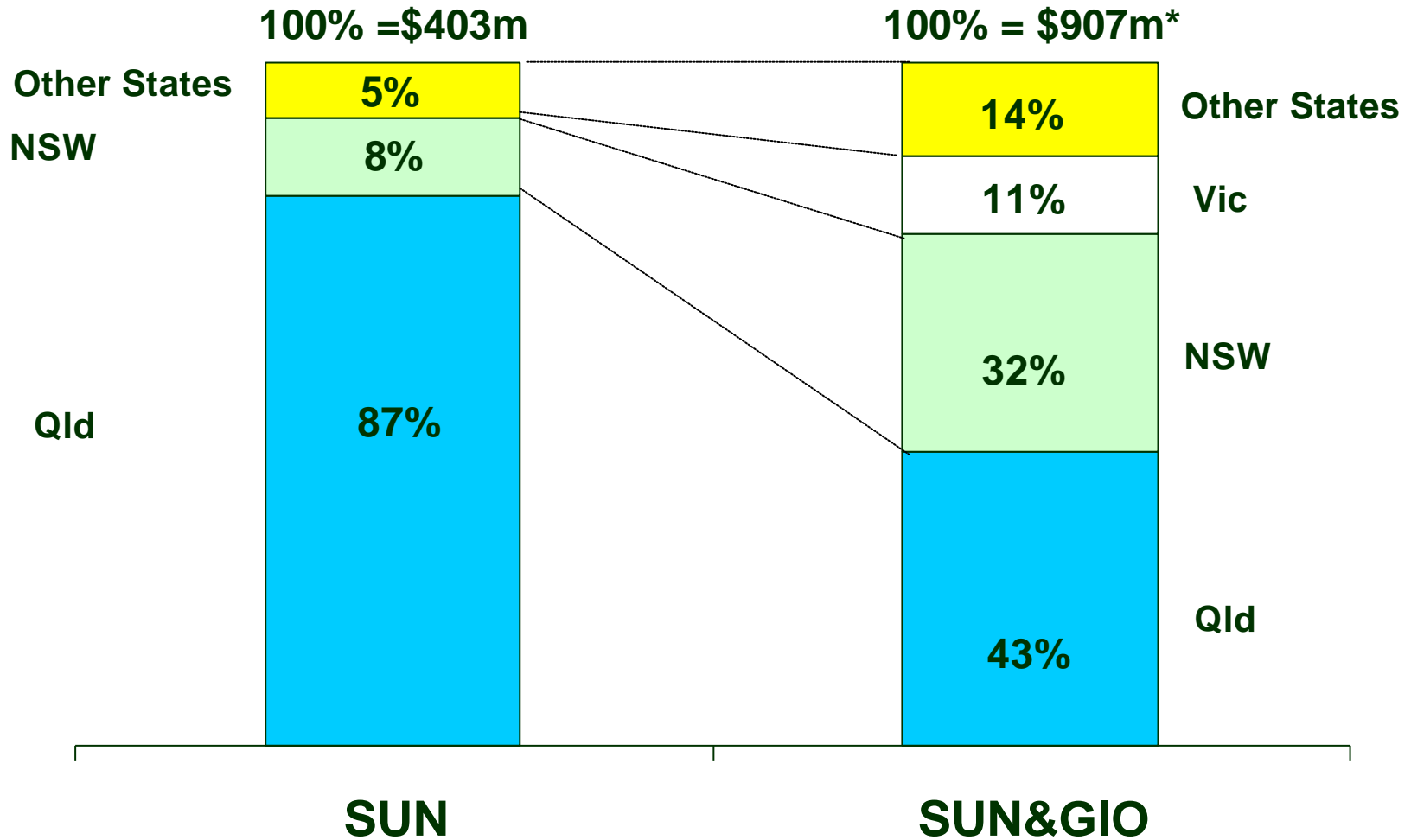


* Excluding JVs

Geographic Diversification

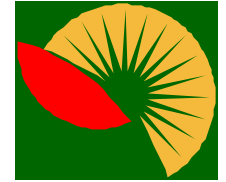


Net Premium. Half year to Dec 01

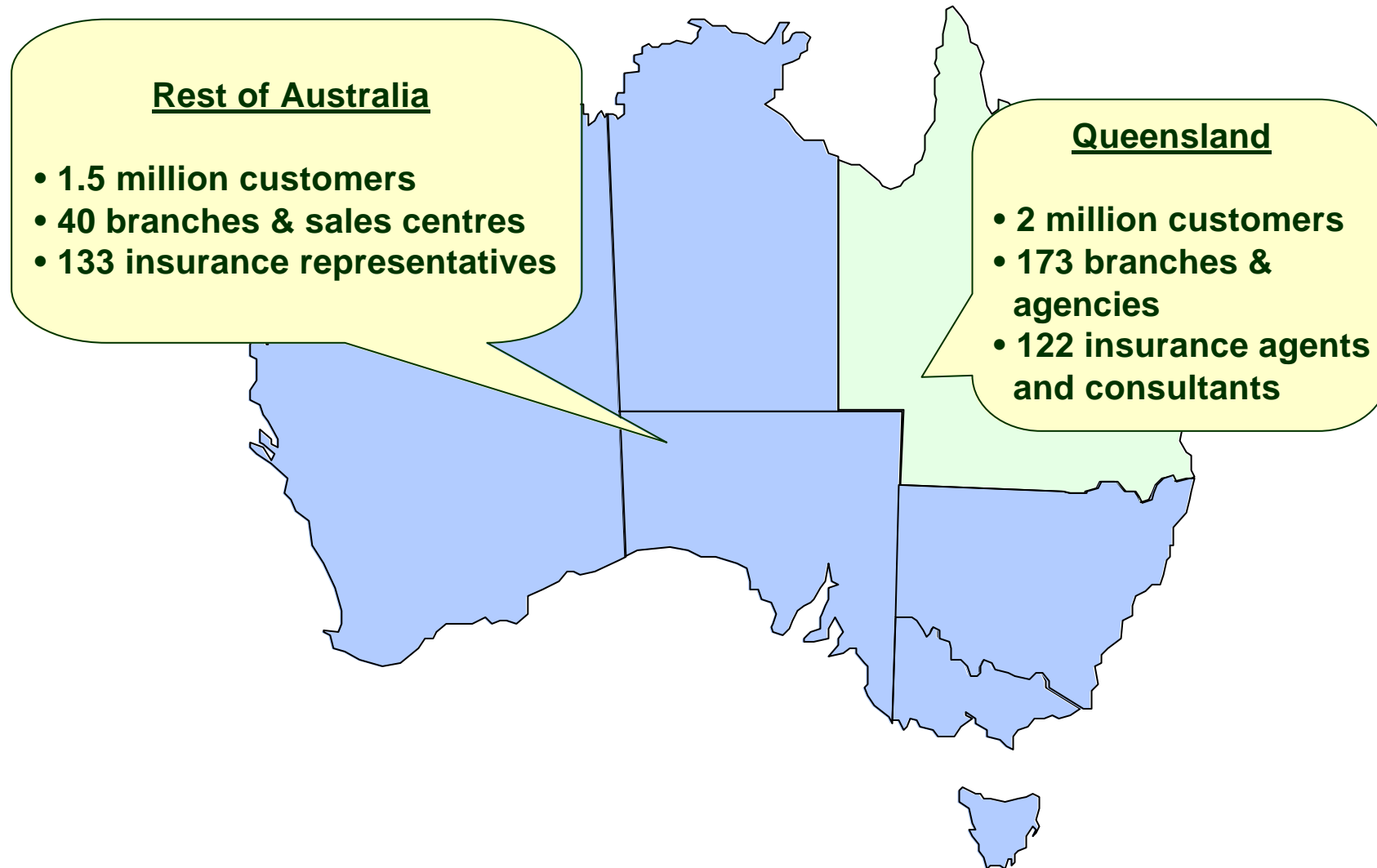


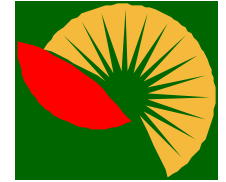
* Excluding JVs

Creating National Network



After Acquisition: National footprint





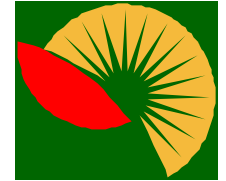
Synergies identified

\$Millions

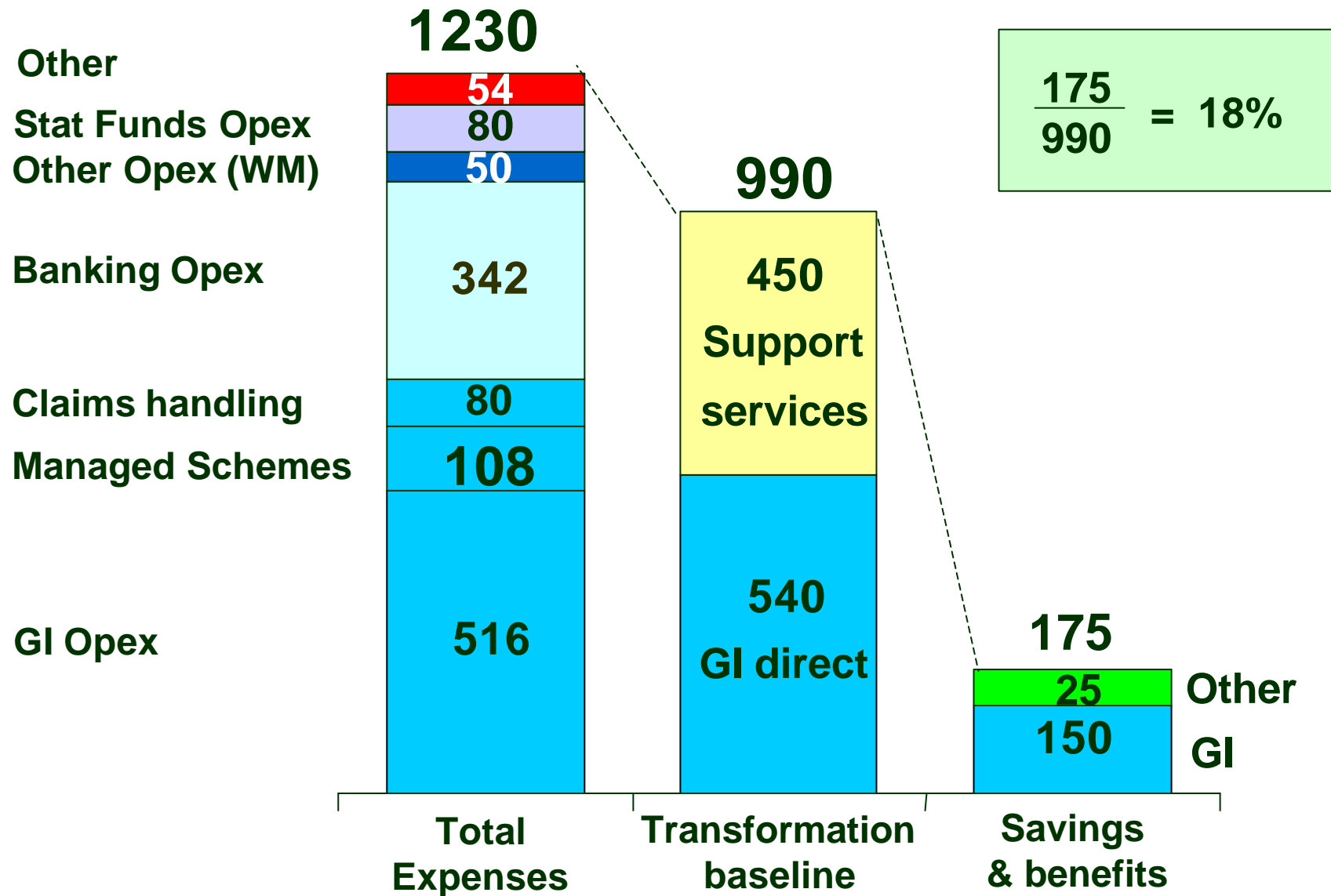
Revenue	35
Oper Costs	175
Claims Costs	<u>30</u>
Synergies	240
Premium	÷ <u>1,950</u>
	= 12%

Implied
12% Market
increase = Scepticism
in ITR

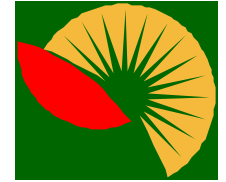
Transformation cost baseline



(\$ Millions)

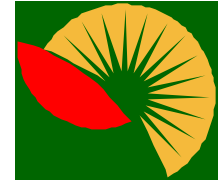


Briefing Outline

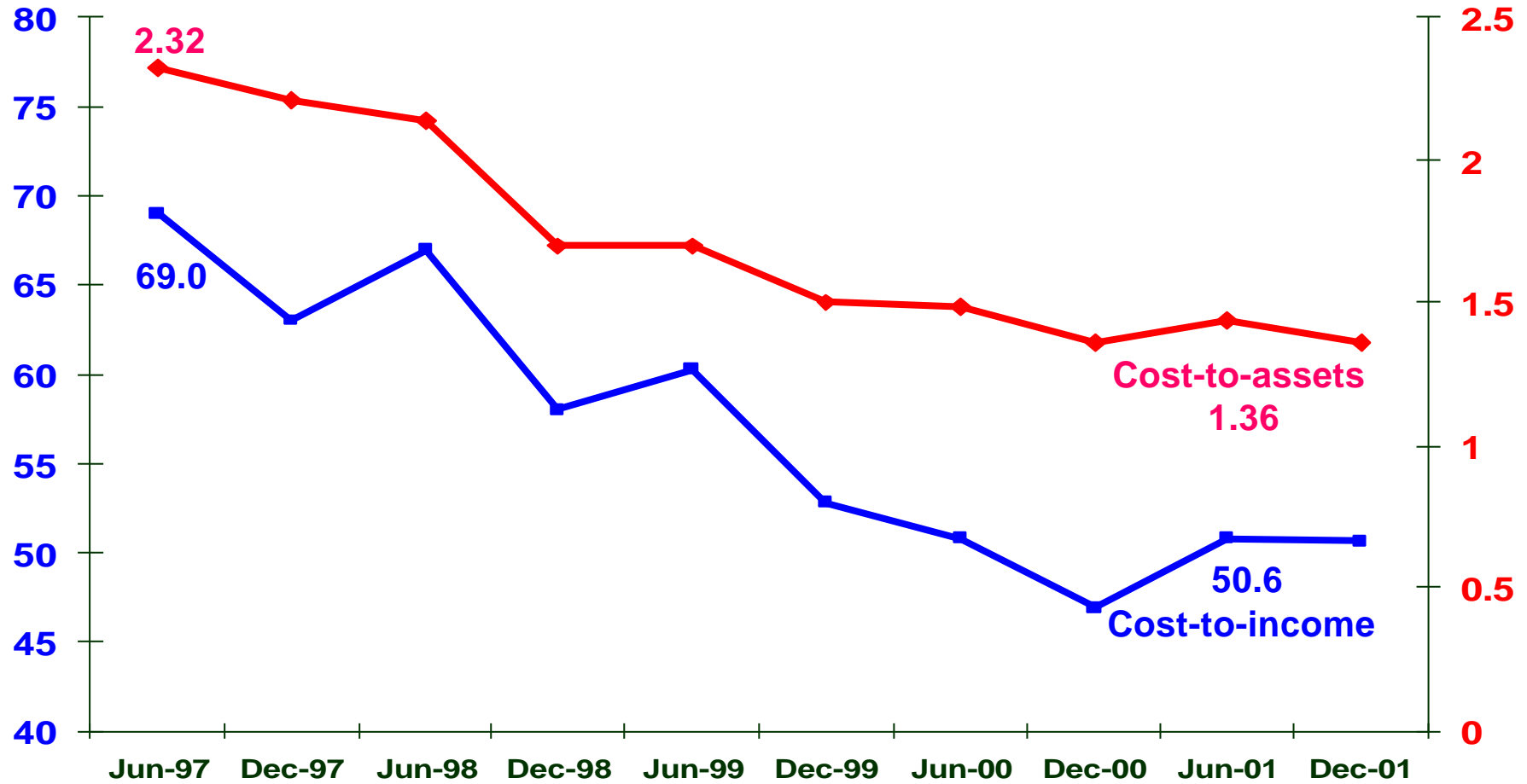


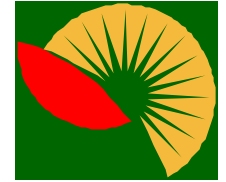
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Banking expense ratios

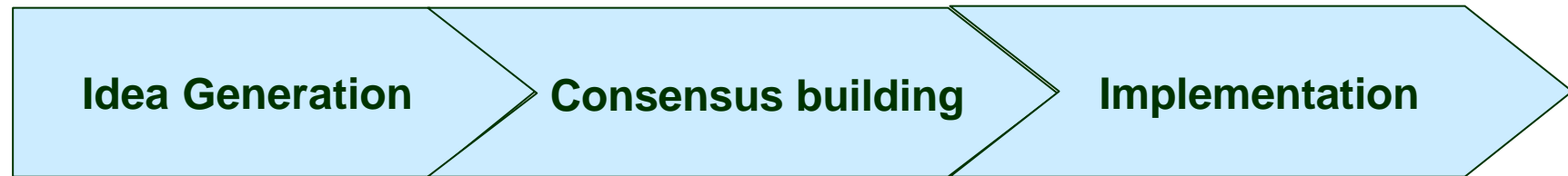


(%)

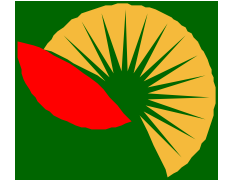




Transformation process



- **Functions & processes surveyed**
- **Stretch target set**
- **Brainstorming sessions conducted**
- **45% of staff involved in generating 12,000 ideas**



Program Scope

- Covers operational and support areas
- Expense and revenue base broken down into 30 groups

Organisational Groups

Processes

- Claims handling
- Call Centres
- Sales
- Fulfilment

Functions

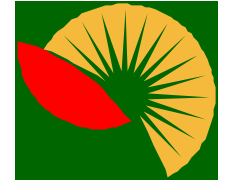
- Finance
- HR
- Premises Mgmt
- IT

Expense Categories

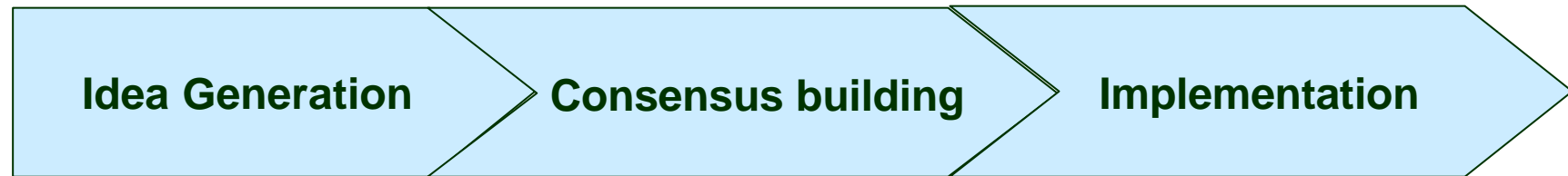
Travel
Occupancy
Consultants etc

Revenue Categories

Fees & Charges
Pricing
Product Suite

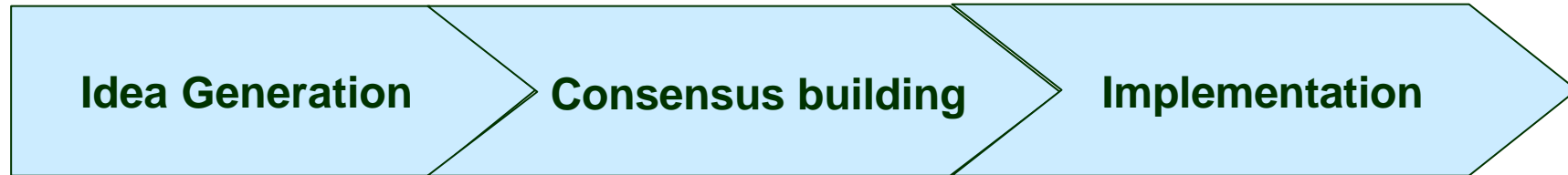
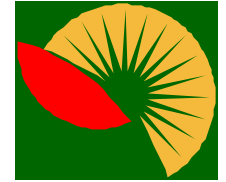


Transformation process



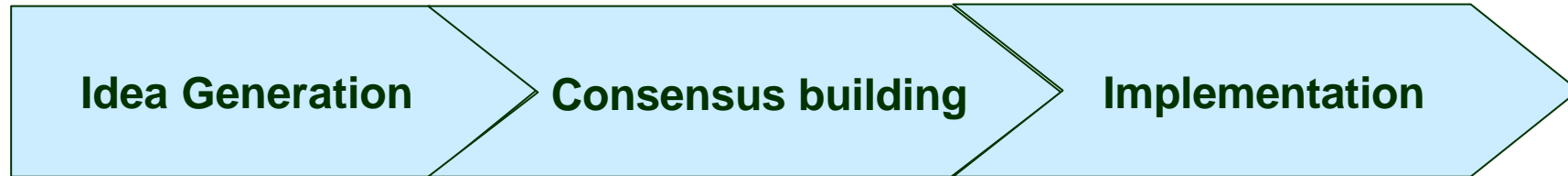
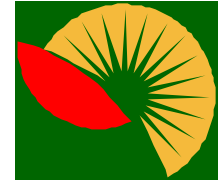
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Transformation process



- Functions & processes surveyed
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- 45% of staff involved in generating 12,000 ideas
- Ideas valued & risk rated
- Impact assessed
 - customers
 - staff
 - governance
- Syndicated w/all stakeholders
- Senior team and CEO decide
- 12,000 ▶ 700 ideas

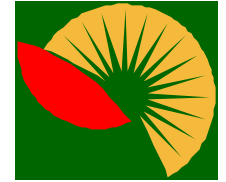
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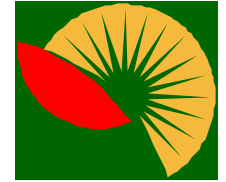
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- Impact assessed
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- Syndicated w/all stakeholders
- Senior team and CEO decide
- 12,000 ▶ 700 ideas

- Sequencing
- Automation timing
- Staff communication
- HR processes
- Union negotiations
- Line mgr led
 - central controls
- Fin benefits
 - “hard wired” to budgets



Program Features

- Led by CEO and Group Executive, not consultants
- Stretch targets set to achieve 50% improvement
- Support team to drive process, quality and timelines
- High staff involvement, 40 to 50% from all areas
- Focus on processes and functions, not staff numbers



Thank You

Questions?