2002 CONCISE REPORT

Remember service? We do.

SUNCORP

BANKING • INSURANCE • INVESTMENT

Suncorp-Metway Ltd

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.

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Suncorp-Metway Ltd ABN 66 010 831 722

CONCISE REPORT For the financial year ended 30 June 2002

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

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 consolidated financial statements.

A copy of the 2002 Annual Report, which includes the consolidated financial statements and the independent audit report, is available to all shareholders, and will be sent to shareholders on request without charge.

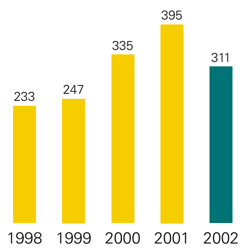
The 2002 Annual Report can be requested by telephoning (07) 3835 5797 and by the internet at www.suncorp.com.au

Financial Highlights

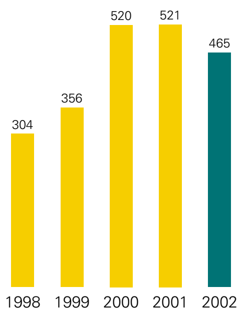
- **Net profit $311 million**
- **Profit before goodwill, tax and investment income on general insurance shareholder's funds** increased by 9.3% to $469 million*
- **Annual dividend** increased by 2 cents to 54 cents per share
- **Acquisition of GIO** effective from 1 July, settled 28 September
- **Total assets** up 19.4% to $35.5 billion
- **Market capitalisation** $6.5 billion

*Excluding life insurance policy owners' interest

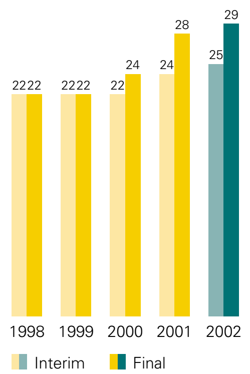
Operating profit after tax
($m)



Profit before tax and goodwill
($m)



Dividends interim/final
(c)

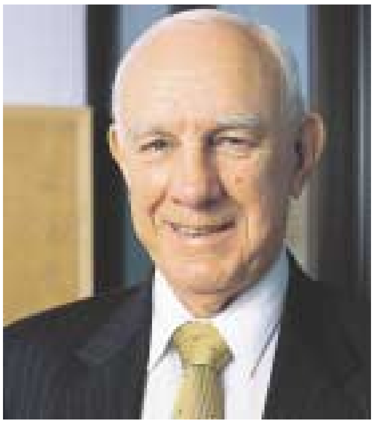


	Short term	Long term	Insurer financial strength general insurance	Insurer financial strength life and super
Credit Ratings				
Standard & Poor's (Positive Outlook – February 2001, reaffirmed December 2001)	A-2	A-	A-	A-
Moody's				
Bank Deposits	P-1	A2	n/a	n/a
Senior Debt	P-1	A2	n/a	n/a
(Upgrade June 2002)				
Fitch (Stable Outlook – April 2001)	F1	A	A+	A

Chairman's Letter to Shareholders

DEAR SHAREHOLDER,

On behalf of the Board I am pleased to announce a satisfactory profit after tax of $311 million, for the year ending 30 June 2002.



I say satisfactory, even though it is a substantial reduction from the $395 million we earned last year. If you analyse the components of the result, which I will do later in this letter, then you may appreciate that on a long term basis, the Company is on an appropriate growth path.

After reviewing the results, directors have declared a final dividend of 29 cents fully franked, taking the full year dividend to 54 cents a share, up two cents. This reflects the fact that directors remain quite satisfied with the progress the Company is making, particularly in achieving the synergies available through the GIO integration.

In this letter, I will discuss some of the background in which financial institutions such as ours have operated in the past year, including the GIO acquisition. I will then go on to analyse those results. To give you comfort that you can have confidence in our accounts, I will tell you a bit about how our Board manages the group.

The Managing Director, Steve Jones, will give you a more in-depth analysis of the Company's operations, including the factors which lie behind our confidence in our improved underlying operating performance for the year to 30 June 2003.

BACKGROUND

As I look back on the 2002 financial year, it is hard to describe it in any other way than as a year of turmoil – financial, economic and political.

It began with profound horror as we witnessed the terror of the September 11 World Trade Center attack, which destroyed so many lives, sent shocks through global financial markets, and triggered war in Afghanistan.

By seriously undermining investor and consumer confidence, those events then contributed to the deepening recession in the world's biggest economy – the US, which has rippled through the international economy.

As the year wore on, we saw global share markets, which had been so strong for the past decade, run out of steam. Trillions of dollars have been stripped from share values around the world in the last six months.

Finally, as the year was drawing to a close, investor confidence again was shaken by the emergence of serious accounting fraud in major US companies like Enron, WorldCom and others.

In Australia, we've been fortunate to be distanced from some of these shocks. But the home front has not been without its own horrors. Through the year we watched a series of corporate disasters unfold, including the fallout from HIH and One Tel. The share market recorded negative returns for the first time since 1988, and we saw signs of an economy beginning to slow.

In particular the S & P ASX 200 Accumulation Index, which takes into account both the dividends received and any change in stock market prices, actually fell by 4.7 percent in the year to 30 June 2002.

In our case, we had about $840 million of our general insurance shareholder's funds invested in the stock market and we were able to do better than the market as a whole, reporting a loss of 3.5 percent or $29 million. In a normal year, we would expect to earn in the region of $71 million, based on the long term average return of about 8.5 percent.

For the entire General Insurance Shareholder Fund, which includes other investment assets aside from equities, we reported total investment income of zero in the year to June, compared with $80 million in the prior year. The difference is a major factor in the reduction of our profits for the year.

Steve Jones will further explain why we believe the underlying performance of the Company is sufficient to justify our positive outlook.

GIO ACQUISITION

The acquisition of the GIO general insurance business, which took effect from 1 July, was a major step for the group making us a major Australia-wide player. During the year, we made excellent progress in the integration of GIO, despite the backdrop of the dramatic external events I have described above.

The GIO acquisition will produce significant rewards for shareholders, but we are still only part of the way through the process of transforming the company, so the financial benefits of the acquisition are yet to flow through fully to our bottom line.

Moreover, we are already bearing all of the costs of the acquisition (funded by new shares and by subordinated debt), as well as substantial integration expenses, and a significant GIO goodwill expense of $50 million per annum.

RESULTS SUMMARY

The profit result is summarised in the table below.

Banking, which constitutes our largest source of income, increased marginally to $293 million before tax and goodwill. The feature of the banking result was the continued good growth in lending, which increased by 13 percent to $22.9 billion (including securitised assets). Our credit quality also remains strong, with gross impaired assets reducing at June.

In wealth management, we again managed a small rise in profit, to $58 million, driven by increased funds management profits.

The key reason for the reduction in net profit is the fall in the general insurance result, excluding GIO, and the increase in goodwill amortisation arising from the GIO acquisition. So I would like say a few words about those two items.

Most of our shareholder's funds for the Suncorp general insurance businesses are invested in equities and as I have mentioned, that has had the effect of reducing our return by $80 million compared to 2001.

For part of the year, some of the prudential margin, which we include in our outstanding claims, was invested in equities, and this has resulted in lower investment income available for our insurance trading result.

As regards the goodwill amortisation, many analysts would tend to ignore this in their assessment of profitability. At this stage of the GIO integration process, there is only a small margin between the profit that we have reported on GIO of $56 million and the $50 million of goodwill amortisation that we attribute to GIO. But we plan to see that GIO profit increase substantially.

CONFIDENCE IN OUR ACCOUNTS

Wide publicity about unethical accounting practices at large US companies like Enron and WorldCom and, amongst other things, inadequate provision for outstanding claims in Australian insurance companies (FAI and HIH) have left many investors wondering whether they can have confidence in company accounts.

I hasten to assure you that your directors and management take a careful and conservative approach to preparing our accounts. Considerable diligence is exercised, advice is sought from qualified external advisers, but most of all there is frank and open discussion on all matters.

The wayward companies mentioned above variously broke accepted accounting principles by capitalising costs that should have been expensed; bringing to account revenue that had not been earned; or did not provide for expenses incurred (particularly outstanding claims). As briefly as I can I will tell you a bit about how we handle the most important of these issues.

By the way, all expense accounts are approved by a senior officer. Modesty, not profligacy is the watchword.

	Year to		
	June-02 $m	June-01 $m	Change %
Profit Overview			
Banking	293	284	3.2
General insurance, excluding GIO	54	163	(66.9)
GIO	56	-	-
Wealth management	58	56	3.6
Other	8	6	33.3
Profit before tax and goodwill	469	509	(7.8)
Goodwill amortisation	60	10	500.0
Tax	98	104	(5.8)
Net profit	311	395	(21.3)

(Excludes tax on life insurance policyholders' funds)

Chairman's Letter to Shareholders

OUTSTANDING CLAIMS

This is a very large item in our balance sheet, totalling $3.5 billion. It represents our estimate of the future expenditure on claims which are validly payable, arising from all the policies we have issued, up to 30 June 2002.

The task that our management has is to estimate, today, the full value of all those claims, no matter how long they take to settle.

Comments made by the US Defence Secretary, Donald Rumsfeld, at a recent NATO meeting are apposite. He said:

> *"There are things we know that we know.*
>
> *"There are known unknowns – that is to say, there are things that we now know we don't know.*
>
> *"But there are also unknown unknowns. These are things we do not know we don't know."*

At first reading this sounds like gobbledegook, but on second reading you will see it contains an interesting concept – a concept that has many parallels with estimating our outstanding claims.

Known Knowns are things like car insurance claims where we have received a quote for panel beating repairs and we know pretty accurately how much to provide for that claim in our books.

Known Unknowns arise because we know from past experience that there will be a lot of claims notified after the end of the financial year, but which occurred before the balance date. We call these Incurred But Not Reported claims (IBNR). We make a provision for these claims even before they are reported to us.

Unknown Unknowns arise in situations such as a recent Sydney court case which found a local municipal council liable for injuries sustained when a surfer ran into the water, dived and injured his neck on a sandbank. The court found that in some way the council should have warned the swimmer about the dangers of surfing. Until the verdict in that case, any insurer of a municipal council would not have considered that such an accident would incur any insurable liability. The recent case creates a precedent that changes all that – such claims have moved from the unknown to the known category. Thus, insurers may have to increase their claim valuations as unknown unknowns come to light. We make a very considerable provision for unknown unknowns, and from the past patterns of settlement, we think that we have made a proper evaluation but sometimes new events occur which extend the boundaries to cover new liabilities.

The process for setting outstanding claims is a long and complex one which requires study of every claim file that is current on our books, and making a judgement as to the likely cost of the claim.
On top of this we look at all the patterns of claim notifications and claim settlements in the past, and through the use of actuarial techniques attempt to forecast what we call a central estimate or most likely estimate of what these claims will cost. Having done that, we add a substantial prudential margin (about $500 million) because of the uncertainty.

We believe our process for estimating outstanding claims is both thorough and prudent.

GOODWILL

One major item on the asset side of the balance sheet is intangible assets comprising goodwill totalling $1.1 billion. This goodwill arises because we paid more for the original Suncorp general insurance business than we received in net tangible assets and secondly, we paid more for GIO than we received in net tangible assets. These differences represent goodwill or, in effect, a payment for the value of the list of policies, the ongoing business, any excess values in the outstanding claims provisions, and the likelihood that future profits would make the value placed on goodwill a realistic figure.

This goodwill is written off over a period of 20 years and can be subject to revaluation downwards, if at any time the Board felt that the figure was too high (we do not revalue upwards under any circumstances).

The value remaining on the original Suncorp acquisition is $144 million and this represents only a fraction of the real value of the Company when it is realised that it now writes $900 million of premium each year, from which the Board believes satisfactory profits will be generated in future.

The balance of goodwill outstanding on the acquisition of GIO, including our share of the joint ventures with the RACQ and RAA is now $954 million. We believe that GIO has a great and profitable future based on the fact that it has an annual premium income of $1.1 billion and that the program of making GIO significantly more efficient is operating to timetable.

The fact that we are confident of making total synergistic benefits out of the GIO acquisition at the rate of $240 million each year would more than justify the amount of goodwill that we have put aside.

The Board is satisfied that the provision for goodwill is appropriate and recoverable over the long term.

As regards insurance investments, these are mainly in listed securities where we adopt the market value at 30 June, or in fixed interest securities which can be valued with reference to current interest rates.

Overall, the Board is satisfied that the assets of the Company are worth at least the amounts which are shown in the books.

SUMMARY

The point of this discussion is really to reassure all our shareholders that we have a sensible and conservative approach to our accounting, so that you can have confidence that the accounts we publish reflect a true and fair picture of the Company.

BOARD CHANGES

The only change to the composition of the Board during the second half of the year was the retirement of one of our most highly regarded directors, Frank Haly, and the appointment of his replacement, Dr Cherrell Hirst. I mentioned this in the half year report. However, I announced in June that I intend to step down as Chairman in March 2003. I am 71 and have been Chairman since 1996. The Company has grown substantially in that period, and the share price has almost tripled.

By March, we will have largely completed the GIO integration, and it is an appropriate time for me to step aside, to make way for a new Chairman.

The Board has selected John Story to replace me. John was appointed Deputy Chairman in June, to prepare him for the Chairmanship. He replaced Martin Kriewaldt, who has stepped down from the position after more than five years to enable a smooth succession for John. I would like to again thank Martin for his excellent support over the years. He will continue as a director of the Company and a member of the Audit and Investment Committees.

John Story, 56, has a long history with the group. He was appointed a director of Metway Bank in January 1995, and remained a director following the merger that formed Suncorp Metway in 1996. He has been a partner of Corrs Chambers Westgarth for 33 years and was Managing Partner of the firm's Queensland office from 1991, until June, when he stepped down from that role to focus on his directorships. John is a director of Jupiters Limited, Australian Magnesium Corporation Limited, Ruralco Holdings Limited and Breakwater Island Limited.

I am very happy to announce his appointment as Chairman-elect, and I look forward to working with him over the period to March.

OUTLOOK

I would now like to turn to the outlook for the current year. The first point I would make is that there are a number of other factors that affect our results. These include the economy, movements in interest rates, claims patterns, the weather and the investment markets. So on that basis, I would be brave to make a definitive prediction!

However, it is clear that the focus of our activities this year will again be on delivering the savings and synergies available through the GIO acquisition. Our earnings in the current year will benefit considerably from the improvements made to date.

Therefore, I think it is safe to say that, assuming no unusual claims events, or a further sharp deterioration in investment returns, we should report a very strong improvement in underlying operating performance for the full year.

CONCLUSION

At first glance, our result is a bit disappointing but I know that our management and staff have worked very hard in the last year to improve the position of the Company (as reflected in the outlook statement). I would like to thank them for their efforts and compliment the senior executives and the Managing Director, Steve Jones, for their leadership.

Your Board has worked hard and diligently and I am most grateful for their support and contribution.

Lastly, I would like to thank shareholders for their continuing interest in the Company.

John Lamble AO
Chairman

Managing Director's Letter to Shareholders

DEAR SHAREHOLDER,

The year to June 2002 was one of great opportunities as well as significant challenges for Suncorp Metway. A great deal was accomplished during the year, and I'm excited about what it means for the Company's future.

I am pleased to report on the Company's results and achievements.

The obvious highlight of the year was the acquisition of the GIO general insurance business, which has greatly expanded our operations and prospects and made us a national company.

The profit for the year was $311 million after tax, which was lower than the previous year, but that reflects the worst investment climate in 14 years and the impact of an accounting charge for goodwill.

The underlying business produced a solid profit and grew very strongly, boding well for the future. Underlying profit, before tax, goodwill and investment income on general insurance shareholder's funds increased by 9.3 percent to $469 million. Most of that increase came from the added profits from GIO.

The increase in the accounting charge for goodwill was $50 million and represents the amortisation of the goodwill paid for GIO. Accounting standards require that goodwill be written off over 20 years. The $50 million is not a cash expense and does not mean the value of the GIO business has reduced. In fact, with synergies from integration and growth in the business its value will increase considerably.

In this letter I will explain the main features of the operating and investment results, as well as other aspects of the year's activities that are not reflected in the profit figures.

For those who appreciate an executive summary, the key features of the year were:

- Settlement of the acquisition of GIO for $1.4 billion. This made our general insurance business the second largest in Australia and includes joint ventures with the motoring clubs of Queensland and South Australia.
- The integration of our general insurance businesses ran to plan and is on track to make improvements worth $240 million annually by the end of the current financial year.
- Investment markets were down and our investment income fell sharply. The bright spot was the performance of our investments team, which was better than the market.
- The insurance trading result of the GIO business was 4.9 percent of premiums, in line with our expectations and reflecting the start of the merger synergies.
- The Suncorp general insurance business grew strongly but suffered lower investment returns and increased provisions for liability classes. This pulled the trading result down to 7.9 percent from its historical range of 10 to 14 percent.
- Banking receivables grew very strongly. But income growth did not keep pace because margins contracted and so the banking profit grew a modest 3.2 percent.
- Wealth management also suffered poor investment returns but still achieved a very strong 49 percent increase in underlying earnings.
- The Company's credit rating improved, with a ratings upgrade from Moody's. This lowers the Company's borrowing costs.
- Service standards were raised to 'best in class' for telephone and motor claims service and for turnaround times on business loan decisions, raising customer satisfaction.

In the rest of this letter, I will summarise the results of the three main lines of business and then explain some terrific service initiatives launched during the year that are raising customer satisfaction. Finally, I will make some comments on our expectations for the current year.

BANKING

The group's banking profit before tax was $293 million, up 3.2 percent from the previous year.

Business growth was very strong. Housing lending increased by 13 percent (9.6 percent net of securitisation) and business lending was up 12.3 percent. Lending to small business was particularly strong, growing 18 percent for the year. Fee income was up 21 percent, not so much because the charges for services were increased, but because high levels of customer re-financing between banks and better collection of our fee schedules generated more income. Other income was down and this reflects reduced profits on investment securities.

While growth was very strong, the banking margin declined during the year and this held revenue growth to 7 percent, despite the increase in volume. Margins declined partly because of competitive pressures but mostly because interest rates across the board were generally lower than the year before. As financial market interest rates come down, so do lending and deposit rates for customers. Deposit rates stop falling before loan rates and so the margin between them reduces.

Bad debts were $40 million, which is in the normal range for the size of the business and on par with the year before. The $40 million includes $5 million to increase the general provision for bad debts so the general provision keeps pace with the growth in the loan book. Credit quality remains sound. Over the second half of the year impaired assets were reduced by 31 percent, to $83 million, mainly from the improvement of previously non-performing loans.

Expenses increased in line with this growth, by 10 percent, reflecting the considerable investment begun the year before aimed at fuelling the growth. Even though expenses grew considerably, efficiency remained very high and costs as a percent of assets fell from 1.43 percent to 1.35 percent. At the same time though, costs as a percent of income increased slightly to 50.7 percent, up from 49.3 percent. This highlights that the efficiency gains made while the business grew were offset by the margin squeeze on income. Nonetheless, the business remains very efficient and by these measures is close or equal to Australian best practice.

While business growth, credit quality and efficiency remained strong, the profit increase of 3.2 percent is modest and below our targets. Looking to the coming year, we share the view of most economists that interest rates will begin to rise. If that occurs it may present the opportunity to recover some margin. As the year unfolds we will watch that carefully and moderate any further growth spending accordingly.

Credit quality is expected to remain good. Drought is a severe problem for farmers in several parts of Australia and structural reform is pending in the cane-growing sector. We will be working closely with customers in those areas to manage through these difficult conditions and minimise losses to themselves and the bank. Taking those areas into account we expect bad debts from the overall portfolio to again be in the normal range.

GENERAL INSURANCE

The group's profit from general insurance was $110 million pre-tax, down from $163 million the year before.

The addition of GIO dramatically changed the size and nature of our general insurance business and means this year is not comparable to the prior year. That said, one would expect to see the profit increase rather than drop following an acquisition that more than doubles the size of the business!

The good news is that the underlying operating earnings of the acquired GIO business were very sound. But poor investment earnings in both businesses and increased claims costs in the Suncorp business pulled the overall result down. Neither of these factors has changed our view that the long-term prospects for the group's general insurance business are very good.

	Year to June-02 $m	Year to June-01 $m	Change %
Banking Profit Contribution			
Net interest income	550	514	7.0
Other operating income	126	117	7.6
Total operating income	676	631	7.1
Operating expenses	(343)	(311)	10.3
Net operating profit	333	320	4.1
Bad and doubtful debts expense	(40)	(36)	11.1
Contribution to profit before tax from Banking	293	284	3.2

Managing Director's Letter to Shareholders

In general insurance our profit comes from three sources (the first two of these items comprise the Insurance Trading Result):

1. the operating result from premiums less claims and expenses
2. the investment income earned on premiums and on provisions set aside to pay claims
3. the investment earnings on Shareholder's Funds that are held as an extra cushion to pay claims in case of catastrophic events.

The insurance trading result for general insurance increased from $83 million to $113 million, with all of the increase due to the addition of GIO. $113 million is 6.3 percent of premiums, which is not up to our usual standards. The Suncorp margin was 7.9 percent, down from its long-term range of 10 to 14 percent. The GIO margin was 4.9 percent, which did meet our target for the first year of ownership. (This percentage is calculated net of statutory fees and charges, which we simply collect and pay on behalf of the government. The insurance numbers in this letter are calculated on that basis, although the statutory accounts require statutory fees and charges to be included.)

Because investment returns feature in both the Insurance Trading Result and in the investment income on Shareholder's Funds I will comment on them before delving deeper into the trading results.

Investment returns

Investment returns were down because equity markets performed poorly and because interest rates were lower than last year. Equities performed poorly because of general economic uncertainty and concerns that some equity markets were overvalued, especially the U.S. The events of September 11 were both a catalyst and a cause for greater uncertainty. Interest rates were reduced by central banks to help stimulate weakening economies; and so the interest income received on cash and bonds held to pay claims was reduced.

Investment income on premiums and provisions for claims was $173 million. While this is above the prior year's $163 million, the prior year did not include GIO's provisions and the income that would be earned on the assets backing them. Looking at the Suncorp investment income by itself illustrates what happened. Suncorp investment income on provisions was $107 million, down $56 million from the $163 million the year before. It fell because earning rates were lower and because some of the provisions were invested in equities (they no longer are) and equities performed poorly as well.

Investment income on shareholder funds was zero for the year, down from $80 million the year before. Simply put, positive returns from property investments matched the losses in equities.

I think it is important to point out that while it was a poor year for investment returns our investment team earned returns in both equities and fixed interest investments that were better than the market. For example, in Australia the ASX Accumulation Index lost approximately 4.7 percent for the 12 months to June, the first negative return since 1988. Our investment team held our loss on equities to 3.5 percent. Over the last five years their performance has been consistently better than the market.

To further explain performance in general insurance I'll return to the trading results for Suncorp and GIO and then to the Transformation program that affects them both.

	Consol.	GIO	Ex GIO		Ex GIO
	June-02 $m	June-02 $m	June-02 $m	June-01 $m	Change %
General Insurance Profit Contribution					
Net premium revenue	1,797	977	820	744	10.2
Net incurred claims	(1,409)	(706)	(703)	(665)	5.7
Operating expenses	(471)	(304)	(167)	(164)	1.8
Other income	23	15	8	5	60.0
Underwriting result	(60)	(18)	(42)	(80)	47.5
Investment revenue – insurance provisions	173	66	107	163	(34.4)
Insurance trading result	113	48	65	83	(21.7)
Investment revenue – Shareholder's funds	-	(3)	3	80	(96.3)
Contribution to profit before tax from General Insurance	110	56	54	163	(66.9)

Suncorp trading results

Net premium revenue of the Suncorp business grew by 10 percent to $820 million. This reflected very strong growth in personal and commercial lines.

Personal lines grew 17 percent reflecting strong growth in the number of risks and in rates. Commercial net premium grew 15 percent reflecting higher premium rates offset in part by price increases and a reduction in risks. We declined to renew business in some sectors of liability insurance where the premiums are too low for the risk being taken. Compulsory Third Party (CTP) net premium revenue was steady. Claims costs in personal lines were on par with last year.

In commercial lines we increased provisions for claims by a total of $27 million, mostly in public liability. The increase in public liability reflects the trend of higher court awards for damages. Governments across Australia have begun taking actions aimed at ending this trend and we expect they will have the intended effect provided they are followed through.

In CTP claims there were indications in the first half of the year of increasing average claims costs due to rising court awards. With the benefit of a further six months' experience, we are satisfied that claims inflation has stabilised. The Queensland government had already taken action to reduce CTP claims costs in the future and we hope this will be effective over time. The increase experienced during the first half related to claims incurred before the government reforms were enacted.

Efficiency of the Suncorp business improved in the year, with expenses as a percent of premium improving to 20.4 percent from 22.0 percent the year before.

As already noted, this year's Suncorp trading ratio of 7.9 percent is below the 10 to 14 percent range it has historically performed in. We see this year's result as an aberration rather than a change to the historical trend. It does illustrate that general insurance results can vary from year to year more than is usual in our banking and wealth management activities.

GIO trading results

Because we did not own GIO the previous year there are no relevant year-to-year comparisons but we can look at the second half results compared to the first.

Net premium revenue of the GIO business grew 4 percent in the second half, reflecting particularly strong growth in Commercial insurance. We believe this is quite satisfactory growth under the circumstances of a change in ownership and the extensive changes of Transformation.

Claims costs were favourable overall. The New South Wales bush fires and storms increased personal lines claims. Otherwise claims experience was good, especially in the long tail classes of CTP, Public Liability and Workers Compensation.

The GIO expense ratio increased from 30.7 percent to 31.5 percent. This reflected the early savings of Transformation being offset by a return to normal levels of spending in areas like advertising and marketing. This half-on-half increase is not a concern because the high cost nature of the GIO operations will be comprehensively lowered as the Transformation changes flow into the financial results.

As noted above the GIO insurance trading ratio was 4.9 percent for the year, reflecting a pleasing improvement from 0.2 percent in the first half to 9.4 percent in the second. The overall result of 4.9 percent for the first year of ownership is in line with our expectations.

The sound first year result by GIO helped to offset the unusual dip in the Suncorp Insurance Trading Result and is a good illustration of the diversification benefit provided by the GIO acquisition.

Transformation program

Following settlement of the GIO acquisition in September we conducted a comprehensive and detailed integration planning process. We call the resulting 700+ improvement ideas the Transformation program. In December, after completing the planning, we announced we expected $240 million in total annual synergies from Transformation once the program is completed in June 2003.

The $240 million comprises expense reductions, reduced claims costs and incremental revenue. It is a big number and implies that the GIO purchase was a bargain, presuming the GIO business as it was would have been modestly profitable without too much change. Some industry analysts have been sceptical that the synergies could be so great and have adopted a wait and see attitude in their valuations of the Company's future earnings potential.

Having now completed six of the 18 months of the Transformation program I am pleased to report it is progressing on schedule and we have every expectation of achieving the target synergies. That is not to say it is easy, quite the contrary, but it is

Managing Director's Letter to Shareholders

going to plan. The improvement ideas and plans were developed by and owned by the staff responsible for implementing them and that underpins our confidence.

Some of the highlights of the improvements made so far are:

- Restructuring the telephone service, including opening a major new call centre in Toowoomba. Previously, GIO operated a distributed call system, where calls were answered in branches as staff were available to take them. This was inefficient and gave poor service; at times over 20 percent of customers abandoned their call after waiting too long. Under the new centralised system abandoned call rates are down to 3 percent and staff in branches can focus on serving customers in person.
- Insourcing the operation of GIO computer systems. Suncorp had the capability internally to manage and support the GIO systems. Bringing this in-house was completed in record time, without a hitch, and saves nearly $30 million a year.
- We began restructuring the GIO branch network, which involves turning many of these 40 former insurance-only outlets into full scale Allfinanz sales centres, offering insurance, banking and wealth management products. This is a growth initiative rather than one aimed at improved efficiency.

The other improvements made are too numerous to mention but these three give an indication of their range and scope. All the ideas implemented this year contributed $33 million pre-tax to the result. Their contribution depends on the value of the idea, how early or late in the year it was implemented and the cost to make the change. In future years the value of all ideas implemented this year will be $111 million, once the $61 million spent to implement them is written off. As you can see we are nearly half way toward the $240 million target.

As a result of these improvements the business will be much more efficient, have better underwriting skills and give customers higher standards of service. When the full synergies flow into the financial results we expect the ongoing annual trading results of the consolidated business will be in the 9 to 12 percent range.

WEALTH MANAGEMENT

The group's profit from wealth management activities was $58 million, before tax, up 3.6 percent from the previous year.

As in general insurance, the result was negatively affected by poor investment returns, even though our investment team outperformed the market. The underlying operating result, factoring out tax, investment returns and one-off items, showed very strong improvement. It rose from $31 million in 2001 to $46 million in 2002.

The wealth management result has two main parts – the profits of the life insurance business and the fee income we derive from funds management.

Wealth Management Profit Contribution	Year to June-02 $m	June-01 $m	Change %
Planned profit margins	31	28	10.7
Experience profit	4	3	33.3
Investment income	1	10	(90.0)
Interest in statutory funds' earnings	36	41	(12.2)
Other revenue	17	26	(34.6)
Other expenses	(14)	(14)	-
Contribution to profit before tax from life company	39	53	(26.4)
Fee income funds management	51	29	75.9
Other expenses funds management	(32)	(26)	23.1
Contribution to profit before tax from funds management	19	3	533.1
Contribution to profit before tax from Wealth Management	58	56	3.6

LIFE INSURANCE

Planned profits in life insurance increased by 11 percent to $31 million, reflecting the flow through of very good new business growth in the previous year. Experience profits grew as well, up 33 percent to $4 million, reflecting better than projected experience in lapse rates, surrenders and claims.

While the operating results in life insurance were very strong, investment returns on the statutory funds were only $1 million, down 90 percent from the prior year. Shareholders and policyholders share the returns from the Company's statutory funds. The investment return was down because the overall market was lower, even though the Company's funds outperformed the market in every sector except one. The Balanced No 2 Super Fund has been a top 10 performer over the last one, two, three and four year periods and the Capital Stable No 3 Fund was in the top five for the same periods. The performance bodes well for continuing to win new business.

Investment return on shareholder's funds that back the life business also fell to a loss of $300,000, from a profit of $2 million in 2001.

The 2001 result included a gain of $13 million from the revaluation of a life company subsidiary, and a further revaluation resulted in a $3 million gain in 2002.

Leaving aside investment returns and these revaluations, the underlying profit from life insurance activities increased from $28 million to $35.3 million.

FUNDS MANAGEMENT

The profit before tax from funds management activities increased sharply, from $3 million to $19 million. Approximately $8 million of the increase was a one-off profit from a restructuring of the group's property assets.

So on an underlying basis, profit increased from $3 million to $11 million.The main reasons for the increase were a $2 million rise in property management fee income, following the restructure of the property assets, and an additional $3 million in management fees associated with the transfer of GIO's $1.8 billion in general insurance funds to Suncorp investment management. Funds under management grew very strongly relative to market growth.

CUSTOMER SERVICE IMPROVEMENTS

While the acquisition and integration of GIO was the most prominent feature of the year's activities, some very important work was underway to further improve customer service across the Company.

A key part of our Allfinanz strategy is to attract customers to use products from all three lines of business. Ours is a service business above all else and so a customer's desire to buy other products is directly related to the quality of service they get with the products they have now.

Customer service and how we improve it is at the heart of our marketing strategy. Over the past year we put in place a range of Customer Service Commitments. The rollout began in October with the launch of five commitments. Some examples are:

- We are committed to short wait time in branch queues. Our aim is to serve customers within five minutes on 9 out of 10 occasions.
- We're committed to having you back on the road quickly. If you can drive your damaged car into one of our Assessment Centres, our standard is to have it repaired within seven days. If the repairs need longer we'll provide you with a free courtesy car.
- We're committed to having a person in our call centre answer your phone calls promptly. The standard is for customers to wait less than one minute in 9 out of 10 cases.
- We're committed to giving you a fast answer on your business loan application. Our standard is to provide it in writing, within five working days. This compares to the industry average of 12.
- We're committed to confirming how much you can borrow for a home or car in one 15 minute phone call.

These are measurable standards, not fuzzy statements of good intention. They let our customers know what to expect and let us measure our performance. These and other service commitments are profiled throughout the Concise Report.

OUTLOOK

After reading this review of the Company's performance and activities over the past year I hope shareholders will agree that it was a year of good progress and one that will add considerably to the value of the Company in the future. I'll now turn to our expectations for the year ahead.

Managing Director's Letter to Shareholders

The Australian economy performed well through the turbulence of last year and should do relatively well again this year. Interest rates are expected to rise and that may enable banking margins to improve, although loan demand will probably be lower. Our plans should enable our banking business to grow a bit faster than the market and so overall we expect a good improvement in banking earnings.

General insurance will benefit substantially from the initiatives being implemented through the Transformation process. Providing there are no extraordinary natural disasters, we expect a good improvement in the trading margin. This year we aspire to reach the lower end of the 9 to 12 percent range that we expect to operate in over the longer-term.

Wealth management should continue its steady progress and again achieve healthy growth in its underlying profit.

Investment markets cannot be reliably predicted and so we do not try to predict the income on shareholder's funds that features in the general insurance and wealth management results.

For planning purposes we assume income on shareholder's funds will be in line with long-term averages. Provided that occurs, we expect a very substantial increase in the group's profit for the year. Investment markets and insurance claims experience often vary widely between the first and second halves of a year, so I emphasise that this is our expectation for the full year. I look forward to reporting progress in six months time.

In closing I would like to once again thank the Board for its support and thank all staff in the Company for their tremendous efforts through the year and their many accomplishments. In a year like this, when investment returns and charges for goodwill overshadowed the underlying progress, it is important to recognise that it is their efforts that are improving service to customers and creating value for shareholders.

W S Jones
Managing Director

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 (APRA). Board members of Suncorp-Metway Ltd also undertake roles as directors of Suncorp Metway Insurance Limited, GIO General Ltd and Suncorp Life & Superannuation Limited, which are all subject to APRA regulation.

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. 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 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 Board.

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 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 HR & Remuneration 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 pool available for distribution to directors is determined by shareholders at the Annual General Meeting. Also, in accordance with approvals granted by shareholders, retirement

Corporate Governance

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 2002 Consolidated Financial Statements.

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 and existing 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 for a 30 day period prior to:

- the release of the Company's half-year and annual results to the Australian Stock Exchange;
- the Annual General Meeting;
- any major announcements; and
- at any time whilst in possession of price sensitive information.

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

Specific issues addressed throughout the year in accordance with its Charter included:

- Evaluation of the group's Reinsurance Program.
- Evaluation of the group's compliance and risk management structure and procedures.
- Business Continuity Planning.
- APRA Re-authorisation for the general insurance entities.
- Financial Services Reform Act.
- 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.
- Reviewing half-year and consolidated financial statements and reports prior to consideration by the Board.

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. During the year the group's external audit engagements were put out to tender and the committee was responsible for oversight and administration of the tender process including:

- Determining the tender/selection process to be followed including identification of key issues to be addressed.
- Selecting the firms invited to tender.

- Making presentations to the tendering firms.
- Receiving and assessing presentations from the tendering firms.
- Making a recommendation to the Board.

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 and the provision of non-audit services by the external auditor is reviewed by the committee to ensure the integrity of the auditor's independence is not prejudiced.

Membership: Dr I D Blackburne (Chairman), M D E Kriewaldt, J D Story (appointed 1 January 2002), Dr C Hirst (appointed 13 February 2002), F C B Haly (resigned 31 January 2002)

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 and to identify and monitor the group balance sheet risk (interest rate risk and liquidity risk) within limits set by the Board.

Membership: R F Cormie (Chairman), J J Kennedy, J D Story, P Handley (appointed 29 August 2001), 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.

Membership: P Handley (Chairman) (appointed 29 August 2001), M D E Kriewaldt, R J Lamble, (ex-officio only from 1 December 2001), R F Cormie, W S Jones (Managing Director)

HR & Remuneration Committee

The HR & Remuneration Committee was formed on 29 November 2001 in place of the Chairman's Committee and 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.)
- Appointments to and terminations of senior executive positions reporting to the Managing Director.
- Remuneration and human resource policy matters.
- Review management succession planning.

Membership: J D Story (Chairman), Dr I D Blackburne, P Handley

Since 1 December 2001, the Chairman of the Board is entitled to attend all meetings of Board committees in an ex-officio capacity.

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 2002 Consolidated Financial Statements.

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.suncorp.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.

Board of Directors


John Lamble


John Story


Steve Jones


Ian Blackburne


Rod Cormie


Pat Handley


Cherrell Hirst


Jim Kennedy


Martin Kriewaldt

R John Lamble AO BSc(Hons), Hon D Univ (UNSW), FAII
Chairman, Non-executive Director Age 71

Director and Chairman since December 1996. John Lamble's principal career was as Chief Executive Officer of NRMA Insurance Limited from 1968 to 1992. He has had extensive experience as Chairman and director of public companies in the financial services industry.

John D Story BA, LLB, FAICD
Deputy Chairman Age 56

Director since January 1995 and Deputy Chairman since June 2002. John Story is a partner of the law firm Corrs Chambers Westgarth and is a director of Jupiters Limited, Breakwater Island Limited, Ruralco Holdings Limited and Australian Magnesium Corporation Limited. He is an Adjunct Professor of Law at the University of Queensland and a member of the Queensland Council of the Australian Institute of Company Directors.

Steve Jones MBA (Hons), BEcon
Managing Director Age 50

Director since joining the Company in January 1997 as Managing Director and Chief Executive Officer. Steve Jones guided the Company through the merger of Suncorp Insurance, Metway Bank and QIDC which created the group. He is also a director of the Insurance Council of Australia Limited and a member of the Australian Bankers Association Council.

Ian D Blackburne MBA, PhD, BSc (First Class Hons)
Non-executive Director Age 56

Director since August 2000. Ian Blackburne is Chairman of the Royal Botanic Gardens and Domain Trust (NSW) and a director of the Australian Nuclear Science & Technology Organisation, CSR Limited and Teekay Shipping Corporation Limited. 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 Age 69

Director since December 1996. Rod Cormie is also a director of Magellan Petroleum Australia Limited. He has had extensive experience as a company director and was a director of the Queensland Industry Development Corporation from 1990 until the creation of the Suncorp Metway group in 1996.

R Patrick Handley MBA, BA, AICD
Non-executive Director Age 57

Director since July 2001. Pat Handley 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. He is currently Chairman of Pacific Brands Holdings Pty Ltd and a consultant to PricewaterhouseCoopers.

Cherrell Hirst AO MBBS, BEdSt, DUniv(Hon), FAICD
Non-executive Director Age 57

Director since February 2002. Cherrell Hirst is a medical doctor and leading practitioner in the area of breast cancer diagnosis. She is Chairman of Peplin Biotech Limited, a director of Anti Bio Technologies Limited and has been Chancellor of Queensland University of Technology since 1994. Cherrell was a former director of Metway Bank from July 1995 to December 1996.

James J Kennedy AO CBE D Univ (QUT) FCA
Non-executive Director Age 68

Director since August 1997. Jim Kennedy is a Chartered Accountant and a director of GWA International Limited, Macquarie Goodman Management Ltd, Macquarie Goodman Funds Management Ltd, Qantas Airways Limited and the Australian Stock Exchange Ltd. He is also a member of the Prime Minister's 'Community Business Partnership'.

Martin D E Kriewaldt BA, LLB(Hons), FAICD
Non-executive Director Age 52

Director since 1 December 1996, Martin Kriewaldt was also a director of the Suncorp group from 1990 and Chairman at the time of the creation of the Suncorp Metway group in 1996. He is Chairman of Airtrain Citylink Limited and Opera Queensland Limited, and a director of Campbell Brothers Limited, GWA International Limited and Oil Search Limited. Martin is a consultant for Allens Arthur Robinson and Aon Holdings Australia Limited and a member of the Redeemer Lutheran College Council.

Group Executive

Steve Jones

Mark Blucher

Carmel Gray

Peter Johnstone

Greg Moynihan

Ray Reimer

Chris Skilton

John Trowbridge

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 Suncorp he was Managing Director of the ANZ Banking group (New Zealand) from 1995 to 1996 and Senior General Manager ANZ Melbourne from 1993 to 1995, responsible for Australia Retail Banking and ANZ Funds Management. Previously with McKinsey and Co, Steve had significant experience advising large companies on competitive strategy, growth opportunities and merger management. He holds an MBA with Distinction from Harvard University and a BA in Economics from the University of North Carolina where he was a Morehead Scholar.

Mark Blucher AAIBF
Group Executive Retail Distribution & HR

Mark Blucher was appointed to his current position in 2001 having previously held the position of Group General Manager Distribution and HR since December 1998. His responsibilities include the branch network, call centres, intermediaries and alliances, small business and human resources. Mark joined Suncorp as General Manager HR in September 1997 after having spent 19 years in a number of senior positions with the ANZ Bank's operation in New Zealand.

Carmel Gray BBus (Econ & Acc)
Group Executive Information Technology

Carmel Gray was appointed to her current position in 2001 and is responsible for the 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 Australian Managing Director of United Kingdom based software and services provider Logica.

Peter Johnstone LLB
Group Executive Operations & Integration

Peter Johnstone's role, which includes the integration of Suncorp and GIO businesses, draws on his previous experience with the Suncorp Metway group merger in 1996. He also has responsibility for the back-office functions of banking, Legal Department, Corporate Projects and Group Services. He was appointed to the role of Group General Manager Operations in March 1997 and added IT to his portfolio in November 1998. Before joining Suncorp, Peter was General Manager Operational Support and General Counsel of the Bank of South Australia. He has 30 years' experience in finance, business and law.

Greg Moynihan BCom, ASA, ASIA
Group Executive Banking & Wealth Management

Greg Moynihan is responsible for the Banking and Wealth Management lines of business and his responsibilities include group marketing, actuarial and investment management. He has held a number of senior executive positions in the group and prior to the Suncorp Metway merger in 1996, Greg was CEO of Metway Bank Ltd.

Ray Reimer
Group Executive Business Distribution

Ray Reimer is responsible for property finance, commercial banking, equipment finance and corporate and trade finance. He was previously Group General Manager Business Banking. He has been with the Group for over 25 years having commenced his banking career with the Agricultural Bank. After 14 years in a number of positions in Metway Bank's retail banking, Ray became 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's Chief Financial Officer in June 2001. He was previously with Westpac where his final position was Group Executive, New Zealand and the Pacific Islands and prior to that Deputy Chief Financial Officer. Prior to Westpac, Chris was Managing Director and CEO of AIDC Ltd. He has over 15 years of direct experience in various senior roles in the finance sector.

John Trowbridge BSc, BE, BA, FIA, FIAA
Group Executive General Insurance

John Trowbridge recently joined Suncorp, and is responsible for the general insurance business. He was previously Chairman of Trowbridge Consulting, one of Australia's leading actuarial and financial services consulting firms which he established in 1981. John is an acknowledged leader in the insurance industry, with both strategic and operational expertise and has been an adviser to Suncorp for some years.

Group Overview

CORPORATE PROFILE

Suncorp is one of Australia's 25 largest companies, and the biggest listed corporation in Queensland.

Its shareholder base more than doubled to around 200,000 on 31 October 2001 when 118,000 Exchanging Instalment Noteholders became shareholders through their notes being exchanged for Suncorp ordinary shares. The notes had been issued to the public by the Queensland Government in 1998 as part of the sale of its shareholding in the group. Suncorp now has a sharemarket value of $6.5 billion and 525 million shares on issue.

The group's main businesses are banking, insurance, investment, managed funds and superannuation services, focused on retail consumers and small to medium sized businesses. Suncorp is Australia's sixth largest bank and second largest general insurer, with assets of $35.5 billion. Total funds under management exceed $9.5 billion.

Suncorp is a well-established market leader in Queensland in home insurance, motor insurance and Compulsory Third Party insurance and since the GIO acquisition, also holds substantial general insurance market shares nationally. The business mix has become more diversified, with growth in personal and commercial insurance lines and the addition of workers compensation.

Suncorp also has a 50 percent shareholding in motorclub insurance joint ventures in RACQ (Queensland) and RAA (South Australia). Both of these joint ventures hold substantial market shares in their respective states.

The group has 3.8 million customers and 7,800 staff spread throughout Australia but mainly in Queensland, New South Wales and Victoria. The GIO acquisition added 1.5 million customers and approximately 2,800 staff. Suncorp has 195 retail and business banking branches and outlets, predominantly in Queensland, and GIO has 74 branches and agencies nationally. Over the next 12 months, Suncorp and GIO branches outside of Queensland will be transformed into a network of 36 Allfinanz sales and service centres offering insurance, banking and wealth management products.

Customers also have access to over 240 Suncorp ATMs and 14,700 ATMs of other banks, as well as 5,600 EFTPOS terminals. Nearly 120,000 customers now use the internet for their everyday banking needs, with the number and value of transactions increasing 50 percent over the last year. A timesaving feature introduced during the year was the '2tosign' function, which allows customers in different locations to complete a transaction on-line that requires two signatures.

Six call centres, located in Brisbane, Toowoomba, Parramatta (Sydney) and Melbourne take care of customers banking, insurance and wealth management needs, responding to over 550,000 calls each month. Suncorp's newest $10.8 million call centre in Toowoomba has created 300 jobs and is equipped to handle around 8,000 calls a day.

CORPORATE HISTORY

On 1 December 1996, the Queensland Government-owned Suncorp and QIDC financial entities were merged into the publicly listed company Metway Bank to create the new Allfinanz group Suncorp Metway.

However the group's history goes back 100 years when the Queensland Government established the Agricultural Bank in 1902. The Ag Bank ultimately became part of 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 SGIO before becoming Suncorp. And Metway Bank was first established in 1959 as Metropolitan Permanent Building Society before converting to bank status in 1988.

At the time of the merger, the group's assets were $19.9 billion. There were 28,900 shareholders and 191 million shares on issue with a sharemarket value of $917 million.

BANKING

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 over 837,000 customers.

Retail banking loans total $13.3 billion, including $12.8 billion in housing loans and $514 million in consumer loans.

Interstate lending continued to be strong, particularly in Victoria, South Australia and Western Australia where housing loans increased by 68 percent to $974 million. Lending outside of Queensland now accounts for 29 percent of assets,

"When I phone your call centre, I don't want to be on hold until I forget why I called in the first place."

Using the telephone is about convenience. And when Gwen Cotterell forgot her PIN at a time she urgently needed to access some cash, she found help was quickly at hand through call centre consultant Michael Coppin. His courteous and compassionate manner, she said, changed a very unhappy and irate customer into a satisfied 'old girl'. "I'm truly grateful that he saw me through a traumatic time."

"Suncorp is committed to having a person in our call centre answer a customer's phone call promptly. In fact nine out of 10 times, a customer will wait less than a minute."

Michael Coppin, Acting Team Leader

compared with 23 percent as at June 2001 (17 percent just two years ago), and 40 percent of disbursements, indicating the continued geographical diversification of the loan business.

Lending through the group's LJ Hooker real estate alliance channel was strong with receivables increasing by 52 percent over the year. The Company now has 55 mobile consultants serving the LJ Hooker chain and 15 consultants with the First National real estate network, an additional alliance established during the year.

The personal lending portfolio has been enhanced with the introduction of a very competitive secured car loan, whilst a broad suite of credit card products is being developed for release late in 2002.

Distribution of products and services are via 147 retail outlets, ATMs, call centres and the internet. On-line margin lending, integrated with on-line brokering, was launched during the year, giving customers the convenience of on-line share trading with the benefit of settling trades through margin lending accounts.

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 59,000 customers.

Suncorp offers a variety of loan, leasing and everyday banking services as well as specialised facilities for importers and exporters. A specialist Corporate Finance division provides a tailored service to larger businesses requiring lending facilities of $10 million or more.

New internet banking facilities were introduced during the year for business banking customers with the ability to download transaction history details into standard accounting packages and bulk payment (single debit, multiple credit) transactions for small business payrolls.

Business Banking has grown its assets by $944 million, or 12.3 percent to $8.6 billion over the year to June 2002 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, including Corporate Finance, are approximately $1.9 billion, predominantly in Queensland. Commercial Banking continues to expand in New South Wales and Victoria with the number of staff doubling to help grow a greater share of owner-managed segments. The rollout of Allfinanz centres in New South Wales over the next 12 months will enable Commercial Banking to offer business customers a full range of banking products and services.

Business and investment centres at Mount Gravatt and Virginia were opened during the year providing business and investment customers with a 'one stop shop' for their banking, insurance and wealth management needs.

Commercial Banking also introduced specific lending packages for owner-managed businesses in niche markets such as the medical and pharmaceutical industries.

Agribusiness For 100 years, Suncorp has been providing financial services for rural producers and associated businesses in Queensland. Miles, the first rural branch of Ag Bank, the forerunner of QIDC which became part of the Suncorp Metway group in 1996, is still open today and forms part of Suncorp's South West Queensland Agribusiness Division.

Suncorp now has a network of 60 agribusiness managers throughout Queensland, New South Wales and Victoria and provides over $2 billion in loans to the rural sector, with growth of 13 percent over the year. The fastest growth occurred in Victoria and New South Wales where Suncorp has established 10 agribusiness lending centres through an alliance with the Pivot fertiliser company. Suncorp retains a 25 percent market share in Queensland.

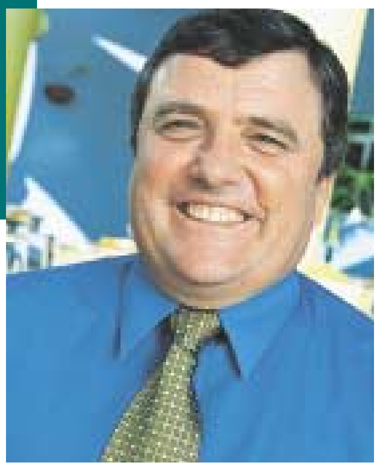
Property Finance includes development finance and property investment. This division, with operations in Queensland, New South Wales, Victoria, Western Australia and Canberra, provides project finance for real estate developments and term finance for investment properties. Total loans in development finance were $1.2 billion, with 70 percent of business in residential housing and unit developments. Property Investment loans total $2.2 billion.

Equipment Finance provides leases to business customers, mainly for vehicles and equipment. The product range has been extended to include rental and chattel mortgage. Total loans were $1.6 billion.

"Time is money and the more time I wait for a business loan, the more money I lose."

Terry and Di Marsay have an eye on their future financial security as well as looking at new business opportunities. With over 20 years' experience in the seafood industry, including owning and operating a fishing trawler and several seafood outlets on the Sunshine Coast, there isn't much the Marsays don't know about the business. Their relationship with Business Banking Manager Craig Nielsen goes back to Metway Bank in 1992 and since then Craig has worked with them to help them achieve financial success. "Right from the start the bank looked outside the square to help with my business proposals," said Terry. "They've always been responsive to requests and have shown a genuine interest in our business."

"Suncorp is committed to giving customers an answer on their business loan, in writing, within five working days."*



Business Banking Manager Craig Nielsen

*Subject to terms and conditions that appear on page 24

Group Overview

INSURANCE

General Insurance

Suncorp's general insurance operations doubled during the year with the acquisition of the GIO business. The General Insurance division takes care of the personal, commercial, compulsory third party insurance and workers' compensation needs of 3.2 million customers. In the year to June, Suncorp paid out more than 425,000 motor, home and commercial insurance claims.

Summer storms in New South Wales resulted in 12,400 claims while bushfires that swept through the state led to over 1,000 claims. The group also settled 8,000 compulsory third party, disability, trauma and accidental death claims last year. Around 22,000 customers call each week seeking insurance assistance.

Insurance premium revenue across all classes of business totalled $1.9 billion for the year to June 2002.

Suncorp remains one of Australia's strongest insurers in terms of claims provisioning, maintaining a high probability of sufficiency and retaining prudent risk margins.

Compulsory Third Party (CTP)

Suncorp continues to hold a strong position in the Queensland CTP market, despite the partial deregulation of the State Government regulated scheme from October 2000 when CTP providers were able to set their own prices within a range set by the State Government. Suncorp is the largest CTP provider in Queensland, with a 55 percent market share. The group insures almost 1.4 million of the total 2.4 million vehicles in the state. CTP insurance premiums are collected from customers on the group's behalf through motor dealers on the purchase of a new vehicle and by Queensland Transport where CTP insurance is paid as part of vehicle registration renewal. Suncorp, through GIO also underwrites CTP insurance in New South Wales with a portfolio of 300,000 vehicles, built largely through actively focusing on cross-selling CTP insurance to GIO's motor insurance customers.

Personal

This includes home and contents, personal effects, motor and boat insurance. Suncorp is the market leader in motor insurance in Queensland with more than 550,000 vehicles insured (29 percent market share), an increase of nearly 13 percent over the last 12 months. It is also number one in home insurance with more than 400,000 homes insured (28 percent market share), up nearly nine percent from June 2001. The group enjoys high retention rates in home and motor insurances in Queensland of around 90 percent.

GIO has over 800,000 home insurance customers throughout Australia and holds the number two market share position in New South Wales. GIO insures around 800,000 motor vehicles nationally.

Paying home and motor insurance premiums via the easy monthly payment option has become a popular payment alternative for customers. Around 22 percent of GIO home insurance premiums and 30 percent of motor insurance premiums are paid by this method Australia wide. Suncorp, which introduced the option more recently, has seen a 50 percent increase in the use of the monthly payment option over the last year.

The internet provides quick home and motor insurance quotes to new and existing customers. Currently Suncorp provides over 7,000 quotes each month and this number is growing steadily.

Commercial Insurance

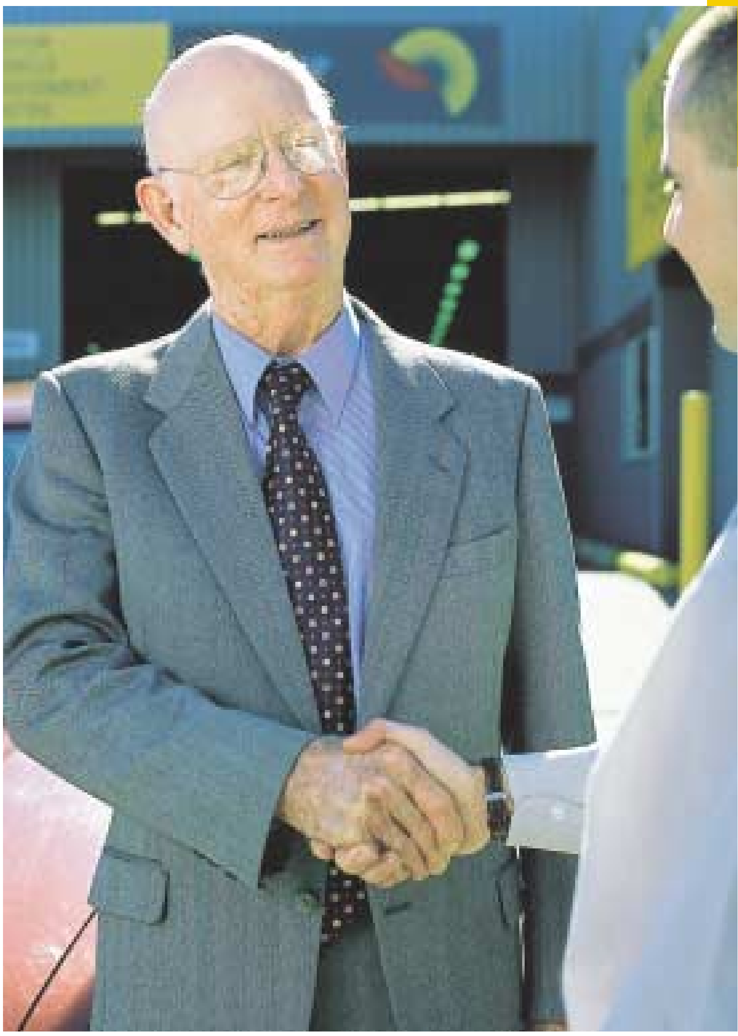
Commercial Insurance has gross written premium revenues in excess of $450 million covering property, liability, motor, marine and associated risks.

The group has nearly 270,000 businesses as customers with approximately 290,000 current policies.

Suncorp and GIO offer products throughout Australia, with underwriting and sales staff in all states. The group is the leading provider of commercial insurance products to small to medium size businesses, attracting almost 25 percent of the national small to medium business market.

Workers' Compensation

Through GIO, the group provides workers' compensation services in New South Wales, Australian Capital Territory, Western Australia and Tasmania to over 125,000 business clients, from small to medium private sector employees through to self managed private and government enterprises. GIO has a 22 percent market share in New South Wales. The group's focus is on servicing small to medium businesses where GIO is the largest insurer in this market segment. Electronic imaging of policy and claims files and automated file tracking were recently introduced through the group's major businesses in New South Wales and Western Australia.



"Every day I'm off the road I lose time and money".

Fortunately for Dr John O'Hagen of Annerley the repair to the rear of his vehicle was only minor. It was authorised promptly, using a recommended repairer, and a handshake later, Dr O'Hagen was on his way with a courtesy cab voucher. The team at the Moorooka Assessment Centre also took the opportunity to resolve a warranty claim that was outstanding for a rear windscreen problem from several years ago.

"Suncorp is committed to having customers back on the road quickly. If you are able to drive your car into one of our Assessment Centres we'll repair it within seven days. If we don't, we'll provide you with a free courtesy car." *

Assessor Stuart Bingham

*Subject to terms and conditions that appear on page 24

Group Overview

WEALTH MANAGEMENT

Wealth management covers life, super and managed investments. The division also includes the funds management activities of Suncorp Metway Investment Management Ltd (SMIML).

Products and services provided for the division's 150,000 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.

Personal superannuation and allocated pension customers have nine fund options and the flexibility to invest in one portfolio or in any combination of portfolios to tailor their investment needs. The introduction of eSuper has enabled registered members and employers access to a range of services on-line. For members these include viewing current investments and insurance details and updating personal details and beneficiaries. Employers are able to make contributions on behalf of members, add new members and update members' personal details. A number of additional services will be available in the coming months including the ability for members to change investments and for employers, importing a payroll file to make contributions.

Investors in managed funds have seven fund options including the recent addition of a conservative and secure cash fund option.

Funds under management exceed $9.5 billion.

The distribution network continues to expand with the financial adviser channel having grown to 137 consultants, including mobile and business financial advisers and call centre investment consultants. This expansion follows the introduction of financial advisers to the branch network where they are able to take advantage of leads through the banking business to sell life insurance, superannuation and managed funds. The conversion of GIO branches to Allfinanz centres in New South Wales will present further opportunities for the advisory channel to sell the wealth management product range.

Excellent investment management has once again enabled the division to enjoy above average investment returns despite weaker world and Australian equity markets and a slowdown in the international economy. Suncorp funds have continued their strong performance ranking. The Balanced No 2 Fund remained in the top 10 performers over one, two, three and four year returns, while the Capital Stable No 3 Fund was ranked within the top five performers over the same period.

	Year ended 30 June 2002	
	Market average results %	SMIML performance %
Asset class		
Australian cash	4.66	4.92
Australian fixed interest	6.21	6.87
World fixed interest	8.00	8.25
Australian equities	(4.69)	(3.41)
World equities	(23.26)	(24.17)
Listed property trusts	14.85	15.97
Direct property	8.53	10.25

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

Customer Service Commitments Terms and Conditions

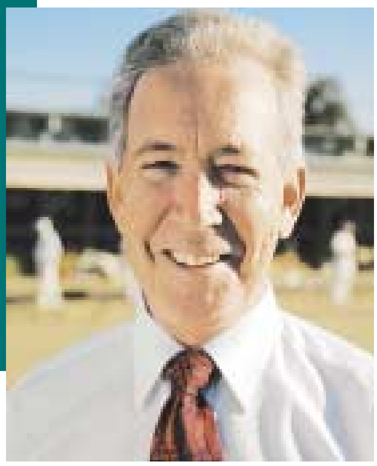
Suncorp is committed to having you back on the road quickly. If you can drive your car into one of our Assessment Centres we'll repair it within seven days. If we don't we'll provide you with a free courtesy car. (page 23)
The offer applies to cars, 4WDs, utilities, and vans up to two tonne carrying capacity, which were manufactured less than 31 years ago, which are comprehensively insured with Suncorp. The car must be driven to a Suncorp or GIO Motor Vehicle Assessment Centre for repairs following an approved claim. The offer excludes cars towed to a Suncorp or GIO Motor Vehicle Assessment Centre. Repairs to cars are to be carried out as directed by Suncorp. The offer excludes cars damaged as a result of hail or flood, or cars to which additional private work is to be carried out. The seven day offer is available for repairs for one claim only. Repairs to be made at the same time for additional claims will increase term of offer by seven days for each claim (eg two claims, 14 days). The courtesy car provided will be a 'small category' vehicle.

Suncorp is committed to giving a customer an answer on their business loan, in writing, within five working days. (page 21)
Offer excludes Development Finance and Commercial Property Investment Finance. Excludes loans in excess of $3 million. Five day period commences on receipt of all information requested by Suncorp.

"I doubted I'd be comfortable getting financial advice from a bank-based financial adviser."

Tom Bawden, the Chairperson of the Hendra Nundah Bowls Club has no hesitation in dealing with a Suncorp financial adviser. In fact Tom and his committee at the bowls club have placed $750,000 of the club's funds with Senior Financial Adviser Glenn Rice. Tom thinks Suncorp is great and has organised investment seminars for members. "I like the idea of having my adviser and bank together – it promotes convenience and trust," said Tom.

"Suncorp is committed to providing customers with high quality financial advice. In a customer satisfaction survey last year, customers rated Suncorp advisers nine out of ten for 'making you feel comfortable' and 'being qualified and knowledgable'." *



Bill Justo, National Business Manager FA

*Enhance Management research March 2001

Supporting the Community

Suncorp's responsibilities to the community are more than just providing a range of financial services and establishing business relationships. The group has a long history of supporting the communities it serves by sponsoring events and providing much-needed assistance to charities. As well as direct Company support, Suncorp staff give freely of their time and expertise to help charities and to participate in a range of community activities. Suncorp is committed to continuing its community involvement.

Hear and Say Centre Suncorp has supported the centre, which helps deaf children to learn, listen and speak through cochlear implant technology, since the early nineties. Through corporate donations, luncheons, golf days and the Queensland-wide initiative, Butterfly Week, over $40,000 has been raised this year.

Youth Enterprise Trust (YET) For four years Suncorp and YET, which was founded by Lloyd Hancock, Queenslander of the Year 2001, have worked as partners in a very successful program which takes small groups of disadvantaged young people through an intensive wilderness course that helps them develop fulfilling lives. Suncorp staff 'mentor' graduates, attend working bees and actively fundraise through their own initiatives.

Royal Flying Doctor Service Suncorp has been a proud partner of the RFDS since 1999, reinforcing the group's appreciation to rural and regional customers for their support. Suncorp's branches in regional and rural Queensland get behind a range of fundraising activities throughout the year.

Sunday Mail/Suncorp Bridge to Brisbane Fun Run
This event is one of Brisbane's largest community events with the proceeds going to a number of charities each year. Over $500,000 has been raised since Suncorp became a co-naming rights sponsor six years ago, with the RFDS being the major beneficiary of the 2002 event. The event attracts over 12,000 participants, including 1,500 Suncorp staff.

Other sponsorships Suncorp also sponsors the Queenslander of the Year and Young Queenslander of the Year awards, which recognise outstanding people from many disciplines and walks of life, and the Australian Cotton Industry's award ceremony, now the benchmark by which excellence is measured within that industry. Charities such as the Royal Children's Hospital Christmas Appeal, Salvation Army, and Queensland Cancer Fund's Daffodil Day are similarly supported.

Sporting Events The largest multi-sports carnival in Australia, the biennial North Queensland Games, is one of Suncorp's longest sponsorships, dating back to the beginning of the games in 1984.
This year it was Mt Isa's turn to host the event which covered 27 different sports and involved over 1,800 competitors.

In Western Australia, GIO is a sponsor of the 20 kilometre Rottnest Channel Swim. The world's longest, and largest, open water swimming event attracts over 2,000 competitors, plus spectators and media from around the world.

Queensland Cricket

Suncorp and Queensland Cricket have enjoyed a winning partnership over the last 11 years. As a major sponsor, Suncorp is involved with the development of cricket in regional Queensland and also the growth of cricket as a sport for young women.

Hear and Say Centre

Photo: courtesy Gold Coast Bulletin

It was an emotional time for 13-month-old Jye Mason's family when his cochlear implant was 'switched on' and he recognised sound for the first time. Diagnosed as profoundly deaf when he was just a few weeks old, Jye has now taken the first step on a long road to learn how to listen and speak using Auditory-Verbal therapy. Other Hear and Say Centre students Jessika-Lee Burdell (left) and Julian Lloyd (right) will be learning alongside him.

Suncorp River*fire*

This annual fireworks extravaganza lights up the skies of Brisbane, watched by 600,000 spectators who line the Brisbane River banks.

Suncorp-Metway Ltd and Controlled Entities

Concise Financial Report 30 June 2002

SUNCORP

A SUNCORP COMPANY

Remember service? We do.

Table of Contents

The concise financial report incorporating the financial statements and specific disclosures required by Accounting Standard AASB 1039 has been derived from Suncorp-Metway Ltd and its controlled entities (consolidated entity) consolidated financial statements for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's consolidated financial statements.

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 the consolidated financial statements.

A copy of the consolidated entity's 2002 Annual Report, including the consolidated financial statements and independent audit report, is available to all shareholders, and will be sent to shareholders without charge upon request.

Table of contents

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 2002.

Directors

The directors of the Company at any time during or since the financial year are:

R John Lamble AO (Chairman)
John D Story (Deputy Chairman)
W Steven Jones (Managing Director)
Dr Ian D Blackburne
Rodney F Cormie
R Patrick Handley (appointed 23 July 2001)
Dr Cherrell Hirst AO (appointed 8 February 2002)
James J Kennedy AO CBE
Martin D E Kriewaldt

Frank C B Haly AO was a director from the beginning of the financial year until his resignation on 31 January 2002.

Particulars of the directors' qualifications and experience are set out under Board of Directors in the Concise 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 related services to the retail, corporate and commercial sectors.

Effective 1 July 2001, the consolidated entity entered into an agreement with AMP Life Ltd to acquire the Australian general insurance business of AMP and GIO (the GIO acquisition) for $1.4 billion. The business acquired included the acquisition of AMP Ltd's shares in general insurance joint ventures with motoring clubs in South Australia and Queensland and was completed in January 2002, with the effective dates of acquisition being 1 July 2001 and 31 December 2001 respectively. The acquisitions provide significant expansions to the consolidated entity's general insurance interests, particularly in New South Wales, Victoria, Western Australia and South Australia, where the group previously has had no substantial general insurance interests.

There were no other 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 income tax for the year ended 30 June 2002 was $465 million (2001: $521 million). Consolidated profit from ordinary activities after amortisation of goodwill and income tax was $311 million (2001: $395 million).

During the year the consolidated entity completed the GIO acquisition. Control of the acquired business was effective from 1 July 2001 and the financial report includes the financial position, results from operations and cash flows from that date. GIO contributed an operating profit before amortisation of goodwill and income tax of $56 million (2001: n/a) to the consolidated entity's results. Integration of the GIO business is proceeding according to plan. The full benefits and savings anticipated from the acquisition have yet to be realised and reflected in the results. These returns will be achieved progressively during the period to 30 June 2003 with full effect in the 2004 financial year.

During the year, the Government introduced significant reforms to the legislation that governs general insurance activities and the prudential standards expected of general insurers, supervised by the Australian Prudential Regulation Authority (APRA). Included in the reforms was the requirement for Suncorp Metway Insurance Limited and GIO General Limited to reapply for their licences to conduct general insurance business and meet new standards of capital adequacy (compared with the previous solvency standards). Both Suncorp Metway Insurance Limited and GIO General Limited were granted licences to conduct general insurance business under the new regime. APRA has also prescribed a minimum capital requirement for the consolidated general insurance business. The capital structures of Suncorp Metway Insurance Limited and GIO General Limited have been put in place to meet the prudential standards and APRA's prescribed requirements on capital adequacy from 1 July 2002.

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

Dividends

A fully franked 2002 interim ordinary dividend of $135 million (25 cents per share) was paid on 2 April 2002. A fully franked 2002 final dividend of $153 million (29 cents per share) is recommended by directors.

Further details of dividends provided for or paid are set out in note 4 on page 50 of the concise financial report.

Significant changes in the state of affairs

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

On 28 September 2001, the consolidated entity completed the GIO acquisition. Control of the acquired business, including the 50 percent interest in the general insurance joint venture with The Royal Automobile Association in South Australia (RAA (SA)) was effective from 1 July 2001. The effective date of acquisition of the 50 percent interest in the general insurance joint venture with The Royal Automobile Club of Queensland (RACQ) was 31 December 2001. The financial report includes the financial position, the results from operations and cash flows of the GIO Group and the equity accounting results of the interests in the joint ventures from those dates.The business acquired includes the Australian general insurance business of AMP and GIO, but excludes the GIO inwards reinsurance 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.

On 4 July 2001, the remaining 124 million converting capital notes were converted to ordinary shares of the equivalent number.

On 7 September 2001, 12,135,338 ordinary shares were issued at $13.30 per share by way of placement with AMP Life. The placement was part of the funding package for the acquisition of the Australian general insurance operations of AMP and GIO.

On 31 December 2001, 15,765,833 ordinary shares were issued at $12.81 under the share purchase plan offer. This offer provided smaller shareholders with the opportunity to purchase up to $3,000 worth of new shares at a discount to the market price ($14.01 when applications closed on 19 December 2001).

On 28 September 2001, the Company issued 2.5 million preference shares at an issue price of $100 per share as part of the funding of the acquisition of the Australian general insurance operations of AMP and GIO.

On 6 June 2002, international investment rating agency Moody's upgraded Suncorp's long term credit rating from A3 to A2 and its short term credit rating from Prime-2 to Prime-1.

During the financial year, the Company entered into the following floating rate note benchmark transactions:

Month	Amount	Maturity
November 2001	Euro 250 million	2 years
April 2002	US $400 million	3 years
May 2002	Stg 150 million	2 years

In February 2002, the Company completed a $500 million loan mortgage securitisation (Apollo Series 2002-1). The securities were sold in both domestic and offshore markets.

Directors' report

Matters after the end of 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.

A new code of banking practice is due for implementation across the banking industry in August 2003. As a member of the Australian Bankers Association (ABA), the Company will be adopting the new code and has a special project team dedicated to adopting the new code and to be ready for its implementation in August 2003. The new code specifies standards of service for conduct, information and disclosure by ABA bank members who adopt it.

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.

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 to Shareholders in the Concise Report.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Insurance of officers

During the financial year ended 30 June 2002 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.

During the financial year, a controlled entity, Hedge Funds Limited (HFL) paid an insurance premium in respect of a contract insuring each of the directors, each full-time executive officer and the secretary of HFL, against all liabilities and expenses arising as a result of work performed in their respective capacities.

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' report

Directors' and senior executives' emoluments

The HR & Remuneration Committee (the Chairman's Committee to 1 December 2001) 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 level of performance, 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 6 sets out the details of the nature and amount of each major element of 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 7 on page 56 of the concise financial report.

Ordinary shares in the Company were issued during the year ended 30 June 2002 on the exercise of options granted under the Executive Option plan. These are set out in note 7 on page 56 of the concise financial report.

Directors' report

Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the Company, as notified by the directors to the Australian Stock Exchange in accordance with section 205G(1) of the Corporations Act 2001, at the date of the report is as follows:

	Fully paid ordinary shares	Options over ordinary shares
R J Lamble	45,170	-
J D Story	67,067	-
W S Jones	388,859	2,000,000
I D Blackburne	8,000	-
R F Cormie	7,735	-
R P Handley	27,397	-
C Hirst	3,383	-
J J Kennedy	11,735	-
M D E Kriewaldt	48,320	-

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		HR & Remuneration Committee (2)	
	A	B	A	B	A	B	A	B	A	B
R J Lamble	14	14	-	-	3	3 (1)	-	-	2	2 (1)
J D Story	14	13	8	8	-	-	12	9	10	10
W S Jones	14	14	-	-	6	6	12	9	8	8
I D Blackburne	14	13	14	12	-	-	-	-	8	7
R F Cormie	14	13	-	-	6	6	12	12	-	-
P Handley	14	14	-	-	3	3	10	8	8	7
C Hirst	5	5	7	7	-	-	-	-	-	-
J J Kennedy	14	14	-	-	-	-	12	10	2	2
M D E Kriewaldt	14	12	14	13	6	6	-	-	-	-
F C B Haly	9	9	6	6	-	-	-	-	-	-

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.

(1) Represents the number of committee meetings attended by Mr Lamble during the period 1 July 2001 to 1 December 2001 only. For the period 1 December 2001 to 30 June 2002, Mr Lamble is entitled to and did attend some meetings of all committees in an ex-officio capacity only.

(2) The responsibilities of the Chairman's Committee were transferred to the HR & Remuneration Committee on 1 December 2001.

Directors' report

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the concise financial report and directors' report have been rounded off to the nearest one million dollars unless otherwise stated.

Signed in accordance with a resolution of the directors.

R John Lamble AO
Chairman

W Steven Jones
Managing Director

Brisbane
29 August 2002

Summary of key financial information

for the year ended 30 June 2002

		2002	2001	2000	1999	1998	1997(2)
Financial performance							
Net interest income	– banking ($m)	550	514	475	470	472	355
Fees and commissions	– banking ($m)	155	123	97	108	115	62
Premium revenue	– general insurance ($m)	2,018	824	788	725	703	387
	– life insurance ($m) (1) (3)	76	610	543	572	399	220
Investment revenue	– general insurance ($m)	173	243	244	197	212	300
	– life insurance ($m) (1)	27	221	307	208	173	195
Claims expense	– general insurance ($m)	1,697	810	684	655	674	407
	– life insurance ($m) (1) (3)	58	396	486	597	465	247
Operating expenses ($m)		1,126	615	604	602	551	419
Bad and doubtful debts expense ($m)		39	37	28	20	61	22
Profit from ordinary activities before amortisation of goodwill and income tax ($m)		465	521	520	356	304	243
Net profit attributable to members of the parent entity ($m)		311	395	335	247	233	150
Contributions to profit before tax and goodwill							
Banking ($m)		293	284	229	157	157	117
General insurance excluding GIO ($m)		54	163	211	169	120	109
GIO ($m)		56	n/a	n/a	n/a	n/a	n/a
Wealth management ($m)		54	69	76	25	24	16
Other ($m)		8	5	4	5	3	1
Financial position							
Investment securities	– general insurance ($m)	4,375	3,091	2,828	2,390	2,183	3,618
	– life insurance ($m) (1)	3,161	3,000	2,732	2,488	2,401	2,490
Loans, advances and other receivables ($m)		22,955	20,146	18,067	16,769	15,812	14,644
Total assets ($m) (1)		35,481	29,717	26,219	21,484	21,424	19,908
Deposits and short term borrowings ($m)		18,176	16,908	14,509	11,671	11,846	11,734
Outstanding claims and unearned premiums provisions ($m)		4,591	2,343	2,128	2,097	2,038	1,902
Life insurance gross policy liabilities ($m) (1) (3)		2,780	2,651	2,363	2,136	2,058	2,068
Total liabilities ($m) (1)		32,119	27,000	24,295	19,596	19,609	18,172
Total equity ($m)		3,362	2,717	1,924	1,888	1,815	1,736
Shareholder summary							
Dividends per ordinary share (cents)		54.0	52.0	46.0	44.0	44.0	40.0
Payout ratio (basic) (%)		96.5	58.0	60.9	67.2	65.2	66.4
Weighted average number of shares (basic) (million)		514.2	325.5	316.9	305.1	292.4	292.4
Net tangible asset backing per share (basic) ($)		3.83	5.41	3.72	3.26	2.93	2.62
Share price at end of period ($)		12.31	15.00	8.62	9.00	8.16	6.94
Performance ratios							
Return on average shareholders' equity (basic) (%)		11.40	19.70	22.13	23.25	27.15	22.84
Return on average total assets (%)		1.05	1.58	1.40	1.16	1.13	0.92
Productivity							
Group efficiency ratio (%)		28.5	29.4	28.5	n/a	n/a	n/a

(1) The assets, liabilities, income and expenses of the life insurance statutory funds are shown above where noted but were not included in the consolidated entity's financial report prior to 2000.
(2) The Suncorp/Metway/QIDC merger took place on 1 December 1996.
(3) The 2002 numbers have been impacted by the change in accounting policy relating to Accounting Standard AASB 1038 "Life Insurance Business", as set out in note 2 to the financial statements.

Refer page 60 for ratio definitions.

Statement of financial performance

for the year ended 30 June 2002

Discussion and analysis of the statement of financial performance

Suncorp-Metway Ltd recorded a $311 million net profit after tax for the year ended 30 June 2002, compared to $395 million in the previous year.

The business segment operating profit before income tax and amortisation of goodwill is as follows:

	2002 $m	2001 $m
Banking	293	284
General insurance	110	163
Wealth management	54	69
Other activities	8	5
Total	465	521

Banking

Banking operating profit before income tax and amortisation of goodwill increased 3 percent to $293 million.

Net interest income increased by 7 percent to $550 million. An increase in the loans base more than offset the decline in net interest margin from 2.48 percent to 2.35 percent caused mainly by the fall in interest rates. Net banking fee income increased by 21 percent, due to an increase in lending and deposit volumes and improved fee collection.

Expenses increased by 10 percent to $343 million, mainly due to the full annual impact of investments in distribution and related support functions during the latter half of the 2001 financial year.

Bad and doubtful debts expenses included an increase in the general provision for doubtful debts of $5 million to maintain the level of general provisions against the growing loans base.

General insurance

General insurance results include the results of the GIO acquisition from 1 July 2001. GIO contributed an operating profit before tax of $56 million. The following table shows the general insurance result including and excluding GIO to help compare against prior years:

	2002			2001
	Consolidated $m	GIO $m	Excluding GIO $m	Excluding GIO $m
Net earned premium	1,867	1,035	832	771
Net incurred claims	(1,409)	(706)	(703)	(665)
Reinsurance commission income	23	15	8	5
Investment revenue - Insurance provisions	173	66	107	163
Operating expenses	(541)	(362)	(179)	(191)
Insurance trading result	113	48	65	83
Other income	11	11	-	-
Investment income - Shareholder's funds	-	(3)	3	80
Management fee - GIO acquisition	(14)	-	(14)	-
Contribution to profit from ordinary general insurance activities before income tax and amortisation of goodwill	110	56	54	163

Statement of financial performance
for the year ended 30 June 2002

Discussion and analysis of the statement of financial performance (continued)

General insurance (continued)

The general insurance result (excluding GIO) has been affected by a sharp reduction in investment income. Investment income on insurance provisions fell by $56 million to $107 million and investment income on shareholder's funds fell by $77 million to $3 million. This was due to the low interest rate environment and poor returns in equity markets.

Net earned premium (excluding GIO) increased by 8 percent to $832 million due to rising premium rates across most insurance classes, and solid increases in risks in force following extensive marketing campaigns and promotional activity. Net incurred claims increased by 6 percent to $703 million, due partly to the increase in claims inflation in Queensland CTP over the September 2001 quarter and the strengthening of provisions for liability products.

The results of GIO have been included from 1 July 2001. Therefore, there are no comparative results in the financial statements. The contribution of GIO for the year is in line with our expectations when we decided to acquire the business. Whilst the business suffered from storms and fire in the first half of the year, there were no major claims events in the second half.

Wealth management

The wealth management segment recorded a 28 percent decrease in profit before tax from $69 million to $54 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 was comparable to last year at $52 million (last year $52 million).

Wealth management benefited from a one-off gain of $8 million before tax from the sale and restructure of the consolidated entity's property management portfolio. Last year's result included a individually significant profit of $13 million before tax following a revaluation of Life Company controlled entities.

Life Company results were impacted by a 90 percent reduction in investment earnings due to weaker domestic and overseas equity markets and a slowdown in the international economy affecting the performance of fixed interest markets.

Income tax

The effective tax rate was static compared to last year at 23 percent.

Return on equity

Diluted earnings per share fell from 83.9 cents per share to 57.9 cents per share, while the return on average shareholders' equity (diluted) decreased from 16.1 percent to 10.1 percent. The ratios were impacted by the additional shares issued during 2002 and 2001.

Statement of financial performance
for the year ended 30 June 2002

	Note	Consolidated 2002 $m	2001 $m
Income from ordinary activities			
Banking interest revenue		1,514	1,557
Banking interest expense		(964)	(1,043)
		550	514
General insurance premium revenue		2,018	824
Life insurance premium revenue		76	610
Reinsurance and other recoveries revenue		299	156
General insurance investment revenue			
insurance provisions		173	170
shareholder funds		-	73
Life insurance investment revenue		27	221
Other revenue		241	86
Banking fee and commission revenue		155	123
Banking fee and commission expense		(44)	(31)
Share of net profits of associates accounted for using the equity method		5	-
Total income from ordinary activities		3,500	2,746
Expenses from ordinary activities			
Operating expenses from ordinary activities		(1,126)	(615)
General insurance claims expense	3(c)	(1,697)	(810)
Life insurance claims expense	3(d)	(58)	(396)
Outwards reinsurance premium expense		(167)	(66)
(Increase)/decrease in net life insurance policy liabilities	3(d)	90	(287)
Increase in policy owner retained profits	3(d)	(24)	(14)
Non-banking interest expense		(14)	-
Total expenses from ordinary activities		(2,996)	(2,188)
Profit from ordinary activities before bad and doubtful debts expense, amortisation of goodwill and related income tax expense		504	558
Bad and doubtful debts expense		(39)	(37)
Profit from ordinary activities before amortisation of goodwill and related income tax expense		465	521
Amortisation of goodwill		(60)	(10)
Profit from ordinary activities before related income tax expense		405	511
Income tax expense relating to ordinary activities		(94)	(116)
Net profit attributable to members of the parent entity		311	395
Total changes in equity other than those resulting from transactions with owners as owners		311	395
		Cents	Cents
Basic earnings per share		58.02	106.56
Diluted earnings per share		57.87	83.90

The above statement of financial performance should be read in conjunction with the discussion and analysis on pages 37 and 38 and the accompanying notes.

Statement of financial position

as at 30 June 2002

Discussion and analysis of the statement of financial position

The financial position of the consolidated entity has been influenced by the GIO acquisition and additional share capital raisings during the period. Note 5 sets out the fair value of GIO net assets acquired. Total assets and total liabilities both increased by 19 percent.

The increase in cash and liquid assets was partly due to the bank holding more of its liquid assets in deposits at call rather than trading securities at 30 June 2002. This resulted in an increase in cash and liquid assets and a decrease in trading securities. In addition, $267 million in cash and liquid assets is attributable to GIO.

Investment securities grew from $6.1 billion to $7.5 billion, of which $1.7 billion is attributable to GIO. This was offset by a $300 million decrease in investments in Suncorp Metway Insurance Limited, due to the funding of the GIO acquisition.

Investments in associates mainly relates to the joint ventures with the Queensland and South Australian motoring clubs.

The increase in loans, advances and other receivables is indicative of growth in the banking business.

The increase in intangible assets is due to the goodwill on acquisition of GIO, offset by the amortisation charge during the period.

The decrease in other financial assets from $1.1 billion to $633 million relates mainly to a decrease in unrealised gains on derivative positions due to foreign exchange movements.

Deposits and short term borrowings increased from $16.9 billion to $18.2 billion, while bonds, notes and long term borrowings increased from $3.0 billion to $4.0 billion. These increases relate to funding of the banking receivables.

Outstanding claims and unearned premiums provisions increased from $2.3 billion to $4.6 billion, of which $2.1 billion relates to GIO, accounting for most of the increase.

Subordinated notes increased from $535 million to $802 million, mainly due to new issues which provided part of the funding for the GIO acquisition.

Contributed equity increased from $2.1 billion to $2.8 billion due to new issues of equity which were partly funding of the GIO acquisition and partly funding of growth in the banking business.

Banking capital adequacy decreased from 14.0 percent at 30 June 2001 to 10.6 percent at 30 June 2002. The 30 June 2001 ratio was unusually high due to share capital raised in preparation for the GIO acquisition. The 30 June 2002 ratio is in line with target levels.

Net tangible assets per basic share fell from $5.41 to $3.83 due to the additional shares raised as funding for the GIO acquisition.

Statement of financial position
as at 30 June 2002

	Consolidated 2002 $m	2001 $m
Assets		
Cash and liquid assets	1,194	288
Receivables due from other financial institutions	57	68
Trading securities	1,498	1,649
Investment securities	7,544	6,095
Investments in associates	86	-
Loans, advances and other receivables	22,955	20,146
Property, plant and equipment	206	141
Deferred tax assets	193	112
Intangible assets	1,099	154
Excess of net market value of interests in life insurance controlled entities over their recognised net assets	16	13
Other financial assets	633	1,051
Total assets	35,481	29,717
Liabilities		
Deposits and short term borrowings	18,176	16,908
Payables due to other financial institutions	70	56
Payables	858	709
Current tax liabilities	72	18
Provisions	349	266
Deferred tax liabilities	198	237
Outstanding claims and unearned premiums provisions	4,591	2,343
Life insurance gross policy liabilities	2,780	2,651
Policy owner retained profits	271	247
Bonds, notes and long term borrowings	3,952	3,030
Subordinated notes	802	535
Total liabilities	32,119	27,000
Net assets	3,362	2,717
Equity		
Contributed equity	2,777	2,143
Reserves	22	22
Retained profits	557	546
Total parent entity interest	3,356	2,711
Outside equity interests	6	6
Total equity	3,362	2,717

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 40 and the accompanying notes.

Statement of cash flows

for the year ended 30 June 2002

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 completion of the GIO acquisition.

Net cash inflow from operating activities increased from $311 million to $715 million. Of this increase, $175 million is attributable to GIO, and the rest of the increase is mainly due to growth in the underlying businesses and timing of payments.

Increases in premiums received and claims paid were mainly due to the GIO acquisition, offset by a decline in life insurance premiums received due to the change in accounting for premiums disclosed in note 2.

Operating expenses paid were consistent with last year despite the inclusion of GIO, mainly due to the timing of payments reflected in movements in other assets and creditors.

Cash outflows from investing activities were consistent with the prior year, at $3.1 billion. Payments for investments and associated entities amounted to $1.4 billion. This was offset by net disposals of banking securities, due to more funds being held in cash and liquid assets as noted in the statement of financial position analysis.

Cash inflows from financing activities increased from $2.5 billion to $3.2 billion. This reflected additional issues of subordinated notes as partial funding for the GIO acquisition, and increases in borrowings which funded increases in the banking receivables book.

Statement of cash flows
for the year ended 30 June 2002

	Consolidated	
	2002 $m	2001 $m
Cash flows from operating activities		
Interest received	1,677	1,663
Dividends received	58	74
Premiums received	2,086	1,467
Reinsurance and other recoveries received	360	74
Other operating revenue received	598	455
Interest paid	(981)	(1,054)
Outwards reinsurance premiums paid	(179)	(71)
Claims paid	(1,715)	(1,032)
Operating expenses paid	(1,134)	(1,158)
Income taxes paid – operating activities	(55)	(107)
Net cash inflow from operating activities	715	311
Cash flows from investing activities		
Proceeds from disposal of controlled entities	-	38
Payments for purchase of controlled entities, net of cash acquired	(1,333)	-
Payments for purchase of investments in associates	(80)	-
Payments for plant and equipment	(96)	(45)
Proceeds from sale of plant and equipment	5	12
Net (purchase) disposal of banking securities	172	(646)
Net increase in loans, advances and other receivables	(1,848)	(2,024)
Payments for insurance investments	(33,723)	(23,215)
Proceeds from disposal of insurance investments	33,860	22,808
Income taxes paid – investing activities	(42)	(39)
Net cash outflow from investing activities	(3,085)	(3,111)
Cash flows from financing activities		
Proceeds from issue of shares	634	627
Proceeds from issue/(repayment) of subordinated notes	267	(7)
Proceeds from net increase in borrowings	2,597	2,057
Dividends paid	(295)	(207)
Net cash inflow from financing activities	3,203	2,470
Net increase (decrease) in cash and cash equivalents	833	(330)
Cash at the beginning of the financial year	300	630
Cash acquired on acquisition of GIO general insurance business	48	-
Cash at the end of the financial year	1,181	300

The above statement of cash flows should be read in conjunction with the discussion and analysis on page 42 and the accompanying notes.

Notes to the financial statements

for the year ended 30 June 2002

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' (AASB1039) 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 consolidated financial statements for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's consolidated financial statements. 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 consolidated financial statements.

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 2), 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 consolidated financial statements.

2. Change in accounting policy

The consolidated entity adopted Accounting Standard AASB 1038 'Life Insurance Business' (AASB 1038) effective 1 July 1999. The consolidated entity elected to take advantage of the transitional provisions contained within AASB 1038 which allow premiums and claims to be treated as revenue and expenses until the first financial year ending on or after 31 December 2001.

For the year ended 30 June 2002, the consolidated entity has fully adopted AASB 1038 which requires components of premiums that are revenues and components of claims that are expenses to be recognised separately in the statement of financial performance. Components of premiums that are not revenue (i.e. amounts that are akin to deposits and which qualify for recognition as liabilities) and components of claims that are not expenses (i.e. amounts that are akin to withdrawals from deposits and which qualify for recognition as reductions in liabilities) are also removed from reported changes in policy liabilities.

The change in accounting policy has resulted in reduction to:

- life insurance premium revenue – $702 million;
- life insurance claims expense – $479 million; and
- net life insurance policy liabilities – $223 million.

The change in accounting policy has no financial effect on the net profit in the current or prior periods.

Comparative figures have not been restated, and therefore are inconsistent with current year disclosures.

Notes to the financial statements

for the year ended 30 June 2002

3. Segment information

3(a) Business segments

The consolidated entity comprises the following business segments:

Segment	Activities
Banking	Banking, finance and other services.
General insurance	General insurance services.
Wealth management	Life insurance, superannuation administration and funds management services.
Other	Financial planning, funds administration, and property management services.

Primary reporting – business segments

	Banking $m	General insurance $m	Wealth management $m	Other $m	Eliminations $m	Consolidated $m
2002						
Revenue outside the consolidated entity	1,701	2,618	163	21	-	4,503
Inter-segment revenue	17	-	-	-	(17)	-
Shares of net profits of associates	-	5	-	-	-	5
Total segment revenue	1,718	2,623	163	21	(17)	4,508
Segment result	293	110	54	8	(60)	405
Unallocated revenue less unallocated expenses						-
Profit from ordinary activities before income tax expense						405
Income tax expense						(94)
Profit from ordinary activities after income tax expense						311
Net profit						311
Segment assets	27,322	7,423	3,337	38	(2,639)	35,481
Unallocated assets						-
Total assets						35,481
Segment liabilities	24,324	5,355	3,124	15	(699)	32,119
Unallocated liabilities						-
Total liabilities						32,119
Investments in associates	-	86	-	-	-	86
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	87	1,040	1	-	-	1,128
Depreciation and amortisation expense	43	7	-	-	60	110
Other non-cash expenses	40	(1)	-	-	-	39

3. Segment information (continued)

3(a) Business segments (continued)

Primary reporting – business segments (continued)

	Banking $m	General insurance $m	Wealth management $m	Other $m	Eliminations $m	Consolidated $m
2001						
Revenue outside the consolidated entity	1,706	1,224	868	22	-	3,820
Inter-segment revenue	29	-	7	7	(43)	-
Shares of net profits of associates	-	-	-	-	-	-
Total segment revenue	1,735	1,224	875	29	(43)	3,820
Segment result	284	163	69	5	(10)	511
Unallocated revenue less unallocated expenses						-
Profit from ordinary activities before income tax expense						511
Income tax expense						(116)
Profit from ordinary activities after income tax expense						395
Net profit						395
Segment assets	23,886	3,593	3,169	16	(947)	29,717
Unallocated assets						-
Total assets						29,717
Segment liabilities	21,594	2,825	2,984	11	(414)	27,000
Unallocated liabilities						-
Total liabilities						27,000
Investments in associates	-	-	-	-	-	-
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	45	-	-	-	-	45
Depreciation and amortisation expense	41	-	-	-	10	51
Other non-cash expenses	36	1	-	-	-	37

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

Secondary reporting – geographical segments

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

3. Segment information (continued)

	Consolidated 2002 $m	Consolidated 2001 $m
3(b) Contribution to profit from ordinary banking activities		
Net interest income		
Interest revenue	1,531	1,587
Interest expense	(981)	(1,073)
	550	514
Net banking fee income		
Banking fee and commission revenue	155	123
Banking fee and commission expense	(44)	(31)
	111	92
Other operating revenue		
Net profits on trading and investment securities	1	8
Net profits on derivative and other financial instruments	5	5
Other income	9	12
	15	25
Total income from ordinary banking activities	676	631
Operating expenses		
Staff expenses	(200)	(184)
Occupancy expenses	(20)	(16)
Computer and depreciation expenses	(42)	(39)
Communication expenses	(29)	(26)
Advertising and promotion expenses	(18)	(15)
Agents' commission expenses	(12)	(5)
Other operating expenses	(22)	(26)
Total expenses of ordinary banking activities	(343)	(311)
Contribution to profit from ordinary banking activities before bad and doubtful debts, amortisation of goodwill and income tax	333	320
Bad and doubtful debts expense	(40)	(36)
Contribution to profit from ordinary banking activities before amortisation of goodwill and income tax	293	284

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 2002

3. Segment information (continued)

3(c) Contribution to profit from ordinary general insurance activities

	Consolidated 2002 $m	Consolidated 2001 $m
Net earned premium		
Direct premium revenue	2,018	824
Outwards reinsurance premium expense	(151)	(53)
	1,867	771
Net incurred claims		
Direct claims expense	(1,697)	(810)
Reinsurance and other recoveries revenue	288	145
	(1,409)	(665)
Operating expenses		
Acquisition costs	(250)	(81)
Other underwriting expenses	(291)	(110)
	(541)	(191)
Reinsurance commission income	23	5
Underwriting result	(60)	(80)
Investment revenue – insurance provisions		
Interest, dividends and rent	184	138
Realised gains on investments	(19)	17
Unrealised gains on investments	8	8
	173	163
Insurance trading result	113	83
Managed schemes income	116	-
Managed schemes expense	(110)	-
Joint venture income	5	-
Investment revenue – shareholder funds		
Interest, dividends and rent	55	45
Realised gains on investments	9	(16)
Unrealised gains on investments	(54)	52
Other revenue	6	6
Other expenses	(16)	(7)
	-	80
Contribution to profit from ordinary general insurance activities before income tax, management fee and amortisation of goodwill	124	163
Management fee expense – GIO acquisition	(14)	-
Contribution to profit from ordinary general insurance activities before income tax and amortisation of goodwill	110	163

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

Control of the AMP and GIO general insurance business was effective from 1 July 2001. The general insurance segment information includes the financial position, the results from operations and the cash flows of the AMP and GIO general insurance business from that date. Control of the 50 percent interest in the general insurance joint venture with The Royal Automobile Association in South Australia (RAA (SA)) was effective from 1 July 2001 whilst the effective date of recognising the 50 percent interest in the general insurance joint venture with The Royal Automobile Club of Queensland (RACQ) was 31 December 2001.

3. Segment information (continued)

3(d) Contribution to profit from ordinary wealth management activities

	Consolidated 2002 $m	Consolidated 2001 $m
Net premium revenue		
Premium revenue	76	610
Outwards reinsurance expense	(16)	(13)
	60	597
Investment revenue		
Equity securities	(120)	72
Debt securities	88	90
Property	61	59
Other	(2)	-
	27	221
Management fee revenue – fund management	19	11
Other revenue	30	15
Total revenue	136	844
Operating expenses		
Claim expenses	(58)	(396)
Reinsurance recoveries	11	11
(Increase)/decrease in net life insurance policy liabilities	90	(287)
Increase in policy owner retained profits	(24)	(14)
Other operating expenses	(101)	(89)
	(82)	(775)
Contribution to profit from ordinary wealth management activities before income tax	54	69

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 2002

4. Dividends

	Consolidated 2002 $m	Consolidated 2001 $m
Ordinary shares		
Interim dividend of 25 cents (2001: 24 cents) per fully paid share paid 2 April 2002 (2001: 30 March 2001)		
franked @ 30%	135	-
franked @ 34%	-	77
Final dividend of 29 cents (2001: 28 cents) per fully paid share recognised as a liability and expected to be paid 1 October 2002 (2001: 28 September 2001)		
franked @ 30%	153	103
Preference shares		
Interim dividend of $3.09 (2001: n/a) per share paid 14 March 2002		
franked @ 30%	7	-
Final dividend of $3.09 (2001: nil) per fully paid share recognised as a liability and expected to be paid 4 September 2002 (2001: n/a)		
franked @ 30%	5	-
Converting capital notes		
Distribution provided	-	49
	300	229

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

	Consolidated 2002 $m	Consolidated 2001 $m
Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2001: 34%)	251	100

5. Acquisition of controlled entity

During the period the consolidated entity completed the acquisition of 100% of GIO Insurance Investment Holdings A Pty Limited (GIOIIHA) and its wholly-owned controlled entities. The business acquired includes the Australian general insurance business of AMP and GIO, but excludes the GIO inwards reinsurance 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.

For the purposes of preparing the concise financial report of the consolidated entity, control of the AMP and GIO general insurance business was effective from 1 July 2001. The concise financial report includes the financial position, the results from operations and cash flows from that date.The assets, liabilities, rights and licences necessary to undertake the business acquired are held in GIOIIHA and its wholly-owned controlled entities. GIOIIHA was aquired by Suncorp Metway Insurance Ltd (SMIL).

The principal costs associated with the restructuring provision of $112 million include staff redundancy payments, termination of lease or service contracts, information systems integration, and costs involved in centralising processing activities.

	$m
Consideration	
paid on 28 September 2001	1,263
paid on 11 January 2002	135
Transaction costs	13
Cost of acquisition	1,411
Fair value of net assets of GIOIIHA and its wholly-owned controlled entities acquired:	
Assets	
Cash and liquid assets	47
Investment securities	1,793
Receivables	335
Reinsurance and other recoveries receivable	228
Property, plant and equipment	25
Deferred tax assets	79
Investments in associates	80
Other financial assets	143
Total assets	2,730
Liabilities	
Deposits and short term borrowings	26
Payables	93
Provisions	82
Restructuring provision	112
Outstanding claims and unearned premiums provisions	2,010
Total liabilities	2,323
Fair value of net assets of entities acquired	407
Goodwill on acquisition	1,004
Cash consideration	1,411

Notes to the financial statements

for the year ended 30 June 2002

6. Remuneration of directors and executive officers

6(a) Directors' remuneration

Total amount received or due and receivable by directors of the Company for the year ended 30 June 2002 was:

	Base emolument(1) $	Bonus(2) $	Shares issued $	Other compensation(5) $	Total Compensation $	Retirement benefits(6) $	Total $
Executive Director							
W S Jones	991,196	760,000	684,912 (3)	8,803	2,444,911	-	2,444,911
Non-Executive Directors							
R J Lamble	142,884	-	95,256 (4)	-	238,140	154,180	392,320
M D E Kriewaldt	127,500	-	-	10,200	137,700	16,958	154,658
I D Blackburne	88,000	-	-	7,040	95,040	47,490	142,530
R F Cormie	91,000	-	-	7,280	98,280	8,042	106,322
F C B Haly	52,695	-	-	-	52,695	-	52,695
R P Handley	83,523	-	-	6,682	90,205	15,730	105,935
C Hirst	34,240	-	-	2,739	36,979	2,665	39,644
J J Kennedy	83,750	-	-	6,700	90,450	1,667	92,117
J D Story	93,000	-	-	7,440	100,440	-	100,440

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

(2) Reflects amounts accrued but not yet paid in respect of the year ended 30 June 2002.

(3) On 29 October 2001, 200,000 shares were acquired at a cost of $2,739,650 and held in trust under the Suncorp-Metway Deferred Employee Share Plan. The shares will vest to Mr Jones in four tranches subject to certain criteria:

- Tranche 1 - 50,000 shares on 31 December 2001
- Tranche 2 - 50,000 shares on 31 December 2002
- Tranche 3 - 50,000 shares on 31 December 2003
- Tranche 4 - 50,000 shares on 1 November 2004

The conditions attached to Tranche 1 have been satisfied and the value of the shares recognised within directors' remuneration above. Mr Jones is entitled to dividends on the 200,000 shares. In the event that services of Mr Jones are terminated, any shares that have not vested will be retained by the Suncorp-Metway Deferred Employee Share Plan.

(4) The $95,256 represents shares to be issued under the Non-Executive Directors' Share Plan.

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

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

Directors' remuneration excludes insurance premiums paid by the Company in respect of the Directors' and Officers' Liability insurance contract as such disclosure is prohibited under the terms of the contract.

6. Remuneration of directors and executive officers (continued)

6(a) Directors' remuneration (continued)

The numbers of directors of the Company whose income from the Company or any related party falls within the following bands are:

	2002 Number	2001 Number
Amount		
$30,000 to $39,999	1	-
$50,000 to $59,999	1	-
$70,000 to $79,999	-	1
$80,000 to $89,999	-	3
$90,000 to $99,999	4	1
$100,000 to $109,999	1	-
$120,000 to $129,999	-	1
$130,000 to $139,999	1	-
$200,000 to $209,999	-	1
$230,000 to $239,999	1	-
$1,790,000 to $1,799,999	-	1
$2,440,000 to $2,449,999	1	-

The remuneration bands are based on the total compensation amount above as required by the Accounting Standards.

	Directors of entities in the Consolidated Entity		Directors of Parent Entity	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Income paid or payable, or otherwise made available, to directors by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	3,656	2,640	3,385	2,554

Income received by non-executive directors of the Company and its controlled entities during the financial year amounted to $1,211,430 (2001: $893,000). At the Extraordinary General Meeting of Suncorp-Metway Ltd held on 14 March 1997, shareholders approved a maximum amount of income payable to such directors of $1,500,000.

	2002 $'000	2001 $'000
6(b) Directors' retirement benefits		
Amounts provided during the current financial year in respect of non-executive directors of the Company and controlled entities in connection with retirement from office, being amounts previously approved by shareholders in a general meeting	247	47
Amounts paid or payable during the current financial year in respect of non-executive directors of the Company and controlled entities in connection with their retirement from office, being amounts previously approved by shareholders in a general meeting	398	-

Notes to the financial statements

for the year ended 30 June 2002

6. Remuneration of directors and executive officers (continued)

6(c) Executive officers' remuneration

The following table shows the remuneration of the five most highly remunerated officers of the Company and the consolidated entity who were officers at 30 June 2002.

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) $
M W Blucher (Group Executive Retail Distribution & HR)	431,018	375,000	250	31,481	837,749	33,333	11.62	12.20	31 March 2004	1.83
						33,333	11.62	13.13	31 March 2005	1.83
						33,334	11.62	13.94	31 March 2006	1.83
C Skilton (Chief Financial Officer)	461,209	300,000	250	36,896	798,355	116,667	11.62	12.20	31 March 2004	1.83
						116,667	11.62	13.13	31 March 2005	1.83
						116,666	11.62	13.94	31 March 2006	1.83
G J Moynihan (Group Executive Banking & Wealth Management)	462,231	250,000	250	26,214	738,695	25,000	11.62	12.20	31 March 2004	1.83
						25,000	11.62	13.13	31 March 2005	1.83
						25,000	11.62	13.94	31 March 2006	1.83
C Gray (Group Executive Information Technology)	361,747	225,000	250	34,798	621,795	61,666	11.62	12.20	31 March 2004	1.83
						61,666	11.62	13.13	31 March 2005	1.83
						61,668	11.62	13.94	31 March 2006	1.83
P S Johnstone (Group Executive Operations and Integration)	386,696	115,000	250	8,803	510,749	41,666	11.62	12.20	31 March 2004	1.83
						41,666	11.62	13.13	31 March 2005	1.83
						41,667	11.62	13.94	31 March 2006	1.83

(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 2002.
(4) Reflects shares to be issued to employees to the value of $250 in respect of the year ended 30 June 2002.
(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: Individuals other than executives 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.

6. Remuneration of directors and executive officers (continued)

6(c) Executive officers' remuneration (continued)

The numbers of executive officers (including the Managing Director included in note 6(a) above) whose income from the Company or controlled entities falls within the following bands are:

	2002 Number	2001 Number
Amount		
$190,000 to $199,999	-	1
$350,000 to $359,999	1	-
$480,000 to $489,999	1	-
$510,000 to $519,999	1	-
$530,000 to $539,999	-	1
$610,000 to $619,999	-	1
$620,000 to $629,999	1	-
$690,000 to $699,999	-	1
$730,000 to $739,999	1	1
$760,000 to $769,999	-	1
$790,000 to $799,999	1	-
$830,000 to $839,999	1	-
$1,790,000 to $1,799,999	-	1
$2,440,000 to $2,449,999	1	-

The remuneration bands are based on the total compensation amount above as required by the Accounting Standards.

	2002 $'000	2001 $'000
Total remuneration in respect of the financial year received or due and receivable, from the Company, entities in the consolidated entity or related parties by executive officers (including the Managing Director) of the Company and of controlled entities whose income is $100,000 or more	6,793	5,337

7. Options

At 30 June 2002 unissued fully paid ordinary shares of the Company under the Executive Option Plan are:

Issue date of options	Start date	Expiry date	Exercise price of option (1) $	Strike price $	No. of options held at 30 June 2002 (2)	No. of options held at 30 June 2001	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	
26 Mar 1997	6 Jul 2000	26 Mar 2002	5.51	6.50	-	700,000	
26 Mar 1997	6 Jul 2001	26 Mar 2002	5.51	7.00	-	650,000	
10 Sept 1997	31 Mar 2000	10 Sept 2002	6.79	7.00	102,000	156,000	
10 Sept 1997	31 Mar 2001	10 Sept 2002	6.79	7.50	102,000	157,000	
10 Sept 1997	31 Mar 2002	10 Sept 2002	6.79	8.00	157,000	157,000	
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	100,000	
16 Dec 1998	16 Jun 2001	16 Dec 2003	7.96	9.00	92,500	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	
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	17 Nov 2001	3 Jun 2004	8.81	9.75	-	13,334	
3 Jun 1999	17 Nov 2002	3 Jun 2004	8.81	10.25	13,333	13,333	
3 Jun 1999	17 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	134,100	149,000	
6 Oct 1999	31 Mar 2003	6 Oct 2004	8.11	9.56	137,400	149,000	
6 Oct 1999	31 Mar 2004	6 Oct 2004	8.11	10.05	140,200	152,000	
1 Oct 2000	31 Mar 2003	1 Oct 2005	8.89	9.78	199,000	199,000	
1 Oct 2000	31 Mar 2004	1 Oct 2005	8.89	10.31	203,000	203,000	
1 Oct 2000	31 Mar 2005	1 Oct 2005	8.89	10.85	203,000	203,000	
1 Oct 2000	31 Mar 2003	1 Oct 2005	8.89	10.00	150,000	168,100	
1 Oct 2000	31 Mar 2004	1 Oct 2005	8.89	10.49	151,200	169,400	
1 Oct 2000	31 Mar 2005	1 Oct 2005	8.89	11.02	153,800	172,500	
20 Sept 2001	31 Mar 2004	20 Sept 2006	11.62	12.20	303,333	-	1.83
20 Sept 2001	31 Mar 2005	20 Sept 2006	11.62	13.13	303,333	-	1.83
20 Sept 2001	31 Mar 2006	20 Sept 2006	11.62	13.94	303,334	-	1.83
16 Oct 2001	30 Jun 2002	16 Oct 2006	12.61	13.24	700,000	-	2.34
16 Oct 2001	30 Jun 2003	16 Oct 2006	12.61	14.25	700,000	-	2.34
16 Oct 2001	30 Jun 2004	16 Oct 2006	12.61	15.13	600,000	-	2.34
22 April 2002	31 Oct 2004	22 April 2007	12.30	(4)	116,667	-	2.38
22 April 2002	31 Oct 2005	22 April 2007	12.30	(4)	116,667	-	2.38
22 April 2002	31 Oct 2006	22 April 2007	12.30	(4)	116,666	-	2.38
					6,216,949	5,316,250	

7. Options (continued)

Options may only be exercised within the limitations imposed by the Corporations Act 2001 and the Australian Stock Exchange Listing Rules. Under the Australian Stock Exchange Listing Rules, options may not be issued to Company Directors under an employee incentive scheme without specific shareholder approval. Shareholders approved the issue of options (and shares resulting from exercise of those options) to the Managing Director at the Annual General Meeting on 16 October 2001.

(1) The exercise price of options granted is the weighted average market price of the Company's shares in the week preceding the issue date of the option.
(2) During the year 2,269,301 options (2001: 230,000) were exercised under the Executive Option Plan. No options have been exercised or granted since the end of the financial year.
(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.
(4) The Company has adopted Total Shareholder Return (TSR) as the performance measure on which option vesting is based and the Top 50 Companies in the ASX All Industrials Index has been adopted as the comparator group. Currently the following vesting schedule applies:
- If the Company's TSR growth over a relevant evaluation period is equal to the median TSR performance for the comparator group, then 50 percent of those options available to be exercised at that time will vest.
- For each additional percentile increase in the Company's ranking above the median, a further 2 percent of the relevant tranche of options will vest.
- If the Company's TSR growth over the relevant evaluation period reaches the 75th percentile, 100 percent of the options will vest.

(5) Options granted under the Executive Option Plan carry no dividend or voting rights.

All options expire on the earlier of their expiry date or termination of the employee's employment. In addition to those options shown above, 65,000 (2001: 80,000) options expired in respect of employees who resigned and 25,000 (2001: nil) options previously granted were cancelled.

The market price of the Company's shares at 30 June 2002 was $12.31 (2001: $15.00).

At the date of this report unissued fully paid ordinary shares of the Company under the Executive Option Plan decreased to 6,178,549 from 30 June 2002 as a result of the following options expiring due to the resignation of employees since the end of the financial year:

Issue date of option	Start date	Expiry date	Exercise price of option $	Strike price $	No of options expired
6 Oct 1999	31 Mar 2003	6 Oct 2004	8.11	9.56	6,600
6 Oct 1999	31 Mar 2004	6 Oct 2004	8.11	10.05	6,800
1 Oct 2000	31 Mar 2003	1 Oct 2005	8.89	10.00	8,200
1 Oct 2000	31 Mar 2004	1 Oct 2005	8.89	10.49	8,300
1 Oct 2000	31 Mar 2005	1 Oct 2005	8.89	11.02	8,500

8. 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.

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 2002 set out on pages 37 to 57:

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 29th day of August 2002.

Signed in accordance with a resolution of the directors:

R John Lamble AO
Chairman

W Steven Jones
Managing Director

Independent Audit Report
for the year ended 30 June 2002

Scope

We have audited the concise financial report of Suncorp-Metway Ltd ("the Company") and its controlled entities for the financial year ended 30 June 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 8, 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 37 to 57 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 2002. Our audit report on the full financial report was signed on 29 August 2002, 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 2002 complies with Accounting Standard AASB 1039 'Concise Financial Reports' issued in Australia.

KPMG

Ian H Fraser
Partner

Brisbane
29 August 2002

Ratio definitions

Item	Definition
Diluted shares	Comprises ordinary shares, partly paid shares, subordinated dividend ordinary shares, converting capital notes and outstanding options. Preference shares are not dilutive for the purpose of the Earnings per Share ratios as they cannot convert to ordinary shares in the first five years.
Earnings per share	Basic earnings per share is calculated by dividing the earnings of the company for the financial year less dividends on preference shares and converting capital notes by the weighted average number of ordinary shares of the company outstanding during the financial year. Diluted earnings per share is based on diluted shares. Calculated in accordance with Accounting Standard AASB 1027 'Earnings per Share'.
Group efficiency ratio	Operating expenses as a percentage of total operating income excluding general insurance shareholder funds' investment income and excluding the impact of Accounting Standard AASB 1038 'Life Insurance Business'.
Net interest margin	Net interest income divided by average interest earning assets.
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 (basic)	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 distributions 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 excluding the impact of AASB 1038. Averages are based on beginning and end of period balances.

Shareholder information

Major Shareholders

At 16 August 2002, the 20 largest holders of fully paid Ordinary Shares held 161,656,592 shares, equal to 30.77 percent of the total fully paid shares on issue.

	Number of Shares	%
J P Morgan Nominees Australia Limited	33,889,568	6.45
Westpac Custodian Nominees Limited	19,994,256	3.80
National Nominees Limited	19,810,290	3.77
AMP Life Limited	17,109,600	3.26
Citicorp Nominees Pty Limited (CFS Wholesale Imputation Fund A/C)	9,442,344	1.80
Citicorp Nominees Pty Limited	6,630,981	1.26
ING Life Limited	6,627,487	1.26
RBC Global Services Australian Nominees Pty Limited	6,436,353	1.23
Commonwealth Custodial Services Limited	5,688,885	1.08
Queensland Investment Corporation	5,159,538	0.98
Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	4,992,886	0.95
Citicorp Nominees Pty Limited (CFS Wholesale Geared Share Fund A/C)	4,704,569	0.90
Citicorp Nominees Pty Limited (CFS Wholesale Australian Share Fund A/C)	4,158,269	0.79
ANZ Nominees Limited	3,455,291	0.66
Citicorp Nominees Pty Limited (CFS Wholesale Industrial Share A/C)	3,167,858	0.60
HSBC Custody Nominees (Australia) Limited	3,126,935	0.59
Australian Foundation Investment Company Limited	2,356,462	0.45
Citicorp Nominees Pty Limited (CFS Wholesale Leaders Fund A/C)	2,050,974	0.39
Clem Jones Pty Ltd	1,500,000	0.29
ANZ Managed Investments Ltd	1,354,046	0.26
	161,656,592	30.77

Substantial Shareholders

At 16 August 2002, the following entry was contained in the register of substantial shareholdings, based on Substantial Holding Notices received:

	Number of Shares
Commonwealth Bank of Australia Group Companies	40,862,326

Distribution of shareholdings

Fully paid Ordinary Shares at 16 August 2002:

Range	Number of holders	% of holders	Number of shares	% of shares
1–1,000 shares	136,964	69.47	66,271,911	12.62
1,001–5,000 shares	48,018	24.35	106,069,593	20.19
5,001–10,000 shares	7,675	3.89	53,325,687	10.15
10,001–100,000 shares	4,328	2.20	88,629,339	16.87
100,001–shares and over	177	0.09	211,024,019	40.17
	197,162	100.00	525,320,549	100.00

Shareholder information

Distribution of shareholdings (continued)

Fully paid Ordinary Shares at 16 August 2002 (continued):

	Number of holders	% of holders	Number of shares	% of shares
Location				
Australia				
– Queensland	120,377	59.89	233,506,813	44.45
– New South Wales	34,132	16.99	148,478,160	28.27
– Victoria	28,879	14.37	113,054,506	21.52
– South Australia	5,418	2.70	11,512,845	2.19
– Western Australia	5,286	2.63	7,505,154	1.43
– Tasmania	1,615	.80	2,582,214	.49
– ACT	3,502	1.74	4,382,389	.83
– Northern Territory	412	.20	1,234,152	.24
New Zealand	327	.16	777,860	.15
Hong Kong	142	.07	322,866	.06
United Kingdom	254	.13	566,134	.11
United States	169	.08	285,972	.05
Other overseas	498	.24	1,111,484	.21
	201,011 (1)	100.00	525,320,549	100.00

(1) Some registered holders own more than one class of security.

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.

Partly paid Ordinary Shares at 16 August 2002:

	Number of holders	% of holders	Number of shares	% of shares
1–1,000 shares	4	28.57	3,100	9.10
1,001–5,000 shares	9	64.29	25,150	73.86
5,001–10,000 shares	1	7.14	5,800	17.04
10,001–100,000 shares	-	-	-	-
100,001–shares and over	-	-	-	-
	14	100.00	34,050	100.00

Voting Rights of Shareholders

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

Non-participating shares

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

Holders of Non-marketable Parcels

At 16 August 2002 the number of shareholders with less than a marketable parcel for fully paid Ordinary Shares (1–39 shares) was 821 (0.41 percent of shareholders) representing 11,958 shares.

Shareholder information

Registered Office

Level 18
36 Wickham Terrace
Brisbane Qld 4000
GPO Box 1453
Brisbane Qld 4001
Telephone: (07) 3835 5355
Facsimile: (07) 3836 1190

Company Secretary

Clifford R Chuter

Annual General Meeting

The Annual General Meeting will be held in Great Halls 1 & 2, Brisbane Convention and Exhibition Centre, cnr Merivale and Glenelg Streets, South Brisbane, on Monday 21 October 2002 at 2.30pm.

Share Registry

Shareholders can obtain information about their shareholdings by contacting the Company's share registry:
Douglas Heck & Burrell Registries
Level 22
300 Queen Street
Brisbane Qld 4000
Mailing address: Locked Bag 568, Brisbane, Qld 4001
Telephone: 1300 882 012
Facsimile: (07) 3221 3149
Email: registries@dhb.com.au
Website: www.dhb.com.au

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

Change of Address

Shareholders sponsored by Suncorp (issuer sponsored) must advise Douglas Heck & Burrell Registries in writing, appropriately signed, of the amended details. Change of address forms can be obtained via the Suncorp or share registry websites or by contacting the share registry.

Shareholders sponsored by a broker (broker sponsored) should advise their broker in writing of the amended details.

Payment of Dividends

Shareholders who wish to have their dividends paid directly into their bank, building society or credit union account should obtain a direct credit application form from the share registry or via the Suncorp or share registry websites.

Dividend Reinvestment Plan

Shareholders can elect to take their cash dividends by way of shares in full or in part at a 2.5 percent discount on the average market price calculated over the five trading days immediately following the Record Date for payment of the relevant dividend. An election/variation form is available on the Suncorp and share registry websites.

Removal from Annual Report mailing list

Shareholders no longer wishing 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 SRN/HIN. A form is available via the Suncorp or share registry websites.

Stock Exchange Listed Securities

Suncorp Metway's securities listed on the Australian Stock Exchange are:
Ordinary Shares (code SUN)
Floating Rate Capital Notes (SUNHB)

Register your email address

Now you can register your email address for notices of meeting, notification of availability of annual reports and other shareholder communications. To register your details, go to Share Registry Services on the Suncorp website www.suncorp.com.au which provides a link to the share registry, or directly to the share registry website www.dhb.com.au where, by using your SRN/HIN and other requested details, you will be able to view details of your shareholding, obtain registry forms and record your own email address.

Key dates

Ordinary Shares (SUN)

2002	
Final Dividend	
Ex dividend date	9 September
Record date	13 September
Dividend paid	1 October
2003	
Interim Dividend	
Ex dividend date	5 March
Record date	11 March
Dividend paid	4 April
Final Dividend	
Ex dividend date	2 September
Record date	8 September
Dividend paid	3 October

Floating Rate Capital Notes (SUNHB)

2002	
Ex interest date	11 November
Record date	15 November
Interest paid	2 December
2003	
Ex interest date	11 February
Record date	17 February
Interest paid	4 March
Ex interest date	9 May
Record date	15 May
Interest paid	30 May
Ex interest date	11 August
Record date	15 August
Interest paid	1 September
Ex interest date	11 November
Record date	17 November
Interest paid	2 December

Reset Preference Shares

2003	
Ex dividend date	5 March
Record date	11 March
Dividend paid	14 March
Ex dividend date	2 September
Record date	8 September
Dividend paid	15 September

Dates may be subject to change

Contact Us

SUNCORP

General enquiries	**13 11 55**
Quickcall phone banking	**13 11 25**
Insurance sales and enquiries	**13 11 55**
Insurance claims	**13 25 24**
Loan hotline	**13 11 34**
Lost or stolen cards and 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**
Share Trade	**1300 135 190**
Internet Site	**www.suncorp.com.au**

GIO

Personal and Business Insurance	**13 10 10**
Personal Insurance Claims	**13 14 46**
Workers' Compensation	**13 10 10**
Internet Site	**www.gio.com.au**

INTERNET SITES

Suncorp's internet site, www.suncorp.com.au provides information on banking, insurance and investment products and services, sponsorships, financial results, company and shareholder information. Applications can be made online for a transaction account, credit card, home or investment property loan, small business loan, or personal finance loan, or customers can get a quote and purchase home or car insurance.

The site also offers internet banking, Share Trade to buy and sell shares, the ability to manage a margin lending facility and view superannuation balances.

GIO's internet site, www.gio.com.au provides a direct link to the Suncorp internet site as well as providing customers with the ability to get quotes for home insurance and CTP insurance online and to make payments and submit home and motor insurance claims.

ANNUAL REPORT

Copies of the Annual Report, both the Concise version and the full report which includes the consolidated financial statements, are available from Investor Relations (07) 3835 5797 or on the Suncorp internet site.

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