SUNCORP

Suncorp-Metway Ltd

Full Year Results 2007-2008

26 August 2008

Good morning and welcome
I'm Steve Johnston.

In addition to those joining us here at the Intercontinental in Sydney
I'd also like to welcome those joining us
via the webcast and teleconference facilities.

The format for today is similar to our previous presentations.
In a moment I will hand over to our CEO John Mulcahy
who will provide a high level overview of the result.
John will then hand over to our CFO Chris Skilton
who will provide a more in-depth analysis of the divisional results
and include commentary on Capital and Funding.

John will then return
and provide an update on our integration progress,
before finalising with our outlook for the Full Year 2009 year.
We will then open the floor to questions.

So, with that I will hand over to John.

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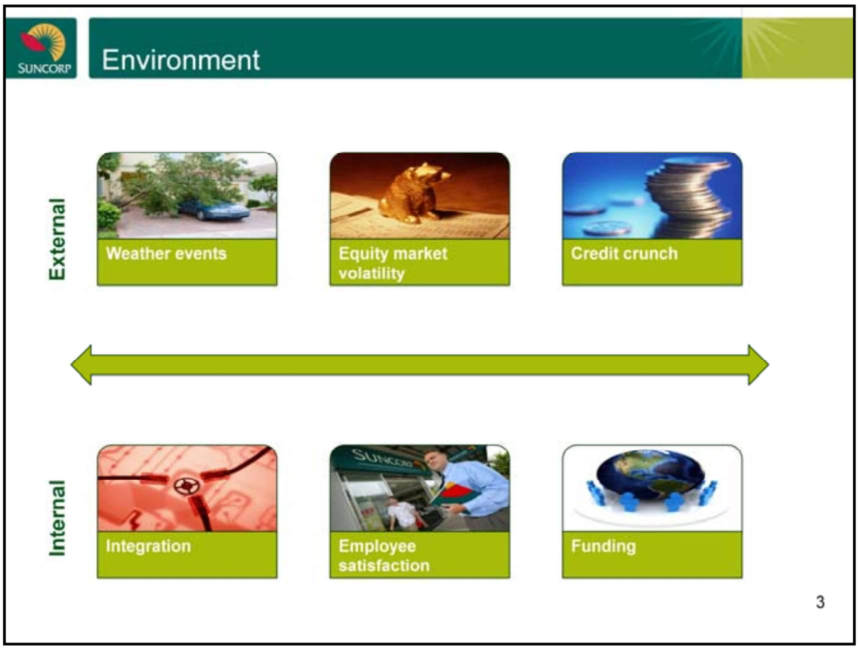


Thank you Steve
and let me add my welcome to all those joining us today.

To describe the 2007/2008 financial year as challenging
for all those associated with financial services
would be an understatement.

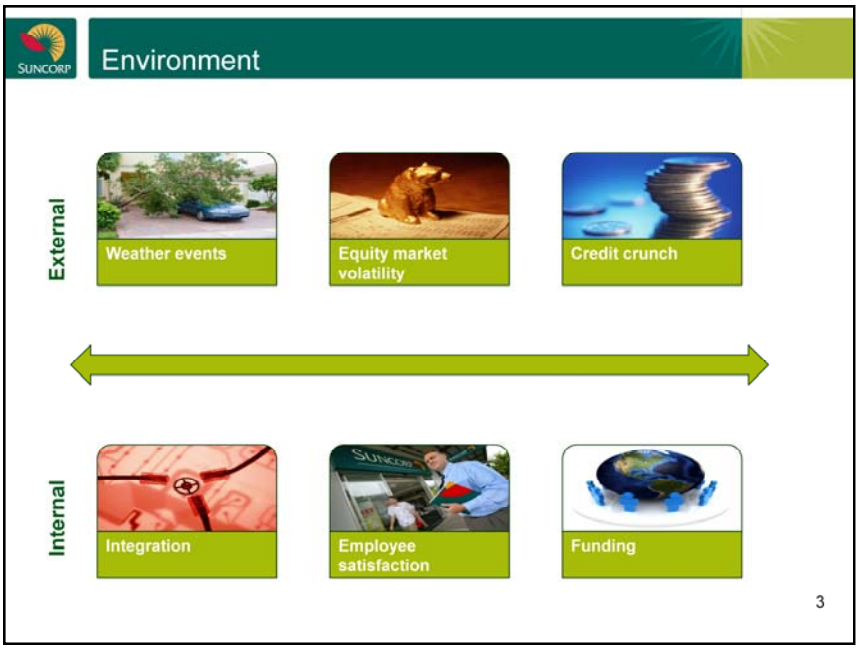
It's hard to believe that it's just one year
since the financial markets were rocked
by the first evidence of sub-prime exposures
at the very heart of the US financial system.

Of course it wasn't long before the Australian financial services sector
felt the knock on effects
primarily in the form of a global credit squeeze
and volatility on investment markets.

The global credit crunch has had multiple effects for Suncorp

In our Bank
it has added cost to our borrowing program,
some of which could be passed on,
some of which we have absorbed over the year.

It has challenged our funding
as it has the funding of all the major banks
as we tap into the an illiquid global credit market.



And of course
at its heart it is working to slow domestic economic growth.

The same is true for wealth management
where the effects hit investment earnings below the line
but also above the line
as fund inflows and fee income reduce.

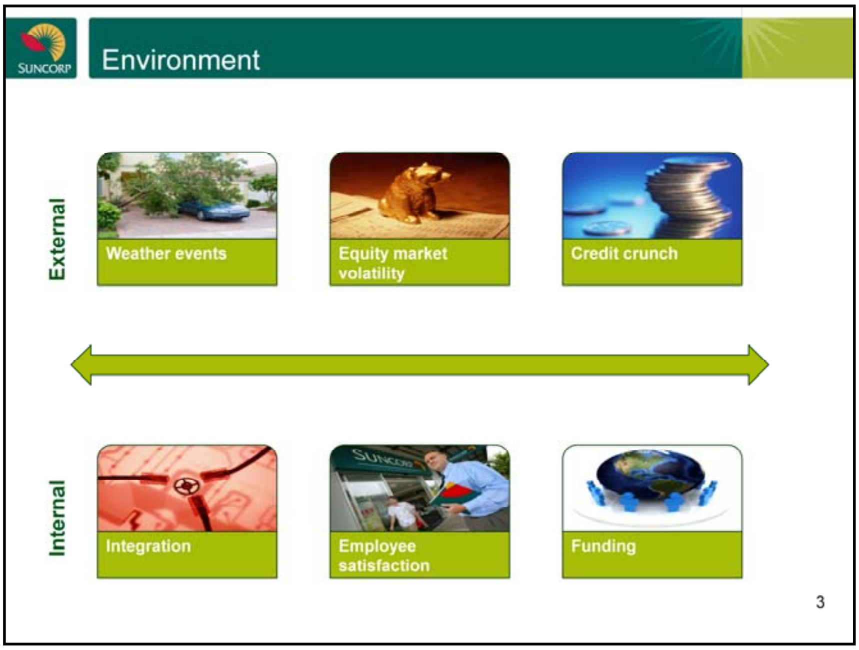
In our general insurer
widening credit spreads
incur accounting losses in our technical reserves
while the resulting volatility in equity markets
drives losses in our shareholder fund portfolios.

For Suncorp
these challenges arrived at the same time
as a succession of major weather events
including floods, windstorms, hailstorms and even an earthquake.

The impact of those major weather events
extends far beyond the $415 million we will report today.

They consume significant resources in their management
as our people balance the needs of our customers and suppliers with the inevitable interest of Government and the regulators.

And they add to inflationary pressures on working losses
as supply lines become tight.



But there remains much to be positive about.

As you will see today
our underlying franchise continues to perform strongly.

We have great businesses and a fantastic suite of brands.

Our integration remains very much on track and on time.

We have a highly engaged and motivated workforce
as evidenced by our recent Employee Engagement survey results
which were significantly above the Australian all-companies
and Global Financial Services Norms.

I would like to take this opportunity
to publically thank all Suncorp people
for the hard work they have put in this year.

We enter the coming financial year
pleased that the last year is behind us
but more confident than ever
that we have the right business model
and the right strategy
supported by the right people
to ride out the storm
and emerge even stronger than before.

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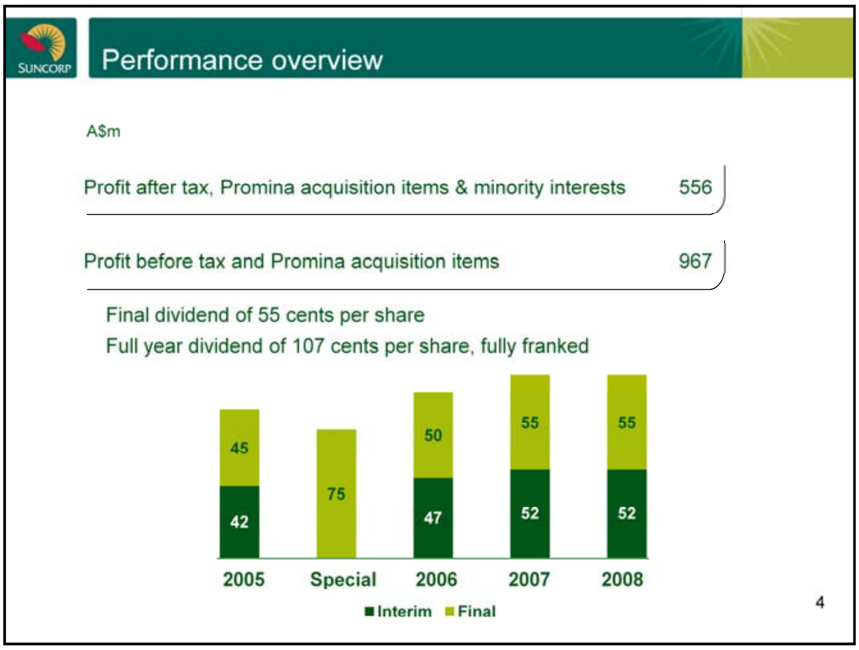

So let me move to a brief,
high level summary
of the result.

You can see here that Net Profit After Tax,
Promina Acquisition items
and minority interests for the year is $556 million
which of course is a significant reduction on the 2007 year.

While profits have clearly been affected by the external events
the Board remains confident
in the underlying performance of the business
and the excellent progress we continue to make on integration
and accordingly has decided to maintain the dividend for full year 2008
despite the reduced NPAT.

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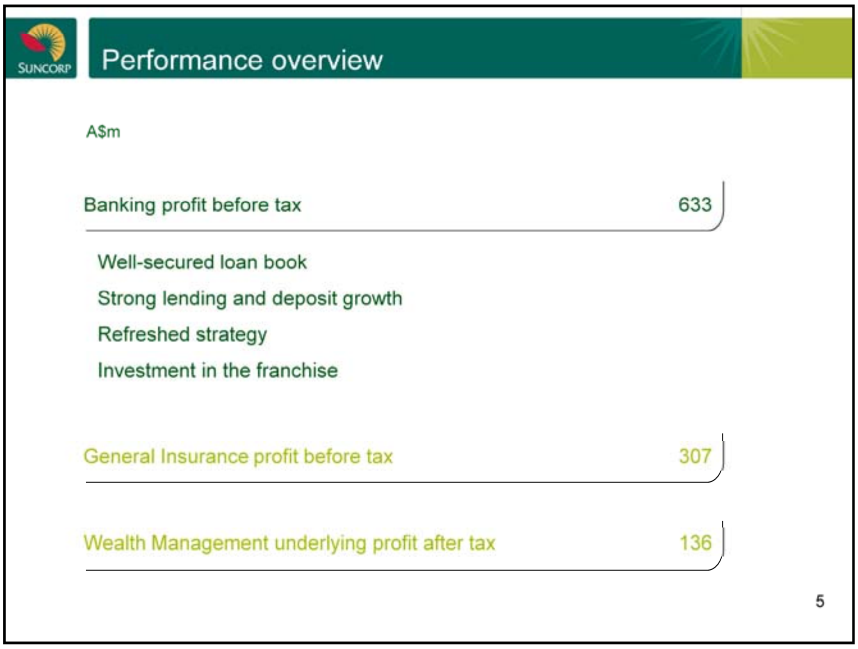


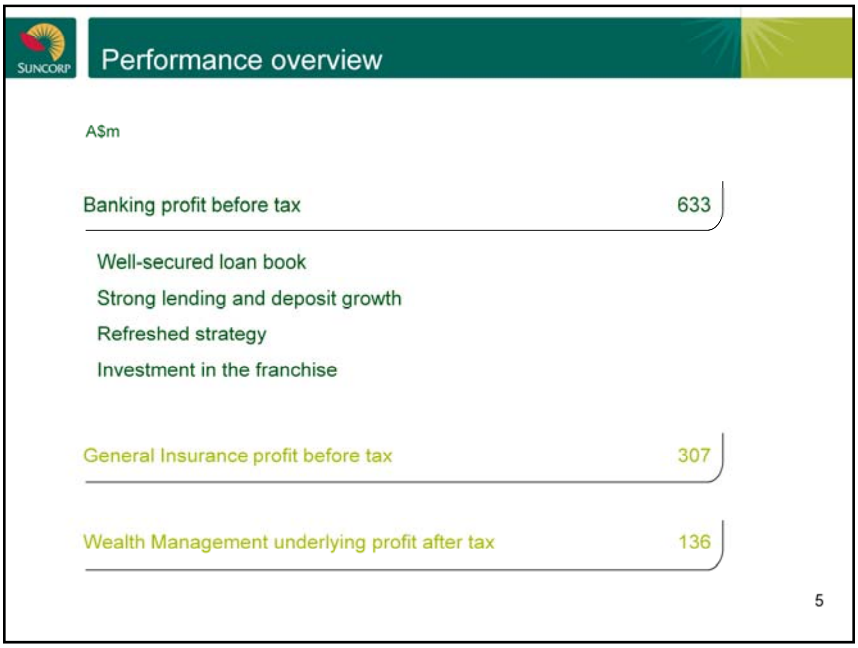
Moving now to a top line summary of each of the businesses
and first to the Bank
where profit before tax grew by 11.2% to $633 million.

The bottom line result benefited from two one off items
the sale of the credit card portfolio and the Visa IPO
which together contributed $36 million.

Excluding this
profit before tax and bad debts
grew by 12.4%, which is ahead of guidance.

The Bank has responded well to a very challenging external environment.
The core of the strategy has been to:

- Bias new lending to existing customers and higher margin portfolios
- Continually adjust rates
  to appropriately reflect the cost of funds and risk;
- Improve the Bank's deposit gathering capability, and
- Further diversify the Bank's funding sources
  from both a term and geographic perspective;



Lending growth has continued to be strong throughout the year as a result of a number of factors which Chris will work through in detail in his presentation.

But let me emphasise:

This lending has come at improved ROE hurdle rates as pricing has been continually adjusted to take account of increased funding costs

and

It has come at no compromise to our rigorous credit standards.

I will talk more about the focus of the Bank over the course of the 2009 year at the end of the presentation.

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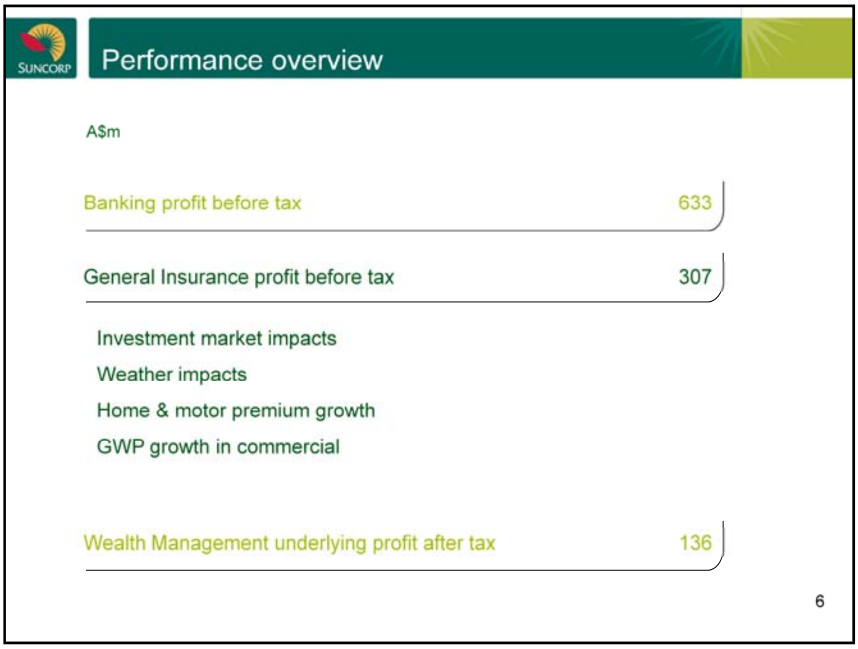


To General Insurance now
and here the effect of the weather events
and investment market volatility is most obvious.

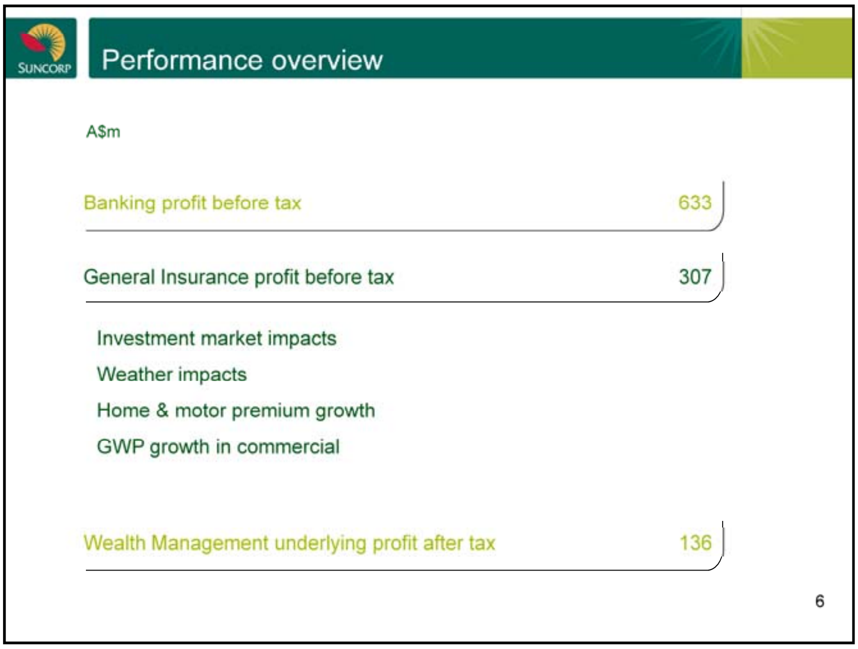
Profit contribution before tax at $307 million
represents a significant deterioration
on the full year 2007 number.

Of course a major contributor to this bottom line result
has been a loss on the shareholder funds portfolio
as the equity market has deteriorated during the year.

The insurance trading ratio for the year
was 10.3% of net earned premium
which is in the middle of our updated guidance.

As we pointed out at the half year
the post tort reform reserve releases continue to run off
with the last material impact of these releases flowing into this result.

The result has also been supported
by our decision to move our level of sufficiency from 94%
to 90% as we are now comfortable with our valuations
in a post tort-law reform environment



Let me now briefly turn to the top line
and here GWP growth across the portfolio
has been very satisfying.

The Home portfolio has been the stand out
growing by 7.8% in a very competitive market.

The motor portfolio continues to grow strongly
up by 4.7% across the year.

In both portfolios, rate rises are holding and
we have not seen any significant market share shifts.

And in commercial
we see a return to GWP growth
as there is now clear evidence that the cycle is turning
and we are seeing increased opportunities to price business profitably.

So,
we are extremely pleased with the momentum of the GI business
as we move into the 2009 financial year.

The performance of all of our brands remains strong
and our competitive position
in a very rational and disciplined industry
has never been better.

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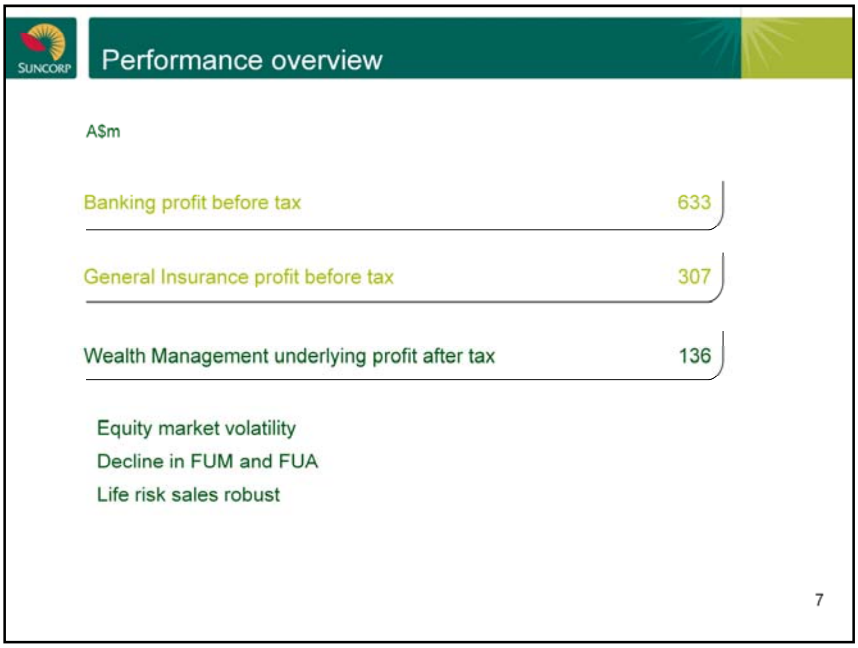

To wealth management now

and

I would not hesitate to describe this as a disappointing result despite the clear impact of external factors.

Underlying profit of $136 million
has been impacted by the flow through effects
of the equity market volatility
with funds under both management and administration
down significantly.

The fundamentals of this business remain sound
with new management in place
and a focus on product and process simplification
across all aspects of the business.

This will ensure
we will be well placed to ride out tough market conditions
and benefit from any uptick in the cycle.

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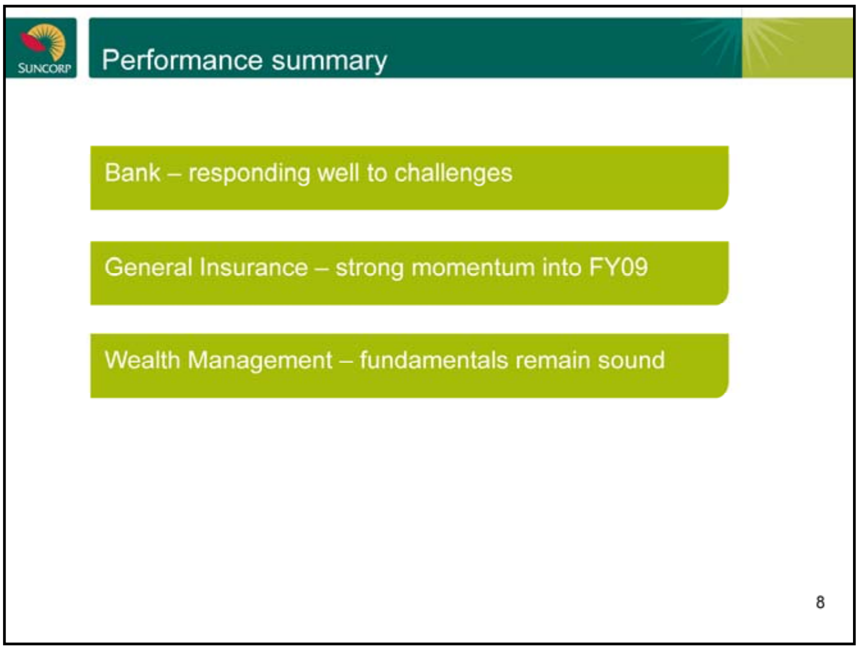

So,
before I hand over to Chris,
let me summarise.

This has been a challenging year
and one we are pleased to see the back of.

Despite this
we have emerged in good shape
ready to tackle the future challenges
and participate in the recovery when it occurs.

So with that brief summary
I will hand over to Chris
to walk you through the divisional results in more detail.

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Thanks John, and good morning everybody.

As in previous years and in the interests of time I am going to keep my comments to a reasonably high level, focussing on the key P&L drivers.

Instead of repeating material that is contained in our comprehensive Analyst Pack, I would like to provide you with a bit more colour around the key issues that have impacted this result and where we see them moving to over the course of the FY09 year.

SLIDE

Profit overview

A$m

	Jun-08	Δ%
Banking	633	11.2
General Insurance	307	(63.2)
Wealth Management	30	(86.9)
LJ Hooker	14	-
Other	(37)	(294.7)
Consolidation	20	(242.9)
Profit before tax & Promina acquisition items	**967**	**(41.5)**
Amortisation of Promina acquisition items	(361)	156.0
Integration costs	(139)	131.7
Deferred acquisition cost adjustment on consolidation	161	35.3
Tax	(67)	(86.0)
Minority interests	(5)	n/a
Net profit after tax & minority interests	**556**	**(47.7)**

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But before I address the individual businesses, let me take you through some of the components of the consolidated P&L account.

John has already touched on the headline numbers for Banking, General Insurance and Wealth Management.

The $37 million loss classified as "Other" relates to the revaluation movement on a small number of defined benefit superannuation schemes that came with the Promina acquisition. This is another example of increased volatility being introduced into the P&L Account as a result of the application of IFRS.

The $20 million consolidation adjustment is simply a reversal of losses incurred at the business unit level in relation to Treasury shares.

Below the line, amortisation of Promina acquisition items has a negative impact of $361 million for the full year, which is line with our previous disclosure.

The DAC adjustment, again as previously flagged, is $161 million for the full year. I would point out that this is the final adjustment in this category and has now fully washed through the accounts.

Integration costs of $139 million are below forecast, largely as a result of the timing of initiatives in the overall integration portfolio. Integration costs, as tracked by individual initiative, continue to be well managed and we remain confident that the quantum of integration costs will not vary materially from our updated estimates.

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Minority interests contributed to a negative $5 million movement and these largely relate to the heritage Promina Wealth Management Business.

Finally, to tax, you can see that the Group's effective statutory tax rate for the year is significantly lower than the year to June 2007 and the standard 30% company tax rate. This is to some extent due to the franking credits and tax offsets derived in the investment funds in GI and Wealth but more particularly to the inclusion of tax credits attributable to life company policyholders.

Without being too critical of the accounting profession, it does seem absurd that we have to include the tax attributable to the policyholders within our overall income tax expense. Last year there was a debit of $55 million whereas this year as a result of the performance of equity markets it's a credit of $83 million. A delta between the two years of $138 million.

SLIDE

Banking profit

A$m

	Jun-08	Δ%
Net interest income	1,030	13.2
Non-interest income	178	9.2
Total income	**1,208**	**12.6**
Operating expenses	(540)	12.7
Profit before tax and bad debts	**668**	**12.5**
Bad debts	(71)	184.0
Net profit on sale of credit card portfolio	20	n/a
Net profit on sale of VISA Inc shares	16	n/a
Contribution before tax	**633**	**11.2**

Cost to income ratio → 44.7%

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So, now to the Bank, which grew its total contribution before tax by 11.2% to $633 million for the full year which is inclusive of the one off benefits of the sale of the credit card portfolio and the issue of shares in the Visa IPO.

Total revenue increased by 12.6% reflecting strong lending and deposit growth in all segments and was achieved against a backdrop of substantially increased funding costs flowing from the global credit crunch.

Operational expenses have increased by 12.7%. Now this is a larger increase than you would have seen in recent reporting periods so let me go through some of the contributing factors.

Clearly, variable costs have increased in line with the strong volume growth in both lending and deposits throughout the year. Equally as growth slows, as we expect, in the current year we would expect to see a corresponding decrease in these costs although I should point out that the relationship is obviously not totally linear as there will always be a lead and lagging effect.

Another contributor has been the dual effects of the expansion of the branch network in both Queensland and Western Australia and the closure of branches in rural New South Wales and Victoria.

Marketing, advertising and promotional costs have also increased particularly in the competitive retail deposit market. And finally, we continue to incur costs from a number of compliance projects across the Bank, particularly anti-money laundering and moving toward advanced status for Basel II

But I would stress that with revenue growth matching cost growth we have again been able to maintain a very competitive cost to income ratio.

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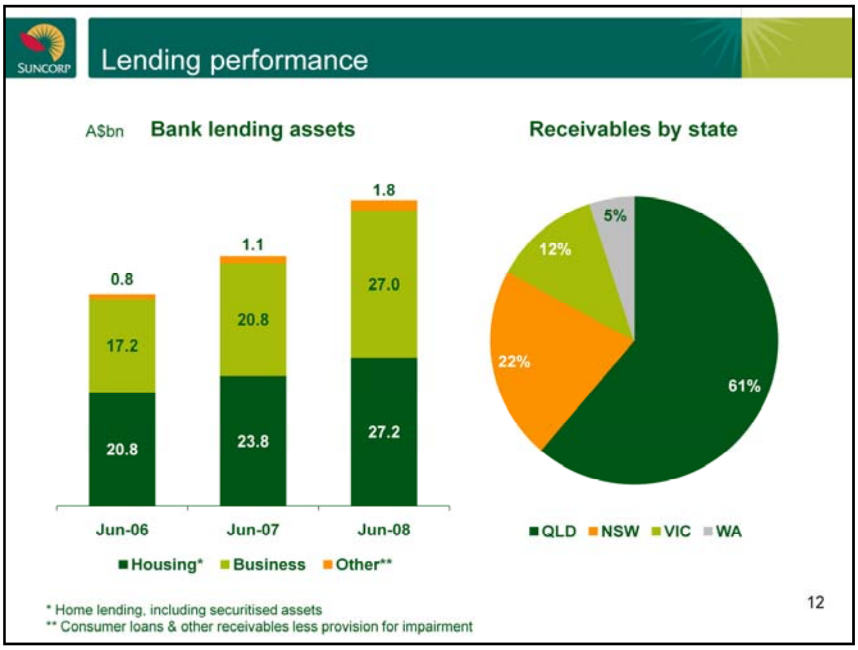


Moving now to lending, gross banking loans, advances and other receivables, including securitised assets increased by 22.1% to $56 billion.

Now, this is a very strong result and some would say at odds with what they have seen from many of our competitors who have reported slower growth over the year.

Therefore let me make some overarching observations:

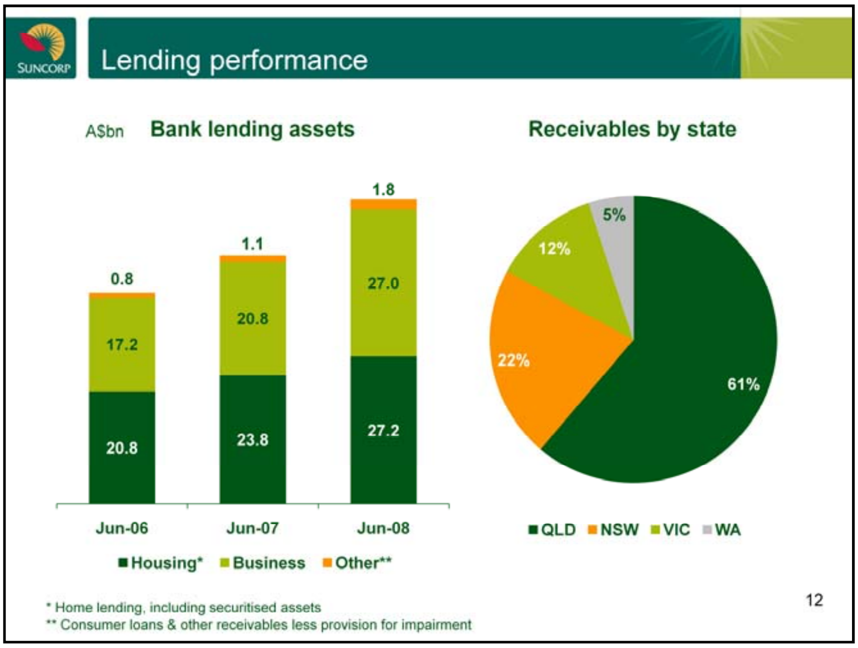
First, our Bank is fundamentally different to many of our competitors on both a portfolio and geographic basis.

We have a lower percentage of our book in the consumer / retail markets where volumes can be managed fairly quickly through price differentials. Approximately 50% of our book, is in this category compared to the majors who are around the 60% to 65% level.

In our Business Bank we have a heavy weighting to property - primarily through the development finance and property investment portfolios where prior contractual committed facilities have continued to result in strong draw downs throughout the year.

We also don’t have an institutional bank or undertake high-end corporate transactional lending - which is largely the domain of the majors, and where the tap can be – and has been – shut off very quickly. Conversely, our exposure is to the middle tier market, which has largely remained resilient as the overall economy slows.

And from a geographic perspective we have a strong brand and distribution network in Queensland where both the home lending and middle tier markets have remained strong, in line with the overall performance of the Queensland economy.



So I would encourage you to take these factors into account when you compare the growth achieved by the respective Bank's over the course of the year.

Also in reviewing growth over the course of 07/08 we have determined that between 80 - 85% is from what we would describe as the core franchise, in other words pre-existing committed lines or new lending to existing customers.

Nevertheless, we accept that there will be some in the market who would have preferred our growth to have been slower and that we had preserved more capital.

However we had to balance the issue of maintaining the value of our franchise which could have been severely damaged if we had not been prepared to continue to support our existing customers who could still afford to service the increased cost of debt as well as provide appropriate security.

Looking forward into FY09, I can confidently predict that our lending will slow significantly and we anticipate it will grow broadly in line with System. We are already seeing evidence of this in July, although a detailed analysis of our pipeline suggests that the impact will be more marked in the second quarter of the year rather than the first.

We will continue to manage our banking portfolios in a dynamic manner, focussing on improved pricing, superior risk and servicing our existing customer base.

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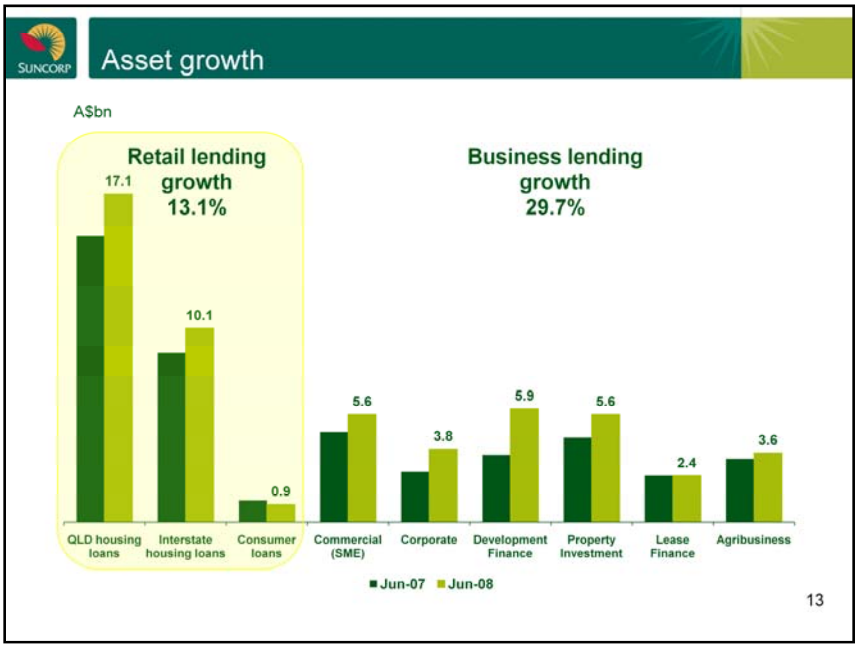

Turning now to our specific segments of lending, and I don't propose to go through this in detail as there is more information in the analyst pack.

However, I would make some specific comments about the **Development Finance** book as this is usually the one of most interest to the market.

It is clear that this portfolio has grown strongly over the year and this is where the effect of the ongoing draw downs on existing facilities has been most obvious. You will recall that at the half year we reported an expansion of this portfolio into the corporate market - which is categorised by large scale, long term successful market participants.

These customers generally have a lower risk profile due to their range of projects in size, sector and geographies and offer a good portfolio diversification for us away from smaller, traditional core Development Finance lending.

Of the growth achieved over the course of the year in the overall DF portfolio approximately 65% came from the Corporate DF book, with the remainder from, what we call the core or traditional book.

And an additional point to make is that growth in both the DF Corporate and DF Core portfolios in NSW has reduced significantly over the year reflecting the struggling economy in that State. For instance second half growth in the Core portfolio in NSW which has recently contributed to the kick up in NPLs was limited to just $14 million.

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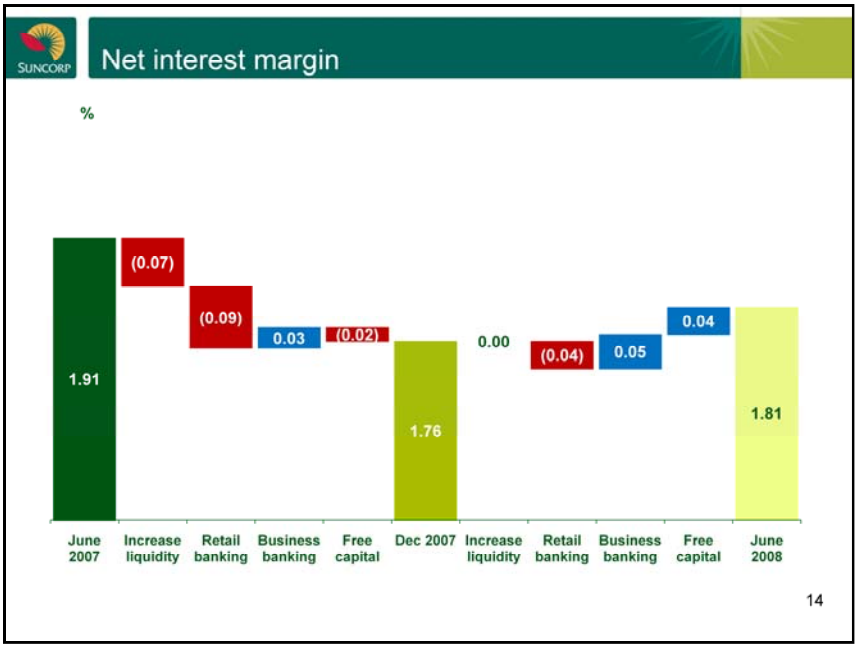

Net interest margin for the year to June 2008 was 1.79%, representing a contraction of 18 basis points compared to the prior year result. You may remember at the previous results presentation I mentioned that we expected to see margins stabilising or even improving slightly over the second half of the year, and that is indeed what has occurred.

Margins have clearly been impacted by the flow on effects of the dislocation in credits markets. This was most evident in the first half which saw a reduction in margin of 15 basis points, however repricing activities in the second half of the year have produced a minor reversal of the downward trend with NIM for the second half increasing by 5 basis points to 1.81% .

Spreads on retail assets and liabilities reduced by 15 basis points over the year. The reduction in spreads reflects the absorption by the Retail Bank of higher wholesale funding costs that it did not pass on to borrowers until late in the year through rate increases outside of movements in official cash rates. Short term funding was impacted by the spread between the official cash rate and the 90 day bank bill market being approximately 30 basis points higher over the 2008 financial year than its previous historical average. Higher longer term funding costs are also beginning to have an impact.

Spreads on Business Banking lending and deposits improved by 2 basis points during the financial year as repricing of the Business Banking lending book was undertaken fairly quickly to pass on the increased funding costs as well as reflecting a return to more rational pricing of risk than was experienced during the credit bubble that began to unwind at the beginning of the financial year.

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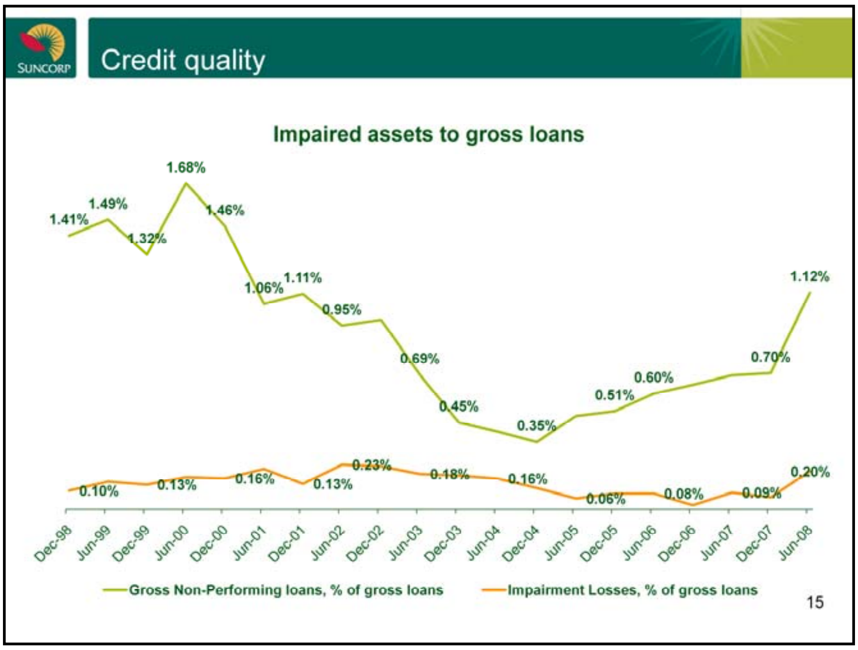


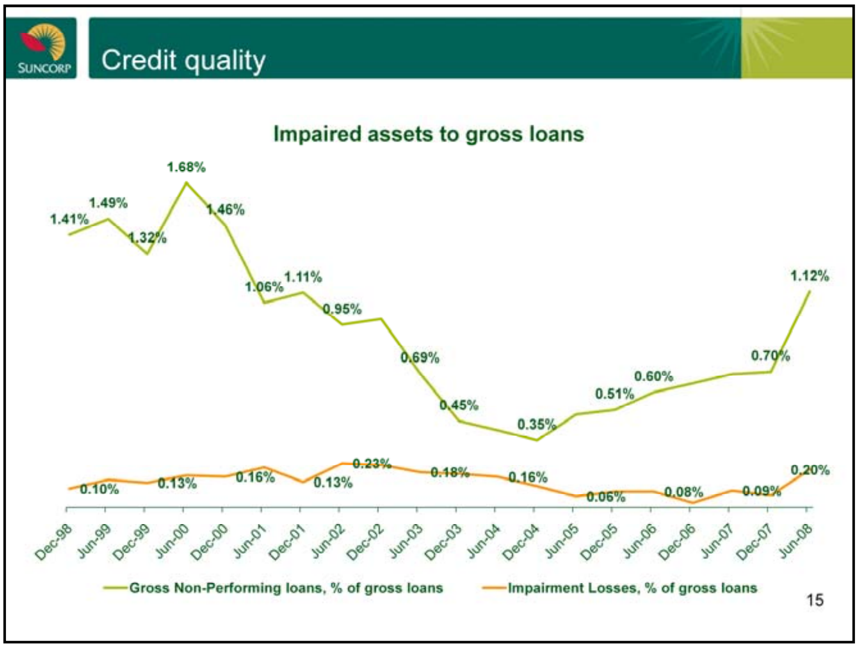
To credit quality now and total non-performing loans have continued to increase from historical lows to finish the year at $627million representing 112 basis points of gross loans, advances and other receivables, a level which is still below historical peaks.

Gross impaired assets at $384 million represent 69 basis points of gross loans and advances. The major contributor continues to be construction and development, particularly in New South Wales. At the half year we pointed out that we had comprehensively reviewed this portfolio from a credit perspective. A further review has been carried out in the second half, taking account of the further deterioration in the cycle.

This review continues to reinforce our contention that the issues are largely confined to NSW and that security levels continue to provide robust cover. That is not to say however that non-performing loans will not increase if economic conditions continue to worsen or that further losses can't occur.

The increase in past 90 day due loans reflects some additional pressure on the mortgage portfolio, however, given the average LVRs across this book we are not anticipating a material increase in write-offs in this area.

Before you reach a conclusion that increased non-performing loans naturally translates into an increase in write-offs I would encourage you to consider the graph on this slide. It demonstrates that even as impaired assets increase, actual losses have historically remained relatively stable.



I would point out that this is due to the fact that Suncorp has always had limited exposure to unsecured lending and our high level of security across the portfolio ensures that in the event that a loan becomes non-performing, losses are limited by the extent of security underpinning the loan.

But I would also accept that in these extraordinary times, historical precedents can provide little comfort. I am often asked where we are at in the credit cycle and what does this mean for Suncorp.

I'm still very much of the view that we have not reached the top of the cycle and that this will continue to have an impact on the absolute level of NPL's reported across the industry. But beyond that the predictions become more difficult as the extent of actual write offs will reflect macro factors such as the way the RBA respond to inflation, employment levels as well as specific factors such as portfolio mix, credit policies, single name exposures and relative LVRs.

What I am more confident in predicting is that for Suncorp this should continue to mean that while our NPL's will most likely increase, actual write offs as a proportion of total lending will continue to be in the 60 – 70% range when compared to the average of the major Banks.

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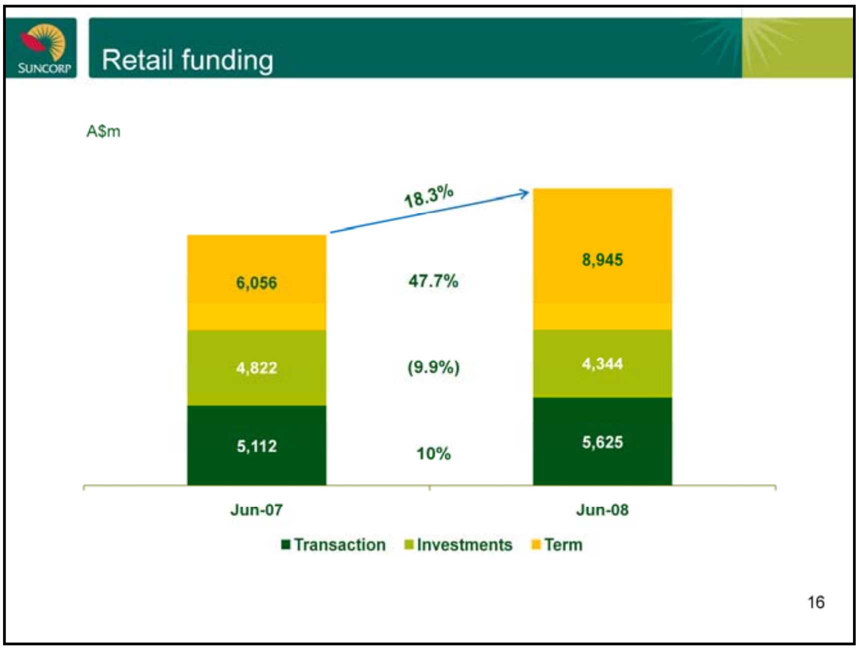

Before we discuss the Wholesale Funding portfolio, let me mention that in a highly competitive market we have seen an 18.3% increase in retail deposits when looking at the aggregate of retail term, transactions and investment accounts.

I think this is a strong performance and is obviously important in an environment where access to wholesale funding has been constrained.

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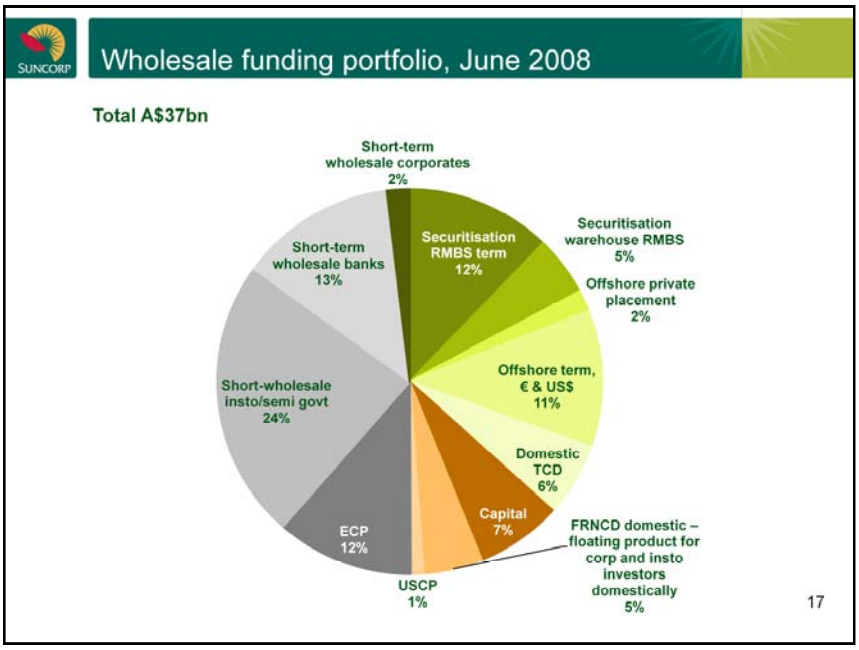
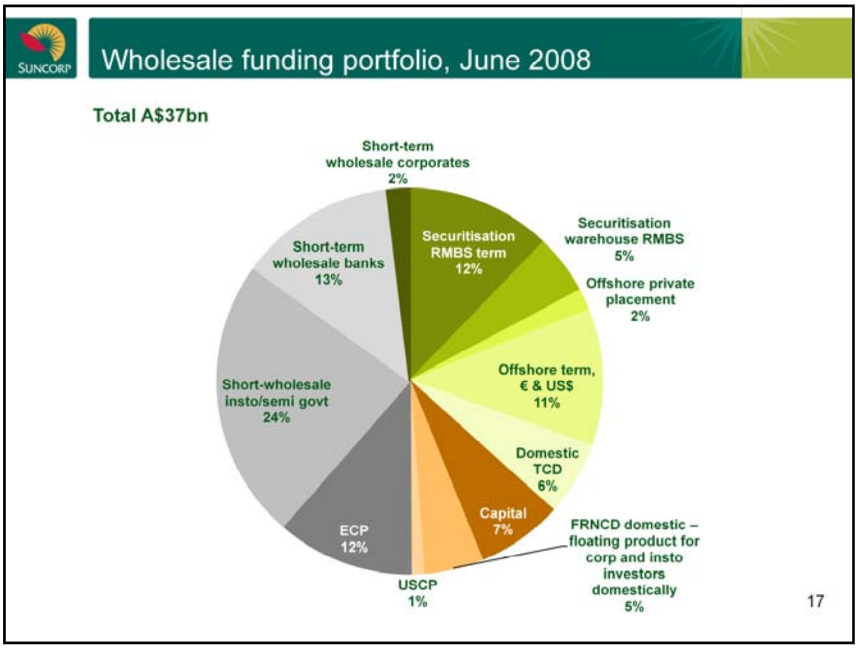


Now to wholesale funding and over recent years the Bank has been following a strategy of diversifying its wholesale funding base which has enabled funding to continue to meet balance sheet demands over the year to June 2008 during a period of intense market dislocation.

In fact we have exited the year to June 2008 with a balance sheet duration at 0.6 of a year, which is about where we entered the year in July 2007. By any measure this is a pleasing outcome when you consider the state of the debt markets over that period.

We anticipate that term funding of around $4 to $4.5 billion, with an average maturity of 3 years, will be required to meet our year to June 2009 term maturities and budgeted lending growth.

We expect that funding will come from domestic private placements, public issuance off the domestic TCD Programme, offshore private placements and public issuance off the EMTN programme, possible access to the Samurai Bond market and potentially a US144a programme.



Next month we will be roadshowing these results in Europe and if there is an opportunity to issue in that market following that then we will take it.

But as I stand here today I would have to admit that the short term potential for a Euro issuance is low. For all intents and purposes, and with the possible exception of country champions, the European market has been, and will remain, a challenge for a Single A issuer. That is not for a moment to say that things won't change and when they do, our good name and well understood credit will serve us well.

However, as you would expect, we are planning for all contingencies, including the preparation of US 144a documentation and a further examination of the Samurai market later this calendar year. We retain some headroom on the domestic term side and see continuing opportunity for private placements largely as a result of reverse enquiries.

Again, I am often asked for my outlook for funding markets and again, absent a crystal ball this is very difficult to predict. The recent potential for a freeing up of markets that existed some months ago seems to have evaporated in the short term as international debt investors digested recent announcements from some of the major Australian Banks. It really is a day to day, week to week and month to month proposition.

My assessment is that while further material deterioration is unlikely, it clearly cannot be ruled out. If this occurs we, along with others, will need to be prepared to act and I suspect that this would manifest itself in a shortening of liability duration across the industry and/or by further curtailing already slow lending growth.

However our 08/09 balance sheet starting point means that we are well placed to respond to these dynamics

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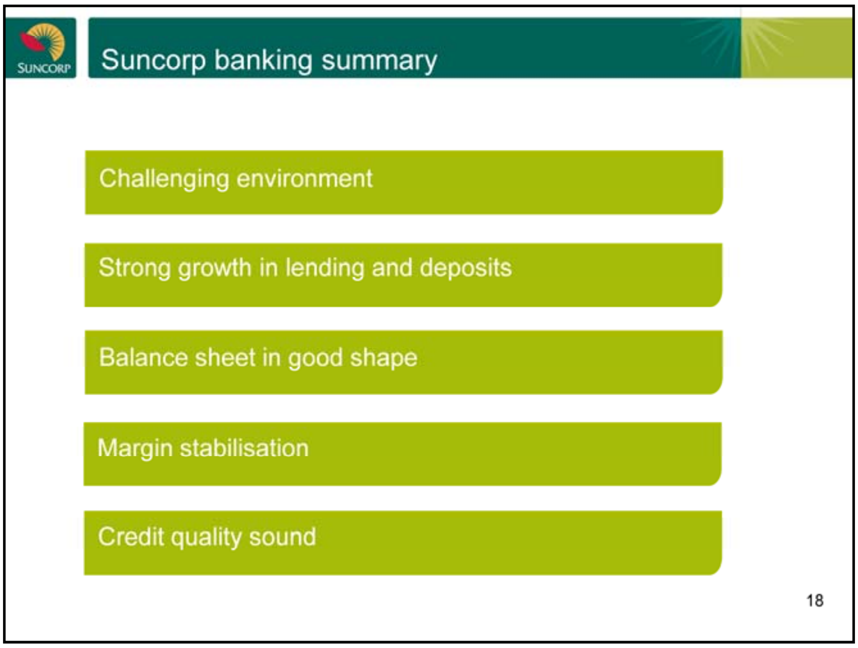


So, to summarise:

The Bank has performed solidly in a very challenging environment.

Lending and deposit growth has been strong but will moderate going forward.

We successfully managed our way through the funding challenges and our balance sheet is in good shape.

Margins have stabilised and pricing is moving in line with the cost of funds and risk.

And the credit quality of the book remains sound.

SLIDE

General Insurance consolidated profit

A$m

Including discount rate adjustment and fire services levy

	Jun-08	Δ%
Gross Written Premium	**6,430**	**2.9**
Net earned premium	5,866	2.5
Net incurred claims	(4,081)	11.8
Operating expenses	(1,633)	2.3
Investment income – insurance funds	455	13.8
Insurance Trading Result	**607**	**(30.9)**
Other income*	64	(25.6)
Investment income – shareholder funds	(232)	(165.5)
Contribution before tax & capital funding	**439**	**(66.7)**
Capital funding	(132)	38.9
Contribution before tax	**307**	**(74.9)**

* Other income includes $47m for managed schemes; $17m joint venture income

19

To the General Insurance business now and to say it has been an eventful year would be a major understatement.

Profitability has been impacted with the pre-tax contribution falling to $307 million for the full year to 30 June 2008.

The ITR was $607 million for the year, equivalent to an insurance trading ratio of 10.3%.

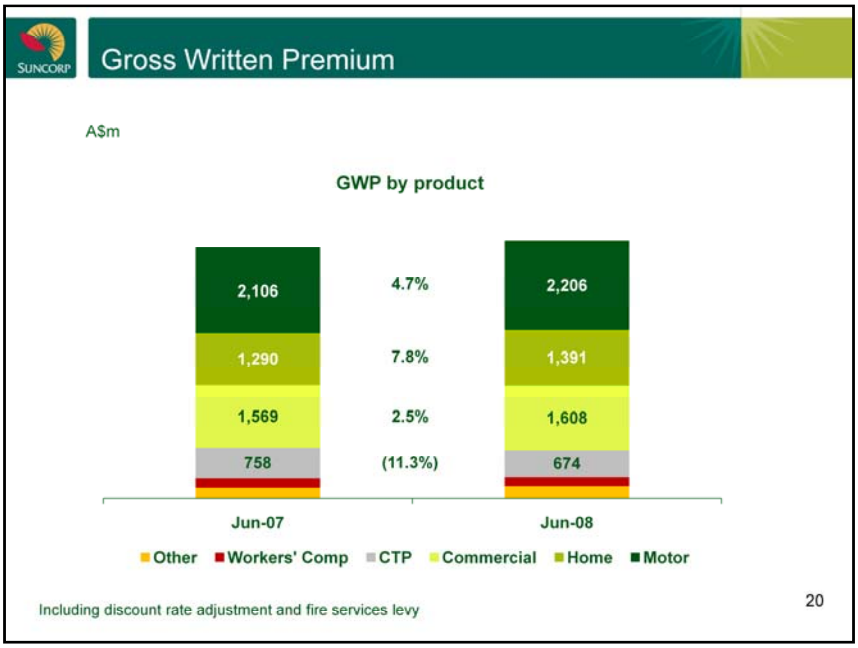
Gross written premium grew 2.9% as premium rates in home and motor classes were increased to recoup weather event losses.

Net incurred claims increased by 11.8% and of course there are many factors affecting this number and I will go through these later in the presentation.

Total operating expenses increased by only 2.3% as we start to see the benefits of integration flowing through to underwriting costs expense. This resulted in an operating expense ratio of 27.8%.

Impacting on the bottom line profit result was a 38.9% increase in capital funding costs over the prior year which reflect the full impact of the subordinated debt raised as part of the Promina acquisition.

SLIDE



Taking a closer look at GWP over the year and again, I won't go through all the portfolios in detail as there is a lot of information in the analyst pack

But there are some key points to make:

Both Home and Motor grew strongly over the year and this largely reflects stronger rate growth as the price increases put through both books following the events over the last 18 months starts to have an effect on overall written premium.

Renewals across Home and Motor remain strong despite the premium increases but, inevitably, there has been some impact on new business flow. Our focus at this point in time however is very much on risk selection and appropriate pricing rather than growing risks in force. We are also seeing some evidence of customers adjusting excess levels which while having an effect on written premium should have an off-setting positive impact on the claims line in future years.

In CTP, overall market shares remain relatively stable which is a good result, particularly in Queensland.

I would again call out Commercial Insurance for special mention with positive growth of 2.5% for the year . This is an outstanding result in what continues to be a soft market overall.

It reflects a continuing pricing discipline and a focus on retention strategies for existing profitable customers. Its still a bit premature to be categoric about a turning of the commercial insurance cycle but there are now some very positive signs, particularly following a strong June renewal season.

SLIDE

SUNCORP

Short tail claims influences

Date	Event	A$m	A$m
MAJOR EVENTS			
July 2007	Floods in New Zealand	20	
Oct 2007	Storms in Lismore	60	
Dec 2007	Storms in Sydney	170	
Dec 2007	Earthquake in New Zealand	5	
Dec 2007	Storms in Melbourne	25	
Feb 2008	Storms in Mackay	100*	
Apr 2008	Wind storms in Victoria / Tasmania	25	
	Major event claims	405*	
SMALL EVENTS & NATURAL HAZARD CLAIMS			
	Claims exceeding long-run allowances		110

Post event claims inflation
Claims inflation now abating as economy slows

21

* Excludes $10m reinsurance reinstatement premium

To claims expense and starting with short tail:

The key factor here has clearly been the effect of major weather events totalling $405 million, excluding the $10 million reinsurance reinstatement premium, which as you know is far in excess of our usual allowance of $200 million per annum.

But – beyond this - there are a number of other factors at play.

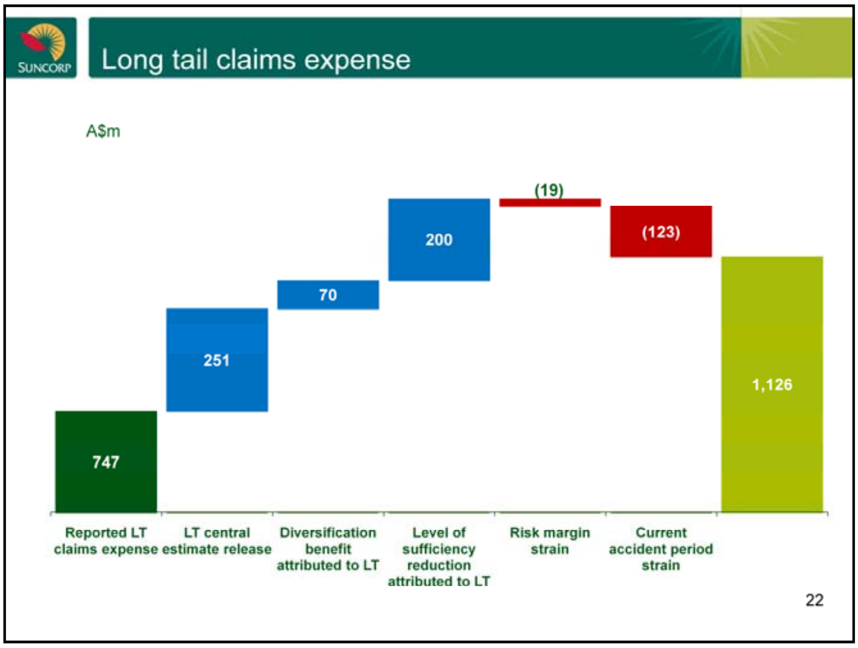
You will see from this slide that our threshold for reporting of major events is $5 million. However, during the course of the 07/08 year we have experienced a larger than expected number of smaller events and weather claims that fall below this threshold.

Collectively these smaller events and weather claims exceeded our longer run average by around $110 million and resulted in a 2.5% to 3% ITR reduction for the Home and Motor Personal lines.

In addition, a second order impact post the major events was a supply/demand imbalance which resulted in upward inflationary pressure on claim repair costs with the Home portfolio being the most impacted.

Our review of claims trends in May, June and July indicates that this effect has begun to abate and our expectation is that this will in fact be replaced by increasing supply side competition as the economy continues to slow.

SLIDE



Moving now to long tail where claims expense has increased by 7.3% to $747 million.

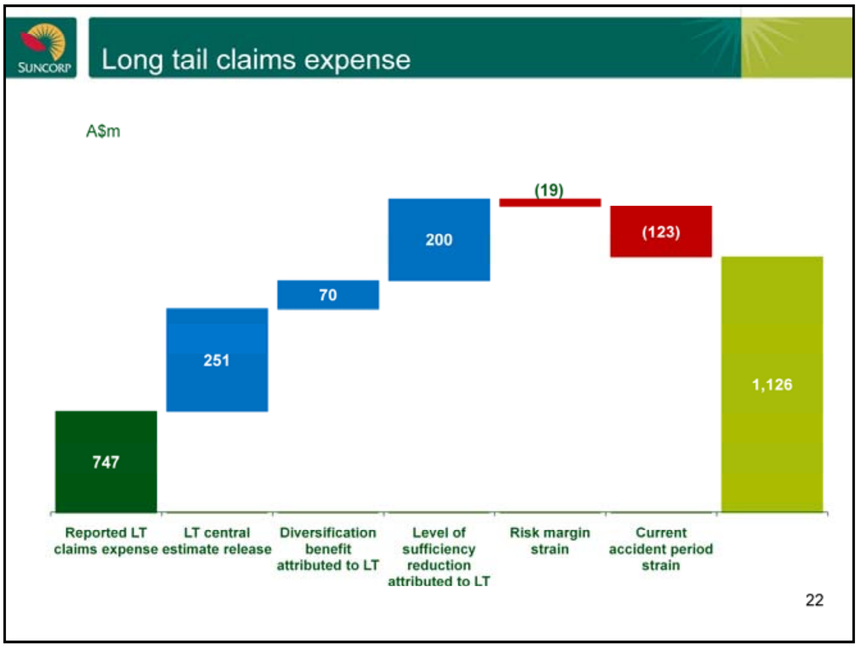
Again, there are many moving parts here.

Firstly, the central estimate releases have contributed $251 million for the year, less that half of the reported $540 million in 06/07, very much confirming our long held view that the post tort law reforms have largely run their course and that structural releases will not be a material contributor going forward.

Now I again caution about simply backing this out of the result. As I have pointed out in the past this needs to be offset by current accident period strains which this year total $123 million.

Second, the result has benefited from net risk margin movements. The key factors here are:

- Our decision to move our level of sufficiency from 94% to our target of 90% in light of a stabilisation of claims valuations, which has contributed approximately $220 million to the overall result - $200 million of which applies to long-tail.
- A comprehensive review of the diversification benefit coming out of the merger has released $75 million of prudential margin - $70 million applying to long-tail.
- offset by $19 million representing the increase in the risk margin owing to the growth in new business.



Our discussion of long tail claims would not be complete without briefly touching on super imposed inflation.

Again, I would point out that there remains some evidence of superimposed inflation emerging in Queensland CTP but that this is limited to the head of claims related to future economic loss. This has been acknowledged by the regulator resulting in successive increases to the scheme's headline rate. We remain confident in the integrity of the scheme and the determination of the regulators and government to act decisively in the event of further outbreaks. However at this stage of the cycle when premium increases lag claims experience there will be a significant dampening in current year profitability.

SLIDE

New Zealand profit contribution

A$m

	Jun-08	Δ%
Gross Written Premium	652	(1.5)
Net earned premium	599	2.2
Net incurred claims	(358)	(1.9)
Operating expenses	(184)	3.4
Investment income – insurance funds	17	(19.0)
Insurance Trading Result	**74**	**15.6**

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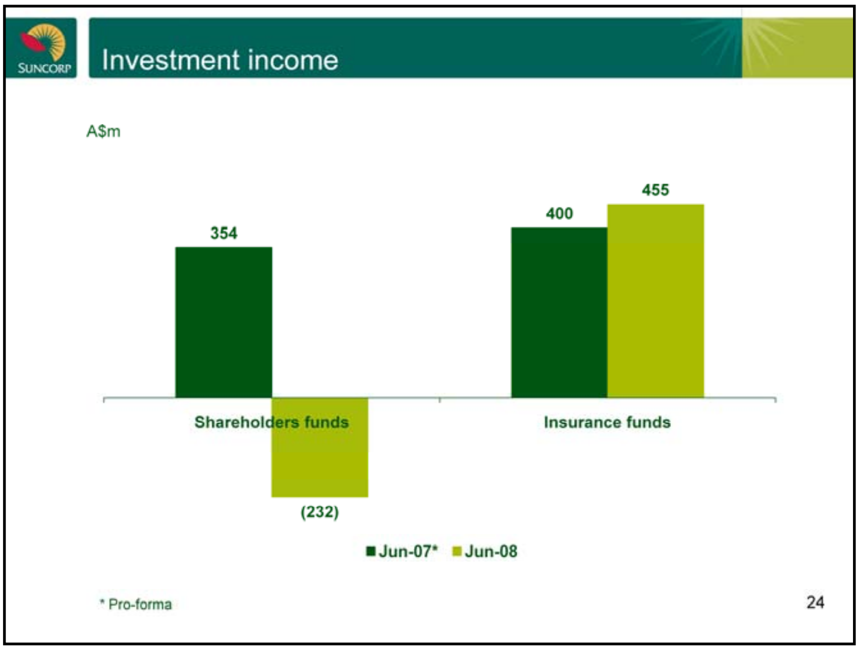
To New Zealand now and the business has reported a very healthy Insurance Trading Result of $74 million for the full year to June 2008, up by 15.6% over last year.

The commercial insurance market in New Zealand remains fiercely competitive but a decline in commercial lines GWP was partially offset by an increase in personal lines GWP of 3.9% as premium increases began to flow through.

As evidenced by this result, our emphasis in New Zealand remains firmly on the retention of good business at acceptable terms to drive profitability ahead of growth, and the strength of the brand has certainly helped to achieve that outcome.

SLIDE



To investment income and investments on shareholder funds resulted in a loss of $232 million as global volatility impacted on domestic equities, overseas equities and listed property portfolios.

Over the year the Shareholder Funds' Australian equity portfolio underperformed the benchmark, which was extremely disappointing. However it has been an actively managed portfolio which has delivered significant active returns in the past, particularly over the last three years. On this point we have taken an in principle decision, not yet executed, to re-weight the portfolio largely away from equities to fixed income and cash. I should stress that this is all to do with the change in APRA's capital requirements rather than a reaction to the current state of the investment markets

Investment income on insurance provisions increased 13.8% to $455 million, or was flat at approximately $500 million if we exclude discount rate adjustments. As you know the portfolio is comprised of investment grade securities, predominately Commonwealth Government, Semi-Government, and highly rated Corporate Bonds and a small direct property portfolio that is gradually being wound down.

As previously noted the returns on this portfolio were negatively impacted by $140 million due to the mark to market impact resulting from widening credit spreads. This has been largely offset however by higher underlying yields as a result of rising interest rates, and positive revaluations of the small property portfolio.

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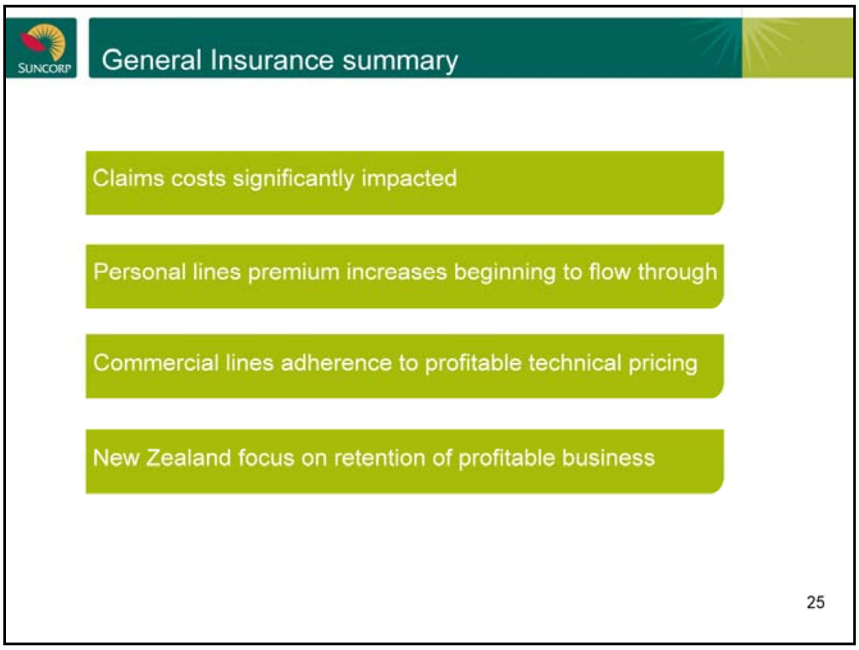

In summary, while the General Insurance Result has met guidance, the quality of the result has been influenced by a number of extraordinary impacts. Moving forward into 2009 we can expect the quality of the insurance trading result to improve as integration benefits take over from reserve releases.

- Claims in 2008 were significantly impacted by the weather events and associated inflationary impacts, however in recent months there is evidence that this has begun to abate.

- It's been a tough year for personal lines but we are now seeing the benefits of premium growth flowing through to the GWP line

- The commercial lines business has continued to perform strongly relative to the market, adhering to its technical pricing levels in order to ensure profitability.

- In the soft New Zealand market emphasis has remained firmly on the retention of good business at acceptable terms to drive profitability ahead of growth.

Let's move onto the Wealth Management division

SLIDE

Wealth Management consolidated profit

A$m

	Jun-08	Δ%
Life risk	78	(8.2)
Funds management	58	(10.8)
Total Wealth Management underlying profit	**136**	**(9.3)**
Net investment income on shareholder assets	(25)	(127.5)
Net profit after tax & minority interests	**111**	**(53.9)**

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The Wealth management division reported underlying profit of $136 million for year to 30 June 2008, down 9.3% on the pro-forma result. Profit after tax was $111 million. These results were impacted directly and indirectly by poor investment markets. But as John has already mentioned, were, nevertheless, still disappointing.

The life risk operations reported an underlying profit after tax of $78 million, a decrease of 8.2%.

Funds management, which includes retail investment, asset management and the distribution operations, experienced a decline in profit of 10.8% to $58 million. This result reflects the impact of weak investment markets on fee income earned on assets managed and also assets held to back annuity obligations.

Investment income on shareholder assets recorded a loss of $25 million.

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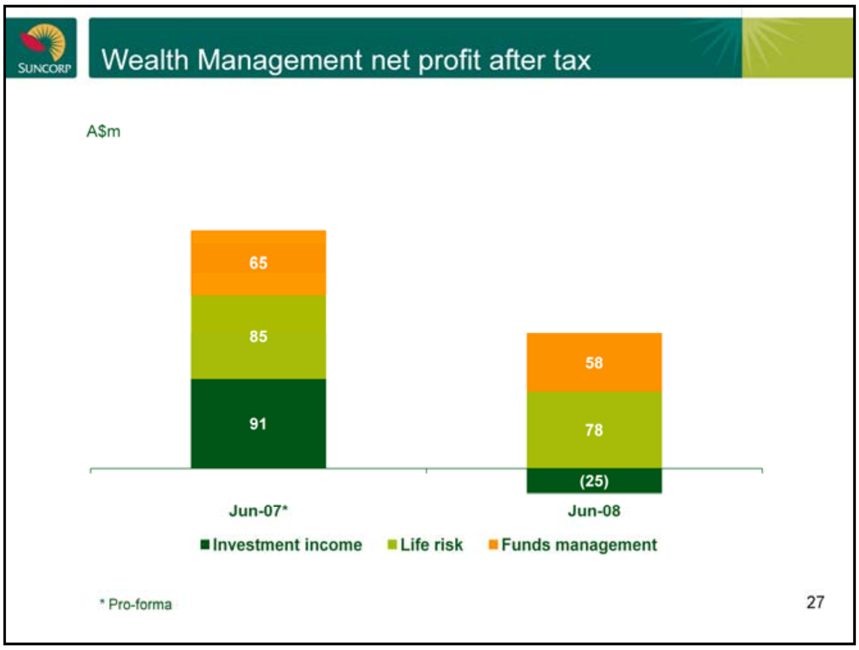
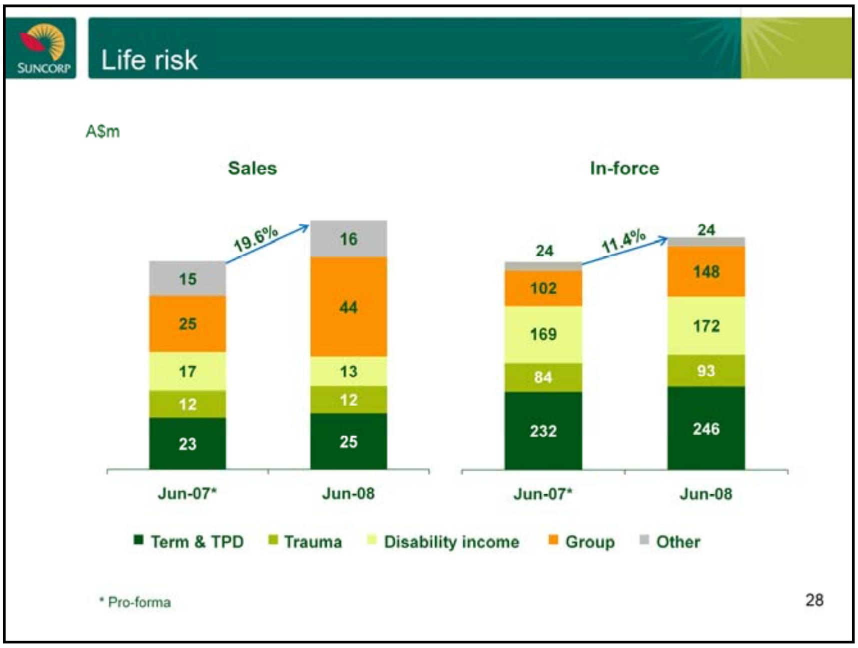


Looking in more detail at the Net Profit After Tax for Wealth; life risk underlying profit after tax of $78 million was a decrease of $7 million on the previous year as a result of poor experience, particularly in the second half in relation to disability and trauma in the Asteron book.

The funds management division reported a 10.8% decrease in underlying profit after tax to $58 million for the full year to June 2008 a reflection of lower funds under management as a result or a consequence of the dislocation in equity markets

Retail investments were also affected by the revaluation of the superannuation annuities book which was impacted negatively by the investment markets. There was a $16 million delta between last year and this year in the P&L impact.

SLIDE



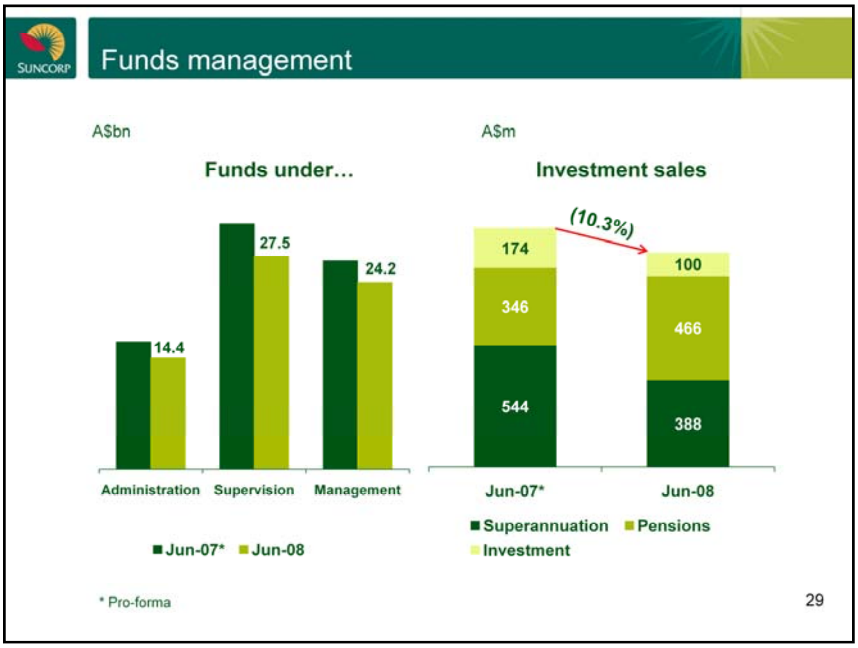
Life Risk new business sales increased 19.6% to $110 million. This was primarily driven by a premium rate increases on Group risk policies.

Term new business growth was positive, partly due to the continuing success of the Family Protect and Lifeguard products. During the year, Lifeguard was further enhanced combining the best features of the Suncorp and Asteron risk offerings resulting in a more attractive, competitive product.

In New Zealand, a group life insurance product was launched expanding the existing suite of life product offerings.

In-force annual premiums on risk products increased 11.4% primarily driven by rate increases on Group risk policies.

SLIDE

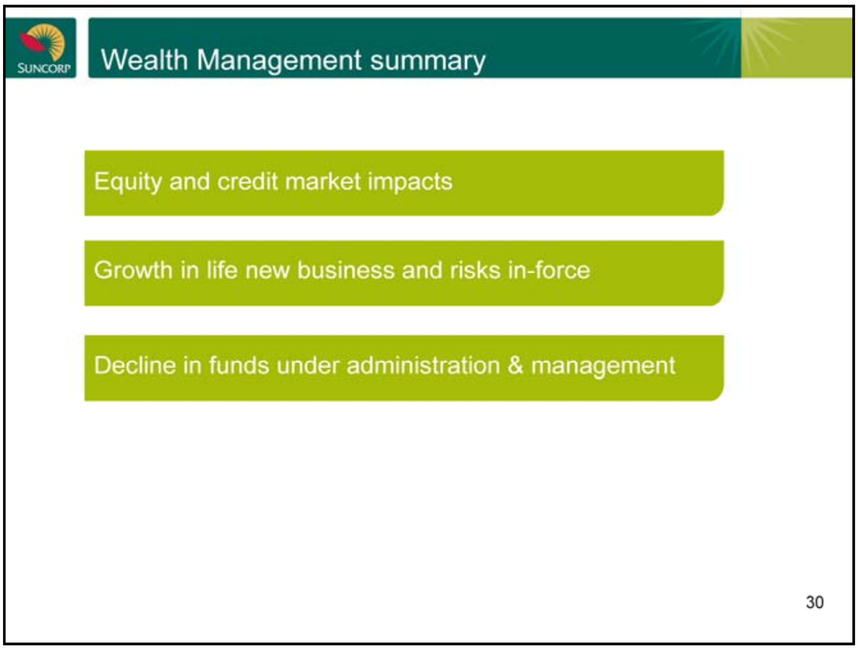


Funds flows were affected as investors responded to the downturn by redeeming investments and slowing applications. For the year, funds under administration reduced by 12.5% to $14.4 billion.

Investment market dislocation reduced funds under management to $24.2 billion.

Retail Investment new business declined 10.3% over the full year to June 2008 as investment market volatility dampened sentiment.

SLIDE

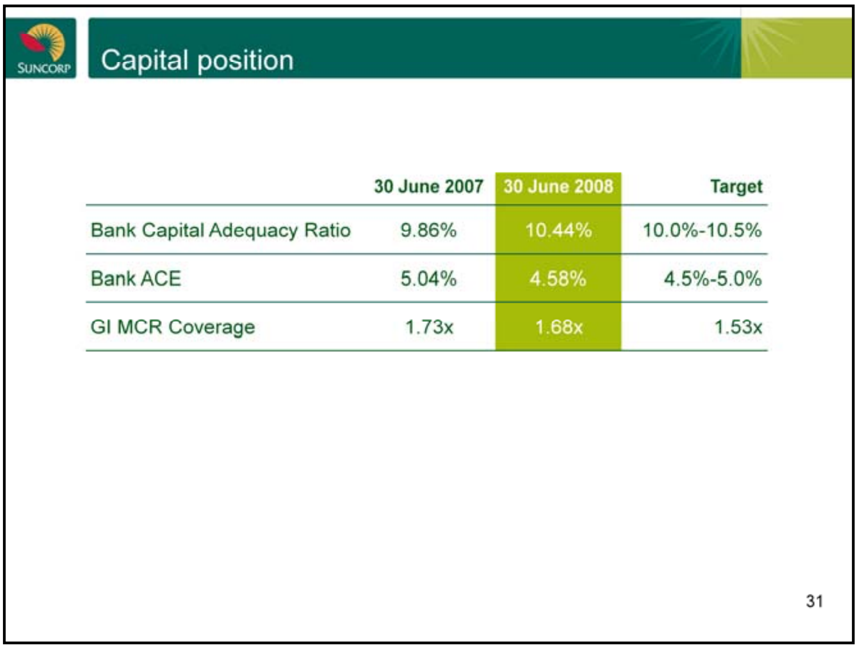


So, in summary

- Wealth management has been significantly impacted by equity and credit market instability.
- But life risk new business sales and in-force premiums grew.
- While in funds management, both funds under administration and funds under management have decreased, along with slower investment sales.

We expect this challenging environment to continue in the year to June 2009. To address this Suncorp Wealth Management will be focusing on simplifying the business model, structure, processes and products.

SLIDE



Capital position

	30 June 2007	30 June 2008	Target
Bank Capital Adequacy Ratio	9.86%	10.44%	10.0%-10.5%
Bank ACE	5.04%	4.58%	4.5%-5.0%
GI MCR Coverage	1.73x	1.68x	1.53x

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Turning finally to Capital.

2008 has seen a number of strains on Suncorp's capital position.

The poor investment markets and weather events have materially decreased internally generated capital. Secondly the closure of the securitisation markets meant that this method of mitigating the growth in risk weighted exposures was no longer available resulting in an increase in the Bank's capital requirements.

To maintain our targeted capital ratios and dividends, we have:

Underwritten the DRP participation on the interim dividend to 65%, which raised $194 million in capital above the normal participation rate.

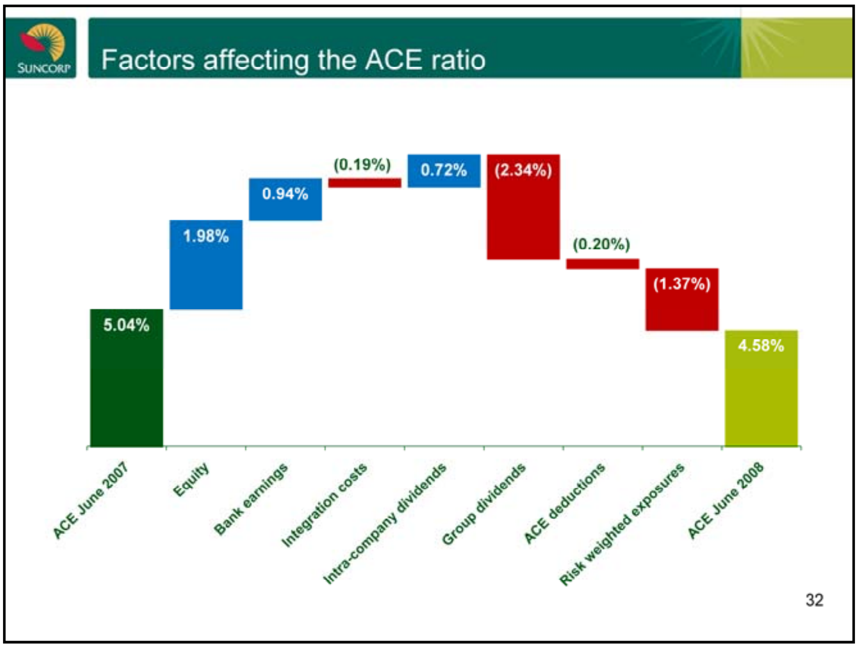
Successfully completed the Converting Preference Share issue that raised $735 million in capital.

Resolved to underwrite the DRP participation on the final dividend to 100%.

In addition to these transactions, our move to a $150 million maximum event retention in our 2009 reinsurance program reduced the General Insurance Minimum Capital Requirement by $50 million.

These initiatives have enabled us to maintain our capital ratios within target ranges and in particular our main regulatory benchmark being CAP Ad has increased from 9.86% to 10.44%.

SLIDE



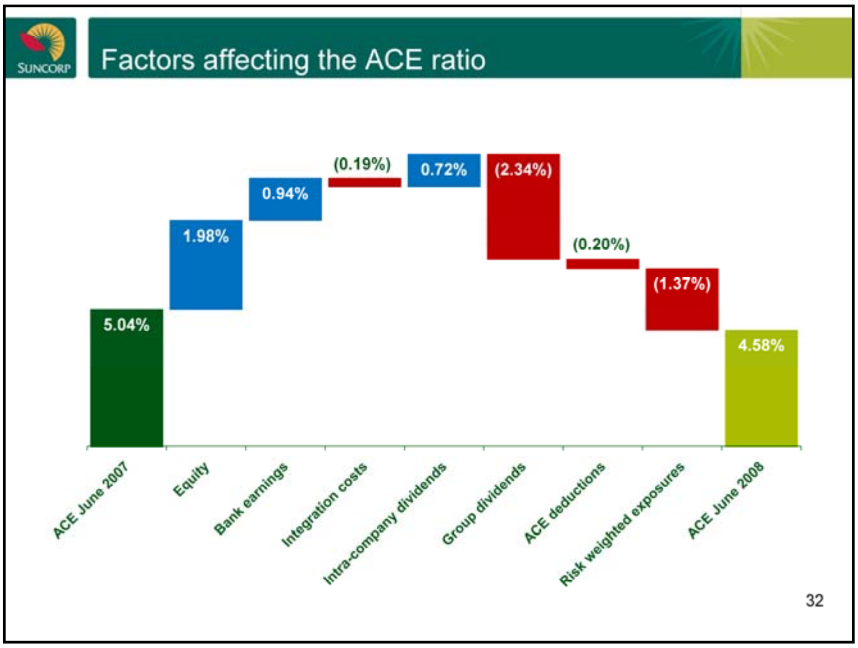
The ratio under most pressure is clearly ACE.

However I should stress as you all know that this is not a regulatory ratio and has been primarily used by ratings agencies. In addition, this is currently being perceived more and more as a very blunt instrument and the focus is moving more towards ATE or Adjusted Total Equity. The difference being that ATE recognises that type II hybrids should be taken into account when considering core capital to a limit of one third of ACE. The reality is that our $735 million mandatory converting preference shares is as close to contingent capital as you can get.

If we use ATE as a more appropriate measure of core capital, then our ratio has increased from 5.5% in June 2007 to 6.1% in June 2008.

Moving back to ACE, we had anticipated at the time of the transaction that 07/08 would be an ACE neutral year, albeit with a high dividend payout ratio. However the extraordinary events of the year have placed unexpected pressure on the ACE position. This waterfall chart slide shows the movements in ACE over the year, and there are two key observations I would like to make.

Firstly, the bank's earnings have been insufficient to cover the increase in risk weighted exposures in the bank. This has been due to the strong growth in risk weighted assets, net of the reductions under Basel II. The unavailability of securitisation as a capital management tool has had a twofold impact. Not only is it not possible to take risk weighted assets 'off balance sheet' for capital purposes, but the amortisation of existing securitised assets mean that risk weighted assets increase at a rate higher than lending growth. Also worth noting is the operating risk charge under Basel II has added 28 basis points to risk weighted exposures. This charge offset the lower risk weightings on mortgages.



Secondly, intra-group dividends from the general insurance and wealth management businesses are down significantly. This is due to the impact of investment markets on both businesses and the weather events on general insurance. Diversified sources of profit and therefore capital generation is a significant benefit of our business model. Ordinarily we would expect those businesses to generate capital surplus to their own capital needs and contribution to the dividend commitments, supporting growth in the bank or capital returns to shareholders. 2008 was an extraordinary year which saw the higher than usual weather events combine with the turmoil in investment markets, at a time when the acquisition of Promina had yet to fully realise the expected benefits.

We have sustained out ACE position by underwriting the DRP on the interim and final dividends. As just mentioned, the CPS, while boosting our regulatory and ATE ratios, does not impact ACE.

Importantly however, under a reasonable set of circumstances, we are targeting an ACE ratio of 5% plus by 31 December without having to resort to further underwriting of dividends.

The assumptions are that

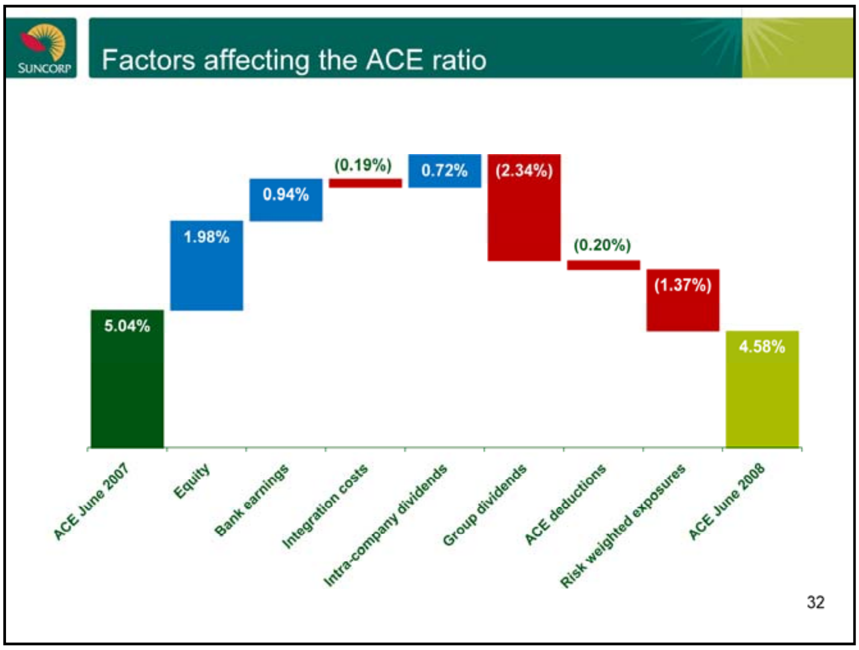
1) We achieve our outlook statement,

2) Our asset growth reduces to approximately 10%,

3) We achieve synergy benefits as targeted,

4) We release capital from the restructuring of the GI sub-group, and

5) We restructure the GI SHF investment profile to avoid any net increase in capital risk charges.



I also note the disposal of RAC Insurance will result in additional capital of $35 million being released.

Therefore our capital position is reasonable and there should be no need to raise additional core capital in the near future. However, this is assuming we avoid an unexpected major capital consuming event.

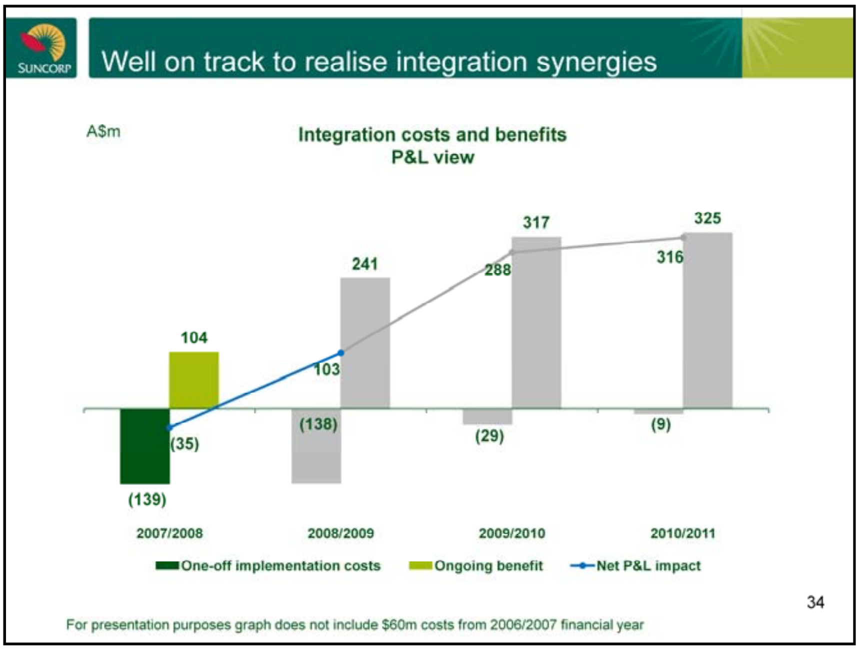
So with that, I will hand back to John.

SLIDE

Thanks Chris.

Let me now turn to our integration progress.

SLIDE



Our integration program remains very much on track
and on time
with overall P&L benefits of $104 million in 07/08 slightly ahead of target.

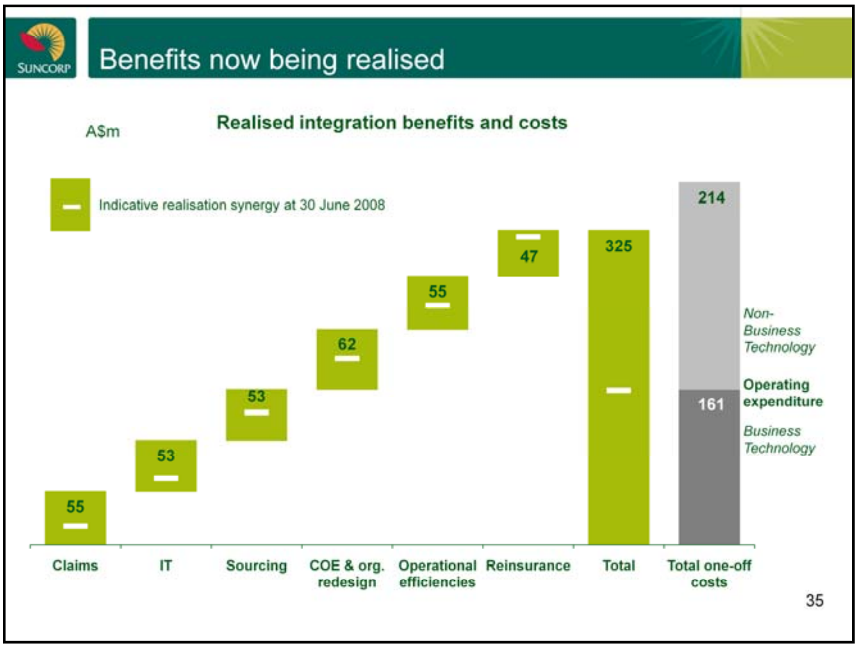
This slide provides an updated P&L view
of the timing profile of synergy benefits
and one-off implementation costs.
It presents an overarching view of the portfolio
and shows that the benefits will continue to be delivered earlier than anticipated
and that costs are being well managed.

Integration costs of $139 million
were below the forecast $177 million
and this largely reflects the timing of specific initiatives
within the overall integration program.

We still remain confident
in our overall estimate of one-off implementation costs of $375 million.

Let me now provide a brief overview of our progress
in the three broad areas of benefit.

SLIDE



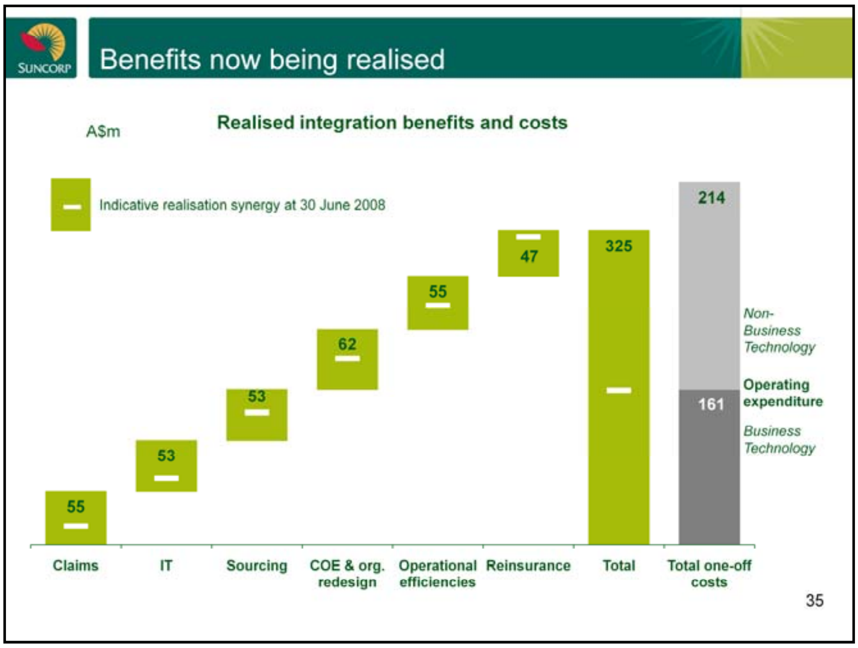
Initiatives in the **Home and Motor claims** portfolio
are aimed at lowering cost,
improving customer services
and leveraging expertise across the insurance brands.

The Group has made a good start on realising benefits in this portfolio despite the distractions of the external events.

Operating expense reductions can be broken down into four categories.

First, in **Business Technology**
we have rolled out the Suncorp network to all Promina sites,
consolidated mainframe infrastructure, and
we are well down the path with a desktop rollout program across the Group.

In **Sourcing**
we have seen the early realisation of benefits
which have been achieved through the consolidation of Group spend
to gain unit cost improvements from Group suppliers.



In **Centres of Excellence and Organisation Redesign**
the restructuring activities have been completed
delivering greater than expected benefits.

While specialist services have been aggregated
thereby eliminating duplication and enhancing capabilities across the Group,
we believe there is even more that we can do in this area.

In **Operational efficiencies**
we are sharing best practice processes
removing duplication of expenditure in areas such as group insurance
external audit, share registry services and research.

And finally
we restate the benefits realised
from completion of the renegotiation of the Suncorp and Promina
general **reinsurance** programs across the Group.

While the Group has decided to purchase additional catastrophe protection
the cost of this cover does not impact on the synergy saving.

SLIDE

There is more that we can
and should do
in order to respond to a deteriorating external environment.

In framing our budgets for this financial year
we have made conservative assumptions about revenue growth
given the likelihood of a continued slowing of the economy.
But we have emphasised to all our people
the need to make further adjustments to allow us to appropriately
respond to whatever the external environment may throw at us.

This will take a number of forms:

First
we are reviewing all discretionary spending
to reduce our cost base and increase our competitiveness.

Already we have identified categories
to target further Group savings
and these will be reported centrally
using governance processes already established in the integration
program.

Secondly
we are accelerating our move to the end-state business model.

This includes:

- continuing to aggregate specialist services to the highest level practicable
  to inform our organisational structure
  and thereby further remove duplication
  and enhance capability across the Group

- Implementing technology capability across the Group
  in order to drive further efficiency

  as well as

- Continuing to review our organisation
  to identify potential practice and process changes.

All this work is well underway
and we have set ourselves some aggressive targets and timelines
in achieving results.

SLIDE

I'd now like to turn to the Bank
and the steps we're taking to bring forward
the delivery of the end state business model for that business.

SLIDE

As you are aware
the Bank has been relatively untouched by the integration program.

The banking divisions have instead focussed on
refreshing their overall five year strategies
and you have already seen a number of initiatives flowing from this work.

Growth and profitability has remained strong,
our customer service metrics remain high
and our employees are more engaged than ever.

On the cost side
we are now well placed to benefit from the arrangements
we've entered into with our global partners.

The time is now right for the Bank
to take steps toward our integration end state business model
and the logical next step
is the merging of our retail and business banking divisions.

I would point out that this has been on the radar for some time
and given the deteriorating market
the time to move is now.

SLIDE

The unified banking team will focus on:

- Simplifying and streamlining banking operations under one shared platform
- Improving governance, prioritising capital usage and projects
- Improving products and service as the middle office is streamlined
- Maintaining a clear focus on target growth centres particularly in Queensland and Western Australia

And

- Developing our specialist services and relationship banking in the key business portfolios

SLIDE

Integrating the retail and business banking divisions
provides some efficiency quick wins
and longer-term benefits.

We've already started to reduce discretionary spending.

The longer-term savings of a single
focussed bank structure
will be driven out as we deliver changes.

We estimate that this will generate some cost savings
in this financial year
and on-going annual benefit
providing further robustness for our banking outlook.

From a customer viewpoint there won't be major change.
They will see improved product and service delivery
As we streamline the business

SLIDE

Now to the management changes
we announced this morning.

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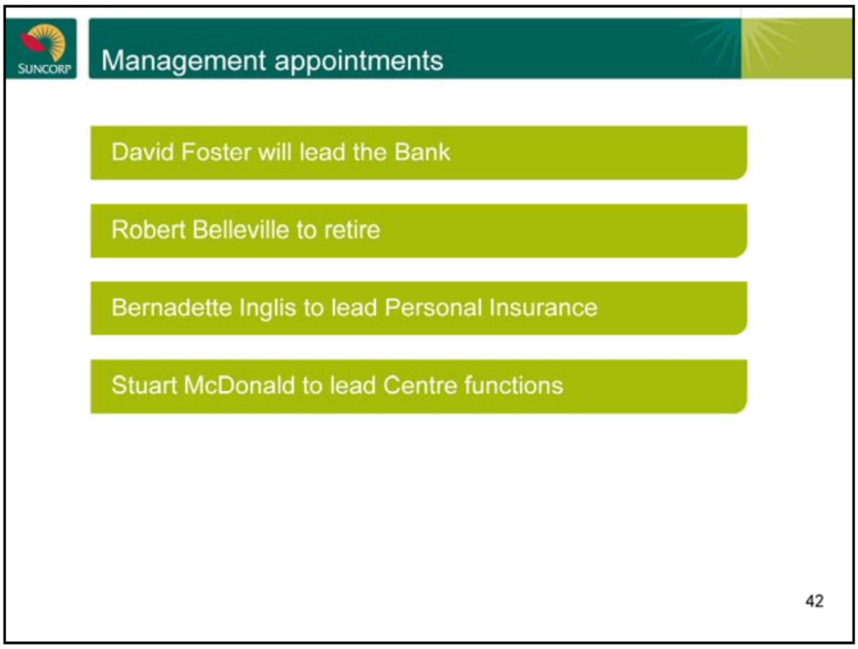
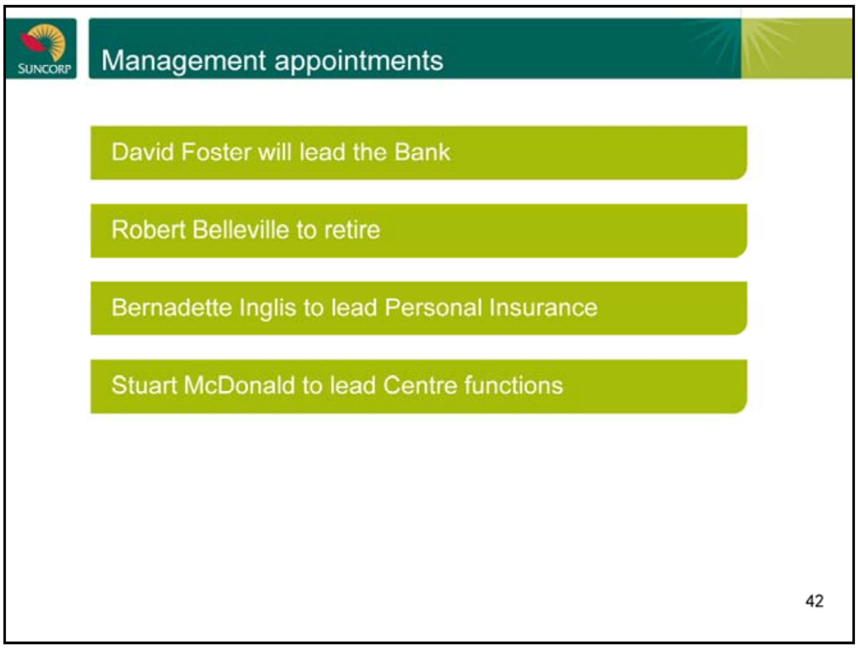


David Foster has been appointed
as the Group Executive to lead the integrated Bank.

David has done a fine job leading the Retail Bank to date
and we are confident that he will lead the bank
through the next phase of its development.

Robert Belleville has made a decision
to retire from full time employment.
But I am delighted to say that Robert
has agreed to remain with the business in a consultancy role
that will see us continue to benefit from his experience until September 2009.

I would like to take this opportunity
to thank Robert for his invaluable contribution
towards aligning Suncorp's range of insurance brands
throughout the integration process.



Bernadette Inglis has been appointed to run Suncorp's Personal Insurance business.

Bernadette has consistently delivered
in her Group Executive role here at Suncorp.
She has worked closely with Robert throughout integration
has an in-depth knowledge of the business
and will provide strong leadership in the current environment.

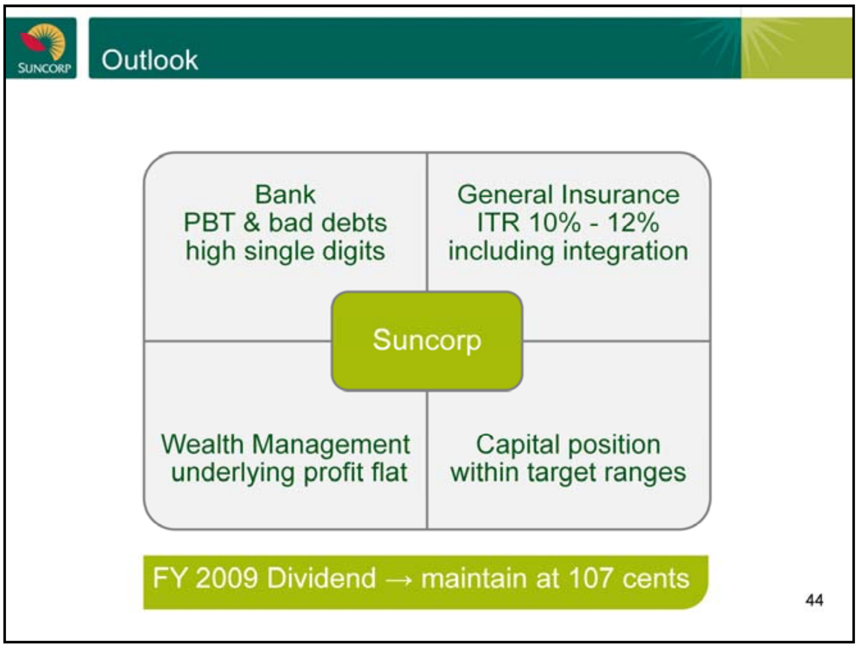
Finally, Stuart McDonald will replace Bernadette
as head of our Centre Functions.
These appointments are effective immediately.

SLIDE

Moving onto Outlook
and in the interests of time
I will only provide a high level summary.

The full details are available in the Analyst Pack.

SLIDE



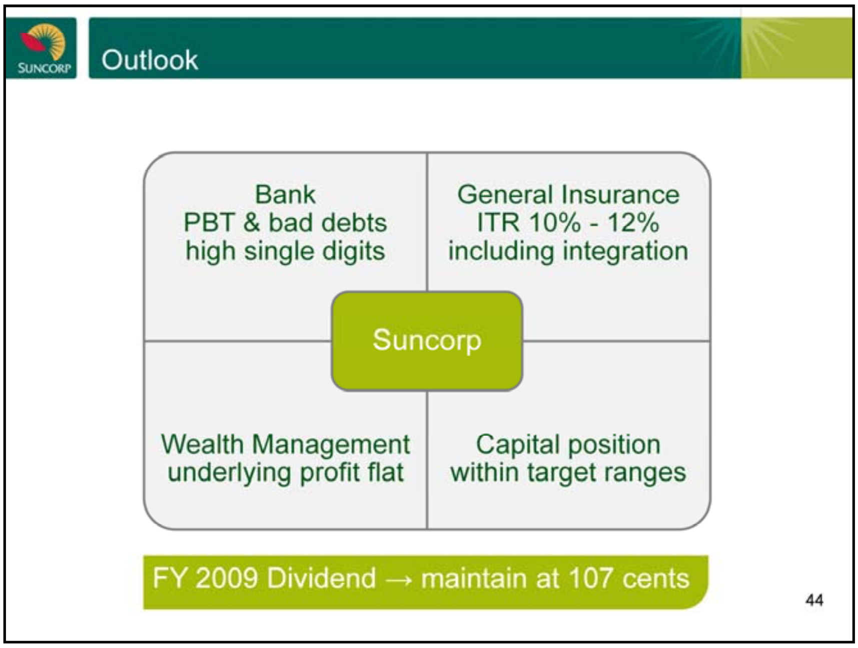
In the Bank
we expect profit growth before tax and bad debts
will be in the high single digits.

In General Insurance
we are forecasting an ITR in the 10% - 12% range
assuming weather events remain within our new provisioning level
and there is no widening of spreads
across the technical reserves portfolio.

In Wealth Management
we expect conditions to remain challenging
with underlying profit growth
to be similar to that reported in the 2007 / 2008 year.

We expect our capital position to improve over the course of the year with a current forecast of an ACE ratio
at December 2008 and June 2009 of approximately 5.0%.

This does not assume any further DRP underwriting
or other core capital raising.



Rolling this all up
the Board remains confident
in the underlying performance of the business
and the excellent progress being made on integration.

Therefore
based on the Group's outlook
the Board anticipates the Group's ordinary dividend
for the full year to June 2009
will be maintained at 107 cents per share.

SLIDE

So with that I will hand over to Steve for questions.

SLIDE

Suncorp-Metway Ltd

Full Year Results 2007-2008

26 August 2008

Disclaimer

This report contains general information which is current as at 26 August 2008.

It is not a recommendation or advice in relation to Suncorp-Metway Limited or any product or service offered by the Suncorp Group.

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