Announcement of Consolidated Financial Results

for the year ended 30 June 2007

Release date 27 August 2007

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

Announcement of Consolidated Financial Results

for the year ended 30 June 2007

Release date 27 August 2007

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

Investor Relations
Steve Johnston
General Manager, Communications,
Investor & Government Relations
Telephone: (07) 3835 5769
Fax: (07) 3832 5139
Email: steve.johnston@suncorp.com.au

Registered Office
Level 18, 36 Wickham Terrace
Brisbane Qld 4000
Mailing address: GPO Box 1453, Brisbane Qld 4001
Telephone: (07) 3835 5355
Fax: (07) 3836 1190
Internet: www.suncorp.com.au

Merger with Promina Group Limited

The 30 June 2007 results for Suncorp-Metway Ltd incorporate the results of Promina Group Limited from the date of acquisition being 20 March 2007.

The Promina General Insurance results since the acquisition date are incorporated in the General Insurance section and the Promina Financial Services result is included in the Wealth Management section.

Throughout the pack the following columns have been used:

- June 2007 represents the consolidated results including Promina profit post acquisition.
- The "SUN" column represents the results of the Suncorp businesses, before the consolidation of Promina and acquisition accounting entries.

In addition a separate section ("Review of Promina operations") contains full period results of Promina.

Basis of Preparation

The basis of preparation of the current period financial performance information for Suncorp-Metway Ltd (Suncorp) is consistent with and comparable to historical financial performance information presented in this and prior period Financial Results. The 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.

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 (subject to stock exchange 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 Full Year Results 2007

- Group net profit after tax (NPAT) of $1,064 million (including net contribution from Promina)
- Suncorp NPAT increased 13.5% to $1,040 million
- Suncorp underlying profit of $1,149 million, an increase of 10.3%
- Cash earnings per share for the full year 170.0 cents per share
- Final ordinary dividend of 55 cents, fully franked, bringing the full year ordinary dividend to 107 cents, an increase of 10.3%
- $55 million annualised synergies locked in, at the date of this report

	Jun-07 $m	Year Ended Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Profit Overview					
Banking	569	569	506	12.5	12.5
General Insurance	835	706	691	20.8	2.2
Wealth Management	229	182	151	51.7	20.5
LJ Hooker and other	33	14	13	153.8	7.7
Consolidation	(14)	(14)	(15)	(6.7)	(6.7)
Profit before tax and Promina acquisition items	1,652	1,457	1,346	22.7	8.2
Amortisation of Promina acquisition intangible assets	(141)	-	-	n/a	n/a
Integration costs	(60)	(35)	-	n/a	n/a
Transaction costs	(17)	(17)	-	n/a	n/a
Deferred acquisition cost adjustment on consolidation	119	-	-	n/a	n/a
Alignment of outstanding claims valuations	(10)	105	-	n/a	n/a
	1,543	1,510	1,346	14.6	12.2
Tax	(479)	(470)	(430)	11.4	9.3
Net profit	**1,064**	**1,040**	**916**	**16.2**	**13.5**
Underlying profit	**n/a**	**1,149**	**1,042**	**n/a**	**10.3**

Review of consolidated operations

Except where otherwise stated, all figures relate to the full year ended 30 June 2007. Comparatives are for the full year ended 30 June 2006.

Group Overview

Review of Operations

- On a consolidated basis Suncorp has reported a 16.2% increase in net profit after tax (NPAT) to $1,064 million for the year to June 2007.
- Profit before tax and Promina acquisition items (PBT) increased by 22.7% on a consolidated basis to $1,652 million.
- On a stand-alone basis Suncorp reported an 8.2% increase in profit before tax and Promina acquisition items for the year to June 2007.
- Underlying profit, which excludes one-off items and investment income on shareholder funds, increased by 10.3% on a stand-alone basis to $1,149 million.
- The strength of the result allowed the Board to declare a final ordinary dividend of 55 cents per share, fully franked, taking the full year ordinary dividend to 107 cents per share, an increase of 10.3% for the full year.
- On March 20, Suncorp-Metway Limited (Suncorp) completed the merger with Promina Group Limited (Promina) for $7,908 million satisfied by $1,896 million cash and the issue of 280,279,063 shares in Suncorp-Metway Ltd at a fair value of $21.45 per share based on the share price at the date of the merger.
- In order to complete the transaction Suncorp successfully undertook an entitlement offer where eligible shareholders could elect to receive two Suncorp shares for each fifteen they owned, at the offer price of $15.50 per share.
- The entitlement offer resulted in the transfer of 75,425,643 fully paid ordinary shares to eligible shareholders under Institutional and Retail offers.
- Cash earnings per share on a fully diluted basis was 170.0 cents for the full year.
- The **Banking** division performed strongly in a highly competitive market, achieving a forecast 10% increase in profit before tax and bad debts. The result was underpinned by strong receivables growth, cost control and disciplined credit practices.
- In **General Insurance**, consolidated profits before tax of $835 million demonstrate the momentum of both the Suncorp and Promina businesses has been maintained despite the finalisation of the merger and commencement of the integration process. The strong profit outcome was achieved despite the costs associated with the New South Wales (NSW) storms in June 2007 which impacted most brands.
- **Wealth Management** contributed consolidated profit before tax of $229 million. This outstanding result reflects increased new business flows arising from changes to Superannuation laws, improved retention and continuing favourable equity markets.

Operational Highlights

The results across all businesses confirm:

- The continued strong organic, stand-alone, performances of each of the Suncorp businesses, despite increasing competition across the board.
- The challenges associated with completing the merger with Promina and the commencement of integration have not distracted the business, nor provided market opportunities for Suncorp's competitors.
- The strategic fit of the Suncorp and Promina businesses and the opportunity that exists in bringing together the best of both organisations into the "new" Suncorp.

The major operational highlights in the year to June 2007 were:

- In **Banking**, net profit before tax grew by 12.5% to a record $569 million.
- The Bank responded to a period of intense price-led competition in a disciplined manner – tactically managing price and volume, keeping costs under control and maintaining tight credit standards.
- Total revenue increased by 7.6%, made up by strong growth in lending volumes in home loans, consumer lending and across the business bank's six lending portfolios.
- The Bank continued to capitalise on its strong brand and commitment to customer service driving growth through new business and improved retention rates.
- Banking customer satisfaction, as measured by Roy Morgan Research Pty Ltd, has continued to increase over the year, from 76.2% at June 2006 to 79.7% at June 2007 (based on a six month moving average).
- The Bank's direct distribution capability, highly concentrated in Queensland, continues to underpin receivables growth in that State with growth of 13.3% in home lending and 16.8% in business lending.
- The strategy of optimising its distribution by working with financial intermediaries and expanding its Business Banking presence has allowed the Bank to build a solid national lending footprint and capture growth in states such as Western Australia (WA), where economic conditions remain favourable.

Review of consolidated operations continued

- Overall lending growth continued its momentum, increasing by 18.2% for the year, ahead of lending growth rates over the same period.
- Retail funding, where competition and product innovation are most apparent and recent changes to Superannuation laws have had an impact, increased by 13.3% to $19.2 billion.
- The net interest margin contracted by 12 basis points from June 2006, reflecting tactical pricing offers in response to increased competition and the previously flagged repricing of the large development finance portfolio. This outcome was also supported during the course of the year by the excess capital position held pending the finalisation of the Promina transaction.
- Credit quality remains sound overall with gross impaired assets of $157 million representing just 0.34% of total gross loans, advances and other receivables.
- Impairment losses of $25 million for the year to June 2007 benefited from a downward revision to collective provision estimates as the Bank refined its valuation methodology with the inclusion of additional loan loss data.
- In **General Insurance**, pre-tax profit on a consolidated basis was $835 million for the year to June 2007.
- Both the Suncorp and Promina general insurance businesses maintained their momentum throughout the period despite the completion of the merger and commencement of the integration.
- Promina's general insurance contribution before tax and merger related items was $129 million.
- The **Suncorp** general insurance business continues to be profitable across all classes of business - benefiting from tort law reforms, management initiated claims cost projects and risk selection strategies which are having a material effect on underlying profitability.
  - The insurance trading result for Suncorp (excluding Promina) was $500 million, or 19.6% of net earned premium, above Suncorp's forecast 16% – 19% ITR for the year, despite the impacts of the New South Wales June 2007 storm event.
  - As forecast, the highly competitive operating environment and continuing pressure on premium rates, particularly in compulsory third party (CTP) and commercial liability portfolios, impacted on overall GWP growth resulting in GWP being flat when compared to the prior year.
  - Short tail claims expenses have seen significant improvements as the benefits of the claims cost reduction projects and improved risk selections flow through. This has contributed an ITR in short tail classes of 5.8% including the New South Wales storm event.
  - While the result was heavily impacted by the New South Wales storms, which cost $100 million (net of reinsurance recoveries), the portfolio benefited from a relatively stable claims environment over the year.
  - In long tail classes, favourable claims experience continues and valuation actuaries have placed increased weighting on the sustainability of the benefits from legislative reforms. This has resulted in full year net central estimate releases totalling $300 million, contributing to an insurance trading ratio in long tail classes of 44.6%.
  - Further underscoring the conservative nature of Suncorp's provisioning, a level of sufficiency of approximately 94% has been maintained, resulting in risk margins as a percentage of the net central estimate now 25%.
  - The merger with Promina has enabled Suncorp to realise $105 million in diversification benefits following a review of the outstanding claims liabilities for the merged group. This has been offset by the Group's decision to increase Promina risk margins in order to align the level of sufficiency to approximately 94%.
- The **Promina** general insurance business has performed strongly throughout the year with overall GWP growth of 4.3%.
  - The insurance trading result was $366 million representing an insurance margin of 11.5%, in line with expectations provided by Promina of 10%+.
  - Personal lines recorded strong GWP growth of 7% to $2,546 million driven by high brand awareness, attractive pricing and cross selling campaigns.
  - Despite soft market conditions Commercial lines GWP declined only 1.9% as a result of adhering to a strategy of maintaining technical pricing in order to achieve profitability ahead of premium growth.
- The **Suncorp** wealth management business reported a post tax contribution of $91 million, an increase of 28.2% on the prior year.
  - Funds under administration grew 23% to $6.3 billion underpinned by solid investment earnings and net inflows.
  - New business sales increased substantially both in life risk and retail investment due to increased volumes and retention rates in most products.
  - Solid investment management was again a feature, with the Australian equities and cash portfolios achieving 1st quartile returns over 1, 3 and 5 years as measured by Intech's Growth fund survey.

Review of consolidated operations continued

- The **Promina** wealth management business delivered a result of $150 million post tax, an increase of 19% due to its continued focus on the delivery of superior customer experiences both in the advisor network and for the ultimate end customer.
  - Life risk new business sales in Australia and New Zealand increased 4.9% on the prior year. This result was driven by product enhancement and positive brand sentiment.
  - Funds under management and funds under administration reported strong increases for the year to June 2007 due to investment returns.

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 the unique diversified business mix to deliver consistent strong returns. The immediate focus is creating a platform for achieving the vision through strong organic growth whilst delivering on the targeted benefit from integrating the two businesses.

Suncorp's unique business model allows it to gain a high level of insight into its customers needs across the spectrum of financial service solutions. This enables the Group to capitalise on logical cross-sell opportunities and has contributed to Suncorp maintaining its lead against competitors with 2.97 products per customer as at June 2007.

Other examples include:

- Penetration of Suncorp's personal loan base with consumer credit insurance has increased to 77% at June 2007 (from 72% at June 2006).
- The General Insurance to Retail Bank call centre referral program has achieved over 20,000 product referrals in the year to June 2007, with a conversion to sale ratio of approximately 36%.
- A customer offer combining term lending with commercial insurance for Property Investment and Commercial Banking customers has resulted in 13% of all new business sales in these two segments including both a loan and insurance (year to June 2007).

Suncorp continues to embed customer led design principles across each line of business. These principles, including putting the customer at the centre of everything we do and being attuned to the impact decisions may have on customers, have resulted in continuing improvements in customer satisfaction results in the Retail Bank as measured by Roy Morgan Research Pty Ltd.

Integration with Promina

Following the completion of the merger on 20th March 2007 the Group developed a clear plan for the integration of Suncorp and Promina to ensure the combined organisation maximised the benefits flowing through from the transaction.

Key milestones to date include the announcement of executive appointments for the top two layers of management, establishment of the vision and purpose for the new Suncorp and agreed high level business model and synergy principles to guide the design of business models and structures.

Quick win teams were put in place to identify synergy benefits that were not dependent on the development of the business model. Suncorp has already locked in $55 million in annualised synergy benefits of which $41 million relates to the Group's combined reinsurance program and $14 million savings in head office costs and other operational efficiencies.

Outlook

At the **macro** level, it is likely the Reserve Bank will continue to use monetary policy as a means of addressing inflationary pressures in the Australian economy. Accordingly, we would expect this to have a moderating impact on credit formation, particularly in the retail mortgage market. While this may also have a flow on effect to the levels of non-performing loans, because of our robust loan to value ratios we do not believe this will translate into a material increase in loan loss expense.

While we have no direct exposure to the sub-prime mortgage markets in the U.S, the secondary impact of tightening liquidity in global debt markets and widening credit spreads could have an impact on credit markets in Australia. We believe we are well positioned to manage through such a scenario effectively.

The dislocation in the credit markets has also had a flow on impact to the equity markets. We have equity exposure in both General Insurance Shareholder Funds and Life Company Shareholder Funds. However, these portfolios are held for the long term and we continue to have confidence in the long term direction of the equity markets and are not concerned by short term volatility.

In **Banking**, we will continue to balance price and volume to grow the overall portfolio at, or slightly above, system rates. We aim to achieve superior profitability at these levels by leveraging our areas of specialty lending such as development finance as well as capitalising on our strong brand and distribution footprint in the growth state of Queensland. Assuming no major changes in underlying market conditions we would expect to grow banking profit before tax and bad debts by approximately 10% for the year. Given an increased investment in people capability, particularly in the Business Bank, and increased regulatory compliance costs, it is likely that the make-up of profit before tax and bad debts will feature higher revenue and cost growth than has previously been the case.

Review of consolidated operations continued

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

Offsetting this to some extent will be continued premium reductions in CTP and other personal injury classes. In Queensland, a decision by the CTP regulator to implement a $28 reduction in ceiling price for the July quarter will result in an estimated $33 million impact on overall GWP premium on the combined Suncorp and AAMI Queensland CTP books. We also expect pricing in commercial lines to remain soft, at least in the short term.

With respect to short tail claims expense, we expect further improvements in claims management and risk selection to be driven through the integration process, with considerable opportunity existing across all brands under a "best of the both" approach. While there is considerable discussion about the link between recent major storm activity and the broader climate change debate, Suncorp will continue to enhance its risk-based pricing engines to ensure it is appropriately pricing for risk across the portfolio.

In long tail classes, we anticipate the potential and size of releases will moderate over time as underlying valuation parameters align with premium prices. However, assuming current claims trends continue we expect they will still make a material contribution to profit in the year to June 2008, although not necessarily at the same level as that reported in the year to June 2007.

Taking all these factors into account we expect that for the year to June 2008 we will achieve the previously stated guidance for both the Suncorp GI business (ITR 16% to 19% excluding major weather events) and Promina GI business (ITR 10+%, excluding major weather events) resulting in an ITR for the merged group in the range of 13% to 16%, excluding any major weather event.

Beyond the ITR it is expected that contributions from Joint Venture partners will not be as strong as in the year to June 2007, which benefited from favourable releases from prior year CTP provisions in RACQi. We also expect that managed fee income will moderate somewhat under new contractual arrangements.

In **Wealth Management** we anticipate continued growth in Funds under Administration through increased sales and customer retention. Sales growth will continue to be supported by leveraging our banking and general insurance customer bases for wealth management solutions.

On an underlying basis, which excludes investment returns on shareholder funds, we expect to achieve profit growth of greater than 10% in the Wealth Management business.

A review of the Group's **capital** structure is being undertaken following the merger with Promina in order to optimise the Group's capital potential. This project, which needs to be undertaken in consultation with Rating Agencies, is expected to be completed during the June quarter of 2008. The Group's capital strategy will also take into account overall operating conditions (including any major weather events) and the long term impact of investment market volatility on the Group's shareholder fund portfolios. Accordingly, we expect the Group will be well placed to consider its capital management options by the end of June 2008.

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

Promina acquisition

On 20 March 2007, Suncorp acquired all the shares in Promina Group Limited ("Promina") for $7,908,406,464, satisfied with $1,896,420,563 in cash (including transaction costs) and the issue of 280,279,063 shares in Suncorp-Metway Ltd, at a fair value of $21.45 per share, based on the share price at the date of acquisition. The cost of the acquisition includes directly attributable costs including consultancy, legal, accounting and other professional fees.

The principal activities of Promina are underwriting of general and life insurance businesses and the investment and administration of insurance and non-insurance funds.

Part of the consideration was funded through a 2 for 15 entitlements offer with those entitlements not taken sold through subsequent bookbuilds.

Shares transferred under the institutional component of the offer at $15.50 per share	21,855,861
Shares transferred under the first bookbuild at $20.50 per share	1,117,034
Shares transferred under the retail component of the offer at $15.50 per share	36,230,595
Shares transferred under the second bookbuild at $20.60 per share	16,222,153
Total shares offered	75,425,643

Promina acquisition continued

The acquisition had the following effect on the Group's assets and liabilities:

	Pre-acquisition carrying amounts $m	Recognised values on acquisition $m
Assets		
Cash and cash equivalents	240	240
Financial assets at fair value through profit and loss	9,191	9,191
Loans, advances and other receivables	726	726
Reinsurance and other recoveries	768	768
Deferred insurance assets	356	76
Investments in associates and joint ventures	96	206
Property, plant and equipment	70	70
Deferred tax assets	93	166
Investment properties	6	6
Intangible assets		
Goodwill	281	4,005
Brands	-	660
Value of in-force customer contracts	-	652
Customer relationships	-	196
Distribution relationships	-	433
Outstanding claims liabilities intangible	-	187
Software	9	228
Other assets	145	145
Total Assets	11,981	17,955
Liabilities		
Payables and other liabilities	777	777
Current tax liabilities	16	16
Employee benefit obligations	77	77
Deferred tax liabilities	181	556
Unearned premium liabilities	1,709	1,709
Outstanding claims liabilities	2,933	2,933
Life insurance policy liabilities	3,141	3,141
Unvested policy owner benefits	19	19
Financial liabilities	810	810
Total Liabilities	9,663	10,038
Net identifiable assets and liabilities	2,318	7,917
Less: amount attributable to minority interests		9
Net identifiable assets and liabilities attributable to Suncorp		7,908
Consideration paid in cash (including transaction costs)		1,896
Cash acquired		(240)
Net cash outflow		1,656

Promina acquisition continued

The following methods and key assumptions were used in determining the values of assets and liabilities acquired where the fair values differed from the recognised values in Promina's financial statements.

Investments in associates and joint ventures

Investments in the RACI and NTI joint ventures have been valued using a discounted cash flow method.

Brands

Fair value of brands has been determined using the relief from royalty method except for the Promina brand which has been valued on replacement cost basis. In determining the value of brands royalty rates have been determined based on the strengths of each brand and its importance to the customers' purchasing decisions. Royalty rates have been applied to net earned premiums for insurance brands and total revenues for financial services brands. Premium and fee income forecasts are based on management projections for the first three years and then long-term growth rates.

Value of in-force customer contracts

The fair value of in-force business has been determined based on expected profit that will emerge from the block of in-force business as it matures and all claims are paid. In the general insurance businesses the in-force value relates to the unearned premium. Unearned premium has been calculated as net unearned premium, less deferred acquisition costs, less fire services levy. Claims cost has been calculated as fair value of unexpected risk including claims handling expenses, less bound business, less reinsurance premiums payable. In the life insurance business, the in-force business is the future premiums and profits from existing policies, calculated as value of business in-force plus adjusted net worth less net tangible assets.

Customer Relationships

Future profit on customer relationships has been valued using the income approach, based on the present value of future profits expected to arise from existing customer relationships. Premium/fee income and margin forecasts are based on management projections for the first three years and then a long term growth rate. Useful life and lapse rate assumptions for the existing customer base have been determined based on historical lapse rate information for each business.

Distribution Relationships

Distribution relationships have been valued using the income approach representing the present value of future earnings expected to be generated by the existing distribution channels. The expected life of various categories of brokers have been determined based on an analysis of the length of the historical relationships with the various categories of broker, the relative strength of perceived relationships and the level of competition for broker relationships.

Software

Software has been valued using the replacement cost approach.

General Insurance Outstanding Claims Liabilities

The fair value of the outstanding claims liabilities has been determined using a market assessed risk margin. However, the value of general insurance claims reserves recognised on acquisition has been determined using a risk margin consistent with Suncorp's policy with an offsetting intangible also recognised, which gives a net balance which is equivalent to the fair value based on market assumptions.

Goodwill

Goodwill arose in the business combination as the consideration paid for the combination effectively included amounts in relation to the skills and talent of the acquired business workforce, the benefit of expected head office and operational synergies, revenue growth and future market development. Unlike other intangible assets relating to the merger, goodwill is not amortised.

Due to the complexity and timing of this acquisition, the fair values currently established are provisional and are subject to further review during the year ending 30 June 2008.

The amortisation of identifiable intangible assets will vary over time because of different amortisation profiles for the assets. An indicative amortisation profile is as follows:

2007 (Post Acquisition) $m	2008 $m	2009 $m	2010 $m	2011 $m	**Total Post 2011** $m
141	364	254	218	160	1,262

Integration with Promina

A clear plan has been developed for the Integration of Suncorp and Promina which will ensure the combined organisation maximises the benefits flowing from the transaction. The approach is underpinned by a set of Integration Principles which have been agreed by the Group Executives to govern and guide all Integration-related activity. Principles include:

- Decisions will be fact-based and transparent
- Taking the best from both organisations
- Seeking to enhance the customer experience
- Optimising the outcomes of Business as Usual and Integration
- Remaining committed to our desired end state business mode

The three phases of Integration are outcome focused and have been designed to ensure Suncorp delivers its synergy targets and ongoing competitive advantages.

PHASE 1: Understanding the combined businesses	PHASE 2: Design and agree a program of work	PHASE 3: Implement agreed changes
March – July 2007	August – November 2007	November 2007 –
▪ Develop a deep understanding of the combined Group ▪ Integration milestones and deliverables set ▪ Some 'Quick Wins' realised	▪ Joint integration teams undertake design of initiatives to realise synergy benefits ▪ Prioritisation of the initiatives and budgets associated with their implementation ▪ Initiatives approved by Group Executives and the Board	▪ Implementation of initiatives ▪ Measurement and tracking of benefits from these initiatives ▪ Business Units will progress at different speeds

QUICK WINS

Immediately upon completion of the merger, joint teams were established to identify and realise synergy benefits that were not dependent on the development of the Group business model.

At the date of this report $55 million of annualised synergy benefits have been booked in two key areas:

- Combining the reinsurance programs of the two organisations to reduce the cost of reinsurance for the combined entity by $41 million.
- Eliminating duplication of roles at the Group Executive and Group Executive direct reports levels and other operating efficiencies achieving savings of $14 million.

These benefits are presented on an annualised basis and are not yet reflected in the results to 30 June 2007.

The original estimate of net synergies included a $10 million allowance for increased cost of funding for our banking operations. The experience to date with debt issues into Asia (March 2007) and a securitisation issue (May 2007) suggest there has been no increase in borrowing spreads as a direct consequence of the merger. In addition, following the completion of the merger, Standard and Poor's upgraded Suncorp's Group credit rating to A+ positive outlook.

While the quantum and rate of synergy realisation has exceeded the preliminary forecasts undertaken prior to the completion of the transaction, it is not possible to use this data to draw any conclusions about the overall quantum of synergies available to the merged group, and the timing of their realisation.

Suncorp still expects to incur a total of approximately $355 million of one-off integration costs in order to achieve annualised synergy benefits of $225 million but will rely on the detailed work being undertaken during the design phase of the Integration to provide the level of confidence necessary to accurately update the market.

As soon as this information is available Suncorp will provide an appropriate disclosure to the market in a reporting format that will remain consistent throughout the Integration.

This will include total expected synergies and costs and a breakdown by broad category.

Integration with Promina continued

PHASE 1: Understanding the combined businesses

MARCH

The merger between Suncorp and Promina was finalised on 20 March. Suncorp's new Group Executive team was announced on 29 March.

Since then much work has been done to develop a deeper understanding of the combined business.

APRIL

Following their appointments, the Group Executives came together to set the foundation for Integration. The team agreed Suncorp's purpose, vision, high level business model and synergy principles.

Purpose and Vision

The purpose and vision are simple statements which clearly express Suncorp's intention as an organisation. The purpose describes why Suncorp is in business and the vision is what Suncorp and Promina, as a combined organisation, aspire to achieve.

Purpose – 'we help people build and protect their dreams.'

Vision – 'to be the most admired financial services organisation in Australia and New Zealand.'

These statements are aspirational and align all teams across the Group to be striving toward a common goal.

High Level Business Model

The agreed high level business model has been used by each Business Unit to guide the development of individual business models and structures.

The high level business model aims to facilitate increased revenue through the development of better customer solutions more quickly. To do this efficiently businesses will drive down costs by taking advantage of increased scale and infrastructure of the combined Group, thereby enabling Suncorp to reinvest in its business. Solid frameworks and a strong culture of collaboration will allow the Group to deliver both efficiently.

Synergy Principles

The synergy principles will be used as a guide for all teams who will seek to take advantage of opportunities in the following areas:

- People – sharing of ideas and transferring capabilities across our businesses
- Customers – leveraging customer insights to drive brand performance across the Group
- Scale – this is about more than taking advantage of cost opportunities, it is about identifying where we can do something better in one place rather than in multiple places across the Group, and so creating a centre of excellence
- Multi-Brands – ensuring our brands can operate side by side and penetrate different customer segments

Quick Win teams established

Immediately following the announcement of the Group's high level business model, joint Quick Win teams were established to take advantage of synergies which were easy to identify and quick to implement. These synergies were independent of final Business Unit business models and structures.

MAY

Integration infrastructure delivered

In May the Integration Program Management Office (PMO) was established to oversee integration work. The PMO developed and tested a process for designing initiatives which will enable Suncorp to realise the benefits of the Integration across the combined Group.

JUNE

Integration teams appointed

In June over 40 integration leaders and integration coordinators (representing both Suncorp and the former Promina businesses) were appointed and trained to support Business Units during integration and to share responsibility for the delivery of integration outcomes.

JULY

Appointment of Group Executive direct reports

In June and July Group Executives appointed the next level of executives within their Business Units and defined their Business Unit business models and structures.

Business Unit Integration teams appointed

July also saw the appointment and training of joint integration teams within Business Units. Teams are represented by approximately 300 employees from across both Suncorp and former Promina businesses.

Integration with Promina continued

PHASE 2: Design and agree a program of work

AUGUST

From August until November, joint integration teams within and across Business Units will identify and design the initiatives Suncorp will need to implement to transform its business. It will mean drawing on the best practices of both Suncorp and Promina and will be an intense period of integration activity.

Contribution to profit by division
For the year ended 30 June 2007

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Banking					
Net interest income [1]	910	910	848	7.3	7.3
Non-interest income	163	163	149	9.4	9.4
Total income	1,073	1,073	997	7.6	7.6
Operating expenses	(479)	(479)	(460)	4.1	4.1
Impairment losses on loans and advances	(25)	(25)	(31)	(19.4)	(19.4)
Contribution before tax	569	569	506	12.5	12.5
General Insurance					
Gross written premium	3,790	2,686	2,691	40.8	(0.2)
Net earned premium	3,475	2,554	2,526	37.6	1.1
Net incurred claims	(2,159)	(1,570)	(1,633)	32.2	(3.9)
Operating expenses	(967)	(718)	(653)	48.1	10.0
Investment income – insurance funds	269	234	234	15.0	-
Insurance trading result	618	500	474	30.4	5.5
Managed schemes net income	22	25	26	(15.4)	(3.8)
Joint venture income	58	55	25	132.0	120.0
Investment income – Shareholder Funds	207	184	203	2.0	(9.4)
Contribution before tax and capital funding	905	764	728	24.3	4.9
Capital funding [1]	(70)	(58)	(37)	89.2	56.8
Contribution before tax	835	706	691	20.8	2.2
Contribution from Wealth Management before tax [2]	229	182	151	51.7	20.5
Other					
Contribution from LJ Hooker and other	33	14	13	153.8	7.7
Wealth Management consolidation adjustments [3]	(14)	(14)	(15)	(6.7)	(6.7)
Contribution before tax	19	-	(2)	(1,050.0)	(100.0)
Profit before tax and Promina acquisition items	1,652	1,457	1,346	22.7	8.2
Amortisation of Promina acquisition intangible assets [4]	(141)	-	-	n/a	n/a
Integration costs [5]	(60)	(35)	-	n/a	n/a
Transaction costs [6]	(17)	(17)	-	n/a	n/a
Deferred acquisition cost adjustment on consolidation [7]	119	-	-	n/a	n/a
Alignment of outstanding claims valuations [8]	(10)	105	-	n/a	n/a
	1,543	1,510	1,346	14.6	12.2
Income tax	(479)	(470)	(430)	11.4	9.3
Net profit	**1,064**	**1,040**	**916**	**16.2**	**13.5**
Underlying profit [9]	**n/a**	**1,149**	**1,042**	**n/a**	**10.3**

Notes:

(1) Includes interest revenue (Banking) and interest expense (General Insurance) on subordinated debt and preference shares allocated to General Insurance as described in Appendix 6.

(2) 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.

(3) 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.

(4) On merger the assets and liabilities acquired are recognised at their fair value, including intangible assets that were not previously recognised by Promina. These include brands, in-force contracts and distribution relationships.

(5) Integration costs are one-off costs associated with integrating Suncorp and Promina.

(6) Transaction costs are associated with completing the merger and do not relate to integration activity.

(7) 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 is reversed at the Suncorp Group level.

(8) Comprises net outcome of diversification benefits and the impact of aligning Promina's level of sufficiency with Suncorp's.

(9) Refer below for calculation of underlying profit.

Contribution to profit by division continued

For the year ended 30 June 2007

Reconciliation of underlying profit to profit before tax

	Full Year Ended Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 SUN %
Profit before tax and Promina acquisition items	1,457	1,346	8.2
General Insurance investment income – Shareholder Funds	(184)	(203)	(9.4)
Share of General Insurance investment income – joint venture Shareholder Funds	(12)	(11)	9.1
Wealth Management investment income	(31)	(29)	6.9
Profit contribution attributable to policy owners' interests	(77)	(68)	13.2
One-off items	(4)	7	(157.1)
Underlying profit	**1,149**	**1,042**	**10.3**

One-off items

	Full Year Ended Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 SUN %
One-off items included in profit before income tax are:			
Change in valuation methodology of Policy liabilities of unit linked statutory fund business	-	(2)	(100.0)
Change in valuation methodology of Banking collective provision	11	-	n/a
Corporate real estate	(7)	(5)	40.0
	4	(7)	(157.1)
The above items affect the following captions in the contribution to profit:			
Contribution from Wealth Management	-	(2)	(100.0)
Impairment losses on loans and advances	11	-	n/a
Operating expenses	(7)	(5)	40.0
	4	**(7)**	**(157.1)**

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %	Jun-07 vs Dec-06 SUN %
Contribution to profit by division								
For the half-year ended 30 June 2007								
Banking								
Net interest income [1]	456	456	454	426	422	7.0	7.0	0.4
Non-interest income	88	88	75	76	73	15.8	15.8	17.3
Total income	544	544	529	502	495	8.4	8.4	2.8
Operating expenses	(244)	(244)	(235)	(235)	(225)	3.8	3.8	3.8
Impairment losses on loans and advances	(20)	(20)	(5)	(16)	(15)	25.0	25.0	300.0
Contribution before tax	280	280	289	251	255	11.6	11.6	(3.1)
General Insurance								
Gross written premium	2,467	1,363	1,323	1,363	1,328	81.0	-	3.0
Net earned premium	2,186	1,265	1,289	1,261	1,265	73.4	0.3	(1.9)
Net incurred claims	(1,366)	(777)	(793)	(760)	(873)	79.7	2.2	(2.0)
Operating expenses	(621)	(372)	(346)	(339)	(314)	83.2	9.7	7.5
Investment income – insurance funds	157	122	112	103	131	52.4	18.4	8.9
Insurance trading result	356	238	262	265	209	34.3	(10.2)	(9.2)
Managed schemes net income	7	10	15	12	14	(41.7)	(16.7)	(33.3)
Joint venture income	25	22	33	15	10	66.7	46.7	(33.3)
Investment income – Shareholder Funds	105	82	102	87	116	20.7	(5.7)	(19.6)
Contribution before tax and capital funding	493	352	412	379	349	30.1	(7.1)	(14.6)
Capital funding [1]	(41)	(29)	(29)	(18)	(19)	127.8	61.1	-
Contribution before tax	452	323	383	361	330	25.2	(10.5)	(15.7)
Contribution from Wealth Management before tax [2]	131	84	98	69	82	89.9	21.7	(14.3)
Other								
Contribution from LJ Hooker and other	26	7	7	6	7	333.3	16.7	-
Wealth Management consolidation adjustments [3]	(6)	(6)	(8)	(8)	(7)	(25.0)	(25.0)	(25.0)
Contribution before tax	20	1	(1)	(2)	-	(1,100.0)	(150.0)	(200.0)
Profit before tax and Promina acquisition items	883	688	769	679	667	30.0	1.3	(10.5)
Amortisation of Promina acquisition intangible assets [4]	(141)	-	-	-	-	n/a	n/a	n/a
Integration costs [5]	(60)	(35)	-	-	-	n/a	n/a	n/a
Transaction costs [6]	(17)	(17)	-	-	-	n/a	n/a	n/a
Deferred acquisition cost adjustment on consolidation [7]	119	-	-	-	-	n/a	n/a	n/a
Alignment of outstanding claims valuations [8]	(10)	105	-	-	-	n/a	n/a	n/a
	774	741	769	679	667	14.0	9.1	(3.6)
Income tax	(237)	(228)	(242)	(217)	(213)	9.2	5.1	(5.8)
Net profit	**537**	**513**	**527**	**462**	**454**	**16.2**	**11.0**	**(2.7)**
Underlying profit [9]	**n/a**	**560**	**589**	**550**	**492**	**n/a**	**1.8**	**(4.9)**

Notes:

(1) Includes interest revenue (Banking) and interest expense (General Insurance) on subordinated debt and preference shares allocated to General Insurance as described in Appendix 6.

(2) 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.

(3) 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.

(4) On merger the assets and liabilities acquired are recognised at their fair value, including intangible assets that were not previously recognised by Promina. These include brands, in-force contracts and distribution relationships.

(5) Integration costs are one-off costs associated with integrating Suncorp and Promina.

(6) Transaction costs are associated with completing the merger and do not relate to integration activity.

(7) 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 is reversed at the Suncorp Group level.

(8) Comprises net outcome of diversification benefits and the impact of aligning Promina's level of sufficiency with Suncorp's.

(9) Refer below for calculation of underlying profit.

Contribution to profit by division continued

For the half-year ended 30 June 2007

Reconciliation of underlying profit to profit before tax

	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Jun-06 SUN %	Jun-07 vs Dec-06 SUN %
Profit before tax and Promina acquisition items	688	769	679	667	1.3	(10.5)
General Insurance investment income – Shareholder Funds	(82)	(102)	(87)	(116)	(5.7)	(19.6)
Share of General Insurance investment income – joint venture Shareholder Funds	(6)	(6)	(5)	(6)	20.0	-
Wealth Management investment income	(12)	(19)	(12)	(17)	-	(36.8)
Profit contribution attributable to policy owners' interests	(32)	(45)	(29)	(39)	10.3	(28.9)
One-off items	4	(8)	4	3	-	(150.0)
Underlying profit	**560**	**589**	**550**	**492**	**1.8**	**(4.9)**

	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 SUN %
One-off items					
One-off items included in profit before income tax are:					
Change in valuation methodology of Policy liabilities of unit linked statutory fund business	-	-	-	(2)	n/a
Change in valuation methodology of Banking collective provision	-	11	-	-	(100.0)
Corporate real estate	(4)	(3)	(4)	(1)	33.3
	(4)	**8**	**(4)**	**(3)**	**(150.0)**
The above items affect the following captions in the contribution to profit:					
Contribution from Life Company	-	-	-	(2)	n/a
Impairment losses on loans and advances	-	11	-	-	(100.0)
Operating expenses	(4)	(3)	(4)	(1)	33.3
	(4)	**8**	**(4)**	**(3)**	**(150.0)**

Balance sheet

	Jun-07 $m	Half-Year Ended Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Assets							
Cash and liquid assets	1,093	747	1,004	538	904	8.9	(25.6)
Receivables due from other banks	42	42	10	26	32	320.0	320.0
Other financial assets							
Trading securities	4,291	4,291	4,114	3,773	3,659	4.3	4.3
Investment securities	20,920	20,513	11,386	11,011	10,246	83.7	80.2
Investments in associates and joint venture entities	385	178	193	138	229	99.5	(7.8)
Loans, advances and other receivables	47,013	46,094	41,734	39,220	36,917	12.6	10.4
Bank acceptances of customers	886	886	671	316	121	32.0	32.0
Reinsurance and other recoveries	1,404	574	547	548	481	156.7	4.9
Deferred insurance assets	446	219	218	223	220	104.6	0.5
Property, plant and equipment	320	249	183	131	109	74.9	36.1
Investment property	221	215	197	196	157	12.2	9.1
Goodwill and intangible assets	7,391	1,139	1,137	1,124	1,126	550.0	0.2
Other assets	489	385	373	270	335	31.1	3.2
Total assets	84,901	75,532	61,767	57,514	54,536	37.5	22.3
Liabilities							
Deposits and short term borrowings	30,916	30,916	30,420	27,683	28,006	1.6	1.6
Payables due to other banks	25	25	28	120	55	(10.7)	(10.7)
Bank acceptances	886	886	671	316	121	32.0	32.0
Payables and other liabilities	3,191	3,274	1,091	778	957	192.5	200.1
Current tax liabilities	121	117	71	135	74	70.4	64.8
Provisions	12	12	11	15	6	9.1	9.1
Employee benefit obligations	236	162	122	139	105	93.4	32.8
Deferred tax liabilities	469	107	123	67	76	281.3	(13.0)
Unearned premiums and unexpired risk liabilities	3,206	1,393	1,371	1,400	1,350	133.8	1.6
Outstanding claims liabilities	7,281	4,113	4,262	4,272	4,291	70.8	(3.5)
Gross policy liabilities	7,986	4,782	4,195	3,906	3,502	90.4	14.0
Unvested policy owner benefits	242	222	341	270	388	(29.0)	(34.9)
Outside beneficial interests	1,256	1,255	1,069	1,002	867	17.5	17.4
Securitisation liabilities	7,948	7,948	5,633	5,700	3,781	41.1	n/a
Bonds, notes and long term borrowings	6,338	6,284	5,756	5,504	5,335	9.2	n/a
Subordinated notes	2,202	1,482	1,525	1,466	1,182	44.4	(2.8)
Other financial liabilities	51	51	54	56	59	(5.6)	(5.6)
Preference shares	144	144	144	250	250	-	-
Total liabilities	72,510	63,173	56,887	53,079	50,405	27.5	11.0
Net assets	**12,391**	**12,359**	**4,880**	**4,435**	**4,131**	153.9	153.3
Equity							
Share capital	10,362	10,362	3,144	2,973	2,913	229.6	229.6
Reserves	216	199	165	121	75	30.9	20.6
Retained profits	1,812	1,798	1,571	1,341	1,143	15.3	14.4
Total parent entity interest	12,390	12,359	4,880	4,435	4,131	153.9	153.3
Minority interests	1	-	-	-	-	n/a	n/a
Total equity	**12,391**	**12,359**	**4,880**	**4,435**	**4,131**	153.9	153.3

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

Ratios and statistics
For the year ended 30 June 2007

		Full Year Ended Jun-07	Jun-07 SUN	Jun-06	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Performance ratios						
Earnings per share						
Basic	(cents)	158.6	n/a	161.3	(1.7)	n/a
Diluted	(cents)	158.6	n/a	161.2	(1.6)	n/a
Cash earnings per share						
Basic	(cents)	170.0	n/a	161.3	5.4	n/a
Diluted	(cents)	170.0	n/a	161.2	5.5	n/a
Return on average shareholders' equity						
Basic	(%)	12.6	12.4	21.0	(40.0)	(41.0)
Diluted	(%)	12.6	12.4	21.0	(40.0)	(41.0)
Cash return on average shareholders' equity						
Basic	(%)	13.5	n/a	21.0	(35.7)	n/a
Diluted	(%)	13.5	n/a	21.0	(35.7)	n/a
Return on average total assets	(%)	1.49	1.56	1.67	(10.8)	(6.6)
Insurance trading ratio	(%)	17.8	19.6	18.8	(5.3)	4.3
Shareholder summary						
Dividend per ordinary share	(cents)	107.0	n/a	97.0	10.3	n/a
Payout ratio						
Basic	(%)	75.5	n/a	58.7	28.6	n/a
Diluted	(%)	75.5	n/a	58.7	28.6	n/a
Weighted average number of shares						
Basic	(million)	670.9	n/a	568.0	18.1	n/a
Diluted	(million)	670.9	n/a	568.1	18.1	n/a
Number of shares at end of period						
Basic	(million)	919.8	919.8	553.5	66.2	66.2
Diluted	(million)	919.8	919.8	553.9	66.1	66.1
Net tangible asset backing per share						
Basic	($)	5.43	n/a	5.98	(9.2)	n/a
Diluted	($)	5.43	n/a	5.99	(9.3)	n/a
Share price at end of period	($)	20.17	20.17	19.35	4.2	4.2
Productivity						
Banking cost to income ratio	(%)	44.6	44.6	46.1	(3.3)	(3.3)
General Insurance expense ratio	(%)	27.9	28.1	25.9	7.7	8.5
Financial position						
Total assets	($ million)	84,901	75,532	57,514	47.6	31.3
Capital						
Bank capital adequacy ratio	(%)	9.86	n/a	12.31	(19.9)	n/a
Bank adjusted common equity	(%)	5.05	n/a	6.07	(16.8)	n/a
General Insurance minimum capital ratio	(times)	2.72	1.66	1.79	52.0	(7.3)

Refer Appendix 5 for definitions.

Refer Appendix 6 for details of Earnings per share and Return on average shareholders' equity calculations.

Ratios and statistics
For the half-year ended 30 June 2007

		Half-Year Ended Jun-07	Jun-07 SUN	Dec-06	Jun-06	Dec-05	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Performance ratios								
Earnings per share								
Basic	(cents)	70.0	n/a	91.4	81.0	80.2	(23.4)	n/a
Diluted	(cents)	70.0	n/a	91.4	81.0	80.2	(23.4)	n/a
Cash earnings per share								
Basic	(cents)	80.0	n/a	91.4	81.0	80.2	(12.5)	n/a
Diluted	(cents)	80.0	n/a	91.4	81.0	80.2	(12.5)	n/a
Return on average shareholders' equity								
Basic	(%)	12.5	n/a	22.4	21.8	21.4	(44.2)	n/a
Diluted	(%)	12.5	n/a	22.4	21.7	21.4	(44.2)	n/a
Cash return on average shareholders' equity								
Basic	(%)	14.3	n/a	22.4	21.8	21.4	(36.2)	n/a
Diluted	(%)	14.3	n/a	22.4	21.7	21.4	(36.2)	n/a
Return on average total assets	(%)	1.48	1.51	1.75	1.66	1.68	(15.4)	(13.7)
Insurance trading ratio	(%)	16.3	18.8	20.3	21.0	16.5	(19.7)	(7.4)
Shareholder summary								
Dividend per ordinary share	(cents)	55.0	n/a	52.0	50.0	47.0	5.8	n/a
Payout ratio								
Basic	(%)	94.8	n/a	55.8	60.2	57.3	69.9	n/a
Diluted	(%)	94.8	n/a	55.8	60.2	57.3	69.9	n/a
Weighted average number of shares								
Basic	(million)	766.7	n/a	576.7	570.2	565.8	32.9	n/a
Diluted	(million)	766.7	n/a	576.7	570.4	566.0	32.9	n/a
Number of shares at end of period								
Basic	(million)	919.8	919.8	562.2	553.5	550.5	63.6	63.6
Diluted	(million)	919.8	919.8	562.2	553.9	550.9	63.6	63.6
Net tangible asset backing per share								
Basic	($)	5.43	n/a	6.66	5.98	5.46	(18.5)	n/a
Diluted	($)	5.43	n/a	6.66	5.99	5.46	(18.5)	n/a
Share price at end of period	($)	20.17	20.17	20.35	19.35	20.05	(0.9)	(0.9)
Productivity								
Banking cost to income ratio	(%)	44.9	44.9	44.4	46.8	45.5	1.1	1.1
General Insurance expense ratio	(%)	28.4	29.5	26.8	26.9	24.8	6.0	10.1
Financial position								
Total assets	($ million)	84,901	75,532	61,767	57,514	54,536	37.5	22.3
Capital								
Bank capital adequacy ratio	(%)	9.86	n/a	11.34	12.31	10.79	(13.1)	n/a
Bank Adjusted Common Equity ratio	(%)	5.05	n/a	6.09	6.07	5.44	(17.1)	n/a
General Insurance minimum capital ratio coverage	(times)	2.72	1.66	1.83	1.79	1.69	48.6	(9.3)

Refer Appendix 5 for definitions.

Refer Appendix 6 for details of Earnings per share and Return on average shareholders' equity calculations.

Group Capital

Group capital is calculated in accordance with APRA guidelines. Since July 2006 the APRA guidelines for all Suncorp lines of business are based on AIFRS methodologies. 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 30 June 2007, the bank had a Capital Adequacy Ratio of 9.86%, below the target range of 10% – 10.5%, and an Adjusted Common Equity (ACE) ratio of 5.05%, above the target range of 4.5% – 5%.

Surplus capital previously held in the bank was utilised to fund the merger with Promina. The Group intends to raise further qualifying (tier 2) capital to return the Capital Adequacy Ratio to the target range and fund the continued growth in the bank.

At 30 June 2007, the Minimum Capital Ratio (MCR) of the Suncorp Metway Insurance Limited Group (SMIL) was 1.66 times, above the target benchmark of 1.60 times. Surplus capital previously held by SMIL was utilised to fund the merger with Promina.

At 30 June 2007, the Minimum Capital Ratio of the Vero Insurance Limited Group (VIL) was 2.72 times. For the purposes of setting a target benchmark for VIL, adjustments were 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 2.18 times above the target benchmark of 1.60 times. The surplus capital held by VIL will be utilised to complete the interim funding arrangements in relation to the Promina merger. Had those interim arrangements been completed at 30 June 2007, VIL's MCR, after adjustments noted above, would have been 1.81 times.

Group credit ratings

The Group's credit ratings all underwent change over the period following the completion of the merger with Promina. Standard and Poor's, as indicated at the half year has an 'A+' positive outlook long term counterparty credit rating on the combined group, Moody's is one notch higher at 'Aa3' stable and Fitch is 'A+' with a stable outlook.

Group capital position continued

Group capital table

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 30 June 2007					
	Banking $m	General Insurance [3] $m	Wealth Management $m	Other $m	Consolidation [5] $m	Total $m
Tier 1						
Ordinary share capital	10,436	-	-	-	-	10,436
Preference shares	144	-	-	-	-	144
Subsidiary share capital (eliminated upon consolidation)	-	2,085	565	404	(3,054)	-
Retained profits [1]	1,046	1,270	676	(265)	(485)	2,242
Reserves	2	-	2	-	-	4
Insurance liabilities in excess of liability valuation	-	485	-	53	-	538
Less goodwill, brands	(7,738)	(1,009)	(10)	-	1,663	(7,094)
Less software assets	(76)	(8)	(1)	-	(203)	(288)
Less deductible capitalised expenses	(53)	-	-	-	-	(53)
Less future income tax benefit	(64)	-	(1)	-	65	-
Less other required deductions [4]	-	(23)	(2)	(65)	(694)	(784)
Total tier 1 capital	3,697	2,800	1,229	127	(2,708)	5,145
Tier 2						
APRA general reserve for credit losses	154	-	-	-	-	154
Subordinated notes	1,200	1,003	-	-	-	2,203
Total tier 2 capital	1,354	1,003	-	-	-	2,357
Deductions from capital						
Investments in subsidiaries	(1,983)	-	-	-	1,983	-
Guarantees and facilities to non-banking subsidiaries	(5)	-	-	-	5	-
Total deductions from capital	(1,988)	-	-	-	1,988	-
Total capital base	**3,063**	**3,803**	**1,229**	**127**	**(720)**	**7,502**
Target capital base [2]	3,106	2,826	1,076	109	-	7,117
Excess	**(43)**	**977**	**153**	**18**	**(720)**	**385**

Notes:

[1] 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.

[2] 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 group is based upon their actual capital base.

[3] 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 group in this table.

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

[5] 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.

Group capital position continued

	Banking $m	General Insurance $m	Wealth Management $m	Other $m	Consolidation [1] $m	Total $m
	As at 30 June 2007					
Reconciliation of total capital base to net assets						
Net assets	11,662	2,439	316	44	(2,070)	12,391
Promina line of business adjustments	-	617	523	373	(1,513)	-
Difference relating to APRA definition of retained profits	(26)	298	407	(282)	33	430
Equity items not eligible for inclusion in capital for APRA purposes						
Reserves (Post AIFRS)	(77)	-	-	-	(17)	(94)
Minority interests	-	-	(4)	4	(2)	(2)
Additional items allowable for capital for APRA purposes						
Preference shares	144	-	-	-	-	144
Subordinated notes	1,200	1,003	-	-	-	2,203
Technical provisions in excess of liability valuation	-	485	-	53	-	538
Holdings of own shares	44	-	-	-	32	76
Collective provision (partial)	35	-	-	-	-	35
Other items, adjustments	-	1	1	-	(2)	-
Deductions from capital for APRA purposes						
Goodwill [2], brands	(7,738)	(1,009)	(10)	-	1,663	(7,094)
Software assets	(76)	(8)	(1)	-	(203)	(288)
Deductible capitalised expenses	(53)	-	-	-	-	(53)
Future income tax benefits	(64)	-	(1)	-	65	-
Other assets excluded from regulatory capital	-	(23)	(2)	(65)	(694)	(784)
Funding of capital and guarantees by Bank holding company	(1,988)	-	-	-	1,988	-
Total capital base	**3,063**	**3,803**	**1,229**	**127**	**(720)**	**7,502**

Notes:

[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 $7,094 million represents the total amortised balance of goodwill and brands, etc for the Group.

	Banking $m	General Insurance $m	Wealth Management $m	Other $m	Consolidation $m	Total $m
	As at 30 June 2007					
Reconciliation of APRA retained profits to reported retained profits						
Reported retained profits	1,072	972	269	17	(518)	1,812
Retained profits of entities not consolidated for APRA purposes	(4)	107	-	(103)	-	-
Expected group dividend net of DRP	(382)	-	-	-	-	(382)
Expected intragroup dividends	360	(243)	(85)	(32)	-	-
Adjustments for pre-acquisition earnings	-	534	492	(147)	33	912
Other differences in retained profits for APRA purposes	-	(100)	-	-	-	(100)
	(26)	298	407	(282)	33	430
APRA retained profits	**1,046**	**1,270**	**676**	**(265)**	**(485)**	**2,242**

Banking capital adequacy

	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m
Consolidated banking capital				
Tier 1				
Ordinary share capital	10,436	3,195	3,007	2,946
Preference shares	144	144	244	244
Reserves	2	1	-	-
Retained profits	1,046	910	861	709
Less amortised goodwill for banking subsidiaries	(22)	(21)	(18)	(19)
Less unamortised goodwill component of investment in non-banking subsidiaries	(7,716)	(1,287)	(1,287)	(1,287)
Less software assets	(76)	(73)	-	-
Less other intangible assets	(53)	(53)	(74)	(68)
Less net future income tax benefit	(64)	(56)	(18)	(23)
Total tier 1 capital	3,697	2,760	2,715	2,502
Tier 2				
Asset revaluation reserve (pre AIFRS)	-	-	8	8
APRA general reserve for credit losses	154	143	118	118
Perpetual subordinated notes	170	170	170	170
Subordinated notes	1,030	1,067	1,131	835
Total tier 2 capital	1,354	1,380	1,427	1,131
Deductions from capital				
Investments in non-banking subsidiaries (net of goodwill component deducted from Tier 1)	(1,983)	(852)	(852)	(863)
Guarantees and facilities to non-banking subsidiaries	(5)	(5)	(5)	(5)
Capital base	**3,063**	**3,283**	**3,285**	**2,765**
Total assessed risk	**31,063**	**28,955**	**26,675**	**25,626**
Risk weighted capital ratio	**9.86%**	**11.34%**	**12.31%**	**10.79%**
Reconciliation of deduction for investments in subsidiaries				
Investment securities – Balance Sheet – Banking	9,704	2,145	2,142	2,153
Less securities held by entities not consolidated for APRA purposes	(5)	(6)	(3)	(3)
Less intangible component deducted from Tier 1 capital – non-banking subsidiaries	(7,716)	(1,287)	(1,287)	(1,287)
Deduction from total capital for investment in subsidiaries	**1,983**	**852**	**852**	**863**
Retained profits movement				
Retained profits opening for the half-year	910	861	709	1,018
Opening AIFRS adjustments	-	-	-	61
Add Banking profit after tax for the half-year	165	202	181	179
Less profit after tax of entities not consolidated for APRA purposes	(1)	2	(2)	(2)
Add/(less) APRA adjustments	(3)	(105)	(3)	(13)
Less dividend expense/accrual	(509)	(294)	(278)	(673)
Add estimated change in dividend reinvestment plan	54	4	(8)	4
Add dividends from non-banking subsidiaries	430	240	262	135
Retained profits closing for the half-year	**1,046**	**910**	**861**	**709**

Banking capital adequacy continued

Reconciliation of banking deduction for intangible assets to group intangible assets

	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m
Deduction for banking subsidiaries intangible assets	22	21	18	19
Deduction for non-banking entities intangible assets	7,716	1,287	1,287	1,287
Banking deduction for intangible assets	7,738	1,308	1,305	1,306
APRA adjustments	-	1	3	-
Goodwill reflected in investments in associates	(38)	(38)	(38)	(38)
Amortisation of non-banking goodwill	(394)	(217)	(217)	(212)
Software assets [1]	76	73	-	-
Intangible assets not deducted from capital	9	10	71	74
Group intangible assets	**7,391**	**1,137**	**1,124**	**1,130**

Notes:

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

	Carrying Value Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Risk Weights %	Risk Weighted Balance Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m
Risk weighted assets									
Assets									
Cash, claims on Reserve Bank of Australia, short term claims on Australian Commonwealth Government and other liquid assets	482	540	504	677	0	-	-	-	-
Claims on banks and local governments	184	196	151	133	20	37	39	30	27
Loans secured against residential housing	17,513	18,093	16,600	16,923	50	8,757	9,047	8,300	8,461
Other assets	20,553	18,211	16,899	15,818	100	20,553	18,211	16,899	15,818
Loans with loan valuation ratio in excess of 80%	23	25	14	15	200	46	50	28	30
Total Banking assets [1]	**38,755**	**37,065**	**34,168**	**33,566**		**29,393**	**27,347**	**25,257**	**24,336**

	Notional Amount Jun-07 $m	Credit Equivalent Jun-07 $m	Risk Weights %	Risk Weighted Balance Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m
Off balance sheet positions							
Guarantees entered into in the normal course of business	314	185	20-100	141	140	156	128
Commitments to provide loans and advances	7,407	1,528	0-100	1,016	1,074	897	795
Capital commitments	33	33	100	33	16	8	8
Foreign exchange contracts	16,313	362	20-50	94	45	52	46
Interest rate contracts	34,314	356	20-50	94	68	78	56
Total off balance sheet positions	58,381	2,464		1,378	1,343	1,191	1,033
Market risk capital charge				292	265	227	257
Total risk weighted assets				29,393	27,347	25,257	24,336
Total assessed risk				**31,063**	**28,955**	**26,675**	**25,626**
Risk weighted capital ratios				%	%	%	%
Tier 1				11.90	9.53	10.18	9.77
Tier 2				4.36	4.77	5.34	4.41
Deductions				(6.40)	(2.96)	(3.21)	(3.39)
Total risk weighted capital ratios				**9.86**	**11.34**	**12.31**	**10.79**

Notes:

[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.

	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m
Adjusted common equity – consolidated Bank				
Ordinary share capital	10,436	3,195	3,007	2,946
Retained profits	1,046	910	861	709
Reserves	2	-	8	8
	11,484	4,105	3,876	3,663
Less:				
Goodwill	(7,738)	(1,308)	(1,305)	(1,306)
Software assets	(76)	(73)	-	-
Other intangible assets	(53)	(53)	(74)	(68)
Future income tax benefit	(64)	(56)	(18)	(23)
Investment in non-banking subsidiaries (net of goodwill)	(1,983)	(852)	(852)	(863)
Asset revaluation reserve (pre AIFRS)	-	-	(8)	(8)
	(9,914)	(2,342)	(2,257)	(2,268)
Adjusted Common Equity	**1,570**	**1,763**	**1,619**	**1,395**
Total assessed risk	31,063	28,955	26,675	25,626
	%	%	%	%
Adjusted Common Equity ratio	**5.05**	**6.09**	**6.07**	**5.44**

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 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.

	Jun-07 VIL [1] $m	Jun-07 SUN [2] $m	Dec-06 $m	Jun-06 $m	Dec-05 $m
General Insurance minimum capital ratio continued					
Tier 1					
Ordinary share capital	617	1,468	1,468	1,468	1,468
Retained profits	567	703	815	805	676
Insurance liabilities in excess of liability valuation	270	423	506	499	489
Less: Tax effect of excess insurance liabilities	(81)	(127)	(152)	(150)	(147)
	1,373	2,467	2,637	2,622	2,486
Less:					
Goodwill	(77)	(932)	(932)	(932)	(932)
Other Tier 1 deductions	(31)	-	-	-	-
Total deductions from tier 1 capital	(108)	(932)	(932)	(932)	(932)
Total tier 1 capital	**1,265**	**1,535**	**1,705**	**1,690**	**1,554**
Tier 2					
Subordinated notes	720	283	289	196	200
APRA capital base	**1,985**	**1,818**	**1,994**	**1,886**	**1,754**
Outstanding claims risk capital charge	266	456	487	471	481
Premium liabilities risk capital charge	173	209	206	207	196
Total insurance risk capital charge	439	665	693	678	677
Investment risk capital charge	231	332	296	274	262
Catastrophe risk capital charge	60	100	100	100	100
Total minimum capital requirement (MCR)	**730**	**1,097**	**1,089**	**1,052**	**1,039**
MCR coverage ratio (times)	**2.72**	**1.66**	**1.83**	**1.79**	**1.69**

Notes:

[1] VIL – MCR for the Vero Insurance Limited Consolidated Group

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

		Half-Year Ended			
	Jun-07 $m	Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m
Retained profits movement					
Retained profits opening for the half-year	-	815	805	676	680
Opening AIFRS adjustments	-	-	-	1	-
Add General Insurance profit after tax for the half-year	-	310	280	258	238
Less profit after tax of entities not consolidated for APRA purposes	-	13	(21)	24	(21)
Add retained profits of new consolidated entities	567	-	-	-	-
Add/(less) APRA adjustments	-	45	1	(42)	103
Less dividends paid	-	(480)	(250)	(112)	(324)
Retained profits closing for the half-year	**567**	**703**	**815**	**805**	**676**

Dividends

The final dividend of 55 cents per share is fully franked and due to be paid on 1 October 2007. The record date for determining entitlements to the dividends is 5 September 2007.

		Half-Year Ended		
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m
Franking credits				
Franking credits available for subsequent financial years based on a tax rate of 30% after proposed dividend	**558**	**442**	**363**	**253**

Income tax

	Full Year Ended Jun-07 $m	Jun-06 $m	Jun-07 vs Jun-06 %
Profit before income tax expense	1,543	1,346	14.6
Prima facie income tax expense calculated at 30%	463	404	14.6
Increase in income tax expense due to:			
Non-deductible expenses	1	6	(83.3)
Imputation gross-up on dividends received	9	5	80.00
Statutory funds	55	36	52.8
Other	-	5	(100.0)
Decrease in income tax expense due to:			
Income tax offsets and credits	(25)	(19)	31.6
Tax exempt revenues	-	(1)	(100.0)
Other	(19)	-	n/a
Income tax adjusted for differences	484	436	11.0
Over/under provision in prior year	(5)	(6)	(16.7)
Income tax expense	**479**	**430**	**11.4**

Basel II Accord

Improved measurement and management of capital is being driven by the implementation of the Basel II capital management standards across the banking group.

Benefits to shareholders include some capital relief for credit risk in recognition of improved risk management practices, increased operational efficiency and integrated customer data to support business planning. This will give product managers the capability to manage lending portfolios more efficiently, potentially leading to a lower cost of funds and improved margins.

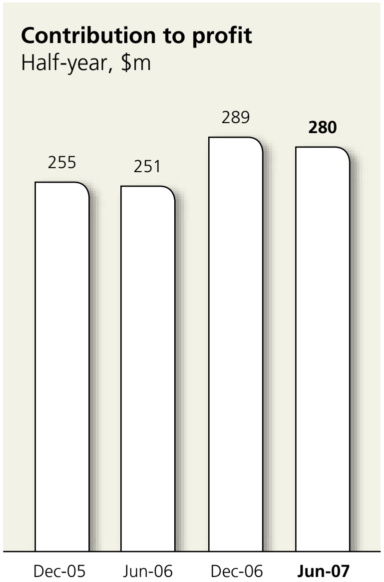
Suncorp is on track to commence management and reporting on capital under the Basel II Standardised Approach in accordance with the APRA deadline of January 2008.

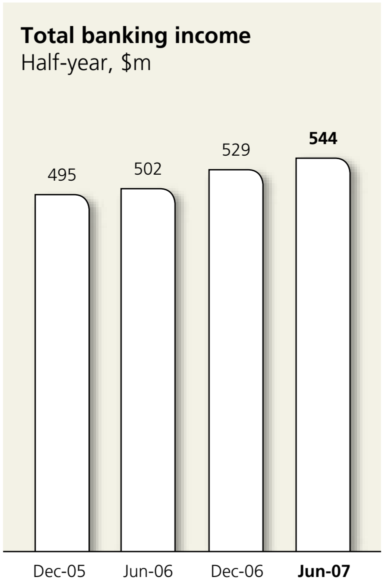
Suncorp is well advanced to apply for accreditation under the Internal Ratings Based Approach at Foundation level in 2009 for accreditation in 2011.

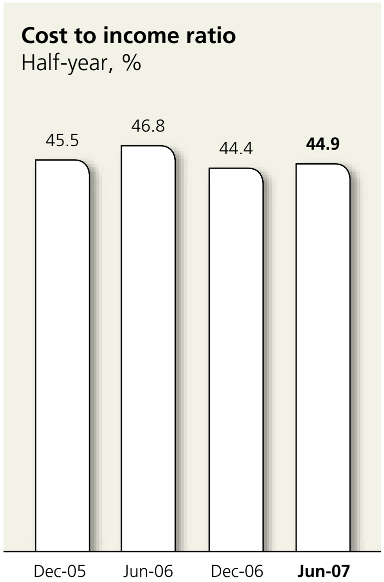
Segment information – Banking

Profit overview

- The Bank reported net profit before tax of $569 million, an increase of 12.5% on the 2006 full year. This was achieved in an environment of rising official interest rates and continued price led competition across all lending segments.
- Banking profit before tax and bad debts increased by 10.6%.
- Revenue increased 7.6%, reflecting strong growth in lending volumes, with home loan receivables (including securitised assets) up 14.3% to $23.8 billion and business lending receivables up 21.3% to $20.8 billion. Fee income increased 8.5% to $140 million.
- The Bank's net interest margin reduced 12 basis points over the year to 1.97%, in part due to the market led repricing of the Development Finance portfolio. The margin result was supported by the excess capital position held pending the finalisation of the Promina transaction. This in turn, contributed to the net interest margin contraction being less than the spread contraction of 20 basis points.
- Operating expenses increased 4.1%, reflecting further investment in people capability in the Business Bank as well as increased compliance expenditure associated with the implementation of Basel II and Anti-Money Laundering legislation.
- The Bank's cost to income ratio improved to 44.6%, again demonstrating the ability of the bank to extract tangible benefits from the Group's business model.
- Gross non-performing loans increased to $317 million, but still represent only 0.69% of gross loans and advances.
- Retail funding has continued to grow strongly with total retail funding increasing by 13.3% to $19.2 billion.







	Half-Year Ended Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Jun-06 %	Full Year Ended Jun-07 $m	Jun-06 $m	Jun-07 vs Jun-06 %
Profit contribution – Banking									
Net interest income									
Interest revenue	1,782	1,646	1,462	1,416	8.3	21.9	3,428	2,878	19.1
Interest expense	(1,326)	(1,192)	(1,036)	(994)	11.2	28.0	(2,518)	(2,030)	24.0
	456	454	426	422	0.4	7.0	910	848	7.3
Net banking fee income									
Banking fee and commission revenue	113	107	102	100	5.6	10.8	220	202	8.9
Banking fee and commission expense	(40)	(40)	(38)	(35)	-	5.3	(80)	(73)	9.6
	73	67	64	65	9.0	14.1	140	129	8.5
Other operating revenue									
Net profits on trading and investment securities	6	(1)	2	2	(700.0)	200.0	5	4	25.0
Net profits on derivative and other financial instruments	4	3	4	4	33.3	-	7	8	(12.5)
Other income	5	6	6	2	(16.7)	(16.7)	11	8	37.5
	15	8	12	8	87.5	25.0	23	20	15.0
Non-interest income	88	75	76	73	17.3	15.8	163	149	9.4
Total income from Banking activities	544	529	502	495	2.8	8.4	1,073	997	7.6
Operating expenses									
Staff expenses	(156)	(149)	(146)	(138)	4.7	6.8	(305)	(284)	7.4
Occupancy expenses	(18)	(15)	(13)	(13)	20.0	38.5	(33)	(26)	26.9
Computer and depreciation expenses	(27)	(22)	(24)	(21)	22.7	12.5	(49)	(45)	8.9
Communication expenses	(14)	(15)	(14)	(15)	(6.7)	-	(29)	(29)	-
Advertising and promotion expenses	(16)	(11)	(13)	(12)	45.5	23.1	(27)	(25)	8.0
Other operating expenses [1]	(13)	(23)	(25)	(26)	(43.5)	(48.0)	(36)	(51)	(29.4)
	(244)	(235)	(235)	(225)	3.8	3.8	(479)	(460)	4.1
Contribution to profit from Banking activities before impairment losses on loans and advances	300	294	267	270	2.0	12.4	594	537	10.6
Impairment losses on loans and advances	(20)	(5)	(16)	(15)	300.0	25.0	(25)	(31)	(19.4)
Contribution to profit before tax from Banking activities	**280**	**289**	**251**	**255**	**(3.1)**	**11.6**	**569**	**506**	**12.5**
Return on equity (%)	**15.9**	**16.6**	**17.3**	**18.8**	**(4.2)**	**(8.1)**	**16.0**	**18.0**	**(10.9)**

Notes:

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

	Jun-07	Dec-06	Half-Year Ended Jun-06	Dec-05	Jun-07 vs Dec-06	Jun-07 vs Jun-06
	$m	$m	$m	$m	%	%
Balance sheet – Banking						
Assets						
Cash and liquid assets	383	575	221	636	(33.4)	73.3
Receivables due from other banks	42	10	26	32	320.0	61.5
Other financial assets						
Trading securities	4,291	4,114	3,773	3,659	4.3	13.7
Investment securities (1)	9,704	2,145	2,142	2,153	352.4	353.0
Loans, advances and other receivables (2)	45,732	41,697	38,683	36,353	9.7	18.2
Property, plant and equipment	248	181	129	108	37.0	92.2
Deferred tax assets	149	121	141	126	(30.6)	(40.4)
Intangible assets	98	95	82	85	3.2	19.5
Other assets (3)	580	487	563	411	19.1	3.0
Total assets	61,227	49,425	45,760	43,563	23.7	33.7
Liabilities						
Deposits and short term borrowings	31,338	30,716	27,972	28,324	2.0	12.0
Payables due to other banks	25	28	120	54	(10.7)	(79.2)
Bank acceptances	875	671	316	121	30.4	176.9
Payables and other liabilities (4)	1,375	664	366	702	107.1	275.7
Current tax liabilities	116	73	136	74	58.9	(14.7)
Provisions	11	10	14	5	10.0	(21.4)
Employee benefit obligations	159	117	135	103	35.9	17.8
Deferred tax liabilities	84	66	80	60	(71.2)	(76.3)
Securitisation liabilities	7,956	5,642	5,710	3,793	41.0	39.3
Bonds, notes and long term borrowings	6,284	5,756	5,504	5,335	9.2	14.2
Subordinated notes	1,198	1,235	1,271	983	(3.0)	(5.7)
Preference shares	144	144	250	250	-	(42.4)
Total liabilities	49,565	45,122	41,874	39,804	9.7	18.2
Net assets	**11,662**	**4,303**	**3,886**	**3,759**	**171.0**	**200.1**

Notes:

(1) Includes the Group's investment in Promina of $7.9 billion.

(2) Includes securitised home loan balances of $7.8 billion (Dec-06 $5.5 billion; Jun-06 $5.4 billion; Dec-05: $3.7 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.

	Jun-07	Dec-06	Half-Year Ended Jun-06	Dec-05	Jun-07 vs Dec-06	Jun-07 vs Jun-06	Full Year Ended Jun-07	Jun-06	Jun-07 vs Jun-06
	%	%	%	%	%	%	%	%	%
Banking ratios and statistics									
Cost to income ratio	44.9	44.4	46.8	45.5	1.1	(4.1)	44.6	46.1	(3.3)
Cost to average total banking assets ratio	0.89	0.99	1.08	1.06	(10.1)	(17.6)	0.94	1.07	(12.1)
Capital adequacy ratio	9.86	11.34	12.31	10.79	(13.1)	(19.9)	9.86	12.31	(19.9)
Return on average risk weighted assets ratio	1.99	2.18	2.04	2.13	(8.7)	(2.5)	2.08	2.09	(0.5)
Net interest margin (1)	1.91	2.03	2.07	2.12	(5.9)	(7.7)	1.97	2.09	(5.7)
Net interest spread	1.57	1.69	1.81	1.87	(7.1)	(13.3)	1.63	1.83	(10.9)

Notes:

(1) Refer table on page 37 for analysis.

	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Jun-06 %
Asset growth						
Housing loans	15,995	16,918	15,366	15,899	(5.5)	4.1
Securitised housing loans	7,800	5,459	5,444	3,727	42.9	43.3
Total housing loans	23,795	22,377	20,810	19,626	6.3	14.3
Consumer loans	1,063	894	822	694	18.9	29.3
Retail loans	24,858	23,271	21,632	20,320	6.8	14.9
Commercial (SME's)	4,661	4,123	3,511	3,376	13.0	32.8
Corporate	2,575	2,022	1,819	1,450	27.3	41.6
Development finance	3,541	2,950	2,914	3,020	20.0	21.5
Property investment	4,363	4,071	3,744	3,314	7.2	16.5
Lease finance	2,396	2,301	2,228	2,171	4.1	7.5
Agribusiness	3,263	3,050	2,937	2,746	7.0	11.1
Business loans	20,799	18,517	17,153	16,077	12.3	21.3
Structured finance	6	6	6	6	-	-
Other receivables [1]	189	20	16	74	845.0	1,081.3
Gross banking loans, advances and other receivables	45,852	41,814	38,807	36,477	9.7	18.2
Provision for impairment	(120)	(117)	(124)	(124)	2.6	(3.2)
Loans, advances and other receivables	**45,732**	**41,697**	**38,683**	**36,353**	**9.7**	**18.2**
Risk weighted assets	**29,393**	**27,347**	**25,257**	**24,336**	**7.5**	**16.4**
Geographical breakdown – gross banking loans, advances and other receivables						
Queensland	28,693	26,305	24,742	23,053	9.1	16.0
New South Wales	9,538	8,605	7,815	7,467	10.8	22.0
Victoria	5,263	4,869	4,561	4,438	8.1	15.4
Western Australia	2,071	1,745	1,461	1,306	18.7	41.8
South Australia and other	287	290	228	213	(1.0)	25.9
Outside of Queensland loans	17,159	15,509	14,065	13,424	10.6	22.0
Gross banking loans, advances and other receivables	**45,852**	**41,814**	**38,807**	**36,477**	**9.7**	**18.2**

Notes:

[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 18.2% to $45.9 billion.
- Stable economic conditions have continued to fuel overall credit growth in the leveraged buyout and large corporate lending market in the year to June 2007. Increases in official interest rates during 2007 had minimal impact in reducing demand in an overall strong credit environment. The lending market remains highly competitive, particularly in the Bank's home state of Queensland.
- Favourable economic conditions continued to drive demand for business lending. During the second half, residential housing and commercial property shortages combined with rising rental yields renewed the interest of investors and corporate developers in residential housing markets. Suncorp's development finance and property investment expertise enabled it to capitalise on this increased activity.
- Overall lending growth has continued its momentum, returning above market growth during the year.
- Suncorp's retail lending portfolio grew by 14.9% over the year while business lending grew particularly strongly in the second half, taking total growth for the year to 21.3%.

Asset growth continued

Housing lending

- Home lending receivables, including securitised assets, grew to $23.8 billion, an increase of 14.3%, ahead of industry growth of 13.2% for the year.
- Above system home lending growth was achieved with leading product offerings and customer service focus.
  - Customer satisfaction and retention continued to increase during the year, providing tangible financial benefits.
  - The Bank was able to optimise tactical pricing to provide competitive fixed rate offerings to drive strong growth in lending volumes.
- Despite intense competition the Bank achieved home lending growth of 13.3% in Queensland, underpinned by the direct distribution network.
- Suncorp continues to use its indirect distribution network to capture growth outside of Queensland and to satisfy the demands of customers who prefer to originate loans through financial intermediaries. Lending growth through the indirect network was temporarily impacted by a reduction in broker service standards which followed a period of rapid growth in lending volumes. The Bank moved swiftly to increase resourcing in order to improve fulfilment capability and broker service.
- Lending outside of Queensland increased by 16.2%, with growth strongest in Western Australia and New South Wales.

			Half-Year Ended			
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Jun-06 %
Housing Loans by State						
Queensland	14,964	14,036	13,212	12,513	6.6	13.3
New South Wales	4,421	4,179	3,832	3,590	5.8	15.4
Victoria	2,638	2,584	2,421	2,353	2.1	9.0
Western Australia	1,488	1,301	1,084	929	14.4	37.3
South Australia	212	214	207	195	(0.9)	2.4
ACT	48	46	41	34	4.3	17.1
Tasmania	24	17	13	12	41.2	84.6
Outside of Queensland	8,831	8,341	7,598	7,113	5.9	16.2
	23,795	**22,377**	**20,810**	**19,626**	**6.3**	**14.3**

Consumer lending

- Consumer lending, made up principally of personal loans, margin lending and credit card receivables, grew by 29.3% to $1.06 billion.
- Growth in consumer lending continues to outperform the market growth of 17.6%, achieved primarily through customer penetration and a strong service offering, rather than via large scale advertising and promotion.
- Continuing strong equity markets contributed to good growth in margin lending volumes of 37.1% to $495 million. The Bank's new Margin Trader product, which links margin lending to Suncorp's online trading platform, was launched in May with pleasing results to date.

			Half-Year Ended			
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Jun-06 %
Consumer Loans by Purpose						
Personal loans	347	315	287	267	10.2	20.9
Overdrafts	8	5	6	5	60.0	33.3
Credit cards	213	190	168	157	12.1	26.8
Margin lending	495	384	361	265	28.9	37.1
	1,063	**894**	**822**	**694**	**18.9**	**29.3**

Asset growth continued

Business lending

- Business lending receivables grew 21.3% for the year to $20.8 billion, ahead of industry growth of 18.1%.
- Growth remained strongest in Queensland and Western Australia where economic conditions and business confidence continue to outperform other states. Suncorp has continued to increase its business lending presence throughout New South Wales and Victoria capturing market share and above system growth throughout the year.

Commercial (SME)

- The Commercial (SME) portfolio grew 32.8% to $4.7 billion. The segment remains competitive as both traditional lenders and non-bank lenders target this sector.
- Continued stable economic conditions has seen Commercial (SME) growth continue during 2007. Official interest rate increases have begun to impact growth in the Commercial (SME) sector in the second half. Recent product offerings and the creation of a specialised Small Business channel has shown positive growth with this momentum expected to continue into 2008.
- As reported at the half-year, a reclassification of the customer base across the commercial and property investment portfolios was undertaken. Adjusting for this impact, growth in the Commercial (SME) portfolio has been approximately 23%.

Corporate lending

- Corporate lending consists of customers with turnover in excess of $10 million, and continues to perform strongly, achieving growth of 41.6% to $2.6 billion.
- This has been achieved through a range of initiatives, with the Bank successfully expanding into infrastructure investment loans and participating in quality loan syndications.
- Corporate lending remains strong in Queensland and continued to increase its presence interstate attracting significant growth and capturing market share in New South Wales with growth in that state of 68.5%.

Development finance

- The recovery in lending volumes in development finance continued throughout the second half, with the portfolio recording growth of 21.5% for the year to $3.5 billion.
- Shortages in residential housing supply and rising rental yields have seen a renewed interest in development activities from both corporate and non-corporate developers. Suncorp has been able to apply its traditional expertise on residential subdivision and development projects to increase lending during the second half of the year.
- An increase in large scale corporate developers into the portfolio has resulted in a re-weighting of the development finance lending book and contributed to a reduction in lending margins in the portfolio.

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 16.5% to $4.4 billion. Adjusting for the re-alignment with the commercial portfolio referred to previously, growth in this segment has been approximately 26% for the year.
- This strong performance highlights Suncorp's respected position in the property investment market, with success resulting from an increased focus on recovering geographies and those sectors with more stable income streams.

Lease finance

- Lease finance is a stable portfolio focused on low risk, high volume equipment and vehicle leasing. The portfolio grew 7.5% for the year to $2.4 billion.
- Lease finance continues to grow contract levels at record highs through the use of third party brokers in the high growth economies of Queensland and Western Australia.

Asset growth continued

Agribusiness

- The agribusiness portfolio achieved strong growth of 11.1% to $3.3 billion despite the continued effects of the drought in Eastern Australia.
- Growth remained below expected levels as drought conditions worsened during the year. Late Autumn rains assisted many farmers in several regions, although significant follow up rains are required to return to favourable trading conditions.
- Conditions are expected to remain challenging for some time. Recent rains have seen larger than expected crops being planted which is likely to influence prices during the summer. Recent rises in the AUD are also likely to negatively impact sales in export markets.
- Suncorp has maintained its commitment to the agribusiness sector with the agribusiness team continuing to work closely with customers to provide assistance and preserve credit quality during these drought periods.

A breakdown of business lending by state is shown below:

	Half-Year Ended					
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Jun-06 %
Business Loans by State						
Queensland	12,548	11,417	10,747	9,821	9.9	16.8
New South Wales	5,020	4,365	3,903	3,808	15.0	28.6
Victoria	2,603	2,266	2,123	2,069	14.9	22.6
Western Australia	579	441	374	374	31.3	54.8
South Australia	49	28	6	5	75.0	716.7
Outside of Queensland	8,251	7,100	6,406	6,256	16.2	28.8
	20,799	**18,517**	**17,153**	**16,077**	**12.3**	**21.3**

	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Jun-06 %
Funding and deposits						
Retail funding						
Australian retail deposits						
Transaction	5,112	4,948	4,506	4,699	3.3	13.4
Investment	4,822	4,803	4,673	4,553	0.4	3.2
Term	6,056	5,780	4,957	4,342	4.8	22.2
Core retail deposits	15,990	15,531	14,136	13,594	3.0	13.1
Retail treasury	3,190	3,128	2,796	2,505	2.0	14.1
Total retail funding	19,180	18,659	16,932	16,099	2.8	13.3
Wholesale funding						
Domestic funding sources						
Senior wholesale funding	11,510	11,364	10,357	11,287	1.3	11.1
Subordinated debt	684	688	964	665	(0.6)	(29.0)
Preference shares	144	144	250	250	-	(42.4)
	12,338	12,196	11,571	12,202	1.2	6.6
Overseas funding sources [1]						
Euro commercial paper	2,659	1,996	2,274	2,700	33.2	16.9
Euro medium term note	4,273	4,453	3,913	3,573	(4.0)	9.2
Subordinated debt (USD)	514	547	307	318	(6.0)	67.4
	7,446	6,996	6,494	6,591	6.4	14.7
Total wholesale funding	19,784	19,192	18,065	18,793	3.1	9.5
Total funding (excluding securitisation)	**38,964**	**37,851**	**34,997**	**34,892**	**2.9**	**11.3**
Securitised funding						
Australian dollar wholesale [2]	5,387	3,970	3,646	2,513	35.7	47.8
Foreign currency wholesale [1]	2,569	1,672	2,064	1,280	53.6	24.5
Total securitised funding	7,956	5,642	5,710	3,793	41.0	39.3
Total funding (including securitisation)	**46,920**	**43,493**	**40,707**	**38,685**	**7.9**	**15.3**
Total funding is represented on the balance sheet by:						
Deposits and short term borrowings [3]	31,338	30,716	27,972	28,324	2.0	12.0
Securitisation liabilities	7,956	5,642	5,710	3,793	41.0	39.3
Bonds, notes and long term borrowings	6,284	5,756	5,504	5,335	9.2	14.2
Subordinated debt	1,198	1,235	1,271	983	(3.0)	(5.7)
Preference shares	144	144	250	250	-	(42.4)
Total	**46,920**	**43,493**	**40,707**	**38,685**	**7.9**	**15.3**
Retail funding as a percentage of total funding (excluding securitisation) [4]	**49%**	**49%**	**48%**	**46%**	**-**	**2.1**

Notes:

(1) Hedged back into Australian dollars.

(2) Some 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 securitised assets are match funded with these liabilities.

Funding and deposits continued

Retail funding

- Core retail deposits (net of treasury) grew 13.1% for the year to $16 billion.
- The market continues to be highly competitive and the year to June 2007 was particularly impacted by funds flow into superannuation products and equity markets.
- The Bank was able to manage the growth and portfolio mix of deposit holdings to appropriately fund its growth. Despite overall retail deposits falling below system growth levels, the Bank was able to optimise the mix to the popular Everyday Options account products.

Wholesale funding

- The Group's wholesale funding strategy has been to increase diversification and funding sources and deepen its global investor base. In March 2007 Suncorp continued its Asian targeted debt issuance programme with a well supported US$300 million 3 year senior FRN issue.
- The Group continues to use securitisation as a source of wholesale funding and undertook a A$2.5 billion public issue in May 2007. Securitised assets as at 30th June totalled A$8.0 billion.
- In May 2007 Suncorp undertook a GBP 200 million subordinated debt issue via a Special Purpose Vehicle owned by Vero Insurance Limited. This was undertaken as part of the financing arrangements for the Promina acquisition and was the Group's first offshore insurance subordinated debt issue.
- During the year Suncorp also established a US Commercial Paper Programme (Limit US$5 billion) which became available for issuance on 1st July.

Profit commentary

Net interest income

	Half-Year Ended						Full Year Ended		
	Jun-07	Dec-06	Jun-06	Dec-05	Jun-07 vs Dec-06	Jun-07 vs Jun-06	Jun-07	Jun-06	Jun-07 vs Jun-06
	$m	$m	$m	$m	%	%	$m	$m	%
Net interest income									
Bank loans and funding	437	446	412	412	(2.0)	6.1	883	824	7.2
Securitised loans and funding	22	12	18	13	83.3	22.2	34	31	9.7
	459	458	430	425	0.2	6.7	917	855	7.3
Net establishment fees and acquisition costs	(1)	(1)	1	2	-	(200.0)	(2)	3	(166.7)
Preference shares	(2)	(3)	(5)	(5)	(33.3)	(60.0)	(5)	(10)	(50.0)
	456	**454**	**426**	**422**	**0.4**	**7.0**	**910**	**848**	**7.3**

	Half-Year Ended						Full Year Ended		
	Jun-07	Dec-06	Jun-06	Dec-05	Jun-07 vs Dec-06	Jun-07 vs Jun-06	Jun-07	Jun-06	Jun-07 vs Jun-06
	%	%	%	%	%	%	%	%	%
Net interest margin									
Bank loans and funding	2.14	2.26	2.22	2.30	(5.3)	(3.6)	2.20	2.26	(2.7)
Securitised loans and funding	(0.22)	(0.22)	(0.14)	(0.17)	-	57.1	(0.22)	(0.16)	37.5
	1.92	2.04	2.08	2.13	(5.9)	(7.7)	1.98	2.10	(5.7)
Net establishment fees and acquisition costs	-	-	0.01	0.01	n/a	(100.0)	-	0.01	(100.0)
Preference shares	(0.01)	(0.01)	(0.02)	(0.02)	-	(50.0)	(0.01)	(0.02)	(50.0)
	1.91	**2.03**	**2.07**	**2.12**	**(5.9)**	**(7.7)**	**1.97**	**2.09**	**(5.7)**

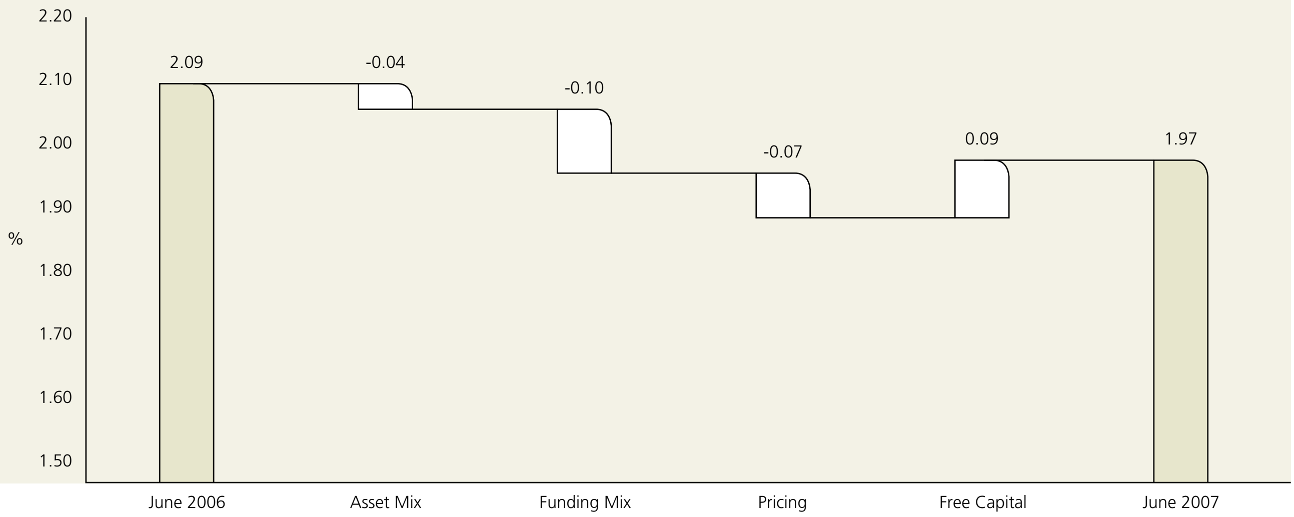
Net interest income continued

- Net interest income rose by 7.3% to $910 million for the year.
- Reported net interest margin was 1.97% for the year to June 2007, down 12 basis points from June 2006 (2.09%). The reduction in margin has continued in line with the competitive environment and the composition and mix of product offerings and volumes.

The 12 basis point margin reduction is made up of:

- The changing asset mix of the lending book contributed to a 4 basis point reduction in margin for the year. The positive mix effect of strong growth in small business loans for the year was more than offset by the continuing movement of customers from floating to fixed rate lending and lower margins in the development finance portfolio.
- There was a 10 basis point impact from unfavourable funding mix. This comprises an increased mix of lower earning large value business banking deposits (-6bps) and an increase in securitisation and wholesale funding volumes (-4bps).
- A combination of movements in market rates and competitive pressures further reduced the margin by 7 basis points.
- The impact of free capital held in the lead up to the completion of the merger with Promina provided a 9 basis point positive contribution to margin for the year overall.

Net interest margin



Net banking fee income

- Net banking fee income rose 8.5% for the year to $140 million.
- Lending fee revenue increased 16.1% to $72 million due to higher lending volumes, partially offset by an uplift in trail commissions in the intermediary distribution channel.

	Half-Year Ended						Full Year Ended		
	Jun-07	Dec-06	Jun-06	Dec-05	Jun-07 vs Dec-06	Jun-07 vs Jun-06	Jun-07	Jun-06	Jun-07 vs Jun-06
	$m	$m	$m	$m	%	%	$m	$m	%
Net banking fee income									
Lending fee revenue	38	34	31	31	11.8	22.6	72	62	16.1
Lending fee expense	(18)	(15)	(14)	(13)	20.0	28.6	(33)	(27)	22.2
Net lending fees	20	19	17	18	5.3	17.6	39	35	11.4
Transaction fees	50	47	47	46	6.4	6.4	97	93	4.3
Interchange fees	3	1	-	1	200.0	n/a	4	1	300.0
	73	**67**	**64**	**65**	**9.0**	**14.1**	**140**	**129**	**8.5**

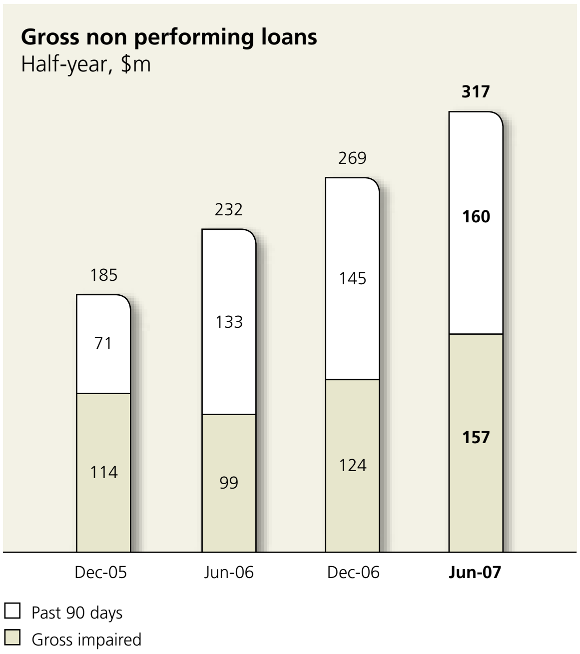
Operating expenses

- Operating expenses increased by 4.1% for the year to $479 million.
- Staff costs increased 7.4%, reflecting increased investment in distribution capability, particularly in the Business Bank, as well as a generally tight labour market driving higher salaries.
- The Bank also incurred increased compliance expenditure associated with the implementation of Basel II and Anti-Money Laundering legislation. These programs of work have progressed during 2007 and are expected to increase in size and cost during the 2008 and 2009 financial years.
- Other key items include increased occupancy costs associated with the relocation of staff to our flagship office at Brisbane Square, Suncorp Place in Sydney and the completion of the Desktop Program which has delivered a significant upgrade to Suncorp's IT infrastructure.
- In summary, the increase in expenses was well below the increase in revenue of 7.6%, resulting in a cost to income ratio of 44.6% for the year, down from 46.1%.

Impairment losses on loans and advances

- Impairment losses for the year were $25 million, a decrease of $6 million on the prior year. Impairment losses were positively impacted by a downward revision to the collective provision for impairment in the first half as the bank refined its valuation methodology with the inclusion of additional loan loss data.
- While the overall credit quality of the portfolio remains sound, levels of non-performing loans have continued to rise as the credit cycle trends upwards from the lows of December 2004.

	Half-Year Ended						Full Year Ended		
	Jun-07	Dec-06	Jun-06	Dec-05	Jun-07 vs Dec-06	Jun-07 vs Jun-06	Jun-07	Jun-06	Jun-07 vs Jun-06
	$m	$m	$m	$m	%	%	$m	$m	%
Impairment losses on loans and advances									
Collective provision for impairment	1	(9)	-	5	111.1	n/a	(8)	5	(260.0)
Specific provision for impairment	11	7	10	7	57.1	10.0	18	17	5.9
Bad debts written off	9	9	7	5	-	28.6	18	12	50.0
Bad debts recovered	(1)	(2)	(1)	(2)	(50.0)	-	(3)	(3)	-
	20	**5**	**16**	**15**	**300.0**	**25.0**	**25**	**31**	**(19.4)**



Impaired assets

- Total non-performing loans have continued to increase from their lows in December 2004 to $317 million at June 2007, but still represent just 0.69% of gross loans, advances and other receivables.
- Gross impaired assets increased to $157 million, representing 0.34% of gross loans, advances and other receivables, up from 0.30% at December 2006.
- Construction and development loans represent the largest contributor reflecting the tough residential and development markets in New South Wales. Impaired assets in the Agribusiness segment continue to remain at low levels despite the impact from the drought and tough trading conditions. These lows are due to the business continuing to work with farmers during drought periods to ensure their returns and protect assets.
- Past 90 day due assets have increased to $160 million which represents just 0.35% of gross loans, advances and other receivables, on par with the percentage at December 2006. The increase in dollar value has largely resulted from the effect of the drought in Agribusiness districts and the tight residential and development markets.
- The group'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 of a loan becomes non-performing, losses are limited by the extent of security underpinning the loan. This is reflected in the fact that despite an increase in total non-performing loans there has only been a minor upwards revision to the specific provision (to $25 million).

	Jun-07 $m	Dec-06 $m	Half-Year Ended Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Jun-06 %
Impaired assets continued						
Gross balances of non-accrual loans						
with specific provisions set aside	109	76	70	75	43.4	55.7
without specific provisions set aside	48	48	29	39	0.0	65.5
Gross impaired assets	157	124	99	114	26.6	58.6
Specific provision for impairment	(25)	(23)	(21)	(21)	8.7	19.0
Net impaired assets	132	101	78	93	30.7	69.2
Size of gross impaired assets						
Less than one million	36	32	24	28	12.5	50.0
Greater than one million but less than ten million	84	81	47	34	3.7	78.7
Greater than ten million	37	11	28	52	236.4	32.1
	157	124	99	114	26.6	58.6
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	160	145	133	71	10.3	20.3
Gross non-performing loans	317	269	232	185	17.8	36.6
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	1	2	3	2	(50.0)	(66.67)
Analysis of movements in gross impaired assets						
Balance at the beginning of the half-year	124	99	114	69	25.3	8.8
Recognition of new impaired assets and increases in previously recognised impaired assets	68	40	39	80	70.0	74.4
Impaired assets written off during the half-year	(10)	(4)	(10)	(6)	150.0	0.0
Impaired assets which have been restated as performing assets or repaid	(25)	(11)	(44)	(29)	127.3	(43.2)
Balance at the end of the half-year	157	124	99	114	26.6	58.6
	%	%	%	%		
Gross impaired assets as a percentage of gross loans, advances and other receivables	0.34	0.30	0.26	0.31	13.3	30.8
Gross non-performing loans as a percentage of gross loans, advances and other receivables	0.69	0.64	0.60	0.51	7.8	15.0
Gross impaired assets as a percentage of impairment provisions and general reserve for credit loss	65.69	53.22	45.62	55.34	23.4	44.0
Impairment provisions and general reserve for credit loss as a percentage of risk weighted assets	0.81	0.85	0.86	0.85	(4.6)	(5.4)

Impaired assets continued

Industry breakdown is shown below based on the source of credit risk whereas the asset growth table on page 32 is based on the nature of the loan.

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

	Gross loans $m	Impaired assets $m	Specific provision $m
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:

	Gross loans $m	Impaired assets $m	Specific provision $m
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**

Impaired assets continued

Industry breakdown of impaired assets and specific provisions as at 30 June 2006 are as follows:

	Gross loans $m	Impaired assets $m	Specific provision $m
Agribusiness	3,091	11	3
Construction and development	3,527	41	12
Financial services	972	-	-
Hospitality	1,108	10	2
Manufacturing	650	5	1
Professional services	737	12	1
Property investment	4,334	4	-
Real estate mortgage	21,149	3	-
Personal	822	5	-
Government and public authorities	5	-	-
Other commercial and industrial	2,412	8	2
	38,807	**99**	**21**

Industry breakdown of impaired assets and specific provisions as at 31 December 2005 are as follows:

	Gross loans $m	Impaired assets $m	Specific provision $m
Agribusiness	2,631	17	9
Construction and development	3,516	45	5
Financial services	579	-	-
Hospitality	963	13	-
Manufacturing	501	5	-
Professional services	615	16	2
Property investment	3,849	3	1
Real estate mortgage	21,263	-	-
Personal	694	4	1
Government and public authorities	3	-	-
Other commercial and industrial	1,863	11	3
	36,477	**114**	**21**

	Jun-07	Dec-06	Half-Year Ended Jun-06	Dec-05	Jun-07 vs Dec-06	Jun-07 vs Jun-06
	$m	$m	$m	$m	%	%
Provision for impairment						
General provision						
Balance at the beginning of the period	-	-	-	139	n/a	n/a
Charge against contribution to profit	-	-	-	-	n/a	n/a
AIFRS adjustment against 1 July 2005 retained profits	-	-	-	(139)	n/a	n/a
Balance at the end of the period	-	-	-	-	n/a	n/a
Collective provision						
Balance at the beginning of the period	94	103	103	-	(8.7)	(8.7)
AIFRS adjustment against 1 July 2005 retained profits	-	-	-	98	n/a	n/a
Charge against contribution to profit	1	(9)	-	5	(111.1)	n/a
Balance at the end of the period	95	94	103	103	1.1	(7.8)
Specific provision						
Balance at the beginning of the period	23	21	21	17	9.5	9.5
AIFRS adjustment against 1 July 2005 retained profits	-	-	-	4	n/a	n/a
Charge against contribution to profit	11	7	10	7	57.1	10.0
Bad debts written-off	(9)	(5)	(10)	(7)	80.0	(10.0)
Balance at the end of the period	25	23	21	21	8.7	19.0
Total provision for impairment – Banking activities	120	117	124	124	2.6	(3.2)
General Reserve for Credit Loss [(1)]						
Balance at the beginning of the period	116	93	82	-	24.7	41.5
AIFRS adjustment against 1 July 2005 retained profits	-	-	-	48	n/a	n/a
Transfer from retained earnings	3	23	11	34	(87.0)	(72.7)
Balance at the end of the period	119	116	93	82	2.6	28.0
Total provision for impairment and general reserve for credit loss – Banking activities	239	233	217	206	2.6	10.1

	%	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:				
Collective provision	60.5	75.8	104.0	90.4
Specific provision	15.9	18.5	21.2	18.4
Total provision	76.4	94.4	125.3	108.8
General reserve for credit loss	75.8	93.5	93.9	71.9
Total provision and general reserve for credit loss	152.2	187.9	219.2	180.7

Notes:

(1) In accordance with APRA's AIFRS requirements for loan provisioning the Bank has changed its accounting policy and established a $48 million general reserve for credit loss as at 1 July 2005 through an allocation of retained profits. APRA requires banks to maintain a provisioning benchmark of at least 0.5% of risk weighted assets to adequately cover potential credit losses. The provisioning benchmark consists of eligible collective provisions and the general reserve for credit losses.

For the year ended 30 June 2007 the general reserve for credit loss increased by $26 million as a result of an increase in the risk weighted assets of the Bank as well as the change of the collective provisioning methodology adopted during the year.

The ratio of gross impaired assets as a percentage of the impairment provisions and the general reserve for credit loss was 152.2% as at 30 June 2007 compared to 219.2% as at 30 June 2006.

	Full Year Ended Jun-07			Full Year Ended Jun-06		
	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	4,245	266	6.27	3,636	205	5.64
Gross loans, advances and other receivables	41,026	3,115	7.59	36,306	2,641	7.27
Other interest earning assets	929	47	5.06	629	32	5.09
Total interest earning assets	46,200	3,428	7.42	40,571	2,878	7.09
Non-interest earning assets						
Other assets	4,938			2,401		
Total non-interest earning assets	4,938			2,401		
TOTAL ASSETS	**51,138**			**42,972**		
LIABILITIES						
Interest bearing liabilities						
Deposits and short term borrowings	30,061	1,685	5.61	27,900	1,407	5.04
Securitisation liabilities	6,265	407	6.50	4,261	252	5.91
Bonds, notes and long term borrowings	6,265	364	5.81	5,582	312	5.59
Subordinated notes (1)	820	57	6.95	734	49	6.68
Preference shares (1)	86	5	5.81	151	10	6.25
Total interest bearing liabilities	43,497	2,518	5.79	38,628	2,030	5.26
Non-interest bearing liabilities						
Other liabilities	1,459			711		
Total non-interest bearing liabilities	1,459			711		
TOTAL LIABILITIES	**44,956**			**39,339**		
NET ASSETS	**6,182**			**3,633**		
Analysis of interest margin and spread						
Interest earning assets	46,200	3,428	7.42	40,571	2,878	7.09
Interest bearing liabilities	43,497	2,518	5.79	38,628	2,030	5.26
Net interest spread			1.63			1.83
Net interest margin	46,200	910	1.97	40,571	848	2.09

Notes:

(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 Jun-07			Half-Year Ended Dec-06		
	Average Balance $m	Interest $m	Average Rate %	Average Balance $m	Interest $m	Average Rate %
ASSETS						
Interest earning assets						
Trading securities	4,398	139	6.37	4,094	126	6.11
Gross loans, advances and other receivables	42,499	1,613	7.65	39,576	1,503	7.53
Other interest earning assets	1,136	30	5.33	724	17	4.66
Total interest earning assets	48,033	1,782	7.48	44,394	1,646	7.35
Non-interest earning assets						
Other assets	7,295			2,622		
Total non-interest earning assets	7,295			2,622		
TOTAL ASSETS	**55,328**			**47,016**		
LIABILITIES						
Interest bearing liabilities						
Deposits and short term borrowings	30,506	868	5.74	29,623	817	5.47
Securitisation liabilities	7,003	228	6.57	5,538	179	6.41
Bonds, notes and long term borrowings	6,801	199	5.90	5,738	165	5.70
Subordinated notes [(1)]	840	29	6.96	799	28	6.95
Preference shares [(1)]	75	2	5.38	97	3	4.28
Total interest bearing liabilities	45,225	1,326	5.91	41,795	1,192	5.66
Non-interest bearing liabilities						
Other liabilities	1,675			1,249		
Total non-interest bearing liabilities	1,675			1,249		
TOTAL LIABILITIES	**46,900**			**43,044**		
NET ASSETS	**8,428**			**3,972**		
Analysis of interest margin and spread						
Interest earning assets	48,033	1,782	7.48	44,394	1,646	7.35
Interest bearing liabilities	45,225	1,326	5.91	41,795	1,192	5.66
Net interest spread			1.57			1.69
Net interest margin	48,033	456	1.91	44,394	454	2.03

Notes:

(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 Jun-06			Half-Year Ended Dec-05		
	Average Balance $m	Interest $m	Average Rate %	Average Balance $m	Interest $m	Average Rate %
ASSETS						
Interest earning assets						
Trading securities	3,695	104	5.68	3,578	102	5.66
Gross loans, advances and other receivables	37,128	1,338	7.27	35,498	1,302	7.28
Other interest earning assets	768	20	5.25	492	12	4.84
Total interest earning assets	41,591	1,462	7.09	39,568	1,416	7.10
Non-interest earning assets						
Other assets	2,304			2,491		
Total non-interest earning assets	2,304			2,491		
TOTAL ASSETS	**43,895**			**42,059**		
LIABILITIES						
Interest bearing liabilities						
Deposits and short term borrowings	28,883	727	5.08	26,934	680	5.01
Securitisation liabilities	4,276	126	5.94	4,239	126	5.90
Bonds, notes and long term borrowings	5,488	153	5.62	5,674	159	5.56
Subordinated notes (1)	770	25	6.55	700	24	6.80
Preference shares (1)	151	5	6.25	151	5	6.25
Total interest bearing liabilities	39,568	1,036	5.28	37,698	994	5.23
Non-interest bearing liabilities						
Other liabilities	620			803		
Total non-interest bearing liabilities	620			803		
TOTAL LIABILITIES	**40,188**			**38,501**		
NET ASSETS	**3,707**			**3,558**		
Analysis of interest margin and spread						
Interest earning assets	41,591	1,462	7.09	39,568	1,416	7.10
Interest bearing liabilities	39,568	1,036	5.28	37,698	994	5.23
Net interest spread			1.81			1.87
Net interest margin	41,591	426	2.07	39,568	422	2.12

Notes:

(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.

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 full years and the three half-years. Volume variances have been calculated by multiplying the average of both full or 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.

	Full Year Jun-07 vs Jun-06 Changes due to:		
	Volume $m	**Rate $m**	**Total $m**
Interest earning assets			
Trading securities	36	25	61
Gross loans, advances and other receivables	351	123	474
Other interest earning assets	15	-	15
Change in interest income	402	148	550
Interest bearing liabilities			
Deposits and short term borrowings	115	163	278
Securitisation liabilities	124	31	155
Bonds, notes and long term borrowings	39	13	52
Subordinated notes	6	2	8
Preference shares	(4)	(1)	(5)
Change in interest expense	280	208	488
Change in net interest income	122	(60)	62

	Half-Year Jun-07 vs Dec-06 Changes due to:			Half-Year Dec-06 vs Jun-06 Changes due to:		
	Volume $m	**Rate $m**	**Total $m**	**Volume $m**	**Rate $m**	**Total $m**
Interest earning assets						
Trading securities	9	4	13	12	10	22
Gross loans, advances and other receivables	110	-	110	91	74	165
Other interest earning assets	10	3	13	(1)	(2)	(3)
Change in interest income	129	7	136	102	82	184
Interest bearing liabilities						
Deposits and short term borrowings	25	26	51	20	70	90
Securitisation liabilities	47	2	49	39	14	53
Bonds, notes and long term borrowings	31	3	34	7	5	12
Subordinated notes	1	-	1	1	2	3
Preference shares	(1)	-	(1)	(2)	-	(2)
Change in interest expense	103	31	134	65	91	156
Change in net interest income	**26**	**(24)**	**2**	**37**	**(9)**	**28**

Changes in net interest income: Volume and rate analysis continued

	Half-Year Jun-06 vs Dec-05 Changes due to:		
	Volume $m	Rate $m	Total $m
Interest earning assets			
Trading securities	3	(1)	2
Gross loans, advances and other receivables	59	(23)	36
Other interest earning assets	7	1	8
Change in interest income	69	(23)	46
Interest bearing liabilities			
Deposits and short term borrowings	49	(2)	47
Securitisation liabilities	1	(1)	-
Bonds, notes and long term borrowings	(5)	(1)	(6)
Subordinated notes	2	(1)	1
Preference shares	-	-	-
Change in interest expense	47	(5)	42
Change in net interest income	**22**	**(18)**	**4**

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.

Throughout this section the following columns have been used:

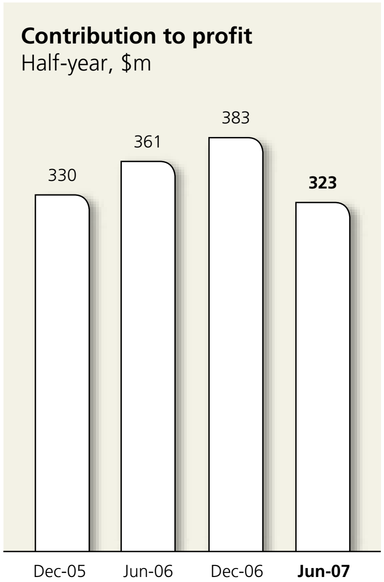
- June 2007 represents the consolidated results including Promina profit post merger.
- The "SUN" column represents the results of the Suncorp businesses, before the consolidation of Promina and acquisition accounting entries.

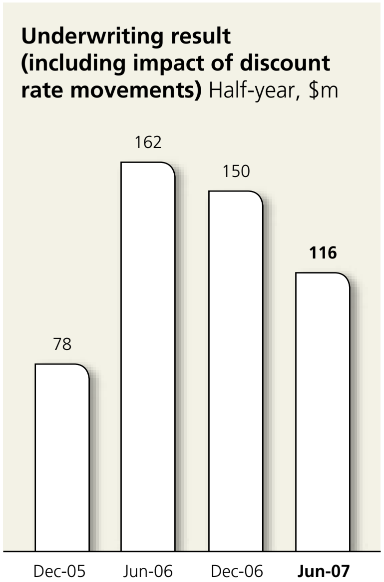
The commentary in this section relates to the Suncorp standalone general insurance business.

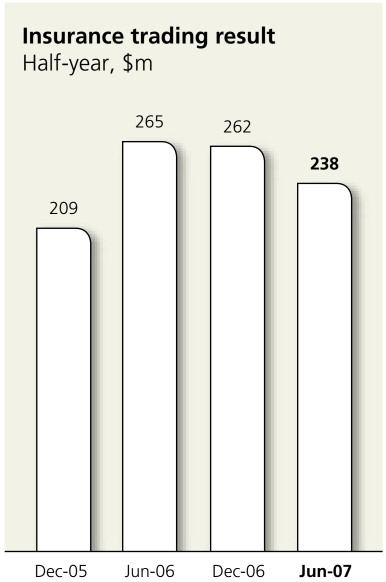
- General Insurance recorded a pre-tax profit of $706 million for the year to June 2007. The result featured continued strong profitability across all classes of business due to:
  - The continuing benefits of the tort law reforms on personal injury and liability claims.
  - Favourable claims outcomes continuing to flow through from management initiated claims cost reduction projects in short and long tail classes.
  - The realised benefits of preferred risk selection strategies and portfolio price optimisation.
- The strong result was achieved despite substantial losses being incurred due to the New South Wales June 2007 storms which cost $100 million (net of reinsurance recoveries).
- Continuing premium rate reductions were also experienced across the Compulsory Third Party (CTP) and commercial liability portfolios as benefits of tort law reforms are passed on to customers.
- As forecast, continuing soft market conditions in commercial lines, aggressive price competition in personal lines and the impact of reductions in headline CTP rates in New South Wales and Queensland contributed to Gross Written Premium (GWP) of $2.7 billion to June 2007, being in line with the previous year.
- Net incurred claims of $1.6 billion represented a 3.9% improvement on the previous year, reflecting the impact of the tort law reforms and improvement in claims management offset by New South Wales June 2007 storm losses.
- Storm related costs for the year were estimated at $182 million which included New South Wales storm costs of $100 million (net of reinsurance recoveries).
- Apart from the New South Wales June 2007 storm event, the claims experience across the period was generally favourable.
- Total operating expenses increased 10% to $718 million, resulting in a total operating expense ratio of 28.1%. This growth was primarily due to increased project expenditure and the impact of higher fire brigade charges.
- Investment income on insurance provisions was flat year on year at $234 million, reflecting a stronger performance from fixed interest securities and higher weighted average funds under management.
- The insurance trading result (ITR) increased by 5.5% to $500 million for the year. This represents an insurance ratio of 19.6%, above the Suncorp guidance of 16% – 19% for the year, despite the impacts of the New South Wales storm event.
- The ITR for the short tail classes, including net costs of the New South Wales June storm event, was 5.8% up from 3.9% for the prior year which included the costs for the Cyclone Larry event ($80 million net of reinsurance recoveries).
- Investment returns on Shareholders Funds of $184 million decreased 9.4% on the prior year, reflecting lower returns obtained from the international and domestic equities portfolios.
- Impacting the bottom line profit result was an increase in capital funding costs to $58 million for the year to June 2007.
  - Capital funding costs include an allocation to General Insurance of the Group's preference shares and subordinated debt interest costs.
  - During the year, Suncorp changed its allocation method to be based on future usage of surplus capital, resulting in an increase in funding costs of $11 million for the General Insurance business.
  - The increase in capital funding costs is also attributable to both rate and volume increases during the year with respect to the subordinated debt.
- Return on equity was 33.3% for the 2007 year, up from 24.3% for the 2006 year.

Segment information – General Insurance continued

Profile overview continued







Market Environment

- Competition in personal lines intensified over the year as advertising continued at unprecedented levels, particularly by insurers looking to increase market share in Queensland and New South Wales. Industry personal lines media spend has increased by approximately 9% over the prior year, reflecting the aggressive nature of competitor strategies.
- Commercial lines continue to exhibit soft market conditions as buoyant economic conditions support strong profitability above expected long term average returns. Industry premium rates are estimated to have declined by 8% to 10% in some classes. This represents the third successive year of rate reductions in commercial insurance.
- Intense competition continued to feature in the Queensland and New South Wales CTP portfolios throughout the year to June 2007. Insurers have competed on price to grow, particularly in New South Wales, which has been characterised by numerous rate re-filings and increasingly complex rating structures, supported by more aggressive and widespread promotional campaigns.
- Industry premiums for New South Wales CTP were impacted by the mandatory introduction of the Life Time Care and Support (LTCS) Scheme in New South Wales in October 2006. This reduced premiums by approximately 25% for insurers as the liabilities for people severely injured in motor accidents in New South Wales are transferred to the LTCS Authority. The Scheme will be fully implemented in October 2007. Headline rates were increased by all insurers in April 2007 to absorb part of the LTCS Scheme levy indicating that the Scheme was putting some pressure on margins.
- In Queensland, the CTP regulator, MAIC, implemented a $28 reduction in the ceiling price for the July 2007 quarter which is equivalent to a reduction of $30 million in gross written premium or a 7.4% impact on the Suncorp Queensland CTP book.
- The claims environment has been relatively stable over the year, despite the New South Wales June 2007 storm event. Favourable claims experience due to tort law reforms in personal injury and liability classes continues to emerge across the industry. These benefits are being passed through to customers in the form of premium rate reductions as more weighting is attributed to the longer term sustainability of these legislative reforms.
- The Western Australia economic boom has continued, driven by the growing demands of the mining sector. Workers' compensation insurance has benefited from the resulting wages inflation which has supported underlying premium growth in the class. The strong conditions have led to high return to work rates leading to historically low claims frequency. The favourable claims experience has resulted in strong scheme profitability and is stimulating price competition between participants.

Profit contribution – General Insurance

For the year ended 30 June 2007

- The following tables represent the General Insurance profit contribution, including the impact of movements in interest rates, in accordance with statutory accounting formats.
- For the full year, discount rates increased, resulting in a $63 million decrease (prior year $76 million) in net incurred claims and a decrease in investment income on insurance provisions. The tables on page 60 and 61 include the impacts of those movements.
- For the half year to June 2007, discount rates increased, resulting in a $40 million decrease (prior half $23 million) in net incurred claims and a decrease in investment income on insurance provisions. The tables on page 54 and 55 include the impacts of those movements.
- This differs from the profit contribution tables in Appendix 3, which excludes the impact of changes in discount rates. The adjustment assumes perfect matching of insurance assets and liabilities.
- Excluding the impact of movements in the discount rate, net incurred claims for the full year increases to $1,633 million and investment income on insurance provisions increases to $297 million. The insurance trading result remains unchanged at $500 million.
- Excluding the impact of movements in the discount rate, net incurred claims for the half year increases to $817 million and investment income on insurance provisions increases to $162 million. The insurance trading result remains unchanged at $238 million.

Profit contribution – General Insurance continued

For the year ended 30 June 2007

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Gross written premiums	3,790	2,686	2,691	40.8	(0.2)
Gross unearned premium movement	(109)	(14)	(48)	127.1	(70.8)
Gross earned premiums	3,681	2,672	2,643	39.3	1.1
Outwards reinsurance expense	(206)	(118)	(117)	76.1	0.9
Net earned premium	3,475	2,554	2,526	37.6	1.1
Net incurred claims					
Claims expense	(2,631)	(1,939)	(1,948)	35.1	(0.5)
Reinsurance and other recoveries revenue	472	369	315	49.8	17.1
	(2,159)	(1,570)	(1,633)	32.2	(3.9)
Total operating expenses					
Acquisition expenses	(530)	(357)	(351)	51.0	1.7
Other underwriting expenses	(437)	(361)	(302)	44.7	19.5
	(967)	(718)	(653)	48.1	10.0
Underwriting result	349	266	240	45.4	10.8
Investment income – insurance funds	269	234	234	15.0	-
Insurance trading result	618	500	474	30.4	5.5
Managed schemes net contribution	22	25	26	(15.4)	(3.8)
Joint venture income	58	55	25	132.0	120.0
General Insurance operational earnings	698	580	525	33.0	10.5
Investment income – Shareholder Funds	207	184	203	2.0	(9.4)
Contribution to profit from General Insurance activities before tax and capital funding	905	764	728	24.3	4.9
Capital funding [1]	(70)	(58)	(37)	89.2	56.8
Contribution to profit from General Insurance activities before tax	**835**	**706**	**691**	20.8	2.2
Return on equity (%)	**n/a**	**33.3**	**24.3**	**n/a**	**37.0**

Notes:

[1] Includes interest expense on subordinated debt and preference shares allocated to General Insurance as described in Appendix 6.

Reconciliation of underlying profit to contribution to profit before tax

	Full Year Ended Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 SUN %
Contribution to profit from General Insurance activities before tax	**706**	**691**	**2.2**
Investment income – Shareholder Funds	(184)	(203)	(9.4)
Share of investment income in joint venture Shareholder Funds	(12)	(11)	9.1
Underlying profit	**510**	**477**	**6.9**

Profit contribution – General Insurance continued

For the half-year ended 30 June 2007

	Jun-07 $m	Half-Year Ended Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %	Jun-07 vs Dec-06 SUN %
Gross written premiums	2,467	1,363	1,323	1,363	1,328	81.0	-	3.0
Gross unearned premium movement	(132)	(37)	23	(43)	(5)	207.0	(14.0)	(260.9)
Gross earned premiums	2,335	1,326	1,346	1,320	1,323	76.9	0.5	(1.5)
Outwards reinsurance expense	(149)	(61)	(57)	(59)	(58)	152.5	3.4	7.0
Net earned premium	2,186	1,265	1,289	1,261	1,265	73.4	0.3	(1.9)
Net incurred claims								
Claims expense	(1,652)	(960)	(979)	(930)	(1,018)	77.6	3.2	(1.9)
Reinsurance and other recoveries revenue	286	183	186	170	145	68.2	7.6	(1.6)
	(1,366)	(777)	(793)	(760)	(873)	79.7	2.2	(2.0)
Total operating expenses								
Acquisition expenses	(347)	(174)	(183)	(180)	(171)	92.8	(3.3)	(4.9)
Other underwriting expenses	(274)	(198)	(163)	(159)	(143)	72.3	24.5	21.5
	(621)	(372)	(346)	(339)	(314)	83.2	9.7	7.5
Underwriting result	199	116	150	162	78	22.8	(28.4)	(22.7)
Investment income – insurance funds	157	122	112	103	131	52.4	18.4	8.9
Insurance trading result	356	238	262	265	209	34.3	(10.2)	(9.2)
Managed schemes net contribution	7	10	15	12	14	(41.7)	(16.7)	(33.3)
Joint venture income	25	22	33	15	10	66.7	46.7	(33.3)
General Insurance operational earnings	388	270	310	292	233	32.9	(7.5)	(12.9)
Investment income – Shareholder Funds	105	82	102	87	116	20.7	(5.7)	(19.6)
Contribution to profit from General Insurance activities before tax and capital funding	493	352	412	379	349	30.1	(7.1)	(14.6)
Capital funding [(1)]	(41)	(29)	(29)	(18)	(19)	127.8	61.1	-
Contribution to profit from General Insurance activities before tax	**452**	**323**	**383**	**361**	**330**	**25.2**	**(10.5)**	**(15.7)**
Return on equity (%)	**n/a**	**26.2**	**28.4**	**27.3**	**23.5**	**n/a**	**(4.0)**	**(7.7)**

Notes:

[(1)] Includes interest expense on subordinated debt and preference shares allocated to General Insurance as described in Appendix 6.

Reconciliation of underlying profit to contribution to profit before tax

	Half-Year Ended Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Jun-06 SUN %	Jun-07 vs Dec-06 SUN %
Contribution to profit from General Insurance activities before tax	**323**	**383**	**361**	**330**	**(10.5)**	**(15.7)**
Investment income – Shareholder Funds	(82)	(102)	(87)	(116)	(5.7)	(19.6)
Share of investment income in joint venture Shareholder Funds	(6)	(6)	(5)	(6)	20.0	-
Underlying profit	**235**	**275**	**269**	**208**	**(12.6)**	**(14.5)**

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Balance sheet – General Insurance							
Assets							
Cash and liquid assets	151	38	465	325	324	(67.5)	(91.8)
Investment securities	10,876	6,576	5,723	5,727	5,479	90.0	14.9
Investment property	222	216	197	196	157	12.7	9.6
Investments in joint ventures	277	178	172	138	133	61.0	3.5
Reinsurance and other recoveries – outstanding claims	1,149	496	508	491	458	126.2	(2.4)
Other receivables	2,758	821	650	722	695	324.3	26.3
Deferred insurance assets	494	191	202	207	206	144.6	(5.4)
Deferred tax assets	86	-	75	66	70	14.7	(100.0)
Intangible assets	1,099	929	929	929	928	18.3	-
Other assets	330	38	54	57	53	511.1	(29.6)
Total assets	17,442	9,483	8,975	8,858	8,503	94.3	5.7
Liabilities							
Interest bearing and non-interest bearing liabilities	590	326	80	71	82	637.5	307.5
Payables	1,288	899	533	523	291	141.7	68.7
Provisions	70	1	2	2	2	3,400.0	(50.0)
Deferred tax liabilities	146	50	123	107	128	18.7	(59.3)
Outstanding claims liabilities (1)	7,150	4,092	4,238	4,251	4,276	68.7	(3.4)
Unearned premiums liabilities (1)	3,204	1,393	1,371	1,400	1,350	133.7	1.6
Subordinated notes	1,003	283	289	195	200	247.1	(2.1)
Total liabilities	13,451	7,044	6,636	6,549	6,329	102.7	6.1
Net assets	**3,991**	**2,439**	**2,339**	**2,309**	**2,174**	**70.6**	**4.3**

Notes:

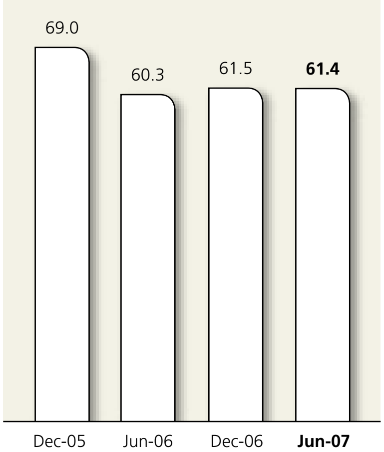
(1) Reconciling items such as timing differences and premium debtors arise between insurance liabilities and investment assets.

	Jun-07 %	Full Year Ended Jun-07 SUN %	Jun-06 %	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
General Insurance ratios					
Acquisition expenses ratio	15.3	14.0	13.9	10.1	0.7
Other underwriting expenses ratio	12.6	14.1	12.0	5.0	17.5
Total operating expenses ratio	27.9	28.1	25.9	7.7	8.5
Loss ratio	62.1	61.5	64.6	(3.9)	(4.8)
Combined operating ratio	90.0	89.6	90.5	(0.6)	(1.0)
Insurance trading ratio	17.8	19.6	18.8	(5.3)	4.3
Return on equity ratio	n/a	33.3	24.3	n/a	37.0

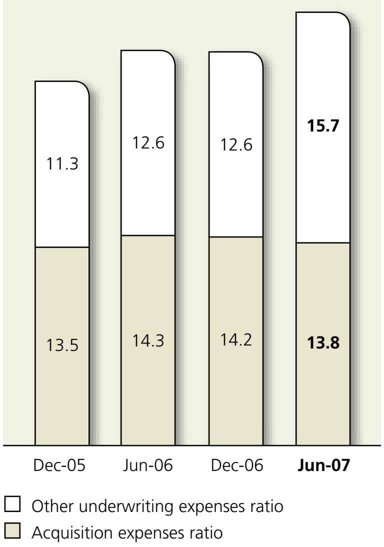
			Half-Year Ended					
	Jun-07	Jun-07 SUN	Dec-06	Jun-06	Dec-05	Jun-07 vs Jun-06	Jun-07 vs Jun-06 SUN	Jun-07 vs Dec-06 SUN
	%	%	%	%	%	%	%	%
General Insurance ratios continued								
Acquisition expenses ratio	15.9	13.8	14.2	14.3	13.5	11.2	(3.5)	(2.8)
Other underwriting expenses ratio	12.5	15.7	12.6	12.6	11.3	(0.8)	24.6	24.6
Total operating expenses ratio	28.4	29.5	26.8	26.9	24.8	5.6	9.7	10.1
Loss ratio	62.5	61.4	61.5	60.3	69.0	3.6	1.8	(0.2)
Combined operating ratio	90.9	90.9	88.3	87.2	93.8	4.2	4.2	2.9
Insurance trading ratio	16.3	18.8	20.3	21.0	16.5	(22.4)	(10.5)	(7.4)
Return on equity ratio	n/a	26.2	28.4	27.3	23.5	n/a	(4.0)	(7.7)

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 50% interest in motoring club insurance joint ventures.

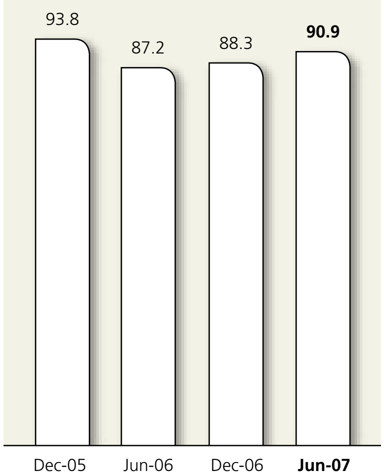
Loss ratio
Half-year, %



Expense ratio
Half-year, %



Combined operating ratio
Half-year, %



Profit commentary
Gross written premium by product

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Compulsory third party	582	519	530	9.8	(2.1)
Home	828	628	591	40.1	6.3
Motor	1,154	748	755	52.8	(0.9)
Commercial	919	582	595	54.5	(2.2)
Workers' compensation	227	202	211	7.6	(4.3)
Other	80	7	9	788.9	(22.2)
	3,790	**2,686**	**2,691**	**40.8**	**(0.2)**
Excluding CTP	**3,208**	**2,167**	**2,161**	**48.4**	**0.3**

	Half-Year Ended Jun-07 $m	Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %	Jun-07 vs Dec-06 SUN %
Compulsory third party	325	262	257	268	262	21.3	(2.2)	1.9
Home	516	316	312	299	292	72.6	5.7	1.3
Motor	779	373	375	374	381	108.3	(0.3)	(0.5)
Commercial	634	297	285	296	299	114.2	0.3	4.2
Workers' compensation	140	115	87	125	86	12.0	(8.0)	32.2
Other	73	-	7	1	8	7,200.0	(100.0)	(100.0)
	2,467	**1,363**	**1,323**	**1,363**	**1,328**	**81.0**	-	**3.0**
Excluding CTP	**2,142**	**1,101**	**1,066**	**1,095**	**1,066**	**95.6**	**0.5**	**3.3**

Compulsory third party

- The CTP environment in Queensland and New South Wales remained competitive throughout the year to June 2007. Premium rate reductions have continued to follow the favourable claims experience emerging across the industry due to tort law reforms.
- Despite this competition, the underlying performance of Queensland and New South Wales CTP portfolios is positive and Suncorp remains the leading CTP insurance provider in Queensland while GIO has again improved market share in New South Wales growing to 8.3% for the year. Underlying business volumes grew, supported by strong retention rates in both states.
- In Queensland, solid policy growth of 1.9% was supported by high customer retention rates and reflects the strong Suncorp brand, the effective distribution model and accelerated population growth in the state. Average premiums rates reduced by 3% due to the continued favourable claims environment as well as sustained competition in the market impacting prices. The business has remained competitive in the motor dealer channel which accounts for a significant portion of total new business.
- In New South Wales, strong policy growth of 8.3% was offset by average premiums reductions of around 13% driven by competition, low claims frequency and the introduction of the LTCS Scheme. The business continues to successfully target preferred risks as evidenced by better than industry average claims experience.
- Suncorp's involvement with Youngcare, a new charity that offers better care solutions for young people was launched in January 2007 to raise significant public awareness for SUN CTP and Youngcare.

Home

- The Home portfolio again achieved quality results with the full-year GWP increasing by 6.3% to $628 million. This performance was driven by higher average premiums, moderated by a decline in underlying business volumes outside of Queensland.
- Average premiums increased due to sum insured indexation in the renewal book and other rating structure adjustments. More sophisticated pricing through the peril-based risk engine allowed portfolio price optimisation and targeted risk selection. The targeting of preferred risks has led to improved profitability across the portfolio and the shedding of some risks in force in higher risk areas.
- Portfolio growth was achieved by the business's strategy of tailored offerings and segment focused products. During the year, the Platinum product was successfully launched, aimed at higher sum insured customers. The Platinum product was voted best combined home and contents product by a leading consumer advocate group in May 2007.

Gross written premium by product continued

Motor

- GWP in the Motor portfolio declined slightly to $748 million for the year to June 2007.
- The market intensified over the year with increased competitor marketing and price-led campaigns, particularly in Queensland and New South Wales. In contrast to such price focused strategies, the business continued to enforce a disciplined pricing approach and focused on the quality of the book in order to maintain strong profitability across the Motor portfolio.
- Although this approach has led to some loss of business in the year, market share of preferred risks has been maintained. The success of this strategy is evident in the strong profitability of the portfolio, demonstrating that the quality of the book has improved significantly. This underlying profitability will continue to support the business's strategy of attracting growth in selected risk profiles, rather than compete on price.
- The business continues to observe that average premium levels for new business have been impacted by changes in new vehicle purchasing patterns by customers, as they switch from larger, more expensive cars to smaller, more economical cars. This has resulted in a decline in average sums insured in the portfolio over the last 12 months.
- The business continues to focus on unique segmented customer offerings to address customer needs, such as the Family Discount, Named Driver products and Custom Car insurance, while enhancing customer service.

Commercial insurance

- Soft market conditions persisted as profitability remained above expected long term average margins and continued to put premium growth under pressure as industry premium rates continue to decline across the commercial portfolio.
- Despite the market environment, total GWP has held at $582 million, a slight decline of 2.2% for the year. This solid result was achieved through a focus on retention strategies for existing profitable customers across all channels. The success of these strategies is evident by the solid profitability achieved in Commercial lines for the year.
- Suncorp's retention rates remain favourable as it continues to focus on the SME segment and insurance packages, which has reduced sensitivity to market conditions and price volatility.
- Intense competition for new business has impacted pricing with competitors offering discounts in the range of 15% to 20% in some classes. This has affected new business volumes as the business continued to maintain underwriting and pricing discipline.
- The business continues to focus on identifying customers with under-insurance and non-insurance through direct channels, thus ensuring that customers have a comprehensive understanding of asset protection strategies.

Workers' Compensation

- Suncorp underwrites Workers' Compensation in Western Australia, ACT and Tasmania.
- In Workers Compensation, GWP declined by 4.3% as soft market conditions were driven by solid profitability emerging in the schemes. Included in GWP is the impact of prior year adjustments relating to 'cost adjusting' policies written over a number of years. Excluding this impact, GWP was 3.2% higher than the prior year.
- Growth of the underlying business was supported by strong wages in force growth of around 8%. In particular, strong economic conditions in Western Australia have led to the continued expansion of business payrolls.
- This was negated by lower average premiums resulting from the June 2007 Gazette rates reducing premiums in Western Australia (on average by 13%) impacting the June 2007 renewals.
- Average premiums were also impacted by aggressive pricing strategies adopted by competitors. Despite this, Suncorp was able to maintain good retention rates throughout the year particularly in Western Australia.

	Jun-07 $m	Full Year Ended Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Gross written premium by geography					
Queensland	1,229	1,104	1,102	11.5	0.2
New South Wales	1,252	869	888	41.0	(2.1)
Victoria	564	304	296	90.5	2.7
Western Australia	301	249	241	24.9	3.3
South Australia	72	33	36	100.0	(8.3)
Tasmania	93	73	73	27.4	-
Other	62	54	55	12.7	(1.8)
Total Australia	3,573	2,686	2,691	32.8	(0.2)
New Zealand	217	-	-	n/a	n/a
Total	**3,790**	**2,686**	**2,691**	**40.8**	**(0.2)**

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %	Jun-07 vs Dec-06 SUN %
Queensland	684	559	545	549	553	24.6	1.8	2.6
New South Wales	812	429	440	439	449	85.0	(2.3)	(2.5)
Victoria	413	153	151	147	149	181.0	4.1	1.3
Western Australia	187	135	114	137	104	36.5	(1.5)	18.4
South Australia	55	16	17	18	18	205.6	(11.1)	(5.9)
Tasmania	59	39	34	38	35	55.3	2.6	14.7
Other	40	32	22	35	20	14.3	(8.6)	45.5
Total Australia	2,250	1,363	1,323	1,363	1,328	65.1	-	3.0
New Zealand	217	-	-	-	-	n/a	n/a	n/a
Total	**2,467**	**1,363**	**1,323**	**1,363**	**1,328**	**81.0**	-	**3.0**

The tables above demonstrate how the General Insurance premiums are geographically diversified.

- In Queensland, premiums were maintained at $1.1 billion with strong growth in short tail personal lines being constrained by the decline in CTP premium rates.
- Premiums were slightly lower over the year in New South Wales, as growth in the home portfolio was offset by falling premium rates in commercial business and CTP as well as lower premiums in motor.
- Premiums continued to grow steadily in Victoria and Western Australia, underpinned by growth in short tail personal lines and the solid performance of workers' compensation in Western Australia.
- The strong growth in workers' compensation wages in force from buoyant economic conditions in Western Australia were largely negated by reduced Gazette rates and intense competition.

Outward reinsurance expense

- Outward reinsurance expense for the full year was $118 million, an increase of 0.9%, due to higher householder sums insured, particularly in Queensland.
- The largest component of the Group's reinsurance program relates to a property catastrophe treaty, which covers the home, motor and commercial property portfolios against major events such as windstorm, hail, bushfire and earthquake. The Group's joint venture partners participate in the treaty, allowing for economies of scale and the ability to leverage buying power.
- The Suncorp and Promina Treaty programs have been combined into a single program that best meets the risk appetite of the Group going forward at 1 July 2007.
- The combined property catastrophe treaty for the 2008 financial year provides reinsurance cover for losses up to $5.0 billion reflecting the growth in underlying exposures and maintains a return period of 1 in 250 years across all parts of the whole portfolio. The property catastrophe treaty has two reinstatements in the event of exhaustion.
- Retention limits under the new property catastrophe treaty have been set at $200 million based on the Group's risk tolerance. Suncorp's own retention will be lower than $200 million for events where joint ventures share in the $200 million treaty retention.
- Reinsurance security was maintained for the 2008 program with over 85% of long tail business and 75% of short tail business protected by reinsurers rated 'A+' or better.

Reinsurance retentions

In 2008, the following retentions (before tax) will apply to the core General Insurance business of the combined Suncorp Group.

Class (AUD$m)	Single risk retention Jun-08 $m	Event risk retention Jun-08 $m
Property	10	200
General liability	10	10
Global liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor	n/a	200
Home owners' warranty	5	5
Marine	10	10

Net Incurred claims expense

Short tail claims expense

- Short tail claims achieved an overall loss ratio of 66.4% for the year, an improvement of 5.5% percentage points on the prior year.
- Storm related costs for the full year were estimated at $182 million, of which the second half total costs were $135 million including the New South Wales June 2007 storms costs of $100 million (net of reinsurance).
  - Between 8th to 11th June 2007, severe storms struck in New South Wales, mainly impacting the Newcastle and Hunter Valley regions, resulting in approximately 10,200 of claims lodged, as at 31 July 2007.
  - Floods in Victoria and various other small storm related events which incurred minimal losses across the Suncorp and GIO brands.
  - It should be noted that while this year's incurred claims included the New South Wales June 2007 storm event, the 2006 year was also significantly impacted by Cyclone Larry storms costs of $80 million (net of reinsurance).
- Despite these events, the overall short tail claims outcome remains particularly favourable due to:
  - Improved underlying working claims, with continued benefits from the now largely implemented, claims cost reduction program
  - Favourable commercial large losses, as the prior year included higher losses than normally expected.
- Underlying claims experience continued to show favourable trends across all products, but particularly in the motor and commercial portfolios.
  - Average claims costs reduced significantly in motor, due to the implementation of the claims cost reduction program as well as the favourable impact of preferred risk selection strategies. There were also better than expected outcomes for third party recoveries observed over the period.
  - Underlying claims experience in home has been stable with improved working losses driven by favourable experience for fire, theft and liability claims in both SUN and GIO.
  - Commercial claims experience was favourable overall, driven by improved claims incidence offset by higher average claims size in the property classes.

Long tail claims expense

The following factors affected long tail claims expense:

Central Estimate Releases

- The valuation of outstanding claims at June 2007 resulted in a second half central estimate release of $180 million, bringing the full year central estimate release relating to prior accident years to $300 million. Key explanations for the release are:
  - The underlying claims incidence and settlement experience continued to show favourable trends in the year
  - As claims experience has developed post tort reforms, valuation actuaries have given more weighting to the observed experience, which has contributed substantially to the releases
  - A range of initiatives was implemented to further drive efficiencies in liability claims processes which is improving actual claims experience versus expected. Claims process initiatives included structural realignments of claims teams to improve the identification and management of claims according to risk profile and new technologies to streamline and strengthen processes and provide better information flow.

Superimposed inflation

- Valuations make allowance for claims costs inflating at a rate greater than the average weekly earnings index. This is known as superimposed inflation and to the extent that it does not occur, it can be considered a sustainable element of the release that would be evident in subsequent reporting periods.
- There has been little evidence of superimposed inflation across the entire portfolio in the current reporting period thereby contributing in the order of $82 million to the releases for the year.

Strains on current year profits

In addition to the prior accident period releases, other important factors need to be considered in assessing the underlying long tail claims result:

- **Current accident period strain** occurs because the business adopts a more conservative claim reserving basis for purposes of preparing its financial statements than its premium pricing basis. The valuation 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.
  - Therefore, in an environment of improving claims experience as clearly exists today, the valuation basis is more conservative than the pricing basis and the difference can be quite material.
  - In the full year to June 2007, current accident period strain was $110 million, on a net central estimate basis.

Claims expense continued

- **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.
  - As part of the combined Suncorp group, the business holds risks margins at 25% of the total reserve net central estimate, thus maintaining an estimated level of sufficiency of 94% on total claims reserves. This creates a margin strain on new business.
  - For the full year to June 2007, there was a net risk margin release of $11 million.

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.

	Full Year Ended Jun-07 SUN $m	SUN $m
Insurance Trading Result		500
Releases at central estimate	(300)	
Add back superimposed inflation (assumed to be sustainable)	82	(218)
		282
Add strains on current year profits:		
Net risk margin strain / (release)	(11)	
Current accident period strain	110	99
ITR excluding strains and superimposed inflation		381

Level of sufficiency

- Risk margins as a percentage of the central estimate have reduced from 28% to 25% whilst maintaining a level of sufficiency of approximately 94%. This is due to the increased diversification of risks following the merger of Promina.
- The diversification benefit of $105 million for Suncorp has been recognised at the group level and is not reflected in the Group General Insurance contribution to profit, or in this profit analysis and discussion.

Sustainability of releases

- The valuations adopted at June 2007 have only moved partially towards the most recent observed experience. This means that if this experience holds true we can expect further releases.
- The business adopts a more conservative claim reserving basis than its premium pricing basis. As a result, further 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 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.
- Once a long term trend is established and the volatility in claims data diminishes, the Group in all likelihood will move its current level of sufficiency closer to 90% from the current level of approximately 94%.
- Based on June 2007 valuations the movement in the level of sufficiency from approximately 94% to 90% would release $230 million from the Group's total outstanding claims provisions on a consolidated basis.

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Outstanding claims and unearned premiums liabilities							
Expected future claims payments – undiscounted	8,636	5,063	5,224	5,237	5,148	65.3	(3.1)
Discounting to present value	(1,486)	(971)	(986)	(986)	(872)	50.7	(1.5)
Gross Outstanding claims liabilities	7,150	4,092	4,238	4,251	4,276	68.7	(3.4)
Reinsurance and other recoveries	(1,149)	(496)	(508)	(491)	(458)	126.2	(2.4)
Net outstanding claims liabilities	6,001	3,596	3,730	3,760	3,818	60.9	(3.6)
Unearned premium liabilities	3,204	1,393	1,371	1,400	1,350	133.7	1.6
	9,205	**4,989**	**5,101**	**5,160**	**5,168**	**80.5**	**(2.2)**

- The undiscounted value of gross outstanding claims decreased 3.1% over the year to $5.1 billion, due to reducing the prudential margins to reflect added diversification benefits of merging with the Promina Group, valuation releases and to a lesser extent, higher than expected payment rates in Queensland CTP.
- The discount rate increased to 6.43% in June 2007 from 6.02% in December 2006 and from 5.8% in June 2006. Outstanding claims are discounted to their present values by reference to the yield curve derived from Commonwealth Government bonds.
- Changes to the discount amount are caused by movements in the yield curve, the size of the outstanding claims base and the duration of outstanding claims. Movements in discount rates have a minimal impact on the insurance trading result due to offsetting movements in investment income on insurance provisions. This means that movements in market interest rates do not distort the insurance trading result.

Outstanding claims and unearned premiums liabilities continued

Net Provisions

This table shows the net outstanding claims liability by the net central estimate, the discount on net central estimate and the discounted risk margin components. The net outstanding claims liability is also shown by major class of insurance business.

			Half-Year Ended		
	Jun-07	Jun-07 SUN	Dec-06	Jun-06	Dec-05
	$m	$m	$m	$m	$m
Net outstanding claims liabilities					
Expected future claim payments and claims handling expenses	5,945	3,579	3,589	3,577	3,630
Discount to present value	(1,133)	(680)	(681)	(644)	(605)
Discounted expected future claim payments and claims handling expenses	4,812	2,899	2,908	2,933	3,025
Risk margin discounted	1,189	697	822	827	793
Net outstanding claims liabilities	6,001	3,596	3,730	3,760	3,818
Personal					
Australia					
CTP	2,984	2,062	2,138	2,088	2,150
Short-tail and other	671	361	310	330	325
New Zealand	53	-	-	-	-
Commercial					
Australia					
Liability	860	407	460	505	506
Workers' compensation	834	553	594	580	573
Short-tail and other	439	213	228	257	264
New Zealand	160	-	-	-	-
Total	6,001	3,596	3,730	3,760	3,818

Net Consolidated Provisions

This table shows the discounted net central estimate and discounted risk margin by class for the Suncorp combined group. The table also shows the average risk margin percentage for each major class of insurance business.

	Net central estimate (discounted) $m	Risk margin (discounted) 94th percentile RM $m	RM %	Outstanding claim provision (discounted) $m
Personal				
Australia				
CTP	2,426	558	23%	2,984
Short-tail and other	593	78	13%	671
New Zealand	47	6	13%	53
Commercial				
Australia				
Liability	676	184	27%	860
Workers' compensation	583	251	43%	834
Short-tail and other	369	70	19%	439
New Zealand	118	42	36%	160
Total	4,812	1,189	25%	6,001

Outstanding claims and unearned premiums liabilities continued

Claims development

This development table examines the amount of net incurred claims cost that emerges from prior year by major class of insurance business.

In addition to the releases from prior periods referred to in the commentary which represent the impact of changes in valuation assumptions on the long tail net central estimates, the impact on net incurred claims set out in this table, includes short tail experience, risk margins released from prior periods and the impact of unwinding the discounting of claims over the period.

This table has been prepared for the half year to June 2007. Figures shown for the group include the contribution from Promina from the 20 March 2007 to 30 June 2007 and exclude the alignment of outstanding claims valuations.

	Jun-07			Jun-07 SUN		
	Incurred cost		Central	Incurred cost		Central
	Actual [a]	Before impact of change in discount rates [b]	estimate incurred [c]	Actual [a]	Before impact of change in discount rates [b]	estimate incurred [c]
	$m	$m	$m	$m	$m	$m
Impact of Prior Year Movements on the Net Incurred Claims Cost						
Australia						
Personal						
CTP	(143)	(115)	(130)	(106)	(86)	(99)
Short-tail and other	(70)	(70)	(32)	(63)	(63)	(37)
Total Personal	(213)	(185)	(162)	(169)	(149)	(136)
Commercial						
Liability	(111)	(98)	(89)	(39)	(34)	(29)
Workers' compensation	(76)	(55)	(51)	(59)	(50)	(44)
Short-tail and other	(25)	(24)	(16)	(28)	(27)	(19)
Total Commercial	(212)	(177)	(156)	(126)	(111)	(92)
Total	**(425)**	**(362)**	**(318)**	**(295)**	**(260)**	**(228)**
Remove impact of change in discount rates	62			34		
Total change in prior year net provisions before impact of change in discount rates	**(363)**			**(261)**		

	Jun-07	Jun-07 SUN
	$m	$m
New Zealand		
Workers' compensation	-	-
Other	(3)	-
Total	(3)	-

Note:

[a] This column is equal to the opening net provision for outstanding claims (including risk margins), less payments and claims handling expenses, less closing net provision for outstanding claims. The sign of the result is reversed for the purposes of this table.

[b] The closing net provision in column (a) is calculated using the latest interest rates. This column removes the impact of change in interest rates on the incurred cost.

[c] 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). The sign of the result is reversed for the purposes of this table.

Claims development continued

The claims progression tables below show the estimated long tail claims costs development for the most recent accident years. Reconciliations to total gross and net outstanding claims have been provided.

The comparatives in the consolidated table have been updated to include Promina data for accident years back to 2002.

				Accident year				
	Prior $m	2002 $m	2003 $m	2004 $m	2005 $m	2006 $m	2007 $m	Total $m
Consolidated								
Estimate of ultimate claims cost								
At end of accident year		936	1,014	1,035	1,168	1,204	1,239	
One year later		945	992	1,051	1,057	1,109		
Two years later		921	928	914	928			
Three years later		853	822	822				
Four years later		836	718					
Five years later		772						
Current estimate of cumulative claims cost		772	718	822	928	1,109	1,239	5,588
Cumulative payments		(605)	(428)	(328)	(241)	(143)	(44)	(1,789)
Outstanding claims – undiscounted	931	167	290	494	687	966	1,195	4,730
Discount	(327)	(29)	(49)	(80)	(118)	(185)	(253)	(1,041)
Deferred Premium	-	-	-	-	-	-	(22)	(22)
Outstanding claims – long tail	604	138	241	414	569	781	920	3,667
Outstanding claims – short tail								898
Claims handling expense								247
Risk margin								1,189
Total net outstanding claims liabilities								6,001
Reinsurance and other recoveries on outstanding claims liabilities								1,149
Total gross outstanding claims liabilities								7,150

Claims development continued

				Accident year				
	Prior $m	2002 $m	2003 $m	2004 $m	2005 $m	2006 $m	2007 $m	Total $m
Suncorp								
Estimate of ultimate claims cost								
At end of accident year		647	711	696	800	809	824	
One year later		663	690	714	705	759		
Two years later		645	642	609	629			
Three years later		587	563	566				
Four years later		581	505					
Five years later		546						
Current estimate of cumulative claims cost		546	505	566	629	759	824	3,829
Cumulative payments		(441)	(309)	(243)	(186)	(111)	(38)	(1,328)
Outstanding claims – undiscounted	466	105	196	323	443	648	786	2,967
Discount	(145)	(19)	(34)	(53)	(77)	(127)	(174)	(629)
Deferred Premium	-	-	-	-	-	-	-	-
Outstanding claims – long tail	321	86	162	270	366	521	612	2,338
Outstanding claims – short tail								414
Claims handling expense								147
Risk margin								697
Total net outstanding claims liabilities								3,596
Reinsurance and other recoveries on outstanding claims liabilities								496
Total gross outstanding claims liabilities								4,092

To understand the above tables, the first row shows the estimated undiscounted ultimate claims by accident year. Reading down the columns, each successive number shows the ultimate cost by accident year estimated one year later.

The claims development trends for Suncorp highlight that the claims experience has generally been favourable in all the above accident years compared with the initial reserving estimates. For example, the Suncorp stand alone current estimate of ultimate claims costs for the 2005 year is 21% lower than estimated at the end of the 2005 accident year.

This favourable development trend is due largely to the following factors:

- The general absence of superimposed inflation and the ongoing benefits of reforms to tort law.
- The Group's reserving basis is generally more conservative in recognising favourable experience.
- The realisation of various claims cost reduction initiatives over time.

Operating expenses

- Operating expenses for the full year increased by 10.0% to $718 million. The total operating expenses ratio increased to 28.1%.
- Other underwriting expenses increased by 19.5% for the year mainly due to increased project expenditure. Projects included the national workplace change program which is delivering new work environments, the Suncorp desktop program rollout (successfully completed in the first half) as well as development spend on the peril-based risk engine.
- In addition, other underwriting expenses were impacted by higher fire brigade charges of $14 million, an increase of 18.1% over the prior year.
- The other underwriting expense ratio was 14.1% compared to 12.0% in the 2006 year.
- Acquisition costs were largely contained over the year, maintaining the acquisition expense ratio at 14.0%. Investment in delivering superior customer sales and service experiences as well as increased marketing expenditure was offset by the increased deferral of acquisition costs including a favourable liability adequacy adjustment and lower levies and charges.
- Expense ratios were also impacted by the flat revenue growth for the year due to the fixed nature of some cost components.

Investment income on insurance funds

- Investment income on insurance provisions was in line with the prior year at $234 million for the 2007 year.
- The investment income reflects stronger performance from fixed interest securities and higher weighted average funds under management.
- The insurance provisions also include a small property portfolio which is subject to periodic valuations. Valuations undertaken towards the end of the period had a positive impact of approximately $18 million. The prior year impact was $24 million.

Managed schemes

Net profit from the managed scheme business was $25 million, a decrease of 3.8% on the prior year, due to several factors:

- The overall managed fee income was in line with the prior year however the prior year also included a one-off payment for TMF contract transition fees. Excluding this one-off, fee income increased 18% on 2006.
- Managed funds expenses increased by 1.1%, attributable to additional expenditure for Victoria managed funds, due to the additional resources required to prepare for expansion and future portfolio growth.

Joint venture income

Suncorp participates in insurance joint ventures with motoring clubs in Queensland and South Australia.

The joint venture contribution for the full year to June 2007 was $55 million, up from $25 million in the prior year, due to an improvement in the underwriting result including significant long tail releases and higher investment returns from the joint venture entities when compared to prior year.

Investment income on Shareholder Funds

- Investment income on shareholder funds was $184 million for the full year, a decrease of 9.4% on the prior year.
- Decreases in investment income reflect primarily the lower returns obtained from the international equities portfolio to which shareholder funds has a benchmark weighting of 10%. There were slightly lower returns for Australian equities to which shareholders funds has a benchmark weighting of 40%. This has been offset in part from higher average funds under management.
- For year to 30 June 2007, the Shareholder Funds' Australian equity portfolio outperformed the benchmark S&P/ASX 200 Accumulation Index by 1.8% through effective stock selection.
- Performance returns achieved on equities and the domestic fixed interest portfolio are outlined below by half-year comparative.

	Jun-07		Dec-06		Jun-06		Dec-05	
	Benchmark return %	Actual return %	Benchmark return %	Actual return %	Benchmark return %	Actual return %	Benchmark return %	Actual return %
Performance returns								
Shareholder Funds:								
Fixed Interest – Domestic	1.69	1.96	2.26	2.46	0.86	1.15	2.53	2.79
Equities – Domestic	12.70	13.65	14.16	14.76	8.81	13.14	13.90	15.03
Equities – International	1.13	1.55	6.56	5.82	4.63	4.91	14.57	16.60

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Allocation of investments – General Insurance							
Allocation of investments held against:							
Insurance funds							
Cash and short term deposits	1,134	1,053	1,063	1,383	1,166	6.7	(0.9)
Interest bearing securities	6,310	3,434	3,465	3,212	3,186	82.1	(0.9)
Australian equities	9	5	5	-	-	80.0	-
Property	152	152	128	130	102	18.8	18.8
	7,605	**4,644**	**4,661**	**4,725**	**4,454**	**63.2**	**(0.4)**
Shareholder Funds							
Cash and short term deposits	256	196	185	171	211	38.4	5.9
Interest bearing securities	1,359	491	483	454	489	181.4	1.7
Australian equities	1,137	625	606	556	596	87.6	3.1
Overseas equities	154	154	151	142	125	2.0	2.0
Property	114	72	71	68	46	60.6	1.4
	3,020	**1,538**	**1,496**	**1,391**	**1,467**	**101.9**	**2.8**

The investment funds are managed by Suncorp's investment manager. The total is different to the cash and investment balances in the General Insurance balance sheet on page 60, 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 Suncorp's Shareholder Funds shown above excludes non-investment market assets such as goodwill relating to the acquisition of GIO and the investments in joint ventures.

	Jun-07 %	Jun-07 SUN %	Half-Year Ended Dec-06 %	Jun-06 %	Dec-05 %	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Allocation of investments – General Insurance							
Allocation of investments held against:							
Insurance funds							
Cash and short term deposits	15	23	23	29	26	(35.2)	-
Interest bearing securities	83	74	74	69	72	12.1	-
Property	2	3	3	2	2	(33.4)	-
	100	**100**	**100**	**100**	**100**	-	-
Shareholder Funds							
Cash and short term deposits	8	13	12	12	14	(29.4)	8.3
Interest bearing securities	45	32	32	33	33	40.6	-
Australian equities	38	40	41	40	41	(8.2)	(2.4)
Overseas equities	5	10	10	10	9	(49.0)	-
Property	4	5	5	5	3	(24.5)	-
	100	**100**	**100**	**100**	**100**	-	-

	Jun-07	Jun-07 SUN	Half-Year Ended Dec-06	Jun-06	Dec-05	Jun-07 vs Dec-06	Jun-07 vs Dec-06 SUN
	$m	$m	$m	$m	$m	%	%
Allocation of investment income – General Insurance							
Investment income on insurance funds							
Cash and short term deposits	33	28	32	28	32	3.1	(12.5)
Interest bearing securities	99	70	73	38	91	35.6	(4.1)
Australian equities	-	-	-	3	1	n/a	n/a
Other	25	24	7	34	7	257.1	242.9
Total	**157**	**122**	**112**	**103**	**131**	**40.2**	**8.9**
Investment income on Shareholder Funds							
Cash and short term deposits	6	5	9	2	7	(33.3)	(44.4)
Interest bearing securities	6	6	8	1	16	(25.0)	(25.0)
Australian equities	98	76	72	73	81	36.1	5.6
Overseas equities	3	3	8	7	17	(62.5)	(62.5)
Property	1	1	12	11	2	(91.7)	(91.7)
Other revenue	7	7	4	5	4	75.0	75.0
Other expenses	(16)	(16)	(11)	(12)	(11)	45.5	45.5
Total	**105**	**82**	**102**	**87**	**116**	**2.9**	**(19.6)**
Total investment income	**262**	**204**	**214**	**190**	**247**	**22.4**	**(4.7)**

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	Jun-07	Jun-07 SUN	Half-Year Ended Dec-06	Jun-06	Dec-05	Full Year Ended Jun-07	Jun-06
	%	%	%	%	%	%	%
AAA	57.6	48.9	63.5	64.3	63.4	55.9	63.8
AA	22.6	19.6	13.4	13.8	13.3	16.7	13.6
A	17.3	28.5	20.7	19.6	20.1	24.7	19.8
BBB	2.5	3.0	2.4	2.3	3.2	2.7	2.8
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Profit contribution by line of business – personal and commercial lines

Personal lines

- Personal lines reported an insurance trading result of $257 million for the full year, equal to a trading ratio of 14.2%. The main components of the result were:
- Premium growth in home of 6.3% was offset by lower premiums in motor as a result of strong competition and rate reductions in the CTP portfolios.
- Claims ratio increased to 68.7% in the year, primarily due to the impact of the New South Wales June 2007 storms event.
  - Underlying claims experience was favourable, particularly in motor, attributable to the benefits of the claims cost reduction program as well as the impact of preferred risk selection strategies.
  - In CTP, underlying claims incidence and settlement experience continued to show favourable claims trends, with little evidence of superimposed inflation. Claims process initiatives coupled with the impact of tort reform contributed to a reserve release relating to prior accident years.
- Total operating expenses ratio increased to 25.7% due to increased marketing to promote new product offerings and investment in Suncorp projects. These projects included improving our risk selection and pricing capabilities as well as the upgrades to desktop technologies and the work place aimed at improving the productivity of our people. The ratio also includes the effect of lower CTP premiums on a "fixed" cost component of acquisition costs, an unfavourable liability adequacy adjustment and additional fire brigade charges of $10 million for the year.

	Full Year Ended			Jun-07	Jun-07
	Jun-07	Jun-07 SUN	Jun-06	vs Jun-06	vs Jun-06 SUN
	$m	$m	$m	%	%
Gross written premium	2,649	1,896	1,883	40.7	0.7
Net earned premium	2,505	1,816	1,796	39.5	1.1
Net claims incurred	(1,772)	(1,248)	(1,178)	50.4	5.9
Acquisition expenses	(358)	(224)	(208)	72.1	7.7
Other underwriting expenses	(289)	(243)	(194)	49.0	25.3
Total operating expenses	(647)	(467)	(402)	60.9	16.2
Underwriting result	86	101	216	(60.2)	(53.2)
Investment income – insurance funds	183	156	164	11.6	(4.9)
Insurance trading result	269	257	380	(29.2)	(32.4)
	%	%	%		
Ratios					
Acquisition expenses ratio	14.3	12.3	11.6	23.3	6.0
Other underwriting expenses ratio	11.5	13.4	10.8	6.5	24.1
Total operating expenses ratio	25.8	25.7	22.4	15.2	14.7
Loss ratio	70.7	68.7	65.6	7.8	4.7
Combined operating ratio	96.5	94.4	88.0	9.7	7.3
Insurance trading ratio	10.7	14.2	21.2	(49.5)	(33.0)

Profit contribution by line of business – personal and commercial lines continued

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Personal lines							
Gross written premium	1,704	951	945	940	943	80.3	0.6
Net earned premium	1,593	904	912	895	901	74.7	(0.9)
Net claims incurred	(1,134)	(610)	(638)	(558)	(620)	77.7	(4.4)
Acquisition expenses	(235)	(101)	(123)	(107)	(101)	91.1	(17.9)
Other underwriting expenses	(177)	(131)	(112)	(99)	(95)	58.0	17.0
Total operating expenses	(412)	(232)	(235)	(206)	(196)	75.3	(1.3)
Underwriting result	47	62	39	131	85	20.5	59.0
Investment income – insurance funds	111	84	72	73	91	54.2	16.7
Insurance trading result	158	146	111	204	176	42.3	31.5

	%	%	%	%	%		
Ratios							
Acquisition expenses ratio	14.8	11.2	13.5	12.0	11.2	9.6	(17.0)
Other underwriting expenses ratio	11.1	14.5	12.3	11.1	10.5	(9.8)	17.9
Total operating expenses ratio	25.9	25.7	25.8	23.1	21.7	0.4	(0.4)
Loss ratio	71.2	67.5	70.0	62.3	68.8	1.7	(3.6)
Combined operating ratio	97.1	93.2	95.8	85.4	90.5	1.4	(2.7)
Insurance trading ratio	9.9	16.2	12.2	22.8	19.5	(18.9)	32.8

Profit contribution by line of business – personal and commercial lines continued

Commercial lines

Commercial lines reported an insurance trading result of $243 million for the full year, equal to a trading ratio of 32.9%. 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 full year loss ratio reduced significantly from 62.3% to 43.6%, driven by:
  - Favourable underlying claims incidence and settlement experience in commercial liability and Workers' Compensation, contributing to a sizable reserve release relating to prior accident years.
  - Favourable commercial property working losses as underlying claims experience remained favourable.
  - Commercial large losses were favourable, as the prior year included higher losses than normally expected.
  - Storm related claims costs were lower than prior year, despite the impact of the New South Wales June 2007 event.
- Total operating expenses ratio decreased to 34.0% for the full year due to liability adequacy adjustment in Workers' Compensation offset by increased other underwriting expenses for investment in desktop technologies and the work place aimed at improving the productivity of our people.

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Gross written premium	1,141	790	808	41.2	(2.2)
Net earned premium	970	738	730	32.9	1.1
Net claims incurred	(387)	(322)	(455)	(14.9)	(29.2)
Acquisition expenses	(172)	(133)	(143)	20.3	(7.0)
Other underwriting expenses	(148)	(118)	(108)	37.0	9.3
Total operating expenses	(320)	(251)	(251)	27.5	0.0
Underwriting result	263	165	24	995.8	587.5
Investment income – insurance funds	86	78	70	22.9	11.4
Insurance trading result	349	243	94	271.3	158.5
	%	%	%		
Ratios					
Acquisition expenses ratio	17.7	18.0	19.6	(9.7)	(8.2)
Other underwriting expenses ratio	15.3	16.0	14.8	3.4	8.1
Total operating expenses ratio	33.0	34.0	34.4	(4.1)	(1.2)
Loss ratio	39.9	43.6	62.3	(36.0)	(30.0)
Combined operating ratio	72.9	77.6	96.7	(24.6)	(19.8)
Insurance trading ratio	36.0	32.9	12.9	179.1	155.0

Profit contribution by line of business – personal and commercial lines continued

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Commercial lines							
Gross written premium	763	412	378	423	385	101.9	9.0
Net earned premium	593	361	377	366	364	57.3	(4.2)
Net claims incurred	(232)	(167)	(155)	(202)	(253)	49.7	7.7
Acquisition expenses	(112)	(73)	(60)	(73)	(70)	86.7	21.7
Other underwriting expenses	(97)	(67)	(51)	(60)	(48)	90.2	31.4
Total operating expenses	(209)	(140)	(111)	(133)	(118)	88.3	26.1
Underwriting result	152	54	111	31	(7)	36.9	(51.4)
Investment income – insurance funds	46	38	40	30	40	15.0	(5.0)
Insurance trading result	198	92	151	61	33	31.1	(39.1)
	%	%	%	%	%		
Ratios							
Acquisition expenses ratio	18.9	20.2	15.9	19.9	19.2	18.9	27.0
Other underwriting expenses ratio	16.4	18.6	13.5	16.4	13.2	21.5	37.8
Total operating expenses ratio	35.3	38.8	29.4	36.3	32.4	20.1	32.0
Loss ratio	39.1	46.3	41.1	55.2	69.5	(4.9)	12.7
Combined operating ratio	74.4	85.1	70.5	91.5	101.9	5.5	20.7
Insurance trading ratio	33.4	25.5	40.1	16.7	9.1	(16.7)	(36.4)

Profit contribution by class of business – short tail and long tail

Short tail

Short tail classes for the Suncorp business consist of home, motor and the non-liability component of the commercial book. These classes reported an insurance trading result of $95 million for the full year, equal to a trading ratio of 5.8%. This result was heavily impacted by the New South Wales June 2007 storm event, which cost $100 million (net of reinsurance recoveries). The 2006 full year result includes net costs of $80 million in relation to Cyclone Larry.

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Gross written premium	2,685	1,756	1,736	54.7	1.2
Net earned premium	2,411	1,645	1,615	49.3	1.9
Net claims incurred	(1,682)	(1,093)	(1,161)	44.9	(5.9)
Acquisition expenses	(406)	(254)	(254)	59.8	0.0
Other underwriting expenses	(321)	(254)	(215)	49.3	18.1
Total operating expenses	(727)	(508)	(469)	55.0	8.3
Underwriting result	2	44	(15)	(113.3)	(393.3)
Investment income – insurance funds	74	51	78	(5.1)	(34.6)
Insurance trading result	76	95	63	20.6	50.8
	%	%	%		
Ratios					
Acquisition expenses ratio	16.8	15.4	15.7	7.0	(1.9)
Other underwriting expenses ratio	13.3	15.4	13.3	0.0	15.8
Total operating expenses ratio	30.1	30.8	29.0	3.8	6.2
Loss ratio	69.8	66.4	71.9	(2.9)	(7.6)
Combined operating ratio	99.9	97.2	100.9	(1.0)	(3.7)
Insurance trading ratio	3.2	5.8	3.9	(17.9)	48.7

Profit contribution by class of business – short tail and long tail continued

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Short tail continued							
Gross written premium	1,808	879	877	864	872	106.2	0.2
Net earned premium	1,585	819	826	806	809	91.9	(0.8)
Net claims incurred	(1,174)	(585)	(508)	(591)	(570)	131.1	15.2
Acquisition expenses	(273)	(121)	(133)	(130)	(124)	105.3	(9.0)
Other underwriting expenses	(204)	(137)	(117)	(113)	(102)	74.4	17.1
Total operating expenses	(477)	(258)	(250)	(243)	(226)	90.8	3.2
Underwriting result	(66)	(24)	68	(28)	13	(197.1)	(135.3)
Investment income – insurance funds	50	27	24	45	33	108.3	12.5
Insurance trading result	(16)	3	92	17	46	(117.4)	(96.7)
	%	%	%	%	%		
Ratios							
Acquisition expenses ratio	17.2	14.8	16.1	16.1	15.3	6.8	(8.1)
Other underwriting expenses ratio	12.9	16.7	14.2	14.0	12.6	(9.2)	17.6
Total operating expenses ratio	30.1	31.5	30.3	30.1	27.9	(0.7)	4.0
Loss ratio	74.1	71.4	61.5	73.3	70.5	20.5	16.1
Combined operating ratio	104.2	102.9	91.8	103.4	98.4	13.5	12.1
Insurance trading ratio	(1.0)	0.4	11.1	2.1	5.7	(109.0)	(96.4)

Profit contribution by class of business – short tail and long tail continued

Long tail

Long tail classes for the Suncorp business consist of CTP, Workers' Compensation and commercial liability classes. These classes reported an insurance trading result of $405 million for the full year, equal to trading ratio of 44.6%. This result was driven by continued favourable experience in underlying claims incidence and settlement experience with little evidence of superimposed inflation. This experience has flowed through to the valuations of outstanding claims, resulting in a full year central estimate release of $300 million.

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Gross written premium	1,105	930	955	15.7	(2.6)
Net earned premium	1,064	909	911	16.8	(0.2)
Net claims incurred	(477)	(477)	(472)	1.1	1.1
Acquisition expenses	(124)	(103)	(97)	27.8	6.2
Other underwriting expenses	(116)	(107)	(87)	33.3	23.0
Total operating expenses	(240)	(210)	(184)	30.4	14.1
Underwriting result	347	222	255	36.1	(12.9)
Investment income – insurance funds	195	183	156	25.0	17.3
Insurance trading result	542	405	411	31.9	(1.5)
	%	%	%		
Ratios					
Acquisition expenses ratio	11.7	11.3	10.6	10.4	6.6
Other underwriting expenses ratio	10.9	11.8	9.5	14.7	24.2
Total operating expenses ratio	22.6	23.1	20.2	11.9	14.4
Loss ratio	44.8	52.5	51.8	(13.5)	1.4
Combined operating ratio	67.4	75.6	72.0	(6.4)	5.0
Insurance trading ratio	50.9	44.6	45.1	12.9	(1.1)

Profit contribution by class of business – short tail and long tail continued

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Long tail continued							
Gross written premium	659	484	446	499	456	47.8	8.5
Net earned premium	601	446	463	455	456	29.8	(3.7)
Net claims incurred	(192)	(192)	(285)	(169)	(303)	(32.6)	(32.6)
Acquisition expenses	(74)	(53)	(50)	(50)	(47)	48.0	6.0
Other underwriting expenses	(70)	(61)	(46)	(46)	(41)	52.2	32.6
Total operating expenses	(144)	(114)	(96)	(96)	(88)	50.0	18.8
Underwriting result	265	140	82	190	65	223.2	70.7
Investment income – insurance funds	107	95	88	58	98	21.6	8.0
Insurance trading result	372	235	170	248	163	118.8	38.2
	%	%	%	%	%		
Ratios							
Acquisition expenses ratio	12.3	11.9	10.8	11.0	10.3	13.9	10.2
Other underwriting expenses ratio	11.6	13.7	9.9	10.1	9.0	17.2	38.4
Total operating expenses ratio	24.0	25.6	20.7	21.1	19.3	15.9	23.7
Loss ratio	31.9	43.0	61.6	37.1	66.4	(48.2)	(30.2)
Combined operating ratio	55.9	68.6	82.3	58.2	85.7	(32.1)	(16.6)
Insurance trading ratio	61.9	52.7	36.7	54.5	35.7	68.7	43.6

Segment information – Wealth Management

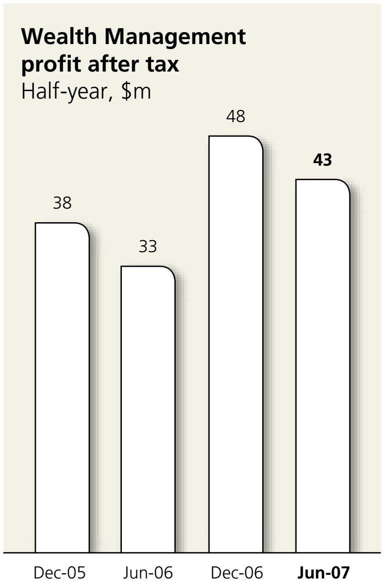
Profit overview

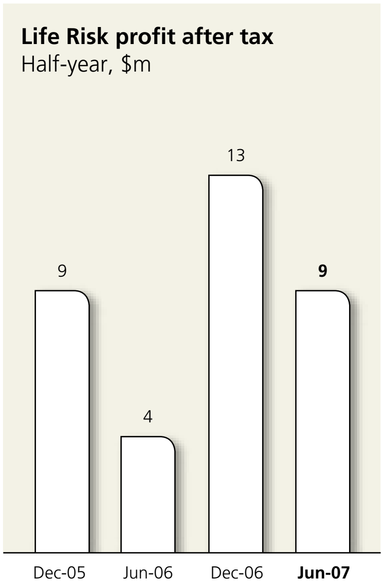
Throughout this section the following columns have been used:

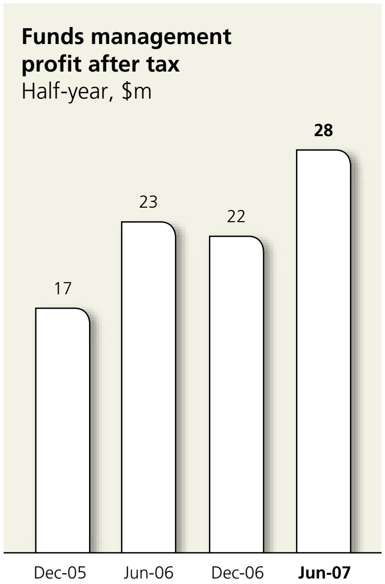
- June 2007 represents the consolidated results including Promina profit post merger.
- The "SUN" column represents the results of the Suncorp businesses, before the consolidation of Promina and acquisition accounting entries.

The commentary in this section relates to the Suncorp standalone wealth management business

- The Wealth Management division reported profit after tax of $91 million for the full year to June 2007 an increase of 28.2%. The net profit after tax result reflects strong operating performance and the continuation of buoyant markets flowing through to investment returns on shareholder funds.
- Underlying profit of $72 million which excludes the impact of investment earnings rose 35.8% from $53 million for the full year to June 2007. This increase was mainly attributable to strong growth in funds under administration, funds under management and risk annual premiums, underpinned by strong new business and customer retention. In addition experience profit was positive and contributed to the growth mainly as the result of improved claims experience and claims recovery experience.
- The Life Risk operations reported a net underlying profit after tax of $22 million, up from $13 million. Profits benefited from improved experience profit and growth in annual premium.
- The Fund Management operations which include retail investment business, asset management and distribution increased underlying profitability by 25% to $50 million. This outcome was the result of increased fees due to solid growth in funds under administration and funds under management driven by increased net flows and investment returns.
- Net investment income on shareholder assets increased to $19 million in the year to 2007, up from $18 million in the prior year predominantly due to growth in shareholder assets and buoyant investment markets.







Notes:

(1) The comparatives have been restated as after tax positions

Profit contribution – Wealth Management

Operating margins after tax
For the year ended 30 June 2007
Excluding Life Insurance policy owners' interests

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Life Risk					
Planned profit margins	22	6	5	340.0	20.0
Experience profits/(losses)	18	16	8	125.0	100.0
Recapture of losses	1	-	-	n/a	n/a
Life Risk	41	22	13	215.4	69.2
Funds Management	55	50	40	37.5	25.0
Total Wealth Management underlying profit after tax	96	72	53	81.1	35.8
Net investment income on shareholder assets	27	19	18	50.0	5.6
Net profit after tax and minority interests	**123**	**91**	**71**	**73.2**	**28.2**

Reconciliation to group profit contribution by division

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Contribution from Wealth Management	229	182	151	51.7	20.5
Change in valuation methodology – unit linked business	-	-	2	(100.0)	(100.0)
Policyholder and shareholder income tax expense [1]	(105)	(91)	(82)	28.0	11.0
Net profit after tax and before minority interests	124	91	71	74.6	28.2
Minority interests	(1)	-	-	n/a	n/a
Net profit after tax and minority interests	**123**	**91**	**71**	**73.2**	**28.2**

Notes:

[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.

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %	Jun-07 vs Dec-06 SUN %
Profit contribution – Wealth Management continued								
Operating margins after tax For the half-year ended 30 June 2007 Excluding Life Insurance policy owners' interests								
Life Risk								
Planned profit margins	19	3	3	2	3	850.0	50.0	-
Experience profits/(losses)	8	6	10	2	6	300.0	200.0	(40.0)
Recapture of losses	1	-	-	-	-	n/a	n/a	n/a
Life Risk	28	9	13	4	9	600.0	125.0	(30.8)
Funds Management	33	28	22	23	17	43.5	21.7	27.3
Total Wealth Management underlying profit after tax	61	37	35	27	26	125.9	37.0	5.7
Net investment income on shareholder assets	14	6	13	6	12	133.3	-	(53.8)
Net profit after tax and minority interests	**75**	**43**	**48**	**33**	**38**	**127.3**	**30.3**	**(10.4)**

	Jun-07 $m	Jun-07 SUN $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %	Jun-07 vs Dec-06 SUN %
Reconciliation to group profit contribution by division								
Contribution from Wealth Management	131	84	98	69	82	89.9	21.7	(14.3)
Change in valuation methodology – unit linked business	-	-	-	-	2	n/a	n/a	n/a
Policyholder and shareholder income tax expense [1]	(55)	(41)	(50)	(36)	(46)	52.8	13.9	(18.0)
Net profit after tax and before minority interests	76	43	48	33	38	130.3	30.3	(10.4)
Minority interests	(1)	-	-	-	-	n/a	n/a	n/a
Net profit after tax and minority interests	**75**	**43**	**48**	**33**	**38**	**127.3**	**30.3**	**(10.4)**

Notes:

[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 are expected to encourage the industry to become more innovative at providing products to suit investors' needs. Suncorp is well placed to take advantage of the new landscape with product initiatives underway to 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 the Group expects above average returns to moderate as the bull market matures. Suncorp has changed its advice model to a sales and service focus which will assist in managing customers and outflows in the event of a downturn.
- Increased customer awareness of their insurance needs is evident given the in-force risk market grew by more than 10% for the year to March 2007 (Plan for Life). Suncorp successfully launched a Direct Risk product which has improved customer penetration and cross-sell into the Group's retail customer base.
- Net flows into superannuation and pensions products were assisted by the one-off tax concession for contributions of up to $1 million. For the year to June 2007, inflows increased by 37% to $739 million.
- The industry continues to be impacted by a shortage of authorised planners. To address this issue Suncorp has developed a program which focuses on improved planner productivity and growing their own planners organically through career path models and recruitment programs.

	Full Year Ended				
	Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Life Risk					
Life Risk underlying profit after tax comprises:					
Planned profit margin release	22	6	5	340.0	20.0
Experience deviations					
Mortality	1	-	1	-	(100.0)
Morbidity	4	3	(1)	500.0	400.0
Other	13	13	8	62.5	62.5
Total experience deviations	18	16	8	125.0	100.0
Recapture of losses	1	-	-	n/a	n/a
Life Risk underlying profit after tax	**41**	**22**	**13**	**215.4**	**69.2**

	Half-Year Ended								
	Jun-07 Aus $m	Jun-07 NZ $m	Jun-07 Total $m	Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Life Risk underlying profit after tax comprises:									
Planned profit margin release	15	4	19	3	3	2	3	533.3	-
Experience deviations									
Mortality	3	(1)	2	1	(1)	-	1	300.0	200.0
Morbidity	(1)	2	1	-	3	-	(1)	(66.7)	(100.0)
Other	5	-	5	5	8	2	6	(37.5)	(37.5)
Total experience deviations	7	1	8	6	10	2	6	(20.0)	(40.0)
Recapture of losses	1	-	1	-	-	-	-	n/a	n/a
Life Risk underlying profit after tax	**23**	**5**	**28**	**9**	**13**	**4**	**9**	**115.4**	**(30.8)**

Profit commentary Life Risk

Life Risk

The life risk business produced an outstanding result reporting underlying profit after tax of $22 million, which was a 69.2% increase on the prior year. Planned profits grew 20% on the previous year to $6 million. This is due in part to strong growth of inforce annual premium on personal risk driven by increased new business and strong retention.

There was a strong focus during the year on reducing lapse rates and claim provisions, through improved claims management practices and processes and customer retention initiatives. These activities had a positive impact on the experienced profits which were $16 million in the year to June 2007 an increase of 100% on the prior year. Other experienced profits increased by 62.5% to $13 million as the result of low Group Life claims and the growth in Group Life annual premium.

Annual Premium

Annual premiums on risk products increased 24.8% for the year, primarily driven by good customer retention and continuing growth in premiums from a major Group Life client.

New Business

New business sales increased 69% to $49 million. This increase was achieved largely due to a major client increasing its number of insured members in the Group life business and improved strike rates and an increase in the volume of both home and personal loans in the Consumer Credit Insurance portfolio.

Term new business growth was mainly driven by the successful launch of the "Family Protect" Direct Risk product which improved customer penetration and cross sell into the group's retail customer base.

	Full Year Ended			Jun-07	Jun-07
	Jun-07	Jun-07 SUN	Jun-06	vs Jun-06	vs Jun-06 SUN
	$m	$m	$m	%	%
Life Risk annual premium					
Life Risk inforce					
Term and TPD	257	44	39	559.0	12.8
Trauma	93	12	10	830.0	20.0
Disability income	188	23	22	754.5	4.5
Group	106	72	50	112.0	44.0
Other	29	-	-	n/a	n/a
Total	**673**	**151**	**121**	**456.2**	**24.8**

	Half-Year Ended							Jun-07	Jun-07
	Jun-07 Aus	Jun-07 NZ	Jun-07 Total	Jun-07 SUN	Dec-06	Jun-06	Dec-05	vs Dec-06	vs Dec-06 SUN
	$m	$m	$m	$m	$m	$m	$m	%	%
Life Risk inforce									
Term and TPD	204	53	257	44	41	39	37	526.8	7.3
Trauma	81	12	93	12	11	10	9	745.5	9.1
Disability income	170	18	188	23	23	22	22	717.4	-
Group	106	-	106	72	64	50	39	65.6	12.5
Other	3	26	29	-	-	-	-	n/a	n/a
Total	**564**	**109**	**673**	**151**	**139**	**121**	**107**	**384.2**	**8.6**

Note:

Annual premiums reflect the balance at the end of the period, ie 30 June 2007.

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Life Risk new business					
Term and TPD	9	5	4	125.0	25.0
Trauma	5	2	2	150.0	-
Disability income	7	4	4	75.0	-
Other	39	38	19	105.3	100.0
Total	**60**	**49**	**29**	**106.9**	**69.0**

	Half-Year Ended Jun-07 Aus $m	Jun-07 NZ $m	Jun-07 Total $m	Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Life Risk new business									
Term and TPD	6	1	7	3	2	2	2	250.0	50.0
Trauma	3	1	4	1	1	1	1	300.0	-
Disability income	5	-	5	2	2	2	2	150.0	-
Other	21	1	22	21	17	12	7	29.4	23.5
Total	**35**	**3**	**38**	**27**	**22**	**17**	**12**	**72.7**	**22.7**

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Funds management					
Funds Management underlying profit margin comprises:					
Retail Investment	47	41	36	30.6	13.9
Distribution	(4)	(1)	(2)	(100.0)	50.0
Asset Management	12	10	6	100.0	66.7
Total underlying profit after tax	**55**	**50**	**40**	**37.5**	**25.0**

	Half-Year Ended Jun-07 Aus $m	Jun-07 NZ $m	Jun-07 Total $m	Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Funds Management underlying profit margin comprises:									
Retail Investment	26	3	29	23	18	22	14	61.1	27.8
Distribution	(3)	-	(3)	-	(1)	(2)	-	(200.0)	100.0
Asset Management	7	-	7	5	5	3	3	40.0	-
Total underlying profit after tax	**30**	**3**	**33**	**28**	**22**	**23**	**17**	**50.0**	**27.3**

Profit commentary funds management

The funds management division delivered a 25% increase in underlying profit after tax of $50 million for the full year to June 2007. Key attributes were:

- The retail investment underlying profit increased by 13.9%, driven by good growth of funds under administration. Growth was underpinned by strong investment earnings and increased net inflows.
- The underlying profit on asset management increased by 66.7%, driven by growth in funds under management, increased margins and higher investment income.
- Distribution reduced its loss to $1 million, driven by increased new business activities.
- Funds under administration grew 23% to $6.4 billion in the full year to June 2007. This growth was driven by strong investment earnings and strong net flows, which increased from $339 million to $472 million, an increase of 39.2%.
- Funds under management increased 10.8% to $14.4 billion at June 2007. Funds under management are managed by Suncorp Investment Management and include the Life Company, General Insurance and wholesale external mandates. Growth was driven by strong investment earnings and increased net flows for the Life Company and external mandates. Net flows of General Insurance and Life Company were impacted by the payment of dividends to the parent.
- Suncorp Investment Management wholesale external mandates grew by 26.7% to $2.2 billion.

Funds management position

	Half-Year Ended								
	Jun-07 Aus $m	Jun-07 NZ $m	Jun-07 Total $m	Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Wealth Management funds position									
Funds under administration									
Opening balance at start of period	11,047	4,601	15,648	5,803	5,163	4,702	4,217	203.1	12.4
Net inflows/(outflows)	158	77	235	365	107	158	181	119.6	241.1
Investment income and other	405	204	609	185	533	303	304	14.3	(65.3)
Balance at end of period	**11,610**	**4,882**	**16,492**	**6,353**	**5,803**	**5,163**	**4,702**	**184.2**	**9.5**
Funds under supervision									
Opening balance at start of period	-	31,058	31,058	-	-	-	-	n/a	n/a
Net inflows/(outflows)	-	-	-	-	-	-	-	n/a	n/a
Investment income and other	-	735	735	-	-	-	-	n/a	n/a
Balance at end of period	-	**31,793**	**31,793**	-	-	-	-	**n/a**	**n/a**
Funds under management									
Opening balance at start of period	23,161	2,919	26,080	13,698	12,995	12,305	11,886	100.7	5.4
Net inflows/(outflows)	(64)	77	13	18	(25)	209	(399)	152.0	172.0
Investment income and other	902	31	933	690	728	481	818	28.2	(5.2)
Balance at end of period	**23,999**	**3,027**	**27,026**	**14,406**	**13,698**	**12,995**	**12,305**	**97.3**	**5.2**

	Half-Year Ended								
	Jun-07 Aus $m	Jun-07 NZ $m	Jun-07 Total $m	Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 vs Dec-06 SUN %
Funds under management									
General Insurance	10,000	337	10,337	6,160	6,134	6,097	5,903	68.5	0.4
Life Company	7,765	1,288	9,053	6,037	5,564	5,154	4,800	62.7	8.5
External	6,234	1,402	7,636	2,209	2,000	1,744	1,602	281.8	10.5
Total funds under management	**23,999**	**3,027**	**27,026**	**14,406**	**13,698**	**12,995**	**12,305**	**97.3**	**5.2**

Retail investment new business

New business increased by 21% over the period. This result was driven from the redesign of the internal distribution channels and improved productivity due to process improvements. This allowed Suncorp to maximise opportunities from changes in the superannuation environment, including the one-off tax concession for contributions of $1 million. Despite this growth, new business sales continue to be impacted by the industry wide shortage of financial planners.

	Full Year Ended			Jun-07	Jun-07
	Jun-07	Jun-07 SUN	Jun-06	vs Jun-06	vs Jun-06 SUN
	$m	$m	$m	%	%
Superannuation	441	397	294	50.0	35.0
Pensions	344	342	245	40.4	39.6
Investment	157	149	195	(19.5)	(23.6)
Total retail investment	**942**	**888**	**734**	**28.3**	**21.0**

	Half-Year Ended							Jun-07	Jun-07
	Jun-07 Aus	Jun-07 NZ	Jun-07 Total	Jun-07 SUN	Dec-06	Jun-06	Dec-05	vs Dec-06	vs Dec-06 SUN
	$m	$m	$m	$m	$m	$m	$m	%	%
Superannuation	267	8	275	231	166	140	154	65.7	39.2
Pensions	201	-	201	199	143	122	123	40.6	39.2
Investment	76	8	84	76	73	92	103	15.1	4.1
Total retail investment	**544**	**16**	**560**	**506**	**382**	**354**	**380**	**46.6**	**32.5**

Allocation of investments – Wealth Management

- The majority of asset classes exceeded benchmark returns after fees the year to June 2007. The Suncorp Australian fixed income achieved 1st quartile returns over 1 and 3 years as measured by Intech's Growth Fund survey. The Australian equities and cash portfolios achieved 1st quartile over 1, 3 and 5 years.
- The Suncorp Superannuation Balanced Fund, the flagship diversified portfolio, achieved 1st quartile returns over 3 and 5 years as measured by Intech's Growth Fund survey. The annual return for the Balanced Fund was 14.6% (net of investment fees).

	Half-Year Ended					Jun-07	Jun-07
	Jun-07	Jun-07 SUN	Dec-06	Jun-06	Dec-05	vs Dec-06	vs Dec-06 SUN
	$m	$m	$m	$m	$m	%	%
Portfolio allocation of investments							
Statutory Funds (1)							
Equities	4,921	2,303	2,102	1,881	1,870	134.1	9.6
Interest bearing securities	3,415	2,098	1,863	1,871	1,770	83.3	12.6
Property	598	486	502	386	287	19.1	(3.2)
Other	350	350	305	286	193	14.8	14.8
Total Statutory Funds	**9,284**	**5,237**	**4,772**	**4,424**	**4,120**	**94.6**	**9.7**
Shareholder Assets (2)							
Equities	273	113	166	103	112	64.5	(31.9)
Interest bearing securities	193	84	53	84	98	264.2	58.5
Property	29	22	28	17	15	3.6	(21.4)
Other	16	16	17	6	2	(5.9)	(5.9)
Total Shareholder Assets	**511**	**235**	**264**	**210**	**227**	**93.6**	**(11.0)**

Notes:

(1) Statutory Funds allocation includes shareholder net assets.

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

Review of Promina operations

Information including commentary in this section relates to Promina's result for the 2006 and 2007 full year restated to align with Suncorp's financial year. The General Insurance business is now categorised into Personal Lines and Commercial lines.

General Insurance profit overview

- The Promina general insurance businesses in Australia and New Zealand have continued to deliver strong premium growth recording a pre-tax profit of $506 million for the year to June 2007.
- Promina's general insurance business has continued to gain market share through the year, recording GWP growth of 4.3%.
- The personal lines businesses recorded exceptional growth of 7.0% to $2,546 million for the year to June 2007. Growth was strongest in the home portfolio (13.1%) and motor (7.5%) while overall growth in CTP was impacted by reduced premiums following from the benefits of tort law reform.
- In commercial lines, GWP declined by 1.9% to $1,014 million for the year reflecting soft commercial insurance markets.
- The reported loss ratio for the year was 65.6%, in line with the previous year.
- In Australia, the release of prior year net provisions of $175 million (pre-tax and excluding the impact of yield curve movement) is a reflection of increasing comfort with tort law reform changes that have improved the claim experience in many of the long tail classes of business.
- Significant weather related event costs for the year to June 2007 were estimated at $68 million pre-tax and net of reinsurance. This includes an $8 million impact from the Newcastle storm in October 2006 and $60 million from the Hunter Valley and Central Coast storms in June 2007.
- Total expense ratio increased marginally from 27.9% at June 2006 to 28.1% at June 2007.
- Investment income on insurance provisions for the general insurance division increased by 9.2% to $166 million.
- The ITR of $366 million represents an insurance trading ratio of 11.5%, in line with the prior year.
- The ITR for personal lines was $113 million for the year to June 2007, representing an insurance trading ratio of 4.8%, including the net costs of the New South Wales June 2007 storms.
- The ITR for commercial lines was $253 million for the year to June 2007, representing an insurance trading ratio of 31.6%.
- Excluding the impact of movements in the discount rate, net incurred claims increases to $2,120 million and investment income on insurance provisions increases to $207 million. The insurance trading result remains unchanged at $366 million.
- Investment returns on Shareholders Funds of $170 million increased 33.9% on the prior year, reflecting higher yields obtained primarily from the domestic equities and fixed interest portfolios.

Market environment – personal lines

- The personal lines saw new entrants to the market with products being underwritten by both domestic and foreign players. Smaller 'mono-line' and 'internet based' competitors continued their focus on gaining market share with limited traction through internet customers.
- Throughout the period, market conditions remained competitive, with strong evidence of market participants relying heavily on advertising and promotion. The period saw considerable advertising from both Promina companies and direct competitors across the industry and in all states. The Promina brands engaged in a number of major campaigns during the year, including the re-launch of the APIA proposition to "Under 50's", the launch of the AAMI Home Building "Complete Replacement Cover" product, the launch of InsureMyRide motorcycle insurance, and additional activity in New Zealand including several campaigns to encourage cross-selling of home policies to motor customers and NZAA members currently not policy holders.
- The competitive environment has seen increasingly sophisticated pricing approaches, more frequent rate movements and attempts by competitors to differentiate themselves and gain advantage. This has seen price reductions for some segments, most notably motor insurance and CTP, and increases elsewhere, but limited evidence of wholesale rate reductions. In general terms, premium rates for home insurance have been increasing. The personal insurance businesses have otherwise remained individually focused on maintaining technical prices and in most portfolios have achieved increases in both motor and home average premiums.
- Regulatory measures to increase stability in an otherwise challenging market include measures by APRA to extend the definition of carrying insurance, requiring Direct Offshore Foreign Insurers (DOFIs) and Discretionary Mutual Funds (DMFs) to become authorised insurers post July 2008.
- The New South Wales CTP market remains competitive, characterised by more frequent rate re-filings and increasingly complex rating structures, supported by more aggressive and widespread promotional campaigns.
- The overall impact of the introduction of the LTCS Scheme in the New South Wales CTP market has been to reduce GWP for Promina in the period by approximately $20 million.

Market environment – personal lines continued

- The QLD CTP market experienced a scheme ceiling price reduction of around 3% on average for the year with significant competitive pricing activity from players attempting to win share. A further significant reduction to the scheme ceiling price of 10% applies from 1 July 2007 with an anticipated $3 million impact for Promina into 2007/2008.
- The claims environment can be characterised as stable despite considerable pressure on home building costs arising from storm events.
- The New Zealand intermediated market for personal insurance has seen increasing competition as banks continue to be a growing channel in this market yet the incidence of under-insurance and non-insurance remains high. Whilst the impact of weather events was relatively benign for the full year to June 2007, the overall trend has been for increased frequency and intensity of severe weather events over the past 3-4 years. This, coupled with rising building costs has placed pressure on insurers' returns and rising rates in the household book. Rates otherwise remain stable in the private motor account.
- Within the New Zealand direct market, industry rivalry remains high with all four major players undertaking aggressive advertising activity. The increased frequency of severe weather events has placed pressure on home premiums across the industry with claims costs impacted by increasing underlying construction costs.

Market environment – commercial lines

- The full year to June 2007 has seen continued competitive conditions in the commercial lines in both Australia and New Zealand. The Australian market has seen competitive pricing with downward rate movements in the order of 10% in some portfolios including Marine, Professional Indemnity and Corporate Liability. The market has seen a return to a more stable claims environment against abnormally low claims levels over the last 18 months. A continuation of these conditions has characterised 2007 to date with expectations of the cycle hardening in 2008.
- Consolidation that has occurred across distribution channels has had little effect on broker fees in 2007. Vero continues to foster strong relationships with the broker community and has responded to broker needs through the rollout of the e2 online quoting system to brokers, which commenced in November 2006.
- Regulatory measures to increase stability in an otherwise challenging market include measures by APRA to extend the definition of carrying insurance, requiring Direct Offshore Foreign Insurers (DOFIs) and Discretionary Mutual Funds (DMFs) to become authorised insurers post July 2008.
- Competition remains intense with continuing soft conditions within the market for workers compensation. Premiums are under increasing pressure following the impact of a 12.7% drop in June 2007 Gazette rates in Western Australia.
- In New Zealand, commercial market conditions continue to be challenging with intense competition especially within the corporate sectors and increasingly in the commercial sectors. Commercial motor is particularly competitive with the marine, property and liability portfolios also under pressure. This pressure on the business and moves by competitors to replicate the Vero New Zealand business model has driven renewed focus on maintaining brand strength, technical pricing and being an employer of choice.
- Softer conditions in New Zealand have seen continued downward pressure on rates in corporate areas with considerable rate reductions in the order of 10-20%.
- The New Zealand market has also seen increased competition following Zurich re-entering the market with growth aimed at niche areas including property, liability and motor.
- Consolidation in New Zealand across distribution channels in 2006 and into 2007 has placed increasing focus on top tier brokers in a smaller market resulting in increased turnover between broking houses. The Vero brand continues to be highly regarded within the broker community and retention levels remain high.
- In June 2007, Vero New Zealand took full ownership of Axiom and Mariner, two businesses previously run as joint ventures.

Promina Profit Contribution
Promina Consolidated Income Statement
For the year ended 30 June 2007

	Full Year Ended Jun-07 $m	Jun-06 $m	Jun-07 vs Jun-06 %
General Insurance			
Gross written premium	3,560	3,413	4.3
Net earned premium	3,169	2,991	6.0
Net incurred claims	(2,079)	(1,965)	5.8
Operating expenses	(890)	(836)	6.5
Investment income – insurance funds	166	152	9.2
Insurance trading result	366	342	7.0
Managed schemes net income	(4)	3	(233.3)
Joint venture income	11	15	(26.7)
Investment income – Shareholder Funds	170	127	33.9
Contribution before tax, capital funding and profit from non-core operations	543	487	11.5
Capital funding	(37)	(29)	27.6
Profit from non-core operations (LMI)	-	30	(100.0)
Contribution before tax	506	488	3.7
Contribution from Wealth Management before tax	259	203	27.6
Other	12	-	n/a
Profit before tax and integration items	777	691	12.4
Integration costs	(30)	-	n/a
Transaction costs	(73)	-	n/a
Alignment of outstanding claims valuations	(115)	-	n/a
Income tax	(167)	(197)	(15.2)
Net profit	**392**	**494**	**(20.6)**
Minority interests	**(6)**	**(2)**	**200.0**
Net profit attributable to members	**386**	**492**	**(21.5)**

Notes:

- Financials include Fire Brigade Charges (FBC) and impact of discount rate movements. Investment income on insurance funds includes the mismatch, previously included in investment income on shareholders funds. Borrowing costs are now stated pre-tax in line with Suncorp's results.
- Costs associated with the merger and integration with Suncorp have been shown separately so as not to distort the underlying result. Also shown separately is the alignment of outstanding claims valuation, which takes Promina claims portfolio from 90% to 94%.

Promina Consolidated Income Statement continued
For the half-year ended 30 June 2007

	Half-Year Ended Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
General Insurance					
Gross written premium	1,800	1,760	1,730	1,683	2.3
Net earned premium	1,598	1,571	1,510	1,481	1.7
Net incurred claims	(1,083)	(996)	(1,004)	(961)	8.7
Operating expenses	(454)	(436)	(414)	(422)	4.1
Investment income – insurance funds	81	85	62	90	(4.7)
Insurance trading result	142	224	154	188	(36.6)
Managed schemes net income	(3)	(1)	1	2	200.0
Joint venture income	5	6	7	8	(16.7)
Investment income – Shareholder Funds	66	104	52	75	(36.5)
Contribution before tax, capital funding and profit from non-core operations	210	333	214	273	(36.9)
Capital funding	(20)	(17)	(16)	(13)	17.6
Profit from non-core operations (LMI)	-	-	23	7	n/a
Contribution before tax	190	316	221	267	(39.9)
Contribution from Wealth Management before tax	102	157	88	115	(35.0)
Other	12	-	-	-	n/a
Profit before tax and integration items	304	473	309	382	(35.7)
Integration costs	(30)	-	-	-	n/a
Transaction costs	(70)	(3)	-	-	2,233.3
Alignment of outstanding claims valuations	(115)	-	-	-	n/a
Income tax	(30)	(137)	(92)	(105)	(78.1)
Net profit	**59**	**333**	**217**	**277**	**(82.3)**
Minority interests	**(2)**	**(4)**	**(1)**	**(1)**	**(50.0)**
Net profit attributable to members	**57**	**329**	**216**	**276**	**(82.7)**

Promina Consolidated Balance Sheet

	Jun-07 $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Assets					
Cash and liquid assets	346	313	372	265	10.5
Other financial assets					
Investment securities	8,416	8,634	8,343	8,442	(2.5)
Investments in associates and joint ventures	99	106	100	109	(6.6)
Loans, advances and other receivables	1,369	779	731	654	75.7
Reinsurance and other recoveries	830	731	767	774	13.5
Deferred insurance assets	389	370	363	348	5.1
Property, plant and equipment	71	70	66	66	1.4
Deferred tax assets	125	99	99	95	26.3
Investment property	6	5	4	4	20.0
Intangible assets	321	301	257	283	6.6
Other assets	106	156	122	116	(32.1)
Total assets	12,078	11,564	11,224	11,156	4.4
Liabilities					
Payables and other liabilities	372	420	404	381	(11.4)
Current tax liabilities	4	52	63	39	(92.3)
Employee benefit obligations	74	79	74	75	(6.3)
Deferred tax liabilities	184	188	140	153	(2.1)
Unearned premiums and unexpired risk liabilities	1,813	1,752	1,744	1,710	3.5
Outstanding claims liabilities	3,169	2,798	2,847	2,804	13.3
Life Insurance policy liabilities	3,203	3,112	2,941	2,841	2.9
Unvested policy owner benefits	20	19	21	18	5.3
Outside beneficial interests	1	-	-	-	n/a
Bonds, notes and long term borrowings	54	152	231	121	(64.5)
Subordinated notes	720	250	250	250	188.0
Preference shares	-	300	300	300	(100.0)
Total liabilities	9,614	9,122	9,015	8,692	5.4
Net assets	**2,464**	**2,442**	**2,209**	**2,464**	**0.9**
Equity					
Share capital	1,513	1,213	1,252	1,434	24.7
Reserves	25	6	(56)	40	316.7
Retained profits	910	1,193	977	949	(23.7)
Total parent entity interest	2,448	2,412	2,173	2,423	1.5
Minority interests	16	30	36	41	(46.7)
Total equity	**2,464**	**2,442**	**2,209**	**2,464**	**0.9**

General Insurance Ratios

	Jun-07 %	Half-Year Ended Dec-06 %	Jun-06 %	Dec-05 %	Jun-07 vs Dec-06 %	Full Year Ended Jun-07 %	Jun-06 %	Jun-07 vs Jun-06 %
Acquisition expenses ratio	20.6	19.4	19.2	20.5	6.2	20.0	19.8	1.0
Other underwriting expenses ratio	7.8	8.3	8.2	8.0	(6.0)	8.1	8.1	0.0
Total operating expenses ratio	28.4	27.7	27.4	28.5	2.5	28.1	27.9	0.7
Loss ratio	67.8	63.4	66.5	64.9	6.9	65.6	65.7	(0.2)
Combined operating ratio	96.2	91.1	93.9	93.4	5.6	93.7	93.6	0.1
Insurance trading ratio	8.9	14.3	10.2	12.7	(37.8)	11.5	11.4	0.9

Profit Commentary

	Jun-07 $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Full Year Ended Jun-07 $m	Jun-06 $m	Jun-07 vs Jun-06 %
Gross Written Premium by Product								
Compulsory third party	116	123	133	113	(5.7)	239	246	(2.8)
Home	340	334	304	292	1.8	674	596	13.1
Motor	704	659	652	616	6.8	1,363	1,268	7.5
Commercial	471	499	473	515	(5.6)	970	988	(1.8)
Workers' compensation	29	15	29	17	93.3	44	46	(4.3)
Other	140	130	139	130	7.7	270	269	0.4
	1,800	**1,760**	**1,730**	**1,683**	**2.3**	**3,560**	**3,413**	**4.3**
Excluding CTP	**1,684**	**1,637**	**1,597**	**1,570**	**2.9**	**3,321**	**3,167**	**4.9**

Compulsory third party

- CTP premium was 2.8% lower than the prior year, comprising a 7% increase in policy sales with an 11% decrease in average premium. Retention rates remained strong in both markets, whilst new sales were weaker, particularly in the last quarter.
- The performance of the New South Wales and Queensland CTP portfolios for the full year to June 2007 remains positive, although GWP has again been influenced by legislative reforms and a continuing competitive environment.
- The major impact was the implementation of the LTCS Scheme in the New South Wales market, which in overall terms reduced GWP for Promina by almost $20 million as previously underwritten elements of risk were transferred to the new LTCS Authority. The second stage of the LTCS scheme will be implemented from 1 October 2007 applying to all severely injured people, and the total impact through the 2007/8 year is estimated to be approximately $40 million to Promina.
- The Queensland portfolio was influenced by falling ceiling rates and a more competitive environment which saw both policy sales and average premiums decline by 2%.

Home

- GWP increased by 13.1% to $674 million for the full year to June 2007.
- In Australia, the direct home portfolio remains strong with a 15% increase in GWP for the full year to June 2007. This comprised an approximate 10% increase in average premiums and approximate 5% rise in policy sales.
- Growth within APIA and AAMI remained solid and was achieved without any significant increase in advertising spend, but rather through continued product and process innovation including the launch of the AAMI Home Buildings Policy with Complete Replacement Cover in August 2006 and the continued strong take-up of Flexi-premiums. These initiatives build on the long and successful track record of market-leading innovation and brand management ensuring strong customer retention and continued high levels of new business sales.
- The niche brands also contributed, with continued rapid growth of the Shannons home and contents product in particular.
- In New Zealand, growth in the direct home portfolio was 10.8% compared to the industry average of 6%, comprising 8.6% in average premium and 2.1% in policy sales.
- The Vero Australia home portfolio experienced 2.2% policy growth and continually monitors pricing with rate increases recently applied.
- The bolt-on acquisition of Terri Sheer Insurance Brokers (TSIB) in April 2007 also buoyed growth in the home portfolio for Vero Australia, enabling Vero to enter the landlord insurance market and pursue growth in this niche insurance market.
- The Vero New Zealand home portfolio reported good growth of 4.3% following rate increases.

Gross Written Premium by Product continued

Motor

- GWP increased by 7.5% to $1,363 million for the year to June 2007.
- Growth in the Australian direct motor portfolio was 8%, which comprised a 6% increase in average premiums and 2% in volume. This was pleasing given the particularly competitive market for motor insurance throughout the period.
- The niche brands contributed strong growth in motor through continued initiatives to broaden the premium base with the active launch of the Shannons bike product in November 2005 and the launch of InsureMyRide in March 2007 offering private bike insurance.
- Just Car Insurance also continued to make substantial inroads into the non-standard and youth markets.
- The direct motor portfolio in New Zealand posted growth of 8.6% against the industry average of 1%, with policies rising 0.8% and average premiums up 7.6%.
- The Vero Australia motor portfolio experienced 7.4% policy growth and continually monitors pricing with rate increases recently applied.
- The Vero New Zealand motor portfolio reported modest growth of 1%.

Commercial

- GWP decreased by 1.8% to $970 million for the year to June 2007.
- GWP in the Australian business decreased 2.6% against the prior year to June 2006. Growth in the New Zealand business was 2.4% in local currency terms, which was eroded to -0.6% following the impact of exchange rate movements throughout the year.
- Despite the highly competitive commercial market conditions, GWP in Vero Australia has benefited from building or acquiring new specialist portfolios.
  - Launch of *Vero One* in April 2007 which has been well received by the market and gaining traction.
  - A controlling interest through a 50.5% stake in AP Surety, issuer of surety bonds in September 2006 which complements Vero's specialisation in construction and engineering.
  - The acquisition of APUA Pty Ltd in November 2006, providing specialist indemnity insurance.
- In September 2005, AAMI expanded into the small business insurance market with Australian Better Business Insurance (ABBi) renamed AAMI Business Insurance. AAMI Business Insurance enjoyed significant year-on-year growth of 60%, primarily through AAMI referrals.
- Overall portfolio pricing has been generally maintained at technical rates while retention rates within the Vero Australia business held.
- Some instances of price increases were apparent within the Fleet portfolio with a moderate impact on renewals. This is commendable given the competitive conditions and a reflection of the continuing value proposition, unique customer experience and differentiation offered by Vero Australia that underpins customer retention.
- In Vero New Zealand, pressure on rates has been strongly downwards in most markets. The focus of the business continues to be maintaining underwriting discipline and technical pricing in a highly competitive market. At a business unit level, pleasing growth was recorded in Autosure, and in two new niche businesses targeting corporate property and accident and health risks.

Workers' Compensation

- GWP decreased by 4.3% to $44 million for the year to June 2007.
- A strong 91% retention was reported for the portfolio during the June renewal period despite continuing soft market conditions and low levels of new business offered for quote.
- Premium rate reductions in the order of 8.4% were experienced for the full year to June 2007 against the prior year.

Other Consumer

- GWP increased by 0.4% to $270 million for the year to June 2007.
- Travel represents the majority of the other consumer portfolio with other businesses being deposit bonds in Australia and in New Zealand personal accident insurance.
- The travel portfolio grew 2.2% for the year to June 2007. The portfolio was buoyed by increased travel on the strength of the Australian dollar and strong growth following Covermore securing the Stella (formerly known as S8) insurance account, with business on this account commencing in March 2007. This account is expected to add significantly to the portfolio.

Promina General Insurance profit contribution by line of business – personal and commercial lines

Personal lines

Personal products consist of home, motor, compulsory third party, travel, consumer credit, deposit power, loan protection, and rental bond.

- For the full year to June 2007 the personal insurance businesses recorded exceptional GWP growth of 7.0% to $2,546 million.
- Growth in the Australian business was 8%, and 3.2% in local currency terms for the New Zealand business which was eroded to 0.7% following the impact of exchange rate movements throughout the year.
- The impact on the net claims expense of a release from prior year CTP net provisions is $64 million for the full year as the benefits of tort law reform are realised.
- Total operating expenses were generally well contained across the division with a reported expense ratio of 25.8% for the full year to June 2007, a marginal increase of 1.2 percentage points against the previous period. Expenses have been contained both through productivity improvements and a reduction in marketing expenses as a proportion of GWP and NEP.
- As is policy for Suncorp's General Insurance division, investment income outperformance that has been derived through duration mismatch, and outperformance of benchmark have been disclosed within the investment income on insurance funds. Combined with actual investment income on technical reserves, investment income on insurance funds increased 7.8% to $110 million for the personal insurance businesses for the full year to June 2007.
- The ITR of $113 million for the full year to June 2007 represents a decrease against the prior period, and an insurance trading ratio of 4.8%. The outcome has been impacted by a number of significant items, including:
  - The storms that struck the Hunter Valley and Central Coast in June 2007 at a cost of $51 million pre-tax and net of reinsurance;
  - A series of smaller weather-related events cost just over $11 million for the full year and the Newcastle hailstorm which occurred in October 2006 cost $8 million pre-tax and net of reinsurance;
  - The movement in discount rates favourably impacted the loss ratio by 0.7 percentage points;
  - Excluding the impact of movements in the discount rate, net incurred claims increases to $1,772 million and investment income on insurance provisions increases to $128 million. The insurance trading result remains unchanged at $113 million.

	Half-Year Ended				Jun-07 vs Dec-06	Full Year Ended		Jun-07 vs Jun-06
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	%	Jun-07 $m	Jun-06 $m	%
Gross written premium	1,300	1,246	1,228	1,151	4.3	2,546	2,379	7.0
Net earned premium	1,196	1,172	1,107	1,065	2.0	2,368	2,172	9.0
Net incurred claims	(916)	(838)	(815)	(749)	9.3	(1,754)	(1,564)	12.1
Acquisition expenses	(234)	(227)	(218)	(211)	3.1	(461)	(429)	7.5
Other underwriting expenses	(71)	(79)	(58)	(65)	(10.1)	(150)	(123)	22.0
Total operating expenses	(305)	(306)	(276)	(276)	(0.3)	(611)	(552)	10.7
Underwriting result	(25)	28	16	40	(189.3)	3	56	(94.6)
Investment income – insurance funds	57	53	47	55	7.5	110	102	7.8
Insurance trading result	32	81	63	95	(60.5)	113	158	(28.5)
	%	%	%	%		%	%	
Ratios								
Acquisition expenses ratio	19.6	19.4	19.7	19.8	1.0	19.5	19.8	(1.5)
Other underwriting expenses ratio	5.9	6.7	5.2	6.1	(11.9)	6.3	5.7	10.5
Total operating expenses ratio	25.5	26.1	24.9	25.9	(2.3)	25.8	25.5	1.2
Loss ratio	76.6	71.5	73.6	70.3	7.1	74.1	72.0	2.9
Combined operating ratio	102.1	97.6	98.5	96.2	4.6	99.9	97.5	2.5
Insurance trading ratio	2.7	6.9	5.7	8.9	(60.9)	4.8	7.3	(34.2)

Promina General Insurance profit contribution by line of business – personal and commercial lines continued

Commercial lines

Commercial products consist of commercial motor, aviation, home owners' warranty, marine, engineering, property, liability and workers' compensation.

- Despite the soft market conditions, the Promina Commercial insurance businesses have reported GWP of $1,014 million for the period, a decrease of 1.9% against the prior period.
- GWP in the Australian business decreased 2.6% against the prior year to June 2006. Growth in the New Zealand business was 2.4% in local currency terms, which was eroded to -0.6% following the impact of exchange rate movements throughout the year.
- The commercial insurance division has experienced continued strong competition in a soft market and has adhered to technical pricing principles throughout the full year to June 2007. The disciplined response of the Vero Australia and New Zealand businesses in maintaining pricing at technical levels has seen the businesses maintain quality business ahead of premium growth.
- Pleasing operational performances have been recorded across both Australia and New Zealand. In Australia, growth has been achieved through acquisitions and the launch of new products while in New Zealand growth has been achieved within those markets with less exposure to the cycle such as Warranty and Accident & Health.
- NEP for the division is $801 million for the full year to June 2007, a decrease of 2.2% against the previous year in line with lower reported GWP for the period.
- Underwriting expenses in New Zealand were down against the previous year to June 2006 and in Australia expenses have increased marginally, largely offset by lower commission as a result of lower GWP.
- The ITR of $253 million for the full year to June 2007 represents an increase of 37.5% on the prior period, an insurance trading ratio of 31.6%. The outcome has been impacted by a number of significant items, including:
  - An increase in actuarial claim reserve releases of $118 million reflects improved claim experience following tort law reforms on personal injury and liability claims;
  - The claims resulting from storms that struck the Hunter Valley in October 2006 were minimal and the storms that struck the Hunter Valley and Central Coast in June 2007 had a cost of $9 million pre-tax and net of reinsurance;
  - New Zealand underwriting results have been impacted more by challenging market conditions than large claims or weather events which have been relatively benign compared to the previous period;
  - Reserve releases from Vero Liability New Zealand on prior years claims reserves of $11 million show the underlying profitability of this book of business;
  - Offsetting these releases were increases in the New Zealand leaky building IBNR of $3 million;
  - The movement in discount rates favourably impacted the loss ratio by 2.9 percentage points;
  - Excluding the impact of movements in the discount rate, net incurred claims increases to $348 million and investment income on insurance provisions increases to $79 million. The insurance trading result remains unchanged at $253 million.

		Half-Year Ended			Jun-07	Full Year Ended		Jun-07
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	vs Dec-06 %	Jun-07 $m	Jun-06 $m	vs Jun-06 %
Gross written premium	500	514	502	532	(2.7)	1,014	1,034	(1.9)
Net earned premium	402	399	403	416	0.8	801	819	(2.2)
Net incurred claims	(167)	(158)	(189)	(212)	5.7	(325)	(401)	(19.0)
Acquisition expenses	(95)	(78)	(72)	(92)	21.8	(173)	(164)	5.5
Other underwriting expenses	(54)	(52)	(66)	(54)	3.8	(106)	(120)	(11.7)
Total operating expenses	(149)	(130)	(138)	(146)	14.6	(279)	(284)	(1.8)
Underwriting result	86	111	76	58	(22.5)	197	134	47.0
Investment income – insurance funds	24	32	15	35	(25.0)	56	50	12.0
Insurance trading result	110	143	91	93	(23.1)	253	184	37.5
	%	%	%	%		%	%	
Ratios								
Acquisition expenses ratio	23.6	19.5	17.9	22.1	21.0	21.6	20.0	8.0
Other underwriting expenses ratio	13.4	13.0	16.4	13.0	3.1	13.2	14.7	(10.2)
Total operating expenses ratio	37.0	32.5	34.3	35.1	13.8	34.8	34.7	0.3
Loss ratio	41.5	39.6	46.9	51.0	4.8	40.6	49.0	(17.1)
Combined operating ratio	78.5	72.1	81.2	86.1	8.9	75.4	83.7	(9.9)
Insurance trading ratio	27.4	35.8	22.6	22.4	(23.5)	31.6	22.5	40.4

Promina General Insurance profit contribution by class of business – short tail and long tail

	Half-Year Ended				Jun-07	Full Year Ended		Jun-07
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	vs Dec-06 %	Jun-07 $m	Jun-06 $m	vs Jun-06 %
Short tail								
Gross written premium	1,517	1,475	1,425	1,393	2.8	2,992	2,818	6.2
Net earned premium	1,336	1,308	1,249	1,227	2.1	2,644	2,476	6.8
Net incurred claims	(982)	(878)	(878)	(786)	11.8	(1,860)	(1,664)	11.8
Acquisition expenses	(281)	(261)	(244)	(251)	7.7	(542)	(495)	9.5
Other underwriting expenses	(105)	(104)	(110)	(106)	1.0	(209)	(216)	(3.2)
Total operating expenses	(386)	(365)	(354)	(357)	5.8	(751)	(711)	5.6
Underwriting result	(32)	65	17	84	(149.2)	33	101	(67.3)
Investment income – insurance funds	40	36	39	36	11.1	76	75	1.3
Insurance trading result	8	101	56	120	(92.1)	109	176	(38.1)
	%	%	%	%		%	%	
Ratios								
Acquisition expenses ratio	21.0	20.0	19.5	20.5	5.0	20.5	20.0	2.5
Other underwriting expenses ratio	7.9	8.0	8.8	8.6	(1.3)	7.9	8.7	(9.2)
Total operating expenses ratio	28.9	28.0	28.3	29.1	3.2	28.4	28.7	(1.0)
Loss ratio	73.5	67.1	70.3	64.1	9.5	70.3	67.2	4.6
Combined operating ratio	102.4	95.1	98.6	93.2	7.7	98.7	95.9	2.9
Insurance trading ratio	0.6	7.7	4.5	9.8	(92.2)	4.1	7.1	(42.3)

- The Promina short tail lines have delivered an ITR of $109 million for the full year to June 2007.
- The insurance trading ratio for short tail lines was 4.1%, compared with 7.1% for the prior year to June 2006, with the majority of the decrease attributable to a rise in the net cost of catastrophe and other weather claims.
- GWP for short tail businesses overall has been $2,992 million, an increase of 6.2% against the prior period following:
  - Considerable increases in overall policy numbers for personal insurance brands with a strong contribution from the niche brands;
  - A 9.2% increase on the previous year to $1,728 million for Australia and New Zealand direct personal lines motor and home.
- The impact on the net claim expense of a strengthening in prior year short tail net provisions is $19 million for the full year to June 2007.
- The movement in discount rates favourably impacted the loss ratio by 0.04 percentage points.
- The short tail lines have been impacted by a number of significant weather-related events. Such weather-related events for the period cost the division a total of $68 million pre-tax and net of reinsurance (July 2005 – June 2006: $63 million).
  - A hail-storm across Newcastle and the Hunter Valley in October 2006 cost the division $8 million pre-tax and net of reinsurance;
  - In June 2007 the storms that struck the Hunter Valley and Central Coast cost $60 million pre-tax and net of reinsurance. The losses from the Victorian floods in late June 2007 were minimal;
  - For the full year smaller weather events have cost the personal lines just over $11 million not included in the $68 million quoted above, with the majority of the impact occurring in the 6 months to December 2006.
- The home portfolio has seen an increase in underlying average claim costs in both Australia and New Zealand that has continued through the full year to June 2007. In addition to weather-related events, additional influences have been increasing underlying construction costs.
- For New Zealand direct home, large losses (over NZD$50,000) incidence increased significantly against the previous year ending June 2006. Through the adoption of the AAMI operating model, average claims costs are expected to reduce significantly over future periods.
- The Vero New Zealand portfolio has experienced a benign claims environment over the period with a reduced incidence of fire and weather events while the overall trend has been for increased frequency and intensity of severe weather events over the past 3–4 years.

Promina General Insurance profit contribution by class of business – short tail and long tail continued

Short tail continued

- The Vero New Zealand home portfolio has otherwise been impacted by industry wide rising claims costs. Results are now improving as a consequence of good rate increases being achieved.
- Claims costs within the Australian direct motor portfolio remain flat due to active management of the claims process, mature and established relationships with repairers and suppliers, and increasing efficiencies in the repair industry generally. These conditions are likely to prevail with a healthy relationship across the repairer network, with internal surveys continuing to indicate a 90% level of repairer satisfaction in their dealings with AAMI staff. Through the full year to June 2007 increases in the average cost of motor claims were modest and remain in line with inflationary changes.
- Claim incidence in the Australian direct motor portfolio has plateaued and remains at a similar level to the experience of the prior period. Contributing factors include rising petrol costs, improved vehicle safety and driver caution, the rectification of accident black-spots, declining theft rates and the introduction of voluntary higher excesses through initiatives such as AAMI Flexi-premiums.
- For New Zealand direct motor, claims incidence rates remained steady against the prior period at 21.4% and the average incurred claims costs remained static.
- In the Vero New Zealand motor portfolio the average claims cost has risen 3% and the frequency has increased from 17.8% to 18.4% in the year to June 2007.
- The Australian commercial short-tail classes including Corporate Property and Construction & Engineering (C&E) have experienced generally benign claims with improved frequency and average claim cost.

Promina General Insurance profit contribution by class of business – short tail and long tail continued

	Half-Year Ended Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Full Year Ended Jun-07 $m	Jun-06 $m	Jun-07 vs Jun-06 %
Long tail								
Gross written premium	283	285	305	290	(0.7)	568	595	(4.5)
Net earned premium	262	263	261	254	(0.4)	525	515	1.9
Net incurred claims	(101)	(118)	(126)	(175)	(14.4)	(219)	(301)	(27.2)
Acquisition expenses	(48)	(46)	(46)	(52)	4.3	(94)	(98)	(4.1)
Other underwriting expenses	(20)	(25)	(14)	(13)	(20.0)	(45)	(27)	66.7
Total operating expenses	(68)	(71)	(60)	(65)	(4.2)	(139)	(125)	11.2
Underwriting result	93	74	75	14	25.7	167	89	87.6
Investment income – insurance funds	41	49	23	54	(16.3)	90	77	16.9
Insurance trading result	134	123	98	68	8.9	257	166	54.8
	%	%	%	%		%	%	
Ratios								
Acquisition expenses ratio	18.3	17.5	17.6	20.5	4.6	17.9	19.0	(5.8)
Other underwriting expenses ratio	7.6	9.5	5.4	5.1	(20.0)	8.6	5.2	65.4
Total operating expenses ratio	25.9	27.0	23.0	25.6	(4.1)	26.5	24.3	9.1
Loss ratio	38.5	44.9	48.3	68.9	(14.3)	41.7	58.4	(28.6)
Combined operating ratio	64.4	71.9	71.3	94.5	(10.4)	68.2	82.7	(17.5)
Insurance trading ratio	51.1	46.8	37.5	26.8	9.2	49.0	32.2	52.2

- The Promina long tail lines have delivered an ITR of $257 million for the full year to June 2007.
- GWP for long tail business overall was $568 million, a decrease of 4.5% against the prior period. Contributing factors include:
  - The warranty portfolio was impacted by the prolonged residential building downturn in New South Wales and Victoria, placing pressure on pricing, and increased competition;
  - The workers compensation portfolio has experienced a decrease of 4.3% in soft market conditions;
  - CTP share decreased by 1.2% in New South Wales over the year and reduced slightly in Queensland. CTP pricing decreased across the portfolio by 11% in average premium. CTP was also impacted by the LTCS Scheme in the New South Wales market;
  - Profin is the only area that reported good growth over the year to June 2007. It has benefited from the new Alliance business and the acquisition of APUA Pty Ltd in November 2006, providing specialist indemnity insurance.
- The insurance trading ratio for long tail business was 49.0%, against 32.2% for the prior period, following continued improvement in the claims experience of both the New South Wales and Queensland CTP schemes.
- The impact on the net claims expense from a release of prior year CTP provisions is $64 million for the full year. The claims experience in both New South Wales and Queensland schemes continues to develop favourably, resulting in reductions in the expected small claims cost per policy arising from later accident years. The development of large claims has also been lower than anticipated in both portfolios.
- The favourable impact on the net claims expense from prior year Australian liability portfolios and workers compensation business is $110 million and $20 million respectively for the full year.
- Reserve releases of $11 million were realised from the New Zealand liability business.
- The movement in discount rates favourably impacted the loss ratio by 7.6 percentage points.
- Improvements in frequency and a reduction average claims costs continued for the Australian long tail classes namely workers compensation and liability portfolios.

Promina General Insurance profit contribution by geography – Australia and New Zealand

	Australia Half-Year Ended Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Full Year Ended Jun-07 $m	Jun-06 $m	Jun-07 vs Jun-06 %
Australia								
Gross written premium	1,481	1,417	1,430	1,320	4.5	2,898	2,750	5.4
Net earned premium	1,302	1,281	1,232	1,180	1.6	2,583	2,412	7.1
Net incurred claims	(894)	(820)	(820)	(799)	9.0	(1,714)	(1,619)	5.9
Acquisition expenses	(254)	(243)	(230)	(238)	4.5	(497)	(468)	6.2
Other underwriting expenses	(110)	(105)	(97)	(89)	4.8	(215)	(186)	15.6
Total operating expenses	(364)	(348)	(327)	(327)	4.6	(712)	(654)	8.9
Underwriting result	44	113	85	54	(61.1)	157	139	12.9
Investment income – insurance funds	71	74	52	81	(4.1)	145	133	9.0
Insurance trading result	115	187	137	135	(38.5)	302	272	11.0
	%	%	%	%		%	%	
Ratios								
Acquisition expenses ratio	19.5	19.0	18.7	20.2	2.6	19.2	19.4	(1.0)
Other underwriting expenses ratio	8.4	8.2	7.9	7.5	2.4	8.3	7.7	7.8
Total operating expenses ratio	27.9	27.2	26.6	27.7	2.6	27.5	27.1	1.5
Loss ratio	68.7	64.0	66.6	67.7	7.3	66.4	67.1	(1.0)
Combined operating ratio	96.6	91.2	93.2	95.4	5.9	93.9	94.2	(0.3)
Insurance trading ratio	8.8	14.6	11.1	11.4	(39.7)	11.7	11.3	3.5

	New Zealand Half-Year Ended Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Full Year Ended Jun-07 $m	Jun-06 $m	Jun-07 vs Jun-06 %
New Zealand								
Gross written premium	319	343	300	363	(7.0)	662	663	(0.2)
Net earned premium	296	290	278	301	2.1	586	579	1.2
Net incurred claims	(189)	(176)	(184)	(162)	7.4	(365)	(346)	5.5
Acquisition expenses	(75)	(63)	(60)	(65)	19.0	(138)	(125)	10.4
Other underwriting expenses	(15)	(25)	(27)	(30)	(40.0)	(40)	(57)	(29.8)
Total operating expenses	(90)	(88)	(87)	(95)	2.3	(178)	(182)	(2.2)
Underwriting result	17	26	7	44	(34.6)	43	51	(15.7)
Investment income – insurance funds	10	11	10	9	(9.1)	21	19	10.5
Insurance trading result	27	37	17	53	(27.0)	64	70	(8.6)
	%	%	%	%		%	%	
Ratios								
Acquisition expenses ratio	25.3	21.7	21.6	21.6	16.6	23.5	21.6	8.8
Other underwriting expenses ratio	5.1	8.6	9.7	10.0	(40.7)	6.8	9.8	(30.6)
Total operating expenses ratio	30.4	30.3	31.3	31.6	0.3	30.3	31.4	(3.5)
Loss ratio	63.9	60.7	66.2	53.8	5.3	62.3	59.8	4.2
Combined operating ratio	94.3	91.0	97.5	85.4	3.6	92.6	91.2	1.5
Insurance trading ratio	9.1	12.8	6.1	17.6	(28.9)	10.9	12.1	(9.9)

Impact of Prior Year Movements on the Net Incurred Claims Cost

	Jun-07 Incurred cost Actual $m	Jun-07 Incurred cost Before impact of change in discount rates $m	Central estimate incurred $m
Australia			
Personal			
CTP	(74)	(64)	(72)
Short tail and other	6	7	20
Total Personal	(68)	(57)	(52)
Commercial			
Liability	(118)	(110)	(108)
Workers' compensation	(31)	(20)	(24)
Short tail and other	10	12	7
Total Commercial	(139)	(118)	(125)
Total	**(207)**	**(175)**	**(177)**
Remove impact of change in discount rates	32		
Total change in prior year net provisions before impact of change in discount rates	**(175)**		

	Jun-07 $m
New Zealand	
Workers' compensation	-
Other	(12)
Total	(12)

- This development table examines the amount of the net incurred claim cost that emerges from prior years by major class of insurance business. The development of the net central estimate is the best measure of the accuracy of prior year claim estimates. The net incurred cost is often distorted by a combination of discount unwind, release of risk margins and movements in discount rates.
- On a central estimate basis, there has been a favourable development from prior year outstanding claim estimates of $177 million for the full year to June 2007.

Allocation of Investment Income – General Insurance

- The investment income for the General Insurance division of Promina reported an increase of 20.4% to $336 million for the year to June 2007. This is largely the result of higher equities returns along with higher fixed income returns on the large bond portfolio. The investment income of the Australian General Insurance business reported a 28.3% increase to $308 million for the year, while the New Zealand operations reported a decrease of $10 million investment income against the prior year to $28 million.
- The investment income from insurance funds for the Promina's General Insurance business increased by 9.2% from $152 million to $166 million for the period to June 2007. The technical reserve investment income for the Australian operations rose by 9.8% to $146 million during the period. The increase is attributable to the higher business growth in the Australian General insurance operations and lower unrealised capital losses reported in the period.
- The higher General Insurance business growth in the Australian operations contributed an additional $16 million in interest income from the fixed income portfolio. The unrealised capital losses decreased by $7 million in the period due to an absence of official interest rate changes and a narrowing of the difference between the asset and liability profiles. Although these capital losses are on the assets backing outstanding claim reserves, they were largely offset by the amount of discount on those reserves, which is included in the net incurred claims cost.
- The investment income on insurance funds for the New Zealand operations increased by 8.1% to $20 million for the year to June 2007.
- The investment income on shareholder funds for Promina's General Insurance business increased by 33.9% to $170 million in the period to June 2007. The investment income on the shareholders funds from the Australian General Insurance operations reported an increase of 51.4% to $162 million in the year. The two main drivers were:
  - Solid results from the Australian equities portfolio with a return of 12.3% in 2H07 against prior year results of 7.7% in 2H06. The portfolio contributed an additional investment income of $38 million benefiting from the continued rally in the domestic equities markets in the year to June 2007.
  - The Australian fixed income portfolio reported an increase of $24 million in investment income this year. The increase was due to the portfolio investing in high yielding assets that matched the liabilities' duration profile, resulting in the portfolio out-performing industry benchmarks by 13 basis points for the half year to June 2007.
- In New Zealand, the fixed interest portfolio for investment income on shareholders' funds out-performed benchmarks by 60 basis points. Total investment income on shareholders funds declined by $12 million to report $8 million as a result of the higher interest rates environment.

Investment Assets – General Insurance

- Shareholders' funds are invested to support Promina's capital requirement for the insurance businesses. Investments in shareholders' funds are based on an assessment of the optimal mix of risk and return for the group.
- Cash, fixed interest and equities form the total asset allocation for the Australia's General Insurance shareholders' funds. The current investment in domestic equities was consistent with the decision to achieve a longer-term asset allocation target of 30% (including associate investments) in equities.
- Investment assets backing insurance funds are mainly invested in cash and high quality bonds to protect policyholder funds from the volatility in market movements. The management of assets and liabilities is closely monitored to maintain a matching policy within the mandated level of 1 year from the liability duration. The significant increase in interest rate produced a net year to date positive position between the actual technical reserve assets and the technical reserve liabilities of $29 million.
- The investment assets supporting insurance funds of the General Insurance New Zealand fund are maintained at a short duration position to reflect the nature of the liabilities of the fund.

	Jun-07 $m	Half-Year Ended Total Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Allocation of investments – General Insurance					
Allocation of investments held against:					
Insurance funds					
Interest bearing securities	2,876	2,823	2,881	2,971	1.9
Australian equities	4	4	3	3	-
Property	-	-	1	1	n/a
Other	81	77	114	81	5.2
Total Statutory Funds	**2,961**	**2,904**	**2,999**	**3,056**	**2.0**
Shareholder Funds					
Interest bearing securities	868	1,090	952	1,028	(20.4)
Australian equities	512	516	470	560	(0.8)
Property	42	71	62	67	(40.8)
Other	60	46	94	48	30.4
Total Shareholder Funds	**1,482**	**1,723**	**1,578**	**1,703**	**(14.0)**

	Jun-07 $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Investment Income – General Insurance					
Investment income on insurance funds					
Cash and short term deposits	7	9	6	11	(22.2)
Interest bearing securities	74	76	56	79	(2.6)
Total	**81**	**85**	**62**	**90**	**(4.7)**
Investment income on Shareholder Funds					
Cash and short term deposits	2	2	1	2	-
Interest bearing securities	11	40	14	21	(72.5)
Australian equities	53	62	36	48	(14.5)
Overseas equities	-	-	1	4	n/a
Total	**66**	**104**	**52**	**75**	**(36.5)**
Total investment income	**147**	**189**	**114**	**165**	**(22.2)**

	Jun-07 Benchmark return %	Jun-07 Actual return %	Dec-06 Benchmark return %	Dec-06 Actual return %	Jun-06 Benchmark return %	Jun-06 Actual return %	Dec-05 Benchmark return %	Dec-05 Actual return %
Investment returns – General Insurance								
General Insurance								
Cash	3.27	3.03	3.08	3.11	3.05	2.97	3.07	3.08
Fixed Interest – Domestic	2.04	2.23	2.48	2.76	1.33	1.82	2.62	3.05
Equities – Domestic	12.70	12.31	15.41	14.75	8.81	7.66	14.99	11.57
Equities – International	5.24	6.01	8.83	5.99	6.72	7.65	4.05	4.85

Promina Wealth Management profit contribution

Promina Financial Services is now referred to in the Suncorp Group as Promina Wealth Management. Promina Wealth Management is now referred to in the Suncorp Group as Promina Funds Management.

- Through the full year to June 2007 the division has continued to focus on the delivery of superior customer experiences both in the adviser network and for the ultimate end customer. The success of this strategy has seen the division record a net profit after tax of $150 million (post minority interests). This compares against the $126 million recorded for the prior year to June 2006.
- The Australian business posted a net profit after tax of $107 million for the full year to June 2007 against $87 million for the prior year to June 2006. Underlying profit was $42 million, down slightly on the prior period while investment income on shareholders funds was $65 million against $42 million.
- The New Zealand business delivered a net profit after tax of $43 million for the full year to June 2007, a considerable improvement on $39 million for the previous period. Underlying profit increased 24.1% (26% in NZD terms) to $36 million.
- Total underlying profit of $78 million was up on the previous year to June 2006 of $74 million, primarily due to an increase in planned margin release reflecting underlying improvements in insurance experience and growth in business volumes.
- Investment income on shareholder funds was $72 million for the full year to June 2007. This excellent result against $52 million for the previous period is a reflection of strong investment market performance in both Australia and New Zealand.
- In Australia the Lifeguard risk product launch in April 2007 was well received by the market and business is trending up as a result and it is expected that the momentum will continue. New Zealand risk business sales momentum continues with 20% growth in NZD terms over prior corresponding period.

	Australia Jun-07 $m	Australia Jun-06 $m	Full Year Ended New Zealand Jun-07 $m	New Zealand Jun-06 $m	Total Jun-07 $m	Total Jun-06 $m	Total Jun-07 vs Jun-06 %
Operating margins after tax For the year ended 30 June 2007 Excluding Life Insurance policy owners' interests							
Life Risk							
Planned profit margins	36	33	15	12	51	45	13.3
Experience profits/(losses)	(1)	2	8	4	7	6	16.7
Recapture of losses	3	(1)	2	3	5	2	150.0
Life Risk	38	34	25	19	63	53	18.9
Funds Management	4	11	11	10	15	21	(28.6)
Total underlying profit after tax	42	45	36	29	78	74	5.4
Net investment income on shareholder assets	65	42	7	10	72	52	38.5
Net profit after tax and minority interests	**107**	**87**	**43**	**39**	**150**	**126**	19.0

	Australia Jun-07 $m	Australia Jun-06 $m	Full Year Ended New Zealand Jun-07 $m	New Zealand Jun-06 $m	Total Jun-07 $m	Total Jun-06 $m	Total Jun-07 vs Jun-06 %
Reconciliation to Income Statement							
Contribution from Wealth Management	203	146	56	57	259	203	27.6
Policyholder and shareholder income tax expense [(1)]	(94)	(59)	(11)	(16)	(105)	(75)	40.0
Net profit after tax and before minority interests	109	87	45	41	154	128	20.3
Minority interests	(2)	-	(2)	(2)	(4)	(2)	100.0
Net profit after tax and minority interests	**107**	**87**	**43**	**39**	**150**	**126**	19.0

Notes:

[(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.

Operating margins after tax
For the half-year ended 30 June 2007
Excluding Life Insurance policy owners' interests

	Half-Year Ended Australia					Half-Year Ended New Zealand					Half-Year Ended Total				
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Life Risk															
Planned profit margins	19	17	18	15	11.8	9	6	7	5	50.0	28	23	25	20	21.7
Experience profits/(losses)	(3)	2	(1)	3	(250.0)	-	8	2	2	(100.0)	(3)	10	1	5	(130.0)
Recapture of losses	1	2	(2)	1	(50.0)	-	2	-	3	(100.0)	1	4	(2)	4	(75.0)
Life Risk	17	21	15	19	(19.0)	9	16	9	10	(43.8)	26	37	24	29	(29.7)
Funds Management	3	1	9	2	200.0	6	5	5	5	20.0	9	6	14	7	50.0
Total underlying profit after tax	20	22	24	21	(9.1)	15	21	14	15	(28.6)	35	43	38	36	(18.6)
Net investment income on shareholder assets	22	43	11	31	(48.8)	3	4	6	4	(25.0)	25	47	17	35	(46.8)
Net profit after tax and minority interests	**42**	**65**	**35**	**52**	**(35.4)**	**18**	**25**	**20**	**19**	**(28.0)**	**60**	**90**	**55**	**71**	**(33.3)**

Reconciliation to Income Statement

	Half-Year Ended Australia					Half-Year Ended New Zealand					Half-Year Ended Total				
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Contribution from Wealth Management	81	122	58	88	(33.6)	21	35	30	27	(40.0)	102	157	88	115	(35.0)
Policyholder and shareholder income tax expense (1)	(38)	(56)	(23)	(36)	(32.1)	(3)	(8)	(9)	(7)	(62.5)	(41)	(64)	(32)	(43)	(35.9)
Net profit after tax and before minority interests	43	66	35	52	(34.8)	18	27	21	20	(33.3)	61	93	56	72	(34.4)
Minority interests	(1)	(1)	-	-	-	-	(2)	(1)	(1)	(100.0)	(1)	(3)	(1)	(1)	(66.7)
Net profit after tax and minority interests	**42**	**65**	**35**	**52**	**(35.4)**	**18**	**25**	**20**	**19**	**(28.0)**	**60**	**90**	**55**	**71**	**(33.3)**

Notes:

(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

- In Australia, considerable focus has been on superannuation with competitor and adviser activity heightened in the months leading to 30 June 2007, the cut-off for tax concessions for investments in superannuation.
- Activity in the New Zealand market has focused around structural and regulatory changes namely Kiwi Saver and Portfolio Investment Entities (PIEs). Competition also remains strong.
- The adviser channel for the Australian life risk market continues to experience intense competitive pressure for distribution, driven by a shortage of qualified financial planners.
- The New Zealand life risk market is increasingly competitive with continued activity around product enhancements.
- There are currently five statutory trustee companies in New Zealand, with little opportunity for new competitors to enter market, but existing competitors are aggressively competing on price.

	Full Year Ended Australia Jun-07 $m	Australia Jun-06 $m	New Zealand Jun-07 $m	New Zealand Jun-06 $m	Total Jun-07 $m	Total Jun-06 $m	Total Jun-07 vs Jun-06 %
Life Risk							
Life Risk underlying profit after tax comprises:							
Planned profit margin release	36	33	15	12	51	45	13.3
Experience deviations							
Mortality	4	4	1	1	5	5	-
Morbidity	(3)	(3)	-	-	(3)	(3)	-
Other	(2)	1	7	3	5	4	25.0
Total experience deviations	(1)	2	8	4	7	6	16.7
Recapture of losses	3	(1)	2	3	5	2	150.0
Life Risk underlying profit after tax	**38**	**34**	**25**	**19**	**63**	**53**	**18.9**

	Half-Year Ended Australia Jun-07 $m	Australia Dec-06 $m	Australia Jun-06 $m	Australia Dec-05 $m	Australia Jun-07 vs Dec-06 %	New Zealand Jun-07 $m	New Zealand Dec-06 $m	New Zealand Jun-06 $m	New Zealand Dec-05 $m	New Zealand Jun-07 vs Dec-06 %	Total Jun-07 $m	Total Dec-06 $m	Total Jun-06 $m	Total Dec-05 $m	Total Jun-07 vs Dec-06 %
Life Risk underlying profit after tax comprises:															
Planned profit margin release	19	17	18	15	11.8	9	6	7	5	50.0	28	23	25	20	21.7
Experience deviations															
Mortality	2	2	2	2	-	-	1	1	-	(100.0)	2	3	3	2	(33.3)
Morbidity	(4)	1	(1)	(2)	(500.0)	-	-	-	-	n/a	(4)	1	(1)	(2)	(500.0)
Other	(1)	(1)	(2)	3	-	-	7	1	2	(100.0)	(1)	6	(1)	5	(116.7)
Total experience deviations	(3)	2	(1)	3	(250.0)	-	8	2	2	(100.0)	(3)	10	1	5	(130.0)
Recapture of losses	1	2	(2)	1	(50.0)	-	2	-	3	(100.0)	1	4	(2)	4	(75.0)
Life Risk underlying profit after tax	**17**	**21**	**15**	**19**	**(19.0)**	**9**	**16**	**9**	**10**	**(43.8)**	**26**	**37**	**24**	**29**	**(29.7)**

Profit Commentary Life Risk

- The Life Risk business delivered a result of $63 million in underlying profit after tax for the full year to June 2007, above the $53 million result for the previous period. This was due largely to an increase in planned margin release reflecting improvements in mortality and morbidity experience.
- The Australian Life Risk business reported an underlying margin of $38 million for the full year to June 2007, above $34 million the previous year largely due to an increase in planned margin release and a small amount of loss recapture.
- The New Zealand Life Risk business continued to deliver strong results. Underlying profit was $25 million for the full year to June 2007, an increase of 31.5% (37% in NZD terms) on the prior year. The result included a large one-off positive $3 million tax adjustment following a favourable IRD ruling.
- Life risk new business in Australia was $32 million for the full year to June 2007, slightly above the prior corresponding period. The Lifeguard product re-launch in April 2007 has seen sales trend up and is anticipated to increase growth going forward.
- New business sales in New Zealand have increased by 10% (20% in NZD terms) to $11 million. This strong result has been driven by product enhancement and positive brand sentiment in an otherwise increasingly competitive market.

Life Risk annual premium

	Full Year Ended Australia Jun-07 $m	Australia Jun-06 $m	New Zealand Jun-07 $m	New Zealand Jun-06 $m	Total Jun-07 $m	Total Jun-06 $m	Total Jun-07 vs Jun-06 %
Life Risk inforce							
Term and TPD	141	131	47	42	188	173	8.7
Trauma	61	55	11	8	72	63	14.3
Disability income	130	126	16	15	146	141	3.5
Group	30	26	-	-	30	26	15.4
Other	3	3	23	19	26	22	18.2
Total	**365**	**341**	**97**	**84**	**462**	**425**	**8.7**

	Half-Year Ended Australia Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Half-Year Ended New Zealand Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Half-Year Ended Total Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Life Risk inforce															
Term and TPD	141	136	131	126	3.7	47	46	42	46	2.2	188	182	173	172	3.3
Trauma	61	58	55	52	5.2	11	9	8	9	22.2	72	67	63	61	7.5
Disability income	130	127	126	124	2.4	16	16	15	17	-	146	143	141	141	2.1
Group	30	30	26	29	-	-	-	-	-	n/a	30	30	26	29	-
Other	3	3	3	3	-	23	21	19	23	9.5	26	24	22	26	8.3
Total	**365**	**354**	**341**	**334**	**3.1**	**97**	**92**	**84**	**95**	**5.4**	**462**	**446**	**425**	**429**	**3.6**

Life Risk new business

	Full Year Ended Australia Jun-07 $m	Australia Jun-06 $m	New Zealand Jun-07 $m	New Zealand Jun-06 $m	Total Jun-07 $m	Total Jun-06 $m	Total Jun-07 vs Jun-06 %
Term and TPD	13	13	5	4	18	17	5.9
Trauma	8	8	2	2	10	10	-
Disability income	11	10	2	2	13	12	8.3
Other	-	-	2	2	2	2	-
Total	**32**	**31**	**11**	**10**	**43**	**41**	**4.9**

	Half-Year Ended Australia Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Half-Year Ended New Zealand Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Half-Year Ended Total Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Life Risk new business															
Term and TPD	6	7	6	7	(14.3)	2	3	2	2	(33.3)	8	10	8	9	(20.0)
Trauma	4	4	4	4	-	1	1	1	1	-	5	5	5	5	-
Disability income	5	6	5	5	(16.7)	1	1	1	1	-	6	7	6	6	(14.3)
Other	-	-	-	-	n/a	1	1	1	1	-	1	1	1	1	-
Total	**15**	**17**	**15**	**16**	**(11.8)**	**5**	**6**	**5**	**5**	**(16.7)**	**20**	**23**	**20**	**21**	**(13.0)**

	Full Year Ended Australia Jun-07 $m	Australia Jun-06 $m	New Zealand Jun-07 $m	New Zealand Jun-06 $m	Total Jun-07 $m	Total Jun-06 $m	Total Jun-07 vs Jun-06 %
Funds management							
Funds Management underlying profit margin comprises:							
Retail Investment	5	10	11	10	16	20	(20.0)
Distribution	(4)	-	(2)	(1)	(6)	(1)	500.0
Asset Management	3	1	2	1	5	2	150.0
Total underlying profit after tax	**4**	**11**	**11**	**10**	**15**	**21**	**(28.6)**

	Half-Year Ended Australia Jun-07 $m	Australia Dec-06 $m	Australia Jun-06 $m	Australia Dec-05 $m	Australia Jun-07 vs Dec-06 %	Half-Year Ended New Zealand Jun-07 $m	New Zealand Dec-06 $m	New Zealand Jun-06 $m	New Zealand Dec-05 $m	New Zealand Jun-07 vs Dec-06 %	Half-Year Ended Total Jun-07 $m	Total Dec-06 $m	Total Jun-06 $m	Total Dec-05 $m	Total Jun-07 vs Dec-06 %
Funds Management underlying profit margin comprises:															
Retail Investment	3	2	8	2	50.0	6	5	5	5	20.0	9	7	13	7	28.6
Distribution	(3)	(1)	-	-	200.0	(1)	(1)	-	(1)	-	(4)	(2)	-	(1)	100.0
Asset Management	3	-	1	-	n/a	1	1	-	1	-	4	1	1	1	300.0
Total underlying profit after tax	**3**	**1**	**9**	**2**	**200.0**	**6**	**5**	**5**	**5**	**20.0**	**9**	**6**	**14**	**7**	**50.0**

Profit commentary funds management

- Funds management continued the momentum of the prior period, producing a pleasing result, fuelled by buoyant equity markets and strong institutional sales for Tyndall. However the result was a reduction on the prior 12 months partly due to investment profits on the assets backing annuity business in Australia in the prior period.
- The business has delivered a 28.6% decrease in underlying profit after tax to $15 million against $21 million for the previous period.
- Funds under administration (FUA) and funds under management (FUM) showed strong growth:
  - FUA grew 10.5% from June 2006 and now stands at $10.1 billion.
  - FUM increased 12.9% to $12.6 billion boosted by buoyant equity markets and strong institutional sales.
  - Tyndall external wholesale FUM grew 38% from $3.6 billion at the end of June 2006 to $4.9 billion.
- The funds management business in Australia delivered a net profit after tax of $4 million against $11 million for the prior period. This is partly attributed to lower net inflows into superannuation and pension products, which largely reflects a significant one-off inflow in the prior year.
- The New Zealand funds management business delivered a strong contribution of $11 million for the full year to June 2007, an increase of 10% against the previous period (7.0% in NZD terms). This is a reflection of New Zealand Guardian Trust's market leading position.
- Significant structural and regulatory changes were recently announced for the New Zealand market. These changes include Kiwi Saver and Portfolio Investment Entities (PIEs) and should underpin significant growth within this market.

Funds management position

	Half-Year Ended Australia					Half-Year Ended New Zealand					Half-Year Ended Total				
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Wealth Management funds position															
Funds under administration															
Opening balance at start of period	5,238	5,069	4,568	4,010	3.3	4,587	4,109	4,573	4,340	11.6	9,825	9,178	9,141	8,350	7.0
Net inflows/(outflows)	(288)	(273)	385	275	5.5	46	(20)	47	-	(330.0)	(242)	(293)	432	275	(17.4)
Investment income and other	307	442	116	283	(30.5)	249	498	(511)	233	(50.0)	556	940	(395)	516	(40.9)
Balance at end of period	5,257	5,238	5,069	4,568	0.4	4,882	4,587	4,109	4,573	6.4	10,139	9,825	9,178	9,141	3.2
Funds under supervision															
Opening balance at start of period	-	-	-	-	n/a	31,144	27,630	28,744	26,766	12.7	31,144	27,630	28,744	26,766	12.7
Net inflows/(outflows)	-	-	-	-	n/a	-	-	-	-	n/a	-	-	-	-	n/a
Investment income and other	-	-	-	-	n/a	649	3,514	(1,114)	1,978	(81.5)	649	3,514	(1,114)	1,978	(81.5)
Balance at end of period	-	-	-	-	n/a	31,793	31,144	27,630	28,744	2.1	31,793	31,144	27,630	28,744	2.1
Funds under management															
Opening balance at start of period	9,456	8,348	7,657	6,701	13.3	3,028	2,829	3,047	2,939	7.0	12,484	11,177	10,704	9,640	11.7
Net inflows/(outflows)	(401)	255	469	588	(257.3)	2	5	(76)	47	(60.0)	(399)	260	393	635	(253.5)
Investment income and other	538	853	222	368	(36.9)	(3)	194	(142)	61	(101.5)	535	1,047	80	429	(48.9)
Balance at end of period	9,593	9,456	8,348	7,657	1.4	3,027	3,028	2,829	3,047	(0.0)	12,620	12,484	11,177	10,704	1.1

	Half-Year Ended Australia					Half-Year Ended New Zealand					Half-Year Ended Total				
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Funds under management															
General Insurance	3,840	3,984	3,970	4,122	(3.6)	337	403	364	464	(16.4)	4,177	4,387	4,334	4,586	(4.8)
Life Company	1,728	1,744	1,684	1,617	(0.9)	1,288	1,272	1,117	1,244	1.3	3,016	3,016	2,801	2,861	-
External	4,025	3,728	2,694	1,918	8.0	1,402	1,353	1,348	1,339	3.6	5,427	5,081	4,042	3,257	6.8
	9,593	**9,456**	**8,348**	**7,657**	**1.4**	**3,027**	**3,028**	**2,829**	**3,047**	**(0.0)**	**12,620**	**12,484**	**11,177**	**10,704**	**1.1**

	Full Year Ended Australia		New Zealand		Total		Total
	Jun-07 $m	Jun-06 $m	Jun-07 $m	Jun-06 $m	Jun-07 $m	Jun-06 $m	Jun-07 vs Jun-06 %
Retail investment new business							
Superannuation	115	138	32	43	147	181	(18.8)
Pensions	4	91	-	-	4	91	(95.6)
Investment	-	-	25	26	25	26	(3.8)
Total retail investment	**119**	**229**	**57**	**69**	**176**	**298**	**(40.9)**

	Half-Year Ended Australia					Half-Year Ended New Zealand					Half-Year Ended Total				
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Superannuation	54	61	74	64	(11.5)	15	17	25	18	(11.8)	69	78	99	82	(11.5)
Pensions	3	1	84	7	200.0	-	-	-	-	n/a	3	1	84	7	200.0
Investment	-	-	-	-	n/a	16	9	9	17	77.8	16	9	9	17	77.8
Total retail investment	**57**	**62**	**158**	**71**	**(8.1)**	**31**	**26**	**34**	**35**	**19.2**	**88**	**88**	**192**	**106**	**-**

Allocation of investments – Wealth Management

- The investment income on the Wealth Management business reported an increase of 40.8% to $107 million for the full year to June 2007. The Australian Wealth Management business contributed an additional $31 million investment income to $91 million for the current year, while the New Zealand operations reported a 4.7% increase to $16 million for the period.
- The major contributor to investment income for Wealth Management was largely the Australian operation equities portfolio. It contributed $17 million to total $51 million for the period to June 2007 as a result of the record high domestic stock market activities. The Australian operations fixed interest portfolio added $7 million in investment income to report $20 million as a result of effective bond portfolio management otherwise operating under a difficult trading environment.
- The New Zealand fixed interest operations portfolios outperformed the industry benchmark by 25 basis points in 2H07. A higher interest rate environment, however, contributed to lower returns of 0.25% in 2H07 totalling $11 million for the full year to June 2007, compared to returns of 3.2% in 2H06.
- The New Zealand equities operations portfolio reported marginally lower investment income returns totalling $4 million during the year on a rate of return of 5.3% in 2H07 compared to 7.8% in 2H06.

Investment assets – Wealth Management

- The Life Insurance asset allocation varies by statutory fund depending on the nature of the liabilities of the fund. The investment mandates for the non-investment linked funds are set to provide appropriate protection for policyholder funds, specifying an asset mix consistent with the nature of the policyholder liabilities and minimum requirements for asset investment grade and portfolio diversification.
- The following table sets out the exposure of shareholders and life policyholders to each class of investment asset:

	Half-Year Ended Total				
	Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Allocation of investments – Wealth Management					
Allocation of investments					
Statutory Funds [(1)]					
Equities	2,618	2,490	2,362	2,242	5.1
Interest bearing securities	1,188	1,199	1,337	1,237	(0.9)
Property	112	171	16	110	(34.5)
Other	129	140	117	92	(7.9)
Total Statutory Funds	**4,047**	**4,000**	**3,832**	**3,681**	**1.2**
Shareholder Assets [(2)]					
Equities	160	164	175	142	(2.4)
Interest bearing securities	34	92	67	66	(63.0)
Property	7	14	15	19	(50.0)
Other	75	50	53	44	50.00
Total Shareholder Assets	**276**	**320**	**310**	**271**	**(13.8)**

Notes:

(1) Statutory Funds allocation includes shareholder net assets.

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

	Jun-07 $m	Half-Year Ended Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 %
Investment income – Wealth Management					
Investment income on shareholder assets [(1)]					
Cash and short term deposits	2	2	2	2	-
Interest bearing securities	13	18	9	11	(27.8)
Australian equities	25	26	14	20	(3.8)
Overseas equities	1	5	5	8	(80.0)
Property	-	14	4	5	(100.0)
Impact of change in discount rates [(2)]	(5)	6	(9)	5	(183.3)
Total investment income	**36**	**71**	**25**	**51**	**(49.3)**

Notes:

[(1)] The total Wealth Management investment income on shareholder funds is calculated by grossing up the post tax number by the notional tax rate of 30%. The asset class splits are estimates only.

[(2)] The policy liability for Life Risk products is negative, with the negative balance representing shareholder funds invested to support the acquisition costs associated with writing the business that has yet to be recovered. The present value of these unrecovered acquisition costs represents a shareholder asset and will not move with changes in the discounted rate arising from movements in the investment markets. The profit or loss arising from such changes is included in investment income on shareholder assets.

	Jun-07 Benchmark return %	Jun-07 Actual return %	Dec-06 Benchmark return %	Dec-06 Actual return %	Jun-06 Benchmark return %	Jun-06 Actual return %	Dec-05 Benchmark return %	Dec-05 Actual return %
Investment returns – Wealth Management								
Cash	3.23	3.37	3.19	3.66	2.94	3.19	2.96	3.41
Fixed Interest – Domestic	1.43	1.38	2.49	2.62	0.85	1.54	2.53	3.63
Equities – Domestic	14.19	12.48	14.10	12.72	9.08	6.41	15.42	11.07
Equities – International	1.02	3.89	8.09	10.45	5.04	4.95	12.57	11.36
Property	(0.11)	1.72	27.67	27.83	6.36	6.70	11.14	11.98

This page is left blank intentionally.

Appendix 1A – Proforma Consolidated Income Statement including Promina

For the year ended 30 June 2007

This is a pro-forma disclosure as if Suncorp owned Promina from 1 July 2006. It is intended for comparative purposes only and does not represent actual results. The pro-forma amounts set out in appendix 1A represent the historical operating results of Promina aligned to Suncorp's financial year end 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.

	Full Year Jun-07 $m	Half-Year Ended Jun-07 $m	Half-Year Ended Dec-06 $m
Banking			
Net interest income	910	456	454
Non-interest income	163	88	75
Total income	1,073	544	529
Operating expenses	(479)	(244)	(235)
Impairment losses on loans and advances	(25)	(20)	(5)
Contribution before tax	**569**	**280**	**289**
General Insurance			
Gross written premium	6,246	3,163	3,083
Net earned premium	5,720	2,860	2,860
Net incurred claims	(3,648)	(1,859)	(1,789)
Operating expenses	(1,608)	(826)	(782)
Investment income – insurance funds	400	203	197
Insurance trading result	864	378	486
Managed schemes net income	21	7	14
Joint venture income	66	27	39
Investment income – Shareholder Funds	354	148	206
Contribution before tax and capital funding	1,305	560	745
Capital funding	(95)	(49)	(46)
Contribution before tax	**1,210**	**511**	**699**
Contribution from Wealth Management before tax	**441**	**186**	**255**
Other			
Contribution from LJ Hooker and other	26	19	7
Wealth Management consolidation adjustments	(14)	(6)	(8)
Contribution before tax	**12**	**13**	**(1)**
Profit before tax and Promina acquisition items	**2,232**	**990**	**1,242**
Ratios			
Cash earnings per share			
Basic (cents)	167.1	75.4	93.3
Diluted (cents)	167.1	75.4	93.3
Cash return on average shareholders' equity			
Basic (%)	13.0	11.4	14.5
Diluted (%)	13.0	11.4	14.5

Appendix 1B – Consolidated Balance Sheet including Promina
As at 30 June 2007

	Suncorp $m	Promina $m	Adjust-ments $m	Merged Group $m
Assets				
Cash and cash equivalents	747	346	-	1,093
Receivables due from other banks	42	-	-	42
Other financial assets				
Trading securities	4,291	-	-	4,291
Investment securities	20,513	8,415	(8,008)	20,920
Investments in associates and joint ventures	178	99	108	385
Loans, advances and other receivables	46,094	919	-	47,013
Bank acceptances of customers	886	-	-	886
Reinsurance and other recoveries	574	830	-	1,404
Deferred insurance assets	219	389	(162)	446
Property, plant and equipment	249	71	-	320
Investment property	215	6	-	221
Goodwill and intangible assets	1,139	320	5,932	7,391
Other assets	382	557	(450)	489
Total assets	75,529	11,952	(2,580)	84,901
Liabilities				
Deposits and short term borrowings	30,916	-	-	30,916
Payables due to other banks	25	-	-	25
Bank acceptances	886	-	-	886
Payables and other liabilities	3,271	370	(450)	3,191
Current tax liabilities	117	4	-	121
Provisions	12	-	-	12
Employee benefit obligations	162	74	-	236
Deferred tax liabilities	107	60	302	469
Unearned premiums and unexpired risks	1,393	1,813	-	3,206
Outstanding claims liabilities	4,113	3,168	-	7,281
Gross policy Liabilities	4,782	3,204	-	7,986
Unvested policy owner benefits	222	20	-	242
Outside beneficial interests	1,255	1	-	1,256
Securitisation liabilities	7,948	-	-	7,948
Bonds, notes and long term borrowings	6,284	54	-	6,338
Subordinated notes	1,482	720	-	2,202
Other financial liabilities	51	-	-	51
Preference shares	144	-	-	144
Total liabilities	63,170	9,488	(148)	72,510
Net assets	**12,359**	**2,464**	**(2,432)**	**12,391**
Equity				
Share capital	10,362	1,513	(1,513)	10,362
Reserves	199	24	(7)	216
Retained profits	1,798	911	(897)	1,812
Minority interests	-	16	(15)	1
Total equity	**12,359**	**2,464**	**(2,432)**	**12,391**

Appendix 2A – Income Statement

For the year ended 30 June 2007

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

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Revenue					
Banking interest revenue	3,447	3,447	2,887	19.4	19.4
Banking interest expense	(2,537)	(2,537)	(2,039)	24.4	24.4
	910	910	848	7.3	7.3
Banking fee and commission revenue	220	220	202	8.9	8.9
Banking fee and commission expense	(80)	(80)	(73)	9.6	9.6
General insurance premium revenue	3,680	2,672	2,644	39.2	1.1
Life insurance premium revenue	288	170	136	111.8	25.0
Reinsurance and other recoveries revenue	650	397	335	94.0	18.5
General insurance investment income	493	436	446	10.5	(2.2)
Life insurance investment income	1,060	954	805	31.7	18.5
Other revenue	324	239	237	36.7	0.8
	7,545	5,918	5,580	35.2	6.1
Expenses					
Operating expenses	(1,980)	(1,548)	(1,431)	38.4	8.2
General insurance claims expense	(2,766)	(1,845)	(1,948)	42.0	(5.3)
Life insurance claims expense	(165)	(105)	(78)	111.5	34.6
Outwards reinsurance premium expense	(277)	(159)	(145)	91.0	9.7
Increase in net policy liabilities	(573)	(521)	(497)	15.3	4.8
Decrease in unvested policy owner benefits	47	48	55	(14.5)	(12.7)
Outside beneficial interests	(226)	(226)	(168)	34.5	34.5
Non-banking interest expense	(94)	(82)	(16)	487.5	412.5
	(6,034)	(4,438)	(4,228)	42.7	5.0
Share of profits of associates and joint ventures	57	55	25	128.0	120.0
Profit before impairment losses on loans and advances and tax	1,568	1,535	1,377	13.9	11.5
Impairment losses on loans and advances	(25)	(25)	(31)	(19.4)	(19.4)
Profit before tax	1,543	1,510	1,346	14.6	12.2
Income tax expense	(479)	(470)	(430)	11.4	9.3
Profit for the year	**1,064**	**1,040**	**916**	**16.2**	**13.5**

Appendix 2B – Income Statement

For the half-year ended 30 June 2007

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

	Half-Year Ended					Jun-07	Jun-07
	Jun-07	Jun-07 SUN	Dec-06	Jun-06	Dec-05	vs Dec-06	vs Dec-06 SUN
	$m	$m	$m	$m	$m	%	%
Revenue							
Banking interest revenue	1,801	1,801	1,646	1,471	1,416	9.4	9.4
Banking interest expense	(1,345)	(1,345)	(1,192)	(1,045)	(994)	12.8	12.8
	456	456	454	426	422	0.4	0.4
Banking fee and commission revenue	113	113	107	102	100	5.6	5.6
Banking fee and commission expense	(40)	(40)	(40)	(38)	(35)	-	-
General insurance premium revenue	2,334	1,326	1,346	1,321	1,323	73.4	(1.5)
Life insurance premium revenue	209	91	79	73	63	164.6	15.2
Reinsurance and other recoveries revenue	451	198	199	181	154	126.6	(0.5)
General insurance investment income	279	222	214	199	247	30.4	3.7
Life insurance investment income	498	392	562	364	441	(11.4)	(30.2)
Other revenue	206	121	118	116	121	74.6	2.5
	4,506	2,879	3,039	2,744	2,836	48.3	(5.3)
Expenses							
Operating expenses	(1,233)	(801)	(747)	(755)	(676)	65.1	7.2
General insurance claims expense	(1,788)	(867)	(978)	(930)	(1,018)	82.8	(11.3)
Life insurance claims expense	(122)	(62)	(43)	(41)	(37)	183.7	44.2
Outwards reinsurance premium expense	(201)	(83)	(76)	(74)	(71)	164.5	9.2
Increase in net policy liabilities	(350)	(298)	(223)	(304)	(193)	57.0	33.6
Decrease/(increase) in unvested policy owner benefits	118	119	(71)	118	(63)	(266.2)	(267.6)
Outside beneficial interests	(118)	(118)	(108)	(134)	(34)	9.3	9.3
Non-banking interest expense	(42)	(30)	(52)	56	(72)	(19.2)	(42.3)
	(3,736)	(2,140)	(2,298)	(2,064)	(2,164)	62.6	(6.9)
Share of profits of associates and joint ventures	24	22	33	15	10		
Profit before impairment losses on loans and advances and tax	794	761	774	695	682	2.6	(1.7)
Impairment losses on loans and advances	(20)	(20)	(5)	(16)	(15)	300.0	300.0
Profit before tax	774	741	769	679	667	0.7	(3.6)
Income tax expense	(237)	(228)	(242)	(217)	(213)	(2.1)	(5.8)
Profit for the year	**537**	**513**	**527**	**462**	**454**	**1.9**	**(2.7)**

Appendix 3 – Profit contribution – General Insurance excluding the impact of discount rate movements and excluding FSL

For the year ended 30 June 2007

	Full Year Ended Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 SUN %
Gross written premiums [1]	2,594	2,611	(0.7)
Gross unearned premium movement	(11)	(38)	(71.1)
Gross earned premiums	2,583	2,573	0.4
Outwards reinsurance expense	(118)	(117)	0.9
Net earned premium	2,465	2,456	0.4
Net incurred claims			
Claims expense	(2,002)	(2,024)	(1.1)
Reinsurance and other recoveries revenue	369	315	17.1
	(1,633)	(1,709)	(4.4)
Total operating expenses			
Acquisition expenses [2]	(357)	(351)	1.7
Other underwriting expenses	(272)	(232)	17.2
	(629)	(583)	7.9
Underwriting result	203	164	23.8
Investment income – insurance funds	297	310	(4.2)
Insurance trading result	500	474	5.5
Managed schemes net contribution	25	26	(3.8)
Joint venture income	55	25	120.0
General Insurance operational earnings	580	525	10.5
Investment revenue – Shareholder Funds	184	203	(9.4)
Contribution to profit from General Insurance activities before tax and capital funding	764	728	4.9
Capital funding [3]	(58)	(37)	56.8
Contribution to profit from General Insurance activities before tax	706	691	2.2
Return on equity (%)	**33.3**	**24.3**	**37.0**

Notes:

[1] Net of Fire Service Levies (FSL) of $92 million (Jun-06: $80 million).

[2] Net of certain statutory fees and charges included in income and expenses in the Consolidated Financial Report.

[3] Includes interest expense on subordinated debt and preference shares allocated to General Insurance as described in Appendix 6.

Appendix 3 – Profit contribution – General Insurance excluding the impact of discount rate movements and excluding FSL continued

For the half-year ended 30 June 2007

	Half-Year Ended Jun-07 SUN $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Jun-07 vs Dec-06 SUN %
Gross written premiums [1]	1,319	1,275	1,321	1,290	3.5
Gross unearned premium movement	(39)	28	(37)	(1)	(239.3)
Gross earned premiums	1,280	1,303	1,284	1,289	(1.8)
Outwards reinsurance expense	(61)	(57)	(59)	(58)	7.0
Net earned premium	1,219	1,246	1,225	1,231	(2.2)
Net incurred claims					
Claims expense	(1,000)	(1,002)	(991)	(1,033)	(0.2)
Reinsurance and other recoveries revenue	183	186	170	145	(1.6)
	(817)	(816)	(821)	(888)	0.1
Total operating expenses					
Acquisition expenses [2]	(174)	(183)	(180)	(171)	(4.9)
Other underwriting expenses	(152)	(120)	(123)	(109)	26.7
	(326)	(303)	(303)	(280)	7.6
Underwriting result	76	127	101	63	(40.2)
Investment income – insurance funds	162	135	164	146	20.0
Insurance trading result	238	262	265	209	(9.2)
Managed schemes net contribution	10	15	12	14	(33.3)
Joint venture income	22	33	15	10	(33.3)
General Insurance operational earnings	270	310	292	233	(12.9)
Investment revenue – Shareholder Funds	82	102	87	116	(19.6)
Contribution to profit from General Insurance activities before tax and capital funding	352	412	379	349	(14.6)
Capital funding [3]	(29)	(29)	(18)	(19)	-
Contribution to profit from General Insurance activities before tax	**323**	**383**	**361**	**330**	**(15.7)**
Return on equity (%)	**26.2**	**28.4**	**27.3**	**23.5**	**(7.7)**

Notes:

(1) Net of Fire Service Levies (FSL) of $44 million (Dec-06: $48 million; Jun-06: $42 million; Dec-05: $38 million).

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

(3) Includes interest expense on subordinated debt and preference shares allocated to General Insurance as described in Appendix 6.

Appendix 4 – Operating Expenses

	Full Year Ended Jun-07 $m	Jun-07 SUN $m	Jun-06 $m	Jun-07 vs Jun-06 %	Jun-07 vs Jun-06 SUN %
Staff expenses	1,010	798	732	38.0	9.0
Total staff expenses	1,010	798	732	38.0	9.0
Equipment and occupancy expenses					
Depreciation:					
Buildings	1	1	1	-	-
Plant, equipment and software	33	28	23	43.5	21.7
Leasehold improvements	13	12	8	62.5	50.0
Loss on disposal of property, plant and equipment	2	2	-	n/a	n/a
Operating lease rentals	74	60	49	51.0	22.4
Other	23	19	18	27.8	5.6
Total equipment and occupancy expenses	146	122	99	47.5	23.2
Other expenses					
Hardware, software and data line expenses	61	47	44	38.6	6.8
Advertising and promotion expenses	131	96	73	79.5	31.5
Office supplies, postage and printing	76	62	64	18.8	(3.1)
Amortisation:					
Trade names	20	-	-	n/a	n/a
Consumer relationships	86	-	-	n/a	n/a
Outstanding claims liability intangible	18	-	-	n/a	n/a
Franchise agreements	1	1	1	-	-
Software	49	31	36	36.1	(13.9)
Acquisition costs – insurance activities	124	148	159	(22.0)	(6.9)
Financial expenses	150	136	113	32.7	20.4
Other	108	107	110	(1.8)	(2.7)
Total other expenses	824	628	600	37.3	4.7
Total operating expenses	**1,980**	**1,548**	**1,431**	**38.4**	**8.2**

Appendix 5 – 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 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 *Earnings per Share*.
Expense ratio	The percentage of the net premium that is used to pay all the costs of acquiring (including commission), writing and servicing the General Insurance business.
Fire brigade charge (FBC)	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 which the company 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.

Appendix 5 – Definitions continued

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 the outstanding claims liability.
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 and intangibles divided by ordinary shares at the end of the period adjusted for treasury shares. In determining the number of ordinary shares at the end of the period, partly paid shares are taken into account by assuming that the unpaid amount is paid.
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.
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 excluding life insurance policy owners' interests. 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.

Appendix 5 – Definitions continued

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 at 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 at 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.
Underlying profit	For Suncorp standalone business, profit before tax and Promina acquisition items, investment income on Shareholder Funds (General Insurance and General Insurance share of joint ventures), Wealth Management investment income in Life Company and Funds Management, profit contribution attributable to policy owners' interests and one-off items.
Wealth Management	Life insurance and superannuation administration services, funds management, financial planning and funds administration.

Appendix 6 – Ratio calculations

Earnings per share

	Half-Year Ended Jun-07 No. of shares	Dec-06 No. of shares	Jun-06 No. of shares	Dec-05 No. of shares	Full Year Ended Jun-07 No. of shares	Jun-06 No. of shares
Denominator						
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	766,656,997	576,662,441	570,192,449	565,793,263	670,878,920	567,974,777
Weighted average number of potential ordinary shares relating to:						
Options on ordinary shares	-	-	172,485	176,698	-	171,038
Partly paid ordinary shares	-	-	-	-	-	(102)
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	766,656,997	576,662,441	570,364,934	565,969,962	670,878,920	568,145,713

	Half-Year Ended Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Full Year Ended Jun-07 $m	Jun-06 $m
Numerator						
Earnings:						
Reconciliations of earnings used in calculating earnings per share:						
Net profit	537	527	462	454	1,064	916
Earnings used in calculating basic and diluted earnings per share	537	527	462	454	1,064	916

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 Jun-07 $m	Dec-06 $m	Jun-06 $m	Dec-05 $m	Full Year Ended Jun-07 $m	Jun-06 $m
Denominator						
Adjusted average shareholders' equity:						
Opening total equity	4,880	4,435	4,131	4,537	4,435	4,537
Less outside equity interest	-	-	-	(23)	-	(23)
Less preference shares (classified as equity)	-	-	-	(244)	-	(244)
Opening adjusted equity	4,880	4,435	4,131	4,270	4,435	4,270
Closing total equity	12,391	4,880	4,435	4,131	12,391	4,435
Less minority interests	(1)	-	-	-	(1)	-
Closing adjusted equity	12,390	4,880	4,435	4,131	12,390	4,435
Average adjusted equity	**8,635**	**4,658**	**4,283**	**4,201**	**8,413**	**4,353**

Appendix 6 – Ratio calculations continued

Return on average shareholders' equity – diluted

Numerator

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

	Half-Year Ended				Full Year Ended	
	Jun-07 $m	**Dec-06 $m**	**Jun-06 $m**	**Dec-05 $m**	**Jun-07 $m**	**Jun-06 $m**
Denominator						
Adjusted average shareholders' equity:						
Opening total equity	4,880	4,435	4,131	4,537	4,435	4,537
Less outside equity interest	-	-	-	(23)	-	(23)
Less anti-dilutive preference shares (classified as equity)	-	-	-	(244)	-	(244)
Plus funds generated on outstanding options	-	5	5	14	5	14
Opening adjusted equity	4,880	4,440	4,136	4,284	4,440	4,284
Closing total equity	12,391	4,880	4,435	4,131	12,391	4,435
Less minority interests	(1)	-	-	-	(1)	-
Plus funds generated on outstanding options	-	-	5	5	-	5
Closing adjusted equity	12,390	4,880	4,440	4,136	12,390	4,440
Average adjusted equity	**8,635**	**4,660**	**4,288**	**4,210**	**8,415**	**4,362**

Appendix 6 – 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.

Full Year	as at 30 June 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	569	835	229	(76)	(14)	1,543
Less tax expense (1)	(171)	(251)	(29)	23	(51)	(479)
Net profit	398	584	200	(53)	(65)	1,064
Reconciliation of average adjusted equity for diluted return on average shareholders' equity calculations						
Opening adjusted equity June 2006:						
Opening total equity	3,886	2,309	284	34	(2,078)	4,435
Adjustment for investment in subsidiaries	(2,134)	-	-	-	2,134	-
Notional reallocation of subordinated debt and preference shares (2)	397	(397)	-	-	-	-
Add funds generated on outstanding options	-	-	-	-	5	5
Adjusted opening equity	2,149	1,912	284	34	61	4,440
Closing adjusted equity June 2007:						
Closing total equity	11,662	2,439	317	44	(2,071)	12,391
Adjustment for investment in subsidiaries	(9,693)	-	-	-	9,693	-
Notional reallocation of subordinated debt and preference shares (2)	842	(842)	-	-	-	-
Adjusted closing equity	677	1,597	317	44	7,622	10,257
Adjusted average equity	1,413	1,755	301	39	3,842	7,349
	%	%	%	%	%	%
Diluted return on average shareholders' equity	**28.2**	**33.3**	**66.6**	**n/a**	**n/a**	**14.5**

Notes:

(1) Differs to the taxation note as it assumes a 30% tax rate for Banking and General Insurance. The difference is adjusted in the Consolidation column.

(2) 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 $291 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 full year reflects its calculated share of Group subordinated debt and preference shares.

Appendix 7 – Details of share capital

	Half-Year Ended Jun-07	Dec-06	Jun-06	Dec-05
Ordinary shares each fully paid				
Number at the end of the period	924,894,058	565,706,921	556,706,890	553,580,870
Dividend declared for the period (cents per share)	55	52	50	47
Preference shares (classified as liability) each fully paid				
Number at the end of the period	1,440,628	1,440,628	2,500,000	2,500,000
Dividend declared for the period ($ per share) [1]	2.51	2.80	3.07	3.18
Non-participating shares fully paid				
Number at the end of the period	2,000	2,000	2,000	2,000

Notes:

[1] Classified as interest expense.

Appendix 8 – Key dates [1]

Ordinary shares (SUN)

2007	
Interim dividend	
Ex dividend date [2]	1 March
Record date	7 March
Dividend payment	16 March
Final dividend	
Ex dividend date [2]	30 August
Record date	5 September
Dividend payment	1 October

Floating Rate Capital Notes (SUNHB) (Perpetual subordinated debt)

2007	
Ex interest date [2]	9 February
Record date	15 February
Interest payment	2 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	30 August

Reset Preference Shares (SUNPA)

2007	
Ex dividend date [2]	1 March
Record date	7 March
Dividend payment	14 March
Ex dividend date [2]	30 August
Record date	5 September
Dividend payment	14 September

Results announcements

2007	
Annual Results and final dividend announcement	27 August
Annual General Meeting	31 October

Notes:

[1] Dates may be subject to change.

[2] Subject to ASX confirmation.