SUNCORP

We help people build and protect their dreams

Annual Review 2007

Purpose

We help people build and protect their dreams.

Vision

To be the most admired financial services organisation in Australia and New Zealand.

Together with our shared human values and culture they form the foundation of our organisation.

Values

Trust: Keeping our promises

Honesty: Talking straight, being genuine and ethical

Caring: Listening carefully to others, working together to achieve shared goals

Respect: Treating individuals with dignity

Fairness: Treating people justly and equitably

Courage: Taking accountability for results, being up front about mistakes and taking considered risks

Contents

Annual Review 2007

The Annual Review incorporating the concise financial report, financial statements and other specific disclosures required by Accounting Standard AASB 1039 Concise Financial Reports is an extract of, and has been derived from Suncorp-Metway Ltd ('the Company') and its controlled entities' ('the Group') Consolidated Financial Report for the financial year. Other information included in the concise financial report is consistent with the Group's Consolidated Financial Report.

The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the Consolidated Financial Report.

A copy of the Group's Consolidated Financial Report, including the financial statements and the independent audit report, is available to all shareholders, and will be sent to shareholders without charge upon request.

Suncorp-Metway Ltd ABN 66 010 831 722

The merger of Suncorp and Promina in March has brought together two successful financial services groups, with a singular focus to become the leading diversified financial services provider in Australia and New Zealand.

Shannons longtime customer George Borg from Medowie, NSW, is a lover of classic cars. Here he demonstrates the attributes of his Ford Mustang, one of several classic cars in his stable.

Suncorp
An enhanced portfolio of market-leading brands

Guardian Trust

GIO

JUST·CAR INSURANCE

Apia

AAMI

vero

Enhanced consumer and business marketing capabilities:

- Access to established and respected brands
- Improved and widened product range
- Extensive distribution networks across Australia and New Zealand
- Ability to compete effectively in an increasingly competitive financial services market
- Strong and experienced management teams implementing a customer focused strategy

Suncorp

An even stronger business positioned for sustained profitable growth

Banking

Australia's 6th largest bank

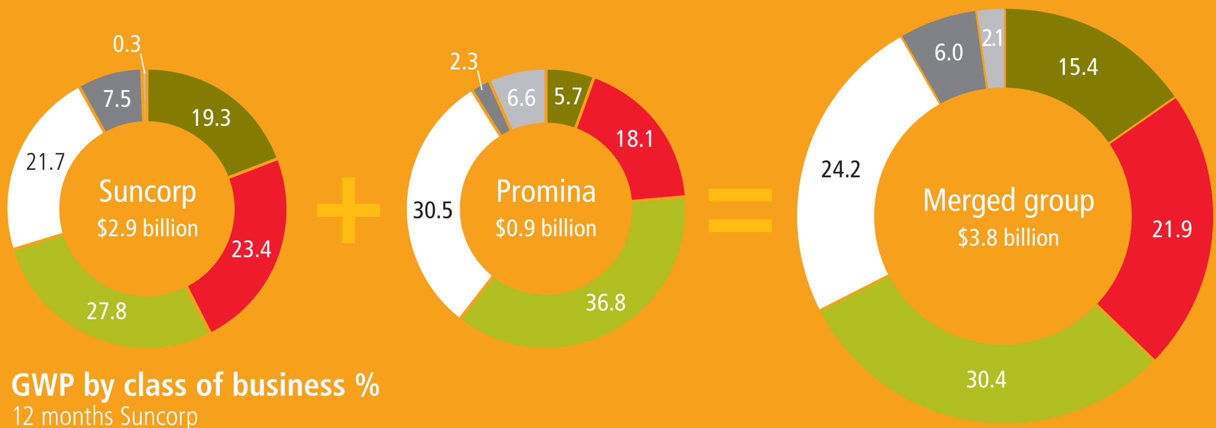
Total assets $61.2 billion

General Insurance

Australia's 3rd largest general insurance group

New Zealand's 2nd largest general insurer

Gross written premiums $3.8 billion



GWP by class of business %
12 months Suncorp
20 March – 30 June 2007 Promina

CTP · Home · Motor · Commercial · Workers' compensation · Other

Source: company accounts

Wealth Management

Australia's 7th largest life insurance business

In force risk insurance premiums $673 million

Funds under administration $16.5 billion

Funds under management $27 billion

Corporate

16,319 FTE employees delivering superior customer outcomes

450 offices, branches and agencies across Australia and New Zealand

Top 20 ASX company by market capitalisation

223,000 Shareholders

Total assets $84.9 billion

More than 7 million customers

The merger of the successful Suncorp and Promina groups has established an even stronger business, focused on achieving significant synergies, delivering sustained growth and increasing shareholder value in the years ahead.

Financial highlights

With its collective market capitalisation standing at $18 billion, the Group is well positioned for sustained and profitable long-term growth.

$1.064b

16.2% increase in net profit after tax

$569m

Bank profit contribution up 12.5% in profit before tax

$976m

General Insurance consolidated profits

$221m

Wealth Management 44.4% increase in profit before tax

170c

Cash earnings per share diluted

$55m

Promina integration on track – $55 million in annual synergies locked in

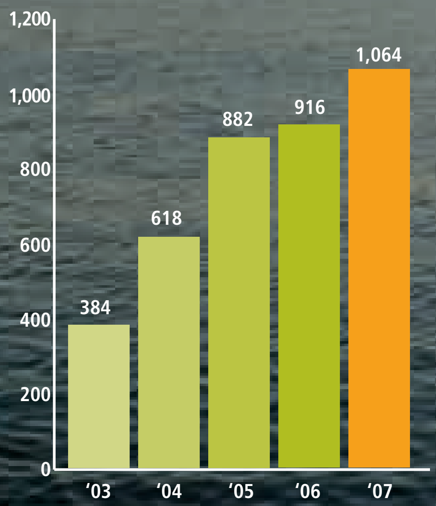
10%

Life risk new business sales in NZ

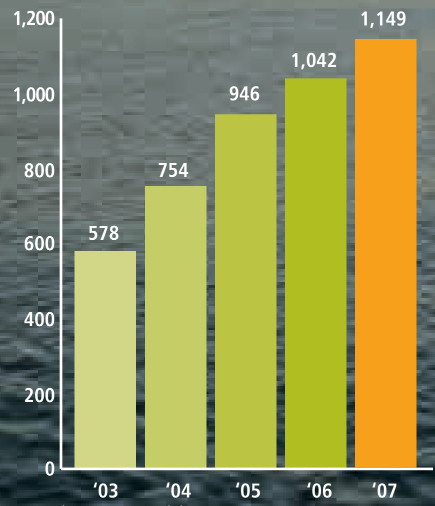
S&P/ASX Top 50 Accumulation Index and SUN share price

Return index including net dividends
(Both indices rebased at 100 at 31/05/2002)

Operating profit after tax ($m)

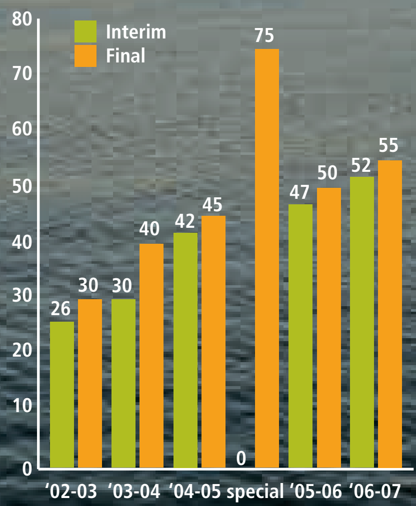


Underlying profit ($m)*



* Suncorp standalone

Dividends interim / final (c)



Chairman's letter to shareholders

"Against a backdrop of potentially diverting challenges, I am delighted to report a very successful outcome for the year."

John Story,
Chairman

Dear shareholder,

The past year has been a very important period for Suncorp, with the successful completion of the merger with Promina Group Limited. Given the major complexities involved in the transaction, its seamless implementation was a significant achievement. With the combination of the general insurance and wealth management businesses of Suncorp and Promina, together with the existing banking operations of Suncorp, the merger has created one of the largest diversified financial services providers operating in Australia and New Zealand.

Without in anyway detracting from the significance of the achievement, we acknowledge that this is but the first step. Your Board and Management are now fully focused on the effective integration of the operations of Suncorp and Promina. Our objective is to achieve this in such a manner as to preserve the best of their respective strengths and capabilities, to maintain the momentum of their respective businesses and to drive the full benefit of the financial synergies that underpin the transaction.

Above all, the merged Group has set itself the strategic vision to become the most admired financial services organisation in Australia and New Zealand, from the perspective of each of our customers, our employees, the communities in which we operate and our shareholders.

I will refer to our progress later in this letter.

Financial performance summary

Against a backdrop of potentially diverting challenges, I am delighted to report a very successful financial outcome for the year. This confirms the Group's continued focus on the business as usual operations.

On a consolidated Group basis, Suncorp produced a 16.2% increase in net profit after tax to a record $1,064 million for the year. This result included a contribution from Promina for the period 20 March to 30 June 2007.

Without including the contribution from Promina, underlying profit, which excludes one-off items and investment income on shareholder funds, increased 10.3% to $1,149 million.

Summarising the lines of business:

	Jun 07	Jun 06	Change
	$m	$m	%
Profit Overview			
Banking	569	506	12.5
General Insurance	976	691	41.2
Wealth Management	221	153	44.4
LJ Hooker and other	(68)	13	(623.1)
Amortisation of Promina acquisition intangible assets	(141)	–	n/a
Consolidation	(14)	(17)	(17.6)
Profit before tax	1,543	1,346	14.6
Tax	(479)	(430)	11.4
Net Profit	**1,064**	**916**	**16.2**

Banking

The Banking Division performed well in a highly competitive market, achieving a 12.5% increase in profit before tax of $569 million. The result was underpinned by strong growth in lending volumes in each of business, home and consumer finance, sustained cost control and disciplined credit practices. The Bank's cost to income ratio improved to 44.6%, again demonstrating the ability of the bank to extract tangible benefits from the Group's business model.

The strong economies in Queensland and Western Australia continued to attract investors and corporate developers into the residential housing market and Suncorp has been well placed to take advantage of the ensuing lending demands.

The growth in lending was achieved primarily through a strong customer focus and service delivery.

The Bank is now being impacted by industry compliance costs stemming from recent legislative changes. It is, however, progressing well in its implementation of the recent Basel II Accord and Anti-Money Laundering Legislation. These programs of work have increased during 2007 and are expected to further escalate in size and cost over the next two years.

General Insurance

In General Insurance, consolidated profits before tax of $976 million demonstrate that the momentum of both the Suncorp and Promina businesses has been maintained despite the completion of the merger and the commencement of the integration process.

The Suncorp General Insurance business continues to be profitable across all classes, with management-initiated claims cost and risk selection initiatives contributing to an outstanding Insurance Trading Ratio (ITR) of 19.6%.

Reforms to Tort Laws, put in place by the Commonwealth and State Governments in 2003, continue to provide benefits to insurers and consumers alike, with further improvements in claims experience in personal injury and liability classes flowing through to reduced premiums, particularly in compulsory third party (CTP).

The impressive stable of brands that made up the Promina General Insurance business performed strongly over the course of the year with overall gross written premium growth of 4.3%.

Both the Suncorp and Promina results were impacted by the severe storms in parts of New South Wales in June 2007 which cost the Group $160 million (net of reinsurance recoveries). While the financial cost of these events is significant, we understand that supporting our customers during periods of stress and dislocation is our core business. As with the Cyclone Larry event, I am delighted by the manner in which our employees in all of our businesses responded to their customers during this difficult time. It is, however, a tribute to the underlying strength of our organisation that the cost of this event has been absorbed within very good financial outcomes for the businesses.

Extraordinary General Meeting 2007

Wealth Management

In Wealth Management profit before tax was $221 million, an increase of 44.4% over the previous year. Without the inclusion of the Promina contribution, the result was $182 million, an increase of 20.5%. This outstanding result reflects increased new business flows arising from changes to superannuation laws, improved retention and continuing favourable equity markets.

Dividend

The strength of the result allowed the Board to declare a final ordinary dividend of 55 cents per share, taking the full year ordinary dividend to 107 cents for the year, an increase of 10.3%. We continue to deliver on our commitment to provide consistently increasing dividends to our shareholders.

The final ordinary dividend will be paid in respect of all our issued ordinary shares, including those issued during the course of the second half for the purposes of the Promina transaction. The actual payout ratio for the full year is therefore a relatively high 75.5%. A more meaningful ratio applies to the weighted average number of shares throughout the year. On this basis, cash earnings per share was 170 cents and the payout ratio 62.9%.

Merger progress

Let me now bring you up to date since I last wrote to you of the events with respect to our merger with Promina. It was completed on 20 March 2007. The assessed merger consideration was $7,908 million, represented by $1,896 million cash and the issue of 280,279,063 shares in Suncorp.

In order to complete the transaction, Suncorp undertook an Entitlement Offer pursuant to which eligible shareholders could elect to receive two Suncorp shares for every 15 they owned, at an offer price of $15.50 per share. This offer resulted in the transfer of 75,425,643 shares to 108,475 institutional and retail shareholders in April. Those shareholders who did not take up the offer, for whatever reason, were paid a total of $88 million which represented $5.10 for each new share to which they were otherwise entitled.

An Extraordinary General Meeting in late April saw four members of the Promina Board – Leo Tutt, Ewoud Kulk, Geoff Ricketts and Paula Dwyer – elected to an expanded Suncorp Board – and their industry, and board experience are already proving to be invaluable as we move forward with the integration.

Since the merger was completed in March, we have spent time understanding the combined business. It has been a very productive learning experience and a great deal has been achieved.

The new group executive team has been finalised, the Group's vision and purpose have been defined, synergy principles agreed, and the business unit business models and the appointment of the group executive direct reports has been confirmed.

At this time and over the coming months joint integration teams within and across business units are identifying and designing the initiatives Suncorp will need to implement to transform the merged business by drawing on the best practices of both Suncorp and Promina. It is a period of intense integration activity.

The Group is committed to an outcome which will enable it to deliver profitable organic growth through superior customer experience via targeted, segmented brands.

Business sustainability

This brings me to a vital issue which today is quite properly receiving far greater focus within the community – business sustainability.

Organisational sustainability is focused on the impact of the long-term performance of a balance of economic, environmental and social aspects.

Our economic performance is well documented, both historically and in this report, but, in addition, we are developing the strategies and business models that are essential steps in our objective to become a highly performing financial services provider on a sustained basis.

We are working closely with industry bodies such as the Australian Banking Association in its development of a climate change positioning for the banking sector, and the Insurance Council of Australia (ICA) in its focus on the long-term mitigation of future risks by influencing emissions control and trading and eco green insurance product innovation. Indeed, our CEO, John Mulcahy, has been driving many of these initiatives in his role as Chairman of the ICA.

We have a long history of support to the community through sponsorship, charity donations and the time our employees freely give to raise funds and provide expertise where it is needed most.

You can be assured the Board is very conscious of its key oversight role in balancing the economic, social and environmental obligations of the business.

For the first time in our annual report, we summarise the Group's sustainability commitments and activities in a separate section, which can be found on pages 46 to 49.

Non-insurance and under-insurance

Another related and important issue confronting policy makers and the general insurance industry is the level of non-insurance and under-insurance in the community.

It has been estimated that of Australia's 7.7 million households, 23% do not have a building or contents insurance policy. Thousands more – some estimates as high as 81% of consumers – are under insured by 10% or more. Increases in current rebuilding costs have occurred not just because of higher construction overheads but also because of more stringent building standards, including minimum energy ratings, imposed through changing council rules. Many consumers are greatly exposed in case of a loss, often those who can least afford it.

A contributing factor is the level of state taxes that apply to each insurance premium. This varies from state to state, and it should be no surprise that the level of non-insurance is highest in the states where taxes and charges are the highest.

While the highly competitive nature of the insurance industry is keeping a tight control on home insurance premiums, governments should be playing their part in focusing on ways to encourage a broader insurance coverage and finding a more equitable way to fund emergency services, which still impact on premiums in two of our most populated states.

The recent New South Wales storms and floods in Victoria are timely reminders of the financial fallout as a consequence of not protecting hard earned assets.

Acknowledgements

In summary, it has been a year of achievement for Suncorp, with further challenges ahead. This has required an enormous amount of hard work and commitment from a wide range of people. My thanks to John Mulcahy and his dedicated team who have performed so well throughout the year, and I acknowledge the strong contribution of the Board. I particularly acknowledge the contribution of Jim Kennedy, who was director since 1997 before retiring in December 2006. We have valued his extensive directorship and commercial accumen and his outstanding commitment to the development of the Company. My thanks finally to our shareholders, old and new, who have supported the Company through these changing times. I look forward to your ongoing support.

John Story
Chairman

Managing Director's letter to shareholders

"Another strong financial result has been achieved against a backdrop of intensifying competition in financial services."

John Mulcahy,
Managing Director

Dear shareholder,

2007 was an eventful year for your Company, culminating in March's successful completion of the merger with Promina Group – a historic event for both companies.

Since then, we have been busy integrating the Promina businesses; we are helping our customers recover from the severe storms that hit the Hunter Valley and Gippsland regions in June; and, throughout all of this activity, we have maintained the day to day performance of our business lines to post another strong financial result.

This was all achieved against a backdrop of intensifying competition in financial services. By focusing on our fundamentals around credit and risk, we are in a strong competitive position across our banking, insurance and wealth management businesses.

2007 Annual Result

Suncorp's net profit after tax for the 2007 financial year was a record $1.064 billion, an increase of 16% year on year and the first time we have broken the $1 billion mark.

We could not have achieved these results without the outstanding contributions of the senior leadership group, their teams and all of our employees throughout Australia and New Zealand. I would like to thank everyone at Suncorp for their efforts.

Lines of Business performance

Suncorp's 2007 financial performance was strong, with each of our business lines demonstrating their ability to maintain momentum in an extremely competitive environment whilst also contributing towards integration progress.

The **Bank** delivered a solid result, lifting profit before tax by 12.5% to $569 million for the year.

	Jun 07	Jun 06	Change
	$m	$m	%
Banking profit			
Net interest income	910	848	7.3
Other operating income	163	149	9.4
Operating expenses	(479)	(460)	4.1
Bad and doubtful debts expense	(25)	(31)	(19.4)
Pre-tax profit	569	506	12.5

This headline result was very pleasing considering the challenges of increasing competition and other external factors such as increased regulatory compliance costs. Our response was measured and disciplined, and involved a refresh of our retail banking strategy in response to the changing industry dynamic.

The product and pricing initiatives we put in place more than 12 months ago enabled us to perform well across our home, business and consumer lending portfolios.

With revenue growth exceeding expense growth, the Bank's cost to income ratio improved to a very competitive 44.6% for the year. Credit quality remained stable and losses low by historical standards.

General Insurance saw good performances across all the businesses in the merged Group. Despite the twin challenges of integration and the storms that affected New South Wales and Victoria, the business posted a full year profit before tax of $976 million.

The standalone Suncorp General Insurance business achieved a full year profit before tax of $821 million. This was driven by efficiencies in claims management, improvements in risk selection and pricing and our continued policy of conservative provisioning.

The Insurance Trading Ratio (ITR), which is the best measure of the underlying performance of a general insurer, was 19.6%. This was ahead of our 16 – 19% guidance for the year.

	Jun 07	Jun 06	Change
	$m	$m	%
General Insurance profit			
Net earned premium	3,472	2,527	37.4
Net incurred claims	(2,168)	(1,633)	32.8
Operating expenses	(857)	(658)	30.2
Re-insurance revenue	13	5	160
Investment income, technical provisions	269	230	17
Insurance Trading Result	729	471	54.8
Other income	220	151	45.7
Investment income, shareholder funds	240	232	3.4
Capital funding costs and other expenses	(213)	(163)	30.7
Pre-tax profit	976	691	41.2

The former Promina General Insurance business, which includes brands such as AAMI, Apia, Just Car, Shannons and Vero, maintained its enviable growth profile. Growth was particularly strong in the highly competitive home and motor classes overall gross written premiums by 4.3%.

Together these results underscore the highly complementary nature of the two businesses and the enormous opportunities available to the combined group. Our 'best of the best' approach will protect the inherent value of both businesses whilst enabling the combined business to be significantly better than the sum of its parts.

The **Wealth Management** business capitalised on changes to superannuation laws and favourable equity markets, contributing profit before tax of $221 million.

Suncorp's Wealth Management business increased its before tax profit by 44.4%, an outstanding result featuring increased new business flows and improved retention.

The Promina Wealth Management business also performed strongly, delivering a 19% increase in after tax profit. This was due to its focus on the delivery of superior customer experiences in the adviser network.

Again, bringing these strongly performing wealth management businesses together provides significant opportunities to the Group due to its increased scale, as well as its combined product suite, distribution avenues and customer base.

Promina merger

Suncorp first started planning for the Promina Group transaction in 2005 and everything we learned since then, including the early stages of integration, has only served to underline the huge opportunities that are available to us.

Since the merger was completed in March 2007, much progress has been made on integration.

We have appointed the new executive team who have defined the purpose – 'we help people build and protect their dreams' – and vision 'to be the most admired financial services organisation in Australia and New Zealand' of our combined organisation. These two simple statements articulate clearly why we are in business, what we aspire to achieve and how we want to be viewed by all of our stakeholders.

Our business lines are well progressed in finalising their strategic models combining the best of both organisations and establishing the teams that will deliver these plans.

Integration milestones and deliverables have been set, the governance infrastructure for the integration is in place, we have already locked in $55 million of annualised synergies and business lines are progressing numerous initiatives that will realise further synergy benefits.

Despite all of this activity, the strong performance of our business lines demonstrated that the challenges associated with completing the Promina transaction and the first steps of integration have not distracted us nor have there been any 'easy wins' for any of our competitors.

Delivering to our stakeholders

Customers

If Suncorp is to take fullest advantage of the opportunities now available to us, it is essential that our customers remain at the centre of everything we do.

Our aim is to deliver legendary customer experience through targeted brands and tailored products at the front end whilst also being highly efficient, collaborative and synergy seeking where it makes sense to do so. We are harnessing best practice in this area from the former Suncorp and Promina businesses and using this to build a new Suncorp that is highly focused and agile.

It is no secret that the financial services industry is as competitive as it has ever been, with competition to attract and retain customers remaining fierce across our business lines. As I mentioned earlier, this environment requires a measured and disciplined response that recognises customers' needs.

The core of our response has been to drive improvements in our market segmentation capability – in other words to have a deeper understanding of our customers and their needs, to be innovative around product development and packaging so that we can tailor solutions to customer needs, and to be able to capitalise on our competitive advantages and specialty focus across our business lines.

Suncorp's unique business model allows it to gain a high level of insight into customers' needs across the spectrum of financial services solutions. This enables the Group to capitalise on logical cross-sell opportunities – at the end of the financial year, Suncorp had maintained its lead against competitors in relation to this measure with 2.97 products per customer.

Our organisation's commitment to providing the highest standards of customer services was again seen following the severe storms which affected parts of the Hunter region in New South Wales and the Gippsland region in Victoria in June.

In responding to over 20,000 home, motor and commercial insurance claims that resulted from the storms, the Group's insurance businesses have drawn on the lessons learned from Cyclone Larry. We established a presence in the affected regions immediately and are already well into the recovery effort in partnership with international project management group Bovis Lend Lease.

Our People

Suncorp's merger with Promina has seen the Company's workforce double to over 16,000 employees in 450 locations throughout Australia and New Zealand.

This has created increased career and development opportunities for all employees across different businesses, disciplines, specialities and geographies. It has also created an important point of difference for Suncorp in a market where talent and skills are in short supply.

We are focused on attracting, rewarding and retaining key talent through a combination of initiatives, including creating new and enhanced leadership programs, building environments where employees love to work, improving employee terms and conditions and supporting work life balance.

We continued to look to internal candidates to fill open roles in 2007. This was made possible through the implementation of accelerated development programs designed to fast-track skills levels in critical areas, as well as new and enhanced leadership programs such as Suncorp's Active Leadership Series and Promina's Leadership Pathways Program, which was developed in partnership with the Australian Graduate School of Management.

Suncorp aims to identify ways to provide terms and conditions of employment that reflect our high performance culture and ongoing commitment to making Suncorp a great place to work.

Our new Working Together Agreement covering 9,000 of our employees was developed by consulting widely across the business. This culminated in a great outcome for our people and organisation with resounding participation and yes votes.

This year, more than 2,800 Sydney and Brisbane employees were relocated to state of the art buildings in Suncorp Place in Sydney and Brisbane Square. These buildings were specifically designed to encourage collaboration between teams and enable flexible work practices.

Community

Suncorp has a proud history of working closely with the communities in which we operate in an effort to ensure we support their economic and social prosperity. Our program, combined with that of the former Promina Group which had similar aims, ensures the Group's community program benefits people from all walks of life across a broad range of medical, education, culture and the arts, community and sporting portfolios.

We feel that all of the Group's initiatives are noteworthy but, for the purposes of this report, I would like to make special mention of the following community projects, many of which our people also supported by volunteering their time.

Sponsorship

2007 marked the third year Suncorp has worked with the Queensland Institute of Medical Research, Greening Australia and the Sunshine Coast and Townsville City Councils to try to positively impact sun-safe behavioural change in the community. Suncorp continued to support the work of Queensland's Hear and Say Centre whilst the Promina Foundation donated $100,000 each to the Children's Medical Research Institute and Barnardos Australia.

One of Suncorp's newest branches at Springfield, Brisbane

AAMI's support for the National Trauma Research Institute helps that organisation limit the disabling effects of traumatic injury via research and education whilst Suncorp's support of Youngcare helps young Australians with high-care needs.

AAMI also provided invaluable support for the Australian Drug Foundation to help develop an education and information campaign designed to generate awareness about drug driving. Apia has formed partnerships with organisations such as Adult Learning Australia and Probus to help develop programs that provide an improved quality of life for older Australians.

The Group has a number of partnerships supporting culture and the arts. Vero New Zealand is a long-term sponsor of the Auckland Philharmonia Orchestra, AAMI was principal sponsor of the Australian National Library's National Treasures Exhibition which toured throughout Australia, and GIO has sponsored the Domain Concert Series as part of the Sydney Festival for the last three years.

Suncorp reaches many in the community though its links to sporting groups. This includes rugby union through sponsorship of the Wallabies, Queensland Reds and Air New Zealand Cup referees through to Vero Marine New Zealand's support for Team New Zealand's America's Cup challenge and Shannons' major sponsorship of car clubs and enthusiast groups throughout Australia.

Environment

Suncorp is acutely aware that environmental issues are critical to our community and, ultimately, the success of our business given the potential impact of changing climate conditions on our customer base.

The Group looks for ways to make a positive contribution on this issue, whether it is through support for organisations such as Greening Australia, moving our people into 'green' office buildings, or launching new home and motor insurance products that reward customers who make eco-friendly choices.

We will continue to look for ways to make a positive contribution towards the environment by improving the way we operate our businesses, by incentivising our customers, and by supporting third party organisations innovating in this area.

Joel Hillier, Procurement Analyst, Operations and Logistics Procurement, was on a very important mission on his volunteer day – to raise funds for research and medical equipment for the Prince Charles Hospital Foundation. Each year 1,200 volunteers serve thousands of strawberry and ice cream cones to patrons at EKKA, Brisbane's Show Day. This fundraising activity is just one of many Suncorp employees participate in annually.

Volunteering

Suncorp's Volunteer Day program allows each employee one day's paid leave per year to support a charity. Suncorp's participation in volunteer activities is over five times the financial services industry average, with more than half of our Suncorp employees participating in the program in 2007.

Shareholders

Your Company has a strong track record of delivering benefits to shareholders. Our strong result in 2007 enabled us to declare a 55 cent, fully franked, final ordinary dividend, taking the full year ordinary dividend to $1.07 per share.

Through the Entitlement Offer used to partially fund the merger with Promina, we were pleased to be able to give shareholders the choice to either share in the growth opportunities available to the merged group at an attractive discount to the market value of Suncorp shares or to cash out their entitlement.

Finally, I would like to take this opportunity to welcome those former Promina shareholders that joined the register following the merger as well as thank all shareholders for their ongoing support.

Outlook

At a macroeconomic level, it is unlikely the Reserve Bank will continue to use monetary policy as a means of addressing inflationary pressures in the Australian economy. Accordingly, we would expect this to have a moderating impact on credit formation, particularly in the retail mortgage market. While Suncorp has no direct exposure to the sub-prime mortgage market in the United States, the secondary impact of tightening liquidity and widening credit spreads could impact credit markets in Australia.

Suncorp is well positioned to manage through these scenarios effectively and we continue to have confidence in the long-term direction of the equity markets.

In **Banking**, we will continue to balance price and volume to grow the overall portfolio at, or slightly above, system rates. Assuming no major changes in underlying market conditions, we would expect to grow banking profit before tax and bad debts by approximately 10% for the year.

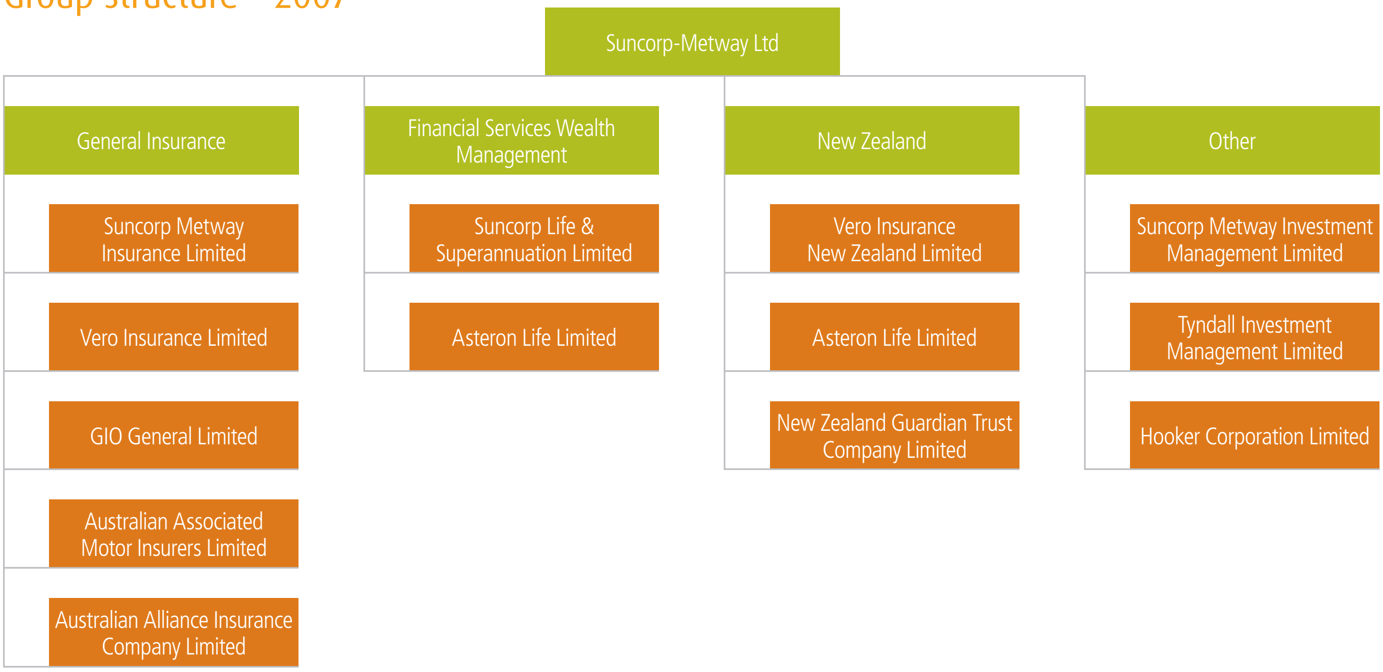
In the **General Insurance** business, we expect better than system growth across our full portfolio as we leverage the strong GWP growth profile of the former Promina brands and an improving GWP growth profile across the Suncorp and GIO brands.

Premium reductions in CTP and personal injury classes, continued pricing competition in commercial lines and moderating releases in long tail classes means that we expect to achieve the previously stated guidance for both the Suncorp General Insurance business (ITR 16% to 19%) and Promina General Insurance business (ITR 10+%). This will result in an ITR for the merged group in the range of 13% to 16%, excluding any major weather event.

We anticipate continued growth in funds under administration through increased sales and customer retention through our **Wealth Management** business. On an underlying basis, which excludes investment returns on shareholder funds, we expect to achieve profit growth greater than 10%.

A review of the Group's capital structure is being undertaken in order to optimise the Group's capital potential. This project, which needs to be undertaken in consultation with rating agencies, is expected to be completed during the June quarter of 2008. The Group's capital strategy will also take into account overall operating conditions (including any major weather events) and the long-term impact of investment market volatility on the Group's shareholder fund portfolios.

Group structure – 2007



Accordingly, we expect the Group will be well placed to consider its capital management options by the end of June 2008.

At the **Group** level we anticipate providing sustainable growth in dividends, although growth may not necessarily be at the same rate as in recent years. It remains likely that the merged Group's payout ratio will temporarily rise as a result of the timing of synergy realisation and integration expenses on consolidated earnings.

Conclusion

In what was an exciting and challenging 2007, Suncorp maintained its focus on the task at hand and delivered another strong result.

Our strongly performing business lines and the range of opportunities provided by the merger with Promina means we are in a fantastic position to transform the Company and achieve our purpose and vision.

It is testament to the ongoing efforts of our talented teams of people, and their ability to anticipate and meet the evolving needs of our customers, that we are in such an enviable position. I would like to thank them for all of their efforts over the past year and urge them to work collaboratively for the next 12 months to deliver on the huge opportunities now available to our Company.

Suncorp prides itself on consistently providing excellent returns to our shareholders. I believe we managed to do so again in 2007, as well as executing the necessary strategic and organic plans to secure the Company's long-term growth.

Thank you for your continued support.

Regards

John Mulcahy
Managing Director and CEO

Group executive

Roger Bell
ANZIIF (Fellow), CIP
Group Executive Vero New Zealand

Roger Bell was appointed to his Group Executive position following the Suncorp Promina merger early in 2007. He was previously Chief Executive, Intermediated General Insurance New Zealand and responsible for the strategy and operational delivery of all Promina's intermediated general insurance operations in New Zealand since 2003. Roger has been with the Promina Group for 33 years, during which time he has held numerous senior executive roles and demonstrated strong strategic and operational leadership of Promina's New Zealand-based businesses.

Robert Belleville
MBA
Group Executive Personal Insurance

Robert Belleville was appointed to his current position following the Suncorp Promina merger earlier in 2007. He had previously been Chief Executive, Direct General Insurance at Promina since July 2005, where he was responsible for brands such as AAMI, Apia, Just Car Insurance, Shannons and Automobile Insurance of New Zealand. Robert remains responsible for these brands. He began his career with AAMI in 1970 and was appointed Chief Executive Officer in May 2002.

Mark Blucher
AFin
Group Executive Integration

Mark Blucher was most recently Suncorp's Group Executive for Personal Lines Insurance and has played a key role in integration planning since the Suncorp Promina merger was announced. Since joining Suncorp from ANZ in New Zealand in 1997, Mark has held a number of senior executive positions including Group Executive Retail Banking, Group General Manager Retail Distribution and General Manager Human Resources.

Mark's understanding of Suncorp's banking and insurance businesses and his past integration experience makes him uniquely suited to driving the Suncorp Promina integration process.

David Foster
BSc, MBA
Group Executive Retail Banking

David was appointed to his current position following Suncorp's merger with Promina earlier in 2007. He was previously Group Executive Strategy having been appointed to that role in 2006.

In his four years with Suncorp, David Foster has led Suncorp's strategy functions and held senior executive roles within the retail bank. He joined Suncorp after 14 years in a number of senior roles at Westpac in Queensland and New South Wales.

Dennis Fox
BA(Actuarial Sciences), FIA FIAA
Group Executive Wealth Management

Dennis Fox was appointed to the Group Executive position following the recent Suncorp Promina merger. He was previously responsible for the profitable management and growth of Promina's financial services division, including Asteron and Tyndall in Australia and New Zealand, as well as Guardian, Guardian Trust and Cameron Walshe. Dennis has over 35 years experience in financial services and since joining Tyndall Australia in 1991, has held a wide range of senior management positions including Chief Executive Officer of Royal & Sun Alliance Financial Services in Australia.

Bernadette Inglis
BBus(Mktg), MBA
Group Executive Strategy, People and Corporate Services

Bernadette Inglis was appointed to this position following the Suncorp Promina merger earlier in 2007. She has over 20 years experience in the financial services sector and leads the merged group's strategy, people and corporate services portfolio, which includes human resources, marketing and procurement functions.

Bernadette was most recently responsible for Suncorp's combined Retail Bank and Wealth Management businesses. She has held senior executive roles in strategy, retail banking and marketing both at Suncorp since 2003 and the Commonwealth Bank for nine years prior.

From left – Stuart McDonald, Jeff Smith, Roger Bell, Mark Milliner, Robert Belleville, Chris Skilton, Bernadette Inglis, David Foster, Mark Blucher, Dennis Fox, John Mulcahy.

Stuart McDonald
B.Comm (U.Qld), M.App.Fin (Macq)
Group Executive Business Banking

Stuart McDonald was appointed Group Executive, Business Banking in 2005. He is responsible for commercial banking, agribusiness, property finance, equipment finance, corporate and trade finance. Stuart was recruited to QIDC in 1995 and played a major role in the integration of Suncorp, Metway Bank and QIDC in 1996. He has held senior executive roles in strategy and business banking at Suncorp.

Mark Milliner
BComm, MBA
Group Executive Commercial Insurance

Mark Milliner has been the Group Executive responsible for Suncorp's Commercial Insurance business since July 2006. Mark has held numerous senior executive positions within Suncorp's commercial business including responsibility for property claims and workers' compensation. In his 13 years with Suncorp, Mark has worked on several major strategic change management projects including the merger of Suncorp, Metway Bank and QIDC in 1996 and the integration of Suncorp and GIO in 2001.

John F Mulcahy
PhD (Civil Engineering), BE (First Class Hons)
Managing Director

John Mulcahy joined Suncorp as Chief Executive Officer on 6 January 2003. He had previously held a number of executive roles at the Commonwealth Bank since 1995. John ranks as one of the most widely experienced financial services executives in Australia. He also has broad management experience, having served as Chief Executive of Lend Lease Property Investment Services and Chief Executive of Civil & Civic prior to 1995. In March 2006, John was appointed by the Federal Government to the Future Fund Board of Guardians. He is also a Director of the Great Barrier Reef Research Foundation.

Chris Skilton
BSc (Econ)(Hons), ACA (Eng & Wales)
Chief Financial Officer and Executive Director

Chris Skilton joined Suncorp in July 2001 as Chief Financial Officer. As CFO of the Group, he is responsible for finance, treasury, risk, compliance and regulatory affairs, company secretarial, legal and investor relations.

He was previously with Westpac where his final position was Group Executive, New Zealand and the Pacific Islands and prior to that Deputy Chief Financial Officer. Prior to Westpac, Chris was Managing Director and CEO of AIDC Ltd. Whilst still employed with AIDC Chris did a stint as acting CEO of the Australian Submarine Corporation, one of Australia's largest and most complex engineering projects. (AIDC was a major shareholder in ASC). His wide professional experience also includes executive positions with Security Pacific Australia and the Barclay Group of Companies. He has over 20 years' direct experience in various senior roles in the finance sector.

Jeff Smith
BS Applied Science, MBA
Group Executive Information Technology

Jeff Smith was appointed to the role of Group Executive, Information Technology following the Suncorp Promina merger earlier in 2007.

He has 22 years experience in the IT industry, with the last 12 years spent as Chief Information Officer or equivalent for a range of companies in the USA and Australia. His previous roles include CIO for Telstra Corporation, where he led the transformation and integration of that company's IT systems and generated dramatic improvements in quality, cycle time and cost reduction.

Jeff has also held leadership positions in a number of world class companies including Honeywell, Toyota and Charles Schwab.

Front row (from left) – John Story, Ziggy Switkowski, Bill Bartlett.
Second row (from left) – Ewoud Kulk, Paula Dwyer.
Third row (from left) – Chris Skilton, Martin Kriewaldt, Cherrell Hirst.
Fourth row (from left) – Geoff Ricketts, Leo Tutt, John Mulcahy, Ian Blackburne.

Board of directors

William J Bartlett
FCA, CPA, FCMA, CA (SA)
Age 58
Non-executive Director

Director since July 2003. Bill Bartlett is a director of Reinsurance Group of America Inc., Peptech Limited, GWA International Limited and Abacus Property Group, He has 35 years experience in accounting and was a partner of Ernst & Young in Australia for 23 years, retiring on 30 June 2003.

Mr Bartlett also has extensive experience in the actuarial, insurance and financial services sectors through membership of many industry and regulatory advisory bodies, including the Life Insurance Actuarial Standards Board, since 1994. He holds an honorary position on the Board of the Bradman Foundation and the Bradman Museum.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
Abacus Property Group	14.02.07	
GWA International Limited	21.02.07	
Peptech Limited	10.08.04	
Retail Cube Limited	10.05.04	19.10.06
Reinsurance Group of America Inc. (NYSE)	26.05.04	

Ian D Blackburne
MBA, PhD, BSc (First Class Hons)
Age 61
Non-executive Director

Director since August 2000. Ian Blackburne is Chairman of CSR Limited and a director of Teekay Corporation and Symbion Health Limited. Dr Blackburne was formerly Chairman of the Australian Nuclear Science and Technology Organisation (July 2001 – June 2006) and was formerly Managing Director of Caltex Australia Limited having spent 25 years in the petroleum industry.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
CSR Limited	01.09.99	
Symbion Health Limited (formerly Mayne Group Limited)	01.09.04	
Teekay Corporation (NYSE)	08.09.00	

Paula J Dwyer
BComm, FC, FAICD, FFin
Age 46
Non-executive Director

Director since April 2007. Paula Dwyer was a director and Chairman of the Audit, Risk & Compliance Committee of Promina Group Limited at the date of merger with Suncorp. Ms Dwyer is also a director of TABCORP Holdings Limited where she is Chairman of the Audit Committee and Babcock & Brown Japan Property Management Limited. She is a member of the ASIC Business Consultative Panel (Melbourne Chapter) and Vice President of the Baker Heart Research Institute.

Ms Dwyer is a chartered accountant by profession and during her 20 year executive career held senior positions in the securities, investment management and investment banking sectors. She was formerly a director of David Jones Limited.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
TABCORP Holdings Limited	30.08.05	
David Jones Limited	25.11.03	01.12.06

Cherrell Hirst AO
MBBS, BEdSt, DUniv (Hon), FAICD
Age 62
Non-executive Director

Director since February 2002. Cherrell Hirst is a medical doctor and was a leading practitioner in the area of breast cancer diagnosis. She is Chairman of Peplin Limited, Deputy Chairman of Queensland BioCapital Funds Pty Ltd, a director of MBF Australia Limited Group, Avant Insurance Ltd and Avant Mutual, Impedimed Ltd and Opera Queensland Limited.

Dr Hirst was a director of Metway Bank from July 1995 to December 1996 and was Chancellor of Queensland University of Technology from 1994 to 2004.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
Hutchison's Child Care Services Limited	16.01.04	23.04.05
Peplin Limited	17.08.00	

Martin D E Kriewaldt
BA, LLB (Hons), FAICD
Age 57
Non-executive Director

Director since December 1996, Martin Kriewaldt was also a director of the Suncorp Group from 1990 and Chairman at the time of the merger that formed the Suncorp-Metway Ltd Group in 1996. He is Chairman of Opera Queensland Limited, and a director of Campbell Brothers Limited, GWA International Limited and Oil Search Limited.

Mr Kriewaldt also provides advice to Allens Arthur Robinson and Aon Holdings Australia Limited and is a member of the Redeemer Lutheran College Council.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
Campbell Brothers Limited	12.06.01	
GWA International Limited	25.06.92	
Oil Search Limited (Group)	16.04.02	
Peptech Limited	24.10.03	28.08.07

Ewoud J Kulk
BEcon
Age 61
Non-executive Director

Director since March 2007. Ewoud Kulk was a director of Promina Group Limited at the date of merger with Suncorp. Mr Kulk was Managing Director of the Australian General Insurance Group (1994 to 1998) and was appointed Group Director Asia Pacific for Royal & SunAlliance Insurance Group plc in March 1998. He continued in that role until his retirement in September 2003.

He is also a past president of the Insurance Council of Australia and has over 25 years experience in the insurance industry.

John F Mulcahy
PhD (Civil Engineering), BE (First Class Hons)
Age 57

Executive Director, Chief Executive Officer

Director since joining Suncorp on 6 January 2003 as Chief Executive Officer. John Mulcahy is President of the Insurance Council of Australia, a member of the Business Council of Australia, the Australian Bankers Association Council and the Future Fund Board of Guardians.

He is also a director of the Great Barrier Reef Research Foundation.

Mr Mulcahy previously held a number of executive roles at the Commonwealth Bank since 1995 and ranks as one of the most widely experienced financial services executives in Australia. He also has broad management experience, having served as Chief Executive of Lend Lease Property Investment Services and Chief Executive of Civil & Civic prior to 1995.

Geoffrey T Ricketts
LLB (Hons)
Age 59

Non-executive Director

Director since March 2007. Geoff Ricketts was a director of Promina Group Limited at the date of merger with Suncorp. He is Chairman of Lion Nathan Limited and a non-executive director of Spotless Group Limited, Taylors Group Limited (NZ), Todd Corporation Limited and Southern Cross Building Society (NZ). Mr Ricketts is also a director of the Centre of Independent Studies Limited. He is a lawyer and a consultant for Russell McVeagh, Solicitors (NZ) and was a partner in that firm from 1973 until 2000.

He was formerly Chairman of Royal & SunAlliance's New Zealand (R&SA NZ) operations having been a non-executive director of R&SA NZ for over 10 years.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
Lion Nathan Limited	13.06.88	
Spotless Group Limited	08.07.96	
Taylors Group Limited (NZX)	13.01.92	

Chris Skilton
BSc (Econ)(Hons), ACA (Eng & Wales)
Age 53

Chief Financial Officer and Executive Director

Director since November 2002, Chris Skilton joined Suncorp in July 2001 as Chief Financial Officer. As CFO of the Group, he is responsible for finance, treasury, risk, compliance and regulatory affairs, company secretarial, legal and investor relations.

He was previously with Westpac where his final position was Group Executive, New Zealand and the Pacific Islands and prior to that Deputy Chief Financial Officer. Prior to Westpac, Chris was Managing Director and CEO of AIDC Ltd. Whilst still employed with AIDC Chris did a stint as acting CEO of the Australian Submarine Corporation, one of Australia's largest and most complex engineering projects. (AIDC was a major shareholder in ASC). His wide professional experience also includes executive positions with Security Pacific Australia and the Barclay Group of Companies. He has over 20 years' direct experience in various senior roles in the finance sector.

John D Story
BA, LLB, FAICD
Age 61

Chairman, non-executive Director

Director since January 1995, Deputy Chairman since June 2002 and Chairman since March 2003. John Story is a director of CSR Limited and TABCORP Holdings Limited and Chairman of the Board of Directors of the Australian Institute of Company Directors.

Mr Story has also been appointed a Member of the Senate of the University of Queensland and the Companies Auditors and Liquidators' Disciplinary Board and is a Commissioner of the Service Delivery and Performance Commission (Qld).

He was also non-executive Chairman of the Board of the law firm Corrs Chambers Westgarth until June 2007.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
Advanced Magnesium Limited (formerly Australian Magnesium Corporation Limited)	30.11.01	04.05.05
CSR Limited	12.04.03	
TABCORP Holdings Limited	29.01.04	

Zygmunt E Switkowski
BSc (Hons), PhD, FAICD
Age 59

Non-executive Director

Director since September 2005, Ziggy Switkowski is Chairman of the Australian Nuclear Science and Technology Organisation, a director of Healthscope Limited, TABCORP Holdings Limited and Opera Australia. He was previously CEO of Telstra Corporation Limited, Optus Communications Ltd and Kodak Australasia Pty Ltd.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
Healthscope Limited	19.01.06	
TABCORP Holdings Limited	02.10.06	
Telstra Corporation Limited	01.03.99	01.07.05

Leo E Tutt
FCA, FAIM, FAICD
Age 69

Non-executive Director

Director since March 2007. Leo Tutt was Chairman of Promina Group Limited at the date of merger with Suncorp and was a non-executive director of Promina Group Companies in Australia since February 1994. Mr Tutt has over 32 years experience in the insurance sector as a non-executive director or Chairman of Phoenix Assurance Company Australia Limited (1974 – 1982), Friends Provident Life Assurance Co Ltd (1984 – 1994) and a non-executive director of Friends Life Office (UK) (1987 – 1993).

He was Chairman of MIM Holdings Limited until 2003 and was a director of Metway Bank Limited (1992 – 1996). He is also Chairman of Crane Group Limited.

Listed company directorships held since 1 July 2004

Company Name	Appointed	Resigned
Crane Group Limited	14.09.01	

Group operations

Suncorp operates across three lines of business – Banking (retail and business), General Insurance (personal and commercial) and Wealth Management (risk, superannuation, investment).

Retail Banking

Profile

Retail Bank provides home and personal loans, transaction, savings and investment accounts, credit cards and foreign currency services for more than 821,441 customers nationally through 173 branches and agencies, call centres, internet banking and 520 ATMs. Customer sales and service is provided by 3,086 Retail Banking employees.

Retail Bank has lending assets of $24.8 billion (including securitised assets) (up from $21.6 billion in 2006) and total retail deposits of $19.2 billion ($16.9 billion in 2006).

Retail Bank distributes general insurance products through the branch network and also manages the financial planning workforce located in the branches on behalf of Suncorp Wealth Management (SWM).

Performance

The Banking Division (including Retail and Business Banking) reported a net profit before tax of $569 million, an increase of 12.5% on the previous year. While intense price led competition across all lending segments has continued, we have capitalised on our strong brand, driven growth through customer service, improved customer retention rates, kept costs under control and maintained tight credit standards.

Home loan receivables (including securitised assets) were up 14.3% to $23.8 billion, exceeding industry growth of 13.2%.

In 2006 we reported that our consumer lending growth continued to out-perform the market. This growth has flowed into 2007, with our personal loans, margin lending and credit card receivables portfolios growing 29.3% to $1.06 billion, exceeding industry growth of 16.7%. This has primarily been achieved through customer penetration into the market and strong service delivery.

Core retail deposits, excluding Treasury, grew 13.1% for the year to $16 billion. Competition has remained high and the flow of funds into superannuation has had a major impact on our deposit growth.

A key focus for the first half of the year was on the transition to our new Small Business model, including the development of a more sophisticated suite of products and the introduction of specialists dedicated to selling transactional banking products. This resulted in a strong second half. Growth was up on last year for both small business deposits and lending with 23.5% and 19.7% growth respectively.

During the second half of the year we undertook structural changes to improve both our quality of service to brokers and our future volume capacity. The short-term impact was that our capacity to process broker originated loans decreased and this impacted our second half lending growth. The structural changes now in place are already delivering the ability to process a substantially greater volume of loans.

In May we brought our margin lending and share trading products together to deliver a combined online application and trading solution. Margin trader was launched and together with continuing strong equities markets, contributed to good growth in margin lending volumes of 37.1% to $495 million.

Customer experience

Over the last five years there has been a significant and fundamental shift in the relationship between banks and their customers. Today, customers have access to a wealth of information and choice about banking products and services and are prepared to shop around for the best deal or the best product to meet their needs.

Our goal is to provide the highest level of customer satisfaction. In the Roy Morgan national Customer Satisfaction Survey (customers who consider us their main financial institution), we've improved our ranking from fourth to third against our major competitors.

Our strong focus on customer retention continued this year with initiatives such as the Welcome Call and Customer Priority programs. This has resulted in our customer retention rate being at its best ever across many portfolios.

With the changing customer dynamic and the continuing competitive environment, we have invested time in improving processes and experiences that matter most to customers. Improvements were identified through customer feedback, piloting our products and staff focus groups.

As a result we have improved the customer experience when setting up a new home loan and also taken the opportunity to offer customers banking solutions for their immediate and future needs.

We have continued to offer solutions to meet the broader needs of our customers through cross sales. We saw a strong result through broker-introduced customers who took up an average of 3.13 products, in addition to a home loan, across the Group.

Customers are also being offered the opportunity to have more of their financial needs met when they take out a general insurance policy. Insurance customers are transferred to a team of banking specialists who undertake a financial assessment. During 2006/07, approximately 20,000 customers took advantage of this service resulting in product sales of $114 million.

Branch Network

Branches continue to be popular with customers, with the full service banks using branches as a key place to acquire new customers. During the year we refreshed 16% of our branch network by updating the look and feel of existing branches, relocating some branches to more prominent locations and opening new branches. In 2007/08 this program will have refreshed 40% of our branch network. In 2006/07 we also improved our customer experiences with extended trading hours trials in some locations and installing internet banking kiosks into others. These initiatives will continue to expand.

Sales and Service Assistant Sanouk Phomsouvanh in one of our newest branches at Springfield, Brisbane.

Online security

We have more than 224,000 online customers who process over 1 million financial transactions worth $2.5 billion every month. During the year we increased online security through two factor authentication tokens, additional detection tools and procedures, and rapid reactions to fraud incidents. These measures have been well received by our customers with a great balance achieved between customer satisfaction and fraud loss mitigation. Our pro-active approach to managing the increasing threat to online security means we have experienced fraud losses well below that of our competitors.

Awards

For the fourth year in a row we received the Annual Australian Banking and Finance Magazine's 'Best Regional Bank' Award. We were also announced as the Mortgage and Finance Association of Australia Lender of the Year for the second year running (Approved Deposit Taking Institutions) and for the first time ever we were awarded the Operator of the Year for 2007 which indicates our status as the best lender in the mortgage and finance industry.

Finally we were also awarded Money Magazine's 'The Best of the Best 2007' Gold Winner for Best Transaction Account and a Cannex 5 star rating for a significant number of our retail banking products.

Our People

During the year we continued to expand inFOCUS, our sales and service program, which is designed to drive world standard sales and service across the Group. Over 500 staff are now accredited as masters of inFOCUS.

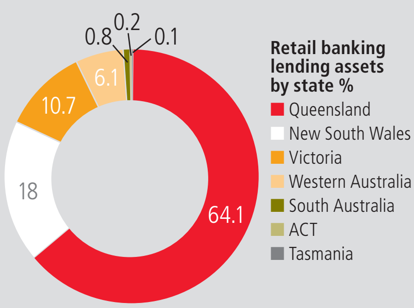
Outlook

A number of emerging trends will shape our future performance. We have reviewed how we can best respond to the changing and more aggressive banking environment. We've restructured our business to reach more customers, giving them choice about how they access our products and services. With a key focus on growing our customer base ahead of the market we:

- will be increasing the number of branches over the next three – four years in selected areas across Australia, particularly Queensland
- are committed to stronger relationships with our broker networks by investing in technology to improve processes and service levels
- will be investing in expanding our range of products that can be sold simply and easily online or over the phone
- have also committed to providing a greater focus on small business through dedicated resources
- will access greater processing scale to achieve our growth goals through leveraging the use of other players, specialisation, clever use of technology and standardisation of similar processes.

$24.8b

as at 30 June 2007



Business Banking

The business banking vision is to become the financial services provider of choice in our chosen markets. We understand the needs of our customers and focus on satisfying those needs.

We offer tailored value propositions to the different segments in which we operate. These are summarised below:

Commercial – Providing financial solutions for owner-managed small to medium sized enterprises with borrowing requirements of more than $1 million.

Corporate – Managing relationships with the Bank's largest (non-property) business, and corporate customers, including provision of working capital and term finance for clients with a total borrowing requirement of more than $25 million.

Property Finance – Providing term finance for property investors and project finance to professional property developers for a wide range of real estate developments.

Agribusiness – Providing financial solutions and serviced relationship management for rural producers and associated businesses in rural and regional areas.

International Trade Finance – Offering facilities designed to assist importers, exporters and domestic traders in their business activities, including working capital funding, importation of capital equipment, risk management strategies and export marketing tools.

Equipment Finance – A suite of leasing and rental products are offered to customers to meet their vehicle and equipment financing requirements.

Project & Structured Finance – Established in 2005, this unit identifies financing opportunities in public infrastructure projects and provides debt funding into infrastructure projects across Australia.

Business Banking has lending assets of **$19.4 billion**, 76,385 customers nationally, 54 outlets and 566 employees, including a network of 202 customer relationship managers.

Performance

The lending environment continues to be highly competitive, particularly in Queensland and Western Australia where economic conditions and business confidence continue to outperform other states. Business lending receivables increased by **21%** to **$19.4 billion** with strong growth in the second half of the year. Credit quality remains sound across the portfolio.

Performance highlights include:

- **Commercial** – portfolio grew strongly by 32.8% to $4.7 billion in a highly competitive market place. This reflects our strong market position in South East Queensland and an increasing presence in Victoria and New South Wales.
- **Corporate** – achieved strong growth of 41.6% to $2.6 billion. This can be attributed to a stronger profile within Queensland, and a range of initiatives, including successful expansion into infrastructure investments and participation in quality loan syndications.
- **Property Finance** – achieved growth of 21.5% to $3.5 billion. This was the direct result of a recovery in lending volumes in development finance which accelerated during the second half of the year, and a stronger presence in the corporate development market. Property investment growth also remained strong, increasing 16.5% to $4.4 billion.
- **Agribusiness** – performed strongly increasing 11.1% to $3.3 billion. The widespread drought conditions coupled with a strong Australian dollar has reduced farm income and lowered confidence in the rural sector. Recent rain in southern states and improving weather indicators have restored some of that confidence.
- **Project & Structured Finance** – has been involved as a Participant or Lead Financier in a number of consortia bids for electricity, toll road, airport and natural gas infrastructure assets.

Business First – driving growth

Business Banking's strategic goals are to increase its competitive position in core markets, develop a footprint in adjacent markets and move into new markets. To achieve these goals, we launched the Business First Program.

The Business First program of initiatives includes investment in new frontline sales positions, sourcing and designing of new products, expanding our representation, particularly interstate, and leveraging our strengths in our chosen markets. We have increased our workforce by around 10% over the past 12 months in the face of an intensifying war for talent in the marketplace.

We are already seeing positive results from the program, including receivables growth coming from the new people resources, particularly in our Property Finance and Agribusiness divisions. We have also released new products, such as Feedlot Finance, providing an innovative funding product for customers and target customers in the beef industry, and Debtor Finance, which provides assistance for those businesses going through a growth cycle and finding it difficult to manage cash flow through seasonal peaks and troughs.

In addition to the Business First program, we are expanding our businesses in Project and Structured Finance, Equity Investment and Infrastructure Funding. Our goal is to diversify from core markets and core revenue streams in those areas where we have competitive advantages.

Environment initiatives

We continue to support our Agribusiness customers, especially those involved in sugar and grain production, to find alternative, viable markets for their farm outputs. Support for the development of secondary industries, such as ethanol (E10) production is such an example. Ethanol offers a safe alternative fuel choice for the wider

Suncorp has formed a joint venture for the $180 million Polaris Data Centre in Greater Springfield. The data centre, due for completion in 2008, represents the largest private investment in Queensland's information and communications industry. The project highlights the ability of Suncorp's Business Property Finance team to develop and finance major projects and will substantially enhance our IT storage and security capabilities.

*Artists impression courtesy Springfield Land Corporation

community at a time of high oil prices and greater environmental awareness. Suncorp's policy to make E10 the preferred fuel for our fleet resulted in 135,385 litres of E10 used during the year, up from 25,993 litres during the previous financial year. Suncorp has a fleet of around 600 vehicles which are used by employees for their work.

People

A priority for Business Banking during the year was the continued investment in our people through the Strength through People (STP) Program. STP is centred around three key deliverables – leadership, sourcing and retaining talented employees and laying the foundation to drive a high performance culture.

A new performance management system and an enhanced incentive scheme, designed to reward and recognise high performers will be introduced in 2007/08. The new systems will ensure that we have market competitive remuneration structures for our key people resources.

We now have 15% of employees working under the Flexible Work Practices program which gives employees options to work part time, job share and work-from-home.

Outlook

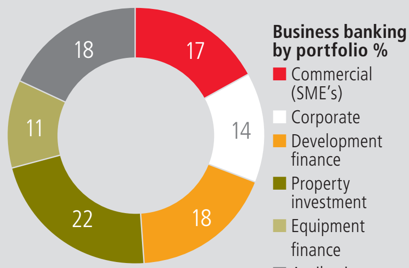
Business Banking expects the highly competitive environment to be ongoing in the coming year. We will continue to experience strong competition in the employment market and competition for customers will remain fierce. We will focus on the following areas:

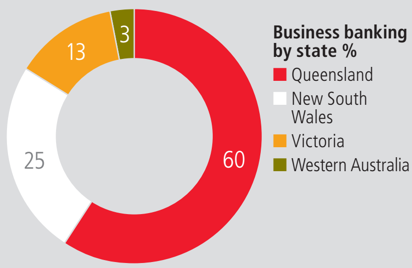
- continuing targeting of segments of the market which deliver superior rates of growth and return
- building scale and efficiency into our operational model, improving our risk assessment capabilities and diversifying our revenue streams
- improving our employment value proposition by delivering flexible workplace practices and improved incentive schemes
- maintaining an appropriate assessment of risk and proactive management of emerging industry conditions
- ensuring we meet our customers' financial needs

A strong platform for growth has been built over 2006/07 and we are confident of delivering another year of strong performance in 2007/08.

$19.4b

business banking lending as at 30 June 2007





Above: The New South Wales storms in June caused millions of dollars worth of damage and disrupted the lives of thousands of families.

Photo: courtesy of Fairfax Photos

Below: The water came up to here, Apia Newcastle customer Ettore Franchini demonstrates the height to his wife Maria and to Apia Customer Service Manager Lydia Sievers. Apia arranged a rental house for the Franchinis nearby while their home is being repaired. Apia has already settled the Franchinis contents insurance claim.

General Insurance

Suncorp is Australia's third largest general insurance group and New Zealand's second largest general insurer with a combined gross written premium of $3.8 billion.

The group's dominant market position is underpinned by a strong portfolio of well known brands including Suncorp, GIO, AAMI, Apia, Vero, Shannons and Just Car Insurance in Australia and Vero and AA Insurance in New Zealand.

Our general insurance products are distributed directly and through Suncorp's bank branch network, intermediaries and via joint ventures and alliances with motor clubs.

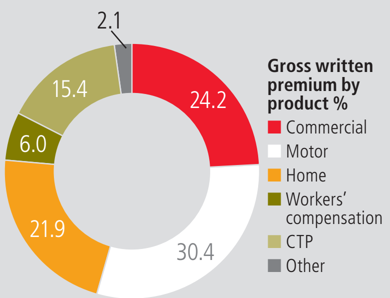
Our 8,563 FTE employees are located in 53 offices and service centres around Australia and New Zealand.

Financial Performance

In General Insurance the consolidated pre-tax profit increased by 41.2% to $976 million for the year to June 2007, demonstrating that the momentum of both the Suncorp and Promina businesses has been maintained despite the finalisation of the merger, the commencement of the integration process and the costs associated with the New South Wales storms in June.

$3.8b*

as at 30 June 2007



* 12 months Suncorp
20 March – 30 June 2007 Promina

Promina's contribution before tax was $129 million for the period 20 March to 30 June 2007.

The Suncorp general insurance business continues to be profitable across all classes of business, benefiting from tort law reforms on personal injury and liability claims and management initiated claims cost and risk selection projects.

A highly competitive environment and continuing pressure on premium rates impacted on overall gross written premium (GWP) growth. The Suncorp general insurance business was flat but the Promina business, which performed strongly throughout the year, had overall GWP growth of 4.3%, (7% growth in Personal Lines) driven by high brand awareness, attractive pricing and cross selling campaigns.

Soft market conditions have persisted for commercial insurance throughout the year putting premium growth under pressure. A solid result was still achieved through a focus on retention strategies for existing profitable customers across all channels. The industry continues to predict that the cycle will remain soft for an additional 12 to 18 months, as underwriters continue to deliver strong margins.

The business continues to focus on identifying customers with under-insurance and non-insurance.

Personal Lines

Personal lines products include home, motor, Compulsory Third Party (CTP) and travel. These products are distributed both directly and through intermediaries via brands such as Suncorp, GIO, AAMI and Vero. Other niche brands cater for specific customer requirements – Apia, for people over 50 and not working full time, Shannons, for motoring enthusiasts, Just Car Insurance (JCI) who focuses on the needs of younger drivers; and InsureMyRide is our online product for those who prefer to ride on two wheels.

Home insurance

Product innovation was the hallmark of the competitive environment throughout the year.

AAMI pioneered a substantial innovation in the home insurance market with the launch of Complete Replacement Cover in August 2006. This initiative is designed to eliminate the risk of customers being under-insured in the event of serious damage to their home building, by promising to rebuild the home building to the same size and standard without being limited by a sum insured. The risk of customers under-estimating the value of their home has therefore been substantially eliminated. This initiative received substantial acclaim from regulators and consumer groups, and has helped drive on-going growth in the home portfolio.

In September 2006, the Platinum home and contents product was launched under the Suncorp, GIO and AMP brands. This optimum cover product, designed especially for customers with high value home and contents, recognises the needs of a growing prestige customer market. Growth is strong and ahead of expectations.

Suncorp is also helping customers reduce their environmental footprint with the launch of eco-friendly features to its home and contents insurance products. Suncorp and GIO customers, who make eligible claims for damaged household white goods, will now be able to replace them with energy efficient products. Customers can also choose to have Suncorp or GIO pay up to $2,500 of the net cost of installing a rainwater tank or solar power heating when at least 80% of their home is damaged by an insured event and we have authorised repairs/rebuilding work.

Motor insurance

The focus on motor insurance through the Suncorp and GIO brands has been on reducing costs, improving customer service and leveraging segment opportunities.

The SMARTec repair process has resulted in both lower costs and better customer service for small to medium repairs. Customers who have been through the SMARTec model have been impressed with turnaround times, quality of repairs and the professionalism of the repairer.

Segment offerings such as the Family Discount for under 25 year old drivers and their parents, the Named Driver for over 40 year olds, the Custom Car for specialised risks and Honda Insurance, for buyers of Honda cars, have all been well supported by our customers during the year. In addition, performance across the portfolio has been enhanced through continued improvements in pricing and risk selection.

Suncorp's 'green' initiative has been extended to its comprehensive motor insurance products where customers who own hybrid vehicles will now receive a 10% reduction on their base premium.

CTP

Intense competition continued to feature in the Queensland and NSW CTP portfolios with insurers competing on price to grow, particularly in New South Wales. Suncorp remains the leading CTP provider in Queensland.

Extensive changes to the NSW CTP scheme took place during the year, with the first phase of the Lifetime Care and Support Scheme becoming effective on 1 October 2006, and pricing for the second phase taking effect from 1 April 2007. Together, these changes have reduced the premium flowing to insurers by around 25% per policy.

Suncorp and GIO CTP continued to drive strategic projects and initiatives aimed at ensuring ongoing business profitability in the competitive environment. We saw opportunities to redesign our claims process to build stronger relationships with our customers as well as lower claims handling costs. The initiatives included successfully implementing a Direct Dealing process (involving a dedicated Direct Claimant team, phone lodgement, Customer Satisfaction Survey and finalising a new claims pack) and a new claims model that enhances work around claims segmentation.

A Claims Imaging system was also successfully rolled out in the third quarter within Suncorp which will ultimately reduce the time taken to process claims.

Meeting specialised needs

Apia

Apia recently launched a range of products designed to meet the changing accommodation needs of Australia's over 50s. The range includes insurance products to cover apartment, village and assisted living. Early sales have been promising.

The brand has also been successfully expanded to those considering reducing their workload by reducing from 55 to 50 the age people can access Apia products. Call centres in Adelaide and Melbourne have been expanded to keep pace with the growth in Apia's customer base.

Apia continues to ensure its product range meets the needs of the over 50s market including self-funded retirees and 'baby boomers' who work part-time. Landlord insurance was recently added to the product portfolio.

Apia has the highest level of customer satisfaction in its market segment. During the year, Apia won five industry awards for customer service, including the Smart Investor Magazine Award for Australia's top general insurance company for customer service.

Shannons

Shannons has made substantial inroads into the development of its regional presence, in response to the motor enthusiasts' demand within the regional areas.

Shannons' auction business has had a record year with record values being secured for a growing range of cherished vehicles.

Just Car Insurance (JCI)

During the year JCI refined its product including pricing, claims and repairer management. The introduction of flexible payment options, including pay by the month has been an important development for the young driver market segment.

InsureMyRide

A new brand entirely dedicated to the needs of Australian riders, InsureMyRide, launched a very different online product for those on two wheels in March. IMR is already exceeding its planned new business growth and has established excellent relationships with the online riding network.

Commercial Insurance

Suncorp sells a wide range of business insurance products and workers' compensation products to small and medium sized businesses as well as large corporates. These products are distributed both directly and indirectly through intermediaries.

Business insurance

The commercial insurance industry continued to be highly competitive throughout the year, with significant price reductions experienced in most classes of business. Despite these market conditions, we continued to grow our customer numbers by focusing on improving our customer experience. As a result of our emphasis on improving processes that impact the customer, our customer satisfaction measures have seen an overall improvement from both direct and intermediated customers across the different brands.

One example where we have seen an enhanced customer experience is through our Direct Optimisation Project. This project streamlined the sale of our direct business insurance and workers' compensation products. Customer contact centre employees are now being cross-trained in both products, enabling customers to obtain both types of cover with only one phone call. This has enhanced the customer experience and resulted in increasing product sales.

Workers' compensation

We underwrite workers' compensation in Western Australia, ACT and Tasmania and operate in the managed funds schemes in New South Wales. Growth of the underlying business was supported by strong wages in force growth of around 8%. In particular, strong economic conditions in Western Australia have led to the continued expansion of business payrolls. However, premiums are under increasing pressure. Strong retention rates were maintained throughout the year, particularly in Western Australia.

One of our core initiatives in the workers' compensation business was a process improvement initiative designed to harmonise the disparate claims and policy processes. By developing consistent best-in-class claims management practices, this program of work is expected to not only drastically reduce claims cost but also significantly improve claims experience across the board.

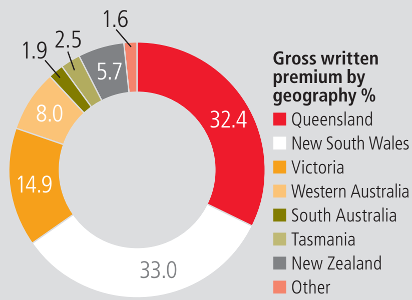
Hunter Valley / Newcastle storms

The storms that hit Hunter Valley / Newcastle areas of NSW over the Queen's Birthday long weekend in June resulted in more than 20,000 home and motor claims across all our brands. However, we were well prepared for this event. Reacting quickly to our customers needs, we were assessing vehicles even while the storm was still active. Our first claim payment was made within 36 hours of the storm subsiding. Over 75% of the claims assessed were settled within 14 days of the event occurring and 95% of the motor claims – the vast majority of which were write-offs – were settled by the end of June.

Our recent experience with Cyclone Larry and our strong local presence came to the fore in providing quick service to get our customers back on their feet, particularly the ability to settle many customers' claims on the spot through electronic funds transfer which attracted positive feedback.

$3.8b*

as at 30 June 2007



* 12 months Suncorp
20 March – 30 June 2007 Promina

Acquisitions

A number of acquisitions have supplemented the General Insurance business during the year.

AAMI assumed management control of AAI NZ, a direct personal lines insurer and a joint venture between the Suncorp Group and the Automobile Association of New Zealand.

In June 2007, Vero New Zealand took full ownership of Axiom and Mariner, two businesses previously run as joint ventures.

And in Australia, Vero acquired Terri Scheer Insurance Brokers which will enable the company the opportunity to develop and maintain a market-leading presence in the landlord insurance market. Terri Scheer has successfully operated as a specialist landlord insurance brokerage for the last 11 years.

Vero also acquired 100% of the Australian Pacific Underwriting Agency (APUA) which specialises in underwriting professional indemnity insurance for accountants, architects, financial planners and a range of construction related professions.

People

We continued to focus on ensuring that we attract, develop and retain a talented workforce. As a result, throughout the year the General Insurance businesses invested significantly in leadership and wellness programs for our people.

We finalised the rollout of the inFOCUS program across the Suncorp and GIO businesses, which is designed to drive world standard sales and service by providing a consistent approach to assessing and fulfilling customer needs. This program delivered a number of foundational tools that were complemented by an internally developed Active Leadership Program aimed at providing consistent leadership skills across all of our team leaders.

The management team has also placed a strong emphasis on the overall wellness of our people by implementing a number of initiatives such as 'Wellness Barometers' aimed at promoting a healthy work-life balance. These initiatives have also delivered noticeable improvements in retention and absenteeism across the board.

Outlook

Our focus will be to continue protecting our market share and growing our brands both in the direct and intermediated markets. We expect commercial markets to remain soft in the short-term. However we will continue to maintain rates to ensure ongoing profitability.

We will leverage our previous experience with mergers to ensure that we realise the value and synergies of the combined organisation. We will continue to seek efficiencies in claims costs and deliver reliable end to end fulfilment while providing legendary customer experiences.

In the longer run climate change may potentially increase claims volatility.

Above, this photo shows what remained of Hugo Knorre's kitchen in August 2006, post Cyclone Larry.

August 2007. Hugo and his new home, shown right, in South Johnstone, far north Queensland, which was rebuilt on the old home site.

It is a happily ever after story! In our 2006 annual report we featured Cyclone Larry victim Hugo Knorre, whose house looked relatively undamaged until you stepped through the front door and saw the real devastation. Hugo had been through a cyclone before and 'knew the ropes'. An assessor surveyed the damage and his home contents were soon paid out with plans underway to rebuild his new home.

The family are about to move in and couldn't be happier with the outcome!

Hugo's daughter Alison was so grateful for everything Suncorp has done and the stress free claims experience during what could have been a very difficult time for her father.

Wealth Management

Profile

As a result of the Suncorp Promina merger, Suncorp acquired a trans-Tasman financial services suite of financial services brands now called Suncorp Wealth Management (SWM).

The business includes Suncorp Wealth Management and Financial Planning, Suncorp Investment Management Limited (SIML) and brands such as Asteron (Australia and New Zealand), Tyndall (Australia and New Zealand), Standard Pacific, Guardian Financial Planning, Guardian Trust (New Zealand) and Cameron Walshe.

Our products include superannuation (personal and employer-sponsored), managed investments (unit trusts and wrap service), life insurance (death, trauma and disability), other risk protection products (such as mortgage and credit insurance), financial planning and advice, and corporate and personal trusts and estate planning.

With our multi-brand approach we are able to provide these products and services to 571,380 individual and small business customers through a number of channels including:

- independent financial advisers – we have a relationship with 3,000 advisers in Australia, and a further 1,500 in New Zealand of whom around 500 contribute new life risk business on a regular basis
- a 365-strong adviser network that includes Guardian Financial Planning, Cameron Walshe, Standard Pacific, Suncorp corporate agents and the Suncorp financial planning networks in Australia, and a further 31 advisers in New Zealand
- insurance services
- the Wealth Management Call Centre and Customer Service Centre and
- in New Zealand, corporate and personal trust, personal and estate planning and accounting and tax services through 13 New Zealand Guardian Trust branches.

SWM has 1,297 FTE employees.

Total funds under management across Australia and New Zealand were $27 billion as at 30 June 2007. Of that total, Suncorp Investment Management manages $14.4 billion, up from $12.9 billion as at June 2006.

Funds under administration were $16.5 billion as at 30 June 2007. This was made up of $6.4 billion administered by Suncorp, up from $5.2 billion as at 30 June 2006.

The strong growth in both funds under administration and funds under management has been driven by the buoyant investment markets and strong net inflows.

Funds under supervision, in the Guardian Trust corporate trust business, was A$28.8 billion as at 30 June 2007.

Total in force risk insurance premiums across Australia and New Zealand was $613 million as at June 2007. Suncorp had $151 million in force premiums representing 25% growth during 2006/07. This increase was mainly driven by an increased number of insured members of a Group Life client and strong new business and retention of personal risk.

Financial Performance

SWM contributed profit before tax of $221 million. This outstanding result reflects strong operating performance, improved retention, continuing buoyant equity markets and increased new business flows arising from changes to superannuation laws.

The Promina businesses contributed $47 million on a pre-tax basis for the period 20 March to 30 June 2007.

Promina's continued focus on the delivery of superior customer experiences both in the adviser network and for the end customer contributed to this solid result, as did increased life risk new business sales and strong increases in funds under management and funds under administration, due to investment returns both in Australia and New Zealand.

Excluding the three-month financial performance of Promina, SWM reported profit after tax of $91 million for the year to June 2007, an increase of 28.2%.

The underlying profit, which excludes the impact of the investment earnings, rose 35.8% to $72 million for the year to June 2007. This increase was mainly attributable to strong growth of funds under administration, funds under management and risk annual premium, underpinned by strong new business and good customer retention. Underlying profit growth was also driven by strong claims experience in risk insurance.

The risk insurance operations reported a net underlying profit after tax of $22 million, up from $13 million. The fund management operations, which include retail investment business, asset management and distribution, increased underlying profitability by 25% to $50 million.

Both life risk insurance and retail investment achieved strong new business growth. Life risk insurance sales were up 69% to $49 million due to the performance of the Group life business and the Consumer Credit Insurance (CCI) portfolio's improved strike rates and an increase in the volumes of both home and personal loans. Term new business growth was mainly driven by the successful launch of the 'Family Protect' Direct Risk insurance product.

The retail investment operations increased their new business by 21.0% to $942 million largely as a result of improved productivity.

Initiatives during the year

The implementation of simplified superannuation legislation changes has had a positive effect on our products, processes and systems. We are well placed to take advantage of the new landscape with product initiatives underway to allow greater flexibility for customers in the new superannuation environment. We have fully leveraged the changes and our strong investment performance in Australian equities through extensive marketing and customer communications campaigns.

Our innovative Asteron Longevity Income Stream (ALIS) product, which provides an income for the later years of retirement, was slow to take hold in a market focused on asset accumulation. It is anticipated, however, that longevity products will become a central part of retirement planning in future and we will be well placed to take advantage of opportunities in this niche.

The industry continues to be impacted by a shortage of authorised advisers. To address this issue, SWM has developed a program that focuses on improved adviser training, productivity and internal career paths.

SWM launched a direct risk insurance product aimed at introducing consumers to risk cover through a simplified application process. Family Protect gives people an easy way to obtain risk cover without the assistance of a financial adviser. There was also a 30% conversion rate of customers wanting to talk about other types of cover.

There was a strong focus during the year on reducing lapse rates and claims provisions, through improved claims management practices and processes, and customer retention initiatives for risk, super and investment customers. The Customer Experience Program to improve customer satisfaction, particularly in customer segments such as the over 50's, and maintain the significant favourable gap over our competitors, continued.

In life risk, the launch of Asteron's Lifeguard product in April helped Asteron regain its position as one of Australia's leading life insurance contracts. We also successfully implemented an electronic imaging and workflow system for our new business and underwriting teams during the year.

Rosalee Horwood, a Banking, Insurance and Finance consultant at the new Noosa Civic Branch, pauses for a chat with customer Reg Bird of Noosaville.

In New Zealand, the introduction of KiwiSaver has resulted in a significant improvement in the personal saving and superannuation contribution environment. Asteron KiwiSaver has been developed and will be administered by Asteron, Guardian Trust and Tyndall Investment Management. Significant new corporate trustee business has also been obtained from KiwiSaver schemes launched by other providers.

In addition to the KiwiSaver development, there has been a continuation of successful initiatives designed to sustain growth. These included new risk product and enhancements, defending and growing core distribution, developing non-core distribution including mortgage-related opportunities, and leveraging the investment in the Stone & Associates adviser and the AA Life direct marketing channels. A number of initiatives focused on client service, including the introduction of the electronic imaging and workflow system that was successfully implemented in Australia.

Our People

SWM's goal for our people is to ensure that all employees are engaged in, committed to, and aligned with the company purpose and goals. Within this specific goal, SWM has developed and delivered a number of strategic initiatives that have contributed to an increase in employee engagement across our trans-Tasman employee base.

The focus has been on ensuring SWM has a skilled and engaged workforce with which to achieve business growth. Initiatives included:

- Leadership development – targeted leadership development aimed at increasing positive leadership impact and competence.
- Graduate program – an Australian-based graduate program with a company commitment to bring high-calibre graduates into the business for future leadership growth.
- Moving employees of the NSW-based SWM businesses of Asteron and Tyndall into state-of-the-art premises in Sydney CBD.
- Reducing employee turnover, through the appointment and promotion of people from within the Suncorp Group.

Outlook

Our outlook is positive for the year ahead with the significant growth in the wealth management industry expected to continue for some time. Our key focus is leveraging the combined strength of SWM businesses in our growing markets.

The introduction of Simplified Super on 1 July has marked the start of further innovation in superannuation and pension products.

The ongoing high level of under-insurance in Australia presents a key opportunity to focus on Life product and service enhancements, and technological improvements (such as online/automated offers, faster and simpler applications and underwriting).

We expect further development in direct products, and for our sales through other Suncorp brands to continue to grow.

In New Zealand, positive tax changes for managed funds and the introduction of KiwiSaver have dramatically improved the environment for personal savings and superannuation. We are well placed to participate strongly in this market, both directly and as a provider of trustee, registry, and investment management services.

Our risk sales success in New Zealand continues to attract competitor attention. To meet this challenge and sustain our current growth, we have relationship, product, service and diversification initiatives in place including those aimed at our jointly owned direct marketing channel, AA Life Services. Market reaction to the ongoing high level of under-insurance has been slower in New Zealand than in Australia, but we recognise that similar growth opportunities exist and we are focusing on life product and service enhancements.

Organisational structure

Our service and product delivery framework

With direction from:

- Board of Directors
- Board Committees
- CEO

Group Executive Retail Banking
- Customer Sales & Service
- Mortgage Brokers
- Lending
- Deposit Products
- Small Business Products
- Home & Personal Loans
- Transaction, Savings & Investment Accounts
- Credit Cards
- Foreign Currency Services
- Branch, ATM & Internet Facilities

Group Executive Business Banking
- Property Development Finance
- Property Investment Finance
- Project & Structured Finance
- International Trade Finance
- Agribusiness Financial Services
- Commercial Banking Services
- Equipment Finance
- Corporate Finance

Group Executive Wealth Management
- Superannuation (Personal & Employer Sponsored)
- Managed Investments
- Life Insurance
- Financial Planning & Advice

Group Executive Personal Insurance
- Home Insurance
- Motor Insurance
- Compulsory Third Party Insurance
- Travel Insurance
- Caravan Insurance
- Marine Insurance
- Boat Insurance
- Motorhome Insurance
- Landlords Insurance
- Motorcycle Insurance

Group Executive Commercial Insurance
- Compulsory Third Party
- Reinsurance
- Motor Claims
- Property Claims
- SME
- Workers' Compensation
- Corporate Commercial Insurance
- Small Business Commercial Insurance

Group Chief Financial Officer & Executive Director
- Finance
- Treasury
- Risk
- Regulatory Affairs
- Investor Relations
- Internal Audit
- Actuarial Approved Actuary
- General Counsel
- Corporate Secretary

Group Executive Strategy, People & Corporate Services
- Group Strategy
- Corporate Development
- Group Strategic Sourcing
- Communications & Corporate Affairs
- Corporate Real Estate
- People & Performance
- Group Marketing
- Business Partnerships
- LJ Hooker

Group Executive Information Technology
- IT Infrastructure
- IT Architecture
- IT Solutions
- IT Customer & Corporate Systems

Group Executive Vero New Zealand
- SME
- Corporate
- Home Insurance
- Motor Insurance
- Liability Insurance
- Accident Insurance
- Marine Insurance
- Warranty Insurance
- Miscellaneous other Fire & General Products

Suncorp provides:

To our stakeholders:

- Shareholders
- Customers
- Employees
- Community

Sue Sanderson (left) and Rebecca McLeod job share the role of Manager, Leadership and Organisational Capability, People and Performance.

Our people

The Suncorp Promina merger has seen the number of employees almost double in size from 8,367 to 16,319 (Full Time Equivalent) employees. Employees are located in over 450 locations throughout Australia and New Zealand, predominantly in New South Wales, Queensland and Victoria.

A continuing strong economy, low unemployment and the resulting competitive labour market create a challenge for Suncorp to attract, engage, reward and retain key talent. We have remained focused on:

- selecting the right leadership team to support our growth
- creating new and enhanced development programs to build our leadership capability
- designing internal programs to 'grow our own' in areas where talent and skill are critical to our business and in short supply
- building environments where employees love to work
- improving employee terms and conditions through comprehensive consultation
- supporting the work life balance of employees and
- providing our employees with opportunities to give back to the community.

Integration

The merger of Suncorp and Promina is providing great opportunities to build upon the best aspects of two high performing organisations.

The larger organisation provides increased career and development prospects for all employees across different businesses, disciplines, specialities and geographies.

The challenge to integrate Suncorp and Promina people strategies and systems has also created opportunities. A dedicated Integration Team will ensure a transparent integration that selects the best practices from both sides.

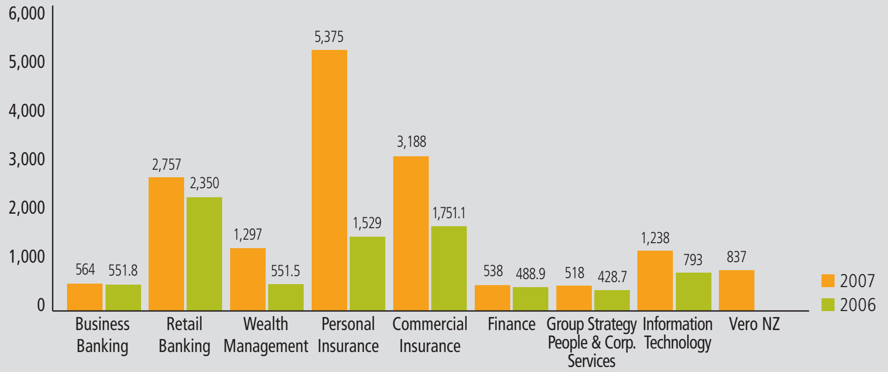
People capability

Suncorp competes in a market where talent and skills are in short supply. This has been increasingly prevalent in specific areas and roles. We have addressed this through a number of initiatives:

- Our Employee Referral Program has proven the most effective method of sourcing talent. The program is actively promoted within all business areas and we are looking to increase the success rate in the year ahead.
- The Suncorp Graduate Development Program, which commenced in 2006 with six graduates, increased to 11 in 2007 with 43 to commence in 2008. The program is contributing towards building our capability in critical areas.
- Efforts to 'grow our own' have been rewarded with almost 30% of open roles in 2007 being filled by internal candidates.
- Accelerated development programs have also been designed to fast track skill levels in critical areas. Employees that express an interest in, and capability to fill critical roles, are provided with an opportunity to fast track their career path through accelerated growth activities for example, a 12 month program to develop employees into successful financial planners.
- New and enhanced leadership programs have been designed and delivered to further build our future leadership capability such as FLARE, the Active Leadership Series and Leadership Pathways.
- FLARE, a first class leadership training program, received significant enhancements and continues to be offered to all levels of leadership within Suncorp. FLARE equips Suncorp leaders with the knowledge and skills to motivate, manage and coach team members to reach their full potential and therefore help Suncorp achieve its Vision of developing a high performing, customer solution focused team culture.

16,319

employees located in over 450 locations



- The Active Leadership Series, which comprises nine learning modules designed to build active, capable, inspired and engaged Suncorp leaders, was rolled out across our General Insurance business during the year.
- In Promina, a Leadership Pathways Program was developed in partnership with the Australian Graduate School of Management, designed to enhance and align the leadership capability across Promina.
- Vero Australia developed a comprehensive suite of leadership programs aimed at increasing capability in both leadership and technical specialisations within their business. These include: the 12 month vPod Leadership Development Program; the Melbourne based Flames Program focusing on development of emerging talent around technical, business and networking skills; an intensive one week General Manager Program for General Managers and high potentials; and a one week Summer School for Senior Leaders which focuses on current business performance issues.
- Asteron Australia focused on building their leadership pipeline through the Outstanding Leaders Program. The program is designed to enhance leadership capability at team leader and middle manager level and to provide those new to management with the skills to lead teams and drive an increase in performance. The six month program incorporates workshops as well as practical skills-based transfer activities.
- The Suncorp Careers website was relaunched with innovative methods to attract potential employees. This has included engaging customers as potential employees through links to the careers site from other areas of the Suncorp external website.
- Attracting and retaining employees will continue to be a major focus through the Recruitment Excellence project. 'We are all Recruiters' will be a major theme of the project.

In the next year we will continue to build on our people capability by rolling out employee development programs and systems across the larger Suncorp Group.

Workplace initiatives

Suncorp aims to create a working environment that exceeds the expectations of our employees. In 2007 the culmination of many long projects resulted in: new and improved working environments, increased flexible working options, improvements in health and safety, and enhanced terms and conditions of employment.

More than 2,800 Sydney and Brisbane employees were relocated to state of the art buildings in Sydney Place and Brisbane Square. These buildings were specifically designed to encourage cross collaboration between teams and enable flexible work practices with hot desk options.

Suncorp customers and branch employees have also enjoyed new facilities. In January 2007 a new look branch opened in Brisbane Square. The open plan environment with 'customer friendly zones' and 'self serve internet banking kiosks' have received positive feedback from both employees and customers. Other 'new look' branches were opened in Springfield and Noosa during the year with a further 19 new or refurbished branches to be completed by mid 2008.

The introduction of two new systems 'Access Anywhere' and 'Email Anywhere' further increased flexible work options for our people, enabling them to work from home and other remote locations via secure networks.

Health and safety is an integral part of life at Suncorp and is essential for the continued success and growth of our business. We are committed to fostering an environment that promotes wellbeing for our stakeholders – our employees, contractors, customers and visitors.

An increased focus on health and safety has further reduced the already low number of occupational health and safety incidents in 2007, which has been achieved through up-skilling our leaders in health and safety, developing an audit program and targeting specific health and safety risks. Our Injury Frequency Rate (IFR) has reduced from 3.9 in June 2006 to 3.4 in June 2007 and places Suncorp as a leader in terms of IFR performance in the financial services industry.

Promina employees in corporate and information services across Australia and New Zealand benefited through a Wellbeing Program which included monthly wellbeing initiatives and activities.

Vero New Zealand is consistently rated by its employees as one of the country's leading workplaces in the annual 'Best Place to Work' survey.

Suncorp continues to look at ways to provide terms and conditions of employment that reflect our high performance culture and ongoing commitment to making Suncorp a great place to work.

The Suncorp Working Together Agreement, covering 9,000 of our employees, was developed in June 2007. The development process involved a large group of human resources and business representatives who consulted with both Certified Agreement and individual contract employees on enhancement in their terms and conditions of employment.

In developing the Agreement, more than:

- 13,000 employees attended consultation sessions
- 2,300 sessions in total were conducted

Six national charities benefit each year through employee donations via Verogive, Vero Australia's workplace giving program.

- 175 major and regional locations were visited across Australia and
- 17,200 information packs were sent to employees.

The process culminated in a 65% participation rate and a 93% majority yes vote on 29 June – a great outcome for our people and organisation.

Beyond the workplace

We consider it a business priority to assist our employees in achieving a healthy balance between work and home life.

Family support is important in contributing towards high performing teams. Where possible we create opportunities to recognise this and give back to Suncorp families.

Suncorp Family Day Programs are free events designed for employees and their families. They aim to promote work life balance through the introduction of partners and families, informal networking opportunities and providing fun in a relaxed environment outside of work. In early 2007, events held in Brisbane and Sydney were the first opportunities for employees and their families of the merged organisation to meet informally.

Suncorp continues to support our employees involvement in community events. We support and fund employee and family participation in the Bridge to Brisbane, City to Surf (Sydney) fun run and other community and sporting events across Australia and New Zealand.

In September 2006, Wealth Management employees in New Zealand were provided with a two hour leave pass to try out new activities outside of the workplace either for themselves or to give back to the community.

In December 2006, Information Technology teams created 'Kids at Work' days to introduce families to the new Brisbane Square workplace. These events saw 130 children and their families participate in a tour of the worksite, games, face painting, movies and a special visit from Santa.

Community

As part of our commitment to the community, our Volunteer Day Program allows each employee one day's paid leave per year to support a charity. Suncorp's participation in volunteer activities is over five times the financial services industry average, with more than 50% of our employees participating in the program in 2007.

Employee community activities under our 43-charity partnerships included providing sun safe information and free sunscreen at beaches, major sporting and community events, partnering with Greening Australia to plant shade trees in local parks; promoting Skin Cancer Awareness Week; and raising $250,000 in the Ride 4 Research campaign.

As part of a 2007 'Wellbeing Challenge', Asteron, Guardian Trust and Tyndall employees in New Zealand 'walked around the world' raising money for local charities.

Six national charities, the Cancer Council, the Smith Family, Australian Wildlife Conservancy, Heart Foundation, Assistance Dogs Australia and Blackwood, benefit each year from Verogive, Vero's Workplace Giving Program. The program was established in November 2005 following a strong desire by employees and Vero senior management to make a positive contribution to the community. Employees can donate to one or more of the six chosen charities. In support of employees who contribute through the Verogive Program, Vero has committed to match all contributions on a dollar-for-dollar basis to the value of $50,000.

Our community

Suncorp works closely with the communities in which we operate, supporting the economic and social prosperity of the places where we do business.

We have a long history of sponsorship and charitable programs. Our well established sponsorship partnerships benefit people from all walks of life and our assistance includes financial support and the volunteer efforts of our employees.

Wellbeing, health & safety

Skin Cancer Initiative

This year marked the third year of our Skin Cancer Initiative. Working with our major partner QIMR (Queensland Institute of Medical Research), as well as Greening Australia, Sunshine Coast and Townsville City Councils, we delivered a multifaceted program of community events, marketing campaigns, fundraising and education activities focused on raising awareness and educating the community about skin cancer. Some of the highlights and achievements during the year included the launch of a dedicated skin cancer education website which has received on average 1,500 visitors each month.

Through our Queensland branch network, the sale of 20,000 UV reactive wrist bands, which changed colour to remind the wearer to cover up in the sun, resulted in Suncorp being able to purchase 39 shade tents for sports clubs and schools throughout Queensland with the $74,034 raised.

During school holidays and throughout summer, we worked with Sunshine Coast councils to provide shade tents, sun safety warning signs and complimentary sunscreen spraying on local beaches. This year 291 employees used their annual volunteer day to assist with the beaches program. Another 29 Suncorp employees volunteered their time in promoting skin cancer awareness at cricket matches at the Gabba.

The 2006 Ride 4 Research raised $254,510 and involved 143 riders from Suncorp and QIMR, including an employee support team.

Our continuing support of Greening Australia's Shade Tree Planting Program saw 211 staff volunteering their time to plant more than 5,000 shade trees in public parks and bikeways in South East and North Queensland locations.

In all, a total of $392,580 was raised for skin cancer research and community shade during the year.

Community results

One of the key objectives for the Suncorp Skin Cancer Initiative is to positively impact sun safe behavioural change in the community. Suncorp's Community Reputation Monitor revealed that six out of 10 people in the Queensland community are extremely concerned about the issue of skin cancer. Of those aware of Suncorp's Skin Cancer Initiative, 77% agreed that it has had an impact on their concern, with more than one third having a skin check up and more than 80% have being more vigilant with theirs and their loved ones sun safety protection.

National Trauma Research Institute

AAMI has formed a partnership with the National Trauma Research Institute (NTRI) a national body based at the Alfred Hospital in Melbourne (a key trauma care centre), and with links to trauma facilities in other states. The first of its kind in Australia, the NTRI aims to limit the disabling effects of traumatic injury via research and education. AAMI's support will assist the organisation in carrying out this work, which will generate significant long-term benefits to individuals and the community.

Youngcare

In January 2007 the Suncorp CTP Insurance team announced a three year partnership with Youngcare, an organisation which raises awareness and funds to help an estimated 6,500 young Australians with high care needs.

With the generosity of customers, employees and the Queensland community, $756,978 was raised for Youngcare in less than six months, commencing with the rollout of a $15 pledge to Youngcare for every new Queensland Suncorp CTP customer. A further $580,000 was added to the fundraising total through an on-air appeal with radio partner Triple M, and further substantial funds resulted from of another $15 pledge offer supported by the Wallabies via an online campaign and Test Match Promotion at Suncorp Stadium. Fifty-four staff used their annual volunteer day to assist with Youngcare fundraising since January.

Skilled Drivers Program

Since 1982, the AAMI Skilled Drivers Program has provided millions of dollars worth of training to more than 55,000 young drivers – most of whom were customers, or whose parents were customers. The program, designed to promote safe driving behaviour among licensed drivers under-25, has expanded to all capital cities in which AAMI operates and is a demonstration of the Company's ongoing commitment to road safety. It is free to licensed drivers under-25 who hold an AAMI comprehensive car insurance policy or whose parents hold this policy. On completion, participants qualify for a 10% discount on AAMI comprehensive car insurance until they turn 25 years of age.

Olympic and Commonwealth swimming champion, Hayley Lewis, was Suncorp's Skin Cancer Ambassador over the summer months to help promote sun safety and launch the UV Sun Band initiative. With Hayley as our key spokesperson we generated $535,496 in non paid media around important skin cancer messages, almost doubling our target.

In 2006, 8,064 young people participated in the program. According to independent research conducted in 2005, 99% of participants said they were likely to change how they drive in the future and of them, 71% said they would increase their following distance and 40% said they would decrease the speed at which they drive. Further, AAMI's internal research shows that participation in the AAMI Skilled Drivers Program leads to an average 20% decrease in the number of collisions where the young driver was at-fault.

Australian Drug Foundation

AAMI commissioned the Australian Drug Foundation (ADF) – in conjunction with Turning Point Drug and Alcohol Centre – with an extensive social research project about drug driving in Australia which has increasingly become a widespread social concern. The results from this internet self completion survey, designed to investigate the drug use and driving habits of adult Australians, will be used to develop an education and information campaign aimed at generating awareness of this important road safety issue.

Hear & Say Centre

Suncorp's 13-year partnership with the Hear & Say Centre has raised $1,100,066 towards helping teach deaf and hearing-impaired children to listen and speak. Fundraising activities during the year included support of the annual Buy-a-Butterfly Appeal in Queensland raising $111,666 through in-branch promotions, branch competitions, volunteer opportunities and employee payroll deductions. Customers donated $16,236 online through our BPAY round up initiative.

The Hear & Say Centre also received $181,376 as the major beneficiary of the Sunday Mail Suncorp Bridge to Brisbane Fun Run in 2006.

The Sunday Mail Suncorp Bridge to Brisbane Fun Run

The 2006 Sunday Mail Suncorp Bridge to Brisbane Fun Run, a major Brisbane event and key community initiative, raised more than $302,000 for charities with over $1.9 million being raised since its inception.

The event attracted a record 24,350 participants, including 2,648 employees and their families, up 15% on 2005.

As part of our ongoing skin cancer awareness campaign, Suncorp volunteers were out in force providing free sunscreen for participants at pit stops along the course.

Surf Lifesaving Queensland was nominated as the 2007 major event beneficiary.

Community understanding for the 'over 50's'

Apia has developed a comprehensive program called Community Understanding, aimed at the 'over 50's'. This includes sponsorship of events, the promotion of a healthy, active lifestyle, partnerships with community groups and research into issues influencing the quality of life of Australians over 50.

Apia is a partner with Adult Learning Australia in the promotion of adult and community education. The Apia Adult Learning Ambassador Award is the first to recognise Australia's top adult educators and has been endorsed by the Federal Government.

Apia supports organisations such as Probus who are leaders in providing opportunities for people to meet socially. Apia is also a major sponsor of Seniors Week – a national program designed to promote an active lifestyle for people over 50.

A Vero NZ-sponsored Philharmonia Orchestra concert in the packed concert chamber of the Auckland Town Hall.

Prostate Cancer is the most serious public health issue for males aged over 50. Apia has assisted the development of a national prostate cancer awareness and education campaign.

Support for the community's youth

The Promina Foundation donated $100,000 to both the Children's Medical Research Institute and Barnardos Australia during 2006. The funds were donated to help these two organisations in their work to protect and nurture young people in our community. Employees have actively supported initiatives such as The Children's Medical Research Institute's Jeans for Genes Day and volunteering their time with the Barnardos' centres.

Culture and the Arts

Sydney Festival

GIO has been a co-sponsor with the Daily Telegraph of the Domain Concert Series Sydney Festival's for the last three years.

The free outdoor concerts, Jazz in the Domain and Symphony in the Domain, attracted close to 180,000 attendees, exceeding all expectations, with 80 Sydney and Newcastle employees volunteering their time to spray sunscreen and sell raffle tickets to raise funds for the arts.

Due to a strong presence at these events, GIO exceeded its sponsor awareness target with 81% unprompted brand recall from patrons who attended the series.

National Treasures

AAMI was principal sponsor of the Australian National Library's National Treasures Exhibition, which recently toured every state and territory capital city throughout Australia. The Exhibition consists of more than 100 nationally significant objects drawn from both the National Library's and State libraries' collections.

Auckland Philharmonia Orchestra

Dedication, teamwork and world-class performance are hallmarks of this amazing group of classical musicians. Vero New Zealand has been sponsoring the Auckland Philharmonia Orchestra for 14 seasons in an enduring partnership that benefits the arts and wider community in New Zealand's largest city, Auckland.

Sporting partnerships

Qld Cricket

Suncorp's partnership with Qld Cricket is now in its 17th season. Our Regional Cricket Program took cricket to outlying areas of the state through coaching clinics and school visits involving 350 school children and 235 junior club cricketers, with $8,000 of fundraising for local cricket along the way. In Brisbane, 50 junior cricketers from local schools participated in an exclusive Suncorp / Queensland Bulls cricket coaching clinic and were joined by parents afterwards for a BBQ.

Suncorp Stadium

One of Australia's finest sporting arenas, Suncorp Stadium, for which we have naming rights until 2010, continues to attract major events. Throughout the year the stadium hosted 40 sporting events and concerts entertaining 1,164,647 patrons.

Australian Rugby Union/Wallabies

To celebrate the return of the Bledisloe Cup to Queensland for the first time in 10 years, Suncorp sponsored the 2006 Bledisloe Cup Roadshow from Bundaberg to Brisbane, visiting eight regions across nine days, engaging 4,500 rugby supporters, 24 local schools and eight rugby clubs.

In 2007, Wallaby George Gregan joined Suncorp as a Rugby Ambassador alongside Eddie Jones, Tim Horan and Berrick Barnes who are all actively involved in the Group's rugby program to promote the sport and our business to customers and the community.

Australian Rugby Football Schools Union & the Suncorp Australian Schoolboys

Through Suncorp's sponsorship of the Australian Rugby Football Schools Union (ARFSU) and the Suncorp Australian Schoolboys Representative Squad, Suncorp runs a series of coaching clinics for rugby playing students to provide support to rugby at the 'grass roots' of the game.

During 2007, over 475 students across Queensland, ACT and New South Wales have participated in the Suncorp School Clinics Program designed and run by Suncorp Ambassador Eddie Jones. Rugby legend Elton Flatley was the ambassador for New South Wales and ACT clinics and ran a series of four multi-school events.

The Queensland Reds and the Suncorp Rugby and Regional Tour 2007

As part of Suncorp's sponsorship of Queenland Rugby Union and the Queensland Reds, Suncorp holds the naming rights to the Suncorp Queensland Rugby Regional Tour. Each year Queensland Reds players and the Suncorp Ambassador visit regions throughout the state delivering a series of events aimed at promoting the development of rugby at its grass roots.

The 2007 tour kicked off in Toowoomba on 30 March, with over 400 kids from the Darling Downs region turning up to participate in the public coaching clinic event, before travelling to Mackay, Bundaberg and Emerald in June.

The 2006 tour visited the Gold Coast, Sunshine Coast, Townsville and Toowoomba and had 3,226 participants across the various events.

AAMI Country Rugby League Community Grants Program

AAMI sponsors the New South Wales Country Rugby League via a community grants program, which provides $20,000 worth of grants to local country rugby league clubs across the state. Clubs apply for grants by writing detailed accounts of their efforts to grow the sport across country New South Wales and how the club would benefit from a $1000 grant. Throughout the football season, two letters are selected each week, their stories aired on radio and a winner chosen.

Car Enthusiasts

Shannons is a major supporter of car clubs and enthusiast groups throughout Australia. In 2006 over 350 motor exhibitions and events were sponsored with 150 car club events in the first six months of 2007.

Shannons also assists major organisations such as Rotary, Apex, Variety Club and the Peter Brock Foundation with funding and event management.

Just Car Insurance is a sponsor and actively involved with the National Auto Salon shows throughout Australia. These are recognised as the leading event for high performance and imported vehicles.

Emirates Team New Zealand (America's Cup yachting)

Vero Marine New Zealand, impressively titled 'Official Supplier to Emirates Team New Zealand' has insured the team's hulls since the late 1980's, right up to the campaign just completed where Team New Zealand, Louis Vuitton Cup winners, narrowly missed reclaiming the Auld Mug in a very close and exciting contest with the cup holder.

Air New Zealand Cup rugby referees

Vero New Zealand is a sponsor of the referees for the greatest provincial rugby championship in the world. This sponsorship is all about having integrity and a sense of fair play as well as delivering outstanding media coverage for the Vero brand.

AAMI is principal sponsor of the Victoria State Emergency Service (SES) and works closely with them to target contributions which are directed mainly to providing rescue equipment for the 100 units of volunteers operating throughout the state. AAMI and SES also collaborated on a range of community safety programs.

Photo: courtesy SES

Other Sponsorships

Suncorp Queenslander and Young Queenslander of the Year Awards

Suncorp has supported the Queenslander of the Year Awards since 1989.

These awards recognise significant contributions and achievements in fields including the arts, business, community, sport, science, education, medicine and charity.

In 2007, a total of 220 nominations were received for the Suncorp Queenslander of the Year Awards.

The award recipients were: Suncorp Queenslander of the Year – Professor Matthew Sanders, founder of the Triple P – Positive Parenting Program, who has conducted extensive research over the past 25 years into childhood behaviour and translating it into practical programs that address behavioural problems; Suncorp Young Queenslander of the Year – Lars Olsen, for his devotion in improving the lives of Nepalese orphans and working to establish the Forget-Me-Not Children's Home in Kathmandu; with the Suncorp Community Spirit Award going to – Jess Wellard, Alexandra Gasteen and Greg Nelson, for their demonstrated passion for social justice through their work at the Volunteer Refugee Tutoring and Community Support Program (Vor-text).

Business Banking's Project & Structured Finance Team was a joint winner in Asiamoney magazine's 'Best Project Finance Deal of the Year' for their role in structuring the finance for the Lake Bonney Wind Farm, South Australia

Sustainability

The long-term economic viability of our business requires sustainable profitable growth and meeting the needs of our four stakeholder groups.

Sustainability is the fundamental tenet of our strategy. Our focus of achieving sustained performance is driven by our stakeholders – our shareholders, employees, customers, and the community in which we live and work.

This philosophy is encapsulated in our organisational vision to be 'the most admired financial service organisation in Australia and New Zealand'.

For **shareholders** it means providing them sound returns whilst building long-term performance. We are focused on achieving this through our unique business model of diversified financial services delivered through segmented customer brands underpinned by strong cost management.

For our **employees** it means creating an environment that enables them to work, grow, succeed and lead. This requires an ongoing commitment to enhancing our culture, developing leadership capabilities and investing in the development of our people with a focus on growing our own.

For **customers** it means providing financial solutions through our segmented brands that meet their unique needs and delivers a superior customer experience. Our aim is to achieve sustained leading customer satisfaction across our portfolio.

For the **community** it means taking a stance and contributing to key issues and causes that are relevant to the community. It also means a continuing focus on sustainable practices including a commitment to minimising our environmental footprint, leveraging our involvement in key industry bodies to influence public policy in a coordinated way, and the long-term sustainability of our industry.

Sustainability is an ongoing journey for the Group.

Economic impact

The long-term economic viability of our business requires sustainable profitable growth and meeting the needs of our four stakeholder groups.

This year we again reported a record net profit of $1,064 million, of which $585 million was returned to shareholders in fully franked dividends. The 10.3% increase in ordinary dividends for the year was in keeping with our commitment of providing consistently increasing dividends to our shareholders.

Suncorp is a major contributor to the economic wellbeing of the communities in which we operate. We:

- provide meaningful employment for 17,062 people
- contribute $479 million in taxes
- distribute our services throughout Australia and New Zealand which has a positive multiplier effect on local economies.
- generate business for 24,119 suppliers who partner with us to deliver our range of products and services.
- estimate that this adds $1,322.5 million directly into the hands of business and therefore the economies of Australia and New Zealand.

Social performance

Engaged employees

We are a people driven organisation. The Suncorp and Promina merger has ensured increased career and development prospects for all employees across different businesses, disciplines, specialities and geographies. We aim to create a working environment that exceeds the expectations of our employees including improved working environments, increased flexible working options, improvements in health and safety and enhanced terms and conditions of employment. We take an interest in our employees wellbeing both in the workplace and beyond. (refer People section, pages 38 to 41.)

An engaged workforce is important to us. In 2006, we were among the top 30% of companies in a Gallup world-wide employee engagement survey which assesses the level of commitment employees feel towards their employers. We are currently developing a consistent group-wide approach to employee engagement as the merger has brought together different methodologies.

We continue to support our employees to become involved in charitable, community and environmental initiatives through our Volunteer Day program, where employees are entitled to take one day's paid leave each year to volunteer for a cause. This year more than half of our Suncorp employees gave their time to support the communities in which they live through a range of fund raising activities and lending a helping hand (Details are set out in the Community section pages 42 to 45 and Our People section, pages 38 to 41). Some 676 employees used their volunteer day for a skin cancer related activity. Our annual survey revealed that 98% of employees are concerned about the issue of skin cancer and 91% agreed that Suncorp's Skin Cancer Initiative has impacted this concern.

The program won the Queensland 2007 Prime Minister's Awards for Excellence in Community Partnerships – Business Category. It was chosen because of its success in disseminating a strong skin cancer prevention message to Queenslanders and changing people's behaviour in relation to sun exposure.

Customers

We take care of the financial needs of approximately 7 million customers through a unique range of segmented customer brands across Australia and New Zealand.

Our strong commitment to customer service and customer satisfaction has driven growth through new business and improved retention rates in a highly competitive environment throughout the year.

In Retail Banking, the national Roy Morgan Customer Satisfaction Survey (customers who consider us their main financial institution), we improved our ranking from fourth to third against our major competitors. The number of fairly and very satisfied customers increased from 76.9% to 82.7% which represents the biggest gain against our competitor banks over the same period.

According to a recent TNS Business Finance Monitor Customer Satisfaction survey, in Business Banking, our business customer satisfaction rate increased more than any regional bank over the past 12 months, up 9.4% to 71.9%.

And in insurance, Apia ranked number one nationally in the Roy Morgan Customer Satisfaction survey.

We are committed to continuing to design and deliver superior customer solutions and experiences to achieve satisfaction across our segmented brands.

Community

We have a long history of supporting the communities we serve by sponsoring events and providing much-needed assistance to charities, not only as a company but also through our employees who give freely of their time and expertise to help out.

Our key social programs for the year are set out in the Community section (pages 42 to 45).

Environmental performance

Suncorp has been committed for a number of years to minimising our impact on the environment. With the addition of the Promina Group we are committed to leveraging initiatives across the broader group.

Our Corporate Real Estate team is currently reviewing how we utilise our real estate and workplaces to make a positive contribution to the environment. While we have a number of practices already in place we are also working on water management and use, opportunities for improved recycling including paper, workstations and flooring, records management, waste management, power usage, usage of shared space, the environmental practices of our suppliers and contactors, and standardising workstations so that we move people, not furniture and equipment.

While we have less control over the spaces we lease, part of our evaluation for new tenancies involves what Ecologically Sustainable Development (ESD) initiatives are undertaken by prospective landlords. We are also liaising with all existing landlords to better understand their current ESD practices and opportunities for improvement.

Key initiatives include:

Workplace

Suncorp takes its environmental responsibilities, including its commitment to providing great workplaces, very seriously. The fitout of the new Suncorp Place in Sydney has been designed and built with close regard to our ecological and environmental footprint. This includes retaining exposed concrete walls and ceilings and not lining walls with products that will ultimately be used in landfill, using air chilled beams to reduce reliance on traditional air conditioning systems, lighting systems that automatically adjust to the external natural light and low wattage fittings, segregating wet and dry waste for recycling, and the use of recycled materials wherever possible in furniture and fittings. Even our chairs and desks have been selected from suppliers who are committed to sustainable development. The implementation of a Building Management System also allows Suncorp to coordinate the operation of integrated systems such as air conditioning and support systems to enable more efficient energy usage.

In Brisbane, our major tenancy of Brisbane Square incorporates a number of environmentally sustainable elements which complement the building's Five Star Green rating for its ESD practices. These measures include LCD screens, wake-on-Lan technology (computers can remain off when not in use without interfering with scheduled maintenance), smart lighting, including dimmers and timers which greatly reduce energy consumption, zoned air conditioning, equipment timers, eco-friendly materials such as timber, plywood, linoleum, coloured glass and sheep and goat hair carpets, smart lifts and intra-tenancy stairs which reduce reliance on lifts and lower energy consumption.

In keeping with Suncorp's national 'wellness' initiative these workplaces have also been designed with the wellbeing of our employees at the fore with the inclusion of bicycle racks, shower and locker facilities and design elements such as internal stairs to encourage physical movement.

Waste and resource management

Late in 2006, Suncorp's head office building, Suncorp Centre, was included into the Queensland Government EPA ECOBIZ program which identified a number of initiatives to be implemented to reduce energy, water and waste. We met our statutory obligations by submitting a completed Water Efficiency Management Plan (WEMP) to State Government prior to the March 2007 deadline. The plan includes the installation of water meters to Suncorp major sites to measure and establish baseline usage and operational improvements. Similar baseline data is being collected also for energy usage and waste production.

Remote collaboration has been singled out as the next significant IT business initiative/trend that will impact productivity and Suncorp is positioning itself to capitalise on this trend as it evolves.

Energy

Our policy making E10 the preferred fuel for around 600 vehicles used by employees for work purposes resulted in 135,385 litres of E10 used during the year, up from 25,993 litres during 2005/06.

Suncorp recycles all used IT equipment, either re-selling if suitable or disposing of in a environmentally friendly way by separating components, ie plastics, metals, copper and cable which are passed onto partner companies who reuse these components. All printer toner cartridges are recycled via the Planet Ark Program.

We've upgraded to electronic faxes in high paper traffic areas which has significantly reduced paper consumption.

Infrastructure finance

Through our Project & Structured Finance Division, Business Banking, we are financing, in partnership with other banks, a number of electricity projects that are making a positive contribution to reducing the emission levels in electricity production. To date we have been involved as a Joint Lead Financial in eight consortia bids for electricity, toll road, airport and natural gas infrastructure assets.

The projects include:

Braemar, a 450 megawatt gas fired power station near Dalby, Queensland, which generates 171 tonnes of CO_2 emissions (60%) less per hour than a comparable black coal fired power station.

Uranquinty, New South Wales, a 640MW gas fired power station, to be completed in 2008. When operating at full capacity, Uranquinty will generate 243 tonnes of CO_2 emissions less per hour than a comparable black coal fired power station.

A wind farm, Lake Bonney, South Australia which will produce around 670,000MW of electricity per year, saving 502,500 tonnes per annum of CO_2 emissions over a comparable black coal (or 737,000 tonnes brown coal) fired power station.

Financing a portfolio of landfill gas and coal steam methane gas projects in partnership with other banks. These will generate 80 tonnes of CO_2 emissions less per hour than comparable black coal sourced energy.

Financing the construction of four large sheds for the expanding business of Kennedy's Classic Aged Timber Pty Ltd, a long time client of Suncorp. One of the sheds will house an innovative recycling plant which enables timber waste to be sorted and recycled, instead of becoming landfill.

Braemar Power Station near Dalby Queensland

Photo: courtesy Alstom Power

Corporate Responsibility Index

Each year, Suncorp participates in the Corporate Responsibility Index (CRI) which assesses the extent to which corporate strategy is integrated into responsible business practice throughout an organisation. It provides a benchmark for companies to evaluate their management practice and performance in four key areas of corporate responsibility – community, environment, marketplace and workplace.

In 2006/07 our overall CRI score was up 7.7% to 71.2%, predominantly due to improvements in CRI areas of strategy, integration, community and workplace management, and in social performance and impacts for occupational health and safety, community investment and employee welfare. Other progress of note over the previous year was an increase in public reporting, the implementation of an environmentally focused supplier program and the formal confirmation of environmental stewardship as a corporate requirement across the business.

A number of opportunities for improvement in the medium term have been identified and include expanding the scope of our environmental impact measurements, increasing public reporting and developing targets.

Outlook

The year ahead will see a continued focus on environmental performance activities as we seek to minimise our environment footprint and impact in line with stakeholder expectations. We will be building on the learnings and successes of our long-term partnerships.

We have a strong commitment to addressing climate change and sustainability issues on a national basis through industry bodies such as the Australian Bankers Association (ABA) who is developing a sector wide position on climate change, publicising initiatives and policies of the banking sector and contributing to government policy and support for abatement initiatives; and the Insurance Council of Australia (ICA) who is focusing on the mitigation of future risk through influencing emissions control and trading and facilitating adaption via product innovation.

Corporate governance statement – 2007

The Board of Directors of Suncorp-Metway Ltd (the Company), is responsible for the Corporate Governance of the Company and the Group, being the Company and its subsidiaries. This statement outlines the main Corporate Governance practices and policies that have been established by the Board and were in place throughout the 2007 financial year, unless otherwise stated, to ensure the interests of shareholders are protected and the confidence of the investment market in the Company is maintained. Those practices and policies are current as at the date of this statement, which is 27 August 2007.

In establishing the Corporate Governance framework, the Board has considered various governance standards, including the 'Principles of Good Corporate Governance and Best Practice Recommendations' published by the ASX Corporate Governance Council ('Council') in March 2003 and revised in August 2007.

Those documents articulated core principles and recommendations that the Council believes underlie good corporate governance and all listed companies are required to disclose the extent to which they depart from these principles and recommendations during the reporting period.

The Corporate Governance policies, procedures and practices of the Group have been developed and implemented by the Board and management over many years and are consistent with the principles and recommendations published by the Council. During the 2006/07 financial year there were no departures from those recommendations which should be disclosed to shareholders.

A more detailed description of the structures and practices the Group has in place to address each of the principles and recommendations is available on the Company's website at **www.suncorp.com.au**

Board of Directors

Role of the Board

The Board is accountable to shareholders for the performance of the Group and has overall responsibility for its operations.

The Group conducts a diverse and complex range of business including banking, general insurance, life insurance and funds management, which means an important feature of the work of the Board is to monitor compliance with the prudential and solvency requirements of the Australian Prudential Regulation Authority (APRA).

In October 2006 the Company entered into a Merger Implementation Agreement with Promina Group Limited which provided for the merger of their businesses through a Scheme of Arrangement (Scheme). The Scheme was completed in March 2007 when the Company acquired Promina Group Limited and its controlled entities (Promina).

That merger resulted in the number of APRA regulated entities within the Group increasing from five to 10 and in accordance with the practice adopted by the Board, directors of the Company were also appointed directors of those regulated entities.

Accordingly over the course of the year, the directors of Suncorp-Metway Ltd were also required to undertake roles as directors of the following Group entities which are all subject to APRA regulation:

Suncorp Metway Insurance Ltd, GIO General Limited, RACT Insurance Pty Ltd, Suncorp Life & Superannuation Limited, Promina Group Limited, Vero Insurance Limited, Australian Associated Motor Insurers Limited, Australian Alliance Insurance Company Limited and Asteron Life Limited.

The Promina operations also extend to New Zealand and Mr G Ricketts, a director of Suncorp-Metway Ltd was also a director of the Group's major operating entities in New Zealand over the course of the year.

The Board generally meets on a monthly basis to consider matters relevant to the operations and performance of the Group, however additional meetings are held as required. The Board also meets with senior management at least twice a year to consider matters of strategic importance to the Group.

Prior to each meeting of directors, the non-executive directors meet in the absence of executive directors and any other management representatives.

The Board has adopted a Charter, which sets out the principles for the operation of the Board of Directors and provides a description of the functions of the Board and the functions delegated to management. A copy of that Charter is available on the Company's website under 'Corporate Governance', however the key functions of the Board and the functions delegated to management, as described in the Charter, are summarised below:

- Approve the strategic direction and related objectives for the Group
- Approve annual budgets
- Monitor executive management performance in the implementation and achievement of strategic and business objectives and financial performance
- Monitor the process whereby business risks are identified and approve systems and controls to manage those risks and monitor compliance
- Appoint and remove the Managing Director and ratify the appointment and removal of executives reporting directly to the Managing Director (senior executives)
- Approve the Managing Director's and senior executives' performance targets, monitor performance, set remuneration and manage succession plans

- Determine and approve the level of authority to be granted to the Managing Director in respect of operating and capital expenditure and credit facilities
- Authorise the further delegation of those authorities to management by the Managing Director, and
- Approve major operating and capital expenditure and credit facilities in excess of the limits delegated to management.

Composition of the Board

At the date of this statement, the Board comprises 10 non-executive directors, and two executive directors, (the Managing Director and the Chief Financial Officer). The names of the directors, including details of their qualifications and experience, are set out in the Directors' Profile section of the 2007 Annual Review.

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

- The Company's Constitution provides that at every Annual General Meeting, one third of the directors, excluding the Managing Director, shall retire from office but may stand for re-election. The Board confirm to shareholders whether they support the election of each retiring director in a statement that accompanies the Notice of Meeting.
- Board composition is reviewed periodically by the Nomination & Remuneration Committee, either when a vacancy arises or if it is considered that the Board would benefit from the services of a new director, given the existing mix of skills and experience of the Board and the ongoing need to align those skills with the strategic demands of the Group.
- A Board appraisal is conducted annually, as explained elsewhere in this Statement, which includes an assessment of future requirements in relation to Board composition based on the above criteria and overall Board performance.

Once it has been agreed that a new director is to be appointed, a search is undertaken, usually using the services of external consultants. Nominations are subsequently received and reviewed by the Board. When undertaking such a review, the following principles, which form part of the Board Charter, are applied:

- The Board shall comprise no more than 13 directors and no less than seven
- A majority of directors must be independent, non-executive directors, and
- The directors shall appoint as Chairman of the Board, one of the non-executive directors whom is deemed by the Board to be independent.

The composition of the Board is also subject to certain legislative requirements as prescribed in Section 64(1)(b) of the *State Financial Institutions and Metway Merger Facilitation Act 1996* (Qld).

Those requirements, as listed below, also form part of the Company's Constitution.

A prescribed number of directors, one of whom must be the Managing Director, must ordinarily be resident in Queensland. The prescribed number of directors will be the number that is the greatest of the following:

- five
- 40% of the total number of directors
- if 40% of the total number of directors is not a whole number, the next highest whole number.

Also, in accordance with the terms of the Scheme, four non-executive directors of Promina Group Limited were appointed directors of the Company following completion of the Scheme and those directors were also subject to election at an extraordinary general meeting of the Company held in April 2007.

Director independence and conflicts of interest

The Board has adopted a policy in regard to director independence, which includes:

- criteria for determining the independence of directors, and
- criteria for determining the materiality of a director's association or business relationship with the Company.

Based on these criteria, which are summarised below and which are consistent with the ASX guidelines, the Board considers all current directors, other than the Managing Director John Mulcahy, (director since January 2003) and the Chief Financial Officer, Chris Skilton (director since November 2002), to be independent.

The names of the directors considered to be independent at the date of this statement are:

Term in Office (at the date of this statement)	
John Story (Chairman)	12 years 7 months
Bill Bartlett	4 years 2 months
Ian Blackburne	7 years 1 month
Paula Dwyer	4 months
Cherrell Hirst	5 years 7 months
Martin Kriewaldt	10 years 9 months
Ewoud Kulk	5 months
Geoff Ricketts	5 months
Ziggy Switkowski	2 years
Leo Tutt	5 months

The Board considers a director to be independent if the director is a non-executive director and:

- is not a substantial shareholder of the Company or a company that has a substantial shareholding in the Company or an officer of or is otherwise associated with, either directly or indirectly, a shareholder holding more than 10% of the fully paid ordinary shares on issue in the Company
- within the last three years has not been employed in an executive capacity by the Group or been a director of a Group subsidiary after ceasing to hold any such employment
- within the last three years has not been a principal or employee of a professional adviser or a consultant whose annual billings to the Group represent greater than 1% of the Company's annual (before tax) profit or greater than 5% of the professional adviser's or consultant's total annual billings
- is not a supplier or customer whose annual revenues from the Suncorp Group represent greater than 1% of the Company's annual (before tax) profit or greater than 5% of the supplier's or customer's total annual revenue
- has no material contractual relationship with the Suncorp Group other than as a director of the Company, and
- has no other interest or relationship that could interfere with the director's ability to act in the best interests of the Company and independently of management.

The assessment of director independence made by the Board included reference to the following circumstances:

(a) Director Associations with a Professional Advisor, Consultant or Supplier

Mr Story was, until 30 June 2006, a partner of Corrs Chambers Westgarth Lawyers, which provided legal services to the Suncorp Group throughout the year. Mr Story remained as the non-executive Chairman of the Board of Directors of that firm until his resignation on 21 June 2007.

Another director, **Mr Kriewaldt** provided advice to AON Holdings Australia Limited and Allens Arthur Robinson Lawyers throughout the year. Those firms provided insurance brokerage and legal services respectively to the Group.

Mr Ricketts is a director of Spotless Group Limited, the parent entity of a company that provided catering services to the Group over the course of the year. The contractual arrangements between the Company and Spotless Services Australia Limited were in place prior to the date Mr Ricketts joined the Suncorp Board.

In all the above circumstances, none of the relationships or the services provided were or are deemed material in that they were within the Board determined policy limits referred to above.

The Board does not believe these relationships could affect the respective directors' independence in relation to any matter other than in the selection of a service provider.

However, the selection of a service provider, other than for the provision of audit services or for matters of a strategic nature, are the responsibility of management and such decisions are made in the ordinary course of business, without any reference to any directors or the Board.

Such a determination regarding independence does not however change a director's obligations in relation to addressing matters of conflict of interest, and it is important from a corporate governance standpoint to distinguish between those concepts.

The procedures adopted by the Board to address actual or potential conflicts of interest are included in the Board Charter and require directors to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a conflict exists, the director concerned does not take part in any decision associated with the matter, including, as appropriate, not receiving the relevant Board papers, not being present at the meeting when the item is considered and not being informed of the decision taken.

(b) Tenure in Office

The ASX guidelines also suggest that a director will be independent if the director 'has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company'.

As disclosed previously in this Statement, the longest tenure of a director on the Group parent entity Board is 12 years and seven months, although Mr Kriewaldt was a director of Suncorp Insurance & Finance for some seven years prior to the merger with Metway Bank Limited in December 1996. Also, Mr Kulk was Managing Director of the Australian General Insurance Group (a predecessor of Promina Group Limited) from 1994 to 1998 and was appointed Group Director, Asia Pacific for Promina's former parent, Royal & SunAlliance Insurance Group Plc in 1998, a role he held until his retirement in September 2003.

The Board do not consider those service periods to have in any way interfered with the respective directors' ability to act independently and in the best interests of the Company.

Board appraisal

An appraisal of the Board is conducted annually, with an independent consultant engaged to facilitate the process every second year. The Chairman of the Board conducts the appraisal every other year, however the same methodology and processes (as summarised below) are followed each year.

There was no appraisal conducted during the 2006/07 financial year due to the impact of the merger, which was conducted over a six month period commencing in October 2006 and which resulted in significant changes to the structure of the Group and the composition of the executive management team and the Board in the second half of the year. The changes to the Board included the retirement of one non-executive director and the appointment of four new non-executive directors.

It is expected that an appraisal will be conducted in the 2007/08 financial year and in accordance with the practice adopted by the Board, that appraisal will include interviews with each director and senior executive with the main aims being to:

- assess the effectiveness of the Board as a whole in meeting the requirements of its Charter
- assess the performance and contributions of individual directors, including the Chairman, in assisting the Board fulfil its role, and
- identify aspects of Board or director performance that require improvement.

A summary of the views expressed during the interviews in relation to each of the above matters or any other matters that directors believe are relevant, is provided to directors in a report prepared by the consultants or the Chairman and the Board as a whole discusses the report and any recommendations for change or improvement are agreed. Progress against each of the recommendations is assessed in subsequent Board reviews.

Following the interview process and where applicable, the Chairman may also meet with individual directors to discuss any issues that may have arisen during the interview stage in relation to that director's performance.

Director remuneration

A Remuneration Report, which explains the remuneration policies and structures in place for the Company's directors over the reporting period and includes full details of directors' benefits and interests, is provided in the Directors' Report section of the 2007 Annual Review.

Director and senior management dealings in Company securities

The Suncorp Constitution permits directors to acquire securities in the Company, however the Board has adopted a share dealing policy that prohibits directors and senior management from dealing in the Company's securities any time whilst in possession of price sensitive information and for a 30 day period prior to:

- the release of the Company's half-year and annual results to the Australian Stock Exchange
- the annual general meeting
- any major announcements

The following approvals must also be obtained before a director or officer can deal in the Company's securities:

- directors (including the executive directors) must advise the Chairman of the Board
- the Chairman must advise the Chairman of the Audit Committee, and
- senior managers must advise the Managing Director.

The share dealing policy also extends to dealing in a financial product which operates to limit the economic risk of a holding in the Company's securities. Dealing in those type of securities is prohibited unless the transaction has been approved by either the Chairman (for directors) or the CEO (senior executives) and the security is fully vested.

The granting of approval to deal in the Company's securities is co-ordinated by the company secretary who is also responsible for reporting all transactions by directors and senior managers to the Board.

In accordance with the provisions of the *Corporations Act 2001* and the Listing Rules of the Australian Stock Exchange ('ASX'), the Company advises the ASX of any transaction conducted by directors in securities in the Company.

The share dealing policy is made available to employees through the Company's internal compliance and governance intranet sites and an advice on the terms of that policy is issued to all senior managers at least twice a year, usually in the month prior to the release of the Company's annual and half-year financial results.

Full details of this policy are also available on the Company's website under 'Corporate Governance'.

Independent professional advice

In accordance with the terms of its Charter, the Board collectively and each director individually, may take, at the Company's expense, such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities. A director seeking such advice must obtain the approval of the Chairman and such approval may not be unreasonably withheld. A copy of advice received by a director is made available to all other members of the Board except where the circumstances make that inappropriate.

Director education

The Company has an informal process to educate new and existing directors about the nature of the business, current issues, and the corporate strategy. For new directors, this is achieved through meetings with the CEO and members of the Group Executive which are held soon after their appointment to the Board.

Throughout each year, presentations are provided to the Board and Board committees by management or industry experts on matters relevant to the Suncorp business. Furthermore, each non-executive director served for a period of time on all main Board committees (Audit and Risk) during the course of the year, which has provided them with wider exposure to the Group's operations and business.

Directors also participate in off-site strategy sessions at least twice a year.

Board committees

In order to provide adequate time for the Board to concentrate on strategy, planning and performance enhancement, the Board has delegated certain specific duties to Board committees. To this end, three Board committees have been established to assist and support the Board in the conduct of its duties and obligations.

The committees form an important part of the Group's overall governance structure and therefore, as stated above, each non-executive director has served on each of the Risk and Audit committees for some period during the course of the year.

However, due to the increase in the size of the board and the increased workload associated with the expansion of the Group's operations following the merger with Promina, it was decided to restructure the committee membership on the basis outlined below, effective 1 July 2007.

Each of the committees has its own charter, which is approved by the Board and which defines the respective committees' roles and responsibilities. Copies of the charters are available on the Company's website under 'Corporate Governance'.

The number of meetings held by each committee over the year and details of directors' attendance at those meetings are provided in the Directors' Report.

Audit Committee

The primary role of this Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities with respect to oversight of the Group's financial and operational control environment.

Specific issues addressed by the Committee throughout the year, in accordance with its Charter included:

- reviewing prudential supervision reports and monitoring management responses
- reviewing statutory reports and returns for lodgement with APRA
- reviewing half-year and annual financial statements and reports prior to consideration by the Board
- reviewing and assessing reports from management, the Approved Actuary, the Appointed Actuary, the Reviewing Actuary and the external auditors in relation to matters impacting on the half-year and annual financial statements
- implementation of Australian equivalents to International Financial Reporting Standards and associated accounting policy changes
- audit planning – reviewing and approving audit plans as submitted by both internal and external auditors and agreeing areas of audit emphasis and audit approach, and
- reviewing internal and external audit reports and where weaknesses in controls or procedures have been identified, assessing whether remedial action taken by management is adequate and appropriate.

<u>Independence</u>

At all times throughout the reporting period, the members of the Audit Committee, as detailed below, were independent, non-executive directors. To further enhance the independence of the audit functions, (both internal and external) there were no management representatives on the Committee during the year,

However the Managing Director, Chief Financial Officer, and the internal and external auditor are invited to Committee meetings at the discretion of the Committee.

The Committee also holds discussions with the auditors in the absence of management on a regular basis and the provision of non-audit services by the external auditor is reviewed by the Committee to assess whether there is any potential impact on the auditor's independence.

<u>Membership</u>

As stated earlier, all non-executive directors of the Company have served as members of the Audit Committee for some period over the course of the year and Mr W J Bartlett acted as Chairman of the Committee throughout the year.

Messrs Kulk, Ricketts and Tutt were appointed to the Audit Committee on 28 March 2007, following their appointment as directors of the Company on 20 March 2007 and Ms Dwyer was appointed a member of the committee following confirmation of her appointment as a director on 24 April 2007. Mr J Kennedy was a member of the Committee until 31 December 2006 when he retired as a director of the Company.

At the date of this Statement, the qualifications of the members of the Committee satisfy the requirements of the ASX guidelines. Details of those qualifications are provided in the Directors' Profile section of the 2007 Annual Review.

Effective 1 July 2007, the membership of the committee will comprise Messrs Bartlett (Chairman), Dwyer, Kriewaldt and Tutt.

Risk Committee

The role of the Risk Committee is to provide an oversight across the Group for all categories of risk through the identification, assessment and management of risk and monitoring adherence to internal risk management policies and procedures.

Specific issues addressed by the Committee throughout the year, in accordance with its Charter included:

- Enterprise Risks – monitoring the Basel II program of work and implementation and effectiveness of the group wide risk management framework
- Balance Sheet, Liquidity and Market Risk – reviewing and monitoring prudential reports, performance reports and compliance with policy limits. Assessing and approving investment strategies and mandates
- Credit Risk – reviewing and assessing loan portfolio reports, asset quality reports, credit and counterparty limits, bad debt provisioning and reinsurance counterparty provisioning. Assessing credit approvals and monitoring and approval of delegated credit authorities
- Insurance Risk – reviewing and monitoring pricing and underwriting delegations and limits, performance reports and reinsurance debtor reports
- Operational Risk – reviewing and assessing operational risk reports and assessing business continuity plans, and

- Compliance Risk – reviewing due diligence reports and monitoring compliance with regulatory requirements including Financial Services Reforms.

Membership

As stated earlier, all non-executive directors of the Company have served as members of the Risk Committee for some period over the course of the year and Dr I D Blackburne acted as Chairman of the Committee throughout the year.

Messrs Kulk, Ricketts and Tutt were appointed to the Risk Committee on 28 March 2007, following their appointment as directors of the Company on 20 March 2007 and Ms Dwyer was appointed a member of the committee following confirmation of her appointment as a director on 24 April 2007. Mr J Kennedy was a member of the Committee until 31 December 2006 when he retired as a director of the Company.

Effective 1 July 2007, the membership of the committee will comprise Messrs Blackburne (Chairman), Hirst, Kulk, and Switkowski.

The Board Chairman, Mr John Story, will remain as an ex-officio member of the Audit and Risk Committees.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee is responsible for making recommendations to the Board on:

- appointment and removal of directors
- the remuneration of directors and the remuneration and performance targets of the Managing Director
- appointments to and terminations from senior executive positions reporting to the Managing Director
- remuneration and human resource policy matters, and
- Board and management succession planning.

Membership: J D Story (Chairman), I D Blackburne, C Hirst. Mr L Tutt was appointed a member of this committee on 28 March 2007 and as part of the restructure of the Board committees following the merger, Dr Switkowski will replace Dr Blackburne as a member of the committee effective 1 July 2007.

Risk management and internal controls

The Company is required to manage a diverse and complex range of significant risks. Details of those risks and the type of controls and structures that are in place to ensure they are effectively managed, are set out in the 'Risk Management' sections of the notes to the 2007 Consolidated Financial Report.

However the Board has also established the following internal control framework:

- **Financial Reporting –** The Board receives reports monthly from management on the financial performance of each business unit within the Group. The reports include details of all key financial and business results reported against budget, with regular updates on yearly forecasts. The Managing Director and Chief Financial Officer attest to the integrity of the financial reports provided to the Board each month and provide a written statement to the Board, in relation the Group's half-year and annual statutory accounts, that meets the requirements of Council recommendations.
- **Continuous Disclosure –** The Company has in place policies and procedures to ensure all shareholders and investors have equal access to the Company's information and that all price sensitive information in relation to the Company's listed securities is disclosed to the ASX, in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules. The Executive General Manager Communications & Investor Relations has primary responsibility for all communications with the ASX and all Company announcements are available via the Company's website at www.suncorp.com.au, following release to the ASX. A copy of the Company's disclosure policy is available on that website under 'Corporate Governance'.
- **Compliance –** Policies and procedures are also in place to ensure the affairs of the Group are being conducted in accordance with relevant legislation, regulations and codes of practice. These procedures also ensure executive management and the Board are made aware, in a timely manner, of any material matters affecting the operations of the Group that may need to be disclosed in accordance with the Company's disclosure policy, referred to above.

These policies and procedures require all senior management personnel to complete a 'due diligence' report on a monthly basis, using an automated reporting system. Those reports are designed to identify any areas of non-compliance with legislative and regulatory requirements as well as internal policies and procedures.

All matters identified are retained on each subsequent monthly report until the matter is finalised to the satisfaction of the appropriate level of management or in some circumstances a Board Committee or the Board. A due diligence report for the Group is signed by the Managing Director each month and a copy of that report is provided to the Risk Committee.

Procedures are also in place to ensure all material correspondence between Group entities and their primary regulators, including APRA and ASIC, is referred to the Board or relevant Board Committee in a timely manner.

Code of conduct

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

The various policies and procedures that are in place to support this philosophy, are contained in the Suncorp Group Code of Conduct (Code), which is available on the Company's website under 'Corporate Governance'.

The Company monitors compliance with the Code and its various other policies using an internal due diligence system, as described earlier in this statement under 'Risk Management and Internal Controls'.

Directors' report

The directors present their report together with the financial report of Suncorp-Metway Ltd ('the Company') and of the Group, being the Company and its subsidiaries, for the financial year ended 30 June 2007 and the auditor's report thereon.

1 Directors

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

Non-executive

John D Story
(Chairman)

William J Bartlett

Dr Ian D Blackburne

Paula J Dwyer
(appointed 26 April 2007)

Dr Cherrell Hirst AO

James J Kennedy AO CBE
(retired 31 December 2006)

Martin D E Kriewaldt

Ewoud J Kulk
(appointed 20 March 2007)

Geoffrey T Ricketts
(appointed 20 March 2007)

Dr Zygmunt E Switkowski

Leo E Tutt
(appointed 20 March 2007)

Executive

John F Mulcahy
(Managing Director)

Christopher Skilton
(Chief Financial Officer and Executive Director)

Particulars of the directors' qualifications and experience and details of directorships of other listed companies are set out in 'Board of Directors' section.

2 Company secretary

Clifford R Chuter B Bus was appointed to the position of company secretary in March 1997 following the merger of Metway Bank Limited, the Suncorp Group and QIDC. Prior to the merger Mr Chuter held the role of company secretary with the Suncorp Group for 10 years.

3 Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year ended 30 June 2007 are shown in the table below:

	Board of Directors		Audit Committee		Risk Committee		Nomination & Remuneration Committee	
	A	B	A	B	A	B	A	B
J D Story	16	16	5	5	5	5	3	3
J F Mulcahy	16	16	5	4[1]	5	3[1]	–	–
W J Bartlett	16	16	5	5	5	5	–	–
I D Blackburne	16	16	5	4	5	5	3	3
P J Dwyer[2]	2	2	1	1	1	1	–	–
C Hirst	16	16	5	5	5	5	3	3
J J Kennedy	8	8	3	2	3	2	–	–
M D E Kriewaldt	16	16	5	5	5	5	–	–
E J Kulk	4	4	1	1	1	1	–	–
G T Ricketts	4	4	1	0	1	1	–	–
C Skilton	16	16	5	4[1]	5	4[1]	–	–
Z E Switkowski	16	16	5	5	5	5	–	–
L E Tutt	4	4	1	1	1	1	2	2

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

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

1 Mr Mulcahy and Mr Skilton attend Audit Committee and Risk Committee meetings at the invitation of those committees. In accordance with accepted good governance practice there are no management representatives appointed as members of the Audit Committee.

2 Ms Dwyer was nominated as a director of the Company at the time of the merger with Promina Group Limited, however due to restrictions in the Company's Constitution the effective date of her appointment was delayed until 26 April 2007. During the period between the completion of the merger (20 March 2007) and the date of her appointment, Ms Dwyer attended all board meetings in her capacity as a nominated director.

4 Remuneration report

The Group Remuneration Report for 2007, as presented below, has been prepared for consideration by shareholders.

4.1 Suncorp Group remuneration policy

The Group's remuneration policies are based on the following principles and strategies:

- The remuneration framework is to be structured to support the Suncorp vision and business strategies and reward performance that enhances shareholder value on a sustainable basis.
- Individuals are to be rewarded on the basis of their contribution to the Group's overall performance and the achievement of personal, business unit and corporate objectives in the context of the Group's cultural objectives and strategies.
- Business performance factors that are measurable and directly linked to the Suncorp vision, business strategies and shareholder value, are to be the basis for determining the level of variable or at risk pay.
- The remuneration system is to be structured to place an emphasis on performance based pay while appropriately managing the fixed cost of labour.
- The remuneration system is to be a component in the overall Employee Value Proposition through which high performing employees are attracted and retained.
- The remuneration system, when coupled with the Group's performance management system, should encourage Suncorp's objective of embedding a high performing, customer focused team culture.

The principles noted above apply to the remuneration arrangements for all persons employed by the Group, including executive directors, company secretaries and senior managers. The remuneration policy relating to non-executive directors is discussed in the 'Non-executive Directors' Remuneration Policy and Structure' section of this report.

The Nomination & Remuneration Committee, which comprises four non-executive directors, is responsible for making recommendations to the Board on remuneration policy. Further information on the role of this Committee, its responsibilities and membership, is contained in the Corporate Governance Statement.

4.2 Executive remuneration approval process

The following approval processes apply in relation to establishing performance targets, assessing performance against targets and setting remuneration outcomes within the Suncorp remuneration policy framework.

- The Board (in the absence of the executive directors) approves the remuneration of the Chief Executive Officer (CEO), based on the recommendations of the Nomination & Remuneration Committee.
- The Nomination & Remuneration Committee approves the remuneration of Group Executives, based on the recommendations of the CEO.
- The CEO approves the performance targets and remuneration of Executive General Managers/ General Managers, based on the recommendations of the Group Executives. The CEO also approves the performance targets of the Group Executives.

4.3 Executive remuneration structure

4.3.1 Overview of executive remuneration structure

The Suncorp executive remuneration structure as explained below, applies to the CEO, Group Executives (who report directly to the CEO) and Executive General Managers/General Managers (who report directly to Group Executives). At the date of this report there were some 93 executive positions comprising those groups, including the executive directors and the company secretary.

The executive remuneration structure comprises a fixed component and a variable or 'at risk' component. The proportion of fixed and variable remuneration varies between levels of management, with the proportion of variable remuneration increasing in line with the seniority of the role.

The short and long-term incentive plans described below represent the variable component of executive remuneration and those plans are structured to ensure outcomes are linked to actual and expected Group performance. In summary, the short-term incentive plan is designed to reward individual performance on an annual basis and a key measure in determining the amount available for distribution is the Group's before tax profit during that period. The long-term incentive plan is designed to reward executives on the basis of the Group's performance and the creation of shareholder value over a number of years, and the Group's share price and distributions to shareholders (compared with a peer group) are the key measures on which performance is assessed.

4.3.2 Fixed pay

This component of the remuneration structure is focused on the complexity of the role, the core role responsibilities and market relativities.

Fixed remuneration for executives is represented by a Total Employment Cost ('TEC'). TEC generally comprises a cash salary and superannuation contributions equivalent to 9% of the cash salary. Employees above a certain TEC level can elect to receive some of their cash salary in the form of other benefits, such as novated car leases and car parking. However, employees are entitled to nominate a percentage of their cash salary be paid as additional superannuation contributions or to acquire Suncorp shares under the Deferred Employee Share Plan.

The level of fixed remuneration paid to Suncorp executives (the CEO, Group Executives and Executive General Managers/General Managers) reflects the core responsibilities of each role and is reviewed each year in the context of the market in which Suncorp competes. Independent remuneration consultants are engaged each year to advise on and provide information in relation to changes in executive remuneration levels in the financial services sector. This advice assists the Nomination & Remuneration Committee in making a determination of the remuneration levels that are appropriate for the Group, relative to the market in which it competes.

Market relativity is an important consideration if the Group is to attract and retain an executive team capable of achieving and sustaining a level of performance above both our business competitors and those companies with which we compete for capital.

Reporting fixed pay outcomes

Shareholders should note when reviewing the remuneration outcomes for the year, as disclosed in the 'Executive Directors and Executive Officers – Remuneration Table' section, that the fixed pay outcomes reflect decisions by the Nomination & Remuneration Committee made 12 months earlier as well as those from the merger restructure in April this year.

4.3.3 Short-term incentives ('STI')

While the Group has a number of short-term performance-based pay plans for all eligible full time employees, the focus of this report is the short-term incentive plan applicable to Suncorp executives. Their short-term incentive plan is based on the same principles outlined in the 'Suncorp Group Remuneration Policy' section.

This component of the remuneration structure is focused on individual performance over a short period (normally one financial year), assessed in the context of the specific business unit and overall Group performance and based on operational and financial measures.

Determination and allocation of short-term incentives

At the end of each financial year, the Nomination & Remuneration Committee makes an assessment of Group performance for that year, taking into account factors such as the overall quality of the financial result, market influences and the prevailing economic environment.

Based on that assessment, the Nomination & Remuneration Committee determines the STI outcomes for individual Group Executives and those amounts form part of the Group STI pool. At this time, the Committee also makes a recommendation to the Board regarding the STI outcome for the CEO.

Those STI allocation decisions are based on the achievement of specific performance objectives and assessments of relative performance across the Group. The balanced scorecard system discussed below is one of the tools used to monitor and assess performance across the Group.

Balanced scorecards

The performance objectives for each business unit, division and executive are monitored using a system of balanced scorecards and progress in the achievement of the objectives is updated monthly.

The scorecard results for each Executive General Manager/General Manager within a business unit are combined to give a scorecard result for each Group Executive. The Group Executives' scorecards are then combined to form a Group scorecard, which represents the CEO's accountabilities and responsibilities. The Group scorecard and the business unit scorecards are presented to the Board each month for review.

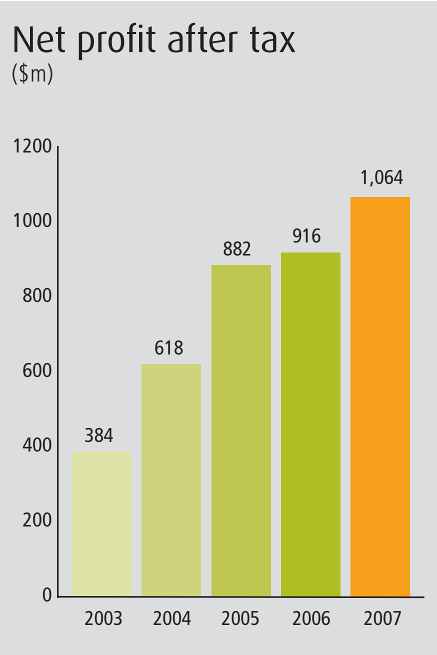
The performance measures contained in the scorecards are a mixture of financial and non-financial indicators that are relevant to the Group's four primary stakeholders: shareholders, employees, customers and the community, but which reflect the individual executive's overall accountabilities and responsibilities.

While the scorecard metrics are defined and measurable in an absolute sense, the Suncorp performance management system requires leaders to balance the scorecard result with the manner in which the results were obtained. Therefore assessments are made having regard for the corporate values and the general manner in which the executive is seen to be supporting the desired corporate culture. Leaders are expected to be exemplars of Suncorp's values and any failure in that regard puts at risk STI eligibility.

This process ensures there is ongoing assessment of individual and Group performance and also helps align the reward system to key corporate strategies and the sustained performance of the Group.

4.3.4 Group performance and short-term incentives

Below is a five-year history of the Group's net operating profit. As stated earlier, in determining the size of the Group STI pool, the Nomination & Remuneration Committee gives consideration to the financial performance of the Group, a key measure of which is the Group's profit in the performance period compared to prior periods.



4.3.5 Long-term incentives ('LTI')

This component of the remuneration structure is focused on corporate performance and creating shareholder value over a multi-year period. However, long-term incentives are also used to balance short-term performance objectives with long-term shareholder value.

Whilst short-term incentives reward past performance it is essential that executives and senior management, as the group which has responsibility for achievement of sustained performance and strategy, have reward incentives linked to longer term Group performance and to creating value for shareholders. The Group has established the Executive Performance Share Plan as the vehicle to achieve these objectives.

Executive Performance Share Plan

The Executive Performance Share Plan ('EPSP'), was established in December 2002, following the decision to discontinue the previous plan, the Executive Option Plan ('EOP'), which is referred to later in this Report.

Under the terms of the EPSP, performance shares are offered to executives as the long-term incentive component of their remuneration package each year. The value of the annual offers, while subject to Nomination & Remuneration Committee or Board approval, will generally be determined as a percentage of the executive's TEC, based on competitive market remuneration practices.

Executives do not receive unconditional ownership of the shares (an allocation) until the associated performance targets have been achieved.

LTI performance measures

The structure of the EPSP provides a linkage between remuneration rewards, Company performance and shareholder value by linking the executive's entitlement to performance shares, to the achievement of specified market linked performance targets.

The performance targets under the EPSP are based on the Suncorp Total Shareholder Return ('TSR').

TSR is the return to shareholders provided by growth in the share price plus reinvested dividends, expressed as a percentage of the investment over a specified performance period. In determining an executive's entitlement to shares, the Suncorp TSR result is compared to the TSR achieved by a comparator group of companies.

Relative TSR performance was chosen as an appropriate LTI performance measure for the following reasons:

- TSR is a clearly defined and measurable indicator of the level of value created for shareholders over a specified period and therefore, when used as the basis for determining remuneration rewards, provides a direct linkage between those rewards and shareholder wealth. That is, LTI rewards cease during periods of under-performance and increase when superior performance is achieved.
- Because the value delivered to executives is determined by the Group's level of relative performance, the effects of market cycles are minimised. That is, LTI rewards are reduced or ceased during periods of under-performance, even in a rising market and superior performance is rewarded, even in a declining market.

It is important when considering relative performance, to ensure the basis of comparison is appropriate. The comparator group selected for the EPSP offers to date has comprised the top 50 ASX listed companies in the S&P/ASX 100 excluding listed property trusts. This group was chosen because those companies were seen to provide a relevant comparison from both a business and shareholder perspective.

The TSR ranking for Suncorp at the end of a performance period, when compared to the TSR of the relevant comparator group will determine an employee's entitlement to an allocation of shares, based on the following schedule:

Company performance	% of shares allocated
Less than the 50th percentile	0%
At the 50th percentile	50%
75th percentile or above	100%

If the TSR ranking for Suncorp is above the 50th percentile an additional 2% of the shares will be allocated for each full 1% increase above the 50th percentile (on a straight line basis) up to 100% of the offered shares at the 75th percentile.

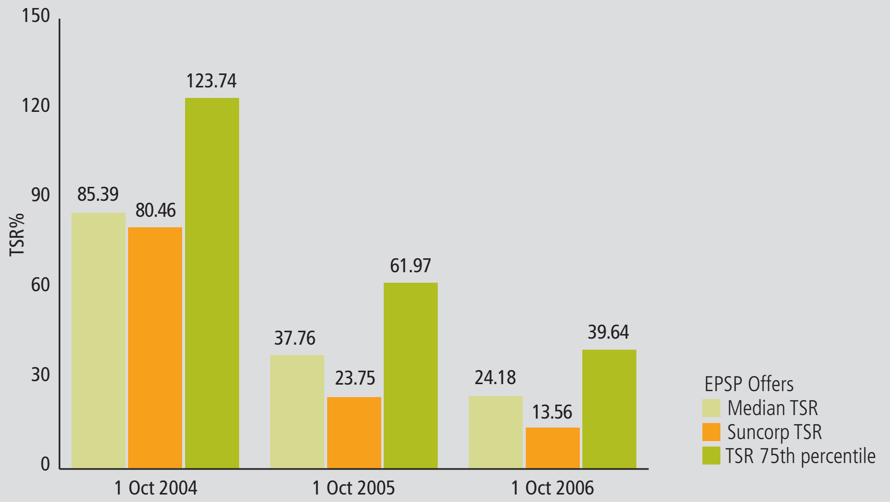
The original EPSP offer was made on 13 December 2002. Since then there has been a separate offer made to the CEO (on 6 January 2003) and subsequent annual offers (to all executives) made on 1 October each year, commencing in 2003. The EPSP requires a minimum performance period of three years before an entitlement can be determined. During the financial year 2006/07, the October 2003 EPSP offer completed its minimum three year performance period.

In accordance with the rules of the plan, a performance assessment was conducted at the completion of the plan's three year performance period. The results of that assessment are shown in the table following:

2003 EPSP vesting entitlements

Plan date	TSR percentile rank	Entitlement at end of performance period	% of eligible employees who accepted 'vesting'
1 October 2003	64th	78%	84.4%

LTI performance
(as at 30 June 2007)



The graph above provides a performance summary (as at 30 June 2007) for the three previous annual offers that have not yet completed the minimum performance period. The results indicate that, over the performance period for each offer to 30 June 2007, the Suncorp TSR was below the 50th percentile. Ordinarily, this would mean that for these offers, no vesting would result. However, in light of the rights entitlement offered to raise the necessary funds for the Promina / Suncorp merger, and the impact this would have on the total shareholder return results in the short-term, the Company agreed to waive the performance criteria for the 2004 and 2005 offers. This decision means that 100% vesting will occur at the relevant end date. For the 2006 offer, the normal performance criteria will continue to apply.

Performance periods

A performance period generally commences on the date of offer to the employee to participate in the EPSP and the first performance measurement point is three years after the offer date. The employee has the right to elect to receive an allocation of shares at that point based on the allocation schedule shown in the previous section of this report, or to extend the performance period a further two years.

If the employee elects to accept the year three performance results, any shares, subject to that same offer that are not allocated, are forfeited.

After year three, performance measurements are undertaken on a six monthly basis, in April and October each year, up to the end of year five. Employees electing to extend the performance period from three to five years waive their right to make any further election in regard to acceptance of a performance result (and therefore cannot have shares allocated) until the end of year five.

The employee's entitlement to an allocation of shares at the end of year five will be based on the highest performance measurement result recorded at any of the prescribed performance measurement points over the period from the end of year three to the end of year five inclusive. Shares not allocated at the end of year five are forfeited.

During a performance period, that is before shares are allocated to employees, the Trustee will receive dividends on those unallocated shares. The Trustee will pay tax on those dividends and the remaining after tax amount will be allocated to participating employees at the same time and in the same proportion the underlying shares are allocated to the employees.

Suncorp Executive Option Plan

The EOP was established in 1997 following shareholder approval, as the long-term incentive plan for Suncorp executives. However the EOP was discontinued in June 2002 and replaced by the EPSP as described above. The EOP was wound up during the financial year and no executives retain any entitlement to options under that plan.

4.3.6 Group performance and long-term incentives

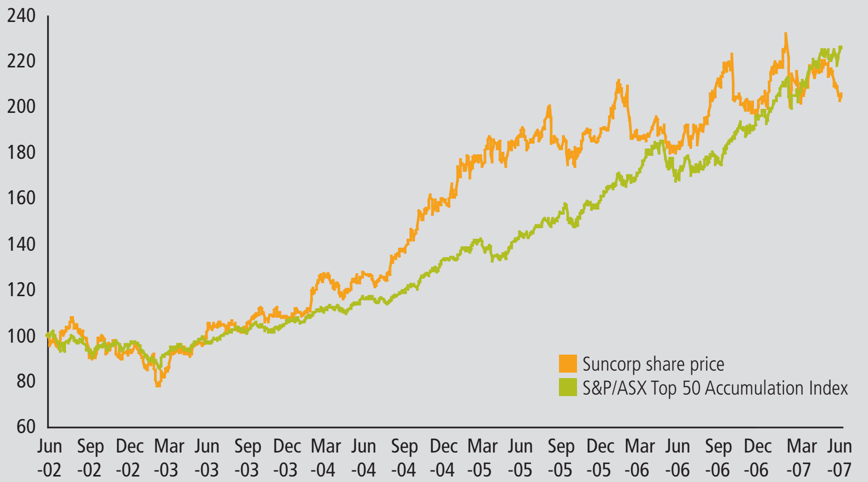
The comparative TSR hurdles which underpin the entitlement to long-term incentives under the EPSP, reflect changes in shareholder wealth relative to the comparator group by incorporating both dividends paid by the Group and movement in its share price.

The following graphs show dividends paid, basic earnings per share and movement in the Company's share price (against the S&P/ASX Top 50 Accumulation Index) over the last five years.

S&P/ASX Top 50 Accumulation Index and SUN share price

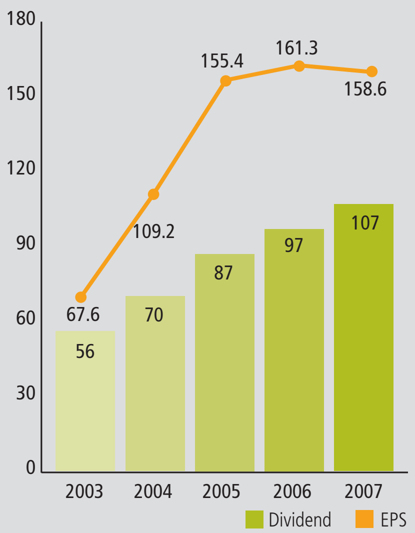
Return index including net dividends

(Both indices rebased at 100 at 31/05/2002)



Dividends and EPS

(cents)



4.4 Executive service agreements

4.4.1 Chief Executive Officer

During the year, a new service agreement applying to the CEO and Managing Director, John F Mulcahy, was signed. The new agreement is based on a 12 month rolling contract, replacing the previous one which was for a specified term of five years from 6 January 2003 and extendable by agreement. Under the new service agreement, Suncorp may terminate the contract at any time by giving 12 months notice, but may elect to bring the employment to an end earlier by paying the fixed remuneration component for the balance of the notice period. Mr Mulcahy may terminate the contract at any time by giving a minimum of three months notice.

In accordance with the LTI arrangements in place for other Suncorp senior executives, Mr Mulcahy has received offers of performance shares during each year of his term in office, commencing in 2003 and as summarised below.

All offers have been made in accordance with the terms of the EPSP and are therefore subject to the terms of the EPSP, including TSR based performance hurdles as detailed earlier in this report.

Offer date	Shares offered [1]	Performance period end date	Minimum entitlement as at 31 March 2007
January 2003	Tranche 1 – 103,300 Tranche 2 – 103,300 Tranche 3 – 103,300	5 January 2008 [2]	Tranche 1 – 80% Tranche 2 – 80% Tranche 3 – No current entitlement
October 2004	103,300	30 September 2007 [3]	No current entitlement
October 2005	123,961	30 September 2008 [3]	No current entitlement
October 2006	123,961	30 September 2009 [3]	No current entitlement

1 Includes an adjustment to offset the dilutionary impact of the 2007 rights entitlement issue.

2 The performance period end date for Tranche 3 is 5 January 2008. For Tranches 1 and 2, Mr Mulcahy may elect, after 5 January 2008, whether the performance period end date is 5 January 2006, 31 March 2006, 30 September 2006, 31 March 2007, 30 September 2007 or 5 January 2008. If Mr Mulcahy was entitled to make his election now, he could choose a performance period end date which would entitle him to 80% of the offered shares for Tranches 1 and 2.

3 At the end of the initial three year performance period, Mr Mulcahy has the right to elect to accept that the performance period ends on that date, or to extend the performance period for a further two years. If he elects to extend the performance period, he may elect at the end of those additional two years when the performance period ends (being the initial performance period end date or any six month period after that date, up to and including the extended end date).

The new contract continues these arrangements, other than as outlined below, and Mr Mulcahy will be offered a further 180,000 shares under the terms of the EPSP in October 2007. He will also be entitled to participate in future EPSP offers.

The amendments to Mr. Mulcahy's previous arrangements include:

- As a retention incentive, Mr Mulcahy will receive 100% of the performance shares under the 2004 and 2005 offers if he remains as CEO until October 2009 and 2010 respectively. These allocations will be granted irrespective of TSR performance.

  As a result of this arrangement, Mr Mulcahy will forgo any entitlement he may otherwise have received at the end of the initial three year performance period for each of the 2004 and 2005 share offers and, if he resigns prior to 30 September 2009, he will forfeit any entitlement to the 2004 and 2005 shares. If Mr Mulcahy resigns after 30 September 2009 but prior to 30 September 2010, he will forfeit any entitlement to the 2005 shares.

- Mr Mulcahy is presently entitled to receive a minimum of 80% of the Tranche 1 and 2 shares from the 2003 offer if his employment is terminated prior to 5 January 2008 by the Company (other than for cause) or by him in certain limited circumstances.

  It has been agreed as part of the contract renewal terms that Mr Mulcahy will retain the same entitlement (that is a minimum of 80% of the Tranche 1 and 2 shares), should he terminate the contract for any reason prior to 5 January 2008.

4.4.2 Group Executives

Group Executives enter into a standard contract of employment which does not have a finite term. The contracts can be terminated by the employer (with the notice period varying from 52 weeks to 116 weeks) and the retrenchment payments are generally in line with the specific notice period – with the exception of Mr Bell, who is also entitled to certain additional pension benefits. The employee can terminate their employment contract with a required notice period of 13 weeks and the associated termination payment arrangements, including retrenchment payments, are in line with the specific notice period – with the exception of Mr Belleville where, within the first 12 months of employment with Suncorp, he would be eligible for a termination payment equal to 78 weeks remuneration. The Board has discretion to make further payments upon the termination of an executive, but is under no obligation to do so.

4.5 Key management personnel (excluding non-executive directors) – remuneration tables

4.5.1 Total remuneration

The following are the Company's executives (other than executive directors) who had authority and responsibility for planning, directing and controlling the activities of the Company and the Group during the financial year. In conjunction with the Board of Directors, these executives constitute the key management personnel ('KMP') of the Company. These executives are also included as the executives (other than executive directors) who received the highest remuneration for the year in accordance with S300A of the *Corporations Act 2001*. There are no other executives employed within the Group that are considered to be Group KMPs. Details of the five most highly remunerated executives in accordance with S300A of the *Corporations Act 2001* are set out in section 4.6.

Mark Blucher
Group Executive Insurance – Personal Lines

Diana Eilert
Group Executive People, Technology and Marketing (resigned 13 April 2007)

David Foster
Group Executive Group Strategy (appointed 1 July 2006)

Bernadette Inglis
Group Executive Retail Banking and Wealth Management

Peter Johnstone
Group Executive (resigned 30 September 2006)

Hemant Kogekar
Group Executive (resigned 6 July 2006)

Stuart McDonald
Group Executive Business Banking

Mark Milliner
Group Executive Insurance – Commercial Lines (appointed 1 July 2006)

The following executive team was appointed on 30 March 2007:

Roger Bell
Group Executive Vero New Zealand

Robert Belleville
Group Executive Personal Insurance

Mark Blucher
Group Executive Integration

David Foster
Group Executive Retail Banking

Dennis Fox
Group Executive Wealth Management

Bernadette Inglis
Group Executive Strategy, People and Corporate Services

Stuart McDonald
Group Executive Business Banking

Mark Milliner
Group Executive Commercial Insurance

Jeff Smith
Group Executive Information Technology

The following table provides the details of the nature and components of the remuneration paid to the KMPs (excluding non-executive directors) for the period they were a KMP of the Group. Details of non-executive director remuneration are provided later in this report.

	Short-term				Post employment		Long-term	Share based payments		Total
	Salary and fees $	STI bonus [1] $	Non-monetary benefits [2] $	Other [3] $	Superannuation benefits $	Termination $	Other [3] $	Shares [4] $	Options [5] $	$
2007										
Executive directors										
J F Mulcahy	1,694,887	2,000,000	2,907	6,530	105,113	–	–	1,525,635	–	5,335,072
C Skilton	854,814	780,000	2,223	490,111	12,686	–	85,577	828,131	–	3,053,542
Executives										
R Bell	166,483	280,000	13,826	349,460	32,284	–	–	27,171	–	869,224
R Belleville	173,953	360,000	31,481	415,469	18,294	–	3,351	33,442	–	1,035,990
M Blucher	623,110	530,000	337	388,010	39,390	–	10,383	645,415	–	2,236,645
D Eilert	476,536	437,500	2,784	297,575	10,003	675,000	–	1,398,243	–	3,297,641
D Foster	488,003	420,000	33,201	302,949	43,920	–	–	179,168	–	1,467,241
D Fox	178,847	330,000	86	363,667	3,448	–	2,960	29,261	–	908,269
B Inglis	644,108	530,000	814	417,332	12,594	–	–	642,944	–	2,247,792
P Johnstone	121,828	–	85	(13,569)	3,172	–	(19,139)	908,688	–	1,001,065
H Kogekar	16,869	–	9,583	(1,477)	439	550,000	–	463,812	–	1,039,226
S McDonald	599,814	500,000	27,234	323,448	12,686	–	15,668	282,477	–	1,761,327
M Milliner	475,035	410,000	14,486	365,062	42,753	–	8,153	139,576	–	1,455,065
J Smith	164,961	220,000	86	3,226	14,847	–	–	–	–	403,120
2006										
Executive directors										
J F Mulcahy	1,648,296	1,600,000	2,651	(31,742)	100,587	–	–	1,039,832	–	4,359,624
C Skilton	756,611	640,000	2,651	35,025	12,139	–	–	399,406	35,347	1,881,179
Executives										
M Blucher	545,610	360,000	380	14,690	39,390	–	9,087	327,383	10,099	1,306,639
D Eilert	572,861	330,000	380	2,203	12,139	–	–	227,844	–	1,145,427
B Inglis	572,861	390,000	9,693	(29,109)	12,139	–	–	227,844	–	1,183,428
P Johnstone	472,861	310,000	380	(20,005)	12,139	–	7,877	320,802	12,624	1,116,678
H Kogekar	457,724	300,000	380	(3,521)	15,353	–	–	356,577	–	1,126,513
S McDonald	276,757	240,000	2,290	12,174	6,760	–	6,946	20,426	–	565,353
R Reimer	231,090	–	57,790	(17,935)	20,417	–	(24,743)	516,889	2,525	786,033

Notes

1 Refer to the earlier section, 'Executive remuneration structure – short-term incentives', for a discussion of the Company's short-term incentive arrangements.

2 'Non-monetary benefits' includes the cost to the Company of providing certain fringe benefits. Where those costs represent fringe benefits for motor vehicle leases, those costs are met by the employee through salary sacrifice.

3 Comprises benefits paid to secure the retention of key executives during the critical period following the announcement of the Promina transaction together with annual leave and long service leave accrued or utilised during the financial year. Retention arrangements were outlined in the Scheme Booklet for Promina Shareholders, December 2006.

4 Performance shares issued as long-term incentives to executives and executive directors are expensed to the Income Statement based on their fair value over the period from offer date to vesting date. At vesting date, the difference between the purchase price and fair value is also expensed to the Income Statement. The fair value was assessed using a Monte-Carlo model and reflects the fact that an executive's entitlement to the shares is dependent on meeting performance hurdles based on TSR.

5 The Company previously issued options as part of long-term incentives to executives (last tranche issued 22 April 2002). The amounts disclosed are based on the assessed fair value at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value allocated to the previous reporting period.

4.5.2 At risk remuneration

Short-term incentive bonus

The STI bonus amounts referred to in the 'Total Remuneration' table on the previous page represent 100% of the short-term incentive component of 'at risk' remuneration that vested in the year for the benefit of the executive directors and the executives. Those STI bonus amounts were determined on the basis of Group, business unit and individual performance over the financial year ended 30 June 2007 and are therefore deemed to have vested in that year, although payment will not occur until October 2007.

Based on the remuneration policies and practices described in this report there were no STI bonus amounts attributable to the executive directors and executives that are considered to have been forfeited or deferred in the year.

Deferred ordinary shares granted as compensation

Details of the vesting profile of the deferred ordinary shares granted in this or previous financial years which affect compensation this year for each executive director and each executive (including former executives) are detailed below:

	Deferred ordinary shares granted					Value yet to vest	
	Number	Date	Vested in year %	Forfeited in year %	Financial year in which grant vests	Min[1] $	Max[2] $
Executive directors							
J F Mulcahy	100,000	6 January 2003	–	–	30 June 2008[4]	–	684,300
	3,300	17 April 2007	–	–	30 June 2008[4]	–	57,156
	100,000	6 January 2003	–	–	30 June 2008	–	713,900
	3,300	17 April 2007	–	–	30 June 2008	–	31,284
	100,000	6 January 2003	–	–	30 June 2008	–	739,700
	3,300	17 April 2007	–	–	30 June 2008	–	57,156
	100,000	1 October 2004	–	–	30 June 2008	–	2,075,500
	3,300	17 April 2007	–	–	30 June 2008	–	33,990
	120,000	1 October 2005	–	–	30 June 2009	–	3,529,200
	3,961	17 April 2007	–	–	30 June 2009	–	17,508
	120,000	1 October 2006	–	–	30 June 2010	–	1,489,200
	3,961	17 April 2007	–	–	30 June 2010	–	30,856
C Skilton	41,021	13 December 2002	–	–	30 June 2008[4]	–	268,852
	1,353	17 April 2007	–	–	30 June 2008[4]	–	23,556
	41,981	1 October 2003	78	22	30 June 2007	–	–
	32,808	1 October 2004	–	–	30 June 2008	–	586,115
	1,082	17 April 2007	–	–	30 June 2008	–	22,261
	40,465	1 October 2005	–	–	30 June 2009	–	1,003,127
	1,335	17 April 2007	–	–	30 June 2009	–	27,466
	38,610	1 October 2006	–	–	30 June 2010	–	479,150
	1,274	17 April 2007	–	–	30 June 2010	–	9,924
Executives							
R Bell	23,813	1 April 2007	–	–	30 June 2010	–	271,706
R Belleville	29,309	1 April 2007	–	–	30 June 2010	–	334,416

	Deferred ordinary shares granted					Value yet to vest	
	Number	Date	Vested in year %	Forfeited in year %	Financial year in which grant vests	Min [1] $	Max [2] $
M Blucher	33,585	1 October 2003	78	22	30 June 2007	–	–
	27,559	1 October 2004	–	–	30 June 2008	–	492,342
	909	17 April 2007	–	–	30 June 2008	–	18,702
	30,349	1 October 2005	–	–	30 June 2009	–	752,352
	1,001	17 April 2007	–	–	30 June 2009	–	20,594
	28,900	1 October 2006	–	–	30 June 2010	–	358,649
	953	17 April 2007	–	–	30 June 2010	–	7,424
D Eilert	29,387	3 November 2003	78	22	30 June 2007	–	–
	27,559	1 October 2004	100 [5]	–	30 June 2008	–	–
	30,349	1 October 2005	100 [5]	–	30 June 2009	–	–
	28,900	1 October 2006	–	–	30 June 2010	–	358,649
	954	17 April 2007	–	–	30 June 2010	–	7,431
D Fox	25,645	1 April 2007	–	–	30 June 2010	–	292,609
D Foster	14,693	1 October 2003	78	22	30 June 2007	–	–
	5,577	1 October 2004	–	–	30 June 2008	–	87,876
	184	17 April 2007	–	–	30 June 2008	–	3,787
	6,576	1 October 2005	–	–	30 June 2009	–	143,783
	217	17 April 2007	–	–	30 June 2009	–	4,466
	23,120	1 October 2006	–	–	30 June 2010	–	286,919
	763	17 April 2007	–	–	30 June 2010	–	5,945
B Inglis	29,387	1 October 2003	78	22	30 June 2007	–	–
	27,559	1 October 2004	–	–	30 June 2008	–	492,342
	910	17 April 2007	–	–	30 June 2008	–	18,716
	30,349	1 October 2005	–	–	30 June 2009	–	752,352
	1,002	17 April 2007	–	–	30 June 2009	–	20,611
	28,900	1 October 2006	–	–	30 June 2010	–	358,649
	951	17 April 2007	–	–	30 June 2010	–	7,408
P Johnstone	25,188	1 October 2003	–	–	30 June 2009 [6]	–	178,583
	831	17 April 2007	–	–	30 June 2009	–	14,900
	22,310	1 October 2004	–	–	30 June 2008	–	398,569
	736	17 April 2007	–	–	30 June 2008	–	15,152
	25,291	1 October 2005	–	–	30 June 2009	–	626,964
	835	17 April 2007	–	–	30 June 2009	–	17,176
	5,780	1 October 2006	–	–	30 June 2010	–	71,730
	191	17 April 2007	–	–	30 June 2010	–	1,486
H Kogekar [3]	2,938	1 October 2003	–	–	30 June 2009 [6]	–	20,830
	97	17 April 2007	–	–	30 June 2009	–	1,738
	10,663	1 October 2004	–	–	30 June 2008	–	190,494
	352	17 April 2007	–	–	30 June 2008	–	7,242
	25,291	1 October 2005	–	–	30 June 2009	–	626,964
	834	17 April 2007	–	–	30 June 2009	–	17,159

	Deferred ordinary shares granted					Value yet to vest	
	Number	Date	Vested in year %	Forfeited in year %	Financial year in which grant vests	Min[1] $	Max[2] $
S McDonald[3]	3,358	1 October 2003	78	22	30 June 2007	–	–
	4,593	1 October 2004	–	–	30 June 2008	–	82,054
	152	17 April 2007	–	–	30 June 2008	–	3,119
	16,692	1 October 2005	–	–	30 June 2009	–	413,794
	551	17 April 2007	–	–	30 June 2009	–	11,336
	28,900	1 October 2006	–	–	30 June 2010	–	358,649
	952	17 April 2007	–	–	30 June 2010	–	7,416
M Milliner	2,896	1 October 2003	78	22	30 June 2007	–	–
	3,773	1 October 2004	–	–	30 June 2008	–	59,451
	124	17 April 2007	–	–	30 June 2008	–	2,551
	5,216	1 October 2005	–	–	30 June 2009	–	114,047
	172	17 April 2007	–	–	30 June 2009	–	3,539
	20,808	1 October 2006	–	–	30 June 2010	–	258,227
	686	17 April 2007	–	–	30 June 2010	–	5,344
R Reimer	31,905	13 December 2002	–	–	30 June 2008[4]	–	209,105
	1,052	17 April 2007	–	–	30 June 2008[4]	–	18,315
	29,387	1 October 2003	–	–	30 June 2009	–	208,354
	969	17 April 2007	–	–	30 June 2009	–	17,364
	27,559	2 October 2004	–	–	30 June 2008	–	492,342
	909	17 April 2007	–	–	30 June 2008	–	18,702
	15,175	3 October 2005	–	–	30 June 2009	–	376,188
	501	17 April 2007	–	–	30 June 2009	–	10,307

Notes

1 The minimum value of shares yet to vest is $nil as the performance criteria or performance condition may not be met and consequently the shares may not vest.

2 The maximum value of shares yet to vest is determined at the fair value at grant date, assuming all performance criteria are met.

3 Some shares were granted prior to appointment as an executive. The remuneration table includes the value from date of appointment as an executive.

4 Original vesting date fell within 2006 financial year, but this has been extended until the 2008 financial year, as per 'Performance periods' at section 4.3.5.

5 These shares vested upon resignation of Ms Eilert on 13 April 2007.

6 Original vesting date fell within 2006 financial year, but this has been extended until the 2009 financial year, as per 'Performance periods' at section 4.3.5.

Options granted as compensation

No options were granted as compensation during or since the current financial year. All options have vested, and been exercised. Details of the options granted in previous years, which have affected compensation only in the previous financial year for each executive director and each executive, are detailed below:

	Number	Grant date	Exercisable from	Expiry date	Exercise price[1] $	Strike price[2] $
Executive directors						
C Skilton	116,667	20 September 2001	31 March 2006	20 September 2006	11.62	13.94
Executives						
M Blucher	34,000	20 September 2001	31 March 2006	20 September 2006	11.62	13.94
P Johnstone	42,000	20 September 2001	31 March 2006	20 September 2006	11.62	13.94

Notes

1 The exercise price of options granted is the weighted average market price of the Company's shares in the week preceding the issue date of the option.

2 The strike price is sometimes referred to as a 'hurdle price'. Options are only exercisable if the volume weighted average price of the Company's shares over a continuous five day trading period on the Australian Stock Exchange, during the term of the options, exceeds the strike price.

During the financial year, the following shares were issued on the exercise of options previously granted as compensation:

	Shares issued (number)	$ per share paid
Executive directors		
C Skilton	116,667	11.62
Executives		
M Blucher	34,000	11.62
P Johnstone	42,000	11.62

There are no amounts unpaid on the shares issued as a result of the exercise of the options.

The movement during the reporting period of options over ordinary shares in Suncorp-Metway Ltd held by each applicable executive director and executive is detailed below:

	Value of options [1]		
	Exercised in year $	Forfeited in year [2] $	Total option value in year $
Executive directors			
C Skilton	1,083,836	–	1,083,836
Executives			
M Blucher	322,320	–	322,320
P Johnstone	398,160	–	398,160
Total	**1,804,316**	**–**	**1,804,316**

Notes

1 The value of options exercised during the year is calculated as the market price of shares of the Company on the Australian Stock Exchange as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

2 No options lapsed during the year.

4.5.3 Proportion of compensation at risk

Details of the proportion of compensation at risk for each executive director and each executive are detailed below:

	2007		2006	
	Proportion of compensation performance related %	Value of options as proportion of compensation %	Proportion of compensation performance related %	Value of options as proportion of compensation %
Executive directors				
J F Mulcahy	66.1%	–	60.6%	–
C Skilton	52.7%	–	57.1%	1.9%
Executives				
R Bell	35.3%	–	–	–
R Belleville	38.0%	–	–	–
M Blucher	52.6%	–	53.4%	0.8%
D Foster	40.8%	–	–	–
D Fox	39.6%	–	–	–
D Eilert	55.7%	–	48.7%	–
B Inglis	52.2%	–	52.2%	–
P Johnstone	90.8%	–	57.6%	1.1%
H Kogeker	44.6%	–	58.3%	–
S McDonald	44.4%	–	46.1%	–
M Milliner	37.8%	–	–	–
R Reimer	n/a	n/a	66.1%	0.3%
J Smith	54.6%	–	–	–

4.6 Highest remunerated executives

The following table provides the details of the nature and components of the remuneration paid to the five highest remunerated executives in accordance with S300A of the *Corporations Act 2001.*

	Short-term				Post employment		Long-term	Share based payments		Total
	Salary and fees $	STI bonus $	Non-monetary benefits $	Other $	Super-annuation benefits $	Termination $	Other $	Shares $	Options $	$
2007										
H Bentley	103,558	–	–	–	18,376	2,596,766	–	–	–	2,718,700
D Eilert	476,536	437,500	2,784	297,575	10,003	675,000	–	1,398,243	–	3,297,641
J F Mulcahy	1,694,887	2,000,000	2,907	6,530	105,113	–	–	1,525,635	–	5,335,072
C Skilton	854,814	780,000	2,223	490,111	12,686	–	85,577	828,131	–	3,053,542
D West	66,500	–	–	–	11,844	2,595,945	–	–	–	2,674,289

4.7 Non-executive directors' remuneration policy and structure

4.7.1 Remuneration policy

The Nomination & Remuneration Committee has responsibility for recommending to the Board, appropriate remuneration arrangements for non-executive directors. Those recommendations are based on a number of considerations, including:

- the overall performance of the Company;
- the demands placed on directors in performing their role; and
- advice from independent remuneration consultants on the remuneration practices and fee structures of comparable companies.

Overall these arrangements are designed to ensure the fee structure for non-executive directors remains sufficiently competitive to attract and retain suitably qualified and experienced directors, within a framework appropriate for the Company, given its size and complexity.

4.7.2 Remuneration structure

(a) Total Remuneration Limit

Decisions by the Board in relation to non-executive remuneration must be determined within the maximum aggregate limit approved by the shareholders, which is currently $3,500,000 per annum. That limit was approved by shareholders in April 2007 and includes superannuation guarantee payments but excludes retirement benefits.

Non-executive director remuneration comprises a fixed component only, paid as directors' fees, as explained below, and although the performance of the Company is considered whenever director remuneration is reviewed, non-executive directors do not participate in any performance incentive plans.

(b) Directors' Fees

The fee structure for non-executive directors was reviewed in July 2007 and the following fee structure was adopted effective 1 July 2007:

Role	Current fee p.a.*
Chairman of Directors	$550,000
Audit Committee Chairman	$250,000
Risk Committee Chairman	$240,000
Non-executive Director (includes fee for membership of either the Risk or Audit Committee)	$220,000
Nomination & Remuneration Committee Member	$10,000

* Fees exclude Superannuation Guarantee Charge

All non-executive directors of Suncorp-Metway Ltd (the parent entity) are also non-executive directors of the Group's main operating subsidiaries as listed below:

Suncorp Metway Insurance Ltd
GIO General Limited
RACT Insurance Pty Ltd
Suncorp Life & Superannuation Limited
Asteron Life Limited
Australian Alliance Insurance Company Limited
Australian Associated Motor Insurers Limited
Promina Group Limited
Vero Insurance Limited

These entities are all APRA regulated however no additional fees are paid for membership of those boards.

(c) Superannuation

Suncorp pays the superannuation guarantee charge (SGC) on behalf of all eligible non-executive directors. If a director ceases to be eligible for SGC payments, the equivalent amount is paid in fees. The SGC payments for non-executive directors are included in the maximum aggregate remuneration limit referred to in paragraph (a).

(d) Retirement Benefits

Shareholders have approved a directors' retirement plan ('Plan') which entitles directors to be paid a retirement benefit based on the highest total emoluments paid to a director during any consecutive three year period. However those retirement benefit arrangements are currently being phased out in the following manner:

- The Company ceased to offer retirement benefits to non-executive directors appointed after 30 June 2003.
- Directors in office at 30 June 2003 remain contractually entitled to a retirement benefit. However those directors agreed to cap their benefit entitlement as at 30 June 2004 and amortise their respective benefits entitlement from that date, over the period they remain in office, at a rate equivalent to 20% of their annual directors' fees.
- Directors remain entitled to receive the greater of:
  – the amortised balance of their retirement benefit at the date they retire from office, or
  – an amount equal to 25% of the total emoluments they received as a director over the period from the date of their appointment as a director to 30 June 2004.
- In recognition of the phasing out of the retirement benefits, directors' fees were increased by 25%. For directors with accrued benefits, that increase applied from 1 July 2004, being the date of commencement for the amortisation of their retirement benefits. For directors with no accrued benefit, the increase applied from their date of appointment.

Directors believe these arrangements meet the intent of recent guidance on directors' remuneration while giving appropriate recognition to directors' past service and contractual rights. As a result of the introduction of the above arrangements, the total of the directors' retirement benefits provision reduced by over 18% during the year.

The movement in that provision for each director, the amount of retirement benefits paid to retiring directors during the year under the terms of the Plan and full details of directors' benefits and interests are set out in the 'Non-executive directors – remuneration tables' section of this Report.

(e) Non-executive Director's Share Plan

Non-executive directors are entitled to participate in the Non-Executive Directors Share Plan ('NEDSP'), which was established in November 2001 following shareholder approval.

Under the terms of the NEDSP, if a non-executive director elects to participate, they can nominate a percentage of their pre-tax remuneration that is to be used to fund the acquisition of Suncorp-Metway Ltd ordinary shares. The shares are acquired on market at pre-determined dates during the year and those dates reflect the terms of the Group's Share Dealing policy.

The shares are fully vested at the date of acquisition and can be held in the NEDSP for up to 10 years from that date or until the participating director retires from office, whichever occurs first.

4.8 Non-executive directors – remuneration tables

The following tables provide the details of all non-executive directors of the Company and the nature and amount of the elements of their remuneration.

	Short-term		Post employment		Share based payments	Total
	Salary and fees $	Non-monetary benefits $	Superannuation $	Retirement benefits [1] $	Shares [2] $	$
2007						
Non-executive directors						
W J Bartlett	90,332	337	105,113	–	46,875	242,657
I D Blackburne	166,562	337	18,591	(41,312)	40,000	184,178
P J Dwyer	51,591	61	4,643	–	–	56,295
C Hirst	157,050	337	16,341	–	24,512	198,240
J J Kennedy [3]	95,375	337	–	(19,075)	–	76,637
M D E Kriewaldt	133,562	337	64,341	(36,312)	–	161,928
E J Kulk	31,977	95	24,257	–	–	56,329
G T Ricketts	51,591	95	4,643	–	–	56,329
J D Story	282,850	337	101,178	(88,812)	100,000	395,553
Z E Switkowski	181,562	337	16,341	–	–	198,240
L E Tutt	51,591	95	4,643	–	–	56,329
2006						
Non-executive directors						
W J Bartlett	87,500	380	17,550	–	107,500	212,930
I D Blackburne	136,500	380	17,550	(42,167)	58,500	170,763
R F Cormie	51,427	95	4,629	(10,736)	–	45,415
C Hirst	142,500	380	15,412	(23,802)	28,750	163,240
J J Kennedy	186,662	380	–	(38,917)	–	148,125
M D E Kriewaldt	171,249	380	15,412	(34,748)	–	152,293
J D Story	314,333	380	67,106	(92,625)	90,667	379,861
Z E Switkowski	137,311	285	12,358	–	–	149,954

Notes

1 The retirement benefits arrangements for directors are being phased out and individual benefit entitlements are being reduced over the period directors remain in office.

2 The shares were acquired under the Non-Executive Directors' Share Plan and funded by pre-tax remuneration. No performance criteria are attached to these shares.

3 Retired 31 December 2006 and received a retirement benefit payment of $190,424 (less tax).

5 Principal activities

The principal activities of the Group during the course of the year were the provision of banking, general and life insurance, superannuation and funds management products and related services to the retail, corporate and commercial sectors.

There were no significant changes in the nature of the activities of the Group during the year; however as a result of the acquisition of Promina Group Limited, the Group's activities are now also conducted in New Zealand.

5.1 Group's objectives

The Group's strategic vision is to become the most admired financial services organisation in Australia and New Zealand. The Group's strategic delivery is focused on leveraging the unique diversified business mix to deliver consistent strong returns. The immediate focus is creating a platform for achieving the vision through strong organic growth whilst delivering on the targeted benefit from integrating the two businesses.

Suncorp's unique business model allows it to gain a high level of insight into its customers' needs across the spectrum of financial service solutions. This enables the Group to capitalise on logical cross-sell opportunities.

Suncorp is continuing to embed customer led design principles across each line of business. These principles, including putting the customer at the centre of everything we do and being attuned to the impact decisions may have on customers, will result in continuing improvements in customer satisfaction.

6 Operating and financial review

Additional information on the operations of the Group, and the results of those operations, can be found in the business line operations section, Chairman's Letter to Shareholders and the Managing Director's Letter to Shareholders.

6.1 Overview of the Group

Consolidated profit before tax for the year ended 30 June 2007 was $1,543 million (2006: $1,346 million). Consolidated net profit attributable to equity holders of the parent was $1,064 million (2006: $916 million). The increase is a result of increased profit contributions (excluding one-off items) from all Lines of Business coupled with the acquisition of Promina Group Limited is explained in the Managing Director's Letter to Shareholders.

The table at the bottom of this page demonstrates returns to shareholders over the past five years.

Returns to shareholders increase through both dividends and capital growth. Dividends for 2007 were fully franked and it is expected that dividends in future years will continue to be fully franked.

6.2 Financial position and capital structure

The Group has a strong financial position with the net assets attributable to shareholders increasing by $8 billion during the year. Additional capital has been raised through an entitlement offer, retained profits, the dividend reinvestment plan and exercise of options. 280 million ordinary shares were issued to Promina shareholders as part consideration for the Promina acquisition. Retained profits have not yet deducted the final dividend of 55 cents per share amounting to $509 million.

The strong capital position of the Group is demonstrated by the Bank's adjusted common equity ('ACE') ratio of 5.05%, capital adequacy ratio of 9.86% and General Insurer's minimum capital ratio multiple of 1.66 times and 2.72 times the statutory minimum for Suncorp Metway Insurance Ltd and Vero Insurance Limited Group respectively. The Bank's capital adequacy ratio and the General Insurer's minimum capital ratio multiple are above the requirements of APRA being 9.5% and 1.25 times respectively. The Board's target for these ratios is at 10% and 1.6 times respectively.

6.3 Impact of legislation and other external requirements

The Chairman's Letter to Shareholders addresses other legislative changes that affect the Group. There were no changes in environmental or other legislative requirements during the year that have significantly impacted the results or operations of the Group.

6.4 Review of principal businesses

Information on the principal businesses of the Group can be found in the 'Business Line Operations' section, Chairman's Letter to Shareholders and the Managing Director's Letter to Shareholders.

6.5 Significant changes in the state of affairs

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

- On 14 September 2006, the first reset date for the Suncorp Reset Preference Shares, 1,059,372 Reset Preference Shares were converted into ordinary shares and the dividend rate was revised to 5.068% p.a. from that date to the next reset date on 14 September 2011.
- On 20 March 2007, Suncorp Insurance Holdings Limited, a subsidiary of Suncorp-Metway Ltd, acquired all of the ordinary shares in Promina Group Limited ('Promina'). The concise financial report includes the Promina results from that date.
- In March 2007, the Company issued 280,279,063 fully paid ordinary shares (0.2703 Suncorp Share : 1 Promina Share) at a fair value of $21.45 per share to Promina shareholders as part consideration for the Promina acquisition.
- In March 2007, the Company made a cash offer for all Promina Reset Preference Shares in accordance with the terms of the shares whereby a 'Conversion Event' has occurred following the Promina acquisition. Acceptance was received for 81% of the Reset Preference Shares and the Company redeemed the remaining 19% on 29 June 2007. The Reset Preference Shares were delisted from ASX on 29 June 2007.
- The Company issued 75,425,643 ordinary shares (value of $1.3 billion) in April 2007 for a 2 for 15 Entitlement Offer to shareholders for partial funding of the Promina acquisition.
- In May 2007, the Group issued a GBP200 million (AUD487 million) subordinated debt via Suncorp Insurance Funding 2007 Ltd, a subsidiary of Vero Insurance Ltd.
- During the course of the financial year, the Company completed two securitisation transactions:

Month	Amount	Titled
Sept 2006	AUD 4 billion limit	APOLLO Warehouse No. 1
May 2007	AUD 2.5 billion	APOLLO Series 2007 – 1E Trust

6.6 Environmental regulation

The operations of the Group are not subject to any particular and significant environmental regulation under any law of the Commonwealth of Australia or any of its states or territories. The Group may however become subject to environmental regulation when enforcing securities over land for the recovery of loans.

The Group has not incurred any liability (including for rectification costs) under any environmental legislation.

Returns to shareholders over the past five years

	2007 [1]	2006 [1]	2005 [1]	2004 [1]	2003 [1]
Net profit attributable to equity holders of the parent ($m)	**1,064**	916	882	618	384
Basic earnings per share (cents)	**159**	161	155	109	68
Dividends per share (cents) [2]	**107**	97	87	70	56
Change in share price ($)	**0.82**	(0.76)	5.91	2.60	(0.71)

Notes

1 Amounts for years 2003 to 2004 were calculated in accordance with previous Australian GAAP. Amounts for 2005 to 2007 were calculated in accordance with Australian equivalents to IFRS ('AIFRS') – transitional arrangements apply to the 2005 year.

2 2005 excludes the special dividend of 75 cents per share.

7 Dividends

A fully franked 2007 interim ordinary dividend of $294 million (52 cents per share) was paid on 16 March 2007. A fully franked 2007 final dividend of $509 million (55 cents per share) has been declared by directors.

Further details of dividends provided for or paid are set out in the notes to the concise financial report.

8 Events subsequent to reporting date

After balance date, the Group and The Royal Automobile Club of Tasmania announced their arrangement for the latter to acquire 30% interest in RACT Insurance ('RACTI'), a wholly owned subsidiary of the Company, for an undisclosed amount. The arrangement is subject to regulatory approvals, with a targeted completion date in the third quarter of the 2007 calendar year.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

9 Likely developments

Information as to the likely developments in the operations of the Group is set out in the Chairman's Letter to Shareholders and Managing Director's Letter to Shareholders.

Over the coming financial year, the Group is expecting to complete the design phase for the integration of the business and operations of Suncorp and Promina. The implementation phase of the integration is expected to occur from November 2007.

As part of the Basel II framework, the Bank is implementing enhanced risk management systems. The Suncorp Basel II Program is now well advanced and is progressing towards implementation in accordance with the timeframe prescribed by the regulator, APRA. There is every confidence that there will be compliance across Suncorp's operations by the prescribed date of January 2008. Basel II involves development of systems capability and data management to enhance the measurement of risk.

Further information on likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

10 Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the Company, as notified by the directors to the Australian Stock Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, at the date of the report is as follows:

	Fully paid ordinary shares
J D Story	92,895
J F Mulcahy [1]	861,122
W J Bartlett	16,640
I D Blackburne	27,534
P J Dwyer	15,000
C Hirst	9,571
M D E Kriewaldt	56,065
E J Kulk [2]	6,812
G T Ricketts	15,598
C Skilton [1]	381,067
Z E Switkowski	11,333
L E Tutt	43,695

Notes

1 Includes shares held by the trustee of the Executive Performance Share Plan. Beneficial entitlement to some of those shares remains subject to satisfaction of specified performance hurdles. (J F Mulcahy: 433,861 shares; C Skilton: 157,948 shares).

2 E J Kulk also holds 211,372 units in the Tyndall Australian Share Wholesale Portfolio which is a registered managed investment scheme of which Tasman Asset Management Limited (a controlled entity of Suncorp) is the Responsible Entity.

11 Share options

The Company no longer grants options over unissued ordinary shares to employees as part of their remuneration.

Ordinary shares in the Company were issued during the year ended 30 June 2007 on the exercise of options granted in previous financial years under the Executive Option Plan. At the date of this report, there are no unexercised options remaining. Information relating to exercised options is set out in the notes to the consolidated financial report. Remuneration of directors and executives as set out in the remuneration report (section 4 of the Directors' Report) includes a portion of the fair value of options granted which is allocated to this financial year.

12 Indemnification and insurance of officers

Under the Company's Constitution, the Company indemnifies each person who is or has been a director or officer of the Company. The indemnity relates to all liabilities to another party (other than the Company or a related body corporate) that may arise in connection with the performance of their duties to the Company and its subsidiaries, except where the liability arises out of conduct involving a lack of good faith. The Constitution stipulates that the Company will meet the full amount of such liabilities, including costs and expenses incurred in successfully defending civil or criminal proceedings or in connection with an application, in relation to such proceedings, in which relief is granted under the *Corporations Act 2001*.

During the financial year ended 30 June 2007, the Company paid insurance premiums in respect of a Directors' and Officers' Liability insurance contract. The contract insures each person who is or has been a director or executive officer (as defined in the *Corporations Act 2001*) of the Company against certain liabilities arising in the course of their duties to the Company and its subsidiaries. The directors have not included details of the nature of the liabilities covered or the amount of the total premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

13 Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement *F1 Professional Independence*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid or due and payable to the auditor of the Company, KPMG and its related practices for non-audit services provided during the year are set out below:

	Consolidated 2007 $000	2006 $000
Services other than statutory audit (all performed by KPMG unless otherwise noted): *Audit-related fees (regulatory)*		
APRA reporting	952	475
Risk management	59	44
Australian Financial Services Licences	102	97
Other regulatory services	425	432
	1,538	1,048
Audit-related fees (non-regulatory)		
AIFRS transition services	34	–
Other assurance services [1]	2,357	711
Due diligence	382	–
	2,773	711
Tax fees		
Tax advice	491	126
Total	**4,802**	**1,885**

Notes

1 Assurance services also provided by Deloitte (2007: $82,000; 2006: Nil), PriceWaterhouseCoopers (2007: $11,000; 2006: $84,000) and Ernst & Young (2007: Nil; 2006: $11,000)

The Company's auditor also provides audit services to non-consolidated Group superannuation funds. The fees paid or due and payable to the Company's auditor for these services during the year ended 30 June 2007 total approximately $270,000 (2006: $9,000).

14 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 71 and forms part of the Directors' Report for the financial year ended 30 June 2007.

15 Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the directors' report and concise financial report have been rounded off to the nearest one million dollars unless otherwise stated.

This report is made in accordance with a resolution of the directors.

John D Story
Chairman

John F Mulcahy
Managing Director

Brisbane
27 August 2007

Lead auditor's independence declaration

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001 to the directors of Suncorp-Metway Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Dr Andries B Terblanché
Partner

Brisbane
27 August 2007

Financial performance

				AIFRS [1]		AGAAP [1]
		2007	2006	2005	2004	2003
Banking						
Net interest income	($m)	910	848	786	656	592
Net fees and commissions	($m)	140	129	129	154	139
General Insurance						
Premium revenue	($m)	3,680	2,644	2,587	2,423	2,231
Investment revenue	($m)	493	446	501	276	292
Claims expense	($m)	2,766	1,948	2,085	1,751	1,937
Wealth Management						
Life insurance premium revenue	($m)	288	136	113	104	86
Life insurance investment revenue	($m)	1,060	805	586	443	117
Life insurance claims expense	($m)	165	78	73	71	60
Group						
Expenses	($m)	1,980	1,431	1,260	1,238	1,151
Impairment losses on loans and advances	($m)	25	31	27	49	49
Profit before tax	($m)	1,543	1,346	1,377	1,031	612
Profit attributable to equity holders of the parent	($m)	1,064	916	882	618	384
Contributions to profit before tax						
Banking	($m)	569	506	454	371	318
General insurance	($m)	976	691	660	465	233
Wealth management [2]	($m)	221	153	238	151	52
Other	($m)	(223)	(4)	25	44	9
		1,543	**1,346**	**1,377**	**1,031**	**612**
FINANCIAL POSITION						
Total assets	($m)	**84,901**	**57,514**	**52,488**	**43,299**	**38,434**
Investment securities – general insurance	($m)	10,126	5,307	5,280	5,118	4,755
Investment securities – life insurance	($m)	10,764	5,683	4,649	3,840	3,133
Loans, advances and other receivables	($m)	47,013	39,220	35,771	28,907	24,459
Total liabilities	($m)	**72,510**	**53,079**	**47,227**	**38,959**	**34,787**
Deposits and short-term borrowings	($m)	30,916	27,683	27,157	24,287	21,579
Outstanding claims and unearned premiums liabilities	($m)	10,487	5,672	5,538	5,187	5,052
Life insurance gross policy liabilities	($m)	7,986	3,906	3,244	2,822	2,661
Securitisation liabilities	($m)	7,948	5,700	3,906	–	–
Bonds, notes and long-term borrowings	($m)	6,338	5,504	4,468	3,925	2,710
Total equity	($m)	**12,391**	**4,435**	**5,261**	**4,340**	**3,647**
Shareholder summary						
Dividends per ordinary share	(cents)	107.0	97.0	87.0	70.0	56.0
Payout ratio (basic)	(%)	75.5	58.7	55.4	63.3	81.3
Weighted average number of shares (basic)	(m)	670.9	568.0	539.5	533.9	528.0
Net tangible asset backing per share (basic)	($)	5.43	5.98	5.83	5.15	4.44
Share price at end of year	($)	20.17	19.35	20.11	14.20	11.60
Performance ratios						
Earnings per share (diluted)	(cents)	158.60	161.20	160.39	112.70	69.74
Return on average shareholders' equity (basic)	(%)	12.60	21.00	21.60	17.57	13.35
Return on average total assets	(%)	1.49	1.67	2.01	1.65	1.13
Employees FTE		16,319	8,367	8,376	7,949	7,808

1 Amounts for years 2003 and 2004 were calculated in accordance with previous Australian GAAP. Amounts for 2005 to 2007 have been calculated in accordance with Australian equivalents to IFRS ('AIFRS'). However, transitional arrangements apply to the 2005 year.

2 For 2004 and 2005, the Wealth Management result includes the impact of consolidating managed schemes (impact 2005: $82 milion, 2004: $44 million).

Contents

Concise financial report

The concise financial report incorporating the financial statements and other specific disclosures is an extract of, and has been derived from Suncorp-Metway Ltd ('the Company') and its subsidiaries' ('the Group') consolidated financial report for the financial year. Other information included in the concise financial report is consistent with the Group's consolidated financial report.

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

A copy of the Group's 2007 Consolidated Financial Report, including the consolidated financial statements and the independent auditor's report, is available to all shareholders, and will be sent to shareholders without charge upon request.

Balance sheet
as at 30 June 2007

	Note	CONSOLIDATED 2007 $m	2006 $m
Assets			
Cash and cash equivalents		**1,093**	538
Receivables due from other banks		**42**	26
Trading securities		**4,291**	3,773
Investment securities		**20,920**	11,011
Loans, advances and other receivables		**47,013**	39,220
Bank acceptances of customers		**886**	316
Reinsurance and other recoveries		**1,404**	548
Deferred insurance assets		**446**	223
Investments in associates and joint ventures		**385**	138
Property, plant and equipment		**320**	131
Investment property		**221**	196
Goodwill and intangible assets	9	**7,391**	1,124
Other assets		**489**	270
Total assets		**84,901**	57,514
Liabilities			
Deposits and short-term borrowings		**30,916**	27,683
Payables due to other banks		**25**	120
Bank acceptances		**886**	316
Payables and other liabilities		**3,191**	778
Current tax liabilities		**121**	135
Employee benefit obligations		**236**	139
Provisions		**12**	15
Deferred tax liabilities		**469**	67
Unearned premiums and unexpired risk liabilities		**3,206**	1,400
Outstanding claims liabilities		**7,281**	4,272
Gross policy liabilities		**7,986**	3,906
Unvested policy owner benefits		**242**	270
Outside beneficial interests		**1,256**	1,002
Securitisation liabilities		**7,948**	5,700
Bonds, notes and long-term borrowings		**6,338**	5,504
Subordinated notes		**2,202**	1,466
Other financial liabilities		**51**	56
Preference shares		**144**	250
Total liabilities		**72,510**	53,079
Net assets		**12,391**	4,435
Equity			
Share capital		**10,362**	2,973
Reserves		**216**	121
Retained profits		**1,812**	1,341
Total equity attributable to equity holders of the Company	11	**12,390**	4,435
Minority interests	11	**1**	–
Total equity	11	**12,391**	4,435

The Balance sheet includes the assets and liabilities of the statutory funds of the Group's life insurance businesses which are subject to restrictions under the *Life Insurance Act 1995*.

The Balance sheet is to be read in conjunction with the accompanying notes.

Income statement

for the year ended 30 June 2007

	Note	CONSOLIDATED 2007 $m	2006 $m
Revenue			
Banking interest revenue		**3,447**	2,887
Banking interest expense		**(2,537)**	(2,039)
		910	848
Banking fee and commission revenue	5	**220**	202
Banking fee and commission expense	5	**(80)**	(73)
		140	129
General insurance premium revenue	6	**3,680**	2,644
Life insurance premium revenue	7	**288**	136
Reinsurance and other recoveries revenue		**650**	335
General insurance investment revenue			
– insurance funds	6	**269**	230
– shareholder funds	6	**224**	216
Life insurance investment revenue	7	**1,060**	805
Other revenue		**324**	237
		7,545	5,580
Expenses			
Operating expenses		**(1,980)**	(1,431)
General insurance claims expense	6	**(2,766)**	(1,948)
Life insurance claims expense	7	**(165)**	(78)
Outwards reinsurance premium expense		**(277)**	(145)
Increase in net policy liabilities	7	**(573)**	(497)
Decrease in unvested policy owner benefits	7	**47**	55
Outside beneficial interests		**(226)**	(168)
Non–banking interest expense		**(94)**	(16)
		(6,034)	(4,228)
Share of profits of associates and joint ventures		**57**	25
Profit before impairment losses on loans and advances and tax		**1,568**	1,377
Impairment losses on loans and advances		**(25)**	(31)
Profit before tax		**1,543**	1,346
Income tax expense		**(479)**	(430)
Profit for the year		**1,064**	916
Attributable to:			
Equity holders of the Company		**1,064**	916
Minority interests		**–**	–
Profit for the year		**1,064**	916
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**158.60**	161.27
Diluted earnings per share		**158.60**	161.23

The Income statement includes the revenue and expenses of the statutory funds of the Group's life insurance businesses which are subject to restrictions under the Life Insurance Act 1995.

The Income statement is to be read in conjunction with the accompanying notes.

Statement of recognised income and expense

for the year ended 30 June 2007

	CONSOLIDATED 2007 $m	2006 $m
Items of income and expense (net of tax)		
Change in fair value of assets available for sale	**2**	1
Cash flow hedges	**50**	31
Other transfers direct to equity	**–**	1
Net income / expense recognised directly in equity	**52**	33
Profit for the year	**1,064**	916
Total recognised income and expense for the year	**1,116**	949
Total recognised income and expense for the year attributable to:		
Equity holders of the Company	**1,116**	949
Minority interests	**–**	–
Total recognised income and expense for the year	**1,116**	949
Effect of change in accounting policy		
Effect of adoption of AASB 132, AASB 139, AASB 4, AASB 1023 and AASB 1038 on 1 July 2005:		
Net decrease in retained profits	**–**	(52)
Net decrease in cash flow hedge reserve	**–**	(17)
	–	(69)

The Statement of recognised income and expense includes the income and expense of the statutory funds of the Group's life insurance businesses which are subject to restrictions under the Life Insurance Act 1995.

The Statement of recognised income and expense is to be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 june 2007

	CONSOLIDATED 2007 $m	2006 $m
Cash flows from operating activities		
Interest received	**3,870**	3,262
Premiums received	**3,622**	3,033
Reinsurance and other recoveries received	**599**	322
Dividends received	**181**	175
Recoveries on loans previously written-off	**–**	1
Other operating revenue received	**572**	571
Interest paid	**(2,548)**	(2,161)
Claims paid	**(3,038)**	(2,700)
Outwards reinsurance premiums paid	**(289)**	(251)
Operating expenses paid	**(2,209)**	(766)
Income tax paid – operating activities	**(195)**	(255)
	565	1,231
(Increase) decrease in operating assets:		
Banking securities	**(1,076)**	(612)
Loans, advances and other receivables	**(5,901)**	(3,736)
Increase (decrease) in operating liabilities:		
Deposits and short-term borrowings	**3,843**	289
Net cash from operating activities	**(2,569)**	(2,828)
Cash flows from investing activities		
Proceeds from sale of insurance investments	**23,037**	11,274
Proceeds from sale of investments in associates and joint ventures	**–**	83
Acquisition of subsidiary, net of cash acquired (refer note 4)	**(1,656)**	–
Payments for plant and equipment and intangible software	**(246)**	(94)
Payments for purchase of insurance investments	**(22,162)**	(11,574)
Payments for purchase of investments in associates and joint ventures	**(47)**	(2)
Payments for acquisition of development property	**(23)**	–
Income taxes paid – investing activities	**(309)**	(182)
Net cash from investing activities	**(1,406)**	(495)
Proceeds from issue of shares	**1,152**	10
Proceeds from issue of subordinated notes	**275**	520
Proceeds from net increase in bonds, notes and long-term borrowings	**3,949**	3,480
Payments for net increase in treasury shares	**(33)**	(16)
Payments on maturity issue of subordinated notes	**(275)**	(520)
Dividends paid on ordinary shares	**(427)**	(792)
Net cash from financing activities	**4,641**	2,682
Net increase (decrease) in cash and cash equivalents	**666**	(641)
Cash and cash equivalents at beginning of financial year	**444**	1,085
Cash and cash equivalents at end of financial year	**1,110**	444

The Statement of cash flows includes the cash flows of the statutory funds of the Group's life insurance businesses which are subject to restrictions under the Life Insurance Act 1995.

The Statement of cash flows is to be read in conjunction with the accompanying notes.

1. Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB 1039 *Concise Financial Reports*. The financial statements and specific disclosures required by AASB 1039 have been derived from the Group's consolidated financial report for the financial year. Other information included in the concise financial report is consistent with the Group's consolidated financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the consolidated financial report.

The concise financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments held for trading, financial instruments held to back General Insurance liabilities and Life Insurance policy liabilities, financial instruments classified as available-for-sale, investment property, short-term offshore borrowings and life investment contract liabilities.

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

Except as described in the subsequent notes, the accounting polices set out below have been applied consistently to all periods presented in the consolidated financial report, and have been applied consistently by Group entities.

The Group has elected to early adopt AASB 101 *Presentation of Financial Statements* (October 2006).

In the prior financial year the Group adopted AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* in accordance with the transitional rules of AASB 1 *First-time Adoption of Australian Equivalents to International Financial Report Standards*.

This change has been accounted for by adjusting the opening balance of retained earnings and reserves at 1 July 2005, as disclosed in the reconciliation of movements in equity (note 36 of the Group's consolidated financial report).

The Group adopted amendments to AASB 4 *Insurance Contracts*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1023 *General Insurance Contracts* pursuant to AASB 2005-9 *Amendments to Australian Accounting Standards* as at 1 July 2006. The Group now includes all financial guarantee contracts within the scope of AASB 132 and AASB 139 and not within the scope of AASB 1023 (previous treatment) unless an issuer of the financial guarantee contract has previously asserted explicitly that it regards such a contract as an insurance contract, in which case the issuer can elect to apply AASB 132 and AASB 139, or AASB 1023. With total fee income relating to financial guarantee contracts for the year ended 30 June 2007 of $4 million, the impact of adopting this standard is not material to the Group.

During the financial year, the Group has changed its 'Impairment' accounting policy and established a general reserve for credit losses through an allocation of retained profits in accordance with APRA's requirements for loan provisioning. The change in accounting policy has been recognised retrospectively and comparatives have been restated. There was no impact on the Income Statement. In relation to the Balance Sheet, the change resulted in a reserve of $48 million being established as at 1 July 2005 (30 June 2006: $93 million and 30 June 2007: $119 million). Further disclosures are included at notes 16 and 36 of the Group's consolidated financial report.

The presentation currency is Australian Dollars.

2. Accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated accounting assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about the following significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the concise financial report are described in the following notes of the Group's consolidated financial report:

Business combinations (refer note 5)

Impairment of goodwill (refer note 22)

Impairment of other intangible assets (refer note 22)

Banking collective provision for impairment (refer note 39(l))

General Insurance outstanding claims liabilities (refer note 40(h))

Life Insurance gross policy liabilities (refer note 41(i))

Valuation of investment property (refer note 21)

Measurement of defined benefit obligations (refer note 26)

Measurement of share-based payments (refer note 26)

Provisions and contingencies (refer notes 27 and 47)

Valuation of financial instruments (refer notes 43 and 44)

Commitments (refer note 46)

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in notes 39(l), 40(h) and 41(i) of the Group's consolidated financial report for each major line of business.

3. Segment information

Segment information is presented in respect of the Group's business segments, which is the primary format for segment information. This format is based on the Group's management and internal reporting structure.

Geographical segments are the Group's secondary segments. The Group operates in two main geographical areas, Australia being the country of domicile of the parent entity, and New Zealand.

Inter-segment transfers are priced on an arm's length basis and are eliminated on consolidation. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group comprises the following business segments:

Segment	Activities
Business Banking	Commercial banking, agribusiness, property and equipment finance.
Retail Banking	Home, personal and small business loans, savings and transaction accounts.
General Insurance – Personal	Home and motor insurance, travel insurance, loan protection, rental bond, personal effects cover and Compulsory Third Party insurance.
General Insurance – Commercial	Commercial motor, marine and aviation insurance, public liability and professional indemnity insurance and workers' compensation services.
Wealth Management	Life insurance and superannuation administration services, funds management, financial planning and funds administration.
Vero New Zealand	Commercial motor and marine insurance, travel insurance, public liability and professional indemnity.
Other	Treasury and property management services.

3. Segment information (continued)

	Business Banking	Retail Banking	General Insurance		Wealth Management	Vero New Zealand	Other	Eliminations /unallocated	Consolidated
			Personal	Commercial					
	$m	$m	$m	$m	$m	$m	$m	$m	$m
2007									
Revenue from outside the Group	1,402	1,940	3,349	2,093	1,456	185	339	(602)	10,162
Inter–segment revenue	129	896	–	–	–	–	1,692	(2,717)	–
Total segment revenue	1,531	2,836	3,349	2,093	1,456	185	2,031	(3,319)	10,162
Segment result	269	232	474	463	208	11	8	(28)	1,637
Unallocated revenue less unallocated expenses									–
Non banking interest expense									(94)
Profit before tax									1,543
Income tax expense									(479)
Profit for the year									1,064
Segment assets	19,532	26,626	13,090	6,367	13,130	1,920	4,959	(723)	84,901
Unallocated assets									–
Total assets									84,901
Segment liabilities	18,399	25,717	8,313	4,062	10,202	1,131	4,999	(313)	72,510
Unallocated liabilities									–
Total liabilities									72,510
Investments in associates and joint venture entities	–	–	339	46	–	–	–	–	385
Acquisitions of property, plant and equipment and intangible assets	20	68	58	59	8	2	11	6,620	6,846
Share of profits of associates and joint ventures included in segment result	–	–	57	–	–	–	–	–	57
Depreciation and amortisation expense	7	22	49	86	15	23	4	15	221
Impairment losses	19	9	–	–	–	–	–	–	28
Impairment losses reversed	(1)	(2)	–	–	–	–	–	–	(3)

3. Segment information (continued)

	Business Banking $m	Retail Banking $m	General Insurance Personal $m	General Insurance Commercial $m	Wealth Management $m	Vero New Zealand $m	Other $m	Eliminations /unallocated $m	Consolidated $m
2006									
Revenue from outside the Group	1,279	1,570	2,372	1,184	988	–	281	18	7,692
Inter-segment revenue	66	740	–	–	–	–	1,387	(2,193)	–
Total segment revenue	1,345	2,310	2,372	1,184	988	–	1,668	(2,175)	7,692
Segment result	263	198	209	482	153	–	57	(16)	1,346
Unallocated revenue less unallocated expenses									–
Profit before tax									1,346
Income tax expense									(430)
Profit for the year									916
Segment assets	16,390	23,170	5,536	3,117	6,181	–	4,159	(1,039)	57,514
Unallocated assets									–
Total assets									57,514
Segment liabilities	15,350	22,545	4,101	2,241	5,902	–	4,041	(1,101)	53,079
Unallocated liabilities									–
Total liabilities									53,079
Investments in associates and joint venture entities in segment assets above	–	–	138	–	–	–	–	–	138
Acquisitions of property, plant and equipment and intangible assets / capital expenditure	10	30	46	27	4	–	6	–	123
Share of profits of associates and joint ventures included in segment result above	–	–	25	–	–	–	–	–	25
Depreciation and amortisation expense	7	20	22	13	3	–	4	–	69
Impairment losses	27	7	–	–	–	–	–	–	34
Impairment losses reversed	(1)	(2)	–	–	–	–	–	–	(3)

4. Changes in the composition of the Group

(a) Subsidiaries

Acquisitions

(i) Promina Group Limited

On 20 March 2007, Suncorp Insurance Holdings Limited acquired all the shares in Promina Group Limited ('Promina') for $7,908,406,464, satisfied in $1,896,420,563 in cash (including transaction costs) and the issue of 280,279,063 shares in Suncorp-Metway Ltd at a fair value of $21.45 per share, based on the share price at the date of acquisition. The cost of the acquisition includes directly attributable costs including consultancy, legal, accounting and other professional fees.

The principal activities of Promina are underwriting of general and life insurance businesses and the investment and administration of insurance and non-insurance funds.

The acquisition had the following effect on the Group's assets and liabilities:

	Pre-acquisition carrying amounts $m	Recognised values on acquisition $m
Assets		
Cash and cash equivalents	**240**	**240**
Financial assets at fair value through profit and loss	**9,191**	**9,191**
Loans, advances and other receivables	**726**	**726**
Reinsurance and other recoveries	**768**	**768**
Deferred insurance assets	**356**	**76**
Investments in associates and joint ventures	**96**	**206**
Property, plant and equipment	**70**	**70**
Deferred tax assets	**93**	**166**
Investment properties	**6**	**6**
Intangible assets		
Goodwill	**281**	**4,005**
Brands	**–**	**660**
Value of in-force customer contracts	**–**	**652**
Customer relationships	**–**	**196**
Distribution relationships	**–**	**433**
Outstanding claims liability intangible	**–**	**187**
Software	**9**	**228**
Other assets	**145**	**145**
Total assets	**11,981**	**17,955**
Liabilities		
Payables and other liabilities	**777**	**777**
Current tax liabilities	**16**	**16**
Employee benefit obligations	**77**	**77**
Deferred tax liabilities	**181**	**556**
Unearned premium liabilities	**1,709**	**1,709**
Outstanding claims liabilities	**2,933**	**2,933**
Life insurance policy liabilities	**3,141**	**3,141**
Unvested policyowner benefits	**19**	**19**
Financial liabilities	**810**	**810**
Total liabilities	**9,663**	**10,038**
Net identifiable assets and liabilities	**2,318**	**7,917**
Less: amount attributable to minority interests		**9**
Net identifiable assets and liabilities attributable to Suncorp		**7,908**
Consideration paid in cash (including transaction costs)		**1,896**
Cash acquired		**(240)**
Net cash outflow		**1,656**

4. Changes in the composition of the Group (continued)

(a) Subsidiaries (continued)

Acquisitions (continued)

The following methods and key assumptions were used in determining the values of assets and liabilities acquired where the fair values differed from the recognised values in Promina's financial statements.

Investments in associates and joint ventures

Investments in the RACI and NTI joint ventures have been valued using a discounted cash flow method.

Brands

Fair value of brands has been determined using the relief from royalty method except for the Promina brand which has been valued on replacement cost basis. In determining the value of brands, royalty rates have been determined based on the strengths of each brand and its importance to the customers' purchasing decisions. Royalty rates have been applied to net earned premiums for insurance brands and total revenues for financial services brands. Premium and fee income forecasts are based on management projections for the first three years and then long-term growth rates.

Value of in-force customer contracts

The fair value of in-force business has been determined based on expected profit that will emerge from the block of in-force business as it matures and all claims are paid. In the general insurance businesses the in-force value relates to the premiums that have been paid in full for a policy and the contractual exposure period for the policy has not fully elapsed. Unearned premium has been calculated as net unearned premium, less deferred acquisition costs, less fire services levy. Claims cost has been calculated as fair value of unexpected risk including claims handling expenses, less bound business, less reinsurance premiums payable. In the life insurance business, the in-force business is the future premiums and profits from existing policies, calculated as value of business in-force plus adjusted net worth less net tangible assets.

Customer relationships

Future profit on customer relationships has been valued using the income approach, based on the present value of future profits expected to arise from existing customer relationships. Premium/fee income and margin forecasts are based on management projections for the first three years and then a long-term growth rate. Useful life and lapse rate assumptions for the existing customer base have been determined based on historical lapse rate information for each business.

Distribution relationships

Distribution relationships have been valued using the income approach representing the present value of future earnings expected to be generated by the existing distribution channels. The expected life of various categories of brokers have been determined based on an analysis of the length of the historical relationships with the various categories of broker, the relative strength of perceived relationships and the level of competition for broker relationships.

Software

Software has been valued using the replacement cost approach.

General insurance outstanding claims liabilities

The fair value of the outstanding claims liabilities has been determined using a market assessed risk margin. However, the value of general insurance claims reserves recognised on acquisition has been determined using a risk margin consistent with Suncorp's policy with an offsetting intangible asset also recognised, which gives a net balance which is equivalent to the fair value based on market assumptions.

Goodwill

Goodwill arose in the business combination as the consideration paid for the combination effectively included amounts in relation to the skills and talent of the acquired business workforce, the benefit of expected head office and operational synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be measured reliably or they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged either individually or together with any related contracts.

Due to the complexity and timing of this acquisition, the fair values currently established are provisional and are subject to further review during the year ending 30 June 2008.

During the period 21 March – 30 June 2007, Promina contributed net profit of $37 million to the consolidated net profit for the year.

4. Changes in the composition of the Group (continued)

(a) Subsidiaries (continued)

Acquisitions (continued)

If the acquisition had occurred on 1 July 2006, group revenue would have been $11,429 million and net profit would have been $1,462 million. This pro-forma financial information uses Promina data for months corresponding to Suncorp's 30 June year end. The pro-forma amounts represent the historical operating results of Promina, reported in accordance with their pre-acquisition accounting policies. It excludes transaction and integration costs of $77 million and a non-recurring adjustment to align general insurance outstanding claims valuations of $10 million. It includes a full year of amortisation of intangibles as if the acquisition occurred on 1 July 2006. The amortisation of identifiable intangible assets will vary over time.

	2007 (Post acquisition)	2008	2009	2010	2011	Post 2011
$m	**141**	364	254	218	160	1,262

The pro-forma information does not include all costs related to the integration of Promina into the Suncorp Group, nor does it reflect the potential synergies which we expect to realise. It does not necessarily represent what would have occurred if the transaction had taken place on 1 July 2006 and should not be taken as representative of the Suncorp Group's future consolidated results.

(ii) Terri Scheer Insurance Brokers Pty Ltd

On 30 April 2007 Vero Insurance Limited acquired 100% of the issued shares of Terri Scheer Insurance Brokers Pty Ltd ('TSIB') for cash consideration of $24.2 million. Of this $24.2 million purchase consideration, $5 million is a deferred payment to be made at June 2008. Net assets of TSIB at the date of acquisition were $0.2 million, resulting in goodwill on acquisition of $19 million and $5.8 million goodwill acquired. TSIB is a broker of Landlord Protection insurance policies, which are to be underwritten by Vero Insurance Limited following the acquisition.

(iii) Axiom Risk & Insurance Management Limited

In June 2007 an agreement was made by Vero Insurance New Zealand Limited to purchase the remaining 50% ownership in its associate, Axiom Risk & Insurance Management Limited ('Axiom'). The net assets of Axiom at the date of acquisition were less than $0.1 million. The acquisition price for the purchase of the remaining 50% ownership interest was $0.9 million. The goodwill on acquisition has been immediately impaired to nil carrying value.

(iv) Mariner Underwriting Limited

In June 2007 Vero Insurance New Zealand Limited acquired the remaining 50% ownership in its associate, Mariner Underwriting Limited ('Mariner') for $0.5 million. The goodwill on acquisition has been immediately impaired to nil carrying value.

Entities Established

The entities established during the financial year are as follows:

Name of entity	Registration date
Suncorp Property Development Equity Fund #2 Unit Trust	18 October 2006
SPDEF #2 Pty Ltd	18 October 2006
Suncorp Insurance Holdings Limited	6 December 2006
Suncorp Insurance Funding 2007 Limited	1 March 2007
Polaris Data Centre Unit Trust	29 May 2007

No subsidiaries were established during the comparative reporting period.

Suncorp Property Development Equity Fund #2 Unit Trust acquired a 50% interest in a joint venture on 30 November 2006 which is involved in residential land sub-division and development. Polaris Data Centre Unit Trust acquired a 50% interest in a joint venture on 29 May 2007 which is undertaking property development. For further details refer to note 19 of the Group's consolidated financial report.

4. Changes in the composition of the Group (continued)

(a) Subsidiaries (continued)

Disposals

The following subsidiaries were deregistered during the current reporting period:

Name of entity	Date deregistered
LJ Hooker (NZ) Limited	29 June 2007
LJ Hooker Limited (incorporated in New Zealand)	29 June 2007

The following subsidiaries were deregistered during the comparative reporting period:

Name of entity	Date deregistered
PFC Finance Pty Ltd	20 November 2005
Permanent Financial Corporation (Aust) Pty Ltd	20 November 2005
Permanent Holdings Pty Ltd	20 November 2005

(b) Associates and joint venture entities

The Group did not acquire any interest in associates or joint venture entities during the current or comparative reporting period other than as a consequence of acquiring Promina Group Limited.

The Group did not dispose of any interests in associates or joint venture entities during the current or comparative reporting periods.

5. Contribution to profit from Banking activities

	CONSOLIDATED BANKING 2007 $m	2006 $m
Net interest income		
Interest revenue	**3,428**	2,878
Interest expense	**(2,518)**	(2,030)
	910	848
Net banking fee and commission income		
Fee and commission revenue	**220**	202
Fee and commission expense	**(80)**	(73)
	140	129
Other operating revenue		
Net profits on trading and investment securities	**5**	4
Net profits on derivative and other financial instruments	**7**	8
Other income	**11**	8
	23	20
Non-interest income	**163**	149
Total income from Banking activities	**1,073**	997
Operating expenses		
Staff	**(305)**	(284)
Occupancy	**(33)**	(26)
Computer and depreciation	**(49)**	(45)
Communication	**(29)**	(29)
Advertising and promotion	**(27)**	(25)
Other	**(36)**	(51)
	(479)	(460)
Contribution to profit from Banking activities before impairment losses on loans and advances and tax	**594**	537
Impairment losses on loans and advances	**(25)**	(31)
Contribution to profit before tax from Banking activities	**569**	506

Whilst Business Banking and Retail Banking have been disclosed as separate reportable segments in note 3, the Executive and Board also consider the total Banking result disclosed above as relevant to understanding the Group's performance. The above profit result consolidates Business Banking, Retail Banking and Treasury Services (which is within the 'Other' segment in note 3). This also represents the results of the consolidated Banking group which is regulated by APRA.

The information set out above includes transactions that have been eliminated in the consolidated Income Statement. It excludes dividends received from subsidiaries.

6. Contribution to profit from General Insurance activities

	CONSOLIDATED GENERAL INSURANCE 2007 $m	2006 $m
Net earned premium		
Direct premium revenue	**3,673**	2,639
Inwards reinsurance premium revenue	**7**	5
Premium revenue	**3,680**	2,644
Outwards reinsurance premium expense	**(208)**	(117)
	3,472	2,527
Net incurred claims		
Claims expense	**(2,766)**	(1,948)
Reinsurance and other recoveries revenue	**598**	315
	(2,168)	(1,633)
Underwriting expenses		
Acquisition costs	**(405)**	(329)
Movement in liability adequacy test deficiency	**6**	(9)
Other underwriting expenses	**(458)**	(320)
	(857)	(658)
Reinsurance commission revenue	**13**	5
Underwriting result	**460**	241
Investment revenue – insurance funds		
Investment income on insurance funds	**299**	259
Investment expense on insurance funds	**(30)**	(29)
	269	230
Insurance trading result	**729**	471
Investment income on shareholder funds	**240**	232
Investment expense on shareholder funds	**(16)**	(16)
Fee for service and other income	**179**	142
Share of net profit of associates and joint venture entities	**57**	25
Non-banking interest expense	**(87)**	(50)
Other expenses	**(126)**	(113)
	247	220
Contribution to profit from General Insurance activities before tax	**976**	691

Segment information set out above includes transactions that have been eliminated in the consolidated Income Statement. Non-banking interest expense represents interest expense on the Group's subordinated debt and preference shares allocated to General Insurance.

7. Contribution to profit from Wealth Management activities

	CONSOLIDATED WEALTH MANAGEMENT 2007 $m	2006 $m
Revenue		
Premium revenue	**288**	136
Outwards reinsurance premium expense	**(69)**	(28)
	219	108
Investment revenue	**1,060**	805
Other revenue	**145**	88
	1,424	1,001
Operating expenses		
Claims expense	**(165)**	(78)
Reinsurance recoveries revenue	**52**	20
	(113)	(58)
Policy acquisition expenses		
Commission	**(25)**	(10)
Other	**(56)**	(34)
Policy maintenance expenses		
Commission	**(16)**	(5)
Other	**(69)**	(41)
Investment management expenses	**(18)**	(14)
Other operating expenses	**(105)**	(47)
Increase in net insurance contract liabilities	**(274)**	(289)
Increase in net investment contract liabilities	**(299)**	(208)
Decrease in unvested policy owner benefits	**47**	55
Outside beneficial interests	**(275)**	(197)
	(1,203)	(848)
Contribution to profit from Wealth Management activities before tax	**221**	153

The above segment result includes profits relating to minority interests and policy owners' tax. The information set out above includes transactions that have been eliminated in the consolidated Income Statement.

8. Dividends

	COMPANY 2007 Cents per share	COMPANY 2007 $m	COMPANY 2006 Cents per share	COMPANY 2006 $m
Ordinary shares				
Final 2006 dividend (franked) paid 2 October 2006 (2006: 3 October 2005)	**50**	**279**	45	248
Special 2005 dividend (franked) paid 3 October 2005	**–**	**–**	75	412
Interim 2007 dividend (franked) paid 16 March 2007 (2006: 3 April 2006)	**52**	**294**	47	260
		573		920
Preference shares recognised as liability				
Half-yearly dividend (franked) paid 14 September 2006 (2006: 14 September 2005), recognised in interest expense	**315**	**8**	315	8
Half-yearly dividend (franked) paid 14 March 2007 (2006: 14 March 2006), recognised in interest expense	**251**	**4**	310	8
		12		16
Dividends not recognised in the balance sheet				
In addition to the above dividends, since year end the directors have proposed the following:				
Final 2007 dividend (franked) expected to be paid on 1 October 2007 (2006: 2 October 2006) out of retained profits at 30 June 2007, but not recognised as a liability in the balance sheet	**55**	**509**	50	279
Total dividends not recognised in the balance sheet		**509**		279

Franked dividends proposed, declared or paid during the year were fully franked at the tax rate of 30% (2006: 30%).

	COMPANY 2007 $m	COMPANY 2006 $m
Dividend franking account		
The franked portions of the dividends recommended after 30 June 2007 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the financial year ending 30 June 2008.		
Franking credits available for subsequent financial years based on a tax rate of 30% (2006: 30%)	**777**	484

The available franking credits are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the year end;
(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end; and
(d) franking credits that the Company may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $220 million (2006: $116 million). In accordance with the tax consolidation legislation, the Company as the head company of the ultimate single tax consolidated group has assumed the franking credits of Promina Group Limited.

9. Goodwill and intangible assets

2007	Goodwill $m	Brands $m	Customer contracts & other relationships $m	Outstanding claims liability intangible $m	Franchise systems $m	Software $m	Total $m
Cost							
Balance at the beginning of the financial year	1,283	–	–	–	15	187	1,485
Acquisitions through business combinations	4,029	660	1,281	187	–	255	6,412
Other acquisitions	–	–	–	–	1	48	49
Exchange gains or losses	6	–	–	–	–	–	6
Disposals	–	–	–	–	–	(14)	(14)
Balance at the end of the financial year	5,318	660	1,281	187	16	476	7,938
Amortisation and impairment losses							
Balance at the beginning of the financial year	230	–	–	–	5	126	361
Acquisitions through business combinations	–	–	–	–	–	27	27
Amortisation for the year	–	20	84	18	1	49	172
Disposals	–	–	–	–	–	(13)	(13)
Balance at the end of the financial year	230	20	84	18	6	189	547
Carrying amounts							
Carrying amount at the beginning of the financial year	1,053	–	–	–	10	61	1,124
Carrying amount at the end of the financial year	5,088	640	1,197	169	10	287	7,391

9. Goodwill and intangible assets (continued)

2006	Goodwill $m	Brands $m	Customer contracts & other relationships $m	Outstanding claims liability intangible $m	Franchise systems $m	Software $m	Total $m
Cost							
Balance at the beginning of the financial year	1,262	–	–	–	15	153	1,430
Acquisitions through business combinations	21	–	–	–	–	–	21
Other acquisitions	–	–	–	–	–	42	42
Disposals	–	–	–	–	–	(8)	(8)
Balance at the end of the financial year	1,283	–	–	–	15	187	1,485
Amortisation and impairment losses							
Balance at the beginning of the financial year	227	–	–	–	4	98	329
Effect of change in accounting policy	3	–	–	–	–	–	3
Balance at the beginning of the financial year – restated	230	–	–	–	4	98	332
Amortisation for the year	–	–	–	–	1	36	37
Disposals	–	–	–	–	–	(8)	(8)
Balance at the end of the financial year	230	–	–	–	5	126	361
Carrying amounts							
Carrying amount at the beginning of the financial year	1,035	–	–	–	11	55	1,101
Carrying amount at the beginning of the financial year – restated	1,032	–	–	–	11	55	1,098
Carrying amount at the end of the financial year	1,053	–	–	–	10	61	1,124

9. Goodwill and intangible assets (continued)

An independent valuation of the franchise systems was carried out at 30 June 2007 on the basis of current fair market value and provided a valuation range of $87 million to $93 million. As franchise systems are recorded at cost, the valuation has not been brought to account (refer note 3(l) of the Group's consolidated financial report).

(a) Amortisation and impairment charge

All intangible assets other than goodwill have been assessed as having finite lives in the ranges as follow:

Category	**Useful life**
Franchise systems	20 years
Development software	3 – 5 years
Brands	9 – 50 years
Customer contracts	1 – 20 years
Customer relationships	4 – 30 years
Distribution relationships	5 – 15 years
Outstanding claims liability intangible	20 years

(b) Impairment tests for cash generating units containing goodwill

The following units have significant carrying amounts of goodwill:

	CONSOLIDATED	
	2007 $m	2006 $m
General Insurance – Commercial unit	**1,216**	334
General Insurance – Personal unit	**2,255**	710
Wealth Management unit	**1,113**	–
Vero NZ unit	**489**	–
Other units	**15**	9
	5,088	1,053

The Group's goodwill is an intangible asset with an indefinite life, and therefore the carrying amount of the cash generating unit ('CGU') to which goodwill is allocated must be tested for impairment annually. The significant CGUs to which goodwill has been allocated is set out above.

The impairment test for goodwill is performed by comparing the CGU's carrying amount with its recoverable amount, being the CGU's fair value less costs to sell. A reasonable estimate of the fair value less costs to sell for the Group at any point in time is its corresponding market capitalisation as quoted on the Australian Stock Exchange ('ASX'). However, as the CGUs to which goodwill is allocated are not ASX listed entities, the fair value less costs to sell of each CGU is estimated by multiplying each CGU's profit after tax by an average price earnings multiple for the CGU's industry peer group. The average price earnings multiple for each CGU is determined after considering historical and forecast profit and the market capitalisation of relevant ASX listed industry competitors, and the similarity of the CGU's business to that of its industry competitors.

At 30 June 2007, the recoverable amount of each CGU exceeds its carrying amount and, as a result, no impairment loss has been recognised in the consolidated Income Statement. Based on information available and market conditions at 30 June 2007, it is unlikely for the assumptions made in this assessment to change by an amount that could cause any CGU's recoverable amount to be less than its carrying amount.

10. Outstanding claims liabilities – general insurance

	CONSOLIDATED 2007 $m	2006 $m
Gross central estimate – undiscounted	**6,960**	4,000
Risk margin	**1,409**	1,056
Claims handling expenses	**280**	178
	8,649	5,234
Discount to present value	**(1,499)**	(986)
Gross outstanding claims liabilities – discounted	**7,150**	4,248
Current	**2,512**	1,160
Non-current	**4,638**	3,088
	7,150	4,248

Risk margin

The overall risk margin was determined allowing for the relative uncertainty of the outstanding claims estimate for each class of business and the diversification between classes. Uncertainty was analysed for each class taking into account potential uncertainties relating to the actuarial models and assumptions, the quality of the underlying data used in the models, the general insurance environment and the impact of legislative reform.

The assumptions regarding uncertainty for each class were applied to the net central estimates, and the results were aggregated, allowing for diversification in order to arrive at an overall position which is intended to have a 94% probability of sufficiency (2006: 94%).

The overall risk margin applied, allowing for diversification, was 24.5% (2006: 28.2%)

11. Capital and reserves

Reconciliation of movement in capital and reserves attributable to equity holders of the parent

2007	Issued capital $m	Share-based payments $m	Preference shares $m	Treasury shares $m	General reserves for credit losses $m	Hedging reserve $m	Assets available for sale reserve $m	Other reserves $m	Retained profits $m	Total $m	Minority interests $m	Total equity $m
Consolidated												
Balance at the beginning of the financial year	3,007	9	–	(43)	93	14	1	13	1,341	4,435	–	4,435
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(7)	(7)
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	8	8
Total recognised income and expense	–	–	–	–	–	50	2	–	1,064	1,116	–	1,116
Transfer to general reserve for credit losses	–	–	–	–	26	–	–	–	(26)	–	–	–
Shares issued	7,329	–	–	–	–	–	–	–	–	7,329	–	7,329
Issue costs	(23)	–	–	–	–	–	–	–	–	(23)	–	(23)
Conversion of preference shares to ordinary shares	106	–	–	–	–	–	–	–	–	106	–	106
Share-based remuneration	–	9	–	–	–	–	–	–	–	9	–	9
Treasury shares purchased	–	–	–	(32)	–	–	–	–	–	(32)	–	(32)
Currency translation	–	–	–	–	–	–	–	17	–	17	–	17
Dividends to shareholders	–	–	–	–	–	–	–	–	(567)	(567)	–	(567)
Balance at the end of the financial year	10,419	18	–	(75)	119	64	3	30	1,812	12,390	1	12,391

11. Capital and reserves (continued)

2006	Issued capital $m	Share-based payments $m	Pref-erence shares $m	Treasury shares $m	General reserves for credit losses $m	Hedging reserve $m	Assets available for sale reserve $m	Other reserves $m	Retained profits $m	Total $m	Minority interests $m	Total equity $m
Consolidated												
Balance at the beginning of the financial year	2,796	5	244	(27)	–	–	–	12	1,484	4,514	747	5,261
Effect of change in accounting policy – remeasure	–	–	6	–	–	(17)	–	–	(47)	(58)	–	(58)
Effect of change in accounting policy – reclassify	–	–	(250)	–	48	–	–	–	(51)	(253)	(747)	(1,000)
Balance at the beginning of the financial year – restated	2,796	5	–	(27)	48	(17)	–	12	1,386	4,203	–	4,203
Total recognised income and expense	–	–	–	–	–	31	1	1	916	949	–	949
Transfer to general reserve for credit losses	–	–	–	–	45	–	–	–	(45)	–	–	–
Shares issued	211	–	–	–	–	–	–	–	–	211	–	211
Share-based remuneration	–	4	–	–	–	–	–	–	–	4	–	4
Treasury shares purchased	–	–	–	(16)	–	–	–	–	–	(16)	–	(16)
Dividends to shareholders	–	–	–	–	–	–	–	–	(916)	(916)	–	(916)
Balance at the end of the financial year	3,007	9	–	(43)	93	14	1	13	1,341	4,435	–	4,435

12. Contingent assets and liabilities

(a) Contingent liabilities

There are outstanding court proceedings, potential fines, claims and possible claims against the Group, the aggregate amount of which cannot be readily quantified. Where considered appropriate, legal advice has been obtained. The Group 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. The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities for which no provisions are included in these financial reports are as follows:

- The Group has given guarantees and undertakings in the ordinary course of business in respect to credit facilities and rental obligations. Note 46 of the Group's consolidated financial report sets out details of these guarantees.
- Certain subsidiaries act as trustee for various trusts. In this capacity, the subsidiaries 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 Group 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.
- In respect of the sale of property investments, undertakings have been provided by the Group 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 Group.

(b) Contingent assets

There are claims and possible claims made by the Group against external parties, the aggregate amount of which cannot be readily quantified. Where considered appropriate, legal advice has been obtained. The Group 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. The directors are of the opinion that receivables are not required in respect of these matters, as it is not probable that future economic benefits will eventuate or the amount is not capable of reliable measurement.

13. Subsequent events

After balance date, the Group and The Royal Automobile Club of Tasmania announced their arrangement for the latter to acquire 30% interest in RACT Insurance ('RACTI'), a wholly owned subsidiary of the Company, for an undisclosed amount. The arrangement is subject to regulatory approvals, with a targeted completion date in the third quarter of the 2007 calendar year.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

In the opinion of the directors of Suncorp-Metway Ltd, the accompanying concise financial report of the Group, comprising Suncorp-Metway Ltd and its controlled entities for the financial year ended 30 June 2007, set out on pages 74 to 96:

a) has been derived from or is consistent with the consolidated financial report for the financial year; and

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

Dated at Brisbane this 27th August 2007.
Signed in accordance with a resolution of the directors:

John D Story
Chairman

John F Mulcahy
Managing Director

Independent auditor's report

to the members of Suncorp-Metway Ltd

Report on the concise financial report

The accompanying concise financial report of Suncorp-Metway Ltd ('the Group'), comprising Suncorp-Metway Ltd (the Company) and its controlled entities comprises the balance sheet as at 30 June 2007, the income statement, statement of recognised income and expenses and cash flow statement for the year then ended and related notes 1 to 13, derived from the audited financial report of Suncorp-Metway Ltd for the year ended 30 June 2007. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

Directors' responsibility for the concise financial report

The directors of the Company are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of Suncorp-Metway Ltd for the year ended 30 June 2007. Our audit report on the financial report for the year was signed on 27 August 2007 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free of material misstatement.

Our procedures in respect of the concise financial report include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the concise financial report of Suncorp-Metway Ltd and its controlled entities for the year ended 30 June 2007 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

KPMG

KPMG

Dr Andries B Terblanché
Partner

Brisbane
27 August 2007

Shareholder information

at 20 August 2007

Major shareholders

Ordinary shares

	Number of shares	%
HSBC Custody Nominees (Australia) Limited	100,285,601	10.84
JP Morgan Nominees Australia Limited	99,286,229	10.73
National Nominees Limited	83,111,393	8.99
RBC Dexia Investor Services Australia Nominees Pty Limited (PIPOOLED A/C)	35,531,094	3.84
Citicorp Nominees Pty Limited	26,366,483	2.85
ANZ Nominees Limited (Cash Income A/C)	20,918,943	2.26
Cogent Nominees Pty Limited	16,021,638	1.73
AMP Life Limited	11,387,509	1.23
UBS Nominees Pty Ltd (116C A/C)	11,219,000	1.21
Queensland Investment Corporation	11,196,589	1.21
RBC Dexia Investor Services Australia Nominees Pty Limited (PIIC A/C)	4,676,101	0.51
RBC Dexia Investor Services Australia Nominees Pty Limited (BKCUST A/C)	4,424,778	0.48
Australian Foundation Investment Company Limited	3,861,800	0.42
Citicorp Nominees Pty Limited (CFSIL CWLTH AUST SHS 4 A/C)	3,638,193	0.39
Cogent Nominees Pty Limited (SMP ACCOUNTS)	3,408,274	0.37
HSBC Custody Nominees (Australia) Limited – A/C2	3,333,034	0.36
UBS Wealth Management Australia Nominees Pty Ltd	3,014,959	0.33
RBC Dexia Investor Services Australia Nominees Pty Limited	2,976,541	0.32
SME Staff Share Plan Pty Ltd	2,852,845	0.31
Australian Reward Investment Alliance	2,799,411	0.30
	450,310,415	**48.68**

Reset preference shares

	Number of shares	%
UBS Nominees Pty Ltd	155,006	10.76
HSBC Custody Nominees (Australia) Limited	75,015	5.21
Eastcote Pty Ltd (Van Lieshout F/T A/C)	50,000	3.47
The Australian National University	50,000	3.47
Citicorp Nominees Pty Limited	37,809	2.62
Australian Industrial Sands Pty Ltd	34,000	2.36
Argo Investments Limited	32,000	2.22
RBC Dexia Investor Services Australia Nominees Pty Limited (GSENIP A/C)	30,160	2.09
UBS Wealth Management Australia Nominees Pty Ltd	28,525	1.98
Cogent Nominees Pty Limited	14,156	0.98
ANZ Trustees Limited (Queensland Common Fund A/C)	11,164	0.77
Equity Trustees Limited (Garnet S/Fund Accumulation)	10,429	0.72
Perri Cutten Superannuation Nominees Pty Ltd (Perri Cutten Australia Pty Ltd Exec Benefit Plan A/C)	9,000	0.62
Equity Trustees Limited (Garnet Allocated Pension)	8,181	0.57
National Nominees Limited	7,000	0.49
Geoffrey Gardiner Dairy Foundation Ltd	6,773	0.47
The Trustees of the Diocese of Tasmania	5,956	0.41
ANZ Trustees Limited (Franked Income CF1 A/C)	5,824	0.40
ANZ Trustees Limited (Common Fund 101 A/C)	5,711	0.40
ANZ Trustees Limited (Common Fund 107 A/C)	5,594	0.39
	582,303	**40.4**

Distribution of Shareholdings

Fully paid Ordinary Shares at 20 August 2007

Range	Number of holders	% of holders	Number of shares	% of shares
1-1,000 shares	139,708	62.63	67,476,466	7.30
1,001-5,000 shares	68,046	30.5	144,439,113	15.62
5,001-10,000 shares	9,508	4.26	65,531,781	7.09
10,001-100,000 shares	5,572	2.5	114,707,166	12.4
100,001shares and over	245	0.11	532,739,532	57.6
	223,079	**100.00**	**924,894,058**	**100.00**

Fully paid Ordinary Shares at 20 August 2007

Location	Number of holders	% of holders	Number of shares	% of shares
Australia				
Queensland	105,311	47.2	228,286,060	24.68
New South Wales	49,953	22.4	417,618,500	45.15
Victoria	39,823	17.85	230,339,900	24.9
South Australia	7,930	3.55	17,200,720	1.86
Western Australia	9,447	4.23	15,764,852	1.7
Tasmania	2,192	0.98	3,945,291	0.43
ACT	3,743	1.67	5,948,306	0.64
Northern Territory	453	0.2	547,697	0.06
New Zealand	3,424	1.53	3,933,692	0.43
United States	136	0.06	264,746	0.03
United Kingdom	193	0.09	214,667	0.03
Hong Kong	85	0.04	135,093	0.01
Other overseas	389	0.2	694,534	0.08
	223,079	**100**	**924,894,058**	**100**

Fully paid Reset Preference Shares at 20 August 2007

Range	Number of holders	% of holders	Number of shares	% of shares
1-1,000 shares	1,634	90.98	522,036	36.24
1,001-5,000 shares	141	7.85	331,124	22.98
5,001-10,000 shares	9	0.5	59,204	4.11
10,001-100,000 shares	11	0.61	373,258	25.91
100,001shares and over	1	0.06	155,006	10.76
	1,796	**100.00**	**1,440,628**	**100.00**

Pursuant to the reset terms of the Instrument, approximately $106 million of securities was exchanged for ordinary shares on 14 September 2006.

Suncorp major ASX announcements

Earnings guidance upgrade	3 August 2006
Annual Results announced – underlying profit exceeds $1billion for the first time, increased dividend	1 September 2006
Proposal to acquire Promina	12 October 2006
Suncorp and Promina merger announcement	23 October 2006
Results of AGM	26 October 2006
CEO presentation to Asia Pacific Summit	16 November 2006
Director – Jim Kennedy – retires	11 December 2006
ACCC decision on Promina merger	20 December 2006
Unconditional FSSA approval for Promina deal	16 January 2007
Regulatory approvals completed for proposed merger	16 February 2007
Half Year results announced – $527 million and increased dividend	20 February 2007
Promina Reset Preference Shares cash offer	23 February 2007
Promina scheme shareholder vote	5 March 2007
Trading halt announced	12 March 2007
$1.17 billion share entitlements offer and prospectus launched	12 March 2007
Federal Court approves Suncorp Promina merger	12 March 2007
Entitlements offer bookbuild	16 March 2007
Finalisation of Promina merger	20 March 2007
New executive team announced	29 March 2007
Vero acquires Terri Scheer insurance brokers	2 April 2007
Completion of retail share offer and second bookbuild	13 April 2007
Results of the EGM and appointment of former Promina directors	24 April 2007
CEO Johhn Mulcahy's contract renewal	7 June 2007
New South Wales storm claims	12 June 2007
New South Wales storms claims update	20 June 2007

Substantial shareholders

At 20 August 2007, the following entity was contained in the register of substantial shareholdings based on Substantial Holding Notices received

	Number of Shares
Perpetual Limited	66,511,993

Voting rights of shareholders

(i) Ordinary shares

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

- Show of hands – one vote per shareholder
- Poll – one vote per fully paid ordinary share

(ii) Reset preference shares

Reset preference shareholders are entitled to vote in limited circumstances in which case shareholders will have the same rights as to the manner of attendance and to voting as ordinary shareholders with one vote per reset preference share. The limited circumstances are set out in the Information Memorandum dated 16 August 2001.

Holders of non-marketable parcels

At 20 August 2007 the number of shareholders with less than a marketable parcel for fully paid ordinary shares (1-26 shares) was 5,320 (0.01% of shareholders) representing 69,176 shares.

Dividend history

(since Suncorp/Metway/QIDC merger 1 December 1996)

1997	Interim	18c
	Final	22c
1998	Interim	22c
	Final	22c
1999	Interim	22c
	Final	22c
2000	Interim	22c
	Final	24c
2001	Interim	24c
	Final	28c
2002	Interim	25c
	Final	29c
2003	Interim	26c
	Final	30c
2004	Interim	30c
	Final	40c
2005	Interim	42c
	Final	45c
	Special Dividend	75c
2006	Interim	47c
	Final	50c
2007	Interim	52c
	Final	55c

Annual General Meeting

2.30pm Wednesday 31 October 2007 Meetings Rooms 3 & 4, Mezzanine Level, Brisbane Convention and Exhibition Centre, cnr Merivale and Glenelg Streets, South Brisbane

Share Registry

Shareholders can obtain information about their shareholdings by contacting Suncorp's share registry:

Link Market Services Limited
Level 12
300 Queen Street
Brisbane Qld 4000
Mailing address:
PO Box A118,
Sydney South NSW 1234

Telephone:
1300 882 012 (inside Australia)
61 2 8280 7450 (outside Australia)
Facsimile: (02) 9287 0303

Email: suncorp@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

When seeking information shareholders must provide their Securityholder Reference Number (SRN) or their Holder Identification Number (HIN) which are recorded on their shareholder statements or dividend advices.

Change of Address

Shareholders who are issuer sponsored must advise the share registry in writing, quoting their Security Reference Number, previous address and new address. Change of address forms are available via the share registry website or by contacting the share registry.

Shareholders sponsored by a broker (CHESS) should advise their broker in writing of the amended details.

Payment of Dividends

Shareholders who wish to have their dividends paid directly into their bank, building society or credit union account should obtain a direct credit application form from the share registry or via the share registry website.

Dividend Reinvestment Plan

Shareholders can reinvest all or part of their dividends in Suncorp shares, with no brokerage or transaction costs. There is no minimum or maximum limit for participation. Shareholders can participate in the scheme, vary their participation or withdraw from the Dividend Reinvestment Plan at any time. Further information is available on the Suncorp website or by contacting the share registry.

Removal from Annual Report mailing list

Recent legislation amendments mean that companies can now choose to distribute their annual report electronically or provide an 'opt-in' option for those shareholders who request a hard copy.

Suncorp will continue to provide hard copy annual reports for shareholders who have elected to receive them and access to online annual reports for those shareholders who receive all their communications via email.

Shareholders no longer wishing to receive a hard copy of the Annual Review (Concise Report) or the Consolidated Financial Statements or who may wish to receive an email notification in future should advise the share registry in writing, by fax, telephone and email, quoting their SRN/HIN, or directly via the share registry website by clicking on Communication Options.

Register your email address

You can register your email address for dividend advices, notices of meeting, notification of availability of annual reports and other shareholder communications. To register your details, go to Share Registry Services on the Suncorp website www.suncorp.com.au which provides a link to the share registry, or directly to the share registry website www.linkmarketservices.com.au where, by using your SRN/HIN and other requested details, you will be able to view details of your shareholding, obtain registry forms and record your own email address.

Listed Securities

Suncorp securities listed on the ASX are:
Ordinary shares (code SUN)
Floating Rate Capital Notes (SUNHB)
Reset Preference shares (SUNPA)

Key Dates[1]

Ordinary shares (SUN)

2007
Final dividend

Ex dividend date	30 August
Record date	5 September
Dividend payment	1 October

2008
Interim dividend

Ex dividend date[2]	29 February
Record date	6 March
Dividend payment	1 April

Final dividend

Ex dividend date[2]	29 August
Record date	4 September
Dividend payment	1 October

Floating Rate Capital Notes (SUNHB) (perpetual subordinated debt)

2007
Final dividend

Ex interest date[2]	9 November
Record date	15 November
Interest payment	30 November

2008

Ex interest date[2]	11 February
Record date	15 February
Interest payment	3 March
Ex interest date[2]	9 May
Record date	15 May
Interest payment	30 May
Ex interest date[2]	9 August
Record date	15 August
Interest payment	1 September

Reset Preference Shares (SUNPA)

2008

Ex dividend date[2]	29 February
Record date	6 March
Dividend payment	14 March
Ex dividend date[2]	29 August
Record date	4 September
Dividend payment	15 September

Results announcements

2008

Half-year results and interim dividend announced	26 February
Annual Results and final dividend announcement	26 August
Annual General Meeting	28 October

Notes:
1 Dates may be subject to change.
2 Subject to ASX confirmation.

Glossary

Item	Definition
AIFRS	Australian Equivalents to International Financial Reporting Standards.
APRA	APRA stands for the Australian Prudential Regulation Authority, which is the prudential regulator of banks, insurance companies, superannuation funds, credit unions, building societies and friendly societies.
ASIC	ASIC stands for the Australian Securities and Investments Commission, which is the authority that enforces and regulates company and financial services laws to protect consumers, investors and creditors.
Black-Scholes model	A Black-Scholes model takes as input current prices, length of time until the option expires, an estimate of future volatility, and the so-called risk free rate of return to price equity options.
Earnings per share	Basic earnings per share is calculated by dividing profit after tax for the period by the weighted average number of ordinary shares of the Company outstanding during the period. Diluted earnings per share is based on weighted average diluted shares. Both basic and diluted weighted average number of ordinary shares are adjusted for treasury shares. Calculated in accordance with accounting standard AASB 133 *Earnings per share*.
Insurance trading ratio	The insurance trading result expressed as a percentage of net earned premium.
Monte Carlo simulation	A method for iteratively evaluating a deterministic model using sets of random numbers as inputs. This method is often used when the model is complex, nonlinear, or involves more than just a couple of uncertain parameters.
Outstanding claims	All unpaid claims and related claims handling expenses relating to claims incurred prior to the reporting date.
Payout ratio (basic)	Total after tax dividends and distributions on ordinary and preference shares which relate to the financial year divided by operating profit after tax adjusted for after-tax interest on preference shares (when classified as liability). Ordinary shares are adjusted for treasury shares.

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Credit Ratings

	Short Term	Long Term	Insurer Financial Strength General Ins	Insurer Financial Strength Life & Super
S & P	A-1	A+	A+	A+
Moody's				
Bank Deposits	P-1	AA3	n/a	n/a
Senior Debt	P-1	AA3	n/a	n/a
Fitch Ratings	F1	A+	A+	A

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Insurance claims	13 25 24
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Financial planning and superannuation enquiries	13 11 55
Investment funds enquiries centre	1800 067 732
Business banking	13 11 55
Share Trade	1300 135 190
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Existing customer enquiries for Margin Lending	1800 805 972

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Personal and Business Insurance	13 10 10
Personal Insurance claims	13 14 46
Workers' Compensation NSW policies and claims	13 10 10

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