SUNCORP-METWAY LTD

Merrill Lynch
Australian Companies Conference

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Agenda

- Our history and strategic foundations
- Banking in profile
- General Insurance in profile
- Wealth Management in profile
- What differentiates Suncorp
- The financial services conglomerate strategy
- Our position in the business cycle
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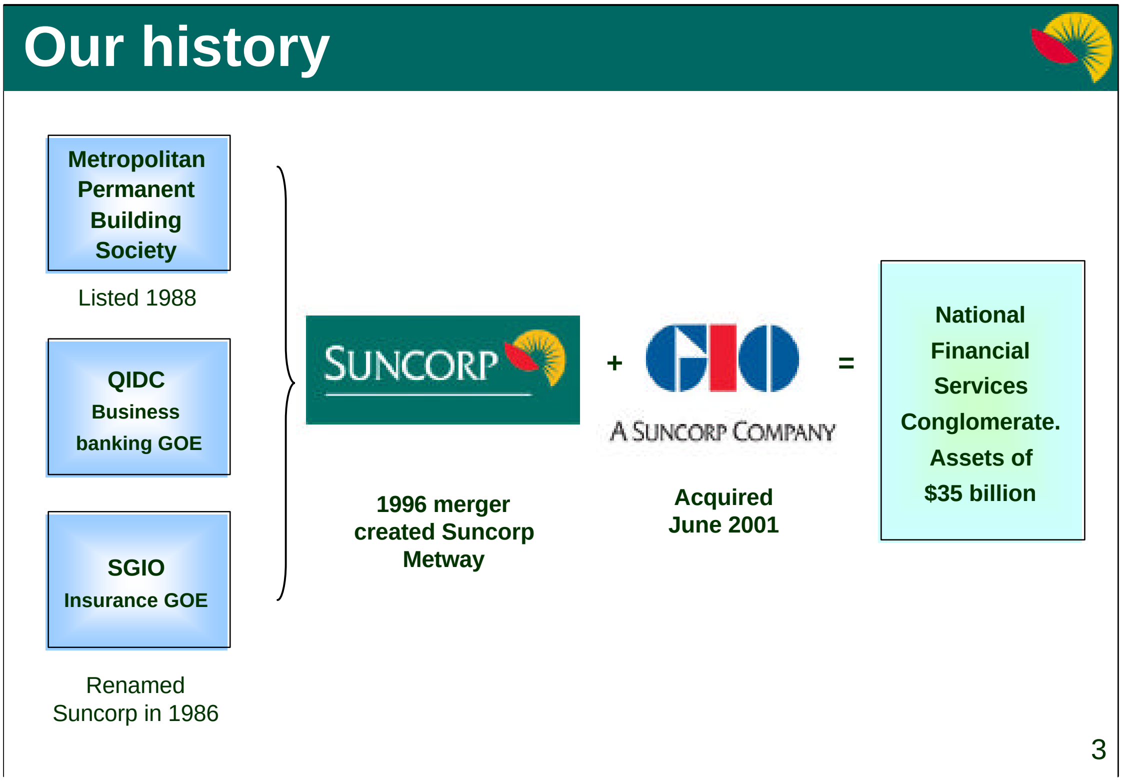
Good morning everyone.

You have heard from a number of major Australian companies over the past two days, and by now you would have a good sense of the positive outlook that exists for the Australian economy and for Australian companies in general.

Australian financial institutions in particular rank amongst the most sophisticated in the world, and the Australian regulatory and prudential environment remains one of the most stable and secure available for investors.

Today, I appreciate the opportunity to tell you a little about Suncorp and to showcase our business, the factors and attributes that make us different from our competitors, and the strategy we are adopting which we believe will enable us to outperform our competitors and produce a compelling investment opportunity.

I joined Suncorp as managing director in January, having come from Commonwealtlh Bank, and I was immediately struck by the culture of the company. It is a friendly, local, can-do culture that has been developed over many years at Suncorp. Perhaps a good place to start today is to tell you a little about the company's history that has led to that cultural strength.



- The Suncorp we have today was created in 1996 from the merger of three financial institutions based in Queensland.
- The three were Metway, a publicly listed banking company which had started life as a building society; Suncorp, which was a government-owned corporation which was the biggest general insurer in the state, with a history going back to 1916; and the Queensland Industry Development Corporation, which was a government owned business bank and agribusiness lender which was started in 1902.
- The sale of Suncorp and QIDC to Metway was a virtual privatisation of the two government owned institutions, with the outcome being the creation of a major Queensland-based financial institution with the scale to compete on a national basis.
- That initial grouping of companies was carefully melded into a unified financial services company, with a strong Queensland base, and we then began to expand our franchise nationally.
- Then in June 2001, we announced the $1.3 billion acquisition of the NSW based GIO general insurance business, which was a transformational acquisition. It makes us the third largest general insurer in Australia, tripling our annual premium revenues, providing us with a much broader business base, significant market shares in Australia’s most populous states, and a national distribution network.
- Since then, we have completed the GIO acquisition, integrated the operations and extracted annual benefits worth $240 million.
- Suncorp is now capitalised at more than $6 billion and is one of Australia’s largest 30 companies. We have 200,000 shareholders, 8000 staff and 3.8 million customers. We are the country’s sixth largest bank, and among the top three insurers in the nation, with total assets of $35 billion (Australian).

Solid business foundation

	Market Share	Market Position
Banking		
Queensland Deposits	20%	#1
Queensland Lending	16%	#3
Australia Assets	3%	#6
General Insurance		
Queensland Premiums	35%	#1
Australia Premiums	13%	#3
Wealth Management		
Australia FUM	1%	#19

Source: APRA

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So we have built a solid business foundation, and we are unusual in the sense that we have three major business lines being Banking, General Insurance and Wealth Management. None of our competitors have the same broad mix of businesses that we posses, and I will say a little more about that later in the presentation.

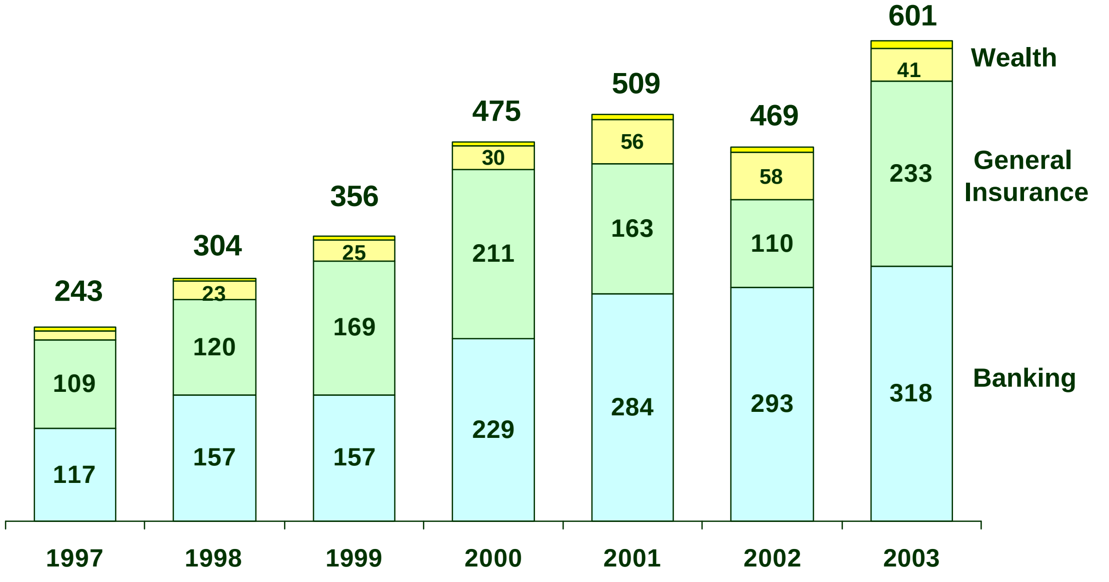
In Banking, we have total lending of $25 billion, including securitised assets, which makes us the sixth largest bank in the country. In Queensland, we are as big as our Big 4 competitors, with approximately 16% of lending and 20% of deposits. We are now building our national market shares, and have approximately 3% of the national market with approximately 900,000 customers.

In General Insurance we are the biggest general insurer in Queensland, with 35% of premiums, and nationally we rank in the top three with total annual net earned premiums of more than $2 billion and more than 3 million customers. So we have significant scale.

In Wealth Management, we have approximately $10 billion in funds under management, and while we remain a small player in the national context, we are big enough to be able to offer a comprehensive suite of products to our 150,000 customers, and earn a meaningful profit contribution.

Dramatically increased profitability

Profit before tax, goodwill and abnormal items ($millions)



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• Since our initial merger in 1996, we have established a strong track record of improved profitability. Our profit before tax, goodwill and abnormal items has increased from $243 million at June 1997, to $601 million at the year to June 2003.

• That is an increase of 147%

• Furthermore, we have a diversified income stream, with Banking contributing roughly half our profits, GI 40% and WM and other making up the rest. From a risk perspective, that is very important.

• By having a portfolio of earnings streams, we significantly reduce our earnings risk and therefore improve our financial security. We are not totally reliant on one line of business, as is the case with some of our competitors. Instead, we have three distinct business streams providing a portfolio diversification benefit.

• You will see there was a temporary set-back in profits in 2002. This was partly due to reductions in investment income as the equity markets turned down. But it was also affected by the GIO acquisition, as we bore the costs of the integration, but had yet to extract the full financial benefits. You can see from the 2003 results that we are now realising the benefits of the acquisition and generating strong earnings growth.

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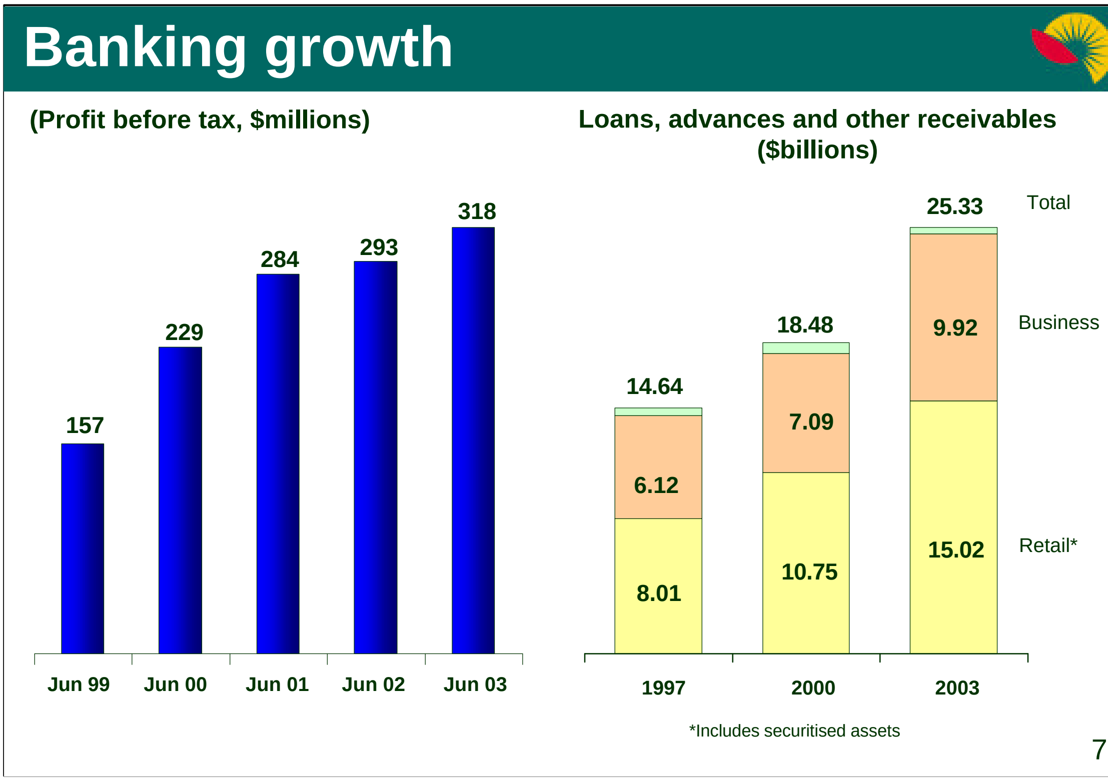
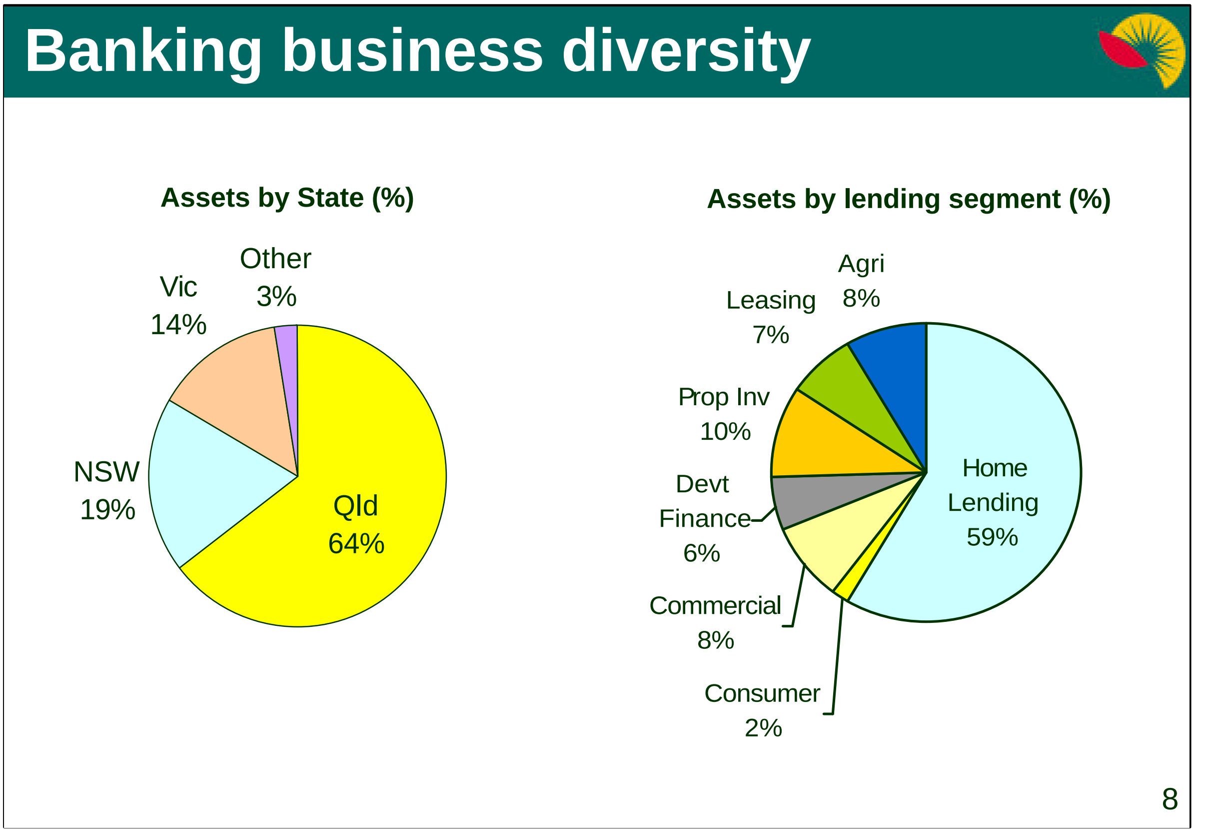
Let me now look at each of the business divisions in a little more depth, beginning with Banking.



- Our banking division has been able to report steady growth in profits since the original merger, reaching $318 million before tax in June 2003.
- That is equivalent to a very healthy return on equity of 19%.
- We have been able to grow lending strongly since the original merger, and we have almost doubled our loans and advances since 1997.
- As you can see from the right hand chart, our portfolio is made up of retail and business lending.
- Retail loans make up 60% of the portfolio, and business lending roughly 40%. This is a larger proportion of business lending than our competitors, reflecting the contribution of the QIDC business to our original merger. Importantly, it is low risk business lending, with no exposure to large scale corporate lending.



• This slide breaks down the portfolio by geography and by type of business.

• You can see from the slide on the left that the bulk of our lending remains in Queensland, at 64%, but that compares with 81% in 1998, and we are steadily increasing our interstate lending.

• 19% of our lending now comes from NSW, Australia's biggest state, and 14% from Victoria. So we are improving the geographical diversity of the book.

• In terms of assets, we have a very diversified portfolio, underpinned by low risk housing, which makes up 59% of the portfolio. Loss rates in housing in Australia are very low, and we continue to maintain tight lending policies in that segment, with high levels of security and with borrowers rigorously assessed in terms of their capacity to meet repayments.

• Business lending is split between a number of different segments, with the vast bulk of it secured by bricks and mortar. We undertake very little cashflow lending and we maintain very low default rates in the portfolio. At June 2003, our impaired assets were at their lowest levels for more than five years, and bad debts were tracking at approximately 30 basis points of risk weighted assets.

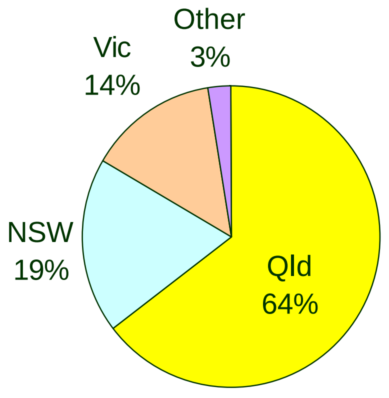
• The biggest single segment of the business banking portfolio is property investment, which makes up 10%. That is lending for investment in assets such as office blocks, shopping centres, warehouses and commercial premises.

• Commercial lending, which is lending to small and medium sized enterprises, amounts to 8% of the portfolio, and again, this is mainly secured by real estate.

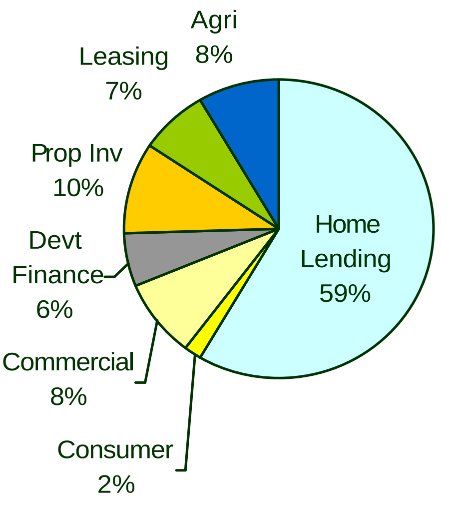
• Development finance, that is mainly lending for residential units and housing developments, represents 6% of the portfolio, and it is high margin business, again with very low loss rates. The property development sector has been growing strongly in Australia in recent years, fuelled by low interest rates and rising property prices, and it continues to grow strongly. However, we maintain tight credit policies, only lending to developers with a proven track record and strong security positions. We keep a close watch on the market, our loss rates remain very low, and we believe we have particular expertise in the segment.

Notes page only

Assets by State (%)



Assets by lending segment (%)



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• Agribusiness constitutes 8% of the portfolio.

• We have been involved with agribusiness through QIDC and its predecessor, the Agricultural Bank, since 1902 and we have an excellent track record in the segment.

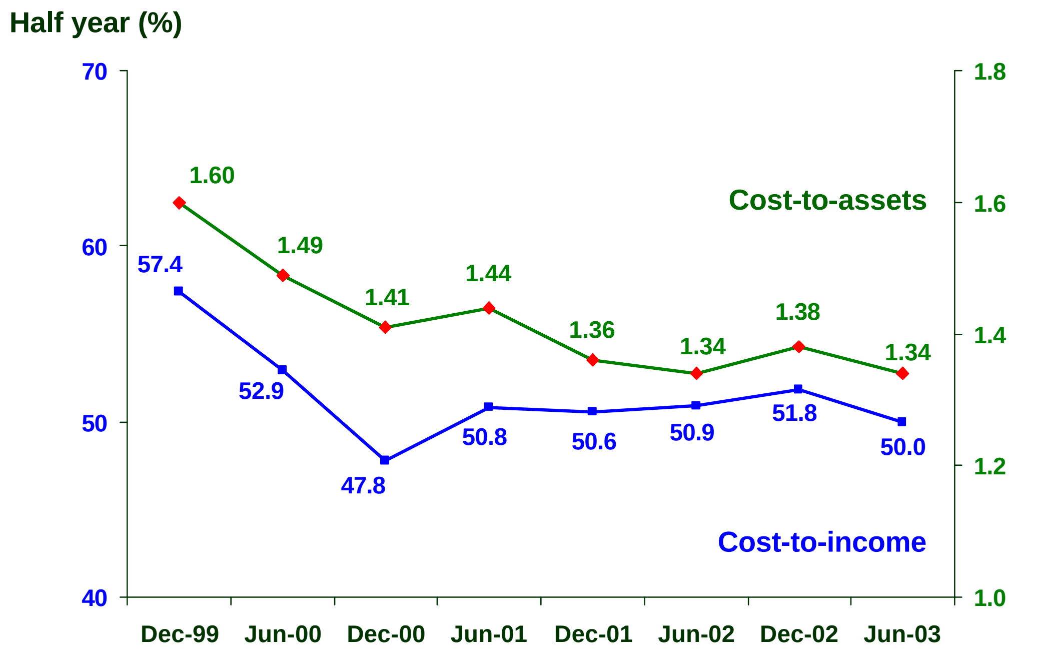
• We are diversified across a wide range of agricultural segments and virtually all of our agribusiness lending is secured by property.

• As you may know, Australia has been suffering an uprecedented drought in recent years, which has given us a real life opportunity to rigorously stress test our portfolio. While that has led to an increase in impaired assets in agribusiness, as some farmers have struck cash flow problems, this has not translated into significantly increased bad debts. This is because of our strong security levels.

•For example, a farmer with a $2 million property may strike difficulties meeting repayments on a $200,000 loan, but we are never going to take a loss because of the underlying property security.

• The drought has eased in many parts of Australia over the past few months, and we remain very comfortable and committed to the agribusiness industry.

Bank efficiency improved



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- Our cost performance in banking has been impressive, and we have consistently improved our efficiency and maintained our competitive position.
- Our cost to income ratio is now at 50%, which puts us in line with the majors and well below our regional banking competitors.
- Our cost to assets ratio, at 1.34% is amongst the best in Australia.

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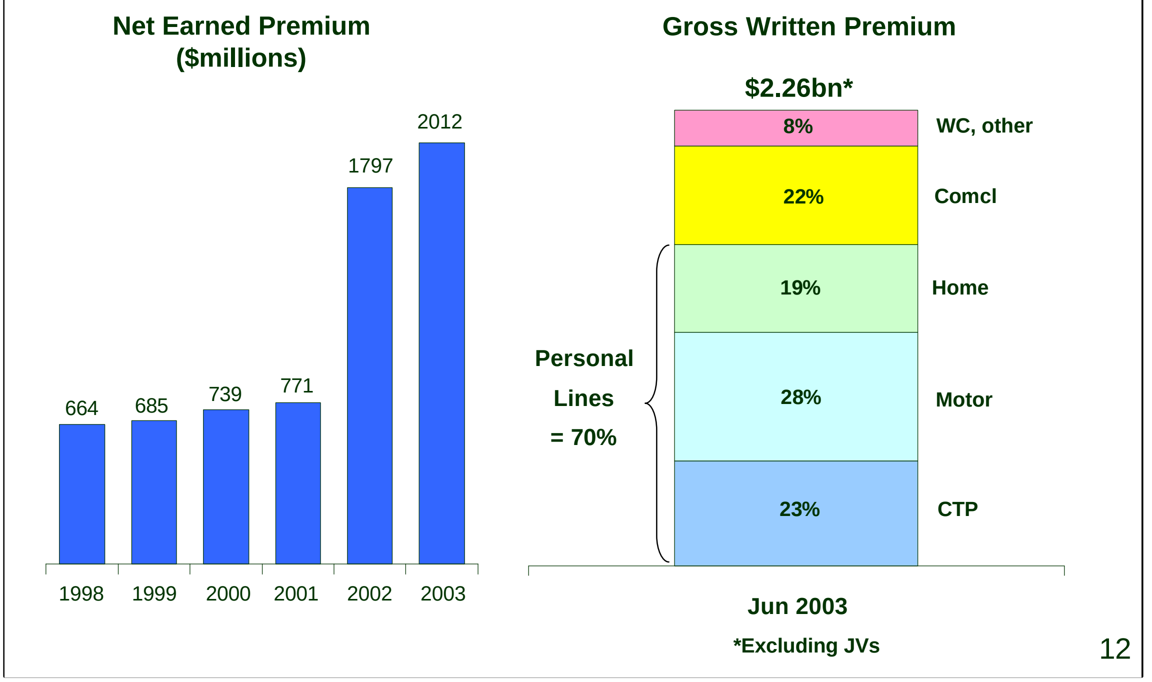
So that gives you a snapshot of the banking business. I will now turn to general insurance.

GI premium growth and mix



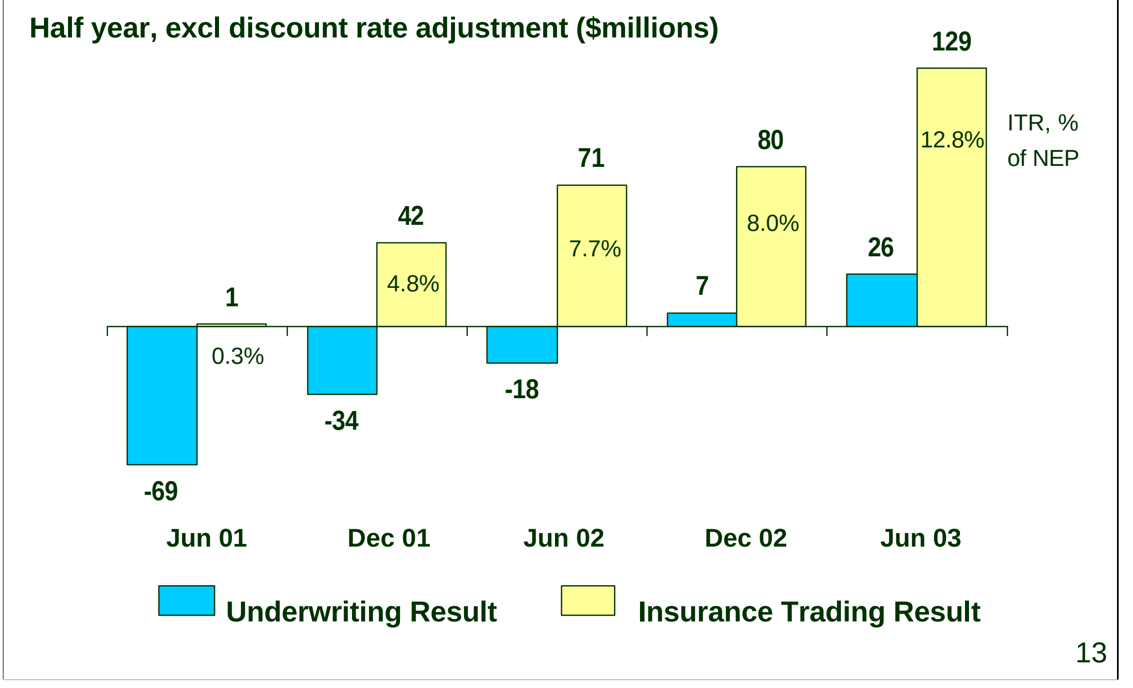
• As you have probably heard today, the fundamentals in Australia's general insurance industry have improved dramatically over the past two years due to increased pricing and improved prudential and regulatory requirements. We believe this is a structural and sustainable change to the industry, and the favourable conditions are likely to persist for the foreseeable future.

•The industry also has consolidated substantially, so that the top 5 companies now account for approximately 70% of premium. That is a positive factor for the industry. While competition remains strong, there is greater rationality about competitor behavior, with participants now all focused on security and delivering strong underwriting profitability.

•We have a broad mix of businesses, with 70% in personal lines and 64% in short tail business. You can see from the slide on the right the main categories of business we write, and the bulk of it is just your normal property and casualty insurance. We do not write any reinsurance business and maintain very rigorous risk controls.

•We are a conservative company, with strong reserving policies and prudential margins of 25-30%. Altogether, we have some $3.8 billion in outstanding claims reserves, and we maintain a 90% probability of sufficiency, which is amongst the best in the industry.

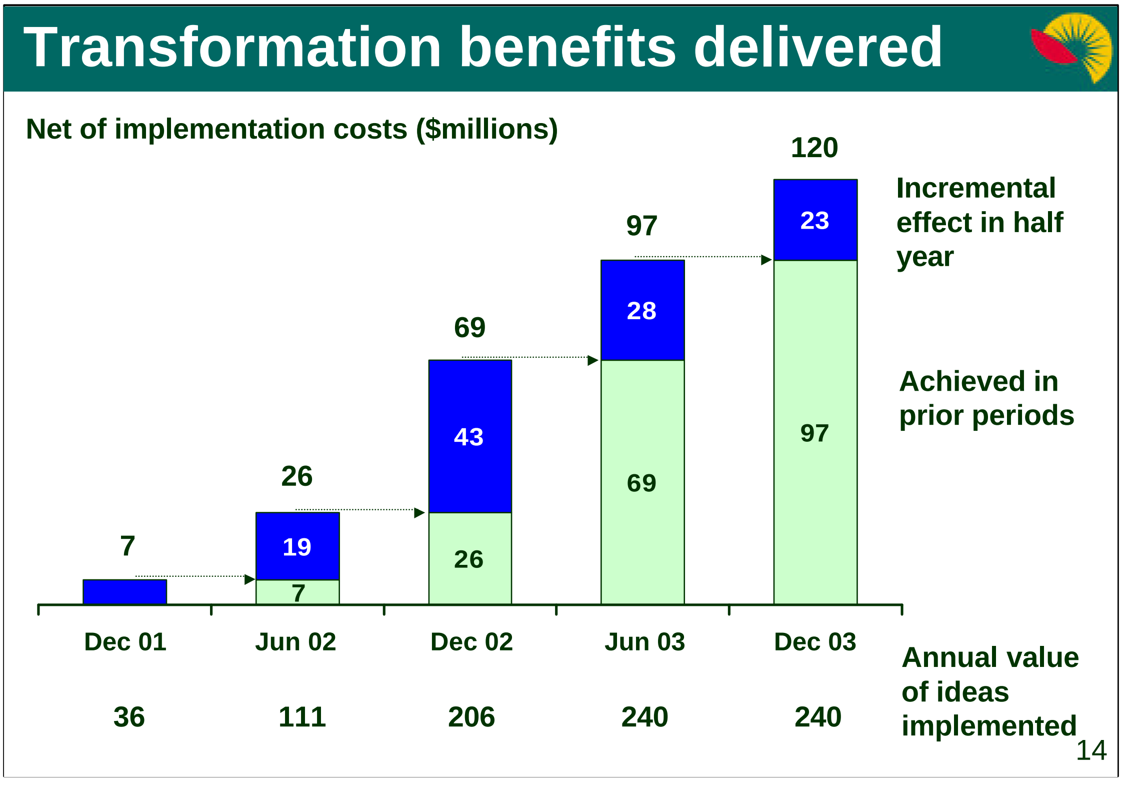
Strong GI profit trend



Our General Insurance profitability has improved dramatically over the past few years, partly due to the fundamental adjustment in industry pricing, but also because the benefits of the GIO acquisition have begun to flow through to our bottom line.

You can see on this slide that our underwriting profits have been growing consistently, and in the half year to June 2003, we reported an underwriting profit of $26 million.

Our insurance trading result, which includes investment income on the technical provisions we hold to pay claims, and is the best indicator of insurance profitability, rose to $129 million. That is equivalent to 12.8% of premium, and that is the highest margin of any of the major insurers in the Australian market.



- This slide looks at the GIO acquisition and the progress we have made in extracting benefits from the merger of the GIO business with the previous Suncorp Metway operations.
- We said in December 2001 that we expected to be able to achieve annual savings and benefits from the merger worth $240 million in a full year, or $120 million in a half year.
- Those benefits were mainly cost savings, available from combining and rationalising processing, distribution, information technology, marketing and head office costs.
- The market at the time was sceptical of our capacity to deliver the savings, but we have achieved them, and they are now clearly visible in our results.
- You can see from this slide that by the end of June 2003, at the completion of the integration program we called Transformation, we had achieved the annualised target of $240 million in savings and benefits. And in the current half year to December 2003, that will translate into an improvement in profits of $120 million, compared with the starting point at December 2001.
- We think this is an impressive performance, and importantly, it shows that we now possess very strong integration capabilities and business improvement skills, that we are now bringing to bear on a continual basis throughout our businesses.

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Turning now to Wealth Management.

On an absolute profit contribution basis, Wealth Management is the smallest of our business lines, but it is arguably the segment with the greatest growth potential, both in terms of the industry and our business.

While the sector has experienced difficulties in recent time I think the outlook for the medium term future is positive.

It is clear that over the past year, Wealth Management businesses have been under pressure as a result of equity market performance and softening demand as consumers place their funds into more traditional investments.

However the medium term growth prospects are strongly underpinned by the need for Australians to provide for their own retirement needs and the compulsory nature of superannuation.

This anticipated growth rate has led some of our banking competitors to make significant WM acquisitions over the past few years, and in retrospect may have paid too much.

Suncorp has not engaged in that process because we could not see the value in the prices being asked, and it has turned out to be a good decision.

We have grown our Wealth Management business through leveraging the highly developed cross sell capabilities in the organisation, our strong investment performance and bringing together the appropriate product set for our customers.

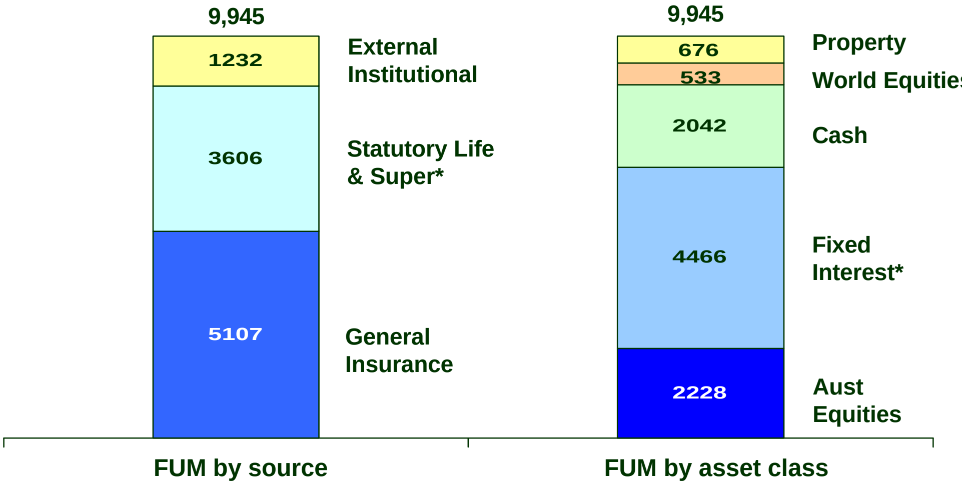
It is this proven track record and proven capabilities that we will continue to extend and improve to achieve our future growth.

The business is made up of the normal range of life insurance, superannuation and investment activities, and we are committed to being a manufacturer and distributor of wealth management services through our own proprietary distribution channel, and

Wealth Management FUM

In funds management, General Insurance provides the business with the necessary critical mass

FUM (June 2003, $millions)



*Includes Retail Unit Trusts

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Looking at funds under management…

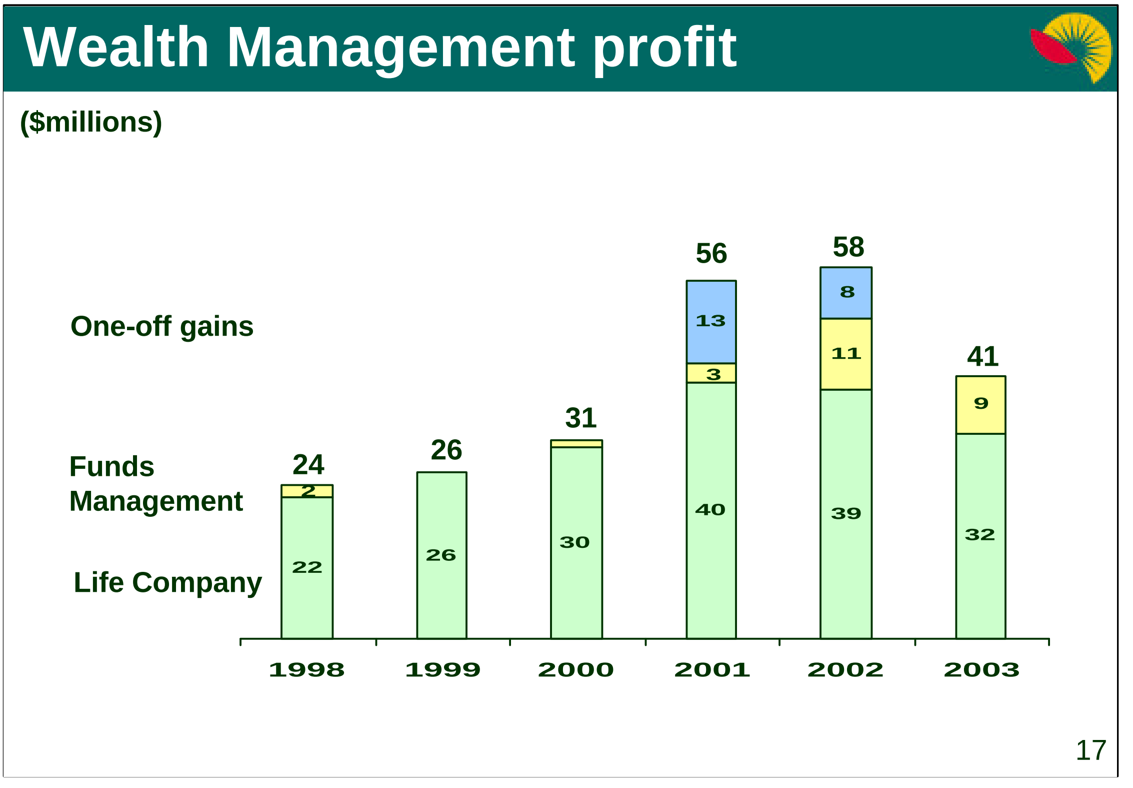
Suncorp's Funds Management fund generator is General Insurance. This division provides us with the critical mass to be within the top 20 fund managers.

Our funds under management are almost $10 billion, with our GI business providing us some $5 billion in shareholder funds and insurance liabilities to invest. Our retail Wealth Management business provides a further $3.6 billion, with the balance of approximately $1.2 billion being in the form of external wholesale mandates which we manage.

The funds are invested across a range of asset classes as you can see in this chart, with the majority in Cash, Australian fixed interest and Australian equities.

Given the nature of our investment stakeholders, we have developed a natural funds management strength in the areas of Australian asset sectors.

With some $6.4 billion in Australian Fixed interest and equities, we believe that our current size as an funds manager is a competitive advantage, rather than a detractor, as many our our larger scale competitors may find it increasingly difficult to deliver superior investment performance going forward.



Looking at our profit performance, you can see that we steadily increased profits until 2001, when the volatility in investment markets took its toll on inflows and profitability.

The light blue segments of the chart represent some one off profits derived from restructuring our property portfolio, and from revaluations of some subsidiary companies.

The yellow portions of the bars represent the profits from funds management activities, and these have increased in recent years as the size of the funds under management grew with the GIO acquisition.

So you can see that the underlying profit contribution remains worthwhile at $41 million, and our return on equity in the business is around the 18% level.

We see considerable potential for organic growth in this business and we have in place initiatives to boost our sales through external networks, lift our wholesale mandates, and increase our penetration of our existing customer base.

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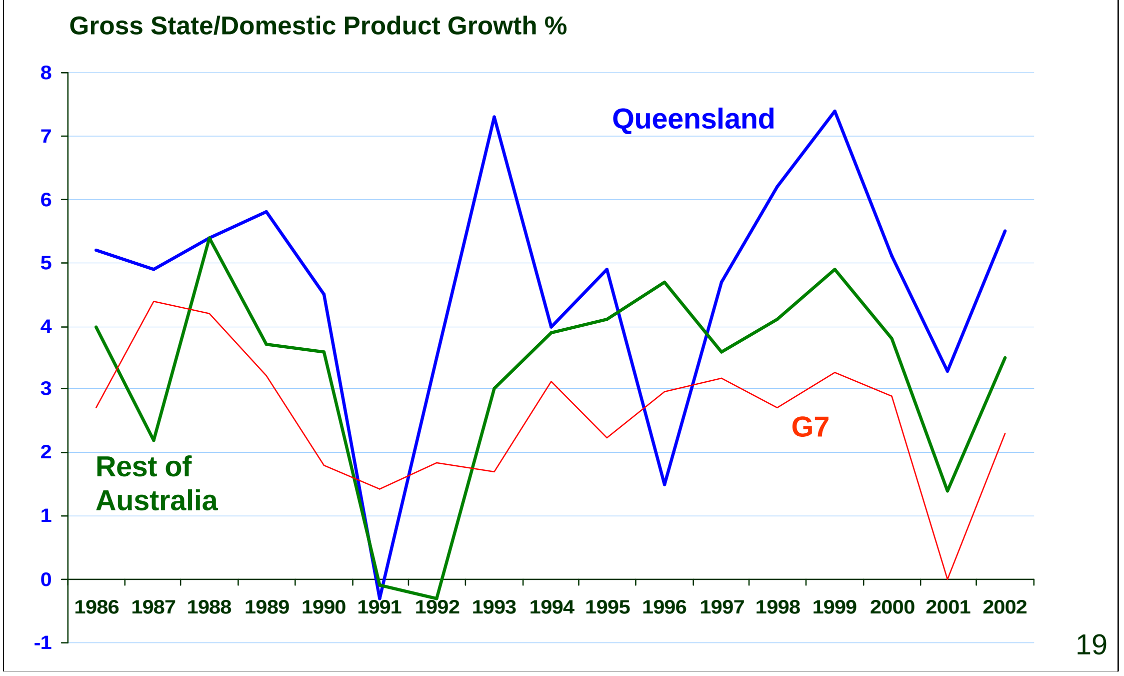
Now you have an idea of what constitutes our business.

Now I would like to tell you a little about what differentiates Suncorp, and why we believe we can deliver better returns for shareholders in the future

Qld growth outpaces Australia



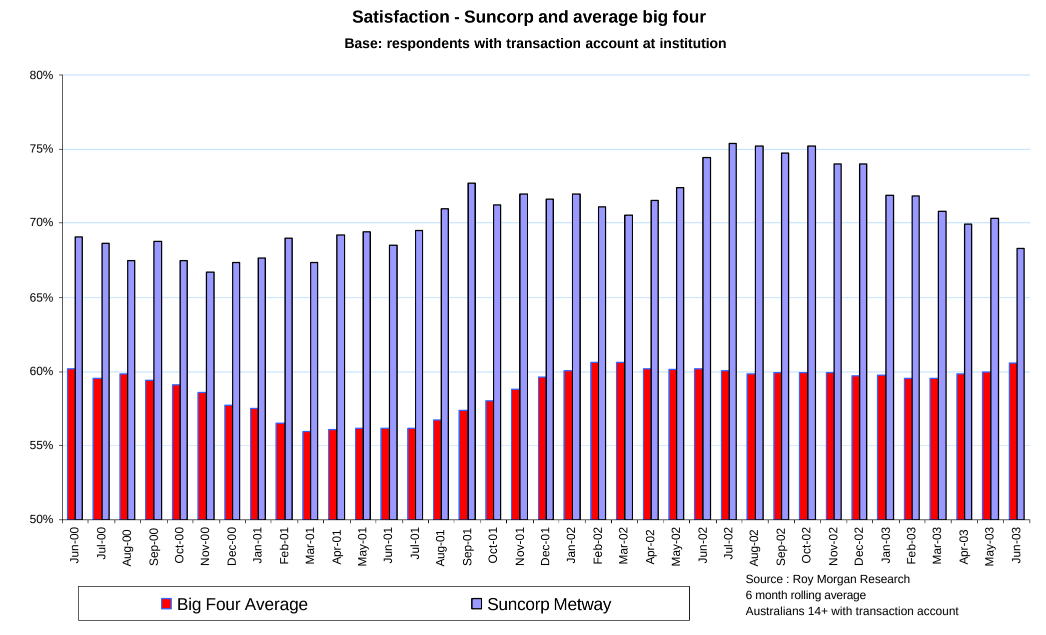
To begin with, we have a substantial advantage because we are based in Queensland and have our major exposure in the region, which consistently has demonstrated a capacity to grow faster than the Australian averages. Australia, in turn, has shown that it consistently grows faster than the rest of the world.

Queensland's outperformance has been driven partly by population growth. Queensland's rate of population growth is currently running at about 2.35% per year, which is more than twice the national population growth rate of 1.06%.

Population growth is due to substantial rates of interstate migration to Queensland as people move to the Sunshine State for lifestyle reasons and due to increased employment opportunities. Brisbane is expected to pass Melbourne to become Australia's second largest city by 2020.

So the bulk of our business is located in the growth region of Australia.

Customer satisfaction



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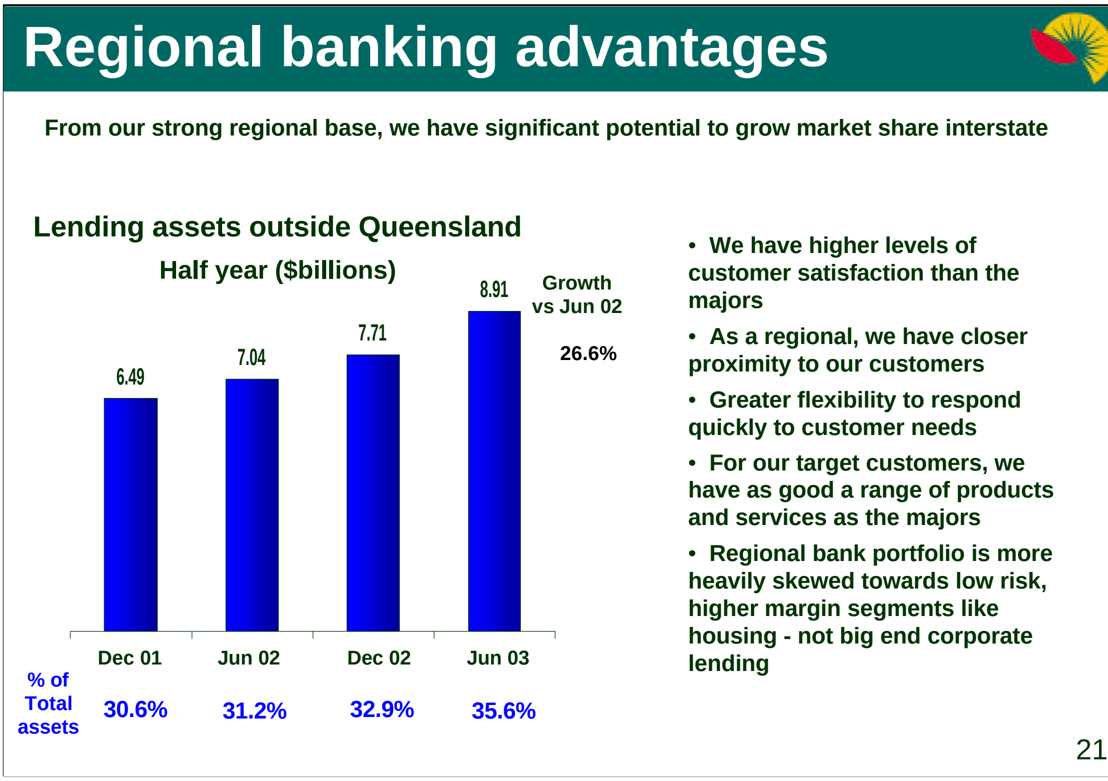
A second major feature of our business that differentiates us from the major banks is that as a regional, we benefit from significantly higher rates of customer satisfaction. You can see that from this chart, which tracks our customer satisfaction on the blue bars, compared with the average of the big 4 in the red bars. You can see that we consistently outperform the majors.

That is very important these days, because service and customer relationship management is becoming the battle field in financial services.

The banking industry in Australia has suffered significant reputational damage over the past decade as the industry has rationalised branches and staff, and introduced fees to compensate for reduced net interest margins.

The brunt of the reputational damage has been borne by the majors, and they continue to struggle with low levels of customer satisfaction.

Regional banks like Suncorp, with their more localised customer focus, have been able to take advantage of that opportunity to differentiate their brands from the majors.



This is one factor that has enabled regional banks to grow at the expense of the majors in important market segments.

In addition to higher levels of customer satisfaction, as a regional bank we are seen as being closer to our customer base, with greater flexibility to respond to customer needs.

For the vast majority of our customers we have as good a range of products and services as the major banks, and we have an advantage financially because our product range is more heavily skewed to lower risk lending such as housing, with less exposure to big end corporate lending.

Our potential to take business at the expense of the majors is evident in this slide, which shows how Suncorp has been able to grow its interstate lending significantly in the past few years - that is in areas where we previously have not had a large presence.

Total assets outside Queensland increased by 27% to $8.91 billion in the year to June 03, which is equal to 36% of the portfolio.

Disbursements outside Queensland now make up 44% of new lending, so we are clearly continuing to diversify our loan book, which reduces our geographic risk and improves our exposure to growth markets. I would like to stress that we have done this in a controlled way, without lowering our margins or credit standards in any way.

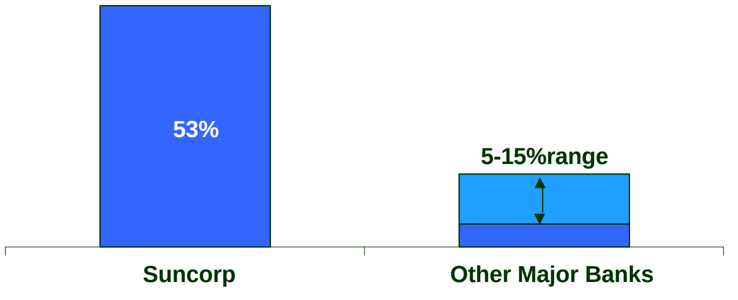
Lending growth was strongest in NSW, where total assets rose by 35% to $4.7 billion.

This interstate growth, admittedly, is off a relatively small base, however, it shows the opportunity available to us in these markets.

Unique business mix

Suncorp is the most diversified of the major financial services companies in Australia – making us distinct as a 'financial services conglomerate'

Non-Banking Profit
(% of profit before tax and goodwill)



Non GI / Wealth Profit

- No other major Australian Insurers have a significant non insurance / wealth business

From latest published half year accounts

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Another differentiating factor is the unique nature of our business, which I referred to earlier in the presentation.

Globally, over the past decade, we have seen financial institutions progressively diversifying their business operations outside of their traditional banking or insurance bases. Financial institutions have increasingly recognized the opportunities to sell a broader range of financial products to their customers.

Australia is no different in that regard, and we have seen many of the major banks diversifying into funds management activities in recent years.

However, the proportion of their earnings derived from non-banking operations is noticeably smaller than Suncorp. Suncorp earns some 53% of profits from non-banking business, compared to 5-15% for the majors.

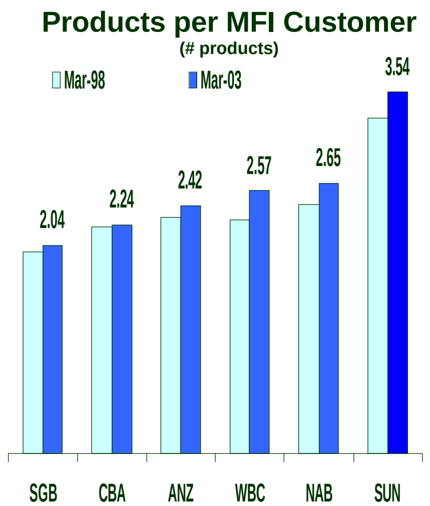
So we are already the most diversified financial institution in Australia. We also are unusual because of our exposure to general insurance, as well as wealth management and banking.

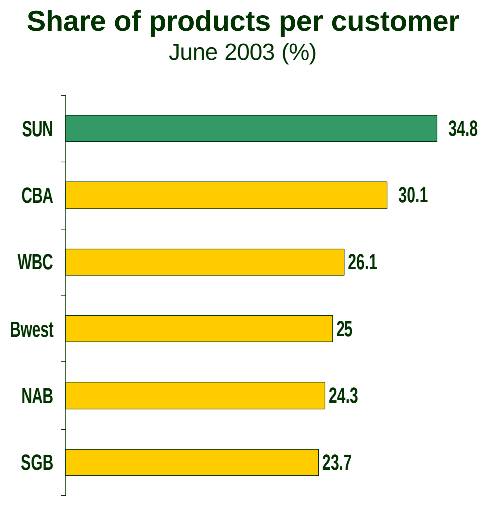
Most of our competitors have not had the skills to operate in general insurance, and have therefore missed out on the strong upswing in the segment over the past two years.

We are therefore rare in the Australian market place in having a diverse business mix, and a broad range of skills across three business lines.

Superior cross sell capability

Suncorp is Australia's leading financial services company in products per customer





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

Roy Morgan Research

SGB St George, Advance, Bank SA; WBC Westpac, Bank Melbourne, Challenge, AGC; ANZ ANZ Bank, Town & Country, Esanda; CBA Group Commonwealth Bank, CGH; NAB Group National Australia, Bank of NZ, MLC

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Because of our broad business mix, we have a major advantage in our ability to drive increased cross sales across the group.

Since the 1996 merger, we have been continually working to boost our cross sell capabilities.

We now boast the highest levels of cross sales of any financial institution in Australia, and we are growing that at a faster rate than most of our competitors. We also have the highest share of wallet of our major competitors, reflecting our broad product range.

Again, cross sell capability is a real competitive advantage. It is much cheaper to sell another product to an existing customer, than it is to acquire a new customer. I will speak more about cross sell in a moment.

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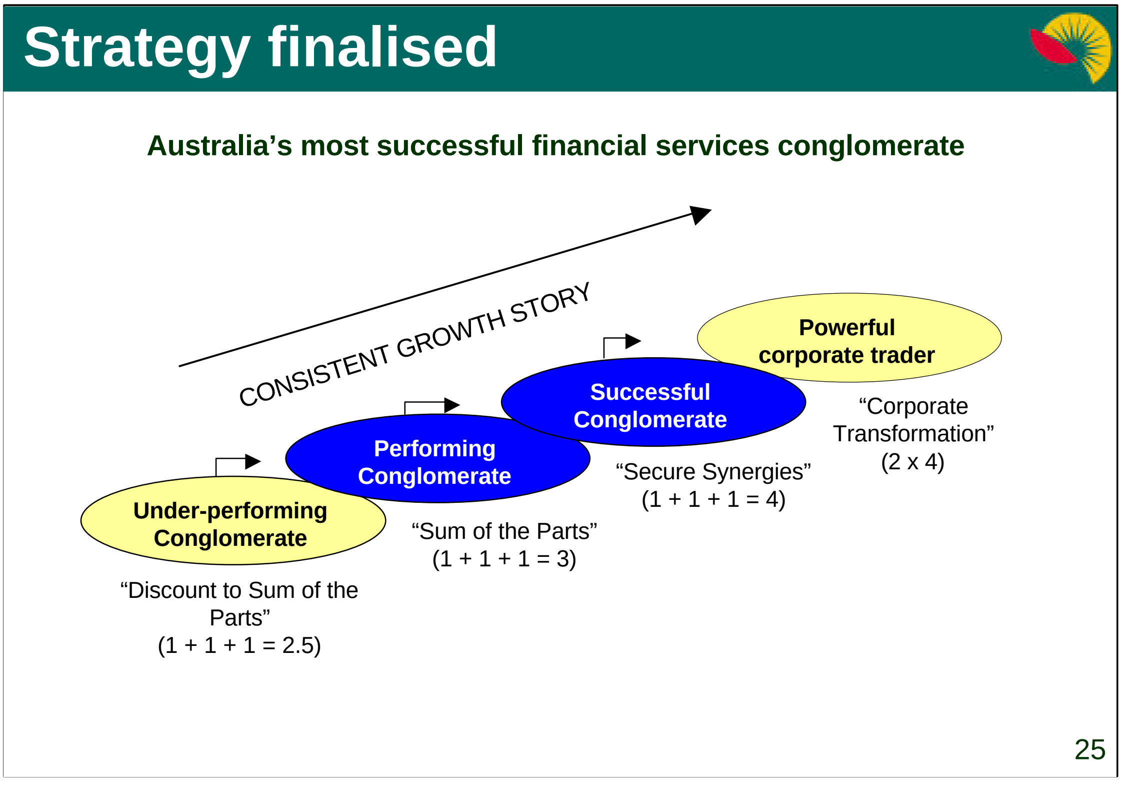
Those are the variety of positive attributes that underpin our business.

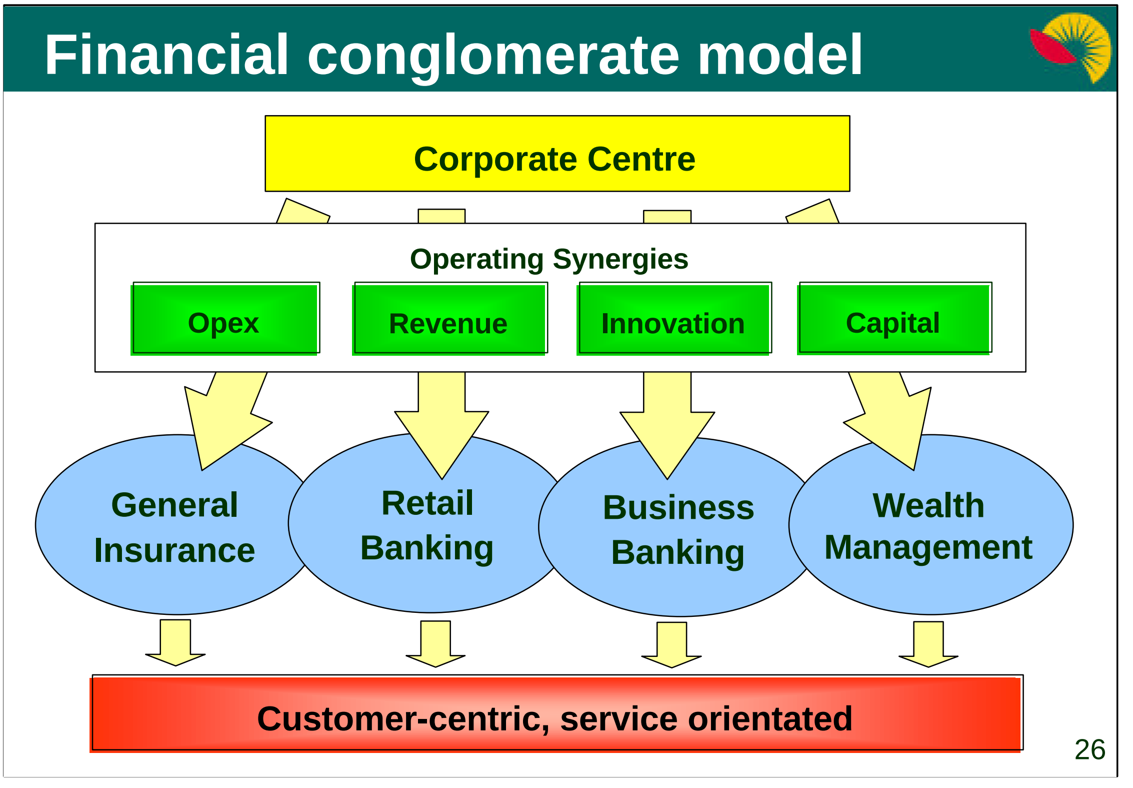
Over the past year, we have looked at our strengths and reviewed our structure and our strategy to see how we could best leverage those strengths to deliver returns for shareholders.

We delivered the Financial Services Conglomerate strategy to the market in June.



- That essentially requires us to be operating each of our business lines at peak efficiency, and then we can overlay on that the benefits of operating as a financial conglomerate, meaning we can deliver returns better than our peers.

- That means that instead of valuing us at the sum of the parts on a stand alone basis, the market should give us credit for an ability to deliver profits higher than the market.
- That way, we can reach a point where the market will value us at more than the sum of the parts - so 1+ 1+ 1 = 4
- The approach builds on our previous Allfinanz strategy, but with a much sharper focus on business line performance.
- While we have previously been achieving benefits from operating as a financial conglomerate, we haven't been operating our underlying business lines as well as we should, particularly our banking operations.
- That is partly due to a confusing organisational structure that was employed in the past, which was based on a matrix, which involved the business lines being transected by functional lines - distribution, product and operations.
- The result was a lack of accountability for performance.



We have now implemented a much more streamlined organisational structure.

Under the new structure, which was put in place earlier this year, we are operating four distinct business lines beneath a focused corporate centre that houses shared services.

This replaces the previous matrix structure, and clarifies lines of reporting to ensure we have clear responsibility and accountability

The corporate centre structure allows us to take advantage of a variety of significant synergies in four areas:

Operating expenses - these are clearly available in areas such as distribution, marketing, IT etc.

Revenues - these are the opportunities to drive higher sales of products to existing customers by taking advantage of existing relationships and better customer knowledge

Innovation: this is the capacity to take best practice in one business line and adapt that expertise to other businesses. An example is the capacity to use risk based pricing techniques in general insurance and adapt them to banking

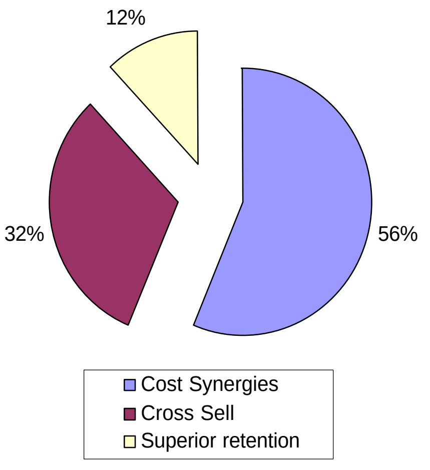
Capital: this refers to the ability to share capital across business lines as required to support the business, and it is acknowledged by ratings agencies.

These synergies enable us to extract additional benefits and savings.

It is not a complicated model. It is quite simple and logical. The key to its success lies in ensuring that the business lines are operating at peak levels, and the corporate centre is delivering all of the available synergies and benefits.

I'd now like to briefly explore the nature of those benefits to give you a better sense of the strategy in practice

Benefits of a Conglomerate



The impact of running multiple business lines in Queensland is a profit uplift in excess of 20%.

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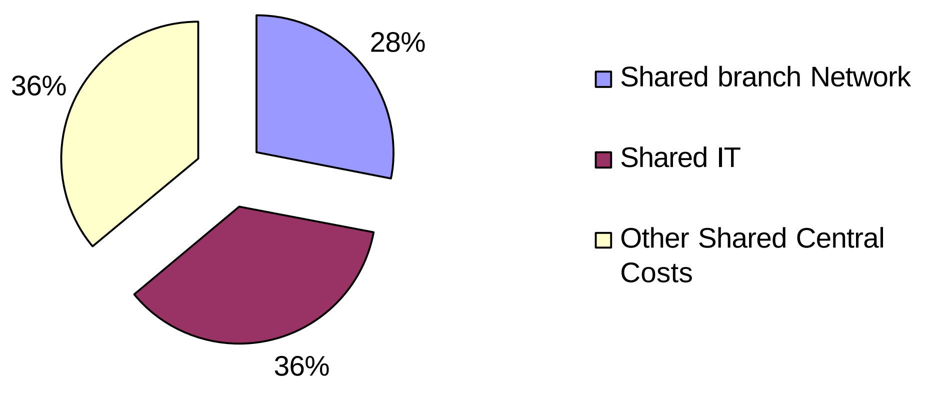
- One of the questions that Suncorp gets asked most frequently is about the tangible nature of the benefits in a conglomerate business.
- This graphic provides a snapshot for 2002 of the profit impact of Suncorp's conglomerate model in our Queensland business
- Late last year an external agency undertook an analysis of Suncorp's business for the purpose of identifying what synergy benefits there were in our business
- They identified 3 categories of synergy
  - cost synergy
  - cross-sell synergy
  - enhanced retention or entanglement benefit
- They determined that in aggregate these synergies drove in excess of a 20% uplift in profit, and that of this profit
  - 56% flowed from cost synergies
  - 32% from cross sell synergies and
  - 12% from incremental retention synergies
- As I mentioned this snapshot focuses on our conglomerate business in Queensland, we have of course earned significant additional cost synergies from the integration of the GIO business

Cost synergies broken down

Snapshot for 2002 of the cost synergies of Suncorp's conglomerate model within Queensland



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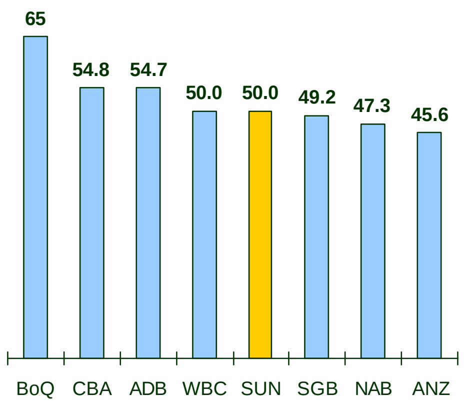
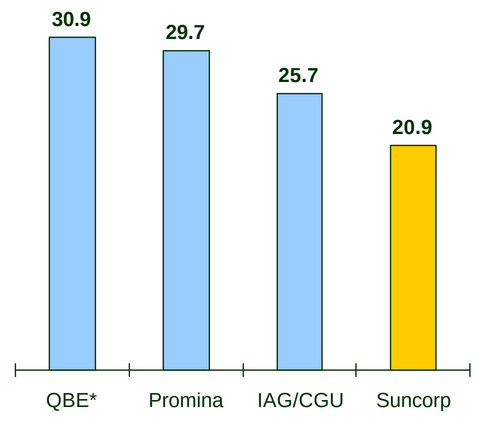
- Turning now to the cost synergies….
- These are derived from 3 broad areas of cost saving
  - A rationalised branch network accounts for 28% of the benefit
  - A shared IT infrastructure delivers 36% of the benefit, and
  - Sharing other central or overhead costs has delivered an ongoing saving of 36%
- Examples of Shared branch Network savings
  - staff
  - property / utilities
- Examples of Shared IT costs
  - personnel;
  - licensing costs and purchasing power;
  - application expenses and Intranet/ ancillary systems
  - To give you some sense of the magnitude the rationalisation of two separate IT divisions delivers us a $20m saving each year.
- Examples of Other Shared Central costs
  - Marketing,
  - Finance,
  - Investor Relations,
  - HR,
  - Executive salaries,
  - Head Office Occupancy,
  - ASX Listing costs

Demonstrated cost synergies

Banking Cost to Income ratio %



GI Expense ratio %



*QBE expense + commission ratio
Source: Annual Reports and Analyst Presentations

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The synergies are clearly evident in our cost ratios.

In the general insurer, our expense ratio at 20.9% has come down sharply from the 27.2% level at June 01, as we have extracted the benefits of the GIO merger.

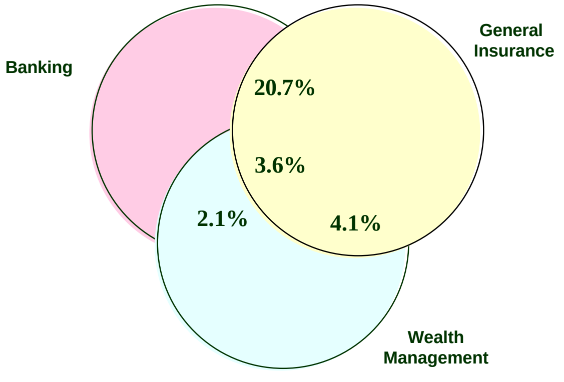
We are clearly the lowest amongst our peers, and while these ratios are affected by business mix, the point is that we are efficient, and competitive with our peers.

In the bank, our cost to income ratio is at 50%, which is as good as our major bank peers, and much better than most of our smaller regional banking competitors.

So we think this provides evidence that we are already deriving cost synergies across the business lines. But we also strongly believe that we have further to go in terms of driving down these ratios and other costs across the company.

Increasing customer penetration

Suncorp Customer Base: March 2002
(# Households)



Since its creation in 1996, Suncorp Metway has increased insurance penetration of the banking customer base from 28% of households to 41%

Note -
- Excludes the GIO customer base
- Incremental above Suncorp's average penetration of the Queensland Market

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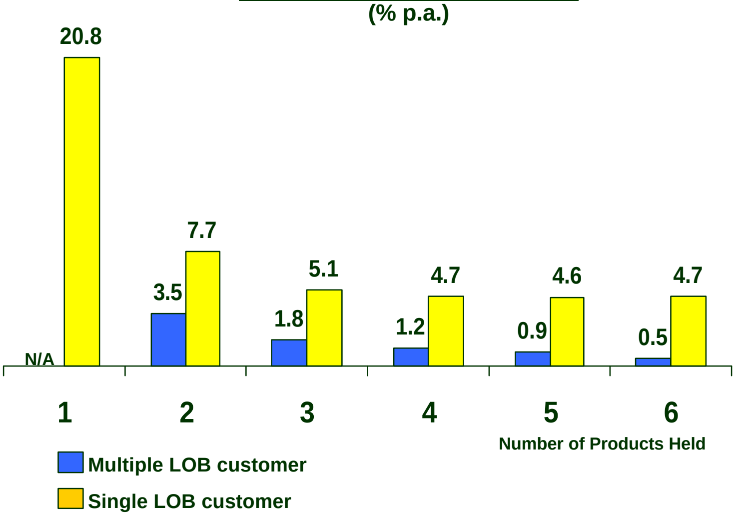
- Turning now to cross sell….
- 3.6% of our customers hold products across all 3 lines of business and
- 24% of Suncorp's customer households hold both our banking and insurance products, and
- What is particularly pleasing however is that 41% of our insurance customer household base also hold banking products - this has significantly increased in recent times from 28% at the time of the Suncorp merger.
- It should be noted that a household measure has been used and consists of a group of customers that are linked by joint accounts.

Superior customer retention

SUN Customer Defection Rates
(% p.a.)



Cross sales from the conglomerate model are creating a more engaged customer base

- 7,000 households retained p.a.
- Compounded over 3 years, this is contributing substantially to our bottom line.

Defection defined as a customer ceasing relationship with SUN (ie all products sold); Average defection rates across lines of business

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Turning now to the last of the synergy benefits - incremental retention through increased engagement. This accounts for 12% of our profit uplift through synergy benefits.

As this graphic demonstrates customer defection drops markedly as the number of products a customer holds increases. Whilst customers with only 1 product have on average 20.8% attrition per annum, the attrition drops to ~ 4.6% as customer holdings increase to 4 to 6 products.

Of greater significance is our experience of the impact on retention of customer holdings across multiple lines of business. Whilst customers with 6 products in a single line of business have an annual attrition rate of 4.7%, customers who hold those 6 products across 2 or more lines of business are markedly less likely to defect with an attrition rate of just 0.5%.

Agenda

- Our history and strategic foundations
- Banking in profile
- General Insurance in profile
- Wealth Management in profile
- What differentiates Suncorp
- The financial services conglomerate strategy
- **Our position in the business cycle**
- Questions

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So you will now have a better understanding of our background, the strengths of the group which provide us with important points of differentiation, and our strategy for the future.

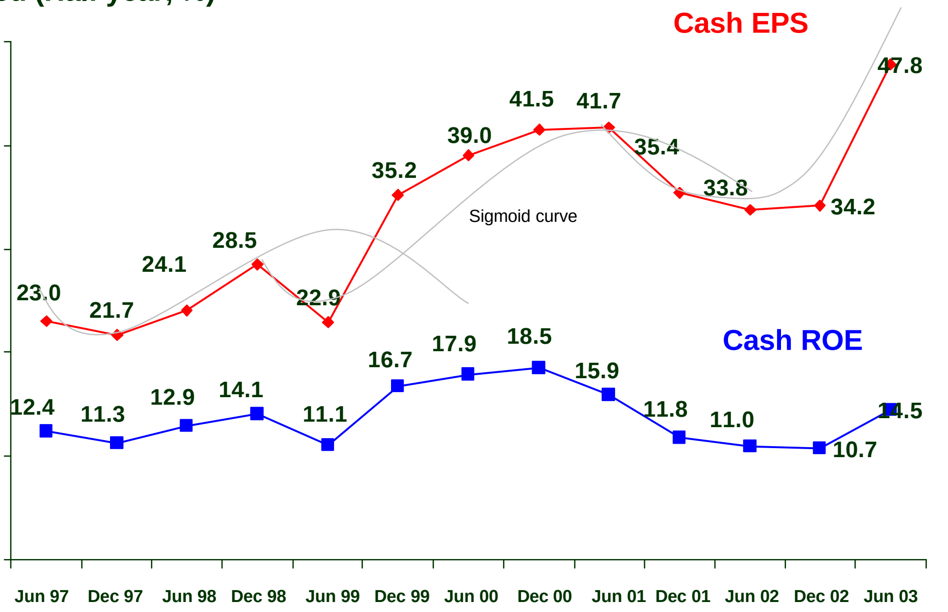
But I would now like to talk a little about where we are placed in terms of our corporate development.

As I explained at the outset, we have been through two major integrations processes during the past seven years.

Through each of these mergers we have delivered strong value for shareholders. But there is a cycle to the process.

Earnings ratios sharply higher

Diluted (Half year, %)



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Some of you will be familiar with the Sigmoid curve theory, which suggests that companies can only maintain high growth rates for a certain period before their growth begins to falter and they reach a point of diminishing returns. At that point, they need to find new growth opportunities and reposition themselves to set a new platform for growth.

That often is seen in a temporary reduction in profits before they can move to a new higher level, and it is manifest in a wave pattern of growth.

You can see from this slide the Sigmoid curve cyclicality as it is reflected in our eps and ROE.

From the first merger, we saw strong profitability and merger benefits. We then enjoyed strong growth as we consolidated our share price out of that acquisition.

We were then in a position to make the next leap in growth via the GIO acquisition.

As you would expect, with the acquisition funded largely by equity, there was a period when the shares had been issued, but the benefits of the merger not yet realised, hence we saw the dilutionary effect.

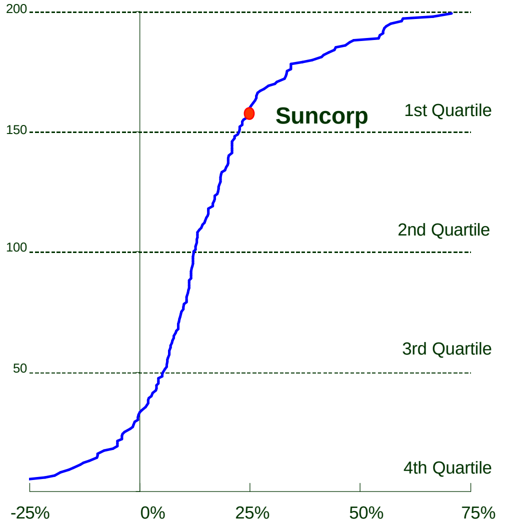
With the last result, we emerged from that period and can now show conclusively that the acquisition has been accretive for shareholders, and the EPS is higher than its previous peak.

I believe we are now positioned nicely on the curve to reap the benefits of the new strong platform we have built through the GIO acquisition for the next few years.

Repositioned for continued growth

Total Shareholder Return

Five years to June 02. Top 200 Australian Companies(1)



- **Grow revenue faster than system**
- **Productivity gains of 5-10%**
- **Banking PBT - high single digit growth**
- **GI ITR maintained 10-13%**
- **High single digit growth in Wealth Management profit**
- **15% underlying profit growth**
- **Top quartile shareholder returns**

Source: Wall Street Journal Shareholder Scoreboard February 2002, LEK Australian Shareholder Scorecard 2002
(1) Top 200 companies by market capitalisation

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Looking forward, we expect to be able to generate good growth in a number of areas and we have set our financial goals accordingly.

Firstly, we aim to grow revenues in all business lines faster than system and to maximise the advantage of the conglomerate model through better cross sell ratios than any of our competitors. We are confident of achieving that goal.

Secondly we want to leverage our Transformation skills in a program of continuous improvement which will deliver consistent productivity gains of between 5% and 10% each year. This will generate the capacity to reinvest in our businesses at an appropriate level whilst still keeping tight control over costs.

Our aim in banking is to produce consistent high single digit growth rates for profit before tax. While we expect to see some slow down in asset growth for the industry in the current year, following the very strong growth of the past few years, we continue to expect to generate high single digit profit growth in the current year.

In General Insurance, we expect to be able to achieve a consistent insurance trading result in the range of 10-13%, although in years where there are multiple “catastrophes” it could clearly be lower, and in years where claims are very benign, it could be higher. The important point to understand is that profitability in the general insurance industry in Australia has undergone a structural step up over the past year, and Suncorp is well placed to reap the benefits of that shift.

In Wealth Management, we expect to see some improvement in profits in the current year as confidence returns to financial markets and investment income and business inflows recover.

So we are confident of achieving these outcomes, which will deliver a 15% increase in underlying profits, and enable us to continue our track record of being a top quartile company in terms of shareholder returns.

So on that note, I am happy to take questions.

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