	Consolidated		Company	
	1999	1998	1999	1998
	$m	$m	$m	$m
30 RESERVES				
Share premium reserve	-	770	-	770
Preconversion reserve	13	13	13	13
Asset revaluation reserve	9	8	8	8
	22	**791**	**21**	**791**
Share premium reserve				
Balance at the beginning of the financial year	770	770	770	770
Transfer to share capital on 1 July 1998 resulting from amendments to the Corporations Law	(770)	-	(770)	-
Balance at the end of the financial year	**-**	**770**	**-**	**770**
Asset revaluation reserve				
Balance at the beginning of the financial year	8	8	8	8
Revaluation increment on franchise systems	1	-	-	-
Balance at the end of the financial year	**9**	**8**	**8**	**8**

Preconversion reserve

Retained profits and reserves of Metropolitan Permanent Building Society, amounting to $13 million as at 1 July 1988, being the date of conversion of the Society to Suncorp-Metway Ltd (then known as Metway Bank Limited), have been placed in a preconversion reserve account. Under a trust arrangement the reserve will not be available for distribution to shareholders in the ordinary course of business.

	Consolidated		Company	
	1999	1998	1999	1998
	$m	$m	$m	$m

31 CASH FLOW INFORMATION

(a) Reconciliation of operating profit after income tax to net cash inflow from operating activities

	Consolidated 1999 $m	Consolidated 1998 $m	Company 1999 $m	Company 1998 $m
Operating profit after income tax	247	233	152	180
Classified as investing activities				
Income tax paid - investing activities	31	14	-	-
Non-cash items				
Amortisation				
Goodwill	10	10	-	-
Franchise systems	1	-	-	-
Change in market value of trading securities	7	3	7	-
Change in market value of investments	39	62	(3)	-
Consolidated entity's interest in earnings of life insurance statutory funds	(25)	(25)		
Bad and doubtful debts expense	20	61	18	28
Depreciation of property, plant and equipment	48	42	11	13
Loss on disposal of property, plant and equipment	5	-	1	-
Change in assets and liabilities				
Net movement in tax balances	42	(8)	14	36
(Increase)/decrease in accrued interest receivable	(31)	7	(30)	10
(Increase)/decrease in prepayments and deferred expenses	12	-	4	(8)
(Increase) in receivables and other assets	(80)	(17)	(61)	(90)
Increase in accrued interest payable	8	23	25	13
Increase/(decrease) in sundry creditors and other liabilities	(24)	(75)	169	24
Increase in outstanding claims provisions	45	136	-	-
Increase in unearned premium provisions	14	-	-	-
(Decrease) in other provisions	(23)	(51)	(30)	(121)
Net cash inflow from operating activities	**346**	**415**	**277**	**85**

(b) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statements of cash flows are reconciled to the related items in the balance sheets as follows:

	Consolidated 1999 $m	Consolidated 1998 $m	Company 1999 $m	Company 1998 $m
Cash and short term liquid assets	186	424	77	201
Receivables due from other financial institutions	2	53	2	53
Payables due to other financial institutions	(21)	(56)	-	(3)
	167	**421**	**79**	**251**

	1999 $m	1998 $m

32 CAPITAL ADEQUACY

Tier 1

	1999 $m	1998 $m
Share capital	975	149
Converting capital notes	641	697
Share premium reserve	-	770
Preconversion reserve	13	13
Retained earnings	244	171
Intangible assets	(174)	(184)
Net future income tax benefits	-	(22)
Total tier 1 capital	**1,699**	**1,594**

Tier 2

	1999 $m	1998 $m
Asset revaluation reserve	9	8
General provision for impairment	77	76
Perpetual subordinated notes	173	-
Subordinated notes	403	459
Total tier 2 capital	**662**	**543**

Deductions from capital

	1999 $m	1998 $m
Investments in subsidiaries	(687)	(603)
Guarantees and facilities to non-banking controlled entities	(20)	(27)
Total deductions	**(707)**	**(630)**
Total capital base	**1,654**	**1,507**

	Carrying Value		Risk Weights	Risk Weighted Balance (1)	
	1999 $m	1998 $m	%	1999 $m	1998 $m
Assets					
Cash, claims on Reserve Bank of Australia, shorter term claims on Australian Commonwealth Government and other liquid assets (2)	2,034	2,252	0	-	-
Longer term claims on Australian Commonwealth Government, and claims on State governments	-	12	10	-	1
Claims on banks and local governments	23	68	20	5	14
Loans secured against residential housing	9,070	6,164	50	4,535	3,082
All other assets	8,002	9,903	100	8,002	9,903
Total banking assets (3)	**19,129**	**18,399**		**12,542**	**13,000**

32 CAPITAL ADEQUACY (Continued)

	Face Value	Credit Equivalent	Risk Weights	Risk Weighted Balance	
	1999	1998		1999	1998
	$m	$m	%	$m	$m
Off-balance sheet positions					
Guarantees entered into in the normal course of business	127	66	20-100	64	81
Commitments to provide loans and advances	1,987	1,557	0-100	1,302	1,120
Capital commitments	20	20	100	20	2
Foreign exchange contracts	2,799	127	20-50	31	78
Interest rate contracts	4,033	29	20-50	7	7
Total off-balance sheet positions	**8,966**	**1,799**		**1,424**	**1,288**
Assessed risk					
Total risk weighted assets				12,542	13,000
Total off-balance sheet position				1,424	1,288
Market risk capital charge				76	122
Total assessed risk				**14,042**	**14,410**
Risk weighted capital ratios				**%**	**%**
Tier 1				12.10	11.06
Tier 2				4.71	3.77
Deductions				-5.03	-4.37
				11.78	**10.46**

Notes:

(1) Claims secured by cash, government securities or guarantees from banks and governments reflect the risk weight attaching to the collateral security or a direct claim on the guarantor.

(2) Shorter term claims on the Australian Commonwealth Government are those with a residual term to maturity of less than 12 months, longer term claims are those with residual term to maturity greater than 12 months.

(3) Total banking assets differ from banking segment assets in note 6A due to the adoption of Australian Prudential Regulation Authority's classification of intangible assets, deferred taxation, non-qualifying shareholdings in other entities and general provision for impairment for capital adequacy purposes.

	1999		1998	
	Available	Unused	Available	Unused
	$m	$m	$m	$m
33 FINANCING ARRANGEMENTS				
Financing arrangements which are available to the consolidated entity (under normal financing arrangements)				
Standby facility	450	450	250	250
Securities purchase line facility	-	-	1,804	139
Bank overdraft	-	-	1	-
	450	**450**	**2,055**	**389**
Financing arrangements which have been made available by controlled entities registered under the Financial Corporations Act (Australia) 1974 (contractually arranged for each client)				
Loan and lease facilities	**508**		**943**	

The standby facility is only available to the Company. The securities purchase line facility is available to the Company and Suncorp Finance Limited.

34 RISK MANAGEMENT

General framework

Management of risk throughout the consolidated entity is through a system of delegated limits. These limits govern the maximum amount and type of risk that can be assumed, severally by units within the consolidated entity and by the consolidated entity as a whole. The limits are delegated from the Board of Directors to executive management and then to relationship, investment and risk managers.

The risk management framework includes policies and procedures which detail a formal feedback process to the Audit, Business Risk and Compliance Committee of the Board, the Credit Committee of the Board and the Investment Committee of the Board. These committees are responsible for ensuring the consolidated entity has appropriate systems and policies and procedures to measure, monitor and report on risk management.

Feedback to Board Committees and Executive Committees is supported by regular reporting and compliance monitoring from the independent compliance and risk management areas of the consolidated entity such as Credit Bureau, Investment Compliance and Risk Management, Financial Markets Risk Management, Operational Risk Management and Internal Audit.

Liquidity risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. Liquidity policy is set by the Board to ensure that the consolidated entity has sufficient funds available to meet all its known and potential commitments.

Banking activities

Liquidity risk arises from mismatches in the cash flows from financial transactions or the inability of financial markets to absorb the transactions of the consolidated entity.

34 RISK MANAGEMENT (Continued)

The banking entity meets the Prime Assets Ratio requirements for liquidity established by the Australian Prudential Regulation Authority and also conforms with the new liquidity requirements introduced during the financial year.

The liquidity policy is managed within the Treasury department and is monitored independently by the risk management function on a continuous basis and ultimately by the Investment Committee of the Board. Policy and procedures also exist to monitor the liquidity of the financial markets within which the consolidated entity transacts business.

Insurance activities
The ability to make claims payments in a timely manner is critical to the business of insurance. The investment portfolio mandates ensure that sufficient cash deposits are available to meet day-to-day obligations. The technical reserves include prudential margins on outstanding claims. Investment funds are set aside within the investment portfolios in support of these reserves, thereby ensuring the adequacy of investment portfolios to accommodate significant claim payment obligations. In addition, under the terms of the consolidated entity's reinsurance arrangements, immediate access to cash is available in the event of a major catastrophe.

The consolidated entity maintains a level of solvency in excess of the statutory requirements imposed by the Australian Prudential Regulation Authority. The level of solvency adopted reflects the significant long-tail liabilities on the consolidated entity's balance sheet in relation to the Queensland Compulsory Third Party business.

Credit risk
Credit Risk is the likelihood of future financial loss resulting from the failure of clients or counter-parties to meet contractual payment obligations to the consolidated entity as they fall due.

Banking activities
Credit risk is measured through a combination of an assessment of individual exposures which have been identified through repayment performance, reviews or market intelligence and the application of statistical techniques.

Comprehensive credit standards have been formulated, approved by the Credit Committee of the Board and implemented, ensuring consistency in the identification of asset quality throughout the various banking activities of the consolidated entity. Since the introduction and implementation of the standards they have been refined by Group Credit and updates are released on a regular basis. The nature of credit risk varies between Business Banking and Retail Banking activities and is therefore managed differently.

Business banking
The consolidated Credit Standards and Lending Policies are the foundation of credit risk management within Business Banking operations. The credit policies codify the standards for acceptance of new and additional applications. They are consistent with the strategic and performance objectives of Business Banking.

A structure of Industry Concentration Limits has been developed in conjunction with Business Banking by Group Credit. These are tactical limits upon which business planning and developmental activity is based but also act as guideline for portfolio concentration purposes. Each industry has been rated based on the economic and market outlook for the industry as well as the Group's actual exposure.

Loan grading system
The Company has designed and implemented a loan grading system for the Business Banking portfolios. The system produces an assessment of credit quality which measures the factors such as industry risk, financial strength and management ability of the client and a security ratio which estimates the deficiency in the security held in the event of default.

For each client, the credit risk grading system uses a weighting of influential industry and business cycle factors, historical and prospective financial performance and level of security. These areas are fundamental components of credit risk and offer the greatest insight into the likelihood that a customer will default and create loss. The analysis also provides a strong basis of credit quality at the portfolio and consolidated entity level.

34 RISK MANAGEMENT (Continued)

Retail banking

The separate credit policies for Retail Banking have been developed for the Group by Group Credit, replacing those in place for both Suncorp and Metway, in conjunction with Retail Lending operational management.

Credit management structure

Group Credit department manages the group credit risk accepted by the consolidated entity. The department comprises Credit Bureau, Credit Management, Credit Policy, Credit Review, Portfolio Strategy and Retail Lending Services.

Members of Credit Bureau, Credit Review and Credit Management teams comprise the Watch Loans Committee. This committee oversees those exposures which, although still managed within the business units, have the potential to migrate to the status of delinquent.

Credit Management area is responsible for Business Banking and Retail Banking collections. This includes Secured Asset Management which manages advanced problem loans, workouts, receiverships and enforcements. All Impaired Assets are managed within the Credit Management area.

Credit approval authority

Each operational unit has discretion to approve proposals as prescribed in the Credit Policy. All staff involved with lending discretion are required to obtain appropriate accreditation, which requires them to have demonstrated a thorough knowledge and understanding of the Credit Standards through formal assessments.

Credit Bureau manages the approval of all Business Banking exposure up to delegated limits. This includes approvals for new applications and any material post-settlement conditions. In addition, Credit Review conducts periodic reviews according to the provisions of the Credit Policy. The Executive Credit Committee handles approval of exposures for the next level of limits.

The Credit Board Committee is the highest credit authority below the full Board of the Company. It concentrates on issues such as formulation of credit policy and the review of asset quality. It is also the approval authority for applications above the discretion of the Executive Credit Committee.

Details of credit risk concentrations by industry for each of the major asset types are set out in note 35.

Insurance activities

Credit risk occurs as a result of reinsurance arrangements and investment in financial instruments.

The consolidated entity enters into reinsurance arrangements to reduce potential claims losses. The credit risk associated with these arrangements is monitored and managed by a specialised reinsurance broker operating within the international reinsurance markets. Over-concentration of credit risk is avoided by placement of cover with a substantial number of reinsurers. Over 80 percent of reinsurance is placed with companies with Standard and Poor's credit ratings of "A" or better.

Investments in financial instruments are held in accordance with the investment mandates and the operational guidelines on use of derivatives established in the Risk Management Statement. Credit limits have been established within these guidelines to ensure counter-parties have appropriate credit ratings and exposures to individual companies are limited. In addition, any exposures to a single company or group which exceed five percent of total funds under management are subject to specific approval of or notification to the Australian Prudential Regulation Authority.

Interest rate risk

Interest rate risk in the balance sheet arises from the potential for a change in interest rates to have an adverse effect on the revenue earnings in the current reporting period, and in future years.

Banking activities

Interest rate risk arises from the structure and characteristics of the banking assets and liabilities and in the mismatch in repricing dates thereof. The objective of interest rate risk management is to minimise the fluctuations in value and net interest income over time, providing secure and stable sustainable net interest earnings in the long term.

34 RISK MANAGEMENT (Continued)

Details of interest rate risk in relation to banking activities are set out in note 36.

Insurance activities
Interest rate risk arises from the investments in interest bearing securities. Any change in market value of investments as a result of changes in market interest rates is immediately recognised in the profit and loss statement in accordance with the accounting policies set out in note 1(k).

The investment portfolios hold significant interest bearing securities in support of corresponding technical reserves, invested in a manner consistent with the expected duration of claims payments. The valuation of the technical reserves includes the discounting to present value at balance date of expected future claim payments, in accordance with the accounting policies set out in note 1(f).

Any assessment of the impact of changes in interest rates on investment revenues must include the offsetting adjustment to claims expense for changes in discount rates adopted in outstanding claims' valuations. The investment portfolio mandates have been established on the basis of the appropriate matching principles so as to ensure the impact on the operating result of changes in interest rates is minimised.

Foreign exchange risk

Foreign exchange risk arises from the effects of potential movements in exchange rates on open foreign currency positions. The objective of foreign exchange risk management within the consolidated entity is to minimise the impact on earnings of any such movements. Foreign exchange rate derivative products are used to assist in the management of foreign exchange risk.

Banking activities
The consolidated entity has arranged offshore borrowing facilities as part of the overall funding diversification process. These facilities have been fully hedged through the use of derivative financial instruments.

Insurance activities
The consolidated entity has ongoing obligations in relation to a number of outstanding claims which have arisen in relation to overseas business. The consolidated entity has ceased to accept new business from overseas and a specific investment portfolio has been established to ensure sufficient funds are set aside to accommodate all final settlements. The claims payments will be predominantly United States dollar based. The investment portfolio consists of cash and short term discount securities with a forward foreign exchange agreement.

Discretionary market risk

The banking entity's discretionary market risks are interest rate risk and exchange rate risk. These risks are measured within the banking industry by the use of a Value at Risk (VaR) methodology. The banking entity measures VaR in dollar terms which is calculated for each type of risk within the respective discretionary activities.

The uncorrelated VaR for the banking entities during the full year was as follows:

	Maximum VaR	Minimum VaR	Average VaR
1999 Financial Year	**$000**	**$000**	**$000**
Interest rate risk	353	1	86
Exchange rate risk	130	7	34
1998 Financial Year			
Interest rate risk	-	-	-
Exchange rate risk	68	1	14

34 RISK MANAGEMENT (Continued)

Other financial instruments risk

Insurance activities

In addition to cash and interest bearing securities, the investment portfolios contain exposures to equity and property markets. In accordance with the accounting policy set out in note 1(l), these investments integral to insurance activities are measured at net market value and changes in market value are recognised in the profit and loss statement.

An overall downturn in the equities markets will impact on the future results of the consolidated entity. The impact of any significant movement is managed by ensuring that the investment portfolio consists of a diverse holding of leading Australian companies and through the limited use of derivative financial instruments, as set out in note 39. Property investments are subject to regular valuations. This portfolio is actively managed to ensure that any adverse financial impacts are appropriately managed.

Operational risk

Operational risk is the potential exposure to unexpected financial or non-financial losses arising from the way in which the consolidated entity conducts its business. Operational risk is managed through formal policies, documented procedures, business practices and compliance monitoring. An independent internal audit function also conducts regular reviews to monitor compliance with policy and regulatory requirements, and examines the general standard of control.

35 CREDIT RISK CONCENTRATIONS

(a) Credit risk concentrations - banking assets

Industry exposures associated with each asset class are detailed with respect to the banking assets of the consolidated entity excluding intergroup funding of $602 million (1998: $200 million). Details of credit risk amounts for contingent liabilities are set out in note 47 and for derivative financial instruments in note 39. Risk concentrations by asset class are as follows:

1999 Financial Year

	Trading Securities	Investment Securities	Loans, advances and other receivables	Contingent Liabilities	Derivative Instruments	Total
	$m	$m	$m	$m	$m	$m
Agribusiness	-	-	1,492	39	10	1,541
Construction and Development	-	-	1,276	898	-	2,174
Financial Services	1,110	-	-	51	134	1,295
Hospitality	-	-	423	-	-	423
Manufacturing	-	-	369	-	-	369
Professional Services	-	-	614	-	-	614
Property Investment	-	-	1,639	-	-	1,639
Real Estate - Mortgage	-	-	8,633	511	-	9,144
Personal	-	-	819	-	-	819
Government and Public Authorities	39	-	-	-	-	39
Other Commercial and Industrial	-	1	1,462	144	12	1,619
	1,149	**1**	**16,727**	**1,643**	**156**	**19,676**
Receivables due from other financial institutions						2
Statutory deposit with Reserve Bank of Australia						170
Total gross credit risk						**19,848**

35 CREDIT RISK CONCENTRATIONS (Continued)

1998 Financial Year

	Trading Securities	Investment Securities	Loans, advances and other receivables	Contingent Liabilities	Derivative Instruments	Total
	$m	$m	$m	$m	$m	$m
Agribusiness	-	-	1,482	36	-	1,518
Construction and Development	-	-	1,271	745	-	2,016
Financial Services	1,197	2	-	-	368	1,567
Hospitality	-	-	387	-	-	387
Manufacturing	-	-	384	-	-	384
Professional Services	-	-	639	-	-	639
Property Investment	-	-	1,502	-	-	1,502
Real Estate - Mortgage	-	-	8,287	373	-	8,660
Personal	-	-	645	44	-	689
Government and Public Authorities	622	-	5	-	-	627
Other Commercial and Industrial	-	1	1,210	106	24	1,341
	1,819	**3**	**15,812**	**1,304**	**392**	**19,330**

Receivables due from other financial institutions	53
Statutory deposit with Reserve Bank of Australia	163
Total gross credit risk	**19,546**

35 CREDIT RISK CONCENTRATIONS (Continued)

(b) Credit risk concentrations - impaired assets

Risk concentrations by asset class are as follows:

1999 Financial Year

	Total Risk $m	Impaired Assets $m	Specific Provision $m	Write-offs $m	Recoveries $m	Net write-off $m
Agribusiness	1,541	28	3	-	-	-
Construction and Development	2,174	42	5	-	-	-
Financial Services	1,295	-	-	-	-	-
Hospitality	423	-	-	-	-	-
Manufacturing	369	-	-	-	-	-
Professional Services	614	-	-	-	-	-
Property Investment	1,639	-	-	-	-	-
Real Estate - Mortgage	9,144	23	10	-	-	-
Personal	819	1	-	7	-	7
Government and Public Authorities	39	-	-	-	-	-
Other Commercial and Industrial	1,619	66	26	28	2	26
	19,676	**160**	**44**	**35**	**2**	**33**
Receivables due from other financial institutions	2					
Statutory deposit with Reserve Bank of Australia	170					
Total gross credit risk	**19,848**					

1998 Financial Year

	Total Risk $m	Impaired Assets $m	Specific Provision $m	Write-offs $m	Recoveries $m	Net write-off $m
Agribusiness	1,518	21	9	-	-	-
Construction and Development	2,016	39	20	3	-	3
Financial Services	1,567	-	-	-	-	-
Hospitality	387	-	-	-	-	-
Manufacturing	384	-	-	-	-	-
Professional Services	639	-	-	-	-	-
Property Investment	1,502	-	-	-	-	-
Real Estate - Mortgage	8,660	4	2	1	-	1
Personal	689	3	3	1	-	1
Government and Public Authorities	627	-	-	-	-	-
Other Commercial and Industrial	1,341	102	23	22	2	20
	19,330	**169**	**57**	**27**	**2**	**25**
Receivables due from other financial institutions	53					
Statutory deposit with Reserve Bank of Australia	163					
Total gross credit risk	**19,546**					

35 CREDIT RISK CONCENTRATIONS (Continued)

(c) Large exposures

Details of the aggregate number of the consolidated entity's corporate exposures (including direct and contingent exposures) which individually were greater than five percent of the consolidated entity's banking capital resources (Tier 1 and Tier 2 capital) are as follows:

	Number
15 percent to less than 20 percent	2
10 percent to less than 15 percent	1

These exposures are in relation to holding of trading securities with the major Australian banks.

36 INTEREST RATE RISK

The purpose of this note is to provide additional information as to the interest rate risk management practices with respect to the banking activities of the consolidated entity. In relation to the general insurance activities, matching strategies between interest rates achieved on investment assets and discount rates adopted in determining the outstanding claims liabilities apply. The information contained in this note should be read in conjunction with the overall interest rate risk management principles detailed in note 34.

Interest rate risk in the balance sheet of the banking entity arises from the potential for a change in interest rates to have an adverse effect on the net interest earnings in the current reporting period, and in subsequent financial years. Interest rate risk arises from the structure and characteristics of the consolidated entity's assets and liabilities and in the mismatch of repricing dates. The objective is to manage the interest rate risk to secure stable and sustainable earnings in the long term. Balance sheet interest rate risk is managed using both net interest income and market value measures.

Net interest income

The risk to the net interest earnings over the next 12 months from a change in interest rates is measured on at least a monthly basis. In relation to the tables below, risk is measured assuming an immediate one percent parallel movement in interest rates across the full yield curve. Other interest rate scenarios with variations in the size and timing of interest rate movements are also measured as part of the ongoing risk management process. However, they are not presented here. Potential variations to net interest earnings are measured using a simulation model which takes into account the projected change in balance sheet level and mix.

The potential negative changes in net interest earnings, expressed as a percentage of expected net interest earnings in the next 12 months, based on a one percent parallel rate shock, are as follows:

	1999	1998
	%	%
Average monthly exposure	0.56	0.60
High month exposure	1.20	1.58
Low month exposure	0.05	0.02

36 INTEREST RATE RISK (Continued)

Market value

As a measure of the longer term sensitivity, the banking entity utilises a market value at risk analysis. This analysis measures the potential negative change in the net present value of cash flows of assets and liabilities where repricing dates do not match and is calculated using a one percent parallel movement in interest rates across the full yield curve. The calculation includes consideration for preference shares and capital notes distributions.

The market value at risk exposures at balance date are as follows:

	$m	$m
Average monthly exposure	9	7
High month exposure	19	11
Low month exposure	-	2

In each case, all market sensitive transactions, including physical assets and liabilities and derivative instruments, are included in the risk measures.

Accounting Standard AASB1033 "Presentation and Disclosure of Financial Instruments" requires disclosures in relation to the contractual interest rate risk sensitivity from repricing mismatches at balance date and the corresponding weighted average effective interest rate. All assets and liabilities are shown according to the contractual repricing dates and options are shown in the gap using the delta equivalents of the option face values. The net mismatch represents the net value of assets, liabilities and off-balance sheet financial instruments which may be repriced in the time periods shown.

36 INTEREST RATE RISK (Continued)

The repricing periods attributable to the banking activities of the consolidated entity are as follows:

1999 Financial Year

	Balance Sheet Total $m	0 to 1 month $m	1 to 6 months $m	7 to 12 months $m	1 to 5 years $m	Over 5 years $m	Non-interest bearing $m
Financial Assets							
Cash and short term liquid assets	89	5	-	-	-	-	84
Receivables due from other financial institutions	2	-	-	-	-	-	2
Trading securities	1,149	-	1,149	-	-	-	-
Investment securities	1	-	-	-	1	-	-
Loans, advances and other receivables	16,607	5,290	4,681	1,782	4,685	169	-
Statutory deposit with Reserve Bank of Australia	170	170	-	-	-	-	-
Other financial assets	114	-	-	-	-	-	114
Total financial assets	**18,132**	**5,465**	**5,830**	**1,782**	**4,686**	**169**	**200**
Weighted average rate %		7.2	6.9	7.9	7.8	8.0	-
Financial Liabilities							
Deposits and short term borrowings	11,671	3,853	6,474	1,026	317	1	-
Payables due to other financial institutions	21	-	-	-	-	-	21
Accounts payable and other liabilities	327	-	-	-	-	-	327
Bonds, notes and long term borrowings	4,553	-	3,216	586	744	7	-
Subordinated notes	576	-	170	-	396	10	-
Total financial liabilities	**17,148**	**3,853**	**9,860**	**1,612**	**1,457**	**18**	**348**
Weighted average rate %		2.7	5.0	5.4	5.8	6.2	-
Net assets	**984**	**1,612**	**(4,030)**	**170**	**3,229**	**151**	**(148)**
Weighted average rate %		5.3	5.7	6.7	7.3	7.8	-
Off-balance sheet instruments		-	1,205	(56)	(1,085)	(64)	-
Weighted average rate %		-	4.8	6.2	6.0	6.3	-
Net mismatch		1,612	(2,825)	114	2,144	87	(148)
Cumulative mismatch		1,612	(1,213)	(1,099)	1,045	1,132	984

It should be noted that the banking entity of the economic entity uses this contractual repricing information as one of the tools to manage interest rate risk. Interest rate risk is primarily managed from a net interest income and market value perspective in the manner outlined above.

36 INTEREST RATE RISK (Continued)

1998 Financial Year

	Balance Sheet Total $m	0 to 1 month $m	1 to 6 months $m	7 to 12 months $m	1 to 5 years $m	Over 5 years $m	Non-interest bearing $m
Financial Assets							
Cash and short term liquid assets	216	170	-	-	-	-	46
Receivables due from other financial institutions	53	-	-	-	-	-	53
Trading securities	1,810	-	1,810	-	-	-	-
Investment securities	3	-	-	1	1	-	1
Loans, advances and other receivables	15,479	4,309	4,067	1,519	5,512	72	-
Statutory deposit with Reserve Bank of Australia	163	163	-	-	-	-	-
Other financial assets	311	-	-	-	-	-	311
Total financial assets	**18,035**	**4,642**	**5,877**	**1,520**	**5,513**	**72**	**411**
Weighted average rate %		7.2	7.0	8.0	8.2	8.2	-
Financial Liabilities							
Deposits and short term borrowings	11,846	3,997	6,985	404	460	-	-
Payables due to other financial institutions	56	-	-	-	-	-	56
Accounts payable and other liabilities	324	-	-	-	-	-	324
Bonds, notes and long term borrowings	4,449	-	3,021	240	1,181	7	-
Subordinated notes	463	-	60	-	393	10	-
Total financial liabilities	**17,138**	**3,997**	**10,066**	**644**	**2,034**	**17**	**380**
Weighted average rate %		2.9	5.2	5.8	6.8	8.2	-
Net assets	**897**	**645**	**(4,189)**	**876**	**3,479**	**55**	**31**
Weighted average rate %		5.2	5.9	7.3	7.8	8.2	-
Off-balance sheet instruments		-	2,052	(509)	(1,473)	(70)	-
Weighted average rate %		-	5.3	6.5	6.2	6.3	-
Net mismatch		645	(2,137)	367	2,006	(15)	31
Cumulative mismatch		645	(1,492)	(1,125)	881	866	897

37 MATURITY ANALYSIS OF MONETARY ASSETS AND LIABILITIES

The maturity distribution of monetary assets and liabilities relating to banking activities of the consolidated entity is based on contractual terms. The maturity analysis is as follows:

1999 Financial Year

	At call	Overdraft	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Unspecified	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Receivables due from other financial institutions	2	-	-	-	-	-	-	2
Investment securities	-	-	-	-	1	-	-	1
Loans, advances and other receivables	7	782	1,179	1,255	4,474	8,910	-	16,607
	9	**782**	**1,179**	**1,255**	**4,475**	**8,910**	**-**	**16,610**
Liabilities								
Deposits and short term borrowings	3,966	-	5,269	2,109	325	2	-	11,671
Payables due to other financial institutions	21	-	-	-	-	-	-	21
Bonds, notes and long term borrowings	11	-	561	1,086	2,888	7	-	4,553
Subordinated notes	-	-	-	-	-	403	173	576
	3,998	**-**	**5,830**	**3,195**	**3,213**	**412**	**173**	**16,821**

1998 Financial Year

	At call	Overdraft	0 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Unspecified	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Assets								
Receivables due from other financial institutions	53	-	-	-	-	-	-	53
Investment securities	1	-	-	-	2	-	-	3
Loans, advances and other receivables	8	553	366	1,150	3,709	9,693	-	15,479
	62	**553**	**366**	**1,150**	**3,711**	**9,693**	**-**	**15,535**
Liabilities								
Deposits and short term borrowings	4,259	38	4,932	1,901	634	82	-	11,846
Payables due to other financial institutions	56	-	-	-	-	-	-	56
Bonds, notes and long term borrowings	-	-	742	2,252	1,421	34	-	4,449
Subordinated notes	-	-	-	5	-	458	-	463
	4,315	**38**	**5,674**	**4,158**	**2,055**	**574**	**-**	**16,814**

It should be noted that the banking entity does not use this contractual maturity information as presented in the balance sheet management process. Additional factors are considered when managing the maturity profiles of the business.

38 CONCENTRATION OF DEPOSITS AND BORROWINGS

Details of the concentration of financial instruments used by the banking entity within the consolidated entity to raise funds are as follows:

	1999 $m	1998 $m
Australian funding sources		
Retail deposits	10,098	10,325
Wholesale funding		
Queensland Treasury Corporation Funding Facility	-	1,660
Other	92	8
Other domestic funding	3,944	2,647
	14,134	**14,640**
Overseas funding sources		
Wholesale funding		
Asian Debt Instrument Program	1,018	679
European Commercial Paper and Medium Term Note market	1,648	1,439
	2,666	**2,118**
	16,800	**16,758**

Exchange rates utilised:

AUD 1.00 Equals:

USD	0.65950
CAD	0.97535
EUR	0.63825
GBP	0.41865
HKD	5.11670
NZD	1.24655
CHF	1.02220
SEK	5.58105
DKK	4.74390
NOK	5.17880

39 DERIVATIVE FINANCIAL INSTRUMENTS

A derivative financial instrument is a financial instrument that provides the holder with the ability to participate in some or all of the price changes of a referenced financial instrument, commodity, index of prices, or the price of any specific item. It usually does not require the holder to own or deliver the referenced item. Derivatives enable holders to modify or eliminate risks by transferring them to other parties willing to assume those risks.

Derivative financial instruments are used by the consolidated entity to manage interest rate, foreign exchange and equity price risk arising from various banking and insurance activities. They are also used to a limited degree within the insurance investment portfolios where it is more efficient to use derivatives rather than physical securities in managing investment portfolios.

The accounting policies adopted by the consolidated entity in respect of derivatives are outlined in note 1(v).

Banking activities

The banking entity predominantly engages in hedging activities with respect to derivative financial instruments. Details of the outstanding hedging derivative contracts at the end of the financial year are as follows:

1999 Financial Year

	Face Value $m	Credit Equivalent $m	Fair Value $m
Exchange rate related contracts			
Forward exchange contracts	630	31	11
Cross currency swaps	2,165	96	57
Currency options	4	-	-
	2,799	**127**	**68**
Interest rate related contracts			
Forward rate agreements	400	4	-
Interest rate swaps	2,439	20	(16)
Interest rate futures	-	-	-
Interest rate options	1,194	5	1
	4,033	29	(15)
Total derivative exposures	**6,832**	**156**	**53**

1998 Financial Year

	Face Value $m	Credit Equivalent $m	Fair Value $m
Exchange rate related contracts			
Forward exchange contracts	408	31	26
Cross currency swaps	2,016	328	243
Currency options	15	-	-
	2,439	**359**	**269**
Interest rate related contracts			
Forward rate agreements	100	-	-
Interest rate swaps	3,791	26	(49)
Interest rate futures	-	-	-
Interest rate options	1,274	7	(1)
	5,165	**33**	**(50)**
Total derivative exposures	**7,604**	**392**	**219**

39 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

During the financial year the banking entity entered into discretionary foreign exchange and interest rate contracts with an open position (Value at Risk equivalent) of less than $250,000 (1998 less than $100,000) at balance date. Refer to note 35 for further details on value at risk.

The 'Face Value' is the notional or contractual amount of the derivatives. This amount acts as reference value upon which interest payments and net settlements can be calculated and on which revaluation is based.

The 'Credit Equivalent' is a number calculated using a standard Australian Prudential Regulation Authority formula and is disclosed for each product class. This amount is a measure of the on-balance sheet loan equivalent of the derivative contracts, which includes a specified percentage of the face value of each contract plus the market value of all contracts with an unrealised gain at balance date. The Credit Equivalent does not take into account any benefits of netting exposures to individual counterparties.

The 'Fair Value' of the derivative contract represents the net present value of the cash inflows and outflows required to extinguish the rights and obligations arising from the derivative in an orderly market as at reporting date. Fair value does not indicate future gains or losses, but rather the unrealised gains and losses from marking to market all derivatives at a particular point in time.

The fair value of derivative contracts vary over time depending on movements in interest and exchange rates and hedging strategies used.

Insurance activities

The general insurance business has a forward foreign exchange contract in relation to the overseas investment portfolio. Under the contract, the consolidated entity agrees to exchange specified amounts of United States dollars at an agreed future date, at a specified exchange rate. Details of the hedging undertaken through the operation of this derivative contract are set out in note 34.

The use of derivative financial instruments to mitigate adverse movements in interest rate and equity markets include the use of interest rate futures contracts and exchange traded interest rate and equity options. The details of notional principal amounts and remaining terms of these derivative financial instruments at balance date are as follows:

	1999		1998	
	Average Interest Rate %	Notional Principal Amount $m	Average Interest Rate %	Notional Principal Amount $m
Less than one year	6.0	474	6.0	(96)

Derivative financial instruments are investments integral to insurance activities and are measured at net market value. Changes in market value are recognised in the profit and loss statement. The net fair values of the derivative financial instruments at balance date are as follows:

	1999		1998	
	Carrying Value $m	Face Value $m	Carrying Value $m	Face Value $m
Total interest rate futures contracts	-	402	-	(59)
Total forward foreign exchange contracts	64	63	91	92
Equity futures	-	(104)	-	(9)
Other derivative financial instruments	-	59	-	-
	64	**420**	**91**	**24**

The futures contracts have no carrying value as the margin deposits are classified as cash in the balance sheet.

40 DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

These amounts represent estimates of net fair values at a point in time and require assumptions and matters of judgement regarding economic conditions, loss experience, risk characteristics associated with particular financial instruments and other factors. Therefore, they cannot be determined with precision and changes in the assumptions could have a material impact on the amount estimated. Fair values of financial instruments at balance date are as follows:

	1999		1998	
	Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
	$m	$m	$m	$m
Financial Assets				
Cash and short term liquid assets	186	186	424	424
Receivables due from other financial institutions	2	2	53	53
Trading securities	1,149	1,149	1,810	1,810
Investment securities	2,390	2,390	2,183	2,183
Loans, advances and other receivables	16,769	16,836	15,812	15,936
Statutory deposit with Reserve Bank of Australia	170	170	163	163
Other financial assets	148	148	337	337
Financial Liabilities				
Deposits and short term borrowings	11,671	11,724	11,846	11,910
Payables due to other financial institutions	21	21	56	56
Accounts payable and other liabilities	363	363	449	449
Bonds, notes and long term borrowings	4,553	4,569	4,449	4,502
Subordinated notes	576	576	463	499
Asset and liability hedges - unrealised losses		(10)		(33)

The estimated net fair values disclosed do not include the value of assets and liabilities that are not considered financial instruments. In addition, the value of long term relationships with depositors and other customers are not reflected. The value of these items is significant, and the aggregate net fair value amount should in no way be construed as representative of the underlying value of the consolidated entity.

The following methodologies and assumptions were used to determine the net fair value estimates:

40 DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Financial Assets

As cash and liquid assets and receivables due from other financial institutions are short term in nature or are receivable on demand, their carrying value approximates their net fair value. Trading securities and investment securities integral to insurance activities are carried at net market value which equates to net fair value. Net fair value for investment securities integral to banking activities has been determined on a similar basis.

The carrying value of loans, advances and other receivables is net of general and specific provisions for impairment and interest reserved. For variable rate loans, excluding impaired loans, the carrying amount is considered a reasonable estimate of net fair value. The net fair value for fixed rate loans was calculated by utilising discounted cash flow models to determine the net present value of the portfolio future principal and interest cash flows, based on the interest rate repricing of the loans. The discount rates applied were based on the current rate offered by the banking entities on the interest rate repricing of the loans.

For the financial year ending 30 June 1999, the Banking Act required that the consolidated banking entity lodge regulatory deposits with the Reserve Bank of Australia at a rate of interest below that generally prevailing in the market. The net fair value of these non-callable deposits is assumed to be equal to the carrying value as the consolidated entity is only able to continue as a going concern with the maintenance of these deposits. From 1 July 1999, the requirement for holding non-callable deposits with the Reserve Bank of Australia has been removed, and accordingly deposited funds have been returned.

For all other financial assets, the carrying value is considered to be a reasonable estimate of net fair value.

Financial Liabilities

The carrying value at balance date of non-interest bearing, call and variable rate deposits, and fixed rate deposits repricing within six months, is the net fair value. Discounted cash flow models are used to calculate the net fair value of other term deposits based upon deposit type and related maturities. As the payables due to other financial institutions are short term in nature, their carrying value approximates their net fair value.

The net fair value of bonds and long term borrowings, including subordinated notes, are calculated based on either the quoted market prices at balance date or, where quoted market prices were not available, a discounted cash flow model using a yield curve appropriate to the remaining maturity of the instrument.

For all other financial liabilities which are short term in nature, the carrying value is considered to be a reasonable estimate of net fair value. For longer term liabilities, net fair values have been estimated using the rates currently offered by the banking entity for similar liabilities with similar remaining maturities.

Contingent Financial Liabilities

The net fair value of commitments to extend credit, letters of credit, guarantees, warranties and indemnities issued was not calculated as estimated fair values are not readily ascertainable. These financial instruments generally relate to credit risk and attract fees in line with market prices for similar arrangements. They are not sold or traded by the consolidated entity. The items generally do not involve cash payments other than in the event of default. The fee pricing is set as part of the broader customer credit process and reflects the probability of default. The net fair value may be represented by the present value of fees expected to be received, less associated costs. The overall level of fees involved is not material.

Other off-balance sheet financial instruments

Net fair value of asset and liability hedges is based on quoted market prices, or broker and dealer price quotations. The net fair value of trading and investment derivative contracts was obtained from quoted market prices, discounted cash flow models or option pricing models as appropriate. The net fair values of these instruments are set out in note 39.

41 DETAILS OF CONTROLLED ENTITIES

Suncorp-Metway Ltd

Controlled entities of Suncorp-Metway Ltd

Metway Credit Corporation Limited
Austman Pty Ltd (1)
SUNCORP-Metway-QIDC Staff Pty Ltd
Metway Leasing Limited
Gammaton Pty Ltd (1)
Metway Star Limited
Abbott & Williams Pty Ltd (1)
Derringhurst Pty Ltd (1)
Excelle Pty Ltd
SIS Super Pty Ltd (1)
SUNCORP Staff Super Pty Ltd (1)
SBS Services Pty Ltd (1)
Wirrawood Pty Ltd (1)
SME Management Pty Ltd

Graham & Company Limited

Controlled entities of Graham & Company Limited

Graham & Company Mortgages Limited
Graham & Company Securities Limited
LJ Hooker Home Loans Limited
Grahco Investments Pty Limited (1)

Controlled entities of Grahco Investments Pty Limited

Plant Location International (Australia) Pty Ltd (1)

Hooker Corporation Limited

Controlled entities of Hooker Corporation Limited

LJ Hooker Limited
Hooker Corporate (ACT) Pty Ltd (1)
Hooker Corporate (QLD) Pty Ltd (1)
Hooker Corporate (SA) Pty Ltd (1)
Hooker Corporate (TAS) Pty Ltd (1)
Hooker Corporate (VIC) Pty Ltd (1)
Hooker Corporate (WA) Pty Ltd (1)
Hooker (Superannuation) Pty Ltd (1)
LJ Hooker Limited (incorporated in the United Kingdom) (2)
LJ Hooker Limited (incorporated in Hong Kong) (2)
LJ Hooker (Singapore) Pte Ltd (incorporated in Singapore) (2)
LJ Hooker (NZ) Limited (2)

Controlled entities of L J Hooker (NZ) Limited

LJ Hooker Group Ltd (formerly Challenge Realty Services Limited (incorporated in New Zealand)) (2)
Challenge Realty Group Limited (incorporated in New Zealand) (2)
LJ Hooker Limited (incorporated in New Zealand) (2)

Metfin Capital Pty Ltd

Controlled entities of Metfin Capital Pty Ltd

Malk Investments Pty Ltd
Metway Nominees Pty Ltd
Eddsvoid Pty Ltd
Shelbourne Investments Pty Ltd
Lizars Investments Pty Ltd

QIDC Limited

Controlled entities of QIDC Limited

QIDC Superannuation Nominees Pty Ltd (1)

Suncorp Finance Limited

Controlled entities of Suncorp Finance Limited

Permanent Holdings Pty Ltd
Permanent Finance Corporation (Aust) Pty Ltd
PFC Finance Pty Ltd
PFC Finance Pty Ltd/Kenlynn Pty Ltd Partnership (50% interest)
Medical and Commercial Finance Corporation Limited

Controlled entities of Medical & Commercial Finance Corporation Limited

Medical and Commercial Finance Limited (3)
Queensland Medical Finance Pty Limited (1)

Suncorp Metway Insurance Ltd (formerly SUNCORP General Insurance Ltd)

Controlled entities of Suncorp Metway Insurance Ltd

SUNCORP General Investments Limited
LJ Hooker Financial Services Limited
SGIL Cairns Trust
The Park Road Property Trust (62% interest)

Suncorp Metway Investment Management Limited (formerly SUNCORP Investment Management Limited)

Controlled entities of Suncorp Metway Investment Management Limited

SUNCORP Custodian Services Pty Ltd
SUNCORP Property Management Limited

Controlled entities of SUNCORP Property Management Limited

SUNCORP Property Funds Management Limited

Suncorp Life and Superannuation Limited

Controlled entities of Suncorp Life and Superannuation Limited

Metway Corporation Limited
SIP Super Pty Ltd
SUNCORP Asset Management Limited
SUNCORP Superannuation Pty Ltd
SUNCORP Financial Planning Pty Ltd

41 DETAILS OF CONTROLLED ENTITIES (Continued)

Except as otherwise noted, the Company's beneficial interest in all controlled entities is 100% and all are incorporated in Australia.

(1) A number of controlled entities are small proprietary companies. Accordingly, they are not required to produce, and have not produced, audited financial statements.

(2) Audited by another member firm of KPMG International.

(3) Subsequent to year end the consolidated entity deregistered the company. Accordingly, the company is not required to produce and has not produced, audited financial statements.

42 ACQUISITION AND DISPOSAL OF CONTROLLED ENTITIES

(a) Acquisition

The following controlled entities were acquired during the financial year by the consolidated entity:

- On 25 September 1998 SME Management Pty Limited was incorporated and on that date became a controlled entity of Suncorp-Metway Ltd. The operating results of the entity from that date have been included in consolidated operating profit.
- On 31 March 1999 Medical & Commercial Finance Corporation Limited became a wholly owned controlled entity within the consolidated entity upon the acquisition of the remaining 50 percent of its issued capital by Suncorp Finance Limited for $172,500. The operating results of the entity from that date have been included in consolidated operating profit.

During the financial year ended 30 June 1998 there were no acquisitions of controlled entities by the economic entity.

(b) Disposal

During the financial year the consolidated entity deregistered small proprietary companies which had ceased to trade.

During the financial year ended 30 June 1998 the consolidated entity disposed of its interests in various investment trusts established by Suncorp Metway Investments Management Limited and DDH Graham, formerly Graham & Company Financial Services Limited. No material adjustments were recognised as a result of these events.

43 FIDUCIARY ACTIVITIES

The consolidated entity conducts investment management and other fiduciary activities as trustee, custodian or manager for various investment funds and trusts, including superannuation and approved deposit funds, wholesale and retail unit trusts. Details of the funds concerned, which are not included in the consolidated entity's balance sheet, are as follows:

Life Insurance Statutory Funds

The life insurance business of Suncorp Life and Superannuation Limited is carried out within life insurance statutory funds. The policyowners' interests in these statutory funds do not form part of the assets to which the consolidated entity is entitled and therefore are not consolidated. Details of the assets and liabilities of the statutory funds at balance date are:

	1999 $m	1998 $m
Assets		
Investment assets held directly		
Equities	545	393
Interest bearing securities	978	1,094
Other investments	20	23
Investment assets held indirectly		
Unit trusts	931	889
Total investment assets	2,474	2,399
Other assets	79	84
	2,553	**2,483**
Liabilities		
Gross policy liabilities	2,066	1,989
Provisions	57	61
Other liabilities	104	114
	2,227	**2,164**
Net assets of policyowners and consolidated entity	326	319
Retained profits attributable to policyowners	(229)	(229)
Consolidated entity's interest in statutory funds	**97**	**90**

Other funds managed

The consolidated entity manages funds on behalf of third parties. At 30 June 1999 the value of these assets under management was $775 million (1998: $806 million). These assets are not controlled by the consolidated entity and, therefore, are not consolidated.

44 RELATED PARTY INFORMATION

Directors and director related entities

The names of each person who held the position of director of the Company during the financial year were:

R John Lamble AO
W Steven Jones
Patricia A Cross
John D Story
James J Kennedy AO, CBE
Martin D E Kriewaldt
Rodney F Cormie
Frank C B Haly AO
Barry Thornton KSJ (Resigned 25 May 1999)
Geoffrey A Tomlinson (Appointed 26 May 1999)

The Australian Securities & Investments Commission issued class order 98/0110 on 10 July 1998 which relieves directors of Australian banks and companies controlled by Australian banks from disclosure of bank loans and other financial instrument transactions made in the ordinary course of business, other than loans and financial instrument transactions to a director of the Company. This relief does not extend to shares and share options.

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

Loans to Directors

Loan facilities to directors of the Company, from the Company and its controlled entities, are extended under the normal terms and conditions applicable to customers, or in respect of loans to executive directors, on the same terms and conditions as apply to other employees of the consolidated entity in accordance with established policy.

	1999 $000	1998 $000
Loans to Directors		
WS Jones	**400**	**400**

The current interest rate payable is 6.9 percent. The principal amount is repayable at any time before 17 November 2017. Interest received on the loan was $27,327 (1998 $13,429). The loan is secured by registered mortgage over his residence.

	1999 $000	1998 $000
Balance at the beginning of the financial year	400	-
Advanced during the year	-	400
Repayments made	-	-
Balance at the end of the financial year	**400**	**400**

44 RELATED PARTY INFORMATION (Continued)

Directors and director related entities (continued)

Shareholdings

The number of shares and exchange instalment notes held by directors of the Company and director related entities in the Company are set out below:

Shares	Ordinary Shares 1999	Ordinary Shares 1998	Preference Shares Series 2 1999	Preference Shares Series 2 1998
Balance at the beginning of the financial year	291,378	385,028	376	376
Directors appointed during the financial year	-	-	-	-
Directors no longer in office	-	-	-	-
Series 1 Preference Shares converted to ordinary shares	-	-	-	-
Net purchases (sales) on market	(72,666)	(93,650)	132	-
Balance at the end of the financial year	**218,712**	**291,378**	**508**	**376**

Notes	Exchanging Instalment Notes Series 1 1999	Exchanging Instalment Notes Series 1 1998	Exchanging Instalment Notes Series 2 1999	Exchanging Instalment Notes Series 2 1998
Balance at the beginning of the financial year	186,000	N/A	N/A	
Directors appointed during the financial year	-			
Directors no longer in office	-			
Net purchases (sales) on market	(114,000)	186,000	149,000	
Balance at the end of the financial year	**72,000**	**186,000**	**149,000**	

Directors of the Company and director related entities received normal dividends on these shares. Details of the directors' shareholdings in the Company at the date of signing these financial statements are set out in the Directors' Report.

Share options

The Extraordinary General Meeting of Shareholders held on 14 March 1997 approved, pursuant to the Company's Executive Option Plan, the issue of up to two million options to subscribe for two million fully paid ordinary shares in the Company to Budmore Investments Pty Ltd, the trustee of the W S Jones Family Trust, of which Mr W Steven Jones (Managing Director) is a beneficiary.

On 26 March 1997, two million options were granted under the Plan at a price of $5.51 each, being the weighted average market price of the Company's ordinary shares on the Australian Stock Exchange on the five consecutive trading days preceding the date the options were granted.

The options granted to Budmore Investments Pty Ltd for the benefit of Mr Jones are exercisable in three tranches:

- tranche 1 - maximum 650,000 shares on or after 6 July 1999 based on a market share price of not less than $6.00
- tranche 2 - maximum 700,000 shares on or after 6 July 2000 based on a market share price of not less than $6.50
- tranche 3 - maximum 650,000 shares on or after 6 July 2001 based on a market share price of not less than $7.00.

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 26 March 1997 and the respective exercise dates. This condition has already been satisfied in respect to all tranches.

44 RELATED PARTY INFORMATION (Continued)

The total option price has been satisfied by Mr Jones executing a legally binding interest free Promise to Pay. Under the terms of the Promise to Pay, Mr Jones will be required to pay to the Company the total option price in respect of those options at the time they are exercised.

The options expire on the termination of services provided by Mr Jones or five years after the date the options were granted.

Other transactions of directors and director related entities

Financial instrument transactions

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

Transactions other than financial instrument transactions

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

Mr M D E Kriewaldt is a partner in the firm of Allen Allen and Hemsley, Solicitors, which from time to time renders legal services to the Company in the ordinary course of business. Fees paid to the firm during the financial year amounted to $226,531 (1998: $371,615).

Mr J D Story is a partner in the firm of Corrs Chambers Westgarth, Solicitors, which from time to time renders legal services to the Company in the ordinary course of business. Fees paid to the firm during the financial year amounted to $562,747 (1998: $1,141,851).

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

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

Transactions with entities in the wholly owned group and other related parties.

The wholly owned group consists of Suncorp-Metway Ltd and its wholly owned and controlled entities disclosed in note 41.

Transactions between the Company and related parties in the wholly owned group during the financial years ended 30 June 1999 and 30 June 1998 consisted of advances made and repaid, dividends received and paid, insurance premiums received and paid, fees received and paid for administrative, property and portfolio management services, and interest received and paid. All these transactions were on a normal commercial basis.

Aggregate amounts resulting from transactions with members of the wholly owned group that have been included in the operating result before tax are disclosed in notes 2 and 3.

	Company	
	1999	1998
	$m	$m
Current amounts receivable		
Controlled entities	1,045	2,676
Current amounts payable		
Controlled entities	104	5

Other related party information is disclosed in notes 14, 19, 33, 41, 42, 43 and 45.

45 REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

(a) Directors remuneration

Total amount received or due and receivable by directors of the Company for the year ended 30 June 1999 was:

	Base Emolument (1)	Bonus (2)	Shares Issued (3)	Other Compensation (4)	Total Compensation	Retirement Benefits (5)	Total
	$	$	$	$	$	$	$
Executive Director							
W S Jones	892,932	243,000	750	58,239	1,194,921	-	1,194,921
Non-Executive Directors							
R J Lamble	156,500	-	-	10,955	167,455	156,500	323,955
M D E Kriewaldt	133,125	-	-	9,319	142,444	124,125	266,569
R F Cormie	88,625	-	-	6,204	94,829	88,625	183,454
P A Cross	74,000	-	-	5,180	79,180	74,000	153,180
F C B Haly	89,417	-	-	6,259	95,676	(22,083)	73,593
J J Kennedy	68,000	-	-	4,760	72,760	68,000	140,760
J D Story	76,250	-	-	5,338	81,588	18,250	99,838
B Thornton	68,917	-	-	4,824	73,741	68,917	142,658
G A Tomlinson	6,318	-	-	-	6,318	3,200	9,518

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 1999.

3 Reflects shares to be issued to employees to the value of $750 in respect of the year ended 30 June 1999.

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

5 The retirement benefit represents the movement in the Provision for Retirement Benefits.

45 REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS (Continued)

(a) Directors remuneration (continued)

The numbers of directors of the Company whose income from the Company or controlled entities falls within the following bands are:

	Company	
	1999 Number	1998 Number
Amount		
$0 to $9,999	1	-
$60,000 to $69,999	-	1
$70,000 to $79,999	3	2
$80,000 to $89,999	1	3
$90,000 to $99,999	2	1
$140,000 to $149,999	1	-
$160,000 to $169,999	1	1
$1,180,000 to $1,189,999	-	1
$1,190,000 to $1,199,999	1	-

The remuneration bands are not consistent with the emoluments disclosed above as the basis of calculation differs due to differing requirements of the Corporations Law and the Accounting Standard.

	Consolidated		Company	
	1999 $000	1998 $000	1999 $000	1998 $000
Total income paid or payable, or otherwise made available to directors of the Company, from the Company or any related party			**2,008**	**1,901**
Total income paid or payable to all directors of each entity in the consolidated entity, from the Company or any related party	**2,071**	**2,025**		

Income received by non-executive directors of the Company and its controlled entities during the financial year amounted to $776,000 (1998: $716,000). At the Extraordinary General Meeting of Suncorp-Metway Ltd held on 14 March 1997, shareholders approved a maximum amount of income payable to such directors of $1,500,000.

(b) Directors' retirement benefits

	Consolidated 1999 $000	Consolidated 1998 $000	Company 1999 $000	Company 1998 $000
Amounts provided during the current financial year in respect of non-executive directors of the Company and controlled entities in connection with retirement from office, being amounts previously approved by shareholders in a general meeting	**580**	**1,458**	**580**	**1,458**

45 REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS (Continued)

(c) 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 1999.

Name [1]	Base Emolument [2]	Bonus [3]	Shares Issued [4]	Fair Value of Options granted during the year	Other Compen-sation [5]	Total Compen-sation	Options Granted during the Year [6]	Exercise Price	Strike Price [7]	Date First Exercis-able
	$	$	$	$	$	$		$	$	
G J Moynihan	420,561	100,000	750	267,240	29,439	817,990	51,000	7.96	9.00	16 June 2001
							51,000	7.96	9.50	16 June 2002
							51,000	7.96	10.00	16 June 2003
A J Hogendijk	453,300	100,000	750	-	-	554,050	-			
P S Johnstone	352,933	55,000	750	143,170	7,067	558,920	27,000	7.96	9.00	16 June 2001
							27,000	7.96	9.50	16 June 2002
							28,000	7.96	10.00	16 June 2003
M W Blucher	352,933	72,000	750	113,480	7,067	546,230	21,000	7.96	9.00	16 June 2001
							22,000	7.96	9.50	16 June 2002
							22,000	7.96	10.00	16 June 2003
D Wilkie [8]	76,026	-	-	515,667	1,177	592,870	116,667	8.81	9.75	3 Nov 2001
							116,667	8.81	10.25	3 Nov 2002
							116,666	8.81	10.75	3 Nov 2003

1 The senior executives are those executives responsible for the 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 1999.

4 Reflects shares to be issued to employees to the value of $750 in respect of the year ended 30 June 1999.

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

6 Refer to Note 51 for details of the valuation of options granted and an explanation of the performance hurdles that must be achieved before the options can be exercised. 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.

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

8 From commencement of employment in April 1999.

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.

45 REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS (Continued)

(c) Executive officers' remuneration (continued)

The numbers of executive officers (including the Managing Director included in note 45(a)) whose income from the Company or controlled entities falls within the following bands are:

	Consolidated		Company	
	1999 Number	1998 Number	1999 Number	1998 Number
Amount				
$220,000 to $229,999	-	1	-	1
$230,000 to $239,999	-	1	-	1
$240,000 to $249,999	-	1	-	1
$250,000 to $259,999	-	1	-	1
$330,000 to $339,999 (2)	1	1	1	1
$390,000 to $399,999	-	1	-	1
$420,000 to $429,999 (2)	1	-	1	-
$430,000 to $439,999	1	-	1	-
$500,000 to $509,999	-	2	-	2
$540,000 to $549,999	1	-	1	-
$550,000 to $559,999	2	-	2	-
$590,000 to $599,999	1	-	1	-
$810,000 to $819,999	1	-	1	-
$1,120,000 to $1,129,999 (1)	-	1	-	1
$1,180,000 to $1,189,999	-	1	-	1
$1,190,000 to $1,199,999	1	-	1	-
$2,410,000 to $2,419,999 (1)	-	1	-	1

(1) Includes a redundancy payment
(2) Includes a retirement payment

The remuneration bands are not consistent with the emoluments disclosed above as the basis of calculation differs due to differing requirements of the Corporations Law and the Accounting Standard.

	$000	$000	$000	$000
Total income paid or payable (including superannuation contributions) from any related party to executive officers (including the Managing Director included in note 45(a)) whose income exceeds $100,000	**5,464**	7,439	**5,464**	7,439

The above table discloses data in respect of only those officers who are responsible for the strategic direction and operational management of the Company and its controlled entities and includes redundancy benefit payments of $nil (1998: $3,178,393).

	Consolidated		Company	
	1999	**1998**	**1999**	**1998**
	$000	$000	$000	$000

46 REMUNERATION OF AUDITORS

	Consolidated 1999 $000	Consolidated 1998 $000	Company 1999 $000	Company 1998 $000
Auditors of the Company				
Audit services - statutory audit	950	1,067	610	535
- half year review	150	175	80	89
Other services	298	588	229	299
	1,398	**1,830**	**919**	**923**

47 CONTINGENT LIABILITIES AND CREDIT COMMITMENTS

There are claims and possible claims against companies in the consolidated entity, the aggregate amount of which cannot be readily quantified. Where considered appropriate, legal advice has been obtained and provisions have been made as deemed necessary. The consolidated entity does not consider that the outcome of any such claims known to exist at the date of this report, either individually or in aggregate, is likely to have a material effect on its operations or financial position.

Details of contingent liabilities for which no provisions are included in these financial statements are as follows:

- In the ordinary course of business, various types of contracts are entered into relating to the financing needs of customers, including commitments to extend credit, letters of credit and financial guarantees. The consolidated entity uses the same credit policies and assessment criteria in making these commitments and conditional obligations as it does for on-balance sheet instruments.
- The consolidated entity has given guarantees and undertakings in the ordinary course of business in respect to credit facilities and rental obligations.
- Certain controlled entities act as trustee for various trusts. In this capacity, the controlled entities are liable for the debts of the trusts and are entitled to be indemnified out of the trust assets for all liabilities incurred on behalf of the trusts.
- In the ordinary course of business the consolidated entity enters into various types of investment contracts, including derivative positions, that can give rise to contingent liabilities. It is not expected that any significant liability will arise from these types of transactions as any losses or gains are offset by corresponding gains or losses on the underlying exposures.
- The consolidated entity has rediscounted commercial bills previously accepted or endorsed by a bank. In the event that a liability was to arise in respect to a commercial bill rediscounted, the consolidated entity would have a legal claim of an equal amount against other parties to the bill. The total face value of commercial bills rediscounted at 30 June 1999 is $29 million (1998: $165 million).
- The consolidated entity has various repurchase obligations in favour of parties holding units in The Park Road Property Trust. The maximum liability at 30 June 1999 is $6 million (1998: $6 million).
- A controlled entity, Suncorp Metway Insurance Ltd, entered into lease securitisation and defeasance transactions in May 1993 under which the company is required to reassume the liability for instalment payments due under certain conditions, such as default under its obligations as lessor or an unremedied breach of warranty, representation or covenant in relation to the original documents. The net present value of the total amount of principal and interest instalments outstanding as at 30 June 1999 is approximately $66 million (1998: $69 million). In the event of crystalisation of this liability, that entity would reassume the interest in the leasehold over the two properties.

47 CONTINGENT LIABILITIES AND CREDIT COMMITMENTS (Continued)

Suncorp Metway Insurance Ltd deposited funds into certain reserve fund accounts to cover its future lessor obligations and contributions arising from failure of rental income increases to meet movements in the Consumer Price Index. Suncorp Metway Insurance Ltd retains beneficial ownership of these accounts which are operated by the manager under the supervision of the trustee. At 30 June 1999 the balance of the reserve fund accounts was $6 million (1998: $6 million) and the balance of the rent accounts was $1 million (1998: $1million). The prospect of a resumption of liability has been reviewed and is assessed as highly improbable.

- In respect of the sale of properties, undertakings have been provided by Suncorp Metway Insurance Ltd to purchasers in relation to costs which may arise due to conditions existing prior to sale for which the purchasers were not notified. The amounts attributable cannot be quantified and it is considered unlikely that any material liability will arise in respect of these items. In some cases, counter claims would be available against design engineers and other contractors to recover any liability incurred by the Company.
- The consolidated entity has an effective interest in 50 percent of the capital units of the CMS Property Trust. A deed of guarantee has been provided by a controlled entity to holders of income units in the trust. The controlled entity guarantees payments of distributions to income unit holders required to be made pursuant to the trust deed of the CMS Property Trust.

Detailed below are the notional amounts of contingent liabilities and credit commitments together with their credit equivalent amounts determined in accordance with the capital adequacy guidelines set out by the Australian Prudential Regulation Authority:

	Consolidated		Company	
	1999	**1998**	**1999**	**1998**
	$m	$m	$m	$m
Notional amounts				
Guarantees entered into in the normal course of business	127	181	126	125
Commitments to provide loans and advances	2,007	1,552	2,007	1,308
	2,134	**1,733**	**2,133**	**1,433**
Credit equivalent amounts				
Guarantees entered into in the normal course of business	66	89	66	61
Commitments to provide loans and advances	1,577	1,215	1,577	1,063
	1,643	**1,304**	**1,643**	**1,124**

48 LEASE COMMITMENTS

Operating leases

Aggregate future operating lease rentals contracted for but not provided in the financial statements are payable as follows:				
Not later than one year	26	26	26	26
Later than one year but not later than two years	20	20	20	20
Later than two years but not later than five years	37	20	37	20
Later than five years	2	2	2	2
	85	**68**	**85**	**68**

	Consolidated		Company	
	1999	**1998**	**1999**	**1998**
	$m	$m	$m	$m

49 CAPITAL EXPENDITURE COMMITMENTS

Expenditure contracted for but not provided in the financial statements is payable as follows:				
Not later than one year	**4**	1	**-**	-

50 SUPERANNUATION COMMITMENTS

Prior to 1 October 1998, the consolidated entity contributed to various employee superannuation funds covering eligible employees. These funds comprised defined benefit funds and defined contribution funds (accumulation funds). In the case of defined benefit funds, an actuarial assessment of each fund is made not less than every three years. At the date of the last review of each fund, the actuary (Mr N G Spencer, BSc, FIAA) concluded that the assets of the funds are sufficient to meet all the benefits payable in the event of the funds' termination, or the voluntary or compulsory termination of employment of each employee. From 1 October 1998, all the superannuation funds merged and benefits accruing from that date were accumulation benefits.

Contributions to the defined benefit plans during the year ended 30 June 1999 were $1 million (1998: $5 million).

Defined benefit fund assets at net market value and vested benefits of the funds based on the most recent actuarial reviews are as follows:

	Consolidated	
	1999	**1998**
	$m	$m
SUNCORP Staff (Closed) Superannuation Plan		
Details last review as at 30 June 1996:		
Plan assets at net market value	87	87
Total accrued benefits	(70)	(70)
Excess	17	17
Total vested benefits	**71**	**71**
Queensland Industry Development Corporation Superannuation Scheme		
Details last review as at 30 June 1998:		
Plan assets at net market value	17	16
Total accrued benefits	(12)	(12)
Excess	5	4
Total vested benefits	**12**	**13**

The actuarial assessment of SUNCORP Staff (Closed) Superannuation Plan is due as at 30 June 1999. The actuary has 12 months from 30 June 1999 to complete the review.

51 OWNERSHIP BASED REMUNERATION PLANS

At an Extraordinary General Meeting of the Company held on 14 March 1997, shareholders approved:

- an Exempt Employee Share Plan (EESP)
- a Deferred Employee Share Plan (DESP) and
- an Executive Option Plan (EOP)

for the purpose of promoting participation of employees in the ownership of the Company. Under both the EESP and DESP, an unrelated special purpose custodial plan company will acquire ordinary shares in the Company either in ordinary trading on the Australian Stock Exchange or from a new issue of ordinary shares by the Company. Features of the Plans are as follows:

Feature	EESP	DESP	EOP
Eligibility	Employees having completed 12 month's service (or less at discretion of Board)	Employees having completed 12 month's service (or less at discretion of Board)	Executive officers or their associates as approved by Board
Share / option allocation	Equal value per eligible employee on conditions as determined by Board	On conditions as determined by Board	At discretion of Board
Price to employee	Nil or as part of remuneration	Nil, shares will be funded from or as part of remuneration	Option price: market value of underlying share at date of grant Exercise price: as determined by Board
Vesting	Fully vested, not subject to forfeiture	If provided as part of remuneration: fully vested If subject to performance: will vest when criteria satisfied	Exercise period: as determined by Board Lapse date: subject to certain conditions, the earlier of 5 years from date of grant and a date determined by Board at time of invitation to participate Price hurdle as determined by Board
Minimum holding period	3 years from date of allocation, or upon cessation of employment	None	As determined by Board
Plan maximum limit	5% of total shares on issue	5% of total shares on issue	Underlying shares of unexercised options: 5% of total shares on issue

An amount of $4,106,000 was paid during the financial year in respect of 480,000 shares (100 per employee) purchased on the Australian Stock Exchange and allocated to eligible employees under the EESP on 1 October 1998. Amounts were set aside in the previous financial year in relation to these purchases. A further amount of $4,362,000 was paid during the year to purchase 500,000 shares on the Australian Stock Exchange that may be allocated in whole or in part to eligible employees under the EESP on 1 October 1999.

During the financial year 135,447 ordinary shares and 35,136 State of Queensland Exchanging Instalment Notes Series 1 shares were transferred to eligible employees under the DESP.

51 OWNERSHIP BASED REMUNERATION PLANS (Continued)

Options may only be exercised within the limitations imposed by the Corporations Law and the Australian Stock Exchange Listing Rules. Under the Australian Stock Exchange Listing Rules, options may not be issued to company directors under an employee incentive scheme without specific shareholder approval. Shareholders approved the issue of options (and shares resulting from exercise of those options) to the Managing Director at the general meeting on 14 March 1997.

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 on issue at 30 June 1999 (2), (3)	Fair Value of Options Granted During the Year (4) $
26 March 1997	6 July 1999	26 March 2002	5.51	6.00	650,000	N/A
26 March 1997	6 July 2000	26 March 2002	5.51	6.50	700,000	N/A
26 March 1997	6 July 2001	26 March 2002	5.51	7.00	650,000	N/A
10 September 1997	31 March 2000	10 September 2002	6.79	7.00	196,000	N/A
10 September 1997	31 March 2001	10 September 2002	6.79	7.50	197,000	N/A
10 September 1997	31 March 2002	10 September 2002	6.79	8.00	197,000	N/A
17 December 1997	31 March 2000	17 December 2002	7.19	7.00	40,000	N/A
17 December 1997	31 March 2001	17 December 2002	7.19	7.50	40,000	N/A
17 December 1997	31 March 2002	17 December 2002	7.19	8.00	40,000	N/A
15 January 1998	15 July 2000	15 January 2003	7.56	7.56	250,000	N/A
16 December 1998	16 June 2001	16 December 2003	7.96	9.00	119,500	215,100
16 December 1998	16 June 2002	16 December 2003	7.96	9.50	121,000	211,750
16 December 1998	16 June 2003	16 December 2003	7.96	10.00	122,000	206,180
3 June 1999	3 November 2001	3 June 2004	8.81	9.75	116,667	176,167
3 June 1999	3 November 2002	3 June 2004	8.81	10.25	116,667	172,667
3 June 1999	3 November 2003	3 June 2004	8.81	10.75	116,666	166,832
3 June 1999	3 November 2001	3 June 2004	8.81	9.75	13,334	20,134
3 June 1999	3 November 2002	3 June 2004	8.81	10.25	13,333	19,733
3 June 1999	3 November 2003	3 June 2004	8.81	10.75	13,333	19,066
					3,712,500	

1 The exercise price of options 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 Comparative information for 1998 option issues is not available.

4 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. Other than 409,000 options in respect of employees who resigned, no options expired during the year ended 30 June 1999.

The market price of the Company's shares at 30 June 1999 was $9.00.

Directors' declaration

In the opinion of the directors of Suncorp-Metway Ltd:

(a) the financial statements and notes, set out on pages 1 to 70 are in accordance with the Corporations Law, including:

  (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 1999 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

  (ii) complying with Accounting Standards and the Corporations Regulations; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 26th day of August 1999

Signed in accordance with a resolution of the directors:

John Lamble

R John Lamble AO
Chairman

Steve Jones

W Steven Jones
Managing Director

Independent Auditor's Report to the Members of Suncorp-Metway Ltd

Scope

We have audited the financial report of Suncorp-Metway Ltd for the financial year ended 30 June 1999, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes, and the directors' declaration set out on pages 1 to 71. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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

Audit Opinion

In our opinion, the financial report of Suncorp-Metway Ltd is in accordance with:

(a) the Corporations Law, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 1999 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

K P M G

KPMG

Chartered Accountants

Ian Fraser

Ian H Fraser

Partner

Brisbane 26 August 1999

Metropolitan Permanent Building Society Trust

Financial statements for the year ended 30 June 1999

BALANCE SHEET

As at 30 June 1999	1999 $	1998 $
Assets		
Investments at cost (unquoted)		
2,000 non-participating shares - fully paid in Suncorp-Metway Ltd	1,000	1,000
Capital		
Initial sum	1,000	1,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 1999

1. Statement of significant accounting policies

The significant policies that have been adopted in the preparation of the financial report, are:

Basis of Preparation

The financial report of the Trust is a general purpose financial report which has been drawn up in accordance with the requirements of Accounting Standards, Urgent Issues Group Consensus Views, and other authoritative pronouncements of the Australian Accounting Standards Board, the provisions of the Trust Deed dated 23 March 1988 and the requirements of law. Except where otherwise stated, the financial report has been prepared on the basis of historical costs and does not take into account changing money values. These accounting policies have been consistently applied.

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present values.

2. Profit and loss statement and statement of cash flows

The Trust did not undertake any financial transactions during the year and as a result, no profit and loss statement or statement of cash flows has been prepared.

TRUSTEE'S REPORT

For the year ended 30 June 1999

As Trustee of the above Trust we report for the year ended 30 June 1999 that:

- we hold in trust on behalf of the pre-incorporation members, 2,000 non-participating shares each fully paid in Suncorp-Metway Ltd;
- no dividends were received in relation to the 2,000 non-participating shares;
- the Trust Property was held and administered in accordance with the Trust Deed dated 23 March 1988.

P Monahan

Senior Manager, Administration Corporate Trusts

Permanent Trustee Australia Limited

Sydney 26 August 1999

INDEPENDENT AUDITORS' REPORT TO THE BENEFICIARIES OF METROPOLITAN PERMANENT BUILDING SOCIETY TRUST

Scope

We have audited the financial report of the Metropolitan Permanent Building Society Trust for the financial year ended 30 June 1999, consisting of the balance sheet, accompanying notes, and the Trustee's report attached. The Trustees are responsible for the financial report. We have conducted an independent audit of the financial report in accordance with Australian Auditing Standards in order to express an opinion on them to the beneficiaries of the Trust.

Audit Opinion

In our opinion, the financial report of the Metropolitan Permanent Building Society Trust are properly drawn up:

- so as to give a true and fair view of the state of affairs of the Trust at 30 June 1999, and the results and cash flows of the Trust for the financial year ended on that date;
- in accordance with the provisions of the Trust Deed dated 23 March 1988; and
- in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

K P m G

KPMG

Chartered Accountants

Ian H Fraser

Partner

Brisbane 26 August 1999

Banking Insurance Investment