SUNCORP METWAY LTD

"Unlocking shareholder value"

Strategy Update
June 26, 2003

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John Mulcahy:

Thank you Joe and good morning everyone.

As you all know, I joined Suncorp as CEO in January, and when I was appointed, one of the key tasks the board assigned to me was to develop a strategy for the next 5 years.

In the few months since I joined the company, that has been a major focus of our efforts. We have been reviewing the external marketplace, looking critically at our position, our strengths and weaknesses, and the potential we have to deliver increased returns to shareholders.

Today, we will show you the outcome of that process, which has been a very detailed exercise and has involved all of the executive team in a joint effort. It is obviously an extremely important exercise, because now that we have devised and committed to the strategy, we can move forward to align the organisation behind that plan.

From now on, everyone, both internally and externally, will know exactly where we are trying to drive the organisation and how we intend to get there. For all staff, it means they will be able to understand their roles more clearly, and the part they can play in our success.

For the wider market, it means there will be greater clarity on how we can deliver better returns to shareholders.

What you will see today will not be a shock. It is not radical nor high risk. It is also eminently logical. It is unique in the financial services market place, which is an important positive feature and allows us to differentiate ourselves as an investment opportunity. I am confident that you will go away from today convinced that we have a clear strategy that makes sense and will allow us to move forward in a deliberate way to achieve well defined goals.

So enough of the introduction, let's move to the detail.

Agenda

- Overview - John Mulcahy
  - External environment
  - Strong strategic base
  - Our path to unlocking shareholder value
- Business Unit Strategies
  - Business Banking - Ray Reimer
  - General Insurance - John Trowbridge
  - Wealth Management - Bernadette Fifield
  - Retail Banking - Mark Blucher
- Corporate Centre - John Mulcahy
- Capital, Financial Position, Outlook - Chris Skilton
- Summary and Close - John Mulcahy

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We have about two hours for the presentation today and then we will have some time for questions.

The agenda today involves me giving an overview of the external environment, defining our strong strategic base and completing the first section by outlining our path to unlocking shareholder value.

In this section, I define the framework that will ensure we deliver our targets. Then each of the business units will give an overview of their strategies and spend a little time giving more detail around a couple of their major initiatives.

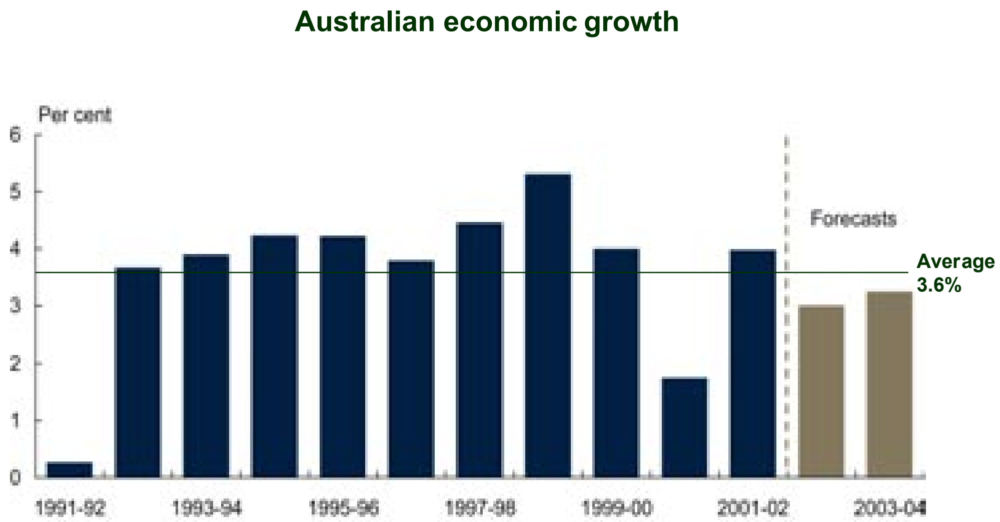
I will then return to talk through the role of our corporate centre.

Our CFO Chris Skilton will then present the capital position and long term financial goals and confirm our 02/03 outlook.

I will then summarize and close before we take questions.

So I would like to begin by quickly reviewing the external environment in which we are operating, looking at some of the factors that have influenced us in devising our strategy.

Resilient domestic economy



Source: Federal Budget 2003, Commonwealth Treasury

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Suncorp's operations are entirely domestic, so the Australian economic conditions obviously have an important impact on our financial performance.

In broad terms, the outlook for the domestic economy remains favourable, with the Federal Treasury predicting solid growth despite a very difficult international environment. Growth in 2003-04 is forecast to be 3_ per cent. Inflation should be moderate at 2_ per cent through the year. The unemployment rate should be steady at around 6 per cent.

Interest rates are now widely expected to be eased in the next few weeks, but then remain fairly stable for the next 12 to 18 months.

So this is a stable position, reasonably conducive to business growth in financial services, despite some uncertainties about the global economic picture.

Competitive environment

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

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Looking more specifically at the financial services sector, there are a number of clear trends that have emerged over the past decade.

- There is a clear trend to financial convergence internationally, with companies like Wells Fargo, Citigroup, Lloyds etc, and domestically, where we have seen a number of wealth management acquisitions by the majors in the past few years.
- All financial institutions are becoming more focused on maximising the value of their customer bases and distribution networks.
- All companies are vying for ownership of the customer, by increased cross sales.
- There is intense focus on customer service as a way to differentiate your product and deepen the customer relationship.
- In order to compete, companies today need to have a solid strategic base to work from. Happily, I think Suncorp does have a strong base and I would now like to quickly summarise our current position.

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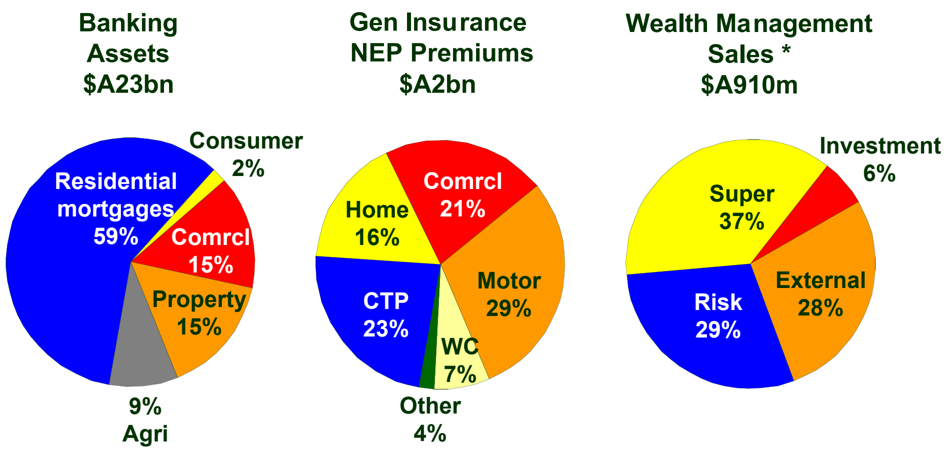
Solid strategic foundation

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



(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

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As most of you would know, we have operations in three segments of financial services - banking, general insurance and wealth management.

In banking, we have $23 billion in interest earning assets across retail and business banking, giving us a widely diversified portfolio underpinned by housing loans, which are the lowest risk, making up 59% of the portfolio.

In general insurance, we are the second largest insurer in the country, with $2 billion in annual premiums, again widely diversified across personal lines and commercial insurance. Short tail lines make up approximately 64% of the portfolio.

Wealth Management makes up the smallest of our three business segments, with sales across superannuation, investment products, and risk products.

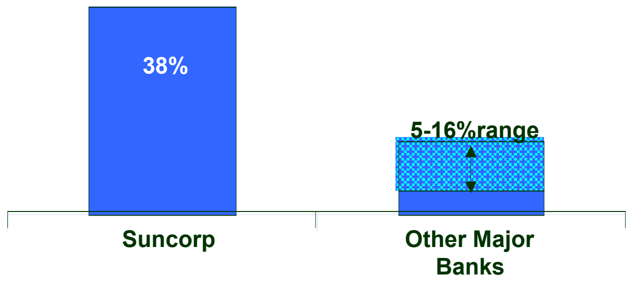
We have a rare portfolio of businesses in the Australian financial services sector, with an unparalleled degree of diversification, and an unrivalled product set to offer to our customer base.

In total, we have 3.8 million customers, including some 900,000 banking customers, 150,000 wealth management customers and 3.3 million general insurance customers.

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

Source: Annual Report segment information, CVA analysis

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This slide drives home the unique nature of our business.

Suncorp is the most diversified of the major financial services companies in Australia.

While most of our major banking competitors have diversified into other financial services, particularly wealth management, the proportion of their earnings derived from non-banking operations is noticeably smaller than Suncorp. Suncorp earns some 38% of profits from non-banking business, compared to 5-16% for the majors.

The other point here is in relation to the relative size of our wealth management business. If you put aside our general insurance business, and compare us to the major banks, who have virtually no GI, then you see that Wealth makes up 12% of our profits, which is broadly in line with the contribution of Wealth to the major bank profits.

Market shares

Banking	Market Share	Market Position
Queensland Deposits	20%	#1
Queensland Lending	16%	#3
Australia Assets	3%	#6
General Insurance		
Queensland Premiums	35%	#1
Australia Premiums	13%	#2
Wealth Management		
Australia FUM	1%	#19

Source: APRA

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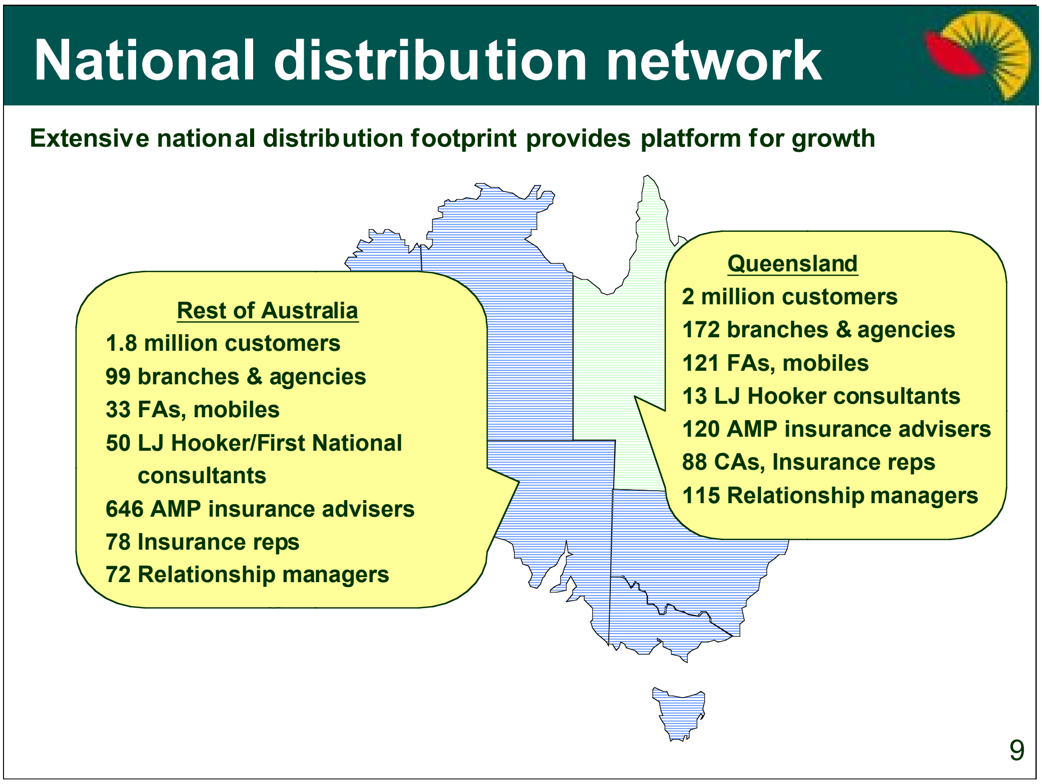
This slide looks at our market shares, and you can see that in Banking, the bulk of our operations are in the Queensland market, where we are a leader with 20% of deposits. We also have roughly 16% of lending in Queensland. On a national basis, our market share is more modest, at approximately 3%.

In GI, as I said we are the number two in Australia with a 13% share. Again, the bulk of our operations are in Queensland, with a 35% share.

In Wealth Management, we are a small player on the national stage, with approximately a 1% share. However, we have a solid, profitable business, providing us a solid base to grow and prosper.

Clearly, this slide demonstrates that we have a very strong regional position to work from, and we have major opportunities available to grow nationally in our key lines of business. While many people still regard us as a Queensland financial services organisation, we are now a national company, with our head office in Brisbane.



This slide drives home that point.

Following the GIO acquisition in June 2001, we now have distribution capabilities across most of Australia, and across a variety of distribution channels - both direct and through intermediaries.

Of our 3.8 million customers, just over half are in Queensland, but 1.8 million are located outside of Queensland, predominantly in NSW and Victoria, but also in WA, South Australia and Tasmania.

We have 271 branches and agencies, mainly down the eastern seaboard, including 99 outside of Queensland. And on top of that we have mobile banking lenders, insurance representatives and Financial Advisers located across the country.

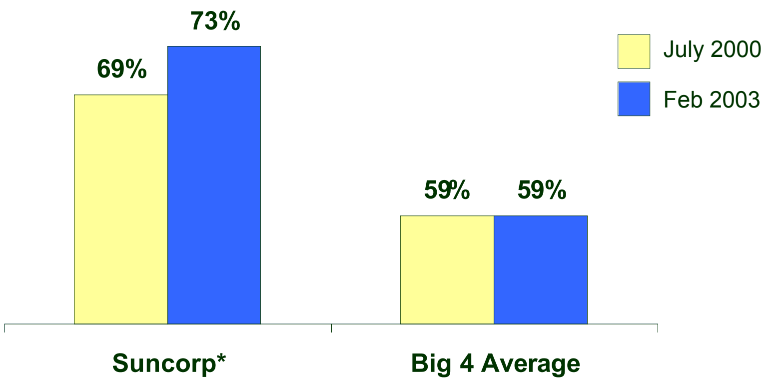
We have 63 consultants servicing the LJ Hooker real estate network, bringing good business inflows, and we also have an exclusive distribution arrangement with the AMP network to sell general insurance products.

So you can see that our infrastructure already extends well beyond our traditional Queensland base. The challenge for us is to leverage that distribution powerbase to grow profitably in the future.

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

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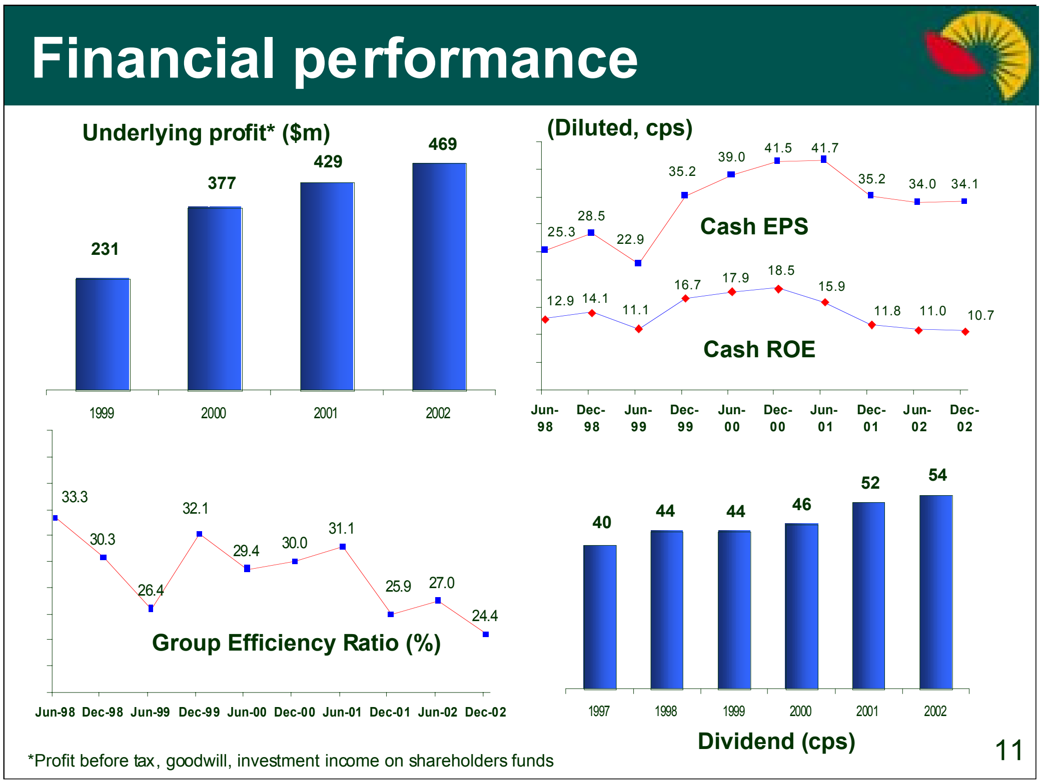
A key to growth is customer satisfaction. It is now paramount as companies compete for ownership of the customer.

In recent years there has been a backlash against the industry, and the major banks in particular, in response to branch closures and the substitution of fees for interest margins.

As a regional bank, we have been able to differentiate ourselves from the majors through adopting a more customer friendly, service based approach, and by retaining our regional brand personality.

We consistently rank above the majors in customer satisfaction, according to Roy Morgan research, and we have been able to increase customer satisfaction while the Big 4 have remained stagnant.

This is very important in the emerging financial services market place, and is vital in our business because the banking customer base is the key customer base in developing cross sales of other product lines and developing the customer relationship.



Our financial track record has been strong.

While net profit performance in recent years has been affected by reductions in investment income, due to the decline in global share markets, our underlying profit before tax, goodwill and investment income on shareholders funds has improved strongly. The chart on the left shows a compound profit growth of 26.6%.

When we look at the bottom line profit and at ROE and EPS, as you would expect, profitability since 2001 has been affected by the decline in investment returns on equity markets. It also was affected by the issue of shares to fund the GIO acquisition. As anticipated, the GIO acquisition temporarily reduced our profitability ratios as we have undergone the process of integrating GIO and extracting merger benefits. However, we are already seeing the desired recovery in profitability, and would expect to see EPS and ROE recover strongly in future results.

The benefits of our original 1996 merger and the subsequent GIO acquisition are clearly visible in this slide. The chart on the left shows the strong downward trend in expenses as a proportion of income.

So through improving our processes and extracting merger benefits, we have been able to increase efficiency steadily.

While there has been some volatility in earnings due to factors such as investment income fluctuations, the company has been able to deliver consistent increases in dividends for shareholders. When determining dividends, the board seeks to look through short term volatility to focus on longer term profitability, and so we are prepared to move our payout ratio from period to period. We believe that investors reward steady consistent dividends.

Strategic base

- Unique financial services conglomerate
- All businesses profitable
- Regional leadership positions
- Strong national coverage
- Healthy mix of direct and intermediary distribution
- Strong customer satisfaction
- Solid financial track record
- Focus on efficiency and productivity
- Growing dividend

Focusing Question: How can we build a great national business on the foundation of our achievements over the last 5 years?

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So, to summarise:

We are a unique financial services conglomerate in the Australian market. No-one else matches our spread of businesses, and all of those are profitable and strong

Our businesses are based on regional leadership positions with strong national coverage in key product lines. We have good market shares in Queensland in Banking and GI, and we have a good position in GI in markets outside Queensland. We also have beach-heads in banking and wealth management nationally to work from.

We have a healthy mix of direct and intermediary distribution channels across the country, so we already posses the necessary infrastructure to grow.

Our customers – the key to our future success – are increasingly satisfied in contrast to major competitors

Our financial track record is evident, and while profitability has been affected by investment returns and the GIO acquisition, the underlying growth trends are very positive.

Through the integration period we have maintained our focus on efficiency and productivity, and grown our dividends consistently.

The challenge now is to take that solid base and continue the momentum, leveraging our skills and creating wealth for shareholders.

In formulating our strategy, our focusing question then has been “how can we build a great national business on the foundations of our achievements over the last five years?”

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Strategy parameters

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

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In the process of developing our strategy, we began by looking at some fundamental questions and setting some parameters, and we announced this to the market back in February when we released our interim results.

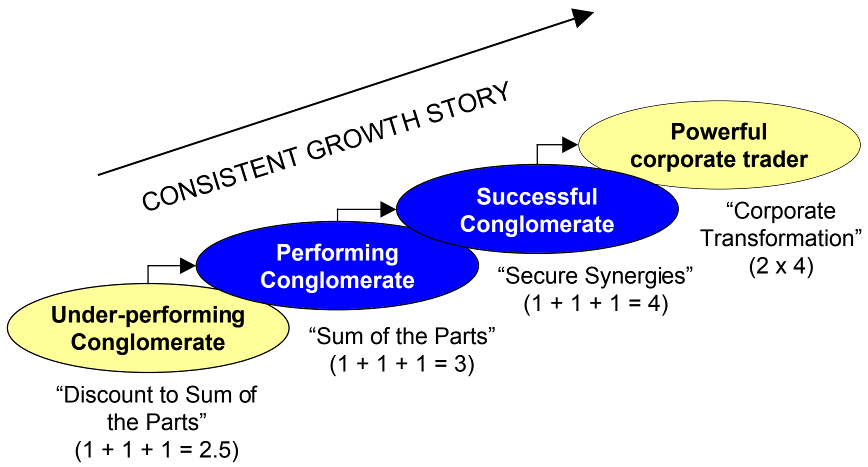
Firstly, as I said, we believe that we have a very distinct advantage in our business mix. The market is clearly moving towards greater aggregation of financial services and we are already well ahead of the pack. We therefore want to retain all of our four business lines – General Insurance, Retail Banking, Business Banking and Wealth Management. They are all attractive markets. Each of them is making a positive contribution to economic profit.

Secondly, we looked at the value chain and reviewed the debate about whether we should continue to be a manufacturer of financial services, or should adopt a model more reliant on distribution margin. We came to the conclusion that there are attractive margins and profit pools to be achieved in all parts of the value chain. We do not intend to retreat to being a pure distributor. To be successful in financial services you need to be able to differentiate in product design and innovation, service and relationship management. To be successful in any of those four areas, you need to be in both manufacturing and distribution.

Three, this strategy is primarily organic and has been developed independently of our acquisition planning. It is not dependent on any acquisitions for success. Acquisitions will be evaluated within the overall strategic framework and considered in terms of their capacity to add to shareholder value. With those basic principles set, how then can we leverage our assets to maximise returns to shareholders.

Unlocking shareholder value

Australia's most successful financial services conglomerate



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We believe that our unique business mix and assets give us a rare opportunity to deliver consistent above-market returns to shareholders.

The key lies in being able to run our business lines at peak performance, and then to add value through extracting the synergies available from being part of a financial services conglomerate.

At the moment, it is clear that we are undervalued by the market. Our shares trade at a discount to valuation on a sum of the parts basis. One reason for that is that some investors see it as a disadvantage being part of a financial conglomerate, and instead, they would prefer to invest in pure plays. Another reason, perhaps more critical, is that we are seen to have underperformed relative to expectations in recent periods. So we see 1+1+1=2.5.

If each of our business lines were consistently performing as well as the competition, then we should expect to be valued at least equal to the sum of the parts, so 1+1+1=3.

And then as we can extract additional benefits and synergies from our financial conglomerate model, we should be able to report financial performance better than our peers consistently, leading to us obtaining a PE premium. So 1+1+1= 4.

Once we have reached that level, we will be able to participate in the consolidation of the financial services market place from a position of strength. So we will be able to use a strong share price as currency for mergers and acquisitions that will drive higher returns again.

That is the essence of the strategy. It is very simple, not radical, and it is a refinement of the strategy the group has been working towards for some time. But so far, the organisation has not been clearly aligned, structured and driven to deliver the results, hence the market has discounted the story. But we are already moving to change that.

Key success factors

		Success Characteristics
Business Unit Focus	1	BUs have end-to-end accountability
	2	BUs successful standalone
Corporate Centre Focus	3	Effective corporate centre
	4	Strong portfolio management
Cross Fertilisation	5	Manage & exploit complexity
	6	Consistent core processes
	7	Leverage resources
Communication	8	Effective communication

Organisational Restructure

Source: CVA analysis

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Essentially the research we have done suggests that successful conglomerates exhibit common characteristics around four key themes

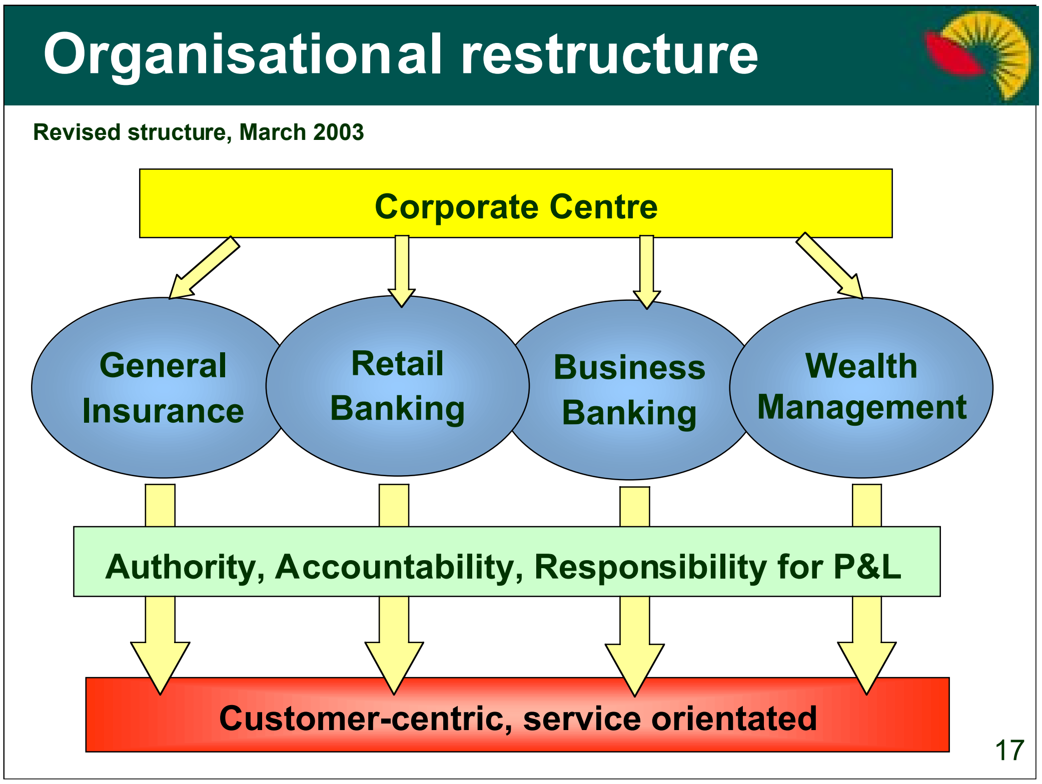
Business unit focus - you have to ensure that business units are successful on a standalone basis, and a key to that is ensuring that divisional management is held responsible for the end to end business and profit and loss.

Corporate Centre - you must have a corporate centre which is effective, achieving the benefits available from the financial conglomerate model, and in allocating capital across the portfolio to achieve best returns.

Cross fertilisation - that the additional benefits available from being part of a conglomerate are shared across the group through leveraging resources and utilising consistent core processes.

Communication - absolutely important that we effectively communicate to all stakeholders the strategy and progress of the company.

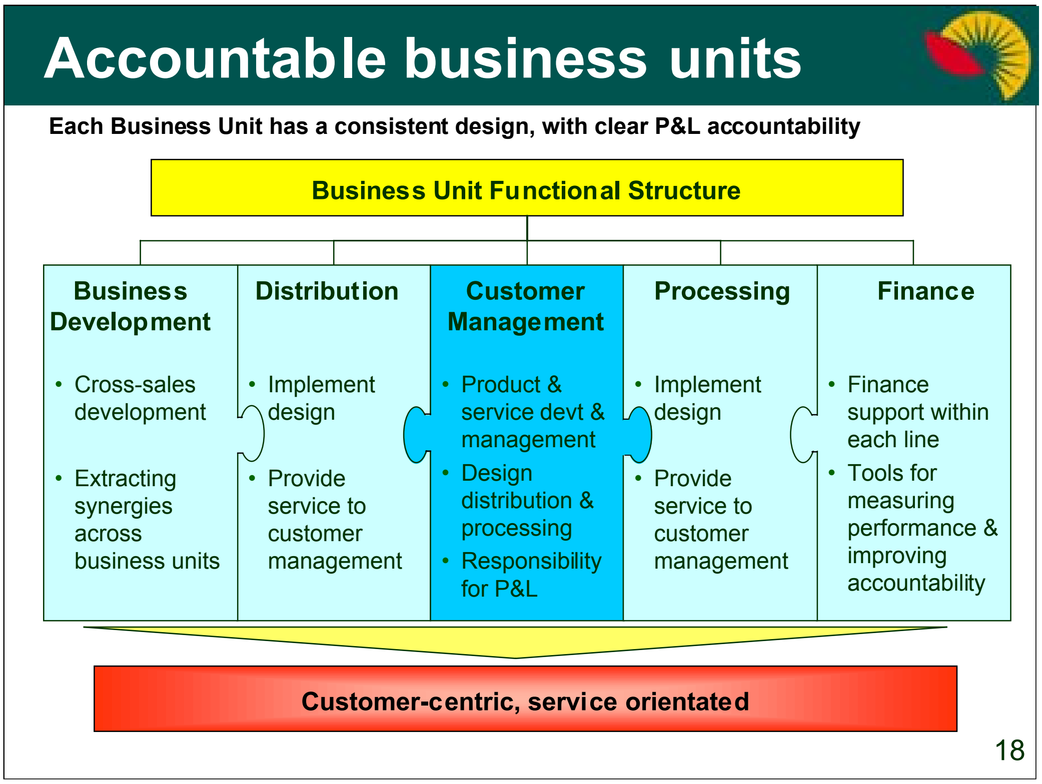
We are now well on the way to achieving these keys to success, beginning with a fundamental organisational restructure.



The original matrix structure, which set up the company in 1996 along functional lines - distribution, product and operations – was very useful in helping to merge the disparate cultures we originally inherited with our 1996 merger. But over time, as we have become a bigger, more complex organisation, it became deficient because it blurred the lines of authority, responsibility and accountability in the group.

Instead, we have reorganised along the financial conglomerate model, with four business units independently responsible for their own end to end profitability, supported by an effective corporate centre.

Within each of the business lines, we have reorganised functions to ensure that the focus is shifted to the customer. In the past, the organisation has adopted an inside out approach to the market, focused on product and processing efficiencies. Now we are turning that around and putting the customer first, and designing products and processes around meeting customer needs. That is an important shift in mindset.



Within the business lines, we have looked carefully at the value chain and designed the structure around that, to maximize customer focus.

The key function becomes customer management. That is the area which has responsibility for the profit and loss outcome, product management and the design of distribution and processing function.

Customer management takes input from business development, which looks across the group and develops opportunities for cross sales and efficiencies.

The distribution and processing areas are responsible for effectively implementing the designs established by customer management. And finance plays a key role within the business line by providing accurate management information to measure performance and improve accountability.

The outcome is clear accountability and authority around the customer management function, which is acutely focused on meeting customer needs to drive improved performance.

Effective corporate centre

The Corporate Centre, through Support Units, is explicitly charged with adding value beyond an aggregation of the Business Units

Resource Allocator	Synergy Extractor
• Allocate capital • Set stretch targets • Monitor and reward performance • Develop management talent	• Operating expenses - share costs across group • Revenue - exploit cross sell opportunities • Innovation - cross fertilise best practice • Capital - share excess capital across group

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The role of the corporate centre becomes very important within the financial conglomerate model.

Firstly, the corporate centre is a **resource allocator**. That means it is responsible for analysing the business portfolio and coming to conclusions about what existing or future businesses fit our corporate strategy, whether the current mix of businesses can deliver to shareholder expectations, and whether our resources and capital can be allocated more effectively elsewhere.

It also is responsible for deciding the optimal way to measure the relative performance of the businesses, setting challenging stretch goals accordingly, and designing appropriate remuneration structures. That then feeds into the HR function, and the leadership framework for developing and fostering management talent.

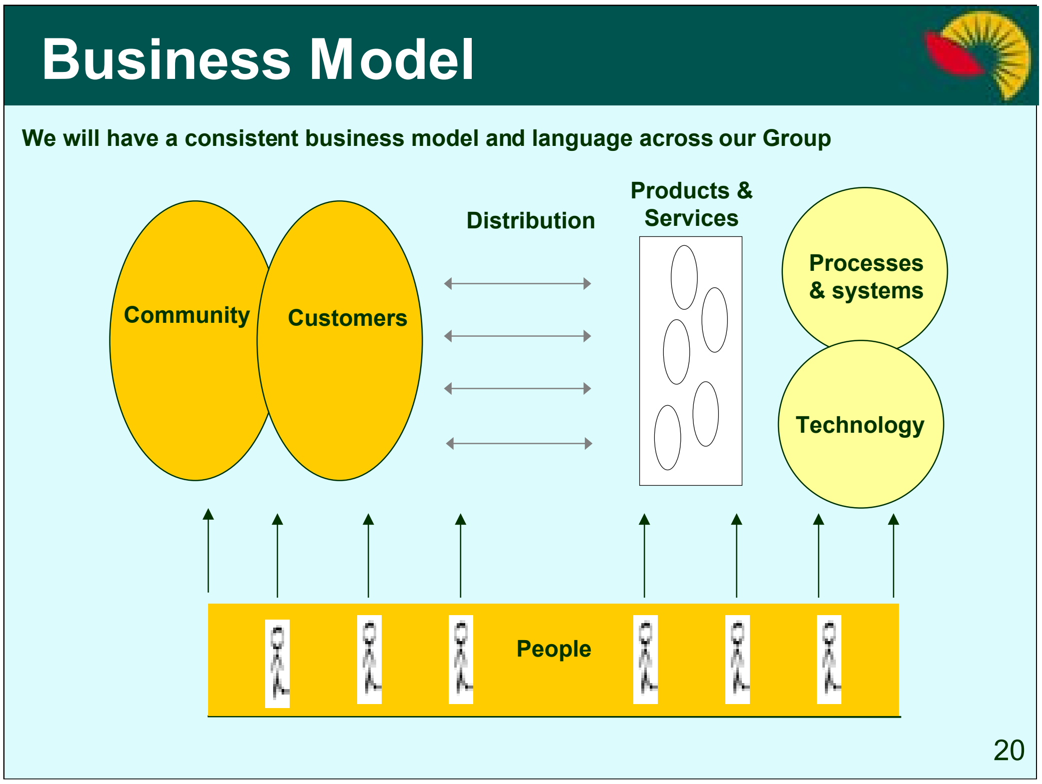
As a **synergy extractor**, the Corporate Centre has a role in ensuring that all of the benefits available from the financial conglomerate role are being captured. There are four key synergies:

Cost synergies are clearly available, as we have demonstrated through our two previous mergers which extracted significant efficiencies and financial rewards for shareholders - benefits that are simply not available to the stand alone business units.

Revenues - through being part of a financial conglomerate, we have enormous opportunities to lift sales. Because of the existing relationship we have with our 3.8 million customers, our high levels of customer satisfaction, and our extensive knowledge of their financial profile and needs, they are our best opportunity for growth. We have slowly been lifting our cross sale rates within our customer base, and have already demonstrated a superior ability to cross sell. This is despite the fact that in the past, our organisational structure has not assisted in the process, because there was no clear customer ownership and no corporate centre to drive the strategy. Therefore the organisational culture has not embraced cross sales as much as we think it can. We are now set up to deliver.

Innovation - The next category of synergies available are innovation synergies. By innovation I mean the opportunity for business lines to work together to identify emerging market trends and best practices and adapt them to different financial services segments. For example, we believe there may be a major opportunity for us to adopt some GI pricing techniques in banking, to price risk more specifically, instead of a one size fits all approach. Another example is our adoption of best practices in customer management systems through our Enterprise system, which provides staff across all our business units with customer information to drive sales.

Capital - We have three distinct business units, and as you would expect, each carries a prudent amount of excess capital above regulatory minimums. As a financial conglomerate, with a banking holding company structure, the opportunity exists for us to move that capital if necessary. That benefit has been explicitly recognised by the ratings agencies who have given us credit for the additional capital flexibility that provides. That has contributed to improvements in our credit ratings, leading to a lower cost of funds and improved access to funding, so it is a very tangible benefit. The corporate centre plays an important role in that process.



A vital component in ensuring that the full benefits of the Financial Conglomerate Model can be attained is the adoption of a consistent business model and language across the group.

We have adopted a business model, made up of six key components.

They are customers, distribution, products and services, processes, systems and technology, people and community.

In formulating their strategies, each of the business units and the corporate centre have been required to specifically address each of these components. That way we are certain that all of the key aspects of our business are being fully considered in a coherent, co-ordinated way.

As we go through the presentation of business line strategy later, you will see this diagram reappear for each of the units, with details of how they intend to approach each of these components of our business.

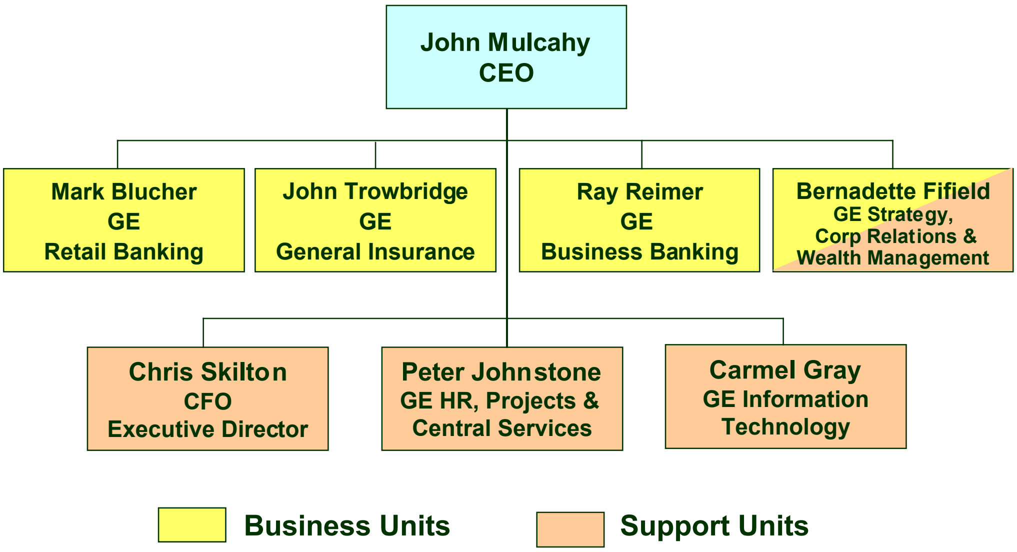
In addition, we will engage each of our employees to take our corporate vision and personalise it by considering their role in each component of the business model.

Summary

- Australia’s most successful financial services conglomerate
- Secure synergies within/across our businesses
- Restructured to simplify, bring greater accountability and enable managers
- Businesses fully responsible for all elements of customer service and profitability
- Consistent business model and language
- Each team member engaged to personalise the vision

Management team

New management team is now installed under revised structure



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We have already installed the new management team under the revised organisational structure.

All are now given the authority and responsibility to run their businesses and achieve results.

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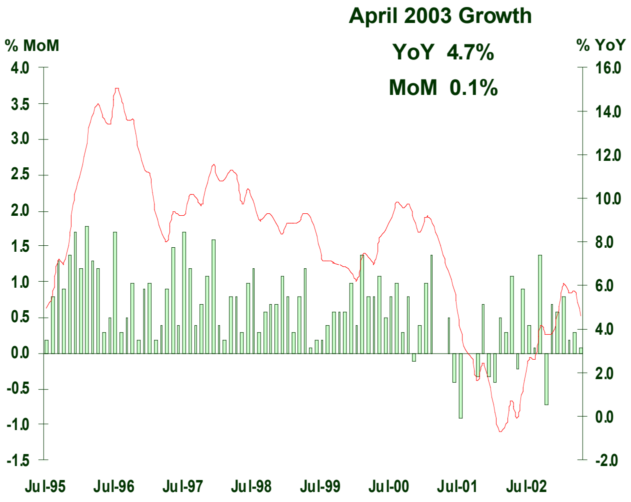
On that note, I will now ask each of our business line Group Executives to run through the strategies they have developed for their business units, beginning with Ray Reimer, in Business Banking.

Business Banking environment

Business credit growth - July 1995 to April 2003



Source: RBA

- Overall business environment remains favourable
- Business credit growing modestly, but business investment remains healthy
- Maturing property market following extended housing boom
- Agribusiness sector affected by drought and the rising $A

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Thank you John and good morning everyone. John made the point about the change in our Organisation Structure to four distinct lines of business with full End to End responsibility. This provides me with the opportunity to present those strategies specific to Business Banking.

I welcome that as our Business Banking unit has been excelling in performance over the last few years, with strong asset growth and good profitability – and we intend to continue that trend.

I'd like to begin today by having a look at the overall business banking environment:-

•Signs of a slowdown emerging

•Leading to falling interest rates, however

•Overall conditions remain favourable

•Economy is stable

•Inflation rates remain low;

•Unemployment low

•& interest rates are at record low levels.

The slide shows business credit growing modestly at 4.7% YOY at April but lagging business investment. We would ultimately expect this to flow through into credit growth.

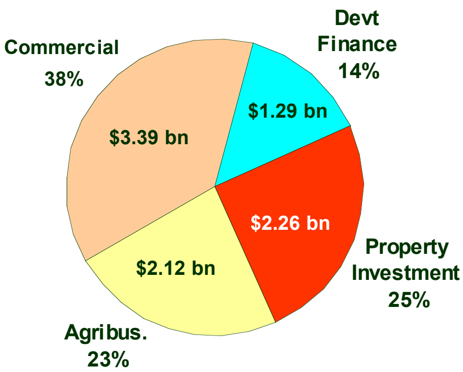
There are signs the property market is peaking, and in agribusiness, the drought and rising dollar are having an impact on export crops and farm incomes.

These are all factors which we have had in the back of our minds when devising our strategy. Another important facet of our strategy development has been the benefit of our very detailed Business Planning / budget process model which allows us to be precise and accurate on our initiatives and outcomes.

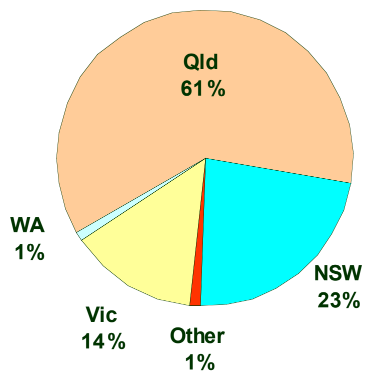
Business Banking portfolio mix

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)

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This slide refers to an overview of our mix of business segment and geographic location.

Importantly, we do have a strong business banking base within the company, with total assets of around $9.1 billion at Dec 02. We have a broad spread of business across Property, Agribusiness, and Commercial (which includes SME and Equipment Finance) and a reasonable geographic spread also. Queensland dominates the portfolio at 61% of assets. However we have a solid, growing presence in NSW and Victoria.

A key point I'd like to make is that we have minimal risk to the big end of town - that is to major corporate lending. Therefore we had no lending losses to the corporate collapses such as Ansett or HIH.

We do have significant presence in property and agribusiness, but we are very comfortable with these exposures because we believe we have specialist expertise in these areas, and tight credit policies which ensure we can operate profitably without adopting too high a risk profile.

Certainly, our track record in these areas shows very low levels of bad debts, so we are happy to maintain our existing exposures. We are very committed to these areas and believe we possess a competitive advantage that enables us to capture high levels of profits and risk-adjusted returns.

Business Banking - vision

Australia's most desirable Business Bank

Our reputation gained as a result of:

- Our cohesive and efficient Business Banking team
- A core competency in pricing and product excellence
- Quality of relationship management in all chosen markets

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Our Vision

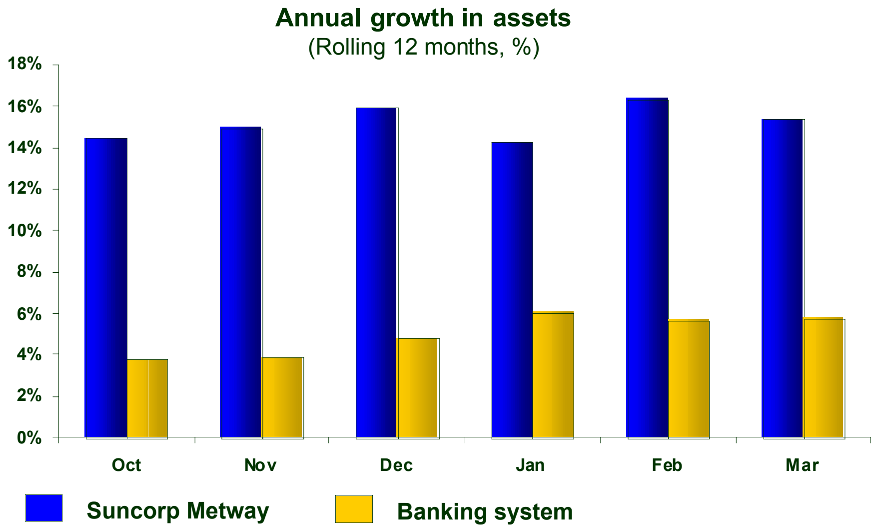
"Australia's Most Desirable Business Bank"

Aligns with the Group's Corporate Vision

Is simple but very appropriate for us and it's where we want to be.

Business lending growth

Lending growth has consistently exceeded system growth rates



Source: RBA Financial Aggregates, Suncorp

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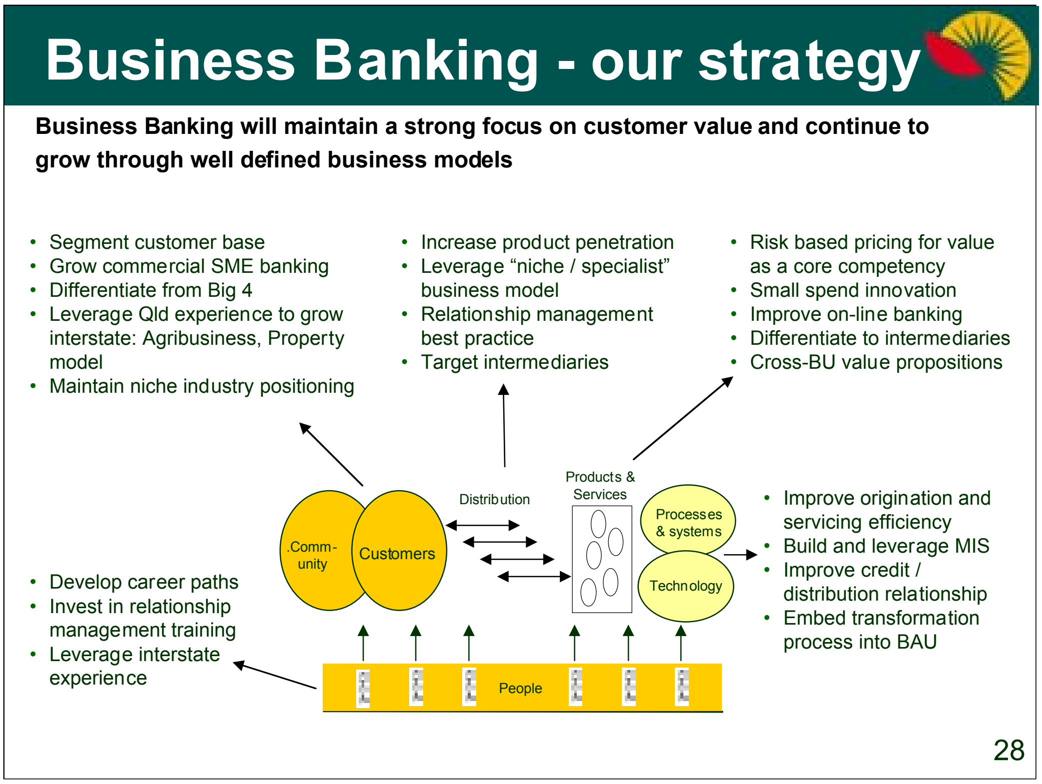
Our lending performance has been strong, and we have been growing at more than twice system growth rates across the whole portfolio. Growth has been particularly strong in property generally, due to the strength of the property market. But commercial lending also has grown rapidly in the past year.

In the 12 months to March, our total lending grew by approximately 15.5%, compared with 5.8% for system.

And importantly, we have been able to achieve that without any reductions in credit quality.



With regard to the Business Model, within Business Banking we have considered each of these sectors and developed specific initiatives for each of them. Your pack has more complete detail, but I will touch on 3 or 4 here:-

For example - for customers:-

We have segmented the customer base and under product, we have developed specific offers designed to meet that segment needs, i.e. value proposition - such as in the Property area, especially property investment, we have found since the HIH demise that many of our commercial property customers have had trouble sourcing insurance. We now aim to fill that gap because the revised pricing regime now makes that viable. John Trowbridge will talk about that in the General Insurance presentation.

For people:-

Clear career paths for our staff

Extensive training programs to provide them with deeper relationship management skills so they become financial partners with their clients, and contribute to customers achieving their goals.

For processes / systems:-

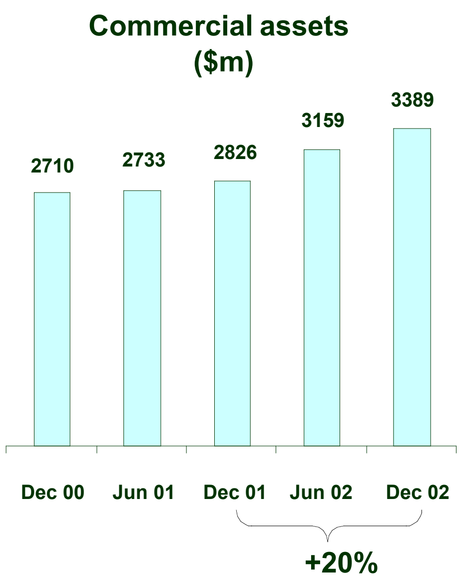
The Transformation skills that we have honed through the GIO integration exercise are now being embedded in the Business Banking division as BAU – focus being on delivery of Business Plan initiatives

For the community:-

Understanding the diversity of the communities in which we operate and become engaged in a way that is relevant to the community.

Considerate of our social responsibility in the way we conduct our business and envied by our competitors for our reputation.

Business Banking initiatives



Commercial - Grow at twice system while maintaining asset quality

- **Qld**
  - Achieve "natural" market share
  - Develop relationship
- **Interstate**
  - Redesign broker model
  - Leverage GIO customer base to cross sell to WorkCover and commercial insurance customers
  - Introduce business products to LJ Hooker commercial network

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If I had to summarise our strategy in one sentence, it would be that we intend to build on our strengths by sticking to the knitting - focusing on what we do best…that is SME commercial, agribusiness and property. But doing it better.

In SME commercial, we see a major opportunity for growth, and we will be aiming to grow at twice system rates while maintaining asset quality.

Our confidence stems from the fact that we have been able to achieve this in recent periods because we are coming off a small base. In Queensland, we estimate our market share to be approximately 8-9%, compared with our retail bank market share of lending of approximately 16%.

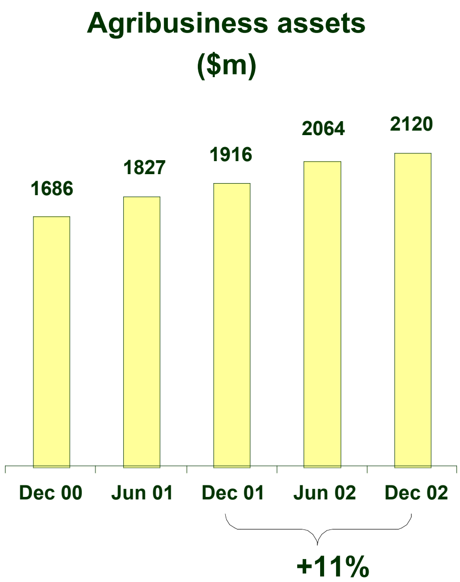
Our research shows we have consistently high levels of customer satisfaction, very strong brand presence and a wide distribution network in Queensland, so our initial focus is going to be on growing our SME commercial business to leverage those strengths and achieve our natural market share.

Interstate, we will be utilizing broker distribution to generate business growth, but we will be doing it smarter. Over the last few years we have set up a reasonable base of relationship managers and branches in NSW and Victoria, and we will retain those, but we will be looking to brokers to drive growth. We will be doing it cautiously, to ensure we maintain asset quality. We will be selective about the brokers we use, and the business we accept. That way we can be more certain of attracting higher quality business, and we are prepared to share the benefits of that with the brokers we partner with.

We also intend to leverage the GIO customer base with obvious opportunities to sell products to GIO workcover and commercial insurance customers.

And we also plan to introduce business banking products to the LJ Hooker network for commercial property.

Business Banking initiatives



Agribusiness - Grow at system rates by continuing to leverage specialist knowledge

- **Qld** - Maintain market leadership position by continued commitment to high quality service to professional operators
- **Interstate** - Grow selectively in specialist segments in Victoria, NSW

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In agribusiness, we would expect to continue to grow at system rates, as it has in the past, so we can retain our strong market share position.

We hold approximately 25% of the market in Queensland, and we have been in Agribusiness for more than 100 years.

We have deep expertise, a very solid customer base, and we achieve good profitability in that sector, with high security levels, typically in the form of rural property, and low bad debt experience.

The agricultural sector is clearly going through some tough times at the moment due to drought conditions which are affecting much of Australia. That drought has affected farm incomes, and that has been reflected in an increase in impaired assets in the portfolio at the last result. However, we have very strong security levels, and because of that, despite an increase in impaired assets, we don't see any real danger of a blow out in bad debts.

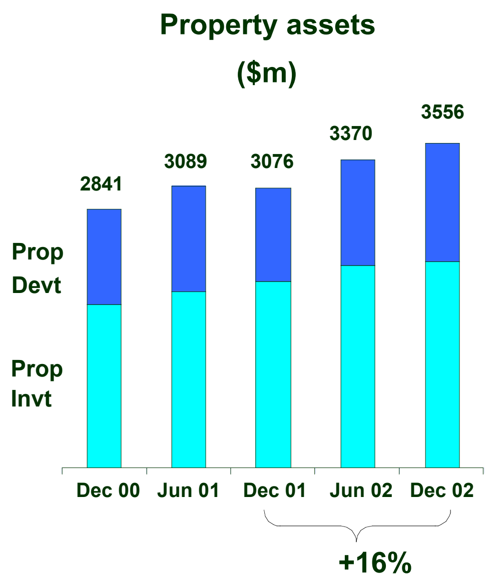
We have been in the business for a long time and we understand the cyclical nature of the rural sector and commodity prices. Our approach is to identify good operators and assist them through difficult periods. They then are very loyal to you through the good times. We believe we have good skills in identifying good risks, and our track record speaks for itself in that respect.

We have been growing our agribusiness offering in Queensland in recent years by co-locating our agribusiness specialists with the retail network in a number of rural locations. This has provided us with additional opportunities to leverage off the brand strength in Queensland.

We also intend to take advantage of selected opportunities interstate in certain segments.

We first expanded into interstate agribusiness markets three years ago through an alliance with the Pivot fertilizer group in Victoria and southern NSW. We took a softly, softly approach to expansion because we wanted to make sure that we understood the credit risks. We have since been able to finesse our model and we are now getting good results from our seasonal finance product through the Pivot network, which has led to a significant number of full banking opportunities. We will be adopting a similar model as we extend those relationships with other agribusiness providers.

Business Banking initiatives



Property - grow at system rates by leveraging specialist knowledge base

- **Qld** - Achieve high rates of return by providing quality service to strong operators
- **Interstate** - Grow selectively by leveraging reputational strengths

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Similarly in property development and investment, we expect to achieve system growth rates by continuing to apply our specialist skills.

We believe we can continue to grow selectively in interstate markets by leveraging our reputation.

We have an excellent property development team which has demonstrated a great track record of profitability and low losses.

They are very aware of market conditions and risks, and we are confident that we can adopt a prudent approach to the sector while still growing and achieving good returns.

You have previously expressed some concerns about our overall exposure to property, particularly property development, especially as we see signs the property market may be peaking. We keep a very close watch on the market and where we identify segments that are potentially overheating, we have withdrawn from those segments. For example, we have almost no exposure to inner city apartments. We are strong on the city fringes, but we have seen continued good growth in those areas. However we are adopting a cautious approach and maintaining tight credit policies, such as requiring high levels of pre-sales and strong security. Our losses in the sector remain very low.

So we are pretty comfortable with where we sit in property.

An important point for the market to note is that, although we remain very comfortable with our agribusiness and property exposure, and we are very committed to those areas, because we intend to grow SME commercial business at a faster rate than property or agribusiness, the overall weighting of those segments in the portfolio will reduce over time.

Business Banking summary

- **Favourable business climate**
- **Strong brand position, excellent skill set, growing asset base**
- **Build on our strengths by focusing on our existing portfolio - SME commercial, agribusiness, property**
- **Grow commercial at twice system**
- **Grow agribusiness and property at system**
- **Emerge with a rebalanced portfolio**

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So in summary then, our strategy is

•Favourable business climate

•Build on our strengths by focusing on our existing portfolio in SME commercial, agribusiness and property

•Grow commercial at twice system rates

•Grow agribusiness and property at system rates by leveraging our expertise and knowledge in those niches and taking advantage of selected opportunities interstate

•Emerge with a rebalanced portfolio

•On that note I will now hand over to John Trowbridge to take you through GI.

Agenda

- Overview - John Mulcahy
  - External environment
  - Strong strategic base
  - Our path to unlocking shareholder value
- **Business Unit Strategies**
  - Business Banking - Ray Reimer
  - **General Insurance - John Trowbridge**
  - Wealth Management - Bernadette Fifield
  - Retail Banking - Mark Blucher
- Corporate Centre - John Mulcahy
- Capital, Financial Position, Outlook - Chris Skilton
- Summary and Close - John Mulcahy

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Thank you Ray and good morning everyone.

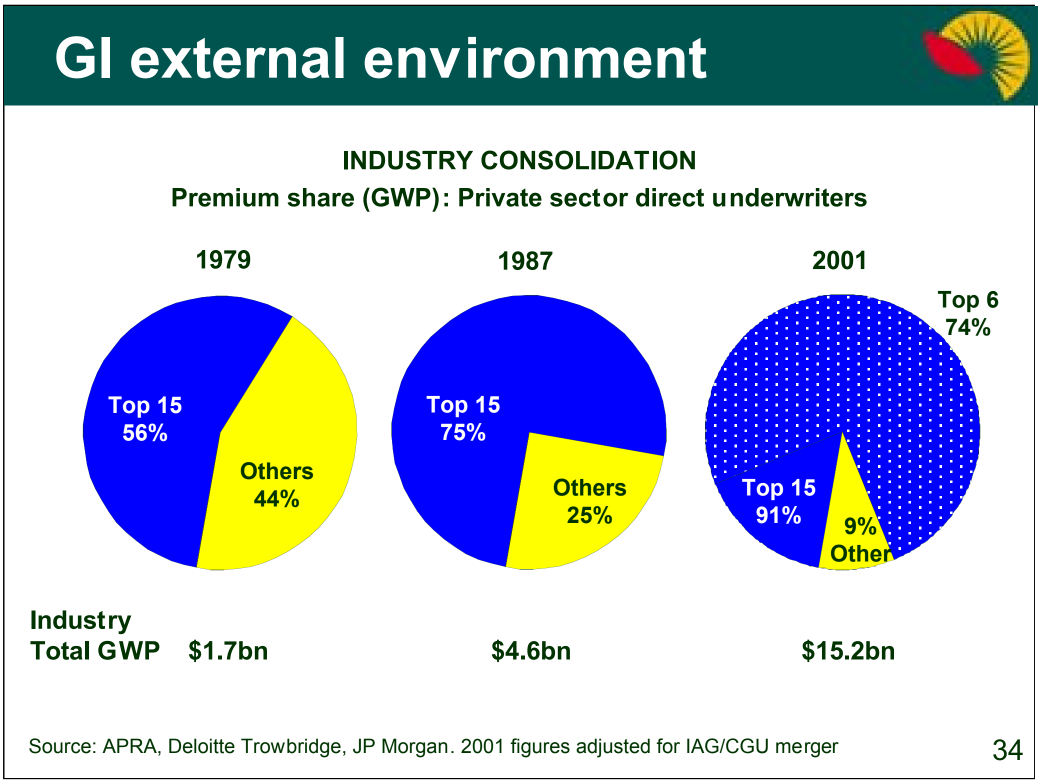
It's great to be able to stand before you today and deliver our strategy.

Suncorp's General Insurance business is a growth story at the moment.

We have built a very solid platform on the back of the GIO acquisition, and established a very firm base.

Our challenge now is to show we can grow, and today, I'm going to tell you how we're going to do it.

I would like to begin by setting the scene a little, and explaining first of all that the general insurance industry is in fundamentally good shape today.



I would say that Australia's general insurance industry is in the strongest condition we have seen since the TPA in 1974 outloawed collusion in prices.

Whole market has consolidated strongly during the past 25 years, as you can see from this slide. Mergers and acquisitions have occurred at the rate of 2 or 3 per year for 25 years.

Over the past few years we have seen several acquisitions, including HIH's purchase of FAI, the abslrption of HIH's portfolio into other companies, AMP's purchase of GIO, Promina's consolidation of AAMI, our purchase of GIO, IAGs acquisition of CGU, and recently the Wesfarmers acquisition of Lumley. It is a continual process.

The top 15 now account for some 90% of premium income, and the top 6 for almost 75% of the market.

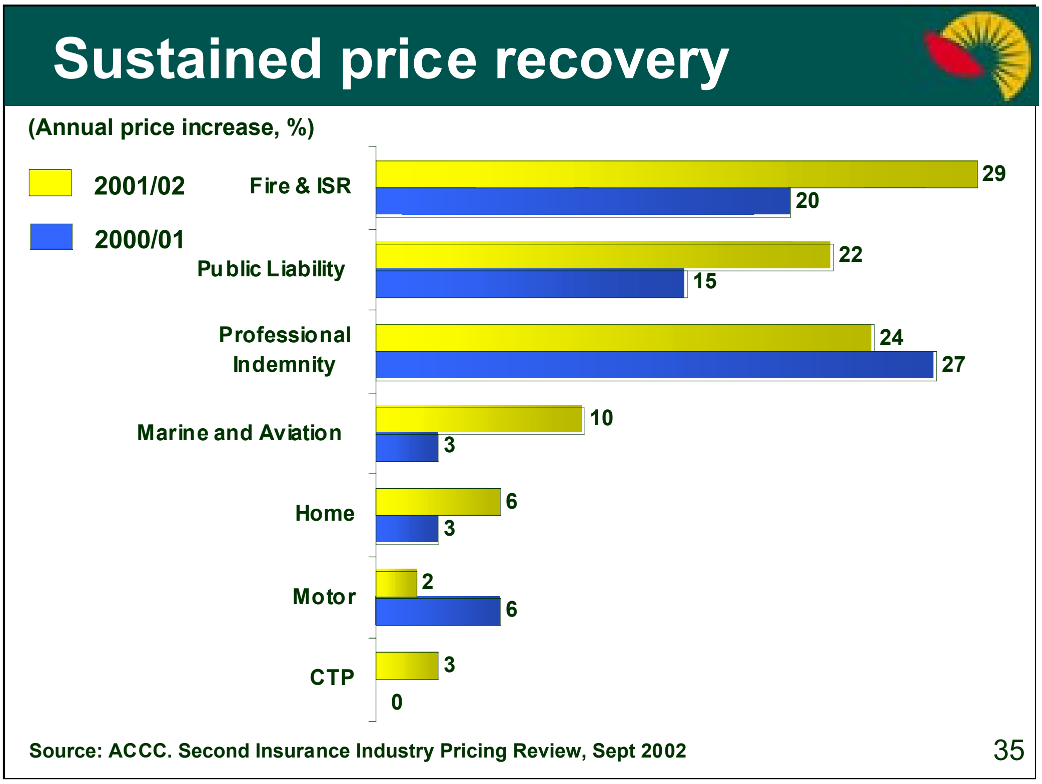
That is a good thing for investors and policyholders alike, because it increases efficiencies of scale across the industry, increases the skills and information resources that companies can apply, improves pricing for risk and generally leads to a more competitive yet rational market.

Which is not to say that there has not been maverick pricing in recent years. Of course HIH was responsible for much of the underpricing that was evident in commercial lines insurance, and which led to the industry suffering significant losses in that segment over a long time. The demise of HIH has been a net positive for the industry because it has heralded a structural shift in prices. Overall industry profitability has improved significantly, and has now reached a point where companies are properly pricing for risk. That is healthy for insurers, and also for consumers, because it means that insurance companies will be there to pay their claims. The demise of HIH was a salutory lesson for the industry, consumers and regulators as well.

An important factor has been the introduction of new APRA prudential requirements, which demand better claims provisioning and better corporate governance. Companies can no longer simply reserve at their central estimate of claims liabilities, as was the case with HIH, but must now achieve a 75% level of sufficiency. To do that, prices have to be pitched at appropriate levels.

Another important factor in the market today is that four of the five largest insurance companies in Australia are now locally listed, following the demutualisation of NRMA and the listing of Promina. This imposes new pricing disciplines on these companies to ensure that they are providing appropriate returns to shareholders.

And finally, it also is the case that in recent years, insurers have relied on strong equity market returns to bolster their profits. Unfortunately, the bull market has faltered, as you all know, and therefore, insurers today are much more focused on delivering underwriting profits, further strengthening the pricing discipline.



Hence we have seen significant increases in prices across product lines, with particular strength in commercial classes. You can see from this slide that public liability prices, for example, increased by 15% in 2000/01, and then another 22% in 2001/02.

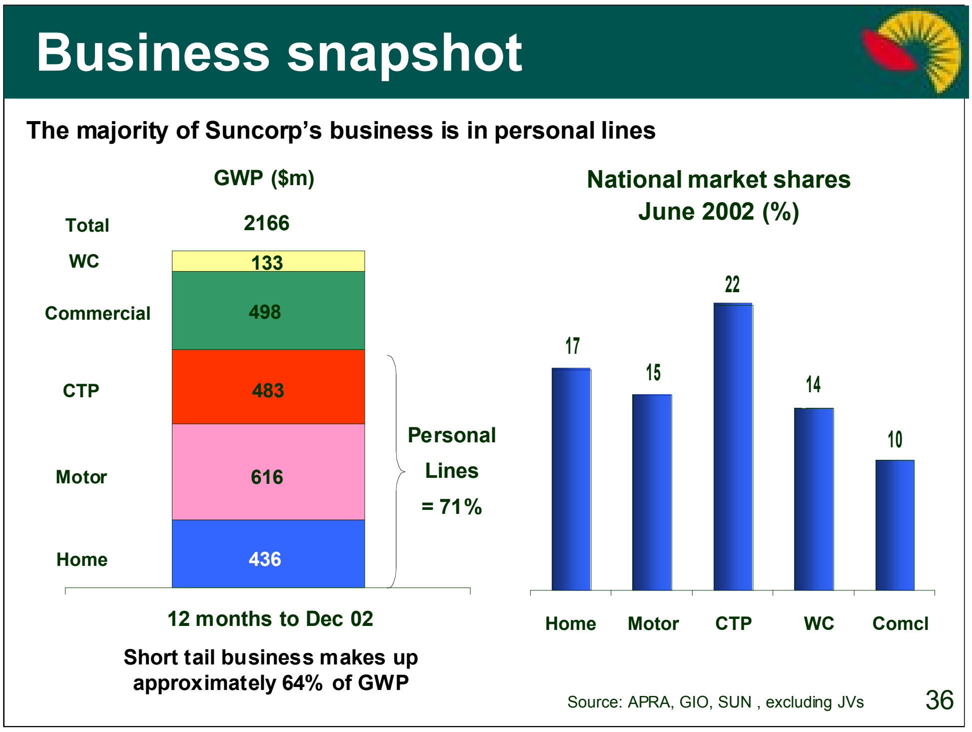
That was long overdue, as the industry had been making significant losses in public liability for some years. The story is similar in the property classes.

In other classes such as home and motor, the price adjustments have been less significant, but important nonetheless.

That structural adjustment in prices has now largely run its course, and while prices have continued to increase in some segments during the current year, particularly in some commercial classes where there continues to be a scarcity of capital, and uncertainty around future claims costs, the price rises this year generally are less dramatic. Instead we have seen prices consolidating at the new levels.

In personal lines, we continue to see prices moving broadly in line with inflation.

Overall, we believe that improved industry economics are here to stay. The fundamentals appear strong for the next couple of years at least and the industry structure should continue to underpin sensible pricing.



Turning now to Suncorp's business portfolio, you can see that it is a broad portfolio, with GWP in the last year of approximately $2.2 billion, which makes us the second largest general insurer in Australia.

Personal lines business, including Home, Motor and CTP, accounts for 71% of the portfolio, while commercial and workers compensation make up the remainder.

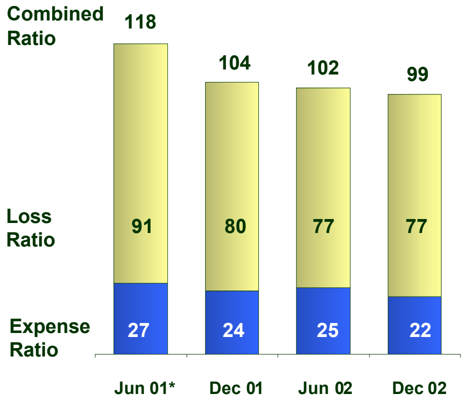
The total business is predominantly short tail, which accounts for 64% of GWP.

You can see that, following our acquisition of GIO in 2001, we now have significant market shares across all of our business classes. Those market shares are national, but state by state we have our our biggest market shares in Queensland and second biggest in NSW. We have good scale and brand presence in all our business segments.

Apart from what is captured on this slide, our general insurance operations also derive income from our SIS and Managed Schemes divisions, under which we manage insurance schemes for other parties without being the underwriter. The majority of this business is workers compensation, and we have insurance joint ventures with motor clubs in Queensland and South Australia, which we equity account.

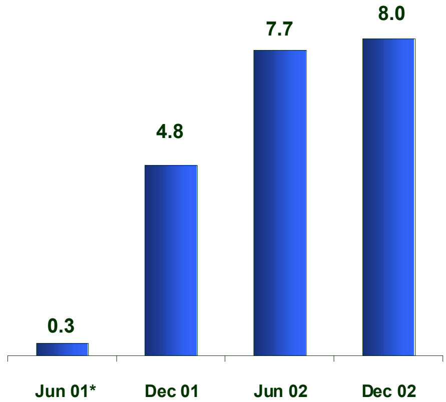
Suncorp GI market position

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

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The GIO acquisition has been a decisive strategic initiative for Suncorp. The business we acquired was good solid business, but the company needed a lot of work to improve the way it was managed. We have done a tremendous job of making the required changes and delivering the benefits available from the acquisition.

You can see from the slide on the left that we have driven down expense rates and loss ratios to deliver an underwriting profit. All of our portfolios are now profitable. Compared with our peers in the general insurance industry, we have the lowest expense rate - lower than IAG, lower than Promina, and lower than QBE. John Mulcahy will refer to this later in the presentation because it is a significant achievement, and provides us with an important competitive advantage.

How have we done this? In the period since June 2001, we have made a vast array of changes and improvements to the combined business.

For example, the Suncorp models for Call Centres and Claims have been introduced to the GIO business and we have already seen dramatic improvements in service standards as well as reduced costs. The call centre service is also benefiting from “cross pollination” from banking, wealth management and insurance.

The IT functions of GIO have been insourced, delivering significant improvements in services at lower cost.

And importantly, we have instilled a culture of customer focus within the combined organisation. So the major gains available to us through the acquisition have now been achieved. That was worth $240 million annually across the entire company, mostly attributable to GI and now visible in our expense rate and combined ratio.

The end result is that we have built a very strong general insurer, well positioned to compete and grow in the future. Where our profit growth in the past two years has been driven by extracting merger synergies, our challenge for the future is to drive improved profitability through growing the business and lifting efficiency.

General Insurance - vision

The most desirable General Insurer in Australia, with the best underwriting profits in the industry

This will be built on:

- Offering customers simple and easy to use products
- Value prices
- Defect free processes
- Committed employees who genuinely focus on the customer

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This is not motherhood, for our business plans are being designed specifically around these four themes of:

- customer oriented products
- carefully designed pricing structures using our extensive analytical capabilities
- continuous improvement of systems and processes
- community or customer oriented vision, and internally such that allied with our training programs, our staff will keep getting better and better at supporting our customers.

Our business direction is to to focus on domestic Personal Lines, CTP, SME Commercial and Workers Compensation classes. We know these businesses well, we have long experience and good data to work with. So we will be sticking to the knitting.

We will retain business model focused on direct sales of Personal Lines and Commercial insurance, supplemented by a supportive intermediary network.

By leveraging our distribution capability and delivering competitive products and services, we aim to grow premium revenue by 10% annually.

We will also be seeking to drive down expense ratios and claims costs wherever we can, and deliver sustained underwriting profits and insurance trading profits.

That is the big picture, but how will that be achieved?

General Insurance - our strategy

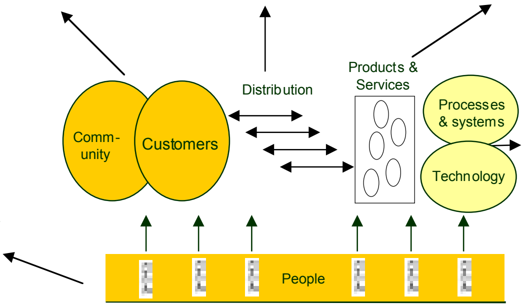
General Insurance will continue to focus on improving efficiency and capturing the growth of the market in key segments

- Market segmentation and retention
- Identify and target low risk / high profit segments
- Greater flexibility and simplicity for our customers to access our products and services
- Increase SME market penetration

- Improve strike rate and cross-selling
- Increase productivity of our existing channels
- Improve responsiveness to customer feedback
- Geographic expansion of Commercial Lines

- Pricing excellence
- “Own” the home insurance market
- Aligning products across brands
- Improved customer intelligence
- Introduce improved customer loyalty programmes
- Increase commercial niche product availability

- Develop and retain skilled and knowledgeable staff



- Move operational activity closer to customer
- Improve process efficiencies
- Build on transformation activities

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This is our version of the business model that John spoke of earlier, and you can see there is a range of initiatives in place to deal with each of the various parts of the model.

I will talk about a couple of them here before going on to make some separate points about each of commercial and personal insurances.

The first deals with improving customer loyalty programs. All loyalty programs are being reviewed and simplified. We will be eliminating ineffective programs and extending successful initiatives across the business, ensuring we achieve consistency between the GIO and SUN businesses.

A second initiative relates to our plan to leverage our superior claims service to promote and grow our business. It is a real competitive strength.

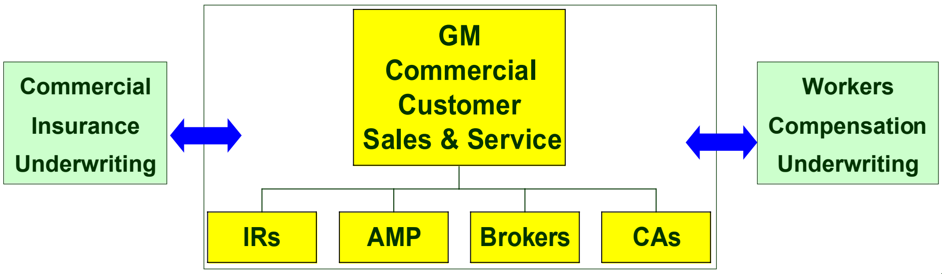
A third initiative relates to a decision to bring together the back office processing and point of sale activities to reduce rework downstream and improve efficiency. This initially is being done by bringing both streams under uniform management, and introducing greater customer focus and cross fertilisation between customer facing staff and processing staff.

I will now move on to talk about our commercial business, which presents us with a major opportunity for growth.

General Insurance initiatives

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
- Lift cross sales between commercial and workers compensation
- Restructure commercial distribution management. Drive improved performance from direct sales network and intermediaries



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Turning to some of the detail.

We believe we have a major opportunity in commercial insurance because there is still a capacity shortage in the market in certain areas. If we choose those segments shrewdly, we think commercial can be the growth engine of our business. We are the smallest player of the five major insurers in commercial, but probably in the top two for SME business. We have a good brand position and capabilities, so we intend to leverage our growth from that base.

We do have a well established brand in GIO, and we want to use that brand strength to grow sales via the direct channel.

We think that the intermediary channel provides good opportunities for growth. GIO is the only company in the industry that has a direct sales force in commercial, and it works well, but can work better, and we'll be driving to improve performance there.

Much of the growth in commercial will be derived via the broker network, and we are developing the SUN brand for broker business outside of Queensland.

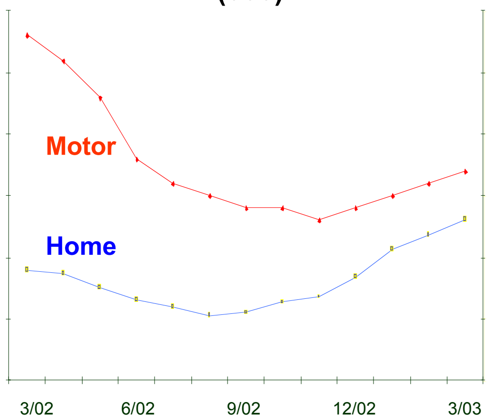
We are putting in place new programs to drive cross sales between segments, such as between commercial and workers compensation. And we're also planning to expand in the corporate property market, which we see as a major potential growth area for us.

As part of this plan, we have put commercial distribution management under one General Manager who is managing all the distribution aspects and will drive improved performance. That takes in the direct sales force of GIO insurance reps, the AMP network, brokers and Suncorp's Corporate Agents.

Incidentally, our GM of Commercial Distribution is an appointment from Business Banking.That shows how we are achieving expertise and leadership synergies through our people as well as business synergies through our customer relationships.

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
- Maintain profitability and affordability of Qld CTP
- Introduce pricing engine to produce more competitive pricing

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In Personal lines, the situation today is different to commercial. Personal Lines services the Mass Market and is distributed via call centres.

We have previously talked about the fact that the GIO brand, before we acquired it, had been in the doldrums under AMP ownership. You can see from this slide that, not only have we stabilised the business, but we are starting to see growth in the key home and motor portfolios. We will be implementing further marketing initiatives to rebuild the brand over the coming months - initiatives like our sponsorship of the Rugby World Cup. Our research confirms that the GIO brand retains excellent attributes and we will rebuild it as a prominent national brand.

We have good growth momentum in the Queensland market and we will be working to maintain that with targeted marketing campaigns and through service improvements such as voice recognition technology which we recently introduced in our call centres. We will also be using our CRM capabilities and customer oriented staff initiatives to penetrate further our banking customer base.

Queensland CTP will be a focus of our efforts as well. We hold a 55% market share, and that is an important market for us. As you may know, the scheme was restructured in October 2000 and a variety of changes were made aimed at reducing claims costs. To date, there has been a reduction in claims numbers, but claims costs have not fallen as expected. With further price rises now affecting affordability, we, along with other insurers, are talking to the regulator about modifications to the scheme to enable it to remain sound and profitable. We are confident of a positive outcome.

Further, we're doing a range of things on the systems front to improve our pricing, enabling us to price more competitively, choose risks more selectively, and lift the quality of our business. The key initiative there is the introduction of a new pricing engine, which will allow us to price more competitively, choose risks more selectively, and lift the quality of our business.

General Insurance summary

- **Industry economics fundamentally sound**
- **Suncorp business efficient and customer focused**
- **Future founded on existing strengths**
  - **Personal Lines (Home, Motor, CTP)**
    - **Rebuilding GIO brand and**
    - **Maintaining momentum in Queensland**
  - **Commercial to be a source of growth**
    - **SME Commercial, Workers Compensation, Corporate Property**
  - **Retain existing business models**
- **Expect to deliver sustained underwriting profits**

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Summary: Industry structure now favourable -

•consolidation means improved industry economics,

which are here to stay -

•fundamentals appear strong for the next couple of years at least

•industry structure should continue to underpin sensible pricing.

Suncorp business including GIO in excellent shape

with strong customer focus

Our business direction -

•'sticking to the knitting'.

• focus on Personal Lines (Home, Motor, CTP)

+ SME Commercial and Workers Compensation

• we know these businesses well

• we have long experience and good data to work with.

•retain business model of direct sales of Personal Lines and Commercial insurance

• supplement by a supportive intermediary network.

Seeking to drive down expense ratios and claims costs wherever we can -

• to deliver sustained underwriting profits, insurance trading profits.

Agenda

- Overview - John Mulcahy
  - External environment
  - Strong strategic base
  - Our path to unlocking shareholder value
- **Business Unit Strategies**
  - Business Banking - Ray Reimer
  - General Insurance - John Trowbridge
  - **Wealth Management - Bernadette Fifield**
  - Retail Banking - Mark Blucher
- Corporate Centre - John Mulcahy
- Capital, Financial Position, Outlook - Chris Skilton
- Summary and Close - John Mulcahy

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Thank you John and good morning everyone.

Just over two months ago now I moved to Brisbane to take up a role with Suncorp. When I accepted the role I was excited at the prospect of working with such a vibrant and diverse organisation.

Everything I have seen and experienced since my arrival has only reinforced and strengthened this view and my enthusiasm. Plus I am told the Brisbane lifestyle is great so that is the icing on the cake.

But we are not here to talk about me. Today I would like to talk to you about an important part of my portfolio - Suncorp Wealth Management.

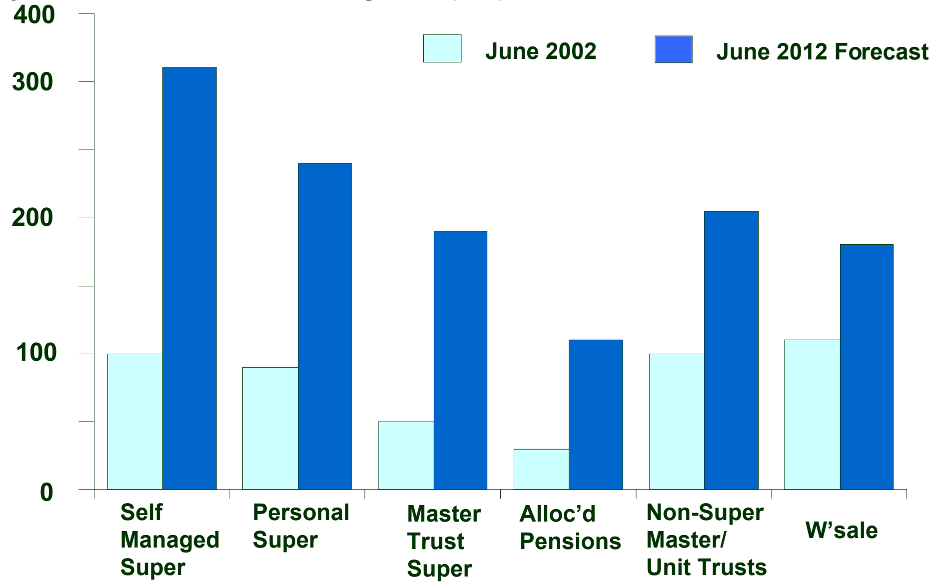
On an absolute profit contribution basis, Wealth Management is the smallest of our business lines, but it is arguably the segment with the greatest growth potential, both in terms of the industry and our business.

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

So let's look at market growth projections.

Wealth Management market

Projected size of funds under management ($bn)



Source: DeXX&R Market Projection Report February 2003

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It is clear that right now Wealth Management businesses are 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.

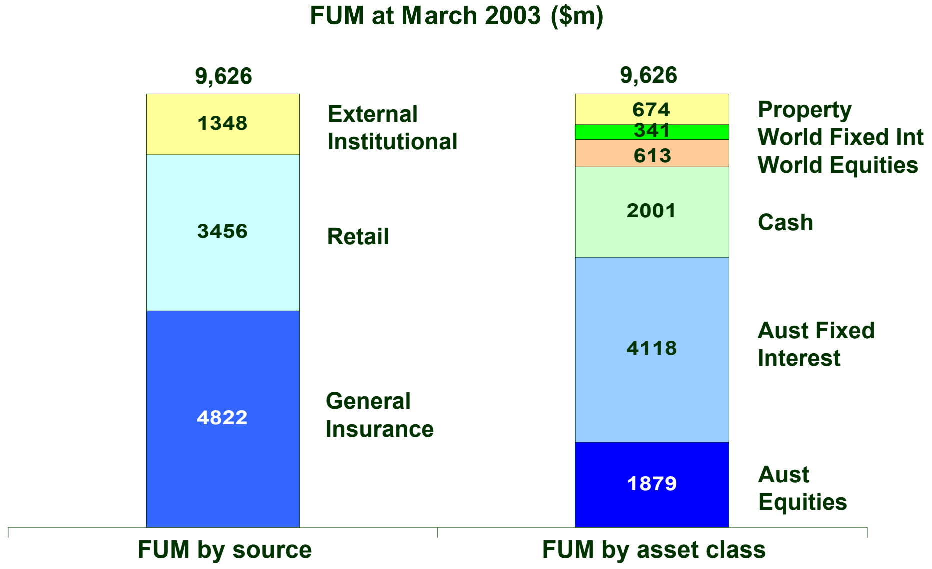
Suncorp has not engaged in that process because we could not see the value in the prices being asked, and it has turned out to be a good decision.

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.

Wealth Management FUM

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



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Looking at funds under management…

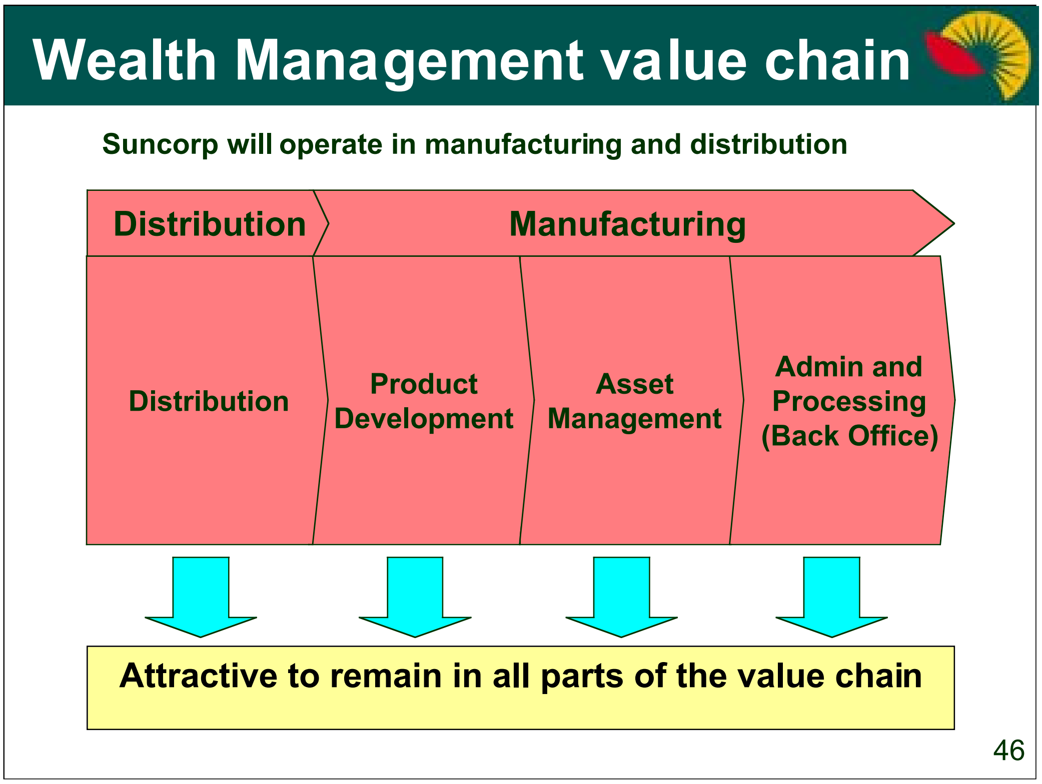
Suncorp's Funds Management fund generator is General Insurance. This division provides us with the critical mass to be within the top 20 fund managers.

Our funds under management are almost $10 billion, with our GI business providing us some $4.8 billion in shareholder funds and insurance liabilities to invest. Our retail Wealth Management business provides a further $3.5 billion, with the balance of approximately $1.3 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 an estimated $6 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.



With that background of strong market growth prospects and a credible position in funds under management - where will we operate in the Wealth Management value chain?

For Suncorp there is value in being both a manufacturer and distributor and we will continue to operate in both.

For distribution, one of our largest assets continues to be our retail customer base within our banking and general insurance businesses. We consider managing customer relationships as critical to developing the inherent value of the Wealth Management business.

On the Product Development and Asset Management side we will manufacture where we can do so efficiently and in a cost effective way. Otherwise we will outsource where we need to in order to meet customer needs.

Specific examples of situations where we have concluded that a sourcing model is more appropriate is our relationship with InTech to provide our multi manager investment solutions, the outsourcing of our World Equities and Direct Property portfolios.

Further, we have recognised that for certain lower margin products such as annuities and group risk, we do not currently have sufficient scale to manufacture competitive offerings, and in these cases we offer competitor products to our customers.

Wealth Management vision

The most desirable Wealth Manager in our core & selected markets

We will achieve this through:

• Provision of trusted, quality advice

• Consistently strong investment performance

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The WM vision is to be the most desirable Wealth Manager in our core and selected markets. Our core market is Queensland and selected markets are master trust/wrap platforms, institutional mandates and Independent Financial Advisor Networks - nationally.

Provision of service is an area where Suncorp as an organisation has consistently differentiated - as you saw earlier our customer satisfaction ratings are consistently high for our sector. In Wealth Management we have and will continue to develop the cornerstone attributes of “trust”, “quality”.

After a period of terrific market conditions during the 1990’s, Australian investors have, over the past two years, experienced negative investment returns and concerns about the quality and appropriateness of financial advice (as was highlighted as a result of the recent ASIC/ACA survey).

Based upon the results of our own survey of customer satisfaction completed during April of this year we scored an overall rating of 8.3 out of 10. To provide context the average score of our competitors was 6.3. Our network of internal Financial Advisors are already providing a high standard of advice to our Retail Bank customers, and we aim to do better. Our customers have told us this is a key determinant for them and therefore an area of strong focus for us.

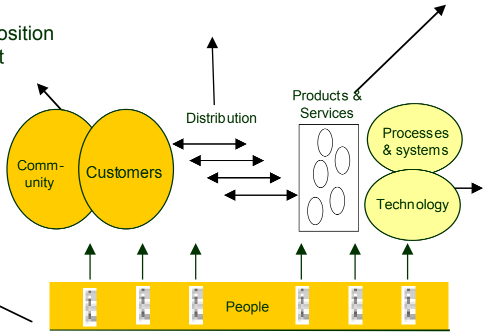
Wealth Management strategy

The Wealth Management strategy will focus on customer retention, enhancing our product / service offering and selectively expanding interstate

- Stronger brand awareness of Wealth Management
- Leverage Insurance & Banking customer bases
- Greater focus on customer retention
- Understand customers through segmentation
- Broaden customer proposition to ongoing management

- Enhance quality and productivity of internal advisers
- Extend distribution into selected IFA/Master trusts
- Upskill internal advisers to reach more sophisticated customer segments

- Manufacture/in-source products to provide "choice" and attract new segments
- Strong consistent investment performance



- Introduce customer service benchmarks
- Focus on referral processes and fulfillment
- Introduce customer management tools for internal financial Advisors

- Establish succession plans for key personnel

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By now you are familiar with the Business Model and in developing our strategy we have considered all aspects. Today I want to focus on some specific areas.

Our key initiatives will be in the areas of 1) customer growth from the Banking & GI customer base, 2) retention and 3) Interstate expansion. I will focus on each of these areas in a moment….

At the very heart of our strategy is the firm belief that we must remain focused on our core strengths and leverage these to achieve our financial outcomes. Our core strengths are:

• The organisation's ability to cross sell. This is where the majority of our 150,000 WM customers are gained.

• Strong Investment Performance - therefore succession plans for key investment personnel is a focus

• Ability to both manufacture and insource products. Providing customers an element of choice of competitive products combined with quality advice is necessary to attract a broader segment of WM customers.

It is these strengths that we will leverage to increase customer growth and retention and use as a platform to expand into new markets.

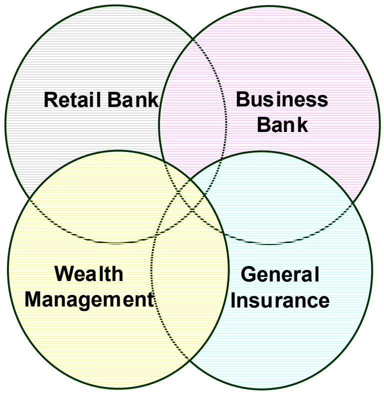
To increase the penetration of our customer bases, we will focus on our internal referral processes, provide enhanced customer management tools to our Advisors, and improve our segmentation approach.

To respond to a competitive market environment, customer retention will have an increased focus for each functional area.

To support our growth aspirations, we will be extending our distribution beyond our internal network into select IFA/Master Trust platforms and utilising our investment capability to capture an increased portion of the institutional market.

Wealth Management initiatives

Maximise sales to Suncorp customers



Core market is Qld, via Suncorp Internal Distribution Network

- Focus: grow share of wallet from 8% to 10%
- Segmentation aligned to customer needs to drive growth in new customer segments - pre-retirees, young accumulators
- Enhance financial planning tools to promote relationship based sales
- SME Banking/GIO Workcover customers for employer sponsored super

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Let me now talk about customer growth.

Suncorp has outstanding cross-sell capabilities and it is these capabilities we will utilise to grow the Wealth management customer base.

Our strategy has a number of aspects.

We have in place robust customer segmentation and an understanding of customer needs. To date we have focussed on the mass market, lump sum retiree market. We have enjoyed strong success in this market. But with stronger segmentation techniques we will now extend ourselves into broader segments including the General Insurance base, SME employer base, and the pre-retirees and the young accumulator segments.

We will utilise our proprietary distribution network for referral sources to our Financial Advisors to lift our penetration of Retail Bank Customer from 8% to 10% over the next 3 years.

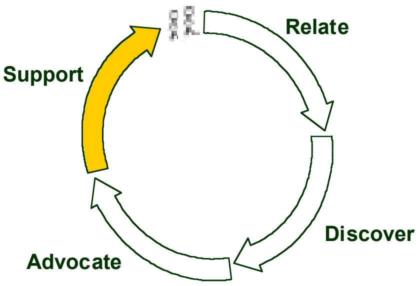
We have embedded into our processes a customer relationship tool which provides the critical customer information which enables us to design and implement appropriate value propositions and manage referral processes.

In addition, we are introducing improved financial planning tools to our internal advisers which will result in improved strike rates and increased WM products per customers.

Wealth Management initiatives

We will improve customer retention through implementation of a number of "support" initiatives

Financial Advice Platform



Ongoing Support is key to Customer Retention

- KPI/incentive schemes
- Customer service intervention protocols
- Customer management program
- Ongoing annual reviews
- Proactive customer communication

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Our second major initiative centres on customer retention.

Here we will be strengthening our customer retention protocols and processes designed to provide better on-going support to WM customers.

Customer retention is an industry wide issue. A recent survey by "Personal Investor" magazine indicated that 40% of customers have changed their FA in the past 12 months. So at an industry level the weak link in the Financial Advice chain occurs at the "support" or ongoing customer management level. At Suncorp we have core organisational strengths that Wealth Management can leverage to be among the best at customer retention. These are:

• Our customer service ethic

• Willingness of our frontline staff to understand customers and meet their needs across Banking, Insurance & Wealth management

• Our embedded systems and processes that facilitate customer management

We are approaching retention on a number of levels:

• Through the FA KPI/incentives scheme

• The introduction of annual reviews for customers

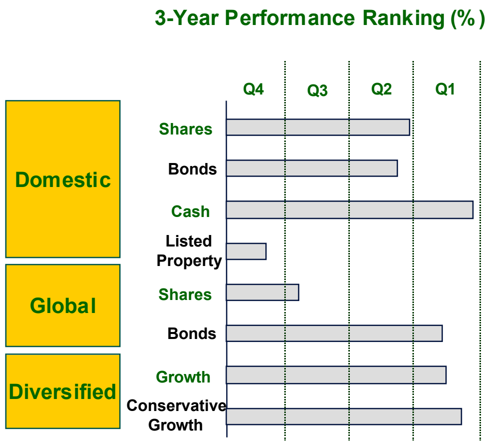
• Using our CRM system to provide customer management across all of the touch points. This enables each person who interacts with the customer to know their details and provide the customer with access to a financial planner either face to face or over the phone.

• Customer communication program to manage customers through changes to FAs

This focus on the "Support" element of financial advice sales/service model through these and other initiatives we believe is the key to superior customer retention for Suncorp.

Wealth Management initiatives

Interstate expansion will focus on the NSW and Victorian markets



- Obtain Assirt Rating for select Suncorp Investment/Super products
- Active Business Development support to established IFA network
- Position SIM as niche, wholesale investment option on 3rd party Master Trust platforms

Note: 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

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Another major initiative is interstate expansion. Here we will focus on the NSW and Victorian markets.

The leverage point we will use for our expansion outside of our proprietary network and into States outside Queensland will be our strong investment performance. Here I refer to our core competency in managing Cash, Australian fixed interest and Australian equities.

This Graph highlights our wholesale performance over the past 3 years in these key asset categories and in the diversified funds which we offer to our whole superannuation clients.

Our consistency is demonstrated by the fact that we are one of only 4 fund managers who have performed in the top quartile in each of the past 5 years in the Growth Fund sector (Superannuation). The other 3 managers are Maple-Brown, Tyndall (Value Mgr) and BGI (Neutral).

We believe that now is the time to take this investment capability outside of the proprietary network, and as such we will be pushing on both wholesale and retail fronts to grow FUM.

Our current size and style bias (Neutral) will enable us to continue to deliver superior investment performance.

Our expansion will be underpinned by obtaining an ASSIRT rating to facilitate sales via the IFA network, and to have our funds listed on select Master Trust platforms.

In addition, as my colleagues build their customer bases we will utilise our proven cross sell capabilities to offer Wealth Management products to these new customers. This is already well underway with our GIO customers

Wealth Management summary

- Industry on a growth trajectory
- Suncorp well positioned, with strong brand and major cross sell opportunities
- We will be a manufacturer and distributor
- Core market will be existing Suncorp customers, via internal FA network
- Focus on retention via increased support systems
- Leverage investment performance to grow retail and wholesale FUM
- Confident outlook for the future

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The Wealth Management industry has gone through dramatic change over the past decade. It is an industry on a growth trajectory as you and I and many Australians invest for their retirement and future wealth.

Suncorp is well positioned to take advantage of this growth with our strong brand and cross sell capabilities through our customer focus and embedded systems and processes.

We will continue to be both a manufacturer and distributor as there is profit along the value chain for us and it provides us with the flexibility to bring together the most appropriate product range for our customers.

Our core market is Suncorp's customer base and our primary distribution will continue to be our own Financial Advisors.

We will focus on closing the financial advice loop through strengthening our customer retention efforts.

We are in a time of change and uncertainty. I am confident that the medium term growth outlook plus Suncorp's capabilities in customer management and Investment performance will deliver a strong, profitable Wealth Management business for our customers, staff and shareholders.

Thank you for your attention today.

I will now hand over to Mark Blucher who will take you through the Retail Banking strategy.

Agenda

- Overview - John Mulcahy
  - External environment
  - Strong strategic base
  - Our path to unlocking shareholder value
- **Business Unit Strategies**
  - Business Banking - Ray Reimer
  - General Insurance - John Trowbridge
  - Wealth Management - Bernadette Fifield
  - **Retail Banking - Mark Blucher**
- Corporate Centre - John Mulcahy
- Capital, Financial Position, Outlook - Chris Skilton
- Summary and Close - John Mulcahy

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Thank you Bernadette and good morning everyone.

My presentation today will following a similar structure as the previous speakers.

In saying this, it is clear from your assessment of Suncorp that the improvement of Retail Banking is a priority. My presentation today sets out the strategy for achieving this improvement. I will also cover specifically improvement strategies and initiatives for our Home Loan business and Retail Distribution.

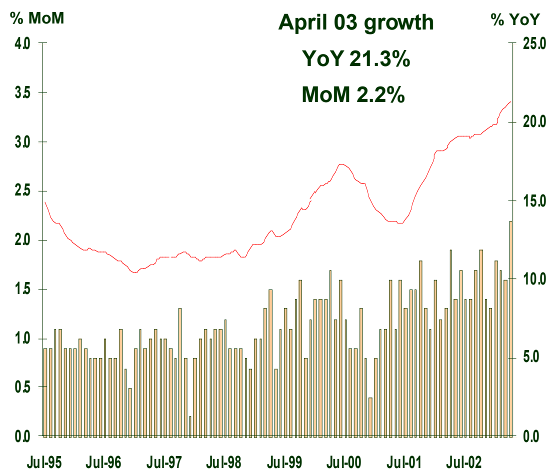
What you see today is already underway in Retail Banking. In taking up this role in March it was clear that quick and decisive action was needed to improve performance.

Improved performance will only be delivered with excellent implementation and I will explain how we are using the Group Transformation process to ensure achievement of our objectives.

Firstly, just a quick look at the environment in which we operate.

Retail Banking environment

Housing credit growth - July 1995 to April 2003



- **Credit growth remains strong**
- **Strong housing lending expected to moderate**
- **Continued shift towards fee income diversification**
- **Increased distribution via brokers**
- **Significant reputational challenges**

Source: RBA

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This chart measures Housing Credit growth.

Overall credit growth remains strong, particularly in housing, which has demonstrated unprecedented strength and has persisted beyond most expectations. Housing credit was up 21.3% YoY to April, the highest rate for the last decade.

Levels of growth, however, are considered unsustainable and we would expect housing lending to moderate in the future. Recently when I was speaking with our L J Hooker colleagues they indicated they are now seeing signs of a slow down particularly in Victoria. The actual number of sales are decreasing and whilst auction clearance rates remain high, the number of properties going to auction is declining.

More broadly within the retail banking sector, we have seen a number of trends emerging over the past decade. One has been the continued shift towards fee income as a substitute for net interest income. We would expect this trend to continue into the future.

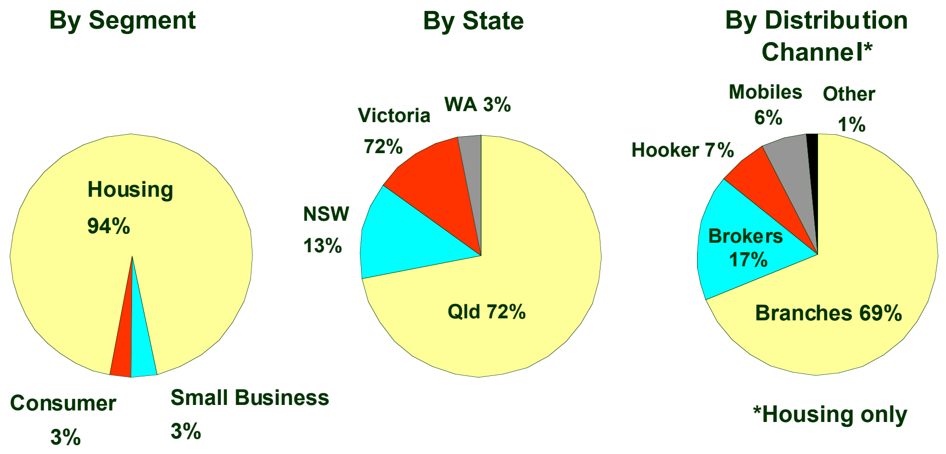
We have also seen strong growth in broker business over the past decade, and again, we would expect that to continue.

Perhaps because of the introduction of bank fees, but also because of a number of other factors such as branch closures, the banking sector has been facing substantial reputational challenges over the past decade. That has not abated, and the Big Four banks in particular are struggling to overcome a widely held perception that they are not interested in their customers and do not provide appropriate service levels.

As a regional bank, we will certainly be working to maintain the healthy lead we enjoy over our big bank competitors in terms of customer satisfaction and service levels.

Retail Banking portfolio mix

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



(As at December 2002. Includes securitised assets)

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As you can see from the chart on the left, our retail portfolio is dominated by housing, making up $13.7 billion out of a total of $14.6 billion, including securitised balances.

Consumer and small business are only a small proportion of the book.

The middle chart shows geographically that 72% of the portfolio is located in Queensland, but we have a growing proportion interstate driven by our relationship with LJ Hooker, and also from our broker channels.

You can see from the chart on the right that the branch network continues to be the primary distribution mechanism for housing loans, and brokers, excluding LJ Hooker, account for just 17%. Including LJ Hooker, the proportion increases to 24%.

I would like now to turn to the Vision for Retail Banking which supports the Group Vision you have seen earlier.

Retail Banking vision

Most desirable Retail Bank in Queensland and fastest growing in National niches

Achieved through:

- Being recognised for top quartile financial performance
- Great value for money customer service
- Flawless processes
- Simple easy to use products
- Employees who care for the company, customers and community

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In essence our vision has us owning the Queensland retail market in our key segments and products, and pursuing growth in selective segments and products outside Queensland.

• Top Quartile - our financial goals and budgets will achieve this position.

• Value for money - the important point here is that we do not plan to be the least or most expensive but our customers will see because of our great service, real value for money in rates and fees.

• Flawless processes - this is a minimum requirement from our customers. Many of you will have heard of plans to enhance customer satisfaction to world class levels and the like. Well it starts by not making mistakes. You and I as customers of any company would expect that as a minimum. Leveraging our group capability via Transformation and our Six Sigma program we are setting about simplifying and streamlining our core processes. We have already applied this to our Home Loan process and I will cover this later in the presentation.

• Simple products - we are simplifying our product sets especially in Home Loans and Transaction products. This includes the terms and conditions and fees. We are far too complex especially when we consider the scale of our business.

• Employees - this last area is a strength in our company and our objective is to leverage our unique can do and customer service culture.

I will now cover the initiatives to support the vision and strategy.

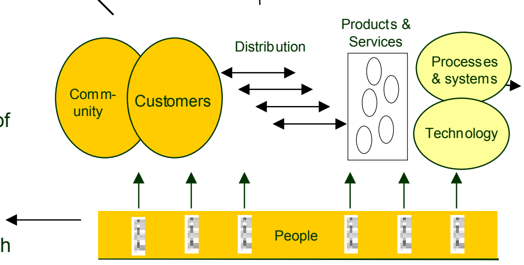
Retail Banking strategy

The Retail Banking strategy revolves around developing enhanced customer value propositions and improving the way we do business

- Create discreet customer value propositions. E.g. mass market, premium customers
- Outbound customer contact programme to increase retention
- Drive CSI results
- Re-emphasise retail brand position

- Review branch footprint
- New sales management model
- Introduce specialised lenders
- Leverage intermediaries and GIO base

- Rapid fix on home loan business
- Greatly simplify products
- Pricing excellence
- Focus on “main bank” and retention products



- Accountable “small businesses”
- Framework – “Line of sight” KPI’s
- “Real” pay for performance
- Improved career path via new distribution model

- Launch BAU and Concentrated Transformation
- Excellence in initiatives implementation
- Develop a business planning model that links with Transformation
- Leverage Group assets

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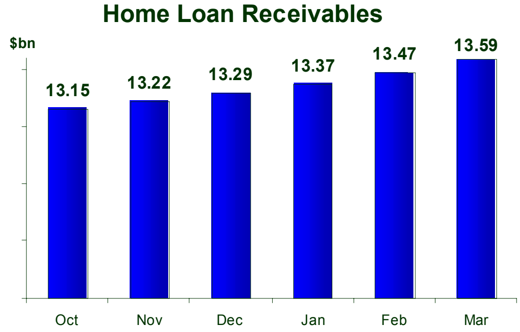
This is our version of the business model, and we have worked hard to ensure that each of these areas is properly dealt with in our strategy.

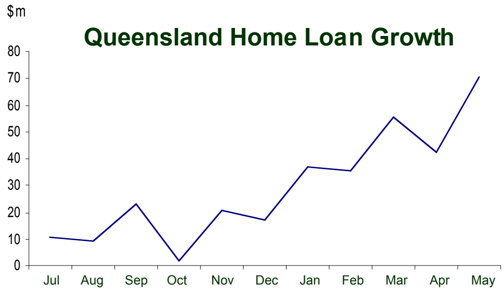
I will focus on a few areas of particular interest to you that we we are implementing.

- Our focus on customer retention
- The restructure of our broker channel network
- Our ability to maximise distribution infrastructure synergies
- Our plans to strengthen our transaction deposit growth
- Our ability to leverage actuarial expertise across the group

I am now going to give you an insight into our progress in addressing two key areas, our Home Loan business and Retail Distribution.

Retail Banking initiatives





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

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Given the dominance of home lending in our portfolio, it is important that we improve and then maintain strong performance in this segment.

At the last result, we reported that we while we were getting solid asset growth, we were losing market share in housing especially in Queensland. That was for a couple of reasons - the first home owner scheme affect and our relatively lower exposure to the broker network. We have seen this market share decline arrested and that is shown in the top chart.

In December 2002 a number of tactical initiatives were launched to improve our Home Loan growth. These initiatives included outbound retention calling programs, an initiative launched to identify customers at risk of leaving, dedicated lending specialists for high value customers, and simplifying loan approvals especially for existing customers. More recently we have moved to have introducer commissions in line with our competitors and have used sharper pricing to generate leads, although I can assure we are managing this mix to ensure we maintain our margins.

These initiatives have had a positive effect on our portfolio growth as demonstrated in the bottom chart.

We are now implementing initiatives to lift our performance further.

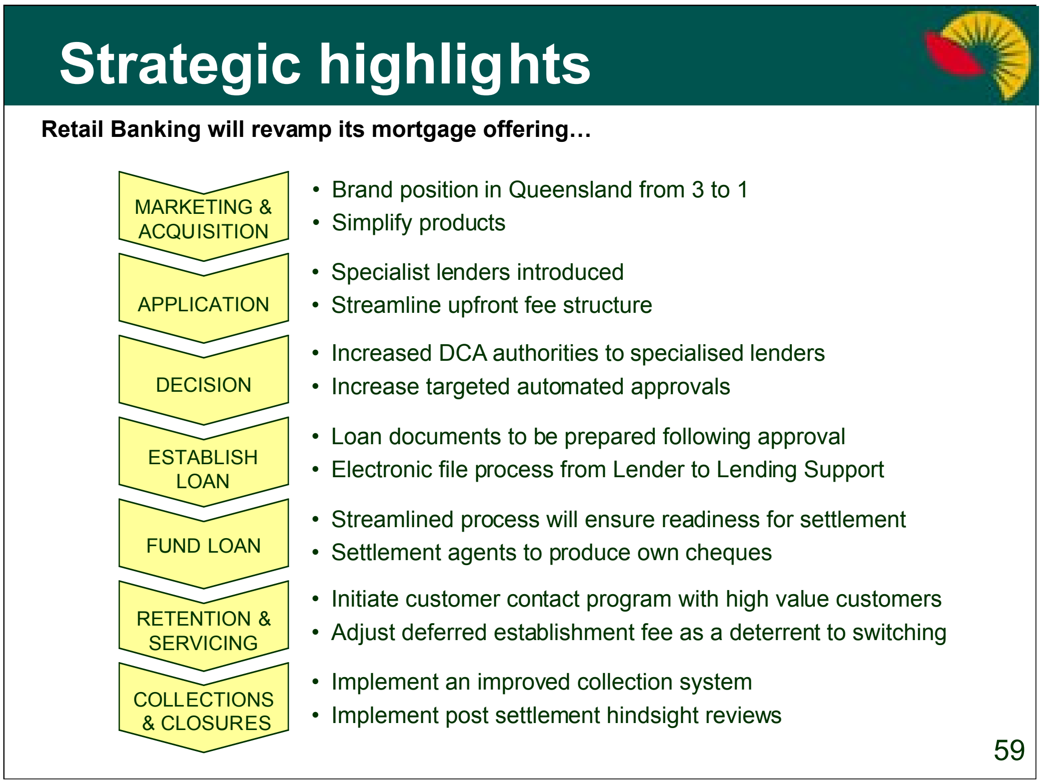
Firstly, we will be deepening our segmentation strategies and devising different value propositions for mass market, premium customers, first home buyers and investment buyers.

We are moving to a simpler product set, reducing complexity and making the business of Home Loans easier for staff and customers. Fees and charges will also be simplified.

We will be re-organising our home loan distribution by introducing a specialist home lending team, which will be accredited (following training and independent assessment) and given increased lending discretion’s and delegations.

As mentioned earlier we are also increasing the scale and scope of our in-house lending retention team.

Finally, we are also implementing Transformation of our home lending process to simplify and streamline the customer experience. The next slide takes you through some of the detailed initiatives we are putting in place right now.



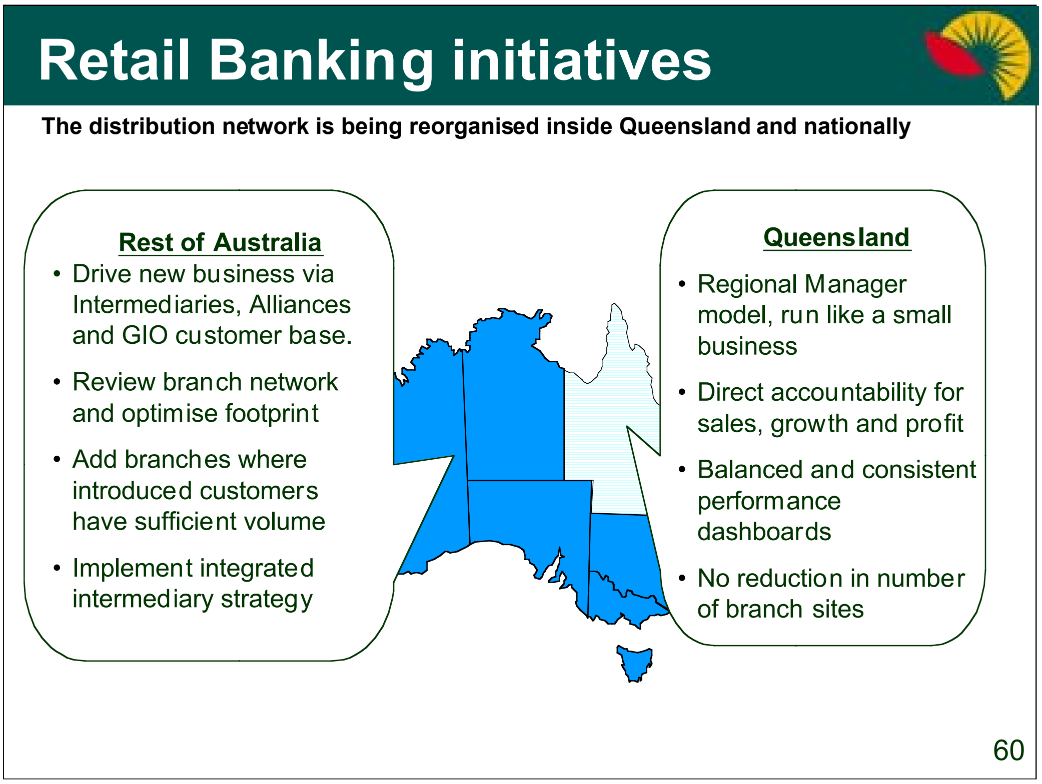
We are making changes at every stage of the mortgage lending process, from the initial marketing and acquisition, the application, approval, right through to closure, to improve the customer experience. A number of the changes under way are included here.

Our aim is to make it work seamlessly every time, with no errors or unnecessary delays. We want to get that customer out of the market and on our balance sheet as quickly as possible, with no frustration for the customer that could lead to that person taking the business elsewhere.

It is all about fixing core processes, via direct proprietary channels and via brokers.

We are currently piloting the new lending process in selected branches and broker channels. The results are excellent with customers and staff have been amazed at the simplicity, speed and flawless nature of the process.

I am confident this initiative will not only significantly improve efficiency, but also strongly drive growth in Home Loans.



The distribution model is being restructured both within Queensland and in other states.

Starting with the Queensland model, we are turning each of our areas into fully accountable small businesses. In the past, we have had two or three area managers in each region, with one area manager responsible for branches, one for Financial Advisors, and one for small business etc. We are now moving to one person for all retail business in any of our 12 regions. That person will have leaders for lending, wealth management and retail deposits to drive the results for those businesses.

Regional managers will be running their region with broad authority to make decisions, but they will also be fully accountable for the results. There will be a much more direct link between performance and pay, based on balanced and consistent performance dashboards, which will drive increased performance.

This will give us most of the benefits available from a franchise model, without the risk of losing the ownership of the customer.

We also intend to retain the existing branch numbers in Queensland, where we have 172 branches and agencies, although we will be reviewing the network to ensure that the branches are in the right locations in accordance with customer demand and demographic shifts.

Outside of Queensland our new business strategy will be driving acquisition via alliances, intermediaries and accessing the GIO customer base.

We will be reviewing our branch network to optimise productivity and ensure we have a clear alignment with our customer base.

Going forward, we will be investing in new sites but only where we have already generated sufficient new customers to make the sites profitable.

Finally, as mentioned earlier we are developing a comprehensive intermediary strategy to differentiate our offer in this market.

Now, I would like to summarise Retail Banking for you.

Retail Banking summary

- We are a super-regional bank, not a Big 4
- Back to basics focus on core bank products and services - home lending, small business, transaction accounts and retail deposits
- Goal to achieve system rates of growth or better
- Achieve strong home loan growth in Qld and grow interstate via Intermediaries and Alliances
- Strong expense management to ensure bottom line targets are achieved
- Deliver superior performance and profitability

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In summary, we are a super regional and we will be acting as such, leveraging our unique strengths to compete in the market.

Our focus will be competing with excellence in the 4 core areas identified here.

We will be achieving system rates of growth or better in our core segments and products.

We will regain our home loan growth momentum in Queensland and via brokers and alliances achieve profitable growth interstate

We will manage our expenses carefully, invest wisely and ensure bottom line targets are achieved.

And the bottom line from my presentation is ..

We will deliver to our shareholders superior performance, and profitability.

The initiatives to deliver this strategy are already underway and I look forward to updating you with progress when we announce our annual results.

Thank You. I will now hand back to John.

Agenda

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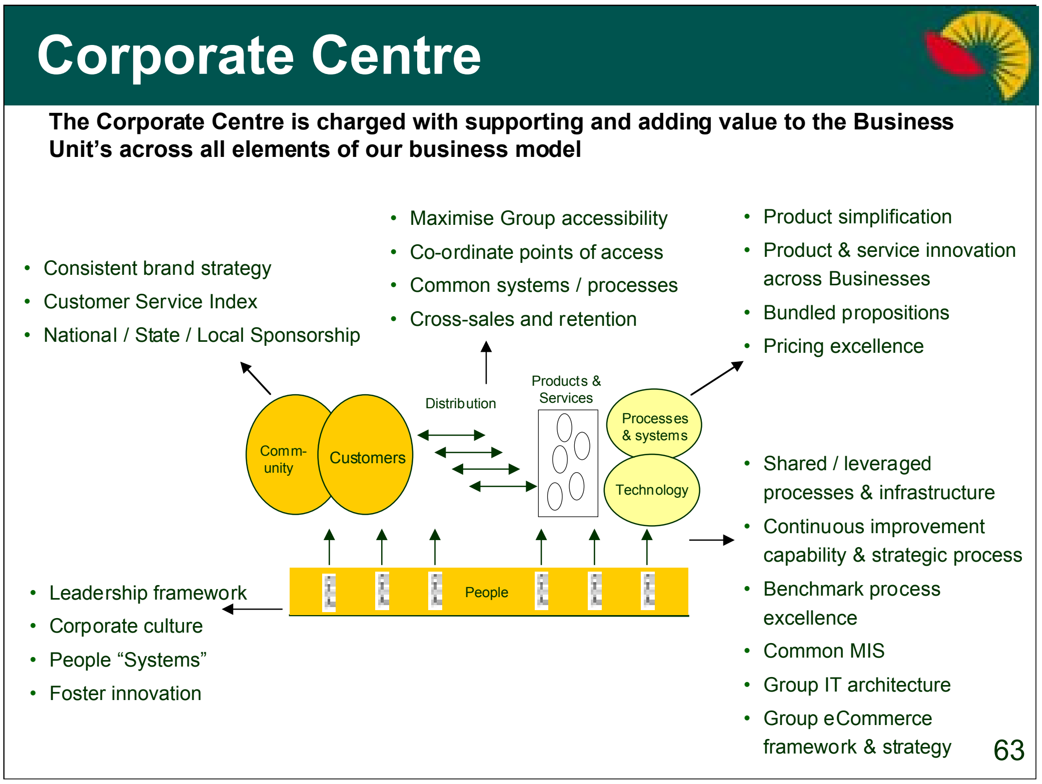
Thank you Mark.

I hope that those presentations give you a taste of the main strategic initiatives and directions we intend to pursue.

Of course a key factor in the success of this strategy is the effective functioning of the corporate centre.

I mentioned earlier that the role of the corporate centre can be viewed as two fold - to act as a resource allocator and synergy extractor. I would like to just expand on that for a few minutes.



The corporate centre is charged with supporting and adding value to the business units across all elements of our business. So its functions include Strategy, HR, IT, Finance, Project Management, Group Marketing, Group Communications, MIS, Credit and Actuarial. Here on this slide are some of the initiatives being implemented in the corporate centre, and I would just like to comment on a couple of them here.

Segmentation We will ensure the adoption of a customer centric approach across the company by the design and implementation of a group wide segmentation process. Under that process, we have chosen a customer hierarchy, which places Business Banking at the top, followed by Retail Banking, Wealth Management and GI. The hierarchy has been decided based on the expected depth of relationship. Of the products owned by a particular customer, the highest level in the hierarchy determines which business unit is responsible for management of that customer. It makes a business line accountable for that customer relationship, cross sale, customer retention, profitability and communication.

CSI One key initiative we are in the process of introducing is the customer service index, which is a cross-business barometer on how well we are going at serving customers. It is measured by looking at each of our key customer contact points and track our performance against nominated benchmarks, such as the waiting times in branches, or the time it takes for car repairs. We then use customer satisfaction surveys to ensure that customers perceptions are matching our delivery achievements. This will help to embed a customer focus across the company and give us a measure to track performance and drive improvement.

Looking at **Group IT**, we have in house a very effective IT division focused on delivering desired customer outcomes in a cost effective way. It is benchmarked as a low cost provider, with its projects and priorities driven by demand from the business lines. We recently had a benchmarking exercise done which identified opportunities and we now have action plans.

Another point I would like to make here is regarding the Suncorp corporate culture, which is a real can-do culture. There are no internal battles being waged between business silos. Instead there is an excellent team based attitude, which is reflected in our overall approach to our customers. The Suncorp culture sees an organisation that endorses and implements change readily, and where our people can accept cross fertilisation opportunities within the conglomerate. That allows us to optimise skills allocation.

I would now like to talk in detail about a couple of important initiatives being implemented by the Corporate Centre, and the first of these is our brand strategy.

Consistent brand strategy

Consistent with our conglomerate strategy we will pursue a multi-brand strategy with common values / personality

Shared Brand Personality Characteristics

Listeners: caring and attentive

Enthusiastic: keen to improve

Action oriented: solution focused

Professional: aspiring to be best

SUNCORP

GIO

A SUNCORP COMPANY

"Be Heard"

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The Corporate Centre has an important role to play in marketing - designing and implementing our new national marketing strategy. Prior to the GIO acquisition, we focused on establishing one brand in Suncorp, because we already had deep penetration of the Queensland market with that brand.

With the GIO acquisition, we need to adopt a different approach to take advantage of the GIO brand strengths.

We will manage the brand as part of a multibrand strategy, using GIO for General Insurance outside of Queensland, and growing Suncorp as a national brand for banking. We also will consider other brands for other specific product sets.

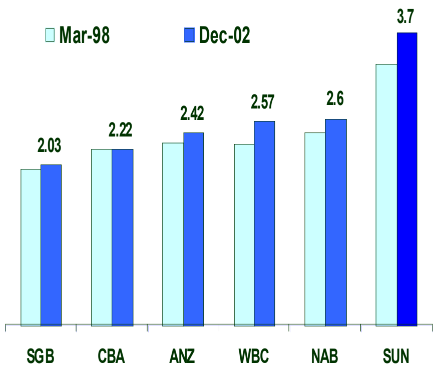
We will launch a new Suncorp brand campaign next month around the tagline "Be Heard", and shortly will launch a new brand campaign for GIO. After considerable brand and customer research, we have decided to build the personalities of our brands as being good listeners, keen to improve, action orientated and professional.

Our sponsorship of Rugby World Cup 2003 will ensure that our Suncorp and GIO brands share in the scale, energy and excitement of this major international event. Leveraging plans are at an advanced state to ensure a significant ROI is generated through this event.

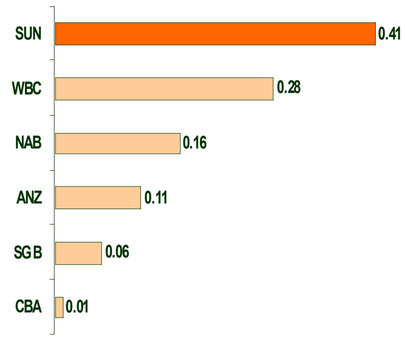
Cross sell and retention

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

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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Another important strategy relates to cross sales and retention.

Clearly, the financial conglomerate model provides us with revenue enhancements by a range of opportunities to sell additional products to our customers.

These are achieved via increased cross sales between business lines, taking advantage of our brand position, our customer information, and our product range.

This builds on the Allfinanz tactic the company has successfully focused on in the past, and you can see that we have already built a good track record. Not only do we have the highest rate of cross sales, but we are increasing it faster than anyone else.

However, we have refined the Allfinanz approach so that we are going to be more targeted and efficient in our cross sales. We are not seeking to sell all products to all customers, but we will be more focused at a business line level on identifying opportunities in our group customer base to maximise sales. When our GI unit looks to sell more products, the first place it will look will be the retail bank customer base, and vice versa. An existing customer relationship will help us to design better offers, target better customers and improve our performance.

Importantly, our out-performance is not simply a function of our heritage and our inherited customer base. If you look at the home insurance market in Queensland, approximately 30% of home insurance buyers buy our products. But of our banking customers, 50% buy our home insurance product. That means that we are achieving higher penetration rates of our customers than would be expected given our market share position.

We are also lifting our cross sales rates through our CRM system, called Enterprise.

Cross sell and retention

A common CRM system, Enterprise, is leveraged across the group for revenue and cost benefits

Usage

- 900 concurrent users daily
- 2,721 logged on at least once in February 2003
- 4,144 users have logged on at least once since launch

Results

- 118,000 sales opportunities created
- 78,000 follow ups
- 53,000 needs interviews and 16,500 X-sell opportunities
- 45,000 FA referrals

Benefits

- Real time marketing
  - Staff at customer interfaces are empowered to capture cross-sell opportunities
- Increased accuracy and currency of customer information
- Collection of customer centric information
  - Increased sales effectiveness
  - Increased effectiveness of marketing

Figures shown are for period April 02 – Feb 03

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Our Enterprise system is at the forefront in the industry. It provides a single customer view for all Suncorp customers and products. This allows our sales and service people to understand the true value of the customer relationship, identify any product or service gaps, contact history, and relationships between customers and Suncorp.

Enterprise is therefore the enabler and facilitator of the cross-sell process, and has generated some 118,000 sales opportunities in the year to date.

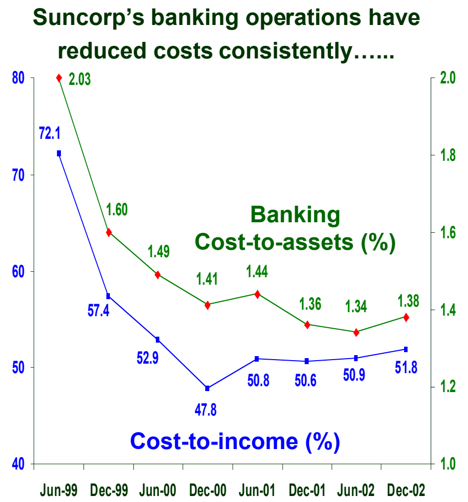
Sometimes a customer may not be in the market for a particular need at the time our people are talking with them. Enterprise provides the facility to store follow-ups against a customer record. The sales and service person is then reminded of the follow up at a chosen date in the future. So far this year Suncorp people have generated 78,092 follow-ups.

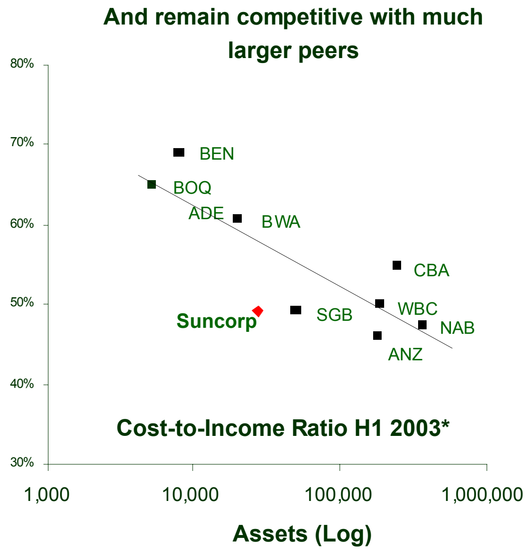
One of our service offerings to customers is the provision of a needs assessment interview. In these interviews we ask our customers to spend 10-15 minutes with us and we can help them save time and money in the way they do their banking and insurances. These interviews are facilitated by Enterprise, so far this year we have conducted 53,000 interviews. From these 16,550 cross-selling opportunities were referred in Enterprise to another sales person and 11,038 service needs were identified. These interviews (through Enterprise) also allow us to collect products that our customers have with competitors and then follow then up at an appropriate time.

Enterprise facilitates the process Suncorp has in referring our customers to Financial Advisers. So far this year 45,381 requests have been sent through Enterprise. It also provides campaign tracking functionality to close the loop on cross sale marketing activities.

We believe we now have a great opportunity to drive increasing benefits from Enterprise, combined with our clearer focus on customer and business line accountability.

Leveraging shared processes





* 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

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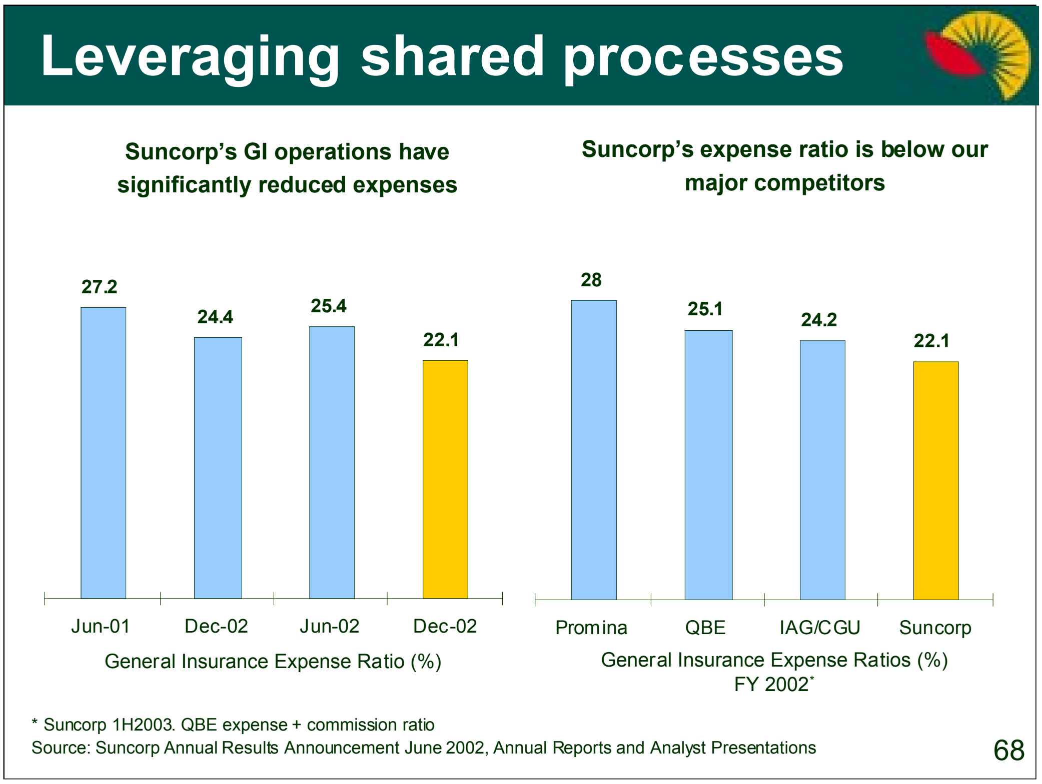
Enterprise is also an example of how the financial conglomerate model enables us to leverage shared processes across the company to drive greater efficiencies.

Cost synergies are clearly an important benefit of the financial conglomerate model - if the corporate centre is doing its job effectively, there will be a range of operating expense savings that can be achieved. It is obvious across areas such as marketing, distribution, finance, corporate overheads etc. In IT, we have gleaned major synergies by being able to utilize a common platform across a number of systems and business lines. It's obvious.

These savings are already being achieved within the company, as demonstrated by the strength of our cost ratios in the bank and the general insurance company.

You can see that our cost to assets ratio and cost to income have fallen substantially in the past few years as we have drawn out the benefits of our original 1996 merger. Our cost to assets ratio is amongst the best in Australia, and our cost to income ratio, at 51% is in line with the average of the majors, and a very low ratio for a bank of our size, as you can see from the chart on the right.



In the general insurer, our expense ratio at 22% 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. 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.

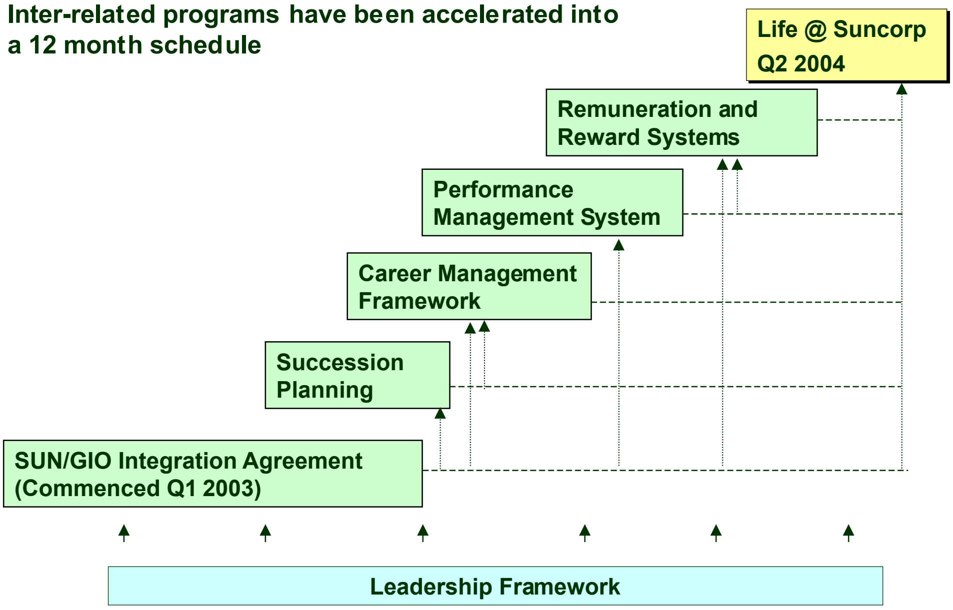
We are working on a range of initiatives to continue to drive operating synergies from the organisation. A couple of examples of that are:

1) We have established a corporate projects division to specifically manage large projects across the company in a systematic way, to ensure they are delivered on time and on budget. We have put in very strong governance processes around projects to ensure that there is no heartache that often comes from major projects running over time and over budget. We have an excellent track record in this respect, and we want to embed our existing strengths across the organisation. As part of that, we have put in place new disciplines involving a series of gates in every project lifecycle to ensure that they are meeting expectations and that the project investment continues to make sense. In addition there are similar product development process and system change processes again providing excellent controls to ensure benefits are tracked and delivered.

2) In the call centres, we have developed an innovative approach which has effectively split the call centres by product lines, but retained responsibility for the call centre infrastructure, technology resources management, systems design and external relationships in one central area - GI. That way we can ensure that the business lines control their business through the call centres, but at the same time, all of the available operating synergies are being captured.

Leadership framework

Inter-related programs have been accelerated into a 12 month schedule



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As a financial services conglomerate, we are essentially a people business, and therefore our success is dependent on the quality and skills of our people.

At Suncorp, we are working to establish a culture which values our people, cultivates a direct relationship with our workforce, provides strong career development, and rewards people appropriately for good performance.

We are in the midst of a restructuring of the company which ensures that tasks are correctly positioned within the organisation, at the appropriate level, with the right people in position and empowered and incentivised to carry out their jobs.

But that is just the start of a 12 month program we have put in place to lift employee satisfaction and drive improved performance.

Once we have the structure in place, the program will aim to enhance staff skills by providing a framework and process for up-skilling. We need to make sure that our people have skills as leaders and are motivated through a clear, transparent remuneration and reward system.

At the end of the process, we reach the position we call Life at Suncorp, which involves people having meaningful, satisfying jobs, clear career paths, strong skills and training, and healthy work/life balance. That is our aim.

So hopefully that has fleshed out for you some of the corporate centre strategies being implemented. I will now pass over to the CFO Chris Skilton to talk about our capital strategies, financial goals and outlook for the current year.

Agenda

- Overview - John Mulcahy
  - External environment
  - Strong strategic base
  - Our path to unlocking shareholder value
- Business Unit Strategies
  - Business Banking - Ray Reimer
  - General Insurance - John Trowbridge
  - Wealth Management - Bernadette Fifield
  - Retail Banking - Mark Blucher
- Corporate Centre - John Mulcahy
- **Capital, Financial Position, Outlook - Chris Skilton**
- Summary and Close - John Mulcahy

Thank you John and good morning everyone.

At the end of the day, all of the strategies that you have heard about this morning are aimed at improving profitability and lifting return on capital, which in turn is to drive a higher share price and lift returns to shareholders.

Capital allocation and capital policy therefore are vitally important, and they take on an extra complexity when considered in the context of a financial conglomerate.

So I want to outline what these policies are.

Capital policy

- **Conservative and flexible capital position to be maintained.**
  - Bank capital adequacy of between 10.0% and 10.5%
  - General Insurance solvency 1.35 - 1.5 times MCR
- **Economic Capital Allocation model to be adopted for internal purposes**

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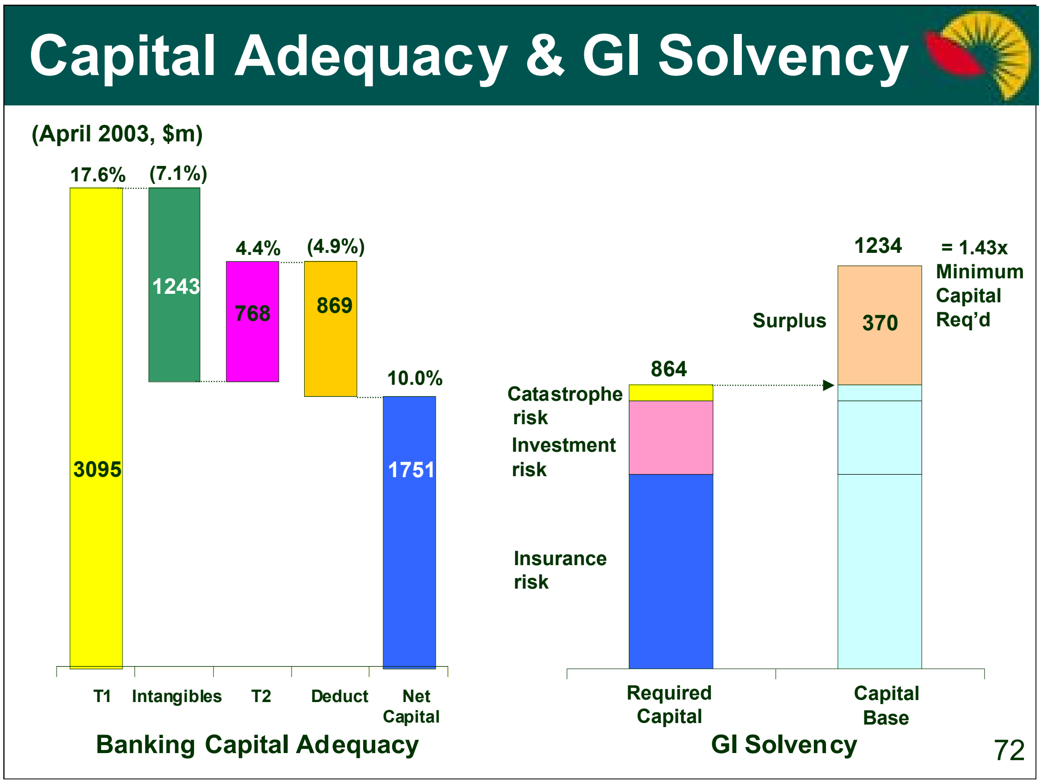
I would like to reconfirm that for the bank our target is to maintain our capital adequacy ratio at between 10% and 10.5%, and for the general insurer, a minimum capital ratio, (or MCR) of between 1.35 and 1.5.

This in both cases gives us a robust and conservative capital position without being able to be accused of having lazy capital.

I would also like to state here, because the question often arises, that there is no double leverage being achieved as a result of the ownership structure - i.e. because the bank owns the general insurer. This is because the total investment in the general insurer is deducted from the bank's total capital when calculating its capital adequacy position.

In addition to maintaining a robust regulatory position, we are also embarking on a project to significantly improve our internal allocation of economic capital, to customer segments, products and other parts of the value chain. When implemented, this will allow us to be much more sophisticated in measuring and optimising EVA, which is, as you are aware, one of the key determinants in maximizing shareholder value.



So, having stated what our policy is, what is our current position?

Our capital adequacy ratio in the bank at April 2003 was 10.0%, which is at the lower end of our target range.

With the recent issue of subordinated debt into the US and a $US500 million Apollo securitisation, I anticipate it will be closer to 10.5% at the end of June.

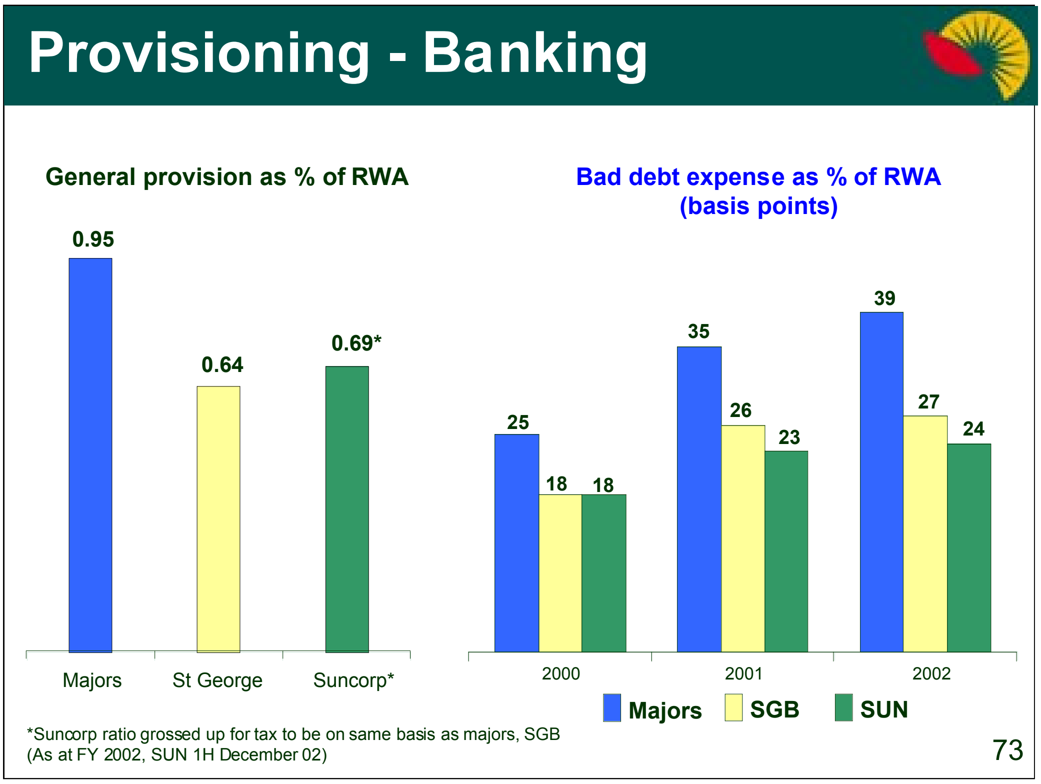
If we look at our solvency position at April 2003, required capital is $864m. We have actual capital of $1.234 billion, hence a surplus of $370 million and an MCR multiple of 1.43.

We have an agreed minimum with APRA of 1.25 but, as I said, like to run a more conservative position of between 1.35 and 1.5 and I would expect it to be around 1.45 at the end of the year.

As I said earlier, this I believe gives us a strong capital position without being able to be accused of having lazy capital.

When talking about capital, you also have to consider the strength of our provisions as in many respects they can be considered in the nature of quasi capital.

In respect of our claims liability provisions in the general insurer, we have a consistent conservative approach of maintaining a confidence level of approximately 90%, compared to APRA's minimum of 75%. Consequently, we remain one of the best provisioned insurers in Australia.



In respect of our general provision for loan losses, I would also suggest that we maintain a robust position compared to our peers, despite some continued skepticism in the market place. I hope that this slide illustrates the point.

Our general provision stands at 58pb of risk weighted assets, but if we fully tax effected it to bring it into line with the majors it would be 69bp. This compared to the majors at 95bp and St George at 64bp.

Why are we comfortable at that level? Well you can see on the right hand chart that our annual expense runs at a significantly lower level than our competitors. This is because, as I have stressed many times before, we have a book with a lower risk profile and which is more highly secured than our competitors.

If you look at the general provision as a percentage coverage of annual write-offs, which is not a bad comparison, you can see that based on the 2002 figures, we have 2.9 times coverage compared to the majors and St George at 2.4 times. Therefore I would suggest that our general provision, given the different composition of the book, is certainly no less robust and arguably stronger than our peers.

Capital

- **Capital ratios to be maintained in current year due to:**
  - Increased retained earnings
  - Dividend reinvestment plan
  - Securitisation programs to be extended
  - Potential hybrid issues in insurance subsidiary
  - Potential increase in existing pref share issue

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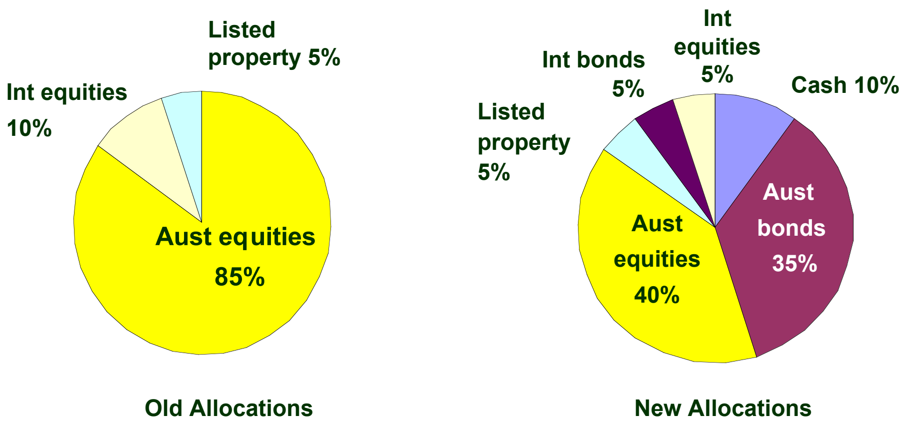
- In terms of maintaining our capital ratios we expect to be able to support the anticipated growth in the balance sheet through a combination of:
  - increased retained earnings
  - the dividend reinvestment plan
  - continued extension of securitisation programs

- We also have the ability to increase the existing preference share issue if required and we are also considering the possibility of a hybrid issue out of the insurance company.
- The latter would have the benefit of improving our ACE ratio, which is an important consideration when looking for a credit rating upgrade. ACE is currently running around 4% and I would prefer to see it move closer to 5%.
- Therefore I can confirm that in the absence of any corporate activity, we can fund any reasonable organic growth in the foreseeable future without having to raise additional Tier One capital. Equally we are unlikely to be in the position where we have surplus capital that we would consider returning to the shareholders via a buy back.

Reduce GI earnings volatility

We have taken steps to reduce the earnings volatility from our GI business

- **GI Shareholder Funds:**



- **Technical Reserves: 97% fixed interest and cash, 3% property**

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Still on the subject of capital, I would like to take this opportunity to announce a change in policy regarding the asset allocation of our shareholders funds in the General Insurer.

Up to now, we have taken the view that, as equities have, over a long period of time, proven to be the highest returning asset class, we should invest the bulk of our shareholders funds in that class. That view ignores the volatility that such concentration engenders in our earnings from reporting period to reporting period.

We, like many in the industry, have been reviewing the policy in the light of several factors.

1) that structurally the industry is moving to pricing for an appropriate return on capital. This means that we should see the industry moving to a position where it can and will generate consistent underwriting profits (at least the major players). That means there will be less reliance on income from shareholders funds to boost the bottom line

2) A growing view that the volatility in the bottom line caused by a high exposure to equities has a dampening effect on our P/E ratio.

3) The double digit annual returns of the 90s bull market are unlikely to be repeated over the next decade

As a consequence, we have decided to move to a more balanced portfolio with a benchmark weighting in Australian equities of 40% compared to the current 85%.

Our analysis indicates that this will halve the Value at Risk of our shareholders funds, whilst reducing the expected mean return by less than 150 basis points.

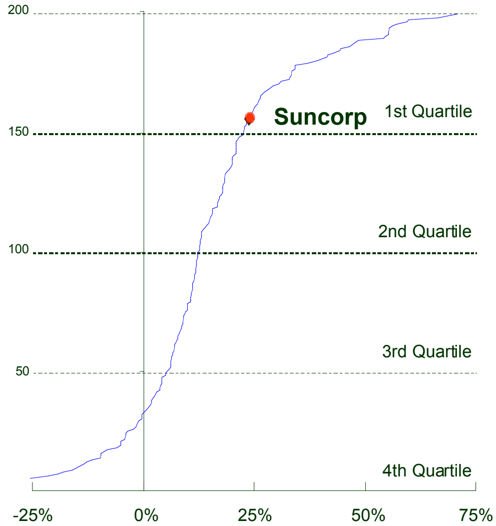
We believe that the reduced volatility resulting from this strategy will more than compensate in shareholder value for the reduction in long term earnings.

The rebalancing will be achieved fairly immediately by the use of derivatives, with the physicals being repositioned over a longer period. Also, given that bond yields are approaching 40 year lows, we are likely to reinvest the proceeds in cash rather than bonds in the short term.

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

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What are our long term financial goals?

Firstly, it is 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.

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.

In General Insurance, we expect to be able to achieve a consistent ITR 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.

If we do this we are confident we can achieve consistent ROEs in excess of 15% and be a top quartile company in terms of shareholder returns.

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

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Finally, our the outlook for the full year. We made some commitments in our outlook statement at the half year presentation that the market and many of you are clearly still skeptical about. With 4 days to go to the end of the year and in the absence of any major catastrophes in that period, I would like to restate our confidence in achieving these targets.

1) In banking, we expect modest growth in revenues combined with flattish expenses and loan loss charge, compared to the first half. This will lead to an increase in year on year pre tax profits in the range of 8% to 10%.

2) In General Insurance we expect an ITR in the range of 9% to 12% with an expense ratio around 21%. Obviously, assuming no major claims events over the next 4 days.

3) Wealth Management - second half profit flat on first half, lower over full year.

4) Consolidated - 20% increase in underlying operating profit before tax, goodwill and investment income on GI shareholders funds

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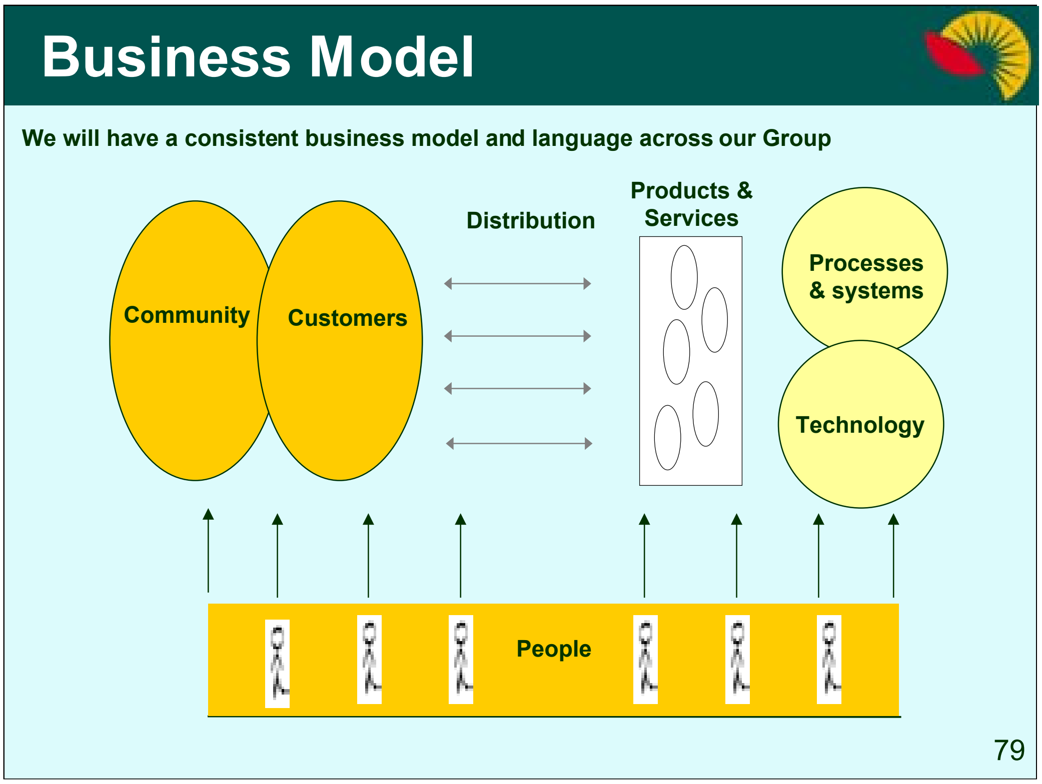
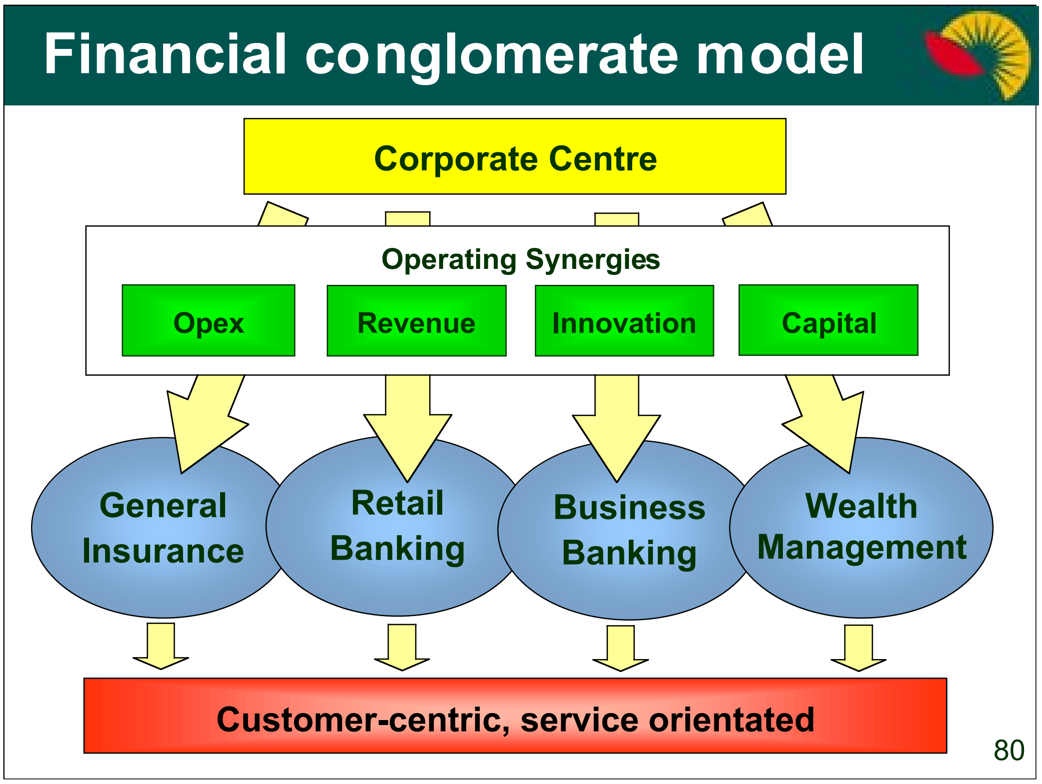


Thank you Chris.

So now to summarise what you've heard this morning.

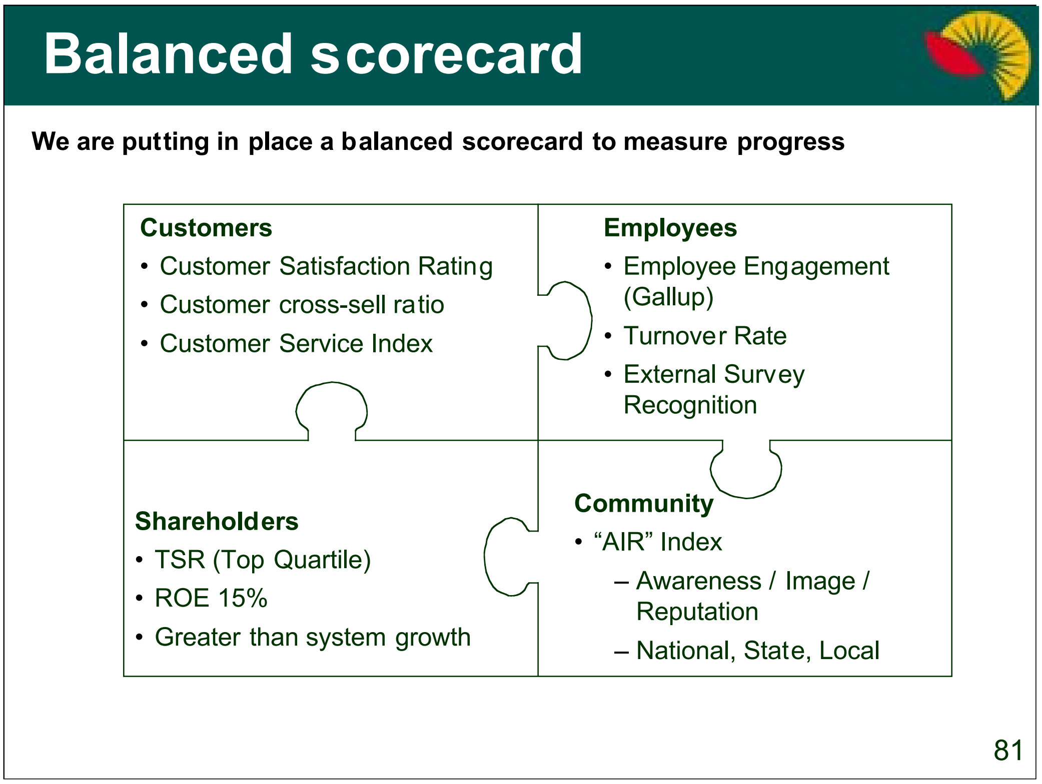
We have developed a consistent business model across the organisation. We have multi-level strategy with goals set and outcomes expected for each component of the business model at each level of the organisation.



Those goals will be achieved within the framework of our corporate model, which, quite simply, means that we will operate four distinct business lines beneath a focused corporate centre that will house shared services. The corporate centre structure allows us to take advantage of a variety of significant synergies in four areas - operating expenses, revenues, innovation and capital.

These synergies will 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.

As long as we have the underlying business lines operating efficiently, and at least as profitably as their peers, then the additional synergies and benefits we can extract through the financial conglomerate model will mean we can deliver returns better than our peers. Hence we will reach the desired outcome where the market values us at greater than the sum of the parts, and 1+1+1=4.



The key then becomes execution. We have to make sure that we execute and achieve our objectives, not just talk about them. One way of ensuring that happens is to put in place a mechanism to measure our performance and track progress. So we are putting in place multi-layered Suncorp balanced scorecards. These are being developed and will be cascaded through the organisation to ensure we are all aligned. The overall group summary is shown on this slide.

Clearly, customers are the starting point and as I said earlier, we are developing a customer service index that measures their perception of our performance. We also will use satisfaction ratings and cross sell statistics in that assessment.

For employees, we are already using the Gallup survey, which is an excellent indicator of employee commitment and satisfaction. And we will also be using turnover rates and other external surveys as measures of performance.

Obviously, community perception is incredibly important these days, and we are deeply committed to adopting the highest levels of corporate governance and ethical standards. We will continue to aim to be a good corporate citizen and demonstrate our community involvement through appropriate sponsorship and philanthropic activity. There is a range of external community surveys we can use to measure our performance in that respect.

And finally, for shareholders, the key financial goals that Chris spoke of will provide us with a solid framework to judge performance.

These four groups are the main stakeholders in the company, and satisfying their requirements are the main priorities of the total Suncorp team. It is therefore fitting that they should each have a place within our overall group vision.

Suncorp Vision

"To be the Most Desirable Financial Services Company in Australia"

- *For our customers to do business with*
- *For our employees to work for*
- *For the community to be associated with*
- *For our shareholders to invest in*

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That vision is "to be the most desirable financial services company in Australia."

We want to achieve that status for our customers, as the most desirable company to do business with.

For our employees, as the most desirable company to work for.

For the community, the most desirable company to be associated with.

And for our shareholders, as the best company to invest in.

Those are all ambitious goals, but we believe that our strategy and approach can deliver those outcomes.

Where the company's strategy previously was a little confused, even a little lost perhaps, we now have a clear strategy for the future, and sensible realistic plans. We can proceed to realign the company behind the strategy, make sure that everyone fully understands their role and has the skills and resources to do their jobs well. We can now marshal our troops behind the leadership and move forward with a committed team. At the end of the day that is what will make the difference in the organisation. We now all know where we are going and how we're going to get there.

The focus for us now moves onto execution. In fact we have already started down that track and are achieving results. Clearly, Suncorp has a long, solid track record of achievement, as demonstrated through the initial merger and the subsequent GIO merger. So I, and the rest of the leadership team, are very confident that we will be able to move forward with this strategy and deliver excellent results.

Questions

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