Announcement of Consolidated Financial Results for the Half Year

ended 31 December 2007

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Suncorp-Metway Ltd and controlled entities ABN 66 010 831 722

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Basis of Preparation

The Suncorp half year results use the Australian equivalents to International Financial Reporting Standards (AIFRS).

All figures have been quoted in Australian dollars unless otherwise denoted and have been rounded to the nearest million.

The results for the half year ended 31 December 2007 incorporate the Suncorp and Promina businesses.

In the Group section, 'SUN' is shown in the December 2006 and June 2007 comparative columns to indicate that the information shown has been based on historical reported results and only includes the results of the Promina Group from 20 March 2007, the date of acquisition.

In the General Insurance and Wealth Management sections, 'Pro-forma' is shown in the December 2006 and June 2007 comparative columns to indicate that the information shown contains the combined Suncorp and Promina results as if Suncorp owned Promina from 1 July 2006. It is intended for comparative purposes only and does not represent actual results. The historical operating results of Promina have been aligned to Suncorp's financial year end and reported in accordance with their pre-acquisition accounting policies.

Disclaimer

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp's current views at the date of this report and is subject to known and unknown risks and uncertainties, many of which are beyond Suncorp's control, which may cause actual results to differ materially from those expressed or implied. Suncorp undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report (other than pursuant to Australian Securities Exchange (ASX) disclosure requirements). The information is also not financial product advice. Investors should seek appropriate advice on their own objectives, financial situation and needs.

Table of Contents

Suncorp-Metway Ltd Half Year Results 2008

- Strong underlying business performance adversely impacted by weather conditions and investment markets
- Profit before tax and Promina acquisition items of $616 million, down 19.9% on pcp
- Net profit after tax (NPAT) of $382 million
- Maintained interim fully franked ordinary dividend of 52 cents per share
- Annualised Promina integration synergies increased by 44% to $325 million at a total one-off implementation cost of $375 million.

	HALF YEAR ENDED				
	DEC-07	JUN-07 SUN	DEC-06 SUN	DEC-07 VS JUN-07	DEC-07 VS DEC-06
	$M	$M	$M	%	%
Profit Overview					
Banking	307	280	289	9.6	6.2
General Insurance	172	452	383	(61.9)	(55.1)
Wealth Management	125	131	98	(4.6)	27.6
L J Hooker	8	7	7	14.3	14.3
Other	(3)	19	-	n/a	n/a
Consolidation adjustments	7	(6)	(8)	n/a	n/a
Profit before tax and Promina acquisition items	616	883	769	(30.2)	(19.9)
Amortisation of Promina acquisition intangible assets	(180)	(141)	-	27.7	n/a
Deferred acquisition cost adjustment on consolidation	108	119	-	(9.2)	n/a
Integration costs	(54)	(60)	-	(10.0)	n/a
Transaction costs	-	(17)	-	(100.0)	n/a
Alignment of outstanding claims valuations	-	(10)	-	(100.0)	n/a
	490	774	769	(36.7)	(36.3)
Tax	(106)	(237)	(242)	(55.3)	(56.2)
Profit before minority interests	384	537	527	(28.5)	(27.1)
Minority interests	(2)	-	-	n/a	n/a
Net profit after minority interests	382	537	527	(28.9)	(27.5)

Review of consolidated operations

Except where otherwise stated, all figures relate to the half year ended 31 December 2007. Comparatives are for the half year ended 31 December 2006.

Review of Operations

The half year to December 2007 has been impacted by a number of significant weather events and volatility in global credit and equity markets. Despite these external impacts, Suncorp's underlying business continued to perform strongly, providing the Board with the confidence to maintain the interim fully franked dividend at 52 cents per share. The Dividend Reinvestment Plan (DRP) will be underwritten to a 65% participation rate to fund future growth and ensure capital flexibility.

The Group has reported net profit after tax (NPAT) of $382 million. Profit before tax and Promina acquisition items reduced by 19.9% to $616 million.

The **Banking** division performed strongly despite the impact of the global credit crunch on banking margins and is forecast to increase its profit before tax and bad debts by between 10% and 12% for the full year. The result was underpinned by strong lending growth, cost control and disciplined credit practices.

The **General Insurance** operations reported profit before tax of $172 million. Business momentum has been maintained during the Promina integration, with premium growth being achieved across all short tail products. The general insurance result was impacted by a number of external events. These included significant weather related events totalling $280 million for the half year and an $85 million negative movement in the "mark to market" of fixed interest securities as a result of the increase in global credit spreads.

Wealth Management contributed profit before tax of $125 million. This result reflects solid operating performance offset by lower investment returns on shareholder funds due to weaker investment market performance. Funds under management rose to $27.1 billion at 31 December 2007.

During the half year to December 2007, the business completed phase 2 of its **integration** with Promina. As a result of a detailed design phase, Suncorp was able to upgrade the quantum of annualised synergies by $100 million to $325 million. One off integration costs are now expected to total $375 million.

Operational Highlights

The results across all businesses confirm the continued strength in the stand alone performances of each of the Suncorp businesses, despite adverse weather conditions, volatile investment markets and strong competition. The integration of the Suncorp and Promina businesses has not distracted management nor provided market opportunities for its competitors.

The major operational highlights in the half year to December 2007 were:

In **Banking**, profit before tax and bad debts of $323 million is an increase of 9.9% over the prior corresponding period. This very strong result was achieved against a backdrop of substantially increased funding costs.

Total income increased by 7.4% reflecting above system lending growth in all segments. Home loan receivables (including securitised assets) increased by 12.9% to $25.3 billion, consumer lending increased by 32.6% to $1.2 billion and business lending receivables increased by 28.1% to $23.7 billion.

Core retail deposits (net of Treasury) grew by 12.9% to $17.5 billion.

The Bank's direct distribution capability continues to underpin receivables growth in Queensland with growth of 13.4% in home lending and 20.7% in business lending. Outside of Queensland, growth continues to be strongest in Western Australia and New South Wales.

During the half the Retail Bank refreshed its strategy, announcing a more aggressive expansion of its branch network into new growth corridors particularly in Queensland and Western Australia. This will allow the Bank to further capitalise on its strong brand and distribution capability.

Banking customer satisfaction, as measured by Roy Morgan Research Pty Ltd, has continued to improve, from 79.7% at June 2007 to 82.3% at December 2007. This is considerably above the Australian bank average of 75.3%.

The Net Interest Margin reduced by 27 basis points as the Bank absorbed increased costs of wholesale funding and securitisation volumes increased. The global credit crunch contributed around 3 basis points, or $8 million, to this reduction.

Credit quality remains sound overall with gross non-performing loans remaining at 0.7% of total lending. While the quantum of non-performing loans continues to increase as the credit cycle trends upwards from its lows of 2004, the overall quality of the portfolio remains sound with a significant proportion of loans secured by hard assets such as property with low loan to valuation ratios (LVR).

Review of consolidated operations continued

In **General Insurance**, pre-tax profit was $172 million for the half year to December 2007. Both the Suncorp and Promina general insurance businesses maintained momentum throughout the period despite the commencement of integration.

The insurance trading result (ITR) was $151 million, or 5.1% of net earned premium, reflecting a number of external events occurring during the half. Significant events included floods in New Zealand in July, storms in Lismore in October, as well as in Sydney and Melbourne in December and a earthquake in New Zealand. These events together cost $280 million, well ahead of Suncorp's usual provision for weather events of $100 million per half year.

Investment returns on technical reserves and shareholder funds have been adversely impacted by the 'mark to market' impact of widening credit spreads. The Group has $7.8 billion in its technical reserves portfolio, where underlying investments are matched to the expected payouts in the outstanding claims provision. These are quality investments, largely semi-government and highly-rated corporate bonds that have no significant default risk; however, the 'mark to market' movement has reduced investment returns by $85 million. This is purely an accounting and timing issue which will reverse as the investments redeem or as credit spreads contract.

Gross written premium increased by 2.4% on a pro-forma basis with strong premium growth in home (9.4%) and motor (5.7%) offset by the reductions in compulsory third party (CTP) and workers' compensation portfolios.

In long tail classes there is some evidence of superimposed inflation beginning to emerge in some classes of business, following several years of highly favourable claims experience post the tort law reforms. Nevertheless, based on the valuation of outstanding claims as at December 2007, central estimate releases for the half year total $171 million.

Further underscoring the conservative nature of Suncorp's provisioning, a level of sufficiency of approximately 94% across the combined businesses has been maintained. Given the post reform claims experience now observed we believe we are approaching a sufficient level of confidence in our ability to predict post-tort law reform claims costs. As a result we anticipate being able to reduce the level of sufficiency to the previously targeted 90%. This will release around $220 million in claims expenses. The timing and pace of this reduction will be dictated by the quality of claims experiences particularly in relation to larger, litigated claims.

As a result of the incidence of major weather events in the first half, Suncorp reduced the Maximum Event Retention (MER) for non-cyclone and non-earthquake losses to $100 million from $200 million for the period from 1 January 2008 to 30 June 2008. The MER drops to $50 million in the event of a further loss.

The **Wealth Management** division reported profit before tax of $125 million for the six months to December 2007. Underlying profit after tax, which does not include investment income on shareholder funds, rose 9.0% to $85 million.

Continued success of the "Family Protect" and "Lifeguard" products in the term business, as well as growth in group risk premiums, have contributed to a profit after tax of $38 million for the life risk operations.

The funds management division delivered a 67.9% increase in profit after tax to $47 million for the half year. This result was driven by growth in retail investments following exceptional contributions to take advantage of Australian superannuation law changes.

Despite the departure of the Suncorp Investment Management Australian Equities team, external mandates increased 11.0% to $7.9 billion with funds under management at 31 December 2007 of $27.1 billion.

Strategy

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 its unique diversified business mix and range of assets to deliver consistent strong returns.

Key assets of the Group include:

- A relationship with over seven million customers;
- A strong portfolio of 26 proven brands that span product categories and geographies;
- Extensive and varied distribution channels for reaching customers encompassing direct and intermediated channels including a suite of joint ventures; and
- Our unique business portfolio encompassing Banking, Insurance and Wealth Management which provides us with the ability to deliver meaningful solutions to customers through all their life stages.

Key to the execution of the Suncorp strategy and the leveraging of its assets is the business model.

Review of consolidated operations continued

Business Model

Suncorp's business model has been designed to ensure that we maximise the value of our business portfolio, combined assets and capabilities within the context of the six business units in which we operate – retail banking, business banking, personal insurance, commercial insurance, wealth management and New Zealand.

The philosophy that underpins the design of Suncorp's unique business model is operating as a synergistic portfolio of performing lines of business. The value generated through this approach is evident in three key areas:

1. Revenue – leveraging a leading portfolio of brands to provide solutions to customers across their lifecycle
2. Cost – a commitment to cost efficiency through the leverage of internal scale, rationalisation and the sharing of best practice
3. Capability / Culture – underpinning all of this is a strong culture and a focus on sharing capabilities across the Group

Our current focus is leveraging Suncorp's unique mix of assets and capabilities to achieve strong organic growth whilst delivering on the targeted benefits from integration.

Integration

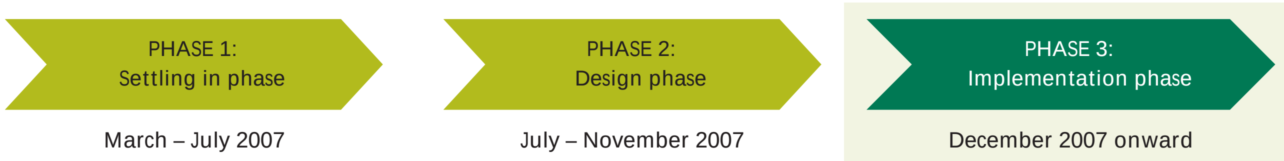
The Group is now almost one year in to what is expected to be a three year journey towards integration of the Suncorp and Promina businesses.

The integration program is expected to deliver improved performance through:

- A business model which reflects the Group's customer-led strategy
- Enhanced capabilities to lift performance, expressed through:
  - Brands and customer propositions
  - People
  - Simplified, efficient and agile business technology
  - Creation of Centres of Excellence
- Value for shareholders through realisation of synergies.

The plan

To achieve these goals a robust plan was laid out following completion of the merger to ensure that the process discipline applied to finalising the transaction would also be applied to the Integration process.



Phases 1 and 2 of the Integration plan are complete and the Group is now heavily involved in the final phase – the Implementation phase.

During phase 1, Suncorp focused on understanding the brands and businesses that now form part of the larger Group. The Group Business Model was developed and the market was updated. Quick wins – where the realisation of synergies were not business model dependent – resulted in annualised savings of $55 million.

In phase 2, the Design phase, over 400 people representing both the former Suncorp and Promina businesses, developed a portfolio of integration initiatives which would realise the benefits of bringing the two businesses together. The initiatives went through a rigorous due diligence process which was assessed by KPMG and were budgeted, prioritised and agreed by the Group Executive team.

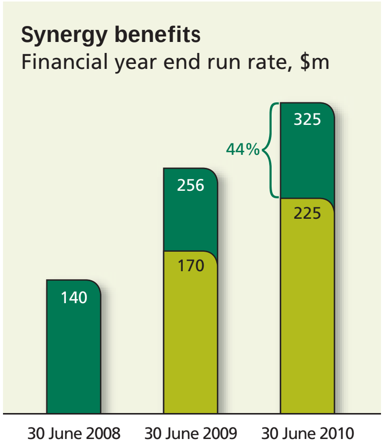
In November 2007, the Board gave formal approval for the Implementation phase to commence and in January 2008 the Board signed-off the revised synergy benefits and costs of integration.

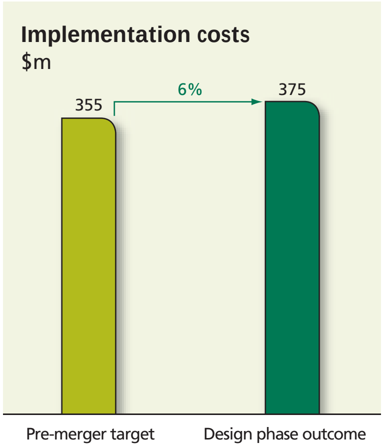
During phase 3, the Implementation phase, the portfolio of over 300 initiatives agreed in phase 2 will be implemented. Business Units have taken ownership of their own portfolios of initiatives. The appropriate governance and control processes have been put in place to ensure benefits are delivered. The Integration Business Unit, working closely with Group Finance, has established a robust tracking and reporting framework.

Some initiatives are already well underway and the Group is on track to deliver improved synergy targets. While the bulk of activity is expected to be completed by the end of 2008/09 financial year, Implementation will run until June 2010.

Integration continued

Synergy Benefits and Implementation Costs





Pre-merger target* Design phase outcome**

** Promina Scheme Booklet, December 2006 ** Announced 1 February 2008*

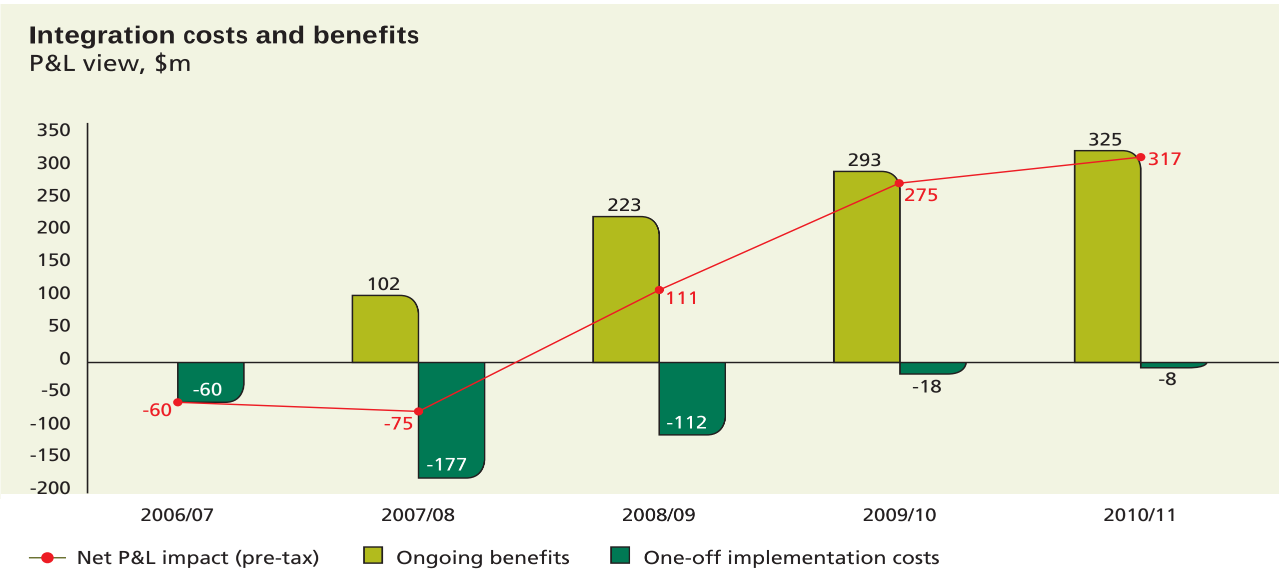
The economics that underpinned the transaction have improved significantly.

The original estimate of $225 million of annualised synergies was based on the analysis undertaken by Suncorp ahead of the transaction and reaffirmed during due diligence. As a result of the work undertaken during the Design phase the Group has revised its net annual synergies to $325 million, representing a 44% increase to the pre-merger estimate.

The revised transaction economics means that Suncorp will now achieve $256 million of synergies on an annualised basis by the end of June 2009. This is well ahead of the total pre-merger annualised synergy expectations.

One-off implementation costs have been contained and are expected to increase by only 6% to $375 million.

These numbers have been subjected to rigorous analysis and will be supported by a governance process which will ensure their complete and on-time delivery.



Projected cash flow will be EPS accretive by Year 2. P&L view indicates ongoing benefits of $325 million for $375 million investment

The diagram above illustrates the timing profile of synergy benefits and one-off implementation costs. It presents a P&L view of the portfolio and shows that the benefits of the transaction will be both larger and delivered earlier than first anticipated.

Integration continued

Synergy Benefits and Implementation Costs continued

The table below provides further detail about how the benefits and costs flow through to the P&L over the life of the integration, including synergies realised in the half to December 2007.

	HALF YEAR DEC-07 $M	FULL YEAR JUN-08 $M	FULL YEAR JUN-09 $M	FULL YEAR JUN-10 $M	FULL YEAR JUN-11 $M
Banking					
Operating expenses	0	6	21	29	34
Banking contribution before tax	0	6	21	29	34
General Insurance					
Net earned premium	21	41	41	41	41
Net incurred claims	5	12	31	49	55
Operating expenses	9	38	115	147	168
GI contribution before tax	35	91	187	237	264
Wealth Management contribution	1	5	15	27	27
Net profit before tax	**36**	**102**	**223**	**293**	**325**
Integration costs	(54)	(177)	(112)	(18)	(8)
Income tax	6	24	(29)	(74)	(87)
Total contribution	**(12)**	**(51)**	**82**	**200**	**230**

* These numbers are indicative based on Integration Project Design. The actual benefits from integration may differ due to re-allocation of costs between business units. Some savings may be reinvested back into business initiatives depending upon market conditions. However, where this occurs it will be clearly identified and explained to the market.

Integration portfolio themes

The approach to Integration has been targeted with focus on the areas of greatest opportunity. Broadly there are three areas of benefit:

1. Home and motor claims (short tail)
2. Operating expense reductions
3. Reinsurance

Within each theme the initiatives have been prioritised based on strategic fit, financial benefit and risk. The highest priority initiatives are those which are essential to the success of the long term business model and strategy and which have a low risk profile.

1. Home and motor claims

Initiatives in this portfolio are aimed at lowering cost, providing improved customer services and leveraging the expertise of the combined group.

Integration continued

2. Operating expense reductions

Operating expense reductions can be broken down into more transparent "areas":

- **Business technology** – focused on using agile development teams to support the business and simplify the business technology environment across the Group through consolidation and reusable solutions which will result in significant operational efficiencies.
- **Sourcing** – consolidate Group spend to achieve unit cost improvements while leveraging central expertise around spend analysis and negotiation.
- **Centres of excellence and organisation redesign** – focused on aggregating specialist services and advice to the highest practicable level which in turn will inform organisation redesign aimed at eliminating duplication and enhancing capability across the Group.

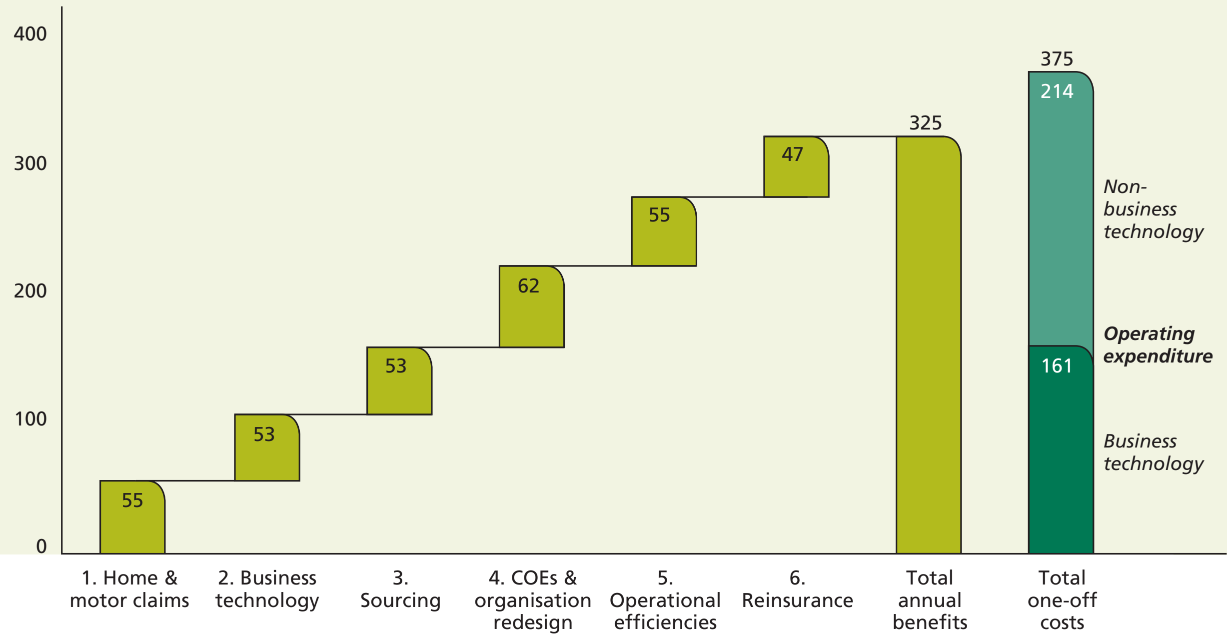
3. Reinsurance

In September 2007 Suncorp advised that it had realised $41 million in annualised savings as a result of combining the Suncorp and Promina general reinsurance programs.

Since then, further synergies are targeted from the renegotiation of two additional reinsurance programs:

- A rationalisation of life risk reinsurance treaties in Wealth Management ($4 million per annum); and
- A redesign of facultative reinsurance processes across the Commercial Insurance brands ($2.4 million per annum).

Realised integration benefits and costs
FY10/11, $m



Outlook

At the macro level, it is likely that the Reserve Bank will continue to use monetary policy to control inflationary pressures in the economy. While this will have a moderating effect on credit formation, we expect our lending growth will remain strong as we further capitalise on our exposure to the fast growing Queensland and West Australian economies. While further tightening of monetary policy may have an effect on impairment levels, the robustness of our security and loan to valuation ratios will mean it is unlikely to translate to material increases in impairment losses.

We expect global credit markets to remain volatile in the short term with little prospect of immediate contraction in credit spreads. In the event that credit spreads widen further it is likely the banking sector will move to adjust its lending rates to appropriately reflect the increased cost of funds. This gives us confidence that the full year impact of the credit crunch on our banking operations will be no more than our October 2007 forecast of $10 million to $15 million pre tax.

Taking all this into account, and assuming no major changes in underlying market conditions, we now believe we can achieve growth in banking profit before tax and bad debts of between 10% and 12% for the full year.

In General Insurance, we will continue to drive growth by leveraging our portfolio of market leading brands. In personal lines, we expect premiums to increase following the recent incidence of major weather events and increased claims frequency due to generally wetter weather conditions. The extent of premium rate increases will vary by product and geography as the Group utilises its enhanced pricing capability to improve margins. In commercial lines, with premium increases in some products there is evidence to support a view that the market may be hardening. In this environment we will continue to adhere to profitable technical pricing levels and look for opportunities in a widening market.

Overall GWP growth for the full year will continue to be impacted by the effect of recent regulated rate reductions in CTP insurance. However, with evidence emerging of increasing claims size in this class of business it is possible that premium rates have reached their lows and, following a period of consolidation, may start to trend upwards. The emergence of some evidence of superimposed inflation in some long tail classes is also likely to affect the quantum of central estimate releases for the full year and beyond, however, this will be mitigated to some extent as the Group moves its level of sufficiency closer to its target of 90%.

Taking all this into account, we now expect the full year insurance trading ratio for the general insurer to be in the 7.5% to 10.5%* range, excluding the benefits of integration which are expected to contribute approximately $90 million to the ITR for the full year. Inclusive of integration benefits we expect the full year ITR to be in the 9% to 12% range. This revised guidance includes the costs associated with the February 2008 flooding in Mackay and North Queensland, which we anticipate will cost $100 million net of reinsurance recoveries. It also assumes that, outside of the Mackay floods, any events in the second half are within our normal allowance. Beyond the ITR, we expect that continued volatility in equity markets will have an impact on returns in both the General Insurance and Life Insurance Shareholder Funds. Equally, income from JV partners will not be as strong in the year to June 2008 as it was for the previous year, which benefited from favourable prior year long tail releases and above average investment returns.

In Wealth Management, we anticipate growth in new business and funds under management. The wealth business will continue to leverage banking and general insurance customer bases to drive increased sales. On an underlying basis, which excludes investment returns on shareholder funds, we remain on track to achieve our full year forecast of profit growth of greater than 10%.

In its full year outlook, given in August 2007, the Group suggested it would be well placed to consider its capital position by the end of June 2008 following discussions with credit ratings agencies and pending a review of the group's capital structure. The Group's capital position also needed to take account of the on-going operational needs of the business (including major weather events) and the effect of investment market volatility on the Group's technical reserve investments and shareholder funds. In the first half the Group's forecast capital position was impacted by a number of negative effects, including market volatility and major weather events. In addition the ongoing capital needs of the business, most particularly the growth of the business bank, have proven to be larger than forecast. These factors have had the combined effect of ruling out the possibility of a capital return in the short term.

Proposed regulatory changes announced by APRA in December 2007, if implemented, would have a further impact on the general insurance industry's capital requirements. It is too early to quantify these effects and Suncorp is working co-operatively with the industry and APRA in order to clarify these proposals and, in turn, minimise the impact on our overall capital position. The Group is committed to keeping the market updated as the proposals are finalised and when the full impacts are properly understood.

Finally, the decision to underwrite a 65% participation rate in the DRP on the interim dividend of 52 cents per share has been taken to fund future growth and ensure capital flexibility. We continue to target absolute growth in dividends for the full year, however, given all the factors outlined above, and that synergy realisation will initially lag implementation costs, it is expected that annual dividend growth for the year to June 2008 will be nominal.

*Excluding the impact of major weather events

Contribution to profit by division for the half year ended 31 December 2007

	HALF YEAR ENDED DEC-07 $M	JUN-07 SUN $M	DEC-06 SUN $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Banking					
Net interest income	484	456	454	6.1	6.6
Non-interest income	84	88	75	(4.5)	12.0
Total income	568	544	529	4.4	7.4
Operating expenses	(245)	(244)	(235)	0.4	4.3
Contribution before impairment losses and tax	323	300	294	7.7	9.9
Impairment losses on loans and advances	(16)	(20)	(5)	(20.0)	220.0
Contribution before tax	307	280	289	9.6	6.2
General Insurance					
Gross written premium	3,156	2,467	1,323	27.9	138.5
Net earned premium	2,945	2,186	1,289	34.7	128.5
Net incurred claims	(2,177)	(1,366)	(793)	59.4	174.5
Operating expenses	(805)	(621)	(346)	29.6	132.7
Investment income – insurance funds	188	157	112	19.7	67.9
Insurance trading result	151	356	262	(57.6)	(42.4)
Managed schemes net income	34	7	15	385.7	126.7
Joint venture and other income	19	25	33	(24.0)	(42.4)
Investment income – Shareholder Funds	28	105	102	(73.3)	(72.5)
Contribution before tax and capital funding	232	493	412	(52.9)	(43.7)
Capital funding	(60)	(41)	(29)	46.3	106.9
Contribution before tax	172	452	383	(61.9)	(55.1)
Contribution from Wealth Management before tax (1)	125	131	98	(4.6)	27.6
Other					
Contribution from LJ Hooker	8	7	7	14.3	14.3
Other	(3)	19	-	(115.8)	n/a
Consolidation adjustments (2)	7	(6)	(8)	(216.7)	(187.5)
Contribution before tax	12	20	(1)	(40.0)	(1,300.0)
Profit before tax and Promina acquisition items	616	883	769	(30.2)	(19.9)
Amortisation of Promina acquisition intangible assets	(180)	(141)	-	27.7	n/a
Deferred acquisition cost adjustment on consolidation (3)	108	119	-	(9.2)	n/a
Integration costs	(54)	(60)	-	(10.0)	n/a
Transaction costs	-	(17)	-	(100.0)	n/a
Alignment of outstanding claims valuations	-	(10)	-	(100.0)	n/a
	490	774	769	(36.7)	(36.3)
Income tax	(106)	(237)	(242)	(55.3)	(56.2)
Profit before minority interests	384	537	527	(28.5)	(27.1)
Minority interests	(2)	-	-	n/a	n/a
Net profit after minority interests	**382**	**537**	**527**	**(28.9)**	**(27.5)**

(1) The Contribution from Wealth Management result is grossed up for income tax expense paid by the life insurance companies on behalf of policyholders in accordance with Australian Accounting Standards. As a consequence, the results presented here are not comparable across periods. In addition this result does not take into account minority interests.

(2) Includes eliminations of deferred acquisition costs ('DAC') and treasury share valuations. Within Suncorp Wealth Management, DAC incorporates charges from other lines of business. From a Group viewpoint, these costs must be expensed as they are not incremental to the Group. Certain managed schemes controlled by Wealth Management own shares ('treasury shares') in Suncorp-Metway Ltd. These shares are recorded at fair value in the schemes' accounts and at cost at the Group level.

(3) On recognition of the fair value of Promina assets and liabilities, the deferred acquisition costs in Promina's balance sheet cannot be recognised as an asset. Therefore the amortisation of DAC in Promina's books at the date of acquisition is reversed at the Group level.

	HALF YEAR ENDED DEC-07 $M	JUN-07 SUN $M	DEC-06 SUN $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Balance sheet					
Assets					
Cash and liquid assets	1,237	1,093	1,004	13.2	23.2
Receivables due from other banks	4	42	10	(90.5)	(60.0)
Other financial assets					
Trading securities	7,842	4,291	4,114	82.8	90.6
Investment securities	20,305	20,920	11,386	(2.9)	78.3
Loans, advances and other receivables	51,109	46,910	41,734	9.0	22.5
Bank acceptances of customers	759	875	671	(13.3)	13.1
Reinsurance and other recoveries	1,329	1,404	547	(5.3)	143.0
Deferred insurance assets	560	446	218	25.6	156.9
Assets classified as held for sale	151	-	-	n/a	n/a
Investments in associates and joint ventures	345	385	193	(10.4)	78.8
Property, plant and equipment	324	320	183	1.3	77.0
Investment property	145	221	197	(34.4)	(26.4)
Goodwill and intangible assets	7,212	7,391	1,137	(2.4)	534.3
Other assets	493	355	373	38.9	32.2
Total assets	91,815	84,653	61,767	8.5	48.6
Liabilities					
Deposits and short term borrowings	40,357	30,916	30,420	30.5	32.7
Payables due to other banks	43	25	28	72.0	53.6
Bank acceptances	759	875	671	(13.3)	13.1
Payables and other liabilities	1,832	2,966	1,102	(38.2)	66.2
Current tax liabilities	9	121	71	(92.6)	(87.3)
Employee benefit obligations	185	236	122	(21.6)	51.6
Deferred tax liabilities	400	469	123	(14.7)	225.2
Unearned premiums and unexpired risk liabilities	3,186	3,206	1,371	(0.6)	132.4
Outstanding claims liabilities	7,404	7,281	4,262	1.7	73.7
Gross policy liabilities	7,717	7,986	4,195	(3.4)	84.0
Unvested policy owner benefits	322	242	341	33.1	(5.6)
Outside beneficial interests	1,248	1,256	1,073	(0.6)	16.3
Securitisation liabilities	7,566	7,948	5,633	(4.8)	34.3
Bonds, notes and long term borrowings	5,283	6,338	5,756	(16.6)	(8.2)
Subordinated notes	2,926	2,202	1,525	32.9	91.9
Other financial liabilities	49	51	54	(3.9)	(9.3)
Preference shares	144	144	144	-	-
Total liabilities	79,430	72,262	56,891	9.9	39.6
Net assets	**12,385**	**12,391**	**4,876**	**(0.0)**	**154.0**
Equity					
Share capital	10,467	10,362	3,144	1.0	232.9
Reserves	247	216	165	14.4	49.7
Retained profits	1,668	1,812	1,567	(7.9)	6.4
Total parent entity interest	12,382	12,390	4,876	(0.1)	153.9
Minority interests	3	1	-	200.0	n/a
Total equity	**12,385**	**12,391**	**4,876**	**(0.0)**	**154.0**

The consolidated 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*.

Ratios and statistics
for the half year ended 31 December 2007

		HALF YEAR ENDED DEC-07	JUN-07 SUN	DEC-06 SUN	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Performance ratios						
Earnings per share						
Basic	(cents)	41.4	70.0	91.4	(40.9)	(54.7)
Diluted	(cents)	41.4	70.0	91.4	(40.9)	(54.7)
Cash earnings per share						
Basic	(cents)	51.0	80.0	91.4	(36.3)	(44.2)
Diluted	(cents)	51.0	80.0	91.4	(36.3)	(44.2)
Return on average shareholders' equity						
Basic	(%)	6.1	12.5	22.5	(51.2)	(72.8)
Diluted	(%)	6.1	12.5	22.4	(51.2)	(72.7)
Cash return on average shareholders' equity						
Basic	(%)	7.5	14.3	22.5	(47.6)	(66.6)
Diluted	(%)	7.5	14.3	22.4	(47.6)	(66.6)
Return on average total assets	(%)	0.86	1.48	1.75	(41.9)	(50.9)
Insurance trading ratio	(%)	5.1	16.3	20.3	(68.7)	(74.9)
Shareholder summary						
Dividend per ordinary share	(cents)	52.0	55.0	52.0	(5.5)	-
Payout ratio						
Basic	(%)	125.9	94.2	55.5	33.7	126.8
Diluted	(%)	125.9	94.2	55.5	33.7	126.8
Weighted average number of shares						
Basic	(million)	922.4	766.7	576.7	20.3	59.9
Diluted	(million)	922.4	766.7	576.7	20.3	59.9
Number of shares at end of period						
Basic	(million)	925.0	919.8	562.2	0.6	64.5
Diluted	(million)	925.0	919.8	562.2	0.6	64.5
Net tangible asset backing per share						
Basic	($)	5.59	5.43	6.65	2.9	(15.9)
Diluted	($)	5.59	5.43	6.65	2.9	(15.9)
Share price at end of period	($)	16.92	20.17	20.35	(16.1)	(16.9)
Productivity						
Banking cost to income ratio	(%)	43.1	44.9	44.4	(3.8)	(2.9)
General Insurance expense ratio	(%)	27.3	28.4	26.8	(3.9)	1.9
Financial position						
Total assets	($ million)	91,815	84,653	61,767	8.5	48.6
Capital						
Bank capital adequacy ratio	(%)	10.84	9.86	11.34	9.9	(4.4)
Bank Adjusted Common Equity ratio	(%)	4.54	5.05	6.09	(10.1)	(25.5)
General Insurance minimum capital ratio coverage – SUN	(times)	1.51	1.66	1.83	(9.0)	(17.5)
General Insurance minimum capital ratio coverage – VIL	(times)	2.59	2.60	2.04	(0.4)	27.0

Refer Appendix 4 for definitions.
Refer Appendix 5 for details of Earnings per share and Return on average shareholders' equity calculations.

Group capital

Group capital is calculated in accordance with APRA guidelines. Regulatory capital will differ from statutory capital due to the inclusion of some liabilities such as preference shares and subordinated debt, and the deduction of intangible assets such as goodwill and software assets.

Group capital position

At 31 December 2007, the Bank had a Capital Adequacy Ratio of 10.84%, above the target range of 10% – 10.5%, and an Adjusted Common Equity (ACE) ratio of 4.54%, in line with the target range of 4.5% - 5%.

The minimum capital ratio (MCR) of the Suncorp Metway Insurance Limited group (SMIL) was 1.51 times, above the target benchmark of 1.50 times. The MCR of the Vero Insurance Limited group (VIL) was 2.59 times. For the purposes of setting a target benchmark for VIL, adjustments are made to the MCR calculated in accordance with APRA guidelines in relation to exposures to unregulated entities in the Promina Group. After these adjustments the MCR was 1.66 times, above the target benchmark of 1.24 times.

The MCR cover for the consolidated general insurance entities was 1.63 times after adjusting for exposures to unregulated entities in the Promina Group, above the target benchmark of 1.53 times.

The Group's capital policy is to hold all surplus capital in the Bank, being the holding company of the Group.

Group capital movement

Suncorp's surplus capital in early 2007 was utilised to fund the acquisition of Promina. However, we indicated that there may be potential for a capital initiative following the merger depending on the resolution of various issues. These issues included:

- a corporate restructuring of the general insurance licensed entities to improve capital efficiencies of those subsidiaries; and
- engaging credit agencies in a review of capital targets obviously with the constraint of retaining our current credit rating;

The capital strategy would also take into account the ongoing capital needs of the business, major insurable events and the impact of investment market volatility on our shareholder fund portfolios.

In the half year to 31 December 2007, the Group's forecast capital position has been significantly impacted by the combination of a number of negative effects, namely:

- The recent turmoil in the debt markets has had a negative impact on internally generated capital as profits in the general insurer are reduced by the 'mark to market' impact on the technical reserve portfolios.
- The closure of the access to the securitisation market, which has been consistently used by the organisation since 1999 to recycle capital.
- The higher than expected growth in lending primarily in business banking has led to a much larger increase in risk-weighted exposures than forecast and consequently increased the bank's capital requirement.
- The high incidence of claims events above budget in the first half of $180 million has materially decreased anticipated internally generated capital.

In addition, proposed regulatory changes announced by APRA in December 2007, if implemented, would have a significant negative impact on the general insurance industry's capital requirements and, in particular, it could negate any benefit from restructuring the General Insurance group. To provide capital flexibility into the future, the Group has made the decision to underwrite participation in the interim DRP to 65%.

Group credit ratings

The Group's credit ratings remained stable during the half year to 31 December 2007. Standard and Poor's long term counterparty credit rating is 'A+' with a positive outlook on the Group, Moody's rating is at 'Aa3' stable and Fitch is 'A+' with a stable outlook.

Group

Group capital continued

The Group has three distinct business lines with different regulatory requirements for capital. The corporate structure of the Group has the Bank as the holding company for subsidiaries operating the General Insurance, Wealth Management and other businesses. To assist in understanding the regulatory capital position within the Group the following table (including consolidation entries) demonstrates the distribution of capital.

	AS AT 31 DECEMBER 2007					
	BANKING $M	GENERAL INSURA-NCE[1] $M	WEALTH MANAGE-MENT $M	OTHER $M	CONSOL-IDATION[2] $M	TOTAL $M
Tier 1						
Ordinary share capital	10,562	-	-	-	-	10,562
Preference shares	144	-	-	-	-	144
Subsidiary share capital (eliminated upon consolidation)	-	2,085	562	406	(3,053)	-
Retained profits [3]	926	1,171	778	(183)	(559)	2,133
Reserves	2	-	1	-	-	3
Insurance liabilities in excess of liability valuation	-	433	-	48	-	481
Less goodwill, brands	(7,744)	(1,003)	(10)	-	1,810	(6,947)
Less software assets	(86)	-	-	-	(179)	(265)
Less deductible capitalised expenses	(52)	(6)	-	-	-	(58)
Less deferred tax asset	-	(6)	-	-	6	-
Less other required deductions [4]	-	(25)	-	(62)	(694)	(781)
Total tier 1 capital	3,752	2,649	1,331	209	(2,669)	5,272
Tier 2						
APRA general reserve for credit losses	177	-	-	-	-	177
Subordinated notes	1,947	980	-	-	-	2,927
Total tier 2 capital	2,124	980	-	-	-	3,104
Deductions from capital						
Investments in subsidiaries	(1,978)	-	-	-	1,978	-
Guarantees and facilities to non-banking subsidiaries	(5)	-	-	-	5	-
Total deductions from capital	(1,983)	-	-	-	1,983	-
Total capital base	**3,893**	**3,629**	**1,331**	**209**	**(686)**	**8,376**
Target capital base [5]	3,590	2,815	1,132	129		7,666
Excess	**303**	**814**	**199**	**80**	**(686)**	**710**
Target core capital base [6]	**1,795**	**1,877**	**1,132**	**129**		**4,933**
Excess core capital	**(170)**	**772**	**199**	**80**	**(686)**	**195**

[1] The General Insurance group includes only those licencesed entities regulated by APRA. Other entities within the statutory General Insurance reporting group are included in the Other businesses in this table.

[2] The consolidation column includes internal adjustments made to the APRA MCR calculation to fully risk weight exposures of the General Insurance business to unregulated Group companies and Joint Ventures.

[3] For Banking and General Insurance, this represents the APRA calculation of retained profits. APRA requires accrual of expected dividends in the Bank and General Insurance current year profits. To allow for consistency across the Group expected dividends are also included for Wealth Management and Other businesses.

[4] Other required deductions includes surpluses in defined benefit funds and internal funding transactions of a capital nature

[5] APRA requires regulated entities to have internal capital targets. For the Banking business the capital target is a capital adequacy ratio percentage. The target capital for the General Insurance business is based on a multiple of the various MCR components. The Wealth Management business capital target is an amalgamation of target capital for Statutory Funds, minimum capital required for Shareholder Funds and net tangible asset requirements for investment management entities. The target capital for entities within the Other businesses are based upon their actual capital base.

[6] In addition to the target capital base Suncorp also has a target for core capital. Core capital for this purpose is total tier 1 capital less all deductions from capital and less preference shares. For unregulated entities and for the Wealth Management business target core capital is the same as the target capital base. For the banking group target core capital is based on a 5% ACE ratio. For the licensed general insurance group target core capital is based on two thirds of the target capital base.

Group capital continued

AS AT 31 DECEMBER 2007	BANKING $M	GENERAL INSURANCE $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATION [1] $M	TOTAL $M
Reconciliation of total capital base to net assets						
Net assets	11,846	2,219	281	44	(2,005)	12,385
Promina line of business adjustments	-	662	567	429	(1,658)	-
Difference relating to APRA definition of retained profits	(175)	374	492	(227)	1	465
Equity items not eligible for inclusion in capital for APRA purposes						
Reserves (Post AIFRS)	(109)	-	-	14	(12)	(107)
Minority interests	-	-	-	(19)	15	(4)
Additional items allowable for capital for APRA purposes						
Preference shares	144	-	-	-	-	144
Subordinated notes	1,947	980	-	-	-	2,927
Technical provisions in excess of liability valuation	-	433	-	48	-	481
Holdings of own shares	68	-	-	(18)	47	97
Collective provision (partial)	38	-	-	-	-	38
Other items, adjustments	(1)	1	1	-	-	1
Deductions from capital for APRA purposes						
Goodwill [2], brands	(7,744)	(1,003)	(10)	-	1,810	(6,947)
Software assets	(86)	-	-	-	(179)	(265)
Deductible capitalised expenses	(52)	(6)	-	-	-	(58)
Deferred tax asset	-	(6)	-	-	6	-
Other assets excluded from regulatory capital	-	(25)	-	(62)	(694)	(781)
Funding of capital and guarantees by Bank holding company	(1,983)	-	-	-	1,983	-
Total capital base	**3,893**	**3,629**	**1,331**	**209**	**(686)**	**8,376**

[1] Consolidation mainly represents the Bank's investments in non-banking subsidiaries and amortisation of goodwill.

[2] APRA requires the intangible component of the book value of investments in non-banking subsidiaries to be deducted from Tier 1 capital. As it relates to non-banking subsidiaries, it is not amortised at the Banking level. Amortisation and impairment testing occurs within General Insurance and when the entire Group is consolidated. The total intangible deduction from Group capital in the table above of $6,947 million represents the total unamortised balance of goodwill and brands etc for the Group.

AS AT 31 DECEMBER 2007	BANKING $M	GENERAL INSURANCE $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATION $M	TOTAL $M
Reconciliation of APRA retained profits to reported retained profits						
Reported retained profits	1,101	797	286	44	(560)	1,668
Retained profits of entities not consolidated for APRA purposes	(2)	71	-	(73)	-	(4)
Expected group dividend net of DRP	(363)	-	-	-	-	(363)
Expected intragroup dividends	190	(190)	-	-	-	-
Adjustments for pre-acquisition earnings	-	562	492	(142)	-	912
Other differences in retained profits for APRA purposes	-	(69)	-	(12)	1	(80)
	(175)	374	492	(227)	1	465
APRA retained profits	**926**	**1,171**	**778**	**(183)**	**(559)**	**2,133**

Banking capital adequacy

Consolidated banking capital

	DEC-07 $M	JUN-07 $M	DEC-06 $M
Tier 1			
Ordinary share capital	10,562	10,436	3,195
Preference shares	144	144	144
Reserves	2	2	1
Retained profits	926	1,046	910
Less amortised goodwill for banking subsidiaries	(22)	(22)	(21)
Less unamortised goodwill component of investment in non-banking subsidiaries	(7,722)	(7,716)	(1,287)
Less software assets	(86)	(76)	(73)
Less other intangible assets	(52)	(53)	(53)
Less deferred tax asset	-	(64)	(56)
Total tier 1 capital	3,752	3,697	2,760
Tier 2			
APRA general reserve for credit losses	177	154	143
Perpetual subordinated notes	170	170	170
Subordinated notes	1,777	1,030	1,067
Total tier 2 capital	2,124	1,354	1,380
Deductions from capital			
Investments in non-banking subsidiaries (net of goodwill component deducted from Tier 1)	(1,978)	(1,983)	(852)
Guarantees and facilities to non-banking subsidiaries	(5)	(5)	(5)
Capital base	**3,893**	**3,063**	**3,283**
Total assessed risk	**35,900**	**31,063**	**28,955**
Risk weighted capital ratio	**10.84%**	**9.86%**	**11.34%**
Reconciliation of deduction for investments in subsidiaries			
Investment securities – Balance Sheet – Banking	9,706	9,704	2,145
Less securities held by entities not consolidated for APRA purposes	(6)	(5)	(6)
Less intangible component deducted from Tier 1 capital – non-banking subsidiaries	(7,722)	(7,716)	(1,287)
Deduction from total capital for investment in subsidiaries	**1,978**	**1,983**	**852**
Retained profits movement			
Retained profits opening for the half year	1,046	910	861
Add Banking profit after tax for the half year	199	165	202
Less profit after tax of entities not consolidated for APRA purposes	2	(1)	2
Add/(less) APRA adjustments	(19)	(3)	(105)
Less dividend expense/accrual	(484)	(509)	(294)
Add estimated change in dividend reinvestment plan	(6)	54	4
Add dividends from non-banking subsidiaries	188	430	240
Retained profits closing for the half year	**926**	**1,046**	**910**

Banking capital adequacy continued

	DEC-07 $M	JUN-07 $M	DEC-06 $M
Reconciliation of banking deduction for intangible assets to group intangible assets			
Deduction for banking subsidiaries intangible assets	22	22	21
Deduction for non-banking entities intangible assets	7,722	7,716	1,287
Banking deduction for intangible assets	7,744	7,738	1,308
APRA adjustments	-	-	1
Goodwill reflected in investments in associates	(39)	(38)	(38)
Amortisation of non-banking goodwill	(590)	(394)	(217)
Software assets [1]	86	76	73
Intangible assets not deducted from capital	11	9	10
Group intangible assets	**7,212**	**7,391**	**1,137**

[1] This amount represents the Banking group capital deduction for software assets. Software assets held elsewhere in the Group are included in the capital deduction for goodwill, brands etc.

Risk weighted assets	CARRYING VALUE DEC-07 $M	CARRYING VALUE JUN-07 $M	CARRYING VALUE DEC-06 $M	RISK WEIGHTS %	RISK WEIGHTED BALANCE DEC-07 $M	RISK WEIGHTED BALANCE JUN-07 $M	RISK WEIGHTED BALANCE DEC-06 $M
Assets							
Cash, claims on Reserve Bank of Australia, short term claims on Australian Commonwealth Government and other liquid assets	594	482	540	0	-	-	-
Claims on banks and local governments	173	184	196	20	35	37	39
Loans secured against residential housing	19,678	17,513	18,093	50	9,839	8,757	9,047
Other assets	23,240	20,553	18,211	100	23,240	20,553	18,211
Loans with loan valuation ratio in excess of 80%	33	23	25	200	66	46	50
Total Banking assets [1]	**43,718**	**38,755**	**37,065**		**33,180**	**29,393**	**27,347**

	NOTIONAL AMOUNT DEC-07 $M	CREDIT EQUIV-ALENT DEC-07 $M	RISK WEIGHTS %	RISK WEIGHTED BALANCE DEC-07 $M	RISK WEIGHTED BALANCE JUN-07 $M	RISK WEIGHTED BALANCE DEC-06 $M
Off balance sheet positions						
Guarantees entered into in the normal course of business	394	227	20-100	184	141	140
Commitments to provide loans and advances	9,028	2,303	0-100	1,755	1,016	1,074
Capital commitments	31	31	100	31	33	16
Foreign exchange contracts	13,339	298	20-50	78	94	45
Interest rate contracts	57,134	474	20-50	123	94	68
Total off balance sheet positions	79,926	3,333		2,171	1,378	1,343
Market risk capital charge				549	292	265
Total risk weighted assets				33,180	29,393	27,347
Total assessed risk				**35,900**	**31,063**	**28,955**
Risk weighted capital ratios				%	%	%
Tier 1				10.45	11.90	9.53
Tier 2				5.91	4.36	4.77
Deductions				(5.52)	(6.40)	(2.96)
Total risk weighted capital ratios				**10.84**	**9.86**	**11.34**

[1] Total Banking assets differ from Banking segment assets due to the adoption of the APRA classification of intangible assets, deferred taxation, incorporation of the trading book in the market risk capital charge and general reserve for credit losses for capital adequacy purposes.

Group

	DEC-07 $M	JUN-07 $M	DEC-06 $M
Adjusted common equity – consolidated Bank			
Ordinary share capital	10,562	10,436	3,195
Retained profits	926	1,046	910
Reserves	2	2	-
	11,490	11,484	4,105
Less:			
Goodwill	(7,744)	(7,738)	(1,308)
Software assets	(86)	(76)	(73)
Other intangible assets	(52)	(53)	(53)
Deferred tax assets	-	(64)	(56)
Investment in non-banking subsidiaries (net of goodwill)	(1,978)	(1,983)	(852)
	(9,860)	(9,914)	(2,342)
Adjusted Common Equity	**1,630**	**1,570**	**1,763**
Total assessed risk	35,900	31,063	28,955
	%	%	%
Adjusted Common Equity ratio	**4.54**	**5.05**	**6.09**

Suncorp has entered into a contract with UBS AG, Australia Branch to underwrite the Dividend Reinvestment Plan (DRP). The participation rate in the DRP on the interim Group dividend will be underwritten to 65%. Had the underwriting contract been in place as at 31 December 2007 the Adjusted Common Equity ratio would have been 5.07%.

General Insurance minimum capital ratio

The minimum capital requirement (MCR) for General Insurance is calculated by assessing the risks inherent in the business, which comprise:

- The risk that the liability for outstanding claims is not sufficient to meet the obligations to policy holders arising from losses incurred up to the reporting date (outstanding claims risk);
- The risk that the unearned premium liability is insufficient to meet the obligations to policy holders arising from losses incurred after the reporting date on existing policies (premium liabilities risk);
- The risk that the value of assets is diminished (investment risk); and
- The risk of a catastrophe giving rise to major claims losses up to the retention amount under existing reinsurance arrangements (catastrophe risk).

These risks are quantified to determine the minimum capital required under the APRA prudential standards.
This requirement is compared with the capital held in the General Insurance companies. Any provisions for outstanding claims and insurance risk in excess of the amount required to provide a level of sufficiency at 75% is classified as capital.

	DEC-07 CONSOL [1] $M	DEC-07 SUN [2] $M	JUN-07 SUN [2] $M	DEC-06 SUN [2] $M	DEC-07 VIL [3] $M	JUN-07 VIL [3] $M
General Insurance minimum capital ratio continued						
Tier 1						
Ordinary share capital	2,085	1,468	1,468	1,468	617	617
Retained profits	1,171	652	703	815	519	567
Insurance liabilities in excess of liability valuation	619	357	423	506	261	270
Less: Tax effect of excess insurance liabilities	(186)	(107)	(127)	(152)	(78)	(81)
	3,689	2,370	2,467	2,637	1,319	1,373
Less:						
Goodwill	(1,003)	(926)	(932)	(932)	(77)	(77)
Other Tier 1 deductions	(37)	(6)	-	-	(30)	(31)
Total deductions from tier 1 capital	(1,040)	(932)	(932)	(932)	(107)	(108)
Total tier 1 capital	**2,649**	**1,438**	**1,535**	**1,705**	**1,212**	**1,265**
Tier 2						
Subordinated notes	980	278	283	289	606	632
APRA capital base	3,629	1,716	1,818	1,994	1,818	1,897
Outstanding claims risk capital charge	743	472	456	487	271	266
Premium liabilities risk capital charge	375	198	209	206	177	173
Total insurance risk capital charge	1,118	670	665	693	448	439
Investment risk capital charge	503	270	332	296	233	231
Catastrophe risk capital charge	200	200	100	100	20	60
Total minimum capital requirement (MCR)	**1,821**	**1,140**	**1,097**	**1,089**	**701**	**730**
MCR coverage ratio (times)	**1.99**	**1.51**	**1.66**	**1.83**	**2.59**	**2.60**

[1] GI Consol – Sum of MCR for the SMIL group and the VIL group

[2] SUN – MCR for the Suncorp-Metway Insurance Limited group

[3] VIL – MCR for the Vero Insurance Limited Consolidated group

	HALF YEAR ENDED				
	DEC-07 SUN $M	JUN-07 SUN $M	DEC-06 SUN $M	DEC-07 VIL $M	JUN-07 VIL $M
Retained profits movement					
Retained profits opening for the half year	703	815	805	567	-
Add General Insurance profit after tax for the half year	49	310	280	45	-
Less profit after tax of entities not consolidated for APRA purposes	(13)	13	(21)	(14)	(28)
Add retained profits of new consolidated entities	(7)	-	-	-	595
Add/(less) APRA adjustments	20	45	1	11	-
Less dividends paid	(100)	(480)	(250)	(90)	-
Retained profits closing for the half year	**652**	**703**	**815**	**519**	**567**

Group

Dividends

The interim dividend of 52 cents per share is fully franked and due to be paid on 1 April 2008. The record date for determining entitlements to the dividends is 11 March 2008.

	HALF YEAR ENDED		
	DEC-07 $M	JUN-07 $M	DEC-06 $M
Franking credits			
Franking credits available for subsequent financial years based on a tax rate of 30% after proposed dividend	478	558	442

Income tax

	DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Profit before income tax expense	490	774	769	(36.7)	(36.3)
Prima facie income tax expense calculated at 30%	147	232	231	(36.6)	(36.4)
Increase in income tax expense due to:					
Non-deductible expenses	11	-	4	n/a	175.0
Imputation gross-up on dividends received	9	7	2	28.6	350.0
Statutory funds	(13)	35	21	(137.1)	(161.9)
Other	11	7	1	57.1	1,000.0
Decrease in income tax expense due to:					
Income tax offsets and credits	(24)	(17)	(8)	41.2	200.0
Other	(24)	(22)	(9)	9.1	166.7
Income tax adjusted for differences	117	242	242	(51.7)	(51.7)
Over/under provision in prior year	(11)	(5)	-	120.0	n/a
Income tax expense	**106**	**237**	**242**	**(55.3)**	**(56.2)**
Effective tax rate	**21.6%**	**30.6%**	**31.5%**	**(29.4)**	**(31.3)**
Income tax expense by segment					
Banking	92	n/a	n/a	n/a	n/a
General Insurance	29	n/a	n/a	n/a	n/a
Wealth Management	21	n/a	n/a	n/a	n/a
Other	(36)	n/a	n/a	n/a	n/a
Total income tax expense	**106**	**n/a**	**n/a**	**n/a**	**n/a**

Prior period comparatives have been excluded as this table is prepared on a basis different from the line of business analysis. The line of business analysis incorporates pro-forma comparatives, whereas this table is prepared on a statutory basis.

The Group's consolidated effective tax rate for the six months ended 31 December 2007 was 21.6%. The effective tax rate for the six months ended 31 December 2007 is significantly lower than the last two reporting periods due to a higher proportion of operating profits being franked dividends in the current period.

The other significant movement lies in the statutory fund adjustment. Accounting standards require that the tax credit from a reduction in net market values of policyholder assets be recognised as part of the Group's income tax expense, whereas the net profit before tax of the Group includes a partially offsetting release of policyholder liability. Consequently, the tax credit is disproportionate relative to the net profit before tax. The reverse (i.e. a tax expense charge) is required in periods where the market values of policyholder assets increase.

Furthermore, the tax effect of non deductible amortisation expense referable to intangible assets identified on the acquisition of Promina Group Limited, has not impacted the effective tax rate. Pursuant to AASB 112 Income Taxes deferred tax balances were established for most identified intangibles at the date of acquisition. These deferred tax balances will reverse through deferred tax expense as non-deductible amortisation is added back.

Pro-forma Consolidated Income Statement

This pro-forma consolidated income statement presents the operating result of the combined Suncorp-Promina businesses as if Suncorp owned Promina from 1 July 2006. It is intended for comparative purposes only and does not represent actual results. The historical operating results of Promina have been aligned to Suncorp's financial year end and reported in accordance with their pre-acquisition accounting policies. Promina integration costs and other acquisition related items have been excluded.

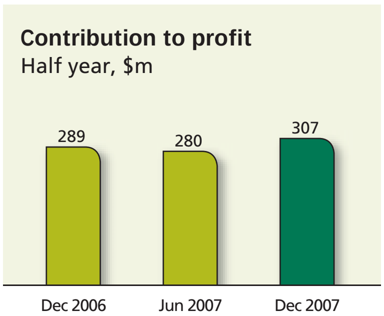
No adjustment has been made for synergies which may have been realised had the acquisition occurred on 1 July 2006. Accordingly, it is not reflective of the future consolidated results of the Group.

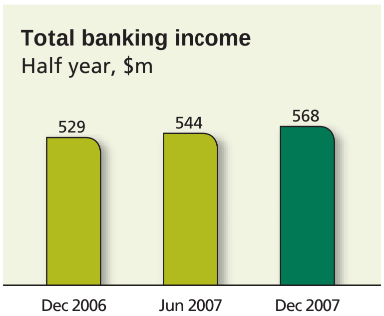
	HALF YEAR ENDED		
	DEC-07 $M	JUN-07 $M	DEC-06 $M
Banking			
Net interest income	484	456	454
Non-interest income	84	88	75
Total income	568	544	529
Operating expenses	(245)	(244)	(235)
Contribution before impairment losses and tax	323	300	294
Impairment losses on loans and advances	(16)	(20)	(5)
Contribution before tax	**307**	**280**	**289**
General Insurance			
Gross written premium	3,156	3,163	3,083
Net earned premium	2,945	2,863	2,860
Net incurred claims	(2,177)	(1,860)	(1,789)
Operating expenses	(805)	(814)	(782)
Investment income – insurance funds	188	203	197
Insurance trading result	151	392	486
Managed schemes net income	34	7	14
Joint venture and other income	19	26	39
Investment income – Shareholder Funds	28	148	206
Contribution before tax and capital funding	232	573	745
Capital funding	(60)	(49)	(46)
Contribution before tax	**172**	**524**	**699**
Contribution from Wealth Management before tax	**125**	**186**	**255**
Other			
Contribution from LJ Hooker	8	7	7
Other	(3)	12	-
Wealth Management consolidation adjustments	7	(6)	(8)
Contribution before tax	**12**	**13**	**(1)**
Profit before tax and Promina acquisition items	**616**	**1,003**	**1,242**

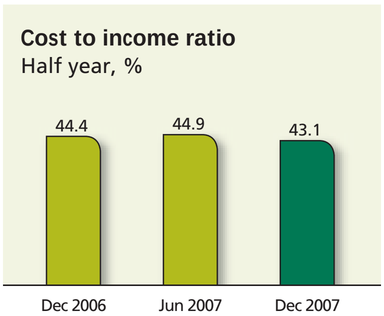
Segment information – Banking

Profit overview

- Profit before tax and bad debts increased by 9.9% to $323 million, reflecting underlying revenue growth in the lending and deposit portfolios and continuing tight control of discretionary spending. Strong lending growth in the first half has provided Suncorp with the confidence to upgrade forecast profit before tax and bad debts to between 10% and 12% despite the increased costs of funding.
- The Bank reported a net profit before tax of $307 million, an increase of 6.2% over the prior period. This result was achieved in a highly competitive banking market and against a backdrop of substantially increased funding costs.
- Total income growth of 7.4% reflects strong performance in all segments moderated by a 27 basis point reduction in the Net Interest Margin.
- Home loan receivables (including securitised assets) increased by 12.9% to $25.3 billion, business lending receivables increased by 28.1% to $23.7 billion and deposits increased by 12.9% to $17.5 billion.
- Non-interest income increased by 12% to $84 million due to improved collection rates and the general growth of the lending and deposit portfolios.
- Net Interest Margin reduced by 27 basis points over the year as the Bank absorbed increased costs of wholesale funding and securitisation volumes increased. The global credit crunch contributed around 3 basis points, or $8 million, to this reduction.
- Operating expense growth has remained low at 4.3%. This result is inclusive of compliance expenditure associated with the implementation of Basel II and Anti-Money Laundering legislation as well as the progressive expansion of the Bank's retail distribution network. These costs have been offset through the realisation of efficiencies within support areas and continued control of discretionary spending.
- With revenue growth outstripping expense growth, the bank's cost to income ratio further improved to 43.1%, which is broadly comparable with the major bank peer group.
- Gross Non-Performing Loans increased to $354 million, representing just 0.7% of Gross Loans and Advances. While the levels of non-performing loans continues to increase as the credit cycle trends upwards from its lows of 2004, the overall quality of the portfolio remains sound with a significant proportion of loans secured by hard assets such as property with low LVR's.
- During the period the Retail Bank refreshed its strategy, flagging a more aggressive investment in new and relocated branches in growth corridors particularly in Queensland and Western Australia as well as improving its fulfilment







Profit contribution – Banking

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Net interest income					
Interest revenue	2,126	1,782	1,646	19.3	29.2
Interest expense	(1,642)	(1,326)	(1,192)	23.8	37.8
	484	456	454	6.1	6.6
Net banking fee income					
Banking fee and commission revenue	121	113	107	7.1	13.1
Banking fee and commission expense	(44)	(40)	(40)	10.0	10.0
	77	73	67	5.5	14.9
Other operating revenue					
Net profits on trading and investment securities	-	6	(1)	(100.0)	(100.0)
Net profits on derivative and other financial instruments	4	4	3	-	33.3
Other income	3	5	6	(40.0)	(50.0)
	7	15	8	(53.3)	(12.5)
Non-interest income	84	88	75	(4.5)	12.0
Total income from banking activities	568	544	529	4.4	7.4
Operating expenses					
Staff expenses	(160)	(156)	(149)	2.6	7.4
Occupancy expenses	(18)	(18)	(15)	-	20.0
Computer and depreciation expenses	(26)	(27)	(22)	(3.7)	18.2
Communication expenses	(13)	(14)	(15)	(7.1)	(13.3)
Advertising and promotion expenses	(11)	(16)	(11)	(31.3)	-
Other operating expenses [1]	(17)	(13)	(23)	30.8	(26.1)
	(245)	(244)	(235)	0.4	4.3
Contribution to profit from banking activities before impairment losses on loans and advances	323	300	294	7.7	9.9
Impairment losses on loans and advances	(16)	(20)	(5)	(20.0)	220.0
Contribution to profit before tax from banking activities	**307**	**280**	**289**	**9.6**	**6.2**
Return on equity (%)	**15.0**	**15.9**	**16.6**	**(5.7)**	**(9.6)**

[1] Other operating expenses is primarily made up of financial, legal, motor vehicle and travel and accommodation expenses.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Balance sheet – Banking					
Assets					
Cash and liquid assets	432	383	575	12.8	(24.9)
Receivables due from other banks	4	42	10	(90.5)	(60.0)
Other financial assets					
Trading securities	7,842	4,291	4,114	82.8	90.6
Investment securities [1]	9,706	9,704	2,145	0.0	352.5
Bank acceptances from customers	759	875	671	(13.3)	13.1
Loans, advances and other receivables [2]	49,461	44,857	41,026	10.3	20.6
Property, plant and equipment	256	248	181	3.2	41.4
Current tax assets	3	-	-	n/a	n/a
Deferred tax assets	126	149	121	(15.4)	4.1
Intangible assets	108	98	95	10.2	13.7
Other assets [3]	556	580	487	(4.1)	14.2
Total assets	69,253	61,227	49,425	13.1	40.1
Liabilities					
Deposits and short term borrowings	40,783	31,338	30,716	30.1	32.8
Payables due to other banks	43	25	28	72.0	53.6
Bank acceptances	759	875	671	(13.3)	13.1
Payables and other liabilities [4]	718	1,386	674	(48.2)	6.5
Current tax liabilities	-	116	73	(100.0)	(100.0)
Employee benefit obligations	102	159	117	(35.8)	(12.8)
Deferred tax liabilities	129	84	66	53.6	95.5
Securitisation liabilities	7,575	7,956	5,642	(4.8)	34.3
Bonds, notes and long term borrowings	5,209	6,284	5,756	(17.1)	(9.5)
Subordinated notes	1,945	1,198	1,235	62.4	57.5
Preference shares	144	144	144	-	-
Total liabilities	57,407	49,565	45,122	15.8	27.2
Net assets	**11,846**	**11,662**	**4,303**	**1.6**	**175.3**

[1] Includes the Group's investment in Promina of $7.9 billion.
[2] Includes securitised home loan balances of $7.3 billion (Jun-07 $7.8 billion; Dec-06 $5.5 billion).
[3] Other assets is mainly made up of accrued interest, prepayments and unrealised gains on derivative hedging positions.
[4] Includes unrealised losses on derivative hedging positions relating to cross currency swaps for offshore borrowings. Movements in the hedging positions are fully offset by movements in the underlying offshore borrowings.

	HALF YEAR ENDED DEC-07 %	JUN-07 %	DEC-06 %	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Banking ratios and statistics					
Cost to income ratio	43.1	44.9	44.4	(4.0)	(2.9)
Cost to average total banking assets ratio	0.74	0.89	0.99	(16.9)	(25.3)
Capital adequacy ratio	10.84	9.86	11.34	9.9	(4.4)
Return on average risk weighted assets ratio	1.36	1.39	1.53	(2.2)	(11.1)
Net interest margin [1]	1.76	1.91	2.03	(7.9)	(13.3)
Net interest spread	1.43	1.57	1.69	(8.9)	(15.4)

[1] Refer table on page 34 for analysis.

Banking

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Asset growth					
Housing loans	17,963	15,995	16,918	12.3	6.2
Securitised housing loans	7,302	7,800	5,459	(6.4)	33.8
Total housing loans	25,265	23,795	22,377	6.2	12.9
Consumer loans	1,185	1,063	894	11.5	32.6
Retail loans	26,450	24,858	23,271	6.4	13.7
Commercial (SME's)	5,036	4,661	4,123	8.0	22.1
Corporate	3,267	2,575	2,022	26.9	61.6
Development finance	5,000	3,541	2,950	41.2	69.5
Property investment	4,566	4,363	4,071	4.7	12.2
Lease finance	2,468	2,396	2,301	3.0	7.3
Agribusiness	3,379	3,263	3,050	3.6	10.8
Business loans	23,716	20,799	18,517	14.0	28.1
Structured finance	5	6	6	(16.7)	(16.7)
Other receivables [1]	168	189	20	(11.1)	740.0
Gross banking loans, advances and other receivables	50,339	45,852	41,814	9.8	20.4
Provision for impairment	(119)	(120)	(117)	(0.8)	1.7
Loans, advances and other receivables	**50,220**	**45,732**	**41,697**	**9.8**	**20.4**
Risk weighted assets	**33,180**	**29,393**	**27,347**	**12.9**	**21.3**
Geographical breakdown – gross banking loans, advances and other receivables					
Queensland	30,974	28,693	26,305	7.9	17.7
New South Wales	10,794	9,538	8,605	13.2	25.4
Victoria	5,815	5,263	4,869	10.5	19.4
Western Australia	2,455	2,071	1,745	18.5	40.7
South Australia and other	301	287	290	4.9	3.8
Outside of Queensland loans	19,365	17,159	15,509	12.9	24.9
Gross banking loans, advances and other receivables	**50,339**	**45,852**	**41,814**	**9.8**	**20.4**

[1] Other receivables is primarily made up of trade finance and foreign exchange advances.

Total lending

- Gross banking loans, advances and other receivables, including securitised assets, increased by 20.4% to $50.3 billion.
- The continuing strong economic environment has contributed to robust lending growth in both the housing and business lending markets with Suncorp growing ahead of the overall market for the period. Recent tightening in monetary policy has tempered the housing and business lending markets from their recent highs. Despite these interest rate rises and higher inflation, lending activity remains robust in our target markets.
- The recent tightening of the wholesale funding market has seen a flight to quality with many retail and small business lenders shifting from the non-bank sector back to traditional lenders. Suncorp's strong brand and market position, particularly in Queensland, has allowed the Bank to capitalise on this trend, with overall retail lending growing by 13.7%.
- Tight liquidity has also resulted in the business sector increasing its level of direct funding from banks. Along with a generally buoyant corporate sector, this has contributed to a business lending increase of 28.1%.
- The Bank's geographic footprint continues to expand beyond its home state, with growth strongest in Western Australia (40.7%), where the economic boom is most evident. Growth has also been achieved in New South Wales (25.4%) and Victoria (19.4%) despite the less robust economic conditions in those states.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Personal lending					
Housing Loans by State					
Queensland	15,916	14,964	14,036	6.4	13.4
New South Wales	4,625	4,421	4,179	4.6	10.7
Victoria	2,717	2,638	2,584	3.0	5.1
Western Australia	1,717	1,488	1,301	15.4	32.0
South Australia	212	212	214	-	(0.9)
ACT	53	48	46	10.4	15.2
Tasmania	25	24	17	4.2	47.1
Outside of Queensland	9,349	8,831	8,341	5.9	12.1
	25,265	**23,795**	**22,377**	**6.2**	**12.9**

Housing lending

- Home lending receivables, including securitised assets, grew 12.9%, ahead of market growth of 11.6% over the same period and consistent with Suncorp's goal of profitably growing its home portfolio at, or slightly above, system rates.
- In an environment where increasing interest rates led to some moderation of lending, the Bank has been able to drive new business volumes and lending growth, particularly in the December quarter. Reflecting an increasing interest rate outlook, growth in fixed rate products was particularly strong, contributing 32% of new business volumes for the year.
- In the Queensland market, the Bank capitalised on its direct distribution capability and achieved outstanding lending growth of 13.4% which is a result of the strong performance of the branch network. The Bank continues to grow its retail branch network in Queensland in order to capitalise on changing demographics and emerging growth corridors.
- During the period the Bank has also invested in improving its overall service proposition for broker introduced home loans with indirect volumes rebuilding strongly during the last six months of the year from the lows of 2006-07. This has contributed to lending growth outside of Queensland of 12.1%, with growth strongest in Western Australia (32.0%).

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Consumer Loans by Purpose					
Personal loans	370	347	315	6.6	17.5
Overdrafts	5	8	5	(37.5)	-
Credit cards	235	213	190	10.3	23.7
Margin lending	575	495	384	16.2	49.7
	1,185	**1,063**	**894**	**11.5**	**32.6**

Consumer lending

- Consumer lending, made up principally of personal loans, margin lending and credit card receivables, grew strongly by 32.6% to $1.19 billion.
- This growth continues to be driven by cross-selling to existing customers as evidenced by above system growth in credit card sales.
- Margin lending volumes improved by 49.7% to $575 million.

Business lending

A breakdown of business lending by state is shown below:

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Business Loans by State					
Queensland	13,786	12,548	11,417	9.9	20.7
New South Wales	6,061	5,020	4,365	20.7	38.9
Victoria	3,075	2,603	2,266	18.1	35.7
Western Australia	733	579	441	26.6	66.2
South Australia	61	49	28	24.5	117.9
Outside of Queensland	9,930	8,251	7,100	20.3	39.9
	23,716	**20,799**	**18,517**	**14.0**	**28.1**

Business lending

- Business lending receivables increased 28.1% exceeding industry growth of 24.3%.
- Queensland and Western Australia, with their robust economic growth and business confidence, remain the predominant growth platform for business lending. In the slower growing states, New South Wales and Victoria, Suncorp continues to improve its lending performance.

Commercial (SME)

- The Commercial (SME) portfolio has grown by 22.1% to $5.0 billion.
- While the market remains challenging, we have seen strong growth in all regions, with both Victoria and New South Wales delivering growth above 25%. Queensland remains the staple growth platform for our portfolio with a further 18.3% added.
- A greater concentration on deal conversions and the maturity of our interstate presence have been a significant part of this result.

Corporate

- Corporate lending consists of customers with turnover in excess of $10 million. This segment has performed exceptionally, achieving growth of 61.6% to $3.3 billion.
- This result has been achieved through the expansion of the infrastructure business, which has more than doubled over the period.
- There has also been good growth, up 48.1%, in the remainder of the corporate book as corporate customers find it increasingly difficult to access credit through wholesale markets.

Development finance

- The strong recovery evident in the half to June 2007 has continued with development finance growing 69.5% to $5.0 billion for the year to December 2007.
- The traditional development finance portfolio has maintained strong growth due to continued demand for housing and high rental yields. The portfolio has been further bolstered with the expansion of the corporate development portfolio and the retirement and aged care sector, with these two areas providing over 60% of development finance's total growth for the year.
- Growth has been strong in all mainland states with Queensland, New South Wales and Western Australia maintaining strong portfolio expansion. There has been significant expansion in the southern states with Victoria and South Australia more than doubling portfolios for the year.

Business lending continued

Property investment

- Property investment includes assets such as shopping centres, commercial offices and industrial warehouses, and excludes construction projects.
- The portfolio has seen growth of 12.2% to $4.6 billion, with a third of this coming from the smaller state portfolios of Victoria, Western Australia and South Australia.
- This performance highlights Suncorp's respected placement in the property investment market, with success resulting from an increased focus on recovering geographies and those sectors with more stable income streams and better performing assets.

Lease finance

- Lease finance is a stable portfolio focused on low risk, high volume equipment and vehicle leasing. The portfolio grew 7.3% for the year to $2.5 billion.
- Leasing finance has been impacted by slow market conditions. Suncorp, however has maintained above system growth in this portfolio over the last 12 months.

Agribusiness

- The agribusiness portfolio achieved solid growth of 10.8% to $3.4 billion.
- The continuation of drought conditions during 2007 had a significant impact on the Queensland market, where the majority of the portfolio is based by inhibiting growth in that region. With this in mind the Bank has deliberately sought to improve its market position in the southern states. This expansion has been successful with growth in excess of 25% outside of Queensland.
- Conditions are expected to improve with the high levels of rainfall seen in Queensland and northern New South Wales over the Christmas and New Year season triggering summer plantings as well as a number of property sales.
- The agribusiness team will continue to work closely with customers in all regions to ensure that their requirements are met while they move out of the drought period.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Funding and deposits					
Retail funding					
Australian retail deposits					
Transaction	5,635	5,112	4,948	10.2	13.9
Investment	4,615	4,822	4,803	(4.3)	(3.9)
Term	7,280	6,056	5,780	20.2	26.0
Core retail deposits	17,530	15,990	15,531	9.6	12.9
Retail treasury	3,445	3,190	3,128	8.0	10.1
Total retail funding	20,975	19,180	18,659	9.4	12.4
Wholesale funding					
Domestic funding sources					
Senior wholesale funding	17,812	11,510	11,364	54.8	56.7
Subordinated debt	681	684	688	(0.4)	(1.0)
Preference shares	144	144	144	-	-
	18,637	12,338	12,196	51.1	52.8
Overseas funding sources [1]					
Euro commercial paper	2,919	2,659	1,996	9.8	46.2
Euro medium term note	4,286	4,273	4,453	0.3	(3.8)
Subordinated debt	1,264	514	547	145.9	131.1
	8,469	7,446	6,996	13.7	21.1
Total wholesale funding	27,106	19,784	19,192	37.0	41.2
Total funding (excluding securitisation)	**48,081**	**38,964**	**37,851**	**23.4**	**27.0**
Securitised funding					
Australian dollar wholesale [2]	5,300	5,387	3,970	(1.6)	33.5
Foreign currency wholesale [1]	2,275	2,569	1,672	(11.4)	36.1
Total securitised funding	7,575	7,956	5,642	(4.8)	34.3
Total funding (including securitisation)	**55,656**	**46,920**	**43,493**	**18.6**	**28.0**
Total funding is represented on the balance sheet by:					
Deposits and short term borrowings [3]	40,783	31,338	30,716	30.1	32.8
Securitisation liabilities	7,575	7,956	5,642	(4.8)	34.3
Bonds, notes and long term borrowings	5,209	6,284	5,756	(17.1)	(9.5)
Subordinated debt	1,945	1,198	1,235	62.4	57.5
Preference shares	144	144	144	-	-
Total	**55,656**	**46,920**	**43,493**	**18.6**	**28.0**
Retail funding as a percentage of total funding (excluding securitisation) [4]	**44%**	**49%**	**49%**	**(10.2)**	**(10.2)**

(1) Foreign currency borrowings are hedged back into Australian dollars.
(2) Some Australian dollar borrowing's are held offshore.
(3) Includes term issuance that is presently within one year to maturity.
(4) For the purposes of calculating the percentage of retail funding, securitised liabilities have been excluded given assets are match funded with these liabilities.

Funding and deposits continued

Retail funding

- Core retail deposits (net of treasury) increased 12.9% to $17.5 billion with much of the growth due to the strong performance of the branch distribution network.
- The market continues to be very competitive and the half to December 2007 was particularly impacted by both the funds flow into superannuation products and equity markets as well as the impact of tightening funding markets.
- The recent introduction of the IBus Maximiser online account for business customers and the eOptions retail product, as well as our ongoing branch expansion has delivered strong growth in retail deposits and will continue to do so.

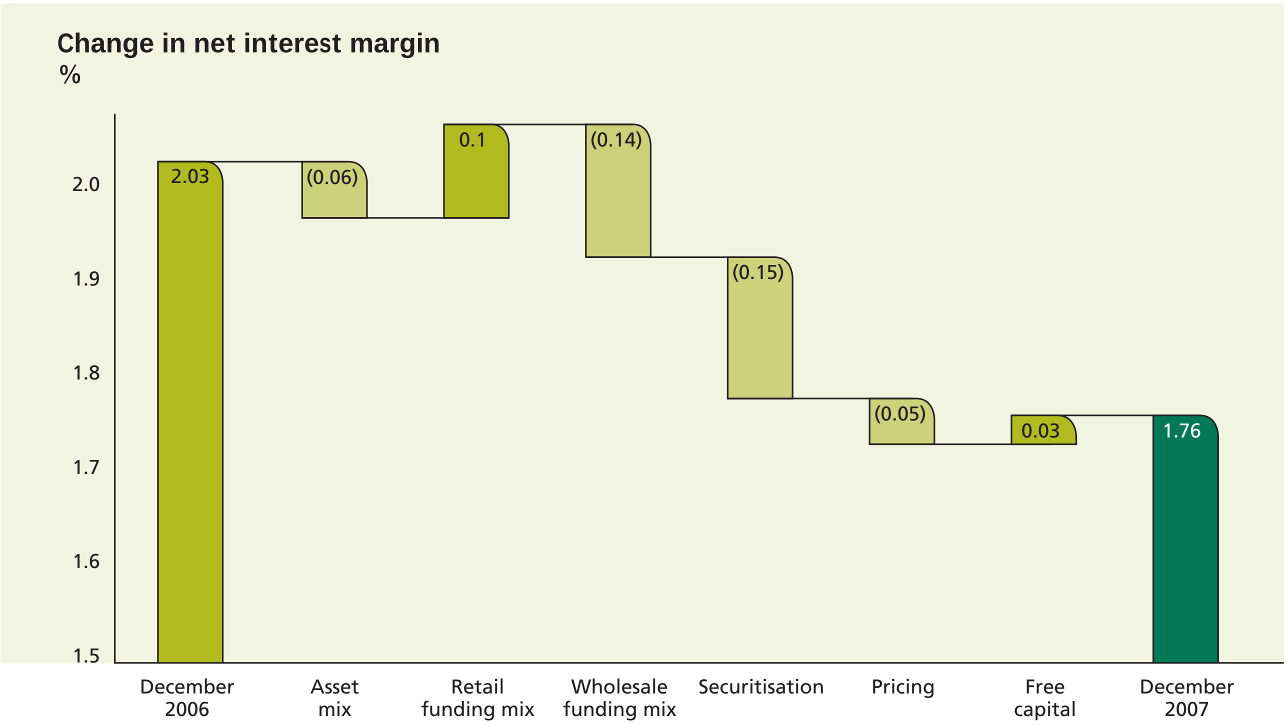
Wholesale funding

- The Bank has been following a strategy of diversifying its wholesale funding base for a number of years. This has enabled funding to continue appropriately throughout the market dislocation in 2007. Liquidity was increased via additional issuance into the domestic market and offshore private placements with funding re-allocated across sources.
- Wholesale funding (excluding securitisation) increased by 41.2% to $27.1 billion at 31 December 2007. As a proportion of total funding, wholesale funding has increased to 56% from 51% highlighting the importance of a diversified mix of wholesale funding sources.
- The Bank has a wide variety of domestic funding options available to it, founded on strong alliances with a diverse group of investors as well as a large diverse investor base in Europe, Asia and the United States. This has been based around an active debt investor relations programme which provides the capacity to issue a wide range of short-term and long-term instruments into different markets.
- The Bank placed $800 million into an RMBS warehouse in August 2007 but chose not to utilise securitisation sources for the remainder of 2007 due to price and market conditions.
- In October 2007, the Bank undertook a GBP325 million Subordinated Debt issue. This issue was heavily oversubscribed and further deepened the GBP investor base developed by the insurance subordinated debt issue earlier in the year.
- The Bank established a US Commercial Paper facility in July 2007 which is planned to activate in the first half of 2008.
- The Bank does not have any significant term maturities in its wholesale funding during the first half of 2008.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Profit Commentary					
Net interest income					
Net interest income					
Bank loans and funding	484	437	446	10.8	8.5
Securitised loans and funding	2	22	12	(90.9)	(83.3)
	486	459	458	5.9	6.1
Net establishment fees and acquisition costs	-	(1)	(1)	(100.0)	(100.0)
Preference shares	(2)	(2)	(3)	-	(33.3)
	484	**456**	**454**	**6.1**	**6.6**

	HALF YEAR ENDED DEC-07 %	JUN-07 %	DEC-06 %	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Net interest margin					
Bank loans and funding	2.05	2.14	2.26	(4.2)	(9.3)
Securitised loans and funding	(0.28)	(0.22)	(0.22)	27.3	27.3
	1.77	1.92	2.04	(7.8)	(13.2)
Net establishment fees and acquisition costs	-	-	-	n/a	n/a
Preference shares	(0.01)	(0.01)	(0.01)	-	-
	1.76	**1.91**	**2.03**	**(7.9)**	**(13.3)**

- Net interest income rose 6.1% to $484 million in the 6 months to December 2007 driven by above system growth in lending.
- Net interest margin finished the year to December 2007 at 1.76%, down 27 basis points for the year. The table illustrates the composition of the 27 basis point reduction:



Net interest income continued

- The changing asset mix of the lending book contributed to a reduction in margin for the year as customers continue to move from floating to fixed rate lending reflecting their future expectations of interest rate rises and the mix of business lending moved towards lower margin products. In response to the credit market dislocation, the Bank held higher levels of liquid assets which also had a negative impact on margin. The total impact of the change in asset mix was a 6 basis point reduction in margin.
- Above system growth in household deposits, despite increasing the number and volume of higher yielding retail products, has benefited margin by 10 basis points.
- Increased volumes of wholesale funding have driven a 14 basis point reduction to margin with much of the funding coming from the short term market, where the relative funding costs compared to retail funding have increased substantially over the past year.
- Increasing volumes of securitisation funding over the last 12 months have driven a 15 basis point reduction to margin. While the Bank has not used securitisation since July 2007, the full period impact of prior period issuances have negatively impacted margins.
- The pricing mix includes a wide range of impacts and includes the global credit crunch that contributed around 3 basis points (approximately $8 million) to the total 5 basis point reduction in net interest margins. The Bank could relatively swiftly pass on these additional costs to commercial customers but was constrained in increasing variable mortgage rates. Despite this market volatility, competitive pricing pressures remained in the market, including the repricing of the development finance portfolio.
- The impact of free capital generated an improvement on spread by 3 basis points.

Net banking fee income

- Net banking fee income rose 14.9% to $77 million.
- Lending fee revenue increased 23.5% to $42 million due to continued higher lending volumes, partially offset by an uplift in trail commissions as the intermediary distribution business continues to expand.

	HALF YEAR ENDED				
	DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Net banking fee income					
Lending fee revenue	42	38	34	10.5	23.5
Lending fee expense	(20)	(18)	(15)	11.1	33.3
Net lending fees	22	20	19	10.0	15.8
Transaction fees	52	50	47	4.0	10.6
Interchange fees	3	3	1	-	200.0
	77	**73**	**67**	**5.5**	**14.9**

Operating expenses

- Operating expenses increased by 4.3% to $245 million.
- Staff costs increased 7.4% as Business Banking continued to expand its distribution capacity and Retail Banking commenced the expansion of its branch footprint. While the labour market remains tight, staff costs growth has been managed through the redistribution of resource through the business.
- Compliance costs continue to add considerable expense to the Bank as the requirements of the Basel II Accord and Anti-Money Laundering Legislation are implemented. These programs of work will continue to impact our expense base during 2008 and 2009.
- Also impacting expenses has been the full year effect on occupancy expenses from the workplace change program which has seen Suncorp develop flagship offices at Brisbane Square and Suncorp Place in Sydney.
- The 4.3% increase in expenses was well below the 7.4% increase in revenue resulting in a cost to income ratio of 43.1%, down from 44.4% at December 2006.

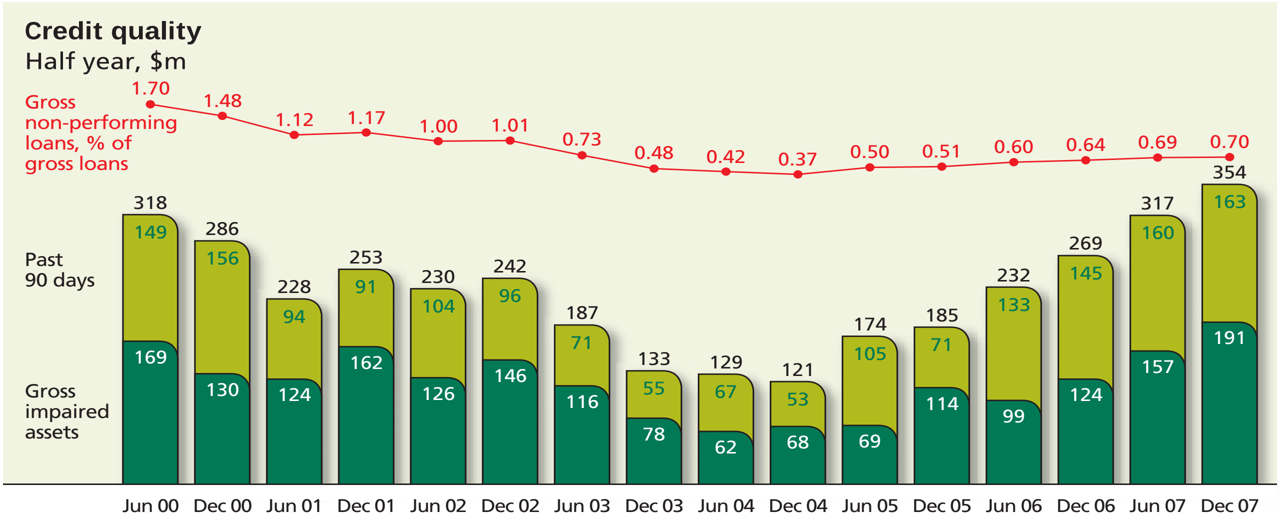
Impairment losses on loans and advances

- Impairment losses were $16 million for the six months to December 2007, an increase of $11 million on the corresponding prior period.
- Impairment losses were positively impacted by a $16 million revision to the collective provision for impairment during the half as the Bank continues to refine its valuation methodology. A similar refinement to the collective provision resulted in an $11 million benefit to impairment losses in the half year to December 2006. The refinement in the methodology related to the improved estimation of total impairment from the historical losses in default accounts. After the change in methodology the balance sheet remains strongly reserved with impairment provisions and general reserve for credit losses representing 135% of gross impaired assets.

	HALF YEAR ENDED				
	DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Impairment losses on loans and advances					
Collective provision for impairment	(13)	1	(9)	(1,400.0)	44.4
Specific provision for impairment	18	11	7	63.6	157.1
Bad debts written off	13	9	9	44.4	44.4
Bad debts recovered	(2)	(1)	(2)	100.0	-
	16	**20**	**5**	**(20.0)**	**220.0**

Impaired assets

- Total non-performing loans have continued to increase from historical lows to finish December 2007 at $354 million. This represents just 0.70% of gross loans, advances and other receivables, an increase of only 0.01% from June 2007.
- Gross Impaired assets have increased to $191 million, representing 0.38% of gross loans, advances and other receivables, up from the June 2007 result of 0.34% of total lending.
- Construction and development, with impaired assets of $142 million, is the largest contributor to the increase. During the period, this portfolio was subject to a rigorous review with the findings pointing to the continued tough residential markets in New South Wales being the major cause of the current impairment levels. Despite the increase, impaired assets represent just over 2.5% of the $5.5 billion portfolio.
- As was the case last year, Agribusiness impaired assets remain at low levels despite the continuation of drought conditions in Queensland and New South Wales during 2007. Our long history in the Agribusiness sector enables us to work with customers impacted by the drought.
- Past 90 day due assets have increased to $163 million, representing 0.38% of gross loans, advances and other receivables. The slight increase has been a result of pressure on mortgages from recent rate rises.
- The Bank's loan book continues to have a significant proportion of its book secured by hard assets such as property with low LVRs. Therefore in the event that a loan becomes non-performing, losses are limited by the extent of security underpinning the loan.



	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Impaired assets continued					
Gross balances of non-accrual loans					
with specific provisions set aside	149	109	76	36.7	96.1
without specific provisions set aside	42	48	48	(12.5)	(12.5)
Gross impaired assets	191	157	124	21.7	54.0
Specific provision for impairment	(37)	(25)	(23)	48.0	60.9
Net impaired assets	154	132	101	16.7	52.5
Size of gross impaired assets					
Less than one million	25	36	32	(30.6)	(21.9)
Greater than one million but less than ten million	85	84	81	1.2	4.9
Greater than ten million	81	37	11	118.9	636.4
	191	157	124	21.7	54.0
Past due loans not shown as impaired assets					
Impaired assets do not include loans accruing interest which are in arrears 90 days or more where the loans are well secured. Interest revenue continues to be recognised in the contribution to profit. The value of past due loans is	163	160	145	1.9	12.4
Gross non-performing loans	354	317	269	11.7	31.6
Interest income on impaired assets recognised in the contribution to profit					
Net interest charged and recognised as revenue in the contribution to profit during the half year was	2	1	2	100.0	-
Analysis of movements in gross impaired assets					
Balance at the beginning of the half year	157	124	99	26.6	58.6
Recognition of new impaired assets and increases in previously recognised impaired assets	64	68	40	(5.9)	60.0
Impaired assets written off during the half year	(6)	(10)	(4)	(40.0)	50.0
Impaired assets which have been restated as performing assets or repaid	(24)	(25)	(11)	(4.0)	118.2
Balance at the end of the half year	**191**	**157**	**124**	**21.7**	**54.0**
	%	%	%		
Gross impaired assets as a percentage of gross loans, advances and other receivables	0.38	0.34	0.30	11.8	26.7
Gross non-performing loans as a percentage of gross loans, advances and other receivables	0.70	0.69	0.64	1.4	9.4
Gross impaired assets as a percentage of impairment provisions and general reserve for credit loss	74.03	65.69	53.22	12.7	39.1
Impairment provisions and general reserve for credit loss as a percentage of risk weighted assets	0.78	0.81	0.85	(4.4)	(8.7)

Impaired assets continued

Industry breakdown is shown below based on the source of credit risk whereas the asset growth table on page 28 is based on the nature of the loan.

Industry breakdown of impaired assets and specific provisions as at 31 December 2007 are as follows:

	GROSS LOANS $M	IMPAIRED ASSETS $M	SPECIFIC PROVISION $M
Agribusiness	3,485	8	1
Construction and development	5,504	142	29
Financial services	1,140	-	-
Hospitality	1,634	3	1
Manufacturing	856	3	1
Professional services	1,402	4	-
Property investment	5,726	7	-
Real estate mortgage	25,584	9	2
Personal	1,185	1	-
Government and public authorities	6	-	-
Other commercial and industrial	3,817	14	3
	50,339	**191**	**37**

Industry breakdown of impaired assets and specific provisions as at 30 June 2007 are as follows:

Agribusiness	3,397	12	2
Construction and development	4,277	100	14
Financial services	1,188	-	-
Hospitality	1,435	6	2
Manufacturing	789	5	1
Professional services	793	9	2
Property investment	5,693	5	-
Real estate mortgage	24,154	6	2
Personal	1,064	2	1
Government and public authorities	6	-	-
Other commercial and industrial	3,056	12	1
	45,852	**157**	**25**

Industry breakdown of impaired assets and specific provisions as at 31 December 2006 are as follows:

Agribusiness	3,195	11	3
Construction and development	3,680	50	12
Financial services	879	-	-
Hospitality	1,336	9	2
Manufacturing	663	6	2
Professional services	771	16	1
Property investment	5,091	6	-
Real estate mortgage	22,709	4	1
Personal	894	1	-
Government and public authorities	6	-	-
Other commercial and industrial	2,590	21	2
	41,814	**124**	**23**

Provision for impairment

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Collective provision					
Balance at the beginning of the period	95	94	103	1.1	(7.8)
Charge against contribution to profit	(13)	1	(9)	(1,400.0)	44.4
Balance at the end of the period	82	95	94	(13.7)	(12.8)
Specific provision					
Balance at the beginning of the period	25	23	21	8.7	19.0
Charge against contribution to profit	18	11	7	63.6	157.1
Bad debts written-off	(6)	(9)	(5)	(33.3)	20.0
Balance at the end of the period	37	25	23	48.0	60.9
Total provision for impairment – banking activities	119	120	117	(0.8)	1.7
General reserve for credit loss					
Balance at the beginning of the period	119	116	93	2.6	28.0
Transfer from retained earnings	20	3	23	566.7	(13.0)
Balance at the end of the period	139	119	116	16.8	19.8
Total provision for impairment and general reserve for credit loss – banking activities	258	239	233	7.9	10.7

	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	42.9	60.5	75.8
Specific provision	19.4	15.9	18.5
Total provision	62.3	76.4	94.4
General reserve for credit loss	72.8	75.8	93.5
Total provision and general reserve for credit loss	135.1	152.2	187.9

	HALF YEAR ENDED DEC-07			HALF YEAR ENDED JUN-07		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Average banking assets and liabilities						
Assets						
Interest earning assets						
Trading securities	6,760	231	6.78	4,398	139	6.37
Gross loans, advances and other receivables	46,788	1,865	7.91	42,499	1,613	7.65
Other interest earning assets	1,155	30	5.15	1,136	30	5.33
Total interest earning assets	54,703	2,126	7.71	48,033	1,782	7.48
Non-interest earning assets						
Other assets	10,642			7,295		
Total non-interest earning assets	10,642			7,295		
Total assets	**65,345**			**55,328**		
Liabilities						
Interest bearing liabilities						
Deposits and short term borrowings	37,386	1,153	6.12	30,506	868	5.74
Securitisation liabilities	7,981	282	7.01	7,003	228	6.57
Bonds, notes and long term borrowings	5,419	168	6.15	6,801	199	5.90
Subordinated notes (1)	987	37	7.44	840	29	6.96
Preference shares (1)	75	2	5.29	75	2	5.38
Total interest bearing liabilities	51,848	1,642	6.28	45,225	1,326	5.91
Non-interest bearing liabilities						
Other liabilities	1,863			1,675		
Total non-interest bearing liabilities	1,863			1,675		
Total liabilities	**53,711**			**46,900**		
Net assets	**11,634**			**8,428**		
Analysis of interest margin and spread						
Interest earning assets	54,703	2,126	7.71	48,033	1,782	7.48
Interest bearing liabilities	51,848	1,642	6.28	45,225	1,326	5.91
Net interest spread			1.43			1.57
Net interest margin	54,703	484	1.76	48,033	456	1.91

(1) Excludes the subordinated debt and preference shares notionally allocated to General Insurance as share of capital funding and the associated interest cost charged to General Insurance.

Average banking assets and liabilities continued

	HALF YEAR ENDED DEC-06 AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Assets			
Interest earning assets			
Trading securities	4,094	126	6.11
Gross loans, advances and other receivables	39,576	1,503	7.53
Other interest earning assets	724	17	4.66
Total interest earning assets	44,394	1,646	7.35
Non-interest earning assets			
Other assets	2,622		
Total non-interest earning assets	2,622		
Total assets	**47,016**		
Liabilities			
Interest bearing liabilities			
Deposits and short term borrowings	29,623	817	5.47
Securitisation liabilities	5,538	179	6.41
Bonds, notes and long term borrowings	5,738	165	5.70
Subordinated notes (1)	799	28	6.95
Preference shares (1)	97	3	4.28
Total interest bearing liabilities	41,795	1,192	5.66
Non-interest bearing liabilities			
Other liabilities	1,249		
Total non-interest bearing liabilities	1,249		
Total liabilities	**43,044**		
Net assets	**3,972**		
Analysis of interest margin and spread			
Interest earning assets	44,394	1,646	7.35
Interest bearing liabilities	41,795	1,192	5.66
Net interest spread			1.69
Net interest margin	44,394	454	2.03

(1) Excludes the subordinated debt and preference shares notionally allocated to General Insurance as share of capital funding and the associated interest cost charged to General Insurance.

Banking

Changes in net interest income: volume and rate analysis

The tables below allocate changes in net interest income between changes in volume and changes in rate over two half years. Volume variances have been calculated by multiplying the average of the half years' average interest rates by the movement in average asset and liability balances. Rate variances have been calculated by multiplying the average asset and liability balances by the change in average interest rates, and includes any differences arising from different numbers of days in the periods.

	HALF YEAR DEC-07 VS JUN-07 CHANGES DUE TO:			HALF YEAR JUN-07 VS DEC-06 CHANGES DUE TO:		
	VOLUME $M	RATE $M	TOTAL $M	VOLUME $M	RATE $M	TOTAL $M
Interest earning assets						
Trading securities	78	14	92	9	4	13
Gross loans, advances and other receivables	168	84	252	110	-	110
Other interest earning assets	1	(1)	-	10	3	13
Change in interest income	247	97	344	129	7	136
Interest bearing liabilities						
Deposits and short term borrowings	206	79	285	25	26	51
Securitisation liabilities	33	21	54	47	2	49
Bonds, notes and long term borrowings	(42)	11	(31)	31	3	34
Subordinated notes	5	3	8	1	-	1
Preference shares	-	-	-	(1)	-	(1)
Change in interest expense	202	114	316	103	31	134
Change in net interest income	**45**	**(17)**	**28**	**26**	**(24)**	**2**

Segment information – General Insurance

Profit overview

Note that all financial information in this section includes the impact of discount rate movements and fire service levy. The 'pro-forma' comparatives are based on the combined Suncorp and Promina businesses.

General Insurance recorded a pre-tax profit of $172 million for the half year to December 2007. The result featured the impacts of severe storm activity and volatile investment markets partially offset by the continuing benefits of the tort law reforms on personal injury and liability claims.

Weather events in the half totalled $280 million, well in excess of the Group's normal provisioning for significant events of $100 million per half year.

Gross written premium increased 2.4% to $3.2 billion. This was impacted by the continued reduction in premium rates in the compulsory third party portfolio (CTP), as headline rate reductions in both Queensland and New South Wales came into effect. Excluding CTP, premium growth of 4.4% was achieved.

The home and motor portfolios achieved growth of 9.4% and 5.7% respectively with no loss of business momentum in either the heritage Suncorp or Promina brands.

The commercial insurance portfolio grew GWP by 0.9%, which is an outstanding result given continuing soft market conditions. In this environment, the commercial insurance lines business continues to focus on retention strategies across all classes of business. By adhering to technical pricing disciplines the overall profitability of the portfolio has been enhanced with the insurance trading ratio reaching 26.3% for the half.

In CTP, average premium rates reduced by approximately 7% in Queensland and approximately 19% in New South Wales. Suncorp has retained its position as the leading provider of CTP insurance in Queensland with only a marginal decline in market share.

Net incurred claims of $2.2 billion increased by 21.7% on the prior period, largely as a result of the incidence of major weather events. While net incurred claims were supported by continuing long tail central estimate releases totalling $171 million, the overall quantum of releases reduced by 38% on the June 2007 half year ($277 million) and by 22% on the December 2006 half year ($220 million).

Total operating expenses increased by 2.9% to $805 million, resulting in an operating expense ratio of 27.3%. This growth was primarily due to increased commissions, additional investment in customer sales and service and offset by early integration benefits of $8.7 million.

Investment income on insurance provisions reduced to $188 million, reflecting the negative mark to market impact of fluctuations on fixed income securities offset by higher weighted average funds under management and higher underlying yields.

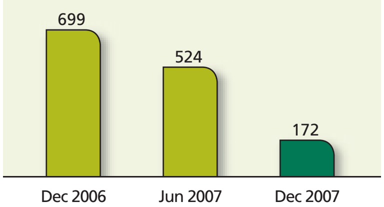
The Insurance Trading Result was $151 million for the half year to December 2007, representing an insurance trading ratio of 5.1%. This includes $35 million of realised integration synergies.

Investment returns on shareholder funds of $28 million decreased 86% on the prior period, reflecting lower returns obtained from the international and domestic equities and fixed interest portfolios.

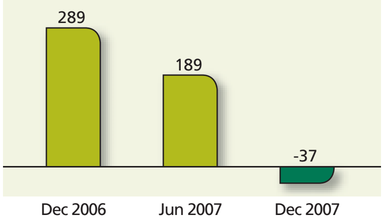
Impacting on the bottom line profit result was a 30.4% increase in capital funding costs over the prior period. Increased capital funding costs reflect the full half impact of the subordinated debt raised by Suncorp Insurance Funding 2007 Limited, a subsidiary of Vero Insurance Limited, in May 2007 for GBP200 million as part of the Promina acquisition.

The New Zealand business reported an Insurance Trading Result of $28 million for the half year to December 2007, equal to an ITR ratio of 9.3% despite a fiercely competitive market environment and several major claims events.

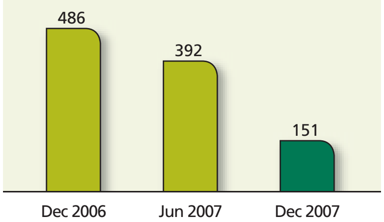
Contribution to profit
Half year, $m



Underwriting result (including impact of discount rate movements)
Half year, $m



Insurance trading result
Half year, $m



General Insurance

Profit contribution – General Insurance
For the half year ended 31 December 2007

	HALF YEAR ENDED DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Gross written premiums	3,156	3,163	3,083	(0.2)	2.4
Gross unearned premium movement	(15)	(92)	(21)	(83.7)	(28.6)
Gross earned premiums	3,141	3,071	3,062	2.3	2.6
Outwards reinsurance expense	(196)	(208)	(202)	(5.8)	(3.0)
Net earned premium	2,945	2,863	2,860	2.9	3.0
Net incurred claims					
Claims expense	(2,619)	(2,598)	(2,147)	0.8	22.0
Reinsurance and other recoveries revenue	442	738	358	(40.1)	23.5
	(2,177)	(1,860)	(1,789)	17.0	21.7
Total operating expenses					
Acquisition expenses	(522)	(485)	(489)	7.6	6.7
Other underwriting expenses	(283)	(329)	(293)	(14.0)	(3.4)
	(805)	(814)	(782)	(1.1)	2.9
Underwriting result	(37)	189	289	(119.6)	(112.8)
Investment income – insurance funds	188	203	197	(7.4)	(4.6)
Insurance trading result	151	392	486	(61.5)	(68.9)
Managed schemes net contribution	34	7	14	385.7	142.9
Joint venture and other income	19	26	39	(26.9)	(51.3)
General Insurance operational earnings	204	425	539	(52.0)	(62.2)
Investment income – Shareholder Funds	28	148	206	(81.1)	(86.4)
Contribution to profit from General Insurance activities before tax and capital funding	232	573	745	(59.5)	(68.9)
Capital funding [1]	(60)	(49)	(46)	22.4	30.4
Contribution to profit from General Insurance activities before tax	**172**	**524**	**699**	**(67.2)**	**(75.4)**

[1] Includes interest expense on subordinated debt and preference shares allocated to General Insurance as described in Appendix 5.

Reconciliation of pro-forma contribution to profit before tax to reported profit before tax

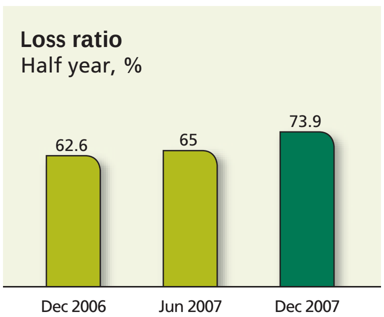
	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M
Pro-forma profit contribution before tax	172	524	699
Promina pre-acquisition profit	-	(72)	(316)
Reported profit contribution before tax	172	452	383

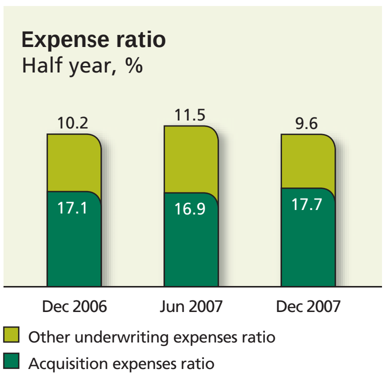
	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Balance sheet – General Insurance					
Assets					
Cash and liquid assets	154	151	572	2.0	(73.1)
Investment securities	10,725	10,876	10,226	(1.4)	4.9
Investment property	249	222	203	12.2	22.7
Investments in associates and joint ventures	282	277	278	1.8	1.4
Reinsurance and other recoveries – outstanding claims	1,077	1,149	1,064	(6.3)	1.2
Other receivables	2,465	2,758	1,931	(10.6)	27.7
Deferred insurance assets	485	494	486	(1.8)	(0.2)
Deferred tax assets	112	86	154	30.2	(27.3)
Intangible assets	1,090	1,099	1,072	(0.8)	1.7
Other assets	356	330	339	7.9	5.0
Total assets	16,995	17,442	16,325	(2.6)	4.1
Liabilities					
Interest bearing and non-interest bearing liabilities	925	590	312	56.8	196.5
Payables	720	1,358	995	(47.0)	(27.6)
Deferred tax liabilities	100	146	202	(31.5)	(50.5)
Outstanding claims liabilities (1)	7,272	7,150	7,036	1.7	3.4
Unearned premium liabilities (1)	3,184	3,204	3,121	(0.6)	2.0
Subordinated notes	980	1,003	539	(2.3)	81.8
Total liabilities	13,181	13,451	12,205	(2.0)	8.0
Net assets	**3,814**	**3,991**	**4,120**	**(4.4)**	**(7.4)**

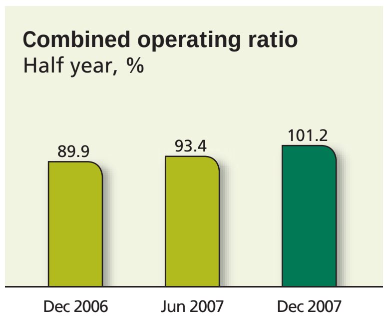
(1) Reconciling items such as timing differences and premium debtors arise between insurance liabilities and investment assets.

	HALF YEAR ENDED DEC-07 %	JUN-07 %	DEC-06 PRO-FORMA %	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
General Insurance ratios					
Acquisition expenses ratio	17.7	16.9	17.1	4.7	3.5
Other underwriting expenses ratio	9.6	11.5	10.2	(16.5)	(5.9)
Total operating expenses ratio	27.3	28.4	27.3	(3.9)	(0.0)
Loss ratio	73.9	65.0	62.6	13.7	18.1
Combined operating ratio	101.2	93.4	89.9	8.4	12.6
Insurance trading ratio	5.1	13.7	17.0	(62.8)	(70.0)

These ratios relate to the Group's insurance trading operations and do not include other revenues in the General Insurance profit contribution, such as income from managed scheme business or the equity accounted contribution from the Group's interest in motoring club insurance joint ventures.





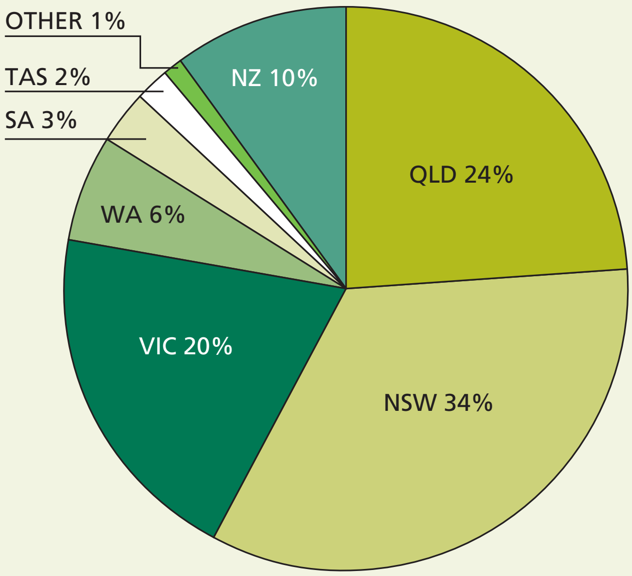


General Insurance

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Gross written premium by product					
Compulsory third party	334	378	380	(11.6)	(12.1)
Home	700	650	640	7.7	9.4
Motor	1,091	1,074	1,032	1.6	5.7
Commercial	799	777	792	2.8	0.9
Workers' compensation	90	144	102	(37.5)	(11.8)
Other	142	140	137	1.4	3.6
	3,156	3,163	3,083	(0.2)	2.4
Excluding CTP	2,822	2,785	2,703	1.3	4.4

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Gross written premium by geography					
Queensland	768	766	738	0.3	4.1
New South Wales	1,082	1,075	1,042	0.7	3.8
Victoria	616	579	590	6.4	4.4
Western Australia	189	218	187	(13.3)	1.1
South Australia	87	88	87	(1.1)	-
Tasmania	55	75	66	(26.7)	(16.7)
Other	30	43	30	(30.2)	-
Total Australia	2,827	2,844	2,740	(0.6)	3.2
New Zealand	329	319	343	3.1	(4.1)
Total	3,156	3,163	3,083	(0.2)	2.4

GWP by geography
December 2007



Gross written premium continued

Home

- Home insurance portfolio delivered gross written premium growth of 9.4% to $700 million for the half year to December 2007.
- Premium growth was particularly strong in the AAMI, GIO and Suncorp brands and reflects a strong renewal book and high customer retention levels.
- The direct businesses achieved solid underlying risks in force growth, exceeding system. In intermediated Home, the business continues to work co-operatively to restore growth through the AMP channel.
- Average premium growth overall has been strong, with the industry in general lifting premium rates in response to the increased incidence of recent major weather events.
- Suncorp and GIO brands continue to capitalise on sophisticated pricing allowing portfolio price optimisation and targeted risk selection.

Motor

- The Motor insurance portfolio delivered gross written premium growth of 5.7% to $1,091 million for the half year to December 2007.
- Growth has been strongest in the mass market AAMI, GIO and Suncorp brands, while the niche brands continue to broaden the motor premium base. The Shannons and Just Car Insurance brands continue to drive growth in the motor enthusiast and non-standard motor markets respectively.
- Growth has been achieved in both new and renewal premiums with customer retention overall stable.
- Greater than systems growth was achieved in underlying risk in force growth across the direct portfolio, whilst average premium growth was relatively modest within a highly competitive market.

Compulsory Third Party (CTP)

- The CTP portfolio reduced 12.1% to $334 million for the half year to December 2007.
- In Queensland, average premium rates reduced by around 7% decreasing income by approximately $16 million. Average premium rates were impacted by the significant reduction of headline rates by the regulator in July 2007, particularly in class 1 which had a reduction of $28 per policy.
- Suncorp continues to be the leading CTP insurance provider in Queensland with risks in force remaining flat resulting in a marginal decline in market share. The business continues to benefit from good relationships in the motor dealer channel which accounts for a significant portion of total new business.
- In New South Wales, flat policy growth has been offset by average premium reductions of around 19% following the full introduction of the Life Term Care and Support (LTCS) scheme in April 2007. LTCS lowered premium income by approximately 25% as previously underwritten risks were transferred to the new LTCS Authority.
- Market share in New South Wales has remained steady as competitor price increases during the half year have resulted in less customer churn.

Commercial Insurance

- The Commercial Insurance portfolio increased 0.9% to $799 million for the half year to December 2007.
- Soft market conditions persisted as strong economic conditions and prior year claims releases have kept profitability at levels above long term averages. The business has continued to adhere to technical pricing principles throughout the period.
- Despite the soft market, overall premium growth was achieved through a continued focus on retention strategies for existing profitable customers across all classes.
- SME packaged business retention rates remain positive and premium levels were maintained for renewal business. The SME non-packaged business performed well with strong results in the Motor, Industrial Special Risks (ISR) and Professional Indemnity portfolios.
- The Corporate and Specialty portfolio has also performed well this half year given that, as a result of continued competitor discounting, renewal premium rates may have fallen but increased coverage has meant that overall GWP did not decrease. Retention has remained strong across the majority of the portfolios and policy numbers have remained stable, apart from the Warranty book where market conditions are being adversely impacted by the weak home building environment and interest rate rises.

Gross written premium continued

Workers' Compensation

- The Workers' Compensation business reduced by 11.8% to $90 million in the half year to December 2007.
- Suncorp underwrites Workers' Compensation in Western Australia, ACT and Tasmania. Soft market conditions were driven by solid profitability continuing to emerge in the schemes. Favourable claims experience has lead to premium adjustments on burner policies. Excluding this impact, gross written premium has declined by approximately 2%.
- Average premiums were also impacted by aggressive pricing strategies adopted by competitors. Despite this, Suncorp was able to maintain strong retention rates throughout the year.
- New business increased on the prior half year, particularly in Western Australia, as a direct result of GIO's increasing presence in the corporate market.
- Growth of the underlying business was supported by strong wages in force growth of around 12%. In particular, economic conditions in Western Australia have led to the continued expansion of business payrolls. This was negated by lower average premiums resulting from the June 2007 Gazette rates reducing premiums in Western Australia by an average of 13%.

Other Premium Income

- Other premium income includes travel insurance and miscellaneous personal lines such as deposit power and rental bond insurance. Premiums on these classes increased by 3.6% to $142 million.

Outward reinsurance expense

Outwards reinsurance expense reduced 3% to $196 million. The decrease was due to synergy savings from combining the Suncorp and Promina reinsurance agreements offset by increased spending on facultative reinsurance cover for commercial products.

The largest element of the Group's reinsurance program relates to a property catastrophe treaty, which covers the home, motor and commercial property accounts against major catastrophes such as windstorm, hail, bushfire and earthquake. The Group's joint venture partners participate in the treaty, allowing economies of scale and a degree of leverage in buying power.

As at 1 July 2007, the Suncorp and Promina Treaty programs were combined into a single program. The outcome of the combined program renewal for the 2008 financial year was to provide cover for losses up to $5.0 billion as a result of growth in underlying exposures. A return period of 1 in 250 years was maintained across all parts of the whole portfolio. Retention limits under the 2008 program increased to $200 million, compared to $100 million for Suncorp and $60 million for Promina in 2007.

In December 2007, an additional catastrophe buy-down reinsurance cover was purchased, reducing the retention limit to $100 million and then $50 million for a second event. This cover excludes cyclones and earthquakes as catastrophic events.

Reinsurance security was maintained for the 2008 financial year program, with over 85% of long tail business and 75% short tail business protected by reinsurers rated 'A+' or better.

For the year to 30 June 2008, the following retentions (before tax) will apply to the core general insurance business.

	SINGLE RISK RETENTION JUN-08 $M	EVENT RISK RETENTION JUN-08 $M
Property	10	200[(1)]
General liability	10	10
Global liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor	n/a	200[(1)]
Home owners' warranty	5	5
Marine	10	10

(1) For the period 1 January 2008 to 30 June 2008 the event retention reduces to $100 million for events other than cyclones and earthquakes.

Claims expense

Short tail claims expense

Short tail claims have increased 25% to $1,732 million in the half to December 2007. This increase is predominantly due to the significant weather events during the period. These events included:

Floods in New Zealand in July	$20m
Storms in Lismore in October	$60m
Hail storm in Sydney in December	$170m
Earthquake in New Zealand in December	$5m
Storms in Melbourne in December	$25m
Total	**$280m**

The $280 million of significant weather events exceeds the Group's normal provisioning of $100 million per half year.

Outside of these events, prolonged wet weather across much of eastern Australia has increased claims frequency however this has not increased average claims costs. Suncorp's preferred supplier arrangements have mitigated the upwards inflationary impact on supply constraints. Looking forward, in particular in New South Wales, supply constraints may be an issue if wet weather and significant events continue to occur.

In commercial classes, claims experience was negatively impacted by weather events and large loss costs. Large loss experience was unfavourable during the half year. Working loss experience was largely in line with pricing allowances, although claims frequency in commercial motor exceeded expectations. Adjustments to commercial motor pricing will occur during the June 2008 half year to restore profitability of this class.

Long tail claims expense

Long tail claims have increased by 10% to $445 million in the half to December 2007. This increase is attributable to a reduction in the central estimate release from a pro-forma $220 million in December 2006 to $171 million.

The valuation of outstanding claims at December 2007 resulted in a first half central estimate release of $171 million. The key reason for the release is the increasing weight valuation actuaries have given to the observed claims experience post-tort reform. The following issues impact the central estimate reserves:

1. **Current accident period strain** occurs because the business adopts a more conservative claim reserving basis for the purposes of preparing its financial statements than its premium pricing basis. Actuaries require evidence of a sustainable trend before adjusting valuation parameters and therefore do not just rely on most recent data, whereas pricing is more forward looking and is based more upon anticipated future claims experience. At the current time, following improvements in claims experience, the valuation basis is more conservative than the pricing basis, with this difference being relatively material. In the half year to December 2007, current accident period strain was $62 million, on a net central estimate basis.
2. **Net risk margin strain** is the additional risk margin provided on the current accident period referred to above, less the risk margin released from claims settled during the year as well as prior period releases. For the half year to December 2007, there was a net risk margin strain of $4 million.
3. **Superimposed inflation** is the allowance for claims costs inflating at a rate greater than the average weekly earnings index. There is some evidence of superimposed inflation in some classes of business, following several years of highly favourable claims experience post tort-law reform. If superimposed inflation were not to occur, this would add approximately $70 million to the 'ITR excluding strains' line in the table below.

Claims expense continued

ITR adjustment table

The table below is designed to improve the understanding of the complex relationship between prior year releases and strains on current year profits. The table in no way purports to represent what others may wish to take into account in their analysis of the ITR, nor should it be seen as an attempt to normalise the performance of the General Insurance business.

In prior years, Suncorp has included an adjustment in the table for superimposed inflation. As noted above, some signs of the emergence of superimposed inflation have occurred and this adjustment is not made in this result. Due to the complex relationship between the various elements of the central estimate release it is impossible to estimate the precise amount that may be attributable to a reduced level of superimposed inflation; however, if Suncorp was certain that it was not occurring this would add approximately $70 million to the 'ITR excluding strains' line in the table below.

	HALF YEAR ENDED DEC-07 $M
Insurance Trading Result	151
Releases at central estimate	(171)
Add strains on current year profits:	
Net risk margin strain / (release)	4
Current accident period strain	62
ITR excluding strains	46

Sustainability of releases

The business adopts a more conservative claims reserving basis than its premium pricing basis. As a result, future profits will be released over time should the experience be in line with the pricing basis. The potential amount of such profits from the current period's business is reflected in the current accident period strain (on a net central estimate basis). The quantum of future structural reserve releases will reduce as the basis for claims valuation moves closer to the basis for pricing.

The ultimate size of future releases is also dependent on whether there is any further improvement in claims size and frequency and the extent of such improvements. The likelihood and quantum of future structural releases is likely to be lower in the absence of any further sustained improvement in either frequency or claims costs.

As part of the combined Suncorp group, the business holds risk margins at approximately 24% of the total reserve net central estimate, giving a level of sufficiency of approximately 94% on total claims reserves. The level of sufficiency has been maintained at approximately 94% as it was in June 2007. The percentage risk margin has slightly declined from 25% to 24% largely reflecting the higher proportion of short tail claims within its reserves following the unusually high cost of recent storms.

Given the more recent observed claims experience, Suncorp is approaching a sufficient level of confidence to predict post-tort law reform claims costs. As a result, in coming periods, the level of sufficiency is anticipated to revert to 90% as previously targeted.

Based on December 2007 valuations, the movement in the level of sufficiency from approximately 94% to 90% would release approximately $220 million from the Group's total outstanding claims provisions. The timing and pace of this reduction will be dictated by the quality of claims experiences particularly in relation to larger, litigated claims.

Outstanding claim provisions over time

This table shows the gross and net outstanding claim liabilities and their movement over time. The net outstanding claim liabilities are shown split between the net central estimate, the discount on net central estimate and the (94th percentile, discounted) risk margin components. The net outstanding claims liabilities are also shown by major class of insurance business.

	HALF YEAR ENDED				
	DEC-07	JUN-07	DEC-06 PRO-FORMA	DEC-07 VS JUN-07	DEC-07 VS DEC-06
	$M	$M	$M	%	%
Gross outstanding claims liabilites	7,272	7,150	7,036	1.7	3.4
Reinsurance and other recoveries	(1,077)	(1,149)	(1,064)	(6.3)	1.2
Net outstanding claim liabilities	**6,195**	**6,001**	**5,972**	**3.2**	**3.7**
Expected future claim payments and claims handling expenses	6,480	5,945	5,902	9.0	9.8
Discount to present value	(1,476)	(1,133)	(1,123)	30.3	31.4
Risk margin (94th percentile, discounted)	1,191	1,189	1,193	0.2	(0.2)
Net outstanding claim liabilities	**6,195**	**6,001**	**5,972**	**3.2**	**3.7**
Personal					
Australia					
CTP	3,028	2,984	3,000	1.5	0.9
Short-tail and other	841	671	570	25.3	47.5
New Zealand	52	53	12	(1.9)	333.3
Commercial					
Australia					
Liability and Workers' compensation	1,670	1,694	1,790	(1.4)	(6.7)
Short-tail and other	452	439	422	3.0	7.1
New Zealand	152	160	178	(5.0)	(14.6)
Total	**6,195**	**6,001**	**5,972**	**3.2**	**3.7**

Outstanding claim provisions breakdown

This table shows the net outstanding claim reserves split between the net central estimate (discounted) and the risk margin (94th percentile, discounted), broken down by class of business. It also shows the change in net central estimate by class of business valuations.

	HALF YEAR ENDED DEC-07			
	ACTUAL	NET CENTRAL ESTIMATE (DISCOUNTED)	RISK MARGIN (94TH PERCENTILE, DISCOUNTED)	CHANGE IN NET CENTRAL ESTIMATE (1)
	$M	$M	$M	$M
Personal				
Australia				
CTP	3,028	2,474	554	(81)
Short-tail and other	841	750	91	1
New Zealand	52	46	6	-
Commercial				
Australia				
Liability and Workers' compensation	1,670	1,241	429	(90)
Short-tail and other	452	381	71	(20)
New Zealand	152	112	40	(11)
Total	**6,195**	**5,004**	**1,191**	**(201)**

(1) This column is equal to the opening net central estimate for outstanding claims, less payments and claims handling expenses, plus investment income earned on the net central estimate, less closing net central estimate (before the impact of change in interest rates) for outstanding claims incurred before the opening balance sheet date. A negative sign implies that there has been a release from outstanding reserves.

General Insurance

Claims development table

This table demonstrates that the claims development trends have been favourable in all accident years compared with the initial reserving estimates.

The first row shows the estimated undiscounted ultimate claims by accident year. Reading down the columns, each successive number shows the ultimates cost by accident year estimated one year later. For example, the current estimate of ultimate claims costs for the 2005 year ($920 million) is 22% lower than estimated at the end of the 2005 accident year ($1,176 million).

	ACCIDENT YEAR						
	PRIOR $M	2004 $M	2005 $M	2006 $M	2007 $M	2008[1] $M	TOTAL $M
Consolidated							
Estimate of ultimate claims cost							
At end of accident year		1,045	1,176	1,211	1,243	655	
One year later		1,061	1,065	1,116	1,218		
Two years later		924	935	1,063			
Three years later		833	920				
Four years later		786					
Current estimate of cumulative claims cost		786	920	1,063	1,218	655	4,642
Cumulative payments		(406)	(324)	(223)	(106)	(10)	(1,069)
Outstanding claims – undiscounted	1,288	380	596	840	1,112	645	4,861
Discount							(1,126)
Deferred premium							(21)
Outstanding claims – long tail	1,288	380	596	840	1,112	645	3,714
Outstanding claims – short tail and other portfolios							1,028
Claims handling expense							262
Risk margin							1,191
Total net outstanding claims liabilities							6,195
Reinsurance and other recoveries on outstanding claims liabilities							1,077
Total gross outstanding claims							**7,272**

(1) The most recent period includes information up to 31 December 2007 only. All other periods are for the 12 months to 30 June.

Operating expenses

Total Operating Expenses have increased 2.9% to $805 million in the half to 31 December 2007. The Total Operating Expenses Ratio remains steady at 27.3%

Acquisition costs have increased 6.7% to $522 million due to growth in business lines which have higher commission rates such as travel insurance.

Underwriting expenses have reduced 3.4% to $283 million due to decreases in marketing and professional fees as a result of the merger. The early integration benefits from the Promina acquisition reduced total expenses by $8.7 million for the half.

Managed schemes

Net profit from the managed scheme business was $34 million, a substantial increase over the prior year, driven by the Group's underlying performance for NSW Treasury Managed Fund (TMF) and NSW WorkCover which saw improved claims management and resulting higher fee income.

Joint venture and other income

The Group participates in insurance joint ventures with motoring clubs in Queensland, South Australia, Western Australia and Tasmania. The 'joint venture and other' contribution for the half year to December 2007 was $19 million, down from $39 million in the prior corresponding period, largely due to a reduction in claims releases and lower investment returns.

Investment income on insurance funds

Investment income on insurance provisions reduced 4.6% to $188 million despite a 3.0% increase in the size of the portfolio. Excluding the impact of the risk-free discount rate movement, as shown in Appendix 2, the investment income reduced 7.7% to $217 million.

Income derived from cash and fixed interest during the December 2007 half year period was reduced considerably due to higher unrealised capital losses resulting from widening credit spreads. The 'mark to market' movement in this portfolio was $85 million.

The portfolio is entirely comprised of investment grade securities, predominately Commonwealth Government, Semi-Government and highly rated Corporate Bonds. The credit ratings of these investments are outlined on page 55. The $85 million movement is purely an accounting and timing issue and will reverse as these investments redeem or as credit spreads contract.

The portfolio benefited from higher yields in the fixed interest and property portfolios. The higher fixed interest yield results from the increasing credit spreads and the Reserve Bank official rate increases in November 2006, August 2007 and November 2007.

Other income increased $23 million as a result of the revaluation of direct property holdings including the Sheraton Noosa and the air space above Brisbane's Central Station.

Investment income on Shareholder Funds

Investment income on shareholder funds reduced by 86.4% to $28 million as global volatility impacted on domestic equities, overseas equities and listed property portfolios.

Income derived from cash and fixed interest was also down on the prior comparative period.

Shareholder Funds performance

	DEC-07		JUN-07		DEC-06	
	BENCH-MARK RETURN %	ACTUAL RETURN %	BENCH-MARK RETURN %	ACTUAL RETURN %	BENCH-MARK RETURN %	ACTUAL RETURN %
Performance returns						
Shareholder Funds:						
Fixed Interest – Domestic	2.18	1.83	1.92	2.14	2.41	2.67
Equities – Domestic	3.00	2.65	12.70	13.04	14.73	14.76
Equities – International	(3.69)	(2.31)	1.13	1.55	6.56	5.82

The Shareholder Funds are managed in three separate portfolios. To assist in presenting the combined performance of the funds, a simple weighted average return has been calculated. The consolidated returns presented may not be the same had the Shareholder Funds been held in, and measured as, a single portfolio.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Allocation of investments – General Insurance					
Allocation of investments held against:					
Insurance funds					
Cash and short term deposits	1,038	1,134	1,140	(8.5)	(8.9)
Interest bearing securities	6,588	6,310	6,288	4.4	4.8
Australian equities	7	9	9	(22.2)	(22.2)
Property and other	158	152	128	3.9	23.4
	7,791	**7,605**	**7,565**	**2.4**	**3.0**
Shareholder Funds					
Cash and short term deposits	248	256	231	(3.1)	7.4
Interest bearing securities	1,200	1,359	1,573	(11.7)	(23.7)
Australian equities	1,143	1,128	1,114	1.3	2.6
Overseas equities	141	163	159	(13.5)	(11.3)
Property and other	107	114	142	(6.1)	(24.6)
	2,839	**3,020**	**3,219**	**(6.0)**	**(11.8)**

	HALF YEAR ENDED DEC-07 %	JUN-07 %	DEC-06 PRO-FORMA %	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Allocation of investments held against:					
Insurance funds					
Cash and short term deposits	13	15	23	(13.3)	(43.5)
Interest bearing securities	85	83	74	2.4	14.9
Property and other	2	2	3	-	(33.3)
	100	**100**	**100**	**-**	**-**
Shareholder Funds					
Cash and short term deposits	8	8	12	-	(33.3)
Interest bearing securities	42	45	32	(6.7)	31.3
Australian equities	40	38	41	5.3	(2.4)
Overseas equities	5	5	10	-	(50.0)
Property	5	4	5	25.0	-
	100	**100**	**100**	**-**	**-**

The investment funds are managed by the Group's investment managers. The totals above are different to the cash and investment balances in the General Insurance balance sheet on page 45, because of the different classification of items such as operating cash and accrued interest. Reconciling items such as timing differences and premium debtors arise between insurance provisions and associated investment assets. The balance of the Shareholder Funds shown above excludes non-investment market assets such as goodwill relating to the acquisition of GIO and the investments in joint ventures.

Allocation of investment income – General Insurance

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Investment income on insurance funds					
Cash and short term deposits	32	35	41	(8.6)	(22.0)
Interest bearing securities	126	144	149	(12.5)	(15.4)
Property and other	30	24	7	25.0	328.6
Total	**188**	**203**	**197**	**(7.4)**	**(4.6)**
Investment income on Shareholder Funds					
Cash and short term deposits	7	7	11	-	(36.4)
Interest bearing securities	10	17	48	(41.2)	(79.2)
Australian equities	20	129	134	(84.5)	(85.1)
Overseas equities	(2)	3	8	(166.7)	(125.0)
Property	2	1	12	100.0	(83.3)
Other revenue	7	7	4	-	75.0
Other expenses	(16)	(16)	(11)	-	45.5
Total	**28**	**148**	**206**	**(81.1)**	**(86.4)**
Total investment income	**216**	**351**	**403**	**(38.5)**	**(46.4)**

Credit risk exposure – fixed interest investments

The General Insurance fixed interest portfolios are restricted to investment grade securities to ensure there is adequate capital protection of the assets under all market conditions.

AVERAGE	SUNCORP HALF YEAR ENDED DEC-07 %	JUN-07 %	DEC-06 %	PROMINA HALF YEAR ENDED DEC-07 %	JUN-07 %	DEC-06 %
AAA	48.7	48.9	63.5	64.3	66.3	67.2
AA	21.0	19.6	13.4	27.1	25.2	24.3
A	27.6	28.5	20.7	5.8	6.2	7.0
BBB	2.7	3	2.4	2.8	2.3	1.5
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Profit contribution by line of business – Commercial Lines Australia					
Gross written premium	725	763	718	(5.0)	1.0
Net earned premium	627	624	646	0.5	(2.9)
Net claims incurred	(305)	(257)	(263)	18.7	16.0
Acquisition expenses	(120)	(118)	(107)	1.7	12.1
Other underwriting expenses	(99)	(114)	(93)	(13.2)	6.5
Total operating expenses	(219)	(232)	(200)	(5.6)	9.5
Underwriting result	103	135	183	(23.7)	(43.7)
Investment income – insurance funds	62	58	67	6.9	(7.5)
Insurance trading result	165	193	250	(14.5)	(34.0)
	%	%	%		
Ratios					
Acquisition expenses ratio	19.1	18.9	16.6	1.1	15.1
Other underwriting expenses ratio	15.8	18.3	14.4	(13.7)	9.7
Total operating expenses ratio	34.9	37.2	31.0	(6.2)	12.6
Loss ratio	48.6	41.2	40.7	18.0	19.4
Combined operating ratio	83.5	78.4	71.7	6.5	16.5
Insurance trading ratio	26.3	30.9	38.7	(14.9)	(32.0)

Market overview

Commercial lines continue to exhibit soft market conditions as buoyant economic conditions support strong profitability above expected long term average returns. We have noticed relaxation in disciplines by some competitors adopting very price competitive positions in some classes where they have limited experience.

The Australian market has seen competitive pricing with downward rate movements in the order of 10% to 15%. The market has returned to a more stable claims environment leading to expectations of the cycle hardening particularly in the commercial motor class of business.

Industry rate reductions of 12% to 15% in the half year in West Australian Workers' Compensation have stemmed from continued reduction in claims frequency to historically low levels and high return-to-work rates as a consequence of the booming economy. The industry premium pool has reduced somewhat less due to wage-roll growth of around 12% in Western Australia and there are signs that discounting levels are bottoming out, although we do not, at this stage, expect rates to harden during calendar 2008.

Insurance trading result

Commercial lines reported an insurance trading result of $165 million for the half year, equal to an ITR ratio of 26.3%. The main components of the result were:

- Strong performance of workers' compensation and commercial portfolios despite soft market conditions driving down industry premium rates in some classes.
- The loss ratio increased to 48.6% from 40.7%, driven by:
  - The impact of major weather events ($10 million).
  - Increased large losses and increased claims frequency in commercial motor.
  - The valuation of outstanding claims at December 2007 resulted in a first half central estimate release of $90 million, down from the $140 million in the prior corresponding period.
  - The movement in discount rates has unfavourably impacted the loss ratio by 1.6%
- The total operating expenses ratio increased to 34.9% as a result of additional investment in customer sales and service, new distribution channels, higher fire brigade charges and additional spending on the national workplace change program.

	HALF YEAR ENDED DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Profit contribution by line of business – Personal Lines Australia					
Gross written premium	2,102	2,081	2,022	1.0	4.0
Net earned premium	2,016	1,943	1,924	3.8	4.8
Net claims incurred	(1,676)	(1,414)	(1,350)	18.5	24.1
Acquisition expenses	(339)	(298)	(319)	13.8	6.3
Other underwriting expenses	(159)	(194)	(175)	(18.0)	(9.1)
Total operating expenses	(498)	(492)	(494)	1.2	0.8
Underwriting result	(158)	37	80	(527.0)	(297.5)
Investment income – insurance funds	116	135	119	(14.1)	(2.5)
Insurance trading result	(42)	172	199	(124.4)	(121.1)
	%	%	%		
Ratios					
Acquisition expenses ratio	16.8	15.3	16.6	9.8	1.2
Other underwriting expenses ratio	7.9	10.0	9.1	(21.0)	(13.2)
Total operating expenses ratio	24.7	25.3	25.7	(2.4)	(3.9)
Loss ratio	83.1	72.8	70.2	14.1	18.4
Combined operating ratio	107.8	98.1	95.9	9.9	12.4
Insurance trading ratio	(2.1)	8.9	10.3	(123.6)	(120.4)

Market overview

The dominating feature of the most recent period has been the significant impact of weather related events. This activity is likely to put upward pressure on premiums particularly in the home building product. This should, assuming weather events revert to more normal experience, restore profitability in coming years.

Some new entrant niche players will continue to aggressively push to establish a foothold in the Australian market, however they are unlikely to have an impact on industry premium growth.

In Queensland CTP, we are currently filed at the regulator's ceiling price. If the emerging signs of superimposed inflation continue, the ceiling will need to increase to enable adequate returns to be earned from this business.

In New South Wales CTP, we anticipate industry price levels will need to increase going forward to take account of annual claims inflation costs.

Insurance trading result

Personal lines reported an insurance trading loss of $42 million for the half year. This represents an ITR of negative 2.1%. The main components of the result were:

- Premium growth in motor and home classes offset marginally by CTP price reductions;
- Severe storm activity costing around $245 million, significantly in excess of company provisions;
- Increased frequency in non-event related claims;
- Central estimate releases of $81 million consistent with the prior corresponding period; and
- The movement in discount rates has unfavourably impacted the loss ratio by 0.2%

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Profit contribution by line of business – New Zealand					
Gross written premium	329	319	343	3.1	(4.1)
Net earned premium	302	296	290	2.0	4.1
Net claims incurred	(196)	(189)	(176)	3.7	11.4
Acquisition expenses	(63)	(69)	(63)	(8.7)	0.0
Other underwriting expenses	(25)	(21)	(25)	19.0	0.0
Total operating expenses	(88)	(90)	(88)	(2.2)	0.0
Underwriting result	18	17	26	5.9	(30.8)
Investment income – insurance funds	10	10	11	0.0	(9.1)
Insurance trading result	28	27	37	3.7	(24.3)
	%	%	%		
Ratios					
Acquisition expenses ratio	20.9	23.3	21.7	(10.3)	(3.7)
Other underwriting expenses ratio	8.3	7.1	8.6	16.9	(3.5)
Total operating expenses ratio	29.2	30.4	30.3	(3.9)	(3.6)
Loss ratio	64.9	63.9	60.7	1.6	6.9
Combined operating ratio	94.1	94.3	91.0	(0.2)	3.4
Insurance trading ratio	9.3	9.1	12.8	2.2	(27.3)

Market overview

The New Zealand operations have produced a solid result due to strong underwriting discipline, quality brands and excellent relationships with intermediaries.

Personal insurance rates have been increasing recently in line with upward market trends. The market has recognised that price increases are required to support the inflationary cost of claims as labour and resource constraints are exacerbated by significant events.

The commercial insurance market continues to be challenging and, despite the fact that small rate increases have occurred, the competition is still very strong with pockets of intense pricing activity impacting the market.

Insurance trading result

New Zealand reported an Insurance Trading Result of $28 million for the half year to December 2007, equal to an ITR ratio of 9.3%. The main components impacting the ITR were:

- Total premium reduced by 4.1% to $329 million. Commercial lines premium reduced by 13.1% due to fiercely competitive conditions offset partially by a personal lines premium increase of 9.5%.
- The overall loss ratio has increased to 64.9% primarily due to the impact of the July flood and December earthquake events.
- Overall total operating expense ratio is 29.2% which is lower than previous periods.
- Investment income from insurance funds was $10 million for the period which closely aligns with prior periods.
- A reduction in reserve releases in the long tail business classes.

	HALF YEAR ENDED DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Profit contribution by class of business – short tail and long tail					
Short tail					
Gross written premium	2,480	2,396	2,352	3.5	5.4
Net earned premium	2,247	2,155	2,134	4.3	5.3
Net claims incurred	(1,732)	(1,567)	(1,386)	10.5	25.0
Acquisition expenses	(413)	(390)	(393)	5.9	5.1
Other underwriting expenses	(209)	(246)	(222)	(15.0)	(5.9)
Total operating expenses	(622)	(636)	(615)	(2.2)	1.1
Underwriting result	(107)	(48)	133	122.9	(180.5)
Investment income – insurance funds	58	67	60	(13.4)	(3.3)
Insurance trading result	(49)	19	193	(357.9)	(125.4)
	%	%	%		
Ratios					
Acquisition expenses ratio	18.4	18.1	18.4	1.7	-
Other underwriting expenses ratio	9.3	11.4	10.4	(18.4)	(10.6)
Total operating expenses ratio	27.7	29.5	28.8	(6.1)	(3.8)
Loss ratio	77.1	72.7	64.9	6.1	18.8
Combined operating ratio	104.8	102.2	93.7	2.5	11.8
Insurance trading ratio	(2.2)	0.9	9.0	(344.4)	(124.4)

	HALF YEAR ENDED DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Long tail					
Gross written premium	676	767	731	(11.9)	(7.5)
Net earned premium	698	708	726	(1.4)	(3.9)
Net claims incurred	(445)	(293)	(403)	51.9	10.4
Acquisition expenses	(109)	(95)	(96)	14.7	13.5
Other underwriting expenses	(74)	(83)	(71)	(10.8)	4.2
Total operating expenses	(183)	(178)	(167)	2.8	9.6
Underwriting result	70	237	156	(70.5)	(55.1)
Investment income – insurance funds	130	136	137	(4.4)	(5.1)
Insurance trading result	200	373	293	(46.4)	(31.7)
	%	%	%		
Ratios					
Acquisition expenses ratio	15.6	13.4	13.2	16.4	18.2
Other underwriting expenses ratio	10.6	11.7	9.8	(9.4)	8.2
Total operating expenses ratio	26.2	25.1	23.0	4.4	13.9
Loss ratio	63.8	41.4	55.5	54.1	15.0
Combined operating ratio	90.0	66.5	78.5	35.3	14.6
Insurance trading ratio	28.7	52.7	40.4	(45.5)	(29.0)

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Segment information – Wealth Management

Profit overview

The Wealth Management division reported profit after tax of $103 million for the six months to December. These results reflect strong operating performance offset by lower investment returns on shareholder funds, which were impacted by weaker investment market performance.

Underlying profit of $85 million after tax rose 9.0% from $78 million.

The Life Risk operations reported a net profit after tax of $38 million. Profits benefited from higher planned margins due to favourable lapse rate assumptions.

Funds Management, which includes retail investment and asset management and also the distribution operations, increased profitability by 67.9% to $47 million. This outcome was the result of increased fees due to solid growth in funds under administration driven by increased net flows following Australian superannuation law changes.

Net investment income on shareholder assets decreased to $18 million in the half year, down from $60 million. This was due to weaker investment markets.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Profit contribution – Wealth Management					
Operating margins after tax for the half year ended 31 December 2007					
Excluding Life Insurance policy owners' interests					
Life Risk					
Planned profit margins	33	31	26	6.5	26.9
Experience profits/(losses)	2	3	20	(33.3)	(90.0)
Recapture of losses	3	1	4	200.0	(25.0)
Life Risk	38	35	50	8.6	(24.0)
Funds Management	47	37	28	27.0	67.9
Total Wealth Management underlying profit after tax	85	72	78	18.1	9.0
Net investment income on shareholder assets	18	31	60	(41.9)	(70.0)
Net profit after tax and minority interests	**103**	**103**	**138**	-	**(25.4)**

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M
Reconciliation of pro-forma contribution to profit before tax to reported profit before tax			
Pro-forma profit contribution from Wealth Management before tax	125	131	98
Pre-acquisition profits	-	55	157
Reported profit contribution from Wealth Management before tax	125	186	255
Policyholder and shareholder income tax expense (1)	(21)	(82)	(114)
Net profit after tax and before minority interests	104	104	141
Minority interests	(1)	(1)	(3)
Net profit after tax and minority interests	**103**	**103**	**138**

(1) Income tax expense includes tax payable on behalf of Life insurance policyholders, mostly related to superannuation contributions and surcharge taxes. The effective income tax rate does not resemble the corporate tax rate.

Market environment

The superannuation legislative changes in both Australia and New Zealand drove significant inflows. Suncorp continues to be well placed to take advantage of the new landscape with product initiatives underway to enhance distribution capabilities and allow greater flexibility for customers in the new superannuation environment.

Strong investment markets over recent years have had a positive impact on net flows, however recent market fluctuations suggest that flows may moderate. Suncorp has changed its advice model to a sales and service focus which assists in managing customers and outflows in less buoyant environments.

The industry continues to be impacted by a shortage of financial planning professionals. To address this Suncorp has developed a program that focuses on improved planner productivity and developing planners through career path models and recruitment programs.

We expect growth in the Life Risk market to continue, albeit at a more moderate pace. The funds management business expects market volatility to continue well into 2008. This coupled with a potentially higher interest rate environment may result in slower retail investment sales growth.

	HALF YEAR ENDED						
	DEC-07 AUS $M	DEC-07 NZ $M	DEC-07 TOTAL $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Life Risk							
Life Risk profit after tax comprises:							
Planned profit margin release	24	9	33	31	26	6.5	26.9
Experience deviations							
Mortality	2	1	3	3	2	-	50.0
Morbidity	(4)	1	(3)	(4)	4	(25.0)	(175.0)
Other	3	(1)	2	4	14	(50.0)	(85.7)
Total experience deviations	1	1	2	3	20	(33.3)	(90.0)
Recapture of losses	3	-	3	1	4	200.0	(25.0)
Life Risk underlying profit after tax	**28**	**10**	**38**	**35**	**50**	**8.6**	**(24.0)**

Life risk produced a solid result reporting profit after tax of $38 million. Planned margins grew 26.9% to $33 million largely due to favourable lapse rate assumptions. Total experience deviations have reduced by 90% to $2 million. A number of factors have influenced this amount, including several one-off items in the December 2006 half.

	HALF YEAR ENDED						
	DEC-07 AUS $M	DEC-07 NZ $M	DEC-07 TOTAL $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Life Risk annual premium							
Life Risk inforce							
Term and TPD	193	50	243	232	223	4.7	9.0
Trauma	78	12	90	84	78	7.1	15.4
Disability income	155	18	173	169	166	2.4	4.2
Group	144	-	144	102	94	41.2	53.2
Other	3	22	25	26	24	(3.8)	4.2
Total	**573**	**102**	**675**	**613**	**585**	**10.1**	**15.4**

Annual premiums reflect the balance at the end of the period, ie 31 December 2007.

In-force annual premiums on risk products increased 15.4%, primarily driven by continued growth in premiums on major lines of group risk business.

	DEC-07 AUS $M	DEC-07 NZ $M	DEC-07 TOTAL $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
	HALF YEAR ENDED						
Life Risk new business							
Life Risk new business							
Term and TPD	9	4	13	11	12	18.2	8.3
Trauma	5	1	6	6	6	-	-
Disability income	6	1	7	8	9	(12.5)	(22.2)
Group	21	-	21	14	11	50.0	90.9
Other	7	1	8	8	7	-	14.3
Total	**48**	**7**	**55**	**47**	**45**	**17.0**	**22.2**

Life Risk new business sales increased 22.2% to $55 million. This increase was again driven by growth in premiums for group risk policies.

Term new business growth was positive, driven in part by the continuing success of the “Family Protect” and “Lifeguard” products, launched the preceding year. These products are expected to continue to perform strongly.

	DEC-07 AUS $M	DEC-07 NZ $M	DEC-07 TOTAL $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
	HALF YEAR ENDED						
Funds management							
Funds Management profit margin comprises:							
Retail investment	33	6	39	32	25	21.9	56.0
Distribution	-	-	-	(4)	(3)	100.0	(100.0)
Asset management	8	-	8	9	6	(11.1)	33.3
Total underlying profit after tax	**41**	**6**	**47**	**37**	**28**	**27.0**	**67.9**

The funds management division delivered a 67.9% increase in profit after tax to $47 million for the half year to December 2007.

Retail investment profit after tax increased by 56.0%, driven by solid growth in average funds under administration with strong contributions immediately prior to 30 June 2007 to take advantage of Australian superannuation law changes. For the period, funds under administration grew by 3.9% to $16.2 billion.

Asset management profit rose 33.3%, driven by higher funds under management.

For the period, funds under management increased to $27.1 billion at 31 December 2007 with wholesale external mandates increasing 11.0% to $7.9 billion. This was despite the loss of external mandates following the departure of the Suncorp Investment Management Australian Equities team.

Distribution broke even, an improvement on the $3 million loss for the half ended 31 December 2006, which was underpinned by higher sales through the financial advisor channel.

	DEC-07 AUS $M	DEC-07 NZ $M	DEC-07 TOTAL $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
	HALF YEAR ENDED						
Funds management position							
Wealth Management funds position							
Funds under administration							
Opening balance at start of period	11,610	4,882	16,492	15,628	14,341	5.5	15.0
Net inflows/(outflows)	(283)	157	(126)	123	(186)	(202.4)	(32.3)
Investment income and other	(325)	201	(124)	741	1,473	(116.7)	(108.4)
Balance at end of period	**11,002**	**5,240**	**16,242**	**16,492**	**15,628**	**(1.5)**	**3.9**
Funds under supervision							
Opening balance at start of period	-	31,793	31,793	31,144	27,630	2.1	15.1
Investment income and other	-	3	3	649	3,514	(99.5)	(99.9)
Balance at end of period	**-**	**31,796**	**31,796**	**31,793**	**31,144**	**0.0**	**2.1**
Funds under management							
Opening balance at start of period	23,999	3,027	27,026	26,182	24,172	3.2	11.8
Net inflows/(outflows)	(395)	(121)	(516)	(381)	235	35.4	(319.6)
Investment income and other	395	206	601	1,225	1,775	(50.9)	(66.1)
Balance at end of period	**23,999**	**3,112**	**27,111**	**27,026**	**26,182**	**0.3**	**3.5**

	DEC-07 AUS $M	DEC-07 NZ $M	DEC-07 TOTAL $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
	HALF YEAR ENDED						
Funds under management							
General insurance	9,983	393	10,376	10,337	10,521	0.4	(1.4)
Life companies	7,590	1,282	8,872	9,053	8,580	(2.0)	3.4
External	6,426	1,437	7,863	7,636	7,081	3.0	11.0
Total funds under management	**23,999**	**3,112**	**27,111**	**27,026**	**26,182**	**0.3**	**3.5**

	DEC-07 AUS $M	DEC-07 NZ $M	DEC-07 TOTAL $M	JUN-07 PRO-FORMA $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
	HALF YEAR ENDED						
Retail investment new business							
Superannuation	242	16	258	300	244	(14.0)	5.7
Pensions	339	-	339	202	144	67.8	135.4
Investment	60	4	64	92	82	(30.4)	(22.0)
Total retail investment	**641**	**20**	**661**	**594**	**470**	**11.3**	**40.6**

Reported new business increased by 40.6% over the corresponding period. This result reflects strong growth in pensions business as clients took action in advance of changes in legislation in September 2007, as well as increased rollovers following the once off tax concession in July for contributions up to $1 million. Suncorp expects pension sales to moderate during 2008.

Legislative changes increased the attractiveness of superannuation, which continues to perform well. Superannuation continues to be a preferred investment vehicle at the expense of pure investment products.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Allocation of investments – Wealth Management					
Portfolio allocation of investments					
Statutory funds [1]					
Equities	5,470	4,921	4,592	11.2	19.1
Interest bearing securities	3,082	3,286	3,062	(6.2)	0.7
Property	405	598	673	(32.3)	(39.8)
Other	514	479	445	7.3	15.5
Total statutory funds	**9,471**	**9,284**	**8,772**	**2.0**	**8.0**
Shareholder assets [2]					
Equities	229	273	330	(16.1)	(30.6)
Interest bearing securities	188	118	145	59.3	29.7
Property	33	29	42	13.8	(21.4)
Other	64	91	67	(29.7)	(4.5)
Total shareholder assets	**514**	**511**	**584**	**0.6**	**(12.0)**

(1) Statutory funds allocation includes shareholder net assets.

(2) Includes all shareholder assets above policy liabilities in statutory funds, shareholder fund and Wealth Management entities.

Appendix 1 – Consolidated income statement for the half year ended 31 December 2007

This consolidated income statement presents revenue and expense categories that are reported for statutory purposes.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Revenue					
Banking interest revenue	2,118	1,801	1,646	17.6	28.7
Banking interest expense	(1,634)	(1,345)	(1,192)	21.5	37.1
	484	456	454	6.1	6.6
Banking fee and commission revenue	121	113	107	7.1	13.1
Banking fee and commission expense	(44)	(40)	(40)	10.0	10.0
General insurance premium revenue (1)	3,141	2,334	1,346	34.6	133.4
Life insurance premium revenue	357	209	79	70.8	351.9
Reinsurance and other recoveries revenue	508	451	199	12.6	155.3
General insurance investment revenue	248	279	214	(11.1)	15.9
Life insurance investment revenue	118	498	562	(76.3)	(79.0)
Other revenue (2)	304	206	118	47.6	157.6
	5,237	4,506	3,039	16.2	72.3
Expenses					
Operating expenses (1)	(1,630)	(1,233)	(747)	32.2	118.2
General insurance claims expense	(2,614)	(1,788)	(978)	46.2	167.3
Life insurance claims expense	(212)	(122)	(43)	73.8	393.0
Outwards reinsurance premium expense	(289)	(201)	(76)	43.8	280.3
Decrease / (increase) in net policy liabilities	123	(350)	(223)	(135.1)	(155.2)
Increase in unvested policy owner benefits	(80)	118	(71)	(167.8)	12.7
Outside beneficial interests	22	(118)	(131)	(118.6)	(116.8)
Non-banking interest expense	(63)	(42)	(29)	50.0	117.2
	(4,743)	(3,736)	(2,298)	27.0	106.4
Share of profits of associates and joint ventures	12	24	33	(50.0)	(63.6)
Profit before impairment losses on loans and advances and tax	506	794	774	(36.3)	(34.6)
Impairment losses on loans and advances	(16)	(20)	(5)	(20.0)	220.0
Profit before tax	490	774	769	(36.7)	(36.3)
Income tax expense	(106)	(237)	(242)	(55.3)	(56.2)
Profit for the year	**384**	**537**	**527**	**(28.5)**	**(27.1)**
Attributable to:					
Equity holders of the Company	382	537	527	(28.9)	(27.5)
Minority interests	2	-	-	n/a	n/a
Profit for the period	**384**	**537**	**527**	**(28.5)**	**(27.1)**

(1) Net of General Insurance statutory fees and charges included in income and expenses in the Consolidated Interim Financial Report.

(2) Other operating income is primarily made up of Wealth Management profit, dividend revenue, property income, trust distributions and royalty income.

Appendices

Appendix 2 – Profit contribution – General Insurance excluding the impact of discount rate movements and excluding FSL

For the half year-ended 31 December 2007

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 PRO-FORMA $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Gross written premiums [1]	3,060	3,077	2,987	(0.6)	2.4
Gross unearned premium movement	(10)	(96)	(8)	(89.6)	25.0
Gross earned premiums	3,050	2,981	2,979	2.3	2.4
Outwards reinsurance expense	(196)	(208)	(202)	(5.8)	(3.0)
Net earned premium	2,854	2,773	2,777	2.9	2.8
Net incurred claims					
Claims expense	(2,648)	(2,664)	(2,185)	(0.6)	21.2
Reinsurance and other recoveries revenue	442	738	358	(40.1)	23.5
	(2,206)	(1,926)	(1,827)	14.5	20.7
Total operating expenses					
Acquisition expenses [2]	(522)	(485)	(489)	7.6	6.7
Other underwriting expenses	(192)	(239)	(210)	(19.7)	(8.6)
	(714)	(724)	(699)	(1.4)	2.1
Underwriting result	(66)	123	251	(153.7)	(126.3)
Investment income – insurance funds	217	269	235	(19.3)	(7.7)
Insurance trading result	151	392	486	(61.5)	(68.9)
Managed schemes net contribution	34	7	14	385.7	142.9
Joint venture and other income	19	26	39	(26.9)	(51.3)
General Insurance operational earnings	204	425	539	(52.0)	(62.2)
Investment revenue – Shareholder Funds	28	148	206	(81.1)	(86.4)
Contribution to profit from General Insurance activities before tax and capital funding	232	573	745	(59.5)	(68.9)
Capital funding [3]	(60)	(49)	(46)	22.4	30.4
Contribution to profit from General Insurance activities before tax	**172**	**524**	**699**	**(67.2)**	**(75.4)**

(1) Net of Fire Service Levies (FSL) of $96 million (Jun-07: $86 million; Dec-06: $96 million).

(2) Net of certain statutory fees and charges included in income and expenses in the Consolidated Interim Financial Report.

(3) Includes interest expense on subordinated debt and preference shares allocated to General Insurance as described in Appendix 5.

Appendix 3 – Operating expenses

This table presents further details on the Group's expenses disclosed in the consolidated income statement in Appendix 1.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M	DEC-07 VS JUN-07 %	DEC-07 VS DEC-06 %
Operating expenses					
Staff expenses	833	629	381	32.4	118.6
Total staff expenses	833	629	381	32.4	118.6
Equipment and occupancy expenses					
Depreciation:					
Buildings	1	1	-	-	n/a
Plant, equipment and software	28	20	13	40.0	115.4
Leasehold improvements	9	9	4	-	125.0
Loss on disposal of property, plant and equipment	1	1	1	-	-
Operating lease rentals	62	47	27	31.9	129.6
Other	16	14	9	14.3	77.8
Total equipment and occupancy expenses	117	92	54	27.2	116.7
Other expenses					
Hardware, software and data line expenses	47	37	24	27.0	95.8
Advertising and promotion expenses	87	88	43	(1.1)	102.3
Office supplies, postage and printing	57	44	32	29.5	78.1
Amortisation:					
Trade names	12	20	-	(40.0)	n/a
Consumer relationships	118	86	-	37.2	n/a
Outstanding claims liability intangible	18	18	-	-	n/a
Franchise agreements	-	1	-	(100.0)	n/a
Software	47	35	14	34.3	235.7
Acquisition costs – insurance activities	90	37	87	143.2	3.4
Financial expenses	90	91	59	(1.1)	52.5
Other	114	55	53	107.3	115.1
Total other expenses	680	512	312	32.8	117.9
Total operating expenses	**1,630**	**1,233**	**747**	**32.2**	**118.2**

Appendices

Appendix 4 – Definitions

Adjusted common equity	Tier 1 equity less preference share capital less the tangible component of investment in subsidiaries.
Adjusted common equity ratio	Adjusted common equity divided by total assessed risk, as defined by APRA.
Basic shares	Ordinary shares on issue.
Basis points (bps)	A "basis point" is 1/100th of a percentage point.
Cash earnings per share	Adjusts the earnings per share ratio by adding back Promina acquisition items to profit.
Cash return on average shareholders' equity	Adjusts the return on average shareholders equity by adding back Promina acquisition items after tax to profit. The accumulated after tax impact of Promina acquisition items is also added back to shareholders' equity.
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA.
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business.
Cost to average total banking assets ratio	Operating expenses of the Banking business divided by average total Banking assets as shown in the average Banking balance sheet. The ratio is annualised for half years.
Cost to income ratio	Operating expenses of the Banking business divided by total income from banking activities.
Business Banking	Commercial banking, agribusiness, property investment, development finance and equipment finance.
Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial years.
Diluted shares	Comprises ordinary shares, partly paid shares, non-participating shares and outstanding options. Preference shares are not dilutive for the purpose of the earnings per share ratios as they cannot convert to ordinary shares until September 2011 and their dividends exceed the basic earnings per share. Weighted average shares are calculated in accordance with accounting standard AASB 133 *Earnings per Share* and excludes treasury shares and options where the exercise price exceeds the market price.
Effective tax rate	Income tax expense divided by operating profit before tax.
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.
Expense ratio	The percentage of the net earned premium that is used to pay all the costs of acquiring (including commission), writing and servicing the General Insurance business.

Appendix 4 – Definitions continued

Fire brigade charge (FBC) / Fire service levy (FSL)	The expense relating to the amount levied on policyholders by insurance companies as part of premiums payable on policies with a fire risk component, which is established to cover the corresponding fire brigade charge/service levy which the Group will eventually have to pay.
Funds under administration	Funds where Asteron and New Zealand Guardian Trust receive a fee for the administration of an asset portfolio.
Funds under management	Funds where Suncorp Investment Management or Tyndall has been appointed as the investment manager for both internal Group funds and external funds.
Funds under supervision	Funds where New Zealand Guardian Trust receives a fee for acting as a custodian or for providing corporate trustee services.
General Insurance – commercial	Commercial products consist of commercial motor, aviation, home owners' warranty, marine, construction and engineering, property, liability, professional indemnity, industrial special risk, corporate property, motor dealers and workers' compensation.
General Insurance – personal	Personal products consist of home, motor, compulsory third party, travel, consumer credit, deposit power, loan protection, and rental bond.
Gross non-performing loans	Gross impaired assets plus past due loans.
Insurance trading ratio	The insurance trading result expressed as a percentage of net earned premium.
Life insurance policy owners' interests	Amounts due to an entity or person who owns an insurance policy. This need not be the insured. This is distinct from shareholder's interests. Policy owners' interests are excluded from the Wealth Management section of the Analysts Pack.
Life risk inforce annual premiums	Total annualised statistical premium for all business inforce at the disclosure date (including new business written during the period.)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period.
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consist of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities.
Net interest margin	Net interest income divided by average interest earning assets.
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities.
Net tangible asset backing – basic	Shareholders' equity attributable to members of the Company less intangibles divided by ordinary shares at the end of the period adjusted for treasury shares.
Net tangible asset backing – diluted	Shareholders' equity attributable to members of the Company, plus outstanding options, less intangibles divided by diluted shares at the end of the period adjusted for treasury shares.

Appendix 4 – Definitions continued

Payout ratio – basic	Total after tax dividends and distributions on ordinary and preference shares which relate to the period divided by operating profit after tax. Ordinary shares are adjusted for treasury shares.
Payout ratio – diluted	Diluted shares at the end of the period multiplied by ordinary dividend per share for the period divided by operating profit after tax dividends. Diluted shares are adjusted for treasury shares.
Retail Banking	Home, personal and small business loans, savings and transaction accounts.
Return on average risk weighted assets	Banking operating profit after tax (based on assumed tax rate of 30%) divided by average risk weighted assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on average total assets	Operating profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on average shareholders' equity – basic	Operating profit after tax divided by adjusted average ordinary shareholders' equity. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on average shareholders' equity – diluted	Operating profit after tax divided by adjusted average ordinary shareholders' equity. The ordinary shareholders' equity includes funds generated on outstanding options. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on equity – Banking	Operating profit after tax (based on an estimated tax rate of 30%) divided by adjusted average shareholders' equity. The equity base is adjusted by deducting investment in non-banking subsidiaries and adding the notional reallocation to reflect the Bank's calculated share of Group subordinated debt and preference shares. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on equity – General Insurance	Operating profit after tax (based on an estimated tax rate of 30%) divided by adjusted average shareholders' equity. The equity base is adjusted by deducting outside equity interests and deducting the notional reallocation to reflect the General Insurer's calculated share of Group subordinated debt and preference shares. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on equity – Wealth Management	Operating profit after tax divided by average shareholders' equity. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Risk weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA.
Total assessed risk	Risk weighted assets, off balance sheets positions and market risk capital charge.
Wealth Management	Life insurance, superannuation administration services, funds management, financial planning and funds administration.

	HALF YEAR ENDED DEC-07 NO. OF SHARES	JUN-07 NO. OF SHARES	DEC-06 NO. OF SHARES

Appendix 5 – Ratio calculations

Earnings per share

	DEC-07 NO. OF SHARES	JUN-07 NO. OF SHARES	DEC-06 NO. OF SHARES
Denominator			
Weighted average number of shares:			
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	922,417,974	766,656,997	576,662,441

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M
Numerator			
Earnings:			
Reconciliations of earnings used in calculating earnings per share:			
Net profit	382	537	527
Earnings used in calculating basic and diluted earnings per share	382	537	527

Return on average shareholders' equity – basic

Numerator

Earnings for return on average shareholders' equity – basic is as per "earnings per share" information above.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M
Denominator			
Adjusted average shareholders' equity:			
Opening total equity	12,391	4,876	4,435
Less minority interests	(1)	-	-
Opening adjusted equity	12,390	4,876	4,435
Closing total equity	12,385	12,391	4,876
Less minority interests	(3)	(1)	-
Closing adjusted equity	12,382	12,390	4,876
Average adjusted equity	**12,386**	**8,633**	**4,656**

Return on average shareholders' equity – diluted

Numerator

Earnings for return on average shareholders' equity – diluted is as per "earnings per share" information above.

	HALF YEAR ENDED DEC-07 $M	JUN-07 $M	DEC-06 $M
Denominator			
Adjusted average shareholders' equity:			
Opening total equity	12,391	4,876	4,435
Less minority interests	(1)	-	-
Plus funds generated on outstanding options	-	-	5
Opening adjusted equity	12,390	4,876	4,440
Closing total equity	12,385	12,391	4,876
Less minority interests	(3)	(1)	-
Closing adjusted equity	12,382	12,390	4,876
Average adjusted equity	**12,386**	**8,633**	**4,658**

Appendix 5 – Ratio calculations continued

Group allocation of capital for diluted return on average shareholders' equity calculations

The following table reconciles the equity base per the balance sheet of each business line to the Group equity. In addition, it shows the adjustments made to the equity base for the purposes of the diluted return on equity calculations and the net profit which is the numerator for the calculation.

	AS AT 31 DECEMBER 2007					
	BANKING $M	GENERAL INSURANCE $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATION $M	TOTAL $M
Reconciliation of net profit after tax for diluted return on average shareholders' equity calculations						
Profit before tax	307	172	125	5	(119)	490
Less tax expense	(92)	(29)	(21)	(2)	38	(106)
Net profit	215	143	104	3	(81)	384
Reconciliation of average adjusted equity for diluted return on average shareholders' equity calculations						
Opening adjusted equity June 2007:						
Opening total equity	11,662	3,056	839	417	(3,583)	12,391
Adjustment for investment in subsidiaries	(9,704)	-	-	-	9,704	-
Notional reallocation of subordinated debt and preference shares (1)	547	(547)	-	-	-	-
Adjusted opening equity	2,505	2,509	839	417	6,121	12,391
Closing adjusted equity December 2007:						
Closing total equity	11,846	2,881	848	473	(3,663)	12,385
Adjustment for investment in subsidiaries	(9,706)	-	-	-	9,706	-
Notional reallocation of subordinated debt and preference shares (1)	901	(901)	-	-	-	-
Adjusted closing equity	3,041	1,980	848	473	6,043	12,385
Adjusted average equity	2,773	2,245	844	445	6,082	12,388
Diluted return on average shareholders' equity	15.4%	12.6%	24.5%	n/a	n/a	6.1%
June 2007						
Subordinated debt and preference shares on issue	1,342	1,004	-	-	-	2,346
Add back currency revaluations and mark to market	120	13	-	-	-	133
Notional reallocation of subordinated debt and pref shares	(547)	547	-	-	-	-
Balance used for allocation of servicing charge	915	1,564	-	-	-	2,479
December 2007						
Opening balance subordinated debt and preference shares	1,342	1,004	-	-	-	2,346
Subordinated debt issued	738	-	-	-	-	738
Subordinated debt redeemed	-	-	-	-	-	-
Change in book value	9	(23)	-	-	-	(14)
Closing balance subordinated debt and preference shares	2,089	981	-	-	-	3,070
Add back currency revaluations and mark to market	111	18	-	-	-	129
Notional reallocation of subordinated debt	(901)	901	-	-	-	-
Balance used for calculation of capital funding	1,299	1,900	-	-	-	3,199

(1) The Group notionally allocates subordinated debt and preference shares classified as debt between Banking and General Insurance based on their relative shares' of Group regulatory capital. This results in a notional allocation from the Bank to General Insurance as the Bank physically carries all preference shares and the subordinated debt of the Group except for $981 million in General Insurance. The notional allocation adjusts the "free capital" of the business lines. The capital funding expense shown in General Insurance for the current half year reflects its calculated share of Group subordinated debt and preference shares.

	HALF YEAR ENDED DEC-07	JUN-07	DEC-06
Appendix 6 – Details of share capital			
Ordinary shares each fully paid			
Number at the end of the period	931,078,475	924,894,058	565,706,921
Dividend declared for the period (cents per share)	52	55	52
Preference shares (classified as liability) each fully paid			
Number at the end of the period	1,440,628	1,440,628	1,440,628
Dividend declared for the period ($ per share) (1)	2.55	2.51	2.80
Non-participating shares fully paid			
Number at the end of the period	2,000	2,000	2,000

(1) Classified as interest expense.

Appendices

Appendix 7 – Key dates

Ordinary shares (SUN)

2008	
Interim dividend	
Ex dividend date [2]	4 March
Record date	11 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)

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]	4 March
Record date	11 March
Dividend payment	14 March
Ex dividend date [2]	29 August
Record date	4 September
Dividend payment	15 September

Results announcements

2008	
Interim Results and interim dividend announcement	28 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.