2003 Concise Report

BANKING INSURANCE INVESTMENT

SUNCORP

Suncorp-Metway Ltd ABN 66 010 831 722

Contents

CONCISE REPORT
30 June 2003

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 Annual Report.

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

A copy of the 2003 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 2003 Annual Report can be requested by telephoning (07) 3835 5797 and by the internet at www.suncorp.com.au

Year in Review

'be heard'
The brand promise for our newly launched marketing and branding campaign. We listen to our customers' needs and deliver the relevant solutions through extraordinary customer service.

GIO is our main insurance brand outside Queensland and all our branches now provide banking, insurance and wealth management products and services nationally.

SUNCORP

Vision

To be the most desirable financial services company in Australia

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

We have secured naming rights to the Suncorp Stadium Brisbane until 2009. Enthusiastic spectators enjoy outstanding facilities in one of the country's finest sporting arenas.

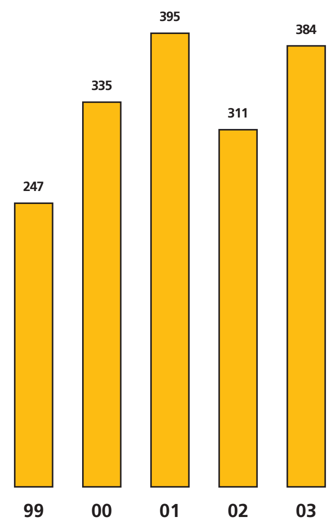
Newspix/David Lucietto

Suncorp and GIO were in Canberra to help customers when devastating bushfires damaged and destroyed dozens of houses and other property. We paid $26 million in claims.

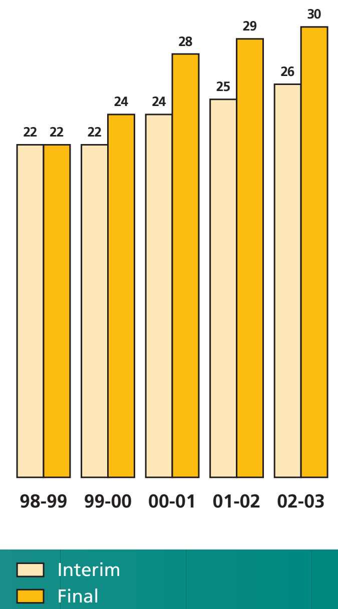
Financial Highlights

- **Net profit up 23.5% to $384 million, compared with $311 million in 2002.**
- **Half year profit increased by 45.8% to a record $229 million.**
- **Underlying profit increased by 26% to $582 million.**
- **Earnings per ordinary share, before goodwill, on a cash basis, rose 19% to 82 cents.**
- **Return on equity, on a cash basis, fully diluted, increased from 11.9% to 12.7% and reached 14.5% in the second half.**

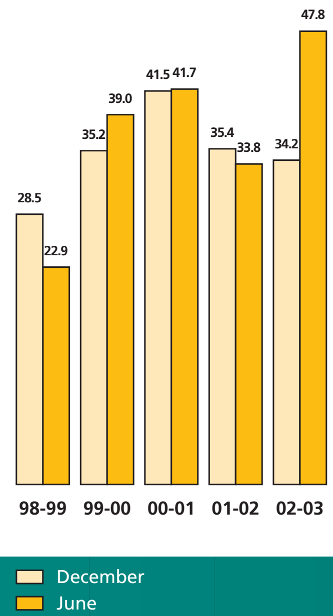
Operating profit after tax
$m



Dividends interim/final
cents

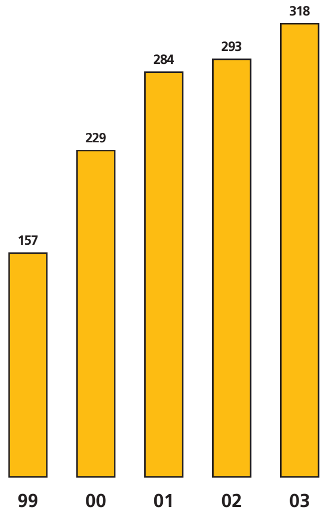


Cash earnings per share diluted
Half Year %

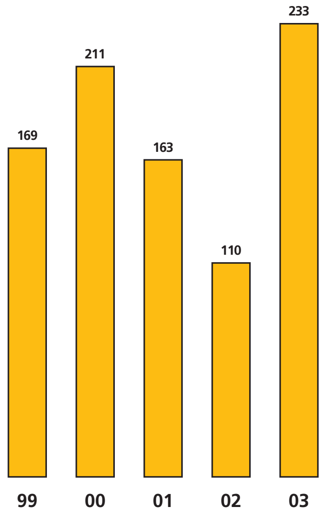


- The final dividend increased by 1 cent to 30 cents per share, taking the annual dividend to 56 cents per share, up 2 cents.
- Banking pre-tax profit increased 8.5% to $318 million, profit before bad debts and tax, increased 10% to $367 million.
- General insurance pre-tax profit more than doubled to $233 million. Insurance Trading Result increased 85% to $209 million, equal to 10% of net premium revenue.
- Wealth Management pre-tax profit fell 29% to $41 million. Excluding an $8 million one-off gain in the prior year, profit was down 18%.

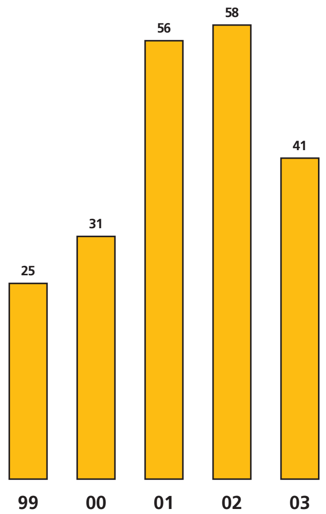
Banking
Profit before tax and goodwill
$m



General Insurance
Profit before tax and goodwill
$m



Wealth Management
Profit before tax and goodwill*
$m



* Excludes Life and Super policy owners' interests, and tax.

Chairman's Letter to Shareholders

Dear Shareholder,

The 2003 year was a period of major organisational change and financial progress for your Company.

At a board level, the year saw the retirement of the former Chairman, John Lamble AO in March. I would like to take this opportunity to thank John for his inspirational leadership during his six years as Chairman. During that time, he presided over the initial merger of Suncorp, Metway and QIDC in 1996, then led the Company through the acquisition of the GIO insurance business in 2001. I congratulate him on his success and I would like to thank my Board colleagues and shareholders for giving me the opportunity to serve as Chairman of the Company in his place.

The year also saw the appointment of John Mulcahy as Managing Director and Chief Executive Officer, replacing Steve Jones, who resigned in September last year. John took up the role in January, following a distinguished career in a number of senior roles at the Commonwealth Bank, and before that at Lend Lease. He already has proven to be an outstanding appointment and has had a major impact in reorganising the Company, refining the group strategy and implementing new disciplines to deliver stronger financial results.

Financial Performance Summary

I am pleased to report a 23.5 percent increase in net profit to $384 million for the year to June. The improvement in profit is very satisfying, and included a record half year result of $229 million for the final six months of the year – up 45.8 percent on the prior corresponding period.

The Board has declared a final dividend of 30 cents per share, up one cent, taking the full year dividend to 56 cents per share, fully franked, and continuing the group's recent record of uninterrupted dividend increases.

The financial results are summarised in the following table:

	Year ended 2003 $m	Year ended 2002 $m	Change %
Profit Overview			
Banking	318	293	8.5
General Insurance	233	110	111.8
Wealth Management*	41	58	(29.3)
Other	9	8	12.5
Profit before tax and goodwill	601	469	28.2
Goodwill amortisation	62	60	3.3
Tax	155	98	58.2
Net profit	384	311	23.5

* Excludes Life and Super policy owners' interests, and tax.

You can see that the increase in profit was mainly due to a strong improvement in general insurance results, which rose by 112 percent to $233 million for the year. This reflects the fact that the benefits of the GIO general insurance acquisition are now flowing strongly through to the group's profit results.

The acquisition has proven to be a great success, making Suncorp the second largest insurance company in Australia, strengthening our business base and delivering significant returns for shareholders.

Banking profit increased by 8.5 percent to $318 million during the year and showed a strong improvement in earnings in the second half due to a sharper focus on cost controls and increased non-interest income.

Wealth Management profits were down on the previous year due to difficult conditions within the investment industry, and because the prior year included some one-off gains. However, the division continues to make a meaningful contribution to group profits, reporting a pre-tax result of $41 million for the year, and showing a 9 percent improvement in second half results to $24 million.

The board is satisfied with the financial progress of the Company, with the earnings per share, on a cash basis before goodwill, increasing by a healthy 19 percent to 82 cents in the year.

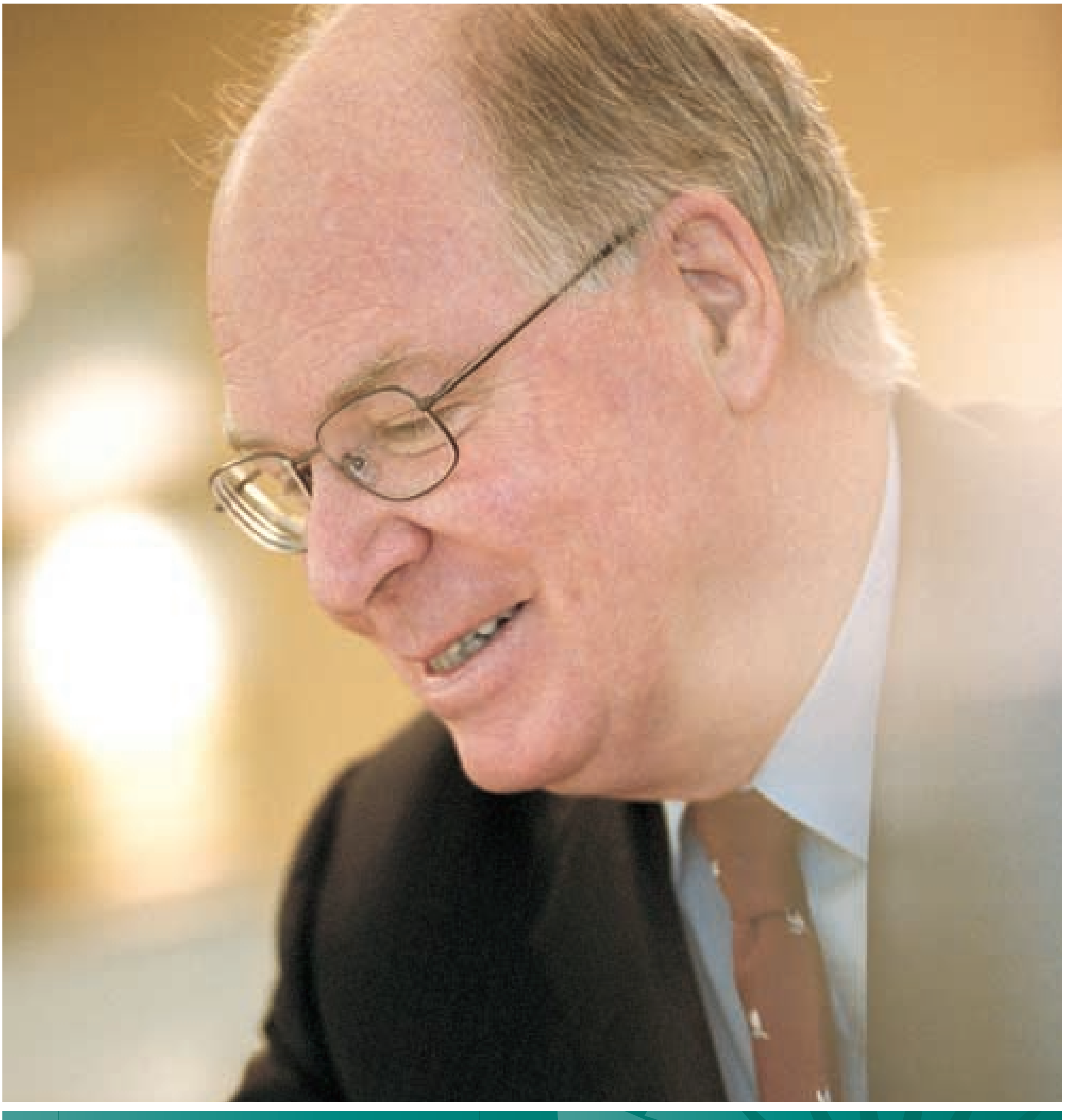
Strategic Review

When John Mulcahy joined the group in January, one of his key tasks assigned by the Board was to develop and implement a group strategy for the next five years. Following the completion of the GIO integration, the Company needed a new strategic plan to continue to grow the business and drive improved profitability.

The review involved a fundamental reassessment of the Company's businesses and the opportunities available in the rapidly evolving but fiercely competitive financial services sector.

The results of the review were announced in June, and were well received by the investment community, which had been eager to see some clarification of the Company's agenda for the future.

In essence, the Company intends to retain its existing business lines and will operate as a financial services conglomerate. This builds on the group's previous Allfinanz approach and takes advantage of the Company's strong cross-sell capabilities. The difference is, however, that each business line, including a separate line for each of retail banking and business banking, is structured and operated as a separate business unit, responsible and accountable for its own performance. We believe that the



"The board is optimistic about the outlook for the coming year. While global economic conditions are somewhat subdued, within Australia the economy appears resilient, with good growth rates and low inflation forecast to continue."
John Story, Chairman

Chairman’s Letter to Shareholders

financial conglomerate strategy will enable us to achieve returns for our shareholders that are consistently superior to our peers in the financial services sector.

A pre-requisite for success is that we must operate our business lines at least as well as our competitors in the field, and John Mulcahy and his executive team have developed detailed plans to ensure that outcome is achieved.

Vision

As part of this fundamental strategic review, the vision we have chosen for the Company is ‘to be the most desirable financial services company in Australia’. That is for shareholders, for customers, for employees and for the community in general.

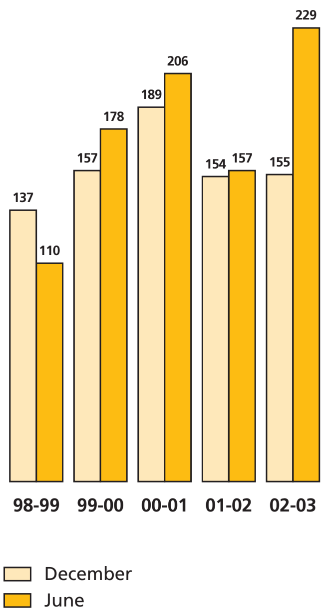
This is clearly a very ambitious vision for the group, but we believe that we should aim high. Our objective is to instil a culture within the Company which seeks to deliver great service for our 3.8 million customers, a stimulating and rewarding work environment for our 8,000 employees, strong community values, and consistently good returns to our 194,000 shareholders.

Board Changes

The Company’s Chief Financial Officer, Chris Skilton, who acted as interim Chief Executive following Steve Jones’ resignation, was appointed an executive director in November. This appointment recognises both Chris’ skills and experience, and the significance of the CFO role within the organisation. Bill Bartlett, a former Ernst & Young insurance partner and experienced accounting practitioner, joined the Board on 1 July 2003. Both are very strong appointments.

Pat Handley resigned in March. I would like to thank him for his contribution.

Operating profit after tax
Half Year $m



Outlook

The board is optimistic about the outlook for the coming year. While global economic conditions are somewhat subdued, within Australia the economy appears resilient, with good growth rates and low inflation forecast to continue.

The primary markets in which the Company operates are in good shape, with general insurance enjoying a structural shift towards higher profitability, banking showing continued good lending growth and excellent credit quality, and investment markets demonstrating signs of recovery.

The Company now has the new management team in place and a clearly defined strategic plan being implemented.

So assuming no dramatic swings in financial markets, or unusual insurance claims events, we would expect to be able to report a further improvement in profits in the coming year.

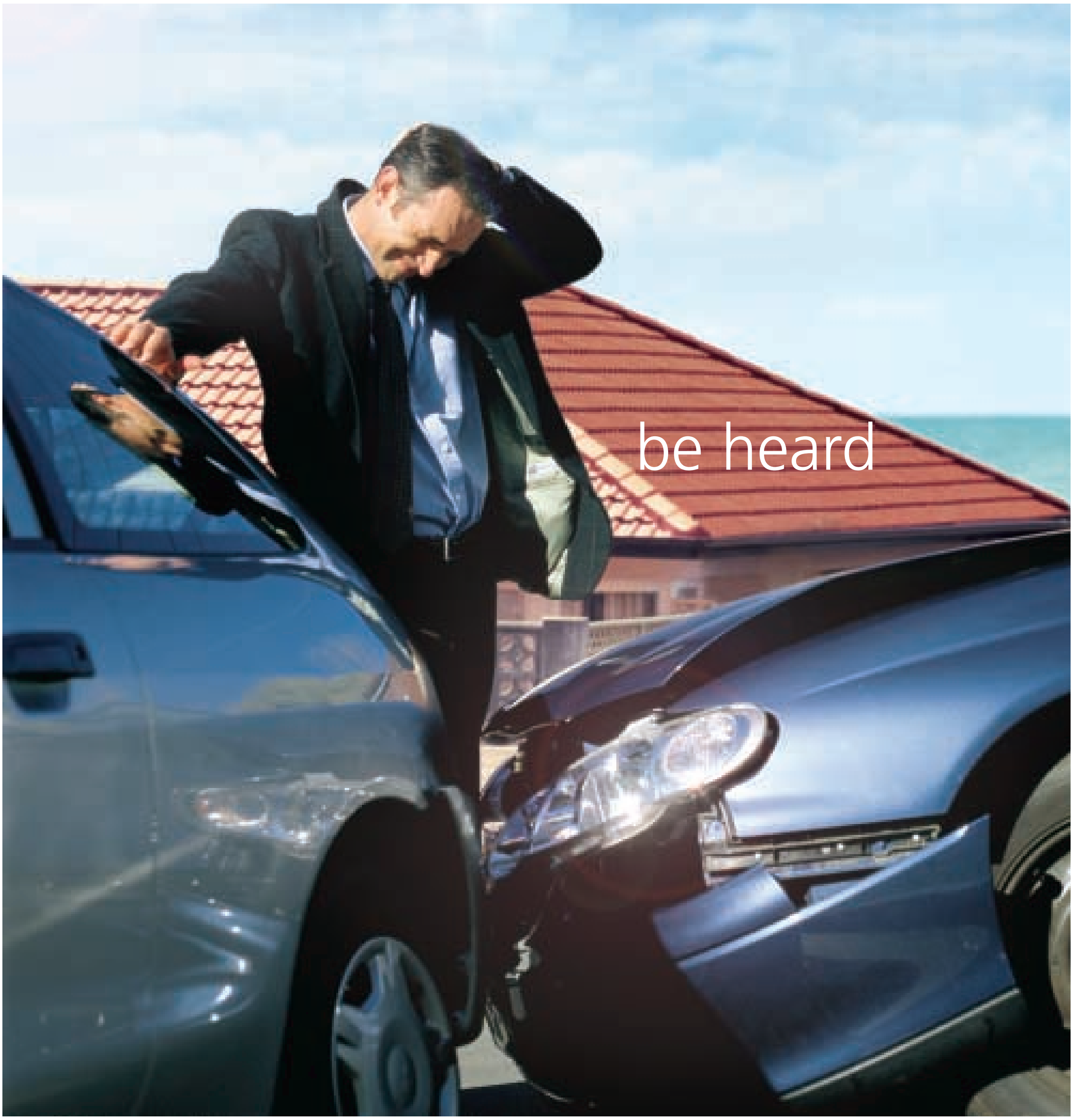
Conclusion

Finally, I would like to express my thanks to all the staff for their efforts and commitment during the year, and my colleagues on the Board. Most importantly, I thank you, the shareholders, for your ongoing support.

John Story
Chairman

“We guarantee customers in Queensland, New South Wales and Victoria who drive their damaged cars into our assessment centres that we will have the repairs done within seven days or provide a courtesy car until the repair is completed. We also guarantee the repairs for the life of the car.”

(Subject to terms and conditions that appear on page 22.)



Managing Director's Letter to Shareholders

Dear Shareholder,

Your Company made excellent progress in 2003, and in this Annual Report, my first as your managing director, I am pleased to announce strong profit growth and an increase in the dividend.

The 23.5 percent rise in net profit, to $384 million, is a commendable result. It reflects a significant team effort and major improvements at many levels during the year which leave us well positioned.

In this letter, I will outline some of those major achievements, then give you my analysis of the profit results and the outlook for the future.

Our Journey

The Company has come a long way since it was initially brought together in December 1996 through the merger of Suncorp, Metway and QIDC. That original amalgamation created a new force in Australia's financial services industry, with a rare combination of skills in banking, general insurance and wealth management, and a strong Queensland business base.

In 2001, we launched ourselves onto the national stage through the $1.3 billion acquisition of the GIO general insurance business in Australia, which made us Australia's second largest general insurer and delivered significant market shares across the country.

We completed the GIO integration in June 2003, and our 2003 results bear testimony to the success of that acquisition. We have built a strong foundation based on high levels of operating efficiency and by providing excellent service to our customers. Our challenge now is to build on that base and continue to deliver great products and services at competitive prices for customers, thereby ensuring strong profit growth for shareholders.

Strategy Review

To achieve that end, it is vital that we have an ambitious vision, clear strategy and coherent, detailed plans for the future. From my perspective, having joined the Company in January, a key achievement has been the finalisation of the group's strategy for the next five years, and the communication of that strategy to staff, shareholders and the external community.

John Story outlined the financial services conglomerate approach in his letter. By operating as a financial services conglomerate, we can drive important synergies that include significant cost savings across the group, and higher revenues by selling a wider range of products to our existing customers. As long as we are ensuring that each of our business lines is operating at peak efficiency, we will deliver group results that are better than our competitors. Then the value of the group will be higher than the value of each of the component parts of the business, and we will be creating additional wealth for shareholders.

When developing our strategy, we used a business model which takes into account the interests of all our stakeholders, including customers, staff and the community, as well as shareholders. We aim to strike a balance that creates a strong sustainable business for the future.

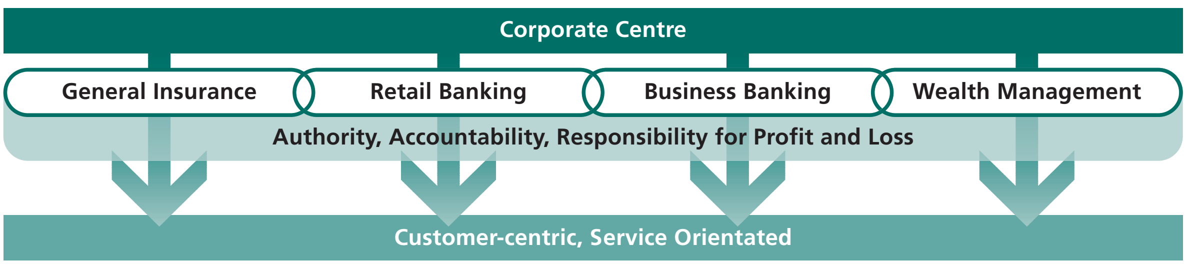
Organisational Restructure

The key to strong performance rests with our biggest asset – our people. We have approximately 8,000 staff across Australia, and within the Company we have a strong 'can-do' culture and a genuine desire to meet customer needs. A key to achieving our strategic goals is the adoption of an organisational structure which enables and encourages our people to perform well and reach their full potential.

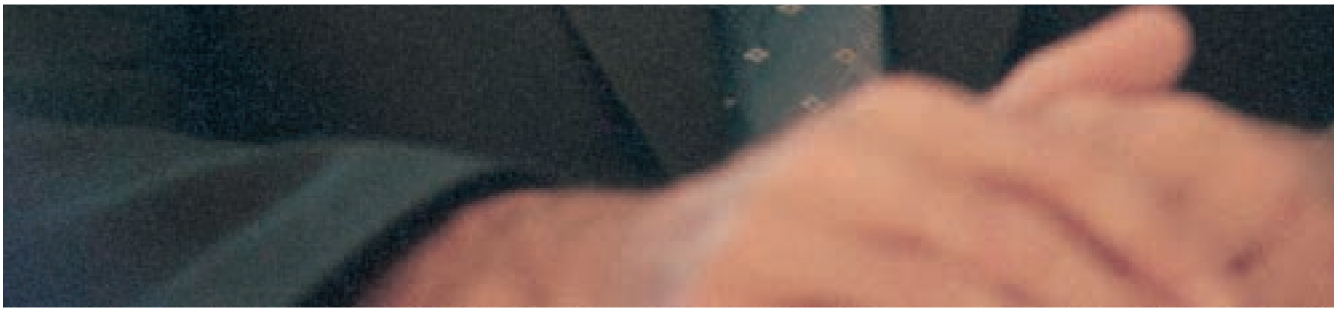
In March, we announced a fundamental restructure of the group, putting aside the previous complex matrix structure and reorganising around our business lines – Retail Banking, Business Banking, General Insurance and Wealth Management.

The new structure ensures that managers have the authority and responsibility to achieve their targets and deliver better service to customers. Within each business line we now have clearly defined roles and accountabilities for all staff, and an alignment of roles that puts the focus squarely on meeting customer needs and delivering excellent service.

Organisational Restructure



"The financial conglomerate strategy is an adaptation of Suncorp's previous Allfinanz approach ... taking a major step forward by imposing a new focus on delivering much better performance from the underlying businesses."
John Mulcahy, Managing Director



Managing Director's Letter to Shareholders

The executive management team was reviewed at the time of the restructure. The new team is now in place, and profiled on page 26 of this report. I am confident we have a strong team leading the Company.

Business Line Strategies

Within each of the business lines the relevant executives have devised detailed plans focused on delivering high standards of service and excellent products for our customers.

Retail Banking

In Retail Banking, the Company plans to operate as a 'super-regional' bank, clearly differentiated from the Big 4 and focused on core bank products including home lending, small business lending, transaction accounts and retail deposits.

We have commenced a fundamental re-engineering of home lending processes to improve performance and lift customer retention. Our home lending has now stabilised, halting the loss of market share that has been evident during the past 12 months and rebuilding growth momentum. We have simplified our range of products to reduce complexity for staff and customers, introduced a specialised home lending force to improve service, and redesigned our distribution networks to make them more effective.

Outside Queensland, we will continue to use intermediaries and alliances to grow our lending, and when we have built a sufficiently large business base, we will open branches to service those customers.

Business Banking

The Business Banking division will continue to focus on its strengths, being small and medium sized commercial banking, agribusiness and property. The Business Banking division has been performing strongly over the past few years, and we aim to continue that growth by cementing our strong relationships with our target customer segments.

We remain very committed to our property and agribusiness customers. We know those businesses well and have skilled staff providing high levels of expert service. Because of that specialist expertise and our thorough lending practices, we are very comfortable with our exposure to those businesses.

General Insurance

Following the acquisition of the GIO general insurance business from AMP in June 2001, Suncorp's General Insurance division has developed as a strong source of profit growth for the group. The acquisition and integration of GIO has achieved cost savings and revenue that have made the general insurance company one of the most efficient in Australia.

Our challenge now is to grow the business from that strong, competitive base.

The GIO brand, which has suffered in recent years, is being revitalised through major service improvements and extensive marketing campaigns, and is the main insurance brand outside of Queensland. We also aim to increase our presence in the commercial insurance sector, which we have identified as a major growth opportunity.

Wealth Management

Wealth Management is the group's smallest operating division, but we see potential for substantial growth through improving the penetration of our existing customer base, and by expanding our operations into new market segments such as the youth sector and pre-retirees. We also aim to take advantage of our strong investment skills to promote increased sales of investment products.

Financial Goals

As part of the strategy review, we have specified some key financial goals to focus our efforts and measure our progress:

1) We aim to deliver returns to shareholders in the top quartile of the financial services sector.
2) We expect to produce annual productivity gains of between 5 percent and 10 percent.
3) We aim to consistently report a return on equity of more than 15 percent.

Financial Performance

The table on the opposite page summarises the results for each half year.

While the full year net profit increased by 23.5 percent to \$384 million, you can see from the table that the profit improvement almost entirely occurred in the last six months. In the first half, profits increased by \$1 million to \$155 million and then in the second half, profits lifted by 46 percent to \$229 million. That is a record half year result for the Company.

The improvement was driven mainly by the strength of the General Insurance division, where the profit stream arising from the GIO acquisition is now flowing strongly to the bottom line, producing a 140 percent increase in second half earnings to \$161 million. Banking also made considerable progress in the second half, producing a 20 percent profit increase to \$168 million.

A key measure for shareholders is the earnings per share figure. On a cash basis, that is before goodwill amortisation, earnings per share increased by 19 percent for the year to

Financial Performance	Half Year ended June 03 $m	Dec 02 $m	June 02 $m	Dec 01 $m	June 03 vs 02 Change %
Banking	168	150	140	153	20
General Insurance	161	72	67	43	140
Wealth Management*	24	17	22	36	9
Other	5	4	4	4	25
Profit before goodwill and tax	**358**	**243**	**233**	**236**	**54**
Income Tax	97	58	46	52	111
Goodwill amortisation	32	30	30	30	7
Net profit	**229**	**155**	**157**	**154**	**46**

* Excludes Life and Super policy owners' interests, and tax.

82 cents per share. Again, the major improvement occurred in the second half when the increase was 41 percent to 47.8 cents, a record half year earnings per share for the group. It gives us great confidence for the future.

Transformation

A highlight of the period from an operational perspective was the completion of the Transformation program for the integration of the GIO business. The program is a very rigorous and intensive exercise, which strips out duplication and re-engineers processes to drive efficiency. I can confirm its effectiveness, and the results for the year prove the case. Because it was so successful, we have begun a new program to impose the disciplines of Transformation continually throughout the Company, constantly reviewing our practices to drive improvements.

The GIO Transformation program, which commenced in December 2001, was officially completed in June this year, and it achieved the group's goal of delivering savings and revenue benefits worth $240 million in a full year.

I will now go through each division and summarise the performance.

Banking

The Banking profit before tax increased by 8.5 percent to $318 million for the year, which is a reasonable outcome, and represents a return on equity of 19 percent for the year.

The Banking profit is really a story of two halves. The first half result was down to $150 million from $153 million in the prior corresponding six months.

Banking Profit	Year ended 2003 $m	2002 $m	Change %
Net interest income	592	550	8
Other operating income	155	126	23
Operating expenses	(380)	(343)	11
Bad and doubtful debts expense	(49)	(40)	23
Pre-tax profit	**318**	**293**	**8.5**

There were two key factors that affected the first half result:

1) Lending growth had slowed, particularly in the Queensland housing market, despite strong growth in the market overall. This led to a loss of market share.
2) Expense growth was much higher than it should have been at 10.5 percent.

Remedial action was taken during the year as the trends became clear. New initiatives and marketing campaigns were instituted to recover lending growth and increase non-interest income, and tighter controls were imposed on expenses.

The second half result consequently improved, and we were able to report a 20 percent increase in second half profit to $168 million.

Overall lending growth for the year was 11 percent, to $25.1 billion, compared to 12.7 percent for the market. Commercial lending growth was particularly strong, increasing by 15.4 percent compared with 4.6 percent for the industry. But housing growth at 9.4 percent was below the exceptionally strong 21.4 percent growth rate for the sector. The new lending initiatives we have introduced have already led to encouraging improvements in lending performance.

Credit conditions in Banking are generally very sound, and overall asset quality in our portfolio is strong. However, we maintain tight lending policies and high levels of security, and adopt a prudent approach to the market.

General Insurance

The benefits of the Transformation program are most clearly evident in the General Insurance result, which more than doubled to $233 million before tax, for the 12 months.

The clearest indicator of the underwriting performance of the insurance company is the insurance trading result, which is made up of the premium revenue, less claims costs and operating expenses, plus investment income earned on the funds held to pay claims. The result increased by 85 percent to $209 million, which is equal to 10.4 percent of premium income – a pretty healthy margin.

The improvement was primarily driven by solid premium growth, which increased 12 percent to $2.01 billion, and

Managing Director's Letter to Shareholders

	Year ended 2003 $m	2002 $m	Change %
General Insurance Profit			
Net premium revenue	2,012	1,797	12
Net incurred claims	(1,651)	(1,409)	17
Operating expenses	(433)	(448)	(3)
Investment income, tech provisions	281	173	62
Insurance Trading Result	**209**	**113**	**85**
Other income	32	11	191
Investment income, shareholder funds	11	0	–
GIO acquisition funding costs	(19)	(14)	36
Pre-tax profit	**233**	**110**	**112**

Net of certain statutory fees and charges included in income and expenses in the consolidated financial report.

reduced operating expenses, which fell by 3 percent to $433 million. Leaving aside the direct costs associated with writing new business, such as brokers' commissions, operating expenses decreased by 31 percent to $202 million for the year, which is an excellent performance. The expense ratio, which measures expenses as a proportion of premium income, reduced to 21.5 percent for the year, and was 20.9 percent in the second half.

The claims experience in the year was affected by the devastating bushfires, which struck Canberra in January. They cost the Company in the vicinity of $26 million, with 323 claims in total including 47 houses destroyed. The incident serves as a strong message to the community to ensure that they hold adequate insurance cover.

The claims expense was also affected by an increase in costs in the Queensland Compulsory Third Party insurance market, where we have seen evidence of rising awards for personal injury.

Suncorp has been working with the government and regulator to review the scheme to maintain acceptable levels of affordability for consumers and profitability for insurers. We are cautiously optimistic that planned legislative changes will check rising claims costs and maintain the stability of the scheme.

The General Insurance result benefited from a one-off gain of $16 million made from the sale of two central Brisbane property assets, and that amount is included in other income in the table to the left.

	Year ended 2003 $m	2002 $m	Change %
Wealth Management Profit			
Life Company	32	39	(17.9)
Funds Management	9	19	(52.6)
Pre-tax profit	**41**	**58**	**(29.3)**

Excludes Life and Super policy owners' interests, and tax.

It also was gratifying to see an improvement in investment income on shareholder's funds during the year, following the poor returns of 2002. During the second half we announced that we were reducing the proportion of shares in our investment portfolio from 85 percent to approximately 40 percent. While this will slightly reduce the expected investment returns over the long term, it also will reduce the volatility of our earnings and produce a more reliable income stream.

Overall, conditions in the general insurance industry are now fundamentally strong, following a period of consolidation. Prices have risen considerably over the past two years and are now appropriate to cover the risks being borne by the insurance industry. Our challenge is to take our strong position and grow the business.

Wealth Management

The pre-tax profit from Wealth Management activities was $41 million for the year to June 2003, compared to $58 million in the prior year, which included a one-off profit of $8 million relating to the sale and restructure of property portfolios. The business environment remained difficult, as continuing weakness in investment markets resulted in a slowdown of fund inflows across the Australian funds management industry.

On a half year basis, the divisional results are improving. The second half profit increased by 9 percent to $24 million, compared with the June half in 2002.

Wealth Management profits are derived from two sources – profits from the Life Company and earnings from Funds Management activities.

The Life Company recorded a pre-tax profit contribution in 2003 of $32 million, compared with $39 million in the prior year. The profit fell mainly because of lower experience profits, and reductions in the value of subsidiary service companies, due to the impact of poor investment market conditions.

Funds Management profit was $9 million at June 2003, compared with $11 million in the prior year (excluding an $8 million one-off profit for the sale and restructure of property portfolios in 2002).

Wealth Management funds under management at June 2003 totalled $9.9 billion, an increase of 5 percent on the previous year. Funds Management activities outperformed the benchmark in all asset classes recording a positive return in the asset classes of cash, fixed interest, domestic equities and property trusts, while international equities recorded a negative return, in the 12 months to June 2003.

Looking Forward

'be heard'

The theme of this year's report, as you would have seen from the front cover is 'be heard'. That is the brand promise for our newly launched marketing and branding campaign. The approach we are adopting is all about service. We believe that is the key to success in our business today, and we pride ourselves on maintaining excellent service quality.

Through the 'be heard' campaign, the message we are conveying is that Suncorp listens to its customers in order to better understand their needs and then acts decisively to deliver relevant solutions, through continually improving products and extraordinary customer service.

The external campaign is a natural extension of a major internal program to ensure that the organisation stays very customer focused. The internal program is called the Customer Service Initiative. It involves tracking our performance in key service areas. For example, we know that customers don't want to wait in queues at branches or on the phone and we know they want their smashed car repaired quickly. So we measure how our service rates in these areas and a number of others.

Outlook

I would like to turn to the outlook for the coming year.

The Australian financial services industry is highly competitive across all areas of business and all major product lines.

In Banking, we would expect to see some slowing in the extraordinarily high credit growth that has been evident over the past two years, particularly in the housing sector. However, we expect the changes we are making to our home lending processes and distribution to lead to improved sales and better retention rates.

Interest rates are expected to be fairly stable for the immediate future, so we would not expect significant reductions in margins, and we remain confident that overall credit conditions will continue to be favourable. Consequently, we would expect to report an increase in profit before tax of between 8–10 percent for the year.

In General Insurance, as I mentioned earlier, the industry has recently been through a structural change which has significantly improved the operating environment and lifted profitability. While we expect to see continued strong competition in general insurance, we believe that new disciplines are now being imposed on the industry which will help to ensure that rational pricing practices prevail for the foreseeable future.

Speaking more specifically about the Suncorp business, during the coming year we will gain further benefits from the flow through of the Transformation exercise. We also will be implementing a range of initiatives across the business to drive improved growth, such as the revitalisation of the GIO brand and the restructuring of commercial distribution management.

These factors should enable the General Insurance division to deliver an insurance trading result towards the high end of our target range of 10–13 percent of net earned premium for the full year, assuming no natural disasters, unusual claims events or financial catastrophes.

Wealth management markets are showing signs of recovery as equity markets regain lost ground and investor confidence improves. The measures we are taking to improve our product set and distribution capability should lead to increased inflows on the back of our strong investment track record. So we would expect to see high single digit growth in Wealth Management profit before tax.

Taken together, these improvements should lead to a solid profit result, and an increase in underlying profit, before goodwill, tax, one-off gains and investment earnings on shareholder's funds, of the order of 15 percent in the full year.

Summary

So in summary, we have had a good year and an excellent final six months. We have an ambitious vision, a clear strategy and detailed plans. We expect to build on our strong track record and deliver increasing benefits to our customers, staff, community and shareholders.

To achieve our goals requires the dedication and commitment of our staff across Australia. They have all made a great effort in the past year, in the face of considerable change and upheaval. They have demonstrated the Suncorp 'can-do' culture. I would like to thank them sincerely for their efforts.

Finally, I would like to thank my colleagues on the Board and all the shareholders for their strong support.

John Mulcahy
Managing Director and Chief Executive Officer

Group Overview

Who we are

Suncorp is one of Australia's 30 largest listed companies and the most diversified of the country's major financial services institutions.

We are a national Company with our Head Office in Brisbane, Queensland. We are Australia's sixth largest bank and second largest insurance company, with total assets of more than $38 billion. The Company has a market capitalisation of approximately $6.5 billion, 194,000 shareholders, and approximately 8,000 staff.

Our main businesses are retail and business banking, general insurance, life insurance, superannuation and funds management. The focus of our business is on retail consumers and small to medium sized businesses.

In Banking, the Company lends more than $25 billion to 890,000 customers nationally, and operates in home lending, consumer lending and deposits, transaction accounts, property development finance, property investment, lease finance, commercial lending and agribusiness.

In General Insurance, Suncorp earns annual premium revenue of more than $2 billion nationally and has strong market shares in most of its insurance business classes including CTP, home insurance, motor insurance, workers compensation and commercial insurance.

In Wealth Management, we provide life insurance, superannuation and investment services to our 148,000 customers and we manage almost $10 billion in investments, including the reserves of our general insurance business and life insurance company.

Of our 3.8 million customers across the group, just over half are in Queensland, with the remainder spread throughout the rest of Australia.

Our customers have access to 229 Suncorp Retail and Business Banking branches and outlets, predominantly in Queensland, and 40 GIO agencies nationally. As well, we have mobile lenders, insurance representatives and financial advisers located across the country. The Company owns the LJ Hooker real estate franchise, and we distribute lending products through mobile consultants attached to the LJ Hooker and First National networks. We also have an exclusive distribution arrangement with the AMP network to sell general insurance products.

Our customers have access to 243 Suncorp ATMs and more than 21,600 ATMs of other banks, as well as 6,000 EFTPOS terminals. Nearly 170,000 Suncorp customers now use our internet service for their everyday banking needs. Over the last year, $2.5 billion in funds transfers (up 70 percent), $1.1 billion in BPAY® transactions (up 65 percent) and $0.9 billion in external transfers (up 250 percent) were made by internet bankers.

Customers can also make applications on line for a transaction account, credit card, home or investment property loan, small business loan or personal finance loan, share trade, manage a margin lending facility or a superannuation account, and purchase home or car insurance. More than 11,000 customers go online for insurance quotes each month.

Our seven call centres, which take care of customers' banking, insurance and wealth management needs, average more than 1.3 million calls per month.

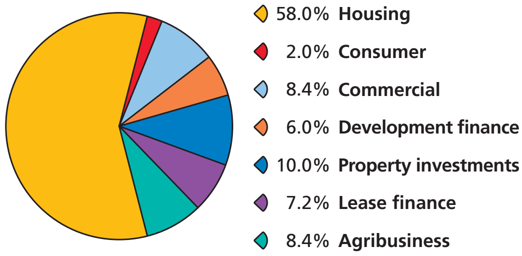
Banking

Our Business in Profile

We are Australia's sixth largest bank, with total loans of $25 billion to more than 890,000 Retail and Business Banking customers.

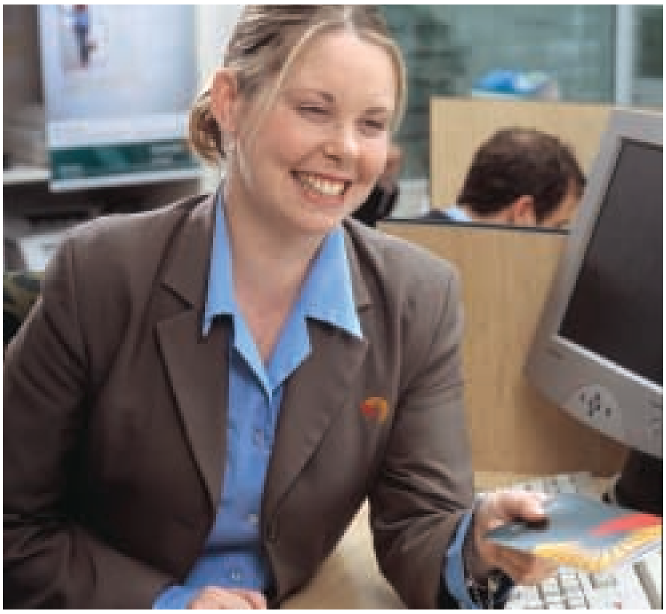
Our portfolio is dominated by low risk housing loans, which make up 58 percent of the total portfolio, but we also have extensive business banking operations, with assets of $9.9 billion.

Banking portfolio
$25b as at 30 June 2003



be heard

Our 8,000 staff are located all over Australia although the majority are in Queensland and New South Wales. From Perth to Penrith, Hobart to Cairns, they are capable, committed and customer focused. We have created an environment which supports them to get on and do what they do best! Staff are encouraged to have a sense of ownership of the new corporate vision and to develop their own goals and plans so that they can realise the vision for themselves. We also recognise the demands on staff both at work and outside of work and offer a range of practical support to assist juggling these responsibilities to provide a better work/life balance.



Group Overview

The bulk of our lending is in Queensland, which makes up $16 billion of our $25 billion in loans, but we have a growing proportion interstate. Total assets outside Queensland increased by 27 percent to almost $9 billion during the year, which is equal to 36 percent of the portfolio.

In Retail Banking, we offer our 828,000 customers home and personal loans, transaction and savings accounts, credit cards and foreign currency services through an extensive branch network, ATMs, call centres, the telephone and the internet.

In Business Banking we have 64,000 customers and a broadly diversified portfolio. It includes lending in property, agribusiness, commercial banking and equipment and lease finance and trade finance. Of our total business banking assets of $9.9 billion, approximately 58 percent are in Queensland, and we have a solid, growing presence in NSW, Victoria and Western Australia.

Our network of 187 Business Banking managers includes 60 specialist agribusiness managers throughout Queensland, NSW and Victoria.We have been providing financial services for rural producers for over 100 years and today provide over $2 billion in loans to this sector. We hold approximately 25 percent of the agribusiness market in Queensland and in other states our agribusiness market continues to expand strongly.

Commercial Banking provides working capital and term finance for small to medium enterprises. This year commercial lending assets grew by 22 percent to over $2 billion reflecting the development of our business distribution network and our business banking branding.

Development Finance, which provides finance for mainly residential developments in metropolitan areas, had the strongest asset growth, buoyed by rising property values and continued construction activity.The portfolio increased by 28 percent to $1.48 billion. Property Investment, which includes finance for facilities such as shopping centres and warehouses, also grew strongly, rising 14 percent to $2.52 billion.

Operational Highlights of 2003

The Company launched its new Visa credit card in June, following research showing strong demand from our customers. The initial response has been well beyond our initial expectations, as customers have recognised the many attractive design features of the card.

Called Suncorp Clear Options, the card provides a wide range of choices for customers, with rewards available including travel, merchandise and cash vouchers. Customers can choose either a standard card or premium card, with different fees, interest rates and interest free days, depending on their individual preferences. The card was recently ranked by independent group Cannex as one of the best in the country.

The card fills out the Suncorp product range, enabling us to provide a full suite of products for our retail and business customers.

Another operational highlight of the year was the introduction of the next stage of our customer relationship technology called Enterprise. The system enables us to provide excellent service by tracking all of our products and services that any individual customer uses. This means that when a customer either phones the call centre or stops at a branch, the person they speak to has the information available to provide the required assistance. The latest update of Enterprise enables changes in customer details, such as a change of address, to be recorded across all our product data bases, avoiding duplication and improving service for our customers.

The Environment

Credit growth across the industry remains strong, particularly in housing.The levels of lending growth the industry has experienced in the housing segment in the past year are expected to moderate in 2004, but this is expected to be offset by ongoing strength in business lending. The operating environment remains positive, with low interest rates, good economic growth and favourable credit conditions prevailing.

be heard

Teacher Aides Stewart and Michelle Webber inspect their new home under construction in Brisbane. "Everything has been going well but it's been a long time coming," said Michelle. "We're very excited about moving in soon, especially having the swimming pool ready in time for the hot summer days." The Webbers took advantage of our Ready Access home loan, with its introductory discounted interest rate for the first 12 months, redraw facility and savings account that allows all of their funds to be 100 percent offset against their loan. The introductory interest rate was used for the purchase of their land and they were then able to add to that same loan for the construction of their house.
Suncorp processed nearly 60,000 home loans during the year.

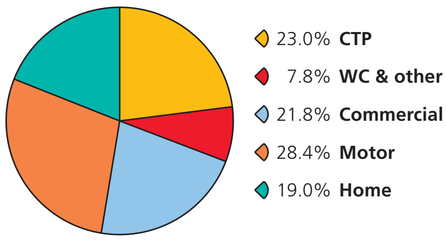
General Insurance

Our Business in Profile

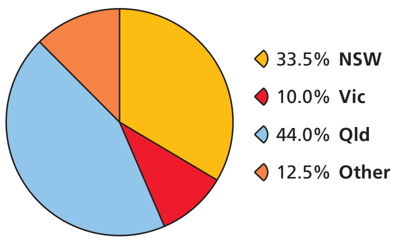
We are Australia's second largest general insurance company, with annual premium revenue of more than $2 billion. Our General Insurance division takes care of 3.3 million customers Australia wide, providing home insurance, motor vehicle insurance, personal effects cover, commercial insurance, Compulsory Third Party insurance (CTP) and workers' compensation services.

We have a broad geographical spread, with 44 percent of our premium revenue coming from Queensland, 34 percent from NSW, 10 percent from Victoria and the rest spread between Western Australia, Tasmania and the ACT.

General Insurance portfolio
Gross written premium
$2.26b as at 30 June 2003



Gross written premium by state
$2.26b as at 30 June 2003



We hold substantial market shares nationally and we continue to be market leaders in our Queensland home base in motor insurance (32 percent), in home insurance (29 percent) and CTP insurance (54 percent). Across Australia we provide cover for more than 1.8 million motor cars and 900,000 homes.

Our commercial insurance business covers property, liability, motor, marine and associated risks throughout Australia. We remain the leading provider of commercial insurance products to around 270,000 small to medium businesses, or 25 percent of the national market.

Through GIO we offer workers compensation services in New South Wales, Australian Capital Territory, Western Australia and Tasmania to more than 120,000 enterprises in the government and private sectors.

Over the year we paid out more than $1.5 billion in claims to people who had suffered financial misfortune in one form or another. We settled more than 355,000 motor, home and commercial claims and over 4,000 casualty claims. Natural disasters and storms in four states, including the devastating Canberra bushfires, resulted in more than 2,300 claims. We also settled more than 8,000 compulsory third party, disability, trauma and accidental death claims in the year.

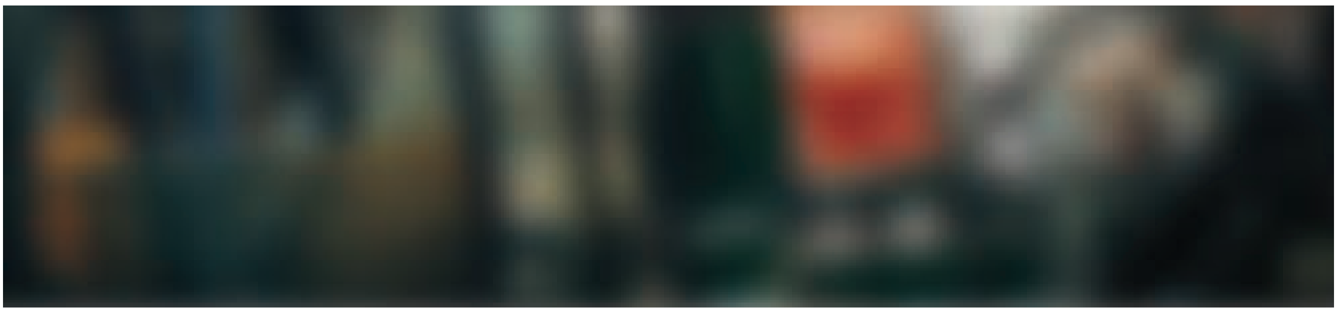
Operational Highlights

A highlight of the past year from an operational perspective was the completion of the Transformation program for the integration of the GIO business. The program, which commenced in December 2001, was officially completed in June this year, delivering savings and revenue benefits worth $240 million in a full year and contributing to a dramatic improvement in our operating efficiency.

The program involved hundreds of initiatives aimed at improving service and lifting efficiency.

One of the major improvements implemented during 2003 was the restructuring of our claims operations. We built three new motor vehicle assessment centres in Sydney, at Seven Hills, Arncliffe and Moorebank, and we upgraded the Artarmon centre. In Melbourne, we relaunched our motor vehicle assessment centres and substantially increased customer awareness, thereby improving the usage of the centres, which offer significant service advantages for customers. They simply need to drive their damaged car into the centre, and we take it from there, taking the hassle out of the process for our customers.

Rocky Point Sugar Mill in south-east Queensland has a 125 year history in the hands of five generations of the Heck family. Wanting to ensure the long term viability of the family enterprise, the Heck family entered into an arrangement which allowed the construction of a cogeneration power station adjacent to the sugar mill using the sugar cane waste after milling as the primary fuel for the plant. Suncorp assisted the family with the significant refurbishment of the old milling facilities. The $50 million cogeneration plant generates up to 160,000 megawatt hours of 'green' energy annually from waste that would otherwise have been consigned to landfill or burnt. This electricity supplies more than 18,000 homes and reduces greenhouse gas emissions by up to 130,000 tonnes. Through their foresight Bill Heck, and sons David and Murray are ensuring a cleaner and financially secure future for the family's sixth generation and local cane producers as well as leading the way for the rest of the sugar industry.



We simultaneously extended our Queensland service commitment to our customers in NSW and Victoria. We guarantee those customers who drive their damaged cars into our assessment centres that we will have the repairs done within seven days, or we will provide a courtesy car until the repair is completed. We also guarantee the repairs for the life of the car.

Another operating highlight of the year was the creation of new call centres in Toowoomba and Melbourne, focused on providing support for GIO customers. During the year we completed the restructuring of the former GIO district offices, replacing them with a centralised processing system and centralised phone support for our customers. In Toowoomba, we have 110 dedicated teleclaims staff, with all new claims now taken over the phone, providing significantly improved convenience for customers and faster service.

Additional efficiencies were also achieved during the year through the introduction of workflow and imaging technology to GIO claims processing. This makes the processing of claims paperless, and therefore much quicker for customers.

The General Insurance Industry

The fundamentals in Australia's general insurance industry have improved dramatically in the past two years, due to structural adjustments following major losses in the recent past.

While competition remains healthy, industry profitability has improved because companies have adopted a more disciplined approach to pricing their policies following the demise of the HIH Insurance group.

This has been given regulatory weight through important new prudential guidelines which require insurers to hold significant funds in reserve to cover claims costs. Insurers are now pricing their products at appropriate rates to enable them to put aside sufficient funds to cover the underlying risks and provide an acceptable return for shareholders. In this new environment, consumers can feel much more confident that when a claim is made, the insurance company will have the money available to pay the claim.

Suncorp has always adopted a conservative approach to its reserving. In other words, we make sure that when a claim is made, we put aside enough money to cover the eventual cost. In fact, we set aside significant additional funds, called risk margins, to increase the security of our position. In the year to June 2003, our risk margins totalled approximately $570 million, and our total outstanding claims provisions were $3.8 billion. So consumers can feel very confident that Suncorp is strong and secure.

Following the completion of the Transformation exercise, the general insurance business is now turning its focus to growth, and is implementing a range of initiatives in the 2004 year to lift premium revenues in all our markets. With the fundamentals in the industry expected to remain healthy, the outlook is favourable.

Wealth Management

Our Business in Profile

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

The business can be viewed in two parts – the Life Company, and the Funds Management operations.

Within the Life Company, we provide a full range of life insurance, superannuation and managed investments, with a comprehensive range of products and services, including financial planning and advice, to 148,000 retail customers.

We are growing our Wealth Management business through leveraging the highly developed cross-sell capabilities in the organisation, our strong investment performance, our broad product set and our extensive distribution networks.

We have 154 financial advisors and investment consultants in our branches who are able to take advantage of leads generated through the network, including opportunities with our GIO customers.

We offer individual investors in our retail unit trusts easy access to nine options from secure cash to property and shares, providing attractive short, medium and long term investment.

Photo courtesy: Newspix/David Lucietto

be heard

When bushfires struck Canberra in January, Suncorp and GIO were there to help our customers deal with the tragedy. Within 24 hours of the fires hitting the suburbs of Canberra, we had 30 assessors and support staff on the ground, organising temporary accommodation for customers, providing immediate cash support payments, and just being there to answer people's concerns. In total, we received 263 major claims related to the fires, including 47 houses totally destroyed. Over the following months, we paid out a total of $26 million in claims, and we maintained a strong staff presence in the nation's capital to help people rebuild their lives.

Photo courtesy: Newspix/Michael Jones

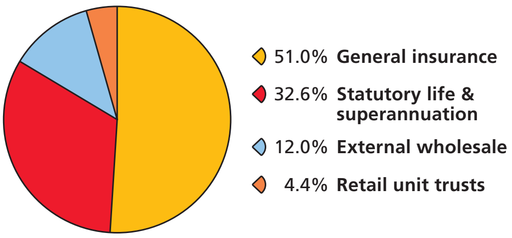
Group Overview

Easy Super provides personal super, employer sponsored and allocated pension choices. There are 25 investment options offered within Easy Super Personal Superannuation and Easy Super Allocated Pension to meet different investment needs with the flexibility to invest in one portfolio or in any combination of portfolios. Registered members and employers have online access to Easy Super superannuation accounts.

Term, trauma and income protection insurances are also available for policyholders seeking lump sum or income payments in cases of sickness or injury or benefits to families should the insured person die.

In Funds Management, we manage $9.9 billion in funds, including $3.6 billion in life insurance and managed investments for customers, $1.2 billion in wholesale funds, and $5.1 billion from reserves of our general insurance business. Together, these sources of funds provide us with the critical mass to be within the top 20 fund managers in Australia.

Funds under management
$9.9b as at 30 June 2003



The funds are invested across a range of asset classes, with the majority in Cash, Australian fixed interest and Australian equities.

Operational Highlights

The operational highlight of 2003 was our investment performance. Despite subdued financial markets overall, we outperformed the industry benchmarks in all major investment classes.

	Market average results %	Suncorp results %
Investment Performance		
Australian Cash	4.97	5.25
Australian Fixed Interest	9.78	9.91
World Fixed Interest	12.23	12.71
Australian Equities	(1.71)	1.06
World Equities	(18.29)	(16.51)
Listed Property Trusts	12.15	12.57

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

Given the nature of our investment stakeholders, we have developed a natural funds management strength in the areas of Australian asset sectors.

With $6 billion in Australian fixed interest and equities, we believe that our current size as a funds manager is a competitive advantage as many of our larger scale competitors may find it increasingly difficult to deliver superior investment performance in the future.

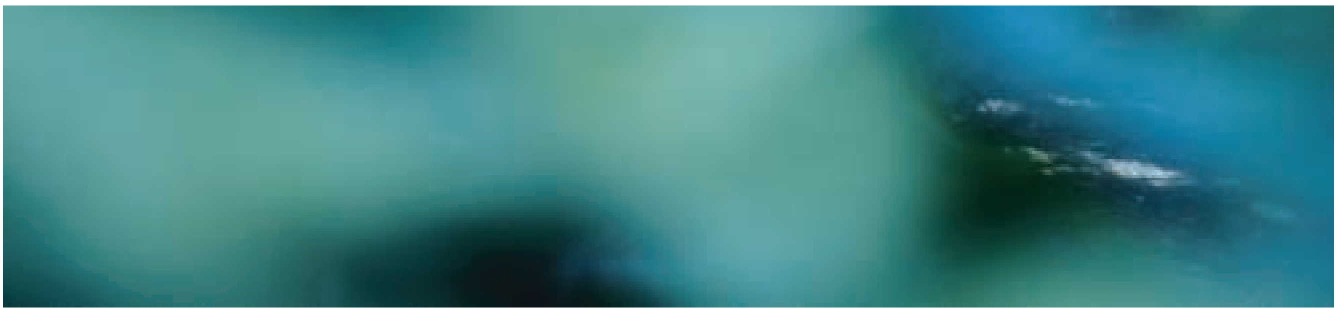
While wealth management businesses globally have been affected by investment market volatility in recent years, the medium term growth prospects are strongly underpinned by the need for Australians to provide for their own retirement needs and the compulsory nature of superannuation.

Customer Service Initiative (refer page 7)

The offer applies to cars, 4WD's, 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.

be heard

Recent retirees Don and Jill Atkinson share a love of gardening. This wonderful shady oasis which they have created at their suburban home is just the spot for a cup of tea or to take time out in the hot summer months. They have been clients of Suncorp Financial Planning for over seven years and have been accumulating superannuation contributions with retirement in mind. Their financial advisors put together a strategy using their superannuation and other monies to establish an allocated pension for each of them to provide a very tax effective retirement income. Don and Jill can now look forward to a very comfortable retirement knowing their income will be regular and stable, with little or no tax. Most importantly, their financial advisors will continue to review this strategy annually to ensure that this remains the case.



Our Community

We support the communities we serve by sponsoring numerous events and providing much-needed assistance to charities.

One of our largest community sponsorships is The Youth Enterprise Trust (YET), whose wilderness-based programs and ongoing support help young Australians from all walks of life discover a sense of purpose in their lives. This year, the Trust received $74,000 from a marketing campaign in which we donated $10 for each new CTP insurance policy that was switched to Suncorp.

The Bridge to Brisbane Fun Run, which involved 14,000 competitors, including 2,000 staff and their families, completing a 12 kilometre course along the Brisbane River, raised around $200,000 for the Brisbane PA Hospital Research Team and the Cerebal Palsy League.

We also sponsored Queensland's highest citizenship honours, which were announced by Premier Peter Beattie at a special ceremony at Parliament House. Professor Alan Mackay-Sim received Suncorp Queenslander of the Year for his groundbreaking research which has the potential to help paralysed people walk again. And Alice Chang, a 23-year-old medical student, received Suncorp Young Queenslander of the Year for her passionate work to raise the profile of youth issues and young Queenslanders in the community.

This year, as part of our support of our agribusiness customers, we sponsored Beef Australia in Rockhampton, the country's premier beef cattle industry event. We also sponsored Butterfly Week for the Hear and Say Centre, raising funds and awareness for deaf and hearing-impaired children, and Daffodil Day, the Cancer Council's biggest fundraising event of the year for cancer research, education and patient/family support.

Other community programs during the year that received our support included:

- Suncorp River*fire*
- Royal Flying Doctors Service
- Salvation Army Red Shield Appeal
- B105FM Christmas Royal Children's Hospital Appeal
- Parramatta Chamber of Commerce NSW – regional business awards for excellence
- Urban Development Institute of Australia's national and Queensland awards for excellence in property development
- Queensland Cricket

Staff also gave freely of their time and expertise to help charities and local community events. For example, in Brisbane and Sydney staff stepped up to the World's Greatest Shave challenge and helped raise over $15,000 for leukaemia research and patient support. They also responded enthusiastically to raising funds for community Christmas Days for rural families in drought stricken areas across the Darling Downs in Queensland.

Over 100 volunteers, including Suncorp staff, joined the Back to Woodstock working bee as part of their commitment to the YET program. They painted Kurrajong House inside and out, built a chook pen and planted 300 trees.

Over 14,000 people ran or walked either 12 or 4.5 kilometres to the finishing line in the Bridge to Brisbane Fun Run which raises thousands of dollars for charity each year.

Photo courtesy: The Courier-Mail

We announced two important sponsorships this year that will bring significant benefits to Suncorp. In our biggest-ever sponsorship deal, we signed on as an official partner of the Rugby World Cup 2003, the largest sporting event in the world this year, with a global audience estimated at four billion people in 209 countries. Australian rugby legend Nick Farr-Jones is our official RWC ambassador. A number of the RWC matches will be played at one of the finest sporting arenas in the country, Suncorp Stadium. We have secured the naming rights of this outstanding venue in Brisbane until 2009.

Group Executive

John F Mulcahy PhD (Civil Engineering), BE (First Class Hons)
Managing Director

John Mulcahy joined Suncorp as Chief Executive Officer on 6 January 2003. He had previously held a number of executive roles at the Commonwealth Bank since 1995. John ranks as one of the most widely experienced financial services executives in Australia. He also has broad management experience, having served as Chief Executive of Lend Lease Property Investment Services and Chief Executive of Civil & Civic prior to 1995.

Mark Blucher AAIBF
Group Executive Retail Banking Customers

Mark Blucher was recently appointed to his current position having previously held the position of Group Executive Retail Distribution and HR. His key function is Retail Banking customer management, with responsibility for the profit and loss outcome, product management, distribution and processing. 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.

Bernadette Fifield MBA, BBus (Mktg)
Group Executive, Wealth Management, Group Strategy and Group Marketing

Bernadette recently joined Suncorp to take up a Group Executive role responsible for the Wealth Management business as well as Group Marketing, Group Strategy and Corporate Relations. Bernadette joins the group with over 20 years experience gained in senior roles across financial services. Bernadette was previously at the Commonwealth Bank where she held a number of senior executive positions including Executive General Manager, Business Development and General Manager eCommerce.

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 IT within 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 HR, Projects & Central Services

Peter Johnstone was appointed to this position in the group's recent restructure. He was previously responsible for the integration of Suncorp and GIO businesses, as well as back-office functions of Banking. Peter has assumed responsibility for Human Resources which encompasses the introduction of Suncorp's new Leadership Framework. He retains the Legal Department, Central Services, and Corporate Projects Division. 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 in 1996, at which time he played an integral role in the Suncorp Metway group merger, Peter was General Manager Operational Support and General Counsel of the Bank of South Australia. He has over 30 years experience in finance, business and law.

Ray Reimer
Group Executive Business Banking Customers

Ray Reimer was recently appointed to his present role and is responsible for commercial banking, agribusiness, property finance, equipment finance, corporate and trade finance customers. He brings a wealth of business banking experience to the position having previously held executive business banking and other senior roles throughout his 25 years with the group. Ray commenced his banking career with the Agricultural Bank and later held retail and commercial banking positions in Metway Bank.

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 20 years of direct experience in various senior roles in the finance sector.

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

John Trowbridge, is responsible for the General Insurance business of Suncorp, including GIO. He joined Suncorp in 2002 following a distinguished consulting career, having established Trowbridge Consulting in 1981. John has given advice to all of Australia's major banks and insurance companies as well as State and Commonwealth Governments over a wide range of management, corporate and actuarial issues, and is an acknowledged leader in the insurance industry.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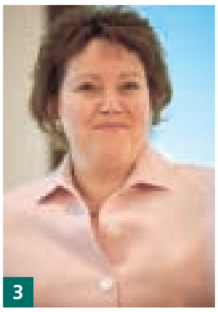
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1 John F Mulcahy
2 Mark Blucher
3 Bernadette Fifield
4 Carmel Gray
5 Peter Johnstone
6 Ray Reimer
7 Chris Skilton
8 John Trowbridge

Board of Directors

John D Story BA, LLB, FAICD
Chairman Age 57

Director since January 1995, Deputy Chairman since June 2002 and Chairman since March 2003. John Story is non-executive Chairman of the law firm Corrs Chambers Westgarth and is a director of Jupiters Limited, CSR 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.

William J Bartlett FCA, CPA, FCMA, CA (SA)
Non-executive Director Age 54

Director since 1 July 2003. Bill Bartlett is a director of RGA Reinsurance Company of Australia Limited. He has had 35 years experience in accounting and was a partner of Ernst & Young in Australia for 23 years, retiring on 30 June 2003. He also has extensive experience in the actuarial, insurance and financial services sectors through membership of many industry and regulatory advisory bodies including the Life Insurance Actuarial Standards Board since 1994.

Ian D Blackburne MBA, PhD, BSc (First Class Hons)
Non-executive Director Age 57

Director since August 2000, Ian Blackburne is Chairman of CSR Limited, the Royal Botanic Gardens and Domain Trust (NSW) and the Australian Nuclear Science & Technology Organisation and is a director of Teekay Shipping Corporation. 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 70

Director since December 1996, Rod Cormie is also a Chairman 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.

Cherrell Hirst AO MBBS, BEdSt, DUniv (Hon), FAICD
Non-executive Director Age 58

Director since February 2002, Cherrell Hirst is a medical doctor and was a leading practitioner in the area of breast cancer diagnosis. She is Chairman of Peplin Biotech Limited and has been Chancellor of Queensland University of Technology since 1994. She is also Chair of the Board of Trustees, Brisbane Girls Grammar School and has recently become a member of the Board of Opera Queensland Limited. Cherrell was a former director of Metway Bank from July 1995 to December 1996.

James J Kennedy AO CBE DUniv (QUT) FCA
Non-executive Director Age 69

Director since August 1997, Jim Kennedy is a Chartered Accountant and a director of GWA International Limited, Macquarie Goodman Funds Management Ltd, Qantas Airways Limited and the Australian Stock Exchange Ltd. He is also a member of the Blake Dawson Waldron Advisory Board.

Martin D E Kriewaldt BA, LLB (Hons), FAICD
Non-executive Director Age 53

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 Opera Queensland Limited, and a director of Campbell Brothers Limited, GWA International Limited, Oil Search Limited and the Australian Major Performing Arts Group. He is a consultant to Allens Arthur Robinson and Aon Holdings Australia Limited and a member of the Redeemer Lutheran College Council.

John F Mulcahy PhD (Civil Engineering), BE (First Class Hons)
Executive Director Chief Executive Officer Age 53

Director since joining Suncorp on 6 January 2003 as Chief Executive Officer. John Mulcahy is a member of the Business Council of Australia and the Australian Bankers Association Council. He previously held a number of executive roles at the Commonwealth Bank since 1995 and ranks as one of the most widely experienced financial services executives in Australia. John also has broad management experience, having served as Chief Executive of Lend Lease Property Investment Services and Chief Executive of Civil & Civic prior to 1995.

Chris Skilton BSc (Econ), ACA
Executive Director, Chief Financial Officer Age 49

Director since 13 November 2002. Chris Skilton was appointed Chief Financial Officer of Suncorp in June 2001. He has over 20 years experience in various senior roles in the finance sector including executive positions with Westpac Banking Corporation and as Managing Director and Chief Executive Officer of AIDC Ltd.


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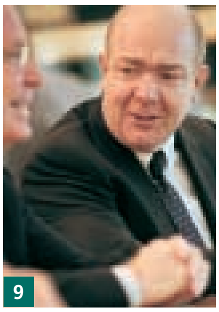
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1 John Story
2 William Bartlett
3 Ian Blackburne
4 Rodney Cormie
5 Cherrell Hirst
6 James Kennedy
7 Martin Kriewaldt
8 John Mulcahy
9 Chris Skilton

Corporate Governance

The Board of Directors of Suncorp-Metway Ltd ('Suncorp' or the 'Company') is responsible for the Corporate Governance of Suncorp and its controlled entities (collectively the 'Suncorp Group'). 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 are protected and the confidence of the investment market in the Company is maintained.

Principles of Good Corporate Governance and Best Practice Recommendations

On 31 March 2003 the ASX Corporate Governance Council (Council) published a document entitled 'Principles of Good Corporate Governance and Best Practice Recommendations'. The document articulated 10 core principles and 28 best practice recommendations that the Council believes underlie good corporate governance and included guidelines to assist companies in complying with the principles and best practice recommendations.

Effective from the first financial year commencing after 1 January 2003, all listed companies are required to disclose the extent to which they have followed these principles and best practice recommendations. For Suncorp, this means disclosure of any non-complying practices must be made in next year's, (2004), Annual Report.

The Board supports the core principles and best practice recommendations published by the Council and will report by reference to them in this year's (2003) Annual Report. The current policies, procedures and practices of Suncorp, which have been developed and implemented by the Board and management over many years, comply with the principles and best practice recommendations published by the Council.

The list of 10 core principles and 28 underlying best practice recommendations and a description of the structures and practices Suncorp has in place to address each of the principles and best practice recommendations, is available on the Suncorp website at www.suncorp.com.au.

Board of Directors

Role of the Board

The Board is accountable to shareholders for the performance of the Suncorp Group and has overall responsibility for its operations.

The Suncorp 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.

During the year, a Board Charter was adopted, which sets out the principles for the operation of the Board of Directors and provides a description of the functions of the Board and the functions delegated to management. A copy of that Charter is available on the Company's website under 'Corporate Governance', however the key functions of the Board and the functions delegated to management, as described in the charter, are summarised below:

Key functions of the non-executive directors of the Board:

- Approve the strategic direction and related objectives for the Group.
- Approve annual budgets.
- Monitor executive management performance in the implementation and achievement of strategic and business objectives and financial performance.
- Ensure business risks are identified and approve systems and controls to manage those risks and monitor compliance.
- Appoint and remove the Managing Director and ratify the appointment and removal of executives reporting directly to the Managing Director (senior executives).
- Approve the Managing Director's and senior executives' performance targets, monitor performance, set remuneration and manage succession plans.
- Determine and approve the level of authority to be granted to the Managing Director in respect of:
    - Operating and capital expenditure;
    - Credit facilities.
- Authorise the further delegation of those authorities to management by the Managing Director.
- Approve major operating and capital expenditure and credit facilities in excess of the limits delegated to management.

Composition of the Board

At the date of this statement, the Board comprises seven non-executive directors and two executive directors, (the Managing Director and the Chief Financial Officer). The names of those directors, including details of their qualifications and experience, are set out in the directors' profile section of the Concise Report and the Annual Report.

The composition 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.

Board composition is also reviewed periodically by the Nomination and Remuneration Committee, either when a vacancy arises or if it is considered that the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board and the ongoing need to align those skills with the strategic demands of the group. Once it has been agreed that a new director is to be appointed, a search is undertaken, usually using the services of external consultants. Nominations are subsequently received and reviewed by the Board.

When undertaking such a review, the following principles, which form part of the Board charter, are applied:

- The Board shall comprise no more than 11 directors and no less than seven;
- A majority of directors must be independent, non-executive directors;
- The directors shall appoint as Chairman of the Board, one of the non-executive directors whom is deemed by the Board to be independent.

Director Independence and Conflicts of Interest

The Board has adopted a policy in regard to director independence which includes:

- criteria for determining the independence of directors;
- criteria for determining the materiality of a director's association or business relationship with the Company.

Based on these criteria, which are summarised below and which are based on the best practice guidelines, the Board considers all current directors, other than the Managing Director and Chief Financial Officer, to be independent.

The names of the directors considered to be independent at the date of this statement are;

Director	**Term in Office** (at the date of this statement)
John Story (Chairman)	8 years 7 months
Bill Bartlett	2 months
Ian Blackburne	3 years 1 month
Rod Cormie	6 years 9 months
Cherrell Hirst	1 year 7 months
Jim Kennedy	6 years 1 month
Martin Kriewaldt	6 years 9 months

The Board considers a director to be independent if the director is a non-executive director and:

- Is not a substantial shareholder of Suncorp or a company that has a substantial shareholding in Suncorp and is not an officer of or is otherwise associated with, either directly or indirectly, a shareholder holding more than 10 percent of the fully paid ordinary shares on issue in Suncorp.
- Within the last three years has not been employed in an executive capacity by the Suncorp Group or been a director after ceasing to hold any such employment.
- Within the last three years has not been a principal or employee of a professional advisor or a consultant whose annual billings to the Suncorp Group represent greater than 1 percent of the Company's annual (before tax) profit or greater than 5 percent of the professional advisor's or consultant's total annual billings.
- Is not a supplier or customer whose annual revenues from the Suncorp Group represent greater than 1 percent of the Company's annual (before tax) profit or greater than 5 percent of the suppliers, or customers, total annual revenue.
- Has no material contractual relationship with the Suncorp Group other than as a director of the Company.
- Has no other interest or relationship that could interfere with the director's ability to act in the best interests of the Company and independently of management.

The assessment of director independence made by the Board, included reference to the following circumstances:

a) Director Associations with a Professional Advisor or Consultant:

Two directors, Messrs Story and Bartlett have, in the last three years, held or continue to hold, a position of principal with firms providing professional advisory services to the Suncorp Group.

Mr Story is a member of Corrs Chambers Westgarth Lawyers, which provided legal services to the Suncorp Group throughout the year.

Mr Bartlett was, until 30 June 2003, a partner of Ernst & Young, a firm that provided audit and consultancy services to a Suncorp Group subsidiary company until October 2002. During the period those services were provided, Mr Bartlett did not act as signing partner or appointed auditor for any Suncorp entity. Ernst & Young continued to provide some non-audit services to the Suncorp Group during the year.

In all the above circumstances, none of the relationships or the services provided were or are deemed material in that they were within the Board determined policy limits referred to above.

Two directors, Messrs Kriewaldt and Kennedy have acted as consultants or advisors to firms providing professional advisory services to the Suncorp Group.

Mr Kriewaldt acted as a consultant to Aon Holdings Australia Limited and Allens Arthur Robinson Lawyers, which provided insurance brokerage and legal services to the Suncorp Group respectively, throughout the year.

Mr Kennedy acted as a member of an Advisory Board to Blake Waldron Dawson Lawyers, which may have provided legal services to the Suncorp Group, throughout the year.

The Board does not believe those relationships could affect the respective directors' independence in relation to any matter other than in the selection of a service provider. However, the selection of a service provider, other than for the provision of audit services or for matters of a strategic nature, are the responsibility of management and such decisions are made in the ordinary course of business, without any reference to any directors or the Board.

Corporate Governance

Such a determination regarding independence does not however change a director's obligations in relation to addressing matters of conflict of interest, and it is important from a corporate governance standpoint to distinguish between those concepts.

The procedures adopted by the Board to address actual or potential conflicts of interest are included in the Board Charter and require directors to 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 conflict exists, the director concerned does not take part in any decision associated with the matter, including, as appropriate, not receiving the relevant board papers, not being present at the meeting whilst the item is considered and not being informed the decision has been taken.

b) Tenure in Office

The best practice guidelines also suggest that a director will be independent if the director *'has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company'*.

As disclosed previously in this Statement, the longest tenure of a director on the Suncorp Group parent entity Board is eight years and seven months, although two current directors, Messrs Kriewaldt and Cormie were directors of the Suncorp and QIDC entities respectively for some seven years prior to the merger with Metway Bank Limited in December 1996.

The Board do not consider those service periods to have in any way interfered with the respective directors' ability to act independently and in the best interests of the Company.

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, such as through further education.

Director Remuneration

As indicated elsewhere in this statement, the Nomination and Remuneration Committee has responsibility for recommending appropriate remuneration arrangements for directors. Recommendations are based on independent advice and factors such as the overall performance of the Company 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 and was last considered by shareholders in March 1997. Also, shareholders have approved a directors retirement plan (Plan) which entitles directors to be paid a retirement benefit based on the highest total emoluments paid to a director during any consecutive three year period.

The movement in the retirement benefits provision for each director during the year and the amount of retirement benefits paid to retiring directors during the year under the terms of the Plan, are provided in the 'Directors Remuneration' note in the 2003 Annual Report and Concise Report.

Following a review of director remuneration, the Board have resolved to phase out the retirement benefit arrangements in the following manner:

- The company will cease to offer retirement benefits to non-executive directors appointed after 30 June 2003.
- Directors in office at 30 June 2003 remain contractually entitled to a retirement benefit. However those directors have agreed to cap their benefit entitlement as at 30 June 2004 and amortise their respective benefits entitlement from that date, over the period they remain in office, at a rate equivalent to 20 percent of their annual directors' fees.

  Those directors will remain entitled to receive the greater of:

  1. the amortised balance of their retirement benefit at the date they retire from office; **or**
  2. an amount equal to 25 percent of the total emoluments they received as a director over the period from the date of their appointment as a director to 30 June 2004.
- In recognition of the phasing out of the retirement benefits, directors' fees will be increased by 25 percent. For directors with accrued benefits, this increase will apply from 1 July 2004, being the date of commencement for the amortisation of their retirement benefits. For directors with no accrued benefit, the increase will apply from their date of appointment.

Directors believe these arrangements meet the intent of recent guidance on directors' remuneration while giving appropriate recognition to directors past service and contractual rights.

Full details of directors' benefits and interests are set out in the Directors' Report and Director Remuneration section of the notes to the 2003 Annual Report and Concise Report.

Director and Senior Management Dealings in Company Securities

The Suncorp Constitution permits directors to acquire securities in the Company, however its share dealing 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
- 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 Chairman of the Audit, Business Risk and Compliance Committee 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 ASX of any transaction conducted by directors in securities in the Company. Full details of this policy are available on the Company's website under 'Corporate Governance'.

Independent Professional Advice

In accordance with the terms of its Charter, the Board collectively and each director individually, may take, at the Company's expense, such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities. A director seeking such advice must obtain the approval of the Chairman 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.

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 Suncorp Group's business units and meet with management to gain a better understanding of business operations.

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.

Copies of the charters for the Audit Business Risk and Compliance Committee and the Nomination and Remuneration Committee are available on the Company's website under 'Corporate Governance'.

Audit, Business Risk and Compliance Committee

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

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

- Evaluation of the Suncorp Group's Reinsurance Program.
- Evaluation of the Suncorp Group's compliance and risk management structure and procedures.
- Business Continuity Planning.
- Financial Services Reform Legislation – Licence applications.
- 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 the effectiveness of the internal audit function.
- Reviewing half-year and annual financial statements and reports prior to consideration by the Board.

All four permanent members of the committee, as listed below, are independent, non-executive directors. To further 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 auditors 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 auditors independence is not prejudiced.

Membership: I D Blackburne (Chairman), M D E Kriewaldt, J J Kennedy (appointed 1 April 2003), J D Story (ex-officio from 7 March 2003), C Hirst (resigned 1 April 2003). W J Bartlett was appointed a member of the committee effective 1 August 2003.

(At the date of this Statement, the qualifications of the members of the committee satisfy the requirements of the best practice guidelines.)

Board Credit Committee

The primary role of this committee is to monitor the effectiveness of the Credit function of the Suncorp Group to control and manage the credit risks within the Suncorp Group, including the loan, investments and insurance portfolios and to identify and monitor the Suncorp 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 (ex-officio from 7 March 2003), P Handley (resigned 31 March 2003), C Skilton (appointed 23 September 2002), C Hirst (appointed 1 April 2003), W S Jones (resigned 23 September 2002)

Investment Committee

The primary role of this committee is to monitor the effectiveness of the investment processes of the Suncorp Group in achieving optimum return relative to risk. This includes endorsement of investment strategies,

Corporate Governance

monitoring investment performance to ensure the returns and risk profile of the portfolios are in accordance with investment mandates and that processes and systems comply with the various legislative requirements.

Membership: M D E Kriewaldt (Chairman from 1 April 2003), R F Cormie, C Skilton (appointed 23 September 2002), C Hirst (appointed 1 April 2003), J D Story (ex-officio from 7 March 2003), W S Jones (resigned 23 September 2002), P Handley (resigned 31 March 2003).

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (previously called the HR and Remuneration Committee) is responsible for making recommendations to the Board on:

- Appointment and removal of directors.
- Board performance.
- The remuneration of directors and the remuneration and performance targets of the Managing Director.
- 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. An explanation of the Company's remuneration policies is set out in the Directors' Report in the 2003 Annual Report and Concise Report.
- Review board and management succession planning.

Membership: J D Story (Chairman), I D Blackburne, C Hirst (appointed 1 April 2003), P Handley (resigned 31 March 2003).

Risk Management and Internal Controls

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 2003 Annual Report.

However the Board has also established the following internal control framework:

- **Financial Reporting** – The Board receives reports monthly from management on the financial performance of each business unit within the Suncorp Group. The reports include details of all key financial and business results reported against budget, with regular updates on yearly forecasts. The Managing Director and Chief Financial Officer attest to the integrity of the financial reports provided to the Board each month and provide a written statement to the Board, in relation the Suncorp Group's half year and full year statutory accounts, that meets the requirements of best practice recommendation 4.1.

- **Continuous Disclosure** – The Company has in place policies and procedures to ensure all shareholders and investors have equal access to the Company's information and that all price sensitive information in relation to the Company's listed securities is disclosed to the ASX, in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules.

  The Manager Investor Relations has primary responsibility for all communications with the ASX and all Company announcements are placed on the Company's website at www.suncorp.com.au, following release to the ASX. A copy of the Company's disclosure policy is available on that website under 'Corporate Governance'.

- **Compliance** – Policies and procedures are also in place to ensure the affairs of the Suncorp Group are being conducted in accordance with good corporate governance practices. These procedures also ensure executive management and the Board are made aware, in a timely manner, of any material matters affecting the operations of the Suncorp Group that may need to be disclosed in accordance with the Company's disclosure policy, referred to above.

  These policies and procedures require all senior management personnel to complete a 'due diligence' report on a monthly basis, using an automated reporting system. Those reports are designed to identify any areas of non-compliance with legislative and regulatory requirements as well as internal policies and procedures.

  All matters identified are retained on each subsequent monthly report until the matter is finalised to the satisfaction of the appropriate level of management or in some circumstances a Board committee or the Board.

  A due diligence report for the Suncorp Group is signed by the Managing Director each month and a copy of that report is provided to the members of the Audit Business Risk and Compliance Committee.

Code of Conduct

Directors, management and staff are expected to perform their duties for the Suncorp 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 Suncorp Group.

In accordance with this philosophy, a Code of Conduct has been adopted that draws together many of the policies that were already in place across the Suncorp Group. A copy of the Code of Conduct is available on the Company's website under 'Corporate Governance'.

Concise Financial Report
30 June 2003

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

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

A copy of the consolidated entity's 2003 Annual Report, including the consolidated financial report and independent audit report, is available to all shareholders, and will be sent to shareholders without charge upon request.

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Directors' report
for the year ended 30 June 2003

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 2003.

Directors

The directors of the Company at any time during the financial year and up to the date of this report are:

John D Story (Chairman)
John F Mulcahy (Managing Director, appointed 6 January 2003)
William J Bartlett (appointed 1 July 2003)
Dr Ian D Blackburne
Rodney F Cormie
Dr Cherrell Hirst AO
James J Kennedy AO CBE
Martin D E Kriewaldt
Christopher Skilton (Chief Financial Officer and Executive Director appointed 13 November 2002)

R John Lamble AO was a director and Chairman from the beginning of the financial year until his retirement on 7 March 2003.

W Steven Jones was the Managing Director from the beginning of the financial year until his resignation on 23 September 2002.

R Patrick Handley was a director from the beginning of the financial year until his resignation on 31 March 2003.

John D Story was a director for the whole of the financial year and was appointed Chairman on 7 March 2003. He was Deputy Chairman up until this date.

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, general and life insurance, superannuation and funds management products and related services to the retail, corporate and commercial sectors.

There were no significant changes in the nature of the activities carried out by the consolidated entity during the year.

Review of operations

Consolidated profit from ordinary activities before amortisation of goodwill and related income tax expense for the year ended 30 June 2003 was $612 million (2002: $465 million). Consolidated profit from ordinary activities after amortisation of goodwill and income tax was $384 million (2002: $311 million).

Further information on the operations of the consolidated entity, 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 2003 interim ordinary dividend of $137 million (26 cents per share) was paid on 31 March 2003. A fully franked 2003 final dividend of $159 million (30 cents per share) is recommended by the directors.

Further details of dividends provided for or paid are set out in Note 4 on page 52 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 11 March 2003 the consolidated entity underwent an organisational restructure along the four business lines (Retail Banking, Business Banking, General Insurance, and Wealth Management), plus key support areas. As part of the restructuring a number of changes were made to the senior executive team, reporting to the Managing Director. Subsequent to the organisational restructure a revised leadership and structural framework was implemented throughout the consolidated entity.

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

Month	Amount	Maturity
October 2002/ January 2003	Euro 500 million	3 years
April 2003	AUD 480 million	3 years/ 3 1/2 years
June 2003	USD 250 million	10 years/ non-call 5 years

In September 2002, the Company completed a $750 million loan mortgage securitisation (APOLLO Series 2002-2). The securities were sold in domestic markets. A further loan mortgage securitisation of $789 million was completed in June 2003 (APOLLO Series 2003-1E). The securities were sold in both domestic and offshore markets.

In June 2003, the Company successfully completed its inaugural bond offering in the US market, with a USD 250 million offering of subordinated 144A/Reg S bonds. The offering was made in two tranches: a 10 year/non-call 5 year tranche of USD 150 million and a 10 year tranche of USD 100 million. Both tranches were rated A3/BBB+ and priced at 1.350 percent over US Treasuries, yielding coupons of 3.50 percent and 4.625 percent respectively.

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.

Environmental regulation

The operations of the consolidated entity are not subject to any particular 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 the Managing Director's Letter to Shareholders in the Concise Report.

A new Code of Banking Practice is to be implemented across the banking industry during 2003. Owing to the late finalisation of the proposed Code of Banking Practice (CODE), developed by the Australian Bankers Association, and the need for further development of internal processes, the consolidated entity will now adopt the new CODE in 2004. We will also offer additional options to Guarantors, in respect of the disclosure information outlined in the Guarantees section of the new CODE.

The Financial Services Reform Act ("the FSR Act"), regulated by the Australian Securities and Investments Commission, was introduced on 11 March 2002. The FSR Act contains a two-year transitional period for the majority of changes. The consolidated entity is currently targeting September 2003 to obtain the Australian Financial Services Licence required to function under the FSR Act. These licences will be obtained once all FSR Act specifications have been satisfied and the consolidated entity determines to move into the FSR Act regime.

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 2003, 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.

Indemnification of officers

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

Directors' and senior executives' emoluments

The Nominations and Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the directors and senior executives of the consolidated entity. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and accountabilities and level of performance, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Executive remuneration and other terms of employment are reviewed annually having regard to performance against goals set at the start of the year, relevant comparative information and expert advice.

The consolidated entity's remuneration policies are designed to align executives' pays with the interests of the shareholders by including performance-related pay. These payments are linked to the achievement of individual objectives that are relevant to meeting the consolidated entity's business objectives. 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. Non-executive directors do not receive any performance-related remuneration.

Performance-related pay may include deferred ordinary shares. The number of shares that vest is dependent on the performance of the consolidated entity over a three-year period. The measurement of the consolidated entity's performance is based on "Total Shareholder Return" compared with a peer comparator group of listed entities.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders which is $1,500,000 total for all non-executive directors. Non-executive directors are also entitled to retirement benefits in accordance with a shareholder-approved scheme.

Note 5 sets out the details of the nature and amount of each major element of emolument for each director and for each of the Group Executives of the Company and the consolidated entity.

Options

The Company no longer grants options over unissued ordinary shares to employees as part of their remuneration. Ordinary shares in the Company were issued during the year ended 30 June 2003 on the exercise of options granted in previous financial years under the executive option plan. These are set out in note 6 on page 57 of the concise financial 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
J D Story	72,067	-
J F Mulcahy	500,000	-
I D Blackburne	14,000	-
R F Cormie	15,735	-
C Hirst	3,383	-
J J Kennedy	31,735	-
M D E Kriewaldt	48,320	-
C Skilton	101,021	350,000

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 and Compliance Committee		Investment Committee		Credit Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
J D Story	15	15	8	8 (1)	-	-	6	2 (1)	6	6
J F Mulcahy	7	7	-	-	2	2 (2)	4	2 (2)	-	-
I D Blackburne	15	14	10	10	-	-	-	-	6	6
R F Cormie	15	15	-	-	5	5	10	9	-	-
C Hirst	15	15	9	9	1	1	2	2	1	1
J J Kennedy	15	15	1	1	-	-	10	9	-	-
M D E Kriewaldt	15	15	10	10	5	5	-	-	-	-
C Skilton	8	8	-	-	1	1	1	1	-	-
R J Lamble (3)	10	9	-	-	-	-	-	-	-	-
W S Jones	3	2	-	-	-	-	2	1	3	3
R P Handley	11	9	-	-	4	4	8	7	5	5

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 Story during the period 1 July 2002 to 7 March 2003 only. Mr Story was appointed Chairman of the Board on 7 March 2003 and attended some meetings of the committees after that date in an ex-officio capacity.
(2) Mr Mulcahy attended committee meetings in an ex-officio capacity.
(3) Mr Lamble was Chairman of the Board for the period 1 July 2002 to 7 March 2003 and during that period he attended some meetings of all committees in an ex-officio capacity.

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.

John D Story
Chairman

John F Mulcahy
Managing Director

Brisbane
29 August 2003

Summary of key financial information

for the year ended 30 June 2003

	2003	2002	2001	2000	1999	1998	1997 [3]
Financial performance							
Net interest income – banking ($m)	592	550	514	475	470	472	355
Fees and commissions – banking ($m)	202	155	123	97	108	115	62
Premium revenue – general insurance ($m) [4]	2,231	2,018	824	788	725	703	387
Premium revenue – life insurance ($m) [1] [2]	86	76	610	543	572	399	220
Investment revenue – general insurance ($m) [4]	292	173	243	244	197	212	300
Investment revenue – life insurance ($m) [1]	117	27	221	307	208	173	195
Claims expense – general insurance ($m) [4]	1,937	1,697	810	684	655	674	407
Claims expense – life insurance ($m) [1] [2]	60	58	396	486	597	465	247
Operating expenses ($m) [4]	1,151	1,126	615	604	602	551	419
Bad and doubtful debts expense ($m)	49	39	37	28	20	61	22
Profit from ordinary activities before amortisation of goodwill and income tax ($m)	612	465	521	520	356	304	243
Net profit attributable to members of the parent entity ($m)	384	311	395	335	247	233	150
Contributions to profit before tax and goodwill							
Banking ($m)	318	293	284	229	157	157	117
General insurance ($m) [4]	233	110	163	211	169	120	109
Wealth management ($m)	52	54	69	76	25	24	16
Other ($m)	9	8	5	4	5	3	1
Financial position							
Investment securities – general insurance ($m) [4]	4,755	4,375	3,091	2,828	2,390	2,183	3,618
Investment securities – life insurance ($m) [1]	3,132	3,161	3,000	2,732	2,488	2,401	2,490
Loans, advances and other receivables ($m)	24,459	22,955	20,146	18,067	16,769	15,812	14,644
Total assets ($m) [1]	38,434	35,435	29,717	26,219	21,484	21,424	19,908
Deposits and short term borrowings ($m)	21,579	18,176	16,908	14,509	11,671	11,846	11,734
Outstanding claims and unearned premiums provisions ($m) [4]	5,052	4,591	2,343	2,128	2,097	2,038	1,902
Life insurance gross policy liabilities ($m) [1] [2]	2,661	2,780	2,651	2,363	2,136	2,058	2,068
Total liabilities ($m) [1] [2] [4]	34,787	32,073	27,000	24,295	19,596	19,609	18,172
Total equity ($m) [4]	3,647	3,362	2,717	1,924	1,888	1,815	1,736
Shareholder summary							
Dividends per ordinary share (cents)	56.0	54.0	52.0	46.0	44.0	44.0	40.0
Payout ratio (basic) (%)	81.3	96.6	58.0	60.9	67.2	65.2	66.4
Weighted average number of shares (basic) (million)	528.0	514.2	325.5	316.9	305.1	292.4	292.4
Net tangible asset backing per share (basic) ($)	4.44	3.83	5.41	3.72	3.26	2.93	2.62
Share price at end of period ($)	11.60	12.31	15.00	8.62	9.00	8.16	6.94
Performance ratios							
Return on average shareholders' equity (basic) (%)	11.30	11.40	19.70	22.13	23.25	27.15	22.84
Return on average total assets (%)	1.13	1.06	1.58	1.40	1.16	1.13	0.92
Productivity							
Group efficiency ratio (%)	23.9	26.5	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) From 2002 the consolidated entity has fully adopted the requirements of Accounting Standard AASB 1038 "Life Insurance Business", which resulted in a reduction in premium revenue, investment revenue, claims expense, and policy liabilities.

(3) The Suncorp/Metway/QIDC merger took place on 1 December 1996.

(4) The acquisition of GIO occurred effective 1 July 2001.

Refer page 61 for ratio definitions.

Statement of financial performance

for the year ended 30 June 2003

Discussion and analysis of the statement of financial performance

Suncorp-Metway Ltd recorded a net profit after tax for the year ended 30 June 2003 of $384 million, compared to $311 million in the previous year.

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

	2003 $m	2002 $m
Banking	318	293
General insurance	233	110
Wealth management	52	54
Other activities	9	8
Total	612	465

Banking

Banking operating profit before income tax and amortisation of goodwill increased 8.5 percent to $318 million.

Net interest income increased 7.6 percent due to the increase in the loans base over the year, whilst net interest rate margins were held steady at 2.32 percent (2002: 2.35 percent). Net banking fee income increased by 29.7 percent to $144 million (2002: $111 million) due to lending and deposit volumes, continued improvements in collection practices, and the securitisation program that increased fee income from this source by $12 million.

Expenses increased by 10.8 percent to $380 million as a result of higher business volumes and the restructuring and expansion of the interstate branch network. The expense increases were experienced in the first half of the year with the second half expense growth held at 1 percent. The cost to income ratio for the year was 50.9 percent.

Bad and doubtful debts expenses was $49 million compared with the prior year of $40 million, and reflects the increase in the loan base together with the write-off of one large corporate bad debt, with underlying results showing continued stability in credit quality.

General Insurance

General insurance operating profit before income tax and amortisation of goodwill increased 112 percent to $233 million. The following table shows the general insurance result compared with the prior period:

	2003 $m	2002 $m
Net earned premium	2,087	1,867
Net incurred claims	(1,651)	(1,409)
Reinsurance commission income	16	23
Investment revenue – Insurance provisions	281	173
Operating expenses	(524)	(541)
Insurance trading result	209	113
Other income	32	11
Investment income – Shareholder's funds	11	-
Management fee – GIO acquisition	(19)	(14)
Contribution to profit before income tax and amortisation of goodwill	233	110

Statement of financial performance
for the year ended 30 June 2003

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

General Insurance (continued)

The insurance trading result has increased by a significant 85.0 percent to $209 million. The improvement reflects the realisation of synergy benefits as the operations of GIO, acquired in 2001, are combined with the operations of the Suncorp-Metway Ltd Group. In addition, the general profitability of products has improved with stronger pricing and the benefits of reforms in the market, particularly in relation to public liability exposures. The result includes $26 million in claims incurred in relation to the Canberra bushfires in January 2003.

The growth in net earned premium of 11.8 percent to $2.1 billion, reflects the improvements in insurance rates and to a lesser extent, the growth in the business written, over the last two years.

Claims expense has increased $242 million during the year. A major reason for this movement is the impact of changes in interest rates. Claims to be settled in the future are discounted to their present value by applying the discount rate appropriate to the time of settlement, derived from interest rates on Commonwealth Government bonds. Movements in the interest rates result in changes to the present value of future claims payments and therefore claims expense. During the year, interest rates reduced and caused an increase in claims expense. There are offsetting gains on the investments held against insurance claims as can be seen in the $108 million increase in Investment Revenue – Insurance provisions. Claims expense also increased due to expected inflation on claims payments, increases in business written and payments made in relation to the Canberra bushfires. Adjusted to remove the effects of discount rates, the ratio of claims expense to earned premium (“loss ratio”) has reduced from 75.0 percent to 74.1 percent.

Operating expenses have reduced 3.1 percent due to the synergy benefits realised as we integrate the GIO business. Operating expenses as a percentage of earned premium (“expense ratio”) has reduced from 29.0 percent to 25.1 percent.

Excluding the effect of discount rates on claims expense, the combined operating ratio improved to 99.2 percent compared with 104.0 percent in the prior year.

Other income includes a one-off profit of $16 million arising on the sale of property owned by the general insurance company, which is the main reason for the $21 million increase compared with the prior year.

Investment income on shareholder funds has improved from the prior year but continues to be less than our expected returns on shareholder fund investments. During the year, shareholder funds were predominantly invested on the Australian equity market. The equity markets performed poorly over the year with the S&P/ASX 200 Accumulation Index falling 1.7 percent. Our Investments team outperformed the market to deliver a positive result.

Wealth Management

Wealth Management recorded a $2 million decrease in profit before tax from $54 million to $52 million. In the prior year, the wealth management business benefited from a one-off gain of $8 million before tax from the sale and restructure of the consolidated entity's property management portfolio.

The performance of the wealth management business has been flat over the year. This business also has been affected by the poor returns in investment markets that results in lower returns on funds invested and the profitability of existing business as well as a reduction in the amount of new business written.

Income Tax

The effective tax rate has increased to 30 percent (2002: 23 percent). The increase in tax rate is due to the improved profitability of the business, taxed at the full rate of 30 percent; changes in the adjustment for the life insurance statutory funds; and the one-off recognition of tax benefits in 2002.

Return on equity

Diluted earnings per share increased from 57.87 cents per share to 69.74 cents per share due to the increased profits.

Statement of financial performance

for the year ended 30 June 2003

	Notes	Consolidated 2003 $m	2002 $m
Income from ordinary activities			
Banking interest revenue		1,668	1,514
Banking interest expense		(1,076)	(964)
		592	550
General insurance premium revenue	3(c)	2,231	2,018
Life insurance premium revenue	3(d)	86	76
Banking fee and commission revenue	3(b)	202	155
Banking fee and commission expense	3(b)	(58)	(44)
Reinsurance and other recoveries revenue		302	299
General insurance investment revenue:			
insurance provisions	3(c)	281	173
shareholder funds	3(c)	11	-
Life insurance investment revenue		117	27
Other revenue		249	241
Share of net profits of associates accounted for using the equity method		9	5
Total income from ordinary activities		4,022	3,500
Expenses from ordinary activities			
Operating expenses from ordinary activities		(1,151)	(1,126)
General insurance claims expense	3(c)	(1,937)	(1,697)
Life insurance claims expense	3(d)	(60)	(58)
Outwards reinsurance premium expense		(161)	(167)
Decrease in net life insurance policy liabilities	3(d)	16	90
Increase in policy owner retained profits	3(d)	(49)	(24)
Non-banking interest expense		(19)	(14)
Total expenses from ordinary activities		(3,361)	(2,996)
Profit from ordinary activities before bad and doubtful debts expense, amortisation of goodwill and related income tax expense		661	504
Bad and doubtful debts expense		(49)	(39)
Profit from ordinary activities before amortisation of goodwill and related income tax expense		612	465
Amortisation of goodwill		(62)	(60)
Profit from ordinary activities before related income tax expense		550	405
Income tax expense relating to ordinary activities		(166)	(94)
Net profit attributable to members of the parent entity		384	311
Decrease in retained profits on the initial adoption of revised AASB 1028 "Employee Benefits"	2	(1)	-
Total changes in equity other than those resulting from transactions with owners as owners		383	311
		Cents	**Cents**
Basic earnings per share		69.82	58.02
Diluted earnings per share		69.74	57.87

The consolidated statement of financial performance includes the revenue and expenses 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 performance should be read in conjunction with the discussion and analysis on pages 39 and 40 and the accompanying notes.

Statement of financial position
as at 30 June 2003

Discussion and analysis of the statement of financial position

During the financial year the net assets of the consolidated entity increased from $3.4 billion to $3.6 billion.

Total assets increased by 8 percent from $35.4 billion to $38.4 billion.

Cash and liquid assets decreased from $1.2 billion to $846 million. The bank held an unusually high level of cash deposits at 30 June 2002, with more of its liquid assets in deposits at call. As noted below more liquid assets were held as trading securities at 30 June 2003.

Trading securities that are held by the bank increased from $1.5 billion to $3.2 billion. The bank is maintaining a higher level of liquidity than in the previous financial year. In addition funds received from the securitisation which was conducted in June 2003, were invested in short term trading securities at 30 June 2003.

Investment securities grew from $7.5 billion to $7.9 billion, primarily in general insurance which grew from $4.4 billion to $4.8 billion. This was due to growth in the general insurance business and capital gains on investments during the financial year.

The increase in loans, advances and other receivables from $23.0 billion to $24.5 billion is indicative of growth in the banking business, with particularly strong growth in business lending. Lending growth was offset by the impact of the securitisations conducted during the financial year, that removed $1.5 billion of receivables from loans, advances and other receivables during the financial year.

Total liabilities increased by 8 percent from $32.1 billion to $34.8 billion.

Deposits and short term borrowings increased from $18.2 billion to $21.6 billion, while bonds, notes and long term borrowings decreased from $4 billion to $2.7 billion. The growth in total borrowings is primarily related to funding of the banking loan book. Growth was strongest in the retail component of borrowings. There was particularly strong growth in short term call deposits due partly to reduced investment returns on equity markets, which caused investors to seek lower risk alternatives. Funding through Euro commercial paper increased due to the diversification of the consolidated entity's funding offshore, allowing a wider breadth of investors in Europe and Asia. Long term borrowings decreased due to the specific timing of security maturities, offset by long term issues in the domestic market.

Payables have increased by $441 million as a result of hedges taken out against offshore borrowings at 30 June 2003. Payables includes $634 million in unrealised losses on these hedges (2002: $Nil). These unrealised losses are offsetting unrealised gains on the underlying borrowings.

Provisions fell from $329 million to $104 million. This was partially due to a change in accounting policy in relation to provision for dividends which has meant that the proposed final dividend of $159 million has not been provided for on the statement of financial position.

Outstanding claims and unearned premiums provisions increased from $4.6 billion to $5.1 billion primarily due to growth in the general insurance book. The outstanding claims provision was also impacted by a fall in interest rates which reduced the effect of discounting claims to present value and increased the provisions.

Banking capital adequacy was consistent with the previous financial year at 10.7 percent. The general insurance Minimum Capital Requirement ratio was 1.54 which is well above the Australian Prudential Regulation Authority minimum of 1.25.

Net tangible assets per basic share increased from $3.83 to $4.44 per ordinary share as a result of the asset growth noted above.

Statement of financial position

as at 30 June 2003

	Consolidated 2003 $m	Consolidated 2002 $m
Assets		
Cash and liquid assets	846	1,194
Receivables due from other financial institutions	68	57
Trading securities	3,174	1,498
Investment securities	7,902	7,544
Investments in associates	83	86
Loans, advances and other receivables	24,459	22,955
Property, plant and equipment	217	206
Deferred tax assets	158	193
Intangible assets	1,038	1,099
Excess of net market value of interests in life insurance controlled entities	12	16
Other financial assets	477	587
Total assets	38,434	35,435
Liabilities		
Deposits and short term borrowings	21,579	18,176
Payables due to other financial institutions	26	70
Payables	1,273	832
Current tax liabilities	130	72
Provisions	104	329
Deferred tax liabilities	118	198
Outstanding claims and unearned premiums provisions	5,052	4,591
Life insurance gross policy liabilities	2,661	2,780
Policy owner retained profits	319	271
Bonds, notes and long term borrowings	2,710	3,952
Subordinated notes	815	802
Total liabilities	34,787	32,073
Net assets	3,647	3,362
Equity		
Contributed equity	2,831	2,777
Reserves	22	22
Retained profits	787	557
Total parent entity interest	3,640	3,356
Outside equity interests in controlled entities	7	6
Total equity	3,647	3,362

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 42 and the accompanying notes.

Statement of cash flows

for the year ended 30 June 2003

Discussion and analysis on the statement of cash flows

Net cash inflows from operating activities have increased from $715 million to $962 million, which is mainly due to the growth in the underlying business and the timing of payments.

Premiums received have increased due to the increase in policies written and the timing of premium payments reflected in the movement in premiums outstanding. Claims paid were consistent with the prior year despite the increase in claims expense due to the timing of payments reflected in the movements in outstanding claims provisions.

Operating expenses paid increased from the prior year mainly due to the timing of payments reflected in movements in other assets, payables and provisions.

Cash outflows from investing activities increased from $3.1 billion to $3.9 billion. The net increase in loans, advances and other receivables has been impacted by growth in the banking business offset by the two mortgage securitisation issues undertaken during the year, which removed $1.5 billion from loans, advances and other receivables. The purchase of banking securities increased significantly from the prior year as the bank is maintaining a higher level of liquidity than in the prior year. In addition, the funds received from the securitisation issue undertaken in June 2003 were held in short term trading securities at 30 June 2003.

Cash inflows from financing activities decreased from $3.2 billion to $2.6 billion. The prior year reflected the cash inflows from the additional share capital and subordinated notes issued as part of the funding for the GIO acquisition. Proceeds from the issue of share capital in the current year relate primarily to the issue of shares under the Executive Option Plan.

The consolidated entity successfully completed its inaugural bond offering in the US market, with a $380 million (USD250 million) offering of subordinated 144A/Reg S bonds in June 2003. The proceeds of this issue were largely used to repay some earlier issues of subordinated debt.

Statement of cash flows

for the year ended 30 June 2003

	Consolidated 2003 $m	Consolidated 2002 $m
Cash flows from operating activities		
Interest received	1,873	1,677
Dividends received	46	58
Premiums received	2,573	2,086
Reinsurance and other recoveries received	265	360
Other operating revenue received	701	598
Interest paid	(1,100)	(981)
Outwards reinsurance premiums paid	(175)	(179)
Claims paid	(1,768)	(1,715)
Operating expenses paid	(1,327)	(1,134)
Income taxes paid – operating activities	(126)	(55)
Net cash inflow from operating activities	962	715
Cash flows from investing activities		
Payments for purchase of controlled entities, net of cash acquired	(1)	(1,333)
Payments for purchase of investments in associates	-	(80)
Payments for plant and equipment	(125)	(96)
Proceeds from disposal of plant and equipment	2	5
Net (purchase) disposal of banking securities	(1,659)	172
Net increase in loans, advances and other receivables	(1,404)	(1,848)
Payments for insurance investments	(21,831)	(33,723)
Proceeds from disposal of insurance investments	21,157	33,860
Income taxes paid – investing activities	(31)	(42)
Net cash outflow from investing activities	(3,892)	(3,085)
Cash flows from financing activities		
Proceeds from issue of shares	6	616
Proceeds from issue of subordinated notes	13	267
Proceeds from net increase in borrowings	2,875	2,597
Dividends paid	(257)	(277)
Net cash inflow from financing activities	2,637	3,203
Net increase (decrease) in cash and cash equivalents	(293)	833
Cash at the beginning of the financial year	1,181	300
Cash acquired on acquisition of controlled entities	-	48
Cash at the end of the financial year	888	1,181

The above statement of cash flows should be read in conjunction with the discussion and analysis on page 44 and the accompanying notes.

Notes to the financial statements
for the year ended 30 June 2003

1. Basis of preparation of concise financial report

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

It is prepared in accordance with the historical cost convention, except for certain assets which are at valuation.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as set out in 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 full financial report.

2. Changes in accounting policies

Provision for dividends

The consolidated entity adopted Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" effective from 1 July 2002. Previously, the consolidated entity has provided for ordinary share dividends where there was an expectation of payment after the reporting date. AASB 1044 now prohibits the recognition of dividends as liabilities where they were not declared, determined or publicly recommended on or before the reporting date. Accordingly, the consolidated entity has not provided for ordinary share dividends at 30 June 2003.

As a result of this change, the adjustments to the consolidated financial report as at 1 July 2002 are:

- $152 million increase in opening retained profits; and
- $152 million decrease in provision for ordinary dividends.

There was no impact on net profit for the current financial year to 30 June 2003.

Employee benefits

The consolidated entity adopted revised Accounting Standard AASB 1028 "Employee Benefits" effective from 1 July 2002. Previously, calculations of employee benefits were required to be based on remuneration rates current as at the reporting date. Under the revised AASB 1028, calculation of these employee benefits must be based on remuneration rates effective when the liabilities are expected to be paid.

As a result of this change, the adjustments to the consolidated financial report as at 1 July 2002 are:

- $1 million decrease in opening retained profits; and
- $1 million increase in provision for employee benefits.

As a result of this change in accounting policy, employee benefits expense increased by $207,531 and income tax expense decreased by $62,259 for the current financial year to 30 June 2003.

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.

On 31 March 2003, the consolidated entity announced an organisational restructure along four business lines: Retail Banking, Business Banking, General Insurance, and Wealth Management. The consequential management restructuring and changes to internal reporting systems to the Managing Director and Board were implemented for the 2004 financial year. Segment information in relation to future financial years will be expanded to reflect the new business lines.

	Banking $m	General insurance $m	Wealth management $m	Other $m	Eliminations/ unallocated $m	Consolidated $m
2003						
Revenue outside the consolidated entity	1,897	2,968	255	27	-	5,147
Inter-segment revenue	16	-	-	-	(16)	-
Shares of net profits of associates	-	9	-	-	-	9
Total segment revenue	1,913	2,977	255	27	(16)	5,156
Segment result	318	233	52	9	(62)	550
Unallocated revenue less unallocated expenses						-
Profit from ordinary activities before income tax expense						550
Income tax expense						(166)
Profit from ordinary activities after income tax expense						384
Net profit						384
Segment assets	30,063	7,477	3,250	44	(2,400)	38,434
Unallocated assets						-
Total assets						38,434
Segment liabilities	26,839	5,353	3,030	17	(452)	34,787
Unallocated liabilities						-
Total liabilities						34,787
Investments in associates	-	83	-	-	-	83
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	124	-	-	1	-	125
Depreciation and amortisation expense	76	4	-	1	62	143
Other non-cash expenses	49	(1)	-	1	-	49

3. Segment information (continued)

3(a) Business segments (continued)

	Banking $m	General insurance $m	Wealth management $m	Other $m	Eliminations/ unallocated $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

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

Geographical segments

The consolidated entity operates in one geographical area being Australia.

Notes to the financial statements

for the year ended 30 June 2003

3. Segment information (continued)

	Consolidated 2003 $m	Consolidated 2002 $m
3(b) Contribution to profit from ordinary banking activities		
Net interest income		
Interest revenue	1,684	1,531
Interest expense	(1,092)	(981)
	592	550
Net banking fee income		
Fee and commission revenue	202	155
Fee and commission expense	(58)	(44)
	144	111
Other operating revenue		
Net profits on trading and investment securities	-	1
Net profits on derivative and other financial instruments	3	5
Other income	8	9
	11	15
Total income from ordinary banking activities	747	676
Operating expenses		
Staff expenses	(217)	(200)
Occupancy expenses	(20)	(20)
Computer and depreciation expenses	(50)	(42)
Communication expenses	(32)	(29)
Advertising and promotion expenses	(19)	(18)
Other operating expenses	(42)	(34)
Total expenses of ordinary banking activities	(380)	(343)
Contribution to profit from ordinary banking activities before bad and doubtful debts, amortisation of goodwill and income tax	367	333
Bad and doubtful debts expense	(49)	(40)
Contribution to profit from ordinary banking activities before amortisation of goodwill and income tax	318	293

Segment information set out above includes transactions that have been eliminated in the consolidated statement of financial performance. It excludes dividends received from controlled entities.

3. Segment information (continued)

	Consolidated 2003 $m	Consolidated 2002 $m
3(c) Contribution to profit from ordinary general insurance activities		
Net earned premium		
Direct premium revenue	2,231	2,018
Outwards reinsurance premium expense	(144)	(151)
	2,087	1,867
Net incurred claims		
Direct claims expense	(1,937)	(1,697)
Reinsurance and other recoveries revenue	286	288
	(1,651)	(1,409)
Operating expenses		
Acquisition costs	(248)	(250)
Other underwriting expenses	(276)	(291)
	(524)	(541)
Reinsurance commission income	16	23
Underwriting result	(72)	(60)
Investment revenue – Insurance provisions		
Interest, dividends and rent	227	184
Realised gains/(losses) on investments	30	(19)
Unrealised gains on investments	24	8
	281	173
Insurance trading result	209	113
Managed schemes income	106	116
Managed schemes expense	(99)	(110)
Share of net profits of associates accounted for using the equity method	9	5
Investment revenue – Shareholder funds		
Interest, dividends, rent, etc	52	55
Realised gains/(losses) on investments	(40)	9
Unrealised gains/(losses) on investments	12	(54)
Other revenue	2	6
Other expenses	(15)	(16)
	11	-
Net profit on sale of properties	16	-
Contribution to profit from ordinary general insurance activities before income tax, management fee and amortisation of goodwill	252	124
Management fee expense – GIO acquisition	(19)	(14)
Contribution to profit from ordinary general insurance activities before income tax and amortisation of goodwill	233	110

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 2003

3. Segment information (continued)

	Consolidated 2003 $m	Consolidated 2002 $m
3(d) Contribution to profit from ordinary wealth management activities		
Net life insurance premium revenue		
Premium revenue	86	76
Outwards reinsurance expense	(17)	(16)
	69	60
Life insurance investment revenue		
Equity securities	(35)	(120)
Debt securities	100	88
Property	60	61
Other	(8)	(2)
	117	27
Management fee revenue – funds management	22	19
Other revenue	23	30
Total revenue	231	136
Operating expenses		
Claims expense	(60)	(58)
Reinsurance recoveries	16	11
Decrease in net life insurance policy liabilities	16	90
Increase in policy owner retained profits	(49)	(24)
Other operating expenses	(102)	(101)
	(179)	(82)
Contribution to profit from ordinary wealth management activities before income tax	52	54

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

4. Dividends

	Consolidated 2003 $m	Consolidated 2002 $m
Ordinary shares		
Interim dividend of 26 cents (2002: 25 cents) per fully paid share paid 31 March 2003 (2002: 2 April 2002) franked @ 30%	137	135
Final dividend of 29 cents per fully paid share paid 1 October 2002 recognised as a liability at 30 June 2002 but adjusted against retained profits at the beginning of the financial year on the change in accounting policy for providing for dividends (note 2) franked @ 30%	153	153
Preference shares		
Final dividend of $3.15 (2002: $3.15) per share franked @ 30%	8	5
Interim dividend of $3.10 (2002: $3.10) per share franked @ 30%	7	7
	305	300
Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 30 cents per fully paid ordinary share, fully franked based on tax paid at 30 percent. The aggregate amount of the proposed dividend expected to be paid on 3 October 2003 out of retained profits at 30 June 2003, but not recognised as a liability at year end as a result of the change in accounting policy for providing for dividends (note 2), is	159	-
Franked dividends		
The franked portions of the final dividend recommended after 30 June 2003 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2004. Franking credits available for subsequent financial years based on a tax rate of 30% (2002: 30%)	169	108

Under legislation that took effect on 1 July 2002, the amount recorded in the franking account is the amount of Australian income tax paid, rather than franking credits based on after tax profits, and amounts debited to that account in respect of dividends paid after 30 June 2002 are the franking credits attaching to those dividends rather than the gross amount of the dividends. In accordance with this legislation, the franking credits available at 30 June 2002 of $251,341,544, based on after tax profits, were converted so that the opening balances on 1 July 2002 reflected tax paid amounts of $107,717,805 which are shown as comparative amounts above.

5. Remuneration of directors and executive officers

5(a) Directors' remuneration

Total amount received or due and receivable by directors of the Company for the year ended 30 June 2003 was:

	Base emolument (1) $	Bonus (2) $	Shares issued (3) $	Other compensation (4) $	Termination payment $	Total compensation $	Retirement benefits (5) $	Options (6) $	Total $
Executive Directors									
J F Mulcahy (7)	544,334	450,000	2,702,175	72,352	-	3,768,861	-	-	3,768,861
C Skilton (8)	349,497	409,589	58,178	31,455	-	848,719	-	121,154	969,873
W S Jones (9)	247,370	-	2,054,738	173,608	2,052,000	4,527,716	-	2,170,359	6,698,075
Non-Executive Directors									
J D Story	194,333	-	-	17,514	-	211,847	78,415	-	290,262
I D Blackburne	106,000	-	-	9,540	-	115,540	88,810	-	204,350
R F Cormie	104,667	-	-	9,420	-	114,087	2,333	-	116,420
C Hirst	91,000	-	-	8,190	-	99,190	30,732	-	129,922
J J Kennedy	89,666	-	-	8,070	-	97,736	50,915	-	148,651
M D E Kriewaldt	101,583	-	-	9,143	-	110,726	2,542	-	113,268
R J Lamble (10)	139,592	-	33,264	-	-	172,856	59,824	-	232,680
R P Handley	75,000	-	-	6,750	-	81,750	37,111	-	118,861

(1) Executive Directors' remuneration consists of both basic and packaged benefit components. Non-Executive Directors' remuneration represents fees in connection with attending main Board, Board committees and controlled entities' Board meetings.
(2) Reflects amounts accrued but not yet paid in respect of the year ended 30 June 2003.
(3) Reflects shares issued as part of remuneration benefits. Shares issued under the Executive Performance Share Plan are expensed to the statement of financial performance over the period from allocation date to vesting date.
(4) Reflects non-salary package remuneration and includes Company contributions to superannuation.
(5) Represents the increase in the Provision for Retirement Benefits. Mr Lamble retired during the financial year and received a payout from the provision of $671,004. Mr Handley retired during the financial year and received a payout from the provison of $52,841. These amounts are not shown in retirement benefits.
(6) The amounts disclosed for options are based on the assessed fair value of options at the date they were granted. All options were granted in previous financial years. Fair values have been determined using an option pricing model that takes into account the exercise price, the term of the options, the vesting and performance criteria, the impact of dilution, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value has been allocated to financial years over the period from grant date to the date options are first exercisable. Accordingly disclosure includes options granted in previous financial years which have been disclosed in previous financial years. These amounts have not been recorded in the statement of financial performance.
(7) Of the shares issued to Mr Mulcahy, $2,259,450 relates to a one-off upfront compensation of benefits foregone from change of employment.
(8) Mr Skilton was an executive for the whole of the financial year and was appointed a director on 13 November 2002. Remuneration shown here represents remuneration over the period during which he was a director. His remuneration for the period from the beginning of the financial year until the date of appointment as a director is shown in executives' remuneration.
(9) The shares issued represent the amount taken to the statement of financial performance as a result of the vesting of shares issued in a prior period which vested as a result of the cessation of employment of Mr Jones.
(10) The shares issued relate to a "salary sacrifice" rather than an issue of incentive shares.

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.

5. Remuneration of directors and executive officers (continued)

5(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:

	Company 2003 number	Company 2002 number
Amount		
$30,000 to $39,999	-	1
$50,000 to $59,999	-	1
$80,000 to $89,999	1	-
$90,000 to $99,999	2	4
$100,000 to $109,999	-	1
$110,000 to $119,999	3	-
$130,000 to $139,999	-	1
$170,000 to $179,999	1	-
$210,000 to $219,999	1	-
$230,000 to $239,999	-	1
$840,000 to $849,999	1	-
$2,440,000 to $2,449,999	-	1
$3,760,000 to $3,769,999	1	-
$4,520,000 to $4,529,999	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 the Company	
	2003 $'000	2002 $'000	2003 $'000	2002 $'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 Company or its controlled entities	10,313	3,656	10,149	3,385

Income received by non-executive directors of the Company and its controlled entities during the financial year amounted to $1,003,732 (2002: $1,211,430). 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.

5(b) Directors' retirement benefits

	Consolidated		Company	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000
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	351	247	351	247
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	723	398	723	398

5. Remuneration of directors and executive officers (continued)

5(c) Executive officers' remuneration

The following table shows the remuneration of all of the executives of the Company and the consolidated entity who were officers during the year ended 30 June 2003. The executives are those individuals responsible for strategic direction and management during the year. The table includes Mr Moynihan who ceased employment with the Company during the financial year. Mr Skilton was an executive for the whole of the financial year and was appointed a director on 13 November 2002. Remuneration shown in the table below represents remuneration over the period during the financial year before he was appointed a director. His remuneration for the period from the date of appointment as a director is shown in directors' remuneration.

	Base emolument (1) $	Bonus (2) $	Shares issued (3) $	Other compensation (4) $	Termination payment $	Total compensation $	Options (5) $	Total $
Greg Moynihan (Former Group Executive Banking and Wealth Management)	341,922	208,500	34,980	22,616	888,462	1,496,480	181,858	1,678,338
John Trowbridge (Group Executive Suncorp Insurance) (6)	522,752	405,000	289,230	49,748	-	1,266,730	249,585	1,516,315
Peter Johnstone (Group Executive HR Projects and Central Services)	404,481	600,000	39,329	10,519	-	1,054,329	108,671	1,163,000
Mark Blucher (Group Executive Retail Banking Customers)	462,268	425,000	52,356	31,482	-	971,106	108,671	1,079,777
Carmel Gray (Group Executive Information Technology)	404,481	356,000	39,329	10,519	-	810,329	101,625	911,954
Ray Reimer (Group Executive Business Banking Customers)	339,450	225,000	44,525	72,713	-	681,688	39,419	721,107
Chris Skilton (Chief Financial Officer)	180,210	240,411	-	79,309	-	499,930	71,112	571,042
Bernadette Fifield (Group Executive Wealth Management, Group Strategy and Group Marketing)	95,879	55,000	21,685	73,629	-	246,193	-	246,193

(1) Reflects the total remuneration package consisting of both basic salary and packaged benefit components.
(2) Reflects amounts accrued but not yet paid in respect of the year ended 30 June 2003 or paid in respect of services to date of termination.
(3) Reflects shares issued as part of remuneration benefits. Shares issued under the Executive Performance Share Plan are expensed to the statement of financial performance over the period from allocation date to vesting date.
(4) Reflects non-salary package remuneration and includes Company contributions to superannuation.
(5) The amounts disclosed for options for executives are based on the assessed fair value of options at the date they were granted. All options were granted in previous financial years. Fair values have been determined using an option pricing model that takes into account the exercise price, the term of the options, the vesting and performance criteria, the impact of dilution, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value has been allocated to financial years over the period from grant date to date options are first exercisable. Accordingly disclosure includes options granted in previous financial years which have been disclosed in previous financial years. These amounts have not been recorded in the statement of financial performance.
(6) The shares issued to Mr Trowbridge relate to a one-off upfront compensation of benefits foregone from change of employment.

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.

5. Remuneration of directors and executive officers (continued)

5(c) Executive officers' remuneration (continued)

The numbers of executive officers (including the executive directors included in note 5(a)) whose income from the Company or controlled entities falls within the following bands are:

	Consolidated	
	2003 number	2002 number
Amount		
$240,000 to $249,999	1	-
$350,000 to $359,999	-	1
$480,000 to $489,999	-	1
$510,000 to $519,999	-	1
$620,000 to $629,999	-	1
$680,000 to $689,999	1	-
$730,000 to $739,999	-	1
$790,000 to $799,999	-	1
$810,000 to $819,999	1	-
$830,000 to $839,999	-	1
$970,000 to $979,999	1	-
$1,050,000 to $1,059,999	1	-
$1,260,000 to $1,269,999	1	-
$1,340,000 to $1,349,999	1	-
$1,490,000 to $1,499,999	1	-
$2,440,000 to $2,449,999	-	1
$3,760,000 to $3,769,999	1	-
$4,520,000 to $4,529,999	1	-

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

	Consolidated	
	2003 $'000	2002 $'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 executive directors) of the Company and of controlled entities whose income is $100,000 or more	16,172	6,793

6. Options

At 30 June 2003 unissued fully paid ordinary shares of the Company under the Executive Option Plan are:

Issue date of option	Start date	Expiry date	Exercise price of option (1) $	Strike Price $	No. of options held at 30 June 2003 (2)	No. of options held at 30 June 2002
10 Sept 1997	31 Mar 2000	10 Sept 2002	6.79	7.00	-	102,000
10 Sept 1997	31 Mar 2001	10 Sept 2002	6.79	7.50	-	102,000
10 Sept 1997	31 Mar 2002	10 Sept 2002	6.79	8.00	-	157,000
17 Dec 1997	31 Mar 2001	17 Dec 2002	7.19	7.50	-	40,000
17 Dec 1997	31 Mar 2002	17 Dec 2002	7.19	8.00	-	40,000
15 Jan 1998	15 Jul 2000	15 Jan 2003	7.56	7.56	-	100,000
16 Dec 1998	16 Jun 2001	16 Dec 2003	7.96	9.00	92,500	92,500
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 2002	3 Jun 2004	8.81	10.25	-	116,667
3 Jun 1999	3 Nov 2003	3 Jun 2004	8.81	10.75	116,666	116,666
3 Jun 1999	17 Nov 2002	3 Jun 2004	8.81	10.25	-	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	76,350	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	134,100
6 Oct 1999	31 Mar 2003	6 Oct 2004	8.11	9.56	137,400	137,400
6 Oct 1999	31 Mar 2004	6 Oct 2004	8.11	10.05	140,200	140,200
1 Oct 2000	31 Mar 2003	1 Oct 2005	8.89	9.78	82,200	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	150,000
1 Oct 2000	31 Mar 2004	1 Oct 2005	8.89	10.49	151,200	151,200
1 Oct 2000	31 Mar 2005	1 Oct 2005	8.89	11.02	153,800	153,800
20 Sept 2001	31 Mar 2004	20 Sept 2006	11.62	12.20	303,333	303,333
20 Sept 2001	31 Mar 2005	20 Sept 2006	11.62	13.13	303,333	303,333
20 Sept 2001	31 Mar 2006	20 Sept 2006	11.62	13.94	303,334	303,334
16 Oct 2001	23 Sep 2002	23 Sep 2004	12.61	13.24	700,000	700,000
16 Oct 2001	23 Sep 2002	23 Sep 2004	12.61	14.25	700,000	700,000
16 Oct 2001	23 Sep 2002	23 Sep 2004	12.61	15.13	600,000	600,000
22 April 2002	31 Oct 2004	22 April 2007	12.30	(3)	116,667	116,667
22 April 2002	31 Oct 2005	22 April 2007	12.30	(3)	116,667	116,667
22 April 2002	31 Oct 2006	22 April 2007	12.30	(3)	116,666	116,666
					5,389,249	6,216,949

(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 759,000 options (2002: 2,269,301) were exercised under the Executive Option Plan. All options expire on the earlier of their expiry date or termination of the employee's employment unless otherwise approved by the Board. In addition to those options shown above, 68,700 (2002: 65,000) options expired in respect of employees who resigned and Nil (2002: 25,000) previously granted were cancelled.

(3) 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.

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

(5) There were no options granted during the financial year as the Company ceased to issue options under the Executive Option Plan. As previously disclosed the Company now issues shares to certain executives under the Executive Performance Share Plan.

6. 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 former Managing Director at the Annual General Meeting on 16 October 2001.

The market price of the Company's shares at 30 June 2003 was $11.60 (2002: $12.31).

At the date of this report unissued fully paid ordinary shares of the Company under the Executive Option Plan decreased to 5,241,349 from 30 June 2003 due to options being exercised or lapsing 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
6 Oct 1999	31 Mar 2002	6 Oct 2004	8.11	9.12	34,800
6 Oct 1999	31 Mar 2003	6 Oct 2004	8.11	9.56	38,100
6 Oct 1999	31 Mar 2004	6 Oct 2004	8.11	10.05	16,800
1 Oct 2000	31 Mar 2003	1 Oct 2005	8.89	10.00	31,300
1 Oct 2000	31 Mar 2004	1 Oct 2005	8.89	10.49	10,000
1 Oct 2000	31 Mar 2005	1 Oct 2005	8.89	11.02	16,900

7. 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

for the year ended 30 June 2003

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 2003 set out on pages 39 to 58:

(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 2003

Signed in accordance with a resolution of the directors:

John D Story

Chairman

John F Mulcahy
Managing Director

Independent Audit Report to the members

for the year ended 30 June 2003

Scope

We have audited the concise financial report of Suncorp-Metway Ltd and its controlled entities for the financial year ended 30 June 2003 consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 7, 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 39 to 58 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 2003. Our audit report on the full financial report was signed on 29 August 2003, 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 Australian Accounting Standard AASB 1039 "Concise Financial Reports".

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 2003 complies with AASB 1039 "Concise Financial Reports".

KPMG

KPMG

Brian Greig
Partner

Brisbane
29 August 2003

Ratio definitions

Item	Definition
Basic shares	Ordinary shares on issue.
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA.
Diluted shares	Comprises ordinary shares including partly paid shares, subordinated dividend ordinary shares 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. For the purposes of weighted average shares, excludes options where the exercise price exceeds the market price.
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 by the weighted average number of ordinary shares of the Company outstanding during the financial year. Diluted earnings per share is based on weighted average diluted shares. Calculated in accordance with 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 life insurance Accounting Standard AASB 1038 "Life Insurance Business".
Net interest margin	Net interest income divided by average interest earning assets.
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities.
Net tangible asset backing (basic)	Shareholders' equity attributable to members of the Company less preference shares and intangibles, divided by ordinary shares at the end of the period adjusted for partly paid shares.
Payout ratio (basic)	Total dividends and distributions which relate to the financial year divided by operating profit after tax.
Return on average shareholders' equity (basic)	Operating profit after tax less preference dividends divided by adjusted average ordinary shareholders' equity. The ordinary shareholders' equity excludes preference shares. 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 "Life Insurance Business". Averages are based on beginning and end of period balances.
Risk weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA.
Underlying profit	Profit before income tax, goodwill, one-off items and investment income on shareholders' funds and excluding the impact of life insurance Accounting Standard AASB 1038 "Life Insurance Business".

Shareholder information

Major Shareholders

(i) Ordinary Shares

At 15 August 2003, the 20 largest holders of fully paid Ordinary Shares held 163,757,782 shares, equal to 30.85 percent of the total fully paid shares on issue.

	Number of Shares	%
J P Morgan Nominees Australia Limited	33,752,921	6.36
National Nominees Limited	22,366,233	4.21
Westpac Custodian Nominees Limited	18,813,949	3.55
AMP Life Limited	11,736,543	2.21
Queensland Investment Corporation	10,707,731	2.02
Citicorp Nominees Pty Limited	9,844,995	1.86
ANZ Nominees Limited	8,728,397	1.64
Citicorp Nominees Pty Limited (CFS Wholesale Imputation Fund A/C)	7,833,120	1.48
Citicorp Nominees Pty Limited (CFS Wholesale Geared Share Fund A/C)	5,764,678	1.09
Commonwealth Custodial Services Limited	5,305,767	1.00
Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	4,523,129	0.85
Citicorp Nominees Pty Limited (CFS Wholesale Australian Share Fund A/C)	3,437,217	0.65
RBC Global Services Australia Nominees Pty Limited (PIPOOLED A/C)	3,355,692	0.63
Westpac Financial Services Limited	2,868,426	0.54
RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	2,863,831	0.53
Cogent Nominees Pty Limited	2,565,311	0.48
Citicorp Nominees Pty Limited (CFS Wholesale Industrial Share A/C)	2,421,767	0.46
Australian Foundation Investment Company Limited	2,356,462	0.44
Cogent Nominees Pty Limited (SMP Accounts)	2,258,352	0.43
IOOF Investment Management Limited	2,253,261	0.42
	163,757,782	30.85

Shareholder information

Major Shareholders (continued)

(ii) Reset Preference Shares

At 15 August 2003, the 20 largest holders of fully paid Reset Preference Shares held 1,226,713 shares, equal to 49.07 percent of the total fully paid shares on issue.

	Number of Shares	%
Westpac Custodian Nominees Limited	241,158	9.65
Commonwealth Custodial Services Limited	165,000	6.60
J P Morgan Nominees Australia Limited	100,343	4.01
AMP Life Limited	95,252	3.81
RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	92,000	3.68
RBC Global Services Australia Nominees Pty Limited (JBENIP A/C)	87,565	3.50
Javl Pty Ltd	50,000	2.00
The Australian National University	50,000	2.00
Kaplan Equity Limited	40,000	1.60
UBS Private Clients Australia Nominees Pty Ltd	32,222	1.29
Argo Investments Ltd	32,000	1.28
Permanent Trustee Company Limited (CNA0017 A/C)	31,000	1.24
Australian Industrial Sands Pty Limited	30,000	1.20
Brencorp Securities Pty Ltd	30,000	1.20
Permanent Trustee Company Limited (KAP0002 A/C)	28,000	1.12
ANZ Nominees Limited	27,209	1.09
Permanent Trustee Company Limited (KAP0001 A/C)	26,800	1.07
National Nominees Limited	24,000	0.96
Tower Trust Limited	22,864	0.92
Equity Trustees Limited	21,300	0.85
	1,226,713	49.07

Shareholder information

Distribution of Shareholdings

(i) Fully paid Ordinary Shares at 15 August 2003

Range	Number of holders	% of holders	Number of shares	% of shares
1-1,000 shares	130,993	67.83	64,513,131	12.15
1,001-5,000 shares	50,053	25.92	110,145,339	20.75
5,001-10,000 shares	7,643	3.96	53,191,785	10.02
10,001-100,000 shares	4,266	2.20	87,090,015	16.41
100,001 shares and over	177	0.09	215,874,730	40.67
	193,132	100.00	530,815,000	100.00

(ii) Fully paid Ordinary Shares at 15 August 2003

Location	Number of holders	% of holders	Number of shares	% of shares
Australia				
- Queensland	114,537	58.79	233,738,004	44.03
- New South Wales	34,474	17.69	146,208,759	27.54
- Victoria	28,121	14.43	120,303,296	22.66
- South Australia	5,876	3.01	12,438,809	2.34
- Western Australia	4,912	2.52	7,126,472	1.35
- Tasmania	1,683	0.86	2,534,127	0.48
- ACT	3,455	1.77	4,497,063	0.85
- Northern Territory	381	0.20	984,012	0.19
New Zealand	332	0.17	835,530	0.16
United Kingdom	265	0.14	566,359	0.11
United States	179	0.10	343,051	0.06
Hong Kong	122	0.06	277,413	0.05
Other overseas	497	0.26	962,105	0.18
	194,834	100.00	530,815,000	100.00

Some registered holders own more than one class of security.

(iii) 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.

Shareholder information

Distribution of Shareholdings (continued)

(iv) Partly paid Ordinary Shares at 15 August 2003:

Range	Number of holders	% of holders	Number of shares	% of shares
1-1,000 shares	3	27.27	2,500	9.08
1,001-5,000 shares	7	63.64	19,250	69.87
5,001-10,000 shares	1	9.09	5,800	21.05
	11	100.00	27,550	100.00

(v) Fully paid Reset Preference Shares at 15 August 2003:

Range	Number of holders	% of holders	Number of shares	% of shares
1-1,000 shares	1,521	87.01	586,896	23.48
1,001-5,000 shares	187	10.70	486,440	19.46
5,001-10,000 shares	13	0.75	99,679	3.99
10,001-100,000 shares	24	1.37	820,484	32.81
100,001 shares and over	3	0.17	506,501	20.26
	1,748	100.00	2,500,000	100.00

Substantial Shareholders

At 15 August 2003, 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	35,802,745

Shareholder information

Voting Rights of Shareholders

(i) Ordinary Shares

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

- Show of hands – one vote per shareholder; and
- Poll – one vote per fully paid ordinary share

(ii) Non-participating Shares

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

(iii) Reset Preference Shares

Reset preference shareholders are entitled to vote in limited circumstances in which case shareholders will have the same rights as to the manner of attendance and to voting as ordinary shareholders with one vote per reset preference share. The limited circumstances are set out in the Information Memorandum dated 16 August 2001.

Holders of Non-marketable Parcels

At 15 August 2003 the number of shareholders with less than a marketable parcel for fully paid ordinary shares (1-41 shares) was 1,456 (0.75 percent of shareholders) representing 26,000 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
Internet: www.suncorp.com.au

Company Secretary

Clifford R Chuter

Annual General Meeting

2.30pm Wednesday 29 October 2003
Plaza Ballroom, Brisbane Convention and Exhibition Centre
cnr Merivale and Glenelg Streets, South Brisbane

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: http://shares.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 or dividend advices.

Change of Address

Shareholders sponsored by Suncorp (issuer sponsored) must advise Douglas Heck & Burrell 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 share registry website.

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.

Register your email address

Now you can register your email address for dividend advices, 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 http://shares.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.

Stock Exchange Listed Securities

Suncorp Metway's securities listed on the Australian Stock Exchange are:

Ordinary shares (code SUN)

Floating Rate Capital Notes (SUNHB)

Reset Preference shares (SUNPA)

Key dates

Ordinary Shares (SUN)

2003	
Final Dividend	
Ex dividend date	3 September
Record date	9 September
Dividend paid	3 October
2004	
Interim Dividend	
Ex dividend date	3 March
Record date	9 March
Dividend paid	2 April
Final Dividend	
Ex dividend date	1 September
Record date	7 September
Dividend paid	1 October

Floating Rate Capital Notes (SUNHB)

2003	
Ex interest date	11 November
Record date	17 November
Interest paid	2 December
2004	
Ex interest date	10 February
Record date	16 February
Interest paid	2 March
Ex interest date	11 May
Record date	17 May
Interest paid	1 June
Ex interest date	10 August
Record date	16 August
Interest paid	31 August
Ex interest date	9 November
Record date	15 November
Interest paid	30 November

Reset Preference Shares (SUNPA)

2003	
Ex dividend date	3 September
Record date	9 September
Dividend paid	15 September
2004	
Ex dividend date	3 March
Record date	9 March
Dividend paid	15 March
Ex dividend date	1 September
Record date	7 September
Dividend paid	14 September

Dates may be subject to change

Contact details

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	**1300 651 125**
Small Business Banking	**1300 651 125**
Share Trade	**1300 135 190**
New sales enquiries/new customers for Margin Lending	**1800 115 211**
Existing customer enquiries for Margin Lending	**1800 805 972**

GIO

General enquiries	**13 10 10**
Personal and Business Insurance	**13 10 10**
Personal Insurance claims	**13 14 46**
Workers' Compensation policies and claims	**13 10 10**

Internet Sites

www.suncorp.com.au
www.gio.com.au

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 trading, and the ability to manage a margin lending facility and manage superannuation accounts.

GIO's internet site, www.gio.com.au provides customers with information about our insurance products, details on how to obtain quotes, online quoting for CTP/Green Slip insurance, the ability to make payments and submit home or motor insurance claims. There are also direct links to the Suncorp suite of products.

Annual Report

Copies of both the 2003 Concise Report and the Annual Report, which includes the consolidated financial statements, are available from Investor Relations (07) 3835 5797 or on the Suncorp internet site.

Credit Ratings	Short term	Long term	Insurer financial strength general insurance	Insurer financial strength life and super
Standard & Poor's (Stable outlook - November 2002)	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
(Upgraded June 2002)				
Fitch Ratings	F1	A	A+*	A*

(Long term outlook – Stable – April 2001. * Confirmed March 2003)

BANKING INSURANCE INVESTMENT

SUNCORP

Concise 05298 (09/03)