

SUNCORP-METWAY LIMITED AND SUBSIDIARIES

ABN 66 010 831 722

Consolidated interim financial report
For the half-year ended 31 December 2016

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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 2016 and the auditor's review report thereon. Terms that are defined appear in bold the first time they are used.

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	Director since 2015
Ewoud J Kulk	Director since 2007
Christine F McLoughlin	Director since 2015
Dr Douglas F McTaggart	Director since 2012
Geoffrey T Ricketts CNZM	Retired 22 September 2016

Executive

Michael A Cameron (CEO and Managing Director)	Director since 2015 (Non-executive director from 2012 to 30 September 2015)
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2. Dividends

A 2016 final dividend on ordinary shares of \$175 million (64 cents per share) was paid on 31 August 2016. The Company paid the following dividends on capital notes during the half-year:

- \$5 million (120 cents per note) on 16 September 2016
- \$5 million (111 cents per note) on 19 December 2016

A 2017 interim dividend on ordinary shares of \$154 million (57 cents per share) 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 \$203 million for the half-year ended 31 December 2016 (December 2015: \$194 million). The result was driven by strong risk management and credit quality.

3.2. Financial position and capital structure

The Group has net assets of \$3,736 million (June 2016: \$3,738 million). The change in net assets was driven by total comprehensive income for the half-year of \$183 million offset by a \$175 million 2016 final dividend on ordinary shares and \$10 million in dividends paid to capital note holders.

The Common Equity Tier 1 (**CET1**) capital ratio continued to be strong at 9.15% (June 2016: 9.15%) and remains above the target range of 8.5% to 9.0%. Return on CET1 capital increased to 13.5% (June 2016: 13.3%) and remains within the target range of 12.5% to 15.0%.

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 decreased 1.4% to \$558 million (December 2015: \$566 million), due to cumulative impacts from regulatory and economic factors. Challenging market conditions continued due to reductions to the RBA cash rate and sharp industry competition for customer deposits. The impact was partially mitigated through active use of diversified wholesale funding programs. The net interest margin (NIM) declined 7 basis points (**bps**) to 1.78% (December 2015: 1.85%) and remains within the target operating range of 1.75% to 1.85%.

Operating expenses were \$307 million for the half-year (December 2015: \$326 million), a reduction of 5.8% resulting in an improvement in the cost to income ratio to 51.4%. This was a result of disciplined cost management in the low growth, low margin environment. The Group continues to prioritise its recalibration of costs while investing in the core banking platform and organisational change.

Total loans and advances of \$54,047 million remained broadly flat (June 2016: \$54,134 million), following the Group's decision to refrain from participating in intense market competition during a period of unsustainable deposit and lending pricing across the industry. Business lending continued to grow, increasing by 1.3% over the half-year, supported by a prudent risk appetite and a focus on segment diversification.

The Group continues to benefit from robust credit quality and risk management during the half-year, with impairment losses on loans and advances of \$1 million (December 2015: \$11 million) representing less than 1 bps (annualised) of gross loans and advances. Credit losses experienced by the Group during the half-year were partially mitigated by reductions in provisions from the settlement of non-performing loans. The Group has conducted detailed analysis of inherently higher risk portfolio segments and is confident in the credit quality across its loan portfolio. A very limited exposure to inner-city apartments and the resources sector has been maintained during the half-year.

The Group's deposit-to-loan ratio of 67.2% is within the target operating range of 60% to 70%.

Periods of heightened volatility demonstrate the benefit of access to a range of funding instruments in both domestic and offshore markets. The Group's long-term issuer ratings of 'A+/A1/A+' and well-diversified wholesale funding position create a genuine competitive advantage.

4. Events subsequent to reporting date

There has not arisen in the interval between end of the half-year and the date of this report any 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 in future financial years.

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 2016.

6. Rounding of amounts

The Company is of a kind referred to in *Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191* dated 24 March 2016 and in accordance with that legislative instrument, amounts in the Directors' report and consolidated interim financial report have been rounded to the nearest one million dollars unless otherwise stated.

Signed in accordance with a resolution of the directors.

DR ZIGGY SWITKOWSKI AO

Chairman of the Board

9 February 2017

MICHAEL CAMERON

CEO & Managing Director

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 2016 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

9 February 2017

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2016

	Note	Dec 2016 \$M	Dec 2015 \$M
Interest income	5.1	1,261	1,335
Interest expense	5.1	(703)	(769)
Net interest income	5.1	558	566
Other operating income	5.2	39	49
Total net operating income		597	615
Operating expenses		(307)	(326)
Impairment loss on loans and advances	7.2	(1)	(11)
Profit before income tax		289	278
Income tax expense		(86)	(84)
Profit for the period attributable to owners of the Company		203	194
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Net change in fair value of cash flow hedges		(36)	20
Net change in fair value of available-for-sale financial assets		7	(3)
Income tax benefit (expense)		9	(5)
Total other comprehensive (loss) income		(20)	12
Total comprehensive income for the period attributable to owners of the Company		183	206

The consolidated interim statement of comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	Dec 2016 \$M	Jun 2016 \$M
Assets			
Cash and cash equivalents		1,323	1,028
Receivables due from other banks		473	552
Trading securities		1,597	1,497
Derivatives		729	675
Investment securities		5,304	5,225
Loans and advances	6	54,047	54,134
Due from related parties		332	295
Deferred tax assets		48	44
Other assets		207	166
Total assets		64,060	63,616
Liabilities			
Payables due to other banks		512	332
Deposits and short-term borrowings	8	46,477	45,421
Derivatives		377	498
Payables and other liabilities		366	346
Due to related parties		61	135
Securitisation liabilities	9	2,204	2,544
Debt issues	9	9,585	9,860
Subordinated notes	9	742	742
Total liabilities		60,324	59,878
Net assets		3,736	3,738
Equity			
Share capital	10	2,648	2,648
Capital notes	10	450	450
Reserves		(290)	(270)
Retained profits		928	910
Total equity attributable to owners of the Company		3,736	3,738

The consolidated interim statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2016

	Note	Share capital \$M	Capital notes \$M	Reserves \$M	Retained profits \$M	Total equity \$M
Balance as at 1 July 2016		2,648	450	(270)	910	3,738
Profit for the period		-	-	-	203	203
Total other comprehensive loss for the period		-	-	(20)	-	(20)
Total comprehensive income for the period		-	-	(20)	203	183
Transactions with owners, recorded directly in equity						
Dividends paid	3	-	-	-	(185)	(185)
Balance as at 31 December 2016		2,648	450	(290)	928	3,736
Balance as at 1 July 2015		2,648	450	(224)	840	3,714
Profit 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

The consolidated interim statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2016

	Note	Dec 2016 \$M	Dec 2015 \$M
Cash flows from operating activities			
Interest received		1,256	1,314
Interest paid		(730)	(813)
Other operating income received		112	124
Operating expenses paid		(396)	(386)
Compensation to related parties for tax payment		(119)	(118)
<i>Net (increase) decrease in operating assets</i>			
Trading securities		(100)	264
Loans and advances		87	(937)
<i>Net increase (decrease) in operating liabilities</i>			
Deposits and short-term borrowings		983	(492)
Net cash from (used in) operating activities		1,093	(1,044)
Cash flows from investing activities			
Net (payments) proceeds from the sale and purchase of investment securities		(246)	779
Net cash (used in) from investing activities		(246)	779
Cash flows from financing activities			
Proceeds from borrowings		1,716	1,624
Repayment of borrowings		(2,342)	(1,248)
Dividends paid		(185)	(172)
Net cash (used in) from financing activities		(811)	204
Net increase (decrease) in cash and cash equivalents		36	(61)
Cash and cash equivalents at the beginning of the period		1,248	889
Cash and cash equivalents at the end of the period		1,284	828
Cash and cash equivalents at the end of the period comprises:			
Cash and cash equivalents		1,323	765
Receivables due from other banks		473	464
Payables due to other banks		(512)	(401)
		1,284	828

The consolidated interim statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2016

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 consolidated interim financial statements for the half-year ended 31 December 2016 comprise the Company and its subsidiaries (the **Group**) and were authorised for issue by the Board of Directors on 9 February 2017.

The Group's 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 Group conducts the Banking operations of the Suncorp Group.

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

The Company is an Authorised Deposit-taking Institution (**ADI**).

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 2016 and any public announcements made by the Group 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 2016 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 Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191* dated 24 March 2016, 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 2016.

Where necessary, comparatives have been restated to conform to changes in presentation in the current half-year.

2.1 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 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 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 2016.

3. Dividends

	Dec 2016		Dec 2015	
	Cents per share/ note	\$M	Cents per share/ note	\$M
Dividend payments on ordinary shares				
2016 final dividend (December 2015: 2015 final dividend)	64	175	59	161
Dividend payments on capital notes				
September quarter	120	5	120	6
December quarter	111	5	119	5
Total dividends on capital notes		10		11
Total dividends		185		172
Dividends not recognised in the consolidated interim statement of financial position				
<i>Dividends determined since balance date</i>				
2017 interim dividend (December 2015: 2016 interim dividend)	57	154	68	184
2016 March quarterly dividend on capital notes	-	-	122	6
		154		190

4. Segment reporting

There has been no change to the Group's segments as a result of Suncorp Group's transition to the new operating model effective 1 July 2016.

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 2016.

As the Group operates in only one segment, the consolidated results of the Group are also its segment results 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 2016 \$M	Dec 2015 \$M
Interest income		
Cash and cash equivalents	4	9
Receivables due from other banks	2	1
Trading securities	16	18
Investment securities	88	100
Loans and advances	1,151	1,207
Total interest income	1,261	1,335
Interest expense		
Deposits and short-term borrowings:		
at amortised cost	(465)	(520)
designated at fair value through profit and loss	(14)	(5)
Derivatives	(21)	(42)
Securitisation liabilities	(36)	(57)
Debt issues	(150)	(127)
Subordinated notes	(17)	(18)
Total interest expense	(703)	(769)
Net interest income	558	566

5.2. Other operating income

	Dec 2016 \$M	Dec 2015 \$M
Other operating income		
Banking fee and commission income	100	101
Banking fee and commission expense	(65)	(66)
Net banking fee and commission income	35	35
Net gains (losses) on:		
Trading securities	2	(1)
Financial liabilities designated at fair value through the profit and loss	2	1
Derivative and other financial instruments	(2)	2
Other revenue	2	12
	4	14
Other operating income	39	49

6. Loans and advances

	Note	Dec 2016 \$M	Jun 2016 \$M
<i>Financial assets at amortised cost</i>			
Housing loans		44,075	44,252
Consumer loans		268	312
Business loans		9,845	9,716
Other lending		7	18
Gross loans and advances		54,195	54,298
Provision for impairment	7	(148)	(164)
Total loans and advances		54,047	54,134
Current		12,338	12,194
Non-current		41,709	41,940
Total loans and advances		54,047	54,134

7. Provision for impairment on loans and advances

7.1 Reconciliation of provision for impairment on loans and advances

	Dec 2016 \$M	Dec 2015 \$M
Collective provision		
Balance at the beginning of the period	108	126
Write-back against impairment losses	(6)	(7)
Balance at the end of the period	102	119
Specific provision		
Balance at the beginning of the period	56	82
New and increased individual provisioning	20	28
Write-back of provisions no longer required	(20)	(12)
Impaired provision written off	(7)	(35)
Unwind of discount	(3)	(3)
Balance at the end of the period	46	60
Total provisions for impairment	148	179

7.2 Impairment loss on loans and advances

	Dec 2016 \$M	Dec 2015 \$M
Decrease in collective provision for impairment	(6)	(7)
Increase in specific provision for impairment	-	16
Bad debts written off	8	4
Bad debts recovered	(1)	(2)
Total impairment loss on loans and advances	1	11

8. Deposits and short-term borrowings

	Dec 2016 \$M	Jun 2016 \$M
<i>Financial liabilities at amortised cost</i>		
Call deposits	18,824	17,671
Term deposits	17,451	18,471
Short-term securities issued	6,972	6,511
Offshore borrowings	127	87
Total financial liabilities at amortised cost	43,374	42,740
<i>Financial liabilities designated at fair value through profit or loss</i>		
Offshore borrowings	3,103	2,681
Total deposits and short-term borrowings	46,477	45,421
Current	45,526	44,492
Non-current	951	929
Total deposits and short-term borrowings	46,477	45,421

Deposits and short-term borrowings outstanding at 31 December 2016 of \$303 million (30 June 2016: \$300 million) have been obtained under repurchase agreements with the Reserve Bank of Australia.

9. Issues and repayments of debt securities

	Short-term offshore debt securities ¹ \$M	Securitisation liabilities \$M	Debt issues \$M	Subordinated notes \$M
Balance as at 1 July 2016	2,681	2,544	9,860	742
Issues	2,924	-	1,716	-
Repayments	(2,676)	(342)	(2,000)	-
Fair value, foreign exchange and other movements	174	2	9	-
Balance as at 31 December 2016	3,103	2,204	9,585	742
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

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

10. Share capital and capital notes

	Number of ordinary shares	Issued capital \$M
Balance as at 1 July 2016	271,467,584	2,648
Balance as at 31 December 2016	271,467,584	2,648
Balance as at 1 July 2015	271,467,584	2,648
Balance as at 31 December 2015	271,467,584	2,648

Capital notes

There has been no issue or buy-back of capital notes during the current or prior half-year. As at 31 December 2016, the number of capital notes on issue was 4,500,000.

11. 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.

Financial assets and liabilities measured at fair value

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

	Dec 2016				Jun 2016			
	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Financial assets								
Trading securities	-	1,597	-	1,597	-	1,497	-	1,497
Available-for-sale financial assets ¹	-	4,044	-	4,044	-	3,867	-	3,867
Derivatives	1	728	-	729	1	674	-	675
	1	6,369	-	6,370	1	6,038	-	6,039
Financial liabilities								
Short-term offshore borrowings designated as financial liabilities at fair value through profit or loss ²	-	3,103	-	3,103	-	2,681	-	2,681
Derivatives	-	377	-	377	-	498	-	498
	-	3,480	-	3,480	-	3,179	-	3,179

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'.

There have been no significant transfers between Level 1 and Level 2 and no transfers into or out of Level 3 during the current or prior half-year. Transfers are deemed to have occurred at the end of the reporting period.

11. Fair value of financial instruments (continued)

Financial assets and liabilities not measured at fair value

The table below discloses a comparison of carrying value and fair value of financial assets and liabilities that are not measured at fair value after initial recognition, 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 with those used in the financial year ended 30 June 2016.

	Note	Carrying value \$M	Fair value			Total \$M
			Level 1 \$M	Level 2 \$M	Level 3 \$M	
As at 31 December 2016						
Financial assets						
Held-to-maturity investments		1,260	-	1,269	-	1,269
Loans and advances	6	54,047	-	-	54,073	54,073
Financial liabilities						
Deposits and short-term borrowings at amortised cost		43,374	-	43,396	-	43,396
Securitised liabilities	9	2,204	-	2,204	-	2,204
Debt issues	9	9,585	-	9,601	-	9,601
Subordinated notes	9	742	-	727	-	727
As at 30 June 2016						
Financial assets						
Held-to-maturity investments		1,358	-	1,374	-	1,374
Loans and advances	6	54,134	-	-	54,237	54,237
Financial liabilities						
Deposits and short-term borrowings at amortised cost		42,740	-	42,814	-	42,814
Securitised liabilities	9	2,544	-	2,540	-	2,540
Debt issues	9	9,860	-	9,913	-	9,913
Subordinated notes	9	742	-	732	-	732

12. 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 2016.

13. Contingent assets and liabilities

There have been no material changes in contingent assets or contingent liabilities since 30 June 2016.

14. Subsequent events

There has not arisen in the interval between the end of the half-year and the date of this report any 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 in future financial years.

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 17, 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 2016 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 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 ZIGGY SWITKOWSKI AO

Chairman

9 February 2017

MICHAEL CAMERON

CEO & Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUNCORP-METWAY LIMITED



We have reviewed the accompanying consolidated interim financial report of Suncorp-Metway Limited (the **Company**), which comprises the consolidated interim statement of financial position as at 31 December 2016, 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 14 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.

Responsibility of the directors for the consolidated interim financial report

The directors of the Company are responsible for the preparation of the consolidated 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 for the review of the consolidated interim financial report

Our responsibility is to express a conclusion on the consolidated 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 consolidated 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 2016 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 a consolidated 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 consolidated 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 2016 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

9 February 2017