SUNCORP

Suncorp-Metway Ltd
ABN 66 010 831 722

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Suncorp-Metway Ltd Group

Financial Results – Half Year Ended 31 December 2008

Attached for immediate release is the Suncorp-Metway Ltd **Appendix 4D – Half Year Report** for period ended 31 December 2008.

The following associated documents will be provided separately for lodgement:

- Media Release
- Consolidated Interim Financial Report
- Announcement of Consolidated Financial Results - 31 December 2008

C R Chuter
Corporate Secretary

attch.

Appendix 4D

Half-year report
For the half-year ended 31 December 2008

1. Company details

Suncorp-Metway Ltd
ABN 66 010 831 722
Reporting period: 31 December 2008
Previous corresponding reporting period: 31 December 2007

2. Results for announcement to the market

Comparison to previous corresponding period	Increase/ Decrease	%	To $m
Revenue from ordinary activities	Increase	8.11%	7,476
Profit from ordinary activities after tax	Decrease	32.9%	259
Net profit for the period attributable to equity holders of the parent	Decrease	32.8%	258

	Amount per share	Franked amount per share
2008 Final ordinary dividend - paid	55 cents	55 cents
2009 Interim ordinary dividend - payable	20 cents	20 cents
14 March 2008 – 13 September 2008 reset preference dividend – paid	$2.5548	$2.5548
14 September 2008 – 14 March 2009 reset preference dividend – payable	$2.5132	$2.5132
12 June 2008 – 14 September 2008 convertible preference dividend – paid	$2.0187	$2.0187
15 September 2008 – 14 December 2008 convertible preference dividend – paid	$1.8307	$1.8307
15 December 2008 – 15 March 2009 convertible preference dividend – payable	$1.3456	$1.3456

Record dates for determining entitlements to the above dividends are as follows:-

Ordinary shares (SUN)	5 March 2009
Reset Preference Shares (SUNPA)	5 March 2009
Convertible Preference Shares (SUNPB)	5 March 2009

Suncorp-Metway Ltd and its subsidiaries ("the Group") recorded a consolidated net profit after tax of $259 million for the half-year ended 31 December 2008, compared to $386 million for the corresponding prior period.

2. Results for announcement to the market (continued)

The divisional operating profit is as follows:

	Dec-08	Dec-07
	$m	$m
Banking	97	307
General Insurance	253	172
Wealth Management	115	125
L J Hooker	3	8
Other	(193)	(119)
	275	493
Income Tax	(16)	(107)
Profit for the period	259	386
Attributable to:		
Equity holders of the Company	258	384
Minority interests	1	2
	259	386

Revenue increased across all segments of the Group, including an increase in banking interest revenue from $2.1 billion to $2.7 billion and an increase in general insurance premium revenue from $3.1 billion to $3.3 billion.

Other net loss before tax of $193 million (December 2007: $119 million) consists predominantly of integration expenses of $85 million (December 2007: $54 million) and amortisation of intangible assets relating to the acquisition of Promgroup Limited of $122 million (December 2007: $180 million, offset by the deferred acquisition cost consolidation adjustment also relating to the acquisition of $108 million).

Banking

The contribution before tax of the Banking division, including Treasury, decreased to $97 million (December 2007: $307 million), a result of strong underlying profit growth being offset by significantly higher impairment charges.

The contribution before tax and impairment charges is $452 million (December 2007: $323 million). This increase was largely attributable to higher net interest margins resulting from pricing adjustments applied to higher average receivables, as well as a focus on expense management during the half-year. Net interest income increased by 25.6% over the corresponding prior period.

Gross banking loans, advances and other receivables at 31 December 2008 are $55.8 billion, slightly lower than 30 June 2008 of $56.0 billion. Retail lending grew by 2.7%, with home loan receivables (including securitised assets) increasing by 3.4% to $28.2 billion reflecting the Group's presence in key markets and geographies. Business lending receivables decreased by 2.2% to $26.4 billion and consumer lending reduced by 19.6% to $694 million reflecting a slowing of credit growth in the Australian market and the refocussing of the Bank's lending strategy to its core customer segments.

The quantum of non-performing loans continues to increase as the credit cycle trends upwards from its lows of 2004, with gross non-performing loans at 2.56% of total lending. The overall quality of the portfolio has been comprehensively reviewed over the course of the period and specific provisions raised for a number of significant exposures. In addition, the collective provision includes a $75 million economic overlay allowance to reflect ongoing economic deterioration.

General Insurance

General Insurance profit before tax increased from $172 million to $253 million for the half-year. This result featured healthy gross written premium growth offset by a series of weather events that cost more than the Group's normal allowances. The result was also affected by widening credit spreads, which created mark to market losses across the Group's approximately $8 billion technical reserves portfolio.

Gross written premium increased by 5.9% with strong premium growth in home (8.7%) and commercial (9.3%) offset by the reductions in workers' compensation (17.8%). Premium growth in the home and motor portfolios was largely driven by strong premium rate increases across both new and renewal products. Premium growth from increases in average premium rates for compulsory third party insurance was partly offset by a slight reduction in risks in force. The commercial portfolio premium growth was achieved from high retention rates and a focus on new products and broker business.

The Insurance Trading Result, which excludes non-underwritten business and investment income on Shareholder Funds, was $158 million (December 2007: $151 million). This equates to an insurance trading margin of 5.3% (December 2007: 5.1%) on net earned premium for the half-year. The insurance trading result has been impacted by higher claims costs arising from adverse weather events and the unfavourable impact of widening credit spreads on investment assets backing outstanding claims liabilities.

Wealth Management

The contribution of the Wealth Management division before tax was $115 million (December 2007: $125 million). Key contributors to this result were strong life risk sales and expense management, offset by falling funds under management. The impact of falling equity markets was largely offset by the reduction in discount rates.

Income tax expense

The Group's consolidated effective tax rate for the six months ended 31 December 2008 was 5.8% (for the year ended 30 June 2008: 10.7%; for the six months ended 31 December 2007: 21.7%). The effective tax rate for the six months ended 31 December 2008 is significantly different to the last two reporting periods due to the interaction of relatively large income tax adjustments with lower Group operating profits.

Income tax expense adjustments have arisen from:

- A prior year income tax credit of $7 million arising from the Group's 2008 research and development claim;
- The write back of a deferred tax liability of $9 million for amortising identified intangibles associated with a Group joint venture interest which was disposed in the current interim reporting period. Deferred tax balances were established for these identified intangibles at the date of acquisition pursuant to AASB 112 *Income Taxes*;

- The statutory fund adjustment of $61 million. Accounting standards require that the tax credit from a reduction in net market values of policyholder assets be recognised as part of the Group's income tax expense, whereas the net profit before tax of the Group includes a partially offsetting release of policyholder liabilities. Consequently, the tax credit is disproportionate relative to the net profit before tax. The reverse (a tax expense charge) is required in periods where the market values of policyholder assets increase; and
- Non-deductible distributions from Converting Preference Shares issued in June 2008 ($8 million) in addition to the non–deductible distributions from the remaining Reset Preference Shares ($1 million).

Dividends
The interim dividend decreased to 20 cents per share representing a dividend payout ratio of 77.9% (prior corresponding period 125.9%).

3. Net tangible assets per security

	December 2008	December 2007
Net tangible assets per security ($)	5.29	5.52

4. Entities over which control has been gained or lost during the period

The Group did not acquire or lose control of any subsidiaries during the current interim reporting period.

5. Dividends

Dividends Paid:	December 2008 $m
Ordinary Shares 2008 Final dividend of 55 cents per fully paid share paid 1 October 2008 franked @ 30%	526
Reset Preference Shares Semi - annual dividend of $2.5548 per share paid 15 September 2008 franked @ 30%	4
Convertible Preference Shares Quarterly dividend of $2.0187 per share paid 15 September 2008 franked @ 30%	15
Convertible Preference Shares Quarterly dividend of $1.8307 per share paid 15 December 2008 franked @ 30%	13

Dividends Payable:	December 2008 $m
Ordinary Shares 2009 Interim dividend of 20 cents per fully paid share payable 1 April 2009 franked @ 30%	203
Reset Preference Shares Semi - annual dividend of $2.5132 per share payable 16 March 2009 franked @ 30%	4
Convertible Preference Shares Quarterly dividend of $1.3456 per share payable 16 March 2009 franked @ 30%	10

There were no foreign sourced dividends or distributions.

6. Dividend reinvestment plan

Ordinary shareholders will be able to participate in the company's Dividend Reinvestment Plan. The last date for receipt of an election notice is 5 March 2009.

7. Details of associates and joint venture entities

Associate / Joint Venture	December 2008		December 2007	
	Holdings %	Profit Contribution $	Holdings %	Profit Contribution $
RACQ Insurance Ltd	50.0	Not material	50.0	Not material
RAA – GIO Insurance Holdings Ltd	50.0	Not material	50.0	Not material
RACT Insurance Pty Ltd	70.0	Not material	70.0	Not material
Australand Land and Housing No 5 (Hope Island) Pty Ltd	50.0	Not material	50.0	Not material
Australand Land and Housing No 7 (Hope Island) Pty Ltd	50.0	Not material	50.0	Not material
Australand Land and Housing No 8 (Hope Island) Pty Ltd	50.0	Not material	50.0	Not material
NTI Limited	50.0	Not material	50.0	Not material
RAC Insurance Pty Ltd	-	Not material	50.0	Not material
MMc Limited	50.0	Not material	50.0	Not material
Standard Pacific (Qld) Pty Ltd	50.0	Not material	50.0	Not material
Capital Managers Pty Ltd	20.0	Not material	20.0	Not material
AA Warranty Ltd	50.0	Not material	50.0	Not material
AA Life Services Ltd	50.0	Not material	50.0	Not material

The Group sold its 50% share of RAC Insurance Pty Ltd to joint venture partner, The Royal Automobile Club of Western Australia Incorporated, on 5 August 2008 for $104.6 million.

The profit contribution from any one of these joint ventures or associates is not material to the Group's profit for the period or the previous corresponding period.

8. For foreign entities, which set of accounting standards is used in compiling the report

Not applicable.

9. Audit dispute or qualification

Not applicable.