



Suncorp-Metway Limited

John Mulcahy

Chief Executive Officer and Managing Director

7 May 2008

Macquarie Investor Conference, Sydney

1. Integration update
2. General Insurance
3. Banking
4. Funding
5. Capital

Banking

PBT and Bad Debts
\$323m (+9.9%)

Net interest income
\$484m (+6.6%)

Cost to income ratio
43.1%
(-1.3%)

Gross loans **\$50.3bn**
(+20.4%)

NPL's as % of gross loans
0.70% (Dec 06, 0.64%)

General Insurance

PBT **\$172m**
(-75.4%)

Net earned premium
\$2.9bn (+3.0%)

Major claims events
\$280m
(Dec 06 \$55m)

IT Ratio **5.1%**
(Dec 06 17.0%)

Personal lines GWP
\$2.1bn
(+4.0%)

Wealth Management

Underlying profit after tax*
\$85m (+9.0%)

Life Risk annual premium
\$675m (+15.4%)

Life Risk new business
\$55m (+22.2%)

Investment Sales **\$661m**
(+40.6%)

FUM **\$27.1bn** (+3.5%)



Suncorp FY08

Banking – growth in profit before tax and bad debts *10% - 12%*

General Insurance – ITR inc. \$90m integration benefits *9% - 12%*

Wealth management – underlying profit growth *>10%*

Dividend *nominal growth*



Successful delivery of integration benefits

PHASE 1: Settling in

- Mar – Jul 2007
- Develop business model
- 'Quick wins' of \$55m annualised savings

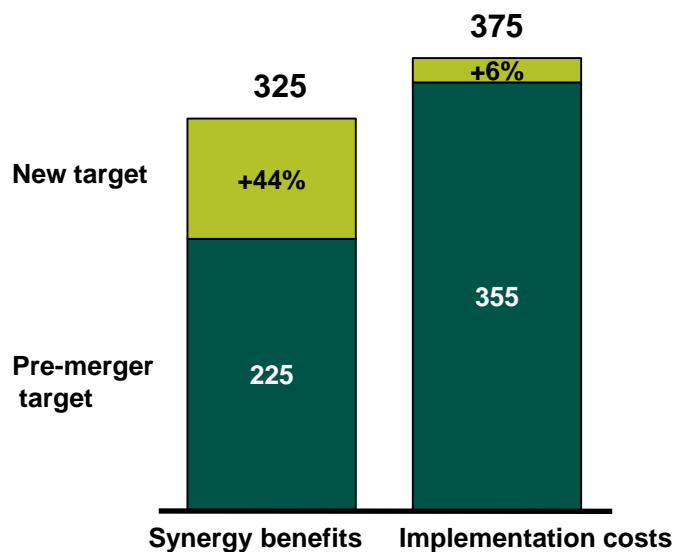
PHASE 2: Design

- Jul – Nov 2007
- Integration initiatives identified
- Revised benefits & costs of merger

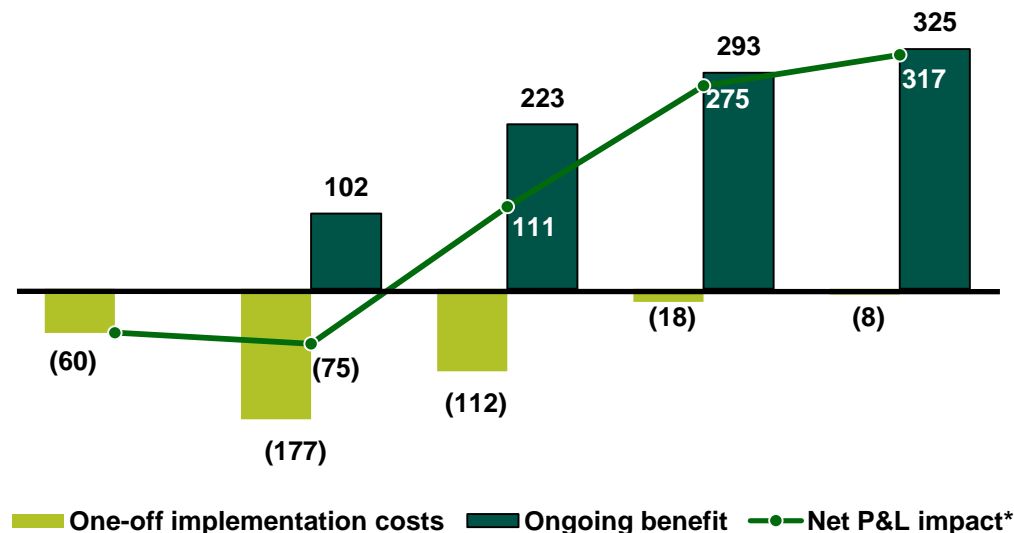
PHASE 3: Implementation

- Dec 2007 onward
- Implementation of over 300 initiatives
- Framework to keep the market updated is established

Improved transaction economics, \$m



Integration benefits over time



*Pre-tax

Examples of key initiatives recently completed:

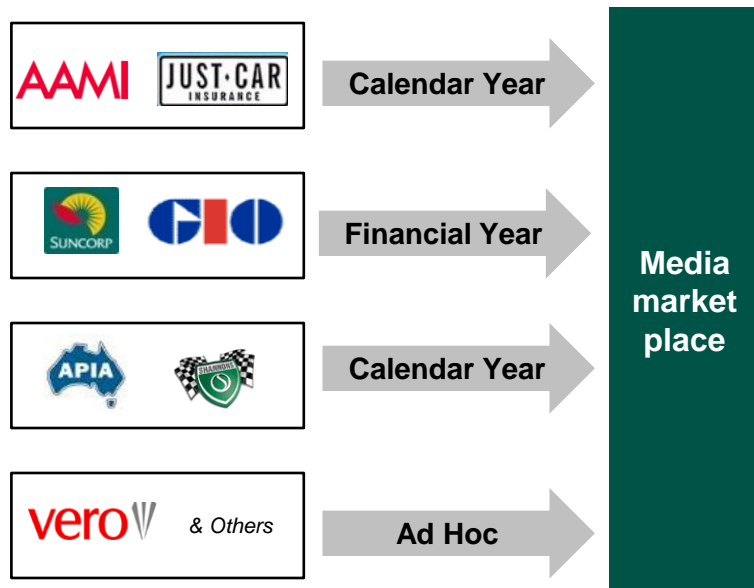
1. Mainframe consolidation

- Successful consolidation of mainframe applications onto a single and new mainframe platform
- Completed April 2008
- \$6m mainframe related cost savings per annum

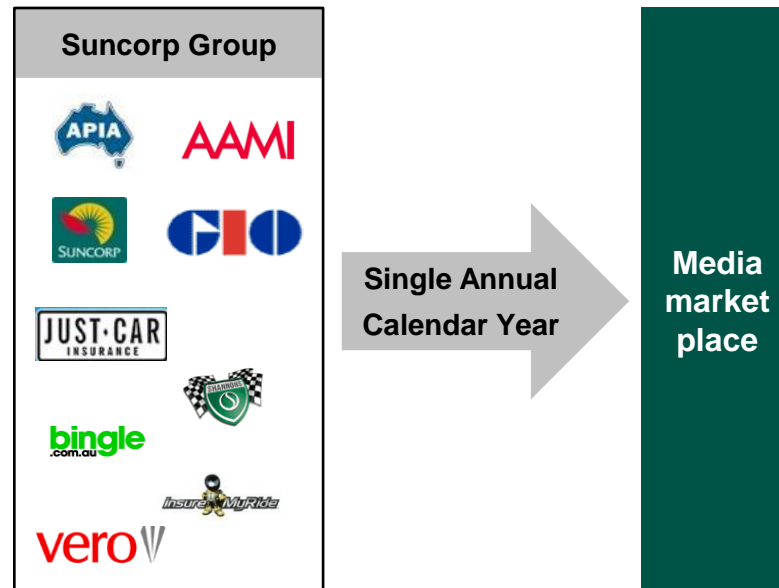
2. Consolidated travel sourcing

3. Group media negotiations

Pre-merger



Post-merger Group consolidation & leverage



Benefits

Efficiency: Significant Group rate benefits

Flexibility: Brand and geographic inventory trading within network

Innovation: New idea generation with increased first to market opportunities

Claims update

- Mackay flooding - \$100m (net of reinsurance recoveries)
- Melbourne windstorms – approx \$20m
- Other events (Rockhampton, Cairns, Emerald) - relatively minor

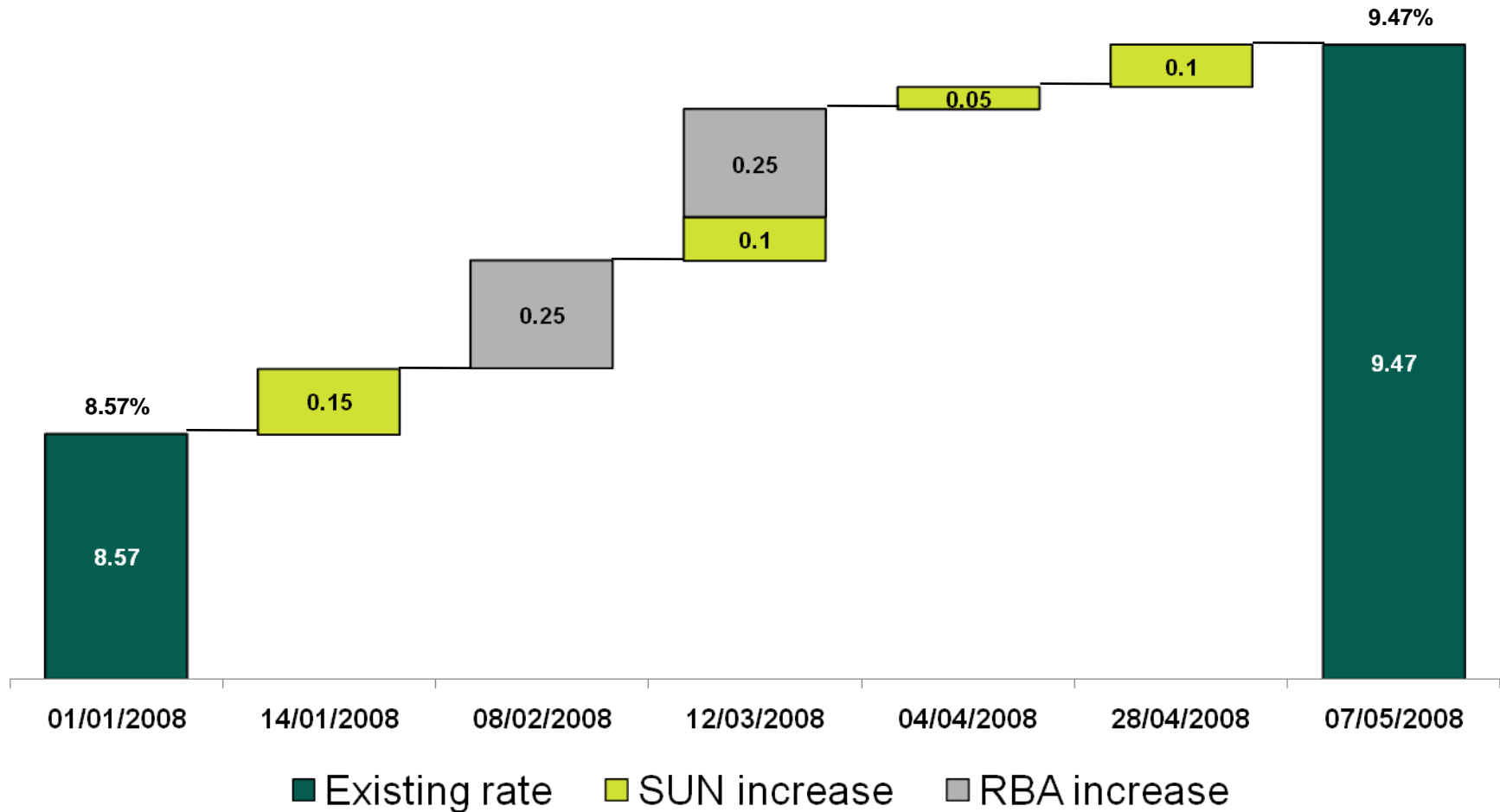
Premium increases

- Continue to be a feature of calendar 2008
- Focus on restoring profitability, particularly home building book
- Extent of increases vary by risk and geography
- Continuing evidence of hardening in commercial classes, particularly commercial motor
- Regulator approved \$13 ceiling increase for QLD CTP

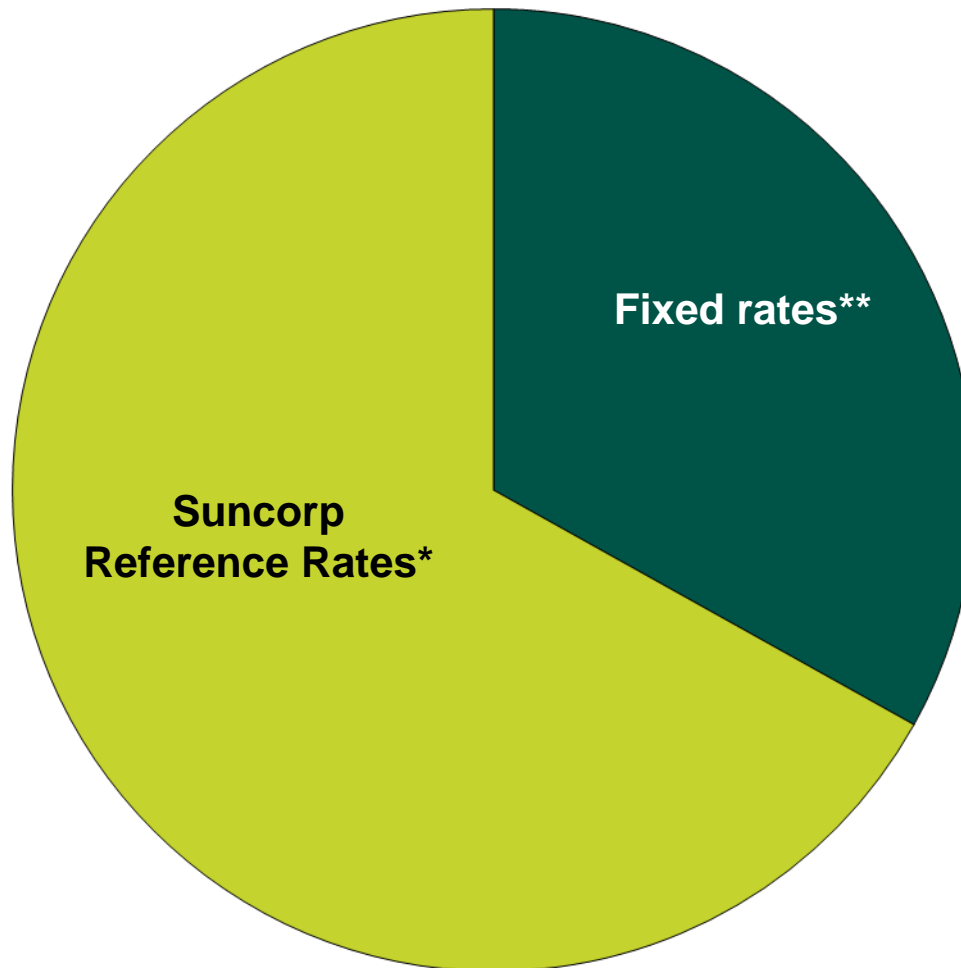
Investment market turmoil

- Credit spreads continue to widen contributing to further negative mark to market in technical reserves portfolio
- Partially offset by increased yield

Retail lending – Suncorp Variable Mortgage rate



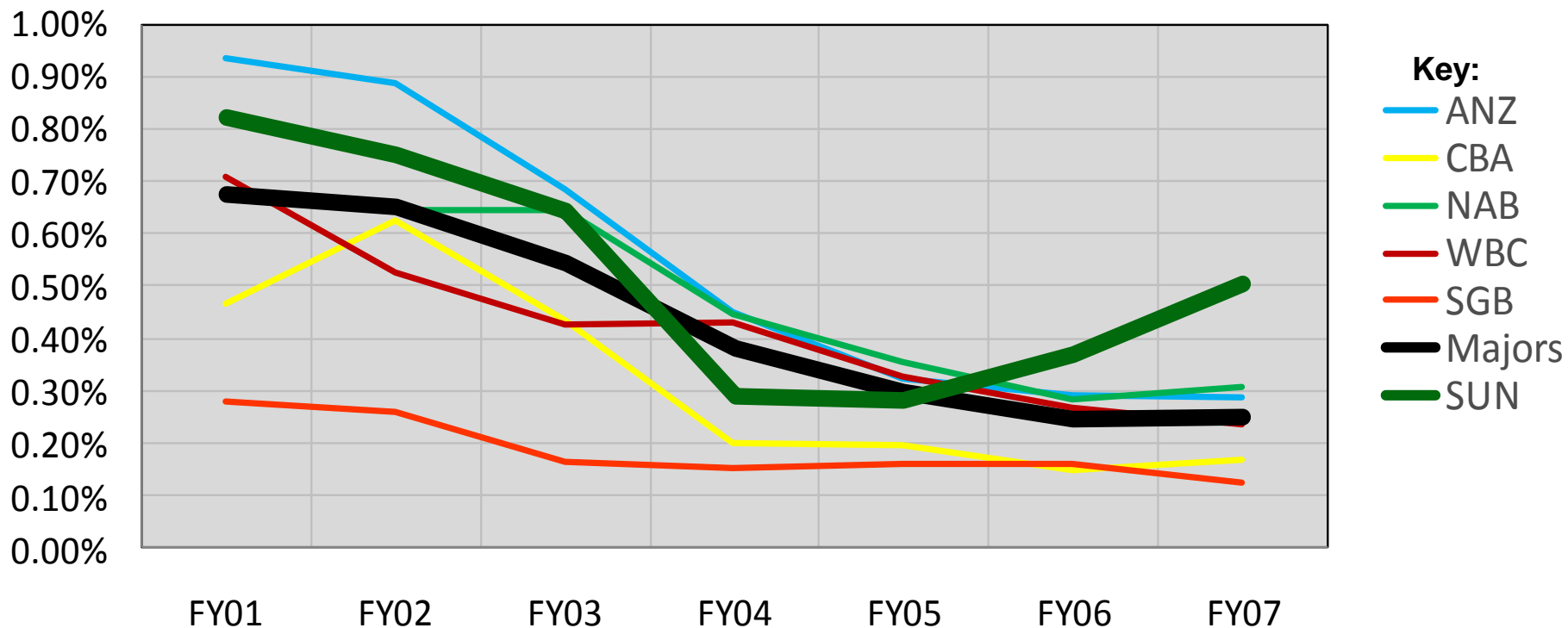
Business Banking customers



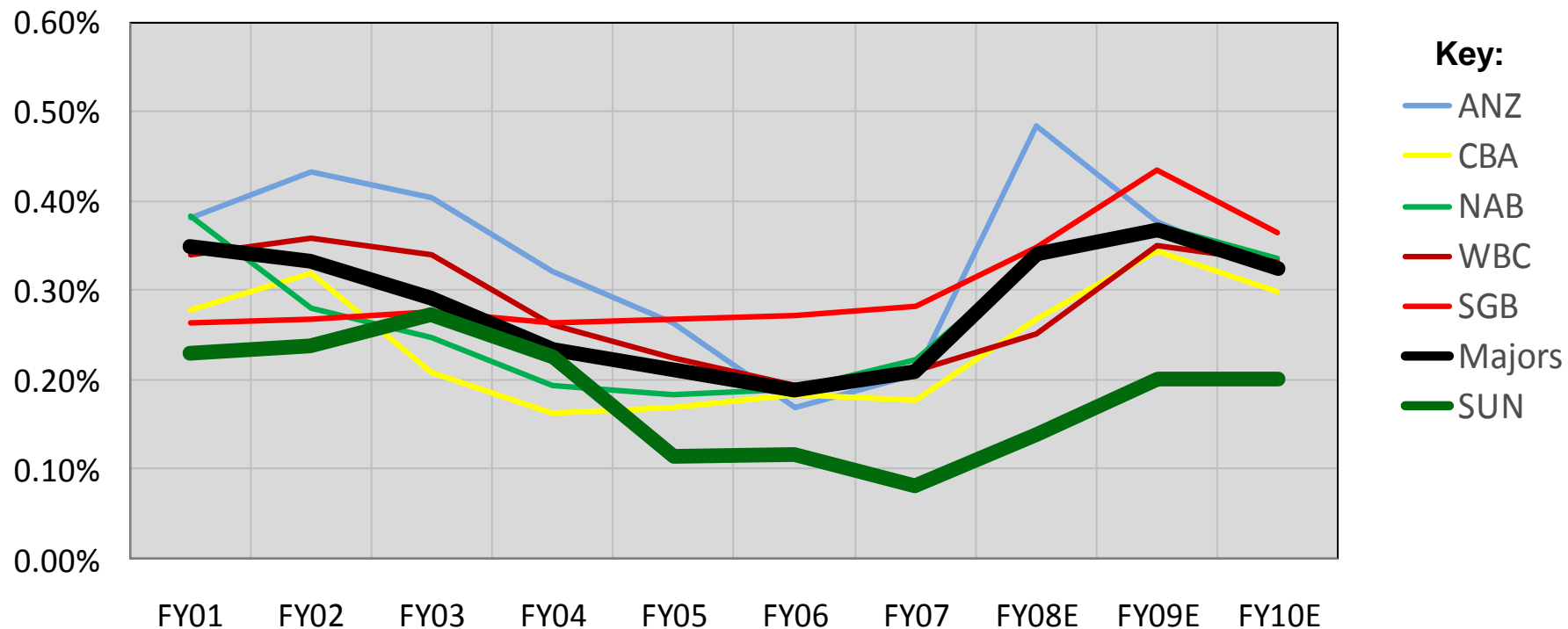
* Additional funding costs passed on to customer

** Funding costs hedged to customer rates

Impaired Assets as a % of Risk Weighted Assets



Bad & Doubtful Debt Expense/Risk Weighted Assets*



*Actual and Estimated figures from Macquarie Research

Global Diversification of Funding



In addition to a wide variety of domestic funding options available to Suncorp, we have also developed strong alliances with a diverse group of investors located in the major financial centres of Europe, Asia and the United States.



Capital Raising – Tier 1 Hybrid

Security	<ul style="list-style-type: none">• Convertible preference shares (CPS)
Offer Size	<ul style="list-style-type: none">• Up to \$325m, with the ability to accept oversubscriptions
Issue Price	<ul style="list-style-type: none">• \$100 per CPS
Regulatory	<ul style="list-style-type: none">• Non-innovative Residual Tier 1 Capital
Dividends	<ul style="list-style-type: none">• Preferred, non-cumulative, quarterly, based on a floating rate and expected to be fully franked• Dividend Rate = (90 day Bank Bill Rate + Margin) x (1 – Tax Rate)
Mandatory Conversion	<ul style="list-style-type: none">• CPS will mandatorily convert into ordinary shares on or after 14 June 2013 subject to certain conditions being met
Exchange	<ul style="list-style-type: none">• CPS may be Exchanged for \$100 per CPS before 14 June 2013 if a tax event or regulatory event occurs, and must be Exchanged if an acquisition event occurs• CPS may also be Resold to a third party purchaser for \$100 per CPS on a Mandatory Conversion Date
Issue Credit Rating	<ul style="list-style-type: none">• Expected to be rated ‘A-’ by Standard & Poor’s, ‘A2’ by Moody’s and ‘A-’ by Fitch Ratings
ASX Quotation	<ul style="list-style-type: none">• Suncorp will apply for CPS to be quoted on ASX under code ‘SUNPC’
Ranking on winding up	<ul style="list-style-type: none">• CPS rank behind all depositors, other creditors and existing Non-Participating Shares, equally with RPS and any other equally-ranking instruments, and ahead of ordinary shares
Joint Lead Managers / Bookrunners	<ul style="list-style-type: none">• Citigroup, JPMorgan, Macquarie and UBS



Capital position

	30 Jun 2007	Reported 31 Dec 2007	Updated 31 Dec 2007	Target
Bank Capital Adequacy ratio	9.86%	10.84%	11.88%	10.0%-10.5%
Bank ACE	5.05%	4.54%	4.68%	4.5%-5.0%
GI MCR Coverage	2.02x	1.99x	2.07x	1.53x

Updated 31 Dec 2007 calculation includes the impact of the 65% underwriting of the dividend reinvestment plan and the anticipated \$325m raising from Tier 1 Hybrid.

“APRA is not expecting insurers to respond to these changes with increases in their levels of capital; the industry is already well capitalised, with aggregate industry capital exceeding twice APRA's current minimum requirements.”

John Trowbridge, APRA Press Release 2 April 2008

Key impacts on Suncorp will be:

- Capital requirements for investments in equities (16%) and property (20%);
- Foreign Reinsurance Recoverables unlikely to have material impact due to grandfathering of existing arrangements;
- Restructure of the Vero group will allow around \$190m in capital to be unlocked.

Underlying business very strong

Premium increases following weather events

Diverse and secure funding base

Further securing capital base

Placed to capitalise on integration



Disclaimer

This report contains general information which is current as at 7 May 2008.

It is not a recommendation or advice in relation to Suncorp-Metway Limited or any product or service offered by the Suncorp Group.

This report should be read in conjunction with all other information concerning Suncorp-Metway Limited filed with the Australian Stock Exchange. Any statements made concerning future performance, earnings or financial position are indicative only, based on current information. Future performance can be affected by various risks, unknown factors and matters beyond the control of the Suncorp Group.



Questions?

Investor Relations Contacts



Buy-side enquiries

Steve Johnston
steve.johnston@suncorp.com.au
Tel: +61 (0)7 3835 5281

Sell-side enquiries

Nicole Marques
nicole.marques@suncorp.com.au
Tel: +61 (0)7 3836 1960

Mark Ley
mark.ley@suncorp.com.au
Tel: +61 (0)7 3835 5639

www.suncorp.com.au