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Suncorp-Metway Limited
ABN 66 010 831 722

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27th August 2008

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Australian Stock Exchange
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Suncorp-Metway Ltd Group

Amended - Announcement of Financial Results

A number of minor corrections have been made to yesterday's *Announcement of Financial Results.* Those corrections are:

- On page 15, the balance sheet ***Total liabilities*** line, the 'Jun-08' number should read $81,803 million.
- On page 17, the ***net tangible asset backing per share*** line, the 'Jun 08 v Dec 07' comparatives should read 0.5 not (0.5).
- On page 78, Appendix 2 should be amended as follows:
  - In the ***Banking and commission revenue*** line, the 'Adjustments Full Year Jun 08' should read (15); 'Pro-forma half year ended Dec 07' should read 113 and 'Pro-forma Full Year Jun 08' should read 224.
  - In the ***Banking fee and commission expense line***, the 'Pro-forma half year ended Dec 07' should read (42)
- On page 88, the proposed date for the 2009 interim results and dividend announcement is 24 February.

An updated version of the *Announcement of Financial Results* is attached and replaces the version lodged yesterday.

C R Chuter
Corporate Secretary

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SUNCORP

Announcement of Consolidated Financial Results

for the year ended 30 June 2008

Release date 26 August 2008

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

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Basis of Preparation

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.

The results for the full year ended 30 June 2008 incorporate the Suncorp and Promina businesses.

For comparative purposes, the first section of this pack has been based on historical reported results which include the results of the Promina Group from 20 March 2007, the date of acquisition.

To assist users in their analysis of the current period results, the comparative period information in the General Insurance and Wealth Management sections of this document are 'pro-forma' combined Suncorp and Promina results.

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

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.

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Suncorp-Metway Ltd Full Year Results 2008

Operational highlights

- Strong underlying business performance adversely impacted by volatile investment markets and extreme weather conditions
- Profit before tax and Promina acquisition items of $967 million, down 41.5% on prior year
- Net profit after tax (NPAT) of $556 million
- Bank contribution before tax increased 11.2% to $633 million
- General Insurance trading result of $607 million represented a margin of 10.3% on net earned premium
- Wealth Management underlying profit decreased 9.3% to $136 million
- Cash earnings per share of 85.3 cents
- Maintained full year ordinary dividend at 107 cents per share fully franked
- Integration on track with synergies of $104 million realised
- Staff employee engagement at 81% – well above Australian and global financial services norms

Outlook for 2008/09

- Banking profit before tax and bad debts growth of high-single digits
- General Insurance trading ratio of 10% to 12%
- Wealth Management underlying profit flat
- Full year dividend anticipated to be 107 cents per share fully franked
- Capital position maintained within target ranges

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Review of consolidated operations

Except where otherwise stated, all figures relate to the full year to 30 June 2008.
Comparatives are based on the pro-forma numbers to 30 June 2007.

Review of operations

The year to June 2008 has been a particularly challenging period for all financial services organisations as they deal with the flow-on effects of volatility on global credit and equity markets and a gradual slowing in domestic demand. In addition, Australian and New Zealand general insurers have been impacted by the sequence of major weather events.

These external factors have had a major impact on Suncorp's financial result for the year to June 2008 with reported net profit after tax (NPAT) falling by 47.7% to $556 million. Profit before tax and Promina acquisition items reduced by 41.5% to $967 million.

Despite the impact of these external events on Suncorp's financial performance, the Board remains confident in the underlying performance of the business and accordingly has decided to maintain the final ordinary dividend at 55 cents per share. This brings the full year ordinary dividend to 107 cents per share – equivalent to the 2006/07 year.

Cash earnings per share on a fully diluted basis were 85.3 cents for the full year.

The **Banking** division performed strongly despite the impact of the global credit crunch and a generally slowing domestic economy; growing profit before tax, bad debts and one-off items by 12.5% – ahead of guidance. The result featured solid lending growth, a stabilising of margins in the second half and the maintenance of disciplined credit practices. During the year the Bank biased its new lending to existing customers and higher margin portfolios thereby maintaining the value of its franchise and supporting its investments in the branch network.

The **General Insurance** operations reported profit before tax of $307 million. All brands have continued to perform well despite the effects of multiple weather events, with solid premium growth across all short tail products. Outside of the events, more extreme weather across much of eastern Australia has contributed to increased claims costs. The general insurance result was also impacted by volatility on global credit markets with a negative return from equity investments contributing to a $232 million loss in the shareholders funds portfolio and a negative movement in the 'mark to market' of fixed interest securities as a result of widening credit spreads reducing returns from the technical reserves portfolio by $140 million.

Wealth Management contributed profit after tax of $111 million. This result was significantly impacted by the downturn in investment markets and the increase in discount rates. Negative investment markets in turn affected funds under administration, funds under management and the value of the assets backing part of the annuity book.

The business made good progress on its **integration** program. The synergy realisation run rate is on target while integration costs have been contained. During the year, significant benefits were achieved through consolidation of Group spending in areas such as travel, accommodation, telecommunications and media while a program of organisational redesign has achieved benefits ahead of previous targets. Overall, Suncorp believes it is on track to achieve its net annual synergy estimate of $325 million by the end of June 2010.

Despite the challenging year, Suncorp staff employee engagement, as independently measured, remains very high at 81%, well above the Australian overall and global financial services norms that are at 75%.

Operational highlights

The major operational highlights for the year were:

In **Banking**, profit before tax, one-offs and bad debts of $668 million was an increase of 12.5% over the prior corresponding period. This strong result was achieved against a backdrop of substantially increased funding costs and slowing domestic demand.

Net interest income increased by 13.2% reflecting above system lending growth in all segments.

Home loan receivables (including securitised assets) increased by 14.5% to $27.2 billion, business lending receivables increased by 29.7% to $27.0 billion and consumer lending reduced by 18.8% to $863 million following the sale of the credit cards portfolio in February 2008.

Core retail deposits (net of Treasury) grew by 18.3% to $18.9 billion.

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Review of consolidated operations continued

The Bank's direct distribution capability continues to underpin receivables growth in Queensland with growth of 14.4% in home lending and 21.7% in business lending. Outside of Queensland, lending growth continues to be strongest in Western Australia where economic growth remains robust.

During the year the Bank refreshed its five-year strategy. This saw an expansion of the branch network into new growth corridors, with new branches opening in Queensland and Western Australia. A small number of branches in regional New South Wales and Victoria have been closed in line with falling customer demand in these centres.

To support this investment in customer service, the Bank announced partnerships with globally recognised suppliers to provide back of house processing services. This initiative will provide ongoing cost and capability benefits and allow the Bank to adjust its variable cost base in line with lending demand.

Banking customer satisfaction of 79.9% at June 2008, as independently measured by Roy Morgan Research Pty Ltd, remained well above the Australian bank average of 74%.

In February 2008, the Bank also successfully executed the sale of its credit card portfolio to Citibank. In addition to realising a one-off benefit to the Bank's bottom line, this partnership further de-risks the Bank's lending profile and allows customers to benefit from a wider range of innovative card products and services.

The net interest margin reduced by 18 basis points as the Bank absorbed increased costs of wholesale funding and securitisation volumes increased. In the second half, margins stabilised as Suncorp was able to pass on increases in funding costs across the lending portfolio.

Credit quality remains sound overall with gross non-performing loans at 1.12% of total lending. While the quantum of non-performing loans continues to increase as the credit cycle trends upwards from its lows of 2004, the overall quality of the portfolio has been comprehensively reviewed over the course of the year and remains sound with a significant proportion of loans secured by hard assets such as property with appropriate LVR's.

In **General Insurance**, pre-tax profit was $307 million for the year. Both the heritage Suncorp and Promina general insurance businesses maintained positive momentum throughout the period despite the effect of external events and the continuing integration program. On 7 August 2008, the Group was named 2008 General Insurance Company of the Year by the Australian and New Zealand Institute of Insurance and Finance (ANZIIF).

The insurance trading result (ITR) was $607 million, or 10.3% of net earned premium, reflecting a number of external events occurring during the year. These events together cost $415 million, well ahead of Suncorp's usual provision for weather events of $200 million per year.

Investment returns on technical reserves have been adversely affected by the mark to market impact of widening credit spreads. The Group has approximately $8 billion in its technical reserves portfolio, where underlying investments are matched to the expected payouts in the outstanding claims provision. These are quality investments, largely semi-government and highly-rated corporate bonds that have no significant default risk; however, the mark to market movement has reduced investment returns by $140 million. This is purely an accounting and timing issue which will reverse as the investments redeem or as credit spreads contract.

Gross written premium (GWP) increased by 2.9% on a pro-forma basis with strong premium growth in home (7.8%) and personal motor (4.7%) offset by the reductions in compulsory third party (CTP) and workers' compensation portfolios.

In long tail classes there is evidence of superimposed inflation in some classes of business, following several years of highly favourable claims experience post the tort law reforms. As previously flagged, this has resulted in the quantum of central estimate releases reducing over the course of the year with the second half release of $80 million bringing the total central estimate release for the year to $251 million.

Due to confidence in claims valuations in a post-tort law reform environment, Suncorp decided to adjust its level of sufficiency to the targeted level of 90%. This resulted in a benefit of $220 million to the claims expense. Additionally, a diversification benefit across the general insurance portfolios resulted in a $75 million benefit.

Income from the Group's joint venture partners was $17 million for the year to June 2008. This result was significantly impacted by the sequence of major weather events and the negative investment markets.

The **Wealth Management** division reported profit after tax of $111 million for the year to June 2008. Underlying profit, which does not include investment income on shareholder funds, decreased 9.3% to $136 million.

Continued success of the "Family Protect" and "Lifeguard" products in the Term business, as well as growth in Group premiums, have contributed to a profit after tax of $78 million for the Life Risk operations.

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Review of consolidated operations continued

In funds management, underlying profit after tax for the full year was $58 million – a decrease of 10.8%. This result was significantly impacted by negative investment markets that have reduced funds under management and slowed the sales of investment products.

Despite this disappointing result, the fundamentals of the business remain sound. With a new management team and a focus on simplification of products and processes, the business is well placed to ride out tough market conditions as well as take advantage of any improvement in the industry cycle.

Other included an expense of $37 million relating to the Group's defined benefit superannuation schemes which have been negatively impacted by investment markets.

Strategy

The Group's strategic vision is to become the most admired financial services organisation in Australia and New Zealand.

The Group's strategic delivery is focused on leveraging its unique diversified business mix and range of assets to deliver consistent strong returns.

Key assets of the Group include:

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

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

Business model

Suncorp's business model has been designed to ensure that the Group maximises the value of its business portfolio, combining assets and capabilities within the context of the six businesses it operates – retail banking, business banking, personal insurance, commercial insurance, wealth management and Vero New Zealand.

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

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

Another key benefit of the business model is its ability to provide the Group with a diversification of profit sources, thereby smoothing out earnings volatility through the cycle. This also assists in managing the capital requirements of each of the Group's businesses as surplus capital from both the General Insurer and Life business is upstreamed to the Bank and distributed according to the Group's overall strategic objectives. This has typically meant that surplus capital in the less capital intensive General Insurance and Life Risk businesses has supported continued growth in risk weighted assets in the Retail and Business Banks.

The confluence of weather events and investment market volatility in the year to June 2008 has meant that the earnings from the General Insurance and Life businesses have been significantly less than budgeted while growth in risk weighted assets has continued to be strong. This has been exacerbated in the 2007/08 year as the planned timing of annualised synergy benefits lags implementation costs in the integration program.

In the absence of major weather events, and given a stabilising of investment markets, the Group's outlook is for improved profitability from the general insurer and for the benefits of the business model to again become apparent. In addition, the Group is responding to the current deteriorating market conditions with further focus on cost management by reducing discretionary spending, removing duplication and accelerating delivery of its end-state business model.

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Integration

Suncorp is now almost half way into its three-year journey towards Integration.

The Integration has begun to deliver improved performance to the Group through:

- implementation of the new business model without impacting on the customer experience
- demonstration of enhanced capabilities in customer-facing businesses and support infrastructure
- value for shareholders through on-time realisation of synergies.

The Group is making good progress with Integration with benefits currently exceeding financial targets.

The plan

The Group continues to follow the robust plan which was laid out following completion of the merger and has maintained its disciplined approach to governance and tracking.

PHASE 1 Settling in phase	PHASE 2 Design phase	PHASE 3 Implementation phase
May – July 2007	**July – November 2007**	**December 2007 onward**
• Business model design • Executive appointments • Formation of integration team	• Implementation of business model • Design of Integration initiatives • Due diligence	• Implementation of prioritised initiatives • Strong governance and oversight • Synergy benefits realisation

Following a period of 'Settling in', Suncorp embarked upon a detailed planning phase which concluded in November 2007 with the delivery of a portfolio of over 300 initiatives which would need to be delivered in order to achieve its Integration goals. The Design Phase represented the efforts of around 400 Suncorp and heritage Promina people working together in teams.

Despite the distraction of unprecedented external events, Suncorp has made good progress since the Implementation Phase commenced and is progressing ahead of its targets.

Business units have taken ownership of their own portfolios of initiatives and must manage performance and delivery against their own targets. The appropriate governance and control processes have been put in place to ensure transparency and momentum with each major initiative being carefully managed through steering committees sponsored by Group Executives. In addition, the Integration Business Unit, working closely with Group Finance, has established a robust tracking, verification and reporting framework.

Most initiatives are now well underway. While the bulk of activity is expected to be completed by the end of the 2008/09 financial year, Implementation will run until June 2010.

Transaction economics

On 1 February 2008, Suncorp announced that the economics that underpinned the transaction had improved significantly.

The Group revised its net annual synergy estimate to $325 million, representing a 44% increase on the pre-merger estimate. One-off implementation costs have been contained and are expected to increase by only 6% to $375 million.

KPMG confirmed in February 2008 that the Group had the appropriate processes and controls in place to quantify synergy targets.

The revised transaction economics mean that Suncorp expects to achieve $241 million of synergies on an annualised basis by the end of 2009, well ahead of pre-merger expectations.

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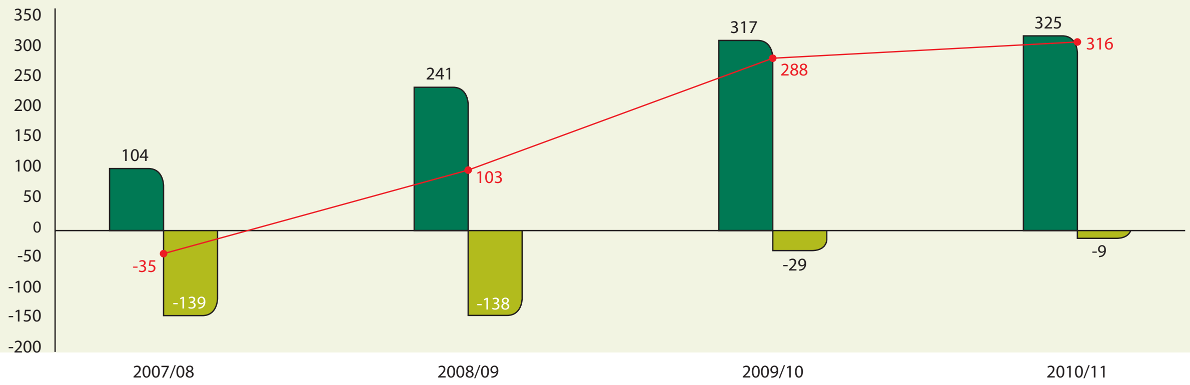
Integration costs and benefits
P&L view, $m



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

The diagram above provides an updated view of the timing profile of synergy benefits and one-off implementation costs. It presents a P&L view of the portfolio and shows how the benefits are being delivered and that costs to date have been lower than estimated.

For the year to 30 June 2008, the P&L synergy benefit was $104 million, marginally above the expectation of $102 million. Integration costs of $139 million were below the forecast $177 million.

The table below provides further detail about how the benefits and costs flow through to the P&L over the life of the Integration.

	FULL YEAR JUN-08 $M	FULL YEAR JUN-09 $M	FULL YEAR JUN-10 $M	FULL YEAR JUN-11 $M
Banking				
Operating expenses	6	22	28	28
Banking contribution before tax	6	22	28	28
General Insurance				
Net earned premium	41	41	41	41
Net incurred claims	13	45	67	69
Operating expenses	39	111	147	153
GI contribution before tax	93	197	255	263
Wealth Management contribution	5	22	34	34
Profit before tax and implementation costs	**104**	**241**	**317**	**325**
Integration implementation costs	(139)	(138)	(29)	(9)
Income tax	11	(31)	(86)	(95)
Total contribution	**(24)**	**72**	**202**	**221**

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Integration continued

Integration portfolio themes

The approach to Integration has been to focus on the areas of greatest opportunity.

Broadly there are three areas of benefit:

1. Home and Motor Claims (short tail)
2. Operating expense reductions
3. Reinsurance

1 Home and Motor Claims

Initiatives in this portfolio are aimed at lowering cost, providing improved customer services and leveraging expertise across the insurance brands.

The Group has already realised a significant reduction in repair costs through:

- expanded recommended repairer arrangements
- improved IT platforms and capabilities
- scale advantages which have enabled leverage of Group buying power.

2 Operating expense reductions

Operating expense reductions can be broken down into:

- **Business Technology** – Business Technology has rolled out the Suncorp network to all Promina sites, consolidated mainframe infrastructure, commenced a desktop rollout program across the Group, and reorganised to better support the business using agile development teams. The focus on consolidation and reusable solutions has delivered one platform for Asset Management and is well progressed in delivering significantly simplified systems for workers' compensation claims.
- **Sourcing** – Early realisation of benefits have been achieved through the consolidation of Group spend to achieve unit cost improvements in areas such as travel and accommodation, telecommunications and media, consulting, and training and development.
- **Centres of Excellence and Organisation Redesign** – Restructuring to the Executive General Manager level has been completed and delivered greater than expected benefits. Specialist services have been aggregated, eliminating duplication and enhancing capabilities across the Group. Examples include Asset Management, Legal, Commercial Insurance Claims First Response Unit and Group Finance.
- **Operational efficiencies** – Best practice processes are being shared, removing duplication of expenditure in areas such as group insurance, external audit, share registry and consolidated research capability.

3 Reinsurance

Benefits have been realised from completion of the renegotiation of the Suncorp and Promina general reinsurance programs across the Group. On a comparative basis, the benefits of combining the Suncorp and Promina reinsurance programs, a rationalisation of Life Risk treaties in Wealth Management and a redesign of facultative reinsurance processes across the Commercial Insurance brands have resulted in a synergy saving of around $47 million.

Subsequently, the Group has decided to purchase additional catastrophe protection. The additional cost of this cover does not impact on the synergy saving.

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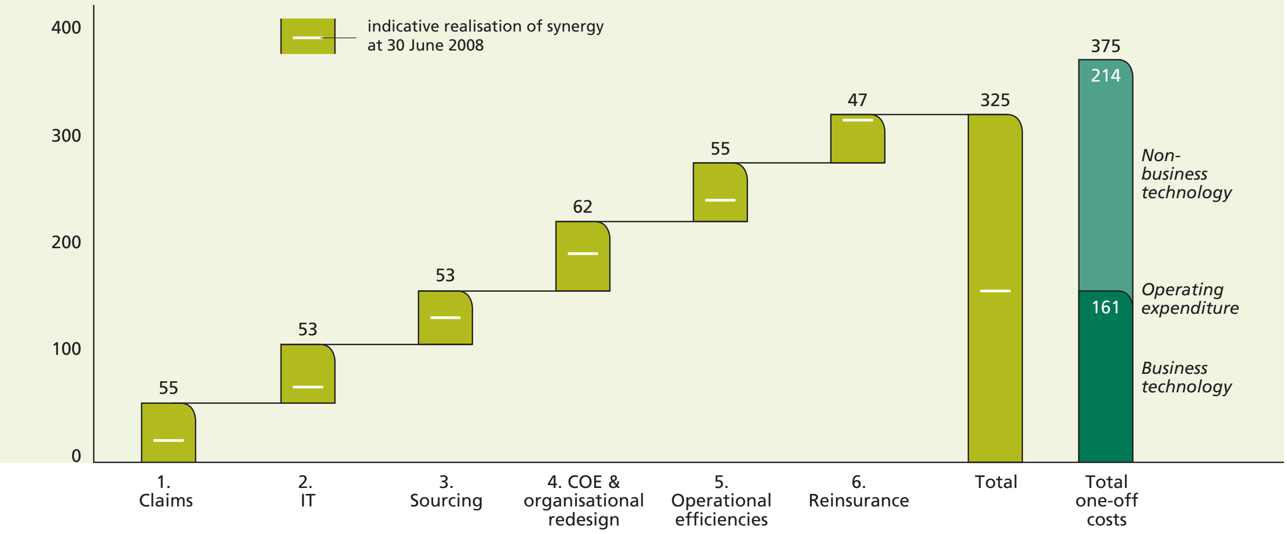
Integration benefits and costs
$m



Outlook

At the macro level, we believe that the fundamentals of the Australian economy remain sound. The recent Reserve Bank tightening of monetary policy has had the effect of dampening economic growth and consumer confidence. While we believe we may now have reached the top of the interest rate cycle, continuing inflationary pressures may impact the speed at which the Reserve Bank can stimulate the domestic economy. This, combined with the banking sector continuing to act rationally and pricing its lending products in line with the cost of funds, will have the effect of significantly moderating lending growth across mortgage, consumer and commercial portfolios.

For the **Bank**, this means lending growth for the year to June 2009 is likely to be at, or around, system levels – which we currently anticipate to be in the 8% – 10% range. We expect that debt markets will remain volatile in the short term. In this environment, Suncorp should benefit from its diverse range of funding options including Euro, USCP and Samurai bonds, in addition to a well established domestic wholesale funding program. The Group has also begun preparations for a US 144a issuance with an ability to move into this market from late in calendar 2008. Inevitably, competition for retail deposits is likely to remain intense and the Bank will continue to develop innovative new products and provide employee incentives to achieve above system levels of deposit growth.

In an environment of constrained funding, the Bank will continue to actively manage its lending portfolio. Lending in lower margin portfolios will be curtailed as the Bank places an increased priority on serving its existing customers in areas where a specialty focus can draw out increased margin at lowest possible risk. This may result in some portfolios amortising over the course of the year. This priority on the Bank's core strengths – its specialty lending, its superior levels of customer service and the alignment of its branch network in the high-growth economies of Queensland and Western Australia - will mean that it will be the pre-eminent alternative to the major banks.

Overall Suncorp forecasts high single digit growth in bank profit before tax and bad debts compared to the 2007/08 result, excluding one-off items. Further deterioration in the economy will inevitably place pressure on asset quality; however, Suncorp's limited exposure to unsecured lending and the high levels of security across the portfolio will mean that, through the cycle, losses will continue to be below the levels experienced by major bank competitors.

In **General Insurance**, we expect that the effect of recent premium rate increases will support GWP growth over the course of the year. For the first time in recent years, it is expected that long tail classes, in particular CTP, will contribute to premium growth as pricing moves up to reflect observed claims experience. Offsetting this, to some extent, is a likely moderation in new business sales in response to premium increases and as household disposable income reduces. This may also manifest itself in customers opting for higher excess levels. Taking all of these factors into account Suncorp expects growth in GWP in the range of 4% to 6% for the year to June 2009.

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Outlook continued

In response to the spate of major weather events in recent years and in order to further de-risk the portfolio, the Group has decided to reduce its Maximum Event Retention (MER) to $150 million, and purchase aggregate cover from $250 million. Additionally, the allowance for claims relating to major weather events has been increased from $200 million per annum to $240 million per annum. Assuming weather events remain within normal experience, the Group expects that event-related claims inflation experienced in the 2007/08 year will abate and in turn be replaced by increased supply-side competition as the economy slows. Repair costs should benefit from integration initiatives designed to reduce average claim costs and improve the customer experience for home and motor claims.

In long tail classes, the benefits of the tort law reforms have now been appropriately reflected in provisioning meaning the structural central estimate releases have now largely run their course. Indeed, long tail classes have now moved to a stage in their cycle where pricing lags experience, thereby depressing current accident year profits. While there is evidence of superimposed inflation in some classes, this is currently well provided for and we remain confident in the integrity of the schemes and the determination of regulators and governments to act decisively in the event of further breakouts.

For the year to June 2009, Suncorp forecasts an ITR in the 10% to 12% range, including the benefits of Integration. This assumes weather events remain within the Group's normal provisioning, there is no further widening of credit spreads across the Group's technical reserves portfolio and no material structural releases.

Over the medium to long term, the Group remains confident in the ability of its short tail portfolio to earn sustainable margins in the 8% to 10% range. This will, of course, vary in any discreet period as particular claims patterns can influence short-term results. The Group's long tail businesses, which currently account for approximately 22% of total GWP, are expected to earn through the cycle margins of between 15% and 20%. Therefore, in the absence of major claims events, Suncorp expects it medium to long term ITR to be in the 11% to 14% range.

In **Wealth Management**, conditions are expected to remain challenging as investment market volatility continues. In this environment, Suncorp Wealth Management has initiated a comprehensive program of work designed to simplify the wealth business model, structure, processes and products. Underlying profit for the year to June 2009 is expected to be similar to that reported in 2007/08.

At the **Group** level, the overall Capital position is sound with Banking Capital Adequacy and the General Insurance minimum capital ratio (MCR) within target ranges. During the course of the year to June 2008, the Group's capital position was impacted by the unprecedented number of external events which had the effect of materially decreasing internally generated capital. This, in turn, has affected the June 2008 reported Adjusted Common Equity (ACE) ratio. The decision to underwrite the interim and final dividend reinvestment plans (DRP) has ensured the ACE position has remained within its target range despite the effect of the external events on Group profits.

Based on the Group's outlook, and assuming no major capital consuming event, the Group expects its ACE position to improve over the course of the year with a current forecast of an ACE ratio at December 2008 and June 2009 of approximately 5%. This does not assume any further DRP underwrite, or other capital raising; however, these would remain options in the event the Group fails to meet its outlook, investment markets materially deteriorate or the Group is confronted with a capital consuming event.

The Group's **Integration** program remains on track and is expected to generate synergies in accordance with the pre-disclosed targets. In addition to the benefits being realised through integration, the business is responding to the challenging external environment with a further focus on cost management by reducing discretionary spending, removing duplication and accelerating delivery of the integration end-state business model.

Rolling this all up, the Board remains confident in the underlying performance of the business and the excellent progress being made on integration. Therefore, based on the Group's outlook, the Board anticipates the Group's ordinary **dividend** for the full year to June 2009 will be maintained at 107 cents per share.

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	FULL YEAR ENDED JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %
Contribution to profit by division for the year ended 30 June 2008			
Banking			
Net interest income	1,030	910	13.2
Non-interest income	178	163	9.2
Total income	1,208	1,073	12.6
Operating expenses	(540)	(479)	12.7
Contribution before impairment losses, one-off items and tax	668	594	12.5
Impairment losses on loans and advances	(71)	(25)	184.0
One-off non-recurring items	36	-	n/a
Contribution before tax	633	569	11.2
General Insurance			
Gross written premium	6,430	3,790	69.7
Net earned premium	5,866	3,475	68.8
Net incurred claims	(4,081)	(2,159)	89.0
Operating expenses	(1,633)	(967)	68.9
Investment income – insurance funds	455	269	69.1
Insurance trading result	607	618	(1.8)
Managed schemes net income	47	22	113.6
Joint venture income	17	58	(70.7)
Investment income – Shareholder Funds	(232)	207	(212.1)
Contribution before tax and capital funding	439	905	(51.5)
Capital funding	(132)	(70)	88.6
Contribution before tax	307	835	(63.2)
Contribution from Wealth Management before tax (1)	30	229	(86.9)
Other			
Contribution from LJ Hooker	14	14	-
Other (2)	(37)	19	(294.7)
Consolidation adjustments (3)	20	(14)	(242.9)
Contribution before tax	(3)	19	(115.8)
Profit before tax and Promina acquisition items	967	1,652	(41.5)
Amortisation of Promina acquisition intangible assets	(361)	(141)	156.0
Integration costs	(139)	(60)	131.7
Transaction costs	-	(17)	(100.0)
Deferred acquisition cost adjustment on consolidation (4)	161	119	35.3
Alignment of outstanding claims valuations	-	(10)	(100.0)
	628	1,543	(59.3)
Income tax	(67)	(479)	(86.0)
Profit before minority interests	**561**	**1,064**	**(47.3)**
Minority interests	(5)	-	n/a
Net profit after minority interests	**556**	**1,064**	**(47.7)**

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

(2) This is primarily made up of movements in defined benefit scheme surpluses and deficits

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

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Contribution to profit by division for the year ended 30 June 2008 continued

	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Banking						
Net interest income	546	484	456	454	12.8	19.7
Non-interest income	94	84	88	75	11.9	6.8
Total income	640	568	544	529	12.7	17.6
Operating expenses	(295)	(245)	(244)	(235)	20.4	20.9
Contribution before impairment losses, one-off items and tax	345	323	300	294	6.8	15.0
Impairment losses on loans and advances	(55)	(16)	(20)	(5)	243.8	175.0
One-off non-recurring items	36	-	-	-	n/a	n/a
Contribution before tax	326	307	280	289	6.2	16.4
General Insurance						
Gross written premium	3,274	3,156	2,467	1,323	3.7	32.7
Net earned premium	2,921	2,945	2,186	1,289	(0.8)	33.6
Net incurred claims	(1,904)	(2,177)	(1,366)	(793)	(12.5)	39.4
Operating expenses	(828)	(805)	(621)	(346)	2.9	33.3
Investment income – insurance funds	267	188	157	112	42.0	70.1
Insurance trading result	456	151	356	262	202.0	28.1
Managed schemes net income	13	34	7	15	(61.8)	85.7
Joint venture and other income	(2)	19	25	33	(110.5)	(108.0)
Investment income – Shareholder Funds	(260)	28	105	102	(1,028.6)	(347.6)
Contribution before tax and capital funding	207	232	493	412	(10.8)	(58.0)
Capital funding	(72)	(60)	(41)	(29)	20.0	75.6
Contribution before tax	135	172	452	383	(21.5)	(70.1)
Contribution from Wealth Management before tax	(95)	125	131	98	(176.0)	(172.5)
Other						
Contribution from LJ Hooker	6	8	7	7	(25.0)	(14.3)
Other	(34)	(3)	19	-	1,033.3	(278.9)
Consolidation adjustments	13	7	(6)	(8)	85.7	(316.7)
Contribution before tax	(15)	12	20	(1)	(225.0)	(175.0)
Profit before tax and Promina acquisition items	351	616	883	769	(43.0)	(60.2)
Amortisation of Promina acquisition intangible assets	(181)	(180)	(141)	-	0.6	28.4
Deferred acquisition cost adjustment on consolidation	53	108	119	-	(50.9)	(55.5)
Integration costs	(85)	(54)	(60)	-	57.4	41.7
Transaction costs	-	-	(17)	-	n/a	(100.0)
Alignment of outstanding claims valuations	-	-	(10)	-	n/a	(100.0)
	138	490	774	769	(71.8)	(82.2)
Income tax	39	(106)	(237)	(242)	(136.8)	(116.5)
Profit before minority interests	**177**	**384**	**537**	**527**	**(53.9)**	**(67.0)**
Minority interests	(3)	(2)	-	-	50.0	n/a
Net profit after minority interests	**174**	**382**	**537**	**527**	**(54.5)**	**(67.6)**

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Balance sheet

	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Assets						
Cash and liquid assets	1,003	1,237	1,093	1,004	(18.9)	(8.2)
Receivables due from other banks	263	4	42	10	6,475.0	526.2
Other financial assets						
Trading securities	5,685	7,842	4,291	4,114	(27.5)	32.5
Investment securities	19,136	20,305	20,920	11,386	(5.8)	(8.5)
Loans, advances and other receivables	57,343	51,860	47,689	42,405	10.6	20.2
Reinsurance and other recoveries	1,382	1,329	1,404	547	4.0	(1.6)
Deferred insurance assets	688	560	446	218	22.9	54.3
Assets classified as held for sale	151	151	-	-	-	n/a
Investments in associates and joint ventures	264	290	330	193	(9.0)	(20.0)
Property, plant and equipment	350	324	320	183	8.0	9.4
Investment property	171	145	221	197	17.9	(22.6)
Other assets	643	493	443	373	30.4	45.1
Goodwill and intangible assets	7,090	7,278	7,457	1,137	(2.6)	(4.9)
Total assets	94,169	91,818	84,656	61,767	2.6	11.2
Liabilities						
Deposits and short-term borrowings	45,300	42,375	32,979	30,420	6.9	37.4
Payables due to other banks	45	43	25	28	4.7	80.0
Bank acceptances	865	759	886	671	14.0	(2.4)
Payables and other liabilities	2,281	1,857	2,901	1,102	22.8	(21.4)
Current tax liabilities	9	9	121	71	-	(92.6)
Employee benefit obligations	250	185	236	122	35.1	5.9
Provisions	4	-	12	-	n/a	(66.7)
Deferred tax liabilities	174	378	447	123	(54.0)	(61.1)
Unearned premiums and unexpired risk liabilities	3,263	3,186	3,206	1,371	2.4	1.8
Outstanding claims liabilities	7,140	7,404	7,281	4,262	(3.6)	(1.9)
Gross policy liabilities	6,793	7,717	7,986	4,195	(12.0)	(14.9)
Unvested policy owner benefits	314	322	242	341	(2.5)	29.8
Managed funds units on issue	813	1,248	1,256	1,073	(34.9)	(35.3)
Securitisation liabilities	6,409	7,566	7,948	5,633	(15.3)	(19.4)
Bonds, notes and long-term borrowings	4,595	3,265	4,342	5,756	40.7	5.8
Other financial liabilities	47	49	51	54	(4.1)	(7.8)
Total liabilities excluding loan capital	78,302	76,363	69,919	55,222	2.5	12.0
Loan capital						
Subordinated notes	2,638	2,926	2,202	1,525	(9.8)	19.8
Preference shares	863	144	144	144	499.3	499.3
Total loan capital	3,501	3,070	2,346	1,669	14.0	49.2
Total liabilities	81,803	79,433	72,265	56,891	3.0	13.2
Net assets	**12,366**	**12,385**	**12,391**	**4,876**	**(0.2)**	**(0.2)**
Equity						
Share capital	10,799	10,467	10,362	3,144	3.2	4.2
Reserves	209	247	216	165	(15.4)	(3.2)
Retained profits	1,352	1,668	1,812	1,567	(18.9)	(25.4)
Total parent entity interest	12,360	12,382	12,390	4,876	(0.2)	(0.2)
Minority interests	6	3	1	-	100.0	500.0
Total equity	**12,366**	**12,385**	**12,391**	**4,876**	**(0.2)**	**(0.2)**

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

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Ratios and statistics for the year ended 30 June 2008

		FULL YEAR ENDED JUN-08	JUN-07	JUN-08 vs JUN-07 %
Performance ratios				
Earnings per share				
Basic	(cents)	59.8	158.6	(62.3)
Diluted	(cents)	59.8	158.6	(62.3)
Cash earnings per share				
Basic	(cents)	85.3	170.0	(49.8)
Diluted	(cents)	85.3	170.0	(49.8)
Return on average shareholders' equity				
Basic	(%)	4.5	12.6	(64.3)
Diluted	(%)	4.5	12.6	(64.3)
Cash return on average shareholders' equity				
Basic	(%)	6.4	13.5	(52.6)
Diluted	(%)	6.4	13.5	(52.6)
Return on average total assets	(%)	0.62	1.5	(58.7)
Insurance trading ratio	(%)	10.3	17.8	(42.1)
Shareholder summary				
Dividend per ordinary share	(cents)	107.0	107.0	-
Payout ratio				
Basic	(%)	182.9	75.5	142.3
Diluted	(%)	182.9	75.5	142.3
Weighted average number of shares				
Basic	(million)	930.0	670.9	38.6
Diluted	(million)	930.0	670.9	38.6
Number of shares at end of period				
Basic	(million)	950.5	919.8	3.3
Diluted	(million)	950.5	919.8	3.3
Net tangible asset backing per share				
Basic	($)	5.55	5.36	3.5
Diluted	($)	5.55	5.36	3.5
Share price at end of period	($)	13.04	20.17	(35.3)
Productivity				
Banking cost to income ratio	(%)	44.7	44.6	0.2
General Insurance expense ratio	(%)	27.8	27.9	(0.4)
Financial position				
Total assets	($ million)	94,169	84,656	11.2
Capital				
Bank capital adequacy ratio	(%)	10.44	9.86	5.9
Bank adjusted common equity ratio	(%)	4.58	5.04	(9.1)
General Insurance minimum capital ratio	(times)	1.68	1.73	(2.9)

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Ratios and statistics for the year ended 30 June 2008 continued

		HALF-YEAR ENDED JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Performance ratios							
Earnings per share							
Basic	(cents)	18.56	41.4	70.0	91.4	(55.2)	(73.5)
Diluted	(cents)	18.56	41.4	70.0	91.4	(55.2)	(73.5)
Cash earnings per share							
Basic	(cents)	34.5	51.0	80.0	91.4	(32.4)	(56.9)
Diluted	(cents)	34.5	51.0	80.0	91.4	(32.4)	(56.9)
Return on average shareholders' equity							
Basic	(%)	2.8	6.1	12.5	22.5	(54.1)	(77.6)
Diluted	(%)	2.8	6.1	12.5	22.5	(54.1)	(77.6)
Cash return on average shareholders' equity							
Basic	(%)	5.3	7.5	14.3	22.5	(29.3)	(62.9)
Diluted	(%)	5.3	7.5	14.3	22.4	(29.3)	(62.9)
Return on average total assets	(%)	0.38	0.86	1.48	1.75	(55.8)	(74.3)
Insurance trading ratio	(%)	15.6	5.1	16.3	20.3	205.9	(4.3)
Shareholder summary							
Dividend per ordinary share	(cents)	55.0	52.0	55.0	52.0	5.8	-
Payout ratio							
Basic	(%)	300.4	125.9	94.2	55.5	138.6	218.9
Diluted	(%)	300.4	125.9	94.2	55.5	138.6	218.9
Weighted average number of shares							
Basic	(million)	937.6	922.4	766.7	576.7	1.6	22.3
Diluted	(million)	937.6	922.4	766.7	576.7	1.6	22.3
Number of shares at end of period							
Basic	(million)	950.5	925.0	919.8	562.2	2.8	3.3
Diluted	(million)	950.5	925.0	919.8	562.2	2.8	3.3
Net tangible asset backing per share							
Basic	($)	5.55	5.52	5.36	6.65	0.5	3.5
Diluted	($)	5.55	5.52	5.36	6.65	0.5	3.5
Share price at end of period	($)	13.04	16.92	20.17	20.35	(22.9)	(35.3)
Productivity							
Banking cost to income ratio	(%)	46.1	43.1	44.9	44.4	7.0	2.7
General Insurance expense ratio	(%)	28.3	27.3	28.4	26.8	3.7	(0.4)
Financial position							
Total assets	($ million)	94,169	91,818	84,656	61,767	2.6	11.2
Capital							
Bank capital adequacy ratio	(%)	10.44	10.84	9.86	11.34	(3.7)	5.9
Bank Adjusted Common Equity ratio	(%)	4.58	4.53	5.04	6.07	1.1	(9.1)
General Insurance minimum capital ratio coverage	(times)	1.68	1.63	1.73	1.83	3.1	(2.9)

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. 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.

In the year to 30 June 2008, the Group's forecast capital position has been significantly impacted by a combination of a number of factors, namely:

- The recent turmoil in the debt and equity markets has had a negative impact on profits, therefore reducing internally generated capital in both the bank and general insurer.
- The closure of access to the securitisation market, which has been consistently used by the organisation since 1999 to recycle capital.
- The high incidence of weather events has materially decreased internally generated capital.

In addition, the continued growth in lending has led to an increase in risk-weighted exposures and consequently increased the bank's capital requirement.

To provide capital flexibility into the future the Group has:

- underwritten the Dividend Reinvestment Plan (DRP) participation on the interim dividend paid to 65% raising $194 million in capital, in addition to the normal DRP participation.
- successfully completed the issue of mandatory Converting Preference Shares raising $735 million to qualify as Residual Tier 1 capital for regulatory purposes.
- resolved to underwrite the DRP participation on the final dividend to 100%.

In addition to these capital initiatives, the Group has decided to reduce its maximum event retention (MER) to $150 million, which has reduced the General Insurance regulatory minimum capital requirement by $50 million.

Subsequent to 30 June 2008, the Group has disposed of its 50% interest in RAC Insurance. While no profit on sale is recognised by the Group, as acquisition accounting has been adjusted to reflect the consideration received, a profit on sale was realised by the General Insurance business, generating an additional $25 million in regulatory capital.

APRA has issued revisions to the Prudential Standards applicable to general insurers, effective 1 July 2008. These revisions have increased investment risk charges applied to investment assets and intra-group reinsurance arrangements. Suncorp has received transitional relief from the increased risk charges on intra-group reinsurance pending the restructure of the general insurance subsidiaries.

The Group is presently reviewing the asset allocations in the general insurance investment portfolios with the objective of de-risking the portfolios such that the investment risk charge for those portfolios under the revised Prudential Standards is no greater than the investment risk charge under the previous Prudential Standards.

Group capital position

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

At 30 June 2008, including the impact of the DRP underwriting, the Bank had a Capital Adequacy Ratio of 10.44%, within the target range of 10% – 10.5%, and an Adjusted Common Equity (ACE) ratio of 4.58%, in line with the target range of 4.5% – 5%.

At 30 June 2008, the minimum capital ratio (MCR) of the consolidated general insurance entities was 1.68 times, after adjusting for exposures to unregulated entities in the Promina Group, above the target benchmark of 1.53 times.

The Group has commenced the restructuring of the General Insurance entities with the initial phase of setting various internal exposures to non-regulated entities. On completion of the restructuring and the review of the investment mandates for the General Insurance portfolios, the capital position of the General Insurance entities will be reassessed having regard to any revised minimum set by APRA. Any surplus capital will be repatriated to the Bank. This is expected to occur in October 2008.

Group credit ratings

The Group's credit ratings remained stable during the year to June 2008. Standard and Poor's long term counterparty credit rating is 'A+' with a positive outlook, Moody's rating is at 'Aa3' stable and Fitch is 'A+' with a stable outlook.

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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 2008					
	BANKING $M	GENERAL INSURANCE [2] $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATION [5] $M	TOTAL $M
Tier 1						
Ordinary share capital	10,882	-				10,882
Subsidiary share capital (eliminated upon consolidation)	-	2,216	545	294	(3,055)	-
Reserves	5	6	-	-	-	11
Retained profits [1]	676	1,134	751	(132)	(714)	1,715
Preference shares	879	-	-	-	-	879
Insurance liabilities in excess of liability valuation	-	333	-	-	-	333
Less goodwill, brands	(7,798)	(1,077)	(15)	-	2,036	(6,854)
Less software assets	(86)	(9)	(4)	-	(137)	(236)
Less deductible capitalised expenses	(67)	-	-	-	-	(67)
Less deferred tax asset	(22)	(101)	(29)	-	152	-
Less other required deductions [3]	(2)	(249)	-	(54)	(344)	(649)
Less tier 1 deductions for investments in subsidiaries, capital support	(1,015)	-	-	-	1,015	-
Total tier 1 capital	3,452	2,253	1,248	108	(1,047)	6,014
Tier 2						
APRA general reserve for credit losses	197	-	-	-	-	197
Subordinated notes	1,819	940	-	-	-	2,759
Less tier 2 deductions for investments in subsidiaries, capital support	(1,015)	-	-	-	1,015	-
Total tier 2 capital	1,001	940	-	-	1,015	2,956
Total capital base	**4,453**	**3,193**	**1,248**	**108**	**(32)**	**8,970**
Target capital base [4]	4,265	2,884	1,172	27	(14)	8,334
Excess	**188**	**309**	**76**	**81**	**(18)**	**636**
Target core capital base	1,919	1,966	1,172	27	(14)	5,070
Excess/(deficit) core capital [6]	**(361)**	**287**	**76**	**81**	**(18)**	**65**

(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) The General Insurance group includes licensed entities regulated by APRA plus the New Zealand general Insurance operations. Other entities within the statutory General Insurance reporting group are included in the Other businesses in this table.

(3) Other required deductions includes surpluses in defined benefit funds and internal funding transactions of a capital nature.

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

(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.

(6) Excess core capital for banking does not take into account the fully underwritten DRP. If the estimated proceeds of $394 million were included there would be $33 million excess core capital in banking and $459 million excess core capital in the Group.

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Group capital position continued

	AS AT 30 JUNE 2008 BANKING $M	GENERAL INSURANCE $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATION [1] $M	TOTAL $M
Reconciliation of total capital base to net assets						
Net assets	11,919	2,230	311	48	(2,142)	12,366
Promina line of business adjustments	-	781	527	358	(1,666)	-
Difference relating to APRA definition of retained profits	(136)	344	458	(304)	2	364
Equity items not eligible for inclusion in capital for APRA purposes						
Reserves (Post AIFRS)	(127)	-	-	96	(11)	(42)
Minority interests	-	-	-	(20)	16	(4)
Additional items allowable for capital for APRA purposes						
Preference shares	879	-	-	-	-	879
Subordinated notes	1,819	940	-	-	-	2,759
Technical provisions in excess of liability valuation	-	333	-	-	-	333
Holdings of own shares	67	-	-	(18)	35	84
Collective provision (partial)	37	-	-	-	-	37
Other items, adjustments	-	1	-	2	(3)	-
Deductions from capital for APRA purposes						
Goodwill [2], brands	(7,798)	(1,077)	(15)	-	2,036	(6,854)
Software assets	(86)	(9)	(4)	-	(137)	(236)
Deductible capitalised expenses	(67)	-	-	-	-	(67)
Deferred tax assets	(22)	(101)	(29)	-	152	-
Other assets excluded from regulatory capital	(2)	(249)	-	(54)	(344)	(649)
Funding of capital and guarantees by Bank holding company	(2,030)	-	-	-	2,030	-
Total capital base	**4,453**	**3,193**	**1,248**	**108**	**(32)**	**8,970**

[1] Consolidation mainly represents the Bank's investments in non-banking subsidiaries and amortisation of goodwill.
[2] APRA requires the intangible component of the book value of investments in non-banking subsidiaries to be deducted from Tier 1 capital. As it relates to non-banking subsidiaries, it is not amortised at the Banking level. Amortisation and impairment testing occurs within General Insurance and when the entire Group is consolidated. The total intangible deduction from Group capital in the table above of $6,854 million represents the total amortised balance of goodwill and brands etc for the Group.

	AS AT 30 JUNE 2008 BANKING $M	GENERAL INSURANCE $M	WEALTH MANAGEMENT $M	OTHER $M	CONSOLIDATION $M	TOTAL $M
Reconciliation of APRA retained profits to reported retained profits						
Reported retained profits	812	790	293	172	(716)	1,351
Retained profits of entities not consolidated for APRA purposes	(3)	132	-	(129)	-	-
Expected group dividend net of DRP	(394)	-	-	-	-	(394)
Expected intragroup dividends	266	(375)	(34)	143	-	-
Adjustments for pre-acquisition earnings	-	741	492	(321)	-	912
Other differences in retained profits for APRA purposes	(5)	(154)	-	3	2	(154)
	(136)	344	458	(304)	2	364
APRA retained profits	**676**	**1,134**	**751**	**(132)**	**(714)**	**1,715**

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Banking capital adequacy

	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M
Consolidated banking capital				
Tier 1				
Fundamental Tier 1				
Ordinary share capital	10,882	10,562	10,436	3,195
Reserves	5	2	2	1
Retained profits	676	926	1,046	910
	11,563	11,490	11,484	4,106
Residual Tier 1				
Reset preference shares	144	144	144	144
Convertible preference shares	735	-	-	-
Residual Tier 1 transferred to Upper Tier 2	(22)	-	-	-
	857	144	144	144
Tier 1 deductions				
Goodwill and other intangibles arising on acquisition	(7,798)	(7,744)	(7,738)	(1,308)
Software assets	(86)	(86)	(76)	(73)
Other intangible assets	(67)	(52)	(53)	(53)
Deferred tax assets	(22)	-	(64)	(56)
Other Tier 1 deductions	(2)	-	-	-
Tier 1 deductions for investments in subsidiaries, capital support	(1,015)	(992)	(994)	(429)
	(8,990)	(8,874)	(8,925)	(1,919)
Total Tier 1 capital	3,430	2,760	2,703	2,331
Tier 2				
Upper Tier 2				
APRA general reserve for credit losses	197	177	154	143
Perpetual subordinated notes	170	170	170	170
Residual Tier 1 transferred to Upper Tier 2	22	-	-	-
	389	347	324	313
Lower Tier 2				
Subordinate notes	1,649	1,777	1,030	1,067
Lower Tier 2 deductions	-	-	-	-
	1,649	1,777	1,030	1,067
Tier 2 deductions				
Tier 2 deductions for investments in subsidiaries, capital support	(1,015)	(991)	(994)	(428)
	(1,015)	(991)	(994)	(428)
Total Tier 2 capital	1,023	1,133	360	952
Capital base	**4,453**	**3,893**	**3,063**	**3,283**
Total assessed risk	**42,650**	**35,900**	**31,063**	**28,955**
Risk weighted capital ratio	**10.44%**	**10.84%**	**9.86%**	**11.34%**

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	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M
Banking capital adequacy continued				
Reconciliation of deduction for investments in subsidiaries				
Investment securities – Balance Sheet – Banking	9,821	9,706	9,704	2,145
Less securities held by entities not consolidated for APRA purposes	(19)	(6)	(5)	(6)
Less intangible component deducted from Tier 1 capital – non-banking subsidiaries	(7,777)	(7,722)	(7,716)	(1,287)
Deduction for net tangible investments in subsidiaries	2,025	1,978	1,983	852
Capital support provided to subsidiaries	5	5	5	5
Capital deduction for investments in subsidiaries, capital support	2,030	1,983	1,988	857
50% deduction from Tier 1 capital	(1,015)	(992)	(994)	(429)
50% deduction from Tier 2 capital	(1,015)	(991)	(994)	(428)
Deductions for investments in subsidiaries, capital support	**(2,030)**	**(1,983)**	**(1,988)**	**(857)**
Retained profits movement				
Retained profits opening for the half-year	926	1,046	910	861
Add Banking profit after tax for the half-year	168	199	165	202
Less profit after tax of entities not consolidated for APRA purposes	(1)	2	(1)	2
Add/(less) APRA adjustments	(11)	(19)	(3)	(105)
Less dividend expense/accrual	(526)	(484)	(509)	(294)
Add estimated change in dividend reinvestment plan	10	(6)	54	4
Add dividends from non-banking subsidiaries	110	188	430	240
Retained profits closing for the half-year	**676**	**926**	**1,046**	**910**
Reconciliation of banking deduction for intangible assets to group intangible assets				
Deduction for banking subsidiaries intangible assets	21	22	22	21
Deduction for non-banking entities intangible assets	7,777	7,722	7,716	1,287
Banking deduction for intangible assets	7,798	7,744	7,738	1,308
APRA adjustments	-	66	66	1
Goodwill reflected in investments in associates	(39)	(39)	(38)	(38)
Amortisation of non-banking goodwill	(763)	(590)	(394)	(217)
Software assets [1]	86	86	76	73
Intangible assets not deducted from capital	8	11	9	10
Group intangible assets	**7,090**	**7,278**	**7,457**	**1,137**

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

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	CARRYING VALUE JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	RISK WEIGHTS JUN-08 %	RISK WEIGHTED BALANCE JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M
Banking capital adequacy continued									
Risk weighted assets									
Assets									
Cash items	365	541	465	494	10%	35	2	8	3
Claims on Australian and foreign governments	260	63	58	61	0%	1	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	581	163	143	181	20%	119	33	29	36
Claims secured against eligible residential mortgages	23,162	19,678	17,513	18,093	43%	9,996	9,839	8,757	9,047
Past due claims	511	-	-	-	136%	696	-	-	-
Other assets and claims	26,175	23,273	20,576	18,236	98%	25,700	23,306	20,599	18,261
Total Banking assets [1]	**51,054**	**43,718**	**38,755**	**37,065**		**36,547**	**33,180**	**29,393**	**27,347**

	NOTIONAL AMOUNT JUN-08 $M	CREDIT EQUIV-ALENT JUN-08 $M	RISK WEIGHTS JUN-08 %	RISK WEIGHTED BALANCE JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M
Off balance sheet positions							
Guarantees entered into in the normal course of business	353	193	96	186	184	141	140
Commitments to provide loans and advances	9,790	3,190	80	2,273	1,755	1,016	1,074
Capital commitments	96	96	100	96	31	33	16
Foreign exchange contracts	17,097	266	34	91	78	94	45
Interest rate contracts	49,527	477	29	136	123	94	68
Total off balance sheet positions	76,863	4,222		2,782	2,171	1,378	1,343
Market risk capital charge				597	549	292	265
Operational risk capital charge				2,724	-	-	-
Total risk weighted assets				36,547	33,180	29,393	27,347
Total assessed risk				**42,650**	**35,900**	**31,063**	**28,955**
Risk weighted capital ratios				%	%	%	%
Tier 1				8.04	7.69	8.70	8.05
Tier 2				2.40	3.16	1.16	3.29
Total risk weighted capital ratios				**10.44**	**10.84**	**9.86**	**11.34**

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

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	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M
Adjusted common equity – consolidated Bank				
Fundamental Tier 1	11,563	11,490	11,484	4,106
DRP underwriting	394	194	-	-
Tier 1 deductions	(8,990)	(8,874)	(8,925)	(1,919)
Tier 2 deductions for investments in subsidiaries, capital support	(1,015)	(991)	(994)	(428)
Adjusted Common Equity	**1,952**	**1,819**	**1,565**	**1,759**
Total assessed risk	42,650	35,900	31,063	28,955
	%	%	%	%
Adjusted Common Equity ratio	**4.58**	**5.07**	**5.04**	**6.07**

General Insurance minimum capital ratio

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

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

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

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	JUN-08 INTERNAL CONSOL[4] $M	JUN-08 CONSOL[1] $M	JUN-08 SUN [2] $M	DEC-07 SUN [2] $M	JUN-08 VIL[3] $M	DEC-07 VIL[3] $M
General Insurance minimum capital ratio continued						
Tier 1						
Ordinary share capital	2,085	2,085	1,468	1,468	617	617
Reserves	6	6	-	-	6	-
Retained profits	973	973	718	652	255	519
Insurance liabilities in excess of liability valuation	422	422	289	357	133	261
Less: Tax effect of excess insurance liabilities	(127)	(127)	(87)	(107)	(40)	(78)
	3,359	3,359	2,388	2,370	971	1,319
Less:						
Goodwill and other intangible assets	(1,009)	(1,009)	(927)	(926)	(82)	(77)
Other Tier 1 deductions	(350)	(106)	(54)	(6)	(52)	(30)
Total deductions from Tier 1 capital	(1,359)	(1,115)	(981)	(932)	(134)	(107)
Total Tier 1 capital	**2,000**	**2,244**	**1,407**	**1,438**	**837**	**1,212**
Tier 2						
Subordinated notes	940	940	277	278	418	606
APRA capital base	**2,940**	**3,184**	**1,684**	**1,716**	**1,255**	**1,818**
Outstanding claims risk capital charge	754	754	478	472	276	271
Premium liabilities risk capital charge	410	410	217	198	193	177
Total insurance risk capital charge	1,164	1,164	695	670	469	448
Investment risk capital charge	464	479	265	270	214	233
Catastrophe risk capital charge	150	150	150	200	20	20
APRA approved adjustments	(27)	(27)	-	-	(27)	-
Total minimum capital requirement (MCR)	**1,751**	**1,766**	**1,110**	**1,140**	**676**	**701**
MCR coverage ratio (times)	**1.68**	**1.80**	**1.52**	**1.51**	**1.86**	**2.59**

[1] GI Consol – Sum of MCR for the SMIL group and the VIL group
[2] SUN – MCR for the Suncorp-Metway Insurance Limited Group
[3] VIL – MCR for the Vero Insurance Limited Consolidated Group
[4] Internal MCR excluding internal funding transactions

	JUN-08 SUN $M	DEC-07 SUN $M	JUN-08 VIL $M	DEC-07 VIL $M
Retained profits movement				
Retained profits opening for the half-year	652	703	519	567
Add General Insurance profit after tax for the half-year	11	49	38	45
Less profit after tax of entities not consolidated for APRA purposes	1	(13)	60	(14)
Add retained profits of new consolidated entities	-	(7)	-	-
Add/(less) APRA adjustments	(71)	20	(12)	11
Less dividends paid/received	125	(100)	(350)	(90)
Retained profits closing for the half-year	**718**	**652**	**255**	**519**

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Dividends

The final dividend of 55 cents per share is fully franked and due to be paid on 1 October 2008. The record date for determining entitlements to the dividends is 4 September 2008.

	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M
Franking credits				
Franking credits available for subsequent financial years based on a tax rate of 30% after proposed dividend	**442**	**478**	**558**	**442**

Income tax

	JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %
Profit before income tax expense	628	1,543	(59.3)
Income tax using the domestic corporation tax rate of 30%	188	463	(59.4)
Effect of tax rates in foreign jurisdictions	3	-	n/a
Increase/(decrease) in income tax expense due to:			
Non-deductible expenses	7	1	600.0
Imputation gross-up on dividends received	9	9	-
Statutory funds	(83)	55	(250.9)
Income tax offsets and credits	(32)	(25)	28.0
Tax incentives not recognised in the Income Statement	(1)	-	n/a
Amortisation of intangible assets on acquisition	7	-	n/a
Other	(17)	(19)	(10.5)
	81	484	(83.3)
Over/under provision in prior year	(14)	(5)	180.0
Income tax expense on pre-tax net profit	**67**	**479**	(86.0)
Effective tax rate	**10.7%**	**31.0%**	(65.6)

The Group's effective tax rate for the year ended 30 June 2008 is significantly lower than the 2006/07 rate and the standard 30% company tax rate. This is primarily due to the franking credits and tax offsets derived in the investment funds and the inclusion of tax credits attributable to life company policyholders.

During the year to 30 June 2008, the negative investment markets have resulted in life company policyholders obtaining a tax credit of $83 million compared to a tax expense of $55 million in the prior year. The impact of tax on policyholder interests is required to be included in the Wealth Management pre-tax result and is reversed out in the Group Tax Expense.

In respect of the general insurance business, the reduced underwriting and investment returns have meant that, relative to net profit, the proportion of dividend income, effectively tax-free due to franking credits, increases with the result of lowering the effective tax rate for that business.

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

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Pro-forma consolidated income statement

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

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

	FULL YEAR ENDED		HALF-YEAR ENDED			
	JUN-08	JUN-07	JUN-08	DEC-07	JUN-07	DEC-06
					PRO-FORMA	
	$M	$M	$M	$M	$M	$M
Banking						
Net interest income	1,030	910	546	484	456	454
Non-interest income	178	163	94	84	88	75
Total income	1,208	1,073	640	568	544	529
Operating expenses	(540)	(479)	(295)	(245)	(244)	(235)
Contribution before impairment losses, one-off items and tax	668	594	345	323	300	294
Impairment losses on loans and advances	(71)	(25)	(55)	(16)	(20)	(5)
One-off non-recurring items	36	-	36	-	-	-
Contribution before tax	**633**	**569**	**326**	**307**	**280**	**289**
General Insurance						
Gross written premium	6,430	6,246	3,274	3,156	3,163	3,083
Net earned premium	5,866	5,723	2,921	2,945	2,863	2,860
Net incurred claims	(4,081)	(3,649)	(1,904)	(2,177)	(1,860)	(1,789)
Operating expenses	(1,633)	(1,596)	(828)	(805)	(814)	(782)
Investment income – insurance funds	455	400	267	188	203	197
Insurance trading result	607	878	456	151	392	486
Managed schemes net income	47	21	13	34	7	14
Joint venture and other income	17	65	(2)	19	26	39
Investment income – Shareholder Funds	(232)	354	(260)	28	148	206
Contribution before tax and capital funding	439	1,318	207	232	573	745
Capital funding	(132)	(95)	(72)	(60)	(49)	(46)
Contribution before tax	**307**	**1,223**	**135**	**172**	**524**	**699**
Contribution from Wealth Management before tax	**30**	**441**	**(95)**	**125**	**186**	**255**
Other						
Contribution from LJ Hooker	14	14	6	8	7	7
Other	(37)	12	(34)	(3)	12	-
Wealth Management consolidation adjustments	20	(14)	13	7	(6)	(8)
Contribution before tax	**(3)**	**12**	**(15)**	**12**	**13**	**(1)**
Profit before tax and Promina acquisition items	**967**	**2,245**	**351**	**616**	**1,003**	**1,242**

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Segment information – Banking

Market Overview

- The year to June 2008 has proven to be one of the most challenging in recent history for the Australian banking sector. The revelation of non-performing sub-prime loans in the United States has had an immediate effect on global credit markets, closing down funding avenues and significantly increasing the cost of debt. In addition, tightening of domestic interest rates in response to inflationary pressures has served to slow demand and moderate lending growth. Suncorp, like most lending institutions, has responded by decoupling the headline variable mortgage rates from the Reserve Bank's Cash Rate and moved fixed and variable rates in line with the cost of funding.
- The Australian banks, to varying degrees, have been isolated from the moderation in lending growth as customers increasingly move from non-bank lenders and financial intermediaries back to the traditional banking sector. Commercial lending has also been supported by corporate customers who have turned to banks for funding as the wholesale markets deteriorate.
- Suncorp's strategy in this environment has been to:
  - bias new lending to existing customers and higher margin portfolios, seeking at all times to protect the brand and support the investment in the branch network
  - continually adjust rates to appropriately reflect cost of funds and risk metrics
  - improve the Bank's deposit gathering capability by adjusting the KPIs of front line staff to reflect deposit rather than asset growth targets
  - further diversify the Bank's wholesale funding sources from both a term and geographical perspective;
  - improve the profitability of the indirect channel by adjusting commissions based on the quality of business introduced; and
  - Continue to improve the variable cost base of the Bank by partnering with globally recognised suppliers for back-of-house processing.
- The Bank moves into the financial new year capable of managing further deterioration in the external environment and well placed to participate in an upturn in the sector.

Profit overview

Profit before tax, bad debts and one-off items increased by 12.5% to $668 million, reflecting underlying revenue growth in both lending and deposit portfolios.

- The Bank reported a net profit before tax of $633 million, an increase of 11.2% over the prior year. This result was achieved against a backdrop of substantially increased funding costs following the global credit crunch.
- Over the 2007/08 year, housing receivables increased by 14.5% to $27.2 billion, business lending receivables increased by 29.7% to $27.0 billion and retail deposits increased by 18.3% to $18.9 billion.
- Non-interest income increased by 9.2% to $178 million.
- Net Interest Margin reduced by 18 basis points over the year as the Bank absorbed increased costs of wholesale funding and securitisation volumes increased. As forecast, margins stabilised in the second half as a result of increased funding costs being passed on to retail and business customers.
- Operating expenses grew by 12.7% due to the branch network expansion into Western Australia and Queensland, additional regulatory compliance costs and additional promotional and advertising of deposit products. Staff expense growth reflects the expansion of the distribution network throughout the year and the impact of the continuing tight labour markets.
- During the year, the Bank's cost to income ratio remained competitive with the major bank peer group at 44.7%.
- Gross non-performing loans increased to $627 million, representing 1.12% of gross loans and advances. While the level of non-performing loans continues to increase as the credit cycle trends upwards and as the domestic economy slows, the overall quality of the portfolio remains sound with a significant proportion of loans secured by hard assets such as property with low LVR's.
- Impairment losses increased to $71 million for the year to June 2008. This benefited from a $16 million revision to the collective provision methodology in the first half. Excluding this benefit, the $87 million represents just 16 basis points of average total loans, well below the level of Suncorp's major banking competitors.

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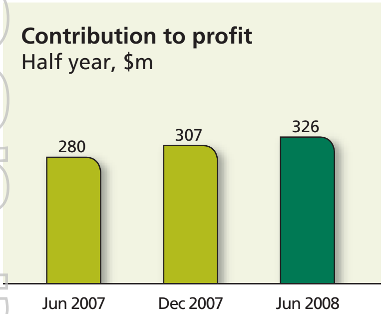
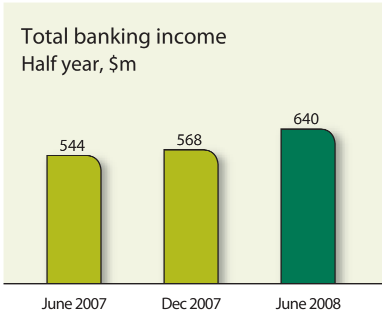
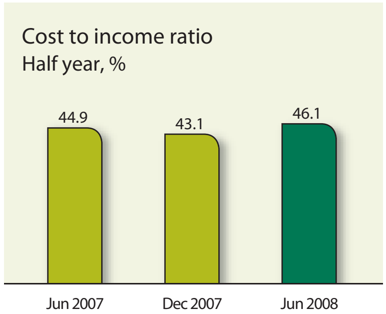
Profit Overview continued

- During the year the Bank refreshed its strategy, flagging a more aggressive investment in new and relocated branches in growth corridors particularly in Queensland and Western Australia as well as improving its operational fulfilment capability. This investment is supported by improved sourcing arrangements, utilising domestic and offshore providers to provide cost effective loans processing.
- Despite the global credit crunch, the Bank's funding program remains well on track following the completion of the $1.15 billion three-year domestic issuance in May, sub-debt GBP325 million issuance in October, private placements in Australia and Asia, and the establishment of a commercial paper program in the United States. As a result, Suncorp ended the year to June 2008 with average balance sheet duration, including sub-debt and hybrids, of around 0.6 of a year, the same level as at the end of June 2007.







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	FULL YEAR ENDED JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Profit contribution – Banking									
Net interest income									
Interest revenue	4,659	3,428	35.9	2,533	2,126	1,782	1,646	19.1	42.1
Interest expense	(3,629)	(2,518)	44.1	(1,987)	(1,642)	(1,326)	(1,192)	21.0	49.8
	1,030	910	13.2	546	484	456	454	12.8	19.7
Net banking fee income									
Banking fee and commission revenue	239	220	8.6	118	121	113	107	(2.5)	4.4
Banking fee and commission expense	(91)	(80)	13.8	(47)	(44)	(40)	(40)	6.8	17.5
	148	140	5.7	71	77	73	67	(7.8)	(2.7)
Other operating revenue									
Net profits on trading and investment securities	14	5	180.0	14	-	6	(1)	n/a	133.3
Net profits on derivative and other financial instruments	8	7	14.3	4	4	4	3	-	-
Other income	8	11	(27.3)	5	3	5	6	66.7	-
	30	23	30.4	23	7	15	8	228.6	53.3
Non-interest income	178	163	9.2	94	84	88	75	11.9	6.8
Total income from Banking activities	1,208	1,073	12.6	640	568	544	529	12.7	17.6
Operating expenses									
Staff expenses	(339)	(305)	11.1	(179)	(160)	(156)	(149)	11.9	14.7
Occupancy expenses	(41)	(33)	24.2	(23)	(18)	(18)	(15)	27.8	27.8
Computer and depreciation expenses	(55)	(49)	12.2	(29)	(26)	(27)	(22)	11.5	7.4
Communication expenses	(29)	(29)	-	(16)	(13)	(14)	(15)	23.1	14.3
Advertising and promotion expenses	(31)	(27)	14.8	(20)	(11)	(16)	(11)	81.8	25.0
Other operating expenses [1]	(45)	(36)	25.0	(28)	(17)	(13)	(23)	64.7	115.4
	(540)	(479)	12.7	(295)	(245)	(244)	(235)	20.4	20.9
Contribution to profit from Banking activities before impairment losses on loans and advances and one-off non-recurring items	668	594	12.5	345	323	300	294	6.8	15.0
Impairment losses on loans and advances	(71)	(25)	184.0	(55)	(16)	(20)	(5)	243.8	175.0
Contribution to profit before tax and one-off items	**597**	**569**	**4.9**	**290**	**307**	**280**	**289**	**(5.5)**	**3.6**
One off non-recurring items									
Net profit from credit card portfolio sale	20	-	n/a	20	-	-	-	n/a	n/a
Net profit from sale and recognition of fair value of VISA Inc shares	16	-	n/a	16	-	-	-	n/a	n/a
Contribution to profit before tax from Banking activities	**633**	**569**	**11.2**	**326**	**307**	**280**	**289**	**6.2**	**16.4**
Return on equity (%)	**16.3**	**16.0**	**1.9**	**16.2**	**16.5**	**15.9**	**16.6**	**1.8**	**1.9**

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

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	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Balance sheet – Banking						
Assets						
Cash and liquid assets	225	432	383	575	(47.9)	(41.3)
Receivables due from other banks	263	4	42	10	6,475.0	526.2
Other financial assets						
Trading securities	5,685	7,842	4,291	4,114	(27.5)	32.5
Investment securities [(1)]	11,075	9,706	9,704	2,145	14.1	14.1
Bank acceptances from customers	865	759	875	671	14.0	(1.1)
Loans, advances and other receivables [(2)]	54,963	49,461	44,857	41,026	11.1	22.5
Property, plant and equipment	271	256	248	181	5.9	9.3
Current tax assets	34	3	-	-	1,033.3	n/a
Deferred tax assets	169	126	149	121	34.1	13.4
Other assets [(3)]	944	556	580	487	69.8	62.8
Intangible assets	108	108	98	95	-	10.2
Total assets	74,602	69,253	61,227	49,425	7.7	21.8
Liabilities						
Deposits and short-term borrowings	46,572	42,801	33,335	30,716	8.8	39.7
Payables due to other banks	45	43	25	28	4.7	80.0
Bank acceptances	865	759	875	671	14.0	(1.1)
Payables and other liabilities [(4)]	1,448	718	1,386	674	101.7	4.5
Current tax liabilities	-	-	116	73	n/a	(100.0)
Employee benefit obligations	161	102	159	117	57.8	1.3
Deferred tax liabilities	142	129	84	66	10.1	69.0
Securitisation liabilities	6,416	7,575	7,956	5,642	(15.3)	(19.4)
Bonds, notes and long-term borrowings	4,472	3,191	4,287	5,756	40.1	4.3
Subordinated notes	1,699	1,945	1,198	1,235	(12.6)	41.8
Preference shares	863	144	144	144	499.3	499.3
Total liabilities	62,683	57,407	49,565	45,122	9.2	26.5
Net assets	**11,919**	**11,846**	**11,662**	**4,303**	**0.6**	**2.2**

(1) Includes the Group's investment in Promina of $7.9 billion.
(2) Includes securitised home loan balances of $6.4 billion (Dec-07 $7.3 billion, June-07 $7.8 billion, Dec-06 $5.5 billion).
(3) Other assets is mainly made up of accrued interest, prepayments and unrealised gains on derivative hedging positions.
(4) Includes unrealised losses on derivative hedging positions relating to cross currency swaps for offshore borrowings. Movements in the hedging positions are fully offset by movements in the underlying offshore borrowings.

	FULL YEAR ENDED JUN-08 %	JUN-07 %	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 %	DEC-07 %	JUN-07 %	DEC-06 %	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Banking ratios and statistics									
Cost to income ratio	44.7	44.6	0.2	46.1	43.1	44.9	44.4	7.0	2.7
Cost to average total banking assets ratio	0.79	0.94	(16.0)	0.84	0.74	0.89	0.99	13.5	(5.6)
Capital adequacy ratio	10.44	9.86	5.9	10.44	10.84	9.86	11.34	(3.7)	5.9
Return on average risk weighted assets ratio	1.34	1.52	(11.8)	1.32	1.36	1.39	1.59	(2.9)	(5.0)
Net interest margin [(1)]	1.79	1.97	(9.1)	1.81	1.76	1.91	2.03	2.8	(5.2)
Net interest spread	1.43	1.63	(12.3)	1.44	1.43	1.57	1.69	0.7	(8.3)

(1) Refer table on page 39 for analysis

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	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Asset growth						
Housing loans	20,876	17,963	15,995	16,918	16.2	30.5
Securitised housing loans	6,371	7,302	7,800	5,459	(12.7)	(18.3)
Total housing loans	27,247	25,265	23,795	22,377	7.8	14.5
Consumer loans	863	1,185	1,063	894	(27.2)	(18.8)
Retail loans	28,110	26,450	24,858	23,271	6.3	13.1
Commercial (SMEs)	5,588	5,036	4,661	4,123	11.0	19.9
Corporate	3,828	3,267	2,575	2,022	17.2	48.7
Development finance	5,915	5,000	3,541	2,950	18.3	67.0
Property investment	5,573	4,566	4,363	4,071	22.1	27.7
Lease finance	2,419	2,468	2,396	2,301	(2.0)	1.0
Agribusiness	3,645	3,379	3,263	3,050	7.9	11.7
Business loans	26,968	23,716	20,799	18,517	13.7	29.7
Structured finance	5	5	6	6	-	(16.7)
Other receivables (1)	899	168	189	20	435.1	375.7
Gross banking loans, advances and other receivables	55,982	50,339	45,852	41,814	11.2	22.1
Provision for impairment	(154)	(119)	(120)	(117)	29.4	28.3
Loans, advances and other receivables	**55,828**	**50,220**	**45,732**	**41,697**	**11.2**	**22.1**
Risk weighted assets	**36,546**	**33,180**	**29,393**	**27,347**	**10.1**	**24.3**
Geographical breakdown – gross banking loans, advances and other receivables						
Queensland	34,110	30,974	28,693	26,305	10.1	18.9
New South Wales	12,082	10,794	9,538	8,605	11.9	26.7
Victoria	6,701	5,815	5,263	4,869	15.2	27.3
Western Australia	2,757	2,455	2,071	1,745	12.3	33.1
South Australia and other	332	301	287	290	10.3	15.7
Outside of Queensland loans	21,872	19,365	17,159	15,509	12.9	27.5
Gross banking loans, advances and other receivables	**55,982**	**50,339**	**45,852**	**41,814**	**11.2**	**22.1**

(1) Other receivables is primarily made up of trade finance and foreign exchange advances.

- Gross banking loans, advances and other receivables, including securitised assets, increased by 22.1% to $55.8 billion.
- Lending conditions remained robust over the course of the year. Suncorp recorded above system levels of growth, maintaining a focus on its target markets and geographies. The cumulative impact of interest rate rises and continuing financial market volatility tempered system housing and business new lending volumes towards the latter part of the year.
- While larger corporate business lending reduced significantly over the second half of the year across the industry, the growth in the Bank's target markets of middle tier corporate lending remained robust through to the end of the year. Growth in this segment of the market is expected to reduce significantly in 2008/09.
- An increasingly tighter credit market environment resulted in many retail and small business lenders shifting from the non-bank sector back to traditional lenders. Suncorp's strong brand and market position, particularly in Queensland, has allowed the Bank to capitalise on this trend, with overall retail lending growing by 14% after adjusting for the sale of credit card receivables in February 2008 ($239 million).
- Strong system growth in business lending was experienced during the year, with the Bank's business lending increasing by 29.7%.
- The Bank continues to leverage its strong presence in the Queensland market with growth of 18.9%. Additionally, the Group's geographic footprint continues to expand beyond Queensland with lending into other states now contributing 39.1%, of the total portfolio. Strongest growth, 33.1% has occurred in the target market of Western Australia.

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	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Personal lending						
Housing loans by State						
Queensland	17,119	15,916	14,964	14,036	7.6	14.4
New South Wales	5,046	4,625	4,421	4,179	9.1	14.1
Victoria	2,865	2,717	2,638	2,584	5.4	8.6
Western Australia	1,922	1,717	1,488	1,301	11.9	29.2
South Australia	213	212	212	214	0.5	0.5
ACT	53	53	48	46	-	10.4
Tasmania	29	25	24	17	16.0	20.8
Outside of Queensland	10,128	9,349	8,831	8,341	8.3	14.7
Total	**27,247**	**25,265**	**23,795**	**22,377**	**7.8**	**14.5**

Housing lending

- Home lending receivables, including securitised assets, grew 14.5%, ahead of market growth of 10.1% as the Bank continued to capitalise on its Queensland presence and build on its relatively small exposure to other states.
- The overall home lending environment has continued to moderate over the year as higher interest rates slowed housing demand. The Bank has maintained its momentum with solid second-half growth. The proportion of fixed rate lending subsided during the final quarter of the year as the outlook firmed towards future reductions in interest rates.
- The direct distribution network performed strongly throughout the year and benefited from its weighting to the Queensland market. Continued success in service levels in the Bank's intermediated distribution capability led to strong above system growth levels interstate, particularly in WA (29.2%) and NSW (14.1%).
- Lending through the intermediated channel continues to be an important distribution outlet that provides cost effective expansion opportunities outside of Queensland. Changes to intermediated commission structures announced at the end of the year are expected to enhance the profitability of this channel, although volumes are anticipated to slow in response to moderating credit growth.

	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Consumer loans by purpose						
Personal loans	390	370	347	315	5.4	12.4
Overdrafts	7	5	8	5	40.0	(12.5)
Credit cards	10	235	213	190	(95.7)	(95.3)
Margin lending	456	575	495	384	(20.7)	(7.9)
	863	**1,185**	**1,063**	**894**	**(27.2)**	**(18.8)**

Consumer lending

- Reported consumer lending decreased by 18.8% over the year to $863 million as a result of the Bank completing the sale of its $239 million credit card receivables portfolio to Citigroup.
- Excluding the credit card sale, the consumer lending portfolio remained stable over the year as growth in personal loans offset a fall in margin lending.
- A $10 million balance of non-performing loans was not transferred to Citigroup and continues to be maintained by the Bank. This balance has been specifically provided for and any recovery in future reporting periods will reduce the impairment loss expense.
- The Bank continues to grow its personal lending portfolio at system rates through increased cross-selling to existing customers.
- Investment market volatility has seen many consumers reduce equity exposures and repay margin loans impacting margin lending volumes over the year. Significant growth in margin lending in the first half was more than reversed in the second half of the year.

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Business lending

A breakdown of business lending by state is shown below:

	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Business Loans by State						
Queensland	15,275	13,786	12,548	11,417	10.8	21.7
New South Wales	6,949	6,061	5,020	4,365	14.7	38.4
Victoria	3,823	3,075	2,603	2,266	24.3	46.9
Western Australia	833	733	579	441	13.6	43.9
South Australia	88	61	49	28	44.3	79.6
Outside of Queensland	11,693	9,930	8,251	7,100	17.8	41.7
	26,968	**23,716**	**20,799**	**18,517**	**13.7**	**29.7**

Business lending

- Full year receivables increased 29.7% exceeding industry growth of 18.6%.
- Recent financial market volatility and lower levels of business confidence has slowed system lending demand in the second half of the financial year. The Bank has focused on its middle market target which has continued to show high levels of confidence throughout the majority of the year.
- Economic conditions continued to support strong growth in Queensland, Victoria and Western Australia.

Commercial (SME)

- The Commercial (SME) portfolio has grown by 19.9% to $5.6 billion.
- Queensland continues to remain the target market of the Banks Commercial (SME) operations contributing an 18.7% increase on the prior year. Confidence in the middle market sector has remained steady throughout the year despite financial market volatility - although the recent economic slowdown has reduced the sales pipelines across all regions.
- While favourable economic conditions in Queensland have been positive for Suncorp's performance, the maturity of the interstate presence has also contributed strongly to the full year result.

Corporate lending

- Corporate lending consists of customers with turnover in excess of $10 million. This segment has continued its growth through the year with growth of 48.7% to $3.8 billion.
- The business has continued to take selected opportunities in niche corporate lending markets in infrastructure and syndicated lending. Exposures to this sector remain strongly secured and provide additional diversity to the overall lending book.

Development finance

- The development finance book has capitalised on its previous strong sales profile with ongoing draw downs on existing facilities during the period. The total portfolio grew by 67% to $5.9 billion.
- The previous period saw an increase in demand for development financing with high rental yields and the demand for residential housing continuing. These economic factors saw the commencement of a significant pipeline of development particularly in the Queensland region growing 51% on the year. These developments have progressively drawn down during the half year, while new sales pipelines have reduced due to less certain economic conditions.
- While overall economic conditions remain uncertain, new development finance lending is likely to be subdued over the coming months. Growth in the portfolio in coming months is expected to be largely limited to draw downs on existing projects.
- The Bank continues to expand its capability in all mainland states with Queensland and Victoria maintaining strong portfolio expansion. Additionally, the Bank continues to increase its capability in the retired living and aged care sector.

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Business lending continued

Property investment

- Property investment includes assets such as shopping centres, commercial offices and industrial warehouses, and excludes construction projects.
- The portfolio has seen growth of 27.7% to $5.6 billion, with strong growth coming from the Queensland and Victorian markets.
- The Bank has continued to use its respected placement in the property investment market to increase its presence in the corporate property investment market offering secured niche opportunities to well respected clients. This success has resulted in strong growth in the recovering geographies of Victoria (55.2%) and niche New South Wales markets (36.5%).

Lease finance

- Lease finance is a stable portfolio focused on low-risk, high volume equipment and vehicle leasing. The portfolio grew 1.0% for the year to $2.4 billion.
- Leasing finance has been impacted by slow market conditions and weak business investment confidence over the second half of the year. Business conditions are expected to remain subdued over the short to medium term.

Agribusiness

- The agribusiness portfolio achieved solid growth of 11.7% to $3.6 billion. Favourable trading conditions in the second half of the year continued to add confidence to the agribusiness sector with growth of 7.9% for the six months.
- Drought conditions began to dissipate in some areas throughout Queensland and New South Wales during 2008. Conditions remain difficult in many rural sectors with cash flows not yet returning to pre-drought levels and increasing farming costs. Conditions are expected to further improve as late summer and winter rainfall has increased prospects for new crops.
- These improved trading conditions have seen the business grow strongly in the Queensland and regional New South Wales markets with strong prospects for the rest of 2008.

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Funding and deposits

	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Retail funding						
Australian retail deposits						
Transaction	5,625	5,635	5,112	4,948	(0.2)	10.0
Investment	4,344	4,615	4,822	4,803	(5.9)	(9.9)
Term	8,945	7,280	6,056	5,780	22.9	47.7
Core retail deposits	18,914	17,530	15,990	15,531	7.9	18.3
Retail treasury	3,343	3,445	3,190	3,128	(3.0)	4.8
Total retail funding	22,257	20,975	19,180	18,659	6.1	16.0
Wholesale funding						
Domestic funding sources						
Senior wholesale funding	19,712	17,812	11,510	11,364	10.7	71.3
Subordinated debt	681	681	684	688	-	(0.4)
Preference shares	144	144	144	144	-	-
Convertible Preference Shares	719	-	-	-	n/a	n/a
	21,256	18,637	12,338	12,196	14.1	72.3
Overseas funding sources [1]						
Euro commercial paper	4,574	2,919	2,659	1,996	56.7	72.0
Euro medium-term note	4,501	4,286	4,273	4,453	5.0	5.3
Subordinated debt	1,018	1,264	514	547	(19.5)	98.1
	10,093	8,469	7,446	6,996	19.2	35.5
Total wholesale funding	31,349	27,106	19,784	19,192	15.7	58.5
Total funding (excluding securitisation)	53,606	48,081	38,964	37,851	11.5	37.6
Securitised funding						
Australian dollar wholesale [2]	4,590	5,300	5,387	3,970	(13.4)	(14.8)
Foreign currency wholesale [1]	1,826	2,275	2,569	1,672	(19.7)	(28.9)
Total securitised funding	6,416	7,575	7,956	5,642	(15.3)	(19.4)
Total funding (including securitisation)	60,022	55,656	46,920	43,493	7.8	27.9
Total funding is represented on the balance sheet by:						
Deposits and short-term borrowings	46,572	42,801	33,335	30,716	8.8	39.7
Securitisation liabilities	6,416	7,575	7,956	5,642	(15.3)	(19.4)
Bonds, notes and long-term borrowings	4,472	3,191	4,287	5,756	40.1	4.3
Subordinated debt	1,699	1,945	1,198	1,235	(12.6)	41.8
Preference shares	863	144	144	144	499.3	499.3
Total	60,022	55,656	46,920	43,493	7.8	27.9
Retail funding as a percentage of total funding (excluding securitisation) [3]	42%	44%	49%	49%	(4.5)	(14.3)

[1] Foreign currency borrowings are hedged back into Australian dollars
[2] Some Australian dollar borrowings are held offshore
[3] For the purposes of calculating the percentage of retail funding, securitised liabilities have been excluded given securitised assets are match funded with these liabilities

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Funding and deposits continued

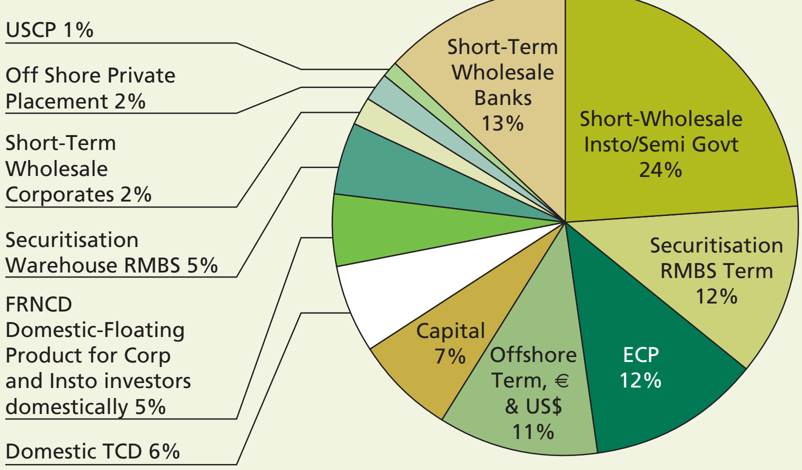
Retail funding

- Core retail deposits (net of treasury) increased 18.3% to $18.9 billion. Deposits across the banking industry increased as investors, as a result of market volatility, preferred the additional security of fixed incomes with respected names. However, competition for deposits was fierce.
- The rising rate outlook and positive shape of the yield and credit curves created a significant differential in term deposit rates over at call accounts. This saw term deposit balances increase substantially over the year by 47.7% to $8.9 billion.
- The Bank continued to experience solid growth in at call transaction account openings driven by new product offerings and branch expansion. The introduction of the IBus maximiser online account, the eOptions retail product and the realignment of staff performance metrics to a deposit focus has driven the achieved result.

Wholesale funding

- Over recent years the Bank has been following a strategy of diversifying its wholesale funding base which enabled funding to continue to meet balance sheet demands over the 2007/08 financial year during a period of intense market dislocation.
- Suncorp has a conservative liquidity policy to provide additional balance sheet flexibility which resulted in liquidity increasing to $7.5 billion at June 2008 from $4.7 billion in June 2007.
- During the year the Bank made issuances, of one year or greater duration, totalling $5.7 billion. Major fundraising included:
  - placement of A$800 million into an RMBS warehouse in August 2007
  - subordinated debt of GBP 325 million in October 2007
  - three-year notes totalling A$1.15 billion in two tranches in May and June 2008
  - Convertible Preference Share, a Tier 1 hybrid, of A$735m in June 2008; and
  - private placements totalling over A$3.4 billion, comprising around A$2.9 billion domestic and A$550 million offshore private placements.
- It is anticipated that Term funding of around $4 to $4.5 billion will be required to cover 2008/09 maturities and budgeted lending growth. This is anticipated to be achieved through domestic private placements, public issuance off the domestic TCD Program, offshore private placements and public issuance off the EMTN Program, public issuance off the potential Samurai Program, and a US144a Program to facilitate term issuance into the US. Suncorp will also take advantage of any RMBS or other securitisation opportunities if available.
- The following chart demonstrates the diversity of Suncorp's wholesale funding.

Wholesale funding



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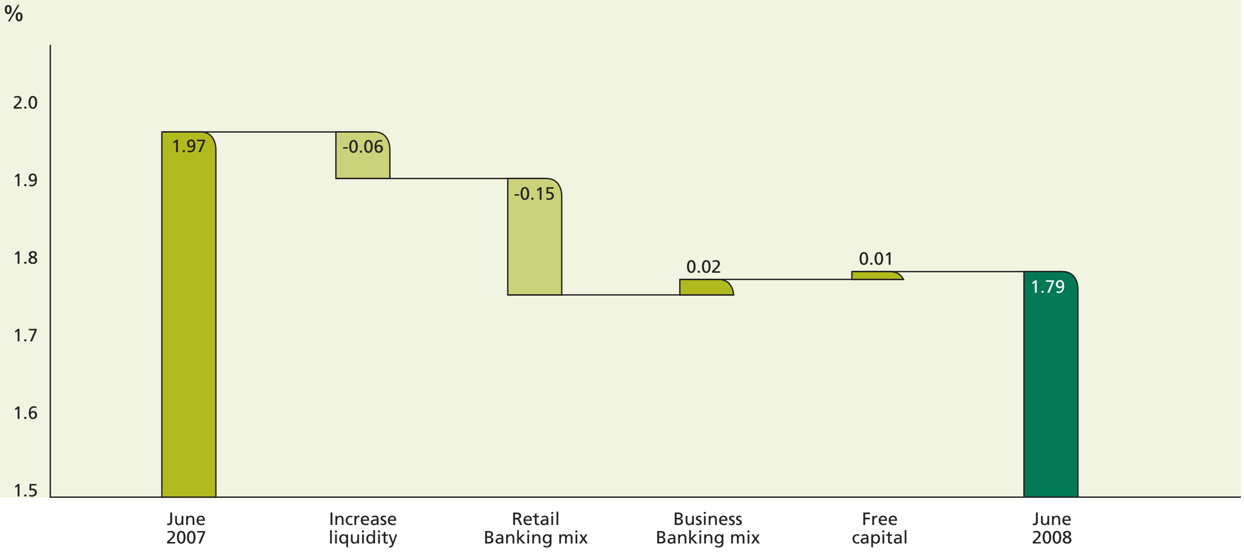
	FULL YEAR ENDED JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Profit commentary									
Net interest income									
Net interest income									
Bank loans and funding	1,038	883	17.6	554	484	437	446	14.5	26.8
Securitised loans and funding	(3)	34	(108.8)	(5)	2	22	12	(350.0)	(122.7)
	1,035	917	12.9	549	486	459	458	13.0	19.6
Net establishment fees and acquisition costs	2	(2)	(200.0)	2	-	(1)	(1)	n/a	(300.0)
Preference shares	(7)	(5)	40.0	(5)	(2)	(2)	(3)	150.0	150.0
	1,030	**910**	**13.2**	**546**	**484**	**456**	**454**	**12.8**	**19.7**

	FULL YEAR ENDED JUN-08 %	JUN-07 %	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 %	DEC-07 %	JUN-07 %	DEC-06 %	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Net interest margin									
Bank loans and funding	2.06	2.20	(6.4)	2.07	2.05	2.14	2.26	1.0	(3.3)
Securitised loans and funding	(0.26)	(0.22)	18.2	(0.25)	(0.28)	(0.22)	(0.22)	(10.7)	13.6
	1.80	1.98	(9.1)	1.82	1.77	1.92	2.04	2.8	(5.2)
Net establishment fees and acquisition costs	-	-	n/a	0.01	-	-	-	n/a	n/a
Preference shares	(0.01)	(0.01)	-	(0.02)	(0.01)	(0.01)	(0.01)	100.0	100.0
	1.79	**1.97**	**(9.1)**	**1.81**	**1.76**	**1.91**	**2.03**	**2.8**	**(5.2)**

- Net interest income rose 13.2% to $1,030 million for the year, driven by strong growth in lending and sound management of its wholesale and retail liabilities book.
- Net interest margin finished the year at 1.79%, down 18 basis points for the year. The table illustrates the composition of the 18 basis point reduction:

Change in net interest margin – year on year 2008



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Net interest income continued

- Net interest margin for the year to June 2008 was 1.79%, representing a contraction of 18 basis points compared to the prior year result.
- Margins were impacted by the flow-on effects of the dislocation in credits markets.
- During the year, significantly higher levels of liquid assets were held to provide greater balance sheet management flexibility given the high levels of credit market volatility experienced. The impact of this was to, in effect, gross up the interest earning assets and interest bearing liabilities in the balance sheet by the amount of the additional liquid holdings. This was responsible for 6 basis points of the reduction in the reported net interest margin and, as a result, overstates the underlying margin contraction during the year.
- The first half of the year saw a significant contraction in margin due to the impact of higher funding costs with a net interest margin for the half of 1.76%. Repricing activities in the second half of the year have produced a minor reversal of the downward trend in margins with net interest margin for the second half of the year of 1.81%.
- Spreads on retail assets and liabilities reduced by 15 basis points over the year. The reduction in spreads reflects the absorption by the Retail Bank of higher wholesale funding costs that it did not pass on to borrowers until late in the year through rate increases outside of movements in official cash rates. Short term funding was impacted by the spread between the official cash rate and the 90-day bank bill market being approximately 30 basis points higher over the 2008 financial year than its previous historical average. Higher longer term funding costs also impacted retail spreads.
- Spreads on Business Banking lending and deposits improved by 2 basis points during the financial year. Repricing of the Business Banking lending book was undertaken to pass on the increased funding costs and reflect a return to more rational market dynamics of pricing for risk than experienced during the credit bubble that began to unwind at the beginning of the financial year.
- The movement attributed to free capital identified on the above chart represents the impact of changes in the excess of interest earning assets over interest bearing liabilities. Impact on net interest margin from free capital is a function of both movements in free capital relative to the balance of interest earning assets as well as absolute movements in interest rates more generally.

Net banking fee income

	FULL YEAR ENDED JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Net banking fee income									
Lending fee revenue	82	72	13.9	40	42	38	34	(4.8)	5.3
Lending fee expense	(43)	(33)	30.3	(23)	(20)	(18)	(15)	15.0	27.8
Net lending fees	39	39	-	17	22	20	19	(22.7)	(15.0)
Transaction fees	103	97	6.2	51	52	50	47	(1.9)	2.0
Interchange fees	6	4	50.0	3	3	3	1	-	-
	148	**140**	**5.7**	**71**	**77**	**73**	**67**	**(7.8)**	**(2.7)**

- Net banking fee income rose 5.7% to $148 million.
- Lending fee revenue increased 13.9% to $82 million as the Bank continued to increase lending volumes offset by increases in trail brokerage fees as the intermediary distribution business continues to expand.

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Operating expenses

	FULL YEAR ENDED JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Operating expenses									
Staff expenses	(339)	(305)	11.1	(179)	(160)	(156)	(149)	11.9	14.7
Occupancy expenses	(41)	(33)	24.2	(23)	(18)	(18)	(15)	27.8	27.8
Computer and depreciation expenses	(55)	(49)	12.2	(29)	(26)	(27)	(22)	11.5	7.4
Communication expenses	(29)	(29)	-	(16)	(13)	(14)	(15)	23.1	14.3
Advertising and promotion expenses	(31)	(27)	14.8	(20)	(11)	(16)	(11)	81.8	25.0
Other operating expenses [1]	(45)	(36)	25.0	(28)	(17)	(13)	(23)	64.7	115.4
	(540)	**(479)**	**12.7**	**(295)**	**(245)**	**(244)**	**(235)**	**20.4**	**20.9**

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

- Operating expenses increased by 12.7% to $540 million as a result of volume growth in both the lending and deposit gathering operations.
- The Bank continued to increase its distribution capacity and Retail Banking commenced the expansion of its branch footprint.
- Compliance costs continue to add considerable expense to the Bank as the requirements of the Basel II Accord and Anti-Money Laundering Legislation are implemented. These programs of work will continue to impact our expense base during 2008/09.
- Also impacting expenses has been the full year effect on occupancy expenses from the workplace change program which has seen Suncorp develop flagship offices at Brisbane Square and Suncorp Place in Sydney.

Impairment losses on loans and advances

Impairment losses were $71 million for the year. Impairment losses have increased from their lows of previous years as the impact of higher business input costs impacted business conditions. In the December 2007 half, impairment losses were positively impacted by a $16 million revision to the collective provision for impairment as the Bank continued to refine its valuation methodology. Excluding the impact of the change in methodology, the full year expense was $87 million or 18 basis points of average gross lending.

	FULL YEAR ENDED JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Impairment losses on loans and advances									
Collective provision for impairment	(15)	(8)	87.5	(2)	(13)	1	(9)	(84.6)	(300.0)
Specific provision for impairment	66	18	266.7	48	18	11	7	166.7	336.4
Bad debts written off	24	18	33.3	11	13	9	9	(15.4)	22.2
Bad debts recovered	(4)	(3)	33.3	(2)	(2)	(1)	(2)	-	100.0
	71	**25**	**184.0**	**55**	**16**	**20**	**5**	**243.8**	**175.0**

Although impairment losses have increased from their historically low levels, Suncorp expects that, due to its limited exposure to unsecured lending and its high level of security across its portfolio, through the economic cycle, its losses will be below the level experienced by its major banking competitors.

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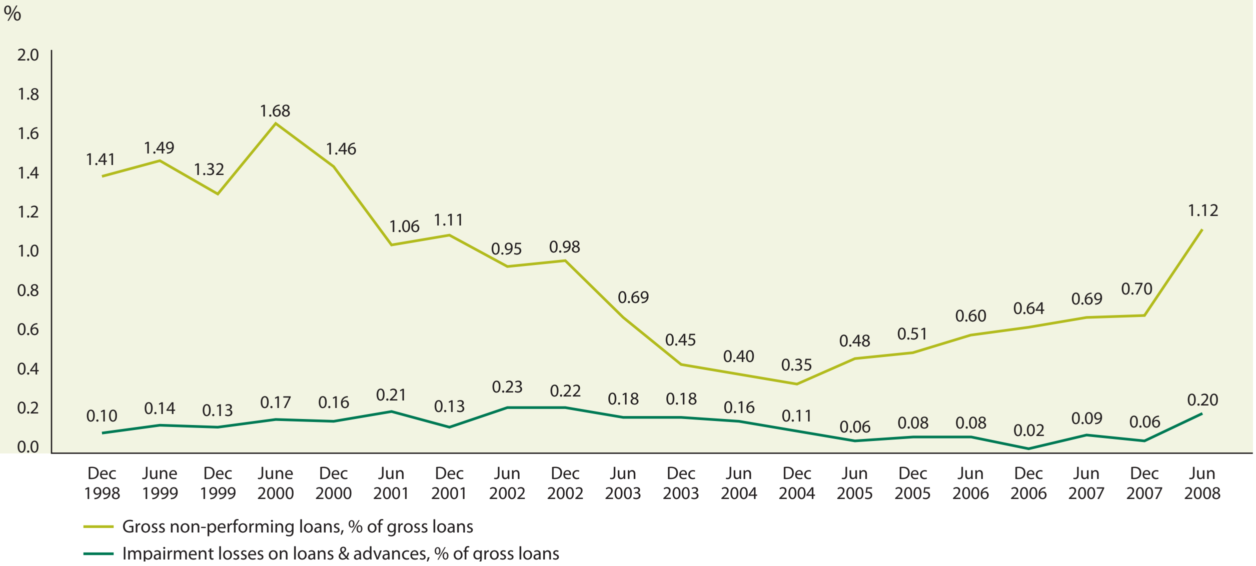
Impairment losses on loans and advances continued

The following graph demonstrates that, historically, although impaired assets have increased, actual losses remain relatively low both as a proportion of the total portfolio and when compared to industry averages.

Impairment losses on loans and advances



Impaired assets

- Total non-performing loans have continued to increase from historical lows to finish the year at $627 million. This represents 1.12% of gross loans, advances and other receivables, a level below historical peaks. Gross impaired assets have increased to $384 million, representing 0.69% of gross loans, advances and other receivables.
- The construction and development and the property investment portfolio, with impaired assets of $267 million and $61 million respectively, are the largest contributors to the increase in impaired assets. During the year, these portfolios were subject to a comprehensive credit review with the findings pointing to the continued tough residential markets in New South Wales being the major cause of the current impairment levels. The Bank utilised the findings of this review to identify future problem areas and modify lending criteria. The review also enabled the Bank to identify early warning signs on potential problem loans and ensure that they are appropriately managed to protect the Bank.
- As was the case last year, Agribusiness impaired assets remain at low levels despite the continuation of drought conditions in Queensland and New South Wales during 2008. Our long history in the Agribusiness sector enables us to better understand the needs of our customers impacted by drought.
- Past 90-day due assets have increased to $243 million, representing 0.43% of gross loans, advances and other receivables. The increase in past due loans has been a result of increased pressure on mortgages from recent rate rises and rising fuel and food costs to households. The Bank continues to maintain its strict lending criteria, with low LVR's and strong capacity to repay criteria ensuring that losses in the housing portfolio are minimised.
- The Bank's loan book continues to have a significant proportion of its book secured by hard assets such as property with low LVRs. Therefore in the event that a loan becomes non-performing, losses are limited by the extent of security underpinning the loan.

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	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Impaired assets continued						
Gross balances of impaired loans						
with specific provisions set aside	349	149	109	76	134.2	220.2
without specific provisions set aside	35	42	48	48	(16.7)	(27.1)
Gross impaired assets	384	191	157	124	101.0	144.6
Specific provision for impairment	(74)	(37)	(25)	(23)	100.0	196.0
Net impaired assets	310	154	132	101	101.3	134.8
Size of gross impaired assets						
Less than one million	34	25	36	32	36.0	(5.6)
Greater than one million but less than ten million	160	85	84	81	88.2	90.5
Greater than ten million	190	81	37	11	134.6	413.5
	384	191	157	124	101.0	144.6
Loans 90 days past due 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	243	163	160	145	49.1	51.9
Gross non-performing loans	627	354	317	269	77.1	97.8
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	3	2	1	2	50.0	200.0
Analysis of movements in gross impaired assets						
Balance at the beginning of the half-year	191	157	124	99	21.7	54.0
Recognition of new impaired assets and increases in previously recognised impaired assets	232	64	68	40	262.5	241.2
Impaired assets written off during the half-year	(10)	(6)	(10)	(4)	66.7	-
Impaired assets which have been restated as performing assets or repaid	(29)	(24)	(25)	(11)	20.8	16.0
Balance at the end of the half-year	**384**	**191**	**157**	**124**	**101.0**	**144.6**
	%	%	%	%		
Gross impaired assets as a percentage of gross loans, advances and other receivables	0.69	0.38	0.34	0.30	81.6	102.9
Gross non-performing loans as a percentage of gross loans, advances and other receivables	1.12	0.70	0.69	0.64	60.0	62.3
Gross impaired assets as a percentage of impairment provisions and general reserve for credit loss	122.29	74.03	65.69	53.22	65.2	86.2
Impairment provisions and general reserve for credit loss as a percentage of risk weighted assets	0.86	0.78	0.81	0.85	10.6	5.8

Impaired assets continued

Industry breakdown is shown below based on the source of credit risk whereas the asset growth table on page 33 is based on the nature of the loan.

Industry breakdown of impaired assets and specific provisions as at 30 June 2008 are as follows:

	30 JUN-08			31 DEC-07			30 JUN-07		
	GROSS LOANS $M	IMPAIRED ASSETS $M	SPECIFIC PRO-VISION $M	GROSS LOANS $M	IMPAIRED ASSETS $M	SPECIFIC PRO-VISION $M	GROSS LOANS $M	IMPAIRED ASSETS $M	SPECIFIC PRO-VISION $M
Agribusiness	3,706	14	1	3,485	8	1	3,397	12	2
Construction and development	6,154	267	58	5,504	142	29	4,277	100	14
Financial services	1,910	-	-	1,140	-	-	1,188	-	-
Hospitality	1,730	4	1	1,634	3	1	1,435	6	2
Manufacturing	928	2	-	856	3	1	789	5	1
Professional services	851	2	-	1,402	4	-	793	9	2
Property investment	7,515	61	5	5,726	7	-	5,693	5	-
Real estate mortgage	27,608	10	2	25,584	9	2	24,154	6	2
Personal	864	-	-	1,185	1	-	1,064	2	1
Government and public authorities	8	-	-	6	-	-	6	-	-
Other commercial and industrial	4,708	24	7	3,817	14	3	3,056	12	1
	55,982	**384**	**74**	**50,339**	**191**	**37**	**45,852**	**157**	**25**

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Provision for impairment

	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Collective provision						
Balance at the beginning of the period	82	95	94	103	(13.7)	(12.8)
(Credit)/charge against contribution to profit	(2)	(13)	1	(9)	(84.6)	(300.0)
Balance at the end of the period	80	82	95	94	(2.4)	(15.8)
Specific provision						
Balance at the beginning of the period	37	25	23	21	48.0	60.9
Charge against contribution to profit	48	18	11	7	166.7	336.4
Bad debts written-off	(11)	(6)	(9)	(5)	83.3	22.2
Balance at the end of the period	74	37	25	23	100.0	196.0
Total provision for impairment – Banking activities	154	119	120	117	29.4	28.3
General reserve for credit loss						
Balance at the beginning of the period	139	119	116	93	16.8	19.8
Transfer from retained earnings	21	20	3	23	5.0	600.0
Balance at the end of the period	160	139	119	116	15.1	34.5
Total provision for impairment and general reserve for credit loss – Banking activities	314	258	239	233	21.7	31.4

	%	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:				
Collective provision	20.8	42.9	60.5	75.8
Specific provision	19.3	19.4	15.9	18.5
Total provision	40.1	62.3	76.4	94.4
General reserve for credit loss	41.7	72.8	75.8	93.5
Total provision and general reserve for credit loss	81.8	135.1	152.2	187.9

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	FULL YEAR ENDED JUN-08 AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	FULL YEAR ENDED JUN-07 AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Average banking assets and liabilities						
Assets						
Interest earning assets						
Trading securities	7,238	525	7.25	4,245	266	6.27
Gross loans, advances and other receivables	49,303	4,078	8.27	41,026	3,115	7.59
Other interest earning assets	1,087	56	5.15	929	47	5.06
Total interest earning assets	57,628	4,659	8.08	46,200	3,428	7.42
Non-interest earning assets						
Other assets	10,761			4,938		
Total non-interest earning assets	10,761			4,938		
Total assets	**68,389**			**51,138**		
Liabilities						
Interest bearing liabilities						
Deposits and short-term borrowings	42,596	2,713	6.37	31,773	1,792	5.64
Securitisation liabilities	7,503	556	7.41	6,265	407	6.50
Bonds, notes and long-term borrowings	3,285	266	8.10	4,553	257	5.64
Subordinated notes (1)	1,101	87	7.90	820	57	6.95
Preference shares (1)	115	7	6.09	86	5	5.81
Total interest bearing liabilities	54,600	3,629	6.65	43,497	2,518	5.79
Non-interest bearing liabilities						
Other liabilities	1,968			1,459		
Total non-interest bearing liabilities	1,968			1,459		
Total liabilities	**56,568**			**44,956**		
Net assets	**11,821**			**6,182**		
Analysis of interest margin and spread						
Interest earning assets	57,628	4,659	8.08	46,200	3,428	7.42
Interest bearing liabilities	54,600	3,629	6.65	43,497	2,518	5.79
Net interest spread			1.43			1.63
Net interest margin	57,628	1,030	1.79	46,200	910	1.97

(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

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Average banking assets and liabilities continued

	HALF-YEAR ENDED JUN-08			HALF-YEAR ENDED DEC-07		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Assets						
Interest earning assets						
Trading securities	7,721	294	7.66	6,760	231	6.78
Gross loans, advances and other receivables	51,868	2,213	8.58	46,788	1,865	7.91
Other interest earning assets	1,017	26	5.14	1,155	30	5.15
Total interest earning assets	60,606	2,533	8.40	54,703	2,126	7.71
Non-interest earning assets						
Other assets	10,596			10,642		
Total non-interest earning assets	10,596			10,642		
Total assets	**71,202**			**65,345**		
Liabilities						
Interest bearing liabilities						
Deposits and short-term borrowings	45,830	1,549	6.80	39,399	1,221	6.15
Securitisation liabilities	7,020	274	7.85	7,981	282	7.01
Bonds, notes and long-term borrowings	3,168	109	6.92	3,402	100	5.83
Subordinated notes (1)	1,214	50	8.28	987	37	7.44
Preference shares (1)	156	5	6.45	75	2	5.29
Total interest bearing liabilities	57,388	1,987	6.96	51,844	1,642	6.28
Non-interest bearing liabilities						
Other liabilities	2,185			1,863		
Total non-interest bearing liabilities	2,185			1,863		
Total liabilities	**59,573**			**53,707**		
Net assets	**11,629**			**11,638**		
Analysis of interest margin and spread						
Interest earning assets	60,606	2,533	8.40	54,703	2,126	7.71
Interest bearing liabilities	57,388	1,987	6.96	51,844	1,642	6.28
Net interest spread			1.44			1.43
Net interest margin	60,606	546	1.81	54,703	484	1.76

(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 AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	HALF-YEAR ENDED DEC-06 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

(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

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Changes in net interest income: volume and rate analysis

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

	FULL YEAR JUN-08 vs JUN-07 CHANGES DUE TO:		
	VOLUME $M	RATE $M	TOTAL $M
Interest earning assets			
Trading securities	203	57	260
Gross loans, advances and other receivables	656	305	961
Other interest earning assets	8	2	10
Change in interest income	867	364	1,231
Interest bearing liabilities			
Deposits and short-term borrowings	650	271	921
Securitisation liabilities	86	63	149
Bonds, notes and long-term borrowings	(87)	96	9
Subordinated notes	21	9	30
Preference shares	2	-	2
Change in interest expense	672	439	1,111
Change in net interest income	**195**	**(75)**	**120**

	HALF-YEAR JUN-08 vs DEC-07 CHANGES DUE TO:			HALF-YEAR DEC-07 vs JUN-07 CHANGES DUE TO:		
	VOLUME $M	RATE $M	TOTAL $M	VOLUME $M	RATE $M	TOTAL $M
Interest earning assets						
Trading securities	34	29	63	78	14	92
Gross loans, advances and other receivables	209	139	348	167	85	252
Other interest earning assets	(4)	-	(4)	1	(1)	-
Change in interest income	239	168	407	246	98	344
Interest bearing liabilities						
Deposits and short-term borrowings	207	121	328	207	82	289
Securitisation liabilities	(35)	27	(8)	33	21	54
Bonds, notes and long-term borrowings	(7)	16	9	(41)	5	(36)
Subordinated notes	9	4	13	5	3	8
Preference shares	2	1	3	-	-	-
Change in interest expense	176	169	345	204	111	315
Change in net interest income	**63**	**(1)**	**62**	**42**	**(13)**	**29**

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Segment information – General Insurance

Profit overview

Note that all financial information in this section includes the impact of discount rate movements and shows fire service levies on a gross basis. The 'Pro-forma' comparatives are based on the combined Suncorp and Promina businesses.

General Insurance recorded a pre-tax profit of $307 million for the full year to 30 June 2008. The result featured the impacts of weather events, depressed equity and fixed interest markets partially offset by the benefits realised from the alignment of the level of sufficiency to the Group's target.

The ITR was $607 million for the year, representing an insurance trading ratio of 10.3%.

Major weather events totalled $415 million, over double the Group's normal provisioning for significant events of $200 million. The events have had an effect on claims inflation across the portfolio as the supply side tightened in response to a surge in demand.

Gross written premium increased 2.9% to $6.4 billion as premium rates in home and motor classes were increased to recoup weather event losses. Overall GWP was impacted by the ongoing reduction in premium rates in the compulsory third party portfolio (CTP), as rate reductions in both Queensland and New South Wales flowed through the business. Excluding CTP, premium growth of 4.9% was achieved.

The home and personal motor portfolios achieved growth of 7.8% and 4.7% respectively.

In CTP, average premium rates reduced by approximately 8% in Queensland and approximately 12% in New South Wales. Suncorp has retained its position as the leading provider of CTP insurance in Queensland with only a marginal decline in market share.

Commercial insurance lines grew GWP by 2.9%, which is an outstanding result given continuing soft market conditions. In this environment, the commercial insurance lines business continues to focus on retention strategies across all classes of business. By adhering to technical pricing disciplines the overall profitability of the portfolio has been enhanced with the insurance trading ratio reaching 29.6% for the year.

Net incurred claims of $4.1 billion increased by 11.8%, largely as a result of the incidence of major weather events. Net incurred claims were supported by continuing long tail central estimate releases totalling $251 million for the full year. However, the overall quantum of central estimate releases significantly reduced on the $540 million released in the pro-forma June 2007 full year, signalling that the benefits of the tort law reforms are now largely reflected in current provisioning. Additionally, the claims expense benefited by $220 million from a reduction in the level of sufficiency from 94% to the Group's target of 90%, and by a $75 million diversification benefit.

Total operating expenses increased by 2.3% to $1.6 billion, resulting in an operating expense ratio of 27.8%. Acquisition costs have been contained and integration benefits have begun to flow through to the underwriting costs expense.

Investment income on insurance provisions increased to $455 million, reflecting the increased size of the portfolio, improved yields but offset by negative mark to market impact of fluctuations on fixed income securities.

Investment returns on shareholder funds resulted in a loss of $232 million reflecting the negative impacts of depressed equity and fixed interest markets as well as active losses across the portfolio. Since March 2008, the funds have been managed as an index-enhanced portfolio as the Group considers adjusting its mandates in light of APRA's new capital charges.

Impacting on the bottom line profit result was a 38.9% increase in capital funding costs over the prior year. Increased capital funding costs reflect the full impact of the subordinated debt raised for GBP 200 million as part of the Promina acquisition.

The New Zealand business reported an Insurance Trading Result of $74 million for the full year to June 2008, equal to an ITR ratio of 12.4% absorbing costs associated with several major claims events. The Vero NZ business has maintained a disciplined approach to pricing in a fiercely competitive market with a focus on profitability rather than top line growth.

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	FULL YEAR ENDED			HALF-YEAR ENDED					
	JUN-08	JUN-07 PRO-FORMA	JUN-08 vs JUN-07	JUN-08	DEC-07	JUN-07 PRO-FORMA	DEC-06 PRO-FORMA	JUN-08 vs DEC-07	JUN-08 vs JUN-07
	$M	$M	%	$M	$M	$M	$M	%	%
Profit contribution – General Insurance for the year ended 30 June 2008									
Gross written premium	6,430	6,246	2.9	3,274	3,156	3,163	3,083	3.7	3.5
Gross unearned premium movement	(123)	(113)	8.8	(108)	(15)	(92)	(21)	620.0	17.4
Gross earned premium	6,307	6,133	2.8	3,166	3,141	3,071	3,062	0.8	3.1
Outwards reinsurance expense	(441)	(410)	7.6	(245)	(196)	(208)	(202)	25.0	17.8
Net earned premium	5,866	5,723	2.5	2,921	2,945	2,863	2,860	(0.8)	2.0
Net incurred claims									
Claims expense	(5,090)	(4,745)	7.3	(2,471)	(2,619)	(2,598)	(2,147)	(5.7)	(4.9)
Reinsurance and other recoveries revenue	1,009	1,096	(7.9)	567	442	738	358	28.3	(23.2)
	(4,081)	(3,649)	11.8	(1,904)	(2,177)	(1,860)	(1,789)	(12.5)	2.4
Total operating expenses									
Acquisition expenses	(1,013)	(986)	2.7	(482)	(531)	(497)	(489)	(9.2)	(3.0)
Other underwriting expenses	(620)	(610)	1.6	(346)	(274)	(317)	(293)	26.3	9.1
	(1,633)	(1,596)	2.3	(828)	(805)	(814)	(782)	2.9	1.7
Underwriting result	152	478	(68.2)	189	(37)	189	289	(610.8)	-
Investment income – insurance funds	455	400	13.8	267	188	203	197	42.0	31.5
Insurance trading result	607	878	(30.9)	456	151	392	486	202.0	16.3
Managed schemes net contribution	47	21	123.8	13	34	7	14	(61.8)	85.7
Joint venture and other income	17	65	(73.8)	(2)	19	26	39	(110.5)	(107.7)
General Insurance operational earnings	671	964	(30.4)	467	204	425	539	128.9	9.9
Investment income – Shareholder Funds	(232)	354	(165.5)	(260)	28	148	206	(1,028.6)	(275.7)
Contribution to profit from General Insurance activities before tax and capital funding	439	1,318	(66.7)	207	232	573	745	(10.8)	(63.9)
Capital funding [(1)]	(132)	(95)	38.9	(72)	(60)	(49)	(46)	20.0	46.9
Contribution to profit from General Insurance activities before tax	**307**	**1,223**	**(74.9)**	**135**	**172**	**524**	**699**	**(21.5)**	**(74.2)**

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

	HALF-YEAR ENDED			
	JUN-08	DEC-07	JUN-07	DEC-06
	$M	$M	$M	$M
Reconciliation of pro-forma contribution to profit before tax to reported profit before tax				
Pro-forma profit contribution before tax	135	172	524	699
Promina pre-acquisition profit	-	-	(72)	(316)
Reported before tax profit contribution	**135**	**172**	**452**	**383**

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	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Balance sheet – General Insurance						
Assets						
Cash and liquid assets	639	154	151	572	314.9	323.2
Investment securities	10,054	10,725	10,876	10,226	(6.3)	(7.6)
Investment property	171	249	222	203	(31.3)	(23.0)
Investments in associates and joint ventures	267	282	277	278	(5.3)	(3.6)
Reinsurance and other recoveries – outstanding claims	1,129	1,077	1,149	1,064	4.8	(1.7)
Other receivables	2,148	2,465	2,758	1,931	(12.9)	(22.1)
Deferred insurance assets	548	485	494	486	13.0	10.9
Deferred tax assets	111	112	86	154	(0.9)	29.1
Other assets	446	356	330	339	25.3	35.2
Intangible assets	1,083	1,090	1,099	1,072	(0.6)	(1.5)
Total assets	16,596	16,995	17,442	16,325	(2.3)	(4.9)
Liabilities						
Interest bearing and non-interest bearing liabilities	832	925	590	312	(10.1)	41.0
Payables	750	720	1,358	995	4.2	(44.8)
Deferred tax liabilities	-	100	146	202	(100.0)	(100.0)
Outstanding claims liabilities [(1)]	7,010	7,272	7,150	7,036	(3.6)	(2.0)
Unearned premium liabilities [(1)]	3,263	3,184	3,204	3,121	2.5	1.8
Subordinated notes	940	980	1,003	539	(4.1)	(6.3)
Total liabilities	12,795	13,181	13,451	12,205	(2.9)	(4.9)
Net assets	**3,801**	**3,814**	**3,991**	**4,120**	**(0.3)**	**(4.8)**

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

	FULL YEAR ENDED JUN-08 %	JUN-07 PRO-FORMA %	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 %	DEC-07 %	JUN-07 PRO-FORMA %	DEC-06 PRO-FORMA %	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
General Insurance ratios									
Acquisition expenses ratio	17.3	17.2	0.6	16.5	18.0	17.4	17.1	(8.3)	(5.2)
Other underwriting expenses ratio	10.6	10.7	(0.9)	11.8	9.3	11.1	10.2	26.9	6.3
Total operating expenses ratio	27.8	27.9	(0.4)	28.3	27.3	28.5	27.3	3.7	(0.7)
Loss ratio	69.6	63.8	9.1	65.2	73.9	65.0	62.6	(11.8)	0.3
Combined operating ratio	97.4	91.6	6.3	93.5	101.2	93.5	89.9	(7.6)	0.0
Insurance trading ratio	10.3	15.3	(32.6)	15.6	5.1	13.7	17.0	205.9	13.9

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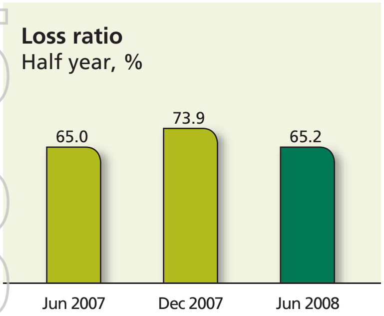
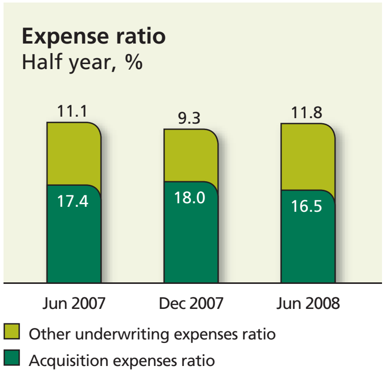
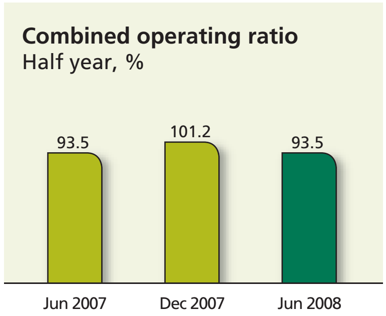
Profit overview continued

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







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	FULL YEAR ENDED			HALF-YEAR ENDED					
	JUN-08	JUN-07	JUN-08 vs JUN-07	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
		PRO-FORMA					PRO-FORMA		
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by product									
Compulsory third party	674	758	(11.1)	340	334	378	380	1.8	(10.1)
Home	1,391	1,290	7.8	691	700	650	640	(1.3)	6.3
Personal motor	2,206	2,106	4.7	1,115	1,091	1,074	1,032	2.2	3.8
Commercial	1,608	1,569	2.5	809	799	777	792	1.3	4.1
Workers' compensation	233	246	(5.3)	143	90	144	102	58.9	(0.7)
Other	318	277	14.8	176	142	140	137	23.9	25.7
	6,430	**6,246**	**2.9**	**3,274**	**3,156**	**3,163**	**3,083**	**3.7**	**3.5**
Excluding CTP	**5,756**	**5,488**	**4.9**	**2,934**	**2,822**	**2,785**	**2,703**	**4.0**	**5.4**

	FULL YEAR ENDED			HALF-YEAR ENDED					
	JUN-08	JUN-07	JUN-08 vs JUN-07	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
		PRO-FORMA					PRO-FORMA		
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium by geography									
Queensland	1,551	1,504	3.1	783	768	766	738	2.0	2.2
New South Wales	2,214	2,117	4.6	1,132	1,082	1,075	1,042	4.6	5.3
Victoria	1,234	1,169	5.6	618	616	579	590	0.3	6.7
Western Australia	416	405	2.7	227	189	218	187	20.1	4.1
South Australia	179	175	2.3	92	87	88	87	5.7	4.5
Tasmania	108	141	(23.4)	53	55	75	66	(3.6)	(29.3)
Other	76	73	4.1	46	30	43	30	53.3	7.0
Total Australia	5,778	5,584	3.5	2,951	2,827	2,844	2,740	4.4	3.8
New Zealand	652	662	(1.5)	323	329	319	343	(1.8)	1.3
Total	**6,430**	**6,246**	**2.9**	**3,274**	**3,156**	**3,163**	**3,083**	**3.7**	**3.5**

Home

- The Home Insurance portfolio delivered gross written premium growth of 7.8% for the full year to June 2008. Premium growth was 9.4% when adjusted for the impact of the sale of RACTI during the year.
- Premium growth in the direct businesses was solid, in particular AAMI and Suncorp brands which achieved full year premium growth of 14.1% and 8.5% respectively. Premium growth in the Home portfolio was driven largely by strong premium rate increases across both new and renewal policies. The industry in general has been responding to the recent incidence of major weather events and associated high claims costs through realigned pricing.
- Customer renewals have held or improved across the major brands in spite of high single digit premium rate increases. However, new business growth softened, particularly in the second half.
- As a result of premium increases and the deteriorating economic environment, customers are opting for higher levels of excess which, whilst impacting on the growth of premium income, will have a benefit on claims expenses in future periods.
- The direct home portfolio achieved 2% underlying risk in force growth which is estimated to be marginally ahead of system growth.

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Gross written premium continued

Personal Motor

- The Motor insurance portfolio delivered gross written premium growth of 4.7% for the full year to June 2008. Premium growth was 5.8% when adjusted for the impact of the sale of RACTI during the year.
- Premium growth in the major motor brands was solid in a very competitive market. The AAMI and Suncorp brands achieved full year premium growth of 6.9% and 6.0% respectively. The niche brands Shannons and Just Car continued to drive strong growth in the enthusiast and non-standard motor markets. Like home, premium growth in the motor portfolio was driven largely by premium rate increases across both new and renewal policies.
- Higher premium rates have resulted in slower underlying new business growth in the second half of the financial year. However, customer renewals remained strong or improved for the major direct brands, which translated in underlying risk in force growth for the direct portfolio of 2.3%, marginally below system growth.
- As with the home portfolio, the trend of customers opting for higher excess levels has lowered premium growth. This trend is expected to continue as the downturn in economic conditions extends.

Compulsory Third Party (CTP)

- The CTP portfolio reduced 11.1% to $674 million for the year to June 2008.
- In Queensland, average premium rates reduced by around 8% resulting in a decrease in income of approximately $34 million. Average premium rates were impacted by the significant reduction of ceiling rates by the regulator in July 2007, particularly in class 1 which had a reduction of $28 per policy.
- Suncorp continues to be the leading CTP insurance provider in Queensland. Over the year there has been a slight reduction in the risks in force and correspondingly a marginal decline in market share. However, the business continues to benefit from good relationships in the motor dealer channel which account for a significant portion of total new business.
- In New South Wales, risks in force and market share have declined slightly over the year. Average premiums have reduced by approximately 12% following the introduction of the Life Term Care and Support (LTCS) scheme in April 2007. The LTCS scheme lowered the available premium pool by approximately 25% as previously underwritten risks were transferred to the new LTCS Authority.

Commercial Insurance

- The Commercial Insurance portfolio increased 2.5% to $1.6 billion for the year to June 2008.
- Australian Commercial Insurance gross written premium grew by 2.9% for the full year and 4.7% for the six months to June 2008. The strong sales result was due to good growth in both intermediated and direct channels.
- Soft market conditions persisted throughout the year as strong economic conditions and prior year claims releases kept profitability at levels above long-term averages. The business has continued to adhere to technical pricing principles throughout the period. There is evidence of rate hardening in some classes which, from an industry perspective, have been unprofitable or have had poor claims experience. That said, rate increases had only a relatively slight impact on GWP during the year.
- Despite the soft market, overall premium growth was achieved through a continued focus on retention strategies for existing profitable customers across all classes. Strong underlying retention rates and maintenance of technical pricing has contributed to good performance in the June renewal season. Sales momentum increased during the second half and into the June renewal season. This is expected to continue into the year to 30 June 2009 subject to economic conditions.
- SME packaged business retention rates remain strong and premium rates were maintained for renewal business. The SME non-packaged business performed well with strong results in the Motor, Industrial Special Risks (ISR) and Professional Indemnity portfolios.
- The Corporate and Specialty portfolio also performed well this year given that, as a result of continued competitor discounting, renewal premium rates have fallen but increased coverage has meant that overall GWP remained steady. Retention has remained strong across the majority of the portfolio and policy numbers have remained stable, apart from the Warranty book where market conditions are being adversely impacted by the weak home building environment and interest rate rises.

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Gross written premium continued

Workers' Compensation

- Suncorp underwrites Workers' Compensation in Western Australia, ACT and Tasmania and successfully entered the Northern Territory market in June 2008.
- Workers' Compensation GWP declined by 5.3% to $233 million for the year to June 2008.
- The regulator reduced the Gazette rates during the financial year which led to premiums reducing in Western Australia by between 12% and 15%. Average premiums were also impacted by the aggressive pricing strategies adopted by competitors, and Suncorp performed well to improve retention rates over the year.
- Soft market conditions continued this year, driven by sustained positive claims experience and strong return-to-work rates in Western Australia.
- New business increased on the prior year, particularly in Western Australia, as a direct result of strong broker relationships and GIO's growing presence in the corporate market.
- Growth of the underlying business was also supported by strong wages in force growth of around 14.5%. In particular, economic conditions in Western Australia have led to the continued expansion of business payrolls of around 10%.

Other Premium Income

- Other premium income includes travel insurance and miscellaneous personal lines such as deposit power and rental bond insurance. Premiums in these classes increased by 14.8% to $318 million.

Outward reinsurance expense

- Outward reinsurance expense increased by 7.6% to $441 million for the full year. The increase was due to the catastrophe cover buy-down, a $10 million reinstatement premium following the Mackay event, exposure growth and increased spending on facultative reinsurance.
- The largest element of the Group's reinsurance program relates to a property catastrophe treaty, which covers the home, motor and commercial property accounts against major catastrophes such as windstorm, hail, bushfire and earthquake. The Group's joint venture partners participate in the treaty, allowing economies of scale and a degree of leverage in buying power.
- The program renewal for the 2008/09 financial year provides cover for losses up to $5.35 billion as a result of growth in underlying exposures. A return period of 1 in 250 years was maintained across all parts of the whole portfolio. The property catastrophe treaty has one reinstatement in the event of exhaustion throughout the whole treaty and two reinstatements on the first two layers.
- Retention limits for the 2008/09 catastrophe treaty have been set at $150 million based on the Group's risk tolerance. Suncorp's own retention will be lower than $150 million for events where joint ventures share in the $150 million treaty retention.
- The catastrophe buy-down reinsurance covers expired at 30 June 2008. A new aggregate cover was placed which protects Suncorp against an accumulation of sub $150 million retention events where the aggregated amount above $10 million per event exceeds $250 million during the year. The limit of this cover is $300 million.
- Reinsurance security was maintained for the 2009 financial year program, with over 87% of long tail business and 85% of short tail business protected by reinsurers rated 'A+' or better.

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Reinsurance retentions

For the year to 30 June 2009, the following retentions (before tax) will apply to the core general insurance business.

	SINGLE RISK RETENTION JUN-09 $M	EVENT RISK RETENTION JUN-09 $M
Property	10	150[1]
General liability	10	10
Global liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor	n/a	150[1]
Home owners' warranty	5	5
Marine	10	10

(1) Retention prior to operation of aggregate cover. After the aggregate deductible of $250 million is exhausted, retention is $10 million per event.

Claims expense

Short tail claims expense

Short tail claims have increased 12.9% to $3,334 million in the full year to June 2008. This increase was predominantly due to the following significant weather events:

DATE	EVENT	A$Million
Jul 2007	Floods in New Zealand	20
Oct 2007	Storms in Lismore	60
Dec 2007	Storms in Sydney	170
Dec 2007	Earthquake in New Zealand	5
Dec 2007	Storms in Melbourne	25
Feb 2008	Storms in Mackay	100 [2]
Apr 2008	Wind storms in Vic/Tas	25
	Total	**A$ 405 million**

(2) Excludes the $10 million reinsurance reinstatement premium.

Outside these events, there was significantly higher than expected smaller events and weather claims. Additionally, some supply side constraints created by the succession of major events caused an increase in claim costs. More recently, the inflationary impacts of the major events on average claim costs have begun to abate.

In commercial classes, claims experience was negatively impacted by weather events and large loss costs. Working loss experience in commercial motor deteriorated somewhat, due to increasing average claims sizes, and pricing has been adjusted to minimise this impact going forward.

Long tail claims expense

Long tail claims have increased by 7.3% to $747 million. Key factors impacting long tail claims expenses have been:

- a reduction in the central estimate release to $251 million from a pro-forma $540 million;
- a positive adjustment from the $220 million reduction in risk margins; and
- a positive adjustment from the $75 million diversification benefit.

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Claims expense continued

The valuation of outstanding claims at June 2008 resulted in a full year central estimate release of $251 million in respect of the long tail business. The key reason for the release was the increasing weight valuation actuaries have given to the observed claims experience post-tort reform. The following issues impact the central estimate reserves:

1. **Current accident period strain** occurs because the business adopts a more conservative claim reserving basis for the purposes of preparing its financial statements than its premium pricing basis. In the year to 30 June 2008, the current accident period strain was $123 million, on a net central estimate basis.
2. **Net risk margin strain** is the additional risk margin provided on the current accident period referred to above, less the risk margin released from claims settled during the year as well as prior period releases. This was an aggregate risk margin release of $276m in the year to 30 June 2008. This release is made up of three parts:
   - a reduction in the level of sufficiency in the Group's reserves from the 94th to the 90th percentile contributing $220 million
   - an increased allowance for diversification between the Group's classes of business contributing $75 million; and
   - Offsetting these amounts, $19 million representing the natural increase in risk margin owing to the growth of the business.
3. **Superimposed inflation** is the allowance for claims costs inflating at a rate greater than the average weekly earnings index. There is evidence of superimposed inflation emerging in some classes of business, following several years of highly favourable claims experience post tort-law reform. If superimposed inflation were not to occur, this would result in a release of approximately $140 million.

Risk margins

Suncorp now has a greater level of confidence in its ability to predict future claim costs. The claim reserves have also now stabilised, with significantly lower releases in the half-year to 30 June 2008. These considerations have led the Group to reduce its previous 94th percentile level of sufficiency to the previous target of the 90th percentile.

A further reduction in risk margins came from a review of assumptions around the correlations between classes of business, in particular comparing its assumptions against those in use elsewhere in the industry.

The Group's 90th percentile level of sufficiency risk margins now represents approximately 18% of outstanding claim reserves, compared to the previous 94th percentile of 24%.

Sustainability of releases

The business adopts a more conservative claims 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.

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Outstanding claims provisions over time

This table shows the gross and net outstanding claims liabilities and their movement over time. The net outstanding claims liabilities are shown split between the net central estimate, the discount on net central estimate and the (90th percentile, discounted) risk margin components. The net outstanding claims liabilities are also shown by major class of insurance business.

	JUN-08 $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Gross outstanding claims liabilities	7,010	**7,272**	7,150	7,036	(3.6)	(2.0)
Reinsurance and other recoveries	(1,129)	(1,077)	(1,149)	(1,064)	4.8	(1.7)
Net outstanding claims liabilities	**5,881**	**6,195**	**6,001**	**5,972**	**(5.1)**	**(2.0)**
Expected future claims payments and claims handling expenses	6,197	6,480	5,945	5,902	(4.4)	4.2
Discount to present value	(1,209)	(1,476)	(1,133)	(1,123)	(18.1)	6.7
Risk margin	893	1,191	1,189	1,193	(25.0)	(24.9)
Net outstanding claims liabilities	**5,881**	**6,195**	**6,001**	**5,972**	**(5.1)**	**(2.0)**
Personal						
Australia						
CTP	2,936	3,028	2,984	3,000	(3.0)	(1.6)
Short-tail and other	723	841	671	570	(14.0)	7.7
New Zealand	46	52	53	12	(11.5)	(13.2)
Commercial						
Australia						
Liability and Workers' compensation	1,610	1,670	1,694	1,790	(3.6)	(5.0)
Short-tail and other	448	452	439	422	(0.9)	2.1
New Zealand	118	152	160	178	(22.4)	(26.3)
Total	**5,881**	**6,195**	**6,001**	**5,972**	**(5.1)**	**(2.0)**

Outstanding claims provisions breakdown

This table shows the net outstanding claims reserves split between the net central estimate (discounted) and the risk margin (90th percentile, discounted), broken down by class of business. It also shows the change in net central estimate by class of business valuations.

	ACTUAL $M	NET CENTRAL ESTIMATE (DISCOUNTED) $M	RISK MARGIN (90TH PERCENTILE, DISCOUNTED) $M	CHANGE IN NET CENTRAL ESTIMATE (1) $M
Personal				
Australia				
CTP	2,936	2,531	405	(114)
Short-tail and other	723	669	54	(18)
New Zealand	46	41	5	-
Commercial				
Australia				
Liability and Workers' compensation	1,610	1,273	337	(137)
Short-tail and other	448	380	68	(7)
New Zealand	118	94	24	(19)
Total	**5,881**	**4,988**	**893**	**(295)**

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

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Claims development table

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

The first row shows the estimated undiscounted ultimate claims by accident year. Reading down the columns, each successive number shows the ultimate cost by accident year estimated one year later. For example, the current estimate of ultimate claims costs for the 2005 year ($898 million) is 23% lower than estimated at the end of the 2005 accident year ($1,173 million).

The remainder of the table then reconciles the undiscounted long-tail reserves to the 30 June 2008 provisions booked. This requires allowance for discounting, reserves for short-tail classes, claims handling expenses, risk margin etc.

This table demonstrates that the claims development trends have been favourable in all accident years compared with the initial reserving estimates. This favourable outcome is largely a result of the general absence of superimposed inflation and the ongoing benefits from tort-law reforms, together with the Group's generally more conservative reserving basis.

	ACCIDENT YEAR						
	PRIOR $M	2004 $M	2005 $M	2006 $M	2007 $M	2008 $M	TOTAL $M
Consolidated							
Estimate of ultimate claims cost							
At end of accident year		1,045	1,173	1,209	1,245	1,290	
One year later		1,059	1,065	1,119	1,178		
Two years later		927	938	1,038			
Three years later		833	898				
Four years later		762					
Five years later							
Current estimate of cumulative claims cost		762	898	1,038	1,178	1,290	5,166
Cumulative payments		(460)	(404)	(279)	(158)	(52)	(1,353)
Outstanding claims – undiscounted	1,069	302	494	759	1,020	1,238	4,882
Discount	(344)	(53)	(83)	(136)	(204)	(280)	(1,100)
Deferred premium	-	-				(11)	(11)
Outstanding claims – long tail	725	249	411	623	816	947	3,771
Outstanding claims – short tail and other portfolios							954
Claims handling expense							263
Risk margin							893
Total net outstanding claims liabilities							5,881
Reinsurance and other recoveries on outstanding claims liabilities							1,129
Total gross outstanding claims							**7,010**

Operating expenses

Total operating expenses increased 2.3% to $1,633 million for the full year to June 2008. The Total Operating Expenses Ratio reduced marginally to 27.8%.

Acquisition costs increased 2.7% to $1,013 million which includes a favourable liability adequacy adjustment and reduced fire service levy provision. The acquisition expense ratio increased marginally to 17.3%.

Underwriting expenses have increased marginally to $620 million. The other underwriting expenses ratio has reduced slightly to 10.6% as the benefits of integration started to emerge.

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Managed schemes

Net profit from the managed scheme business was $47 million. The result included $28 million in prior year fees and strong underlying performance from the NSW Treasury Managed Fund (TMF).

Joint venture and other income

The Group participates in insurance joint ventures with motoring clubs in Queensland, South Australia, Western Australia and Tasmania. The 'joint venture and other' contribution for the full year to June 2008 was $17 million, down from $65 million in the prior year, largely due to higher claims and lower investment returns.

On 23 July 2008, the Group announced the sale of its 50% share of RAC Insurance (RACI) business in Western Australia. RACI contributed $2.7 million to the joint venture income for the full year to June 2008.

In September 2007, Suncorp and The Royal Automobile Club of Tasmania (RACT) announced the successful completion of their joint venture agreement. Under the terms of the agreement, RACT will acquire a 30% interest in RACT Insurance with an evergreen option to increase its shareholding to 50%.

Investment income on insurance funds

Investment income on insurance provisions increased 13.8% to $455 million. Excluding the impact of the risk-free discount rate movement, as shown in Appendix 2, the investment income increased 0.4% to $506 million.

Income derived from cash and fixed interest during the June 2008 full year period was reduced considerably due to higher unrealised capital losses resulting from widening credit spreads. This portfolio recorded 'mark to market' losses of $140 million.

The portfolio is comprised of investment grade securities, predominately Commonwealth Government, Semi-Government, highly rated Corporate Bonds and a small direct property portfolio that is gradually being wound down. The credit ratings of the fixed interest investments are outlined on page 64. The $140 million movement is purely an accounting and timing issue and will reverse as these investments redeem or as credit spreads contract.

The portfolio benefited from higher yields in the fixed interest and property portfolios. The higher fixed interest yield results from the increasing credit spreads and the Reserve Bank official rate increases in November 2006, August 2007, November 2007, February and March 2008.

Other investment income increased $27 million as a result of the revaluation of direct property holdings in the first half and $26 million in the second half.

Investment income on shareholder funds

Investments on shareholder funds resulted in a loss of $232 million as global volatility impacted on domestic equities, overseas equities and listed property portfolios.

Income derived from cash and fixed interest was also down compared to last year. For the year to 30 June 2008, the Shareholder Funds' Australian equity portfolio underperformed the benchmark S&P/ASX 200 Accumulation Index which declined by 13.1%.

Performance returns achieved on Domestic and International equities and the domestic fixed interest portfolio are outlined below.

Shareholder fund performance

	JUN-08		DEC-07		JUN-07		DEC-06	
	BENCHMARK RETURN %	ACTUAL RETURN %	BENCHMARK RETURN %	ACTUAL RETURN %	BENCHMARK RETURN %	ACTUAL RETURN %	BENCHMARK RETURN %	ACTUAL RETURN %
Performance returns								
Shareholder Funds:								
Fixed Interest – Domestic	2.83	2.93	2.18	1.83	1.92	2.14	2.41	2.67
Equities – Domestic	(16.14)	(18.89)	3.00	2.65	12.70	13.04	14.73	14.76
Equities – International	(18.50)	(16.88)	(3.69)	(2.31)	1.13	1.55	6.56	5.82

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

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Allocation of investments – General Insurance

	JUN-08 $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Allocation of investments held against:						
Insurance funds						
Cash and short-term deposits	1,002	1,038	1,134	1,140	(3.5)	(11.6)
Interest bearing securities	6,625	6,588	6,310	6,288	0.6	5.0
Australian equities	2	7	9	9	(71.4)	(77.8)
Property and other	194	158	152	128	22.8	27.6
	7,823	**7,791**	**7,605**	**7,565**	**0.4**	**2.9**
Shareholder Funds						
Cash and short-term deposits	583	248	256	231	135.1	127.7
Interest bearing securities	1,069	1,200	1,359	1,573	(10.9)	(21.3)
Australian equities	1,019	1,143	1,128	1,114	(10.8)	(9.7)
Overseas equities	183	141	163	159	29.8	12.3
Property and other	181	107	114	142	69.2	58.8
	3,035	**2,839**	**3,020**	**3,219**	**6.9**	**0.5**

	JUN-08 %	DEC-07 %	JUN-07 PRO-FORMA %	DEC-06 %	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Allocation of investments held against:						
Insurance funds						
Cash and short-term deposits	13	13	15	23	-	(13.3)
Interest bearing securities	85	85	83	74	-	2.4
Property and other	2	2	2	3	-	-
	100	**100**	**100**	**100**	-	-
Shareholder Funds						
Cash and short-term deposits	19	8	8	12	137.5	137.5
Interest bearing securities	35	42	45	32	(16.7)	(22.2)
Australian equities	34	40	38	41	(15.0)	(10.5)
Overseas equities	6	5	5	10	20.0	20.0
Property and other	6	5	4	5	20.0	50.0
	100	**100**	**100**	**100**	-	-

The investment funds are managed by the Group's investment managers. The totals above are different to the cash and investment balances in the General Insurance balance sheet on page 53, because of the different classification of items such as operating cash and accrued interest. Reconciling items such as timing differences and premium debtors arise between insurance provisions and associated investment assets. The balance of the shareholder funds shown above excludes non-investment market assets such as goodwill relating to the acquisition of GIO and the investments in joint ventures.

	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
			PRO-FORMA			
	$M	$M	$M	$M	%	%
Allocation of investment income – General Insurance						
Investment income on insurance funds						
Cash and short-term deposits	27	32	35	41	(15.6)	(22.9)
Interest bearing securities	210	126	144	149	66.7	45.8
Property and other	30	30	24	7	-	25.0
Total	267	188	203	197	42.0	31.5
Investment income on shareholder funds						
Cash and short-term deposits	7	7	7	11	-	-
Interest bearing securities	20	10	17	48	100.0	17.6
Australian equities	(241)	20	129	134	(1,305.0)	(286.8)
Overseas equities	(25)	(2)	3	8	1,150.0	(933.3)
Property	(12)	2	1	12	(700.0)	(1,300.0)
Other revenue	8	7	7	4	14.3	14.3
Other expenses	(17)	(16)	(16)	(11)	6.3	6.3
Total	(260)	28	148	206	(1,028.6)	(275.7)
Total investment income	7	216	351	403	(96.8)	(98.0)

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.

	SUNCORP				PROMINA			
	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08	DEC-07	JUN-07	DEC-06
AVERAGE	%	%	%	%	%	%	%	%
AAA	52.3	48.7	48.9	63.5	54.1	64.3	66.3	67.2
AA	24.4	21	19.6	13.4	34.7	27.1	25.2	24.3
A	20.9	27.6	28.5	20.7	8.4	5.8	6.2	7.0
BBB	2.4	2.7	3.0	2.4	2.8	2.8	2.3	1.5
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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Profit contribution by line of business – Commercial Lines Australia	FULL YEAR ENDED JUN-08 $M	JUN-07 PRO-FORMA $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Gross written premium	1,524	1,481	2.9	799	725	763	718	10.2	4.7
Net earned premium	1,257	1,270	(1.0)	630	627	624	646	0.5	1.0
Net claims incurred	(594)	(520)	14.2	(289)	(305)	(257)	(263)	(5.2)	12.5
Acquisition expenses	(235)	(237)	(0.8)	(106)	(129)	(130)	(107)	(17.8)	(18.5)
Other underwriting expenses	(196)	(195)	0.5	(106)	(90)	(102)	(93)	17.8	3.9
Total operating expenses	(431)	(432)	(0.2)	(212)	(219)	(232)	(200)	(3.2)	(8.6)
Underwriting result	232	318	(27.0)	129	103	135	183	25.2	(4.4)
Investment income – insurance funds	140	125	12.0	78	62	58	67	25.8	34.5
Insurance trading result	372	443	(16.0)	207	165	193	250	25.5	7.3
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	18.7	18.7	0.0	16.8	20.6	20.8	16.6	(18.4)	(19.2)
Other underwriting expenses ratio	15.6	15.4	1.3	16.8	14.4	16.3	14.4	16.7	3.1
Total operating expenses ratio	34.3	34.1	0.6	33.6	35.0	37.1	31.0	(4.0)	(9.4)
Loss ratio	47.3	40.9	15.6	45.9	48.6	41.2	40.7	(5.6)	11.4
Combined operating ratio	81.6	75.0	8.8	79.5	83.6	78.3	71.7	(4.9)	1.5
Insurance trading ratio	29.6	34.9	(15.2)	32.9	26.3	30.9	38.7	25.1	6.5

Market overview

The Australian market has seen competitive pricing with continuing downward rate movements in the order of 10% to 15% in some parts of the portfolio. The focus of the business has been in retaining good, profitable clients and selectively writing new business where terms are attractive. The level of price reductions flattened out during the June 2008 renewal period and there is continuing evidence of price firming in some classes, such as commercial motor and other short tail lines, where industry profitability has been insufficient, and on accounts with poor claims experience.

Suncorp's business has continued to perform strongly relative to the market, adhering to its technical pricing levels in order to ensure profitability. In addition, further opportunities have been created as some unprofitable underwriters remediate their portfolios.

Industry rate reductions of 12% to 15% during the year in West Australian Workers' Compensation have stemmed from historically low claims frequency levels and high return-to-work rates as a consequence of the booming economy.

Insurance trading result

Commercial lines reported an ITR of $372 million for the full year, equal to an ITR ratio of 29.6%. The main components of the result were:

- Strong performance of workers' compensation and commercial portfolios despite soft market conditions driving down industry premium rates in some classes.
- The loss ratio increased to 47.3% from 40.9%, driven by:
  - the valuation of outstanding claims at June 2008 resulted in a full year long tail central estimate release of $137 million, down from the $284 million in the prior corresponding period
  - the adjustment to the prudential margins provided a benefit of $115 million
  - the diversification benefit was $36 million
  - claims arising from weather events and large individual risk losses, particularly in the second half.
- The total operating expenses have remained stable year on year whilst, due to a reduction in net earned premium, the operating expense ratio has increased slightly from 34.1% to 34.3%.

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	FULL YEAR ENDED JUN-08 $M	FULL YEAR ENDED JUN-07 PRO-FORMA $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	HALF-YEAR ENDED DEC-07 $M	HALF-YEAR ENDED JUN-07 PRO-FORMA $M	HALF-YEAR ENDED DEC-06 PRO-FORMA $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Profit contribution by line of business – Personal Lines Australia									
Gross written premium	4,254	4,103	3.7	2,152	2,102	2,081	2,022	2.4	3.4
Net earned premium	4,010	3,867	3.7	1,994	2,016	1,943	1,924	(1.1)	2.6
Net claims incurred	(3,129)	(2,764)	13.2	(1,453)	(1,676)	(1,414)	(1,350)	(13.3)	2.8
Acquisition expenses	(649)	(617)	5.2	(310)	(339)	(298)	(319)	(8.6)	4.0
Other underwriting expenses	(369)	(369)	0.0	(210)	(159)	(194)	(175)	32.1	8.2
Total operating expenses	(1,018)	(986)	3.2	(520)	(498)	(492)	(494)	4.4	5.7
Underwriting result	(137)	117	(217.1)	21	(158)	37	80	(113.3)	(43.2)
Investment income – insurance funds	298	254	17.3	182	116	135	119	56.9	34.8
Insurance trading result	161	371	(56.6)	203	(42)	172	199	(583.3)	18.0
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	16.2	16.0	1.3	15.5	16.8	15.3	16.6	(7.7)	1.3
Other underwriting expenses ratio	9.2	9.5	(3.2)	10.5	7.9	10.0	9.1	32.9	5.0
Total operating expenses ratio	25.4	25.5	(0.4)	26.0	24.7	25.3	25.7	5.3	2.8
Loss ratio	78.0	71.5	9.1	72.9	83.1	72.8	70.2	(12.3)	0.1
Combined operating ratio	103.4	97.0	6.6	98.9	107.8	98.1	95.9	(8.3)	0.8
Insurance trading ratio	4.0	9.6	(58.3)	10.2	(2.1)	8.9	10.3	(585.7)	14.6

Market overview

A key theme during the past financial year has been the significant impact of the weather related events. The financial impact was not only the substantial event claims cost but also the second order effect on the repair industry and associated inflationary impact on supply. In recent months there is evidence that this inflationary impact has begun to abate. In response to the recent period of large event claims costs, the major industry participants have been actively repricing to restore portfolio profitability.

Personal Lines reported an insurance trading profit of $161 million for the full year compared with $371 million in the previous year. This represents an insurance trading margin of 4.0%, down on the 9.6% for the 2006/07 year. The second half result of $203 million, or an ITR of 10.2%, was solid.

In Queensland CTP, Suncorp is currently filed at the regulator's ceiling price. The regulator's actuaries have confirmed evidence of increasing claims size and superimposed inflation. During both the July 2008 and October 2008 quarters the regulator has raised the class 1 ceiling by $13.

In New South Wales CTP, industry prices increased marginally during the year whilst in July 2008 the headline rate was increased by approximately $30 to take account of rising claims costs and to restore profitability to the scheme.

Insurance trading result

The main components of the result were:

- strong premium growth in Home and Motor classes offset by CTP premium rate reductions
- major storm events over $350 million which is well in excess of company allowance
- second order inflationary impact on home and motor repair costs following the recent major events, in particular Sydney and Mackay
- higher incidence of smaller weather related events and natural hazard claims
- earnings on premium rate increases for Home and Motor beginning to flow through to the trading result
- central estimate CTP releases of $114 million were down from $206 million in 2006/07
- the adjustment to the prudential margins provided a benefit of $105 million; and
- the diversification benefit was $39 million.

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	FULL YEAR ENDED JUN-08 $M	JUN-07 PRO-FORMA $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Profit contribution by line of business – New Zealand									
Gross written premium	652	662	(1.5)	323	329	319	343	(1.8)	1.3
Net earned premium	599	586	2.2	297	302	296	290	(1.7)	0.3
Net claims incurred	(358)	(365)	(1.9)	(162)	(196)	(189)	(176)	(17.3)	(14.3)
Acquisition expenses	(129)	(132)	(2.3)	(66)	(63)	(69)	(63)	4.8	(4.3)
Other underwriting expenses	(55)	(46)	19.6	(30)	(25)	(21)	(25)	20.0	42.9
Total operating expenses	(184)	(178)	3.4	(96)	(88)	(90)	(88)	9.1	6.7
Underwriting result	57	43	32.6	39	18	17	26	116.7	129.4
Investment income – insurance funds	17	21	(19.0)	7	10	10	11	(30.0)	(30.0)
Insurance trading result	74	64	15.6	46	28	27	37	64.3	70.4
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	21.5	22.5	(4.4)	22.2	20.9	23.3	21.7	6.2	(4.7)
Other underwriting expenses ratio	9.2	7.8	17.9	10.1	8.3	7.1	8.6	21.7	42.3
Total operating expenses ratio	30.7	30.3	1.3	32.3	29.2	30.4	30.3	10.6	6.3
Loss ratio	59.8	62.3	(4.0)	54.5	64.9	63.9	60.7	(16.0)	(14.7)
Combined operating ratio	90.5	92.6	(2.3)	86.8	94.1	94.3	91.0	(7.8)	(8.0)
Insurance trading ratio	12.4	10.9	13.8	15.5	9.3	9.1	12.8	66.7	70.3

Market overview

The New Zealand operations have produced a strong result for the full year to June 2008 despite a very competitive NZ market, negative premium growth and two large weather and earthquake events.

The negative premium growth reflects the very competitive soft commercial market as competition in the NZ market has continued unabated. Suncorp's emphasis has remained firmly on the retention of good business at acceptable terms to drive profitability ahead of growth. Notwithstanding this, the New Zealand operations' gross written premium, in total, only reduced by 1.5%.

Insurance trading result

New Zealand reported an Insurance Trading Result of $74 million for the full year to June 2008, equal to an ITR ratio of 12.4%. The main components impacting the ITR were:

- Gross Written Premium declined 1.5% to $652 million. Commercial lines GWP reduced by 3.8% due to fiercely competitive conditions offset partially by a personal lines GWP increase of 3.9% mainly driven by strong rate increases.
- The overall loss ratio has decreased 4.0% to 59.8% as the impact of the July storm and December earthquake events were offset by reserve releases.
- Overall total operating expense ratio is 30.7% which is 1.3% higher than the previous period. This is expected to reduce slightly in the future.
- Investment income from insurance funds was $17 million for the full year to June 2008 which is slightly below the prior year.

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

	FULL YEAR ENDED			HALF-YEAR ENDED					
	JUN-08	JUN-07	JUN-08 vs JUN-07	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
		PRO-FORMA				PRO-FORMA			
	$M	$M	%	$M	$M	$M	$M	%	%
Short tail									
Gross written premium	5,017	4,748	5.7	2,537	2,480	2,396	2,352	2.3	5.9
Net earned premium	4,494	4,289	4.8	2,247	2,247	2,155	2,134	-	4.3
Net claims incurred	(3,334)	(2,953)	12.9	(1,602)	(1,732)	(1,567)	(1,386)	(7.5)	2.2
Acquisition expenses	(835)	(789)	5.8	(420)	(415)	(396)	(393)	1.2	6.1
Other underwriting expenses	(465)	(462)	0.6	(258)	(207)	(240)	(222)	24.6	7.5
Total operating expenses	(1,300)	(1,251)	3.9	(678)	(622)	(636)	(615)	9.0	6.6
Underwriting result	(140)	85	(264.7)	(33)	(107)	(48)	133	(69.2)	(31.3)
Investment income – insurance funds	139	127	9.4	81	58	67	60	39.7	20.9
Insurance trading result	(1)	212	(100.5)	48	(49)	19	193	(198.0)	152.6
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	18.6	18.4	1.1	18.7	18.5	18.4	18.4	1.1	1.6
Other underwriting expenses ratio	10.3	10.8	(4.6)	11.5	9.2	11.1	10.4	25.0	3.6
Total operating expenses ratio	28.9	29.2	(1.0)	30.2	27.7	29.5	28.8	9.0	2.4
Loss ratio	74.2	68.9	7.7	71.3	77.1	72.7	64.9	(7.5)	(1.9)
Combined operating ratio	103.1	98.1	5.1	101.5	104.8	102.2	93.7	(3.1)	(0.7)
Insurance trading ratio	0.0	4.9	(100.0)	2.1	(2.2)	0.9	9.0	(195.5)	133.3

	FULL YEAR ENDED			HALF-YEAR ENDED					
	JUN-08	JUN-07	JUN-08 vs JUN-07	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
		PRO-FORMA				PRO-FORMA			
	$M	$M	%	$M	$M	$M	$M	%	%
Long tail									
Gross written premium	1,413	1,498	(5.7)	737	676	767	731	9.0	(3.9)
Net earned premium	1,372	1,434	(4.3)	674	698	708	726	(3.4)	(4.8)
Net claims incurred	(747)	(696)	7.3	(302)	(445)	(293)	(403)	(32.1)	3.1
Acquisition expenses	(178)	(197)	(9.6)	(62)	(116)	(101)	(96)	(46.6)	(38.6)
Other underwriting expenses	(155)	(148)	4.7	(88)	(67)	(77)	(71)	31.3	14.3
Total operating expenses	(333)	(345)	(3.5)	(150)	(183)	(178)	(167)	(18.0)	(15.7)
Underwriting result	292	393	(25.7)	222	70	237	156	217.1	(6.3)
Investment income – insurance funds	316	273	15.8	186	130	136	137	43.1	36.8
Insurance trading result	608	666	(8.7)	408	200	373	293	104.0	9.4
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	13.0	13.7	(5.1)	9.2	16.6	14.3	13.2	(44.6)	(35.7)
Other underwriting expenses ratio	11.3	10.3	9.7	13.1	9.6	10.9	9.8	36.5	20.2
Total operating expenses ratio	24.3	24.1	0.8	22.3	26.2	25.1	23.0	(14.9)	(11.2)
Loss ratio	54.4	48.5	12.2	44.8	63.8	41.4	55.5	(29.8)	8.2
Combined operating ratio	78.7	72.6	8.4	67.1	90.0	66.5	78.5	(25.4)	0.9
Insurance trading ratio	44.3	46.4	(4.5)	60.5	28.7	52.7	40.4	110.8	14.8

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Segment information – Wealth Management

Profit overview

The Wealth Management division reported an underlying profit after tax of $136 million for the year to 30 June 2008, down 9.3% on the proforma result. Net profit after tax was $111 million. These results were impacted directly and indirectly by poor investment markets.

The Life Risk operations reported an underlying profit after tax of $78 million, a decrease of 8.2%.

Funds Management, which includes retail investment, asset management and the distribution operations, experienced a decline in profit of 10.8% to $58 million. This result reflects the impact of weak investment markets on fee income earned on assets managed and also assets held to back annuity obligations.

Investment income on shareholder assets recorded a loss of $25 million due to adverse equity, fixed interest and property markets in Australia and New Zealand.

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	FULL YEAR ENDED JUN-08 $M	JUN-07 PRO-FORMA $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Profit contribution – Wealth Management Operating margins after tax for the year ended 30 June 2008 excluding life insurance policy owners' interests									
Life Risk									
Planned profit margins	67	57	17.5	34	33	31	26	3.0	9.7
Experience profits/(losses)	9	23	(60.9)	7	2	3	20	250.0	133.3
Recapture of losses	2	5	(60.0)	(1)	3	1	4	(133.3)	(200.0)
Life Risk	78	85	(8.2)	40	38	35	50	5.3	14.3
Funds Management	58	65	(10.8)	11	47	37	28	(76.6)	(70.3)
Total Wealth Management underlying profit after tax	136	150	(9.3)	51	85	72	78	(40.0)	(29.2)
Net investment income on shareholder assets	(25)	91	(127.5)	(43)	18	31	60	(338.9)	(238.7)
Net profit after tax and minority interests	**111**	**241**	**(53.9)**	**8**	**103**	**103**	**138**	**(92.2)**	**(92.2)**

	FULL YEAR ENDED JUN-08 $M	JUN-07 PRO-FORMA $M	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M
Reconciliation of pro-forma contribution to profit before tax to reported profit before tax						
Reported profit contribution from Wealth Management before tax	30	229	(95)	125	131	98
Pre-acquisition profits	-	212	-	-	55	157
Pro-forma profit contribution from Wealth Management before tax	30	441	(95)	125	186	255
Policyholder and shareholder income tax expense [1]	83	(196)	104	(21)	(82)	(114)
Net profit after tax and before minority interests	113	245	9	104	104	141
Minority interests	(2)	(4)	(1)	(1)	(1)	(3)
Net profit after tax and minority interests	**111**	**241**	**8**	**103**	**103**	**138**

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

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Market environment

The wealth management landscape has been significantly impacted by equity and credit market instability particularly over the past six months. Profitability across the industry has declined with lower new business sales and reduced investment asset values.

Competition for superannuation and investment products remained fierce as major players continued to squeeze margins, supported by economies of scale. Further consolidation in the industry is expected as market volatility continues to impact profitability.

The life risk industry increased its focus on new business sales through strong competition in individual group risk by launching new direct channels to attract customers and investing in technology based underwriting.

In New Zealand (NZ), credit market instability and the property price collapse highlighted the quality of mortgage portfolios held in trust with numerous collapses and redemption freezes. Suncorp was not immune with losses of $NZ13 million recorded relating to a securitised mortgage vehicle in NZ.

We expect the challenging environment to continue in the year to 30 June 2009. To address this Suncorp Wealth Management will be focusing on simplifying the business model, structure, processes and products.

	FULL YEAR ENDED			HALF-YEAR ENDED							
	JUN-08	JUN-07	JUN-08 vs JUN-07	JUN-08	JUN-08	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
		PRO-FORMA		AUS	NZ	TOTAL		PRO-FORMA			
	$M	$M	%	$M	$M	$M	$M	$M	$M	%	%
Life Risk											
Life Risk underlying profit after tax comprises:											
Planned profit margin release	67	57	17.5	24	10	34	33	31	26	3.0	9.7
Experience deviations											
Mortality	8	5	60.0	2	3	5	3	3	2	(66.7)	66.7
Morbidity	(1)	-	n/a	1	1	2	(3)	(4)	4	(166.7)	(150.0)
Other	2	18	(88.9)	3	(3)	-	2	4	14	(100.0)	(100.0)
Total experience deviations	9	23	(60.9)	6	1	7	2	3	20	250.0	133.3
Recapture of losses	2	5	(60.0)	(1)	-	(1)	3	1	4	(133.3)	(200.0)
Life Risk underlying profit after tax	**78**	**85**	**(8.2)**	**29**	**11**	**40**	**38**	**35**	**50**	**5.3**	**14.3**

Life Risk underlying profit after tax of $78 million was a decrease of $7 million on the previous year. However, the prior year included a large one-off tax-related gain of $6 million.

Overall experience losses were small. This was due to worse than expected morbidity and persistency experience in Asteron Life Australia offset by positive experience in Suncorp Life and Asteron Life NZ. The reversal of capitalised losses on group salary continuance business partly offset these experience losses.

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	HALF-YEAR ENDED JUN-08 AUS $M	JUN-08 NZ $M	JUN-08 TOTAL $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Life Risk annual premium								
Life Risk in force								
Term and TPD	201	45	246	243	232	223	1.2	6.0
Trauma	82	11	93	90	84	78	3.3	10.7
Disability income	156	16	172	173	169	166	(0.6)	1.8
Group	147	1	148	144	102	94	2.8	45.1
Other	5	19	24	25	26	24	(4.0)	(7.7)
Total	**591**	**92**	**683**	**675**	**613**	**585**	**1.2**	**11.4**

Annual premiums reflect the balance at the end of the period, ie 30 June 2008.

In-force annual premiums on risk products increased 11.4% primarily driven by increased premiums on group risk policies.

	FULL YEAR ENDED JUN-08 $M	JUN-07 PRO-FORMA $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 AUS $M	JUN-08 NZ $M	JUN-08 TOTAL $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 PRO-FORMA $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Life Risk new business											
Term and TPD	25	23	8.7	10	2	12	13	11	12	(7.7)	9.1
Trauma	12	12	-	5	1	6	6	6	6	-	-
Disability income	13	17	(23.5)	5	1	6	7	8	9	(14.3)	(25.0)
Group	44	25	76.0	23	-	23	21	14	11	9.5	64.3
Other	16	15	6.7	7	1	8	8	8	7	-	-
Total	**110**	**92**	**19.6**	**50**	**5**	**55**	**55**	**47**	**45**	**-**	**17.0**

Life Risk new business sales increased 19.6% to $110 million. This was primarily driven by premium rate increases on group risk policies.

Term new business growth was positive, partly due to the continuing success of the Family Protect and Lifeguard products. During the year, Lifeguard was further enhanced combining the best features of the Suncorp and Asteron risk offerings resulting in a more attractive, competitive product.

In New Zealand, a group life insurance product was launched expanding their existing suite of life product offerings.

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	FULL YEAR ENDED			HALF-YEAR ENDED							
	JUN-08	JUN-07	JUN-08 vs JUN-07	JUN-08	JUN-08	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
		PRO-FORMA		AUS	NZ	TOTAL		PRO-FORMA			
	$M	$M	%	$M	$M	$M	$M	$M	$M	%	%
Funds management											
Funds Management underlying profit margin comprises:											
Retail investment	55	57	(3.5)	9	7	16	39	32	25	(59.0)	(50.0)
Distribution	(10)	(7)	42.9	(10)	-	(10)	-	(4)	(3)	n/a	150.0
Asset management	13	15	(13.3)	5	-	5	8	9	6	(37.5)	(44.4)
Total underlying profit after tax	**58**	**65**	**(10.8)**	**4**	**7**	**11**	**47**	**37**	**28**	**(76.6)**	**(70.3)**

The funds management division reported a 10.8% decrease in underlying profit after tax to $58 million for the full year to June 2008.

Retail Investment underlying profit after tax decreased by 3.5% primarily due to the value of assets backing the annuity book declining as equity markets retreated. Unit linked products were also adversely impacted as their fee income base (funds under administration) was reduced. Funds flows were also affected as investors responded to the downturn by redeeming investments and slowing applications. For the year, funds under administration reduced by 12.5% to $14.4 billion.

Underlying profit on Asset Management declined 13.3%, driven by investment market dislocation. This, in turn reduced the base on which fee income is earned (funds under management). For the year, funds under management decreased to $24.2 billion at 30 June.

Distribution recorded a loss of $10 million as lower sales through the bank channel impacted profitability.

	HALF-YEAR ENDED JUN-08 AUS $M	JUN-08 NZ $M	JUN-08 TOTAL $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Funds management position								
Wealth Management funds position								
Funds under administration								
Opening balance at start of period	11,391	5,240	16,631	16,492	15,628	14,341	0.8	6.4
Net inflows/(outflows)	(102)	71	(31)	(126)	123	(186)	(75.4)	(125.2)
Investment income and other	(1,409)	(761)	(2,170)	265	741	1,473	(918.9)	(392.8)
Balance at end of period	**9,880**	**4,550**	**14,430**	**16,631**	**16,492**	**15,628**	**(13.2)**	**(12.5)**
Funds under supervision								
Opening balance at start of period	-	31,796	31,796	31,793	31,144	27,630	0.0	2.1
Investment income and other	-	(4,294)	(4,294)	3	649	3,514	large	(761.6)
Balance at end of period	**-**	**27,502**	**27,502**	**31,796**	**31,793**	**31,144**	**(13.5)**	**(13.5)**
Funds under management								
Opening balance at start of period	23,999	3,112	27,111	27,026	26,182	24,172	0.3	3.5
Net inflows/(outflows)	(1,156)	(22)	(1,178)	(516)	(381)	235	128.3	209.2
Investment income and other	(1,460)	(290)	(1,750)	601	1,225	1,775	(391.2)	(242.9)
Balance at end of period	**21,383**	**2,800**	**24,183**	**27,111**	**27,026**	**26,182**	**(10.8)**	**(10.5)**

	HALF-YEAR ENDED JUN-08 AUS $M	JUN-08 NZ $M	JUN-08 TOTAL $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Funds under management								
General insurance	9,776	350	10,126	10,376	10,337	10,521	(2.4)	(2.0)
Life companies	6,655	929	7,584	8,872	9,053	8,580	(14.5)	(16.2)
External	4,952	1,521	6,473	7,863	7,636	7,081	(17.7)	(15.2)
Total funds under management	**21,383**	**2,800**	**24,183**	**27,111**	**27,026**	**26,182**	**(10.8)**	**(10.5)**

	FULL YEAR ENDED JUN-08 TOTAL $M	JUN-07 PRO-FORMA $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 AUS $M	JUN-08 NZ $M	JUN-08 TOTAL $M	DEC-07 $M	JUN-07 PRO-FORMA $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Retail investment new business											
Superannuation	388	544	(28.7)	114	16	130	258	300	244	(49.6)	(56.7)
Pensions	466	346	34.7	127	-	127	339	202	144	(62.5)	(37.1)
Investment	100	174	(42.5)	27	9	36	64	92	82	(43.8)	(60.9)
Total retail investment	**954**	**1,064**	**(10.3)**	**268**	**25**	**293**	**661**	**594**	**470**	**(55.7)**	**(50.7)**

Retail Investment new business declined 10.3% over the full year to June 2008 as investment market volatility dampened sentiment.

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	JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
			PRO-FORMA			
	$M	$M	$M	$M	%	%
Allocation of investments – Wealth Management						
Portfolio allocation of investments						
Statutory funds (1)						
Equities	3,949	5,470	4,921	4,592	(27.8)	(19.8)
Interest bearing securities	3,209	3,082	3,286	3,062	4.1	(2.3)
Property	385	405	598	673	(4.9)	(35.6)
Other	492	514	479	445	(4.3)	2.7
Total statutory funds	**8,035**	**9,471**	**9,284**	**8,772**	**(15.2)**	**(13.5)**
Shareholder assets (2)						
Equities	115	229	273	330	(49.8)	(57.9)
Interest bearing securities	242	188	118	145	28.7	105.1
Property	22	33	29	42	(33.3)	(24.1)
Other	56	64	91	67	(12.5)	(38.5)
Total shareholder assets	**435**	**514**	**511**	**584**	**(15.4)**	**(14.9)**

(1) Statutory funds allocation includes shareholder net assets
(2) Includes all shareholder assets above policy liabilities in statutory funds, shareholder fund and Wealth Management entities

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Appendix 1 – Consolidated income statement for the year ended 30 June 2008

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

	FULL YEAR ENDED JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %	HALF-YEAR ENDED JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Revenue									
Banking interest revenue	4,696	3,447	36.2	2,578	2,118	1,801	1,646	21.7	43.1
Banking interest expense	(3,666)	(2,537)	44.5	(2,032)	(1,634)	(1,345)	(1,192)	24.4	51.1
	1,030	910	13.2	546	484	456	454	12.8	19.7
Banking fee and commission revenue	239	220	8.6	118	121	113	107	(2.5)	4.4
Banking fee and commission expense	(90)	(80)	12.5	(46)	(44)	(40)	(40)	4.5	15.0
General insurance premium revenue [1]	6,316	3,680	71.6	3,175	3,141	2,334	1,346	1.1	36.0
Life insurance premium revenue	698	288	142.4	341	357	209	79	(4.5)	63.2
Reinsurance and other recoveries revenue	1,162	650	78.8	654	508	451	199	28.7	45.0
General insurance investment income	304	539	(43.6)	56	248	306	233	(77.4)	(81.7)
Life insurance investment income	(843)	1,061	(179.5)	(961)	118	498	563	(914.4)	(293.0)
Other revenue [2]	595	323	84.2	291	304	206	117	(4.3)	41.3
	9,411	7,591	24.0	4,174	5,237	4,533	3,058	(20.3)	(7.9)
Expenses									
Operating expenses [1]	(3,384)	(2,025)	67.1	(1,754)	(1,630)	(1,260)	(765)	7.6	39.2
General insurance claims expense	(5,100)	(2,767)	84.3	(2,486)	(2,614)	(1,788)	(979)	(4.9)	39.0
Life insurance claims expense	(411)	(165)	149.1	(199)	(212)	(122)	(43)	(6.1)	63.1
Outward reinsurance premium expense	(619)	(277)	123.5	(330)	(289)	(201)	(76)	14.2	64.2
Decrease/(Increase) in net policy liabilities	856	(573)	(249.4)	733	123	(350)	(223)	495.9	(309.4)
(Increase)/decrease in unvested policy owner benefits	(74)	47	(257.4)	6	(80)	118	(71)	(107.5)	(94.9)
Outside beneficial interests	173	(226)	(176.5)	151	22	(118)	(108)	586.4	(228.0)
Non-banking interest expense	(164)	(94)	74.5	(101)	(63)	(42)	(52)	60.3	140.5
	(8,723)	(6,080)	43.5	(3,980)	(4,743)	(3,763)	(2,317)	(16.1)	5.8
Share of profits of associates and joint ventures	11	57	(80.7)	(1)	12	24	33	(108.3)	(104.2)
Profit before impairment losses on loans and advances and tax	699	1,568	(55.4)	193	506	794	774	(61.9)	(75.7)
Impairment losses on loans and advances	(71)	(25)	184.0	(55)	(16)	(20)	(5)	243.8	175.0
Profit before tax	628	1,543	(59.3)	138	490	774	769	(71.8)	(82.2)
Income tax (expense)/benefit	(67)	(479)	(86.0)	39	(106)	(237)	(242)	(136.8)	(116.5)
Profit for the year	**561**	**1,064**	**(47.3)**	**177**	**384**	**537**	**527**	**(53.9)**	**(67.0)**
Attributable to:									
Equity holders of the Company	556	1,064	(47.7)	174	382	537	527	(54.5)	(67.6)
Minority interests	5	-	n/a	3	2	-	-	50.0	n/a
Profit for the period	**561**	**1,064**	**(47.3)**	**177**	**384**	**537**	**527**	**(53.9)**	**(67.0)**

[1] Net of General Insurance statutory fees and charges included in income and expenses in the Consolidated Interim Financial Report
[2] Other operating revenue is primarily made up of Wealth Management profit, dividend revenue, property income, trust distributions and royalty income

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Appendix 2 – Profit contribution – Banking excluding the impact of the credit card portfolio
For the year-ended 30 June 2008

	REPORTED HALF-YEAR ENDED JUN-08 $M	REPORTED HALF-YEAR ENDED DEC-07 $M	REPORTED FULL YEAR JUN-08 $M	ADJUSTMENTS HALF-YEAR ENDED JUN-08 $M	ADJUSTMENTS HALF-YEAR ENDED DEC-07 $M	ADJUSTMENTS FULL YEAR JUN-08 $M	PRO-FORMA HALF-YEAR ENDED JUN-08 $M	PRO-FORMA HALF-YEAR ENDED DEC-07 $M	PRO-FORMA FULL YEAR JUN-08 $M
Net interest income									
Interest revenue	2,533	2,126	4,659	(9)	(10)	(19)	2,524	2,116	4,640
Interest expense	(1,987)	(1,642)	(3,629)	6	7	13	(1,981)	(1,635)	(3,616)
	546	484	1,030	(3)	(3)	(6)	543	481	1,024
Net banking fee income									
Banking fee and commission revenue	118	121	239	(7)	(8)	(15)	111	113	224
Banking fee and commission expense	(47)	(44)	(91)	1	2	3	(46)	(42)	(88)
	71	77	148	(6)	(6)	(12)	65	71	136
Net profits on trading and investment securities	14	-	14	-	-	-	14	-	14
Net profits on derivative and other financial instruments	4	4	8	-	-	-	4	4	8
Other income	5	3	8	-	-	-	5	3	8
Other operating revenue	23	7	30	-	-	-	23	7	30
Non-interest income	94	84	178	(6)	(6)	(12)	88	78	166
Total income from Banking activities	640	568	1,208	(9)	(9)	(18)	631	559	1,190
Staff expenses	(179)	(160)	(339)	-	-	-	(179)	(160)	(339)
Occupancy expenses	(23)	(18)	(41)	-	-	-	(23)	(18)	(41)
Computer and depreciation expenses	(29)	(26)	(55)	-	1	1	(29)	(25)	(54)
Communication expenses	(16)	(13)	(29)	-	-	-	(16)	(13)	(29)
Advertising and promotion expenses	(20)	(11)	(31)	-	-	-	(20)	(11)	(31)
Other operating expenses	(28)	(17)	(45)	4	3	7	(24)	(14)	(38)
Operating expenses	(295)	(245)	(540)	4	4	8	(291)	(241)	(532)
Contribution to profit from Banking activities before impairment losses on loans and advances	**345**	**323**	**668**	**(5)**	**(5)**	**(10)**	**340**	**318**	**658**
Impairment losses on loans and advances	(55)	(16)	(71)	1	1	2	(54)	(15)	(69)
Contribution to profit before tax and one-off items	**290**	**307**	**597**	**(4)**	**(4)**	**(8)**	**286**	**303**	**589**
One off non-recurring items									
Net profit from credit card portfolio sale	20	-	20	(20)	-	(20)	-	-	-
Net profit from sale and recognition of fair value of Visa Inc Shares	16	-	16	(16)	-	(16)	-	-	-
Contribution to profit before tax from Banking activities	**326**	**307**	**633**	**(40)**	**(4)**	**(44)**	**286**	**303**	**589**

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Appendix 3 – Profit contribution – General Insurance excluding the impact of discount rate movements and excluding FSL
For the year ended 30 June 2008

	FULL YEAR ENDED JUN-08	JUN-07	JUN-08 vs JUN-07	HALF-YEAR ENDED JUN-08	DEC-07	JUN-07	DEC-06	JUN-08 vs DEC-07	JUN-08 vs JUN-07
		PRO-FORMA				PRO-FORMA			
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premiums [1]	6,241	6,064	2.9	3,181	3,060	3,077	2,987	4.0	3.4
Gross unearned premium movement	(118)	(104)	13.5	(108)	(10)	(96)	(8)	980.0	12.5
Gross earned premiums	6,123	5,960	2.7	3,073	3,050	2,981	2,979	0.8	3.1
Outward reinsurance expense	(441)	(410)	7.6	(245)	(196)	(208)	(202)	25.0	17.8
Net earned premium	5,682	5,550	2.4	2,828	2,854	2,773	2,777	(0.9)	2.0
Net incurred claims									
Claims expense	(5,141)	(4,849)	6.0	(2,493)	(2,648)	(2,664)	(2,185)	(5.9)	(6.4)
Reinsurance and other recoveries revenue	1,009	1,096	(7.9)	567	442	738	358	28.3	(23.2)
	(4,132)	(3,753)	10.1	(1,926)	(2,206)	(1,926)	(1,827)	(12.7)	-
Total operating expenses									
Acquisition expenses [2]	(1,013)	(986)	2.7	(482)	(531)	(497)	(489)	(9.2)	(3.0)
Other underwriting expenses	(436)	(437)	(0.2)	(253)	(183)	(227)	(210)	38.3	11.5
	(1,449)	(1,423)	1.8	(735)	(714)	(724)	(699)	2.9	1.5
Underwriting result	101	374	(73.0)	167	(66)	123	251	(353.0)	35.8
Investment income – insurance funds	506	504	0.4	289	217	269	235	33.2	7.4
Insurance trading result	607	878	(30.9)	456	151	392	486	202.0	16.3
Managed schemes net contribution	47	21	123.8	13	34	7	14	(61.8)	85.7
Joint venture and other income	17	65	(73.8)	(2)	19	26	39	(110.5)	(107.7)
General Insurance operational earnings	671	964	(30.4)	467	204	425	539	128.9	9.9
Investment revenue – shareholder funds	(232)	354	(165.5)	(260)	28	148	206	(1,028.6)	(275.7)
Contribution to profit from General Insurance activities before tax and capital funding	439	1,318	(66.7)	207	232	573	745	(10.8)	(63.9)
Capital funding [3]	(132)	(95)	38.9	(72)	(60)	(49)	(46)	20.0	46.9
Contribution to profit from General Insurance activities before tax	**307**	**1,223**	**(74.9)**	**135**	**172**	**524**	**699**	**(21.5)**	**(74.2)**

[1] Net of Fire Service Levies (FSL) of $93 million (Dec-07: $96 million; Jun-07: $86 million; Dec-06: $96 million)
[2] Net of certain statutory fees and charges included in income and expenses in the Interim Consolidated Financial Report
[3] Includes interest expense on subordinated debt and preference shares allocated to General Insurance as described in Appendix 6

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Appendix 4 – Operating expenses

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

	FULL YEAR ENDED			HALF-YEAR ENDED					
	JUN-08 $M	JUN-07 $M	JUN-08 vs JUN-07 %	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M	JUN-08 vs DEC-07 %	JUN-08 vs JUN-07 %
Operating expenses									
Staff expenses	1,559	1,010	54.4	726	833	629	381	(12.8)	15.4
Total staff expenses	1,559	1,010	54.4	726	833	629	381	(12.8)	15.4
Equipment and occupancy expenses									
Depreciation:									
Buildings	1	1	-	-	1	1	-	(100.0)	(100.0)
Plant, equipment and software	69	33	109.1	41	28	20	13	46.4	105.0
Leasehold improvements	19	13	46.2	10	9	9	4	11.1	11.1
Loss on disposal of property, plant and equipment	7	2	250.0	6	1	1	1	500.0	500.0
Operating lease rentals	148	74	100.0	86	62	47	27	38.7	83.0
Other	34	23	47.8	18	16	14	9	12.5	28.6
Total equipment and occupancy expenses	278	146	90.4	161	117	92	54	37.6	75.0
Other expenses									
Hardware, software and data line expenses	126	61	106.6	79	47	37	24	68.1	113.5
Advertising and promotion expenses	195	131	48.9	108	87	88	43	24.1	22.7
Office supplies, postage and printing	90	76	18.4	33	57	44	32	(42.1)	(25.0)
Amortisation:									
Trade names	24	20	20.0	12	12	20	-	-	(40.0)
Consumer relationships	237	86	175.6	119	118	86	-	0.8	38.4
Outstanding claims liability intangible	36	18	100.0	18	18	18	-	-	-
Franchise agreements	2	1	100.0	2	-	1	-	n/a	100.0
Software	86	49	75.5	39	47	35	14	17.0	11.4
Acquisition costs – insurance activities	396	124	219.4	306	90	37	87	240.0	727.0
Financial expenses	201	150	34.0	111	90	91	59	23.3	22.0
Other	154	153	0.7	40	114	82	71	(64.9)	(51.2)
Total other expenses	1,547	869	78.0	867	680	539	330	27.5	60.9
Total operating expenses	**3,384**	**2,025**	**67.1**	**1,754**	**1,630**	**1,260**	**765**	**7.6**	**39.2**

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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

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Appendix 5 – Definitions continued

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
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, personal 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 in force annual premiums	Total annualised statistical premium for all business in force at the disclosure date (including new business written during the period).
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period.
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consist of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities.
Net interest margin	Net interest income divided by average interest earning assets.
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities.
Net tangible asset backing-basic	Shareholders' equity attributable to members of the Company less intangibles divided by ordinary shares at the end of the period adjusted for treasury shares. 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	Ordinary shares at the end of the period multiplied by ordinary dividend per share for the period divided by operating profit after tax. Ordinary shares are adjusted for treasury shares.

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Appendix 5 – Definitions continued

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. Diluted shares are adjusted for treasury shares.
Retail Banking	Home, personal and small business loans, savings and transaction accounts.
Return on average risk weighted assets	Banking operating profit after tax (based on assumed tax rate of 30%) divided by average risk weighted assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on average total assets	Operating profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on average shareholders' equity-basic	Operating profit after tax divided by adjusted average ordinary shareholders' equity. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on average shareholders' equity-diluted	Operating profit after tax divided by adjusted average ordinary shareholders' equity. The ordinary shareholders' equity includes funds generated on outstanding options. Averages are based on beginning and end of period balances. The ratio is annualised for half years.
Return on equity – Banking	Operating profit after tax 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 policyowners' interests and one-off items.
Wealth Management	Life insurance and superannuation administration services, funds management, financial planning and funds administration.

Appendices

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Appendix 6 – Ratio calculations

Earnings per share

	FULL YEAR ENDED JUN-08 NO. OF SHARES	FULL YEAR ENDED JUN-07 NO. OF SHARES	HALF-YEAR ENDED JUN-08 NO. OF SHARES	HALF-YEAR ENDED DEC-07 NO. OF SHARES	HALF-YEAR ENDED JUN-07 NO. OF SHARES	HALF-YEAR ENDED DEC-06 NO. OF SHARES
Denominator						
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	929,957,044	670,878,920	937,578,960	922,417,974	766,656,997	576,662,441

	FULL YEAR ENDED JUN-08 $M	FULL YEAR ENDED JUN-07 $M	HALF-YEAR ENDED JUN-08 $M	HALF-YEAR ENDED DEC-07 $M	HALF-YEAR ENDED JUN-07 $M	HALF-YEAR ENDED DEC-06 $M
Numerator						
Earnings:						
Earnings used in calculating basic and diluted earnings per share	556	1,064	174	382	537	527

Return on average shareholders' equity – basic

Numerator

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

	FULL YEAR ENDED JUN-08 $M	FULL YEAR ENDED JUN-07 $M	HALF-YEAR ENDED JUN-08 $M	HALF-YEAR ENDED DEC-07 $M	HALF-YEAR ENDED JUN-07 $M	HALF-YEAR ENDED DEC-06 $M
Denominator						
Adjusted average shareholders' equity:						
Opening total equity	12,391	4,435	12,385	12,391	4,876	4,435
Less minority interests	(1)	-	(3)	(1)	-	-
Opening adjusted equity	12,390	4,435	12,382	12,390	4,876	4,435
Closing total equity	12,366	12,391	12,366	12,385	12,391	4,876
Less minority interests	(6)	(1)	(6)	(3)	(1)	-
Closing adjusted equity	12,360	12,390	12,360	12,382	12,390	4,876
Average adjusted equity	**12,375**	**8,413**	**12,371**	**12,386**	**8,633**	**4,656**

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.

	FULL YEAR ENDED		HALF-YEAR ENDED			
	JUN-08 $M	JUN-07 $M	JUN-08 $M	DEC-07 $M	JUN-07 $M	DEC-06 $M
Denominator						
Adjusted average shareholders' equity:						
Opening total equity	12,391	4,435	12,385	12,391	4,876	4,435
Less minority interests	(1)	-	(3)	(1)	-	-
Plus funds generated on outstanding options	-	5	-	-	-	5
Opening adjusted equity	12,390	4,440	12,382	12,390	4,876	4,440
Closing total equity	12,366	12,391	12,366	12,385	12,391	4,876
Less minority interests	(6)	(1)	(6)	(3)	(1)	-
Closing adjusted equity	12,360	12,390	12,360	12,382	12,390	4,876
Average adjusted equity	**12,375**	**8,415**	**12,371**	**12,386**	**8,633**	**4,658**

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Appendices

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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.

	AS AT 30 JUNE 2008					
	BANKING $M	GENERAL INSUR-ANCE $M	WEALTH MANAGE-MENT $M	OTHER $M	CONSOL-IDATION $M	TOTAL $M
Reconciliation of net profit after tax for diluted return on average shareholders' equity calculations						
Profit before tax	633	307	30	(23)	(319)	628
Less tax expense	(68)	(33)	(3)	2	35	(67)
Net profit	565	274	27	(21)	(284)	561
Reconciliation of average adjusted equity for diluted return on average shareholders' equity calculations						
Opening adjusted equity June 2007:						
Opening total equity	11,662	3,159	839	314	(3,583)	12,391
Adjustment for investment in subsidiaries	(9,704)	-	-	-	9,704	-
Notional reallocation of subordinated debt and preference shares [1]	547	(547)	-	-	-	-
Adjusted opening equity	2,505	2,612	839	314	6,121	12,391
Closing adjusted equity June 2008:						
Closing total equity	11,919	3,011	838	406	(3,808)	12,366
Adjustment for investment in subsidiaries	(9,821)	-	-	-	9,821	-
Notional reallocation of subordinated debt and preference shares [1]	793	(793)	-	-	-	-
Adjusted closing equity	2,891	2,218	838	406	6,013	12,366
Adjusted average equity	2,698	2,415	839	360	6,067	12,379
Diluted return on average shareholders' equity	**20.94%**	**11.3%**	**3.2%**	**(5.8%)**	**n/a**	**4.5%**
June 2007						
Subordinated debt and preference shares on issue	1,342	1,004				2,346
Add back currency revaluations and mark to market	120	13				133
Notional reallocation of subordinated debt and pref shares	(547)	547				-
Balance used for allocation of servicing charge	**915**	**1,564**	-	-	-	**2,479**
June 2008						
Opening balance subordinated debt and preference shares	1,342	1,004				2,346
Subordinated debt issued	738					738
Subordinated debt redeemed	(226)					(226)
Preference shares issued	735					735
Change in book value	(28)	(64)				(92)
Closing balance subordinated debt and preference shares	2,561	940	-	-	-	3,501
Add back currency revaluations and mark to market	149	88				237
Notional reallocation of subordinated debt	(793)	793				-
Balance used for calculation of capital funding	**1,917**	**1,821**	-	-	-	**3,738**

[1] The Group notionally allocates subordinated debt and preference shares classified as debt between Banking and General Insurance based on their relative shares of Group regulatory capital. This results in a notional allocation from the Bank to General Insurance as the Bank physically carries all preference shares and the subordinated debt of the Group except for $940 million in General Insurance. The notional allocation adjusts the "free capital" of the business lines. The capital funding expense shown in General Insurance for the current half-year reflects its calculated share of Group subordinated debt and preference shares.

Appendix 7 – Details of share capital

	JUN-08	DEC-07	JUN-07	DEC-06
Ordinary shares each fully paid				
Number at the end of the period	955,528,255	931,078,475	924,894,058	565,706,921
Dividend declared for the period (cents per share)	55	52	55	52
Reset Preference shares (classified as liability) each fully paid				
Number at the end of the period	1,440,628	1,440,628	1,440,628	1,440,628
Dividend declared for the period ($ per share) (1)	2.53	2.55	2.51	2.80
Convertible Preference shares (classified as liability) each fully paid				
Number at the end of the period	7,350,000	-	-	-
Dividend declared for the period ($ per share)	-	-	-	-
Non-participating shares fully paid				
Number at the end of the period	2,000	2,000	2,000	2,000

(1) Classified as interest expense

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Appendix 8 – Key dates [1]

Ordinary shares (SUN)

2008

Final dividend

Ex dividend date [2]	29 August
Record date	4 September
Dividend payment	1 October

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

2008

Ex interest date [2]	9 August
Record date	15 August
Interest payment	1 September

Reset Preference Shares (SUNPA)

2008

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

Convertible Preference Shares (SUNPB)

2008

Ex dividend date [2]	29 August
Record date	4 September
Dividend payment	15 September
Ex dividend date [2]	3 December
Record date	9 December
Dividend payment	15 December

Results announcements

2009

Interim Results and interim dividend announcement	24 February

[1] Dates may be subject to change.
[2] Subject to ASX confirmation.