CONCISE REPORT

2000

INSURANCE BANKING INVESTMENT

SUNCORP METWAY

Suncorp-Metway Ltd
ABN 66 010 831 722

CONCISE REPORT
For the Financial Year ended 30 June 2000

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

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

A copy of the 2000 Annual Report, which includes the Consolidated Financial Report and the independent audit report, is available to all shareholders, and will be sent to shareholders without charge upon request.

The 2000 Annual Report can be requested by telephoning (07) 3835 5797 and by the internet at www.suncorpmetway.com.au

Core Purpose

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

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Financial Highlights

Net profit up 36% to $335 million

Annual dividend up 2c to 46c

Earnings per share up from 49.2c to 69.5c (fully diluted)

Return on equity up from 12.1% to 16.4%

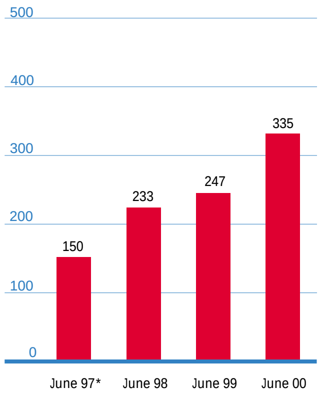
Total assets up 9% to $23.4 billion

Long term debt credit rating upgraded by Moody's from Baal to A3

Shareholders & noteholders Total number: 240,000

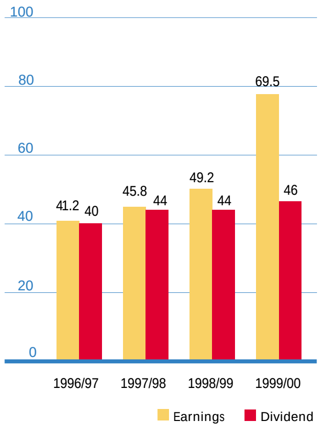
Total no of employees: 4450 FTE

Operating Profit after tax
($m)



* 12 months Metway, 7 months Suncorp, QIDC

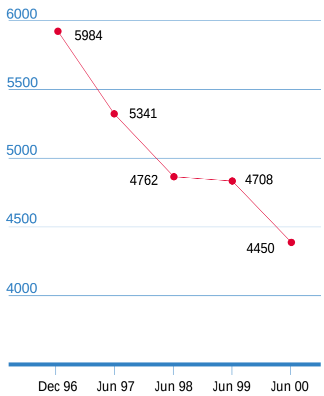
Dividends/Earnings per share (c)
(fully diluted)

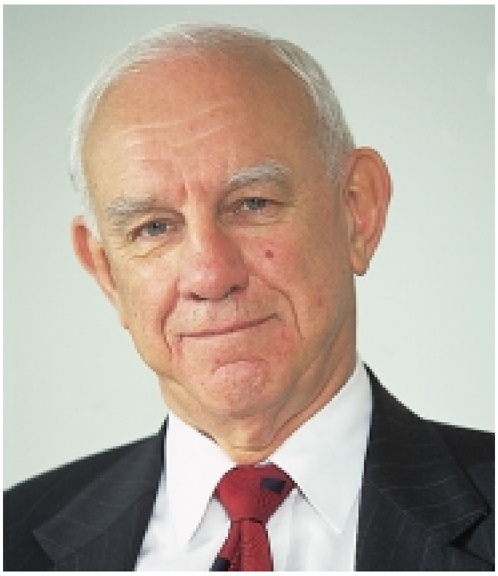


Credit Ratings

	Short Term	Long Term	Claims Paying General Insurance	Claims Paying Life & Super
Standard & Poor's	A-2	A-	A-	A-
Moody's				
Bank Deposits	P-2	A3	n/a	n/a
Senior Debt	P-2	A3	n/a	n/a
Fitch IBCA	F	1 A	A+	A

Staff Numbers
(FTE)





Dear Shareholder

The year to June 2000 was a good period for your company.

Suncorp Metway recorded a 36 percent rise in net profit to $335 million, which is a healthy profit increase by any standards, and we also achieved some major operational changes that leave the company well positioned for growth.

Most importantly, I am pleased to tell you we have been able to increase dividends for the first time since the half year to June 1997.

Dividends

Directors have declared a final dividend of 24 cents per share, up two cents on 1999, taking dividends for the full year to 46 cents per share. The dividend is fully franked, albeit at 34 percent for the final 24 cents. This dividend also is payable on the 100 million shares which were transferred from government ownership to private ownership through the exchange of Series One exchanging instalment notes in November 1999. These shares previously were subject to a dividend subordination, which no longer applies.

So you can see that it's a pretty good achievement to be able to lift the dividend, and it is a reflection of the fact that we are achieving the profit targets we have set for ourselves since our merger in December 1996.

Growth in Profits

The financial strength of the company has improved dramatically during the past three and a half years as a result of the extensive restructuring efforts which have been undertaken by management.

Our earnings per share figure, calculated as though all our convertible notes and options had converted to shares, has risen strongly, from 23 cents for the half year to June 1997 (our first full half year as a merged group), to 37.6 cents for the last half of the 2000 financial year. For the full year to June 2000, basic earnings per share rose from 49.2 cents to 69.5 cents.

Merger Completed

It is with some satisfaction that I can declare in this letter that the careful merging of the three founding partners – Suncorp, Metway and QIDC – into the new Suncorp Metway, has now been completed.

Chairman's Letter to Shareholders

At the announcement of our merger in 1996, it was clear that wide-ranging measures were needed to cut out inefficiencies and forge a new group with the systems, processes, staff and discipline required to compete in the rough and tumble of the modern financial services sector. That has now been achieved. The brands have been unified, the product ranges have been blended and the branch networks streamlined.

This has been a very big task, and unusual in the financial services sector because it has been accomplished without significant disruption to the customer base and without damaging the value of the company's franchise.

The completion of the restructuring programs has created a strong platform for growth in the future.

Our efficiency ratios have improved significantly, and the company is now in a position to be able to compete effectively.

The profit result for 2000 reflects the completion of the restructuring process.

Profit Overview

The table below provides a detailed breakdown of the profit result.

	Year Ended Jun-00 $m	Year Ended Jun-99 $m	Jun-00 vs Jun-99 %
Banking	229	157	45.9
General insurance	211	169	24.9
Life insurance (after tax and excluding policyholders' interests)	30	25	20.0
Other activities	5	5	-
Operating profit before amortisation of goodwill, abnormal items and income tax	475	356	33.4
Amortisation of goodwill	(10)	(10)	-
Operating profit before income tax and abnormal items	465	346	34.4
Income tax attributable to operating profit (excluding policyholders' interests)	(130)	(87)	49.4
Operating profit after income tax and before abnormal items	335	259	29.3
Abnormal items after income tax	-	(12)	n/a
Operating profit after income tax and abnormal items	**335**	**247**	**35.6**

As you can see from these accounts, the company increased earnings across the three main operating divisions. The main reasons for the profit rise were a sharp fall in operating expenses, and excellent investment returns.

Operating expenses fell from $602 million to $545 million (adjusted for Life and Superannuation policyholders' interests), mainly because of a reduction in one-off costs associated with our internal restructuring, which is good to see.

Our investment returns were again strong, reflecting the underlying performance of the share market, magnified due to an excellent performance by our investments team. While the All Ordinaries Accumulation Index increased by 15.4 percent, our equities portfolio returned 21.2 percent and the investment of our General Insurance shareholder funds, including property, returned 19.2 percent. While this represents an increase in accounting profits, it is better regarded as a once-off increase in the net worth of the company, rather than a profit that we can consistently rely on year after year.

Leaving aside the reduced expenses and strong investment returns, the growth of our business was somewhat slower than we would have liked, with increases in lending and

Chairman's Letter to Shareholders

premiums constrained by a number of factors. For a start, the restructuring of the company meant that staff were focused more on internal change than growth initiatives. Secondly, the Goods and Services Tax caused reductions in net premium income, and hurt businesses such as car leasing, because people deferred car purchases. And thirdly, our business strategy has been to maintain margins rather than chase business volumes at unprofitable levels, so we decided to let some business pass.

The fact that we were able to maintain business volumes and hold market share in most segments is a reasonable outcome given the circumstances.

Revenue and Assets

This year the accounting standards have changed so that all life insurance income and expenditure is included in the profit and loss account and assets and liabilities are included in our balance sheet. It is interesting to note that including life insurance premiums, our total revenues were $3.5 billion and total assets were $26 billion.

Whilst the new accounting standard is an improvement on the last one, which omitted the figures altogether, the new one also has a problem in that the life insurance assets for which we are <u>responsible</u> are intermingled with the assets we <u>own</u>. To understand the real position for shareholders is difficult for even an expert. It seems a pity the accounting standards board does not revert to the practice before accounting standards were invented, of including life insurance statutory funds and liabilities as a single line on the balance sheet with a note setting out adequate details. Such a system was simple and kept everyone fully informed.

Outlook

We are now moving into a new growth phase with a determined approach and with the very strong enthusiasm of staff. New initiatives that exploit our Allfinanz strategy are being implemented, and should deliver good growth in lending and new premiums. The results so far are encouraging. The Managing Director, Steve Jones, will say more about our plans in that regard.

As I said earlier, we cannot be certain that the current year will bring a continuation of the excellent investment returns of the past. However, I can say with confidence that the major one-off expenses of the merger are behind us and any new expenses will be in line with growth and investment in the business.

Therefore, the combination of increased business volumes and reduced one-off expenses should deliver a further increase in profits in the current year.

The Board

During the year, two of our directors resigned to pursue other business interests. Patricia Cross had joined the Merger Planning Committee in August 1996 and then became a member of the board on our merger date – December 1, 1996. With her general ability and experience as a banker, Patricia made a very valuable contribution to the group. Geoff Tomlinson only served on the board for a short time but was helpful to us in areas such as our investment products. In August this year, the former managing director of Caltex Australia Limited, Dr Ian Blackburne, was appointed to the board. His experience in management and in the retail sector will be particularly helpful to the board in the future.

Conclusion

The process of managing and operating a large and diversified financial services company like Suncorp Metway relies on the help and talent of a great many individuals throughout the group. The successful conclusion of our restructuring, and the strong profit results explained in this report are the results of the efforts of all our staff and the leadership provided to them by Steve Jones and his executive team. On behalf of the board I would like to thank the management team and all the staff for their fine contribution.

I would also like to thank my fellow directors for their support, and most importantly, I would express my gratitude to all of the shareholders and noteholders for their on-going interest in the company.

John Lamble

R John Lamble, AO Chairman

PHOTO COURTESY OF THE SUNDAY MAIL

Supporting the community

Suncorp Metway makes a major contribution to the community through sponsorships and fund raising activities. The Bridge to Brisbane Fun Run is one such event, which this year raised $140,000 for the Hear and Say Centre, which helps deaf children to hear through the use of cochlear implant technology. A record 12,000 runners and walkers, including 1000 Suncorp Metway staff, turned out for the 12kms run. Another of the company's major sponsorships is the Youth Enterprise Trust, which is undertaking excellent work to help the disadvantaged and troubled young people. The Royal Flying Doctor Service, Salvation Army, Royal Children's Hospital and the Queensland Cancer Council also were important parts of the group's sponsorship program, as well as rural events such as Queensland's largest agricultural and machinery show, the Suncorp Metway Ag Show. In the sporting arena, Suncorp Metway supported the North Queensland Games and Queensland cricket.

Dear Shareholder

I am very pleased to report on the company's progress and results for the year ended June 2000.

Three important milestones were achieved:

- The last aspects of the merger were completed following three years of tremendous effort by staff and managers across the company
- Profits increased by 36 percent as merger-related costs fell away and the company's operating performance continued to improve
- Dividends were increased by two cents, reflecting the profit improvement and directors' confidence in the company's prospects

In this report I will review the year's operating highlights, the performance of the main lines of business and then explain our plans for moving forward in the current year.

Group-level Highlights

The first quarter of the financial year saw completion of the major change programs we had initiated 18 months before to improve efficiency and build a competitive cost base.

The main programs were:

- Transformation, which comprised 1450 ideas nominated by staff to streamline processes and operations and deliver savings worth around $180 million p.a.
- One Brand, which amalgamated the three product lines, branch networks and brand names of the merger partners to create Suncorp Metway. Combining neighbouring branches reduced the network from 221 branches at the time of our merger in 1996, to 137 at completion of One Brand.

Managing Director's Report

There are now 140, as we have since expanded the rural network. The net effect is more branches for customers than had been available under the separate brands and lower costs for the company.

I'm happy to report that these programs have achieved their goals, significantly improving our operations and creating a much leaner and more competitive company.

Our internal measures show that through the whole Transformation and One Brand programs, the group lost around 1 percent of its retail customer base. This compares very favourably to the typical merger where the loss is around 5 percent. While we're never happy to lose customers, it's good to see the loss was minimised.

The distractions of the amalgamation did however place a drag on growth during the year. For example, the loan base grew 7 percent over the year, lagging the industry average of 12 percent. We are now able to focus fully on profitable growth and expect a return to target rates of growth.

Year 2000

The next challenge in the year was the Y2K 'millennium bug'. Our extensive rectification programs worked well and all systems went through New Year without a hitch. It was a costly effort, but as a financial services provider, we wanted to be certain there was no risk to customers' funds or records.

Ratings Upgrade

The significant improvements that have been made during the past three years were independently confirmed in July 2000, when Moody's Investors Service announced an upgrade in our credit ratings. Our long term debt rating increased from Baa1 to A3.

Credit ratings are used by investors as a guide to the quality and security of a company's debt. An increase in our credit ratings is significant. Investors will see us as more secure and will be prepared to accept lower interest rates on our bonds and commercial paper. That lowers our cost of funds.

Employee Satisfaction

The most pleasing non-financial result for the year was the very good progress made in addressing the needs and concerns of staff and engaging them in our drive to reach world's best practice in financial services.

I've said many times that all of the positive results achieved so far are due to the excellent work and dedicated effort of staff and managers. Today's competitive environment in financial services means staff are frequently under pressure and facing conflicting demands. To make Suncorp Metway a great company, we need resourceful staff who understand the group strategy and their part in it, and are committed to making it happen.

During Transformation we began to survey the views of our employees and found we ranked below the Australian average on those practices that determine employee commitment and motivation. While some of the result was due to the major changes and job reductions under way at the time, it nonetheless needed improving. Managers across the company set out to change those practices that were key to lifting satisfaction.

We repeated the survey late in the 2000 financial year and it is pleasing to report there was substantial improvement in all parts of the company. The results show we have moved from well below the average for Australian companies to slightly above it. From here we aspire to reach the standards of the best in the world.

In line with this we are continuing the policy of rewarding staff with a grant of shares when the company exceeds its targets for the year. This year staff will receive $750 worth of the company's shares. Note that the shares are purchased on the open market and do not dilute the interests of existing shareholders.

Managing Director's Report

Profit Analysis

The 36 percent increase in profit and 2 cent rise in dividends are pleasing results for the year.

Return on shareholders' equity, on a fully diluted basis, increased from 12.1 percent to 16.4 percent. This is an excellent increase and takes us above our minimum target of 15 percent. The main reasons for the profit rise were a sharp fall in operating expenses and excellent investment returns.

Operating expenses fell by $57 million, from $602 million to $545 million (adjusted for Life and Superannuation policyholders' interests), mainly because there were far fewer one-off costs associated with the restructuring of the last two years. Altogether, one-off costs (including the Y2K program) fell from $82 million to $31 million.

Investment returns were very strong, driven by continued increases in equity values, and relatively stable long term interest rates. The strong market performance was magnified by our investments team who, for the second year running, exceeded benchmarks through excellent portfolio management. The All Ordinaries Accumulation Index rose by 15.4 percent in the 1999/2000 financial year, while our equities portfolio returned 21.2 percent.

I will now turn to the results on a divisional basis.

Banking

The banking division achieved the largest profit increase in the group, lifting pre-tax earnings by 46 percent to $229 million.

Operating expenses were reduced by 18.2 percent to $338 million, with big reductions in computer expenses, occupancy costs and staff costs. These included one-off costs which fell from $57 million last year to $19 million in the year to June 2000.

Operating income was steady at $593 million. Total loans, advances and other receivables grew by 7.4 percent to $18 billion, compared with industry growth of about 12 percent.

During the year we had the dual objectives of maintaining margins and growing the loan book at the same rate as the overall market. This would have been a very good outcome, as banking industry margins have been steadily declining over the years due to deregulation and technology.

We were successful in maintaining margins – they were steady at 2.48 percent for the 18 months from December 1998. But we missed the mark on the second score, asset growth. By choosing not to chase lower margin business, we ended up growing more slowly than our target level.

Consequently, we are reviewing our efforts to achieve greater growth. It is encouraging to note that in the last two months of the year, record levels of new business in housing and in business banking were

Banking profit contribution	June 00 $m	June 99 $m	change %
Net interest income	475	470	1.1
Other operating income	118	120	(1.7)
Total operating income	593	590	0.5
Operating expenses	(338)	(413)	(18.2)
Net operating profit	255	177	44.1
Bad and doubtful debts	(26)	(20)	300
Contribution to profit from Banking	229	157	45.9

achieved. A good portion of this was due to a rush of pre-GST activity. A corresponding let-down is expected in the current year and how long it lasts will be a key factor in industry growth for the year.

In terms of overall efficiency of the banking business, the best measure of pure efficiency is the cost-to-assets ratio and ours is among the lowest in Australia. The cost-to-income ratio is another important measure, and by the second half of the year it was down to 52.7 percent, excluding one-off expenses. This is excellent progress and puts the company on par with the major banks. This means our focus for further improving the cost-to-income ratio is on growing income rather than more cost reduction.

General Insurance

Profits in the General Insurance division increased by 25 percent to $211 million during the year.

We find it helpful to think of the insurance result in two parts: the insurance trading result, and the investment income on the shareholder's funds that provide the capital to underpin the business.

- First is the insurance trading result, which increased by 51 percent to $106 million.

This is the combination of the profits (or losses) on the insurance underwriting operations, plus the investment income earned on the funds that are held in reserve to meet future claims. While growth in premium revenue was modest, our insurance trading result rose strongly because we had good claims management and excellent investment returns.

The strong trading profit was achieved despite the impact of the Goods and Services Tax, which caused net premium income to be approximately $8 million lower than it would have been. Policies written before 1 July and continuing thereafter attract GST. So for those policies that straddled 1 July, a portion of the premium revenue that would have been income to the company instead became GST payable to the government. While premium rates were adjusted to reflect this, it was not possible to collect all of the GST in the changeover year.

Nevertheless, premium revenue did increase by 7.9 percent to $739 million. An important driver was an increase in CTP premiums from 1 July 1999, when they rose by $40 to $286 for most registered vehicles. The increase was in response to a sharp increase in the number of claims the industry had been receiving. Fortunately, this spike in claims has since stabilised.

Claims expense increased by just 4.4 percent during the year, to $684 million, and the claims cost was similarly affected by the Federal Government's tax reform initiatives. Claims costs would otherwise have been $15 million lower. If this impact were removed, then the increase in claims costs would have been just over 2 percent.

General Insurance profit contribution	June 00 $m	June 99 $m	change %
Net premium revenue	739	685	8.7
Claims expense	(684)	(655)	7.9
Reinsurance and recoveries	83	115	(27.8)
Net incurred claims	(601)	(540)	4.4
Operating expenses	(178)	(176)	1.1
Underwriting result	(40)	(31)	29.0
Investment revenue (technical reserves)	146	101	44.6
Insurance trading result	106	70	51.4
Other income	7	3	133.7
Investment revenue (shareholder's funds)	98	96	2.1
Contribution to profit from General Insurance	211	169	24.9

Easy to do business with

Greg O'Brien from Albany Creek is a busy builder who likes his banking and insurance to be hassle free. Long established customers with Suncorp Metway, Greg and his wife Mandy, pictured here with their children Samantha, Sophie and Zack, know that at Suncorp Metway they can have all their business and personal financial needs dealt with by the one person. As Premier Plus customers, the O'Briens have 12 products with the company drawn from across the product range.

Suncorp Metway financial planners are helping to make sure Greg and Mandy have a prosperous future by developing a financial plan that will identify their needs and goals.

Managing Director's Report

Revenue from reinsurance recoveries fell by $32 million compared to last year, reflecting the fact that there were very few major events giving rise to circumstances where we could recover insurance payouts from our reinsurers.

Investment income in the Insurance Trading Result increased by 45 percent to $146 million. This is from investment of the funds that are held in reserve to meet future insurance payouts. The funds are mainly invested in fixed interest securities. In the previous year to June 1999, rising interest rates caused the capital value of the fixed interest portfolio to fall, so investment returns suffered. In contrast, long term interest rates in the year to June 2000 were relatively stable, so investment returns were much improved compared to the June 1999 year.

- The second portion of the general insurance profit is the investment return on shareholder's funds.

These funds are mainly invested in shares, and as most of our shareholders will know, the equities markets performed very strongly, particularly in June. Investment income, which includes realised and unrealised gains, increased by $2 million to $98 million during the year, maintaining the excellent profits of the previous year. As I noted earlier, our investments team beat the market through careful stock selection and added more than $20 million of additional returns in our equities portfolio. While we are confident they will continue to perform better than the market, we know and expect that market returns will fluctuate from year to year.

CTP deregulation

Since the year end, the Queensland Government has proceeded with its plans to introduce partial price deregulation to the Compulsory Third Party insurance scheme.

Each quarter, beginning on 1 October, licensed CTP providers will lodge with the Motor Accident Insurance Commission (MAIC), the prices at which they propose to offer CTP for the following three months. These prices must fall in a range that will be set by MAIC from time to time.

Prices for the first quarter have been released, with most insurers pitching their prices close to the previously regulated level. That price was based on actuarial assessments of the risks and costs involved in the scheme.

Suncorp Metway emerged as the most competitively priced provider in the market. This is a positive start, as it reaffirms our view that Suncorp Metway, with a 56 percent share of the market, is best placed to offer the most competitive premium rates and service in Queensland.

As the deregulation has only just started it is too early to predict our competitors' strategies going forward. While price deregulation brings with it threats and challenges, it also offers new opportunities to improve our CTP product offerings and the quality of that business. We are focused on making the most of these opportunities in the current year.

Life, Superannuation and Managed Investments

This division increased profit by 20 percent to $30 million, with the improvement coming from higher planned profit margins and, once again, strong investment performance.

While the profit increase was very good, growth in the division was well below our targets. Like Banking, the distractions arising from the change programs slowed business growth. Specifically, new business referrals from branches to financial advisers fell below plan.

The division has been through a complete overhaul during the past two years, covering the distribution network, product range and investment mandates. The products now have features, pricing and performance levels that make them much more competitive and attractive to investors. The distribution network has been expanded by adding salaried financial advisers to almost all our branches.

The costs of these changes are reflected in the experience losses which increased to $2 million, as the costs were allocated to a smaller than planned book of business.

Managing Director's Report

The tax reform initiatives introduced by the Federal Government, including the application of corporate tax rates to life insurance operations, also adversely affected the division's results.

While price increases offset some of the impact, the net cost was $4.25 million. This is a once-only cost.

Investment returns on shareholder's funds were the main reason for the profit increase, rising by 57 percent to $11 million (excluding Life and Superannuation policyholders' interests).

As in General Insurance, this was due to strong returns in the equity and fixed interest markets, plus the great performance of our investments team.

Life, Super and Managed Investments profit contribution	**June 00** $m	**June 99** $m
Premiums net of reinsurance	529	560
Investment income	319	229
Total income	848	789
Policy payments net of reinsurance recoveries	(475)	(591)
Increase in policy liabilities	(231)	(69)
Expenses	(67)	(70)
	(773)	(730)
Operating profit before income tax	75	59
Income tax expense attributable to operating profit	(45)	(34)
Contribution to profit from life insurance activities, after tax	30	25

Plans for the current year

The company's plans for the year ahead are all about building profitable growth and improving customer satisfaction. This is a welcome change from the last few years where a tremendous amount of time has necessarily gone into our merger and Transformation programs.

There are opportunities in each line of business and the product managers and distribution teams are keenly pursuing them. At the Group level, the biggest single opportunity before us is to increase the business we do with our 2.3 million customers. Capturing all of their banking, insurance and investment business is our 'Allfinanz' objective.

To put Allfinanz into practice, our marketing and distribution teams have developed a four pronged approach to sales and customer service.

It's called Suncorp Metway Diamond Plus and has four objectives, or the four points of the diamond. Achieving them will enable staff to increase both sales and customer satisfaction.

Managing Director's Report

The first objective is to undertake a needs analysis with each customer and identify where we can genuinely help them manage their finances better, or at lower cost.

From this stems the second objective, the sale of products that can help customers earn more, save more, better protect their assets or manage their finances with less time and trouble.

Third is to educate the customer on the easiest, lowest cost ways they can carry out their transactions. That means, for example, showing customers who come into the branches to withdraw money, how simple and convenient it is to use the automatic teller machine, or to transfer money on the internet or through the call centre.

Fourth is to build value-added linkages with the customers. For example, a customer who has her salary paid into a Suncorp Metway account can have her mortgage paid automatically from the account. This both helps her and strengthens the relationship with us.

Suncorp Metway Diamond Plus is a means for developing a full relationship with each customer, rather than simple product flogging. Staff have embraced it, for that reason, and we expect it to be the basis of our Allfinanz marketing in the years to come.

Alliances and Acquisitions

In the year ahead we will continue developing our alliances for growing our interstate business.

Progress has been very good so far, particularly with our LJ Hooker alliance, through which mobile loans consultants are serving the LJ Hooker real estate network of 500 offices across Australia. Our Pivot alliance, which has Suncorp Metway agribusiness bankers in Pivot's Prescription Farming fertilizer centres in regional Victoria, is now reaching the sales levels that will trigger the addition of more lenders to the Pivot network.

We are also actively investigating a number of different acquisition opportunities that offer significant potential. As always, we are determined that any acquisition must pass strict tests to ensure it builds shareholder value.

Outlook

In the year ahead our overall expectation is for good growth in each of the main lines of business.

In a few sectors, like property development finance, it will be prudent to grow more slowly because of the stage in the business cycle.

Insurance trading results should again be strong, in both trading operations and investment management. We cannot, of course, predict the market's movement.

The company's cost position should remain very good. Normal inflation in the cost base will be offset by the absence of one-off merger costs that featured in the last two years. Thus, any increase in costs, should they arise, would be due to investments in expansion.

There is a question mark over the economy due to factors such as the impact of the Goods and Services Tax, and increased interest rates. It is difficult to predict whether any economic lull will be short lived, or a longer downturn with significant implications for business growth.

That said, provided economic conditions in the year ahead are fairly normal, we look forward to further improvement in the company's performance and profitability.

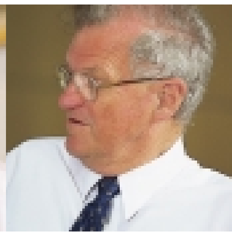
Steve Jones Managing Director

Board of Directors


John Lamble


Martin Kriewaldt


Ian Blackburne


Rod Cormie


Frank Haly


James Kennedy


John Story

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

Mr Lamble, 69, has been a director and Chairman since 1 December 1996. His principal career was as Chief Executive Officer of NRMA Insurance Limited from 1968 to 1992. Mr Lamble is Chairman of Perpetual Trustees Australia Limited and a director of Email Limited.

Martin D E Kriewaldt BA, LLB(Hons), FAICD
Deputy Chairman, Non-executive Director

Mr Kriewaldt, 50, has been a director and Deputy Chairman since 1 December 1996. Mr Kriewaldt was formerly a partner in law firm Allen Allen & Hemsley. He is Chairman of Airtrain City Link Limited and Opera Queensland Limited and a director of GWA International Limited and Orogen Minerals. Mr Kriewaldt is a member of the University of Queensland Senate.

W Steven Jones MBA (Hons), BEcon
Managing Director

Mr Jones, 48, has been a director since 6 January 1997. Mr Jones was Managing Director of the ANZ Banking Group (New Zealand) Limited from April 1995 to November 1996 and Senior General Manager ANZ Melbourne, from 1993 to 1995, responsible for Australian Retail Banking and ANZ Funds Management. Previously with McKinsey and Co, he had significant experience consulting on competitive strategy growth opportunities and merger management to banks, insurers and industrial companies. (see photo opposite page)

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

(appointed 3 August 2000)
Dr Blackburne, 54, is Chairman of the Royal Botanic Gardens and Domain Trust and a director of CSR Limited and Airservices Australia. He recently retired as managing director of Caltex Australia Limited after having spent 25 years in the petroleum industry.

Rodney F Cormie BCom, AAUQ, ASA, FSIA, FAICD
Non-executive Director

Mr Cormie, 67, has been a director since 1 December 1996. Mr Cormie is also a director of Bligh Oil and Minerals NL, Buderim Ginger Limited, Magellan Petroleum Australia Limited and Techniche Limited.

Frank C B Haly AO FCA, AAUQ
Non-executive Director

Mr Haly, 67, has been a director since 1 July 1988. Mr Haly is a Company Director and Chartered Accountant. He has practised in Townsville and Brisbane and is now a consultant to the Queensland office of Deloitte Touche Tohmatsu. He is a member of council of the Queensland University of Technology.

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

Mr Kennedy, 66, has been a director since 1 August 1997. Mr Kennedy is a Chartered Accountant and is Chairman of Queensland Investment Corporation, Deputy Chairman of GWA International Limited and a director of Qantas Airways Limited, Australian Stock Exchange Ltd and Macquarie Industrial Trust. Mr Kennedy is also a member of the Prime Minister's "Community Business Partnership", the Queensland University of Technology's "Australian Centre for Strategic Management", Development Council of the University of Queensland and the Blake Dawson Waldron, National Advisory Board.

John D Story BA, LLB
Non-executive Director

Mr Story, 54, has been a director since 24 January 1995. Mr Story is the Queensland Chairman of Partners of the law firm Corrs Chambers Westgarth. He is a director of Grow Force Australia Limited, Jupiters Limited and Breakwater Island Limited.

Executive Committee

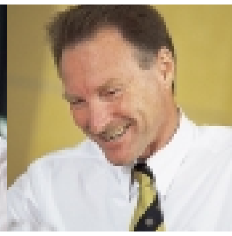
Steve Jones

Mark Blucher

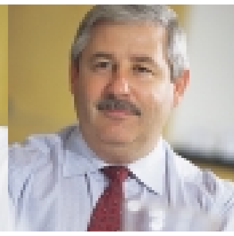
Andy Hogendijk

Peter Johnstone

Greg Moynihan



Ray Reimer



Daniel Wilkie

W Steven Jones MBA (Hons), BEcon
Managing Director
For details refer to Board of Directors on previous page.

Mark Blucher AAIBF
Group General Manager Distribution and HR
Mr Blucher spent 19 years with the ANZ Bank's operation in New Zealand before joining the Group in September 1997 as General Manager Human Resources. He was appointed to his present position in December 1998. During his time with ANZ, he held a number of senior positions in human resources, retail banking, marketing and strategy. Mr Blucher was also involved in the integration of New Zealand's PostBank with ANZ.

Andy J Hogendijk AAUQ, FCPA
Chief Financial Officer
Mr Hogendijk joined the Group in November 1997 as Chief Financial Officer. He had previously been with the Commonwealth Bank as CFO since 1991. He has experience in senior financial roles in other industries including media, mining and building materials.

Peter Johnstone LLB
Group General Manager Operations and IT
Mr Johnstone was Integration Project Manager for the Group merger in 1996 and was appointed to the role of Group General Manager Operations in March 1997. He added IT to his portfolio in November 1998. Before joining the group, he was previously General Manager Operational Support and General Counsel for the Bank of South Australia and headed the corporatisation of the State Bank of South Australia. He has 28 years' experience in finance, business and law.

Greg Moynihan BCom, ASA, ASIA
Group General Manager Business Lines
Mr Moynihan was appointed to his current role following the merger in 1996. In 1998 he added general insurance and life, super and managed investments to his responsibilities. He had previously been CEO of Metway Bank after having held the role of General Manager Personal Banking as well as a number of senior positions in the bank.

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

Daniel Wilkie BA(Econ & Accounting), ACA, CPA, ACIS
Group General Manager Corporate Strategy
Mr Wilkie joined the Group in May 1999. He previously held the position of Managing Director – Insurances, HIH Insurance Ltd where he was responsible for the combined IT functions of HIH and FAI Insurance following their merger. Prior to that he was Chief Operating Officer of FAI. Before 1995, he held a number of senior management positions with NRMA including Chief Financial Officer & Chief Information Officer.

Group Overview

Corporate Profile

Suncorp Metway is one of Australia's 50 biggest companies, and is the largest listed corporation in Queensland, with a sharemarket value of close to $4 billion.

The company's main businesses are banking, investment and insurance services, focused on retail consumers and small to medium sized businesses. It is the sixth largest bank in Australia and the eighth largest general insurer. The company also has substantial life insurance, superannuation and managed investments operations. Total funds under management exceed $6.6 billion.

Suncorp Metway has 2.3 million customers and 4500 staff spread mainly through Queensland, NSW and Victoria. It has 176 retail and business banking branches and outlets, as well as 280 ATMs and almost 4000 EFTPOS terminals. It has also put in place full interchange facilities with other banks, which enable our cards to be accepted at all ATM machines across Australia. Internet banking was introduced in November 1999 at www.suncorpmetway.com.au, and more than 50,000 customers have registered as users of the site.

Corporate History

The current group was formed in December 1996 from the merger of the publicly-listed Metway Bank, with the government-owned Suncorp Ltd and the Queensland Industry Development Corporation.

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

Profitability

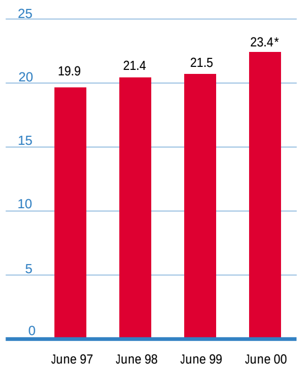
Profits have improved significantly since our merger, rising to $335 million, after tax, for the year to June 2000, from $150 million for the 12 months to June 30, 1997, (which included seven months contribution from Suncorp and QIDC). The group's return on total equity, including capital notes, now stands at 16.4 percent.

This profit improvement reflects significant progress in restructuring the merged group to make it more efficient and reduce costs. Group assets have grown from $19.9 billion at the time of the merger, to $23.4 billion at June 30, 2000, (excluding assets we manage for insurance and superannuation policyholders).

Growth Strategy

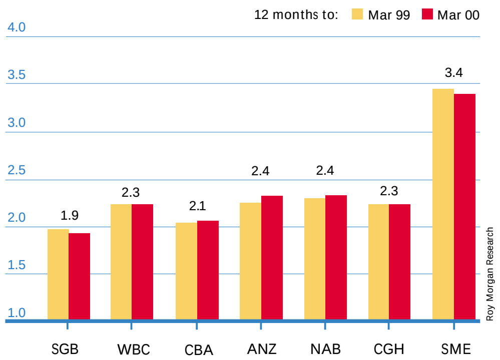
The company is focused on growth in each of its main lines of business, with additional expansion driven through the implementation of an Allfinanz strategy. This involves selling a comprehensive range of financial services, and increasing the number of products sold to the company's 2.3 million customers. We currently sell 2.59 products per household on average, and

Total Assets
($b)



*Adjusted for Life and Superannuation policyholders' interests

Products per main financial institution customer*



For all periods shown:
SGB includes Advance, Bank SA.
WBC includes Bank of Melb, Challenge, AGC.
ANZ includes Town & Country, Esanda.
CGH includes Colonial State Bank, First State Funds Management, Prudential, Legal & General, Trust Bank.
CBA excludes CGH.
NAB excludes MLC.

* Australia

Understanding the business

Service, an understanding of their business and competitive pricing were the reasons Neal and Elizabeth Pfeffer were attracted to Suncorp Metway. The Pfeffers operate an irrigated cotton and grain property on the Darling Downs. Suncorp Metway has been able to assist the Pfeffers in providing finance for their rural operation, comprehensive insurance cover to protect their assets and assistance with off-farm investment which has become an important part of their financial strategies. When Neal is not tending the farm he enjoys a spin on his Harley Davidson.

according to an independent survey, Suncorp Metway has the highest cross sell rates in the financial services sector.

Business alliances with other companies are also being used to help us gain access to more customers in new markets. A good example is our alliance with the Pivot fertilizer company in Victoria. Suncorp Metway has placed business managers in Pivot's sales centres, where we can use their relationships to help us identify ways we can help their customers and sell products.

Acquisition opportunities are also constantly being examined in the search for methods of building shareholder value.

Ownership

Suncorp Metway has approximately 96,000 shareholders and there are also some 140,000 investors who own Exchanging Instalment Notes, which convert into Suncorp Metway shares.

The company's ownership structure is a little complicated, due to the way the group was created in 1996.

When the merger occurred, the State Government was allocated shares and capital notes in return for the sale of Suncorp and QIDC to Metway Bank. The Government emerged with a 68 percent stake in the merged group, but that holding has since been reduced, effectively, to zero.

Nominally, the government still holds 18.5 million shares and 124 million capital notes, (which are convertible into shares), representing a 31.9 percent stake in the company.

But the beneficial ownership of that stock has already been passed to the public. The government has sold notes to the public which will exchange for its Suncorp Metway interest in October 2001.

A profile of our three product divisions, together with a brief summary of the main events of the year, is presented here.

Banking

The banking operation is the largest profit generator within the group, earning $229 million before tax for the year to June. It has total loans, advances and receivables of $18 billion.

The banking operations are divided between retail consumer banking and business banking, serving small to medium sized businesses, to enable us to meet the different needs of these customer segments.

Retail Banking

Retail Banking offers a full range of financial services, including home and personal loans and transaction and savings accounts, credit cards and foreign currency services, to nearly 900,000 customers.

Retail banking assets total some $10.7 billion, including $10.2 billion in housing loans and $526 million in consumer loans.

The principle distribution mechanisms are the retail branch network of 140 branches, ATMs, two 24 hour call centres, and the internet.

Operational Highlights

The major operational change during the year was the completion of the One Brand project in September as described in the Managing Director's report. This involved the creation of our new brand, Suncorp Metway, and the associated restructuring of our branch network and product range. The One Brand project was completed without significant customer loss and the new logo and brand name have rapidly been accepted.

The company significantly increased its interstate lending during the year, with 33 percent of new home loan business now written outside Queensland. This compares with 22 percent in the year to June 1999. A major portion of this business was written through intermediaries and external originators. Approximately 83 percent of retail banking assets are in Queensland, however, this is changing as the group expands interstate.

Major growth also was experienced through the sale of home loans via the LJ Hooker real estate agency. Suncorp Metway owns the LJ Hooker master franchise, and has appointed mobile lenders to LJ Hooker's 500 branch network across Australia. Further mobile lenders are to be appointed in the current year to expand business through this channel. Receivables associated with the LJ Hooker chain and other alliances increased from $491 million to $996 million during the year to June 2000.

Suncorp Metway's expansion into internet banking since last October has been an outstanding success with more than 50,000 customers using the internet for their everyday banking needs. Currently customers can pay bills, get account balances, transfer funds, check recent transaction history and pay insurance premiums from the comfort of their homes. Further enhancements will be available in the coming months, including additional facilities for our Business Banking customers.

Business Banking

The Business Banking division is focused on the needs of the business sector, particularly in the small to medium sized segment, and has almost 50,000 customers.

The division has total assets of $7.1 billion, and has four major areas of operation:

Commercial Banking This section provides working capital and term finance for business clients with borrowing requirements of more than $250,000. Total assets in Commercial Banking are approximately $1.3 billion, all in Queensland. However, Commercial banking has now expanded into NSW and Victoria with the appointment of lending teams from1 July 2000.

Agribusiness is dedicated to providing financial services for rural producers and associated businesses. Suncorp Metway has been providing rural finance in Queensland for more than 90 years and has a total portfolio of more than $1.5 billion. The Agribusiness section in the past has been included as part of the Commercial banking operations. However, during the year, Agribusiness was split from Commercial in order to lift service levels and devote specific resources to each discrete market segment. Agribusiness has been a key expansion area during the past year, mainly through the development of the Pivot alliance. During the 12 months to June, the number of business banking staff employed in the Pivot operations doubled, and coverage was expanded to Gippsland and the Riverina.

Property Finance includes development finance and property investment. This section provides project finance for real estate developments and term finance for investment properties. Total assets in development finance were $1.1 billion, with approximately 80 percent of business in residential housing developments. Property Investment assets totalled $1.7 billion at June 2000. Operations were expanded into the Western Australian market during the year, with the opening of an office in Perth.

Leasing This section provides leases to business customers, mainly for vehicles and equipment. Total lease assets were $1.5 billion.

Service – a vision to understand the partner they are dealing with

Soheil Abedian, Managing Director of Sunland Group Limited, pictured here with Garry McLean, Suncorp Metway's State Manager, Development Finance, is very satisfied with the service he has received from Suncorp Metway's Property Finance people. The group's association with Sunland, one of Australia's most successful property development companies, began in1992 with a residential subdivision at Gaven in south east Queensland. Eleven further residential construction projects have followed, including some of the most striking buildings in Queensland.

"Although we are working with a number of different financial institutions, in Suncorp Metway we find an organisation that has the vision to understand the partner they are dealing with. Throughout the eight years we have been working with them, they have taken us from a very small company to now one of the largest publicly listed companies in Queensland – purely based on one element that I can see – that's the service."

General Insurance

The General Insurance division reported a 25 percent increase in pre-tax profits to $211 million for the year to June.

The division serves 1.7 million customers, and plays an important role in providing insurance protection for its policyholders throughout Australia, and particularly in Queensland. In the year to June, Suncorp Metway paid over 160,000 motor, home and commercial insurance claims. The group also received approximately 8800 new personal injury claims and settled close to 10,000 CTP, public liability, disability, trauma and accidental death claims. More than 5000 customers call each week seeking insurance assistance.

Insurance premiums totalled $739 million during the year to June, spread across the three main insurance classes in which the company operates – personal lines, commercial and CTP.

Compulsory Third Party insurance
Suncorp Metway is the largest CTP provider in Queensland, insuring 1.3 million of the total 2.3 million vehicles in the state. CTP is the General Insurance division's biggest single insurance class, with premium revenue of $368 million in the year to June 2000. CTP covers drivers and passengers of registered motor vehicles involved in accidents, where the driver is not at fault. Drivers pay their CTP insurance when they pay their motor vehicle registration. This is a government operated insurance scheme, and until the current year, insurance prices had been set by a State Government agency. This scheme is now in the process of being partially deregulated from October 1. Suncorp Metway has a 56 percent share of the Queensland CTP market, and is therefore well placed to compete in a deregulated environment. For more detail, see the Managing Director's report on page 11.

Personal Lines
This includes home and motor insurance, as well as boat and personal effects insurance. Suncorp Metway is the market leader in motor insurance in Queensland, with more than 440,000 vehicles insured (28 percent market share). It also is ranked number one in home insurance in Queensland, with more than 360,000 homes insured (27 percent market share). Premium income was $98 million during the year. The only major insurance events of the year to June 2000 were Cylones Steve and Tessi in North Queensland during the summer, which gave rise to 3500 damage claims. The total cost of these claims was around $10 million, however Suncorp Metway's exposure was capped at $5 million through reinsurance arrangements. When these cyclones struck, 1070 on site damage assessments were completed within three days by an 'army' of Suncorp Metway assessors, and 99.9 percent of claims were paid in full.

Commercial
This includes insurance cover for commercial motor and property, engineering and construction, professional indemnity and public liability. Premium income totalled $113 million during the year. Approximately 37 percent of commercial premium revenue is sourced from interstate markets.

Suncorp Metway does not operate in reinsurance markets, having closed its reinsurance book to new business some years ago. The group has therefore been immune to the shakeout in reinsurance which has struck that industry in the past two years.

Distribution
Insurance distribution traditionally has been through a network of insurance consultants as well as through the branch network or call centre. This is more recently being supplemented by the internet, where we now provide insurance quote forms, and soon will be providing on-line purchasing of cover.

Financial Strength
Suncorp Metway's general insurance operations are extremely strong financially, with approximately $1.7 billion held in provisions to meet future claims liabilities. The general insurance company also has assets of $567 million available for solvency purposes, which is 2.3 times the minimum amount required by the Australian Prudential Regulation Authority.

Life, Super and Managed Investments

Life, Super and Managed Investments reported a 20 percent increase in after tax earnings to $30 million for the year to June.

This division provides wealth management products and services for our individual and small business customers. Products include superannuation, managed investments (such as unit trusts), and life insurance products (such as term life, trauma and disability insurance). Services range from complex financial planning to more simple advice - such as where to invest a small sum of money and save tax. The division sells Suncorp Metway products as well as investment products from other investment services companies.

The division has some 140,000 customers, and total funds under management exceed $2.6 billion. It is currently the smallest contributor to group profit, but has the biggest potential to grow. Wealth management is one of the most rapidly expanding sectors in financial services, and only nine percent of group customers currently hold a product from this range.

The division has undergone significant restructuring in the past two years to make it more competitive and attractive to investors. New products have been introduced, such as nil-entry fee unit trusts, and a master trust which provides much more flexibility for investors, offering 30 different investment options. The product range also has been streamlined, with old-fashioned, out-dated products withdrawn. Investment mandates also have been changed to increase equity exposure and lift investment performance, and back office processes have been reorganised to improve efficiency.

The distribution network also has been restructured with the expansion of the financial adviser channel from 40 advisers in 1997 to 102 advisers currently. Advisers are highly trained salaried employees who are attached to retail branches and can take advantage of opportunities which arise when customers come into the branches with funds to invest or insurance needs to be met. Supplementing these financial advisers are 110 commission based agents. This year, the division also began to offer products through independent advisers and agents.

The division’s performance has been underpinned in the past two years by strong investment returns due to excellent investment management. Almost all products ranked in the first or second quartile for investment performance, and the capital guaranteed superannuation fund has topped the Australian market for 5 years.

Asset Class	Market Returns	SMIML Performance
Cash	5.58%	5.75%
Australian Fixed Interest	6.17%	6.61%
World Fixed Interest	5.09%	5.49%
Australian Equities	15.42%	20.71%
World Equities	23.68%	27.74%
Listed Property Trusts	9.10%	7.37%
Direct Property	12.15%	10.01%

Table represents the performance of all funds under SMIML management.

Other Group Companies

As discussed earlier, Suncorp Metway owns the LJ Hooker real estate franchisor. LJ Hooker is Australia’s largest real estate chain, with more than 600 franchises through Australia and New Zealand. The company’s profitability improved significantly in the year to June, due to buoyant conditions in real estate markets.

Suncorp Metway had also previously held a 43 percent stake in the Knight Frank commercial real estate arm, however, this was sold to Knight Frank UK in June.

Creating wealth

Retirees Barry and Gretel Campbell are more than satisfied with the advice and support they get from Suncorp Metway through their financial adviser James Cheshire. Having sold their manufacturing business in New Zealand and moved to acreage on the Gold Coast, Barry and Gretel soon realised that while they had funds to last them into retirement, the effects of tax and inflation were eating into their nest egg. Barry invested their funds into a more effective range of investment funds and reduced their taxation through using an allocated pension.

With the financial concerns out of the way, and knowing they can look forward to a comfortable retirement, Barry and Gretel can indulge in their hobby of making and flying model aircraft.

Corporate Governance

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

Board Responsibilities

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

The key responsibilities of the Board include:

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

Board Composition

At the date of this statement, the Board comprises seven non-executive directors and the Managing Director. Whilst the non-executive directors of the Board have no other material relationship or association with the company or its subsidiaries (other than their directorships) and therefore are regarded as independent of the company and management, Mr Story is a member of a legal firm which may provide services to the Group from time to time. The names of directors of the company in office at the date of this statement including details of director's qualifications and experience are set out under Board of Directors on page 14.

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

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

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

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

Board Appraisal

A structured process has been established to review and evaluate the performance of the Board. Each year, a survey of directors is coordinated by the Chairman to review the role of the Board, to assess the performance of the Board over the previous 12 months and to examine ways of assisting the Board collectively and directors individually in performing their duties more effectively. The issues examined include Board interaction with management, the type of information provided to the Board by management and overall management performance in helping the Board meet its objectives.

Compensation Arrangements

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

The total remuneration available for distribution to directors is determined by shareholders at the Annual General Meeting. Also, in accordance with approvals granted by shareholders, retirement benefits are paid to non-executive directors. Details of directors' benefits and interests are set out in the Directors' Report and the Related Party section of the notes to the 2000 Consolidated Financial Report.

Independent Professional Advice

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

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

Board Committees

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

Audit, Business Risk and Compliance Committee

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

Specific issues addressed throughout the year included;

- Year 2000 progress reports
- Evaluation of the group's reinsurance program
- Evaluation of the group's compliance and risk management structure and procedures
- Business continuity planning
- Management delegations
- Audit planning
- Half-year and annual financial statements and reports

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

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

Membership

F C B Haly (Chairman), M D E Kriewaldt, J D Story.

Board Credit Committee

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

Membership

R F Cormie (Chairman), P A Cross (resigned 15 May 2000), J J Kennedy, J D Story, W S Jones (Managing Director)

Investment Committee

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

Membership

M D E Kriewaldt (Chairman), P A Cross (resigned 15 May 2000), R J Lamble, R F Cormie, W S Jones (Managing Director), G A Tomlinson (resigned 2 March 2000)

Chairman's Committee

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

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

Membership

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

Risk Management

The Company is required to manage a diverse and complex range of significant risks. Details of those risks and the type of controls and structures that are in place to ensure they are effectively managed, are set out in the "Risk Management" section of the notes to the 2000 Consolidated Financial Report.

Code of Ethics

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

The standards adopted by the Group include a policy regarding directors and senior officers buying and selling Suncorp-Metway Ltd shares, which takes into account the responsibility not to trade when in possession of information which, if disclosed publicly, would be likely to materially affect the market price of Suncorp-Metway Ltd shares.

CONCISE FINANCIAL REPORT

2000

Directors' Report

The directors present their report together with the Concise Financial Report of the consolidated entity, being Suncorp-Metway Ltd (the Company) and its controlled entities, for the year ended 30 June 2000 and the auditors' report thereon.

Directors

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

R John Lamble AO (Chairman)	director since 1996
Martin D E Kriewaldt (Deputy Chairman)	director since 1996
W Steven Jones (Managing Director)	director since 1997
Rodney F Cormie	director since 1996
Patricia A Cross (resigned 15 May 2000)	director since 1996
Frank C B Haly AO	director since 1988
James J Kennedy AO CBE	director since 1997
John D Story	director since 1995
Geoffrey A Tomlinson (resigned 2 March 2000)	director since 1999
Dr Ian D Blackburne	director appointed 3 August 2000

Particulars of the directors' qualifications and experience are set out under Board of Directors on page 14.

Principal activities

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

Review of operations and results

Consolidated operating profit before abnormal items and goodwill amortisation and after income tax for the year ended 30 June 2000 was $345 million (1999: $269 million). Consolidated operating profit after abnormal items, goodwill amortisation and income tax was $335 million (1999: $247 million).

Further information on the operations of the Company, and the results of those operations, can be found in the Chairman's Letter on pages 2 to 4 and the Managing Director's Report on pages 6 to 13.

Except where otherwise stated, all amounts relate to the year ended 30 June 2000 and comparatives are for the year ended 30 June 1999.

Dividends

Dividends paid or declared by the Company since the end of the previous financial year were:

Ordinary shares

As noted in last year's report, a fully franked 1999 final dividend of 22 cents per share, amounting to $45 million, was paid on 15 October 1999.

As noted in last year's report, a 1999 final dividend of 19.8 cents per subordinated dividend ordinary share, amounting to $19.8 million was paid on 15 October 1999. The dividend was paid unfranked.

A fully franked 1999 interim dividend of 22 cents per share, amounting to $67 million, was paid on 20 March 2000.

Directors have declared a fully franked 2000 final dividend of 24 cents per share on ordinary shares, amounting to $77 million to be paid on 13 October 2000.

Converting preference shares Series 2

The 5,455,140 remaining Suncorp Metway Converting Preference Shares (Series 2) were converted into 10,123,975 Suncorp Metway ordinary shares on 3 November 1999. A fully franked dividend equivalent to 8.5 percent per annum was paid for the period 15 September 1999 to 2 November 1999 at the rate of 14.83 cents per share, amounting to $2 million.

Converting capital notes

As noted in last year's report, a distribution of 39.15 cents per note, amounting to $58 million, was paid on 30 September 1999 for the period 1 July 1998 to 30 June 1999. During the year, 18.5 million converting capital notes were converted to ordinary shares.

A distribution of 39.15 cents per note, amounting to $53 million, for the period 1 July 1999 to 30 June 2000 is payable on 30 September 2000.

State of affairs

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

During the year under review, the Company completed a share buy-back totalling $100 million. In all 12.3 million shares were purchased at an average price of $8.135 per share. The share buy-back was undertaken as part of an on-going capital management program to maintain earnings per share and returns to shareholders as the capital notes issued to the Queensland Government are converted to ordinary shares.

In February 2000, the Company issued a US$300 million floating rate note under its US$2,000 million Euro Medium Term Note Program. The note has a three year maturity and was issued at a yield of LIBOR plus 28 basis points.

In July 2000, Moody's upgraded its long-term debt credit ratings for the Company. The rating for deposits was upgraded from Baa1 to A3, senior debt from Baa2 to A3, subordinated debt from Baa3 to Baa1, and junior subordinated debt from Ba1 to Baa1.

Events subsequent to balance date

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

Environmental regulation

The operations of the consolidated entity are not subject to any particular 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 on pages 2 to 4 and the Managing Director's Report on pages 6 to 13. Further information as to the likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years could, in the opinion of the directors, unreasonably prejudice the interests of the consolidated entity and therefore has not been included in this report.

Indemnification

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 Law.

Insurance of directors and officers

During the financial year ended 30 June 2000 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 Law) of the Company against certain liabilities arising in the course of their duties to the Company and its controlled entities. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

Directors' and senior executives' emoluments

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

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

Note 9 sets out the details of the nature and amount of each major element of their respective emolument for each director and for each of the five most highly remunerated officers of the Company and the consolidated entity.

Options

During the financial year, the Company granted options over unissued ordinary shares to a number of employees as part of their remuneration and details of these are set out in note 10.

Directors' interests

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

	Fully Paid Ordinary Shares	Exchanging Instalment Note Series 1	Exchanging Instalment Note Series 2	Options over Ordinary Shares
R J Lamble	30,000	-	6,000	-
M D E Kriewaldt	17,850	-	30,000	-
W S Jones	25,393	-	25,000	2,000,000
I D Blackburne	-	-	-	-
R F Cormie	7,500	-	-	-
F C B Haly	141,673	-	33,000	-
J J Kennedy	1,500	-	-	-
J D Story	46,832	-	20,000	-

Exchanging Instalment Notes are securities issued by the State of Queensland which when converted entitle the holder of the notes to an equivalent number of ordinary shares in the Company.

Directors' Report

Directors' meetings

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

	Board of Directors		Audit, Business Risk & Compliance Committee		Investment Committee		Credit Committee		Chairman's Committee		Other[1]	
	A	B	A	B	A	B	A	B	A	B	A	B
R J Lamble	12	12	-	-	10	9	-	-	8	8	1	1
M D E Kriewaldt	12	12	12	12	10	10	-	-	5	5	14	14
W S Jones	12	11	-	-	10	7	9	5	-	-	-	-
R F Cormie	12	12	-	-	10	9	9	8	-	-	4	4
P A Cross	10	9	-	-	9	7	8	6	-	-	-	-
F C B Haly	12	12	12	12	-	-	-	-	5	5	1	1
J J Kennedy	12	10	-	-	-	-	9	9	3	3	-	-
J D Story	12	12	12	12	-	-	9	9	3	3	6	6
G A Tomlinson	7	7	-	-	7	6	-	-	-	-	10	10

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

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

[1] In addition to the standing committees of directors, there are director committees established for special purposes. Due to their nature, attendance details of such committees have been combined.

Rounding off

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

Signed on 31 August 2000 in accordance with a resolution of the directors.

R John Lamble AO
Chairman

W Steven Jones
Managing Director

Profit & Loss Statement for the year ended 30 June 2000

Discussion and analysis of the profit and loss statement

Suncorp-Metway Ltd achieved an operating profit before income tax, amortisation of goodwill and abnormal items of $520 million (1999: $356 million) and after tax and abnormal items of $335 million (1999: $247 million).

To understand the current year's performance against the previous year shown in the consolidated profit and loss statement, it is important to note the impact of adopting the new Accounting Standard AASB1038 'Life Insurance Business', effective from 1 July 1999. The impact for the year ended 30 June 2000 is to increase operating revenue and expenses as set out in note 2(b), although there is no impact on operating profit after tax.

All business segments increased their contribuion to the Group's result compared with the previous year. The business segment operating profit before income tax, amortisation of goodwill and abnormal items is as follows:

	2000 $m	1999 $m
Banking	229	157
General insurance	211	169
Life insurance and superannuation	75	25[1]
Other	5	5
Total	520	356

[1] 1999 result of $25 million after charging income tax expense of $34 million.

Banking

Banking operating profit before income tax, amortisation of goodwill and abnormal items increased 46 percent to $229 million. This result was achieved mostly through the reduction of costs. The prior year's result included $57 million in costs associated with Year 2000 remediation, the Transformation restructuring program and the One Brand amalgamation program. $19 million was incurred in the current year completing these projects. Further cost reductions were achieved to reduce operating expenses to $338 million from $413 million in the previous year.

Net interest income increased to $475 million from $470 million in 1999. A higher loans base was mostly offset by competition in the banking sector which saw margins slip from 2.56 percent in 1999 to 2.48 percent in 2000. The bad debts rose from $20 million in 1999 to $26 million in 2000, largely as a result of increasing the general provisioning for bad debts consistent with the increase in risk weighted loan balances.

General insurance

General insurance increased its contribution to operating profit before income tax, amortisation of goodwill and abnormal items 25 percent to $211 million. This result was achieved from an "Insurance Trading Result" that increased $36 million on last year and returns on shareholder's funds ($98 million) matching last year ($96 million).

Net premium income increased $54 million (7.9 percent) to $739 million. Premium income is net of the GST collected on premiums that will be earned next financial year. Premiums were increased by less than the 10 percent rate of GST, acknowledging reduced costs of claims and administration expenses that are expected as a result of the Commonwealth Government's tax reforms. Pricing could not be adjusted for Queensland CTP reducing the profitability of this product. While profitability is maintained for products other than CTP, there is a reduction of approximately $8 million in the reported income that would have otherwise been earned.

Claims experience improved on last year, with fewer catastrophes experienced in the current year. Reinsurance recoveries, have reduced as a result. Claims expense has however increased by $29 million, due to the impact of changes in interest rates and other valuation variables applied in the valuation of the provisions for outstanding claims. There was an offsetting increase ($45 million) in investment returns on securities which underpin the claims liabilities and provide protection against the impact of interest rates on claims liabilities.

Life insurance and superannuation

Life insurance and superannuation increased operating profit before income tax by 25 percent, largely due to increased investment returns.

Return on equity

The improved operating profit, combined with the share buy-back, resulted in a 41 percent increase in diluted earnings per share, from 49.1 cents last year to 69.5 cents per share this year. The return on average shareholders' equity (diluted) increased to 16.4 percent from 12.1 percent.

Profit & Loss Statement for the year ended 30 June 2000

	Note	Consolidated 2000 $m	Consolidated 1999 $m
Banking interest income	3	1,359	1,305
Banking interest expense	4	(884)	(835)
		475	470
General insurance premium revenue	3	788	725
Life insurance premium revenue	3	543	-
Reinsurance and other recoveries revenue	3	94	115
General insurance investment income	3	252	200
Life insurance investment income	3	307	-
Other operating income	3	157	163
Total operating income		**2,616**	**1,673**
General insurance claims expense		(684)	(655)
Life insurance claims expense		(486)	-
Outwards reinsurance expense		(63)	(40)
Increase in policy liabilities		(228)	-
Increase in policyholder retained benefits		(3)	-
Other operating expenses	4	(604)	(602)
Total operating expenses		**(2,068)**	**(1,297)**
Operating profit before bad and doubtful debts expense, amortisation of goodwill, abnormal items and income tax		548	376
Bad and doubtful debts expense		(28)	(20)
Operating profit before amortisation of goodwill, abnormal items and income tax		520	356
Amortisation of goodwill		(10)	(10)
Operating profit before abnormal items and income tax		510	346
Abnormal items	6	-	(26)
Operating profit before income tax		**510**	**320**
Income tax (expense) benefit associated with:			
Operating profit before abnormal items		(175)	(87)
Abnormal items	6	-	14
Income tax attributable to operating profit		**(175)**	**(73)**
Operating profit after income tax attributable to the members of the company		335	247
Retained profits at the beginning of the financial year		244	171
Total available for appropriation		579	418
Dividends paid or provided	7	(199)	(174)
Retained profits at the end of the financial year		**380**	**244**
		Cents	**Cents**
Basic earnings per share after abnormal items		88.58	60.92
Diluted earnings per share after abnormal items		69.50	49.16
		Percent	**Percent**
Payout ratio after abnormal items		59.40	70.45

The profit and loss statement should be read in conjunction with the discussion and analysis on page 32 and the notes to the concise financial report set out on pages 38 to 49.

Balance Sheet as at 30 June 2000

Discussion and analysis of the balance sheet

The assets of the consolidated entity show an increase of 22 percent to $26,219 million. The major reason for this increase is the addition of the assets (and liabilities and equity) of the life insurance statutory funds as a result of adopting the new Accounting Standard AASB1038 'Life Insurance Business'. In the prior year, these assets are not included in the consolidated entity's balance sheet. The impact of AASB1038 is set out in note 2(b). The growth in assets without the life insurance statutory funds was 8.9 percent.

Investment securities grew $3,175 million to $5,565 million. $2,722 million was added to the balance sheet this year from the first time inclusion of the life insurance statutory funds.

Indicative of the growth in the banking business, loans, advances and other receivables have increased 7.7 percent to $18,067 million (7.4 percent to $18,014 million excluding the inclusion of life insurance statutory fund receivables and 7.4 percent to $17,842 million for banking only). Loans, advances and other receivables comprise the following major items:

	2000 $m	1999 $m
Banking		
Housing loans	10,229	9,497
Commercial loans	5,588	5,079
Lease finance	1,504	1,652
Consumer receivables	526	415
Structured finance	85	84
Other	20	-
	17,952	16,727
Less provision for impairment	(110)	(120)
Total banking	17,842	16,607
General and life insurance	225	162
Total	**18,067**	**16,769**

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

Life insurance policy liabilities and unvested policyholder benefits have been added to the Group balance sheet this year in accordance with AASB1038, as detailed in note 2(b).

Share capital reduced as a result of the $100 million buy-back during the year, offset by the conversion of 18.5 million convertible capital notes to ordinary share capital ($83 million).

Banking capital adequacy is held at our target of 10.5 percent (1999: 11.7 percent). The share buy-back and dividends paid from the profits of the Group are initially funded by the Company, which also holds the capital for banking capital adequacy. Profits from the insurance subsidiaries are passed up to the Company as required to ensure the banking capital adequacy targets are maintained and to pay dividends to shareholders of the Company. General insurance solvency levels have strengthened to 2.32 times the minimum statutory requirements, from 2.30 in 1999, as a result of the general insurance profits being retained in that business. This capital is available to the Company if required.

Net tangible assets per share increased from $3.27 at 30 June 1999 to $3.72 at 30 June 2000. Net tangible assets for purposes of this calulation is made up of shareholders' equity of $1,918 million less converting capital notes of $558 million and intangibles of $164 million.

Balance Sheet as at 30 June 2000

	Note	Consolidated 2000 $m	Consolidated 1999 $m
Assets			
Cash and short term liquid assets		498	186
Receivables due from other financial institutions		189	2
Trading securities		963	1,149
Investment securities		5,565	2,390
Loans, advances and other receivables		18,067	16,769
Statutory deposit with Reserve Bank of Australia		-	170
Property, plant and equipment		150	148
Unlisted investment in life insurance statutory funds		-	97
Intangible assets		164	174
Other assets		623	399
Total assets		**26,219**	**21,484**
Liabilities			
Deposits and short term borrowings		14,509	11,671
Payables due to other financial institutions		57	21
Accounts payable and other liabilities		847	370
Provisions		524	326
Outstanding claims and unearned premiums provisions		2,128	2,097
Life insurance policy liabilities		2,363	-
Policyholder retained benefits		233	-
Bonds, notes and long term borrowings		3,092	4,553
Subordinated notes		542	558
Total liabilities		**24,295**	**19,596**
Net assets		**1,924**	**1,888**
Shareholders' equity			
Share capital		958	975
Converting capital notes	8	558	641
Reserves		22	22
Retained profits		380	244
Shareholders' equity attributable to members of the Company		1,918	1,882
Outside equity interests in controlled entities		6	6
Total shareholders' equity		**1,924**	**1,888**
		$	$
Net tangible asset backing per share		3.72	3.27

The balance sheet should be read in conjunction with the discussion and analysis on page 34 and the notes to the concise financial report set out on pages 38 to 49.

Statement of Cash Flows for the year ended 30 June 2000

Discussion and analysis of the statement of cash flows

Life insurance and superannuation

The statement of cash flows is also affected by the recognition of the life insurance cash flows in the current year. The impact of consolidating the life insurance cash flows is set out below:

	Consolidated 2000 $m
Cash flows from operating activities	
Interest received	75
Dividends received	55
Premiums received	499
Reinsurance and other recoveries received	10
Other operating income received	42
Outwards reinsurance premiums paid	(14)
Claims paid	(442)
Operating expenses paid	(61)
Income taxes paid - operating activities	(5)
Net cash inflow from operating activities	**159**
Cash flows from investing activities	
Net increase in loans, advances and other receivables	(1)
Purchase of investments integral to insurance activities	(7,046)
Proceeds from disposal of insurance investments	6,713
Income taxes paid - investing activities	(19)
Net cash outflow from investing activities	**(353)**
Cash flows from financing activities	
Net increase in deposits and other borrowings	(2)
Dividends paid	(16)
Net cash outflow from financing activities	**(18)**
Net decrease in cash and cash equivalents	**(212)**
Cash at the beginning of the financial year	337
Cash at the end of the financial year	**125**

Whilst GST collected on general insurance premiums is not included in premium revenue, $40 million has been added back to the amount shown as premiums received in the statement of cash flows. As the GST collected was not paid to the Government until 21 August 2000, it has increased the cash flow from operations in the current year.

Adjusting for the effect of the life insurance cash flows, the cash flows for investing activities reflect reduced purchase and sale activity in general insurance investments. At 30 June 2000, investment income from general insurance activities included $122 million (1999: $56 million) unrealised gains in the market value of investments.

Cash flows from financing activities reflect the share buy-back and the raising of wholesale funds to support banking operations.

Statement of Cash Flows for the year ended 30 June 2000

	Consolidated 2000 $m	Consolidated 1999 $m
Cash flows from operating activities		
Banking interest received	1,531	1,395
Dividends received	57	24
Premiums received	1,370	743
Reinsurance and other recoveries received	93	82
Other operating income received	252	261
Interest paid	(855)	(826)
Outwards reinsurance premiums paid	(63)	(40)
Claims paid	(1,105)	(635)
Operating expenses paid	(518)	(655)
Income taxes paid - operating activities	(30)	(3)
Net cash inflow from operating activities	**732**	**346**
Cash flows from investing activities		
Payments for plant and equipment	(46)	(67)
Net proceeds from disposal of banking securities	190	670
Net increase in loans, advances and other receivables	(1,261)	(1,169)
Proceeds from securitisation of loans	-	220
Return of deposits from (lodgement with) Reserve Bank of Australia	170	(7)
Purchase of investments integral to insurance activities	(14,567)	(11,980)
Proceeds from disposal of investments integral to insurance activities	14,342	11,676
Income taxes paid - investing activities	(34)	(31)
Net cash outflow from investing activities	**(1,206)**	**(688)**
Cash flows from financing activities		
Proceeds from subordinated notes	-	170
Buy-back of shares	(100)	-
Repayment of subordinated notes	(16)	(60)
Net increase in deposits and other borrowings	1,241	133
Dividends paid	(193)	(155)
Net cash inflow from financing activities	**932**	**88**
Net increase (decrease) in cash and cash equivalents	458	(254)
Cash at the beginning of the financial year	167	421
Adjustment resulting from adoption of Accounting Standard AASB 1038 'Life Insurance Business'	5	-
Cash at the end of the financial year	**630**	**167**

The statement of cash flows should be read in conjunction with the discussion and analysis on page 36 and the notes to the concise financial report set out on pages 38 to 49.

Notes to the Concise Financial Report for the year ended 30 June 2000

1 BASIS OF PREPARATION

The Concise Financial Report has been prepared in accordance with the Corporations Law, Accounting Standard AASB 1039 "Concise Financial Reports" and applicable Urgent Issues Group Consensus Views. The Concise Financial Report incorporating the financial statements and specific disclosures required by AASB 1039 has been derived from the consolidated entity's 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 does the full financial report.

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

The accounting policies adopted have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy (note 2), are consistent with those of the previous year.

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

2 CHANGES IN ACCOUNTING POLICY

2(a) Capitalisation of computer software costs

The group has changed its policy in relation to costs of computer software. Effective from 1 July 1999 costs incurred in acquiring, installing, enhancing and developing application software for internal use are being capitalised and amortised over the estimated useful life, up to a maximum of three years.

As a result of the change in this accounting policy:

- Operating profit after tax for the year ended 30 June 2000 increased by $6.1 million and assets as at that date increased by $9.5 million; and
- Basic earnings per share increased by 1.92 cents and diluted earnings by 1.34 cents.

2(b) Life insurance business

The consolidated entity has adopted Accounting Standard AASB 1038 'Life Insurance Business' effective from 1 July 1999. AASB1038 requires the parent entity of a life insurer to include in its financial report all its assets, liabilities, revenues, expenses and equity irrespective of whether they are designated as relating to policyholders or to shareholders.

Prior to adopting AASB 1038 the value of the consolidated entity's shareholder interest in life insurance statutory funds was consolidated, however the policyholders' interests in the assets of these funds were not consolidated. This treatment is reflected in the comparative figures.

In accordance with the Corporations Law comparative figures could not be adjusted to recognise the assets, liabilities, revenues, expenses and equity of the life business as now required by AASB 1038, and therefore are inconsistent with current year disclosures.

Notes to the Concise Financial Report for the year ended 30 June 2000

2 CHANGES IN ACCOUNTING POLICY (continued)

2(b) Life insurance business (continued)

The impact on the financial statements of adopting AASB 1038 is set out below.

Profit and loss statement

The operating revenue and operating expenses for the year ended 30 June 2000 have increased as set out in the following table.

	2000 $m
Investment income	307
Insurance premium revenue	543
Reinsurance and other recoveries revenue	11
Investment and other operating revenue	(26)
Total operating income	**835**
Claims expense	(486)
Reinsurance expense	(14)
Increase in policy liabilities	(228)
Increase in policyholder retained benefits	(3)
Other operating expenses	(59)
Total operating expenses	**(790)**
Operating profit before income tax	45
Income tax expense	(45)
Operating profit after income tax	**-**

The operating profit after income tax attributable to shareholders has been recognised as profit attributable to the group in prior years. The profits allocated to policyholders are not included as part of the group profit and are transferred directly to 'Policyholders retained benefits' on the balance sheet.

Balance sheet

The assets and liabilities as at 30 June 2000 have increased as set out below:

	2000 $m
Assets	
Cash and short term liquid assets	143
Investment securities	2,722
Loans, advances and other receivables	53
Unlisted investment in life insurance statutory funds	(103)
Other assets	12
Total assets	**2,827**
Liabilities	
Accounts payable and other liabilities	139
Provisions	71
Outstanding claims and unearned premiums provisions	21
Life insurance policy liabilities	2,363
Policyholder retained benefits	233
Total liabilities	**2,827**

Notes to the Concise Financial Report for the year ended 30 June 2000

3 OPERATING REVENUE

	Consolidated 2000 $m	1999 $m
Interest received or due and receivable:		
other persons	1,499	1,426
Dividends received or due and receivable:		
other persons	57	24
Property income received or due and receivable	6	4
General insurance premium revenue:		
direct	788	724
inwards reinsurance	-	1
reinsurance and other recoveries revenue	83	115
Life insurance premium revenue:		
direct	543	-
reinsurance and other recoveries revenue	11	-
Consolidated entity's interest in earnings of life insurance statutory funds	-	25
Changes in net market value of investments integral to general insurance activities:		
realised	3	(17)
unrealised	122	56
Changes in net market value of investments integral to life insurance activities:		
realised	17	-
unrealised	112	-
Trust distributions received or due and receivable	102	20
Net profits (losses) on trading securities	1	(4)
Net profits (losses) on derivative and other financial instruments:		
realised	(14)	(10)
unrealised	18	17
Fees and commissions received or due and receivable:		
other persons	131	116
Writeback of provision for diminution in investment	-	6
Other income	21	5
Total operating revenue	**3,500**	**2,508**
Disclosed in the profit and loss statement as:		
Banking interest income	1,359	1,305
General insurance premium revenue	788	725
Life insurance premium revenue	543	-
Reinsurance and other recoveries revenue	94	115
General insurance investment income	252	200
Life insurance investment income	307	-
Other operating income	157	163
Total operating revenue	3,500	2,508
Banking interest expense	(884)	(835)
Total operating income	**2,616**	**1,673**

Notes to the Concise Financial Report for the year ended 30 June 2000

4 OPERATING EXPENSES

	Consolidated 2000 $m	Consolidated 1999 $m
Operating profit before abnormals and income tax for the year has been determined after charging the following items:		
Interest expense		
Interest paid or due and payable:		
other persons	884	835
Total interest expense	**884**	**835**
Other operating expenses		
Staff expenses	290	318
Equipment and occupancy costs	84	101
Total other expenses	230	183
Total other operating expenses	**604**	**602**

5 SEGMENT INFORMATION

5(a) Industry segments

	Banking $m	General Insurance $m	Life Insurance $m	Other $m	Eliminations $m	Consolidated Total $m
2000 Financial Year						
Revenue outside the consolidated entity	1,482	1,125	866	27	-	3,500
Inter-segment revenue	31	5	8	12	(56)	-
Total revenue	**1,513**	**1,130**	**874**	**39**	**(56)**	**3,500**
Segment operating result before income tax, amortisation of goodwill and abnormal items	229	211	75	7	(2)	520
Segment assets	**21,225**	**3,238**	**2,948**	**34**	**(1,226)**	**26,219**
1999 Financial Year						
Revenue outside the consolidated entity	1,417	1,035	34	22	-	2,508
Inter-segment revenue	24	13	12	13	(62)	-
Total revenue	**1,441**	**1,048**	**46**	**35**	**(62)**	**2,508**
Segment operating result before income tax, amortisation of goodwill and abnormal items	157	169	25[1]	5	-	356
Segment assets	**19,809**	**3,406**	**127**	**24**	**(1,882)**	**21,484**

[1] In the prior year the consolidated entity's interest in the operating result of the life insurance business was recognised net of income tax of $34 million.

Notes to the Concise Financial Report for the year ended 30 June 2000

5 SEGMENT INFORMATION (continued)

5(a) Industry segments (continued)

The industry segments derive revenue from the following activities:

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

5(b) Geographic segments

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

5(c) Contribution to operating profit from banking activities

	Consolidated	
	2000 $m	1999 $m
Net interest income		
Interest income	1,395	1,321
Interest expense	(920)	(851)
	475	**470**
Other operating income		
Dividends received or due and receivable:		
other persons	-	1
Net profits (losses) on trading and investment securities	1	(3)
Net profits (losses) on derivative and other financial instruments:		
realised	(14)	(10)
unrealised	18	17
Fees and commissions received or due and receivable:		
controlled entities	-	24
other persons	97	84
Other income	16	7
	118	120
Total operating income	**593**	**590**
Operating expenses		
Staff expenses	(183)	(218)
Occupancy expenses	(29)	(35)
Computer expenses	(46)	(62)
Other operating expenses	(80)	(98)
	(338)	**(413)**
Net operating profit before bad and doubtful debts	255	177
Bad and doubtful debts expense	(26)	(20)
Contribution to operating profit from banking activities before income tax, amortisation of goodwill and abnormal items	**229**	**157**

Segment information set out above includes transactions that have been eliminated in the consolidated profit and loss statement.

Notes to the Concise Financial Report for the year ended 30 June 2000

5 SEGMENT INFORMATION (continued)

5(d) Contribution to operating profit from general insurance activities

	Consolidated 2000 $m	Consolidated 1999 $m
Net premium revenue		
premium revenue	788	725
outwards reinsurance expense	(49)	(40)
	739	685
Net incurred claims		
claims expense	(684)	(655)
reinsurance and other recoveries revenue	83	115
	(601)	(540)
Operating expenses		
acquisition costs	(81)	(65)
other underwriting expenses	(97)	(111)
	(178)	(176)
Underwriting result	**(40)**	**(31)**
Investment revenue - Insurance provisions		
Interest, dividends, rent, etc	122	142
Realised gains (losses) on investments	3	(40)
Unrealised gains (losses) on investments	21	(1)
	146	101
Insurance trading result	**106**	**70**
Other revenue	7	3
Investment revenue - Shareholder reserves		
Interest, dividends, rent, etc	31	25
Realised gains on investments	-	16
Unrealised gains on investments	70	56
Other revenue	5	7
Other expenses	(8)	(8)
	98	96
Contribution to operating profit from general insurance activities before income tax, amortisation of goodwill and abnormal items	**211**	**169**

Segment information set out above includes transactions that have been eliminated in the consolidated profit and loss statement.

Notes to the Concise Financial Report for the year ended 30 June 2000

5 SEGMENT INFORMATION (continued)

5(e) Contribution to operating profit from life insurance activities

	Consolidated 2000 $m	Not Consolidated 1999 $m
Derivation of interest in earnings of life insurance statutory funds		
Net premium revenue:		
premium revenue	543	572
outwards reinsurance expense	(14)	(12)
	529	560
Investment income:		
equity securities	188	124
debt securities	66	54
property	55	36
other	(2)	(5)
	307	209
Other income	12	20
Total income	**848**	**789**
Claims expense	(486)	(601)
Reinsurance recoveries	11	10
Increase in policy liabilities	(228)	(68)
Increase in policyholder retained benefits	(3)	(1)
Administration expenses - life insurance activities		
Policy acquisition:		
commission	(5)	(4)
other	(20)	(18)
Policy maintenance:		
commission	(2)	(2)
other	(25)	(30)
Investment management expenses	(6)	(5)
Administration expenses - non life insurance activities	(9)	(11)
Total operating expenses	**(773)**	**(730)**
Operating profit before income tax	75	59
Income tax expense attributable to operating profit	(45)	(34)
Contribution to operating profit from life insurance activities before amortisation of goodwill and abnormal items	**30**	**25**

Segment information set out above includes transactions that have been eliminated in the consolidated profit and loss statement.

In the prior year the consolidated entity's interest in the operating profit from life insurance activities was disclosed as follows:

	Consolidated 1999 $m
Consolidated entity's interest in earnings of life insurance statutory funds	25
Other revenue	21
Other expenses	(21)
Contribution to operating profit from life insurance activities before income tax, amortisation of goodwill and abnormal items	**25**

Notes to the Concise Financial Report for the year ended 30 June 2000

6 ABNORMAL ITEMS

	Consolidated 2000 $m	Consolidated 1999 $m
Stamp duty refund received relating to pre-merger transaction	-	12
Income tax effect	-	-
Expenses relating to pre-merger, including payout of management fee, claim relating to disposed property and stamp duty on lease portfolio acquired	-	(13)
Income tax effect	-	5
Future GST and compensation liability provided within net claims provision	-	(25)
Income tax effect	-	9
	-	**(12)**
Summary		
Total abnormals	-	(26)
Total income tax effect	-	14
Total	**-**	**(12)**

The abnormal items relate to matters that either can be linked to transactions that occurred prior to the merger of Metway, Suncorp and QIDC in December 1996 or to GST and other tax reform and their consequential impact.

7 DIVIDENDS

	Consolidated 2000 $m	Consolidated 1999 $m
Ordinary shares		
Fully franked interim dividend paid	67	45
Fully franked final dividend provided	77	45
Subordinated dividend ordinary shares		
Fully franked final dividend provided	-	20
Converting preference shares Series 2		
Current year charge in respect of fully franked base dividend paid	-	2
Fully franked base dividend paid	2	3
Current year charge in respect of fully franked base dividend provided	-	1
Converting capital notes		
Distribution provided	53	58
	199	**174**

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

Notes to the Concise Financial Report for the year ended 30 June 2000

7 DIVIDENDS (continued)

	Consolidated 2000 $m	Consolidated 1999 $m
Franking credits		
The amount of dividends that would be fully franked at 34% (1999:36%) after allowing for all tax payable in respect of the current year's profits and the payment of the proposed dividends	**136**	**0**

At balance date neither the Company nor any of its controlled entities had a franking account deficit as defined in the Income Tax Assessment Act (1997). There are franking credits available for the subsequent financial year in the Company's controlled entities. These credits are available to frank dividends which upon receipt by the Company will increase its franking account balance to equal the amount shown above as the consolidated balance.

Based on current estimates and assumptions the Company expects to pay fully franked dividends at current levels for the next 12 months.

With the introduction of the Pay As You Go (PAYG) tax payment system from 1 July 2000, tax payments required to be made by group entities over the next 12 months will not necessarily equal the amounts required to be disclosed above. This is due in part to the deferral (beyond 30 June 2000) of a proportion of the income tax liability in respect of the 2000 financial year by group entities. In addition, tax payments in respect of the 2001 financial year will be brought forward under the PAYG system.

8 CONVERTING CAPITAL NOTES

	Consolidated 2000 $m	Consolidated 1999 $m
124,000,000 converting capital notes of $4.50 each fully paid (1999: 142,500,000)	**558**	**641**

On 1 December 1996, the Company issued converting capital notes to Queensland Treasury Holdings Pty Ltd. The notes carry a fixed distribution of 8.7 percent per annum and they mature on 30 November 2006. Subject to certain conditions, the notes can be converted into fully paid ordinary shares, on the basis of one ordinary share for each note, at any point in time until maturity.

The State has agreed to convert all outstanding notes should its shareholding of the Company's ordinary share capital fall below 15 percent. Following the Government's sale of exchanging notes the Government will convert all of the notes by 30 June 2001. This is in line with the undertaking given by the Government in respect of the EINs Series 2 where an exchange of one note for one ordinary share will occur on 31 October 2001.

9 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

9(a) Directors' remuneration

Total amount received or due and receivable by directors of the Company for the year ended 30 June 2000 was:

	Base Emolument[1]	Bonus[2]	Shares Issued[3]	Other Compensation[4]	Total Compensation	Retirement Benefits[5]	Total
	$	$	$	$	$	$	$
Executive Director							
W S Jones	892,933	606,000	750	9,259	1,508,942	-	1,508,942
Non-Executive Directors							
R J Lamble	168,000	-	-	11,760	179,760	63,833	243,593
M D E Kriewaldt	151,875	-	-	10,631	162,506	84,775	247,281
R F Cormie	108,834	-	-	7,618	116,452	59,666	176,118
P A Cross	68,056	-	-	4,764	72,820	-	72,820
F C B Haly	80,583	-	-	5,641	86,224	22,093	108,317
J J Kennedy	73,167	-	-	5,122	78,289	67,667	145,956
J D Story	89,967	-	-	6,298	96,265	-	96,265
G A Tomlinson	53,667	-	-	3,557	57,224	-	57,224

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

[2] Reflects amounts accrued but not yet paid in respect of the year ended 30 June 2000.

[3] Reflects shares to be issued to employees to the value of $750 in respect of the year ended 30 June 2000.

[4] Reflects non-salary package remuneration and includes company contributions to superannuation.

[5] The retirement benefit represents the increase in the Provision for Retirement Benefits.

Notes to the Concise Financial Report for the year ended 30 June 2000

9 DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (continued)

9(a) Executive Officers' remuneration

The following table shows the remuneration of the five most highly remunerated officers of the Company and the consolidated entity who were officers at 30 June 2000.

Name[1]	Base Emolument [2]	Bonus [3]	Shares Issued [4]	Other Compen-sation [5]	Total Compen-sation	Options Granted during the Year	Exercise Price	Strike Price [6]	Date First Exercis-able	Fair Value of each option granted during the year [7]
	$	$	$	$	$		$	$		$
G J Moynihan	440,123	262,985	750	31,620	735,478	30,600	8.11	9.12	31 March 02	0.93
						30,600	8.11	9.56	31 March 03	0.82
						30,600	8.11	10.05	31 March 04	0.71
A J Hogendijk	477,000	210,555	750	-	688,305					
P S Johnstone	369,433	257,707	750	7,067	634,957	21,600	8.11	9.12	31 March 02	0.93
						22,000	8.11	9.56	31 March 03	0.82
						22,000	8.11	10.05	31 March 04	0.71
M W Blucher	378,158	289,889	750	11,842	680,639	21,000	8.11	9.12	31 March 02	0.93
						22,000	8.11	9.56	31 March 03	0.82
						22,000	8.11	10.05	31 March 04	0.71
D Wilkie	417,933	219,532	750	7,067	645,282					

1 The senior executives are those executives responsible for strategic direction and management during the year.

2 Reflects the total remuneration package consisting of both basic salary and packaged benefit components.

3 Reflects amounts accrued but not yet paid in respect of the year ended 30 June 2000.

4 Reflects shares to be issued to employees to the value of $750 in respect of the year ended 30 June 2000.

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

6 The options are exercisable only if the weighted average price of the Company's shares as quoted on the Australian Stock Exchange exceeds the prices specified on each of five consecutive trading days between the issue date of the option and the respective exercise dates.

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

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

Notes to the Concise Financial Report for the year ended 30 June 2000

10 OPTIONS

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

Issue date of option	Start Date	Expiry Date	Exercise price of option [1]	Strike Price	No of options held at 30 June 2000 [2]	No of options held at 30 June 1999	Fair value of each option granted during the year [3]
			$	$			$
26 Mar 1997	6 Jul 1999	26 Mar 2002	5.51	6.00	650,000	650,000	
26 Mar 1997	6 Jul 2000	26 Mar 2002	5.51	6.50	700,000	700,000	
26 Mar 1997	6 Jul 2001	26 Mar 2002	5.51	7.00	650,000	650,000	
10 Sep 1997	31 Mar 2000	10 Sep 2002	6.79	7.00	196,000	196,000	
10 Sep 1997	31 Mar 2001	10 Sep 2002	6.79	7.50	197,000	197,000	
10 Sep1997	31 Mar 2002	10 Sep 2002	6.79	8.00	197,000	197,000	
17 Dec 1997	31 Mar 2000	17 Dec 2002	7.19	7.00	40,000	40,000	
17 Dec 1997	31 Mar 2001	17 Dec2002	7.19	7.50	40,000	40,000	
17 Dec 1997	31 Mar 2002	17 Dec 2002	7.19	8.00	40,000	40,000	
15 Jan 1998	15 July 2000	15 Jan 2003	7.56	7.56	250,000	250,000	
16 Dec 1998	16 Jun 2001	16 Dec 2003	7.96	9.00	119,500	119,500	
16 Dec 1998	16 Jun 2002	16 Dec 2003	7.96	9.50	121,000	121,000	
16 Dec 1998	16 Jun 2003	16 Dec 2003	7.96	10.00	122,000	122,000	
3 Jun 1999	3 Nov 2001	3 Jun 2004	8.81	9.75	116,667	116,667	
3 Jun 1999	3 Nov 2002	3 Jun 2004	8.81	10.25	116,667	116,667	
3 Jun 1999	3 Nov 2003	3 Jun 2004	8.81	10.75	116,666	116,666	
3 Jun 1999	3 Nov 2001	3 Jun 2004	8.81	9.75	13,334	13,334	
3 Jun 1999	3 Nov 2002	3 Jun 2004	8.81	10.25	13,333	13,333	
3 Jun 1999	3 Nov 2003	3 Jun 2004	8.81	10.75	13,333	13,333	
6 Oct 1999	31 Mar 2002	6 Oct 2004	8.11	9.12	73,200		0.93
6 Oct 1999	31 Mar 2003	6 Oct 2004	8.11	9.56	74,600		0.82
6 Oct 1999	31 Mar 2004	6 Oct 2004	8.11	10.05	74,600		0.71
					3,934,900	3,712,500	

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

[2] Subsequent to balance date no options were exercised.

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

There were no options exercised during the year. No options have been granted since the end of the financial year. All options expire on the earlier of their expiry date or termination of the employee's employment. In addition to those options shown above, 35,000 options issued during the year expired in respect of employees who resigned. No other options expired during the year ended 30 June 2000.

The market price of the Company's shares at 30 June 2000 was $8.62.

Directors' Declaration

In the opinion of the directors of Suncorp-Metway Ltd the accompanying Concise Financial Report of the consolidated entity, comprising Suncorp-Metway Ltd and its controlled entities, for the year ended 30 June 2000 set out on pages 32 to 49:

a) has been derived from or is consistent with the Consolidated Financial Report for the financial year; and

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

Dated at Brisbane this 31st day of August 2000

Signed in accordance with a resolution of the directors:

John Lamble

R John Lamble AO
Chairman

Steve Jones

W Steven Jones
Managing Director

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

Scope

We have audited the Concise Financial Report of Suncorp-Metway Ltd and its controlled entities for the financial year ended 30 June 2000 consisting of the profit and loss statement, balance sheet, statement of cash flows, accompanying notes (1 to 10), and the accompanying discussion and analysis on the profit and loss statement, balance sheet and statement of cash flows, (set out on pages 32 to 49) in order to express an opinion on it to the members of the Company. The Company's directors are responsible for the Concise Financial Report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the Concise Financial Report is free of material misstatement. We have also performed an independent audit of the Consolidated Financial Report of Suncorp-Metway Ltd and its controlled entities for the year ended 30 June 2000. Our audit report on the Consolidated Financial Report was signed on 31 August 2000, and was not subject to any qualification.

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

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

Audit Opinion

In our opinion the Concise Financial Report of Suncorp-Metway Ltd and its controlled entities for the year ended 30 June 2000 complies with AASB 1039 "Concise Financial Reports".

KPMG

KPMG

Ian Fraser

Ian H Fraser
Partner

Brisbane 31 August 2000

Shareholder & Noteholder Information

MAJOR SHAREHOLDERS

At 18 August 2000, the 20 largest holders of fully paid Ordinary Shares held 82,416,722 shares, equal to 25.63 percent of the total fully paid shares on issue.

	Number of Shares	%
Queensland Treasury Holdings Pty Ltd	18,500,000	5.76
Chase Manhattan Nominees Limited	13,352,040	4.15
Permanent Trustee Australia Limited	7,842,694	2.44
Permanent Trustee Australia Limited	5,952,082	1.85
AMP Life Limited	4,693,899	1.46
Westpac Custodian Nominees Limited	4,509,640	1.40
National Nominees Limited	3,510,099	1.09
Perpetual Nominees Limited	3,322,726	1.03
Permanent Trustee Australia Limited	3,025,709	0.94
Australian Foundation Investment Company Limited	2,746,197	0.85
Salomon Smith Barney Australia Nominees No 2 Pty Ltd	1,850,000	0.58
MLC Limited	1,708,635	0.53
Zurich Australia Limited	1,678,901	0.52
Citicorp Nominees Pty Limited	1,629,708	0.51
Permanent Trustee Australia Limited	1,593,441	0.50
Permanent Trustee Australia Limited	1,460,123	0.45
Commonwealth Custodial Services Limited	1,378,011	0.43
Permanent Trustee Australia Limited	1,373,815	0.43
CSS Board	1,192,574	0.37
Labor Holdings Pty Ltd	1,096,428	0.34
	82,416,722	**25.63**

Substantial Shareholders

At 18 August 2000, the following entries were contained in the register of substantial shareholdings, based on Substantial Holding Notices received:

	Number of Shares
Commonwealth Bank of Australia Group Companies	27,724,794
The State of Queensland	18,500,000
Permanent Trustee Company Limited	12,834,688

Shareholder & Noteholder Information

DISTRIBUTION OF SHAREHOLDINGS

(i) Fully paid Ordinary Shares at 18 August 2000:

Range

	Number of Holders	% of Holders	Number of Shares	% of Shares
1-1,000 shares	62,499	64.80	32,438,423	10.09
1,001-5,000 shares	24,956	25.88	61,752,258	19.21
5,001-10,000 shares	5,431	5.63	38,354,603	11.93
10,001-100,000 shares	3,400	3.53	71,408,186	22.22
100,001- shares and over	160	.16	117,461,764	36.55
	96,446	**100.00**	**321,415,234**	**100.00**

(ii) Non-participating shares

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

(iii) Partly paid Ordinary Shares at 18 August 2000:

	Number of Holders	% of Holders	Number of Shares	% of Shares
1-1,000 shares	8	38.10	5,400	11.70
1,001- 5,000 shares	11	52.38	27,950	60.56
5,001- 10,000 shares	2	9.52	12,800	27.74
10,001-100,000 shares	-	-	-	-
100,001- shares and over	-	-	-	-
	21	**100.00**	**46,150**	**100.00**

VOTING RIGHTS OF SHAREHOLDERS

(i) Ordinary Shares

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

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

(ii) Non-participating Shares

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

Shareholder & Noteholder Information

HOLDERS OF NON-MARKETABLE PARCELS

At 18 August 2000 the number of shareholders with less than a marketable parcel for fully paid Ordinary Shares (1-56 shares) was 281 (0.29 percent of shareholders) representing 8,373 shares.

Major Noteholders

At 18 August 2000, the 20 largest holders of Exchanging Instalment Notes Series 2 held 27,968,331 notes, equal to 19.62 per cent of the total notes on issue.

	Number of Notes	%
Brispot Nominees Pty Ltd	7,299,638	5.12
Chase Manhattan Nominees Limited	3,726,232	2.61
Queensland Investment Corporation	2,070,000	1.45
Perpetual Nominees Limited	1,935,788	1.36
National Nominees Limited	1,671,931	1.17
AMP Nominees Pty Limited	1,226,361	0.86
Commonwealth Custodial Services Limited	1,081,481	0.76
Tower Trust Limited	1,039,963	0.73
Permanent Trustee Australia Limited	943,059	0.66
Westpac Custodian Nominees Limited	938,040	0.66
Milton Corporation Ltd	880,000	0.62
AMP Life Limited	836,631	0.59
Citicorp Nominees Pty Limited	759,885	0.53
Questor Financial Services Limited	740,550	0.52
Permanent Trustee Australia Limited	678,281	0.48
BT Custodial Services Pty Ltd	525,079	0.37
AMCS Nominees Pty Ltd	486,951	0.34
The Australian National University	400,000	0.28
BT (Queensland) Pty Limited	385,590	0.27
Perpetual Nominees Limited	342,871	0.24
	27,968,331	**19.62**

Substantial Noteholders

At 18 August 2000, there were no entries contained in the register of substantial unitholdings for Exchanging Instalment Notes Series 2.

Shareholder & Noteholder Information

DISTRIBUTION OF NOTEHOLDINGS

Exchanging Instalment Notes Series 2 at 18 August 2000:

Range	Number of Holders	% of Holders	Number of Notes	% of Notes
1-1,000 notes	122,109	87.24	43,123,843	30.26
1,001-5,000 notes	15,513	11.08	36,444,925	25.58
5,001-10,000 notes	1,571	1.12	11,640,030	8.17
10,001-100,000 notes	720	0.52	16,802,764	11.79
100,001-notes and over	56	0.04	34,488,438	24.20
	139,969	**100.00**	**142,500,000**	**100.00**

VOTING RIGHTS OF NOTEHOLDERS

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

HOLDERS OF NON-MARKETABLE PARCELS

At 18 August 2000 the number of holders with less than a marketable parcel (1-91 notes) was 124 (0.08 percent of holders) representing 4,011 notes.

Shareholder Information

Registered Office

Level 18, 36 Wickham Terrace Brisbane Qld 4000
Telephone: (07) 3835 5355
Fascimile: (07) 3836 1190
Information about Suncorp Metway is also available on the internet at www.suncorpmetway.com.au

Company Secretary

Clifford R Chuter

Annual General Meeting

The Annual General Meeting will be held in the Great Hall, Brisbane Convention and Exhibition Centre, corner Merivale and Glenelg Streets, South Brisbane on Wednesday 1 November 2000 at 2.30pm.

Share and Note Registry

Shareholders and noteholders can obtain information about their share and note holdings by contacting the Company's share registry:
Douglas Heck & Burrell
Level 22, 300 Queen Street Brisbane Qld 4000
Telephone: (07) 3228 4219
Facsimile: (07) 3221 3149
Email: registries@dhb.com.au
Mailing address: Locked Bag 568, Brisbane, Qld. 4001
When seeking information shareholders and noteholders must provide their Security Reference Number (SRN) or their Holder Identification Number (HIN) which are recorded on their shareholder/noteholder statements.

Change of Address

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

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

Payment of Dividends/Interest

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

Removal from Annual Report mailing list

Shareholders or Noteholders who no longer wish to receive a Concise Report or a Full Annual report should advise the share registry in writing, by fax, telephone or by email, quoting their SRN or HIN. Forms are available on our internet site.

Stock Exchange Listed Securities

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

Key Dates*

Ordinary Shares (SME)

Dividend payment (final)	13 October 2000
Ex-Dividend (interim)	5 March 2001
Record (interim)	9 March 2001
Dividend payment (interim)	30 March 2001

Floating Rate Capital Notes (SMEHB)

Ex interest	9 November 2000
Record	15 November 2000
Interest payment	30 November 2000
Ex interest	9 February 2001
Record	15 February 2001
Interest payment	2 March 2001
Ex interest	9 May 2001
Record	15 May 2001
Interest payment	30 May 2001

Exchanging Instalment Notes Series 2 (SMPG)

Last day for trading of partly paid notes	23 October 2000
Ex date for 30 November interest payment	24 October 2000
Last day for processing of off-market transfers of notes on Partly paid basis	30 October 2000
Final Instalment payment ($3.10) due date	6 November 2000
Record date for interest payment	15 November 2000
Interest payment	30 November 2000
Ex interest	10 May 2001
Record date for interest	16 May 2001
Interest payment	31 May 2001

*Dates may be subject to change

Contact us

General enquiries	13 11 55
Quickcall phone banking	13 11 25
Insurance sales and enquiries	13 11 55
Insurance claims	13 25 24
New loan hotline	13 11 34
New investment account hotline	13 27 44
Lost or stolen cards & passbooks	1800 775 020
Life insurance, superannuation, financial planning	1800 451 223
Investment funds enquiries centre	1800 067 732
Business banking service centre	1300 65 11 25
Small Business banking	1300 65 11 25

INSURANCE BANKING INVESTMENT

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

You can also use On Line Access for your everyday banking.

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

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

SUNCORP METWAY