



THE MARKET

The financial services market in Australia and across the world is undergoing change at an ever-increasing rate. Driving this change are better informed customers who are prepared to shop around to get the best value.

In addition, globalisation and market consolidation are two key phenomena that are impacting the industry. E-commerce will continue to flourish as companies look for more efficient and cost effective ways to deliver the products and services customers want. As a result of these changes, consumers of financial services today have a wide choice for their banking, insurance and wealth management needs. Consequently the successful companies of tomorrow will need to compete across a wide range of dimensions, simultaneously, in terms of product features, accessibility, service and price.

As a leading Allfinanz group, Suncorp Metway is one of Australia's most diversified financial services providers, offering banking, insurance, and wealth management products through an extensive distribution network. Our mission is to make it far easier for our customers to manage their finances better, so they can achieve their dreams and goals and protect the things they hold dear.

ACHIEVEMENTS

Since the Suncorp Metway Group was created from three of Queensland's largest and long established financial groups in 1996, it has



achieved success in maintaining market share, growing profits and increasing dividends to shareholders.

Following the merger, Suncorp Metway instigated a transformation program aimed at making the company as efficient and service orientated as possible. Transformation enabled the group to look systematically

at every function, activity, process and policy across the group, involving staff at every level. The benefits that flowed from transformation were used in three ways – to fund Suncorp Metway's investment in growing the Group; to offset price competition to maintain profitability; and to deliver improved returns to shareholders.

Once transformation aligned systems and processes, the group moved toward a single brand

name. This enabled all the resources of the group to be delivered to customers under one banner, Suncorp Metway.

The Group remains No 1 in Queensland in compulsory third party, motor and home insurances and also in deposits. Based on market capitalisation, Suncorp Metway Ltd, the parent company in the Group, is now one of Australia's 25 largest companies.

The Group has grown to become Australia's sixth largest bank and second largest insurance group. According to an independent survey, Suncorp Metway has the highest cross-sell rates of any financial group in Australia and continues to increase its lead.

HISTORY

The Suncorp Metway Group was formed on the 1st of December 1996 by merging three of Queensland's long established financial groups – SUNCORP – a State Government-owned insurance office, Metway – Queensland's biggest banking company and QIDC (Queensland Industry Development Corporation) – a business and agricultural lender also owned by the State Government.

SUNCORP began business in 1916 as the State Accident Insurance Office. Not long after that it changed its name to State Government Insurance Office (SGIO) and extended its operations into life insurance, general insurance and compulsory third party. Over the years superannuation, building society and finance operations were added.

Metway Bank was established as the Metropolitan Permanent Building Society and



converted to bank status and listed on the Australian Stock Exchange in 1988. In 1990, Metway Bank acquired Prudential Finance Limited and in 1992 the Household Building Society.

QIDC commenced operations in 1986 but evolved from the Queensland Agricultural Bank, which was established in 1902 as a rural financier. It ultimately expanded into a broad-based commercial lending organisation.

The merger of the three groups was proposed by the Queensland State Government to create a more competitive financial group better geared to meet the needs of the future. The merger also created Australia's fifth largest listed financial services group with the associated economic benefits of a major Australian corporate headquarters located in Queensland.

The merger and amalgamation was completed in 1999. The merger process was deliberately slow to make certain shareholder value was maintained and built and the customer franchise protected. That strategy proved to be a success. The same approach was applied in launching the new brand, Suncorp Metway, in May of 1999. The Group wanted customers to experience as little inconvenience as possible while changes were implemented. Suncorp Metway was then able to deliver the resources of the Group to all customers under one banner, streamline the product range, and eliminate duplication in the branch network.

Today, with a successful, complex merger completed and a new one being bedded down, Suncorp Metway is creating a major new force in Australia's financial services sector.

THE PRODUCT

The Suncorp Metway Group provides banking, insurance, superannuation and managed investment services, with a focus on retail customers and owner-managed businesses. Retail banking offers home and personal loans and transaction and savings accounts, credit cards and foreign currency services.

Products are delivered via a branch network, ATMs, two 24 hour call centres and the internet. Business banking provides capital and term finance, financial services for rural producers and associated businesses, property investment and development finance and equipment finance.

Personal insurance lines include home and motor insurance as well as boat and personal effects. Commercial includes insurance cover for commercial motor and property, engineering and construction, professional indemnity and marine. Insurance distribution is through a network of



insurance consultants as well as the branch network, call centre and more recently via the internet. The Suncorp Metway Group is also the largest provider of compulsory third party insurance in Queensland, insuring 1.4 million of the total 2.4 million in the State.

Wealth management products and services include superannuation, managed investments (such as unit trusts), life insurance products (such as term life, trauma and disability insurance), and financial planning. The branch network is particularly important in the growth of this business. Financial advisers have been introduced across the network taking advantage of leads through the banking business to sell wealth management products. These products are also distributed via an extensive network of insurance consultants and agents, as well as through a number of broker groups.

RECENT DEVELOPMENTS

The recent acquisition of the Australian GIO general insurance business of AMP will make the Suncorp Metway Group the second largest general insurance group in Australia with a combined annual premium income of approximately \$2 billion. As well as emerging with a significantly more diversified business profile geographically – 60 percent of Suncorp Metway's general insurance premium will be sourced outside of Queensland – the acquisition also delivers Suncorp Metway an extensive distribution network throughout

Australia, including 43 branches, primarily in NSW, but also in Victoria, Western Australia and Tasmania. This adds to the Group's 189 retail and business banking outlets which are predominantly in Queensland. The merged group has a total of more than 3 million customers Australia wide and approximately 6000 staff.

PROMOTION

Suncorp Metway as an "Allfinanz" group relies heavily on advertising and promotions to communicate its brand and product range to existing and potential customers. Activity is centred on the eastern states and uses a combination of mainstream media such as television, radio, newspapers and selected magazines as well as internet and direct marketing to customers and specific sectors of the community.

Major advertising campaigns run for general insurance, home loans, investments as well as the business banking and agribusiness divisions. These campaigns must all work together to build the value of the Suncorp Metway brand to the wider community as well as driving sales. In the competitive financial services market consumer awareness is paramount.

The group also has a high profile through its extensive sponsorship and fund raising activities

which include the Royal Flying Doctor Service, Youth Enterprise Trust, Hear and Say Centre, Bridge to Brisbane Fun Run and rural events such as the Queensland Cotton Achiever of the Year Award.



BRAND VALUES

The Suncorp Metway Group has the strongest brand of any insurer in Queensland. But a brand is about more than a distinctive logo.

For nearly 100 years, generations of staff in the three groups that merged to form the Suncorp Metway Group built a reputation with customers for friendly local service. Going forward Suncorp Metway wants to build on that reputation by having customers finding them easy to do business with. That means getting better and better at what they do and working with customers to achieve that. Suncorp Metway wants customers to feel that they are being treated as individuals, not like account numbers and they want to give customers real value for money by offering quality products with useful features. Suncorp Metway will help customers select the right products so they will only pay for what they really need.

THINGS YOU DIDN'T KNOW ABOUT SUNCORP METWAY

- Suncorp Metway is one of Australia's 25 largest companies and the largest listed corporation in Queensland.
- The Group pays 180,000 motor, home and commercial insurance claims every year worth around \$300 million. More than 7000 customers call each week seeking insurance assistance.
- The Suncorp Metway Group has a specialist Business Banking division, focusing on the needs of small to medium businesses. It has also been providing financial services to the rural community for nearly 100 years.
- The Suncorp Metway Group owns the master franchise of Australia's largest real estate chain, L.J. Hooker.

