CONCISE REPORT 2001

Banking Insurance Investment

SUNCORP METWAY

Suncorp-Metway Ltd

ABN 66 010 831 722

Table of Contents

Core Purpose

Our Core Purpose is to make it **far easier** for customers to manage their finances better so they can realise their dreams and protect the things they hold dear.

CONCISE REPORT

For the Financial Year ended 30 June 2001

The Concise Report incorporating the financial statements and specific disclosures required by Accounting Standard AASB 1039 has been derived from the consolidated entity's Annual Report for the financial year. Other information included in the Concise Report is consistent with the consolidated entity's Annual Report.

The Concise Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as does the full Annual Report.

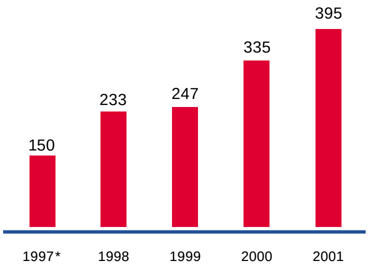
A copy of the 2001 Annual Report, which includes the Annual Financial Statements and the independent audit report, is available to all shareholders, and will be sent to shareholders without charge on request.

The 2001 Annual Report can be requested by telephoning (07) 3835 5797 and by the internet at www.suncorpmetway.com.au

Financial Highlights

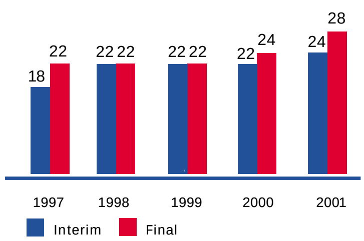
- **Net profit**
  up 18% to $395 million
- **Annual dividend**
  up 6 cents to 52 cents
- **Earnings per share**
  up from 69.5 cents to 83.5 cents (fully diluted)
- **Return on equity**
  up from 16.4% to 18.7% (weighted daily average)
- **Total assets**
  up 13% to $29.6 billion
- **Market capitalisation**
  $7 billion

OPERATING PROFIT AFTER TAX ($m)

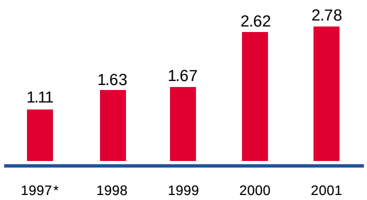


*12 months Metway, 7 months Suncorp, QIDC

DIVIDENDS Interim/Final (c)



OPERATING INCOME ($b)



*12 months Metway, 7 months Suncorp, QIDC

CREDIT RATINGS	SHORT TERM	LONG TERM	CLAIMS PAYING GENERAL INSURANCE	CLAIMS PAYING LIFE & SUPER
Standard & Poor's (Positive Outlook - February 2001)	A-2	A-	A-	A-
Moody's				
Bank Deposits	P-2	A3	n/a	n/a
Senior Debt	P-2	A3	n/a	n/a
(Upgraded in July 2000)				
Fitch (Long term outlook - stable - April 2001)	F1	A	A+	A

Chairman's Letter to Shareholders

Dear Shareholder

Back in the 1997 Annual Report, shortly after Suncorp Metway was created from the merger of Suncorp, Metway and QIDC, I noted that the Company had a very significant challenge confronting it. That challenge was to earn a net profit of $350 million by 2001 in order to pay a dividend of 50 cents a share on fully diluted share capital.

At the time, it seemed like a tall order. After all, the profit in 1997 was just $150 million.

Four years later, I am delighted to be able to report to you that we have beaten that challenge. In the year to June 2001, the Company surpassed the $350 million mark, announcing an 18 percent increase in profit after tax to $395 million.

We have also beaten the 50 cents a share dividend that I referred to, declaring a four cents increase in the final dividend to 28 cents, taking the full year dividend to 52 cents a share – up six cents.

If you have been a shareholder since 1996, you will know that these good results have led to a tripling in the share price since the original merger.

The Company is now amongst the biggest 25 companies in Australia by market capitalisation, and is valued at well over $7 billion. This is larger than the market capitalisation of many other well known companies such as MIM, Fairfax and Qantas.

I think that by any standards, that is a remarkable performance, and I want to commend the Managing Director Steve Jones, his executive team, and all the employees for delivering that excellent result.

In this report, I would like to briefly summarise the profit, then I will tell you about the next phase in our drive to lift returns to shareholders – the acquisition of the Australian general insurance operations of AMP/GIO. Finally I will comment on our expectations for the current year.

PROFIT SUMMARY

The Company managed to move beyond that $350 million profit level I mentioned earlier as a result of four years of hard work. It involved a fundamental re-engineering of the group to eliminate inefficient practices and create a competitive force in the financial services sector.

In last year's report I declared that our original merger was finally completed, and we had turned our focus towards growing the Company from our new efficient base. I am pleased to report that during 2001 we grew our business strongly as we reaped the benefits of that improved competitiveness.

Equipped with better systems, our staff achieved improved sales across all our main business lines as we intensified our focus on growth and expansion.

In Banking, our loans, advances and other receivables increased by 11 percent to $19.9 billion. In Wealth Management, total sales of new business increased by 179 percent to $595 million. And in General Insurance, gross premium income grew by 5 percent to $824 million.

As you will see from the table on the next page, these increases in sales translated into significantly improved profits in our Banking and Wealth Management Divisions. But the General Insurance result was down from the

Chairman’s Letter to Shareholders

CONTRIBUTION TO PROFIT BY DIVISION

	FULL YEAR ENDED		Jun-01
	Jun-01	Jun-00	vs Jun-00
	$m	$m	%
Banking	284	229	24
General Insurance	163	211	(23)
Wealth Management	53	30	77
Other activities	9	5	80
Profit from ordinary activities before amortisation of goodwill and income tax	509	475	7
Amortisation of goodwill	(10)	(10)	-
Income tax attributable to operating profit	(104)	(130)	(20)
Net profit attributable to members of the parent entity	395	335	18

Note: Income tax attributable to Life and Super policyholders is eliminated from this table.

unusually strong profit of the previous year due to the fact that claims returned to more usual levels. Nevertheless, our Insurance Trading profit for this year, at 10 percent of premiums, is well above industry averages.

Tax was down partly because the tax rate fell to 34 percent, but largely by paying careful attention to the tax aspects of transactions - for example by including in our investment portfolio those stocks which pay good levels of franked dividends.

Steve Jones will report in detail about each of the divisional performances, but taking the profit as a whole, the result is satisfactory, with diluted earnings per share increasing by a healthy 20 percent to 83.5 cents.

I use the term "diluted" because at year end, the Queensland Government held some 124 million capital notes. These were converted to ordinary shares on 4 July. So we have calculated measures such as earnings per share as though all the relevant securities already had converted. If we had just used the basic number of shares at 30 June, then in the current year we would see a sudden decrease in earnings per share which would not reflect reality.

Return on average fully diluted equity increased from 16.4 percent to 18.4 percent, after adjusting for the impact of the issue of 48 million shares partly to fund the AMP/GIO acquisition. The ratio has been adjusted because the shares were issued and the funds received on 21 June. So there was very little opportunity to earn a return on the money in the year to June 2001. The equity will be included in the current year of course, because the AMP/GIO operations will be earning a return on the capital invested.

THE NEXT PHASE - GIO

In the competitive world of financial services, companies can not afford to rest on their laurels, and we must continually be searching for ways to increase returns for shareholders. So in 2001 we embarked on a new challenge – the $1.24 billion acquisition of the AMP’s wholly owned Australian general insurance business. This includes the personal and small business lines of GIO but excludes the GIO’s reinsurance and large commercial books.

Through this acquisition, announced in June, we will truly transform the Company into a national force in financial services.

Suncorp Metway has a proud Queensland heritage, and will always retain our Queensland identity. But for our continued growth and expansion, it was important for the Company to find a way to access the major markets outside of our home base, to gain a national presence and increase our scale.

The GIO acquisition delivers handsomely on those counts. The acquisition will make the Company the second largest general insurer in Australia, with total annual premiums of approximately $2 billion, and with more than 3 million customers across the country.

Chairman's Letter to Shareholders

It will increase the diversity of our General Insurance business, because most of the business being acquired is outside of Queensland. It also is in classes of insurance other than Compulsory Third Party, which previously had been dominant in our portfolio. Better diversification will reduce our overall risk profile, and should decrease volatility in earnings.

As I stated earlier, the acquisition was funded in part by an issue of 48 million shares, which raised $638 million. This included 6.6 million shares which were issued to the AMP. An additional 13 million shares are still to be issued to the AMP as part payment for the acquisition. These share issues were a component of a total funding package of $1.25 billion. The package was conservatively structured to ensure that the Company retained a sound financial position, and was ratified by shareholders at the recent Extraordinary General Meeting.

The share issue was accomplished within days of the announcement. The Board would have preferred to have had a rights issue enabling all shareholders to participate, however this was ruled out due to time and cost constraints. At the end of the day, the placement was the only practical way to ensure that the funds were raised within the required time frame to ensure that the deal proceeded to the benefit of all shareholders.

However, the Board has decided to draw up a Dividend Reinvestment Plan and a Share Purchase Plan to provide small shareholders with the opportunity to increase their holdings in future. The first possible use for these vehicles will be the half-year dividend to be paid next March, but even then it will require the Board to review the Group's capital requirements at that time.

Isobela Rigg, GIO Customer Service Officer and Grant Ives, Motor Underwriter

Chairman's Letter to Shareholders

THE GENERAL INSURANCE INDUSTRY

Suncorp Metway is undertaking the GIO acquisition as the General Insurance industry emerges from a period of unprecedented change.

For example, during the past 12 months we have seen the demutualisation of the country's largest insurer, NRMA, followed by the collapse of the then second largest – HIH Insurance – in March. That follows the problems experienced by reinsurers in 1999 and 2000, and the ongoing consolidation within the industry.

Ironically, the shakeout in the industry is having a positive impact. The bad practices that have led to the problems of the past are now being exposed. Changes to the solvency requirements for general insurance companies will help to ensure that underwriters put aside sufficient provisions to pay future claims. We support these considered moves to increase the transparency of general insurance accounts and improve the overall levels of security in the industry in the best interests of consumers.

As I write, Federal Parliament has before it amendments to the Insurance Act to increase the capital requirements and tighten the rules by which solvency margins of insurance companies are calculated. We have taken these draft rules into account in working out our capital structure following the AMP/GIO acquisition and we will pass those tests with a satisfactory margin.

Unlike HIH Insurance, which was reported to hold no prudential margin in its outstanding claims provision, Suncorp Metway has always added a significant amount to the central estimate calculated by actuaries, just in case some adverse trend results in claims costing more than we estimate today.

CONCLUSION

That leads me to comment on our outlook for the current year.

Given our prudent management style, the leadership of Steve Jones and the continued strong contribution of our staff, we are well placed to confront the challenges of the marketplace.

Assuming no dramatic swings in financial markets, unforeseen events or a downturn in the economy, we are confident we will be able to produce an improved result in the current year. The Managing Director will comment in more detail on the factors that will influence our financial performance.

Finally I would like to thank my fellow directors for their efforts during the past year, and I will take this opportunity to welcome a new member to the Board.

Mr Pat Handley, a former Chief Financial Officer of Westpac, joined the Board in July, and will bring extensive local and international financial experience to the team.

I also would like to thank all employees for their efforts during the year. And most importantly, I would like to express my gratitude to shareholders and noteholders, for their ongoing support.

John Lamble

John Lamble
Chairman

Managing Director's Letter to Shareholders

Dear Shareholder

My letter to you last year reported that "the plans for the coming year were all about building profitable growth..." I am very pleased to report progress in that respect and on the Company's performance generally.

During the year we made numerous investments in staff, systems and marketing programs to assist growth in each line of business. I am glad to report these investments are paying off and the growth has contributed to an 18 percent increase in the Group's profit, to $395 million.

Growing the business increased ordinary operating expenses by 7 percent, including the addition of 517 staff. Over 75 percent of these new staff went into sales and service roles related to acquiring and servicing new business.

Moreover, in June we committed to invest $1.24 billion to acquire the GIO & AMP general insurance business. While it did not have a material effect on the year's results, this acquisition is clearly the most significant of all the investments we made to grow the business.

The balance of this letter will report on the results in each line of business and then explain how we are progressing with the integration of the Suncorp Metway and AMP/GIO general insurance businesses. Finally I will outline our expectations for the current year.

BANKING

Profit from the banking business increased by 24 percent, to $284 million before tax. Income increased by 12 percent while expenses grew more slowly and bad debts remained within an acceptable range.

The healthy growth in both housing and business lending was a very positive feature. Shareholders may recall that while the banking profit was very strong last year, loan growth was below the market average. As a result one of our goals for the year was a higher level of sound, profitable lending.

Total loans increased over the year by 11 percent to $19.9 billion. This is considerably higher than the 7 percent growth of the previous year and was achieved despite generally less favourable economic conditions.

Housing lending was particularly strong, increasing to $11.7 billion, which is a 14 percent increase and in line with industry growth. And in the key owner-occupied housing lending segment, lending was up by 19 percent, well above the industry average of 15 percent.

New lending was healthy across all distribution channels, and was particularly boosted by a doubling of volume from the LJ Hooker Home Loan initiative. Suncorp Metway owns the LJ Hooker real estate franchise company and we have lending officers working with the franchisees to offer home loans through their agents. It's great to see this alliance with the LJ Hooker franchisees bearing fruit.

Managing Director's Letter to Shareholders

Business banking lending was stronger as well, growing at 8 percent. This was in line with industry growth and a quite satisfactory improvement.

Importantly, the growth in banking assets was accomplished without sacrificing margins, which were maintained at 2.48 percent. Forty percent of the new lending occurred outside Queensland, which improves the diversification of the lending book. The interstate growth reflects the success of our business banking operations outside of Queensland as well as the LJ Hooker Home Loan program.

On the deposit side, the performance was also very good as the deposit base increased by almost 15 percent to $17.3 billion. Retail deposits were strong, growing at well above market growth rates.

Together, the growth in lending and deposits led to an 8 percent increase in net interest income, to $514 million.

The growth in business volumes was a key factor in the strong 28 percent increase in non-interest income, reflecting items such as establishment fees for new loans. There were also changes to the charges on transaction accounts. For example, on accounts where customers keep low balances but perform numerous transactions, the fee schedule was adjusted to ensure the cost to the bank of performing the transactions was at least matched by the income earned on the account.

Operating expenses in banking increased to $345 million, reflecting the increases in staff and marketing expenses to generate the sales and service the increased volume. In the detail of the results this appears as only a 2 percent increase. However, on an apple-to-apples basis, the increase is a more substantial 10 percent. The previous year included one-time Y2K costs and all acquisition costs on sales. Beginning this year, acquisition costs in banking and general insurance are spread over the life of the product, as has been the practice for Wealth Management products. While total costs did increase, the efficiency of the banking operations remains among the best in the industry as seen in the cost-to-assets ratio of 1.61 percent. With income growing faster than expenses, the cost-to-income ratio was further reduced to 52.9 percent.

Bad debts increased to $36 million, which is roughly $10 million higher than we would expect for the size of our loan book. The increase reflects difficulties experienced by a few accounts and is not indicative of a negative trend in credit quality. In fact, the overall soundness of the lending book improved over the year. Impaired loans reduced by 24 percent to 0.64 percent of gross loans and the soundness of the loan book increased, as measured by our loan risk-grading system.

BANKING PROFIT CONTRIBUTION	JUN-01	JUN-00	CHANGE
	$m	**$m**	**%**
Net interest income	514	475	8.2
Other operating income	151	118	28.0
Total operating income	665	593	12.1
Operating expenses	(345)	(338)	2.1
Net operating profit	320	255	25.5
Bad and doubtful debts expense	(36)	(26)	38.5
Contribution to profit before tax from Banking	**284**	**229**	**24.0**

Managing Director's Letter to Shareholders

WEALTH MANAGEMENT

For several years customers have been shifting to investment products and away from life insurance products as the means to increase their wealth and safeguard their future. In line with this we have changed the name of the Life, Superannuation and Managed Investment Division to the Wealth Management Division.

The Division's profit for the year increased very substantially to $53 million, before tax. This includes a one-off revaluation profit of $13 million, due to a change in how we account for the operations of the Life Company's subsidiaries. Leaving that one-time item aside, the result was 33 percent higher than last year, which is an excellent improvement.

The highlight was the sales performance, which was very strong in both the first and second halves. New business totalled $595 million, an increase of 179 percent. Superannuation sales were especially strong, rising by 244 percent to $337 million.

The increase in sales and profit is due to a complete restructuring of the division undertaken over the past three years. Many product changes were made and the distribution arrangements were overhauled to reflect the Group's allfinanz strategy. The financial adviser force has been expanded to 137 advisers and customers from all lines of business across the Group are being referred to them.

Our investment managers have improved the returns earned by our products, which of course makes them more attractive to customers. For the year, 34 of our 40 funds, including general insurance funds, outperformed their respective benchmarks. As an example, the equities team earned an 11.1 percent return, compared to 9.1 percent for the relevant benchmark.

The increase in volume contributed to making our support operations more efficient, making the new business more profitable and increasing the planned profits recorded in the accounts. There was also improvement in the actual experience regarding lapse rates, surrenders and claims experience. Together these factors contributed $12 million to the profit improvement.

WEALTH MANAGEMENT PROFIT CONTRIBUTION

	JUN-01	JUN-00	CHANGE
	$m	**$m**	**%**
Planned profit margins	28	21	33.3
Experience profit/(losses)	3	(2)	n/a
Investment income	10	11	(9.1)
Interest in statutory funds' earnings	41	30	36.7
Other revenue	26	12	116.6
Other expenses	(14)	(12)	16.6
Contribution to profit before tax from Wealth Management	**53**	**30**	**77**

Managing Director's Letter to Shareholders

GENERAL INSURANCE

The General Insurance business achieved a profit before tax of $163 million, which is $48 million less than last year. At first glance this may be disappointing, but shareholders may want to keep in mind that an insurance trading result of $78 million represents a trading margin of 10 percent of premiums, which is an excellent result by industry standards. Last year's result was exceptional at 14 percent and so even though this year's result was strong, it does suffer by comparison.

In understanding general insurance it helps to think of the trading results separately from the investment returns on the shareholders' capital that underpins the business. This explains a good portion of the reduction in profit relative to last year, as investment returns on shareholder's capital – while quite good – were $18 million less than last year. Such investment market fluctuation is normal and not a cause for concern. I add that in both years our investment team performed better than the market.

At the trading level, it was encouraging to see a steady increase in gross premium revenue, which grew by almost 5 percent to $824 million. This was a good performance considering the impact of the Goods and Services Tax, which had the effect of reducing net premiums in our Compulsory Third Party business by 2 to 3 percent.

CTP premium was also dampened by the partial deregulation of the CTP scheme in Queensland. The state government now sets a price range for CTP insurance and allows companies to compete within that range. This competition began in October and did lead to some loss of market share during the year. I note that by year-end the loss had been stemmed and the trend was positive. Concurrently, GST was introduced and became payable on CTP premiums, but the price range was not increased to allow for it. This meant insurers, rather than consumers, paid the GST. Claims continued in their normal pattern and so the CTP underwriting result was squeezed.

Operating expenses in general insurance included $10 million of costs associated with the GIO acquisition. The change in accounting for acquisition costs, noted earlier, meant $17 million of costs are now being amortised that previously would have been a cost for the year. Reflecting these items, general insurance expenses as a percentage of premiums increased from 24.1 percent to 24.8 percent.

Claims experience in personal lines was somewhat higher for the year, due mostly to greater storm activity than last year. Like investment returns, weather-related claims fluctuate from year to year and that is a normal part of the business. Commercial claims were higher, reflecting some specific losses as well as general underpricing that has been common to that segment. The prospects for commercial lines are much better now that the industry has consolidated. Business can now be won with premiums more in line with the risk being incurred.

GENERAL INSURANCE PROFIT CONTRIBUTION	JUN-01 $m	JUN-00 $m	CHANGE %
Net premium revenue	771	739	4.3
Net incurred claims	(665)	(601)	10.6
Operating expenses	(191)	(178)	7.3
Underwriting result	(85)	(40)	112.5
Investment revenue – insurance provisions	163	146	11.6
Insurance trading result	**78**	**106**	**(26.4)**
Other income	5	7	(28.6)
Investment revenue – Shareholder's funds	80	98	(18.4)
Contribution to profit before tax from General Insurance	**163**	**211**	**(22.7)**

Managing Director's Letter to Shareholders

GIO ACQUISITION

The highlight of the year in general insurance, and for the group, was the acquisition from AMP of GIO and AMP's Fire and General business. The $1.2 billion in premium revenue from GIO and AMP General will raise the Group's premium income to approximately $2 billion, ranking equal second in the industry.

One benefit is that our general insurance business becomes significantly more diversified. Whereas 90 percent of Suncorp Metway's general insurance has been in Queensland, 90 percent of GIO/AMP's is in other states, primarily New South Wales. It also diversifies our classes of insurance, providing a much more balanced portfolio across personal lines, commercial, CTP and workers compensation. CTP has been 45 percent of the general insurance business and it will now be approximately 22 percent.

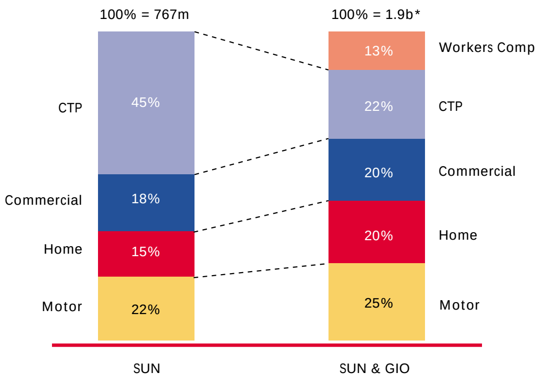
This greater diversification by geography and product will reduce our overall risk profile and should reduce the volatility of our underwriting results.

The acquisition brings an established national brand in GIO, the name that will be used for our general insurance business outside Queensland. It adds an extensive distribution network across Australia, including 41 branches and relationships with agents and planners. As part of the arrangement, Suncorp Metway will be the supplier of general insurance products to AMP through their network of financial planners.

Strategically, the acquisition makes Suncorp Metway a national company in general insurance and provides the customer base for expanding our allfinanz strategy interstate.

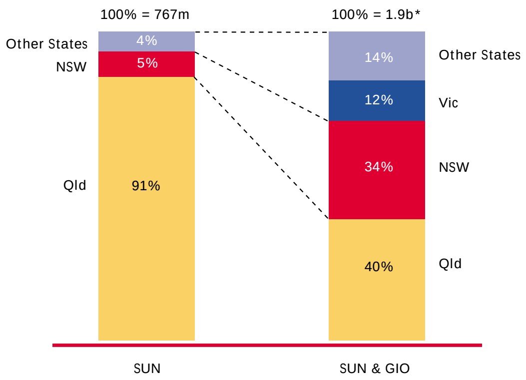
We expect the returns to shareholders from this acquisition will be attractive. Annual synergies should exceed $80 million once the integration is complete and the steady state return on equity is expected to be 14 percent plus.

PRODUCT DIVERSIFICATION Gross Written Premium



Dec 2000 * Excluding JVs

GEOGRAPHIC DIVERSIFICATION Gross Written Premium



Dec 2000 * Excluding JVs

Managing Director's Letter to Shareholders

Earnings per share, before goodwill, should be unaffected in the first year and are then expected to improve by 4 and 8 percent in years two and three, compared to the earnings outlook held by the market prior to the acquisition.

The management structure for the combined operations has been set. The focus at the moment is on planning the integration of all our general insurance operations, which will begin in earnest after settlement of the purchase in September. We are using the same merger process, which we call Transformation, that was proven in the integration of Suncorp, Metway and QIDC.

So far things are proceeding smoothly, with a very enthusiastic response from the many capable AMP/GIO employees who are joining our Group. We undertook a detailed due diligence exercise prior to the acquisition and I am pleased to report that our findings since then are in line with our initial expectations.

MANAGEMENT CHANGES

Some changes to management were made due to the GIO acquisition.

Daniel Wilkie, who has been the Group's Chief Financial Officer, will lead the General Insurance division as Group General Manager General Insurance. Daniel has 17 years' experience in all aspects of general insurance and led the acquisition team that performed the due diligence.

Peter Johnstone, Group General Manager Operations & Integration, will lead the GIO integration process. Peter was responsible for leading the very successful integration of Suncorp, Metway and QIDC.

We welcome Chris Skilton to the Group as our new Chief Financial Officer. Chris has extensive experience in financial services and general management. He was recently Deputy Chief Financial Officer of Westpac and prior to that Chief Executive of the Australian Industry Development Corporation.

Carmel Gray becomes Group General Manager Information Technology. Carmel led the successful integration of systems during the original merger and now becomes responsible for IT operations and strategy for the entire Group. She is a most welcome addition to the senior executive team.

EMPLOYEE SATISFACTION

We have been going to considerable lengths for some years now to monitor and continually improve the satisfaction level of the Company's staff and managers. Customer satisfaction and continuous improvement are key to our business strategy and we know progress there depends on staff being satisfied in their jobs and committed to helping achieve the Company's goals.

Two years ago our employee satisfaction, as measured by a confidential staff survey, was below the average of Australian companies. Last year I reported that we were pleased to have improved to above the Australian average. We then set the target of being Australian 'best practice', meaning scores that place us in the top 20 percent of employers.

I am very pleased to report that the latest survey shows we have reached that goal. This is very gratifying and I am sure shareholders are pleased to know the staff of the Company are fully engaged and enjoy being part of the Company.

Since the new Group was formed we have had a policy of awarding shares to staff when the Company exceeds its internal targets for the year. I am happy to tell you that this year $1000 worth of the Company's shares will be awarded to all eligible staff in recognition of their efforts. Once again they have done a tremendous job and are most deserving of this award. The Board and I believe this is one of the best investments the Company makes. The shares are purchased on market so there is no dilution to shareholders.

Managing Director’s Letter to Shareholders

OUTLOOK

Looking ahead we expect economic and industry conditions to be more favourable. Indicators suggest the economy will grow somewhat faster and that the adjustment to GST has now passed. In insurance, premiums are returning to levels commensurate with their risk. As a result, the Company will be operating in a generally more positive environment.

The growth strategies put in place for this year for banking and wealth management are working well and should continue to do so. In general insurance it will clearly be a year of consolidation as we integrate the GIO acquisition.

We are continuing to invest in the people and systems to pursue profitable growth and so operating expenses will increase. For example, we plan to add another 250 staff, mostly in sales and service roles, to follow those added this year. These initiatives will be controlled and if the results are not forthcoming they will be trimmed back. Other significant costs are those associated with the GIO integration. They will be reported separately so shareholders can more easily see how the underlying business is performing.

With business conditions looking favourable and growth strategies that are working, we expect continuing improvement in the performance of each line of business. Thus the outlook for profit growth is good. However, shareholders do need to keep in mind some factors that will affect the growth in total profit relative to this year.

One is that the 124 million capital notes issued at the time of the 1996 merger have now converted to shares. The interest expense on those notes was tax deductible and the loss of that deduction will increase the Group’s tax bill by approximately $16 million. That’s a considerable sum and had the deduction not been available this year the Group’s profit increase would have been 14 percent, instead of 18 percent. Similarly, the profit arising from accounting changes noted earlier in my letter will not recur next year.

On the positive side, the addition of the GIO’s earnings will certainly boost the Group’s total profits. Note though that the added GIO profits will have only a nominal effect on cash earnings per share in the first year. This is because of the extra shares issued to fund the purchase. The pay off begins in the second year.

Finally, financial market movements and weather-related claims can significantly influence our results. While neither can be predicted, we can say our plans for improving the Company’s performance are working and I look forward to reporting further progress to you at the half-year.

Steve Jones

Steve Jones
Managing Director

Supporting the Community

WINNING WITH GOLD

For Hear and Say Centre graduate Jamie-Lee Lewis, Olympic gold medallists, beach volleyballers Natalie Cook and Kerri Pottharst are heroes and their achievements an inspiration. Suncorp Metway sponsors both the Hear and Say Centre, which helps deaf children to hear through the use of cochlear implant technology, and these outstanding athletes who have raised the awareness of their sport through their gold medal win. Natalie and Kerri will be part of Suncorp Metway's sponsorship of the Goodwill Games in Brisbane this year.

Suncorp Metway makes a major contribution to the community each year through sponsorships and fund raising activities such as the Royal Flying Doctor Service, Salvation Army, Royal Children's Hospital, Queensland Cancer Council and Queensland cricket. Another event sponsored by the Group is the Bridge to Brisbane Fun Run, which attracted more than 12,000 participants and raised funds for the Youth Enterprise Trust this year.

Photo Adam Ward – courtesy of The Courier Mail

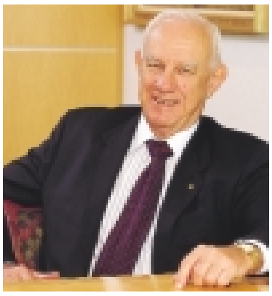
MAKING A DIFFERENCE

Lloyd Hancock is a man with a very special mission – a passion for disadvantaged young Australians and a commitment to ensuring they have a fulfilling adulthood. Ten years ago he formed the Youth Enterprise Trust (YET), an organisation which sponsors disadvantaged 16-24 year olds on a specially designed wilderness experience and practical follow up program. Lloyd volunteers his time creating and conducting the wilderness experience. His dedication and commitment were recognised recently when he was named Queenslander of the Year.

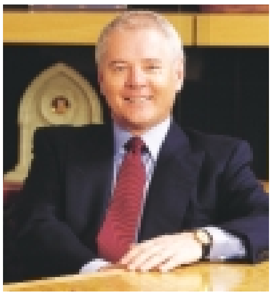
"Over the last three years, literally hundreds of people at Suncorp Metway have freely given in hands-on assistance and funding to YET…people from right across Queensland, across every Suncorp Metway department and at every level. And so our partnership with the company continues to blossom with a soul which I believe is without equal in Australia. With heartfelt thanks from YET and the disadvantaged Australians we jointly serve."

– Lloyd Hancock

Board of Directors


JOHN LAMBLE

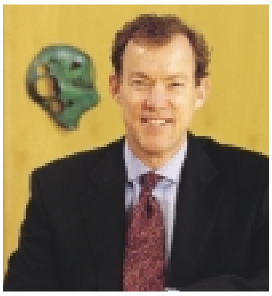

MARTIN KRIEWALDT


IAN BLACKBURNE

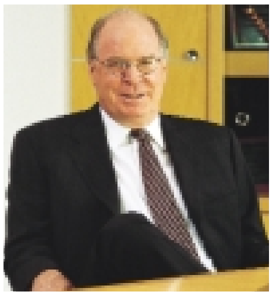

ROD CORMIE


FRANK HALY


PAT HANDLEY


STEVE JONES


JIM KENNEDY


JOHN STORY

R JOHN LAMBLE AO BSC(HONS), HON D UNIV(UNSW), FAII

Chairman, Non-executive Director

Mr Lamble, 70, has been a director and Chairman since 1 December 1996. His principal career was as Chief Executive Officer of NRMA Insurance Limited from 1968 to 1992. Mr Lamble is Chairman of Perpetual Trustees Australia Limited.

MARTIN D E KRIEWALDT BA, LLB(Hons), FAICD

Deputy Chairman, Non-executive Director

Mr Kriewaldt, 51, has been a director and Deputy Chairman since 1 December 1996. Mr Kriewaldt was formerly a partner in law firm Allens Arthur Robinson. He is Chairman of Airtrain Citylink Limited and Opera Queensland Limited, and a director of Campbell Brothers Limited, GWA International Limited and Orogen Minerals. Mr Kriewaldt is also a member of the University of Queensland Senate.

W STEVEN JONES MBA (Hons), BEcon

Managing Director

Mr Jones, 49, has been a director since 6 January 1997. He is also a director of the Insurance Council of Australia Limited. Mr Jones was Managing Director of the ANZ Banking Group (New Zealand) Limited from April 1995 to November 1996 and Senior General Manager ANZ Melbourne, from 1993 to 1995, responsible for Australian Retail Banking and ANZ Funds Management. Previously with McKinsey and Co, he had significant experience consulting on competitive strategy growth opportunities and merger management to banks, insurers and industrial companies.

IAN D BLACKBURNE MBA, PhD, BSc (First Class Hons)

Non-executive Director

Dr Blackburne, 55, was appointed a director on 3 August 2000. He is Chairman of the Royal Botanic Gardens and Domain Trust (NSW) and Australian Nuclear Science & Technology Organisation, and a director of CSR Limited, Teekay Shipping Corporation Limited and Airservices Australia. He retired in 2000 as managing director of Caltex Australia Limited after having spent 25 years in the petroleum industry.

RODNEY F CORMIE BCom, AAUQ, ASA, FSIA, FAICD

Non-executive Director

Mr Cormie, 68, has been a director since 1 December 1996. Mr Cormie is also a director of Bligh Oil and Minerals NL, Buderim Ginger Limited, Magellan Petroleum Australia Limited and Techniche Limited.

FRANK C B HALY AO D UNIV (QUT), FCA, AAUQ

Non-executive Director

Mr Haly, 68, has been a director since 1 July 1988. Mr Haly is a Company Director and Chartered Accountant. He has practised in Townsville and Brisbane and is now a consultant to the Queensland office of Deloitte Touche Tohmatsu. He is Chairman of Tasman Group Limited and a member of council of the Queensland University of Technology.

R PATRICK HANDLEY MBA, BA

Non-executive Director (appointed 25 July 2001)

Mr Handley, 56, has extensive experience in the financial services industry, both overseas and in Australia. From 1993 to 2001, he was an Executive Director and Chief Financial Officer of Westpac Banking Corporation.

JAMES J KENNEDY AO CBE, D UNIV (QUT), FCA

Non-executive Director

Mr Kennedy, 67, has been a director since 1 August 1997. Mr Kennedy is a Chartered Accountant and is Chairman of Queensland Investment Corporation. He is a director of Goodman Hardie Management Limited, GWA International Limited, Macquarie Goodman Management Ltd, Macquarie Industrial Management Ltd, Qantas Airways Limited and the Australian Stock Exchange Ltd. Mr Kennedy is also a member of the Prime Minister's "Community Business Partnership", the Queensland University of Technology's "Australian Centre for Strategic Management", and the Development Council of the University of Queensland.

JOHN D STORY BA, LLB

Non-executive Director

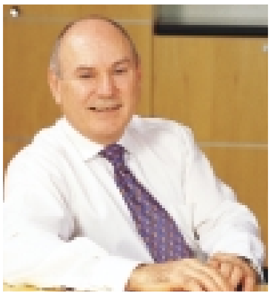
Mr Story, 55, has been a director since 24 January 1995. Mr Story is Queensland Chairman of Partners of the law firm Corrs Chambers Westgarth. He is a director of Grow Force Australia Limited, Jupiters Limited and Breakwater Island Limited.

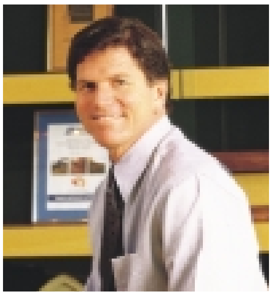
Executive Committee


STEVE JONES


MARK BLUCHER


CARMEL GRAY


PETER JOHNSTONE


GREG MOYNIHAN


RAY REIMER


CHRIS SKILTON


DANIEL WILKIE

STEVE JONES MBA (Hons), BEcon

Managing Director

Steve Jones became Managing Director/CEO in January 1997 following the merger of Suncorp, Metway Bank and QIDC on 1 December 1996. Prior to coming to Suncorp Metway he was Managing Director of the ANZ Banking Group (New Zealand) from April 1995 to November 1996 and Senior General Manager ANZ Melbourne from 1993 to 1995, responsible for Australian Retail Banking and ANZ Funds Management. Previously with McKinsey and Co, Mr Jones had significant experience consulting on competitive strategy growth opportunities and merger management to banks, insurers and industrial companies.

MARK BLUCHER AAIBF

Group General Manager Retail Distribution & HR

Mark Blucher was recently appointed Group General Manager Retail Distribution and HR having previously held the position of GGM Distribution and HR since December 1998. He joined Suncorp Metway as General Manager HR in September 1997 after having spent 19 years with the ANZ Bank's operation in New Zealand. During his time with ANZ, Mr Blucher held a number of senior positions in human resources, retail banking, marketing and strategy.

CARMEL GRAY B.Bus (Econ & Acc)

Group General Manager IT

Carmel Gray is the newest member of the Executive Committee, having recently been appointed Group General Manager Information Technology, responsible for the Suncorp Metway Group's IT activities. She had previously held the position of General Manager IT since 1999, with a focus on organisational change and strategic alignment of the business. Carmel has spent her career in the IT industry in a variety of management positions including Managing Director of United Kingdom based software and services provider Logica.

PETER JOHNSTONE LLB

Group General Manager Operations & Integration

Peter Johnstone, in his new role of Group General Manager, Operations and Integration, will be drawing on his previous experience as Integration Project Manager for the Suncorp Metway Group merger in 1996. He was appointed to the role of GGM Operations in March 1997 and added IT to his portfolio in November 1998. Before joining Suncorp Metway, Mr Johnstone was General Manager Operational Support and General Counsel of the Bank of South Australia. He has 29 years' experience in finance, business and law.

GREG MOYNIHAN BCom, ASA, ASIA

Group General Manager Banking & Wealth Management

Greg Moynihan is Group General Manager Banking and Wealth Management and his responsibilities include Group Marketing, Credit and Actuarial. He was previously GGM Business Lines, responsible for retail banking, general insurance and life, super and managed investments. Prior to the Suncorp Metway merger in 1996, Mr Moynihan was CEO of Metway Bank after having held the role of General Manager Personal Banking as well as a number of senior positions in the bank.

RAY REIMER

Group General Manager Business Distribution

Ray Reimer has been appointed GGM Business Distribution, having previously been GGM Business Banking. He has been with the Group for over 20 years having commenced his banking career with the Agricultural Bank. After 14 years in a number of positions in Metway Bank's retail banking, Mr Reimer held the role of Queensland Manager and National Manager in Commercial Banking, and General Manager Commercial Banking.

CHRIS SKILTON BSc (Econ), ACA

Chief Financial Officer

Chris Skilton was appointed Suncorp Metway's Chief Financial Officer in June 2001. Until recently he was Westpac's Deputy Chief Financial Officer, a member of the Westpac Group Executive and leader of their Performance Enhancement Program. Prior to Westpac, Mr Skilton was Managing Director and CEO of the Australian Industry Development Corporation. He has over 15 years of direct experience in various senior roles in the finance sector.

DANIEL WILKIE BA(Econ & Accounting), ACA, CPA, ACIS

Group General Manager General Insurance

Daniel Wilkie, who had been Suncorp Metway's Chief Financial Officer since November 2000, has been appointed Group General Manager General Insurance, responsible for all of Suncorp Metway's General Insurance operations. He joined the Group in May 1999 as Group General Manager Corporate Strategy. Mr Wilkie has extensive general insurance experience.

Group Overview

CORPORATE PROFILE

Suncorp Metway is one of Australia's 25 largest companies, and the biggest listed corporation in Queensland. The Company's sharemarket value has soared in the last four years as the group successfully completed a complex merger, creating a major new force in Australian financial services.

The merger with AMP/GIO general insurance will transform the Group, which now has a sharemarket value of around $7 billion, compared with $2 billion at the time of the Suncorp, Metway and QIDC merger in December 1996. On completion of the deal in September, Suncorp Metway will have 510 million shares on issue.

Suncorp Metway is owned by 94,000 shareholders and 121,000 Exchanging Instalment Noteholders.

The Group's largest shareholder is the Queensland Government which holds a 28.9 percent share. But that holding has already effectively been sold to the public through the issue of exchanging instalment notes. The notes will be exchanged for the Suncorp Metway shares held by the Government on 31 October 2001.

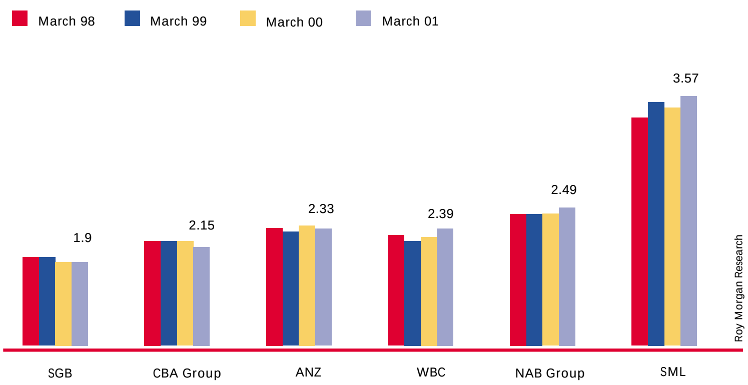
The Group's main businesses are banking, insurance and investment services, focused on retail consumers and small to medium sized businesses. Suncorp Metway is the sixth largest bank in Australia and the seventh largest general insurer, with assets of $29.6 billion. On completion of the merger with GIO, Suncorp Metway will become Australia's second largest general insurance company and its assets will exceed $33 billion. The Group also has life insurance, superannuation and managed funds operations. Total funds under management exceed $6.8 billion.

Suncorp Metway is a well-established market leader in Queensland in home insurance, motor insurance and Compulsory Third Party insurance. It also is one of Queensland's largest banking organisations.

The Group has 2.3 million customers and 5000 staff spread through Queensland, NSW, Victoria and Western Australia. The GIO merger will add 1.7 million customers and approximately 2800 staff. The Group's current 191 retail and business banking branches and outlets, predominantly in Queensland, will be supplemented by an additional 41 GIO branches, mainly in NSW.

Customers also have access to 475 ATMs and 11,900 ATMs of other banks, as well as EFTPOS terminals. More than 88,000 customers now use the internet for their everyday banking needs, up 76 percent on last year. An on-line share trade service commenced during the year offering discount brokerage rates to customers and an integrated on-line margin lending and share trade service will be available in the coming months.

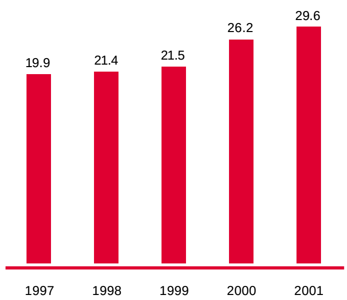
PRODUCTS PER MAIN FINANCIAL INSTITUTION CUSTOMER*



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

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

TOTAL ASSETS ($b)
As at 30 June 2001



Group Overview

CORPORATE HISTORY

The current Group was formed in December 1996 from the merger of three of Queensland's largest financial institutions - the publicly-listed Metway Bank, and the State government-owned Suncorp and Queensland Industry Development Corporation.

However the Group's ancestry dates from 1902, when the Queensland Government established the Agricultural Bank. The Ag Bank ultimately became part of the QIDC, which was formed in 1986 primarily as a rural financier. Suncorp started business in 1916 as the State Accident Insurance Office and grew into the SGIO before becoming Suncorp. And Metway Bank was first established in 1959 as the Metropolitan Permanent Building Society before converting to bank status in 1988.

RETAIL BANKING

Retail Banking offers a full range of financial services, including home and personal loans, transaction and savings accounts, credit cards and foreign currency services, to nearly 830,000 customers.

Retail banking assets total some $12.2 billion, including $11.7 billion in housing loans and $519 million in consumer loans. Approximately 77 percent of these assets are in Queensland, compared with 83 percent in June 2000, reflecting the growth in business in NSW and Victoria.

Distribution of products and services are via 151 retail outlets, ATMs, two 24-hour call centres, and the internet, which now offers on-line banking customers the ability to transfer funds between accounts held at different banks, more detailed transaction histories and the ability to view all loan details on-line. An additional call centre is to be established in Toowoomba to meet growing demand.

BUSINESS BANKING

The Business Banking division is focused particularly on the needs of small to medium sized businesses, with an emphasis on owner managed businesses, and has more than 61,000 customers.

During the year, Business Banking customers benefited from improved internet facilities and on-line bulk payment arrangements. A business financial advisory channel was established, dedicated to the wealth protection and wealth creation needs of small business owners.

The division has total assets of $7.6 billion and has four major areas of operation:

Commercial Banking provides working capital and term finance for business clients with borrowing requirements of more than $250,000. Total assets in Commercial Banking are approximately $1.6 billion, predominantly in Queensland. Commercial Banking expanded into NSW and Victoria during the year through the addition of relationship managers, growing alliances and direct banking via the internet and the telephone. Victoria had a particularly good start, exceeding first year expectations.

Agribusiness provides financial services for rural producers and associated businesses. Suncorp Metway has nearly 100 years service to the rural sector in Queensland and holds a 25 percent market share. Rural lending was separated from the Group's Commercial Banking Division in July 2000 in recognition of the special needs of rural producers. The Agribusiness alliance with the Pivot fertilizer company in Victoria continues to grow. Suncorp Metway established this alliance to provide financial services to the Pivot customer base, mainly in Victoria and Southern NSW. Business banking staff are now operating from nine locations.

Property Finance includes development finance and property investment. This section, with operations in Queensland, NSW, Victoria, WA and a new office recently established in Canberra, provides project finance for real estate developments and term finance for investment properties.

Total assets in development finance were $1.2 billion, with 70 percent of business in residential housing developments. Property Investment assets total $1.9 billion. Property Finance's first year of operation in WA has exceeded all expectations.

Equipment Finance provides leases to business customers, mainly for vehicles and equipment. Total assets were $1.3 billion.

Group Overview

HELPING TO GROW THE BUSINESS

Cooroy Mountain, in the Noosa Hinterland is a pristine spot and the perfect location for a spring water company. Third generation property owner Greg Dinsey discovered the advantages of living at the foot of the mountain 10 years ago and the commercial opportunities pure spring water brings. But in the highly competitive world of bottled water, the going got tough for the family-owned business, Cooroy Mountain Spring Water, and there had to be a rethink about its structure, its marketing strategies and its future.

The company had one very positive element in its favour: it was one of only two companies in Australia that bottled water at the source. With a new bottling plant in place and some financial restructuring from Suncorp Metway, the company is now focused on expansion with an eye on the lucrative Japanese market – which is good news for the 25 local employees. Suncorp Metway Business Financial Adviser Katie Saunders called in to check progress with the company's General Manager Peter Cust.

GENERAL INSURANCE

The General Insurance division takes care of the personal, commercial and compulsory third party insurance needs of 1.7 million customers. In the year to June, Suncorp Metway paid out more than 180,000 motor, home and commercial insurance claims. Three major storms that occurred during the year in Mackay, Toowoomba and Brisbane were responsible for over 4200 claims. The group also received approximately 7000 new personal injury claims and settled close to 6000 CTP, disability, trauma and accidental death claims last year. Around 7000 customers call each week seeking insurance assistance.

Insurance premiums totalled $824 million for the year to June, spread across the three main insurance classes in which the group operates – personal, commercial and CTP. On completion of the GIO merger, Suncorp Metway's general insurance business will have a combined annual premium income of approximately $2 billion, making it the equal second largest general insurer in Australia with strong market shares in Queensland, NSW, Victoria and South Australia. The number of customers will double to 3.4 million.

The business mix will become more diversified, with growth in personal and commercial lines and the addition of workers compensation. Geographically the general insurance business will also be more diversified, with 60 percent of premiums sourced from outside Queensland – 34 percent in NSW and 26 percent in other states.

Suncorp Metway enjoys very strong solvency and is one of the most prudently reserved general insurance companies in Australia, a position that it will retain following the GIO merger.

Group Overview

COMPULSORY THIRD PARTY

Suncorp Metway is the largest CTP provider in Queensland, with a 55 percent market share. The group insures more than 1.3 million of the total 2.4 million vehicles in the state. CTP insurance is collected from customers by Queensland Transport on the Group's behalf when they renew their vehicle registration. CTP is the General Insurance Division's biggest single insurance class, with net premium revenue of $350 million. Since the partial deregulation of the State Government regulated scheme last October which allowed CTP providers to set their own prices within a range set by the State Government, Suncorp Metway has continued to offer Queenslanders competitive premiums for most vehicle classes. A new benefit, Driver Protection Cover, was launched in March which provides limited cover to motorists 25 years and over for a range of serious injuries resulting from an accident where they are at fault. CTP only provides compensation to people injured or killed in a motor vehicle accident as the result of another driver's fault.

PERSONAL

This includes home and contents, personal effects, motor and boat insurance. Suncorp Metway is the market leader in motor insurance in Queensland with more than 458,000 vehicles insured and number one in home insurance with more than 397,000 homes insured. Around 10 percent of customers now pay their insurance premiums via the easy monthly payment option introduced during the year.

COMMERCIAL

Commercial products comprise motor, property, engineering, construction, liability, professional indemnity and marine, with a focus on small business. Of the $135 million in commercial premium, 42 percent now comes from interstate markets compared with 37 percent last year.

Suncorp Metway does not operate in reinsurance markets.

A PREMIER RELATIONSHIP

Bruce and Lee Wilson of Main Beach on the Gold Coast have had a long and valued association with Suncorp Metway as both retail and commercial customers.

Premier Client Manager Karen Lips takes care of their financial needs, whether it be a loan, everyday banking or making sure all the necessary insurance arrangements are in place for their peace of mind.

Group Overview

WEALTH MANAGEMENT

Wealth management is the new name for the life, super and managed investments division, reflecting customers' shift to investment products as the primary means for achieving long-term financial security.

Products and services provided for the division's 149,000 individual and small business customers include superannuation (personal, allocated pensions and employer sponsored), managed investments (unit trusts), life insurance (term life, trauma and disability income), and financial planning and advice. A master trust provides 30 superannuation, allocated pension and investment products through 13 external fund managers as well as Suncorp Metway products. The addition of new products, particularly in the personal superannuation and managed funds stables, reflect the focus on wealth creation. Personal superannuation customers now have nine fund options and investors in managed funds have more diversified options – the Monthly Income Fund and the Global Shares Fund which has been a new addition during the year.

Funds under management exceed $3.6 billion.

The distribution network has expanded significantly in the past two years with the introduction of 137 financial advisers to the branch network. Financial advisers are able to take advantage of leads through the banking business to sell life insurance, superannuation and managed funds. As the division moves to a strong customer service structure, there has been an increased emphasis on easy access to information via the internet and through additional call centre and mobile consultants.

The division has enjoyed above average investment returns despite lower performing world and Australian equity markets, due to excellent investment management. The majority of Suncorp Metway's products have ranked in the first or second quartile for investment performance. The capital guaranteed superannuation fund has topped the Australian market for five and seven-year returns, whilst the capital stable and balanced funds have both finished in the top 10 for one, two and three-year performance.

	Year ended 30 June 2001	
ASSET CLASS	MARKET AVERAGE RESULTS %	SMIML PERFORMANCE %
Australian Cash	6.08	6.51
Australian Fixed Interest	7.42	8.08
World Fixed Interest	8.99	9.73
Australian Equities	9.07	11.07
World Equities	-5.83	-5.40
Listed Property Trusts	13.91	14.20
Direct Property	9.74	8.46

Table represents the performance of all funds under Suncorp Metway Investment Management Ltd management.

Corporate Governance

The Board of Directors is responsible for the Corporate Governance of Suncorp-Metway Ltd and its controlled entities. Summarised in this statement are the main Corporate Governance practices that have been established by the Board and were in place throughout the financial year, unless otherwise stated, to ensure the interests of shareholders, customers and staff are protected.

BOARD RESPONSIBILITIES

The Board of Directors is accountable to shareholders for the performance of the Suncorp Metway Group and has overall responsibility for its operations. The Group conducts a diverse and complex range of business including banking, general insurance, life insurance and funds management, which means an important feature of the work of the Board is to ensure compliance with the prudential and solvency requirements of the Australian Prudential Regulation Authority. Board members of Suncorp-Metway Ltd also undertake roles as directors of Suncorp Metway Insurance Limited and Suncorp Life & Superannuation Limited.

The key responsibilities of the Board include:

- Approving the strategic direction and related objectives for the Group and monitoring management performance in the achievement of these objectives.
- Adopting an annual budget and monitoring the financial performance of the Group.
- Selecting, appointing, setting targets for and reviewing the performance of the Managing Director.
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems.
- Ensuring all major business risks are identified and effectively managed.
- Ensuring that the Group meets its legal and statutory obligations.

BOARD COMPOSITION

At the date of this statement, the Board comprises eight non-executive directors and the Managing Director. Whilst the non-executive directors of the Board have no other material relationship or association with the Company or its subsidiaries (other than their directorships) and therefore are regarded as independent of the Company and management, Mr Story is a member of a legal firm which may provide services to the Group from time to time. The names of directors of the Company in office at the date of this statement including details of director's qualifications and experience are set out in the director's profile section of the Concise Report and the Annual Report.

The composition/membership of the Board is subject to review in a number of ways, as outlined below.

The Company's Constitution provides that at every Annual General Meeting, one third of the directors, excluding the Managing Director, shall retire from office but may stand for re-election. The Constitution also states that once a director reaches 72 years of age, that director must stand for re-appointment at each subsequent Annual General Meeting.

Board composition is also reviewed periodically by the Chairman's Committee either when a vacancy arises or if it is considered that the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board which should match the strategic demands of the Group. Once it has been agreed that a new director is to be appointed, a search is undertaken, sometimes using the services of external consultants. Nominations are subsequently received and reviewed by the Chairman's Committee before the details of final candidates are submitted to the Board for consideration.

The Queensland Government is currently a major shareholder of the Company and has the right to appoint a maximum of two directors out of a nine director Board. Pursuant to a Deed of Covenant between the Company, the State of Queensland and the Commonwealth, the State has agreed that it will not, whether through its appointees to the Board or in any other way, conduct or attempt to conduct the operations of the Suncorp Metway Group. The Queensland Government is not expected to retain a major shareholding in the Company after 31 October 2001.

BOARD APPRAISAL

A structured process has been established to review and evaluate the performance of the Board. Each year, a survey of directors is coordinated by the Chairman to review the role of the Board, to assess the performance of the Board over the previous 12 months and to examine ways of

Corporate Governance

assisting the Board in performing its duties more effectively. The issues examined include Board interaction with management, the type of information provided to the Board by management and overall management performance in helping the Board meet its objectives.

COMPENSATION ARRANGEMENTS

As indicated elsewhere in this statement, the Chairman's Committee has responsibility for recommending appropriate remuneration arrangements for directors. Recommendations are based on a number of factors, including the overall performance of the Company, comparisons with the remuneration levels of other companies of similar size in the financial services industry and the demands placed on directors in performing their role.

The total remuneration available for distribution to directors is determined by shareholders at the Annual General Meeting. Also, in accordance with approvals granted by shareholders, retirement benefits are paid to non-executive directors. Details of directors' benefits and interests are set out in the Directors' Report and the Related Party section of the notes to the 2001 Annual Report.

INDEPENDENT PROFESSIONAL ADVICE

The board collectively and each director individually has the right to seek independent professional advice at the expense of the Company.

A director seeking such advice must obtain the approval of the Chairman or in his absence the Board and such approval may not be unreasonably withheld. A copy of advice received by a director is made available to all other members of the Board except where the circumstances make that inappropriate.

CONFLICTS OF INTEREST

In accordance with the Corporations Act and the Company's Constitution, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the director concerned does not receive the relevant board papers, is not present at the meeting whilst the item is considered and takes no part in any decision.

DIRECTOR EDUCATION

The Company has an informal process to educate new directors about the nature of the business, current issues, and the corporate strategy. Directors also regularly visit the Company's business units and meet with management to gain a better understanding of business operations.

DIRECTOR AND SENIOR MANAGEMENT DEALINGS IN COMPANY SECURITIES

The Company's Constitution permits directors to acquire securities in the Company however Company policy prohibits directors and senior management from dealing in the Company's securities or exercising options except for a 28 day period after:

- the release of the Company's half-year and annual results to the Australian Stock Exchange;
- the annual general meeting;
- any major announcements

and whilst in possession of price sensitive information.

Directors (including the Managing Director) must advise the Chairman of the Board and the Chairman must advise the Deputy Chairman before buying or selling securities in the Company and any transactions are reported to the Board. In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Stock Exchange, directors advise the Exchange of any transaction conducted by them in securities in the Company.

BOARD COMMITTEES

In order to provide adequate time for the whole Board to concentrate on strategy, planning and performance enhancement, the Board has delegated certain specific duties to Board committees. To this end the Board has established four committees each with a defined charter, to assist and support the Board in the conduct of its duties and obligations. The structure and membership of the committees is reviewed annually.

AUDIT, BUSINESS RISK AND COMPLIANCE COMMITTEE

The primary role of this committee is to monitor and review the effectiveness of the Group's control environment in the areas of operational risk, legal/regulatory compliance and financial reporting.

Corporate Governance

Specific issues addressed throughout the year included:

- Evaluation of the Group's Reinsurance Program
- Evaluation of the Group's compliance and risk management structure and procedures
- Business Continuity Planning
- Management Delegations
- Audit Planning
- Reviewing internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management
- Half-year and annual financial statements and reports.

The committee is also responsible for recommending to the Board the appointment and removal of the external auditors and for determining the terms of engagement.

To enhance the independence of the audit functions (both internal and external) there are no management representatives on the committee however the Managing Director, Chief Financial Officer, and the internal and external auditor are invited to committee meetings at the discretion of the committee. The committee also holds discussions with the auditors in the absence of management on a regular basis.

Membership: F C B Haly (Chairman), M D E Kriewaldt, I D Blackburne (appointed 1 October 2000), J D Story (resigned 30 September 2000)

BOARD CREDIT COMMITTEE

The primary role of this committee is to monitor the effectiveness of the credit function of the Group to control and manage the credit risks within the Group, including the loan, investments and insurance portfolios.

Membership: R F Cormie (Chairman), J J Kennedy, J D Story, W S Jones (Managing Director)

INVESTMENT COMMITTEE

The primary role of this committee is to monitor the effectiveness of the investment processes of the Group in achieving optimum return relative to risk and to identify and monitor the Group balance sheet risk (interest rate risk and liquidity risk) within limits set by the Board.

Membership: M D E Kriewaldt (Chairman), R J Lamble, R F Cormie, W S Jones (Managing Director)

CHAIRMAN'S COMMITTEE

The Chairman's Committee is responsible for making recommendations to the Board on:

- The remuneration of directors and the remuneration and performance targets of the Managing Director. (The Committee also reviews the remuneration and performance targets of direct reports to the Managing Director.)
- Composition of Board Committees
- Composition of the Board
- Operation and performance of the Board
- Remuneration and human resource policy matters.

Membership: R J Lamble (Chairman), J D Story, J J Kennedy

RISK MANAGEMENT

The Company is required to manage a diverse and complex range of significant risks. Details of those risks and the type of controls and structures that are in place to ensure they are effectively managed, are set out in the "Risk Management" section of the notes to the 2001 Annual Report.

CONTINUOUS DISCLOSURE

The Company has a policy that all shareholders and investors have equal access to the Company's information. There are procedures in place to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules. The Head of Investor Relations has primary responsibility for all communications with the ASX. All Company announcements are placed on the Company's website at www.suncorpmetway.com.au following release to the ASX.

CODE OF ETHICS

Directors, management and staff are expected to perform their duties for the Group in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

Suncorp-Metway Ltd
and controlled entities
ABN 66 010 831 722

Concise Financial Report 30 June 2001

Directors' Report

Your directors present their report on the consolidated entity, consisting of Suncorp-Metway Ltd (the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2001.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

R John Lamble AO (Chairman)	director since 1996
Martin D E Kriewaldt (Deputy Chairman)	director since 1996
W Steven Jones (Managing Director)	director since 1997
Rodney F Cormie	director since 1996
Frank C B Haly AO	director since 1988
James J Kennedy AO CBE	director since 1997
John D Story	director since 1995

Dr Ian D Blackburne was appointed a director on 3 August 2000 and continues in office at the date of this report. Mr R Patrick Handley was appointed a director on 23 July 2001 and continues in office at the date of this report.

Particulars of the directors' qualifications and experience are set out under Board of Directors in the Annual Report.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the year were the provision of banking, insurance, superannuation and funds management products and services to the retail, corporate and commercial sectors. There were no significant changes in the nature of the activities carried out by the consolidated entity during the year.

REVIEW OF OPERATIONS

Consolidated profit from ordinary activities before amortisation of goodwill and after income tax for the year ended 30 June 2001 was $405 million (2000:$345 million). Consolidated profit from ordinary activities after amortisation of goodwill and income tax was $395 million (2000:$335 million).

Further information on the operations of the Company, and the results of those operations, can be found in the Chairman's Letter and the Managing Director's Letter in the Annual Report.

Except where otherwise stated, all amounts relate to the year ended 30 June 2001 and comparatives are for the year ended 30 June 2000.

DIVIDENDS

The fully franked 2000 final ordinary dividend of $77 million (24 cents per share) referred to in the directors' report dated 31 August 2000 was approved by shareholders and paid on 13 October 2000. The 2000 converting capital notes distribution of $53 million (39.15 cents per note) was paid on 30 September 2000.

Details of dividends in respect of the current year are as follows:

	Consolidated	
	2001 $m	2000 $m
Preference shares dividend - fully franked	-	2
Fully franked at 34% interim ordinary dividend of 24 cents (2000: 22 cents) per share paid on 30 March 2001 (2000: 20 March 2000)	77	67
Fully franked at 30% final ordinary dividend of 28 cents (2000: 24 cents) per share recommended by directors	103	77
Final converting capital notes distribution of 39.15 cents (2000: 39.15 cents) per note	49	53
Total distributions in respect of the year	229	199

Directors' Report

DIVIDENDS (CONTINUED)

The proposed final dividend results in a payout ratio of 58.0 percent (2000: 59.4 percent). An additional 48,015,037 ordinary shares were issued in June 2001 relating to the acquisition of the Australian general insurance business of AMP and GIO (refer Likely Developments). These shares will participate in the final dividend.

On 4 July 2001 the remaining 124,000,000 converting capital notes were converted to ordinary shares of the same number. The converted shares will not participate in the 2001 final ordinary share dividend, in accordance with the Subscription Deed dated 16 October 1996.

STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

As noted above, in June 2001 the Company issued an additional 48,015,037 ordinary shares relating to the funding of the acquisition of the Australian general insurance business of AMP and GIO (refer Likely Developments). The issue consisted of an institutional placement of 41,353,383 shares amounting to $550 million and a placement to AMP Life of 6,661,654 shares amounting to $88.6 million. Following the share placements the Company has 369,706,421 ordinary shares on issue, as at 30 June 2001.

In December 2000, the Company issued a US$250 million floating rate note under its US$2 billion Euro Medium Term Note Programme. The note has a maturity of three years and was issued at a yield of LIBOR plus 20 basis points.

In March 2001, the Company issued two tranches of domestic debt under its Domestic Transferable Certificate of Deposit Programme. A three year floating rate tranche of A$250 million was issued at a yield of BBSW plus 31 basis points, and a 3 1/2 year fixed rate tranche of A$200 million was issued at a yield of Swap plus 35 basis points. This is the first time that the Company has undertaken a domestic floating rate benchmark issue.

In February 2001, Standard and Poor's revised their credit outlook for the Company from stable to positive. Following the acquisition of AMP's general insurance business all three ratings agencies, Standard and Poor's, Moody's and Fitch, confirmed their respective ratings for the Company.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years, other than the following.

On 4 July 2001 the remaining 124,000,000 converting capital notes owned by the Queensland Government were converted to ordinary shares of the same number. The converted shares will not participate in the 2001 final ordinary share dividend. Following the conversion of the capital notes, the Company has 493,706,421 ordinary shares on issue.

An extraordinary general meeting was held on 10 August 2001 at which shareholders approved the issue of up to 2.5 million preference shares at an issue price of $100 per share and the issue of a maximum of 12,135,338 ordinary shares to AMP Life. Shareholders also ratified the placement of ordinary shares as described in State of Affairs. The issue of additional shares is in relation to the acquisition of the Australian general insurance business of AMP and GIO (refer Likely Developments).

ENVIRONMENTAL REGULATION

The operations of the consolidated entity are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories. The consolidated entity may however become subject to environmental regulation when enforcing securities over land for the recovery of loans.

The consolidated entity has not incurred any liability (including for rectification costs) under any environmental legislation.

Directors' Report

LIKELY DEVELOPMENTS

Information as to the likely developments in the operations of the consolidated entity is set out in the Chairman's Letter to Shareholders and Managing Director's Letter in the Annual Report, and below.

Acquisition of GIO

Suncorp Metway has entered into an agreement with AMP Life Ltd (AMP) to acquire the Australian general insurance business of AMP and GIO for $1.24 billion. The agreement is conditional on receiving the relevant regulatory approvals and payment of the purchase consideration. At the date of this report, the agreement has not been completed, with settlement anticipated to be on or around 30 September 2001. From that date the consolidated entity will include the entities acquired in the GIO acquisition.

For the purposes of preparing the annual financial statements of the economic entity, control of the AMP and GIO general insurance business will be effective from 1 July 2001. The annual financial statements will include the financial position, the results from operations and the cash flows of the AMP and GIO general insurance business from that date.

Business acquired

The business being acquired includes the Australian general insurance business of AMP and GIO, but excludes the GIO inwards re-insurance business, GIO Australia Holdings Limited (the former listed company) and GIO's run-off-book of its former large scale Commercial and Special Risks Insurance Business.

The assets, liabilities, rights and licences necessary to undertake the business being acquired will be held in GIO Insurance Investments Holdings A Pty Limited (GIOIIHA), a company presently 100 percent owned by AMP, and its wholly-owned subsidiaries. GIOIIHA will be acquired by Suncorp Metway Insurance Limited (SMIL).

The agreement with AMP also includes the acquisition of AMP's 50 percent shareholdings in the Joint Ventures with RACQ and RAA(SA), subject to due diligence and approval from RACQ, RAA(SA) and regulatory authorities, for a further $135 million. The acquisition of the AMP and GIO general insurance business is not dependent on the acquisition of the Joint Ventures.

Funding

The acquisition will be funded by the Company as follows:

	$m
Placement of ordinary shares to AMP	250
Placement of ordinary shares to other institutions	550
Preference share issue	200
Subordinated debt issue	250
Total funding	1,250

As at the date of this report, 6,661,654 ordinary shares had been issued to AMP and 41,353,383 ordinary shares had been issued to other institutions, representing an increase in shareholder funds of $624 million (net of associated costs). The remaining shares to be acquired by AMP will be issued at completion of the acquisition at the institutional placement price. However, AMP has the right to subscribe earlier subject to certain conditions.

As the business will be acquired by SMIL, the Company will pass the funds raised above to SMIL by way of subscribing for new ordinary shares, increasing the Company's investment in subsidiaries by $1,250 million. The Company is the guarantor for SMIL's obligations under the terms of the purchase agreement.

The acquisition of AMP's interests in the Joint Ventures will be funded from internal resources.

Pro forma statement of financial position

The acquisition of the AMP and GIO general insurance business will result in a material change to the financial position of the Company and consolidated entity as reflected in the statement of financial position as at 1 July 2001. At the date of this report the 'Settlement Balance Sheet' presenting the consolidated financial position of GIOIIHA at 30 June 2001 has not been provided by the vendor.

Directors' Report

LIKELY DEVELOPMENTS (CONTINUED)

Pro forma statement of financial position (continued)

The pro-forma statement of financial position of GIOIIHA as at 31 December 2000 was the subject of the due diligence conducted prior to entering into the agreement to acquire the AMP and GIO general insurance business. The financial position of GIOIIHA is not expected to materially change at 30 June 2001.

Set out below is the pro-forma statement of financial position of the Suncorp-Metway Ltd consolidated entity as at 1 July 2001, reflecting the financial position of GIOIIHA as at 31 December 2000 and the funding of the acquisition set out on the previous page.

	Unaudited pro-forma Consolidated As at 1 July 2001 $m	SML Consolidated As at 30 June 2001 $m
ASSETS		
Cash and liquid assets	365	288
Receivables due from other financial institutions	12	12
Trading securities	1,025	1,649
Investment securities	7,684	6,095
Loans, advances and other receivables	20,571	20,146
Property, plant and equipment	141	141
Deferred tax assets	192	112
Intangible assets	1,158	154
Excess of net market value of interests in life and superannuation subsidiaries over their recognised net assets	13	13
Other financial assets	1,182	1,051
Total assets	32,343	29,661
LIABILITIES		
Deposits and short term borrowings	16,908	16,908
Payables	816	709
Current tax liabilities	70	18
Provisions	418	266
Deferred tax liabilities	237	237
Outstanding claims and unearned premium provisions	4,072	2,343
Life insurance gross policy liabilities	2,651	2,651
Policy owner retained profits	247	247
Bonds, notes and long term borrowings	3,046	3,030
Subordinated notes	785	535
Total liabilities	29,250	26,944
Net assets	3,093	2,717
EQUITY		
Contributed equity	2,519	2,143
Reserves	22	22
Retained profits	546	546
Total parent entity interest	3,087	2,711
Outside equity interests	6	6
Total equity	3,093	2,717

Directors' Report

LIKELY DEVELOPMENTS (CONTINUED)

Impact on capital adequacy and solvency

The impact of the acquisition on banking capital adequacy on completion of the acquisition is marginal when compared to the position prior to the issue of additional share capital in June 2001. Increases in Tier 1 and Tier 2 capital are offset by an increased deduction for investments in subsidiaries. The pro-forma capital adequacy calculation at 1 July 2001 is set out below:

	Unaudited pro-forma As at 1 July 2001 $m	Banking Group As at 30 June 2001 $m
TIER 1		
Share capital	1,960	1,585
Other Tier 1 capital	708	708
Less intangible assets	(201)	(201)
Total Tier 1 capital	2,467	2,092
TIER 2		
Subordinated notes	615	365
Other Tier 2 capital	258	258
Total Tier 2 capital	873	623
Tier 1 plus Tier 2 capital	3,340	2,715
Less investments in subsidiaries	(1,771)	(511)
Less guarantees and facilities to non-banking controlled entities	(10)	(10)
Capital base	1,559	2,194
Total assessed risk	15,661	15,661
Risk weighted capital ratios	%	%
Tier 1	15.75	13.36
Tier 2	5.57	3.98
Deductions	(11.37)	(3.33)
	9.95	14.01

Directors' Report

LIKELY DEVELOPMENTS (CONTINUED)

Impact on capital adequacy and solvency (continued)

Tier 1 ratio has increased as the goodwill generated on acquisition of the AMP and GIO general insurance business is held within SMIL. Should this goodwill be deducted from Tier 1, the Tier 1 ratio would be 9.35 percent.

The impact on the consolidated solvency ratio of SMIL is restricted to acquisition costs not funded by equity and is set out below:

	Unaudited pro-forma As at 1 July 2001	SMIL As at 30 June 2001
Adjusted net tangible assets ($m)	741	755
Required solvency margin ($m)	278	278
Solvency surplus ($m)	463	477
Solvency coverage	2.66	2.71

Financial Services Reform

The Government is currently finalising the content of the Financial Services Reform Bill (FSRB) and the manner in which it will be implemented across the financial services market place and its proposed impact on the financial services industry. If the Bill is enacted it will result in a significant change to the way that the Company operates and the means by which the services of the consolidated entity are promoted and distributed. The proposals within FSRB will substantially alter the licensing environment of the financial services industry.

Privacy Act

Changes to the manner in which the personal information of customers is collected and treated will commence on 21 December 2001 to comply with the Privacy Act 2000. The legislation regulates the collection and storage of confidential information and the restricted way in which the Company can collect and use a customer's personal information.

The consolidated entity has initiated a program to review the impact of the initiatives arising from the FSRB and Privacy Act proposals. The proposals may have an adverse impact on operating costs in subsequent financial years.

Further information as to the likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years could, in the opinion of the directors, unreasonably prejudice the interests of the consolidated entity and therefore has not been included in this report.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year ended 30 June 2001 the Company paid insurance premiums in respect of a Directors' and Officers' Liability insurance contract. The contract insures each person who is or has been a director or executive officer (as defined in the Corporations Act 2001) of the Company against certain liabilities arising in the course of their duties to the Company and its controlled entities. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

Directors' Report

INDEMNIFICATION OF OFFICERS

Under the Company's Constitution, the Company indemnifies each person who is or has been a director or officer of the Company. The indemnity relates to all liabilities to another party (other than the Company or a related body corporate) that may arise in connection with the performance of their duties to the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Constitution stipulates that the Company will meet the full amount of such liabilities, including costs and expenses incurred in successfully defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the Corporations Act 2001.

DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

The Chairman's Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Company. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Employees including executive directors and senior executives may receive annual bonuses based on the achievement of specific goals related to the performance of the consolidated entity (including operational results and cash flow). Such bonuses may include options over ordinary shares. The ability to exercise the options is conditional on the Company achieving certain share price levels. Non-executive directors do not receive any performance related remuneration.

Note 13 of the Concise Report sets out the details of the nature and amount of each major element of their respective emolument for each director and for each of the five most highly remunerated officers of the Company and the consolidated entity.

OPTIONS

During or since the end of the financial year, the Company granted options over unissued ordinary shares to a number of employees as part of their remuneration and details of these are set out in note 14.

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company at the date of this report, as notified by the directors to the Australian Stock Exchange in accordance with Section 205G(1) of the Corporations Act 2001, is as follows:

	Fully Paid Ordinary Shares	Exchanging Instalment Notes Series 2	Options Over Ordinary Shares
R J Lamble	31,750	6,000	-
M D E Kriewaldt	17,850	30,000	-
W S Jones	93,643	25,000	2,000,000
R F Cormie	7,500	-	-
F C B Haly	121,673	33,000	-
J J Kennedy	1,500	-	-
J D Story	46,832	20,000	-
I D Blackburne	4,500	-	-
R P Handley	-	-	-

Directors' Report

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year were:

	Board of Directors		Audit, Business Risk & Compliance Committee		Investment Committee		Credit Committee		Chairman's Committee	
	A	B	A	B	A	B	A	B	A	B
R J Lamble	16	16	-	-	9	9	-	-	6	6
M D E Kriewaldt	16	15	8	8	9	9	-	-	-	-
W S Jones	16	16	-	-	9	8	10	8	-	-
R F Cormie	16	15	-	-	9	8	10	9	-	-
F C B Haly	16	16	8	8	-	-	-	-	-	-
J J Kennedy	16	16	-	-	-	-	10	8	6	6
J D Story	16	16	3	3	-	-	10	9	6	6
I D Blackburne	14	13	5	5	-	-	-	-	-	-
R P Handley	-	-	-	-	-	-	-	-	-	-

Column A indicates the number of meetings held during the year while the director was a member of the Board or Committee.

Column B indicates the number of meetings attended by the director during the year while the director was a member of the Board or Committee.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998. Consequently, amounts in this report and the accompanying financial report have been rounded off to the nearest one million dollars unless otherwise indicated.

This report is made in accordance with a resolution of the directors.

John Lamble

R John Lamble AO
Chairman

Steve Jones

W Steven Jones
Managing Director

Brisbane
14 August 2001

Summary of key financial information

		2001	2000	1999	1998	1997
FINANCIAL PERFORMANCE						
Net interest income	- banking ($m)	514	475	470	472	355
Net fees and commissions	- banking ($m)	126	97	108	115	62
Premium revenue	- general insurance ($m)	824	788	725	703	387
	- life insurance ($m) (2)	610	543	572	399	220
Investment revenue	- general insurance ($m)	243	244	197	212	300
	- life insurance ($m) (2)	221	307	208	173	195
Claims expense	- general insurance ($m)	(810)	(684)	(655)	(674)	(407)
	- life insurance ($m) (2)	(396)	(486)	(597)	(465)	(247)
Operating expenses ($m)		(649)	(604)	(602)	(551)	(419)
Bad and doubtful debts expense ($m)		(37)	(28)	(20)	(61)	(22)
Profit from ordinary activities before amortisation of goodwill and income tax ($m)		521	520	356	304	243
Net profit attributable to members of the parent entity ($m)		395	335	247	233	150
CONTRIBUTIONS TO PROFIT BEFORE TAX AND GOODWILL						
Banking ($m)		284	229	157	157	117
General Insurance ($m)		163	211	169	120	109
Wealth Management ($m)		65	75	25	23	13
Other ($m)		9	5	5	4	4
FINANCIAL POSITION						
Investment securities	- general insurance ($m)	3,091	2,828	2,390	2,183	3,618
	- life insurance ($m) (2)	3,000	2,732	2,488	2,401	2,490
Loans, advances and other receivables ($m)		20,146	18,067	16,769	15,812	14,644
Total assets ($m)		29,661	26,219	21,484	21,424	19,908
Deposits and short term borrowings ($m)		16,908	14,509	11,671	11,846	11,734
Outstanding claims and unearned premiums provisions ($m)		2,343	2,128	2,097	2,038	1,902
Life insurance gross policy liabilities ($m) (2)		2,651	2,363	2,136	2,058	2,068
Total liabilities ($m)		26,944	24,295	19,596	19,609	18,172
Total equity ($m)		2,717	1,924	1,888	1,815	1,736
SHAREHOLDER SUMMARY						
Dividends per ordinary share (cents)		52.0	46.0	44.0	44.0	40.0
Payout ratio (basic) (%)		58.0	59.4	67.2	65.2	66.4
Weighted average number of shares (basic) (million)		325.5	316.9	305.1	292.4	292.4
Net tangible asset backing per share (basic) ($)		5.41	3.72	3.26	2.93	2.62
Share price at end of period ($)		15.00	8.62	9.00	8.16	6.94
PERFORMANCE RATIOS						
Return on average shareholders' equity (basic) (%) (1)		19.70	22.13	23.25	27.15	22.84
Return on average total assets (%)		1.41	1.40	1.16	1.13	0.92
PRODUCTIVITY						
Group efficiency ratio (%)		24.0	28.5	N/A	N/A	N/A

(1) Return on average shareholders' equity (basic) is 23.95% excluding the $624 million share issue in June 2001.
(2) The assets, liabilities, income and expenses of the life insurance statutory funds are shown above where noted but have not been included in the consolidated entity's financial report prior to 2000.

Refer page 59 for ratio definitions.

Statement of financial performance

For the year ended 30 June 2001

DISCUSSION AND ANALYSIS OF THE STATEMENT OF FINANCIAL PERFORMANCE

Suncorp-Metway Ltd has achieved an 18 percent increase in profit after income tax to $395 million (2000:$335 million). Operating profit before income tax and amortisation of goodwill is $521 million (2000:$520 million). The business segment operating profit before income tax and amortisation of goodwill is as follows:

	2001 $m	2000 $m
Banking	284	229
General insurance	163	211
Wealth management	65	75
Other activities	9	5
Total	**521**	**520**

Banking

Banking operating profit before income tax and amortisation of goodwill increased 24 percent to $284 million. The profit improvement was driven by solid lending growth, stable net interest margins, strong increases in fee income and tightly controlled costs. Net interest income increased to $514 million from $475 million. With the net interest margin stable at 2.48 percent, this resulted from an increase in the loans base of $2 billion.

Operating expenses were stable at $345 million (2000: $338 million) and with increased revenue resulted in a reduction in the cost to income ratio to 51.9 percent, compared with 57.0 percent in the year to June 2000. The cost to average assets ratio fell from 1.65 percent to 1.57 percent. Bad debt expense increased by $10 million during the year, largely because the prior year benefited from an unusually high write back of provisions no longer required. Asset quality overall remains sound.

General insurance

General insurance profits before income tax reduced by 23 percent to $163 million and were affected by significantly increased claims costs and underwriting expenses which left the Insurance Trading Result down 26 percent at $78 million. The Insurance Trading Result is still solid at 10.1 percent of net earned premium and the comparison reflects the superior equity returns and low claims expense in the last financial year.

Net claims costs increased by 11 percent to $665 million during the year. The increase was mainly due to storm activity in NSW and Queensland ($17 million), increased claims and provisioning in the commercial segment ($27 million) and movements in valuation assumptions for CTP claims provisions ($18 million).

Total investment returns of $243 million were slightly less than the previous year's result of $244 million, and a greater proportion of these returns were required to offset the impact of discount rates used to value long tail claims provisions. Investment returns on shareholder funds, which have a direct impact on profit, reduced from $98 million to $80 million.

Wealth management

The Wealth Management Division recorded a 13 percent decrease in profit to $65 million. However, this result is influenced by profits that belong to policy owners and do not affect the profit attributable to shareholders. The after tax contribution of the wealth management business attributable to shareholders increased 63 percent from $30 million to $49 million.

This strong result was due to improved sales, tight control over expenses and increased profits on the existing book of business. It also included a one-off profit of $13 million before tax ($9 million after tax) following a revaluation of Life Company subsidiaries. The division's results are reflective of a 179 percent increase in new business to $595 million.

Income tax

The effective tax rate has decreased from 34 percent to 22.7 percent. Removing the affect of the policy owner tax noted above, the effective tax rate applicable to shareholders has reduced from 28 percent to 21 percent. This is a result of the two stage change in company tax rate from 36 percent to 30 percent, including a one-off benefit of $15 million (2000:$4 million) from the restatement of net deferred tax liabilities, and the high level of franked dividend income in the general insurance and wealth management business.

Return on equity

The improved operating profit after tax resulted in a 20 percent increase in diluted earnings per share, from 69.5 cents last year to 83.5 cents per share this year. The return on average shareholders' equity (diluted) decreased from 16.4 percent to 16.1 percent, impacted by the $624 million ordinary share issue in June 2001 that increased the average shareholders' equity. Removing the impact of the share issue, the return on average shareholders' equity (diluted) would be 18.6 percent.

Statement of financial performance

For the year ended 30 June 2001

	Note	Consolidated 2001 $m	Consolidated 2000 $m
Income from ordinary activities			
Banking interest revenue	4	1,557	1,359
Banking interest expense	5	(1,043)	(884)
		514	475
General insurance premium revenue	4	824	788
Life insurance premium revenue	4	610	543
Reinsurance and other recoveries revenue	4	156	94
General insurance investment revenue	4	243	244
Life insurance investment revenue	4	221	307
Other revenue	4	212	165
Total income from ordinary activities		2,780	2,616
Expenses from ordinary activities			
Operating expenses from ordinary activities	5	(649)	(604)
General insurance claims expense	6 (d)	(810)	(684)
Life insurance claims expense	6 (e)	(396)	(486)
Outwards reinsurance premium expense		(66)	(63)
Increase in net life insurance policy liabilities		(287)	(228)
Increase in policy owner retained profits		(14)	(3)
Total expenses from ordinary activities		(2,222)	(2,068)
Profit from ordinary activities before bad and doubtful debts expense, amortisation of goodwill and related income tax expense		558	548
Bad and doubtful debts expense		(37)	(28)
Profit from ordinary activities before amortisation of goodwill and related income tax expense		521	520
Amortisation of goodwill		(10)	(10)
Profit from ordinary activities before related income tax expense		511	510
Income tax expense relating to ordinary activities		(116)	(175)
Net profit attributable to members of the parent entity		395	335
Total changes in equity other than those resulting from transactions with owners as owners		395	335

	2001 Cents	2000 Cents
Basic earnings per share	106.61	88.58
Diluted earnings per share	83.49	69.50

	2001 Percent	2000 Percent
Payout ratio	57.97	59.40

The above statement of financial performance should be read in conjunction with the discussion and analysis on page 34 and the accompanying notes.

Statement of financial position

As at 30 June 2001

DISCUSSION AND ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

The financial position of the consolidated entity is influenced by two major factors when comparing the statement of financial position at 30 June 2001 against the prior financial year; first, the impact of the significant growth achieved across all operating divisions and second, the funds raised prior to 30 June 2001 in relation to the acquisition of the Australian general insurance business of AMP and GIO. As a result, the assets of the consolidated entity increased by 13 percent to $29,661 million.

Investment securities grew $530 million to $6,095 million reflecting the growth in the general insurance and wealth management businesses as funds are set aside to support the policy liabilities generated from the increased business.

Trading securities increased from $963 million to $1,649 million and reflects the investment of funds raised from the issue of $624 million in share capital. On 21 June 2001, 48,015,037 ordinary shares were issued at $13.30 per share amounting to $624 million after transaction costs, by way of placement with institutional investors and AMP Life. The placement was part of the funding package for the acquisition of the Australian general insurance operations of AMP and GIO.

Indicative of the growth in the banking business, loans, advances and other receivables have increased 12 percent to $20,146 million. $19,813 million of which relates to the banking items in the table below.

The increase in loans, advances and other receivables was largely funded by wholesale borrowings, comprising securities issued and offshore borrowings which account for most of the increase in deposits and short term borrowings in the balance sheet.

General insurance outstanding claims and unearned premium provisions, and life insurance gross policy liabilities have increased due to increased activities in those businesses.

Banking capital adequacy ratio has increased to 14.01 percent at 30 June 2001 due to the issue of this share capital. To complete the acquisition, the Company will raise further capital and will increase its investment in its wholly owned controlled entity Suncorp Metway Insurance Ltd by $1.25 billion. The total planned funding for the acquisition comprises $1 billion in Tier 1 capital and $250 million in Tier 2 capital. The deduction from total capital for the investment in Suncorp Metway Insurance Ltd will increase by $1.25 billion. On completion of the acquisition the capital adequacy ratio will decrease but to no less than the target ratio of 10 percent.

Net tangible assets per share increased from $3.72 at 30 June 2000 to $5.41 at 30 June 2001, bolstered by the issue of share capital. Net tangible assets for purposes of this calculation is made up of shareholders' equity of $2,711 million less converting capital notes of $558 million and intangibles of $154 million.

	Consolidated	
	2001 $m	2000 $m
Banking activities		
Overdrafts	262	264
Credit card outstandings	85	63
Housing loans	11,657	10,229
Term loans	6,331	5,737
Lease finance	1,490	1,504
Structured finance	48	85
Other lending	65	70
	19,938	17,952
Provision for impairment	(125)	(110)
	19,813	17,842

Statement of financial position

As at 30 June 2001

	Note	Consolidated 2001 $m	Consolidated 2000 $m
ASSETS			
Cash and liquid assets		288	498
Receivables due from other financial institutions		12	189
Trading securities		1,649	963
Investment securities		6,095	5,565
Loans, advances and other receivables		20,146	18,067
Property, plant and equipment		141	150
Deferred tax assets		112	115
Intangible assets		154	164
Excess of net market value of interests in life and superannuation subsidiaries over their recognised net assets		13	-
Other financial assets		1,051	508
Total assets		29,661	26,219
LIABILITIES			
Deposits and short term borrowings		16,908	14,509
Payables due to other financial institutions		-	57
Payables		709	847
Current tax liabilities		18	90
Provisions		266	223
Deferred tax liabilities		237	211
Outstanding claims and unearned premium provisions	8	2,343	2,128
Life insurance gross policy liabilities	9	2,651	2,363
Policy owner retained profits		247	233
Bonds, notes and long term borrowings		3,030	3,092
Subordinated notes		535	542
Total liabilities		26,944	24,295
Net assets		2,717	1,924
EQUITY			
Contributed equity	10	2,143	1,516
Reserves		22	22
Retained profits	11	546	380
Total parent entity interest		2,711	1,918
Outside equity interests		6	6
Total equity		2,717	1,924
		$	$
Net tangible asset backing per share		5.41	3.72

The consolidated statement of financial position includes the assets and liabilities of the statutory funds of the consolidated entity's life insurance business which are subject to restrictions under the Life Insurance Act 1995.

The above statement of financial position should be read in conjunction with the discussion and analysis on page 36 and the accompanying notes

Statement of cash flows

For the year ended 30 June 2001

DISCUSSION AND ANALYSIS OF THE STATEMENT OF CASH FLOWS

The cash flows during the financial year have also been affected by the growth in the business across all operating divisions and the issue of ordinary shares in relation to the AMP/GIO acquisition. Further, the impact of the new tax system is also evident as explained further below.

Net cash inflow from operating activities has decreased from $732 million to $311 million. This decrease was mostly as a result of the timing of payments, that is payables have been reduced and prepayments and other assets increased in comparison with the prior financial year.

The new tax system has affected normal operating cash flows. The impact of the goods and services tax was to decrease the net cash inflow from operating activities by $27 million. The impact of the goods and services tax in the individual line items was to:

- increase premiums received $81 million
- increase other operating revenue received $72 million
- increase outwards reinsurance premiums paid $5 million
- increase claims paid $20 million
- increase operating expenses paid $155 million.

Payment of income tax relating to operating activities increased from $30 million to $107 million, due mainly to the bringing forward of tax payments under the PAYG instalment system.

During the financial year there has also been a significant growth in the instalment payments product offered by our general insurance business. With this product, insurance premiums are received over the year of the insurance coverage rather than in advance. This has reduced cash flows from operating activities by $27 million in the current year.

Cash flows from investing activities is dominated by the net increase in loans, advances and other receivables due to growth in the banking loans book. The purchase of banking securities has increased due to the investment of funds raised from the issue of share capital in June 2001. The purchase and disposal of insurance investments reflects the turnover of investments held in the general insurance and life insurance operations. The net movement of $407 million reflects the increases in investment portfolios within those businesses that relate to policy liabilities and shareholder funds including retained profits.

Cash flows from financing activities includes the proceeds from issues of shares reflecting share capital raised in June 2001 to fund the acquisition of the Australian general insurance business of AMP and GIO. The inflow from deposits and borrowings increased to fund the increased loans base.

Statement of cash flows

For the year ended 30 June 2001

	Consolidated 2001 $m	Consolidated 2000 $m
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	1,663	1,531
Dividends received	74	57
Premiums received	1,467	1,370
Reinsurance and other recoveries received	74	93
Other operating revenue received	455	252
Interest paid	(1,054)	(855)
Outwards reinsurance premiums paid	(71)	(63)
Claims paid	(1,032)	(1,105)
Operating expenses paid	(1,158)	(518)
Income taxes paid – operating activities	(107)	(30)
Net cash inflow from operating activities	311	732
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of controlled entities	38	-
Payments for plant and equipment	(45)	(46)
Proceeds from sale of plant and equipment	12	-
Net (purchase) disposal of banking securities	(646)	190
Net increase in loans, advances and other receivables	(2,024)	(1,261)
Return of deposits from Reserve Bank of Australia	-	170
Purchase of investments integral to insurance activities	(23,215)	(14,567)
Proceeds from disposal of insurance investments	22,808	14,342
Income taxes paid – investing activities	(39)	(34)
Net cash (outflow) from investing activities	(3,111)	(1,206)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	627	-
Buy-back of shares	-	(100)
Repayment of subordinated notes	(7)	(16)
Net increase in deposits and borrowings	2,057	1,241
Dividends paid	(207)	(193)
Net cash inflow from financing activities	2,470	932
Net increase (decrease) in cash and cash equivalents	(330)	458
Cash at the beginning of the financial year	630	167
Adjustment resulting from adoption of Accounting Standard AASB 1038 Life Insurance Business	-	5
Cash at the end of the financial year	300	630

The above statement of cash flows should be read in conjunction with the discussion and analysis on page 38 and the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2001

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with the Corporations Act 2001, Accounting Standard AASB 1039 "Concise Financial Reports" and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full Annual Report for the financial year. Other information included in the Concise Financial Report is consistent with the consolidated entity's full Annual Report. The Concise Financial Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as does the full Annual Report.

Except where otherwise stated, the concise financial report has been prepared on the basis of historical costs and does not take into account changing money values.

The accounting policies adopted have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy (note 3), are consistent with those of the previous year.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full Annual Report.

2. RECLASSIFICATION OF FINANCIAL INFORMATION

As a result of applying the revised Accounting Standard AASB 1018 Statement of Financial Performance, revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position for the first time, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing retained profits from the face of the statement of financial performance to note 11. Revenue and expense items previously disclosed as abnormal have been reclassified and are now disclosed as individually significant items in note 5. These items are no longer identified separately on the face of the statement of financial performance.

The following assets and liabilities have been removed from previous classifications and are now disclosed as separate line items on the face of the statement of financial position:

- Deferred tax assets, previously presented within other assets
- Current tax liabilities, previously presented within provisions
- Deferred tax liabilities, previously presented within provisions

Share capital and converting capital notes have been combined into a new category "contributed equity" on the face of the statement of financial position.

3. CHANGES IN ACCOUNTING POLICY

3(a) Revaluation of non-current assets

The consolidated entity has applied revised Accounting Standard AASB 1041 Revaluation of Non-current Assets for the first time from 1 July 2000. The standard requires each class of non-current asset, other than inventories, foreign currency monetary assets, goodwill, investments accounted for using the equity method, deferred tax assets and other assets measured at net market value where the market value movements are recognised in the Statement of Financial Performance, to be measured on either the cost or fair value basis.

The consolidated entity has applied revised AASB 1041 as follows:

Freehold land

The consolidated entity has adopted the cost basis for land and has deemed the cost of the freehold land to be equal to the carrying value of the freehold land as at 1 July 2000. The carrying value brought forward as at 1 July 2000 comprised $17 million at directors' valuation 1998. As a consequence of making this election on the adoption of revised AASB 1041, the balance of the asset revaluation reserve at 1 July 2000 relating to land, which is $4 million, is no longer available for asset write-downs.

Notes to the financial statements

For the year ended 30 June 2001

3. CHANGES IN ACCOUNTING POLICY (CONTINUED)

3(a) Revaluation of non-current assets (continued)

Buildings

The consolidated entity has adopted the cost basis for buildings and has deemed the cost of the buildings to be equal to the carrying value of the buildings as at 1 July 2000. The carrying value brought forward as at 1 July 2000 comprised $12 million carried at cost of acquisition and $54 million at directors' valuation 1998, less accumulated depreciation of $9 million. The change in accounting policy has no financial effect in the current or prior periods. As a consequence of making this election on the adoption of revised AASB 1041, the balance of the asset revaluation reserve at 1 July 2000 relating to buildings, which is $4 million, is no longer available for asset write-downs.

Franchise systems

The consolidated entity has adopted the cost basis for franchise systems and has deemed the cost of the franchise systems to be equal to the carrying value of the franchise systems as at 1 July 2000. The carrying value brought forward as at 1 July 2000 comprised $15 million carried at directors' valuation 1999. The change in accounting policy has no financial effect in the current or prior periods. As a consequence of making this election on the adoption of revised AASB 1041, the balance of the asset revaluation reserve at 1 July 2000 relating to franchise systems, which is $1 million, is no longer available for asset write-downs.

Other non-current assets

The consolidated entity has continued to adopt the cost basis for other non-current assets such as receivables and plant and equipment.

3(b) Accounting for banking fee income

The consolidated entity has applied the revised Accounting Standard AASB 1018 Statement of Financial Performance for the first time from 1 July 2000. The standard prohibits the set off of revenue and expenses unless specifically required or permitted by an accounting standard.

Banking fees charged to recover transaction costs were previously set-off against the associated transaction costs. In accordance with AASB 1018, such fees are recognised as revenue from 1 July 2000. This change in accounting policy has no financial effect on the current or prior periods. Other operating income and operating expenses disclosed in the statement of financial performance for the financial year ended 30 June 2001 have both been increased by $10 million as a result of the change in accounting policy.

3(c) Loan origination fees

Commissions paid to loan originators have previously been expensed in the period the liability to pay commissions was incurred. From 1 July 2000, the consolidated entity has adopted the policy of recognising the expense for commissions paid to loan originators over the period the benefits (net interest income) are expected to arise from the loans generated. This accounting policy has been changed so that commissions generating future benefits are treated consistently by the consolidated entity.

As a result of this change in accounting policy, operating expenses for the financial year ended 30 June 2001 decreased and other assets increased by $7 million. It is not practicable to determine the cumulative financial effect up to the end of the preceding financial year of the change in accounting policy.

Notes to the financial statements

For the year ended 30 June 2001

4. OPERATING REVENUE

	Consolidated 2001 $m	Consolidated 2000 $m
REVENUE FROM ORDINARY ACTIVITIES		
Interest received or due and receivable:		
other persons	1,667	1,499
Dividends received or due and receivable:		
other persons	74	57
Property income received or due and receivable	18	6
General insurance premium revenue:		
direct	824	788
reinsurance and other recoveries revenue	145	83
Life insurance premium revenue:		
direct	610	543
reinsurance and other recoveries revenue	11	11
Changes in net market value of investments integral to general insurance activities:		
realised	1	3
unrealised	59	122
Changes in net market value of investments integral to life insurance activities:		
realised	(18)	17
unrealised	20	112
Trust distributions received or due and receivable	202	102
Net profits on trading securities	35	1
Net profits (losses) on derivative and other financial instruments:		
realised	5	(14)
unrealised	-	18
Fees and commissions received or due and receivable	154	131
Other revenue	16	21
Total revenue from ordinary activities	3,823	3,500
DISCLOSED IN THE STATEMENT OF FINANCIAL PERFORMANCE AS:		
Banking interest revenue	1,557	1,359
General insurance premium revenue	824	788
Life insurance premium revenue	610	543
Reinsurance and other recoveries revenue	156	94
General insurance investment income	243	244
Life insurance investment income	221	307
Other revenue	212	165
Total revenue from ordinary activities	3,823	3,500
Interest expense	(1,043)	(884)
Total income from ordinary activities	2,780	2,616

There were no sources of revenue from non-operating activities.

Notes to the financial statements

For the year ended 30 June 2001

5. OPERATING EXPENSES

	Consolidated	
	2001	**2000**
	$m	**$m**
Profit from ordinary activities before income tax expense has been determined after charging/(crediting) the following items:		
Interest expense		
Interest paid or due and payable	1,043	884
Total interest expense	1,043	884
Operating expenses from ordinary activities		
Staff expenses		
Salaries and wages	218	190
Temporary staff	11	11
Provision for employee entitlements	2	(2)
Other	82	91
Total staff expenses	313	290
Equipment and occupancy expenses		
Depreciation		
Buildings	5	5
Plant and equipment	29	31
Leasehold improvements	7	7
Loss on disposal of property, plant and equipment	1	2
Operating lease rentals	25	27
Other	7	12
Total equipment and occupancy costs	74	84
Other		
Hardware, software and data line expenses	30	25
Advertising and promotion expenses	34	34
Office supplies, postage and printing	37	35
Amortisation of franchise systems	-	1
Levies and charges	27	28
Acquisition costs - insurance activities	95	75
General administrative expenses	39	32
Total other expenses	262	230
Total operating expenses from ordinary activities	649	604

Notes to the financial statements

For the year ended 30 June 2001

5. OPERATING EXPENSES (CONTINUED)

Individually significant items

General insurance deferred acquisition costs

Costs identified as relating to unearned general insurance premiums are deferred in accordance with existing accounting policy. In prior periods, only commissions and fees paid to external parties in relation to premiums written were clearly identifiable as acquisition costs and deferred to the extent that they related to unearned premium.

From 1 July 2000, the consolidated entity implemented an activity based costing methodology to identify costs associated with each business activity within the consolidated entity. As a result, costs associated with generating general insurance premiums, in addition to commissions and fees paid to external parties, have been identified and in accordance with the existing accounting policy have been deferred to the extent that they relate to unearned premium. During the year, deferred acquisition costs increased by $17 million for these additional acquisition costs that relate to unearned premium.

Tax effect of general provision for doubtful debts

With effect from 1 July 2000 the consolidated entity has adopted a statistically based methodology for part of the general provision for doubtful debts relating to banking activities, known as the Dynamic Credit Risk Analysis Model. On initial adoption of this methodology, part of the existing general provision was tax effected, to the extent determined by the model. A deferred tax asset of $10 million was recognised and the general provision for doubtful debts was increased by a corresponding amount in the statement of financial position. There was no financial effect on the statement of financial performance.

Revaluation of life insurance subsidiary

In accordance with the accounting policy described in note 1 b) entities controlled by Suncorp Life & Superannuation Limited are recognised at their net market values. Any change in market value is recognised in the statement of financial performance. Suncorp Financial Planning Pty Ltd, a controlled entity of Suncorp Life & Superannuation Limited, was valued at 30 June 2001 resulting in an increase in its net market value of $13 million.

	Consolidated 2001 $m	Consolidated 2000 $m
Individually significant items included in profit from ordinary activities before income tax expense are:		
Increase in general insurance deferred acquisition costs (expense reduction)	(17)	-
Excess of net market value of interests in subsidiaries over their recognised net amounts	(13)	-
Expenses associated with Y2K, One Brand and Transformation	-	31
	(30)	31

Notes to the financial statements

For the year ended 30 June 2001

6. SEGMENT INFORMATION

6(a) Industry segments

	Banking	General Insurance	Wealth Management	Other	Eliminations	Consolidated
	$m	$m	$m	$m	$m	$m
2001 financial year						
Revenue outside the consolidated entity	1,709	1,224	848	42	-	3,823
Inter-segment revenue	29	-	7	7	(43)	-
Total revenue	1,738	1,224	855	49	(43)	3,823
Segment profit from ordinary activities before income tax and amortisation of goodwill	284	163	65	9	-	521
Segment assets	23,830	3,593	3,169	16	(947)	29,661
2000 financial year						
Revenue outside the consolidated entity	1,482	1,125	866	27	-	3,500
Inter-segment revenue	31	5	8	12	(56)	-
Total revenue	1,513	1,130	874	39	(56)	3,500
Segment profit from ordinary activities before income tax and amortisation of goodwill	229	211	75	7	(2)	520
Segment assets	21,225	3,238	2,948	34	(1,226)	26,219

The above industry segments derive revenue from the following activities:

Banking	Banking, finance and other services.
General Insurance	General insurance services.
Wealth Management	Life insurance and superannuation administration services.
Other	Funds management, financial planning, funds administration, and property management services.

Inter-segment pricing is determined on an arm's length basis.

6(b) Geographic segments

The consolidated entity operates predominantly within Queensland, New South Wales and Victoria.

Notes to the financial statements

For the year ended 30 June 2001

6. SEGMENT INFORMATION (CONTINUED)

6(c) Contribution to profit from ordinary banking activities

	Consolidated 2001 $m	Consolidated 2000 $m
Interest revenue	1,587	1,395
Interest expense	(1,073)	(920)
Net interest income	514	475
Other operating revenue		
Net profits on trading and investment securities	8	1
Net profits (losses) on derivative and other financial instruments:		
Realised	5	(14)
Unrealised	-	18
Fees and commission revenue	126	97
Other income	12	16
	151	118
Total income from ordinary activities	665	593
Operating expenses		
Staff expenses	(184)	(183)
Occupancy expenses	(16)	(29)
Computer expenses	(43)	(46)
Other operating expenses	(102)	(80)
Total expenses of ordinary activities	(345)	(338)
Contribution to profit from ordinary banking activities before bad and doubtful debts, amortisation of goodwill and income tax	320	255
Bad and doubtful debts expense	(36)	(26)
Contribution to profit from ordinary banking activities before amortisation of goodwill and income tax	284	229

Segment information set out above includes transactions that have been eliminated in the consolidated statement of financial performance.

Notes to the financial statements

For the year ended 30 June 2001

6. SEGMENT INFORMATION (CONTINUED)

6(d) Contribution to profit from ordinary general insurance activities

	Consolidated	
	2001 $m	2000 $m
Direct premium revenue	824	788
Outwards reinsurance premium expense	(53)	(49)
Net earned premium	771	739
Direct claims expense	(810)	(684)
Reinsurance and other recoveries revenue	145	83
Net incurred claims	(665)	(601)
Acquisition costs	(81)	(81)
Other underwriting expenses	(110)	(97)
Operating expenses	(191)	(178)
Underwriting result	(85)	(40)
Investment revenue - Insurance provisions		
Interest, dividends, rent, etc	138	122
Realised gains on investments	17	3
Unrealised gains on investments	8	21
Total investment revenue - Insurance provisions	163	146
Insurance trading result	78	106
Other revenue	5	7
Investment revenue - Shareholder funds		
Interest, dividends, rent, etc	45	31
Realised gains on investments	(16)	-
Unrealised gains on investments	52	70
Other revenue	6	5
Other expenses	(7)	(8)
Total investment revenue - Shareholder funds	80	98
Contribution to profit from ordinary activities of general insurance before income tax and amortisation of goodwill	163	211

Segment information set out above includes transactions that have been eliminated in the consolidated statement of financial performance.

Notes to the financial statements

For the year ended 30 June 2001

6. SEGMENT INFORMATION (CONTINUED)

Suncorp Metway has entered into an agreement with AMP Life Ltd to acquire the Australian general insurance business of AMP and GIO for $1.24 billion. The agreement is conditional on receiving the relevant regulatory approvals and payment of the purchase consideration. At the date of this report, the agreement has not been completed with settlement anticipated to be on or around 30 September 2001.

For the purposes of preparing the annual financial statements of the economic entity, control of the AMP and GIO general insurance business will be effective from 1 July 2001. The annual financial statements will include the financial position, the results from operations and the cash flows of the AMP and GIO general insurance business from that date.

6(e) Contribution to profit from ordinary wealth management activities

	Consolidated	
	2001 $m	2000 $m
Premium revenue	610	543
Outwards reinsurance expense	(13)	(14)
Net premium revenue	597	529
Equity securities	72	188
Debt securities	90	66
Property	59	55
Other	-	(2)
Investment revenue	221	307
Other revenue	13	12
Total revenue	831	848
Claim expenses	(396)	(486)
Reinsurance recoveries	11	11
Increase in net life insurance policy liabilities	(287)	(228)
Increase in policy owner retained profits	(14)	(3)
Other operating expenses	(80)	(67)
Total operating expenses	(766)	(773)
Profit from ordinary activities before income tax	65	75
Income tax expense attributable to profit from ordinary activities	(16)	(45)
Contribution to profit from ordinary wealth management activities	49	30

Segment information set out above includes transactions that have been eliminated in the consolidated statement of financial performance.

Notes to the financial statements

For the year ended 30 June 2001

7. PROVISION FOR IMPAIRMENT

	Consolidated 2001 $m	Consolidated 2000 $m
Banking activities		
General provision		
Balance at the beginning of the financial year	82	77
Charge against the statement of financial performance	-	5
Restatement to partially reflect future income tax benefit	10	-
Balance at the end of the financial year	92	82
Specific provision		
Balance at the beginning of the financial year	28	43
Charge against the statement of financial performance		
new and increased provisions	45	49
write-back of provisions no longer required	(9)	(28)
Bad debts recovered	1	1
Bad debts written-off	(32)	(37)
Balance at the end of the financial year	33	28
Total provision for impairment - banking activities	125	110

	2001 %	2000 %
The provisions for impairment expressed as a percentage of gross impaired assets less interest reserved are as follows:		
specific provision	28.95	18.30
total provision	109.65	71.90
General provision as a percentage of risk weighted assets	0.59	0.55
Specific provision as a percentage of gross loans and advances	0.16	0.16

Insurance activities	$m	$m
General provision		
Balance at the beginning of the financial year	3	3
Charge against the statement of financial performance	1	-
Balance at the end of the financial year	4	3
Specific provision		
Balance at the beginning of the financial year	10	10
Balance at the end of the financial year	10	10
Total provision for impairment - insurance activities	14	13

Notes to the financial statements

For the year ended 30 June 2001

8. OUTSTANDING CLAIMS AND UNEARNED PREMIUMS PROVISIONS

	Consolidated	
	2001 $m	2000 $m
Outstanding claims - life insurance	14	15
Outstanding claims - general insurance	1,915	1,720
Unearned premiums - general insurance	414	393
Total outstanding claims and unearned premiums provisions	2,343	2,128
Outstanding claims provision - general insurance		
Expected future claims (undiscounted)	2,263	2,045
Discount to present value	(348)	(325)
Liability for outstanding claims	1,915	1,720
Current	530	488
Non-current	1,385	1,232
	1,915	1,720

The following inflation rates (normal and superimposed) were applied in respect of the actuarial measurements of outstanding general insurance claims:

	2001 %	2000 %
For the succeeding and subsequent years:		
Inflation rate	7.5 - 9.5	7.5 - 8.5
Discount rate	5.5 - 6.4	5.0 - 6.4

The general insurance portfolio is weighted towards long-tail business whereby claims are expected to be settled progressively over approximately 20 years. The weighted average expected term to settlement of the outstanding claims from the balance date is estimated to be 3.0 years (2000: 2.9 years).

9. LIFE INSURANCE GROSS POLICY LIABILITIES

	Consolidated	
	2001 $m	2000 $m
Non-Investment linked business	1,819	1,679
Investment linked business	832	684
Total life insurance gross policy liabilities	2,651	2,363

Policy liabilities are amounts which, when taken together with future premiums and investment earnings, are required to meet the payment of future benefits and expenses and incorporate profit margins on existing business to be released when earned in future periods.

The effective date of the actuarial report on policy liabilities and solvency reserves is 30 June 2001. The actuarial report was prepared by Mr Rowan Ward, Appointed Actuary B Sc. FIAA, and indicates that the Appointed Actuary is satisfied as to the accuracy of the data upon which policy liabilities have been determined. The amount of policy liabilities has been determined in accordance with the standards of the Life Insurance Actuarial Standards Board (LIASB). Policy liabilities have been calculated using the Margin on Services (MoS) method in accordance with Actuarial Standard 1.02 "Valuation Standard" issued by the LIASB under Section 114 of the Life Act. The Actuarial Standard requires the policy liabilities to be calculated in a way which allows for the systematic release of planned margins as services are provided to policy owners and premiums are received.

Notes to the financial statements

For the year ended 30 June 2001

10. CONTRIBUTED EQUITY

	Consolidated 2001 $m	Consolidated 2000 $m
Issued and paid-up share capital		
369,665,671 ordinary shares each fully paid (2000: 321,415,234 each fully paid)	1,585	958
124,000,000 converting capital notes of $4.50 each fully paid (2000:124,000,000)	558	558
7,200 ordinary shares each 45 cents partly paid (2000: 7,200 ordinary shares each 45 cents partly paid)	-	-
33,550 ordinary shares each 5 cents partly paid (2000: 38,950 ordinary shares each 5 cents partly paid)	-	-
2,000 non-participating shares each fully paid (2000: 2,000 each fully paid)	-	-
	2,143	1,516
Movements in ordinary shares during the year		
Balance at the beginning of the financial year	958	975
48,015,037 ordinary shares issued for cash	639	-
Associated transaction costs	(14)	-
Conversion of 18,500,000 converting capital notes to ordinary shares	-	83
12,273,328 ordinary shares bought back	-	(100)
230,000 ordinary shares issued due to the exercise of options under the Executive Option Plan	2	-
Balance at the end of the financial year	1,585	958
Movements in converting capital notes during the year		
Balance at the beginning of the financial year	558	641
Conversion of 18,500,000 converting capital notes to ordinary shares	-	(83)
Balance at the end of the financial year	558	558

On 21 June 2001, 48,015,037 ordinary shares were issued at $13.30 per share by way of placement with institutional investors and AMP Life. The placement was part of the funding package for the acquisition of the Australian general insurance operations of AMP and GIO. Pursuant to the terms of the acquisition a further 12,135,338 shares will be issued to AMP Life, at the same price. The Company is also planning to issue $200 million in preference share capital as part of the funding of the acquisition and has received approval from shareholders at an Extraordinary General Meeting (refer Note 15).

During the year 5,400 partly paid shares were converted to fully paid shares at an average price of $1.21. The calls on, and conversion of, partly paid shares were in accordance with the employee share acquisition scheme under which they were issued.

On 1 December 1996, the Company issued converting capital notes to Queensland Treasury Holdings Pty Ltd, maturing 30 November 2006. The notes carried a fixed distribution of 8.7 percent per annum. Subject to certain conditions, the notes could be converted into fully paid ordinary shares, on the basis of one ordinary share for each note, at any point in time until maturity. To 30 June 2000, 31 million notes had been converted, leaving 124 million notes on issue. In line with the undertaking given by the Queensland Government in respect of the Exchanging Instalment Notes (EINs) Series 2 where an exchange of one note for one ordinary share will occur by 31 October 2001, the remaining 124 million notes were converted to ordinary shares on 4 July 2001 (refer Note 15).

Notes to the financial statements

For the year ended 30 June 2001

10. CONTRIBUTED EQUITY (CONTINUED)

Distributions were payable on the notes at a fixed rate of 8.7 percent per annum and are brought to account on an accruals basis. A binding private ruling has been received from the Australian Taxation Office confirming that the distributions are deductible for taxation purposes. The effective after tax funding cost of the distributions for the year is represented as follows:

	Consolidated	
	2001 $m	2000 $m
Distributions	49	53
Income tax benefit	(16)	(19)
	33	34

11. RETAINED PROFITS

	2001 $m	2000 $m
Retained profits at the beginning of the financial year	380	244
Net profit attributable to members of Suncorp-Metway Ltd	395	335
Dividends	(229)	(199)
Retained profits at the end of the financial year	546	380

12. DIVIDENDS

	2001 $m	2000 $m
Ordinary shares		
Fully franked at 34% interim dividend paid	77	67
Fully franked at 30% final dividend provided	103	77
Converting preference shares Series 2		
Fully franked base dividend paid	-	2
Converting capital notes		
Distribution provided	49	53
	229	199

The additional 48,015,037 shares issued relating to the acquisition of the Australian general insurance business of AMP and GIO will participate in the final dividend. The 124 million shares arising from the conversion on 4 July 2001 of the converting capital notes will not participate in the final ordinary share dividend, in accordance with the Subsciption Deed dated 16 October 1996.

The converting capital note distribution is deductible for taxation purposes. It carries no imputation credits.

Notes to the financial statements

For the year ended 30 June 2001

12. DIVIDENDS (CONTINUED)

	Consolidated 2001 $m	Consolidated 2000 $m
Franking credits		
The amount of dividends that would be fully franked at 30% (2000: 34%) after allowing for all tax payable in respect of the current year's profits and the payment of the proposed dividends	100	136

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- Franking credits that will arise from the payment of the current tax liability;
- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- Franking credits that may be prevented from being distributed in subsequent financial years.

13. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

13(a) Directors' remuneration

Total amount received or due and receivable by directors of the Company for the year ended 30 June 2001 was:

	Base Emolument (1) $	Bonus (2) $	Shares Issued (3) $	Other Compensation (4) $	Total Compensation $	Retirement Benefits (5) $	Total $
Executive Director							
W S Jones	929,084	855,365	1,000	8,416	1,793,865	-	1,793,865
Non-Executive Directors							
R J Lamble	153,850	-	51,190	2,320	207,360	500	207,860
M D E Kriewaldt	114,250	-	-	9,140	123,390	15,750	139,140
I D Blackburne	68,783	-	-	5,503	74,286	12,610	86,896
R F Cormie	84,748	-	-	6,780	91,528	10,748	102,276
F C B Haly	86,940	-	-	-	86,940	-	86,940
J J Kennedy	80,500	-	-	6,440	86,940	7,667	94,607
J D Story	82,750	-	-	6,620	89,370	-	89,370

(1) Executive Director's remuneration consists of both basic and packaged benefit components. Non-executive Directors' remuneration represents fees in connection with attending Board, Board committee and subsidiary companies' Board meetings.

(2) Reflects amounts accrued but not yet paid in respect of the year ended 30 June 2001.

(3) The $1,000 reflects shares to be issued to employees in respect of the year ended 30 June 2001. The $51,190 represents shares to be issued under the Non-Executive Directors' Share Plan.

(4) Reflects non-salary package remuneration and includes company contributions to superannuation.

(5) Represents the increase in the Provision for Retirement Benefits.

Notes to the financial statements

For the year ended 30 June 2001

13. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (CONTINUED)

13(b) Executive officers' remuneration

The following table shows the remuneration of the 5 most highly remunerated officers of the Company and consolidated entity who were officers at 30 June 2001.

Name [1]	Base Emolument [2]	Bonus [3]	Shares Issued [4]	Other Compen -sation [5]	Total Compen -sation	Options Granted During The Year [6]	Exercise Price	Strike Price	Date First Exercisable	Fair Value Of Each Option Granted During The Year [7]
	$	$	$	$	$		$	$		$
G J Moynihan	468,584	288,150	1,000	8,416	766,150	41,000	8.89	9.78	31 March 03	1.12
						42,000	8.89	10.31	31 March 04	0.99
						42,000	8.89	10.85	31 March 05	0.87
D Wilkie	431,584	291,077	1,000	8,416	732,077	50,000	8.89	9.78	31 March 03	1.12
						50,000	8.89	10.31	31 March 04	0.99
						50,000	8.89	10.85	31 March 05	0.87
M W Blucher	387,269	272,095	1,000	31,481	691,845	41,000	8.89	9.78	31 March 03	1.12
						42,000	8.89	10.31	31 March 04	0.99
						42,000	8.89	10.85	31 March 05	0.87
P S Johnstone	373,584	233,205	1,000	8,416	616,205	41,000	8.89	9.78	31 March 03	1.12
						42,000	8.89	10.31	31 March 04	0.99
						42,000	8.89	10.85	31 March 05	0.87
R N Reimer	315,972	196,077	1,000	25,278	538,327	26,000	8.89	9.78	31 March 03	1.12
						27,000	8.89	10.31	31 March 04	0.99
						27,000	8.89	10.85	31 March 05	0.87

(1) The senior executives are those executives responsible for strategic direction and management during the year.
(2) Reflects the total remuneration package consisting of both basic salary and packaged benefit components.
(3) Reflects amounts accrued but not yet paid in respect of the year ended 30 June 2001.
(4) Reflects shares to be issued to employees to the value of $1,000 in respect of the year ended 30 June 2001.
(5) Reflects non-salary package remuneration and includes company contributions to superannuation.
(6) The options are exercisable only if the weighted average price of the Company's shares as quoted on the Australian Stock Exchange exceeds the prices specified on each of five consecutive trading days between the issue date of the option and the respective exercise dates.
(7) The fair value of options granted during the year has been determined using the industry standard Black-Scholes option-pricing model. This is not a market price but an estimate of the fair value as these options are not traded. This valuation takes into account the price at grant date, the exercise price, the expected life of the option, the volatility in price of the underlying stock and expected dividends.

Note: Other individuals who are rewarded under incentive-based systems according to results, consistent with market practice within the industry, may within any given year receive remuneration at a level in excess of that received by some executives shown above.

Notes to the financial statements

For the year ended 30 June 2001

14. OPTIONS

At the date of this report unissued ordinary shares of the Company under the Executive Option Plan are:

Issue Date Of Option	Start Date	Expiry Date	Exercise Price Of Option (1)	Strike Price	Number Of Options Held At 30 June 2001 (2)	Number Of Options Held At 30 June 2000	Fair Value Of Each Option Granted During The Year (3)
			$	$			$
26 Mar 1997	6 Jul 1999	26 Mar 2002	5.51	6.00	650,000	650,000	
26 Mar 1997	6 Jul 2000	26 Mar 2002	5.51	6.50	700,000	700,000	
26 Mar 1997	6 Jul 2001	26 Mar 2002	5.51	7.00	650,000	650,000	
10 Sept 1997	31 Mar 2000	10 Sept 2002	6.79	7.00	156,000	196,000	
10 Sept 1997	31 Mar 2001	10 Sept 2002	6.79	7.50	157,000	197,000	
10 Sept 1997	31 Mar 2002	10 Sept 2002	6.79	8.00	157,000	197,000	
17 Dec 1997	31 Mar 2000	17 Dec 2002	7.19	7.00	NIL	40,000	
17 Dec 1997	31 Mar 2001	17 Dec 2002	7.19	7.50	40,000	40,000	
17 Dec 1997	31 Mar 2002	17 Dec 2002	7.19	8.00	40,000	40,000	
15 Jan 1998	15 Jul 2000	15 Jan 2003	7.56	7.56	100,000	250,000	
16 Dec 1998	16 Jun 2001	16 Dec 2003	7.96	9.00	119,500	119,500	
16 Dec 1998	16 Jun 2002	16 Dec 2003	7.96	9.50	121,000	121,000	
16 Dec 1998	16 Jun 2003	16 Dec 2003	7.96	10.00	122,000	122,000	
3 Jun 1999	3 Nov 2001	3 Jun 2004	8.81	9.75	116,667	116,667	
3 Jun 1999	3 Nov 2002	3 Jun 2004	8.81	10.25	116,667	116,667	
3 Jun 1999	3 Nov 2003	3 Jun 2004	8.81	10.75	116,666	116,666	
3 Jun 1999	3 Nov 2001	3 Jun 2004	8.81	9.75	13,334	13,334	
3 Jun 1999	3 Nov 2002	3 Jun 2004	8.81	10.25	13,333	13,333	
3 Jun 1999	3 Nov 2003	3 Jun 2004	8.81	10.75	13,333	13,333	
6 Oct 1999	31 Mar 2002	6 Oct 2004	8.11	9.12	116,250	116,250	
6 Oct 1999	31 Mar 2003	6 Oct 2004	8.11	9.56	116,750	116,750	
6 Oct 1999	31 Mar 2004	6 Oct 2004	8.11	10.05	115,750	115,750	
6 Oct 1999	31 Mar 2002	6 Oct 2004	8.11	9.12	149,000	149,000	
6 Oct 1999	31 Mar 2003	6 Oct 2004	8.11	9.56	149,000	149,000	
6 Oct 1999	31 Mar 2004	6 Oct 2004	8.11	10.05	152,000	152,000	
1 Oct 2000	31 Mar 2003	1 Oct 2005	8.89	9.78	199,000	-	1.12
1 Oct 2000	31 Mar 2004	1 Oct 2005	8.89	10.31	203,000	-	0.99
1 Oct 2000	31 Mar 2005	1 Oct 2005	8.89	10.85	203,000	-	0.87
1 Oct 2000	31 Mar 2003	1 Oct 2005	8.89	10.00	168,100	-	1.06
1 Oct 2000	31 Mar 2004	1 Oct 2005	8.89	10.49	169,400	-	0.94
1 Oct 2000	31 Mar 2005	1 Oct 2005	8.89	11.02	172,500	-	0.83
					5,316,250	4,511,250	

(1) The exercise price of option was the weighted average market price of the Company's shares in the week preceding the dispatch of the offer.

(2) Subsequent to balance date no options were exercised.

(3) The fair value of options granted during the year has been determined using the industry standard Black-Scholes option-pricing model. This is not a market price, but an estimate of the fair value as these options are not traded. This valuation takes into account the price at grant date, the exercise price, the expected life of the option, the volatility in price of the underlying stock and expected dividends. However, the valuation does not take into account any performance hurdles attaching to the options.

Notes to the financial statements

For the year ended 30 June 2001

14. OPTIONS (CONTINUED)

During the year 230,000 options (2000: nil) were exercised under the Executive Option Plan. No options have been granted since the end of the financial year.

All options expire on the earlier of their expiry date or termination of the employee's employment. In addition to those options shown above, 80,000 (2000: 35,000) options expired in respect of employees who resigned. No options expired during the year ended 30 June 2001.

The market price of the Company's shares at 30 June 2001 was $15.00 (2000: $8.62).

15. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years, other than the following.

On 4 July 2001 the remaining 124,000,000 converting capital notes were converted to ordinary shares of the same number. The converted shares will not participate in the 2001 final ordinary share dividend, in accordance with the Subscription Deed dated 16 October 1996.

An extraordinary general meeting was held on 10 August 2001 at which shareholders approved the issue of up to 2.5 million preference shares at an issue price of $100 per share and the issue of a maximum of 12,135,338 ordinary shares to AMP Life. Shareholders also ratified the issue of ordinary shares as described in State of Affairs in the Directors' Report. The issue of additional shares is in relation to the acquisition of the Australian general insurance business of AMP and GIO (refer Likely Developments in the Directors' Report).

Directors' declaration

In the opinion of the directors of Suncorp-Metway Ltd the accompanying concise financial report of the consolidated entity, comprising Suncorp-Metway Ltd and its controlled entities, for the year ended 30 June 2001 set out on pages 34 to 56:

a) has been derived from or is consistent with the full financial report for the financial year; and

b) complies with Accounting Standard AASB 1039 "Concise Financial Reports".

Dated at Brisbane this 14th day of August 2001

Signed in accordance with a resolution of the directors:

R John Lamble AO
Chairman

W Steven Jones
Managing Director

Independent Audit Report

on Concise Financial Report to the members of Suncorp-Metway Ltd

Scope

We have audited the concise financial report of Suncorp-Metway Ltd and its controlled entities for the financial year ended 30 June 2001 consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 15, and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows set out on pages 34 to 56 in order to express an opinion on it to the members of the Company. The Company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Suncorp-Metway Ltd and its controlled entities for the year ended 30 June 2001. Our audit report on the full financial report was signed on 14 August 2001, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports" issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the concise financial report of Suncorp-Metway Ltd and its controlled entities for the year ended 30 June 2001 complies with AASB 1039 “Concise Financial Reports”.

K P m G

KPMG

Ian Fraser

Ian H Fraser
Partner

Brisbane 14 August 2001

Ratio definitions

For the year ended 30 June 2001

ITEM	DEFINITION
Diluted shares	Comprises ordinary shares including partly paid shares, preference shares, capital notes and outstanding options.
Earnings per Share	Basic earnings per share is calculated by dividing the earnings of the company for the financial year by the weighted average number of ordinary shares of the company outstanding during the financial year.
Group Efficiency Ratio	Operating expenses as a percentage of total operating income excluding General Insurance shareholder funds investment income and excluding the impact of life insurance Accounting Standard AASB 1038.
Interest Margin	Net interest income divided by average interest earning assets.
Interest Spread	The difference between the average rate on average interest earning assets and the average rate on average interest bearing liabilities.
Net Tangible Asset Backing - Basic	Shareholders' equity attributable to members of the Company less preference shares, converting capital notes, and intangibles divided by ordinary shares at the end of the period adjusted for partly paid shares.
Payout Ratio	Total dividends and distributions paid or provided divided by operating profit after tax.
Return on Average Shareholders' Equity – Basic	Operating profit after tax less preference dividends and capital note distribution divided by adjusted average ordinary shareholders' equity. The ordinary shareholders' equity excludes preference shares and converting capital notes. Averages are based on beginning and end of period balances.
Return on Average Total Assets	Operating profit after tax divided by average total assets. Averages are based on beginning and end of period balances.
Total Operating Income per FTEW	Total operating income divided by full time equivalent work force.

Shareholder & Noteholder Information

MAJOR SHAREHOLDERS

At 7 August 2001, the 20 largest holders of fully paid Ordinary Shares held 251,894,740 shares, equal to 51.04 percent of the total fully paid shares on issue.

	Number of Shares	%
Queensland Treasury Holdings Pty Ltd	142,500,000	28.87
Chase Manhattan Nominees Limited	20,404,231	4.13
Citicorp Nominees Pty Limited	12,324,161	2.50
National Nominees Limited	11,564,506	2.34
Citicorp Nominees Pty Limited	11,431,140	2.32
Westpac Custodian Nominees Limited	9,413,965	1.91
AMP Life Limited	7,012,533	1.42
Citicorp Nominees Pty Limited	4,245,718	0.86
RBC Global Services Australia Nominees Pty Limited	4,145,944	0.84
NRMA Nominees Pty Limited	4,064,888	0.82
Queensland Investment Corporation	3,635,249	0.74
MLC Limited	3,543,412	0.72
Citicorp Nominees Pty Limited	3,011,277	0.61
Commonwealth Custodial Services Limited	2,532,779	0.51
Zurich Australia Limited	2,410,428	0.49
Citicorp Nominees Pty Limited	2,215,064	0.45
Australian Foundation Investment Company Limited	2,017,651	0.41
Cogent Nominees Pty Limited	1,917,410	0.39
Citicorp Nominees Pty Limited	1,770,517	0.36
Cogent Nominees Pty Limited	1,733,867	0.35
	251,894,740	**51.04**

SUBSTANTIAL SHAREHOLDERS

At 7 August 2001, the following entries were contained in the register of substantial shareholdings, based on Substantial Holding Notices received:

	Number of Shares
Queensland Treasury Holdings Pty Ltd	142,500,000
Commonwealth Bank of Australia Group Companies	40,543,972

Shareholder & Noteholder Information

DISTRIBUTION OF SHAREHOLDINGS

(i) Fully paid Ordinary Shares at 7 August 2001:

RANGE	Number of Holders	% of Holders	Number of Shares	% of Shares
1-1,000 shares	61,326	64.88	31,614,256	6.40
1,001-5,000 shares	24,477	25.89	60,361,930	12.22
5,001-10,000 shares	5,277	5.58	37,310,946	7.55
10,001-100,000 shares	3,262	3.45	69,265,090	14.03
100,001- shares and over	170	.20	295,117,149	59.80
	94,512	**100.00**	**493,669,371**	**100.00**

(ii) Non-participating shares

All shares of this class are fully paid shares and are held by the Trustee of the Metropolitan Permanent Building Society Trust, Permanent Trustee Australia Limited.

(iii) Partly paid Ordinary Shares at 7 August 2001:

	Number of Holders	% of Holders	Number of Shares	% of Shares
1-1,000 shares	4	25.00	3,100	8.36
1,001- 5,000 shares	11	68.75	28,150	75.97
5,001- 10,000 shares	1	6.25	5,800	15.67
10,001-100,000 shares	-	-	-	-
100,001- shares and over	-	-	-	-
	16	**100.00**	**37,050**	**100.00**

VOTING RIGHTS OF SHAREHOLDERS

(i) Ordinary Shares

The fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- show of hands - one vote per shareholder; and
- poll - one vote per fully paid ordinary share.

(ii) Non-participating Shares

The non-participating shareholder has an entitlement to vote only in certain circumstances.

HOLDERS OF NON-MARKETABLE PARCELS

At 7 August 2001 the number of shareholders with less than a marketable parcel for fully paid Ordinary Shares (1- 33 shares) was 189 (0.19 percent of shareholders) representing 2,940 shares.

Shareholder & Noteholder Information

MAJOR NOTEHOLDERS

At 7 August 2001, the 20 largest holders of Exchanging Instalment Notes Series 2 held 46,892,267 notes, equal to 32.91 per cent of the total notes on issue.

	Number of Notes	%
Brispot Nominees Pty Ltd	8,879,702	6.23
Westpac Custodian Nominees Limited	5,747,723	4.03
Chase Manhattan Nominees Limited	4,445,515	3.12
RBC Global Services Australia Nominees Pty Ltd	3,608,756	2.53
Citicorp Nominees Pty Limited	3,588,367	2.52
Queensland Investment Corporation	3,374,026	2.37
Citicorp Nominees Pty Limited	2,855,186	2.00
National Nominees Limited	2,626,983	1.84
MLC Limited	2,466,834	1.73
Elise Nominees Pty Limited	1,675,127	1.18
AMP Life Limited	1,227,480	0.86
Milton Corporation Ltd	880,000	0.62
Pan Australian Nominees Pty Limited	822,774	0.58
JP Morgan Custodial Services Pty Ltd	797,600	0.56
Commonwealth Custodial Services Limited	796,310	0.56
Fortis Clearing Nominees P/L	709,238	0.50
Tower Trust Limited	642,014	0.45
Questor Financial Services Limited	641,695	0.45
Citicorp Nominees Pty Limited	566,166	0.40
RBC Global Services Australia Nominees Pty Limited	540,771	0.38
	46,892,267	**32.91**

Substantial Noteholders

At 7 August 2001, there were no entries contained in the register of substantial unitholdings for Exchanging Instalment Notes Series 2.

Shareholder & Noteholder Information

DISTRIBUTION OF NOTEHOLDINGS

Exchanging Instalment Notes Series 2 at 7 August 2001:

RANGE	Number of Holders	% of Holders	Number of Notes	% of Notes
1-1,000 notes	106,178	87.76	37,689,367	26.44
1,001-5,000 notes	13,141	10.86	30,345,215	21.29
5,001-10,000 notes	1,110	0.91	8,208,895	5.76
10,001-100,000 notes	498	0.41	10,900,161	7.64
100,001-notes and over	56	0.06	55,356,362	38.87
	120,983	**100.00**	**142,500,000**	**100.00**

VOTING RIGHTS OF NOTEHOLDERS

Noteholders of Exchanging Instalment Notes Series 2 are not entitled to vote at any meeting of the members of the Company as the Notes do not carry any voting rights.

HOLDERS OF NON-MARKETABLE PARCELS

At 7 August 2001 the number of holders with less than a marketable parcel (1-33 notes) was 68 (0.05 percent of holders) representing 613 notes.

Shareholder Information

REGISTERED OFFICE

Level 18, 36 Wickham Terrace
Brisbane Qld 4000
Telephone: (07) 3835 5355
Fascimile: (07) 3836 1190

COMPANY SECRETARY

Clifford R Chuter

Information about Suncorp Metway is also available on the internet at www.suncorpmetway.com.au

ANNUAL GENERAL MEETING

The Annual General Meeting will be held in the Grand Ballroom, Sheraton Hotel, 249 Turbot Street, Brisbane on Tuesday 16 October at 2.30pm.

SHARE AND NOTE REGISTRY

Shareholders and noteholders can obtain information about their share and note holdings by contacting the Company's share registry:
Douglas Heck & Burrell
Level 22, 300 Queen Street Brisbane Qld 4000
Telephone: (07) 3228 4219
Facsimile: (07) 3221 3149
Email: registries@dhb.com.au
Mailing address: Locked Bag 568, Brisbane, Qld. 4001

When seeking information shareholders and noteholders must provide their Security Reference Number (SRN) or their Holder Identification Number (HIN) which are recorded on their shareholder/noteholder statements.

CHANGE OF ADDRESS

Shareholders sponsored by Suncorp Metway (issuer sponsored) or EIN – Series 2 noteholders sponsored by the Queensland Government, must advise Douglas Heck & Burrell in writing, appropriately signed, of the amended details. Change of address forms can be obtained via our internet site.

Shareholders or noteholders sponsored by a broker (broker sponsored) should not advise the registry but advise their broker in writing of the amended details.

PAYMENT OF DIVIDENDS/INTEREST

Shareholders or noteholders who wish to have their dividends/interest paid directly into their bank, building society or credit union account should obtain a direct credit application form from the share registry or via our internet site.

REMOVAL FROM ANNUAL REPORT MAILING LIST

Shareholders or noteholders who no longer wish to receive a Concise Report or a Full Annual report should advise the share registry in writing, by fax, telephone or by email, quoting their reference number. A form is available via our internet site.

STOCK EXCHANGE LISTED SECURITIES

Suncorp Metway's securities listed on the Australian Stock Exchange are:
Ordinary Shares (code SUN)
Floating Rate Capital Notes (SUNHB)
Exchanging Instalment Notes - Series 2 (SMPGA), issued by the Queensland Government

OTHER INFORMATION

Suncorp-Metway Ltd, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Key Dates*

ORDINARY SHARES (SUN)

Final Dividend 2001	
Ex dividend date	10 September
Record date	14 September
Dividend paid	28 September
Interim Dividend 2002	
Ex dividend date	4 March
Record date	8 March
Dividend paid	1 April
Final Dividend 2002	
Ex dividend date	9 September
Record date	13 September
Dividend paid	1 October

EXCHANGING INSTALMENT NOTES SERIES 2 (SMPGA)

Interest paid (final)	30 September 2001
Notes exchange for ordinary shares	31 October 2001

FLOATING RATE CAPITAL NOTES (SUNHB)

2001	
Ex interest date	9 November
Record date	15 November
Interest paid	30 November
2002	
Ex interest date	11 February
Record date	15 February
Interest paid	4 March
Ex interest date	9 May
Record date	15 May
Interest paid	30 May
Ex interest date	9 August
Record date	15 August
Interest paid	30 August
Ex interest date	11 November
Record date	15 November
Interest paid	2 December

*Dates may be subject to change

INTERNET SITE

Suncorp Metway's internet site, **http://www.suncorpmetway.com.au** provides information on banking, insurance and investment products and services, sponsorships, financial results, company and shareholder information. You can apply on line for a transaction account, credit card, home loan, investment property loan, small business loan, share loan or personal finance loan. Or get a quote for your home or car insurance.

You can also use our internet banking services for your everyday banking or Suncorp Metway Share Trade to buy and sell shares.

ANNUAL REPORT

Copies of the full Annual Report (which includes the concise report and annual financial statements) can be obtained from Investor Relations **(07) 3835 5797** or through our internet site: **www.suncorpmetway.com.au**. Our site also includes our half year results and profit announcements.

PUBLICATIONS/ANNOUNCEMENTS

Should you wish to receive our publications and announcements by email as they are released, you can make this request through the Investor Information section on our internet site: **www.suncorpmetway.com.au**.

Contact Us

General enquiries	**13 11 55**
Quickcall phone banking	**13 11 25**
Insurance sales and enquiries	**13 11 55**
Insurance claims	**13 25 24**
New loan hotline	**13 11 34**
New investment account hotline	**13 27 44**
Lost or stolen cards & passbooks	**1800 775 020**
Life insurance, superannuation, financial planning	**1800 451 223**
Investment funds enquiries centre	**1800 067 732**
Business Banking service centre	**1300 651 125**
Small Business Banking	**1300 651 125**

SUNCORP METWAY

BANKING · INSURANCE · INVESTMENT

03145 (08/01)