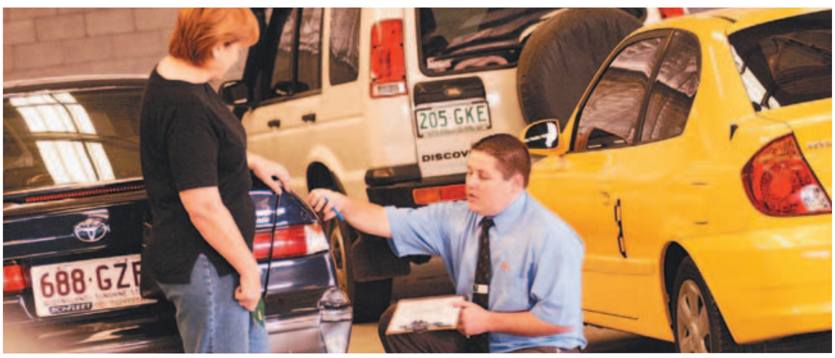


2004 CONCISE REPORT

SUNCORP

BANKING INSURANCE INVESTMENT

Suncorp-Metway Ltd ABN 66 010 831 722

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

Business Banking client David McNamee and his family operate a beef fattening operation near Millmerran, Toowoomba. With David is Suncorp's Geoff Magoffin (left) and Greg Leahy (right).

Wallaby Wendell Sailor with an aspiring Wallaby at the Suncorp Fan Day, Suncorp Stadium.

CONTENTS

COMPANY PROFILE Suncorp is one of Australia's 30 largest listed companies, with a market capitalisation of around $7 billion, 183,000 shareholders and 537 million shares on issue. Our head office is in Brisbane, Queensland.

We are Australia's sixth largest bank and the third largest insurance group with assets of more than $43 billion and $11 billion funds under management. There are 8,000 staff nationally.

The main businesses are retail and business banking, general insurance, life insurance, superannuation and funds management with a focus on retail consumers and small to medium businesses. We have 3.8 million customers across Australia and strong market shares in most of our insurance business classes including Compulsory Third Party, home and motor.

Our two brands are Suncorp and GIO, which is our main insurance brand outside of Queensland.

2004 Concise Report

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.

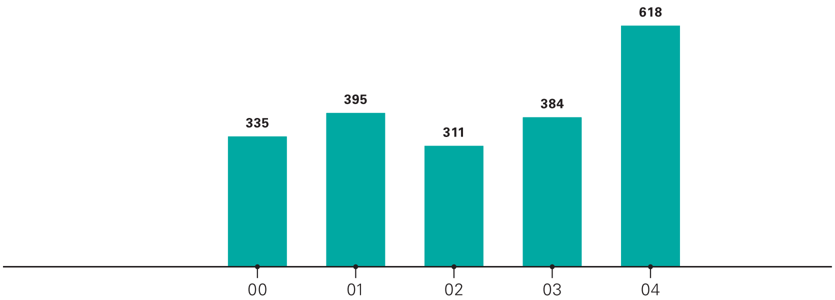
The Concise Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as does the consolidated financial report.

A copy of the 2004 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 2004 Annual Report can be requested by telephoning (07) 3835 5797 and by the internet at www.suncorp.com.au

FINANCIAL HIGHLIGHTS

Operating profit after tax $m



$618m

record net profit – up 61% on June 2003

Banking

$371m

up 17% for the year

Banking pre-tax profit increased 17% for the year through strong lending, maintenance of margins and very sound credit quality.

General Insurance

$465m

up 100% for the year

General Insurance pre-tax profit increased 100% for the year. A record result through improved claims experience, better investment returns and greater operating efficiencies.

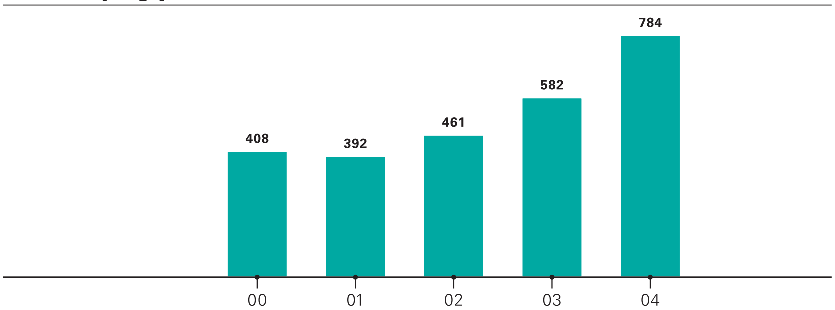
Wealth Management

$66m

up 61% for the year

Wealth Management pre-tax profit* increased 61% for the year driven mainly by increased investment returns, and improved operating performance.

Underlying profit* $m



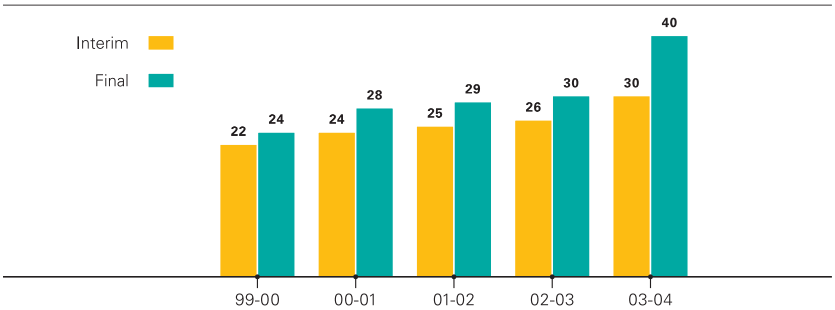
Underlying profit

$784m

up 35% for the year

Profit before tax, goodwill, one-off gains and investment income on general insurance shareholder funds. Demonstrates strong operating performance of the business.

Dividends interim/final cents



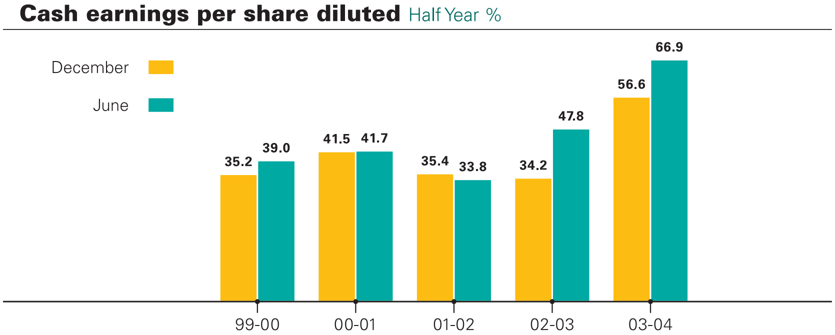
Full Year dividend

70cents

up 25% for the year

40 cents final dividend taking full year dividend to 70 cents, fully franked.

Cash earnings per share diluted Half Year %



Cash earnings per share

$1.24

up 51% for the year

Cash earnings per share diluted up 51% for the year, a record.

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

CHAIRMAN'S LETTER TO SHAREHOLDERS

'We achieved record profits for the Company as a whole, record results in each of our operating divisions and announced a record dividend, so by any measure this is an outstanding financial performance.'

JOHN STORY, CHAIRMAN

Dear Shareholder,

The financial year ending 30 June 2004 has been an important year for Suncorp. It has been a successful year in financial terms, as evidenced by the bottom line profit and the substantial increase in dividend. More significantly, it has been a successful year in operational terms, and that success has not only led to this year's financial result but has provided a sound base for confidence for future years.

The 2004 year is significant in the history of Suncorp. It is the year in which we have clearly entered into the third phase of our development. In the first phase, following the merger in 1996, Suncorp was focused on the integration of the three merger parties. This was a formidable challenge, but was well executed. In the second phase, Suncorp acquired and integrated the businesses of GIO. The acquisition of GIO was of enormous strategic importance for Suncorp, but the integration was a further formidable challenge. This strained our resources, and had implications with respect to growth across the entire organisation. It has, however, proven to be a highly successful acquisition, and the operations of GIO are now integral to the business of the Company.

We entered into our third phase of development under the outstanding leadership of John Mulcahy, and the very effective management team that he has, in a short time, welded together. This phase represents the consolidation of what has gone before and the realisation of the potential and opportunities that had been created. This in no way implies that we have been standing still. The diversified financial services strategy announced in June 2003 is in the course of being implemented and applied. The organisational structure and leadership roles and positions have been comprehensively reviewed, and detailed operational improvements have been introduced throughout the organisation. The change

John Story meets with shareholders at the 2003 Annual General Meeting.

within Suncorp during 2004 has been profound.

The outcome is a company of which we may all be proud. In offering diversified financial services, with the strength of its operations in banking, general insurance and wealth management, and with the strength of those operations throughout Australia, Suncorp is unique. In its third phase, Suncorp is emerging as a great Australian company, with a strong focus on meeting customer needs. But we also recognise that we have our base and our roots in Queensland, and we will retain our market position and community role within Queensland.

2004 has been a great year for Suncorp, and as we enter the third phase of our development with sound, effective and professional management, we have realistic grounds for optimism.

Financial Results Overview

The Company has reported a full year profit of $618 million after tax, which was up 61 percent from $384 million in 2003. Profit for the last six months to June increased by 47 percent to a record $337 million.

Cash earnings per share for the full year increased 51 percent to $1.24 per share, and return on shareholders' equity, before goodwill, was a respectable 17.5 percent.

The financial results are summarised in the table below.

	Year ended		
	Jun-04 $m	Jun-03 $m	Variance %
Profit Overview			
Banking	371	318	16.7
General Insurance	465	233	99.6
Wealth Management*	66	41	61.0
Other	43	9	377.8
Profit before tax and goodwill	**945**	**601**	**57.2**
Goodwill amortisation	(60)	(62)	(3.2)
Tax	(267)	(155)	72.3
Net profit	**618**	**384**	**60.9**

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

While it is clearly an excellent result, the headline numbers can be skewed by external factors such as the strength of the sharemarket, which affects our investment returns, and by one-off profits during the year, such as the sale of our investment in the Cashcard business for a $31 million pre-tax gain. If we exclude those items to get a better understanding of underlying performance, we see earnings still increased by 34.7 percent to $784 million, before tax. So the core profitability of the Company has improved significantly over the year.

As indicated in the table, each of the operating divisions has produced a commendable increase in earnings.

The Banking division lifted profit by 16.7 percent to $371 million, with the highlights being a rapid recovery in home lending, the continued outperformance of our business banking operations, maintenance of margins and the very sound credit quality of the entire book.

In General Insurance, the result rose by almost 100 percent to $465 million. Operating conditions in the industry have recovered significantly over the past two years as insurers have adopted more disciplined pricing practices, and as legislative reforms have reined in escalating claims costs.

Suncorp has a strong focus on meeting customer needs, and in response to customer demands we opened a number of new branches during the year, including Victoria Point, Queensland.

Consequently, the industry as a whole is now earning a level of profits which is more appropriate for the risks involved. The improvement simply reflects the fact that the industry in prior periods was recording very poor profitability, which ultimately led to the demise of some participants, or the withdrawal of some insurers from markets such as public liability. The improved profitability of the industry is a good thing for all consumers, because it means that they can be much more confident that their insurance provider is strong and secure, and will be there to pay claims when needed.

The Suncorp insurance business, fresh from the merger with GIO, has been well positioned to benefit from that structural upturn in the industry. Our results show the business has been operating efficiently, and generating satisfactory underwriting results. The profit has also been assisted by a substantial recovery in investment markets, particularly over the last six months.

Wealth Management similarly has enjoyed a strong improvement in investment earnings, contributing to a 61 percent increase in profit to $66 million for the year.

Dividend

The strength of these results, combined with the underlying performance of the Company, has given the Board the confidence to announce a significant increase in the final dividend to 40 cents per share, up from 30 cents for the June half of 2003. That takes the full year dividend to 70 cents per share, fully franked, which represents a 25 percent increase in the dividend for the full year.

The increase in dividends reflects the significant step-up in our earnings profile during the past year as we have reaped the full benefits of the GIO acquisition and implemented improvements to our business lines. We are confident that the higher dividend level is sustainable and in accordance with our longer term policy of delivering continued steady increases for shareholders.

Another factor in our decision to lift the dividend was the franking position of the Company. We have been gradually building up our franking account over time, and we recognise that these franking credits only have value in the hands of the shareholders. The increased dividend helps us to pass more of this value through to shareholders.

The payout ratio for the full year remains at 63 percent, and was 66 percent for the second half, which is a prudent position, having regard to our capital needs for future growth, and our goal of delivering good returns for shareholders.

Outlook

Your Board and Management are optimistic about the future.

In general terms, the business environment continues to be conducive to growth. The economy remains resilient, inflation remains well in check, unemployment is low and interest rates are not expected to increase sharply in the near term. So at a high level, things look favourable.

However, there are clearly some aspects of the business environment that we are watching closely. In the banking sector, leading indicators suggest further slowing in the home lending market, which may provoke increased competition for diminishing volumes. In general insurance, we are monitoring the market carefully for signs of irrational pricing activity. And in wealth management, we are already seeing some price reductions in funds management fees. But these threats are not new. Competition is a constant and healthy feature of the market.

We have confidence in Suncorp's Diversified Financial Services model and in the strength of its resources. The management team has delivered a strong performance in 2004, and we look forward to further healthy improvement in underlying profit in the current year.

Corporate Governance

The level of performance by boards, and corporate governance generally, continue to be of concern to the investing community within Australia. In an address given on 12 May 2004, the chairman of APRA, Dr John Laker, identified the important attributes of a board, beyond a strong sense of accountability, as being:

- independence;
- expertise;
- diligence;
- prudence, and;
- transparency.

It goes without saying that integrity underlies each of those attributes. We would endorse that analysis.

I would add that it is also essential that, in performing its functions, a board provides clear and effective direction and leadership to management. In order to do so, it must operate on a united and collegiate basis, but in such a manner that the independent views and opinions of the individual directors are respected and accommodated.

During the course of the year we, as a board, reviewed our performance with the assistance of external facilitation. I believe that, in the context of the above criteria, we are meeting the required standards. We cannot, however, become complacent, and we will continue to be vigilant in our examination of the ways in which we can improve on what we do in representing your interests.

At the half year, I advised that, following a review of our Board committee structures, we were to create a new risk committee focused exclusively on that subject. The committee structures constitute a vital cog in the system of checks and balances of our system of corporate governance. Before moving to a new structure, it is essential that we have in place the organisational infrastructure to support that new system. We have delayed the change until we are satisfied that the appropriate infrastructure is in place. It is anticipated that this will be finalised in the next few weeks. Whilst we are satisfied as to the effectiveness of our existing arrangements, which already incorporate a major focus on risk management, we are confident that the operations of the new risk committee will provide an even more rigorous level of internal scrutiny on this important matter.

The importance of the culture which prevails within an organisation with respect to its standards of corporate governance is now well recognised. It is essential that this culture be fair, open and accountable. This is a basis upon which the Suncorp Board itself operates, both internally and in its dealings with management, and it is a culture which John Mulcahy is passionately driving throughout the organisation.

That leads me to the theme of this year's annual report, which is the importance we place on our people, and the way the Company and its employees are engaged in the broader community.

We have roughly 8,000 staff, and our performance is absolutely dependent on the quality and commitment of our people. Throughout this report you will see numerous references to the importance of our staff, and the efforts that are being made to develop and foster talent and leadership within the organisation. On behalf of the Board, I want to thank the staff for their excellent efforts during 2004.

I also would like to thank my fellow directors, and you, the shareholders, for your ongoing support.

John Story Chairman

Wallabies sponsorship: Suncorp Stadium came alive when supporters hit the field with the Wallabies for a free and action-packed Suncorp Fan Day. Kids by the thousands enjoyed on-field coaching clinics and autograph signing with the Wallabies as well as tours of the stadium and other activities.

MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

'2004 has been a year of transition. We have reaped the full benefits of the GIO acquisition, set ourselves a clear strategic path, lifted the performance of our banking business and driven new disciplines throughout the group.'

JOHN MULCAHY, MANAGING DIRECTOR

Dear Shareholder,

Suncorp's vision is 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; and
- for our shareholders to invest in.

It is an ambitious vision, but I am happy to report that in the year to June 2004, we made good progress towards achieving that goal.

For each of those stakeholder groups, we made extensive improvements and changes in the way we do business to deliver better outcomes. While we still have more work to do, we are seeing tangible results.

I am pleased to say we have achieved this in a disciplined and deliberate way, through the implementation of our Diversified Financial Services strategy and by a very focused approach, working as a team and engaging with the community.

As John Story stated in his letter, 2004 has been a year of transition for Suncorp. We have consolidated following the major structural changes implemented in 2003; we have successfully confronted the challenges that we faced in areas such as home lending; and we are building growth momentum in each of our business lines: Banking, General Insurance and Wealth Management.

In this letter, I will outline some of the initiatives we have implemented during the year, and our plans and expectations for the future.

Profit Overview

For shareholders, it has been a rewarding 12 months. Our financial performance exceeded our initial expectations, with profit after tax increasing by 61 percent to $618 million.

That performance was driven by many operational improvements across the organisation, underpinned by a solid recovery in investment markets and favourable economic conditions.

Banking

The Banking profit of $371 million, before tax, was up 16.7 percent on the prior year. The second half result was $194 million, which was up 9.6 percent on the first half. So on both comparisons, the result is good, and above the market's expectations for the banking sector as a whole.

	Half Year ended				June 04 vs 03
	Jun-04 $m	Dec-03 $m	Jun-03 $m	Dec-02 $m	Change %
Financial Performance					
Banking	194	177	168	150	15
General Insurance	250	215	161	72	55
Wealth Management*	30	36	24	17	25
Other	37	6	5	4	640
Profit before tax and goodwill	**511**	**434**	**358**	**243**	**43**
Goodwill amortisation	(30)	(30)	(32)	(30)	(6)
Income Tax	(144)	(123)	(97)	(58)	(48)
Net profit	**337**	**281**	**229**	**155**	**47**

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

	Year ended		
	2004 $m	2003 $m	Change %
Banking Profit			
Net interest income	656	592	11
Other operating income	177	155	14
Operating expenses	(414)	(380)	9
Bad and doubtful debts expense	(48)	(49)	(2)
Pre-tax profit	**371**	**318**	**17**

There were a number of important highlights in the Banking performance:

- Lending was strong. Total receivables, including securitised assets, increased by 20.2 percent for the year, compared with 15.5 percent growth for the banking industry, meaning we are lifting our market share.
- Home lending, which had been underperforming for some time, recovered lost ground. In the year to June 2004, the book grew by 18.5 percent, which was almost double the 9.4 percent growth recorded for the previous year and only slightly below industry growth of 20.5 percent. On a monthly basis, home lending has exceeded industry growth rates consistently since February.

  That is a significant turnaround, achieved through a host of initiatives:
  - Improved broker distribution. Previously the Company had been reluctant to use brokers, particularly in the Queensland market, preferring to rely on our branches and call centres. That meant we missed out on good business. Instead, we have now adopted brokers as an important distribution avenue, forming strong relationships with the leading networks which are now selling significant new business for us.
  - Improved retention. We have reviewed our products and services, and the way we treat our customers, to improve the overall customer experience and make it easier for them to do business with us. For example, we used to make it unnecessarily hard for people to top up their loans, so instead, customers simply went elsewhere. Those processes have been fixed.
  - Introduction of regional teams of dedicated home lending specialists with the skills and training required to identify and meet customer needs quickly and effectively.
- Business lending continued to grow at a faster rate than the market, increasing 23.5 percent to $12.2 billion, led by property development and lending to small business.
- Retail deposits grew well in advance of the market, up 15.0 percent while total sector retail deposits rose 8.3 percent.
- Net interest margins held up well over the year, and increased 6 basis points to 2.3 percent in the second half. This was due to good growth in higher margin business such as property development, the restoration of deposit margins through increases in official interest rates, and by competing on service rather than price.
- Credit quality remains excellent, with impaired assets falling to all time lows and provisioning cover improving to more than 2.6 times gross impaired loans.
- Operating expenses were kept under tight control, with the cost to income ratio falling to 48.8 percent in the second half, which puts us on par with much bigger competitors and reflects the benefits of our Diversified Financial Services model.

So all in all, I am satisfied that our banking business is now back on track and poised to kick more goals in the current year.

General Insurance

General Insurance was a real engine room for profit growth in 2004, producing a 100 percent increase in pre-tax profit to a record $465 million for the full year.

Conditions in the general insurance industry have improved dramatically in the past few years as the industry has restructured and rationalised, and as the major players have adopted a more disciplined approach to pricing, focused on delivering appropriate returns for shareholders.

Changes to the laws surrounding negligence and personal injury, which have helped to restore some balance to damages awards, have also put the industry on a much more stable footing, at the same time ensuring that consumers have access to insurance at reasonable prices.

It's therefore been an opportune period to be in the insurance business, and that perhaps demonstrates conclusively the portfolio benefits of our Diversified Financial Services strategy. In contrast to some of our competitors, who are somewhat hostage to a single profit stream, we have the benefit of exposure to three complementary cashflow streams.

Through the acquisition of GIO, Suncorp was established as a major player in general insurance across the country, with sufficient scale to be a serious competitor. Having completed the integration of GIO over the previous couple of years, 2004 was a year when we regrouped and started the drive for organic growth. Our results confirm the strong financial foundation we can use as a growth platform for the future.

The core insurance profit, excluding non-underwritten business and investment income on shareholder's funds (which fluctuates with the share market), increased by 50.7 percent to a record $315 million for the full year. This is equal to 14.4 percent of premium revenue, which is the strongest full year margin reported by the Company since 1997. The Insurance Trading Result (ITR) for the June half was $170 million, equal to a margin of 15.3 percent of net earned premium.

The strength of the profit performance can be attributed to a few factors:

- Claims experience has improved significantly in areas such as compulsory third party insurance, workers' compensation and commercial liability, due to the legislative changes I referred to earlier. However, it is still early days. It typically takes several years to know for certain the impact of such changes. While early indications are clearly favourable – favourable enough to make some conservative reductions to our expected claims costs – we have adopted a conservative approach and put away additional funds in reserve to ensure we have sufficient money to pay claims when they fall due.
- In home and motor insurance, claims experience during the year was affected by the incidence of a number of fairly serious storms up and down the east coast, which caused a lot of damage. Certainly, storm related claims costs were much higher in 2004 than they were in 2003.
- Gross premium revenue grew by 7.4 percent, or $168 million, mainly because of increases in sums insured, inflation and some price adjustments. In some classes, prices have been reduced during the year as the benefits of legislative changes have been shared with consumers. For example, in Queensland CTP, prices were reduced by approximately 6 percent, or $21 per ordinary policy, over the year.
- Investment returns on the funds we keep aside to pay claims increased from $176 million to $231 million during the year (adjusted for capital movements which do not affect the bottom line insurance trading result).
- The results also benefited from continued improvement in investment earnings on shareholder funds, which rose to $130 million, from $11 million the prior year. The strong improvement was mainly due to the strength of the domestic equities markets. The S&P/ASX 200 Accumulation Index rose by 21.6 percent during the financial year.

	Year ended		
	2004 $m	2003 $m	Change %
General Insurance Profit			
Net premium revenue	2,184	2,012	9
Net incurred claims	(1,537)	(1,651)	(7)
Operating expenses	(480)	(433)	11
Investment income, tech provisions	148	281	(47)
Insurance Trading Result	**315**	**209**	**51**
Other income	39	32	22
Investment income, shareholder funds	130	11	1,082
GIO acquisition funding costs	(19)	(19)	-
Pre-tax profit	**465**	**233**	**100**

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

Wallabies sponsorship: A devoted Wallaby supporter, eight-year-old Toby Rheinberger from Perth, who has survived three open-heart operations, was given a once in a lifetime opportunity to be a ball boy at the Australia v South Africa Test Match at Subiaco Oval in July. An armchair sports fanatic because of his medical condition, Toby was selected as part of the GIO Field of Dreams program, an initiative to bring the Wallabies close to the community as part of our Wallabies sponsorship. Toby was a little overwhelmed at meeting his idols Adam Freier, Matt Bourke and Dan Vickerman but excited to be attending a rugby test match for the first time.

So those are the main factors affecting the results for the period. Operationally, there were also a large number of initiatives. A few examples are:

- In September, the Company announced the acquisition of the insurance business operated by the Royal Automobile Club of Tasmania (RACTI). RACTI currently sells personal lines insurance (motor, home and boat products). The acquisition was settled in March. With the purchase of RACTI, the group's annual premium in Tasmania is now approximately $40 million.
- Another important operational improvement was the successful marketing effort to build the Suncorp and GIO brands. This was achieved through carefully targeted advertising campaigns and also through the sponsorship of the Rugby World Cup and the Australian Rugby Union team.
- The strengthened marketing was supported by the implementation of new and improved techniques to accurately assess risks involved in the insurance business, so we can ensure that our pricing properly reflects those risks, and we are targeting the right business. These tools are being rolled out across the general insurance portfolio.

So in summary, the General Insurance business has had a good year. Our challenge is to grow the business off that strong platform, which is our focus for the current year.

Wealth Management

Profit before tax for the Wealth Management division increased 61 percent to $66 million for the year. Investment returns increased significantly, and we also were able to improve the value of new sales by focusing on sales of higher margin products. Funds under management also increased 11 percent to $11 billion during the year.

At an operational level, a number of initiatives and alliances were completed during the year, which have significantly improved the range and flexibility of product offerings, and strengthened service and distribution capabilities.

- A highlight was the introduction of Easy Invest, a new 'wrap' platform service for investment customers which features access to over 40 wholesale investments, and single account reporting. Enhancements were also made to the existing Easy Super product, and a new risk protection package was developed for personal loan customers.
- Our investment management team also received accolades from two independent research agencies for the performance of our flagship Australian equities fund. ASSIRT awarded a '4-star rating' and Van Eyk awarded an 'A' rating.
- Investment returns exceeded industry benchmarks in all major investment classes for the year, with funds benefiting from the global strength of equity markets.

	Year ended 2004 $m	2003 $m	Change %
Wealth Management Profit			
Life company	57	32	78
Funds management	9	9	-
Pre-tax profit	**66**	**41**	**61**

Excludes Life and Super policy owners' interests, and tax

Coomera Waters – Queensland: Suncorp's environmental award winning housing development.

While Wealth Management is only a relatively small part of our business, it is very important to us in terms of being able to offer a comprehensive suite of products to our customers. We remain very committed to the Wealth Management and Funds Management businesses, and look forward to growing more strongly in the current year, as investor confidence increases.

An important aspect of that will be the introduction of investor choice to the superannuation landscape, and we are already well placed, with a wide offering of funds management products, including core Suncorp products.

Strategy Progress

That summarises the profit performance at a divisional level. From a group perspective, it is clear we are making headway in terms of our Diversified Financial Services strategy that we outlined in June last year.

The core of that strategy is that we will operate our three business lines independently as part of an integrated financial services group. With that structure, we can drive important synergies that include significant cost savings and higher revenues by selling a wider range of products to our existing customers. This will enable us to deliver results that are better than our monoline competitors. The value of the group will then be higher than the value of the component parts, creating wealth for shareholders.

The starting point for that strategy, of course, was to ensure that our individual business lines are performing well and are individually efficient. This result, and the half year results before it, show that we have fixed the problems that were hindering our performance, and our businesses are now operating well.

We also have made excellent progress in developing systems and processes to ensure that we maximise the benefits of our business model, extracting all of the cost savings and additional revenues available.

Clearly, our results show that we are a very cost efficient organisation, with a low cost to income ratio in the bank, and a low expense ratio in the general insurance company. That reflects the benefits of our structure, which allows us to make better use of our shared infrastructure and overheads across the Company.

On the revenue side, we continue to have the highest cross-sell rates in Australia, in terms of the number of products we sell per customer. We also have established a central team of people with a focus on ensuring that opportunities are being captured across the group, and progress is being measured effectively.

Cross-sell targets and staff incentives have been set in each of the business lines. Employees have been equipped with better sales skills, and we are already seeing encouraging results.

For example, in Business Banking, the number of Commercial customers with home loans has grown by 80 percent.

In Retail Banking, our sales per sales session has grown by 30 percent, including substantial general insurance business.

These, and other improvements, mean that we are developing a better understanding of our customers' needs, leading to deeper business relationships with our customers, and, in turn higher returns per customer.

So, good progress is being achieved.

The next step in our strategic journey is to focus on further growth. We have identified six major strategic levers as being critical:

- To be customer focused, with a relentless desire to meet our customers' needs and desires.
- To have a distribution network including branches, intermediaries, call centres and internet facilities that gives customers what they want in a cost efficient way.

- To maintain our track record for getting the job done, implementing change on time and on target.
- To grow our market shares profitably, with attention to both revenue growth and cost containment.
- To take advantage of all of the cross-sale opportunities and potential cost savings available from our Diversified Financial Services model.
- To attract, retain and develop the best team of people in the industry.

All of these strategic levers are important to the success of the group, but I would like to focus briefly on the last one, which is the theme of this report.

High Performing Team

The success of any business depends on the quality and commitment of its people, and that is particularly the case in financial services, where the interaction between customers and our people is so important.

So we pride ourselves on ensuring that we have people who are properly skilled at their jobs; who care for the customers, and are pleasant and friendly to deal with.

There is a host of things that go into delivering that outcome and during the past year, we have worked hard at creating the environment that attracts, develops and retains good people.

Late in 2003 we restructured the Company along business lines to make it less complicated, and so our people knew how they fitted into the organisation, and had clear lines of responsibility and accountability. We then looked at all the jobs in the Company and made sure we had the right people in the right jobs, with the appropriate job targets and proper financial incentives in place. We called that process the leadership framework, and it has had a marked effect in lifting morale and improving performance.

With that in place, we have undertaken extensive learning and development exercises throughout the organisation.

For example, more than 260 of our senior managers have completed or are undertaking a leadership training course called 'Flare' which equips them with comprehensive skills in motivating people and assisting them to perform well. The program is having significant impacts and developing consistent application of management techniques across the group. Another 1,200 team leaders are scheduled to complete the training over the next two years.

Another example is our 'inFOCUS' program to improve sales, service and leadership skills in our banking operations. More than 1,800 of our front-line people have now completed the course, and it has been established as an ongoing training program.

In addition to providing our people with job skills, we are working to instil a culture within the Company which reflects the sorts of values that the community respects and demands.

We have defined a set of values that we expect all our people to live by.

They are honesty, trust, fairness, respect, caring and courage and I'm pleased to say that they are already well entrenched in the organisation. By identifying them explicitly, it helps to show people the sort of organisation we are, and aim to stay.

In addition to these, we have developed a Code of Conduct for all our people, which sets out the standards of behaviour we require within the Company. These initiatives ensure we are developing a strong, ethical and rewarding culture, essential for building our relationships and reputation with each other, our customers, our shareholders and the community.

We are demonstrating that through initiatives such as our Volunteer Day, which gives each employee one day's paid leave per year to devote to our community.

Volunteer Day is just one practical way we can demonstrate that we are an organisation that takes our community responsibilities seriously, and is genuine in its desire to make a contribution to the broader society. This is, of course, in addition to the many other community programs and sponsorships we have in place, which are outlined on page 24 of this report.

The interaction between customers and our people is so important. Katie Flaton, located at Victoria Point branch, is one of our friendly sales and service consultants.

Outlook

I will now turn to the outlook for the current year.

At a high level, the business environment looks conducive to growth. At the moment, the economy is forecast to expand by a healthy 3.5 percent per year for the next four years, with inflation, unemployment and interest rates all expected to remain relatively low and stable. So, while things look favourable, we are keeping a wary eye on the global economic outlook for signs of weakness and ensuring we are well positioned to withstand any unexpected deterioration.

In **Banking**, while there has clearly been a slowdown in housing lending, which is also reflected in property development lending, overall credit growth continues to be quite resilient. We would therefore expect to see total lending grow by around 10 percent in the current year.

Increased competition in banking may lead to some deterioration in margins in the industry in the current year, however, we will be focused on profitable growth.

So in this environment, we expect to deliver a percentage growth in profit before tax greater than single digits.

In **General Insurance**, premiums have increased significantly across the industry over the last couple of years as insurers have moved to charge prices which properly reflect the underlying risks of the business. However, that stepped adjustment in pricing, which has restored appropriate levels of profitability to the industry, has largely run its course. Further price rises are expected to be kept more in line with claims inflation, therefore the recent increases in profitability the industry has experienced are likely to moderate in the future. In some classes, we expect to reduce prices in line with improvements in claims experience.

We do not see any signs of irrational price competition re-emerging in the classes of insurance in which we operate, and we remain confident that the improvements we are making to our business will enable us to win market share from our competitors, increase efficiency and lift profitability.

We also remain cautiously confident that the improvement in claims experience will be sustained. While this will lead to benefits for consumers in the form of reduced prices in some classes, it also will lead to greater stability and improved profitability for insurers.

Therefore, we would expect that the profitability evident in the 2004 results will be largely sustainable in the future. While we previously had a stated insurance trading margin range of 10–13 percent, with this result we are increasing the expected margin to 11–14 percent. As always, this assumes no unusual events or wild swings in investment markets.

In **Wealth Management**, the recovery in equity markets has led to a significant improvement in profitability. Assuming this equity market performance is sustained, we should see some recovery in sales in the current year. We therefore expect to see a double-digit improvement in Wealth Management profit before tax and investment income on capital and retained earnings in the statutory funds.

At a group level, this should translate to further good improvements in underlying profits in the current year.

Conclusion

Finally then, I would like to take this opportunity to thank the Suncorp team for their hard work and support over the past 12 months. Together, we have made great improvements, and the current year should present many exciting opportunities for us. Thanks also to my fellow directors for their help and guidance, and of course to the shareholders for their ongoing support.

John Mulcahy Managing Director and CEO

GROUP EXECUTIVE


From left to right: Diana Eilert, John Mulcahy and Chris Skilton.


From left to right: Bernadette Fifield, Ray Reimer, Carmel Gray, Peter Johnstone, Mark Blucher.

Mark Blucher AAIBF
Group Executive Retail Banking Customers

Mark Blucher's key function is retail banking customer management, with responsibility for the profit and loss outcome, product management, distribution and processing. He previously held the position of Group Executive Retail Distribution and Human Resources. Mark joined Suncorp as General Manager Human Resources in September 1997 after having spent 19 years in a number of senior positions with the ANZ Bank's operation in New Zealand.

Diana Eilert MComm (Mktg & Finance), BSc (Pure Maths)
Group Executive General Insurance

Diana Eilert is responsible for Suncorp's insurance business,which includes GIO, RACTI and our joint ventures with RACQ and RAA. She joined Suncorp in 2003 from IBM's Business Consulting Services, where she was a Partner. Diana's consulting career spanned five years in banking and insurance, with an emphasis on customer strategy and growth initiatives. Prior to consulting, Diana had 16 years' experience in line roles in insurance and banking, including heading up Zurich's personal general insurance business and Zurich Direct, senior executive roles in marketing, sales, credit and operations in Citibank, leading AAMI's sales and marketing efforts in NSW and various roles in NRMA Insurance, including head of the insurance call centre.

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

Bernadette Fifield joined Suncorp in 2003 to take up a Group Executive role. She is responsible for the Wealth Management business as well as the design of the group's strategy and the management of the marketing function across Suncorp. Before joining Suncorp, Bernadette held a number of executive roles across financial services including a number of senior roles at the Commonwealth Bank.

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 Human Resources, Projects and Central Services

Peter Johnstone joined the group in 1997 after playing a key role in the original merger in 1996. He was responsible for the initial integration process, and more recently, the GIO integration transformation project. During his time with Suncorp, Peter has also been responsible for the back office function of Banking and Insurance as well as Information Technology.

Before joining Suncorp he lead the business team which corporatised the former State Bank of South Australia and subsequently became General Manager Operational Support and General Counsel of the Bank of South Australia.

Peter was appointed to his current role in 2003. He has over 30 years' experience in finance, business and law.

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

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.

Ray Reimer
Group Executive Business Banking Customers

Ray Reimer 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' direct experience in various senior roles in the finance sector.

RETAIL BANKING 'We have made excellent progress in further improving customer experience and building our sales and service culture with our people. Overall, a satisfying 12 months but there are still opportunities for improvement.'

MARK BLUCHER, GROUP EXECUTIVE
RETAIL BANKING CUSTOMERS

Retail Banking Profile

Retail Banking provides home and personal loans, transaction, savings and investment accounts, credit cards and foreign currency services for 785,000 customers nationally through an extensive branch network, the phone, call centres and on-line facilities.

Retail Banking has:

- Total assets of $18 billion;
- Total deposits of $13.4 billion;
- 173 branches and agencies, predominantly in Queensland;
- 2,700 staff;
- 12.7 percent market share of lending in Queensland, 3.1 percent nationally; and
- a profit before tax of $371 million for the year (includes Retail and Business Banking).

Operating Environment

Operating conditions in the retail banking sector were favourable during 2004, with the economy continuing to grow steadily, inflation in check, interest rates and unemployment relatively low. Consumer confidence was therefore healthy, reflected in the continued growth in borrowing, particularly for residential property.

Towards the end of the year, there were clear signs that the housing sector was slowing, following increases in official interest rates. This is expected to lead to increased competition for business in the current year.

Overall credit conditions remain excellent, with few bad debts emerging. So in summary, it is a good scenario for customers, and a sound competitive environment for the Retail Banking division.

Operating Highlights

During the year we maintained our focus firmly on understanding our customers needs so that we could continue to offer appropriate financial and service solutions.

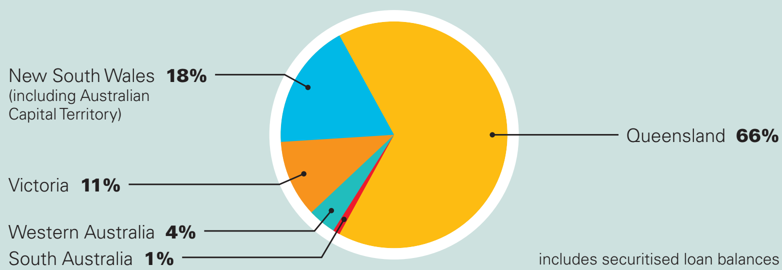
We refined our customer segmentation, with every customer being grouped according to life stage, product holdings and value. This helps us to determine better product offers and the level of service required to meet individual needs.

We targeted special term deposit offers to niche groups such as shareholders and insurance customers and launched a unique transaction and savings account which has proved to be a winner for customers and a market leader for Retail Banking. Called the

Margaret O'Hearn, a Suncorp Premier Client since 1997, is a hard working sales consultant. She is looking forward to retiring and easing her workload to enjoy the company of her grandchildren. Branch Manager Adam Parry caught up with her at the recently opened North Lakes branch in Brisbane.

Ron Booth from Wandoan, is a valued Suncorp (Dalby branch) customer. He likes the way we do business. 'It's nice not to be treated as a number. When I ring up the sales consultants, they recognise my voice and when I ask for something to be done, it happens. That's what I call good service.' Ron is pictured with his daughter Alison.

Retail Banking assets by state – $17.78b as at 30 June 2004



$17.8b

as at 30 June 2004

Retail Banking's portfolio is dominated by low risk housing, predominantly in the Queensland market, but with a growing presence in other states.

Everyday Options Account, its success to date has exceeded all expectations, with 47,000 new accounts and over $500 million in funds raised. At the Personal Investor Magazine Awards for Excellence in Financial Services our savings and transaction accounts won three gold medals between them.

Improved service levels have made it easier for new and existing home loan customers to do business with us. We have shortened home loan application processes. It takes less than two days for loan documentation to be prepared once a new loan has been approved, a substantial reduction on previous times. A new on-line facility has also made it easier for customers to substitute securities, split loans, switch products and access cashback.

We have redesigned our distribution networks to make them more effective. By recognising brokers as an important distribution channel in Queensland for the first time, we have seen our share of the mortgage broker market business increase from 9 percent to over 14.5 percent during the year. This year sales through brokers throughout Australia were up 42 percent on the previous year to over $5.7 billion, a performance driven by faster approval turnaround times, concentrated business development efforts and a greater promotion of Suncorp within the mortgage broking industry. To enhance our distribution through this channel, we have developed much stronger relationships with those brokers who we have identified as our preferred partners.

We continually review customer demands and feedback to ensure we have the right services in the right places such as in areas where population and household incomes are rising. During the year we reorganised our branch network in response to customer demand and opened new branches in Perth and Adelaide, as well as in regional centres such as Longreach in Queensland.

People

Our culture is about providing an environment for our people to do their best and achieve their career goals. Succession planning, learning and development programs, and rewards for outstanding performance are just some of the initiatives introduced. The commitment and motivation of our people will help us achieve our goal which is to be Australia's most desirable retail bank.

A sales and service training program was launched during the year to provide our people with the tools and processes to achieve our vision. Called inFOCUS, it integrates the critical elements of the Retail Banking business – sales, service learning, leadership, measuring results, reward and recognition. The program teaches proven process-driven skills and techniques that will increase revenues and customer satisfaction and provide a powerful and positive impact on the way staff do business.

Our people are the key to our success and will differentiate us from our competitors. Continuing to build a culture that supports individuals will ensure that the Retail Banking division continues to deliver further improvements in the future.

BUSINESS BANKING

'Business Banking has enjoyed high levels of financial performance for the last three years and I attribute this success to the quality of our people, excellent customer service and focusing on what we do best.'

RAY REIMER, GROUP EXECUTIVE
BUSINESS BANKING CUSTOMERS

Business Banking Profile

Business Banking focuses on the needs of small to medium enterprises across five major areas of operation:

- Commercial – provides working capital and term finance for customers with turnovers of $500,000 to $10 million.
- Corporate – provides project and structured finance for customers with turnovers of $10 million to $100 million.
- Agribusiness – provides financial services for rural producers and associated businesses.
- Property Finance (includes Development Finance and Property Investment) – provides finance mainly for residential developments, shopping centres and warehouses.
- Equipment finance – provides a suite of leasing products, mainly for financing vehicles and equipment.

Business Banking has:

- $12 billion in assets;
- more than 77,000 customers nationally;
- 555 staff including a network of 144 Business Customer Relationship Managers;
- 150 specialist agribusiness staff including relationship managers in 39 locations throughout Queensland, NSW and Victoria;
- 57 outlets; and
- a before tax profit for the year of $371 million (includes Business and Retail Banking).

Operating Environment

The operating environment for Business Banking was favourable during 2004, featuring strong economic growth, low inflation, relatively low interest rates and solid employment conditions. Activity in the property segment was particularly strong, although increases in interest rates in November and December have acted to slow the market. Commercial lending activity is expected to remain strong in the current year. Overall credit quality remains excellent, with no signs of increases in loan delinquency rates.

Drought conditions continue to affect the rural industry but the prospects are favourable for the beef cattle industry over the next two years and there is an improved outlook for the sugar industry.

Operational Highlights

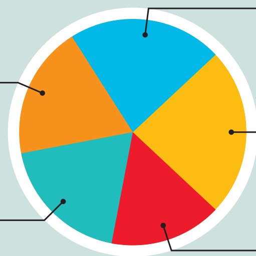
2004 was a great year for the Business Banking division. We recorded good rates of growth across all of our portfolios, and we continue to grow more strongly than the overall business lending market through the disciplined implementation of our strategies.

Business Banking is very much about relationship management. Recognising that service is the differentiator between us and our competitors, we launched a major project in March based on world best practice in business banking relationship management. The project has enabled us to identify the full value of our customers and align appropriate service delivery, including products and pricing, across the group. Our ongoing

Norship Marine in Cairns, are new Suncorp customers who provide ship maintenance and storage for the local marine and boating community. Pictured during a welcome visit are from left: Ray Reimer, Ray Fry, Director of Norship Marine, John Havill, Business Banking Manager Cairns and Chris Bath, Regional Manager, Business Customers – Northern Queensland.

Stuart Armitage (Darling Downs Cotton Grower of the Year 2002), examines the winter wheat crop with Suncorp's Greg Leahy. A valued customer since 1985, he is a successful, efficient dryland/irrigated cotton and grain farmer who farms 1,000ha using half the water to grow similar or higher yielding crops than the Darling Downs' average.

Business Banking portfolio – $12.24b as at 30 June 2004



$12.2b

as at 30 June 2004

Strong lending across eastern seaboard, led by property development and lending to small business.

Business Banking assets by state – $12.24b as at 30 June 2004	%
Queensland	55
New South Wales (incl. Australian Capital Territory)	26
Victoria	16
Western Australia	2
South Australia	1

objectives are to attract, grow and retain our most valuable customers through having a better understanding of their financial needs, delivering customised service and non-financial value in the form of customer recognition and reward programs.

Intermediaries are a major distribution channel for our business. This year Business Banking made a strategic decision to treat brokers as a distinct customer segment in themselves, rather than simply a distribution network. This required a revamp of our distribution, with graded remuneration structures and new incentives for brokers, aimed at aligning their interests with those of Suncorp. Results to date have exceeded expectations, with broker introduced business contributing strongly to the 33 percent increase in commercial banking receivables for the year.

We have seen good growth in the property division during the year and were well placed to take advantage of the strong market. In August we finalised the acquisition of AMP's $234 million construction and property investment loan book. The deal has given Suncorp greater diversity in the New South Wales market where about 85 percent of those loans are located.

Our property finance division is now prepared for more moderate growth rates and is adjusting its focus from unit, apartment and high-rise developments to home and land sub-division projects for the longer term.

Our People

During the year we strengthened our people strategy with a number of initiatives aimed at helping staff achieve their personal and career goals, improve work/life balance, and expand their skills and leadership capabilities. We introduced a wellbeing, health and fitness program which was completed by over 70 percent of Business Banking staff. Intensive relationship management training has also improved skills so that staff can become financial partners with their clients and help them reach their goals.

Suncorp's sponsorship of the Rugby World Cup last year proved a real winner for the agribusiness division. We took the sponsorship into key rural towns such as Dalby, Emerald and Goondiwindi, hiring large screens and setting them up in suitable locations where customers could enjoy the games. The development of closer relationships with customers in these regions helped us to understand our customers better and generated significant business for the group.

The Year Ahead

Business Banking has enjoyed high levels of financial performance over the last three years across its target customer segments, being small and medium sized commercial banking, agribusiness and property. We aim to continue to look for growth opportunities within those markets, capitalising on the skills of our staff and our prudent lending practices.

In 2005 the impetus will be on our people and their development. The ongoing training and development of our relationship managers will ensure we continue to provide consistent and high quality service, and high customer satisfaction.

GENERAL INSURANCE 'At an operational level, 2004 was a period of consolidation and reorientation. Consolidation following the integration of the GIO business, which was completed in 2003, and reorientation, as our focus moved firmly onto growth.'

DIANA EILERT, GROUP EXECUTIVE
GENERAL INSURANCE

Business Profile

Suncorp is Australia's third largest general insurance group, with net premium income of $2.2 billion for the year to June 2004.

The insurance group has a broadly diversified portfolio, comprised of personal lines insurance (home, motor, Compulsory Third Party) and commercial insurance focused on small to medium sized enterprises.

More than half (55 percent) our premium income is sourced outside of Queensland. Approximately 30 percent is generated in NSW, 10 percent in Victoria and 7 percent in Western Australia.

The group also owns half shares in insurance joint ventures operated with motoring clubs in Queensland and South Australia.

The Suncorp/GIO insurance business has approximately 3.3 million customers nationally, and we provide cover for some 1.5 million motor cars, 1.2 million homes and 276,000 businesses across the country.

In the year to June, we paid out a total of $1.6 billion in claims to more than 400,000 customers who called on us for support after they were struck by disaster during the year.

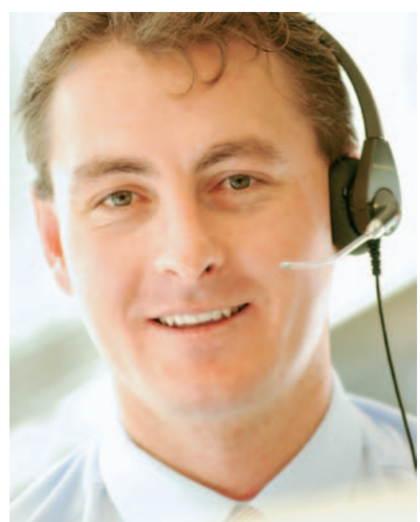
Operating Environment

The operating environment for the general insurance industry has improved significantly over recent years, following an extended period of low profitability. Following the high profile failure of HIH, in 2001, the insurance industry has been consolidated and a strengthened prudential regime has been imposed, leading to more disciplined business practices and improved operating efficiency.

Consumers can now feel secure that their insurance company is financially strong and able to pay legitimate claims.

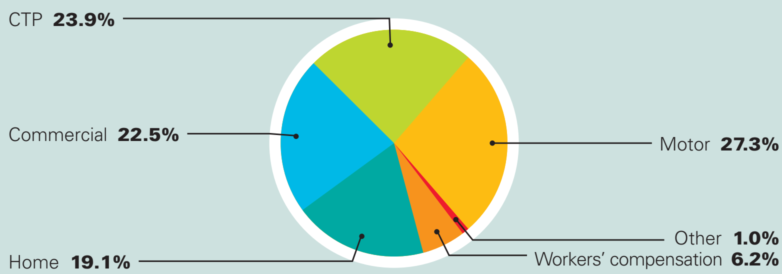
Reforms to the laws surrounding negligence and awards of personal injury damages have also helped to restore balance to the claims environment, making it worthwhile for insurers to offer their products, and ensuring that people have access to insurance protection.

Pricing has risen across the industry, so that insurers are now receiving appropriate returns for the risks they accept. This structural adjustment in pricing, which has taken place over the past two years has now largely run its course, and price increases in the year to June were more moderate than has been the case in prior years.



Toowoomba insurance call centre consultants Joanne Graham and Rich Debham are two of 267 consultants employed at the centre to deal with sales and teleclaims. The call centre, which opened in 2002, answers on average 106,000 calls and handles 15,000 claims per month.

General Insurance portfolio – Gross written premium $2.4b as at 30 June 2004

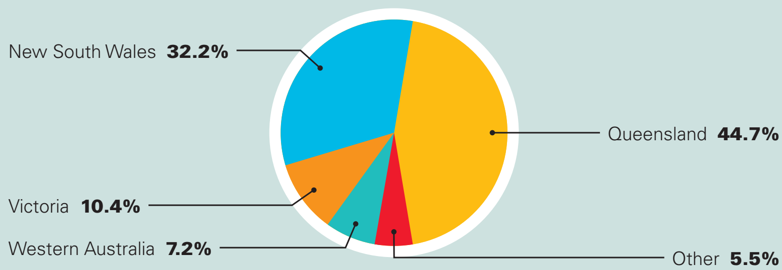


$2.4b

as at 30 June 2004

Up 7.4 %, primarily due to increases in sums insured and general pricing adjustments.

Gross written premium by state – $2.4b as at 30 June 2004



$2.4b

as at 30 June 2004

An established major player in general insurance across the country, with sufficient scale to be a serious competitor.

So while the operating environment for the industry has improved, and there are no signs of irrational price discounting emerging, competition between insurers continues to be fierce, ensuring that consumers are receiving value for money.

Results Overview

The improvement in operating conditions was reflected in the general insurance results for the year. The division was able to report a 100 percent increase in profit before tax for the 12 months, to $465 million.

This is clearly an excellent performance, driven primarily by improved premium revenues, favourable claims outcomes and increased investment income. The strongest contributions were recorded in long-tail insurance classes such as compulsory third party insurance, workers' compensation and liability, where legislative changes have restored some balance to the operating environment, particularly with respect to claims costs.

Operating Highlights

At an operational level, 2004 was a period of consolidation and reorientation. Consolidation following the integration of the GIO business, which was completed in 2003, and reorientation, as our focus moved firmly onto growth.

We aim to deliver growth by focusing on two key aspects of our business – our customers, and our trading margins.

Firstly, at the customer level, we are aiming to deliver the highest value-for-money products to our customers. We are doing that by implementing a few key initiatives. For example:

- when customers call our call centres, their questions are answered and problems resolved on that same phone call 95 percent of the time; and
- if a customer has a car which is deemed to be a total loss, we undertake to make the payment to the customer within 24 hours of agreeing a settlement value.

We've gone further too, by embodying our service commitments in a customer charter for each of our lines of insurance.

Each charter sets out standards of service that we aim to deliver. For example, in motor insurance we give customers a lifetime guarantee for materials and workmanship on the car repairs we authorise. A full copy of the Charter is published on page 21.

Secondly, we are aiming to grow our customer base through improving our overall marketing and sales effectiveness, and reinvigorating our GIO and Suncorp brands. The revitalised GIO brand is being launched in August, and that will be followed by a Suncorp brand relaunch.

That increased branding effort follows our very successful sponsorship of the 2003 Rugby World Cup, and our four year deal to sponsor the Australian Rugby Union team, which have helped to lift recognition of the GIO and Suncorp brands nationally.

Thirdly, we aim to deliver growth by improving our trading margins, or our profitability. One key aspect of that is the introduction of a sophisticated new computer-based program which assesses the likelihood and cost of a claim on any insurance policy. Armed with that information, we can then refine our pricing to ensure that we are optimising our portfolio. We are progressively introducing the tool through our personal lines insurance products, and already it is having a significant impact. Another plank of our plan to improve profitability is our focus on increasing our efficiency and reducing costs, so we can deliver more and more competitive products for our customers. For example we are actively working with our repairers and motor dealers to achieve better costs in our prices for motor parts.

Our People

I would like to finish by referring to what I see as one of our core strengths – our people. We have 3,131 staff in General Insurance, and we rely heavily on their commitment, hard work and strong service ethic to help us achieve our goals.

During 2004 we built on our strong base by bringing in new talent to the division – an infusion of new people to bring fresh enthusiasm and experience to the team.

We also have participated in leadership training which has been adopted across the entire Company, as well as more specific training and skilling schemes for individual parts of the division.

Altogether, I am confident that these programs, together with the corporate values of honesty, trust, fairness, respect, caring and courage, will help to instil a great culture within the division which will ensure that we are in great shape for the future. We aim to 'set the benchmark'.

Monday 10.30am: Dana Tingey drives her damaged car into the Moorooka Motor Vehicle Assessment Centre. **10.40am:** Initial paperwork completed, Dana and assessor Brad Rushan examine the vehicle and Brad advises her about the repair process. Dana admits to being embarrassed to drive the damaged vehicle, and her first claim in 34 years. **10.50am:** With a complimentary cab voucher in hand, Dana waits for the taxi to take her to her destination. Her car is towed away shortly afterwards and within 24 hours the car repairer advises her when the repaired vehicle will be ready. **Thursday am:** Dana receives a call from the car repairers – her car is ready. However it is more convenient for her to pick the vehicle up on the Friday morning. No problems. **Friday12pm:** A delighted Dana picks up her car, no telltale signs of an accident remain and she can't believe how hassle-free the process has been! 'My friends never have it this easy,' she said.*

*Customer Service Initiative

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.

The offer applies to cars, 4WD's, utilities, and vans up to two tonne carrying capacity, which were manufactured less that 31 years ago, which are comprehensively insured with Suncorp or GIO. 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. Under this benefit we will pay for the daily hiring cost of the courtesy car. A car hire bond may apply and if it does you will have to pay this bond to the hiring company. You will be advised of any such bond at the time you pick up the car.

It's our way of helping you make the most of your insurance.

So you know what you can expect from us, we've put our service commitment to you in writing.

We're here when you need us

1 Our customer call centre has consultants available to take your calls 24 hours a day, 7 days a week, 365 days a year. You can also contact us anytime online at suncorp.com.au

2 If you prefer to deal with us in person, Suncorp has a branch network to handle your insurance enquiries.

3 Your time is important, so we're doing our best to reduce the time you spend waiting to speak to us. It's our aim that in 9 out of 10 times, you'll wait less than a minute to speak to one of our staff when you phone our call centre.

4 It's important that you understand your insurance policy, so we write all our documentation in plain, easy to understand language. If there is anything you don't understand in our policy documents please contact us on 13 11 55 and we will talk you through it.

Your claims

5 We will provide new for old replacement for any of your contents damaged beyond repair or stolen, regardless of their age. Limits apply on certain items.

6 If we need to visit your home to assess your claim, we will appoint a Home Assessor to personally look after your claim. Your Home Assessor will call you within 24 hours of lodging your claim to arrange a suitable time to visit you.

7 If you have to rebuild all or part of your home due to damage caused by an insured event, we will pay up to 10 percent of the Home sum insured for the reasonable and necessary costs to cover removal of debris and Architect and Surveyor fees. This sum includes fees for any extra building needed to make your home comply with Local Council, State or Federal Government regulations.

8 If you live in a location serviced by one of our Motor Vehicle Assessing Centres in Queensland, Sydney or Melbourne you can use one of our centres for your motor insurance claim. When you use this service we will:

- pay for a taxi to take you home or to your workplace after you drop your car off
- make the repair arrangements for you with one of our recommended repairers (or you may choose your own repairer)
- keep you updated on the progress of the repairs to your car

9 If you live in a location not serviced by one of our Motor Vehicle Assessment Centres, you can nominate a local repairer or we will arrange repairs on your behalf with a recommended repairer in your area.

10 If your car, 4WD, utility or van up to 2 tonnes carrying capacity is written off within the first 2 years of registration, and you are the first registered owner, we will replace your car with a new car of the same make and model. We will also pay your registration and on road costs.

Quality of your motor insurance repairs

11 We give you a lifetime guarantee for materials and workmanship on repairs we authorise for your car.

Your premiums and rewards

12 We reward our customers who have good driving records with a No Claim Discount/Rating that increases over time to a maximum No Claim Discount/Rating 1.

13 You will be rewarded with a Rating 1 For Life if you have held your comprehensive car insurance with a maximum No Claim Discount / Rating with the same insurer for the past 2 years and haven't had an at fault claim during this time. This feature is available on most vehicles.

14 For added peace of mind all our insurance policies come with a 21 day cooling-off period. This means if you change your mind about your insurance and you haven't made a claim, you can cancel your policy and we will refund your premium in full.

Your privacy

15 Your privacy is important to us. Our Privacy Policy sets out the procedures and safeguards we have in place to protect the personal information you give us.

16 We do not disclose your personal information to any outside third party organisation, unless it is contracted to provide administrative services or activities on our behalf.

17 You can request access to any of the personal information we hold about you.

18 You can view our Privacy Policy online at suncorp.com.au, call us on 13 11 55 for a copy or pick one up from your nearest branch.

We're accountable to you

19 An internal audit group will review our Customer Service Charter annually to ensure it continues to meet our customers' needs.

20 If you are not satisfied with our service for any reason, you can use our Complaint and Dispute Resolution Service by calling 1800 689 762.

Diana Eilert, Group Executive General Insurance

Home and Contents and Motor Vehicle Insurance are issued by Suncorp Metway Insurance Ltd ABN 83 075 695 966.
Please read the relevant Product Disclosure Statement before you make any decision regarding these products.

WEALTH MANAGEMENT '2004 has been a very successful year for Wealth Management, with significant enhancements made to our products and distribution capabilities, and our investment team being awarded for its strong track record.'

BERNADETTE FIFIELD, GROUP EXECUTIVE WEALTH MANAGEMENT, GROUP STRATEGY, CORPORATE RELATIONS AND MARKETING

Business Profile

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

Within the Life Company, we provide a comprehensive range of products and services to over 144,000 individual and small business customers, through an extensive distribution network of over 100 financial advisors.

- Products include superannuation (personal, allocated pension and employer sponsored), managed investments (unit trusts, 'wrap' service), life insurance (term life, trauma and disability insurance), and financial planning and advice.
- Over 35 investment options are 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.
- Retail unit trust investors have easy access to nine fund options ranging from secure cash to property and shares, providing attractive short, medium and long term investment.
- Suncorp **Easy Invest** 'wrap' platform service offers access to 44 wholesale investments, while featuring single account reporting.

In Funds Management, we manage in excess of $11 billion, including $3.9 billion in life insurance and managed investments for customers, $1.9 billion in wholesale funds, and $5.5 billion from reserves of our general insurance business.

Operating Environment

Following two years of poor investment returns, equity markets rewarded investors with the Australian S&P/ASX 200 Accumulation Index returning 21.6 percent. However, the managed funds industry (which includes superannuation, retirement income and managed investments) saw little growth of net inflows as investors remained supportive of the residential property sector and non-traditional investment opportunities.

An increasing percentage of retail investments flowed into master trust or 'wrap' platforms, in recognition of the diversification and consolidated reporting benefits. This has also enabled the emergence of 'boutique' fund managers, consisting of small, specialist teams of funds management professionals.

Consumers also showed an increased interest in protecting their families and lifestyle through personal risk protection policies, such as life, income protection and trauma insurance.

2004 was also a year of significant change for the industry with the full implementation of the Financial Services Reform Act, and the pending changes to the superannuation and retirement income systems.

Results Overview

The Wealth Management division contributed profit before tax of $66 million for the year to June 2004, up 61 percent from $41 million for June 2003. The increase was driven mainly by a sharp improvement in investment earnings as equity markets regained positive momentum.

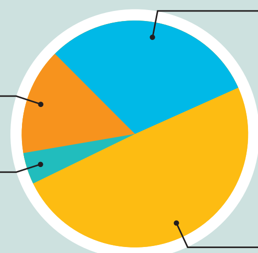
Funds under management increased to over $11 billion, benefiting from a net inflow in funds of $205 million and strong investment income earnings.

	Benchmark %	Suncorp results %
Investment Performance		
12 months to 30 June 2004		
Australian Cash	5.30	5.59
Australian Fixed Interest	2.33	2.71
World Fixed Interest	3.51	3.99
Australian Equities	21.61	21.78
World Equities	19.39	19.76
Listed Property Trusts	17.24	17.41

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

Recent retiree Elaine Fitton is excited about her future and with good reason – her Suncorp financial planner John Postlethwaite helped her restructure her finances to ensure her retirement years are in good shape. Elaine thinks John is tops and stopped by to get some last minute advice before heading for her first trip to Europe.

Funds under management – $11.0b as at 30 June 2004



$11.0b

Funds Under Management

Our current size is a competitive advantage enabling us to deliver superior investment performance.

Operating Highlights

In 2004 we introduced a number of new customer focused solutions, including Suncorp **Easy Invest** – a 'wrap' platform in alliance with one of Australia's leading fund managers, Macquarie Investment Management. The service gives our investment customers access to a significantly wider choice of fund managers, and features single account reporting.

Significant enhancements were also made within our Suncorp **Easy Super** platform, providing a greater range of fund managers and functionality. Our superannuation customers are ensured all the choice and flexibility to assist in meeting their retirement financial objectives.

And, for our personal loan customers, we developed a simple yet affordable risk protection package.

Another operational highlight was the introduction of a powerful new financial planning tool for our Suncorp financial advisors, which will better enable them to develop appropriate financial solutions and plans for our customers. The software includes access to market leading, Van Eyk Research and enhanced customer management functionality.

We have also developed a uniquely tailored training program, called 'Training Matrix' to support the development of our Wealth Management staff. By first outlining the specific skills, knowledge and level of competency that each team member requires to meet established customer service standards, individual training courses can then be identified and allocated to our staff for completion. The Training Matrix provides our people with the skills necessary to further develop their careers within Wealth Management, and Suncorp.

Together, the initiatives and alliances of 2004 will better enable our Suncorp Wealth Management team to provide comprehensive investment and risk protection solutions, coupled with the highest level of service to our customers.

We are confident that our range of investment, superannuation and risk protection products, and our proven investment capability will enable us to service existing Banking and General Insurance customers, as well as enabling the extension of our customer base through new distribution channels.

Investment Performance

Suncorp's investment management products can be recommended by advisors as some of the best in the market, following major accolades received from two independent research agencies during 2004. ASSIRT granted a 4-star rating to our flagship Australian equities funds, rating our investment management teams' capability in Australian shares, international shares and Australian fixed interest as 'Strong'. Van Eyk also awarded an 'A' rating for Australian equities.

The ratings are underpinned by consistently superior investment performance. We outperformed industry benchmarks in all major investment classes during 2004, with funds benefiting from the strength of equity markets. Our domestic equities, cash, balanced and capital stable funds rank in the industry's top quartile, based on three and five year returns.

OUR PEOPLE AND THE COMMUNITY

Financial services is essentially a people business, and therefore our success is dependent on the quality and skills of our staff.

We take pride in our people. Suncorp has a long tradition of being a friendly company, with employees who care about their customers and are helpful and eager to please. It's a culture we work hard to foster in not only being customer focused but supporting our people in their jobs and careers.

Over the last 12 months we have fundamentally changed the structure of our business to streamline the organisation and encourage our people to perform well and reach their full potential. Our managers now have clear lines of authority and responsibility to help them deliver better service to customers.

During the past six months, senior managers have participated in a world-class leadership program called 'Flare', which is all about creating and developing exceptional leaders and giving people the skills and behaviours that make them successful in dealing with management issues. Over 260 managers have already been through or are completing the program and it is now being extended across the organisation.

Business lines have also developed specially targeted training programs to improve the skills of their staff. For example, Retail Banking's inFOCUS sales and service training program provides staff with the tools and processes that are in keeping with a customer focused attitude. And Business Banking has introduced a number of initiatives to not only improve their people's work/life balance but to increase their relationship management skills in an environment which has a strong business to business focus.

The way we conduct ourselves at Suncorp, through the relationships we build with customers and with each other is underpinned by shared values. These help build a culture where we work together as a team, where there is genuine caring for the people who are part of that team, and where we look out for each other, and help each other to succeed. All of this goes into making our life at Suncorp a more satisfying experience.

As a demonstration that we are serious about our values, we recently introduced Volunteer Day to help show the community that we care by giving something back, not just money but time and expertise. Every Suncorp employee is entitled to one day of paid leave to volunteer within the community. This builds on the great work that many of our people already do to help charities such as the Youth Enterprise Trust, the Hear and Say Centre, the Queensland Cancer Fund and the Leukemia Foundation.

Our sponsorships and staff charity activities have raised thousands of dollars over the years. The Leukemia Foundation's Shave-for-a-Cure challenge raised over $68,000 this year to assist those affected by leukemia and the Sunday Mail Suncorp Bridge to Brisbane Fun Run has raised over $1 million for Queensland charities in the eight years Suncorp has been involved in the sponsorship.

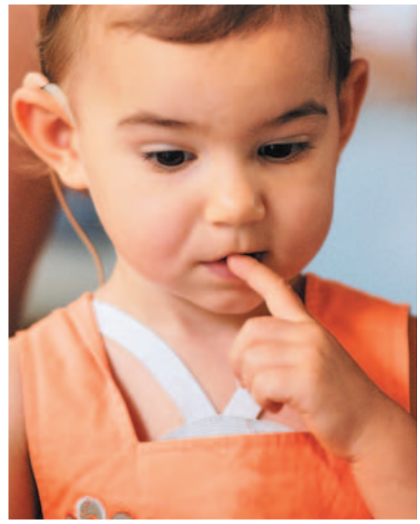
The 2004 Sunday Mail Suncorp Bridge to Brisbane attracted a record number of participants with over 19,000 runners including more than 2,000 staff and their families. The proceeds for the 2004 event went to Guide Dogs Queensland, enabling the charity to train six new guide dogs at a cost of $25,000 each.

Suncorp's support has helped grow the youth intake for the Youth Enterprise Trust (YET) wilderness-based program and expanded the program throughout regional Queensland. The program helps young Australians from different walks of life and backgrounds discover a sense of their self worth and drive to pursue their personal goals and ambitions. Staff volunteer as mentors for graduates of the program, attend working bees, and actively fundraise through a variety of their own initiatives.

Over $45,000 has also been raised for YET this year through a marketing campaign in which we donated $10 for each new CTP insurance policy that has been switched to Suncorp.

Since 1992 Suncorp has proudly supported the Queensland Cancer Fund and the Fund's main

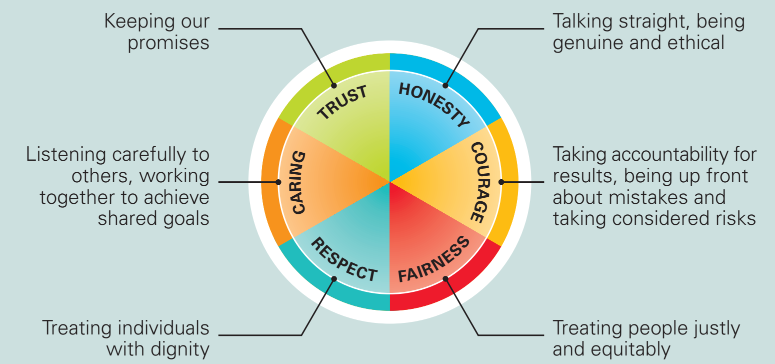
Suncorp has been a long time supporter of the Queensland Cancer Fund and of the Fund's main fundraising event, Daffodil Day. Cancer sufferer, Daniel Alexander, aged 10, met his footy idol, Wallaby Elton Flatley to hand out daffodils and balloons. (Photographer – Suzanna Clarke courtesy: The Courier-Mail)



Top left: Bridge to Brisbane Fun Run – A record 19,000 runners participated in the 2004 Bridge to Brisbane Fun Run, which raises money for charities, this year Guide Dogs Queensland.

Top: Hear and Say Centre – Delightful Claudia Rose Worland's life will be enriched through having a cochlear implant to enable her to hear. Each year, predominantly through Butterfly Week, the Hear and Say Centre raises funds and awareness for deaf and hearing impaired children.

Suncorp values



Living the values is about ensuring your team and the organisation are in great shape for the future

fundraising event Daffodil Day. This year we set a company-wide target of $90,000 with staff using their Volunteer Day to sell merchandise and daffodils and members of the executive demonstrating their culinary skills at a fundraising barbecue.

Other Sponsorships

Suncorp also undertakes a number of other major sponsorship activities in Queensland. Each year we sponsor Queensland's highest citizenship honours. This year's Suncorp Queenslander of the Year was Chris Sarra, Principal of the Cherbourg State School, who was recognised for his contribution to education and who is also a Queensland indigenous leader. Suncorp Young Queenslander of the Year was Leisl Packer, of the Queensland Institute of Medical Research, who was recognised for her commitment to research which aims to understand the genetic pathways leading to melanoma development.

Sporting sponsorships include the 2004 Suncorp North Queensland Games, which were held in Cairns and recognised as the largest regional games in Australia, attracting thousands of athletes competing in over 50 sports, both individual and team. And we have enjoyed a winning partnership with Queensland Cricket over the last 13 years. As a major sponsor, we have been particularly involved with the development of cricket across regional Queensland, including coaching clinics and school visits.

The Wallabies

Our most significant, single sponsorship is with the Australian Rugby Union.

Following the success of the 2003 Rugby World Cup, Suncorp has signed a four year sponsorship agreement with the Australian Rugby Union as the sole official financial services and insurance sponsor. This represents a major step in Suncorp's bid to develop a national sponsorship program that will help make the Suncorp and GIO brands icons in the financial services sector. The Wallabies test games during the term of our sponsorship from June 2004 through to 2007 will be seen by millions of people and will give us maximum exposure through television, radio and press coverage, signage, advertisements and promotions. Wallabies' coach Eddie Jones has signed up as our rugby union ambassador.

To publicly launch our sponsorship, a Suncorp Fan Day was held for the public and employees at the Suncorp Stadium, Brisbane, an outstanding sporting venue for which we have secured the naming rights until 2009. More than 4,000 fans enjoyed the entertainment including autograph signing with the Wallabies, interactive skill sessions, coaching clinics and behind-the-scene tours of the stadium.

BOARD OF DIRECTORS


From left to right: John Story, Bill Bartlett, Cherrell Hirst.



From left to right: Chris Skilton, Rod Cormie, Martin Kriewaldt, Jim Kennedy, Ian Blackburne, John Mulcahy.

William J Bartlett FCA, CPA, FCMA, CA (SA)
Non-executive Director Age 55

Director since 1 July 2003. Bill Bartlett is a director of Reinsurance Group of America Inc., RGA Reinsurance Company of Australia Limited, Retail Cube Limited and Money Switch Ltd. 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 58

Director since August 2000. Ian Blackburne is Chairman of CSR Limited 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 71

Director since December 1996. Rod Cormie is 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 1996 when it became part of the Suncorp-Metway Ltd Group.

Cherrell Hirst AO MBBS, BEdSt, DUniv(Hon), FAICD
Non-executive Director Age 59

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 Hutchison's Child Care Services Limited, a director of Australasian Medical Insurance Limited and was a director of Metway Bank from July 1995 to December 1996. Dr Hirst has been Chancellor of Queensland University of Technology since 1994. She is also Chair of the Board of Trustees, Brisbane Girls Grammar School and is an honorary member of the Board of Opera Queensland Limited.

James J Kennedy AO CBE D Univ (QUT) FCA
Non-executive Director Age 70

Director since August 1997. Jim Kennedy is a Chartered Accountant and a director of GWA International Limited, Qantas Airways Limited and the Australian Stock Exchange Ltd.

Martin D E Kriewaldt BA, LLB (Hons), FAICD
Non-executive Director Age 54

Director since 1 December 1996. Martin Kriewaldt was also a director of the Suncorp Group from 1990 and Chairman at the time of the merger that formed the Suncorp-Metway Ltd Group in 1996. He is Chairman of Opera Queensland Limited, and a director of Campbell Brothers Limited, GWA International Limited, Oil Search Limited and Peptech Ltd. He provides advice to Allens Arthur Robinson and Aon Holdings Australia Limited and is a member of the Redeemer Lutheran College Council.

John F Mulcahy PhD (Civil Engineering), BE (First Class Hons)
Executive Director Chief Executive Officer Age 54

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 50

Director since 13 November 2002. Chris Skilton was appointed Chief Financial Officer of Suncorp-Metway Ltd 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.

John D Story BA, LLB, FAICD
Chairman Age 58

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 CSR Limited, Australian Magnesium Corporation Limited and TABCORP Holdings Limited. He is an Adjunct Professor of Law at the University of Queensland and Vice President of the Queensland Council of the Australian Institute of Company Directors.

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 articulates 10 core principles and 28 best practice recommendations that the Council believes underlie good corporate governance and includes 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 this year's annual report.

The corporate governance practices that are in place across the Suncorp Group have been developed and implemented by the Board and management over many years and are consistant with the principles and best practice recommendations published by the Council. During the 2003/2004 financial year there were no departures from the recommendations which should be disclosed to shareholders.

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, RACT Insurance Pty Ltd and Suncorp Life & Superannuation Limited, which are all subject to APRA regulation.

The Board has adopted a Charter 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; and
  - Credit facilities.
- Authorise the further delegation of those authorities to management by the Managing Director; and
- Approve major operating and capital expenditure and credit facilities in excess of the limits delegated to management.

Prior to each meeting of directors, the non-executive directors meet in the absence of executive directors and any other management representatives.

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. The Board confirm to shareholders whether they support the election of each retiring director in a statement that accompanies the Notice of Meeting.

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. A Board review is conducted annually, as explained elsewhere in this Statement, which includes an assessment of future requirements in relation to Board composition based on the above criteria and overall Board performance. 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; and
- 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; and
- 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)	9 years 7 months
Bill Bartlett	1 year 2 months
Ian Blackburne	4 years 1 month
Rod Cormie	7 years 9 months
Cherrell Hirst	2 years 7 months
Jim Kennedy	7 years 1 month
Martin Kriewaldt	7 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; and
- 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 the non-executive Chairman 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 these 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 provided advice 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 Dawson Waldron (BDW) Lawyers, during the period 1 July 2003 to 2 October 2003. BDW may have provided legal services to the Suncorp Group over that period.

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.

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 of the decision 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 nine 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

During the year, an independent consultant was engaged by the Chairman to conduct interviews with each director and senior executive and then report to the Board on how both the overall effectiveness of the Board and particular Board functions, as summarised below, could be improved:

- The effectiveness of the Board and each Committee;
- The effectiveness of the Chairman in leading the Board;
- The quality of debate and discussion at Board meetings;
- The appropriate level of focus on strategy, performance, risk and governance and the balance of time on each;
- The quality of the relationship between non-executive directors and management;
- The quality and timeliness of Board papers and support services; and
- The suitability of the blend of skills, experience, qualifications and personal characteristics represented on the Board and identification of any current or potential future gaps.

A summary of the views expressed during the interviews in relation to each of the above matters or any other matters that directors believed were relevant, was provided to directors in a written report. That report included recommendations that were considered by the Board and appropriate responses determined. Progress against each of those recommendations is to be tested in subsequent Board reviews.

Also, an assessment was made, based on interview responses, of the contribution of each director and that information was provided to the Chairman who then reviewed the assessments with each director.

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 2004 Annual Report and Concise Report.

As reported in the Company's 2003 Corporate Governance Statement and at the Company's 2003 Annual General Meeting, the Board have resolved to phase out the retirement benefit arrangements in the following manner:

- The Company ceased to offer retirement benefits to non-executive directors appointed after 30 June 2003; and
- 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.

  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 have been increased by 25 percent. For directors with accrued benefits, this increase applied from 1 July 2004, being the date of commencement for the amortisation of their retirement benefits. For directors with no accrued benefit, the increase applied 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 the Director Remuneration section of the notes to the 2004 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
- 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. The granting of approval to deal in the Company's securities is co-ordinated by the Company Secretary who is also responsible for reporting all transactions by directors and senior managers 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.

The share dealing policy is made available to employees through the Company's internal compliance and governance intranet sites and an advice on the terms of that policy is issued to all senior managers at least twice a year, usually at the time of the release of the Company's full year and half-year financial results.

Full details of this policy are also 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 and regulatory compliance and financial reporting.

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

- Evaluation of the adequacy and effectiveness of the controls in place to manage the Suncorp Group's business risks, including operational risks and other specific risk exposures;
- Evaluation of the Suncorp Group's Reinsurance Program;
- Evaluation of the Suncorp Group's compliance and risk management structure and procedures, including changes required as result of the introduction of the Financial Services Reform Legislation;
- Business Continuity Planning;
- Reviewing reports and correspondence from the Group's primary regulators, including APRA and the Australian Securities and Investments Commission (ASIC);
- 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, in conjunction with an independent consultant, the effectiveness of the internal audit function and approving and overseeing recommended changes; and
- 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 and W J Bartlett (appointed a member of the Committee effective 30 July 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, C Skilton, C Hirst and W J Bartlett (appointed a member of the Committee effective 30 July 2003).

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, 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), R F Cormie, C Skilton, and C Hirst.

Mr Story, as Chairman of the Board, attends meetings of all the above committees on an ex-officio basis. Mr Mulcahy, as Chief Executive Officer and Managing Director, also attends meetings of the Board Credit Committee and the Investment Committee on an ex-officio basis. Also, directors can request to receive copies of any papers distributed to the above committees and may attend any committee meetings even though they may not be a member of that committee.

Nomination and Remuneration Committee

The Nomination 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 2004 Annual Report and Concise Report; and
- Review Board and management succession planning.

Membership: J D Story (Chairman), I D Blackburne, C Hirst.

Mr Mulcahy also attends all meetings of this Committee but is not present when matters concerning his own performance or remuneration are discussed.

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 2004 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 to the Suncorp Group's half-year and full year statutory accounts, that meets the requirements of best practice recommendations 4.1, 7.2.1 and 7.2.2.
- **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.

  Procedures are also in place to ensure all material correspondence between Group entities and their primary regulators, including APRA and ASIC, is referred to the Board or relevant Board Committee in a timely manner.

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.

The various policies and procedures that are in place to support this philosophy, are contained in the Suncorp Group Code of Conduct (Code) which is available on the Company's website under 'Corporate Governance'.

The Company monitors compliance with the Code and its various other policies using an internal due diligence system, as described to earlier in this Statement under 'Risk Management and Internal Controls'.

CONCISE FINANCIAL REPORT

The concise financial report incorporating the financial statements and other specific disclosures required by Accounting Standard AASB 1039 '*Concise Financial Reports*' has been derived from Suncorp-Metway Ltd and its controlled entities (the consolidated entity) consolidated financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's consolidated financial 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 2004 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 2004

Your directors present their report on the consolidated entity ('Suncorp') consisting of Suncorp-Metway Ltd ('the Company') and the entities it controlled at the end of, or during, the year ended 30 June 2004.

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)
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)

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.

On 31 March 2004 the consolidated entity acquired RACT Insurance Pty Ltd which is based in Tasmania and sells and distributes personal lines insurance (motor, home and boat products). The acquisition expands Suncorp's general insurance interests in Tasmania.

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 2004 was $1,031 million (2003: $612 million). Consolidated net profit attributable to members of the parent entity was $618 million (2003: $384 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 2004 interim ordinary dividend of $160 million (30 cents per share) was paid on 2 April 2004. A fully franked 2004 final dividend of $215 million (40 cents per share) is recommended by directors.

Further details of dividends provided for or paid are set out in note 8 on page 54 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:

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

Month	Amount	Rate/maturity
July 2003	AUD 140 million	Floating Rate 3.3 years
October 2003	EUR 500 million	Floating Rate 5 years
March 2004	AUD 300 million	Fixed Rate 3.6 years
	AUD 200 million	Floating Rate 3 years

The Australian Dollar domestic deal undertaken in July 2003 represented a top up of a March 2003 benchmark transaction. The Euro transaction in October 2003 was preceded by an extensive senior management roadshow through Asia and Europe and constituted the largest and longest term public offering of this type, thus far, completed by the Company. In March 2004 the Company came to the public market, for the first time since its ratings upgrade from Standard & Poor's in December 2003, with a two tranche fixed and floating rate transaction.

During the course of the financial year, the Company also completed two securitisation transactions:

Month	Amount	Titled
September 2003	AUD 600 million	APOLLO Series 2003-2
March 2004	EUR 375 million	APOLLO Series 2004-1E
	USD 325 million	
	AUD 53 million	

These transactions represented the fifth and sixth trusts that Suncorp has established and further demonstrated our ongoing ability to tap diverse investor markets. APOLLO Series 2004-1E was our first EUR denominated transaction and attracted 50 investors from nine countries following a roadshow encapsulating the UK and Europe.

At the time of issuance, APOLLO 2004-1E represented the tightest pricing of any Australian residential mortgage backed securities issuer into the European market.

The Company achieved a credit rating upgrade from Standard & Poor's during the financial year, in recognition of the strengthened financial position of the Company, and now holds a long term rating of A. The increased credit rating will contribute to a reduction in the cost of funds and will enable access to a greater pool of potential debt investors in global capital markets.

Effective 1 September 2003 the consolidated entity completed the necessary Financial Services Reform Act specifications and obtained its required Australian Financial Services Licences.

DIRECTORS' REPORT
for the year ended 30 June 2004

Matters after the end of financial year

In July 2004 the Company appointed Investa Property Group to manage Suncorp's national corporate property portfolio. The five year contract includes the management of 179 Suncorp and GIO retail outlets, five call centres, and 21 corporate office sites across the country.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Environmental regulation

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

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

Likely developments

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

Implementation of the Suncorp Basel II program plan commenced in May 2004. The Suncorp program is structured to deliver compliance to the Standardised approach for establishing minimum capital requirements by January 2007 with continuing development to Foundation status. The implementation of the Accord is not expected to lead to significant relief in the required level of regulatory capital either in the overall banking system or at the institution level, particularly in the early years following implementation.

The consolidated entity will be required to comply with Australian Accounting Standards equivalent to International Financial Reporting Standards (IFRS) and their related pronouncements for the financial year ending 30 June 2006. Further details concerning IFRS can be found at note 2 of the concise financial report.

The Board has approved the raising of $200 million of APRA qualifying Lower Tier 2 capital by Suncorp Metway Insurance Limited which is likely to take place before the end of September 2004. The $200 million is planned to be a domestic 20 year (non-call for 10 years) subordinated debt issue offered to Australian institutions and with funds repatriated to the Company by a special dividend. The transaction should lead to an increase in the bank's Adjusted Common Equity ratio to approximately 5.5 percent.

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 2004, 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 total 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 executives' remuneration

A key component of the Suncorp corporate strategy is to have a high performing, customer solutions focussed team culture and our remuneration strategy, as outlined below, is designed to support those broader strategic objectives. The ability to retain and attract high quality executives is recognised as being crucial to the sustained performance of Suncorp.

Strategy and culture

The Suncorp remuneration strategy is to place emphasis on performance-based pay while appropriately managing the fixed cost of labour. This strategy is implemented through our remuneration system, which is one of a number of people systems that will together drive behaviors which support a high performing team culture.

Governance

The Nomination and Remuneration Committee ('the Committee') is responsible for making recommendations to the Board on remuneration policies and packages applicable to the directors and senior executives of Suncorp.

Directors' and executives' remuneration (continued)

Fixed pay

For executives and executive directors, Suncorp targets to set fixed pay at levels which are market competitive having taken into account the comparative size and complexity of the organisation. All roles are individually assessed and expert advice regarding market relativities is one consideration taken into account.

Short term incentives

Entitlement to short term performance-based pay in the form of a bonus is assessed annually and is directly linked to the Suncorp Group's financial performance, of which underlying profit before tax is a key measure. However, the determination of the amount of performance pay to be allocated in any one year is at the discretion of the Board on the recommendation of the Committee. In determining its recommendation the Committee considers the financial performance of the group taking into account all relevant quantitative and qualitative factors being the profit result, the overall quality of that result, market influences and the prevailing economic environment. Performance-based pay is paid as a bonus (which may, at the election of the employee, be directed to shares in Suncorp or superannuation).

The basis for allocating the performance-based pay pool to individuals is the achievement of specific objectives set at the beginning of the previous year. For executives to General Manager level objectives are contained in balanced scorecard measures relating to shareholders, employees, customers and the community, to ensure alignment with Suncorp's strategy and the sustainable performance of the group. At other levels performance is measured against objectives more specific to employees' areas of responsibility.

The bonuses paid to executives, including executive directors, for the year ended 30 June 2004 included bonuses relating to the GIO integration undertaken in 2001/02. Those integration bonuses totaled $1,021,000 and the allocation to executives was based on the achievement of demanding financial goals relating to the realisation of cost and revenue synergies.

Long term incentives

Whilst short term incentives reward past performance it is essential that executives and senior management, being the group which has responsibility for achievement of sustained performance and strategy, have reward incentives linked to longer term Company performance. Suncorp achieves this through annual offers of performance shares. The value of shares offered to individual employees as the long term incentive component of their remuneration package each year, while subject to Committee and Board approval, will generally be determined as a percentage of the employee's fixed pay, based on competitive market remuneration practices.

The offered shares are acquired on market by the trustee of the Executive Performance Share Plan (EPSP) at the time an offer is accepted by an employee.

The acquired shares are held in trust and the employee will only receive unconditional ownership of the shares (allocation) when the associated performance targets have been achieved. The performance target used by Suncorp for all offers is the Total Shareholder Return (TSR) achieved by Suncorp over a performance period compared to the TSR achieved by a comparator group comprising the top 50 ASX listed companies in the S&P/ASX 100 (excluding listed property trusts). TSR measures the return to shareholders provided by growth in the share price plus reinvested dividends, expressed as a percentage of the investment.

The TSR ranking for Suncorp at the end of a performance period when compared to the TSR of the comparator group will determine an employee's entitlement to an allocation of shares. Allocations are based on the following schedule:

Company performance	**% of shares allocated**
Less than the 50^{th} percentile	0
At the 50^{th} percentile	50
75^{th} percentile or above	100

If the TSR ranking for Suncorp is above the 50^{th} percentile an additional two percent of the shares will be allocated for each full one percent increase above the 50^{th} percentile (on a straight line basis) up to 100 percent of the offered shares at the 75^{th} percentile.

A performance period generally commences on the date of offer to the employee to participate in the EPSP and the first performance measurement point is three years after the offer date. The employee has the right to elect to receive an allocation of shares at that point, based on the allocation schedule shown above, or extend the performance period a further two years.

If the employee elects to accept the year three performance result, any shares subject to that same offer that are not allocated, are forfeited.

After year three, performance measures are undertaken on a six monthly basis, in April and October each year, up to the end of year five. Employees electing to extend the performance period from three to five years cannot make any further election in regard to acceptance of a performance result (and therefore cannot have shares allocated) until the end of year five.

The employee's entitlement to an allocation of shares at the end of year five will be based on the highest performance measurement result recorded at any of the prescribed performance measurement points over the period from the end of year three to the end of year five inclusive. Shares not allocated at the end of year five are forfeited.

During a performance period, that is before shares are allocated to employees, the Trustee will receive dividends on those unallocated shares. The Trustee will pay tax on those dividends and the remaining after tax amount will be allocated to participating employees at the same time and in the same proportion the underlying shares are allocated to the employees.

Directors' and executives' remuneration (continued)

Shares or dividends not allocated at the end of year five will revert to the Trustee and may be held for allocation under subsequent offers or in the case of unallocated dividends, can be used to acquire further shares.

The above terms have been or are being applied to all offers made under the EPSP.

When the EPSP was established, offers were made on the basis of a single performance period of three years commencing on the date of offer and only a single performance measurement point, that is the end of year three.

However the Board subsequently determined that those arrangements may have been too rigid and did not provide a sufficient opportunity to recognise improvements in long term shareholder value. Therefore the current terms for the EPSP, as outlined above, were adopted.

Non-executive directors

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders which is currently $1,500,000 per annum. Some non-executive directors are also entitled to retirement benefits in accordance with a shareholder-approved scheme, however as advised to shareholders last year, the retirement benefit arrangements are being phased out in the manner explained in the Corporate Governance Statement.

Non-executive directors do not receive any performance-related remuneration.

Service agreements

Executives enter into a standard contract of employment which is commonly used for all employees in the group. Their contracts do not have a finite term and do not contain any defined termination payment arrangements. The contracts can be terminated by either the employer or the employee giving four weeks notice (the employer must give five weeks notice if the employee is over 45 years of age).

In practice, the termination of an executive, other than for serious misconduct, would include a severance payment of an amount determined and agreed by the Board of Directors with reference to prevailing good practice. In the case of the retrenchment of an executive resulting from that executive's role ceasing to exist a redundancy payment appropriate for that executive's term of employment and seniority would be paid. This payment would also be agreed by the Board of Directors.

Remuneration of an executive (as for all salaried employees) is established on appointment having regard to market rates of remuneration and where appropriate independent remuneration or recruitment advice. Thereafter any review of salary, the payment of a performance bonus or the grant of long term incentives in the form of deferred shares is entirely at the discretion of the Board of Directors.

The remuneration and service arrangements applying to the Chief Executive Officer and Managing Director, John Mulcahy, differ from those applying to other executives and any other executive director, to the extent that:

- Subject to the Company's rights of termination, the service agreement with John Mulcahy is for a specified term of five years commencing 6 January 2003 (extendable by agreement); and
- The service agreement specifies payments to be made in the event that the agreement is terminated (for other than cause).

If termination occurs prior to 6 January 2005, being the second anniversary of his date of appointment, the payments would include:

(a) a lump sum payment of $2.5 million; and
(b) 100,000 shares being the first tranche of his long term reward shares, without any regard to performance criteria.

The amounts payable to Mr Mulcahy on termination reduce on a graduated basis over the term of the agreement, so that if termination of employment occurs in the final year of the five-year term, he would receive:

(a) a lump sum payment representing the aggregate of any unpaid amount of his annual salary package, in the year of termination, and a short term incentive for that year (as determined by the Board); and
(b) 100,000 shares being the third and final tranche of his long term reward shares, without any regard to performance criteria.

The above entitlements are prescribed in Mr Mulcahy's service agreement, however the Nomination and Remuneration Committee review the Chief Executive Officer's remuneration each year and make recommendations regarding his future entitlements to the Board, based on his performance and market relativities. Therefore, over the term of Mr Mulcahy's service agreement the Board may grant further benefits to him, such as further offers to participate in the Executive Performance Share Plan (EPSP). On his appointment as Chief Executive Officer in January 2003, Mr Mulcahy received an offer to participate in the EPSP and under that offer he may receive a maximum allocation of 300,000 Suncorp shares, subject to the achievement of the EPSP TSR performance criteria or as prescribed in the termination arrangements under his service agreement as referred to earlier in this report.

Directors' and executives' remuneration (continued)

As at 30 June 2004, no further EPSP offer had been made to Mr Mulcahy, however the Board has subsequently decided that as part of the 2004 annual long term incentive grant to other senior executives, Mr Mulcahy will receive an offer in October 2004 to participate in the EPSP on the following basis:

Number of shares – 100,000

Performance criteria – TSR performance of Suncorp over the performance period relative to the EPSP comparator group. (The comparator group and allocation schedule for the EPSP as detailed earlier in this report will apply to the offer to Mr Mulcahy.)

Note 9 on page 55 of the concise financial report details the nature and amount of each major element of remuneration for each director and for each of the Group Executives of 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 2004 on the exercise of options granted in previous financial years under the executive option plan. These are set out in note 10 on page 62 of the concise financial report. Remuneration of directors and executives set out in note 9 on page 55 of the concise financial report includes a portion of the fair value of options granted which is allocated to this financial year.

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	-
W J Bartlett	4,307	-
I D Blackburne	17,000	-
R F Cormie	15,735	-
C Hirst	3,383	-
J J Kennedy	31,735	-
M D E Kriewaldt	48,320	-
C Skilton	162,124	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	11	11	7	7[1]	4	4[1]	7	7[1]	3	3
J F Mulcahy	11	11	-	-[2]	4	4[1]	7	6[1]	-	-
W J Bartlett	11	11	7	7	-	-	7	7	-	-
I D Blackburne	11	11	7	7	-	-	-	-	3	3
R F Cormie	11	11	-	-	4	4	7	6	-	-
C Hirst	11	11	-	-	4	4	7	7	3	3
J J Kennedy	11	11	7	7	-	-	7	7	-	-
M D E Kriewaldt	11	11	7	7	4	4	-	-	-	-
C Skilton	11	11	-	-[2]	4	4	7	7	-	-

[1] Mr Story and Mr Mulcahy attended committee meetings in an ex-officio capacity.
[2] Mr Mulcahy and Mr Skilton attend all Audit, Business Risk and Compliance Committee (ABRCC) meetings at the invitation of that committee. In accordance with accepted good governance practice there are no management representatives appointed as members of the ABRCC.

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

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

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (as amended by Class Order 04/667 dated 15 July 2004) and in accordance with that Class Order, amounts in the directors' report and concise financial 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
27 August 2004

SUMMARY OF KEY FINANCIAL INFORMATION
for the year ended 30 June 2004

		2004	2003	2002[4]	2001	2000	1999	1998	1997[3]
Financial performance									
Net interest income	– banking ($m)	656	592	550	514	475	470	472	355
Fees and commissions	– banking ($m)	215	197	155	123	97	108	115	62
Premium revenue	– general insurance ($m)	2,423	2,231	2,018	824	788	725	703	387
Premium revenue	– life insurance ($m) [1][2]	104	86	76	610	543	572	399	220
Investment revenue	– general insurance ($m)	276	292	173	243	244	197	212	300
Investment revenue	– life insurance ($m) [1]	443	117	27	221	307	208	173	195
Claims expense	– general insurance ($m)	1,751	1,937	1,697	810	684	655	674	407
Claims expense	– life insurance ($m) [1][2]	71	60	58	396	486	597	465	247
Operating expenses ($m)		1,238	1,151	1,126	615	604	602	551	419
Bad and doubtful debts expense ($m)		49	49	39	37	28	20	61	22
Profit from ordinary activities before amortisation of goodwill and income tax ($m)		1,031	612	465	521	520	356	304	243
Net profit attributable to members of the parent entity ($m)		618	384	311	395	335	247	233	150
Contributions to profit before tax and goodwill									
Banking ($m)		371	318	293	284	229	157	157	117
General insurance ($m)		465	233	110	163	211	169	120	109
Wealth management ($m) [5]		151	52	54	69	76	25	24	16
– Wealth management policy owners' interests ($m)		41	11	(4)	12	45	N/A	N/A	N/A
Other ($m)		44	9	8	5	4	5	3	1
Financial position									
Investment securities	– general insurance ($m)	5,118	4,755	4,375	3,091	2,828	2,390	2,183	3,618
Investment securities	– life insurance ($m) [1]	3,840	3,133	3,161	3,000	2,732	2,488	2,401	2,490
Loans, advances and other receivables ($m)		28,907	24,459	22,955	20,146	18,067	16,769	15,812	14,644
Total assets ($m) [1]		43,278	38,434	35,435	29,717	26,219	21,484	21,424	19,908
Deposits and short term borrowings ($m)		24,287	21,579	18,176	16,908	14,509	11,671	11,846	11,734
Outstanding claims and unearned premiums provisions ($m)		5,193	5,052	4,591	2,343	2,128	2,097	2,038	1,902
Life insurance gross policy liabilities ($m) [1][2]		2,805	2,661	2,780	2,651	2,363	2,136	2,058	2,068
Total liabilities ($m) [1][2]		38,938	34,787	32,073	27,000	24,295	19,596	19,609	18,172
Total equity ($m)		4,340	3,647	3,362	2,717	1,924	1,888	1,815	1,736
Shareholder summary									
Dividends per ordinary share (cents)		70.0	56.0	54.0	52.0	46.0	44.0	44.0	40.0
Payout ratio (basic) (%)		63.3	81.3	96.6	58.0	60.9	67.2	65.2	66.4
Weighted average number of shares (basic) (million)		533.9	528.0	514.2	325.5	316.9	305.1	292.4	292.4
Net tangible asset backing per share (basic) ($)		5.15	4.44	3.83	5.41	3.72	3.26	2.93	2.62
Share price at end of period ($)		14.20	11.60	12.31	15.00	8.62	9.00	8.16	6.94
Performance ratios									
Earnings per share (basic) (cents)		112.77	69.82	58.00	106.61	88.58	60.92	56.66	47.07
Return on average shareholders' equity (basic) (%)		16.84	11.30	11.40	19.70	22.13	23.25	27.15	22.84
Return on average total assets (%)		1.65	1.13	1.06	1.58	1.40	1.16	1.13	0.92
Productivity									
Group efficiency ratio (%)		25.6	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 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. Consequently, the figures do not reflect the full year's result of all entities.

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

(5) From 2004 wealth management includes the impact of consolidating managed investment schemes (impact $44 million). The net profit attributable to outside equity interests increased by the same amount, with no overall impact on the net profit attributable to members of the parent entity.

Refer page 66 for ratio definitions.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2004

Discussion and analysis of the statement of financial performance

Suncorp-Metway Ltd recorded a net profit attributable to members of the parent entity for the year ended 30 June 2004 of $618 million, compared to $384 million in the previous year.

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

	2004 $m	2003 $m
Banking	371	318
General Insurance	465	233
Wealth Management	151	52
Other	44	9
Total	1,031	612

The Wealth Management profit includes profit attributable to policy owners of $41 million and outside equity interests of $44 million (refer note 7 to the financial statements). The Other result includes profit attributable to outside equity interests of $1 million.

Banking

Banking operating profit before income tax and amortisation of goodwill increased 17 percent to $371 million.

Net interest income increased by 11 percent, due mainly to strong lending performance. Loans, advances and other receivables increased by 18 percent. The housing market was strong throughout the year, and our performance compared to the market improved from February 2004 following an underperformance against system. Business banking achieved an increase in the loans base that was significantly above system growth rates. Net interest margin decreased slightly from 2.32 percent to 2.27 percent.

Net non-interest income increased 14 percent mainly due to good growth in transaction fees and securitisation income.

Operating expenses increased by 9 percent due to higher staff costs and increased marketing expenses. However the rate of growth was less than the revenue increase, leading to a reduction in the cost to income ratio to 49.7 percent (2003: 50.9 percent).

Bad and doubtful debts expense was $48 million, down marginally from the prior year of $49 million. Credit quality remains very sound, with gross impaired assets reducing by 47 percent to $62 million.

General Insurance

The general insurance division's profit before income tax and amortisation of goodwill increased 100 percent to $465 million, driven mainly by improved claims experience in long tail classes and increased investment returns.

Net earned premium increased by 9 percent to $2.3 billion, primarily due to increases in sums insured and general pricing adjustments. Risks in force have grown moderately.

Net incurred claims for the year decreased by 7 percent to $1.5 billion. 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. There is an offsetting impact on the investments held against insurance claims which is reflected in investment revenue – insurance provisions.

When the impact of changes in interest rates are excluded the net incurred claims increased by 5 percent, which is lower than the growth in premium. This result reflected the benefit of improved claims experience in long tail insurance from recent legislative reforms affecting liability classes, partially offset by higher than normal storm activity.

Operating expenses increased by 8 percent mainly due to higher commission costs associated with increased premium revenue sourced through intermediaries.

The insurance trading result increased by 51 percent to $315 million.

The result also benefited from improvement in investment earnings on shareholder funds which increased from $11 million to $130 million. The strong improvement was mainly due to the strength of the domestic equities markets. The S&P/ASX 200 Accumulation Index rose by 21.6 percent during the financial year.

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

Wealth Management

The Wealth Management result includes the impact of consolidating controlled managed investment schemes. This increased the result by $44 million. However the net profit attributable to outside equity interests increased by the same amount, with no overall impact on the net profit attributable to members of the parent entity.

Excluding this item the result increased significantly mainly due to increased investment earnings.

New business sales decreased 10 percent to $543 million partly due to customers deferring discretionary investment contribution to more conservative investment portfolios. The decrease in sales is mainly in the low margin business of external product lines.

Other

The other result includes a profit of $31 million before tax on the sale of the consolidated entity's 15 percent interest in Cashcard Australia Limited.

Income tax expense

The effective tax rate has increased to 32 percent (2003: 30 percent). The increase in tax rate is due to the improved profitability of the business, taxed at the full rate of 30 percent; a reduction in permanent differences for items such as dividend rebates while non deductible goodwill remains constant; and changes in the adjustment for the life insurance statutory funds.

Earnings per share

Diluted earnings per share increased from 69.74 cents per share to 112.66 cents per share due to the increased profits.
Basic earnings per share increased from 69.82 cents to 112.77 cents. The diluted shares represent partly paid shares and options issued in previous financial years.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2004

	Note	CONSOLIDATED 2004 $m	2003 $m
Income from ordinary activities			
Banking interest revenue		1,933	1,668
Banking interest expense		(1,277)	(1,076)
	5	656	592
General insurance premium revenue	6	2,423	2,231
Life insurance premium revenue	7	104	86
Banking fee and commission revenue	5	215	197
Banking fee and commission expense	5	(61)	(58)
Reinsurance and other recoveries revenue		231	302
General insurance investment revenue			
insurance provisions	6	146	281
shareholder funds	6	130	11
Life insurance investment revenue	7	443	117
Other revenue		288	254
Share of net profits of associates accounted for using the equity method	6	19	9
Total income from ordinary activities		4,594	4,022
Expenses from ordinary activities			
Operating expenses from ordinary activities		(1,238)	(1,151)
General insurance claims expense	6	(1,751)	(1,937)
Life insurance claims expense	7	(71)	(60)
Outwards reinsurance premium expense		(184)	(161)
(Increase) decrease in net life insurance policy liabilities	7	(222)	16
Increase in policy owner retained profits	7	(29)	(49)
Non-banking interest expense		(19)	(19)
Total expenses from ordinary activities		(3,514)	(3,361)
Profit from ordinary activities before bad and doubtful debts expense, amortisation of goodwill and related income tax expense		1,080	661
Bad and doubtful debts expense		(49)	(49)
Profit from ordinary activities before amortisation of goodwill and related income tax expense		1,031	612
Amortisation of goodwill		(60)	(62)
Profit from ordinary activities before related income tax expense		971	550
Income tax expense relating to ordinary activities		(308)	(166)
Net profit		663	384
Net profit attributable to outside equity interests		45	-
Net profit attributable to members of the parent entity		618	384
Decrease in retained profits on the initial adoption of revised AASB 1028 '*Employee Benefits*'		-	(1)
Total changes in equity other than those resulting from transactions with owners as owners		618	383
		Cents	**Cents**
Basic earnings per share		112.77	69.82
Diluted earnings per share		112.66	69.74

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 Life Act').

The above statements of financial performance should be read in conjunction with the discussion and analysis on pages 41 and 42 and the accompanying notes.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2004

Discussion and analysis of the statement of financial position

During the financial year the net assets of the consolidated entity increased from $3.6 billion to $4.3 billion. This was partly due to an increase in outside equity interests of $341 million as a result of the consolidation from 1 July 2003 of certain managed investment schemes where we hold less than 100 percent interest. There was also an increase in retained profits of $283 million with the increased profits during the financial year not yet paid out in increased dividends. The consolidated entity has increased its final dividend to 40 cents per share (2003: 30 cents) however this dividend totalling $215 million will be deducted from retained profits when declared.

Total assets increased by 13 percent from $38.4 billion to $43.3 billion.

Trading securities fell from $3.2 billion to $2.5 billion. This was due to an unusually high level of trading securities held by the bank at 30 June 2003 relating to the investment of funds generated from a securitisation transaction conducted in June 2003. The 2004 balance is more reflective of usual trends.

Investment securities increased from $7.9 billion to $9.0 billion. The consolidation of controlled managed investment schemes increased investment securities by $493 million. The increase was also due to growth in the general insurance business and strong investment markets resulting in higher revaluation of securities at the end of the financial year.

Loans, advances and other receivables increased from $24.5 billion to $28.9 billion. This was mainly due to growth in banking loans resulting from the strong housing market and growth in business banking which was significantly above the market.

Liabilities increased by 12 percent from $34.8 billion to $38.9 billion.

Deposits and short term borrowings increased from $21.6 billion to $24.3 billion while bonds, notes and long term borrowings increased from $2.7 billion to $3.9 billion. The increase in both categories resulted from funding of the strong growth in the banking loan book. Retail deposits increased mainly in transaction and term accounts.

Wholesale funding transactions included a EUR 500 million ($850 million) five year floating note issue in October 2003 which was the longest dated and largest single senior issue undertaken by the Company. The objectives of this transaction were to provide additional investor diversification and lengthen the weighted average term and dispersion of the statement of financial position. In March 2004 a domestic $500 million two tranche fixed and floating rate benchmark transaction was undertaken. Private placements and wholesale short term issuance (domestic and offshore) continued to be used to balance liquidity and funding requirements around benchmark transactions.

The capital position of both the banking and general insurance divisions remain strong with the banking capital adequacy ratio at 10.3 percent of risk weighted assets, compared to APRA's minimum requirement of 9.5 percent, and general insurance capital at 1.74 times the minimum capital requirement.

Net tangible asset backing per basic share increased from $4.44 to $5.15 due to the asset growth noted above.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2004

	CONSOLIDATED 2004 $m	CONSOLIDATED 2003 $m
Assets		
Cash and liquid assets	709	846
Receivables due from other financial institutions	163	68
Trading securities	2,549	3,174
Investment securities	8,972	7,902
Investments in associates	100	83
Loans, advances and other receivables	28,907	24,459
Property, plant and equipment	184	217
Deferred tax assets	149	158
Intangible assets	984	1,038
Excess of net market value of interests in life insurance controlled entities	15	12
Other assets	546	477
Total assets	43,278	38,434
Liabilities		
Deposits and short term borrowings	24,287	21,579
Payables due to other financial institutions	70	26
Payables and other liabilities	1,104	1,273
Current tax liabilities	104	130
Provisions	127	104
Deferred tax liabilities	169	118
Outstanding claims and unearned premiums provisions	5,193	5,052
Life insurance gross policy liabilities	2,805	2,661
Policy owner retained profits	349	319
Bonds, notes and long term borrowings	3,925	2,710
Subordinated notes	805	815
Total liabilities	38,938	34,787
Net assets	4,340	3,647
Equity		
Contributed equity	2,898	2,831
Reserves	24	22
Retained profits	1,070	787
Total parent entity interest	3,992	3,640
Outside equity interests in controlled entities	348	7
Total equity	4,340	3,647

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 statements of financial position should be read in conjunction with the discussion and analysis on page 44 and the accompanying notes.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2004

Discussion and analysis on the statement of cash flows

Net cash inflows from operating activities increased by 61 percent from $962 million to $1,552 million, mainly due to the growth in the underlying business.

The increase in cash flows relating to interest received, premiums received and interest paid were reflective of growth in the underlying business.

Claims paid increased despite a decrease in general insurance claims expense mainly due to the impact of movements in interest rates on the outstanding claims provisions. Because outstanding claims are discounted to present value using market interest rates, movements in these interest rates affect claims expense in any period. Claims expense includes the reduction in value of the provision for outstanding claims due to the increase in interest rates during the period. These movements and other valuation adjustments are reversed so that the statement of cash flows reflects actual claim payments in the period. Claim payments have increased during the period due to the growth in the general insurance business and the higher incidence of storms during the period.

Operating expenses paid decreased from the prior year despite an increase in operating expenses mainly due to the timing of payments reflected in movements in other assets, payables and provisions.

Cash outflows from investing activities increased from $3.9 billion to $5.1 billion.

In the current financial year there was a net disposal of banking securities of $650 million compared to a net purchase of $1.7 billion in the prior financial year. This was due to an unusually high level of trading securities purchased by the bank at 30 June 2003 relating to the investment of funds generated from a securitisation transaction conducted in June 2003.

The net increase in loans, advances and other receivables of $4.7 billion compared to $1.4 billion in the prior year reflects the strong growth in the banking business.

Cash inflows from financing activities increased from $2.6 billion to $3.5 billion. This was mainly due to net borrowings increasing from $2.9 billion to $3.7 billion to fund the growth of the banking business.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2004

	CONSOLIDATED 2004 $m	2003 $m
Cash flows from operating activities		
Interest received	2,197	1,873
Dividends received	65	46
Premiums received	2,849	2,573
Reinsurance and other recoveries received	594	265
Other operating revenue received	629	701
Interest paid	(1,293)	(1,100)
Outwards reinsurance premiums paid	(200)	(175)
Claims paid	(1,953)	(1,768)
Operating expenses paid	(1,117)	(1,327)
Income taxes paid – operating activities	(219)	(126)
Net cash inflow from operating activities	1,552	962
Cash flows from investing activities		
Payments for purchase of controlled entities, net of cash acquired	(10)	-
Payments for purchase of investments in associates	(4)	-
Payments for plant and equipment	(61)	(125)
Proceeds from disposal of plant and equipment	3	2
Net (purchase) disposal of banking securities	650	(1,659)
Net increase in loans, advances and other receivables	(4,727)	(1,404)
Payments for investment securities	(20,170)	(21,832)
Proceeds from disposal of investment securities	19,278	21,157
Income taxes paid – investing activities	(52)	(31)
Net cash outflow from investing activities	(5,093)	(3,892)
Cash flows from financing activities		
Proceeds from issue of shares	9	6
Proceeds from issue (repayment) of subordinated notes	-	13
Proceeds from net increase in borrowings	3,720	2,875
Dividends paid	(277)	(257)
Net cash inflow from financing activities	3,452	2,637
Net increase (decrease) in cash and cash equivalents	(89)	(293)
Cash at the beginning of the financial year	888	1,181
Cash acquired on acquisition of controlled entities	3	-
Cash at the end of the financial year	802	888

The above statements of cash flows should be read in conjunction with the discussion and analysis on page 46 and the accompanying notes.

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 a full 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. The accounting policies have been consistently applied by each entity in the consolidated entity and 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. Impact of adopting Australian equivalents to International Financial Reporting Standards

Australian reporting entities will be required to comply with Australian Accounting Standards equivalent to International Financial Reporting Standards and their related pronouncements ('IFRS') for reporting periods beginning on or after 1 January 2005.

The consolidated entity will report for the first time in accordance with Australian equivalents to IFRS when the results and interim financial report for the half-year ending 31 December 2005 are released. Entities complying with IFRS for the first time must restate their comparative financial information using all IFRS except AASB 132 '*Financial Instruments: Disclosure and Presentation*', AASB 139 '*Financial Instruments: Recognition and Measurement*' and AASB 4 '*Insurance Contracts*'. This means that the consolidated entity's opening IFRS statement of financial position will be restated at 1 July 2004, with most IFRS transition adjustments made against opening retained earnings on 1 July 2004. However, IFRS transition adjustments relating to those standards where comparative financial information is not required will only be made on 1 July 2005. Comparatives restated in accordance with IFRS will not be disclosed in the financial report until the half-year ending 31 December 2005.

The consolidated entity has established a formal project, monitored by a Steering Committee chaired by the Chief Financial Officer, to monitor and plan for the transition to IFRS reporting beginning with the half-year ending 31 December 2005. The IFRS project resources consist of teams that are responsible for investigating the impact on specific accounting policies or business processes, and comprises three phases of work as described below:

- Technical investigation – this phase identified the impacts of implementing IFRS on our products, customers, business processes and financial reporting policies and procedures;
- Detailed planning and design – this phase will formulate the changes required to existing business and financial reporting policies and procedures, including changes to financial reporting and business source systems; and
- Implementation – this phase will implement the identified changes to business and financial reporting processes and conduct training for staff.

The consolidated entity has substantially completed the technical investigation phase and commenced the detailed planning and implementation phases for significant areas.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). The differences between Australian GAAP and IFRS identified to date as potentially having a significant effect on the consolidated entity's financial position and performance are summarised in the consolidated financial report included in the Annual Report.

3. Profit from ordinary activities before income tax expense

3(a) Individually significant items included in profit from ordinary activities before income tax expense

	CONSOLIDATED 2004 $m	CONSOLIDATED 2003 $m
Significant item:		
The gain on disposal of investments includes the following revenue and expense on sale of shares in Cashcard Australia Limited:		
Revenue	34	-
Carrying amount of shares sold	(3)	-
Gain on sale	31	-

3(b) Revision of accounting estimate

Tax balances

As a consequence of the enactment of the Tax Consolidation legislation and the tax-consolidated group implementing tax consolidations from 1 July 2002, the Company, as the head entity in a tax consolidated group, has applied UIG 52: 'Income Tax Accounting' under the Tax Consolidation System for the 2004 year. However, as at 30 June 2003, no decision had been made to tax consolidate and UIG 39: 'Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances' was applied. Accordingly, comparative tax balances for the head entity (as disclosed in the consolidated financial report) for the year ended 30 June 2003) are not comparable to those for the year ended 30 June 2004. There is no impact on the consolidated balances.

For tax assets and liabilities, the subsidiary-related deferred tax balances recognised in the Company and consolidated entity have been determined based on the previous timing differences at the subsidiary level of the tax-consolidated group. The consolidated entity has reflected all adjustments in income tax expense as it has elected not to open past acquisition accounting. Future acquisition accounting will take deferred tax balances into account.

4. Segment information

Business segments

The consolidated entity comprises the following business segments:

Segment	**Activities**
Business Banking	Commercial banking, agribusiness, property and equipment finance
Retail Banking	Home, personal and small business loans, savings and transaction accounts
General Insurance	Home and motor insurance, personal effects cover, commercial insurance, Compulsory Third Party (CTP) insurance and workers' compensation services
Wealth Management	Life insurance and superannuation administration services, funds management, financial planning, and funds administration
Other	Treasury 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. Comparative segment information has been restated to reflect the new structure.

	Business Banking $m	Retail Banking $m	General Insurance $m	Wealth Management $m	Other $m	Eliminations/ unallocated $m	Consolidated $m
2004							
Revenue outside the consolidated entity	896	1,105	3,056	605	251	-	5,913
Inter-segment revenue	9	736	-	-	737	(1,482)	-
Shares of net profits of associates	-	-	19	-	-	-	19
Total segment revenue	905	1,841	3,075	605	988	(1,482)	5,932
Segment result	189	186	465	151	40	(60)	971
Unallocated revenue less unallocated expenses							-
Profit from ordinary activities before income tax expense							971
Income tax expense							(308)
Net profit							663
Segment assets	12,578	16,091	7,770	3,942	3,137	(240)	43,278
Unallocated assets							-
Total assets							43,278
Segment liabilities	11,717	15,509	5,530	3,324	3,050	(192)	38,938
Unallocated liabilities							-
Total liabilities							38,938
Investments in associates	-	-	100	-	-	-	100
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	4	15	37	4	1	-	61
Depreciation and amortisation expense	6	22	54	6	2	60	150
Other non-cash expenses	36	12	1	-	-	-	49

4. Segment information (continued)

Business segments (continued)

	Business Banking $m	Retail Banking $m	General Insurance $m	Wealth Management $m	Other $m	Eliminations/ unallocated $m	Consolidated $m
2003							
Revenue outside the consolidated entity	709	1,039	2,968	255	176	-	5,147
Inter-segment revenue	7	653	-	-	569	(1,229)	-
Shares of net profits of associates and joint venture partnership	-	-	9	-	-	-	9
Total segment revenue	716	1,692	2,977	255	745	(1,229)	5,156
Segment result	146	173	233	52	8	(62)	550
Unallocated revenue less unallocated expenses							-
Profit from ordinary activities before income tax expense							550
Income tax expense							(166)
Net profit							384
Segment assets	10,089	13,917	7,477	3,250	4,000	(299)	38,434
Unallocated assets							-
Total assets							38,434
Segment liabilities	9,450	13,450	5,353	3,030	3,719	(215)	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	9	35	72	6	3	-	125
Depreciation and amortisation expense	6	23	46	4	2	62	143
Other non-cash expenses	28	24	(1)	-	1	(3)	49

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

Geographical segments

The consolidated entity operates in one geographical area being Australia.

Accounting policies in relation to segment reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage.

5. Contribution to profit from ordinary banking activities

	CONSOLIDATED 2004 $m	CONSOLIDATED 2003 $m
Net interest income		
Interest revenue	1,950	1,684
Interest expense	(1,294)	(1,092)
	656	592
Net banking fee income		
Fee and commission revenue	215	197
Fee and commission expense	(61)	(58)
	154	139
Other operating revenue		
Net profits on trading and investment securities	-	-
Net profits on derivative and other financial instruments	10	8
Other income	13	8
	23	16
Total income from ordinary banking activities	833	747
Operating expenses		
Staff expenses	(240)	(217)
Occupancy expenses	(23)	(20)
Computer and depreciation expenses	(45)	(50)
Communication expenses	(33)	(32)
Advertising and promotion expenses	(24)	(19)
Other operating expenses	(49)	(42)
Total expenses of ordinary banking activities	(414)	(380)
Contribution to profit from ordinary banking activities before bad and doubtful debts, amortisation of goodwill and income tax	419	367
Bad and doubtful debts expense	(48)	(49)
Contribution to profit from ordinary banking activities before amortisation of goodwill and income tax	371	318

Whilst business banking and retail banking have been disclosed as separate reportable segments in note 4, the executive and Board also consider the total banking result as relevant to understanding the consolidated entity's performance. The above profit result consolidates business banking, retail banking and treasury (which is within the 'Other' segment). This also represents the results of the consolidated banking group which is regulated by APRA.

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

6. Contribution to profit from ordinary general insurance activities

	CONSOLIDATED 2004 $m	CONSOLIDATED 2003 $m
Net earned premium		
Direct premium revenue	2,423	2,231
Outwards reinsurance premium expense	(157)	(144)
	2,266	2,087
Net incurred claims		
Direct claims expense	(1,751)	(1,937)
Reinsurance and other recoveries revenue	214	286
	(1,537)	(1,651)
Operating expenses		
Acquisition costs	(260)	(248)
Other underwriting expenses	(307)	(276)
	(567)	(524)
Reinsurance commission income	7	16
Underwriting result	169	(72)
Investment revenue – Insurance provisions		
Interest, dividends and rent	234	227
Realised gains (losses) on investments	(71)	30
Unrealised gains (losses) on investments	(17)	24
	146	281
Insurance trading result	315	209
Managed schemes income	126	106
Managed schemes expense	(106)	(99)
Share of net profits of associates accounted for using the equity method	19	9
Investment revenue – Shareholder funds		
Interest, dividends, rent, etc	54	52
Realised gains (losses) on investments	(1)	(40)
Unrealised gains (losses) on investments	75	12
Other revenue	13	2
Other expenses	(11)	(15)
	130	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	484	252
Management fee expense – GIO acquisition	(19)	(19)
Contribution to profit from ordinary general insurance activities before income tax and amortisation of goodwill	465	233

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

7. Contribution to profit from ordinary wealth management activities

	CONSOLIDATED 2004 $m	CONSOLIDATED 2003 $m
Net life insurance premium revenue		
Premium revenue	104	86
Outwards reinsurance expense	(27)	(17)
	77	69
Life insurance investment revenue		
Equity securities	295	(35)
Debt securities	60	100
Property	96	60
Other	(8)	(8)
	443	117
Management fee revenue – funds management	22	22
Other revenue	31	23
Total revenue	573	231
Operating expenses		
Claims expense	(71)	(60)
Reinsurance recoveries	17	16
(Increase) decrease in net life insurance policy liabilities	(222)	16
Increase in policy owner retained profits	(29)	(49)
Other operating expenses	(117)	(102)
	(422)	(179)
Contribution to profit from ordinary wealth management activities before income tax	151	52

The above segment result includes profits relating to outside equity interests and policy owners' tax.
The following reconciliation adjusts for these items:

	CONSOLIDATED 2004 $m	CONSOLIDATED 2003 $m
Contribution to profit from ordinary wealth management activities before income tax	151	52
Profit attributable to outside equity interests	(44)	-
Income tax attributable to policy owners	(41)	(11)
Contribution to profit from ordinary wealth management activities before tax excluding policy owners' interests	66	41

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

8. Dividends

	CONSOLIDATED 2004 $m	CONSOLIDATED 2003 $m
Ordinary shares		
Final dividend for the year ended 30 June 2003 of 30 cents (2003: 29 cents) per fully paid share paid 3 October 2003 (2003: 1 October 2002)		
Franked @ 30%	159	153
Interim dividend for the year ended 30 June 2004 of 30 cents (2003: 26 cents) per fully paid share paid 2 April 2004 (2003: 31 March 2003)		
Franked @ 30%	160	137
Preference shares		
Final dividend of $3.15 (2003: $3.15) per share		
Franked @ 30%	8	8
Interim dividend of $3.12 (2003: $3.10) per share		
Franked @ 30%	8	7
	335	305
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 40 cents (2003: 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 1 October 2004 out of retained profits at 30 June 2004, but not recognised as a liability at year end, is	215	159
Franked dividends		
The franked portions of the final dividend recommended after 30 June 2004 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the financial year ending 30 June 2005.		
Franking credits available for subsequent financial years based on a tax rate of 30 percent (2003: 30 percent)	264	169

Tax Consolidation legislation

Effective 1 July 2002, Suncorp-Metway Ltd and its wholly-owned subsidiaries adopted the Tax Consolidation legislation which requires a tax-consolidated group to keep a single franking account. The amount of franking credits available to shareholders of the parent entity (being the head entity in the tax-consolidated group) disclosed at 30 June 2004 has been measured under the new legislation as those available from the tax consolidated group.

9. Director and executive disclosures

9(a) Remuneration of specified directors and specified executives

Page 35 of the directors' report sets out the remuneration policies of the consolidated entity and the relationship between these policies and the consolidated entity's performance.

The following are the executives (other than executive directors) with the greatest authority for the strategic direction and management of the consolidated entity:

Mark Blucher	Group Executive Retail Banking Customers
Diana Eilert	Group Executive General Insurance (employment commenced 3 November 2003)
Bernadette Fifield	Group Executive Wealth Management, Group Strategy, Corporate Relations and Marketing
Carmel Gray	Group Executive Information Technology
Peter Johnstone	Group Executive HR, Projects and Central Services
Ray Reimer	Group Executive Business Banking Customers

In addition, John Trowbridge held the position of Group Executive General Insurance until his resignation on 26 September 2003.

The following table provides the details of all directors of the Company ('specified directors') and the executives of the consolidated entity with the greatest authority ('specified executives') and the nature and amount of the elements of their remuneration.

	Primary		Post-employment		Equity		Other		Total
	Salary and fees $	Bonus $	Super-annuation $	Retirement benefits (1) $	Options (2) $	Shares (3) $	Termination $	Other (4) $	$
2004									
Specified directors									
Executive directors									
J F Mulcahy	1,108,851	1,200,000	91,149	-	-	884,951	-	7,947	3,292,898
C Skilton (5)	556,882	410,000	43,118	-	170,738	243,916	-	453	1,425,107
Non-executive directors									
J D Story	300,000	-	27,292	217,250	-	-	-	3,754	548,296
W J Bartlett (6)	95,000	-	11,250	-	-	30,000	-	2,531	138,781
I D Blackburne	125,000	-	11,250	95,657	-	-	-	2,531	234,438
R F Cormie	125,000	-	11,250	36,086	-	-	-	453	172,789
C Hirst	100,000	-	9,000	71,715	-	-	-	453	181,168
J J Kennedy	102,250	-	6,750	19,500	-	-	-	453	128,953
M D E Kriewaldt	125,000	-	11,250	-	-	-	-	2,531	138,781
Total directors	2,637,983	1,610,000	222,309	440,208	170,738	1,158,867	-	21,106	6,261,211
Specified executives									
M Blucher (5)	478,246	490,000	36,754	-	64,979	206,759	-	5,132	1,281,870
B Fifield	408,257	300,000	36,743	-	-	182,615	-	65,453	993,068
D Eilert	293,734	200,000	26,422	-	-	155,209	-	264	675,629
C Gray (5)	408,998	410,000	11,002	-	90,246	155,067	-	453	1,075,766
P Johnstone (5)	408,998	600,000	11,002	-	77,888	155,067	-	453	1,253,408
R Reimer (5)	394,495	325,000	35,505	-	22,858	213,479	-	453	991,790
J Trowbridge (7)	133,028	-	11,972	-	512,188	140,700	450,000	151	1,248,039
Total executives	2,525,756	2,325,000	169,400	-	768,159	1,208,896	450,000	72,359	7,519,570

(1) The amounts represent accruals to the provision for directors' retirement benefits.

(2) The Company previously issued options as part of long term incentives to executives (last tranche issued 22 April 2002). The amounts disclosed are based on the assessed fair value at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value allocated to this reporting period.

(3) Performance shares issued as long term incentives are expensed to the statement of financial performance over the period from allocation date to vesting date. However the amount expensed may not reflect the actual value received by the executive whose entitlement to the shares is dependent on meeting performance hurdles based on Total Shareholder Return (TSR).

(4) 'Other' includes an allocation of insurance premiums paid by the Company in respect of the Directors' and Officers' Liability insurance contract and the cost to the Company of providing certain fringe benefits. The 'other' benefits for Ms Fifield represent a sign-on payment of $65,000 which was agreed at the date of her employment with the Company.

(5) Bonus includes Transformation bonus payments of varying amounts.

(6) The shares issued relate to a 'salary sacrifice' under the terms of the Non-Executive Directors' Share Plan.

(7) Resigned 26 September 2003. In relation to options, the allocated fair value relating to future periods is reflected entirely in 2004, as Mr Trowbridge has ceased his employment with the Company.

9. Director and executive disclosures (continued)

9(a) Remuneration of specified directors and specified executives (continued)

	Primary		Post-Employment		Equity		Other		Total
	Salary and fees $	Bonus $	Super-annuation $	Retirement benefits (1) $	Options $	Shares $	Termination $	Other (2) $	$
2003									
Specified directors									
Executive directors									
J F Mulcahy (3)	544,334	450,000	42,623	-	-	2,702,175	-	29,956	3,769,088
C Skilton (4)									
– Director	349,497	409,589	31,455	-	121,154	58,178	-	283	970,156
– Executive	180,210	240,411	16,219	-	71,112	-	-	63,260	571,212
W S Jones (5)	247,370	-	-	-	2,170,359	2,054,738	2,052,000	173,721	6,698,188
Non-executive directors									
J D Story	194,333	-	17,514	78,415	-	-	-	453	290,715
I D Blackburne	106,000	-	9,540	88,810	-	-	-	453	204,803
R F Cormie	104,667	-	9,420	2,333	-	-	-	453	116,873
C Hirst	91,000	-	8,190	30,732	-	-	-	453	130,375
J J Kennedy	89,666	-	8,070	50,915	-	-	-	453	149,104
M D E Kriewaldt	101,583	-	9,143	2,542	-	-	-	453	113,721
R J Lamble	139,592	-	-	59,824	-	33,264	-	453	233,133
R P Handley	75,000	-	6,750	37,111	-	-	-	453	119,314
Total directors	2,223,252	1,100,000	158,924	350,682	2,362,625	4,848,355	2,052,000	270,844	13,366,682
Specified executives									
M Blucher	462,268	425,000	31,482	-	108,671	52,356	-	453	1,080,230
B Fifield	95,879	55,000	8,629	-	-	21,685	-	65,113	246,306
C Gray	404,481	356,000	10,519	-	101,625	39,329	-	453	912,407
P Johnstone	404,481	600,000	10,519	-	108,671	39,329	-	453	1,163,453
G Moynihan	341,922	208,500	22,616	-	181,858	34,980	888,462	321	1,678,659
R Reimer	339,450	225,000	41,800	-	39,419	44,525	-	31,366	721,560
J Trowbridge (6)	522,752	405,000	49,748	-	249,585	289,230	-	453	1,516,768
Total executives	2,571,233	2,274,500	175,313	-	789,829	521,434	888,462	98,612	7,319,383

(1) 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 provision of $52,841. These amounts are not shown in retirement benefits.

(2) The 'other' remuneration includes insurance premiums paid by the Company in respect of the Directors' and Officers' Liability insurance contract. The 'other' benefits for Mr Jones include amounts paid for relocation, waiver of break fees on a loan and term deposit and an allowance for charitable donations. The 'other' benefits for Ms Fifield represent a sign-on payment which was agreed at the date of her employment with the Company. The 'other' benefits include the cost to the Company of providing certain fringe benefits.

(3) Of the shares issued to Mr Mulcahy, $2,259,450 relates to a one-off upfront compensation of benefits foregone from change of employment.

(4) Mr Skilton was an executive for the whole of the financial year and was appointed a director on 13 November 2002.

(5) 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.

(6) The shares issued to Mr Trowbridge relate to a one-off upfront compensation of benefits foregone from change in employment.

9. Director and executive disclosures (continued)

9(b) Grants of deferred ordinary shares

Long term incentives

Deferred ordinary shares have been granted to executives as long term incentives and are expensed to the statement of financial performance over the period from allocation date to vesting date. Further information is provided in the Directors Report on page 36.

The following grants have been made in this or previous financial years and affect remuneration in this financial year:

13 December 2002

Performance period:	3 years from 13 December 2002 to 13 December 2005
Vesting date:	13 December 2005
Participating specified directors:	C Skilton – 41,021 shares
Participating specified executives:	M Blucher – 36,463 shares
	C Gray – 27,347 shares
	P Johnstone – 27,347 shares
	R Reimer – 31,905 shares

6 January 2003 to J Mulcahy

Number of shares	Performance period	Vesting date
100,000	6 January 2003 to 5 January 2006	5 January 2006
100,000	6 January 2003 to 5 January 2007	5 January 2007
100,000	6 January 2003 to 5 January 2008	5 January 2008

1 October 2003

Performance period:	3 years from 1 October 2003 to 30 September 2006
Vesting date:	30 September 2006
Participating specified directors:	C Skilton – 41,981 shares
Participating specified executives:	M Blucher – 33,585 shares
	B Fifield – 29,387 shares
	C Gray – 25,188 shares
	P Johnstone – 25,188 shares
	R Reimer – 29,387 shares

3 November 2003

Performance period:	3 years from 1 October 2003 to 30 September 2006
Vesting date:	30 September 2006
Participating specified executives:	D Eilert – 29,387 shares

Shares granted on employment

In addition, certain executives were granted deferred ordinary shares on employment. There are no performance criteria for these shares, other than continuing employment with the Company.

The following grants have been made in this or previous financial years and affect remuneration in this financial year:

7 April 2003 to B Fifield

Number of shares	Vesting date
5,000	7 April 2004
5,000	7 April 2005

3 November 2003 to D Eilert

Number of shares	Vesting date
8,396	3 November 2004

9. Director and executive disclosures (continued)

9(c) Grants of options in previous financial years

No options were granted as remuneration during the current financial year. The following options were granted in previous financial years and affect remuneration in this period. They are valued at fair value at grant date and allocated to remuneration over the period from grant date to vesting or start date.

Options granted 16 December 1998

These options have an exercise price of $7.96 and an expiry date of 16 December 2003.

Start date	Strike price	Number of options granted to specified executives
16 June 2001	$9.00	M Blucher – 21,000 P Johnstone – 27,000 R Reimer – 20,500
16 June 2002	$9.50	M Blucher – 22,000 P Johnstone – 27,000 R Reimer – 21,000
16 June 2003	$10.00	M Blucher – 22,000 P Johnstone – 28,000 R Reimer – 21,000

Options granted 6 October 1999

These options have an exercise price of $8.11 and an expiry date of 6 October 2004.

Start date	Strike price	Number of options granted to specified executives
31 March 2002	$9.12	M Blucher – 21,000 P Johnstone – 27,000 R Reimer – 16,250
31 March 2003	$9.56	M Blucher – 22,000 P Johnstone – 27,000 R Reimer – 16,250
31 March 2004	$10.05	M Blucher – 22,000 P Johnstone – 28,000 R Reimer – 16,250

Options granted 1 October 2000

These options have an exercise price of $8.89 and an expiry date of 1 October 2004.

Start date	Strike price	Number of options granted to specified executives
31 March 2003	$10.00	M Blucher – 41,000 P Johnstone – 41,000 R Reimer – 26,000
31 March 2004	$10.49	M Blucher – 42,000 P Johnstone – 42,000 R Reimer – 27,000
31 March 2005	$11.02	M Blucher – 42,000 P Johnstone – 42,000 R Reimer – 27,000

9. Director and executive disclosures (continued)

9(c) Grants of options in previous financial years (continued)

Options granted 20 September 2001

These options have an exercise price of $11.62 and an expiry date of 20 September 2006.

Start date	Strike price	Number of options granted to specified directors and executives
31 March 2004	$12.20	C Skilton – 116,667 M Blucher – 33,000 C Gray – 61,000 P Johnstone – 41,000 R Reimer – 8,000
31 March 2005	$13.13	C Skilton – 116,667 M Blucher – 33,000 C Gray – 61,000 P Johnstone – 42,000 R Reimer – 8,000
31 March 2006	$13.94	C Skilton – 116,666 M Blucher – 34,000 C Gray – 63,000 P Johnstone – 42,000 R Reimer – 9,000

Options granted 22 April 2002

These options have an exercise price of $12.30 and an expiry date of 22 April 2007. The performance measure for vesting is Total Shareholder Return (refer note 10).

Start date	Number of options granted to specified executives
30 November 2004	J Trowbridge – 116,667
30 November 2005	J Trowbridge – 116,667
30 November 2006	J Trowbridge – 116,666

9(d) Loans to directors, executives and personally-related entities

The Australian Securities and Investments Commission has issued class order 98/0110 dated 10 July 1998 (as amended by CO 04/665 dated 15 July 2004) which relieves Australian banks from disclosure of bank loans and other financial instrument transactions made to related parties in the ordinary course of business, other than loans and financial instrument transactions to a director or executive of the Company or an entity controlled or significantly influenced by a director or executive. This relief does not extend to shares and share options.

The Company is required under the terms of the class order to lodge a statutory declaration, signed by two directors, with the Australian Securities and Investments Commission. The declaration must provide confirmation that the Company has instigated systems of internal control and procedures, which provide assurance that any loans or other financial instrument transactions of a bank which are not entered into on normal terms and conditions are drawn to the attention of the directors, so that they may be disclosed in the financial statements. The Company will lodge such a declaration with its consolidated financial statements to the Australian Securities and Investments Commission.

9. Director and executive disclosures (continued)

9(d) Loans to directors, executives and personally-related entities (continued)

Details regarding the aggregate of loans made by the Company to specified directors and specified executives, and the number of individuals in each group, are as follows:

	Balance 1 July 2003	Interest charged	Interest not charged	Write-off	Balance 30 June 2004	Individuals in group 30 June 2004
Specified directors	79,424	5,113	-	-	-	1
Specified executives	1,376,566	69,970	-	-	2,442,010	3

Details regarding loans outstanding at the reporting date to specified directors and specified executives, where the individual's aggregate loan balance exceeded $100,000 at any time in the reporting period, are as follows:

	Balance 1 July 2003	Interest charged	Interest not charged	Write-off	Balance 30 June 2004	Highest in period
Specified executives						
M Blucher	804,400	11,687	-	-	754,163	804,400
P Johnstone	-	18,519	-	-	816,333	816,333
R Reimer	572,166	39,764	-	-	871,514	875,422

The loans to executives are housing loans and asset lines provided in the ordinary course of the banking business. All loans have commercial terms, which may include staff discounts at the same terms available to all employees of the consolidated entity. The loans may have offset facilities, in which case the interest charged is after the offset.

9(e) Equity instrument disclosures relating to directors and executives

Shareholdings

The number of shares held by specified directors and executives of the Company in the Company are set out below[(1)]:

	Balance 1 July 2003	Received as remuneration[(2)]	Options exercised	Purchases (Sales)	Other charges [(3)]	Balance 30 June 2004
Specified directors						
J D Story	72,067	-	-	-	-	72,067
J F Mulcahy	500,000	-	-	-	-	500,000
C Skilton [(4)]	101,021	86,103	-	(25,000)	-	162,124
W J Bartlett	-	1,307	-	3,000	-	4,307
I D Blackburne	14,000	-	-	3,000	-	17,000
R F Cormie	15,735	-	-	-	-	15,735
C Hirst	3,383	-	-	-	-	3,383
J J Kennedy	31,735	-	-	-	-	31,735
M D E Kriewaldt	48,320	-	-	-	-	48,320
Specified executives						
M Blucher	90,099	33,585	130,000	(130,000)	-	123,684
B Fifield	10,000	29,387	-	-	-	39,387
D Eilert	-	37,783	-	-	-	37,783
C Gray	37,530	25,188	-	-	-	62,718
P Johnstone	99,871	25,188	55,000	391	-	180,450
R Reimer	103,228	29,387	121,000	(9,000)	-	244,615
J Trowbridge	31,675	10,610	-	3,298	(45,583)	-

(1) The number of shares disclosed for executive directors and executives may include shares held by the trustee of the Executive Performance Share Plan and therefore beneficial entitlement to those shares remain subject to satisfaction of specified performance hurdles. In regard to the 500,000 shares attributable to Mr Mulcahy, 300,000 of those shares remain subject to TSR performance hurdles.

(2) Includes shares allocated under the Executive Performance Share Plan. These shares are recorded in the Company's share register in the executive's name when allocated, but the shares vest only when performance hurdles are met. The remuneration disclosure includes the cost of the shares allocated over the vesting period. Also includes shares relating to a 'salary sacrifice' under the Non-Executive Directors Share Plan.

(3) J Trowbridge resigned during the financial year and accordingly is not a specified executive at 30 June 2004.

(4) Included in shares received as remuneration are 44,122 shares issued as a result of Mr Skilton choosing to receive his 2003 bonus in shares.

9. Director and executive disclosures (continued)

9(e) Equity instrument disclosures relating to directors and executives (continued)

Directors and executives of the Company and their personally-related entities received normal distributions on these shares. Details of the directors' shareholdings in the Company at the date of signing these financial statements are set out in the Directors' Report.

Option holdings

Remuneration options exercised

During the financial year, the following shares were issued on the exercise of options previously granted as remuneration:

	Shares issued (number)	$ per share paid
Specified Executives		
M Blucher	65,000	7.96
	65,000	8.11
P Johnstone	55,000	7.96
R Reimer	62,500	7.96
	32,500	8.11
	26,000	8.89

There are no amounts unpaid on the shares issued as a result of the exercise of the options.

Number of options held by specified directors and executives

					Vested at 30 June 2004		
	Balance 1 July 2003	Options exercised	Net change other [(1)]	Balance 30 June 2004	Total	Exercisable	Not Exercisable
Specified directors							
C Skilton	350,000	-	-	350,000	350,000	116,666	233,334
Specified executives							
M Blucher	355,000	(130,000)	-	225,000	225,000	116,000	109,000
C Gray	215,000	-	-	215,000	215,000	84,300	130,700
P Johnstone	387,000	(55,000)	-	332,000	332,000	206,000	126,000
R Reimer	216,250	(121,000)		95,250	95,250	51,250	44,000
J Trowbridge	350,000	-	(350,000)	-	-	-	-

(1) Mr Trowbridge resigned during the period and whilst he still holds the options he is no longer a specified executive.

9(f) Other transactions with directors, executives and personally-related entities

Financial instrument transactions

Financial instrument transactions between the Company and directors, executives and their personally-related entities during the financial year were in the nature of normal personal banking, investment and deposit transactions. These transactions were on commercial terms and conditions no more favourable than those given to other employees or customers.

Transactions other than financial instrument transactions

The Company has agreements with non-executive directors providing for benefits to be paid on their retirement or death. The maximum benefit payable to a director is the total of annual fees paid by the Company to the director in respect of the highest consecutive three years of service.

Mr John D Story is the non-executive Chairman of Corrs Chambers Westgarth, Solicitors, which from time to time rendered legal services to the Company in the ordinary course of business. Fees paid to the firm during the financial year amounted to $1,342,757 (2003: $1,033,695).

9. Director and executive disclosures (continued)

9(f) Other transactions with directors, executives and personally-related entities (continued)

Transactions other than financial instrument transactions (continued)

Mr Martin D E Kriewaldt provides advice to Aon Corporation. Aon Corporation provides management services to a controlled entity. These services are provided under normal terms and conditions.

Other transactions with directors, executives and their personally-related entities are conducted on arm's length terms and conditions, and are deemed trivial or domestic in nature. These transactions are in the nature of personal investment, general insurance and life insurance policies.

Apart from the details disclosed in this note, no director, executive or personally-related entity has entered into a material contract with the consolidated entity during the reporting period, and there were no material contracts involving directors, executives or their personally-related entities existing at the end of the reporting period.

10. Options

At 30 June 2004 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(2) $	No. of options held at 30 June 2004 (3)	No. of options held at 30 June 2003
16 Dec 1998	16 Jun 2001	16 Dec 2003	7.96	9.00	-	92,500
16 Dec 1998	16 Jun 2002	16 Dec 2003	7.96	9.50	-	121,000
16 Dec 1998	16 Jun 2003	16 Dec 2003	7.96	10.00	-	122,000
03 Jun 1999	03 Nov 2003	03 Jun 2004	8.81	10.75	-	116,666
03 Jun 1999	17 Nov 2003	03 Jun 2004	8.81	10.75	-	13,333
06 Oct 1999	31 Mar 2002	06 Oct 2004	8.11	9.12	41,700	210,450
06 Oct 1999	31 Mar 2003	06 Oct 2004	8.11	9.56	78,800	254,150
06 Oct 1999	31 Mar 2004	06 Oct 2004	8.11	10.05	160,750	255,950
01 Oct 2000	31 Mar 2003	01 Oct 2005	8.89	9.78	41,200	82,200
01 Oct 2000	31 Mar 2004	01 Oct 2005	8.89	10.31	153,000	203,000
01 Oct 2000	31 Mar 2005	01 Oct 2005	8.89	10.85	203,000	203,000
01 Oct 2000	31 Mar 2003	01 Oct 2005	8.89	10.00	59,000	150,000
01 Oct 2000	31 Mar 2004	01 Oct 2005	8.89	10.49	94,600	151,200
01 Oct 2000	31 Mar 2005	01 Oct 2005	8.89	11.02	133,500	153,800
20 Sep 2001	31 Mar 2004	20 Sep 2006	11.62	12.20	286,666	303,333
20 Sep 2001	31 Mar 2005	20 Sep 2006	11.62	13.13	303,333	303,333
20 Sep 2001	31 Mar 2006	20 Sep 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 Apr 2002	31 Oct 2004	22 Apr 2007	12.30	(4)	116,667	116,667
22 Apr 2002	31 Oct 2005	22 Apr 2007	12.30	(4)	116,667	116,667
22 Apr 2002	31 Oct 2006	22 Apr 2007	12.30	(4)	116,666	116,666
					4,208,883	5,389,249

(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) The strike price is sometimes referred to as a 'hurdle price'. Options are only exercisable if the volume weighted average price of the Company's shares over a continuous five day trading period on the Australian Stock Exchange, during the term of the options, exceeds the strike price.

(3) During the year 1,139,866 options (2003: 759,000) 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, 40,500 (2003: 68,700) options expired in respect of employees who resigned.

(4) The Company has adopted Total Shareholder Return (TSR) as the performance measure on which option vesting is based and the Top 50 Companies in the ASX All Industrials Index has been adopted as the comparator group. Currently the following vesting schedule applies:

- If the Company's TSR growth over a relevant evaluation period is equal to the median TSR performance for the comparator group, then 50 percent of those options available to be exercised at that time will vest.
- For each additional percentile increase in the Company's ranking above the median, a further 2 percent of the relevant tranche of options will vest.
- If the Company's TSR growth over the relevant evaluation period reaches the 75th percentile, 100 percent of the options will vest.

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

(6) There were no options granted during the financial year as the Company ceased to issue options under the Executive Option Plan.

10. 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.

The market price of the Company's shares at 30 June 2004 was $14.20 (2003: $11.60).

At the date of this report unissued fully paid ordinary shares of the Company under the Executive Option Plan decreased to 4,198,883 from 30 June 2004 due to the following options being exercised since the end of the financial year:

Issue date of option	Start date	Expiry date	Exercise price of options $	Strike price $	Number of options
6 Oct 1999	31 Mar 2002	6 Oct 2004	8.11	9.12	3,300
6 Oct 1999	31 Mar 2003	6 Oct 2004	8.11	9.56	3,300
6 Oct 1999	31 Mar 2004	6 Oct 2004	8.11	10.05	3,400

11. Matters subsequent to the end of the financial year

In July 2004, the Company appointed Investa Property Group to manage Suncorp's national corporate property portfolio. The five year contract includes the management of 179 Suncorp and GIO retail outlets, five call centres, and 21 corporate office sites across the country.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION
for the year ended 30 June 2004

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 2004 set out on pages 41 to 63:

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*'.

Signed in accordance with a resolution of the directors:

John D Story

Chairman

John F Mulcahy

Managing Director

Brisbane

27 August 2004

INDEPENDENT AUDIT REPORT TO THE MEMBERS
for the year ended 30 June 2004

Scope

The financial report and directors' responsibility

The concise financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 11, 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 41 to 63 for Suncorp-Metway Ltd ('the Company') and its controlled entities (the 'Consolidated Entity') for the year ended 30 June 2004.

The directors of the Company are responsible for the preparation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *'Concise Financial Reports'*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the concise financial report.

Audit approach

We conducted an independent audit in order to express an opinion to members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee that all material misstatements have been detected. We have also performed an independent audit of the full financial report of the Company and its controlled entities for the year ended 30 June 2004. Our audit report on the full financial report was signed on 27 August 2004, and was not subject to any qualification.

We performed procedures in respect of the audit of the concise financial report to assess whether, in all material respects, the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039 *'Concise Financial Reports'*.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information in the concise financial report is consistent with the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures, which were not directly derived from the full financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion, the concise financial report of Suncorp-Metway Ltd and its controlled entities for the year ended 30 June 2004 complies with Australian Accounting Standard AASB 1039 *'Concise Financial Reports'*.

KPMG

KPMG

Brian Greig
Partner

Brisbane
27 August 2004

DEFINITIONS

Item	Definition
Basic shares	Ordinary fully paid shares on issue.
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA.
Diluted shares	Comprises ordinary shares, 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 per share (basic)	Shareholders' equity attributable to members of the Company less preference shares and intangibles, divided by the number of ordinary shares at the end of the period. In determining the number of ordinary shares at the end of the period, partly paid shares are taken into account by assuming that the unpaid amount is paid.
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.

Major Shareholders

(i) Ordinary Shares

At 13 August 2004, the 20 largest holders of fully paid Ordinary Shares held 185,651,946 shares, equal to 34.59 percent of the total fully paid shares on issue.

	Number of shares	%
J P Morgan Nominees Australia Limited	47,295,127	8.81
National Nominees Limited	33,961,147	6.33
Westpac Custodian Nominees Limited	29,497,888	5.50
ANZ Nominees Limited	8,823,363	1.64
RBC Global Services Australia Nominees Pty Limited (PIPOOLED A/C)	8,560,577	1.59
Citicorp Nominees Pty Limited	7,368,153	1.37
AMP Life Limited	7,006,481	1.31
Queensland Investment Corporation	6,877,924	1.28
Cogent Nominees Pty Limited	6,778,174	1.26
Citicorp Nominees Pty Limited (CFS Wholesale Geared Share Fund A/C)	4,456,135	0.83
RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	3,866,088	0.72
IAG Nominees Pty Limited	3,661,898	0.68
Citicorp Nominees Pty Limited (CFS Wsle Imputation Fund A/C)	3,187,154	0.59
IOOF Investment Management Limited	2,378,078	0.45
Australian Foundation Investment Company Limited	2,356,462	0.44
PSS Board	2,186,687	0.41
Citicorp Nominees Pty Limited (CFS Imputation Fund A/C)	1,997,862	0.37
Milton Corporation Limited	1,910,198	0.36
CSS Board	1,811,884	0.34
Questor Financial Services Limited (TPS RF A/C)	1,670,666	0.31
	185,651,946	34.59

Major Shareholders

(ii) Reset Preference Shares

At 13 August 2004, the 20 largest holders of fully paid Reset Preference Shares held 1,296,197 shares, equal to 51.85 percent of the total fully paid shares on issue.

	Number of shares	%
AMP Life Limited	208,402	8.34
Westpac Custodian Nominees Limited	148,658	5.95
RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	111,700	4.47
Citicorp Nominees Pty Limited	105,000	4.20
JP Morgan Nominees Pty Limited	97,248	3.89
Cogent Nominees Pty Limited	79,847	3.19
ANZ Executors and Trustee Company Limited	72,359	2.90
Citicorp Nominees Pty Limited (CMIL Cwlth Income Fund A/C)	60,000	2.40
Javl Pty Ltd	50,000	2.00
The Australian National University	50,000	2.00
UBS Private Clients Australia Nominees Pty Ltd	40,693	1.63
Kaplan Equity Limited	40,000	1.60
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 No 11 Pty Limited	30,000	1.20
ANZ Nominees Limited	29,600	1.18
Permanent Trustee Company Limited (KAP0002 A/C)	28,000	1.12
Permanent Trustee Company Limited (KAP0001 A/C)	26,800	1.07
UBS Nominees Pty Ltd (Prime Broking A/C)	24,890	0.99
	1,296,197	51.85

Distribution of Shareholdings

(i) Fully paid Ordinary Shares at 13 August 2004

Range	Number of holders	% of holders	Number of shares	% of shares
1-1,000 shares	122,599	67.09	60,865,517	11.34
1,001-5,000 shares	48,497	26.54	106,116,987	19.77
5,001-10,000 shares	7,357	4.03	51,129,797	9.53
10,001-100,000 shares	4,124	2.25	84,456,121	15.74
100,001 shares and over	168	0.09	234,060,789	43.62
	182,745	100.00	536,629,211	100.00

(ii) Fully paid Ordinary Shares at 13 August 2004

Location	Number of holders	% of holders	Number of shares	% of shares
Australia				
- Queensland	106,679	58.35	267,029,064	49.77
- New South Wales	32,684	17.88	123,438,987	23.00
- Victoria	26,849	14.68	117,218,905	21.85
- South Australia	5,746	3.14	11,977,306	2.23
- Western Australia	4,304	2.35	6,050,004	1.13
- Tasmania	1,767	.97	3,084,928	.57
- ACT	3,123	1.71	4,002,379	.75
- Northern Territory	376	.21	990,086	.18
New Zealand	335	.18	879,319	.16
Hong Kong	108	.06	220,293	.04
United Kingdom	242	.13	498,215	.09
United States	150	.08	313,094	.06
Other overseas	472	.26	926,631	.17
	182,835	100	536,629,211	100

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.

(iv) Partly paid Ordinary Shares at 13 August 2004

Range	Number of holders	% of holders	Number of shares	% of shares
1-1,000 shares	3	37.50	2,500	14.16
1,001-5,000 shares	4	50.00	9,350	52.98
5,001-10,000 shares	1	12.50	5,800	32.86
10,001-100,000 shares	-	-	-	-
100,001 shares and over	-	-	-	-
	8	100.00	17,650	100.00

Distribution of Shareholdings (continued)

(v) Fully paid Reset Preference Shares at 13 August 2004

Range	Number of holders	% of holders	Number of shares	% of shares
1-1,000 shares	1,646	89.21	578,759	23.15
1,001-5,000 shares	157	8.51	386,977	15.48
5,001-10,000 shares	15	0.81	116,384	4.66
10,001-100,000 shares	23	1.25	844,120	33.76
100,001 shares and over	4	0.22	573,760	22.95
	1,845	100.00	2,500,000	100.00

Substantial Shareholders

At 13 August 2004, the following entries were contained in the register of substantial shareholdings, based on Substantial Holding Notices received:

	Number of shares
Barclays Group	26,870,448

Voting Rights of Shareholder

(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 13 August 2004 the number of shareholders with less than a marketable parcel for fully paid Ordinary Shares (1-36 shares) was 2,007 (1.09% of shareholders) representing 30,661 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 B.Bus

Annual General Meeting

2.30pm Wednesday 27 October 2004
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:

ASX Perpetual Registrars Limited
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: registrars@asxperpetual.com.au
Website: www.asxperpetual.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 ASX Perpetual Registrars Limited 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, annual report information and other shareholder communications. To register your details, go to Share Registry Services on the Suncorp website www.suncorp.com.au which provides a link to the share registry, or directly to the share registry website www.asxperpetual.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'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)

2004	
Final Dividend	
Ex dividend date	1 September
Record date	7 September
Dividend paid	1 October
2005	
Interim Dividend	
Ex dividend date	2 March
Record date	8 March
Dividend paid	1April
Final Dividend	
Ex dividend date	31 August
Record date	6 September
Dividend paid	3 October

Floating Rate Capital Notes (SUNHB)

2004	
Ex interest date	9 November
Record date	15 November
Interest paid	30 December
2005	
Ex interest date	9 February
Record date	15 February
Interest paid	1 March
Ex interest date	10 May
Record date	16 May
Interest paid	6 June
Ex interest date	9 August
Record date	15 August
Interest paid	30 August
Ex interest date	9 November
Record date	15 November
Interest paid	30 November

Reset Preference Shares (SUNPA)

2004	
Ex-dividend date	1 September
Record date	7 September
Dividend paid	14 September
2005	
Ex-dividend date	2 March
Record date	8 March
Dividend paid	15 March
Ex-dividend date	31 August
Record date	6 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 service centre	**13 11 55**
Small Business Banking	**13 11 55**
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	
NSW policies and claims	**13 10 10**

Internet Sites

Suncorp's internet site, http://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 through internet banking, credit card, home or investment property loan, small business loan, or personal finance loan. Customers can also obtain a quote and purchase home or car insurance.

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

GIO's internet site, 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 Suncorp banking, loans and credit card products.

Annual Report

Copies of both the 2004 Concise Report and the full Annual Report (which includes the Consolidated Financial Statements) can be obtained from Suncorp Investor Relations (07) 3835 5797 or on the Suncorp website: www.suncorp.com.au

Information about the group is also available on the website and includes half-year results and profit announcements. The group's announcements to the Australian Stock Exchange can also be accessed via the Suncorp website.

	Short term	Long term	Insurer financial strength general insurance	Insurer financial strength life and super
Credit Ratings				
Standard & Poor's (Upgraded December 2003)	A-1	A	A	A
Moody's				
Bank Deposits	P-1	A2	n/a	n/a
Senior Debt	P-1	A2	a	n/a
Fitch Ratings	F1	A	A+	A

BANKING INSURANCE INVESTMENT

Concise 06334 09/04 A