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SUNCORP RECORDS 16% NPAT INCREASE, CONFIRMS FULL-YEAR PROFIT OUTLOOK

KEY POINTS

- 16.1% NPAT increase to \$527 million.
- On track to achieve full-year profit outlook.
- Bank profit contribution before tax up 13.3% to \$289 million.
- General insurance half-year profit before tax up 16.1% to \$383 million.
- Wealth management profit before tax of \$54 million, an increase of 28.6% on the first half result last financial year.
- Ordinary interim dividend payment of 52 cents per share fully franked, up from 47 cents per share for the first half last financial year.
- Entitlements issue to be launched for shareholders in March subject to the Promina merger being completed.

Leading diversified financial services group Suncorp today reported net profit after tax (NPAT) growth of 16.1% for the half-year to 31 December 2006 and confirmed the company was on track to achieve its full-year profit outlook.

Suncorp delivered its NPAT of \$527 million (1H06: \$454 million) despite continuing intense competition in the financial services sector. Other highlights of the result included:

- Bank profit contribution before tax up 13.3% to \$289 million (1H06: \$255 million), underpinned by continued growth momentum, strong retail deposits performance, an improved cost to income performance and sound asset quality.
- General insurance half-year profit before tax of \$383 million (1H06: \$330 million) with an insurance trading ratio (ITR) of 21% (1H06: 19.3%), well above the company's long term 11 to 14% target range.
- Wealth management profit before tax of \$54 million (1H06: \$42 million), an increase of 28.6%.
- An ordinary interim dividend payment of 52 cents per share (1H06: 47 cents per share), up 10.6% on the prior corresponding period.

Chairman John Story said Suncorp's result for the six months to 31 December 2006 confirmed it was on track to deliver to its outlook and guidance for the full-year.

"I would like to acknowledge the combined efforts of the Board, executive team and Suncorp employees in delivering another strong result that again provides excellent shareholder returns," Mr Story said.

"It has allowed the Board to increase the first half ordinary dividend by 10.6% to 52 cents per share and confirms the company is on track to deliver its full-year forecast of 10% profit before tax and bad debts within the Bank and 16 to 19% ITR for the general insurance business."

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John Mulcahy, Suncorp's chief executive, said the first half result had been secured by the company's measured and disciplined response to continued intense competition across all of Suncorp's businesses.

"This result is particularly pleasing because the intense competition that has been a feature across the banking, insurance and wealth management industries since mid-2005 shows no signs of letting up," he said.

"Despite this, we have protected our franchise by responding to the growth challenge in a measured and disciplined manner and not compromising our fundamentals around credit and risk."

Promina merger

Mr Mulcahy said Suncorp's result for the six months to 31 December 2006 reinforced the strategic rationale of the Promina merger proposal.

"When viewed together the reports of Suncorp and Promina provide an insight into the great opportunities that underpin our merger proposal for shareholders, customers and employees of both companies," Mr Mulcahy said.

"The strong results of both companies reinforce our vision to bring together two highly complementary businesses to create the leading diversified financial services organisation in Australia and New Zealand."

Mr Mulcahy also said shareholders would be given the opportunity to invest in Suncorp's future growth through the launch of a \$1.15 billion entitlements offer in March subject to the Promina merger being completed.

"The merged company will have the scale, product set and distribution capabilities to take advantage of a much greater range of growth opportunities. Shareholders that want to share in Suncorp's future growth will be given the opportunity to do so through an entitlements issue planned for mid-March."

The next significant event in the merger timetable is the Promina shareholders' vote at a Scheme meeting to be held on 5 March.

ENDS

For more information, analysts/investors should contact:

Steve Johnston – 0434 600 351 Karen Cush – 0404 881 517

Media enquiries should be directed to:

Jamin Smith – 0409 170 035