

SUNCORP-METWAY LIMITED AND SUBSIDIARIES

ABN 66 010 831 722

Consolidated interim financial report for the half-year ended 31 December 2015

Contents	Page
Directors' Report.....	1
Lead Auditor's Independence Declaration	4
Consolidated interim statement of comprehensive income.....	5
Consolidated interim statement of financial position	6
Consolidated interim statement of changes in equity.....	7
Consolidated interim statement of cash flows	8
Notes to the consolidated interim financial statements	9
1. Reporting entity	9
2. Basis of preparation	9
3. Dividends	10
4. Segment reporting	10
5. Net operating income.....	10
6. Loans and advances.....	11
7. Provision for impairment on loans and advances.....	11
8. Issues and repayments of debt securities	12
9. Share capital and capital notes.....	13
10. Fair value of financial instruments	13
11. Related parties.....	15
12. Contingent assets and liabilities.....	15
13. Subsequent events	15
Directors' declaration.....	16
Independent auditor's review report to the members of Suncorp-Metway Limited	17

Directors' Report

The directors present their report together with the consolidated interim financial report of the consolidated entity (the **Group**) being Suncorp-Metway Limited (the **Company**) and its subsidiaries for the half-year ended 31 December 2015 and the auditor's review report thereon.

1. Directors

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

Non-executive

Dr Zygmunt E Switkowski AO (Chairman)	Director since 2005
William J Bartlett	Director since 2003
Audette E Exel AO	Director since 2012
Sally A Herman	Appointed 22 October 2015
Ewoud J Kulk	Director since 2007
Christine F McLoughlin	Director since 2015
Dr Douglas F McTaggart	Director since 2012
Geoffrey T Ricketts CNZM	Director since 2007

Executive

Michael A Cameron (CEO and Managing Director)	Appointed 1 October 2015 (Non-executive director from 2012 to 30 September 2015)
Patrick J R Snowball	Resigned 30 September 2015

2. Dividends

A 2015 final dividend on ordinary shares of \$161 million (59 cents per share) was paid on 31 August 2015. The Company paid the following dividends on capital notes during the half-year:

- \$6 million (120 cents per note) on 16 September 2015
- \$5 million (119 cents per note) on 16 December 2015

A 2016 interim dividend on ordinary shares of \$184 million (68 cents per share) and a \$6 million (122 cents per note) dividend on capital notes for the quarter ending 16 March 2016 has been determined by the directors.

Further details of dividends on ordinary shares provided for or paid are set out in note 3 to the consolidated interim financial statements.

3. Review of operations

3.1.

Overview of the Group

The Group delivered a net profit after tax attributable to owners of the Company of \$194 million for the half-year end 31 December 2015 (December 2014: \$176 million), up 10.2%. The result was driven by strong credit experience and a continued focus on quality lending.

3.2.

Financial position and capital structure

The Group has net assets of \$3,741 million (June 2015: \$3,714 million). The increase in net assets of \$27 million comprises the profit for the half-year of \$194 million, partially offset by \$161 million final dividends in respect of 30 June 2015.

During the half-year, the Group's Common Equity Tier 1 (**CET 1**) ratio increased to 9.41% (June 2015: 9.13%), and the Total Capital Ratio increased to 13.93% (June 2015: 13.83%). The Group maintains a strong capital position above its CET1 target operating range of 8.5% - 9.0%.

The Company's Basel III APS 330 Public Disclosures are made available at suncorpgroup.com.au/investors/regulatory-disclosures.

3.3.

Review of principal businesses

Net interest income increased 2.4% to \$566 million (December 2014: \$553 million). The net interest margin (**NIM**) improved by two basis points (**bps**) to 1.85%, with market-wide repricing offsetting increases in funding costs and heightened competition. The NIM sits at the top end of the target operating range of 1.75% to 1.85%.

Operating expenses were \$326 million for the half-year (December 2014: \$322 million). Disciplined cost management continued, notwithstanding extensive transformational investment. This encompassed organisational restructures and capability enhancements in advance of the new technology platform (**Ignite**) completion.

Total loans and advances grew 1.8% to \$52.9 billion (June 2015: \$52.0 billion), with home lending growth of 3.0% despite intense price competition in the half-year. The Group pursued growth outside its traditional Queensland market with 60% of new business originating interstate supported by strengthened capability in the intermediary channel. Business lending contracted 3.0% during the half-year to \$9.5 billion (June 2015: \$9.8 billion), partially driven by better than expected seasonal repayments from cropping and livestock proceeds in the agribusiness portfolio.

The Group's significant investment in risk management capability, culture and technology, including the Basel II Advanced Accreditation program, has driven better understanding of the risk and profit drivers. This has enabled the Group to deliver strong credit experience in a low growth, low rate environment through the run-off of poor quality assets and by continuing its cautious and prudent lending approach. Impairment losses on loans and advances were \$11 million (December 2014: \$43 million), representing 4 bps of gross loans and advances. Gross non-performing loans reduced 9.7% to \$557 million (June 2015: \$617 million). Gross impaired assets decreased 19.3% to \$176 million (June 2015: \$218 million), representing 33 bps of gross loans and advances.

Retail deposits remain the core source of funding, with a deposit to loan ratio of 65.6%, comfortably within the Group's 60% to 70% target range. The Suncorp Group's A+/A1 rating continued to provide a competitive advantage allowing access to both secured and unsecured markets and significant diversification and flexibility.

4. Events subsequent to reporting date

There has not arisen in the interval between 31 December 2015 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.

5. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2015.

6. Rounding of amounts

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

Signed in accordance with a resolution of the directors.

Dr Zygmunt E Switkowski AO
Chairman

Michael A Cameron
CEO and Managing Director

11 February 2016



Lead Auditor's Independence Declaration

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the directors of Suncorp-Metway Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

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

KPMG

Jillian Richards

Partner
Brisbane

11 February 2016

Consolidated interim statement of comprehensive income

For the half-year ended 31 December 2015

	NOTE	Dec 2015	Dec 2014
		\$m	\$m
Interest income	5.1	1,335	1,461
Interest expense	5.1	(769)	(908)
Net interest income	5.1	566	553
Other operating income	5.2	49	64
Total net operating income		615	617
Operating expenses		(326)	(322)
Impairment loss on loans and advances	7.2	(11)	(43)
Profit before tax		278	252
Income tax expense		(84)	(76)
Profit for the period attributable to owners of the Company		194	176
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in fair value of cash flow hedges		20	23
Net change in fair value of available-for-sale financial assets		(3)	3
Income tax expense		(5)	(7)
Total other comprehensive income		12	19
Total comprehensive income for the period attributable to owners of the Company		206	195

Consolidated interim statement of financial position

As at 31 December 2015

	NOTE	Dec 2015	Jun 2015
		\$m	\$m
Assets			
Cash and cash equivalents		765	591
Receivables due from other banks		464	595
Trading securities		1,119	1,384
Derivatives		663	651
Investment securities		5,520	6,245
Loans and advances	6	52,941	51,961
Deferred tax assets		47	81
Other assets		212	203
Total assets		61,731	61,711
Liabilities			
Payables due to other banks		401	297
Deposits and short-term borrowings		44,022	44,431
Derivatives		358	401
Payables and other liabilities		422	599
Securitisation liabilities	8	3,154	3,651
Debt issues	8	8,891	7,876
Subordinated notes	8	742	742
Total liabilities		57,990	57,997
Net assets		3,741	3,714
Equity			
Share capital		2,648	2,648
Capital notes		450	450
Reserves		(262)	(224)
Retained profits		905	840
Total equity attributable to owners of the Company		3,741	3,714

Consolidated interim statement of changes in equity

For the half-year ended 31 December 2015

	NOTE	Share capital \$m	Capital notes \$m	Reserves \$m	Retained profits \$m	Total equity \$m
Balance as at 1 July 2015		2,648	450	(224)	840	3,714
Profit after tax for the period		-	-	-	194	194
Total other comprehensive income for the period		-	-	12	-	12
Total comprehensive income for the period		-	-	12	194	206
Transactions with owners, recorded directly in equity						
Dividends paid	3	-	-	-	(172)	(172)
Transfers		-	-	(50)	50	-
Other movements		-	-	-	(7)	(7)
Balance as at 31 December 2015		2,648	450	(262)	905	3,741
Balance as at 1 July 2014		2,565	450	(239)	730	3,506
Profit after tax for the period		-	-	-	176	176
Total other comprehensive income for the period		-	-	19	-	19
Total comprehensive income for the period		-	-	19	176	195
Transactions with owners, recorded directly in equity						
Dividends paid	3	-	-	-	(68)	(68)
Transfers		-	-	(7)	7	-
Balance as at 31 December 2014		2,565	450	(227)	845	3,633

Consolidated interim statement of cash flows

For the half-year ended 31 December 2015

	Dec 2015	Dec 2014
	\$m	\$m
Cash flows used in operating activities		
Interest received	1,314	1,455
Interest paid	(813)	(959)
Other operating income received	124	118
Operating expenses paid	(522)	(395)
Income tax paid	(118)	(64)
<i>Net decrease (increase) in operating assets</i>		
Trading securities	264	(702)
Loans and advances	(937)	(414)
<i>Net (decrease) increase in operating liabilities</i>		
Deposits and short-term borrowings	(356)	923
Net cash used in operating activities	(1,044)	(38)
Cash flows from (used in) investing activities		
Net proceeds from (payments for) investment securities	779	(151)
Net cash from (used in) investing activities	779	(151)
Cash flows from (used in) financing activities		
Net increase (decrease) in borrowings	376	(279)
Dividends paid	(172)	(68)
Net cash from (used in) financing activities	204	(347)
Net decrease in cash and cash equivalents	(61)	(536)
Cash and cash equivalents at the beginning of the period	889	1,309
Cash and cash equivalents at the end of the period	828	773
Cash and cash equivalents at the end of the period comprises:		
Cash and cash equivalents	765	521
Receivables due from other banks	464	566
Payables due to other banks	(401)	(314)
	828	773

Notes to the consolidated interim financial statements

1. Reporting entity

Suncorp-Metway Limited (the **Company**) is a public company domiciled in Australia. Its registered office is at Level 28, 266 George Street, Brisbane, Qld 4000.

The Company is an Authorised Deposit-taking Institution (ADI) and its principal activities during the course of the half-year were the provision of banking and related services to the retail, corporate and commercial sectors in Australia.

The Company's parent entity is SBGH Limited, with Suncorp Group Limited being the ultimate parent entity. Suncorp Group is defined to be Suncorp Group Limited and its subsidiaries.

The consolidated interim financial statements for the half-year ended 31 December 2015 comprise the Company and its subsidiaries (the **Group**) and were authorised for issue by the Board of Directors on 11 February 2016.

2. Basis of preparation

The consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all of the information required for a full consolidated annual financial report, and should be read in conjunction with the consolidated financial report of the Group for the financial year ended 30 June 2015 and any public announcements made by Suncorp Group Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange (ASX) Listing Rules. The consolidated financial report of the Group for the financial year ended 30 June 2015 is available upon request from the Company's registered office or at suncorpgroup.com.au.

As the Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998, all financial information presented has been rounded to the nearest one million dollars unless otherwise stated.

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report for the financial year ended 30 June 2015.

Use of estimates and judgments

The preparation of consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. The estimates and associated accounting assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Where revisions are made to accounting estimates, any financial impact is recognised in the period in which the estimate is revised.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial report as at and for the financial year ended 30 June 2015.

3. Dividends

	Dec 2015		Dec 2014	
	¢ per share/ note	\$m	¢ per share/ note	\$m
Dividend payments on ordinary shares				
2015 final dividend (December 2014: 2014 final dividend)	59	161	21	56
Dividend payments on capital notes				
September quarter	120	6	130	6
December quarter	119	5	127	6
Total dividends on capital notes		11		12
Dividends not recognised in the consolidated interim statement of financial position				
<i>Dividends determined since balance date</i>				
2016 interim dividend (December 2014: 2015 interim dividend)	68	184	63	165
March quarterly dividend on capital notes	122	6	128	6
		190		171

4. Segment reporting

The basis of segmentation and basis of measurement of segment results are the same as those applied by the Group in its consolidated financial report for the financial year ended 30 June 2015.

As the Group operates in only one segment, all results of the Group, as presented in these consolidated interim financial statements, relate to the Banking segment for the current and prior periods. All revenue of the Group is from external customers.

5. Net operating income

5.1.

Net interest income

	Dec 2015	Dec 2014
	\$m	\$m
Interest income		
Cash and cash equivalents	9	11
Receivables due from other banks	1	2
Trading securities	18	24
Investment securities	100	127
Loans and advances	1,207	1,297
Total interest income	1,335	1,461
Interest expense		
Deposits and short-term borrowings	(525)	(642)
Derivatives	(42)	(51)
Securitisation liabilities	(57)	(65)
Debt issues	(127)	(130)
Subordinated notes	(18)	(20)
Total interest expense	(769)	(908)
Net interest income	566	553

5.2.

Other operating income

	Dec 2015	Dec 2014
	\$m	\$m
Other operating income		
Banking fee and commission income	101	100
Banking fee and commission expense	(66)	(65)
Net banking fee and commission income	35	35
Net profits on derivative and other financial instruments:		
Realised	1	7
Unrealised	1	3
Other income	12	19
	14	29
Other operating income	49	64

6. Loans and advances

	Dec 2015	Jun 2015
	\$m	\$m
<i>Financial assets at amortised cost</i>		
Housing loans	43,046	41,785
Consumer loans	345	380
Business loans	9,461	9,753
Other lending	-	25
Loans to related parties	268	226
	53,120	52,169
Provision for impairment	(179)	(208)
Total loans and advances	52,941	51,961
Current	12,757	11,563
Non-current	40,184	40,398
Total loans and advances	52,941	51,961

7. Provision for impairment on loans and advances

7.1.

Reconciliation of provision for impairment on loans and advances

	Dec 2015	Dec 2014
	\$m	\$m
Collective provision		
Balance at the beginning of the period	126	120
(Credit) charge against impairment losses	(7)	9
Balance at the end of the period	119	129
Specific provision		
Balance at the beginning of the period	82	106
Charge against impairment losses	16	32
Impaired assets written off	(35)	(29)
Unwind of discount	(3)	(5)
Balance at the end of the period	60	104
Total provisions	179	233

7.2.**Impairment loss on loans and advances**

	Dec 2015	Dec 2014
	\$m	\$m
(Decrease) increase in collective provision for impairment	(7)	9
Increase in specific provision for impairment	16	32
Bad debts written off	4	2
Bad debts recovered	(2)	-
Total impairment loss on loans and advances	11	43

8. Issues and repayments of debt securities

	Short-term offshore debt securities ¹	Securitisation liabilities	Debt issues	Subordinated notes
	\$m	\$m	\$m	\$m
Balance as at 1 July 2015	2,776	3,651	7,876	742
Issues	2,290	-	1,624	-
Repayments	(2,480)	(505)	(743)	-
Fair value, foreign exchange and other movements	(53)	8	134	-
Balance as at 31 December 2015	2,533	3,154	8,891	742
Balance as at 1 July 2014	2,711	3,598	6,839	742
Issues	3,850	-	2,063	-
Repayments	(3,330)	(749)	(1,378)	-
Fair value, foreign exchange and other movements	234	23	203	-
Balance as at 31 December 2014	3,465	2,872	7,727	742

¹ Disclosed within the consolidated interim statement of financial position category of 'Deposits and short-term borrowings'.

9. Share capital and capital notes

There has been no issue or buy-back of share capital or capital notes during the current or prior half-year. As at 31 December 2015, the number of ordinary shares on issue was 271,467,584 and the number of capital notes on issue was 4,500,000.

10. Fair value of financial instruments

Fair values are categorised by a three-level hierarchy which identifies the inputs to valuation techniques used to measure fair value:

- Level 1 – derived from quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date
- Level 2 – derived from other than quoted prices included within Level 1 that are observable for the financial instruments, either directly or indirectly
- Level 3 – fair value measurement is not based on observable market data.

10.1.

Financial assets and liabilities not recognised and measured at fair value

The following table presents a comparison of carrying value and fair value of financial assets and liabilities that are not recognised and measured at fair value, where their carrying value is not a reasonable approximation of fair value. The significant assumptions and estimates used in determining their fair values are consistent to those used in the financial year ended 30 June 2015.

	NOTE	Carrying value \$m	Fair value			Total \$m
			Level 1 \$m	Level 2 \$m	Level 3 \$m	
As at 31 December 2015						
Financial assets						
Held-to-maturity investments ¹		2,995	-	3,009	-	3,009
Loans and advances	6	52,941	-	-	53,003	53,003
Financial liabilities						
Deposits and short-term borrowings at amortised cost ²		41,489	-	41,034	-	41,034
Securitised liabilities	8	3,154	-	3,182	-	3,182
Debt issues	8	8,891	-	8,930	-	8,930
Subordinated notes	8	742	-	743	-	743
As at 30 June 2015						
Financial assets						
Held-to-maturity investments ¹		3,642	-	3,665	-	3,665
Loans and advances	6	51,961	-	-	53,260	53,260
Financial liabilities						
Deposits and short-term borrowings at amortised cost ²		41,655	-	41,262	-	41,262
Securitised liabilities	8	3,651	-	3,689	-	3,689
Debt issues	8	7,876	-	7,968	-	7,968
Subordinated notes	8	742	-	756	-	756

¹Disclosed within the consolidated interim statement of financial position category of 'Investment securities'.

²Disclosed within the consolidated interim statement of financial position category of 'Deposits and short-term borrowings'.

10.2.**Financial assets and liabilities recognised and measured at fair value**

The following table presents the financial assets and liabilities that are recognised and measured at fair value categorised by the fair value hierarchy.

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
As at 31 December 2015				
Financial assets				
Trading securities	-	1,119	-	1,119
Available-for-sale financial assets ¹	-	2,525	-	2,525
Derivatives	1	662	-	663
Financial liabilities				
Short-term offshore borrowings designated at fair value through profit or loss ²	-	2,533	-	2,533
Derivatives	-	358	-	358
As at 30 June 2015				
Financial assets				
Trading securities	-	1,384	-	1,384
Available-for-sale financial assets ¹	-	2,603	-	2,603
Derivatives	1	650	-	651
Financial liabilities				
Short-term offshore borrowings designated at fair value through profit or loss ²	-	2,776	-	2,776
Derivatives	-	384	17	401

There have been no significant transfers between Level 1 and Level 2 during the current or prior half-year. Transfers are deemed to have occurred at the end of the reporting period.

Level 3 derivatives relate to long-dated interest rate swaps and cross currency swaps in relation to the Apollo securitisation trusts where a significant input is the amortisation profile of the mortgage portfolio. The valuation methodology for derivative financial instruments classified within Level 3 of the fair value hierarchy is based on market data using observable quoted rates for actively traded tenor points. Where interpolation is used to value an instrument for the correct time periods, observable inputs such as the bank bill swap rate (**BBSW**) yield curves and swap curve rates are used.

The Group's exposure to Level 3 financial instruments is restricted to an insignificant component of the portfolios to which they belong, such that any change in the assumptions used to value the instruments to a reasonably possible alternative do not have a material effect on the portfolio balance or the Group's results.

The following table discloses the movements in Level 3 derivative financial instruments. During the half-year ended 31 December 2015, the Group reclassified \$12 million of derivative liabilities from Level 3 to Level 2 due to changes in the observability of market inputs.

	Dec 2015		Dec 2014	
	Derivatives		Derivatives	
	Asset \$m	Liability \$m	Asset \$m	Liability \$m
Balance at the beginning of the period	-	(17)	34	(70)
Total gains or (losses) included in profit or loss ³	-	5	5	5
Settlements	-	-	(27)	40
Transfer out to Level 2	-	12	-	-
Balance at the end of the period	-	-	12	(25)

¹ Disclosed within the consolidated interim statement of financial position category of 'Investment securities'.

² Disclosed within the consolidated interim statement of financial position category of 'Deposits and short-term borrowings'.

³ All gains or (losses) included in the profit or loss relate to assets and liabilities held at the end of the period (i.e. unrealised).

11. Related parties

Arrangements for related parties continue to be in place as disclosed in the consolidated financial report for the financial year ended 30 June 2015.

12. Contingent assets and liabilities

There have been no material changes in contingent assets or contingent liabilities since 30 June 2015.

13. Subsequent events

There has not arisen in the interval between 31 December 2015 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.

Directors' declaration

In the opinion of the directors of Suncorp-Metway Limited (the **Company**):

1. The consolidated interim financial statements and notes set out on pages 5 to 15, are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dr Zygmunt E Switkowski AO
Chairman

Michael A Cameron
CEO and Managing Director

11 February 2016



Independent auditor's review report to the members of Suncorp-Metway Limited

We have reviewed the accompanying interim financial report of Suncorp-Metway Limited (the **Company**), which comprises the consolidated interim statement of financial position as at 31 December 2015, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Suncorp-Metway Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Suncorp-Metway Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Jillian Richards

Partner
Brisbane

11 February 2016