



SUNCORP METWAY LTD

Asia-Pacific Financial Institutions Conference

London, July 7, 2003

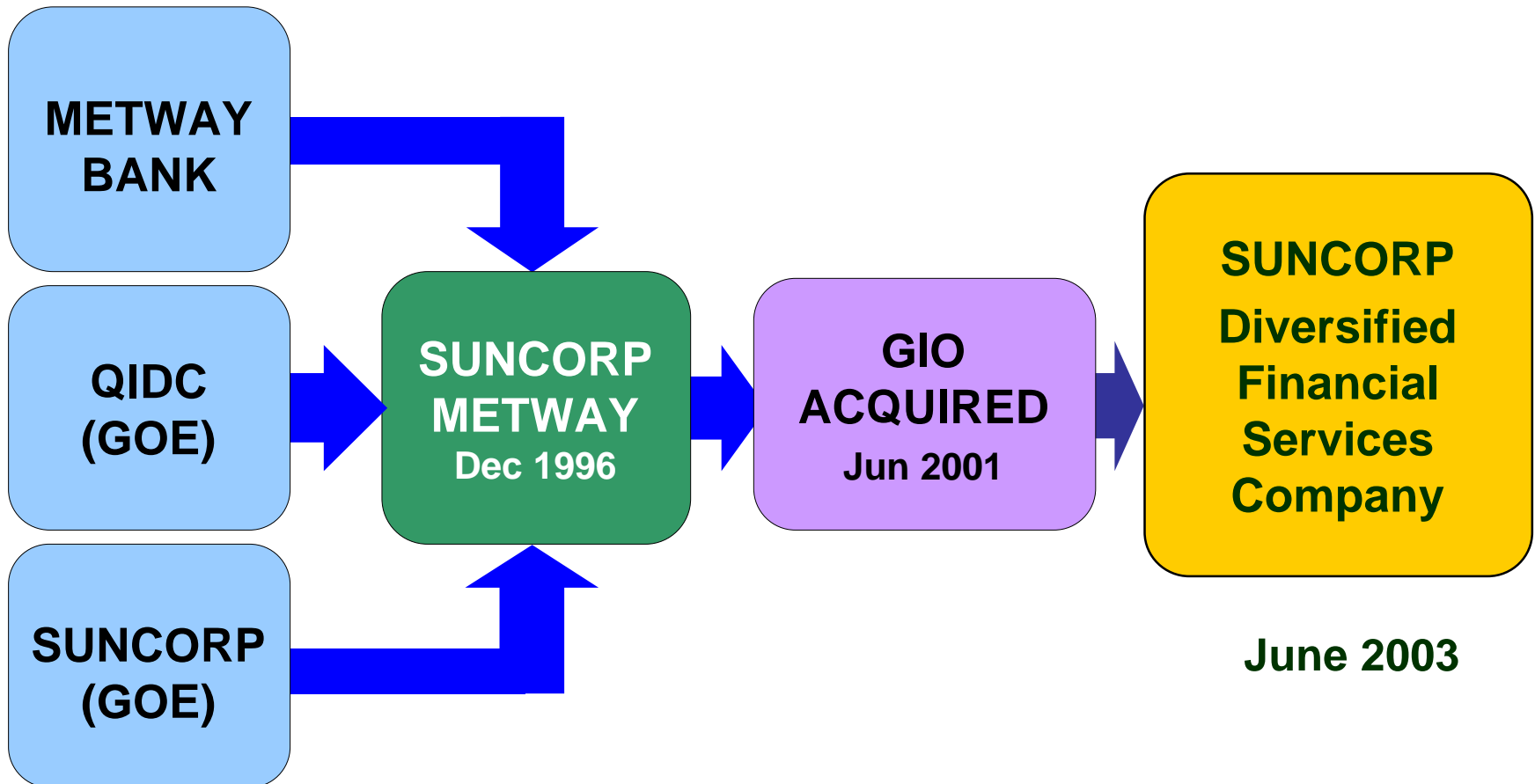


- **Overview**
 - **Strong strategic base**
 - **Our path to unlocking shareholder value**
- **Business Unit Strategies**
 - **Retail Banking**
 - **Business Banking**
 - **General Insurance**
 - **Wealth Management**
- **Financial Goals and Outlook**

Our history



Suncorp is Australia's second largest general insurer and sixth largest bank, and has been created from two major mergers.

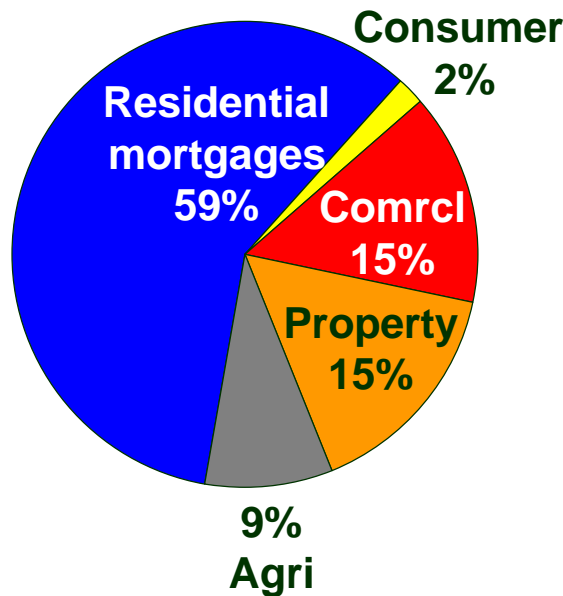


Solid strategic foundation

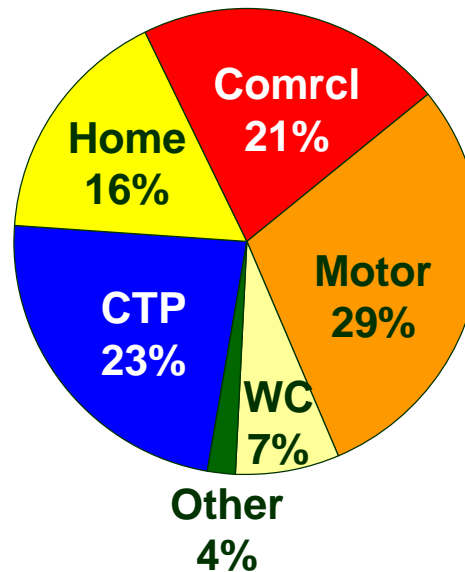


We have built a solid base in each of our three business lines

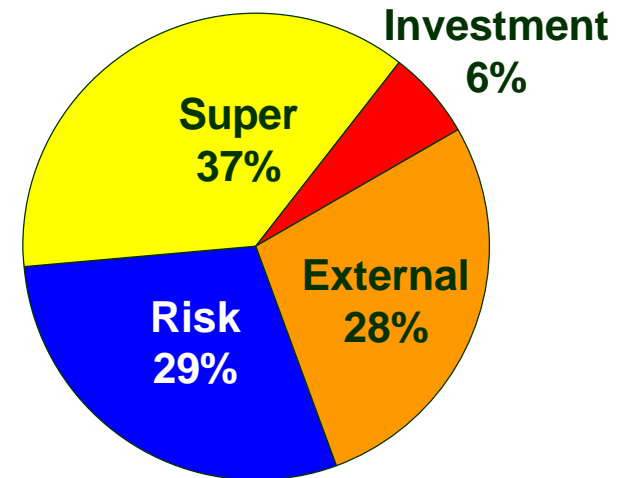
**Banking
Assets
\$A23bn**



**Gen Insurance
NEP Premiums
\$A2bn**



**Wealth Management
Sales *
\$A910m**



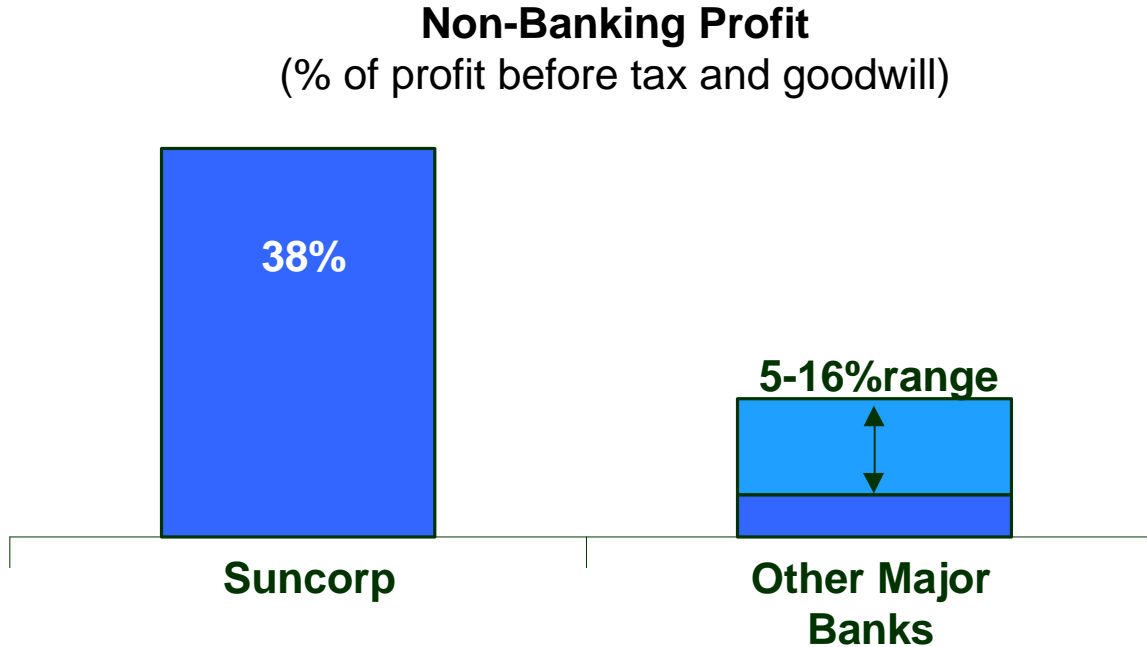
(Annualised, December 2002)

* 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

Unique business mix



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



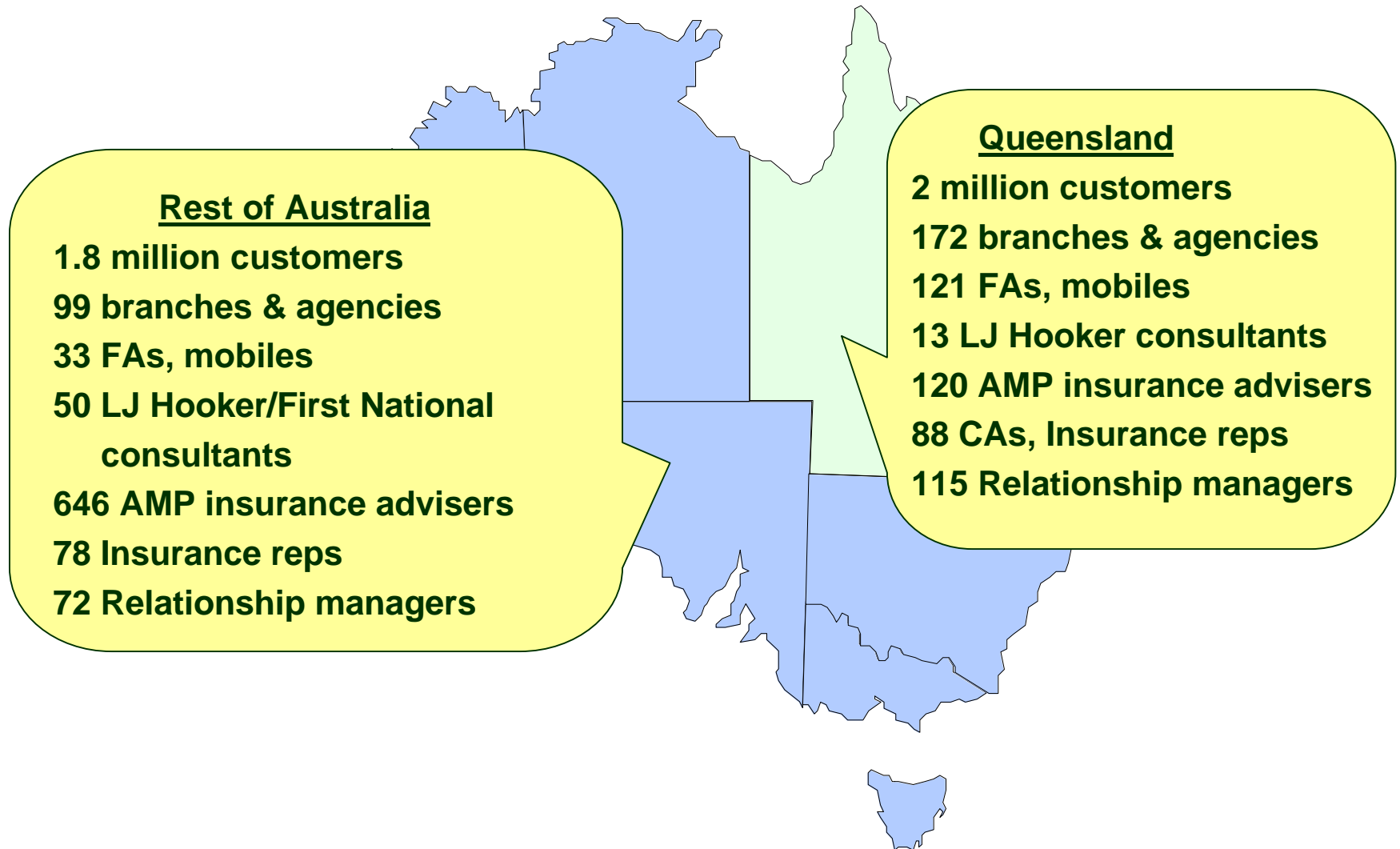
Non GI / Wealth Profit

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

National distribution network



Extensive national distribution footprint provides platform for growth

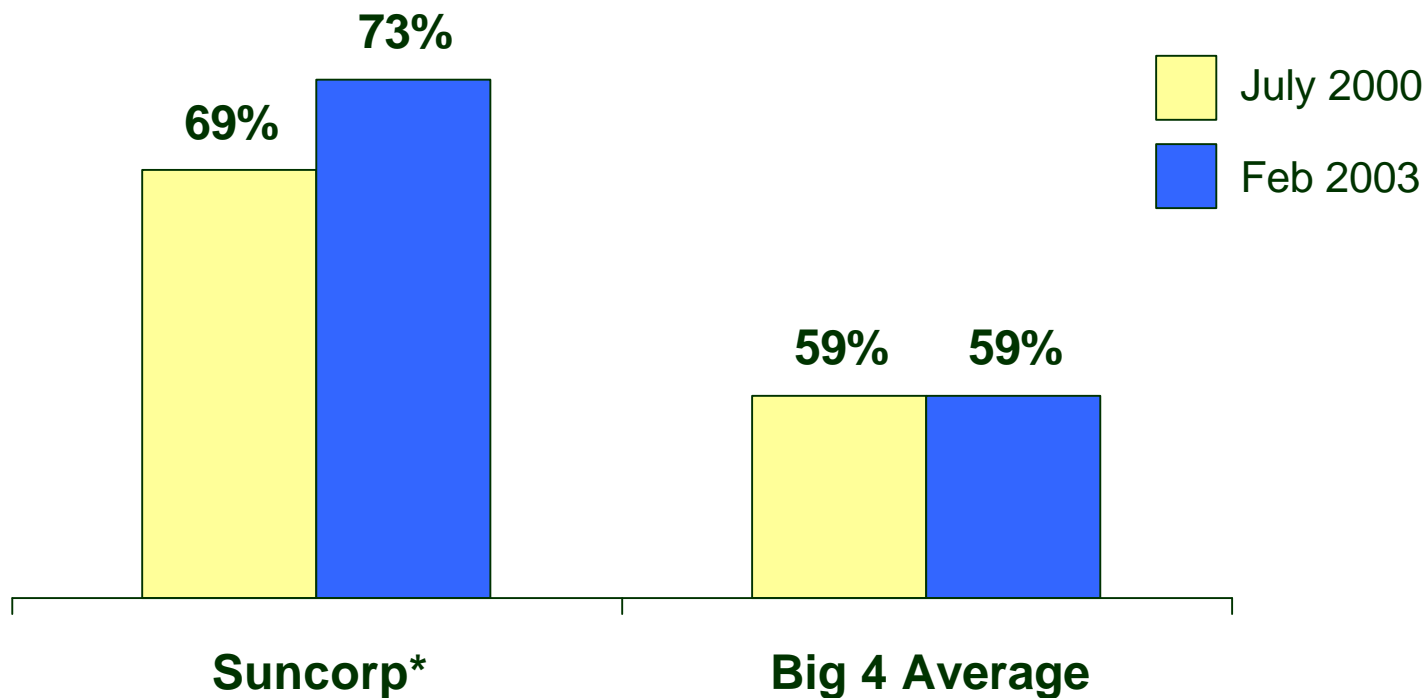


Customer satisfaction



Suncorp has a loyal customer base and we have improved our satisfaction ratings over the last 3 years

Customer Satisfaction Ratings



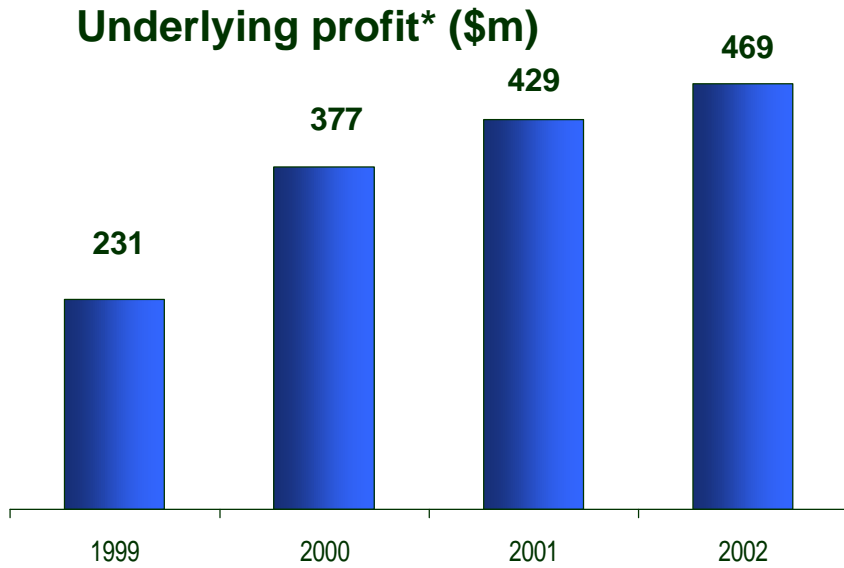
* Excluding GIO. Australians 14+ who hold a transaction account .

Source: Roy Morgan Research. 3 month average

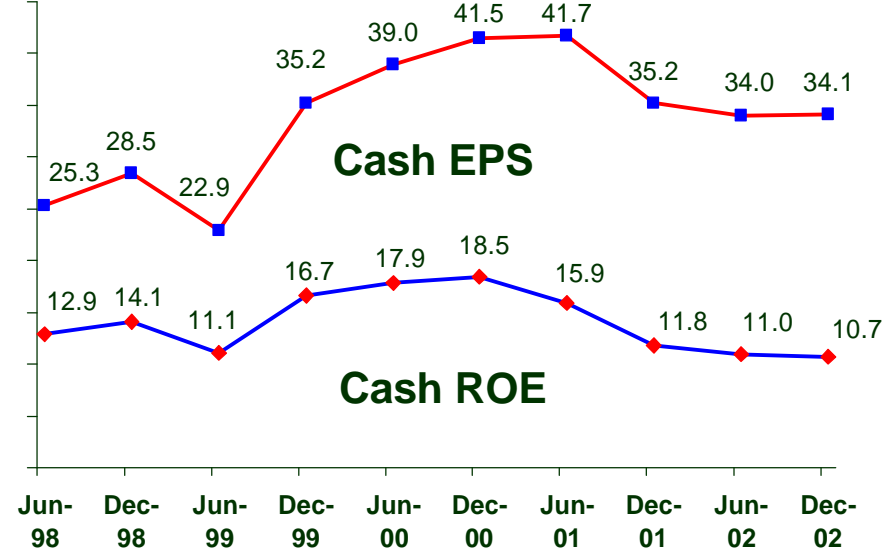
Financial performance



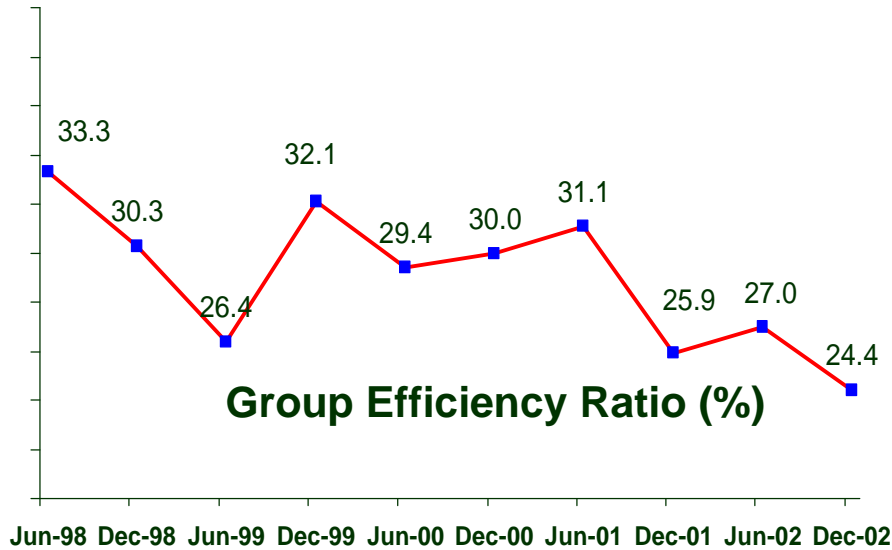
Underlying profit* (\$m)



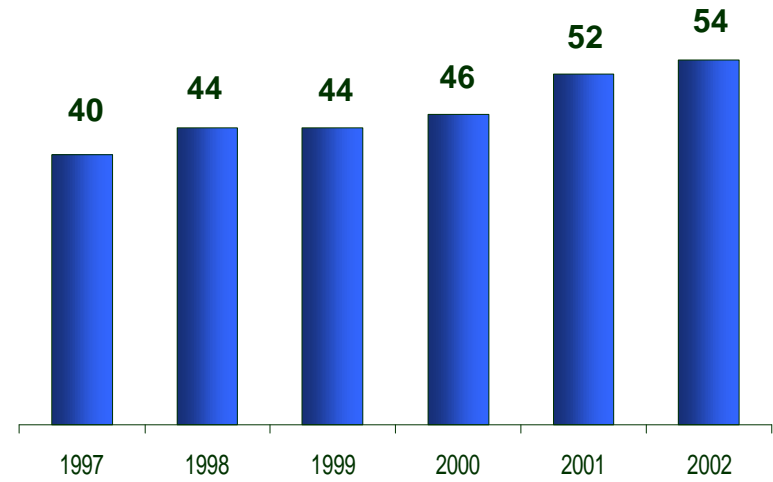
(Diluted, cps)



Group Efficiency Ratio (%)



Dividend (cps)



*Profit before tax, goodwill, investment income on shareholders funds



- **Financial services convergence**
- **Customer ownership**
- **Customer cross-sales**
- **Customer service standards**



- **Retain all three business lines**
- **Manufacturer and distributor**
- **Organic growth strategy priority**

Unlocking shareholder value



Australia's most successful financial services conglomerate

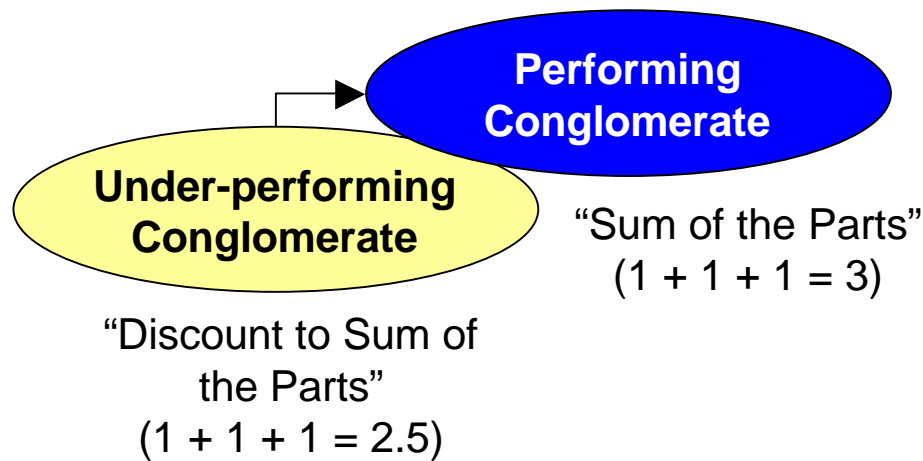
**Under-performing
Conglomerate**

“Discount to Sum of
the Parts”
(1 + 1 + 1 = 2.5)

Unlocking shareholder value



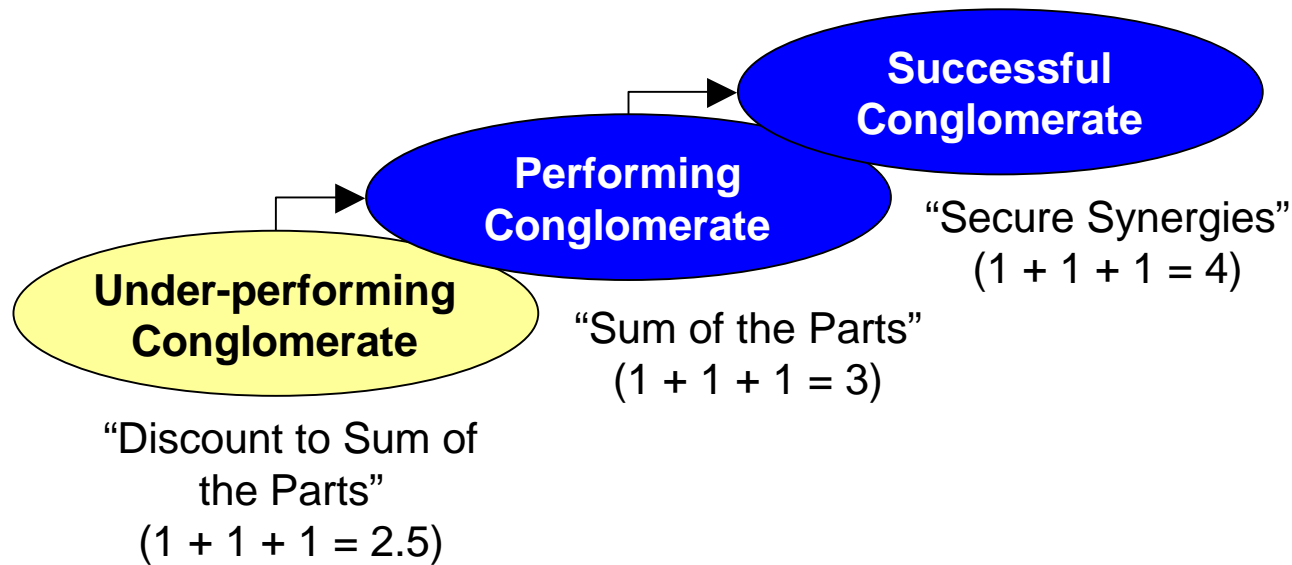
Australia's most successful financial services conglomerate



Unlocking shareholder value



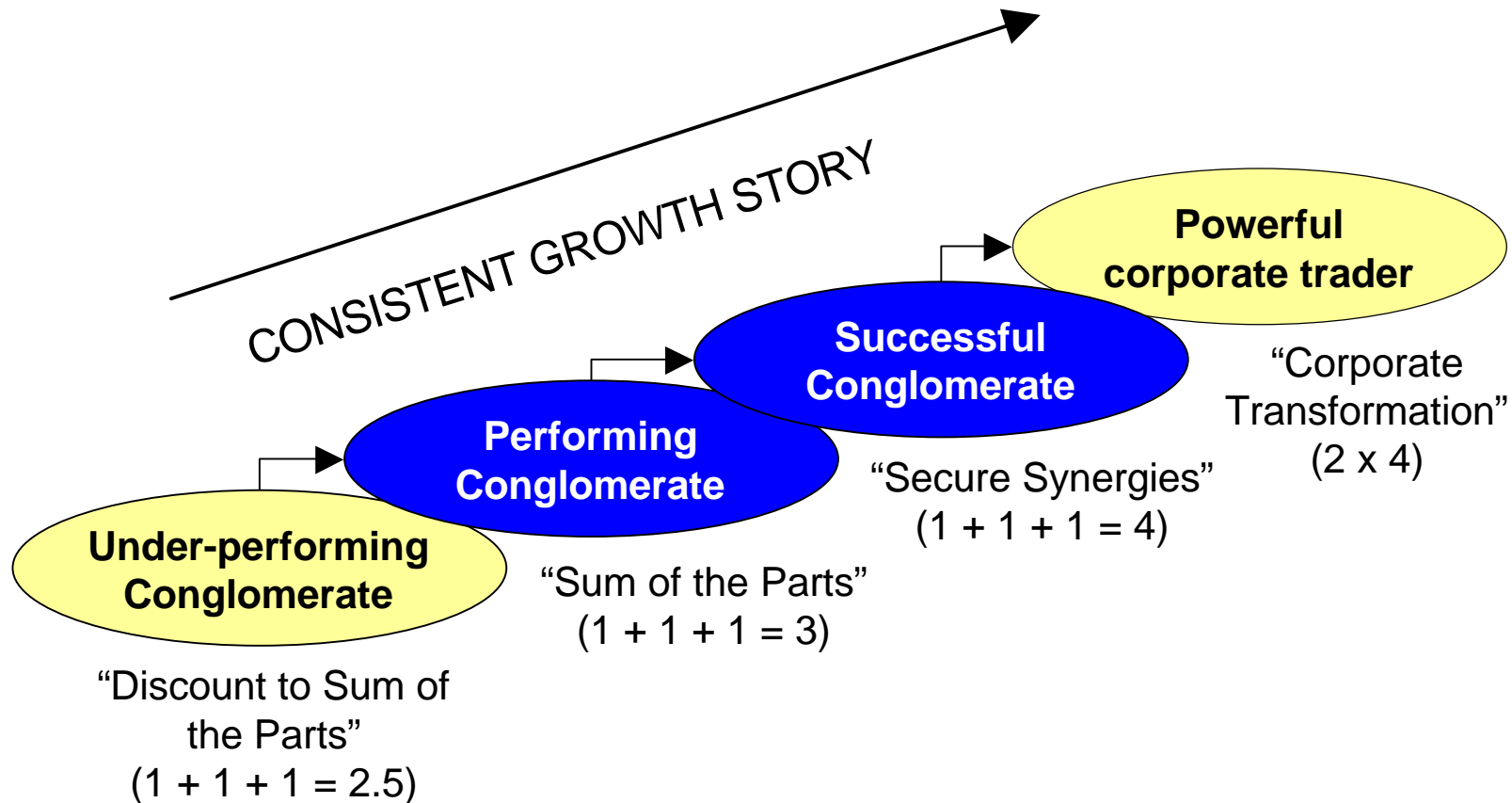
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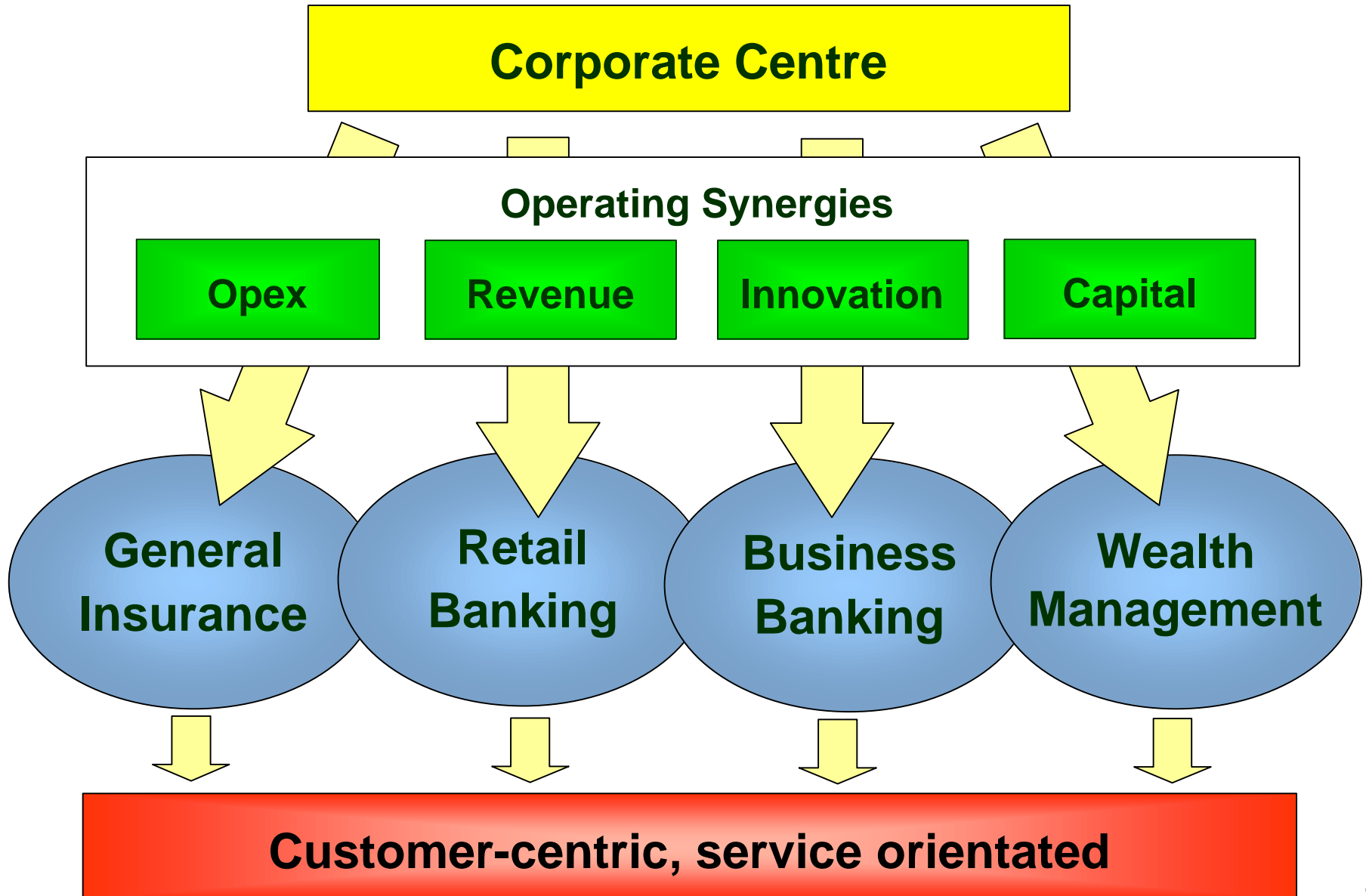
Unlocking shareholder value



Australia's most successful financial services conglomerate



Financial conglomerate model

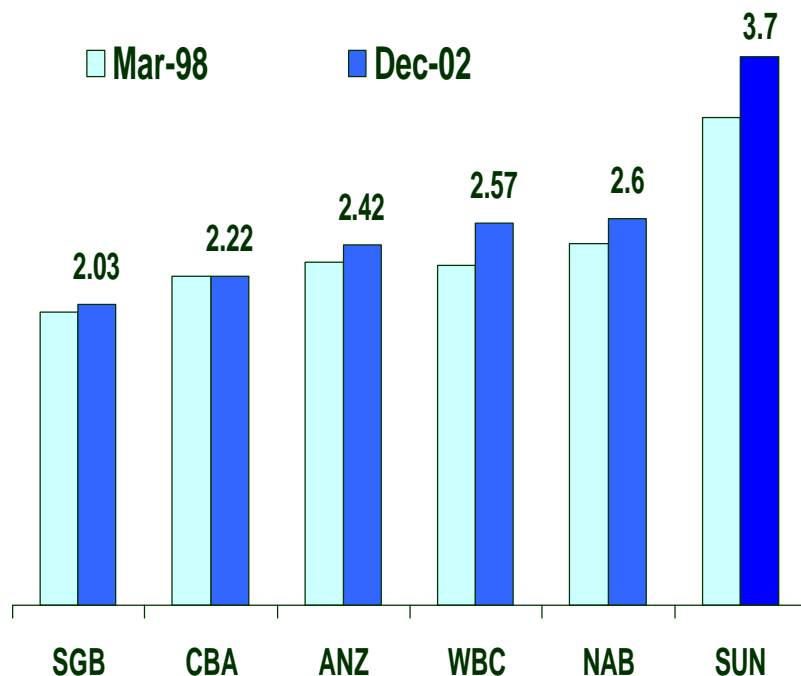


Cross sell and retention

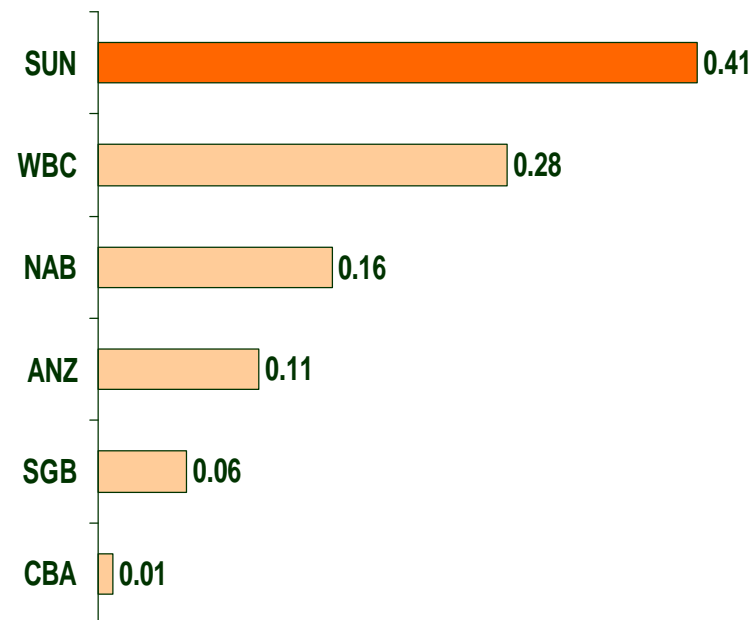


Suncorp is Australia's leading financial services company in products per customer

Products per MFI Customer (# products)



Increase from 1998 to 2002 (# products)



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

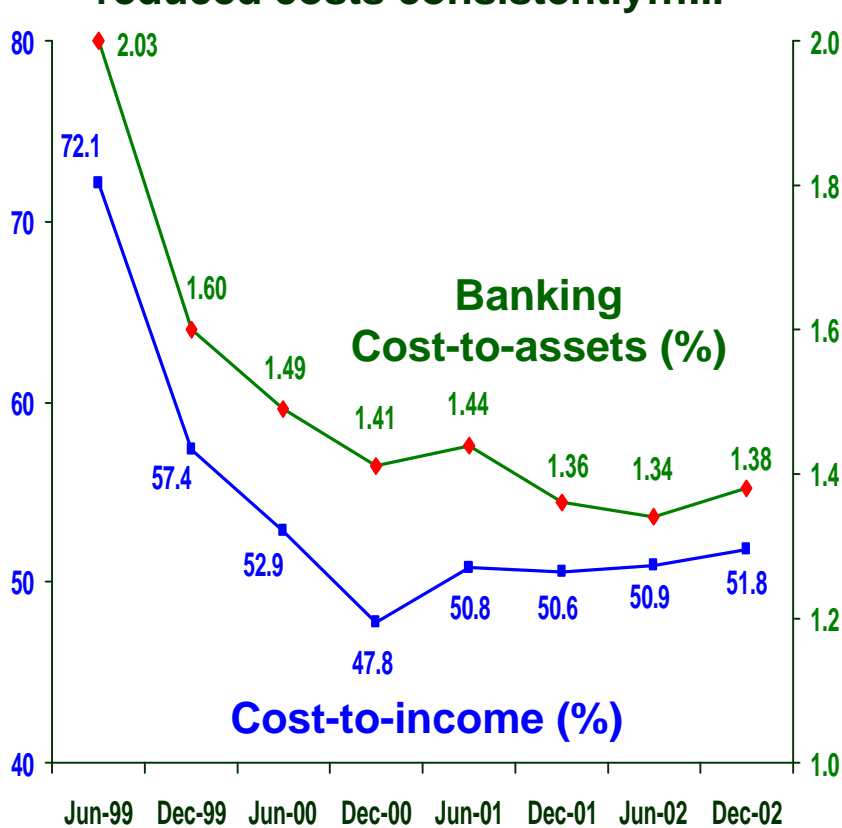
SGB St George, Advance, Bank SA; WBC Westpac, Bank Melbourne, Challenge, AGC; ANZ ANZ Bank, Town & Country, Esanda; CBA Group Commonwealth Bank, CGH; NAB Group National Australia, Bank of NZ, MLC

Roy Morgan Research

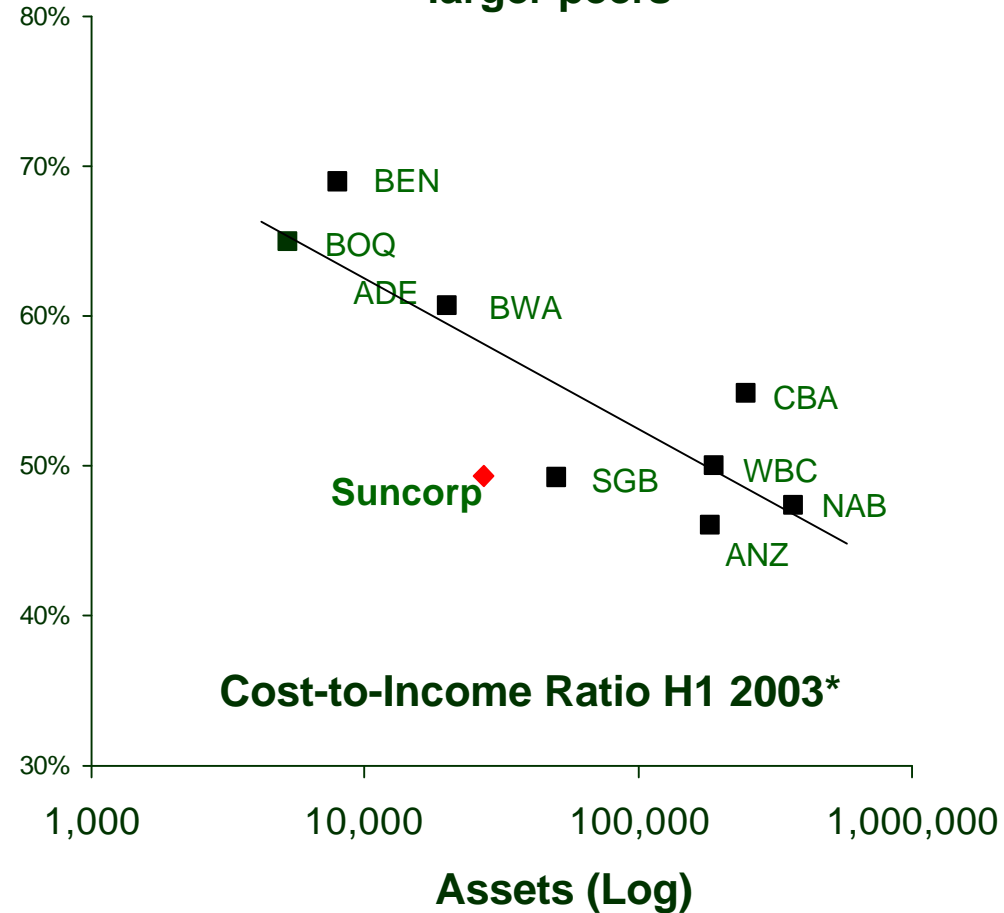
Leveraging shared processes



Suncorp's banking operations have reduced costs consistently.....



And remain competitive with much larger peers



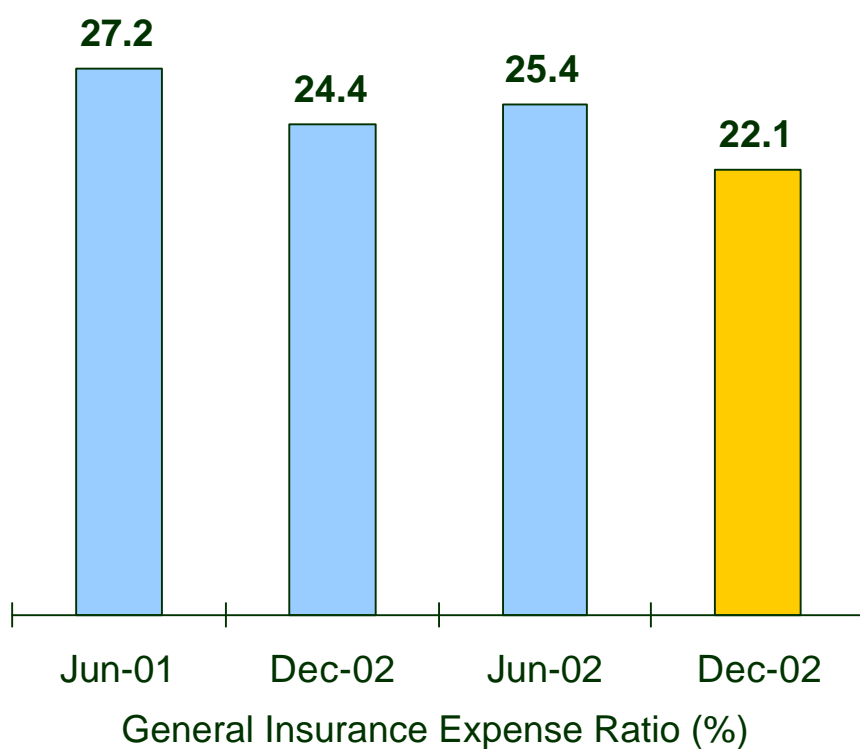
* BWA full year to Dec 02, CBA half year to Dec 2002, Suncorp Full year to Dec 2002

Source: Suncorp Annual Results Announcement June 2002, Annual Reports and Analyst Presentations

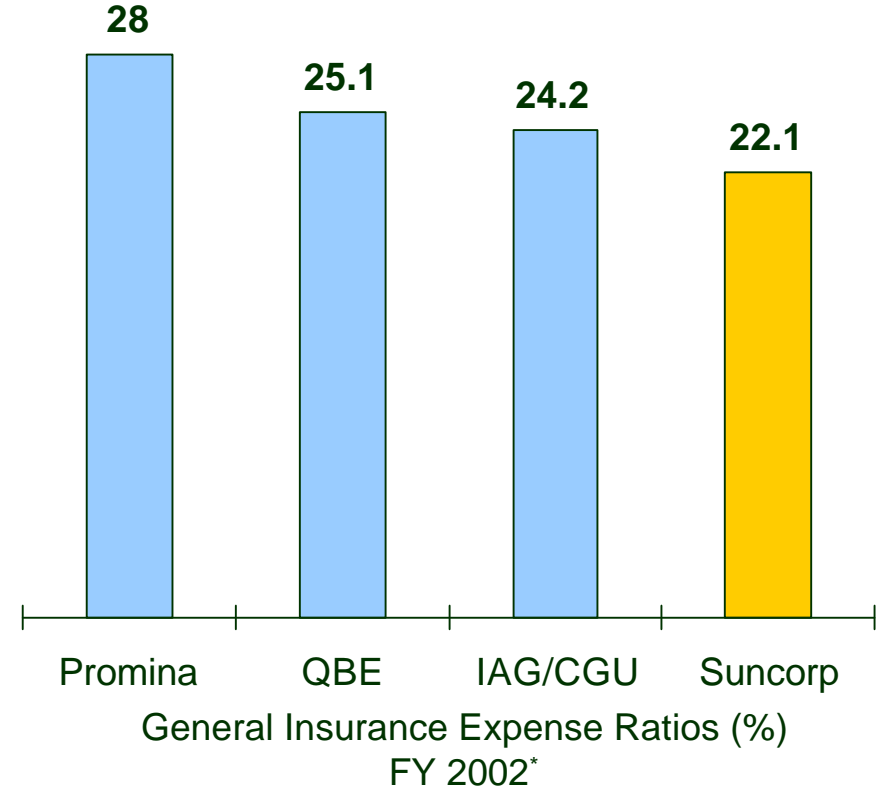
Leveraging shared processes



Suncorp's GI operations have significantly reduced expenses



Suncorp's expense ratio is below our major competitors



* Suncorp 1H2003. QBE expense + commission ratio

Source: Suncorp Annual Results Announcement June 2002, Annual Reports and Analyst Presentations



- **Innovation**

- transfer of best practices across business lines.

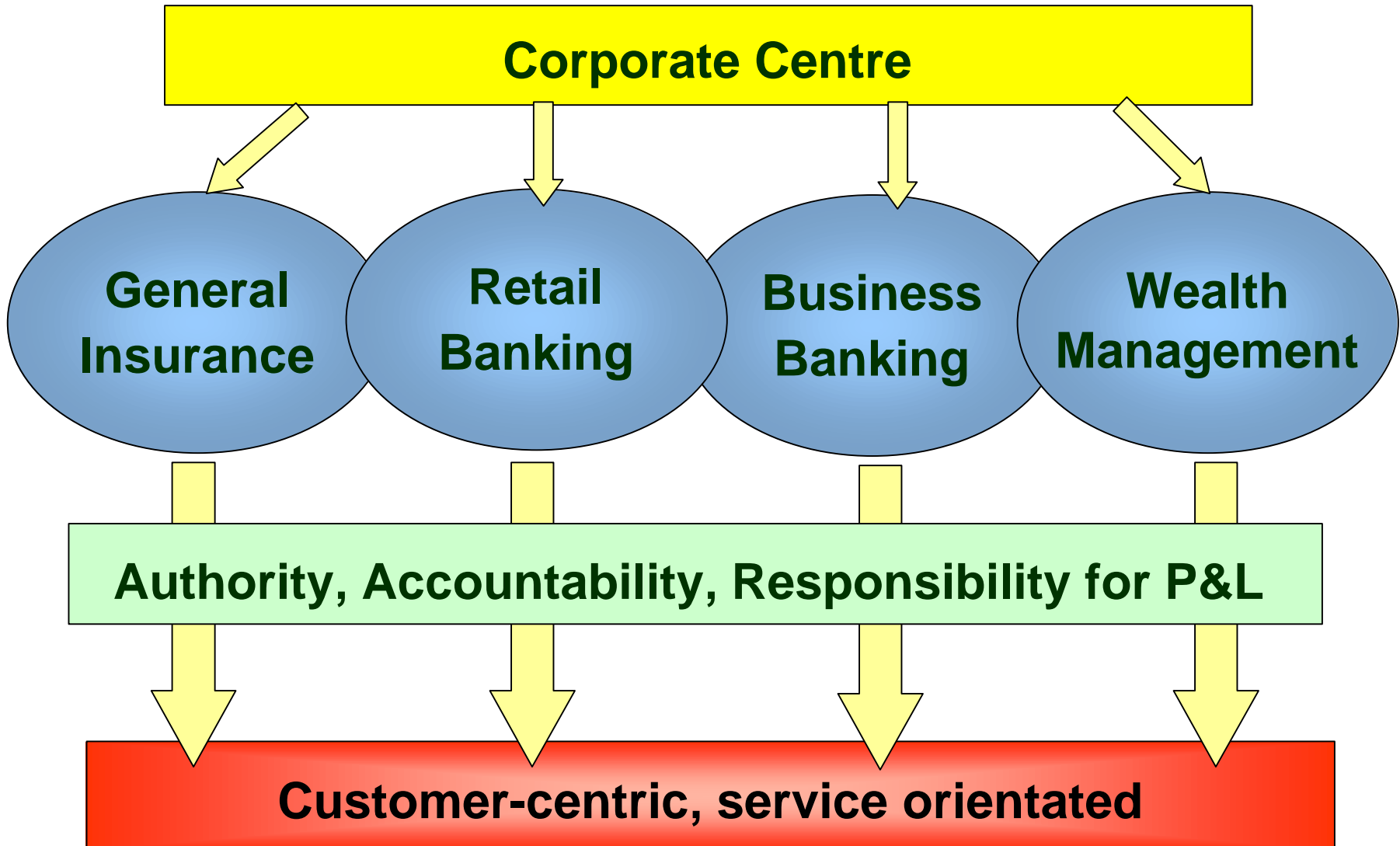
- **Capital**

- Capacity to share excess capital across business lines. Leads to capital relief from ratings agencies

Organisational restructure



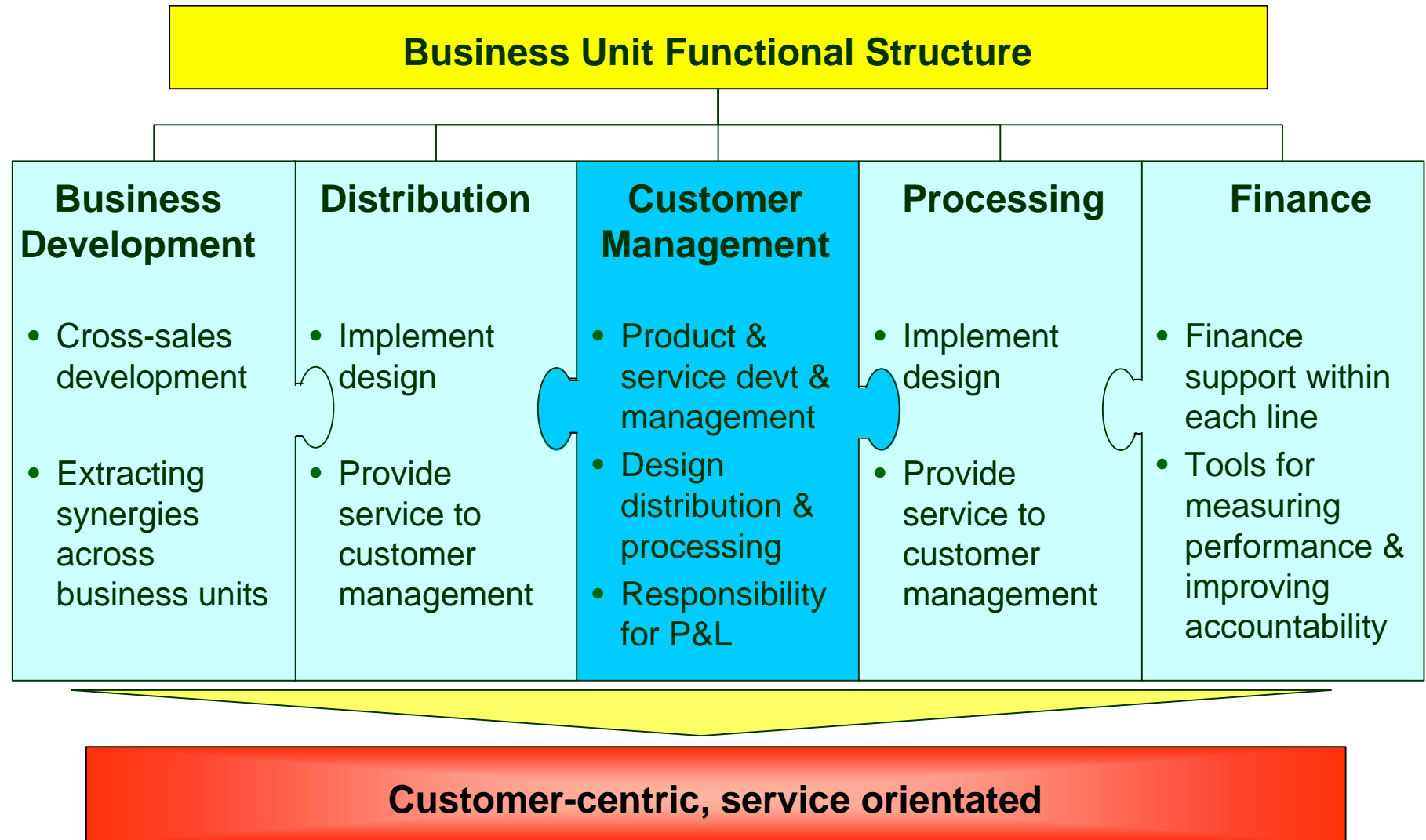
Revised structure, March 2003



Accountable business units



Each Business Unit has a consistent design, with clear P&L accountability

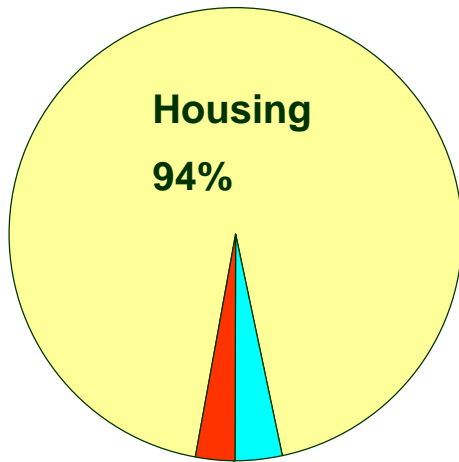


Retail Banking portfolio



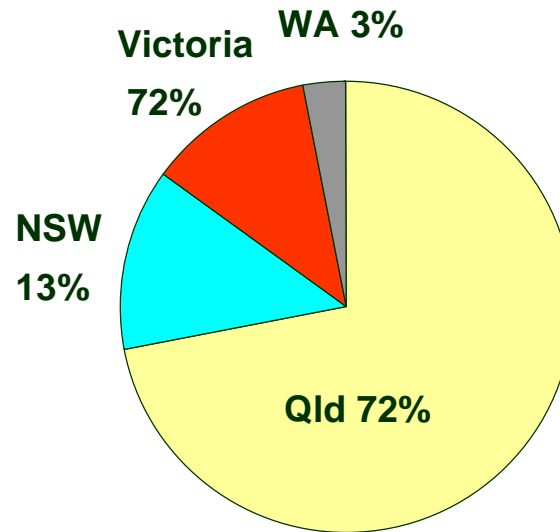
Retail Banking's portfolio is dominated by low risk housing, predominantly in the Queensland market, but with growing presence in other states.

By Segment

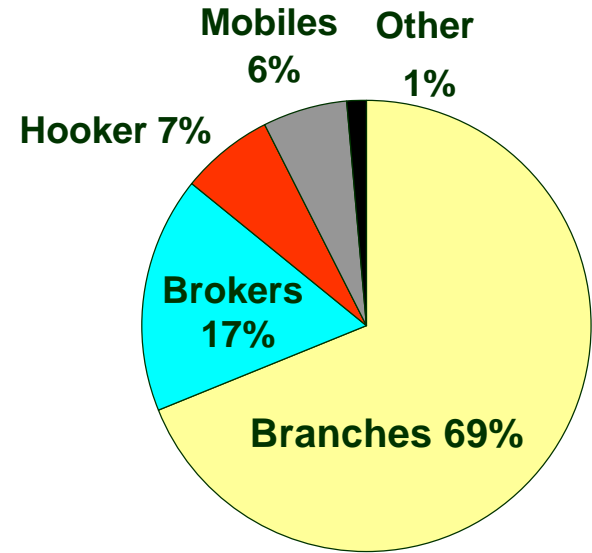


Consumer 3%
Small Business 3%

By State



By Distribution Channel*



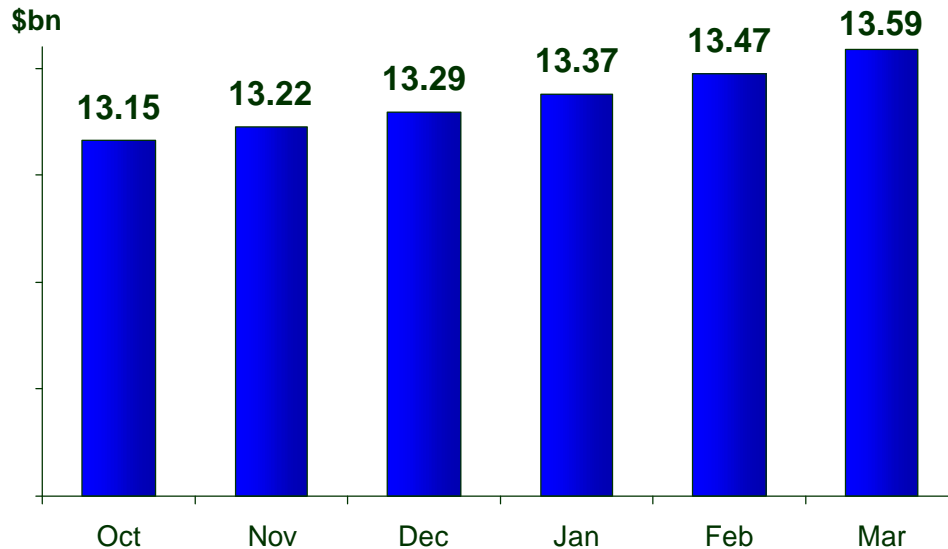
*Housing only

(As at December 2002. Includes securitised assets)

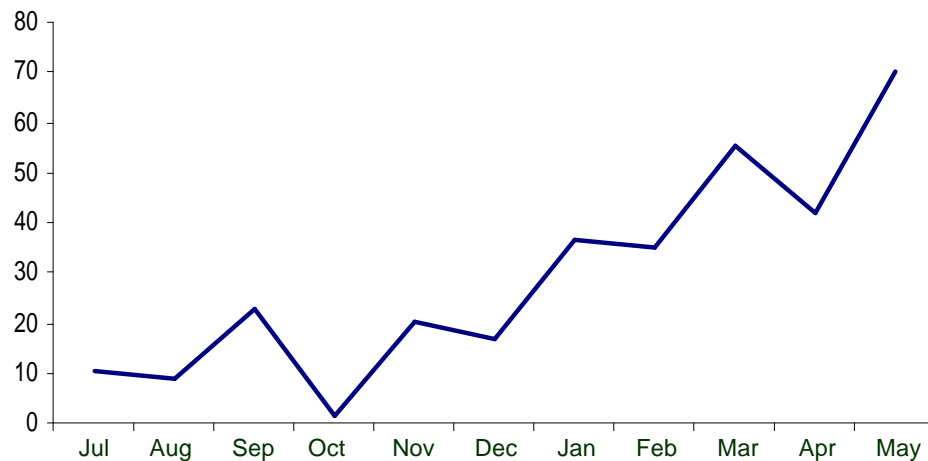
Retail Banking initiatives



Home Loan Receivables



Queensland Home Loan Growth



A program of initiatives has been implemented to regain home loan momentum

- Tactical initiatives launched Dec 02
- Customer segmentation
- Simplify and rationalise home loan product set
- Introduce specialised home lending force
- In-house centralised retention workforce
- Transformation exercise to significantly improve end to end home loan process

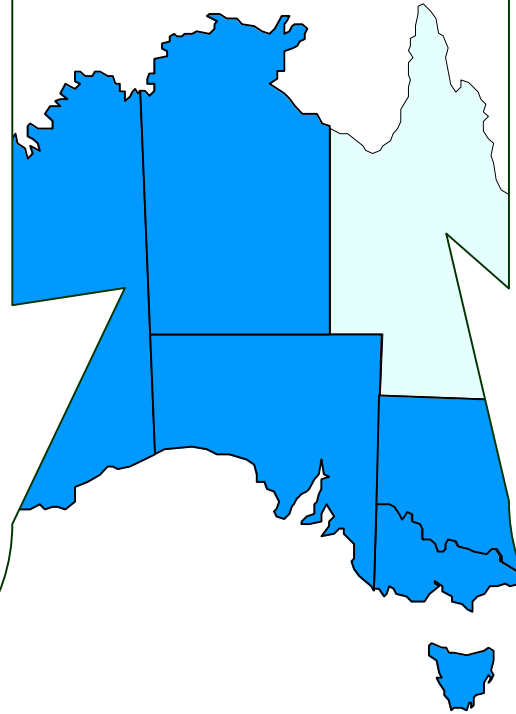
Retail Banking initiatives



The distribution network is being reorganised inside Queensland and nationally

Rest of Australia

- Drive new business via Intermediaries, Alliances and GIO customer base.
- Review branch network and optimise footprint
- Add branches where introduced customers have sufficient volume
- Implement integrated intermediary strategy



Queensland

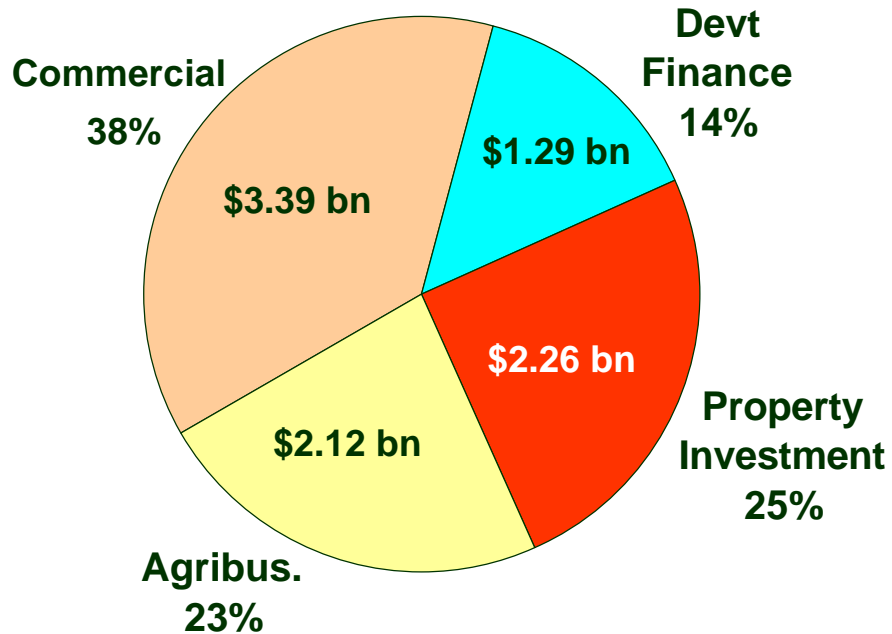
- Regional Manager model, run like a small business
- Direct accountability for sales, growth and profit
- Balanced and consistent performance dashboards
- No reduction in number of branch sites

Business Banking portfolio

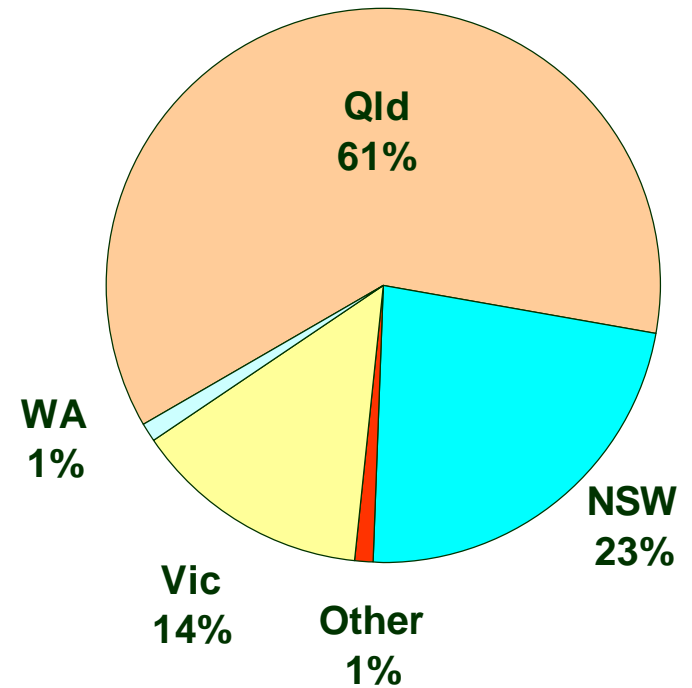


The business banking portfolio is well diversified by class of business and by geography

By Segment



By State

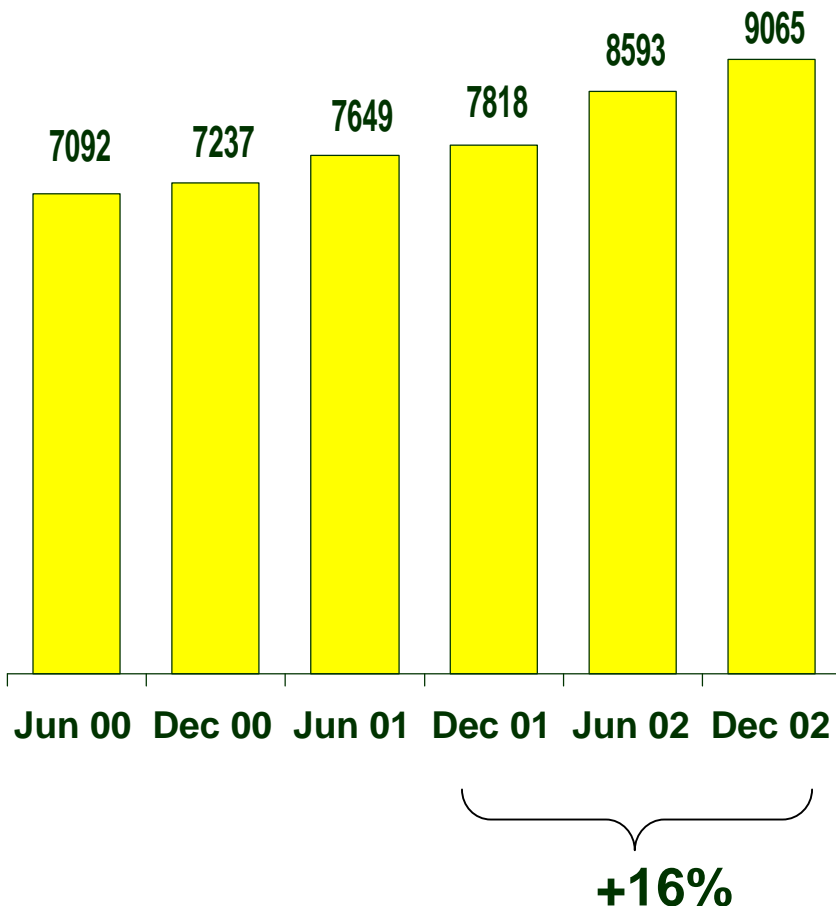


(As at December 2002. Total = \$9.1 billion)

Business Banking initiatives



Business Banking Assets (\$m)



Commercial

- Grow at twice system while maintaining asset quality
- Achieve “natural” market share in Qld
- Interstate - Redesign broker model. Boost cross-sales to GIO customer base

Agribusiness

- Grow at system rates, leveraging specialist industry expertise

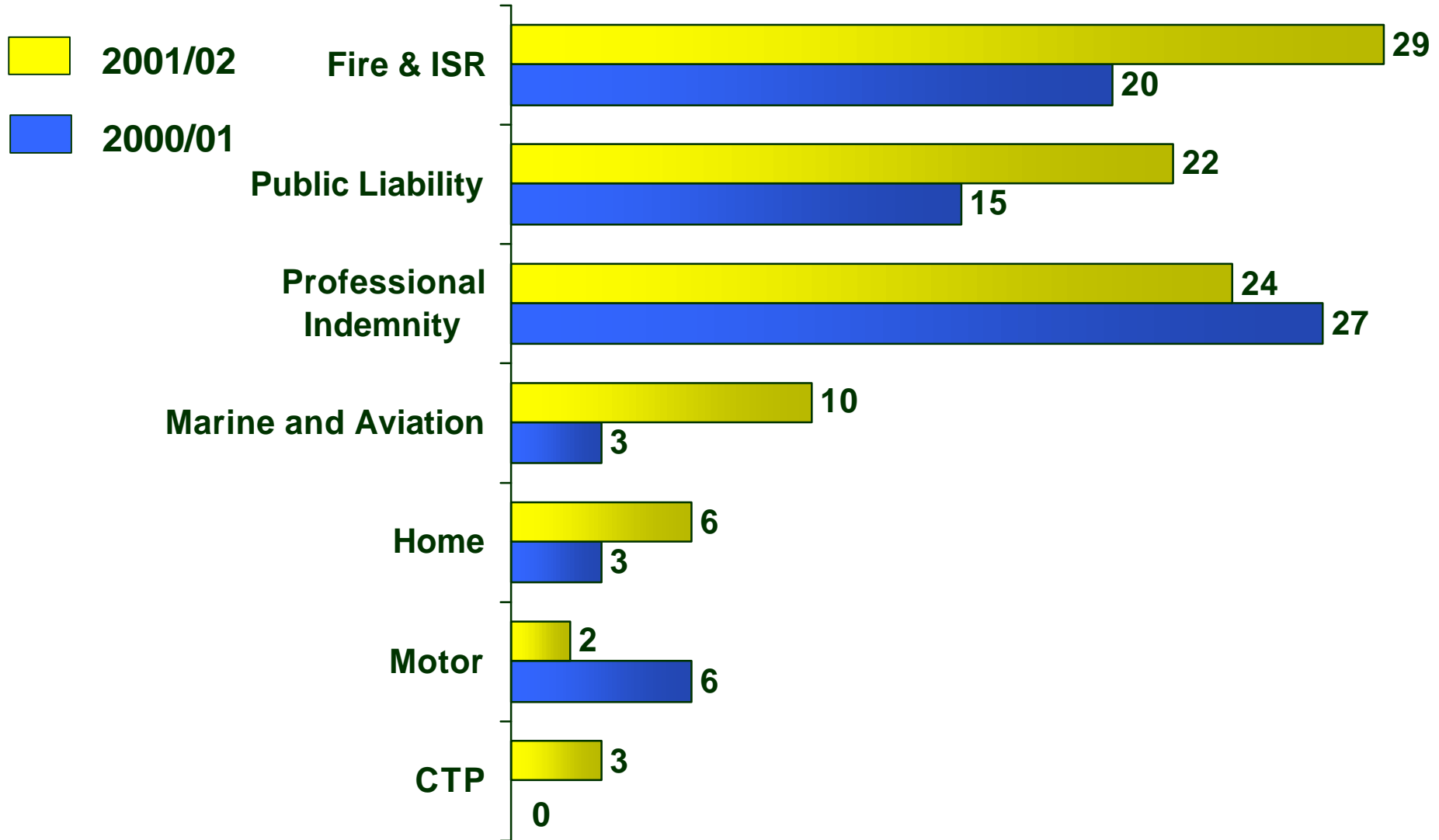
Property

- Grow selectively to match system through strong relationship management and industry expertise

GI structural recovery



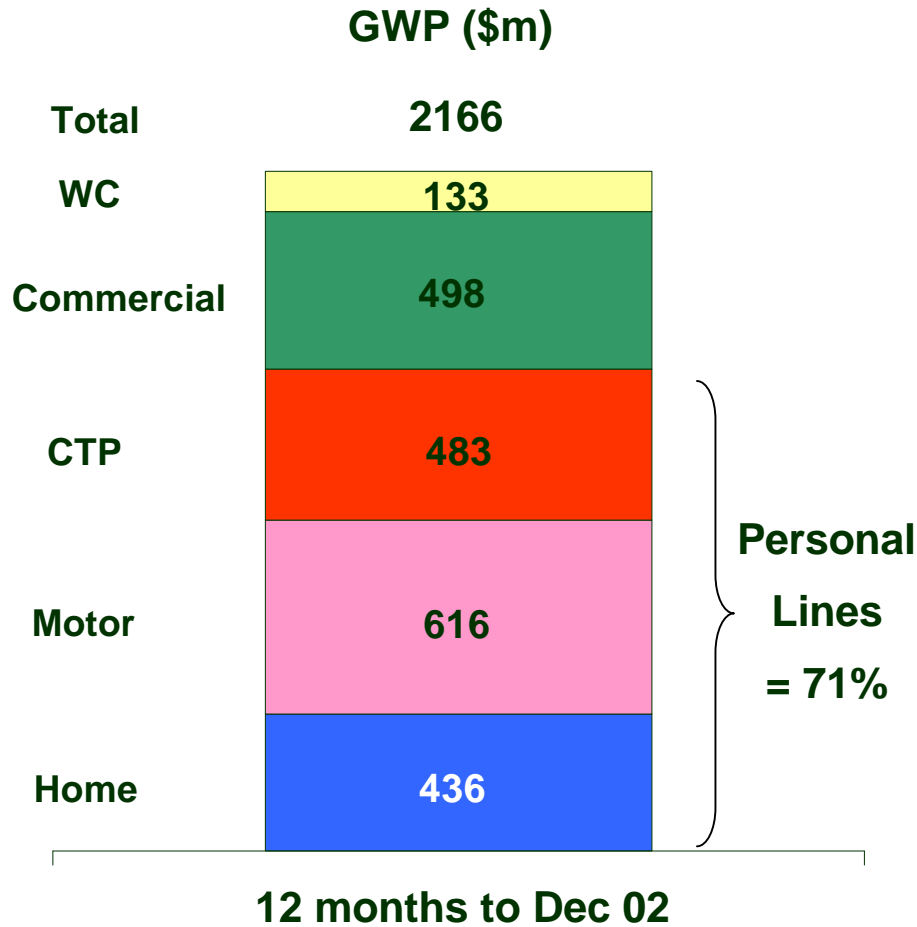
(Annual price increase, %)



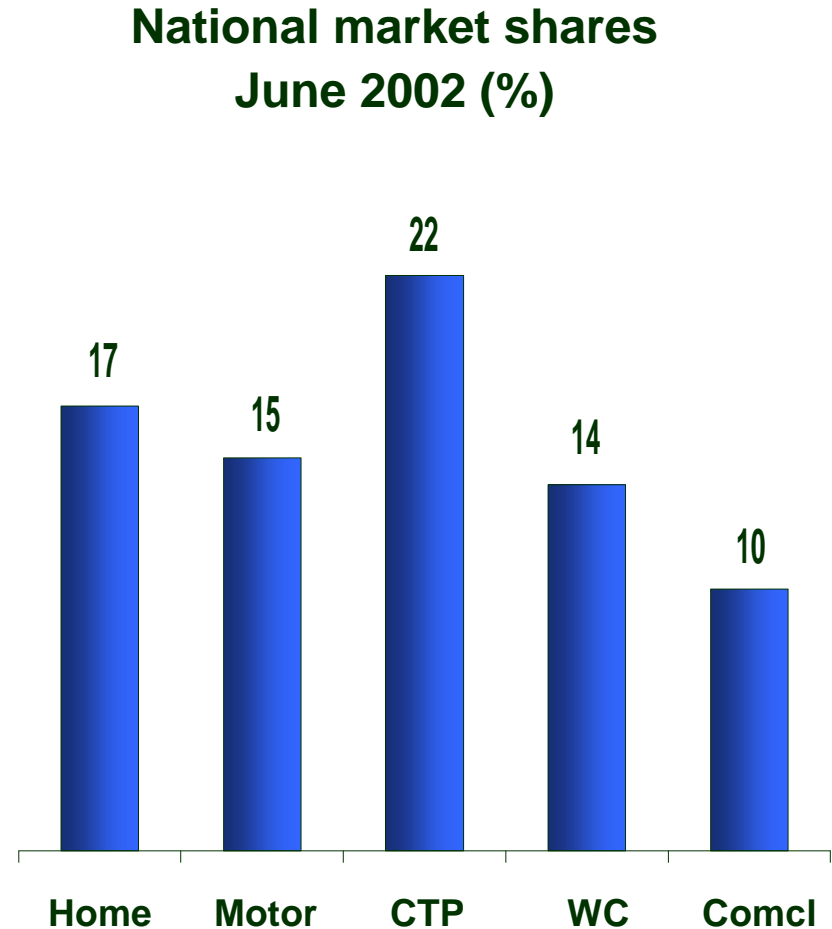
General Insurance portfolio



The majority of Suncorp's business is in personal lines



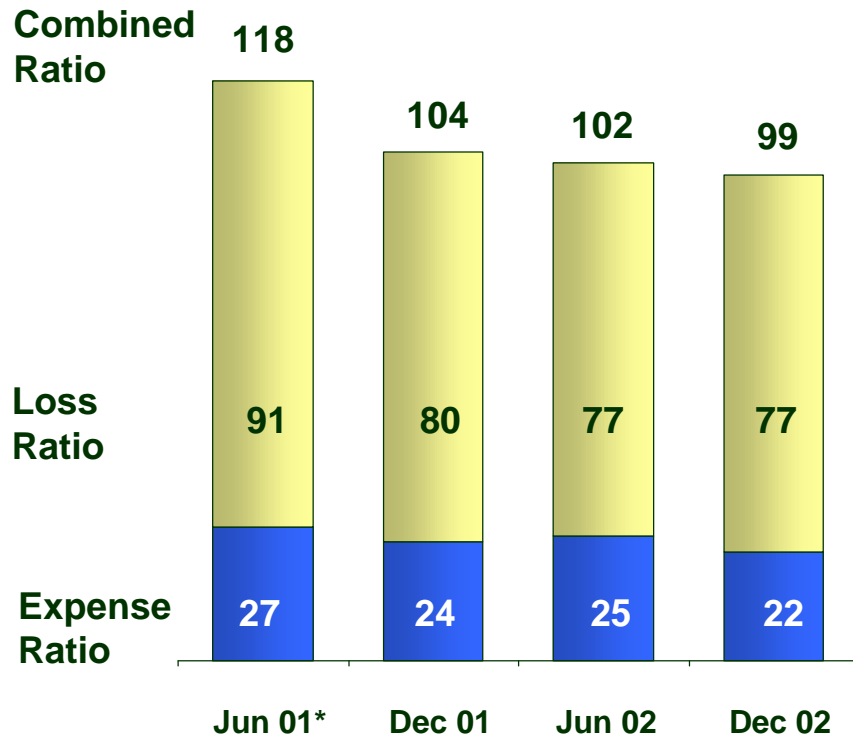
Short tail business makes up approximately 64% of GWP



General Insurance performance

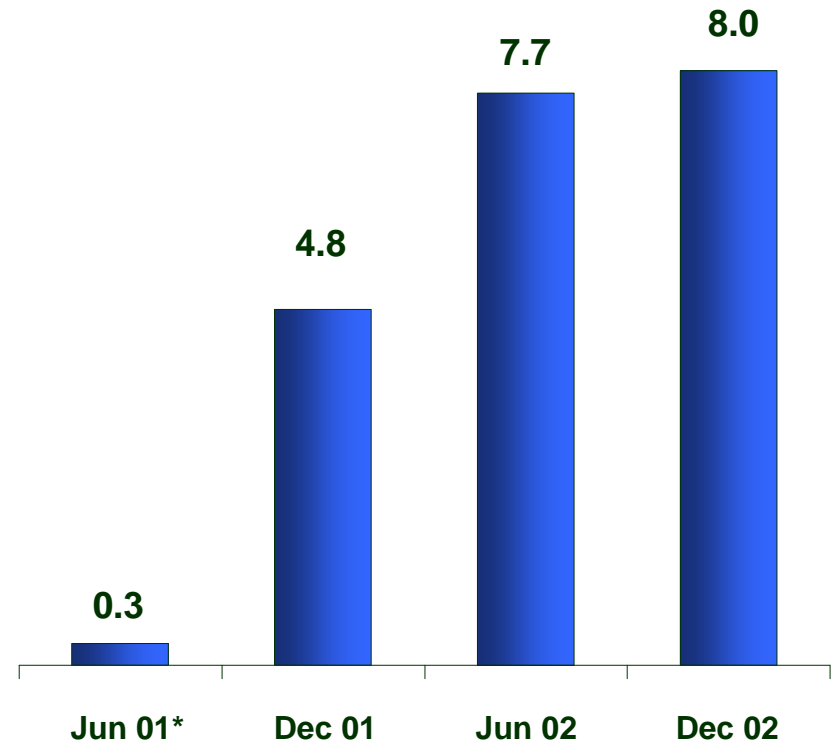


General Insurance has achieved considerable improvements in management of claims and expenses, delivering underwriting profits and increased ITRs



GI performance ratios (%)

Excluding Discount Rate Adjustment



Insurance Trading Result (%)

*Jun 01 excludes GIO

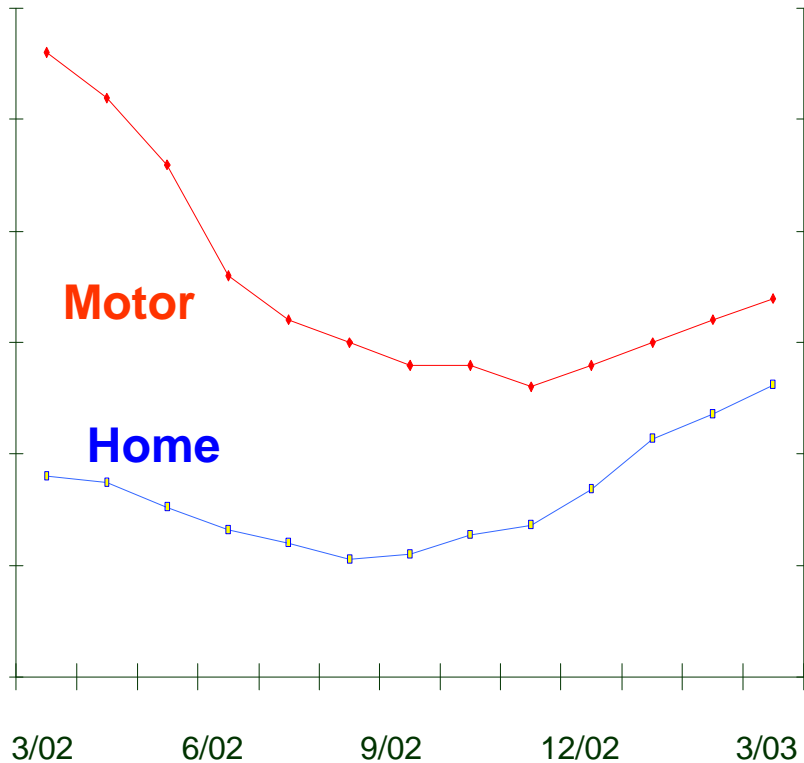
Source: APRA, GIO, SUN , excluding JVs

General Insurance initiatives



GIO New Business Risks

(000)*



*Rolling 12 month figures

Personal lines business to grow at above-system rates

- Rebuild GIO brand momentum
- Maintain growth momentum in Qld home and motor
- Introduce pricing engine to produce more competitive pricing

Commercial Insurance to be a source of growth

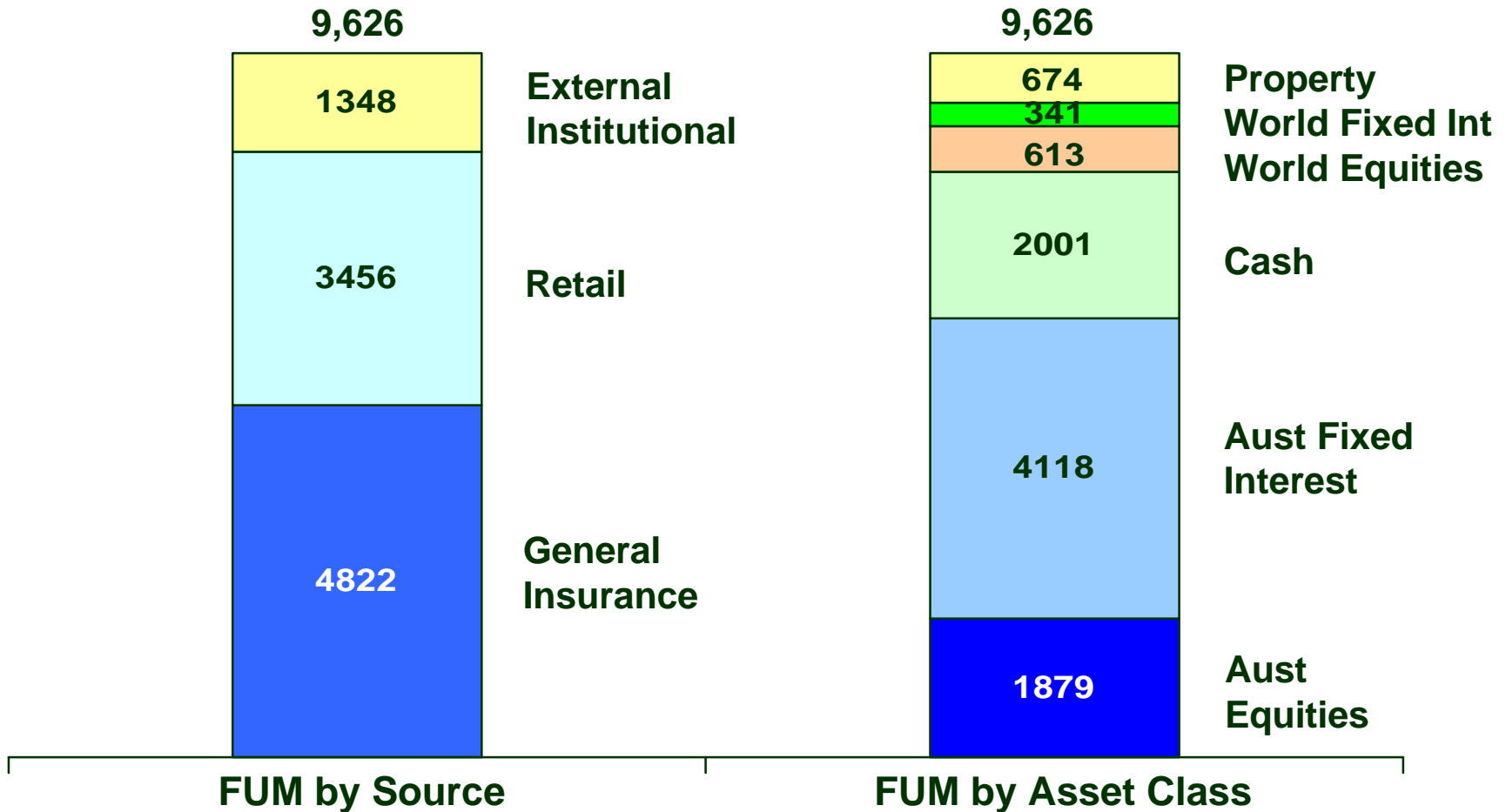
- Leverage GIO brand strength in SME commercial
- Extend Suncorp brand presence with brokers across Australia
- Enter Corporate Property market

Wealth Management FUM



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

FUM at March 2003 (\$m)

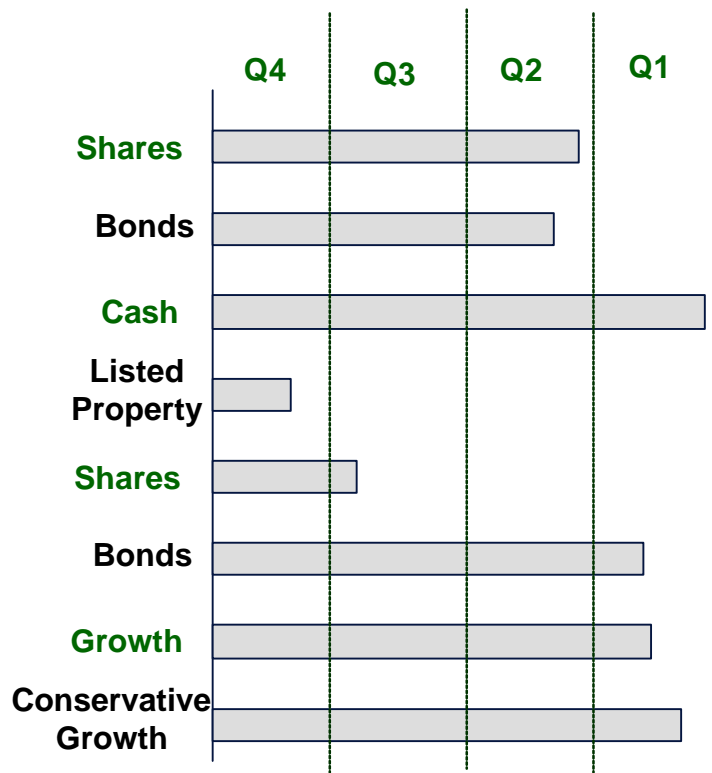


Wealth Management initiatives



Core market is Qld via SUN internal distribution network

3-Year Performance Ranking (%)



- Focus: grow share of retail bank customer wallet from 8% to 10%
- Segmentation aligned to customer needs to drive growth in new customer segments - pre-retirees, young accumulators
- Obtain Assirt Rating for select Suncorp Investment/Super products
- Position SIM as niche, wholesale investment option on 3rd party Master Trust platforms

Performance data as at 30 April 2003, except for Growth and Conservative Growth which is as at 31 May 2003

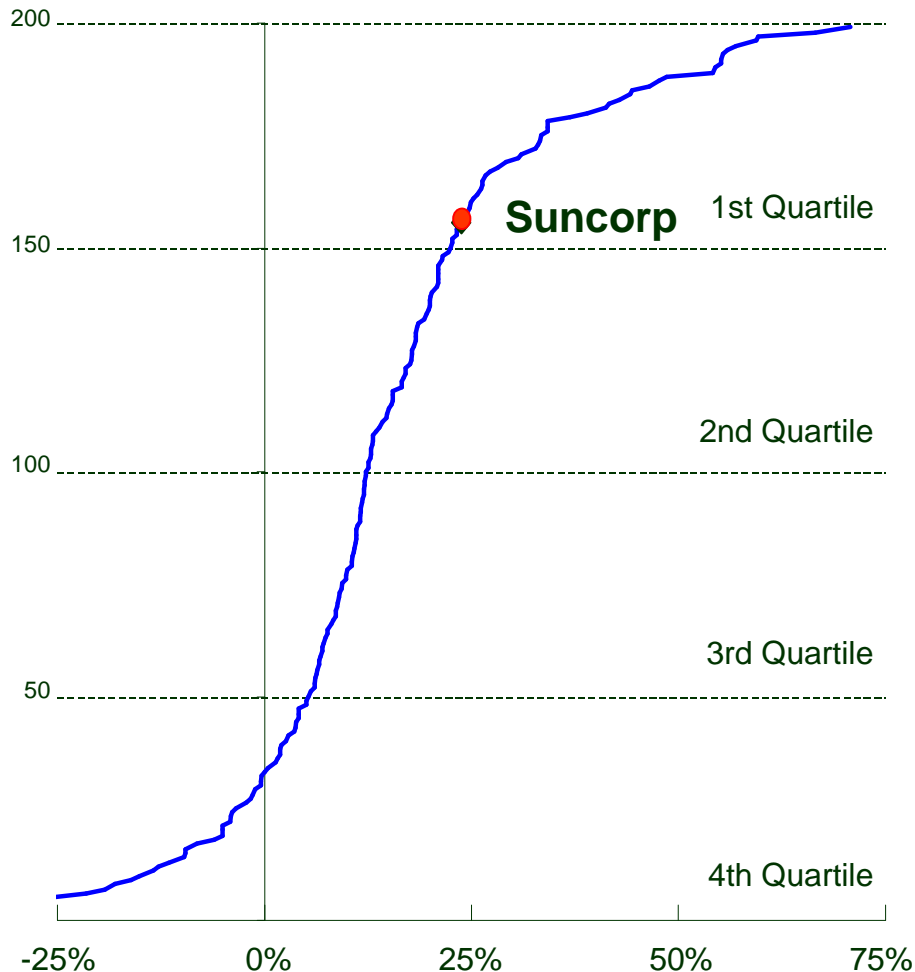
Source: InTech Research Pty Ltd for domestic shares - InTech Research Australian Shares Specialist (S&P ASX 200) Survey

Long term financial goals



Total Shareholder Return

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



- **Grow revenue faster than system**
- **Annual productivity gains of 5-10%**
- **Banking PBT - high single digit growth**
- **ITR maintained 10-13%**
- **ROE in excess of 15%**
- **Top quartile shareholder returns**

Source: Wall Street Journal Shareholder Scoreboard February 2002, LEK Australian Shareholder Scorecard 2002

(1) Top 200 companies by market capitalisation

Outlook for Full Year 2002/03



- **Banking:** 8-10% increase in pre-tax profit
- **General Insurance:** 9-12% Insurance Trading margin, assuming no major claims events
- **Wealth Management:** second half profit flat on first half, lower over full year
- **Consolidated:** 20% increase in underlying operating profit before tax, goodwill and investment income on GI shareholders funds



Questions