SUNCORP-METWAY LTD

2005 Interim Results Presentation

25 February 2005

SLIDE

Good morning ladies and gentlemen and thank you for your attendance today. I know it has been a hectic reporting period.

You would probably have already seen the results announcement.

Our profit was clearly foreshadowed by our earnings upgrade statement in January so there are no surprises, although a lot more detail.

This is obviously a good result Very solid, high quality earnings growth and a very clean set of numbers.

Certainly the external operating environment has been very favourable, and that has underpinned the profitability of the Group.

But on top of that we've made a number of changes and improvements that have lifted the performance of the business.

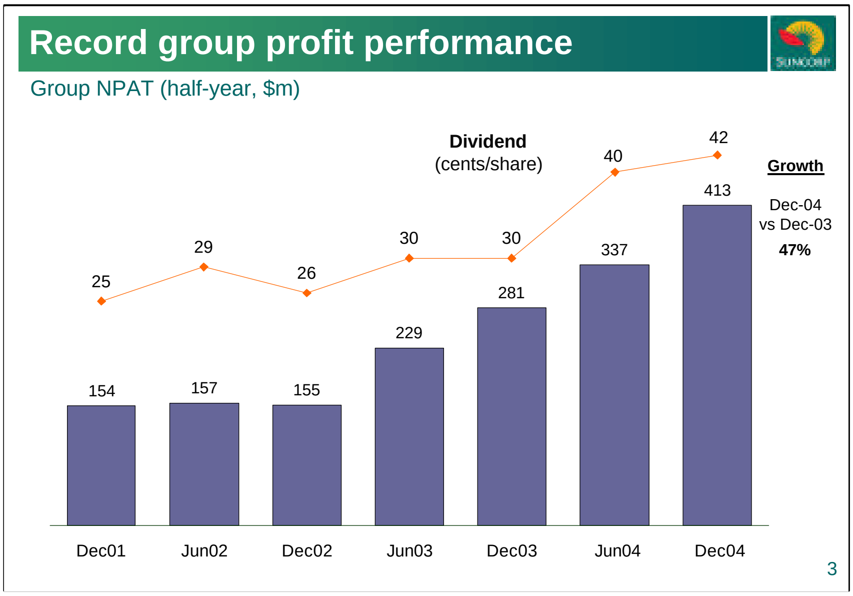
We've fixed the problems that were evident a couple of years ago and got the ship pointing in the right direction.

Importantly, we are also beginning to see clear evidence of the benefits of our diversified financial services business model and we have made good progress in creating and delivering synergies.

The combination of improvements to the stand-alone business lines and the more structured approach to the development of our business model has enabled us to outperform the market in the six months to December.

And more importantly, while the external environment may not be as favourable in the future

our business model, and the execution capability we have demonstrated give us a sustainable competitive advantage over our peers.



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Turning then to the results.

The Net Profit After Tax was up 47% to $413 million. The increase in profit was essentially due to a number of factors:

Firstly, we've had good top line growth.

As I said we have enjoyed favourable conditions in our major markets in recent times. The economy generally is in good shape with consistent growth, low inflation, low unemployment, and low interest rates. The Queensland economy in particular, has been doing very well.

In Banking - the industry has seen solid credit growth despite a reduction in housing and credit quality continues to be excellent. In general insurance industry premium growth has been broadly in line with expectations and claims experience has been very favourable. And in Wealth Management investment inflows have been improving steadily.

But then on top of that we have lifted the performance of our banking business and achieved lending growth well above system. In GI we've embedded a new sales culture in the organisation and we're now starting to see market share gains.

The **second** factor is close attention to costs.

Our cost growth has been restrained and our ratios remain very competitive. You'll see that as we go through the presentation.

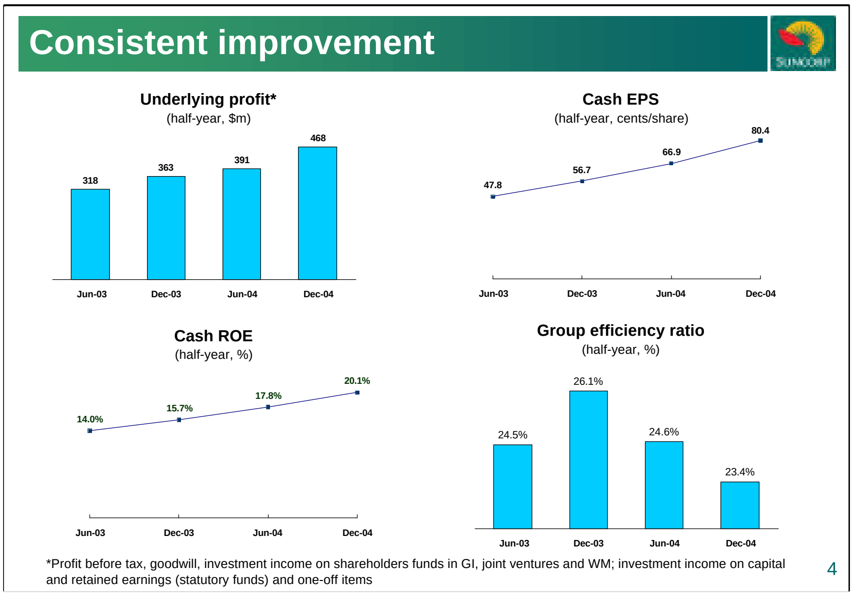
A **third** factor has been an improvement in investment earnings.

Investment income on general insurance provisions and shareholders funds have increased significantly due to favourable investment markets.

The **fourth** factor is the good progress we have made in executing our strategy and generating the benefits available from our business model.

So on the back of that we have been able to lift the dividend to 42c per share continuing our policy of consistent, gradual increases in cash dividend.

The payout ratio is conservative at 57% but that partly reflects the very strong investment returns in the period. As a proportion of underlying profit the dividend payout has increased from 46.3% at December 2003 to 50.4% at December 2004.



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At an underlying level eliminating one-off gains and the benefit of higher investment income on shareholders funds profit was up 29% to $468 million for the half year.

You can see from the graph that the core underlying business is generating high quality profits and consistently increasing earnings from period to period.

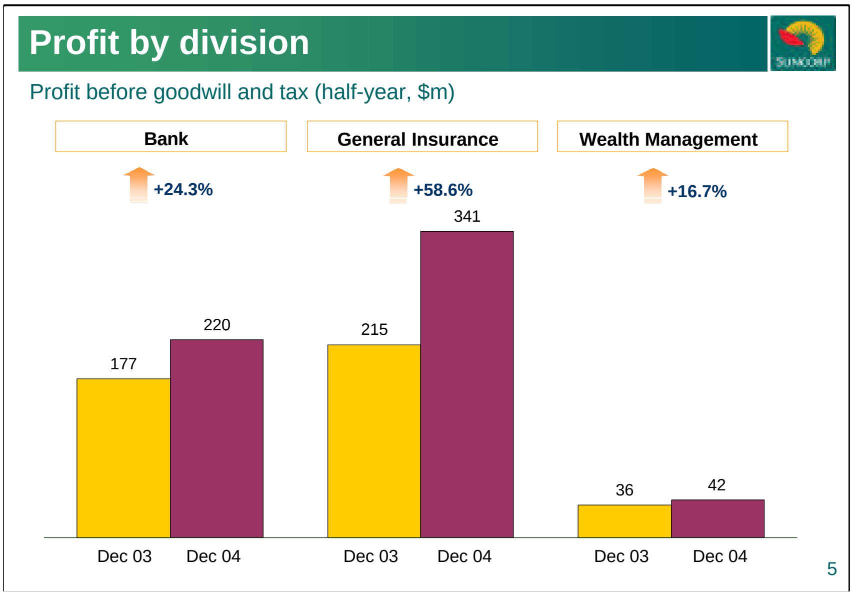
Cash EPS was up a healthy 42% to 80.4 cents per share which is a record of course.

Incidentally, it compares with EPS of 41.5 cents at December 2000 prior to the GIO acquisition.

Clearly, that has turned out to be a very good acquisition for the company.

Cash ROE has increased to 20.1% at December which also is a record.

Finally, the group efficiency ratio which is operating costs as a proportion of operating income is at a low 23.4%.



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At a divisional level you can see that profitability has improved in each of the operating divisions

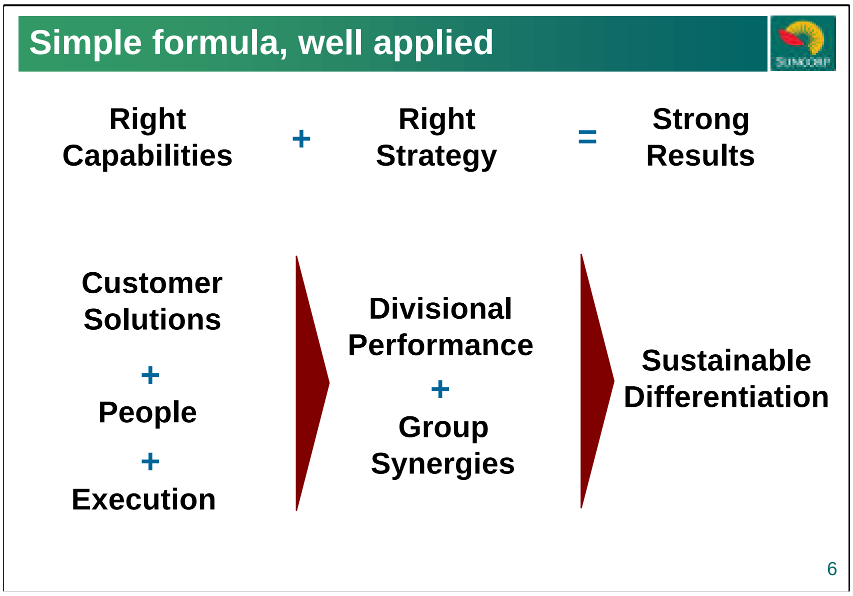
Banking profit was up 24% to $220 million driven by good growth in lending and deposits **increased** margins, tight cost control and low bad debts

General Insurance delivered the biggest improvement in profit before tax increasing 59 percent to $341 million. That was driven by a combination of good revenue growth improved claims experience and increased investment income.

Wealth Management profit increased from $36 million to $42 million driven largely by investment performance but also by productivity improvements

So you can see that each of the business lines is delivering consistent growth in profitability and these results demonstrate that we are outperforming the market.

These line of business results are also starting to reflect the extent to which we are growing the value base of our existing customers by providing a broader range of solutions through the Group model.



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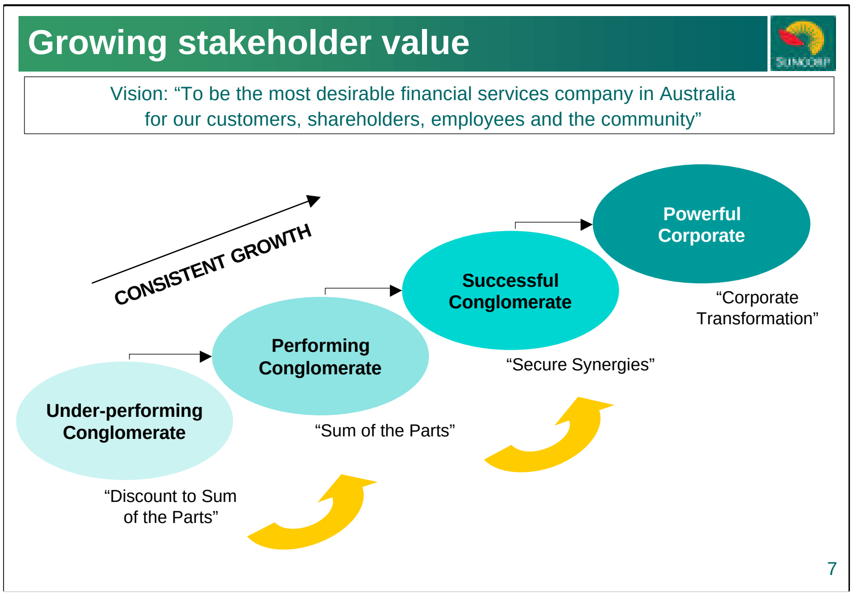
We believe we have the right formula to sustain that performance.

The formula is actually quite simple.

It starts with having the right capabilities in place and these are - a very focused customer orientation; the right people with the necessary range of skills; and an organisational capability and culture which allows us to get the job done quickly and effectively.

With those factors in place, we can be confident that our business lines are going to perform at least as well as our competitors but then on top of that we can extract the benefits of our business model to add the cream to the cake.

That then gives us a competitive advantage, allowing us to produce results that exceed the market consistently and sustainably.



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So we are more confident than ever that we have the right strategies to sustain out performance

You have seen this slide before.

When I first put this up 20 months ago we were clearly an under-performing financial services conglomerate and our capitalisation was at a discount to the sum of the parts.

Then we were capitalised at a little over $5 billion.

We would now categorise ourselves as a performing financial services conglomerate showing healthy signs of being a successful conglomerate with good progress in tapping the available benefits of our model.

We are now capitalised at more than $10 billion so the share price has responded to good performance but there is still a way to go and a deal of work to do and plenty of upside still available.

So on that note I will hand over to Chris Skilton to take you through the divisional results in more detail.

Agenda

- Introduction & Overview - CEO John Mulcahy
- Divisional performance - CFO Chris Skilton
  - Banking
  - General Insurance
  - Wealth Management
- Capital - CFO Chris Skilton
- Strategy update - CEO John Mulcahy
- Outlook - CEO John Mulcahy

8

SLIDE

Thank you John.

At the outset I would just like to echo the sentiment that John expressed a few minutes ago and that is that this is indeed an excellent, and yet again high quality result. It builds on the strength of the last three halves and provides a very solid platform from which to leverage future growth.

As usual, I'll now run through each of the divisions and give a fairly high level explanation of the numbers.

Bank profit

$ million	Dec 03	6 months to Jun 04	Dec 04	Dec 04 vs Dec 03
Net Interest Income	317	339	377	18.9
Fee Income	90	87	82	(8.9)
Total Income	**407**	**426**	**459**	**12.8**
Operating Expenses	(206)	(208)	(221)	7.3
Bad Debts	(24)	(24)	(18)	(25.0)
Contribution before tax	**177**	**194**	**220**	**24.3**

9

SLIDE

Commencing with the Bank, from the table, you can see that this is a quality result and confirms a continuation of the excellent performance achieved last year.

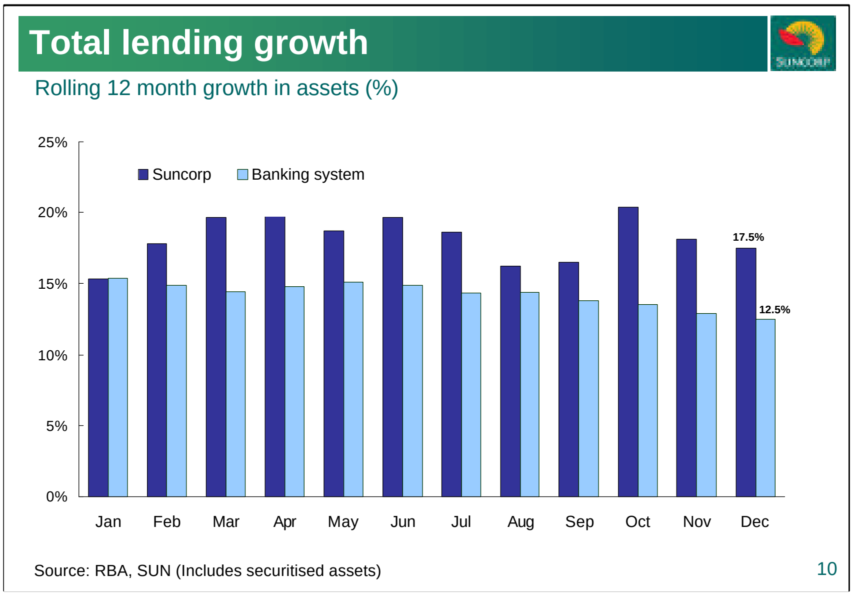
The key drivers have been the strong top line growth, with net interest income up by 19% to $377 million.

Fee income was down slightly, and I will talk a little more about that in a moment.

Operating expenses were up 7.3%, although clearly much lower than revenue growth, which has led to further improvements in our cost to income ratio.

And bad debts were down to $18 million, reflecting the continuation of a very robust credit environment.

Turning to each of those lines in a little more depth….



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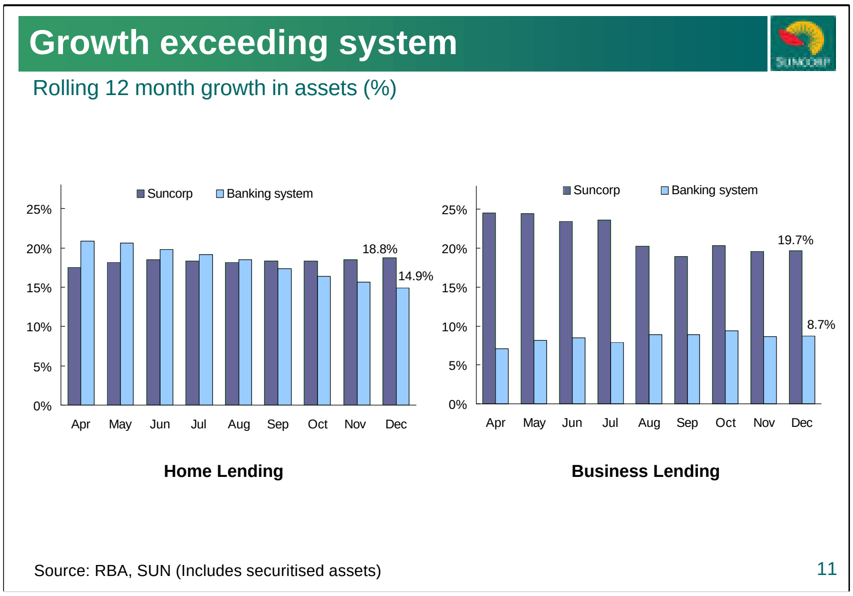
Looking first at our lending performance, you can see the strength of growth in this slide, which tracks our performance Vs system growth according to RBA financial aggregates. These are rolling 12 month growth rates.

At December, total assets including securitised assets were at $32.5 billion, which was up 17.5% compared with the prior December. That compared with system growth of 12.5% according to the RBA figures. So we grew at 1.4x system.

We've been able to achieve that outperformance through solid growth in our home market of Queensland, where assets increased by 15.6%, as well as exploiting opportunities to expand in the major markets of NSW, where we achieved 20% growth, and Victoria, where we lifted assets by 29%. We also recorded good growth in WA, albeit off a small base, lifting assets by 48% to more than $1 billion.



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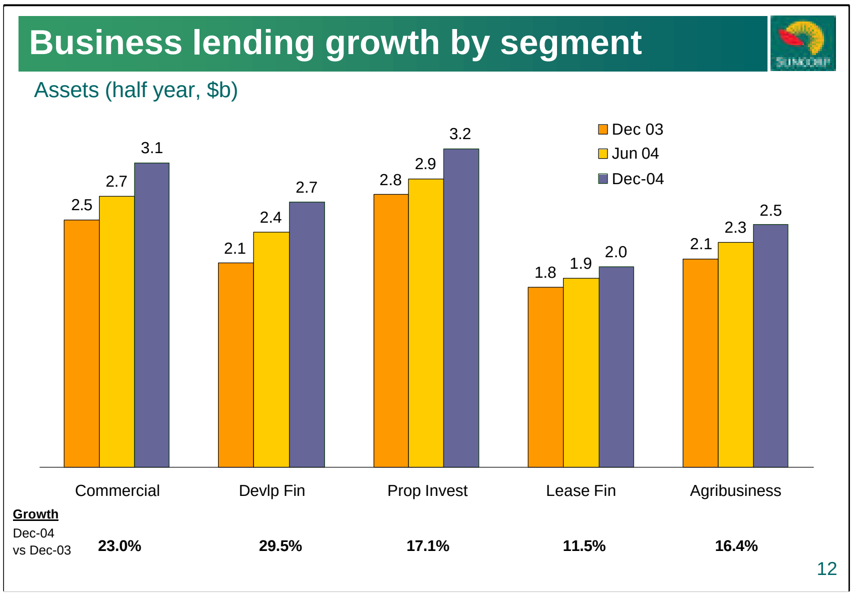
Looking at the book by the class of business, this slide demonstrates that we exceeded system growth in both housing and business lending.

Talking first about housing, you can see the turnaround in our home lending performance over the year to December. Again, these are rolling 12 months numbers and they show that on that basis, prior to August, we were consistently underperforming relative to system.

Since then we have consistently overperformed in a slowing market.

As we said at the last presentation, on a monthly basis, the turnaround in our performance actually began in February and was due to a combination of factors. In particular, an increase in the penetration of the broker channel where we now source approximately 48% of new business, as well as a significant improvement in retention rates as a result of streamlining process and improving customer service.

In Business Lending, we have grown our assets at twice the system rate, and that has been a consistent performance now over a number of reporting periods, demonstrating our unique positioning and capabilities in our chosen markets, built around niche expertise and strong relationship management.



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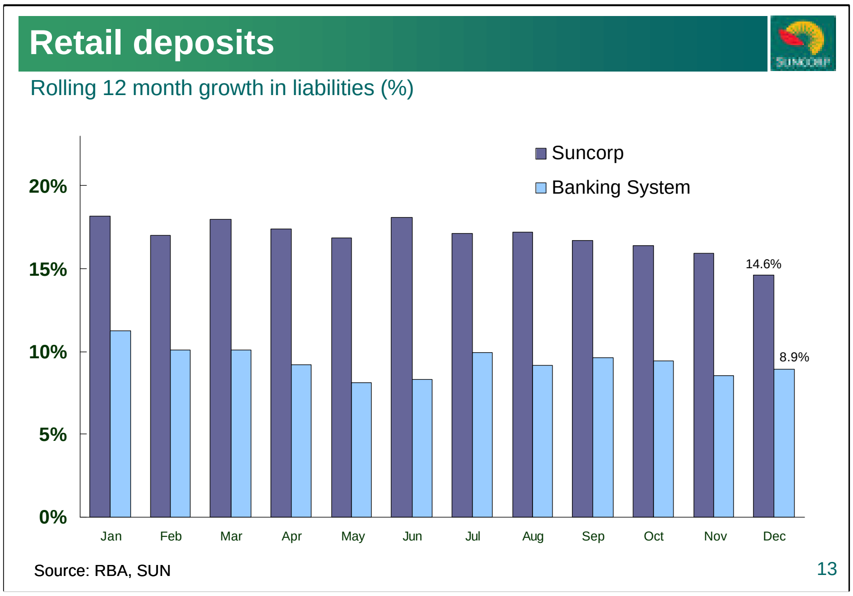
If we break business lending down by class, it is evident that we have had growth in every segment of the portfolio. I would like to draw out three points from this slide:

Firstly, we have seen excellent growth in Commercial lending, up 23% to $3.1 billion compared with the prior December. This is due partly to the success of the broker arrangements we have put in place to grow the book.

Secondly, Development Finance growth remained very healthy at 29% for the 12 months, but that was well down on the 61% growth in the 12 months to June. So that market has definitely cooled, and although we expect a further slowing in growth over the next year, our particular expertise has meant that the projects we have on the books have continued to be successful, as well as maintaining a reasonable pipeline of quality projects for the future.

Thirdly, you can see that Agribusiness, which went through a pretty soft period over the 12 months to June due to the impact of drought, has been able to bounce back well. Receivables grew 16.4% compared with the prior December.

So on the lending side of the balance sheet, the performance has been very strong. I would also note that this is a diversified and well secured portfolio which helps us manage our overall risk profile.



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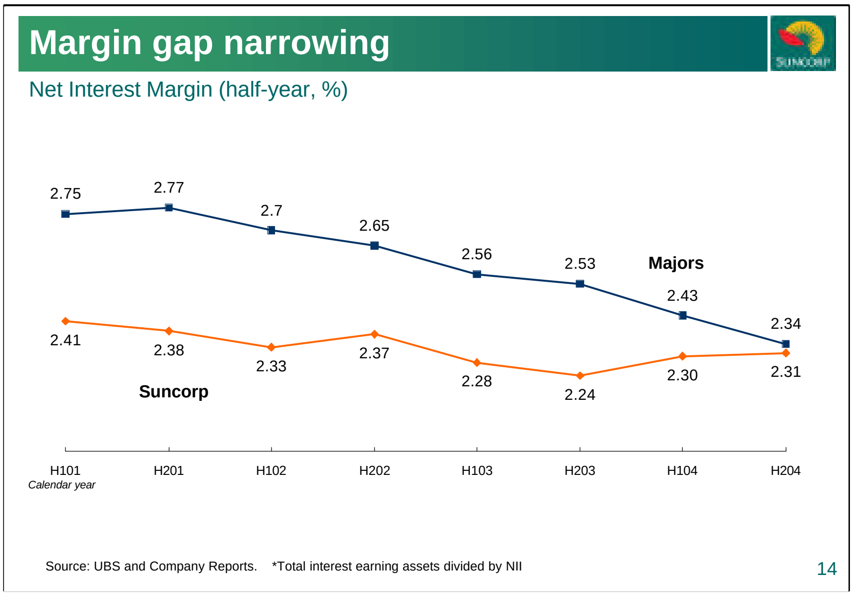
Turning then to funding, this is an area which has been increasingly competitive over the six months to December, during which we have seen various organisations launching high-interest bearing deposit accounts in one form or another.

Suncorp was one of the first, with our Everyday Options Account. That account has grown from $500 million at June 04, to approximately $1.5 billion at December, and its success is one of the main reasons we have been able to outperform system deposit growth.

In the 12 months to December, our core retail deposits grew at 14.6% compared with system growth of 8.9%.

Because we have a relatively low level of retail deposits in our funding mix, making up just 45% of total funding, we have had the advantage of being able to grow those deposits through a high-interest rate transaction account, which supplants more expensive wholesale funding, without, to any material extent, cannibalising our existing deposit base.

This is a significant competitive advantage for us in the current environment and is one of the factors contributing to our strong margin performance during the period.



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You would have noticed from the announcement this morning that our margin for the six months was 2.31%, which was up one basis point on the prior June, and up seven points on the prior December.

This increase is a great performance in an environment where net interest margins have been contracting for some time, and the interesting thing to note from the slide is the significant narrowing of the gap between ourselves and the majors over the last three years.

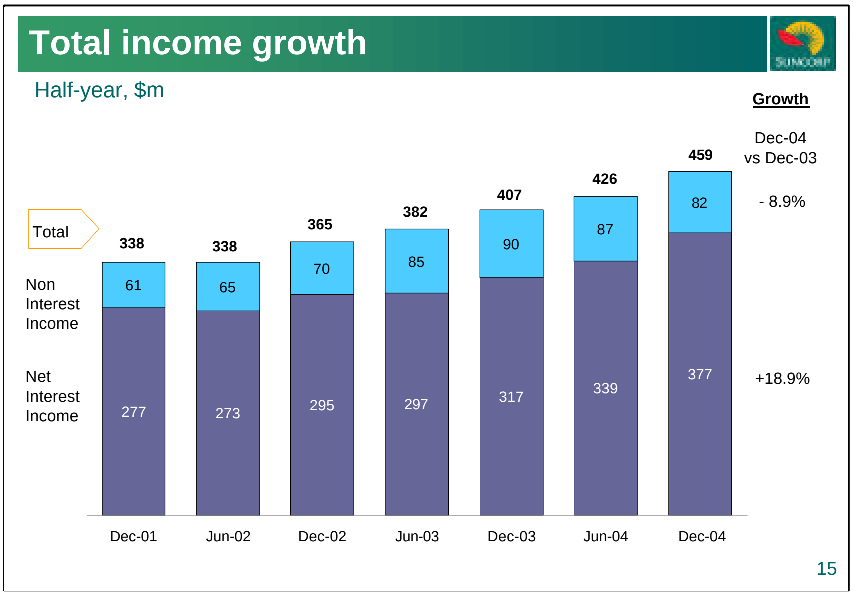
The main reasons for the strong performance are:

1) The growth in retail deposits that I just spoke of.

2) The business mix has been a positive, with stronger growth in higher margin business banking segments than in lower margin housing

3) There has been an increase in the free funds on the balance sheet in the period.

4) The yield curve has moved favourably, with the gap between cash rates and the 90 day bank bill rate reducing by 7 basis points.



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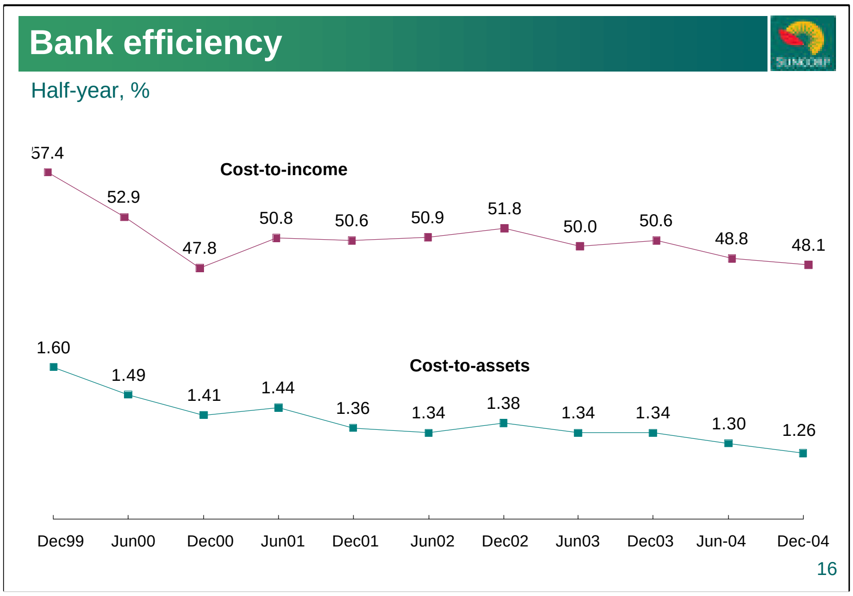
The combination of increased margins and strong lending volumes led to the impressive growth in net interest income you can see on this slide.

Turning to fee income, total non-interest income reduced by 8.9% to $82 million.

The reduction is primarily due to an increase in broker commissions, associated with our increased penetration of the indirect channel, which we net off against fee income. Commissions payable increased to $18 million in the six months to December 04 compared with $13 million in the pcp.



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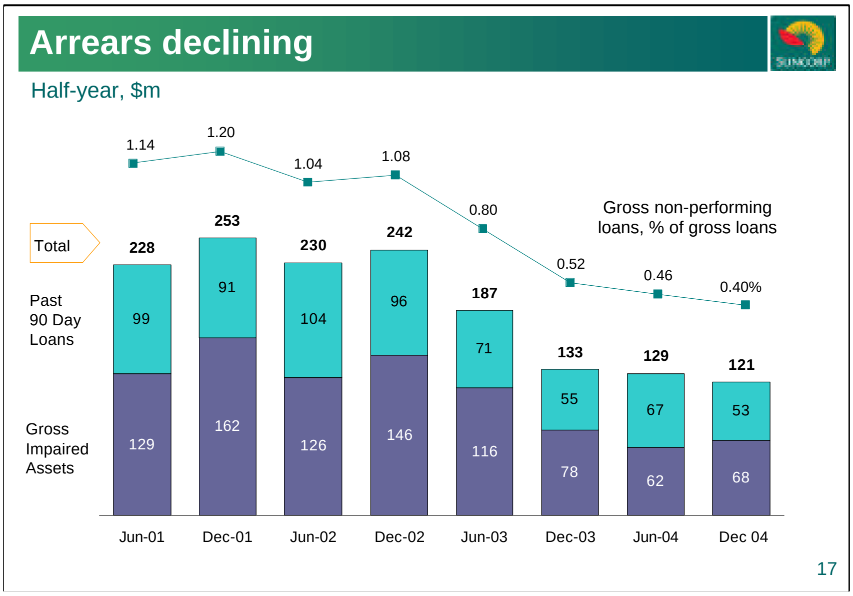
Turning briefly to operating expenses, the cost efficiency of the bank remains very solid.

Operating expenses increased by 7.3% to $221 million in the six months, due to growth in the business and an increase in short term incentive accruals as a consequence of the extremely strong results.

However growth in expenses was well below revenue growth and asset growth, leading to a further reduction in the cost to income, and the cost to assets ratios.

By both these measures, Suncorp now ranks as one of the most efficient banks in Australia, in line with the majors and well below many regional bank peers.



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Credit quality remains extremely strong.

Non-performing loans continued to decline in the half, falling to a total of $121 million, which is just 40 basis points of gross loans.

The bad debt charge reduced to $18 million in the period, equivalent to just six basis points of average loans.

Of that $18 million, $12 million was the increase in the general provision which we have maintained at 58bp of risk weighted assets.

Total provisions now stand at $153 million, which is two and a half times impaired assets.

Although it can’t get much better than this, we see no signs of any significant deterioration in credit quality in the current year, or in 2006.

So that is the Banking story. In a nutshell, superior asset and retail deposit growth, strong margin control and excellent credit quality.

General Insurance profit*

$ million	Dec 03	6 months to Jun 04	Dec 04	Dec 04 vs Dec 03
Gross written premium	**1,179**	**1,251**	**1,255**	**6.4**
Net earned premium	1,076	1,108	1,197	11.2
Net incurred claims	(789)	(831)	(840)	6.5
Investment income on insurance provisions	94	137	106	12.8
Acquisition expenses	(125)	(142)	(146)	16.8
Operating expenses	(111)	(102)	(104)	(6.3)
Insurance Trading Result	**145**	**170**	**213**	**46.9**
Other income	20	19	22	10.0
Investment income on Shareholder Funds	59	71	118	100.0
Contribution before tax and GIO funding	**224**	**260**	**353**	**57.6**
Sub-debt expense	(9)	(10)	(12)	33.3
Contribution before tax	**215**	**250**	**341**	**58.6**

*excluding discount rate adjustment

18

SLIDE

Turning now to General Insurance, again, obviously a very strong result. A record profit in dollar terms.

It is not a record half as far as the insurance trading result is concerned. We had higher ITR's in 2000, but we were a much smaller company then and our results were subject to a much greater degree of volatility. This result is a much more robust profit, reflecting the fundamental strength of the insurance business as it has grown and matured over the past few years.

The key points of the P&L are:

1) Strong top line growth, with NEP up 11.2% compared with the prior corresponding period

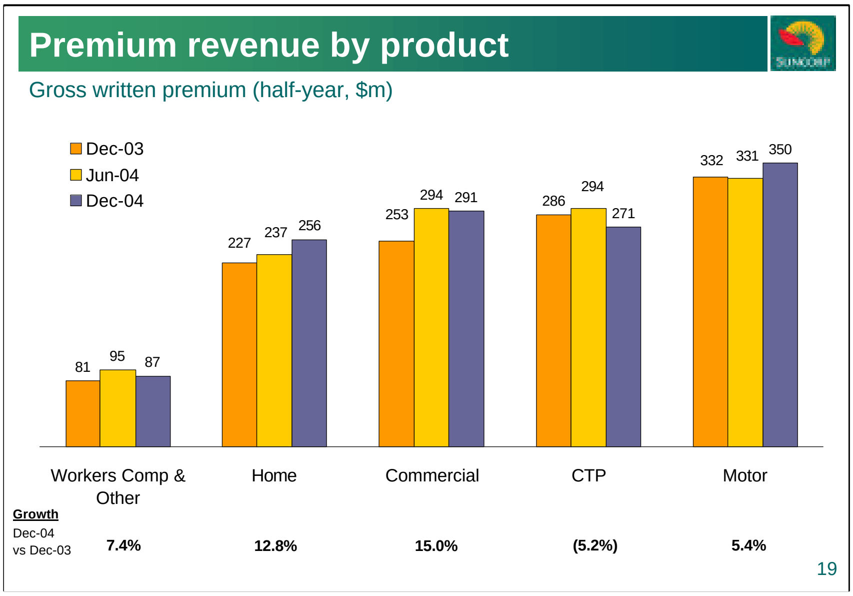
2) Claims costs increased, but at a lower rate than premiums

3) Total expenses rose by 5.9% due to an increase in acquisition costs in line with premium growth

4) Resulting in an ITR up 47% to $213 million

5) The other major point to note is the very strong increase in investment income on shareholders funds, which is obviously reflective of the strength of the Australian equities market

So now I will go into a little more detail on each of those.



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Starting with GWP, premium was boosted mainly by growth in risks in force, but it also benefited from the acquisition of the RACTI (Tasmanian) business in March, which added about $18 million in premium.

The ongoing business had GWP growth of about 4.9% compared with the prior December, primarily as a result of growth in risks in force of about 3%. It is important to note that there is some seasonality between halves in the numbers, mainly in Commercial and Workers Compensation portfolios, due to the big renewal pattern in June.

NEP growth was very strong at 11.2%. Again, this was due to growth in risks in force and RACTI, but it also benefited from improved efficiencies in reinsurance arrangements which reduced reinsurance expense.

I won't go through each of the individual segments, because the information is included in the pack, but I would make a couple of points.

Firstly, you will see that CTP premium has reduced. This is due to the significant reductions in CTP rates over the past 12 months as improvements in claims experience have flowed through into lower prices, which for instance are down 9% in the Queensland scheme. The Queensland scheme in particular has obviously stabilised and profitability has been restored, even with reducing premiums. So tort reform has worked, and the benefits are clearly going to both insurers and to consumers. To use a cliché, it is a win/win situation.

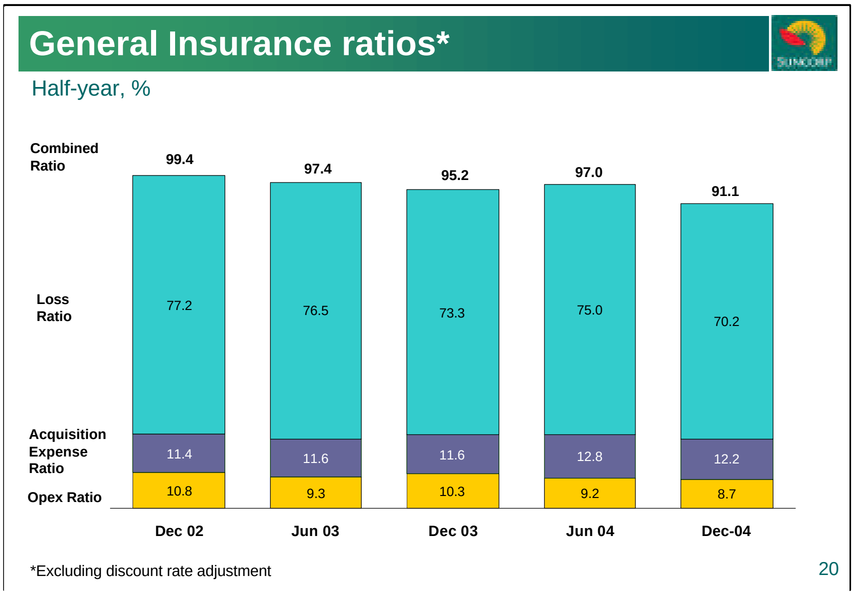
A second point I would make is that you can see that there has been a healthy increase in GWP in both the home and motor portfolios.

This demonstrates that some of the things we are doing to embed a new sales culture in the organisation are beginning to take root.

We have relaunched the GIO brand, and introduced a range of programs to lift sales skills, improve the way we generate offers and make our marketing more effective.

While it is early days, this improvement is encouraging and a sign of things to come.

Finally I would stress that while the markets in which we operate remain highly competitive, pricing in general remains rational with all insurers focussed on delivering underwriting profits.



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Looking then at expenses, operating efficiency continued to improve during the period, with the expense ratio reducing to a low 20.9% from 21.9% at the prior December.

We continue to maintain tight cost control through a balance of continuous efficiency improvements which help to fund well managed reinvestments for the future.

Turning then to claims expense - Excluding discount rate movements, it increased by 6.5% to $840 million. This increase was well below the rate of growth in NEP, leading to a reduction in the loss ratio to 70.2% from 73.3% at the prior period.

A number of factors affected claims expense. Those that increased it were:

1) Inclusion of RACTI from 1 April 2004, which has contributed $11 million to claims expense in this half.

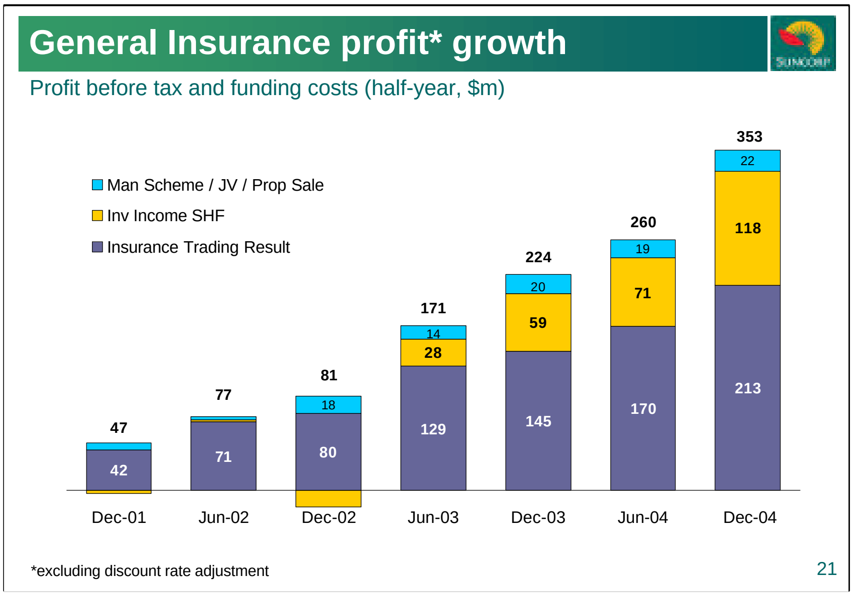
2) General growth in earned premiums, combined with the cessation of the Sydney Household Quota Share Reinsurance Treaty, led to an increase in net claims.

3) Storm related costs were abnormally high in the period, and even slightly higher than the prior corresponding period, which also saw a lot of storm activity.

Offsetting those, claims experience in long tail insurance, particularly personal injury classes, showed favourable trends, with claims frequency and average claims costs continuing to reduce. This flowed through into the valuation of outstanding claims at December, leading to a number of valuation adjustments across the portfolio.

Approximately $62 million of these releases was reflected through the profit and loss account. The question this poses, and we are always asked, is to what extent are such releases sustainable. This is a complex issue but perhaps a simple answer is that we would expect approximately $30-35 million to be recurring as long as superimposed inflation remains in check. In other words, approximately $30 million could be considered unsustainable in the medium term.

Our claims experience over the half clearly indicates that there are genuine benefits flowing from the various reforms undertaken by Governments and as I said, this has been reflected in our valuations. This is however, a long tail business and our experience is that there continues to be a risk that, for a variety of reasons, these benefits can diminish over time. Due to this uncertainty surrounding future claims development, in addition to the $62 million of releases reflected through the P&L, a decision was taken to increase prudential margins by $70 million, lifting them to a total 26% of the central estimate and raising the probability of sufficiency to approximately 93-94%, which is now towards the top end of what we consider to be an appropriate range. I would note that we have now lifted the prudential margin by $163 million over the past 18 months which gives us a very robust reserving position and strong balance sheet.



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So after adding in investment income on technical provisions, which was up $12 million at $106 million (excluding discount rate impacts), those factors translated into the ITR of $213 million, or 17.8% of premium that you can see on this slide in the dark blue bars.

The other major contributor to profit was the investment income on shareholders funds, in yellow here. You can see that it increased to $118 million, from $59 million in the pcp, mainly due to the very healthy returns experienced in Australian equity markets during the half. Approximately 42% of shareholders funds is invested in local equities.

The light blue bars represent the other components of the GI profit being the managed scheme income and joint venture contributions. Combined, that increased to $22 million for the half.

So the pre-tax profit contribution from GI increased to $353 million for the half, which was up 57%.

To get to the bottom line result, you then have to take off the cost of the subordinated debt which was $12 million in the half.

So in summary a very strong insurance result, not just because of favourable industry conditions but also because of significant improvements in our underlying business processes and the focus we now have on growth.

Wealth Management profit

$ million	6 months to Dec 03	Jun 04	Dec 04	Dec 04 vs Dec 03
Life Company				
Statutory Fund earnings				
Planned profit margins	13	13	16	23.1
Experience (losses) / profits	4	-	1	(75.0)
Investment Income – Statutory fund	8	9	12	50.0
Shareholder Fund earnings				
Investment Income – Shareholder fund	2	4	3	50.0
Revaluation of Subsidiaries	2	1	2	-
Other revenue (net)	1	-	2	100.0
Contribution from Life Company	**30**	**27**	**36**	**20.0**
Contribution from Funds Management	**6**	**3**	**6**	**-**
Contribution before tax	**36**	**30**	**42**	**16.7**

SLIDE

Turning now to Wealth Management,

while this continues to be the smallest of our divisions, it is an important contributor to earnings, and it is vital in terms of being able to offer a full product suite to our customers.

Profit before tax in Wealth Management increased by 17% to $42 million for the December 2004 half year.

Profits in the life company increased by 20% to $36 million for the half, driven largely by investment performance but also higher planned profits.

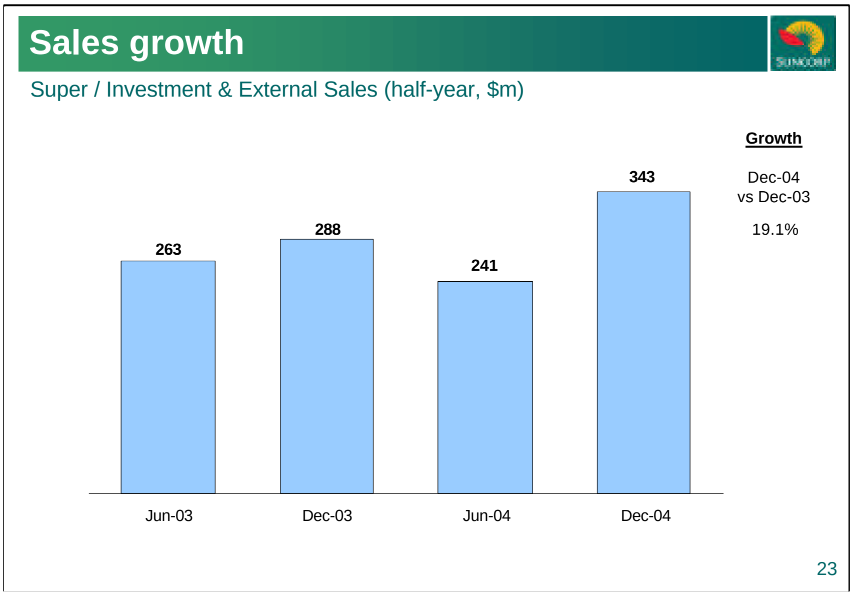
And Funds Management profit was steady at $6 million.

The key highlights during the period were:

1) We had a good recovery in sales

2) We saw an increase in the value of new sales

3) We had excellent growth in Funds Under Management



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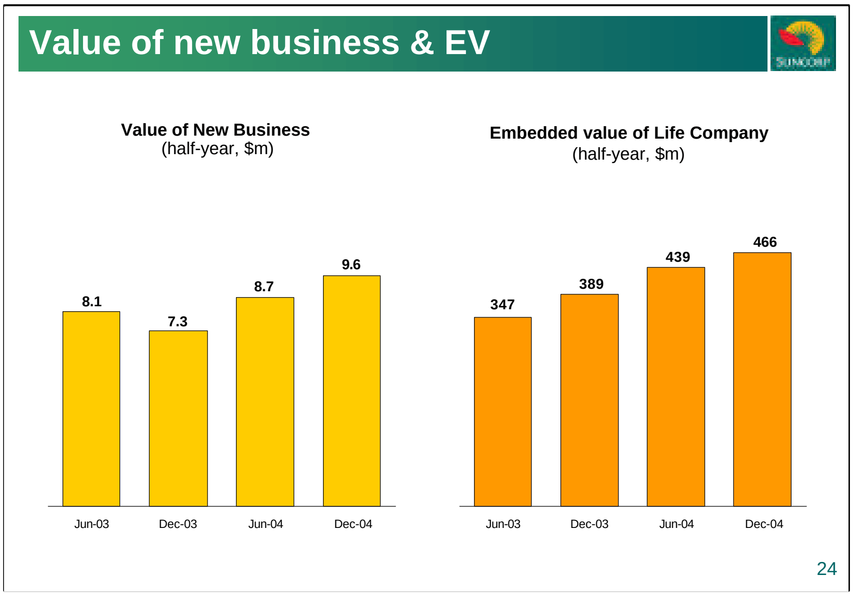
Starting with sales, after a decline in the June half of 2004, new business flows turned around in the six months to December 2004, as investor confidence continued to improve.

Total sales increased to $361 million, up 21.5% on the prior corresponding period. That was mainly driven by growth in superannuation products, as shown on this slide, which grew by 19% to $343 million.

Risk sales doubled to $18 million, mainly due to a significant group risk client increasing cover for its members. It also was partly due to good growth in sales of Consumer Credit Insurance to our personal loan customers, which is an excellent example of the way we are extracting revenue synergies in the group. John will say more about that in a moment.



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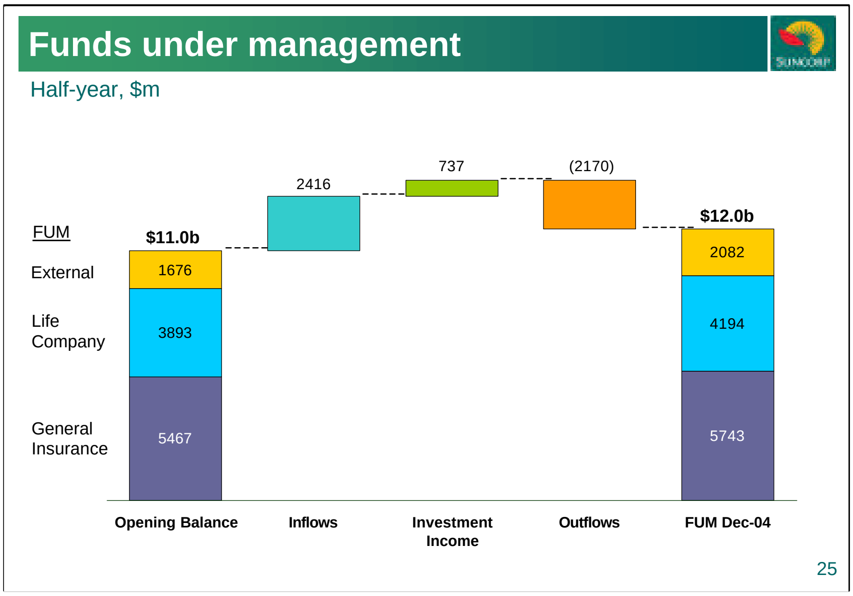
Mainly due to the higher volume of gross sales, the value of new business increased to $9.6 million, up 32% from $7.3m in the prior December half.

Also contributing to this, was a sharp increase in internal Financial Planners' productivity, following the successful rollout of a powerful new financial planners toolkit, and the implementation of our Easy Invest 'wrap' platform in the 2004 year.

On the right hand chart, you can see that the embedded value of the Life Company grew by 6% to $466 million compared to June 2004, or by 20% when compared to the December 2003 valuation.

The increase in embedded value is mainly the result of strong investment performance and increased retained earnings.



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FUM has improved again in the half year, and now totals $12 billion - an increase of 9% on June 2004 or a 17% increase when compared to December 2003.

FUM benefited from net inflows of $246 million, compared with a net outflow of $60 million in the prior corresponding period. So a $300 million turnaround.

Also a highlight was the strength of investment returns achieved by the investments team - which were up 114% on the pcp, further bolstering FUM.

Strong active returns were recorded in the Australian equity and fixed interest portfolios for the half year. Our flagship diversified portfolio - The Suncorp Balanced Fund - has in fact achieved 1st quartile returns over 1, 3 and 5 years as measured by the Intech Growth Funds survey.

So a great performance from all three business divisions.

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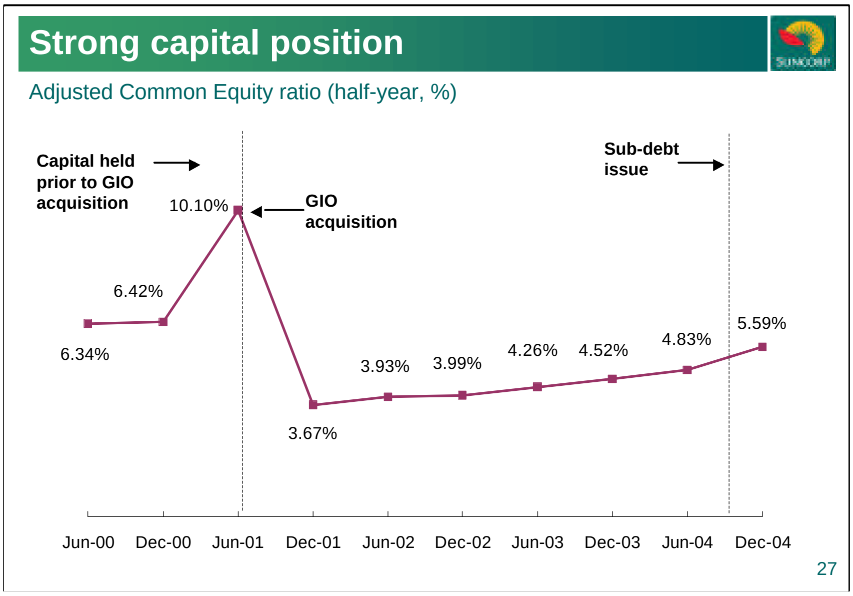
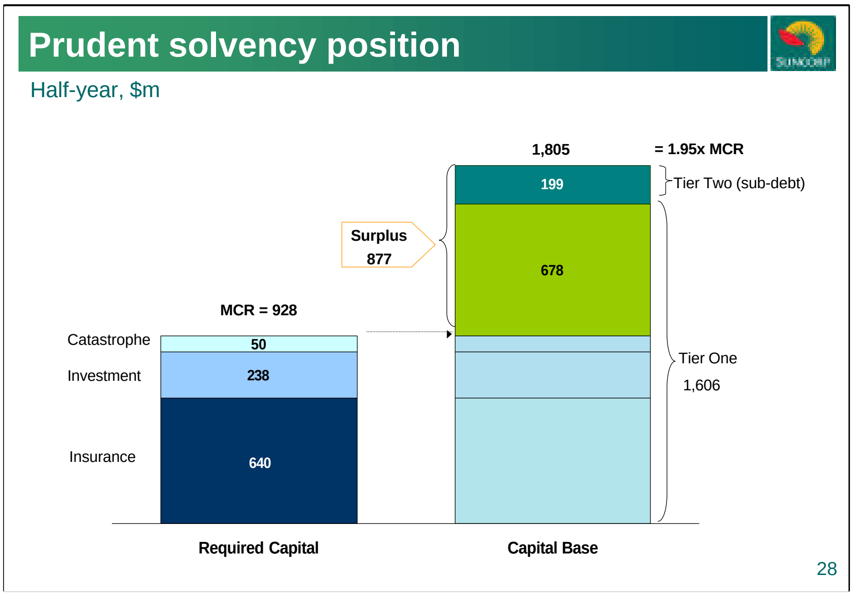


SLIDE

Finally I will just comment briefly on the capital position, which, as you can see remains very strong.

The main capital initiative during the period was the $200 million sub-debt issue in the general insurer, with the proceeds paid up to the bank by way of a special dividend, creating Tier One capital in the bank.

The result was a strong increase in the ACE ratio to 5.59% at December and maintaining a robust capital adequacy ratio of 10.4%.



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The GI capital position is healthy at 1.95 times the MCR, up from 1.74 times at June. The main reason for the increase was the growth in profitability over the period.

We are currently reviewing our target capital levels of GI and whilst we have yet to complete the review I expect that we will increase the current range of 1.35-1.5 times to a minimum of 1.5 times.

At the end of December, we had accumulated franking credits of $325 million and that amount continues to grow because all of our profits are generated in Australia. As mentioned at the last presentation, we are now in a position to consider ways in which to transfer the value of some of these franking credits into the hands of our shareholders. We would expect to make some announcement in this regard within the next six months.

With that final comment, I am happy to hand back to John.

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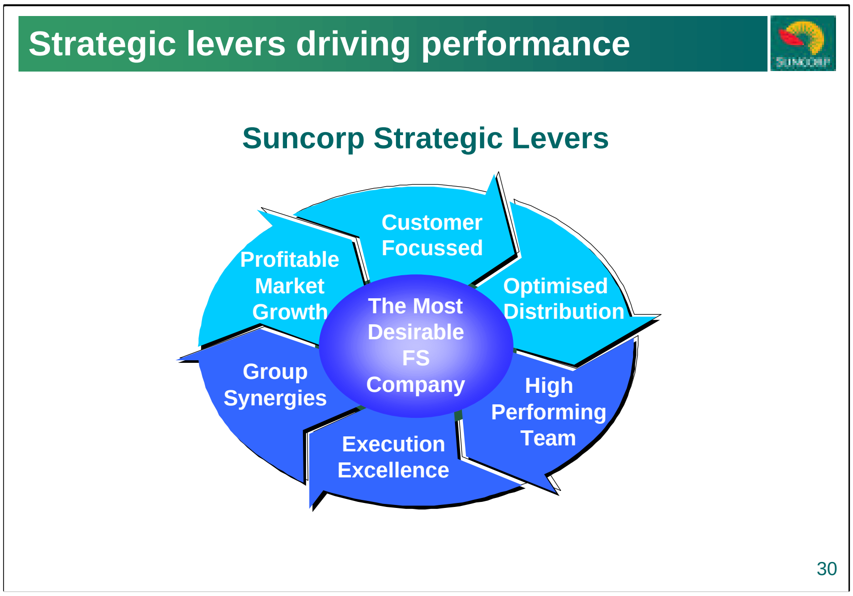
Thank you Chris.

That should give everyone a reasonably clear understanding of the financials.

I would now like to give you a quick update on the progress we have made in implementing our Diversified Financial Services strategy.



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One of the very real advantages of our model is that it allows us to adopt common management practices and disciplines across different businesses

Our Group Strategic levers drive a consistent focus of effort on what really matters in delivering strong sustainable out performance

Today's result demonstrates our focus on profitable market growth we are not about growth for growth's sake we are about quality growth in those markets, channels and geographies in which we have a competitive advantage

Our improvements in home loan generation and commercial lending plus the initiatives we have put in place to lift General Insurance sales, shows the progress we have made in optimising our distribution.

The restructuring of the group and review of the entire management team supported more recently by extensive training and leadership programs has ensured we are developing a high performing team within the company and reinforcing the can-do culture within the group.

I believe the commitment of our people has been fundamental to the turnaround we are delivering.

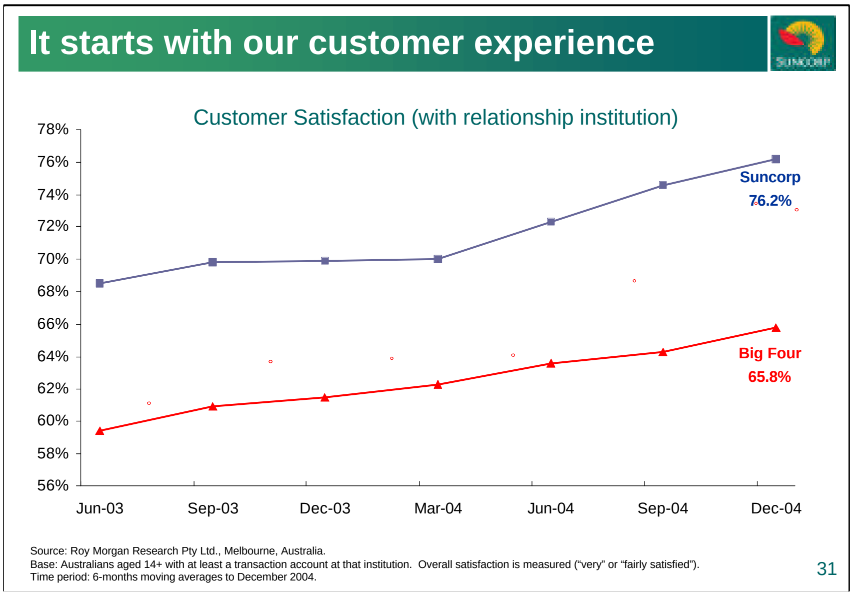
Our track record in fixing problems that existed in the business two years ago confirms that we have strong execution capability.

This execution capability is now being recognised against global peers.

Mercer Oliver Wyman in their recent study of the top 400 financial services companies globally specifically called out Suncorp as an example of excellence in executing a diversified financials services strategy.

That leaves two crucial levers I would like to discuss with you in more detail today.

They are customer focus and group synergies.



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We have a proven customer focussed culture which is one of our key differentiators

Our customer information systems allow us to drill into what really matters for our customers.

That knowledge is then fed into our product and process design to optimise the experience for the customer across the range of products and services we offer.

And the results are there to see:

In Banking

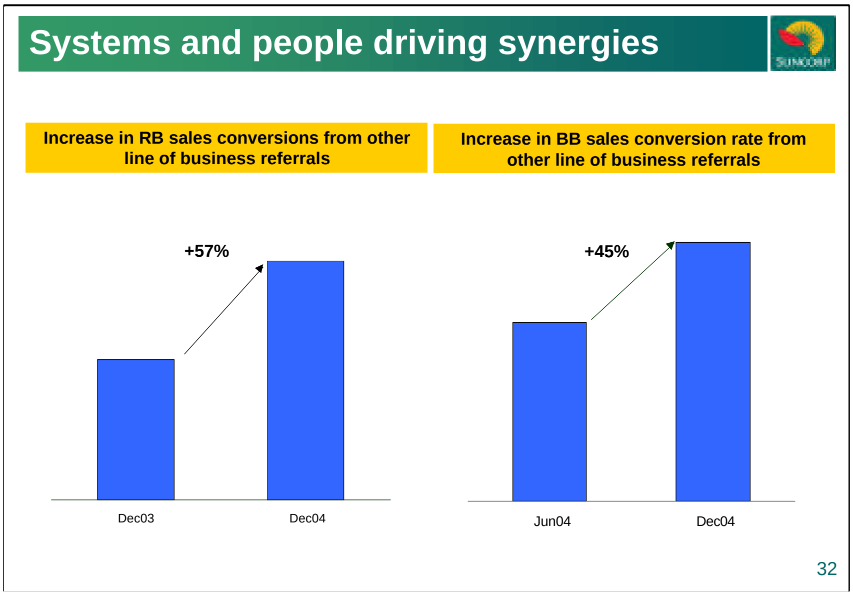
we have seen significant improvements in customer retention rates since June and recent Roy Morgan research shows that we are now receiving higher satisfaction ratings than all our major competitors

Furthermore, Roy Morgan data shows that for those customers for whom Suncorp is their main financial institution we have lifted the number of satisfied customers by more than double the average of the market in the past 12 months.

Our revamped problem resolution processes have increased the percentage of problems resolved in 24hrs to 96%

Across our entire retail banking business we now have 40% fewer complaints.

And in our Insurance business our call centres are now handling 90% of inquiries at the first point of contact and our claims service is paying 94% of total loss motor claims within 24 hrs



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Our customer knowledge also allows us to make the most of the opportunities our business model creates.

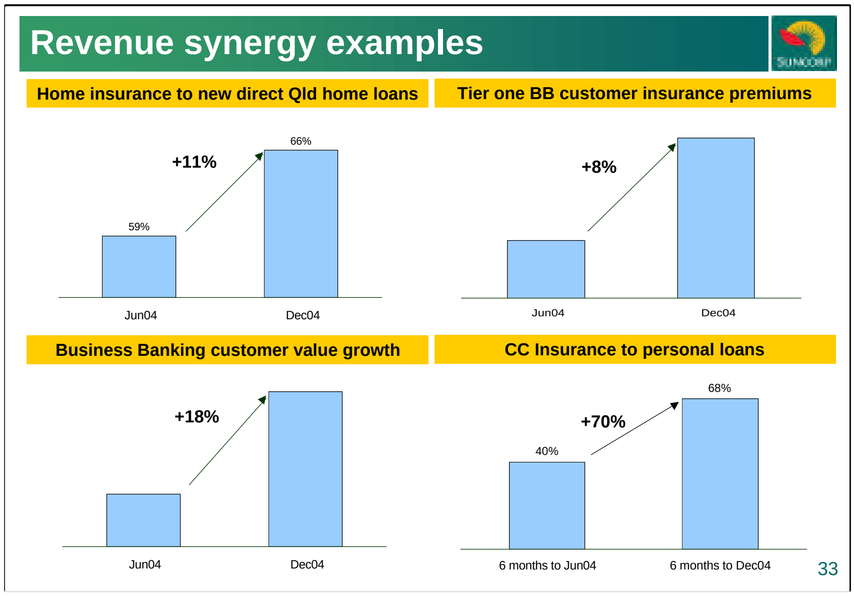
By providing our sales staff a single view of a customers product holdings and needs based sales and service training we have significantly increased our referral and conversion activity.

So you can see here a number of elements of our model coming into play.

We understand our customers' needs we apply that knowledge to improve our solutions we provide our people with the support systems and skills and then we apply the customer focussed culture of our staff to execute our strategy.

This activity is contributing to the strong profit growth in each of our lines our business and demonstrates the potential we have to grow the value of our customer base and our business faster than our competitors

These factors are delivering us specific revenue synergy success



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In Retail Banking, in the six months to December the proportion of new Queensland direct home loan customers who are also taking up a home insurance policy increased by 11% to 66%.

Roy Morgan research for September 2004 confirms that of the Big 4 banks and ourselves we are the only one to record an increase in penetration of home insurance into home loans since March last year

And in Business Banking we have increased the value of our relationship managed customers from other lines by 18% including an 8% increase in insurance premiums.

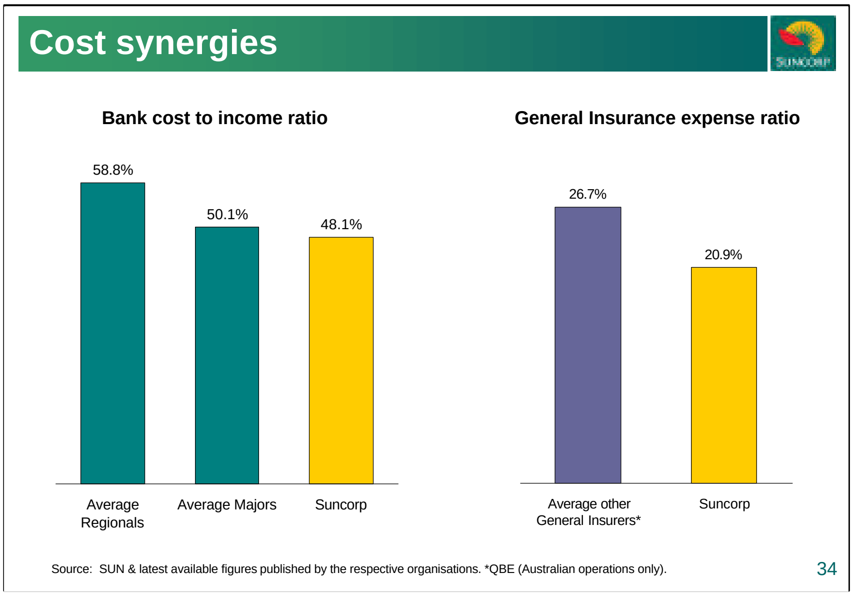
As a consequence our relationship managed Business Banking customers now hold an average of 10.7 products with us which we believe is amongst the best globally

And the final example is the one Chris referred to earlier in the Wealth Management discussion.

We identified an opportunity to sell consumer credit insurance to personal loan customers we improved the product designed the process trained the staff and now we have seen a 70% increase in penetration rates since June 04

We clearly recognise that we are still in the early days of what is a challenging task.

As an organisation however I firmly believe that we are now starting to see the elements of the model coming together and with the activity we are driving through the Group I expect that we will continue to show a marked improvement in our revenue synergy performance



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On the cost side many of you would have seen this slide before.

It simply confirms that we are generating cost synergies and are at the more efficient end of the market.

We are a $10 billion company with sufficient customer numbers and revenues to give us the scale to compete effectively in the financial services space.

Importantly our underlying efficiency enables us to undertake appropriate re-investment for growth initiatives without compromising sustained bottom line performance.

Given the significant progress we have made in delivering our strategy in both ensuring operating line of business excellence and in capturing synergies, I believe that we are well positioned to continue to deliver growth in shareholder value and that our outlook is very strong.

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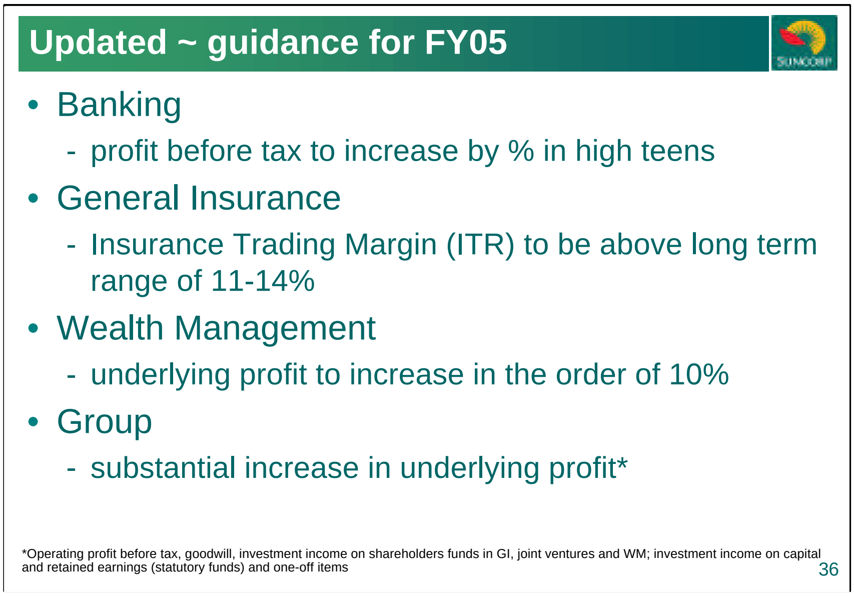

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So, for the full year,

In **Banking,** while we anticipate the economy will continue to perform well we expect credit growth to slow in some of the key sectors in which we operate particularly the property development and investment segments. In addition margin pressure will persist as a result of the highly competitive environment. However we remain confident that we will outperform the market in the current period. For the full year we would expect profit before tax to increase by a percentage in the high teens up from our previous expectations of an increase greater than single digits.

In **General Insurance,** the results for the first half were excellent with the Insurance Trading margin at 17.8% well above our long term expected range of 11%-14%. While we see no signs of deterioration in industry fundamentals we would not expect to see the strong claims experience of the first half continue indefinitely. Investment market returns also are expected to moderate in the current period. Nevertheless we remain confident that the improvements that are being made to the business will help us to grow net earned premium by 6-9% for the full year despite rate reductions in some classes particularly Queensland CTP. We continue to expect that over the longer term the sustainable insurance trading result for the company would be between 11%-14%. However, given the strength of the first half result we would expect the full year profit this year to be above the 11% - 14% range subject to there being no unusual claims events or incidence of severe storms.

In **Wealth Management,** equity market returns are unlikely to match the strong first half performance. Underlying earnings, however, should show an improvement in the order of 10% for the full year.

At a Group level we would expect that, given the many improvements that have been made to the business and the strong first half performance, we should be able to show a substantial increase in underlying earnings.

So to summarise then, this is clearly a good set of results. It demonstrates that we now have each of our operating divisions performing well. We have a very strong platform for growth and, importantly, we are now beginning to see the synergy benefits of our diversified financial services model emerging. We have the right strategy for the future a clear capacity to execute that strategy and we remain confident that we will outperform the market in the future.