24 April 2013

SUNCORP BANK APS330 REPORT AND NATURAL HAZARD UPDATE

Key Points – APS330

- Core Bank total lending increased 2% over the quarter to $46.7 billion
- Core Bank impairment losses were $18 million for the quarter
- Core Bank gross impaired assets remained relatively flat at $221 million
- Non-core portfolio reduced $0.4 billion to under $3 billion
- Non-core impairment losses were $58 million for the quarter
- No new impairments in the Non-Core portfolio
- Non-core gross impaired loans reduced by $229 million for the quarter to $1.4 billion

Suncorp Bank today provided an update on assets, credit quality and capital as at 31 March 2013 as required under Australian Prudential Standard 330.

Momentum in home and business lending growth was maintained despite subdued economic conditions and lower system growth levels.

Suncorp Bank CEO David Foster said the Core Bank continued to deliver positive lending growth in the third quarter with home lending up 1.9% and business lending up 2.8%. Business lending trends were driven by steady growth in both the commercial and agribusiness segments as the Bank continued to expand its brand presence.

“The Bank’s lending growth is underpinned by access to a range of stable retail and wholesale funding markets. Over 95% of the lending portfolio is funded by customer deposits and long term wholesale funding, with limited reliance on short term funding,” he said.

The Bank has maintained momentum in growing the number of transaction accounts and increasing complete customer penetration.

The Non-core portfolio reduced by $0.4 billion in the quarter. The outstanding balance at 31 March 2013 was less than $3 billion. There are now 25 loans with balances above $50 million.

Mr Foster said the pace of run off continued to track ahead of original expectations, with the portfolio approximately 17% of its original size and representing just 6% of the Bank's total lending assets.

“We expect the Non-core portfolio to reduce to below $2.7 billion by June 2013,” he said.

“The objective is to maximise the amount of capital that can be returned to the Group and ultimately to shareholders. The significant capital and liquidity buffers provide the opportunity to assess the full range of run down options without needing to accelerate sales on unfavourable terms.”

Gross impaired loans in the Non-core portfolio reduced by $229 million over the quarter to $1.4 billion. There were no new impairments in the Non-Core portfolio.

General Insurance - natural hazard claims update

For the period from 1 July 2012 to 31 March 2013, Suncorp's total natural hazard claims were $537 million (FY13 allowance: $520 million). The largest event to date has been ex-Tropical Cyclone Oswald where the estimated claims cost has increased to $250 million, net of the Queensland home portfolio quota share arrangement and other reinsurance. Other significant events include the Tasmania bushfires in January (estimated cost $30 million) and the New South Wales storms and flooding in February (estimated cost $30 million).

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Suncorp Group Limited ABN 66 145 290 124

Suncorp Bank APS330

the quarter ended 31 March 2013

Release date: 24 April 2013

One Company
Many Brands

Basis of preparation

This document has been prepared by the Suncorp Bank to meet the disclosure obligations set down under the Australian Prudential Regulation Authority (APRA) Australian Prudential Standard (APS) 330 Capital Adequacy: Public Disclosure of Prudential Information.

Suncorp Bank is represented by Suncorp-Metway Ltd and its subsidiaries. Suncorp-Metway Ltd is an authorised deposit-taking institution and a wholly owned subsidiary of Suncorp Group Limited. Suncorp Group is represented by Suncorp Group Limited and its subsidiaries.

In addition to presenting consolidated information on the Suncorp Bank, this document is disaggregated into Core and Non-core Banks to allow separate analysis given their unique lending profiles. The Core and Non-core Bank tables represent an indicative view of relative performance and are presented separately in this document, with consolidated tables available in the appendices.

Other than statutory information required by a regulator (including APRA), all financial information is measured in accordance with Australian Accounting Standards. All figures have been quoted in Australian dollars and have been rounded to the nearest million.

This document has not been audited nor reviewed in accordance with Australian Auditing Standards. It should be read in conjunction with the Suncorp Group's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards.

This disclosure was prepared as at 31 March 2013 and should be read in conjunction with the definitions in Appendix 3 and other information concerning Suncorp Group filed with the Australian Securities Exchange.

Disclaimer

This report contains general information which is current as at 24 April 2013. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to the Suncorp Group and Suncorp Bank or any product or service offered by its entities. It is not intended to be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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 Group's intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the date of this report. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which are beyond Suncorp Group's control, which may cause actual results to differ materially from those expressed or implied.

Suncorp Group and Suncorp Bank 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).

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Table of contents

Basis of Preparation **2**
Core Bank **4**
Loans, advances and other receivables 4
Overview 4
Impairment losses on loans and advances 5
Impaired and past due asset balances 6
Provision for impairment 7
Non-core Bank **8**
Loans, advances and other receivables 8
Overview 8
Impairment losses on loans and advances 10
Impaired and past due asset balances 11
Provision for impairment 12
Appendix 1 – Consolidated Bank **13**
Appendix 2 – APS330 tables **16**
Appendix 3 – Definitions **23**
Appendix 4 – Suncorp Bank updated Slide Information **24**

Core Bank

Loans, advances and other receivables

	MAR-13 $M	DEC-12 $M	MAR-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs MAR-12 %
Housing loans	29,714	28,614	28,482	3.8	4.3
Securitised housing loans	6,916	7,349	4,421	(5.9)	56.4
Total housing loans	36,630	35,963	32,903	1.9	11.3
Consumer loans	472	464	505	1.7	(6.5)
Retail loans	37,102	36,427	33,408	1.9	11.1
Commercial (SME)	5,472	5,297	4,890	3.3	11.9
Agribusiness	4,125	4,039	3,680	2.1	12.1
Business loans	9,597	9,336	8,570	2.8	12.0
Total lending	**46,699**	**45,763**	**41,978**	**2.0**	**11.2**
Other receivables	63	24	19	162.5	231.6
Gross banking loans, advances and other receivables	**46,762**	**45,787**	**41,997**	**2.1**	**11.3**
Provision for impairment	(130)	(124)	(128)	4.8	1.6
Loans, advances and other receivables	**46,632**	**45,663**	**41,869**	**2.1**	**11.4**
Credit risk weighted assets	**24,226**	**23,349**	**21,883**	**3.8**	**10.7**
Geographical breakdown - Total lending					
Queensland	27,794	27,488	26,076	1.1	6.6
New South Wales	10,496	10,080	8,580	4.1	22.3
Victoria	4,094	3,976	3,696	3.0	10.8
Western Australia	2,966	2,902	2,465	2.2	20.3
South Australia and other	1,349	1,317	1,161	2.4	16.2
Outside of Queensland loans	18,905	18,275	15,902	3.4	18.9
Total lending	**46,699**	**45,763**	**41,978**	**2.0**	**11.2**

Overview

The Core Bank continued to deliver positive lending growth in the third quarter with home lending up 1.9% and business lending up 2.8%. Business lending trends were driven by steady growth in both the commercial and agribusiness segments as the Bank continues to expand its brand presence in diversified geographic markets.

The expected seasonal increase in the Core Bank's past due loans occurred during the third quarter, however they remain low as a percentage of gross lending. This reflects Suncorp's conservative portfolio which comprises a high proportion of owner occupiers with an average home loan size of less than $300,000. New lending is focused on customers seeking to borrow less than $500,000. The Bank has limited exposure to “low doc” mortgages.

The Core Bank's lending growth is underpinned by the Bank's access to a range of stable retail and wholesale funding markets. Over 95% of the Core lending portfolio is funded by customer deposits and long term wholesale instruments. In delivering this outcome, the Bank has maintained momentum in growing the number of transaction accounts and increased complete customer penetration.

Personal Lending

Personal lending receivables including securitised assets increased to $37.1 billion, up 1.9% in the quarter.

The home lending portfolio continues to grow above system, with the Bank benefiting from its interstate expansion and an established indirect channel.

The consumer lending portfolio, comprising personal loans and margin lending, increased 1.7% over the quarter. The modest increase resulted mainly from improved customer sentiment.

Business Lending

Commercial (SME)

Suncorp Bank's commercial (SME) lending portfolio increased to $5.5 billion, up 3.3% over the quarter, reflecting good underlying growth in a market characterised by low business confidence and competition for refinance lending. The result also reflects the strength of the Suncorp's pricing and product proposition in this segment.

The Bank continues to balance its appetite for growth against the need to maintain sound credit quality across the portfolio.

Agribusiness

The agribusiness portfolio grew to $4.1 billion, up 2.1% over the quarter. National market share has increased, while in Queensland, agribusiness has returned to historical growth and profitability patterns.

The sustained momentum over the quarter is largely the result of interstate expansion, pricing and process initiatives put in place throughout the year. These initiatives will continue to underpin business lending performance into the new financial year.

Impairment losses on loans and advances

	MAR-13 $M	DEC-12 $M	SEP-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs SEP-12 %
Collective provision for impairment	2	2	1	-	100.0
Specific provision for impairment	16	12	12	33.3	33.3
Actual net write-offs	-	2	3	(100.0)	(100.0)
	18	**16**	**16**	**12.5**	**12.5**
Impairment losses to credit risk weighted assets (annualised)	**0.30%**	**0.27%**	**0.28%**		

Impairment losses have trended at the high end of the Core Bank's normal operating range throughout the financial year.

Impairment losses were 30 basis points (annualised) to credit risk weighted assets in the quarter due to an increase in bad debt expense. The bad debt expense was $18 million, with the increase in specific provision charges related to a small number of existing impaired business related exposures.

Impaired and past due asset balances

	MAR-13 $M	DEC-12 $M	SEP-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs SEP-12 %
Gross balances of individually impaired loans					
with specific provisions set aside	166	140	183	18.6	(9.3)
without specific provisions set aside	55	76	52	(27.6)	5.8
Gross impaired assets	221	216	235	2.3	(6.0)
Specific provision for impairment	(42)	(38)	(44)	10.5	(4.5)
Net impaired assets	179	178	191	0.6	(6.3)
Size of gross impaired assets					
Less than one million	33	30	23	10.0	43.5
Greater than one million but less than ten million	113	100	117	13.0	(3.4)
Greater than ten million	75	86	95	(12.8)	(21.1)
	221	216	235	2.3	(6.0)
Past due loans not shown as impaired assets	336	265	275	26.8	22.2
Gross non-performing loans	557	481	510	15.8	9.2
Analysis of movements in gross impaired assets					
Balance at the beginning of the period	216	235	241	(8.1)	(10.4)
Recognition of new impaired assets	33	45	33	(26.7)	-
Increases in previously recognised impaired assets	1	1	1	-	-
Impaired assets written off/sold during the period	(10)	(15)	(12)	(33.3)	(16.7)
Impaired assets which have been reclassed as performing assets or repaid	(19)	(50)	(28)	(62.0)	(32.1)
Balance at the end of the period	**221**	**216**	**235**	**2.3**	**(6.0)**

Impaired assets

Core gross impaired assets were relatively flat during the quarter. The home lending portfolio recorded a small increase in impairments, which related solely to exposures of less than $10 million. For exposures greater than $10 million, the balance continues to trend down.

Past due (not shown as impaired)

In line with expectations the Core Bank’s past due balances have increased during the March quarter, reflecting the seasonal uptick over the summer months. The March quarter generally is the annual peak in past due balances. In addition to the normal seasonal trends, a single medium sized business exposure became past due during the quarter.

Past due home lending exposures as a percentage of the total home lending portfolio were 0.65% in the quarter, an improvement on the March 2012 quarter.

Core Bank

Provision for impairment

	MAR-13 $M	DEC-12 $M	SEP-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs SEP-12 %
Collective provision					
Balance at the beginning of the period	86	84	83	2.4	3.6
Charge against contribution to profit	2	2	1	-	100.0
Balance at the end of the period	88	86	84	2.3	4.8
Specific provision					
Balance at the beginning of the period	38	44	46	(13.6)	(17.4)
Charge against impairment losses	16	12	12	33.3	33.3
Write-off of impaired assets	(10)	(15)	(12)	(33.3)	(16.7)
Unwind of interest	(2)	(3)	(2)	(33.3)	-
Balance at the end of the period	42	38	44	10.5	(4.5)
Total provision for impairment - Core Banking activities	130	124	128	4.8	1.6
Equity reserve for credit loss					
Balance at the beginning of the period	107	104	102	2.9	4.9
Transfer (to)/from retained earnings	3	3	2	n/a	n/a
Balance at the end of the period	110	107	104	2.8	5.8
Pre-tax equivalent coverage	157	153	149	2.6	5.4
Total provision for impairment and equity reserve for credit loss coverage - Core Banking activities	287	277	277	3.6	3.6

	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	39.8	39.8	35.7
Specific provision	19.0	17.6	18.7
Total provision	58.8	57.4	54.5
Equity reserve for credit loss coverage	71.0	70.8	63.4
Total provision and equity reserve for credit loss coverage	129.9	128.2	117.9

The Core Bank continues to be well provisioned with total provision and equity reserve for credit losses (ERCL) coverage remaining above 100%. The small improvement in the coverage ratio over the quarter was due to the higher provision and reserve balances and relatively stable impairment balances.

Non-core Bank

Loans, advances and other receivables

	MAR-13 $M	DEC-12 $M	MAR-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs MAR-12 %
Corporate	573	703	1,351	(18.5)	(57.6)
Development finance	1,224	1,325	1,715	(7.6)	(28.6)
Property investment	1,186	1,394	2,233	(14.9)	(46.9)
Non-core portfolio	**2,983**	**3,422**	**5,299**	**(12.8)**	**(43.7)**
Other receivables	12	7	18	71.4	(33.3)
Gross banking loans, advances and other receivables	2,995	3,429	5,317	(12.7)	(43.7)
Provision for impairment	(288)	(349)	(434)	(17.5)	(33.6)
Loans, advances and other receivables	**2,707**	**3,080**	**4,883**	**(12.1)**	**(44.6)**
Credit risk weighted assets	**3,557**	**4,074**	**6,228**	**(12.7)**	**(42.9)**

Overview

The Non-core portfolio reduced by $0.4 billion in the quarter. The outstanding balance at 31 March 2013 was less than $3.0 billion. There are now 25 loans with balances above $50 million, down from 121 at the establishment of the Non-core bank.

The pace of run off continues to track ahead of original expectations, with the portfolio approximately 17% of its original size and representing just 6% of the Bank's total lending assets. The Bank expects the Non-core portfolio to reduce to below $2.7 billion by June 2013.

The Bank's strategy continues to be to manage its Non-core exposures in a manner designed to maximise the amount of capital that can be returned to the Group and ultimately to shareholders. The significant capital and liquidity buffers provide the opportunity to assess the full range of run down options available for each individual exposure without needing to accelerate sales on unfavourable terms.

Gross non performing loans, which include both impaired and past due balances, reduced by approximately $250 million over the quarter to $1.45 billion. There were no new impairments in the quarter.

The Bank’s previous guidance was for the Non-core portfolio to be below $3 billion by June 2013. Given the progress of the run-off and a more optimistic view of refinance markets, the Bank expects the portfolio will be below $2.7 billion by June 2013, with less than 50% of the outstanding balance being impaired. At that time, the Group will be well placed to review its strategic options.

Business Portfolios

Development finance

The Development finance portfolio continues to decline, reducing by a further $0.1 billion since December 2012 to $1.2 billion.

Conditions in the development finance property markets remain challenging with excess supply in some areas, particularly for higher-end product and vacant land. Sale opportunities are evident for completed projects and the pace of sale has picked up in some sub markets over the past few months.

The portfolio includes $1.0 billion of impaired assets across a combination of asset classes, including vacant land and a small number of assets which carry continuing development risk. The majority of the impaired portfolio comprises assets located in Queensland and New South Wales.

Corporate and Leasing finance

The Corporate and Leasing portfolio continued to run off over the March quarter, reducing a further $0.1 billion to $0.6 billion. Impaired asset constitute just 4% of this portfolio.

Refinance markets are generally robust in this segment of the portfolio, although appetite remains exposure-specific. Many customers have favourable pricing terms and this has discouraged refinancing.

Property investment

Property investment includes assets such as shopping centres, commercial offices, and industrial warehouses and excludes construction projects.

The property investment portfolio has reduced by $0.2 billion to $1.2 billion. The portfolio includes $0.4 billion of impaired assets.

With vacancy rates remaining at relatively low levels, appetite has slowly improved for investors and financiers in this segment. However, loan to valuation ratios following property price depreciation do constrain refinance activity. Purchasers are showing interest in acquiring quality properties in proven locations.

Impairment losses on loans and advances

	MAR-13 $M	DEC-12 $M	SEP-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs SEP-12 %
Collective provision for impairment	(8)	4	(11)	(300.0)	(27.3)
Specific provision for impairment	65	97	75	(33.0)	(13.3)
Actual net write-offs	1	(5)	2	(120.0)	(50.0)
	58	**96**	**66**	**(39.6)**	**(12.1)**
Impairment losses to credit risk weighted assets (annualised)	**6.61%**	**9.35%**	**5.53%**		

Impairment losses were lower in the March quarter, with the specific provision charge of $65 million comprising:

- a $56 million specific provision charge relating to a number of existing impaired exposures across the Development Finance and Property Investment portfolios; and
- IFRS expenses due to work out date extensions of $9 million. Work out periods by their nature will continue to fluctuate given the individual circumstances of each exposure, as well as broader market conditions.

The Non-core Bank's collective provisions recorded an $8 million write back following the reduction in past due accounts over the quarter and the on-going run off of the performing portfolio.

Impaired and past due asset balances

	MAR-13 $M	DEC-12 $M	SEP-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs SEP-12 %
Gross balances of individually impaired loans					
with specific provisions set aside	1,390	1,601	1,822	(13.2)	(23.7)
without specific provisions set aside	25	43	21	(41.9)	19.0
Gross impaired assets	1,415	1,644	1,843	(13.9)	(23.2)
Specific provision for impairment	(241)	(294)	(326)	(18.0)	(26.1)
Net impaired assets	1,174	1,350	1,517	(13.0)	(22.6)
Size of gross impaired assets					
Less than one million	5	5	6	-	(16.7)
Greater than one million but less than ten million	160	165	149	(3.0)	7.4
Greater than ten million	1,250	1,474	1,688	(15.2)	(25.9)
	1,415	1,644	1,843	(13.9)	(23.2)
Past due loans not shown as impaired assets	41	59	34	(30.5)	20.6
Gross non-performing loans	1,456	1,703	1,877	(14.5)	(22.4)
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the period	1,644	1,843	1,849	(10.8)	(11.1)
Recognition of new impaired assets	-	28	143	(100.0)	(100.0)
Increases in previously recognised impaired assets	9	10	19	(10.0)	(52.6)
Impaired assets written off/sold during the period	(94)	(101)	(63)	(6.9)	49.2
Impaired assets which have been reclassed as performing assets or repaid	(144)	(136)	(105)	6.1	37.5
Balance at the end of the period	**1,415**	**1,644**	**1,843**	**(13.9)**	**(23.2)**

Gross non-performing loans

Gross non-performing loans, which includes both impaired and past due balances, reduced by approximately $250 million over the quarter. Most of this reduction related to the impaired portfolio.

Impaired assets

Non-core impaired balances reduced by over $200 million in the quarter with no new accounts entering impaired status, reflecting the maturity of this portfolio. The reduction in the non-core portfolio over the quarter also reflects an improvement in the market for distressed assets, albeit this market remains some way from a full recovery.

Past due (not shown as impaired)

Past due loans reduced by $18 million in the third quarter. This resulted in a reduction of the collective provision.

Provision for impairment

	MAR-13 $M	DEC-12 $M	SEP-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs SEP-12 %
Collective provision					
Balance at the beginning of the period	55	51	62	7.8	(11.3)
Charge against contribution to profit	(8)	4	(11)	(300.0)	(27.3)
Balance at the end of the period	47	55	51	(14.5)	(7.8)
Specific provision					
Balance at the beginning of the period	294	326	346	(9.8)	(15.0)
Charge against impairment losses	65	97	75	(33.0)	(13.3)
Write-off of impaired assets	(94)	(101)	(63)	(6.9)	49.2
Unwind of interest	(24)	(28)	(32)	(14.3)	(25.0)
Balance at the end of the period	241	294	326	(18.0)	(26.1)
Total provision for impairment - Non-Core Banking activities	288	349	377	(17.5)	(23.6)
Equity reserve for credit loss					
Balance at the beginning of the period	26	35	45	(25.7)	(42.2)
Transfer (to)/from retained earnings	-	(9)	(10)	(100.0)	(100.0)
Balance at the end of the period	26	26	35	-	(25.7)
Pre-tax equivalent coverage	37	37	50	-	(26.0)
Total provision for impairment and equity reserve for credit loss coverage - Non-core Banking activities	325	386	427	(15.8)	(23.9)

	MAR-13 %	DEC-12 %	SEP-12 %
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	3.3	3.3	2.8
Specific provision	17.0	17.9	17.7
Total provision	20.4	21.2	20.5
Equity reserve for credit loss coverage	2.6	2.3	2.7
Total provision and equity reserve for credit loss coverage	23.0	23.5	23.2

Non-core Bank provision coverage has remained largely in-line with the previous quarter.

Over the life of the portfolio, the Non-core Bank has partially written down exposures where recovery is extremely unlikely. The Non-core Bank's coverage ratio would have been over 14 percentage points higher had these partial write-downs not reduced both impaired and provision balances.

The Non-core Bank will continue to subject underlying security valuations and work out periods to regular review and assessment in order to ensure the portfolio remains appropriately provisioned for an orderly run-off in challenging domestic and global economic conditions.

Appendix 1 – Consolidated Bank

Loans, advances and other receivables

	CORE MAR-13 $M	NON-CORE MAR-13 $M	TOTAL MAR-13 $M	TOTAL DEC-12 $M	TOTAL MAR-12 $M	MAR-13 vs DEC-12 %	MAR-13 vs MAR-12 %
Housing loans	29,714	-	29,714	28,614	28,482	3.8	4.3
Securitised housing loans	6,916	-	6,916	7,349	4,421	(5.9)	56.4
Total housing loans	36,630	-	36,630	35,963	32,903	1.9	11.3
Consumer loans	472	-	472	464	505	1.7	(6.5)
Retail loans	37,102	-	37,102	36,427	33,408	1.9	11.1
Commercial (SME)	5,472	-	5,472	5,297	4,890	3.3	11.9
Corporate	-	573	573	703	1,351	(18.5)	(57.6)
Development finance	-	1,224	1,224	1,325	1,715	(7.6)	(28.6)
Property investment	-	1,186	1,186	1,394	2,233	(14.9)	(46.9)
Agribusiness	4,125	-	4,125	4,039	3,680	2.1	12.1
Business loans	9,597	2,983	12,580	12,758	13,869	(1.4)	(9.3)
Total lending	**46,699**	**2,983**	**49,682**	**49,185**	**47,277**	**1.0**	**5.1**
Other receivables	63	12	75	31	37	141.9	102.7
Gross banking loans, advances and other receivables	46,762	2,995	49,757	49,216	47,314	1.1	5.2
Provision for impairment	(130)	(288)	(418)	(473)	(562)	(11.6)	(25.6)
Loans, advances and other receivables	**46,632**	**2,707**	**49,339**	**48,743**	**46,752**	**1.2**	**5.5**
Credit risk weighted assets	**24,226**	**3,557**	**27,782**	**27,423**	**28,111**	**1.3**	**(1.2)**
Geographical breakdown - Total lending							
Queensland	27,794	1,180	28,974	28,889	28,587	0.3	1.4
New South Wales	10,496	1,179	11,675	11,431	10,401	2.1	12.2
Victoria	4,094	469	4,563	4,487	4,372	1.7	4.4
Western Australia	2,966	154	3,120	3,059	2,690	2.0	16.0
South Australia and other	1,349	1	1,350	1,319	1,227	2.4	10.0
Outside of Queensland loans	18,905	1,803	20,708	20,296	18,690	2.0	10.8
Total lending	**46,699**	**2,983**	**49,682**	**49,185**	**47,277**	**1.0**	**5.1**

Impairment losses on loans and advances

	CORE MAR-13 $M	NON-CORE MAR-13 $M	TOTAL MAR-13 $M	CORE DEC-12 $M	NON-CORE DEC-12 $M	TOTAL DEC-12 $M	CORE SEP-12 $M	NON-CORE SEP-12 $M	TOTAL SEP-12 $M
Collective provision for impairment	2	(8)	(6)	2	4	6	1	(11)	(10)
Specific provision for impairment	16	65	81	12	97	109	12	75	87
Actual net write-offs	-	1	1	2	(5)	(3)	3	2	5
	18	**58**	**76**	**16**	**96**	**112**	**16**	**66**	**82**
Impairment losses to risk weighted assets (annualised)	**0.30%**	**6.61%**	**1.11%**	**0.27%**	**9.35%**	**1.62%**	**0.28%**	**5.53%**	**1.18%**

Impaired asset balances

	CORE MAR-13 $M	NON-CORE MAR-13 $M	TOTAL MAR-13 $M	CORE DEC-12 $M	NON-CORE DEC-12 $M	TOTAL DEC-12 $M	CORE SEP-12 $M	NON-CORE SEP-12 $M	TOTAL SEP-12 $M
Gross balances of individually impaired loans									
with specific provisions set aside	166	1,390	1,556	140	1,601	1,741	183	1,822	2,005
without specific provisions set aside	55	25	80	76	43	119	52	21	73
Gross impaired assets	221	1,415	1,636	216	1,644	1,860	235	1,843	2,078
Specific provision for impairment	(42)	(241)	(283)	(38)	(294)	(332)	(44)	(326)	(370)
Net impaired assets	179	1,174	1,353	178	1,350	1,528	191	1,517	1,708
Size of gross individually impaired assets									
Less than one million	33	5	38	30	5	35	23	6	29
Greater than one million but less than ten million	113	160	273	100	165	265	117	149	266
Greater than ten million	75	1,250	1,325	86	1,474	1,560	95	1,688	1,783
	221	1,415	1,636	216	1,644	1,860	235	1,843	2,078
Past due loans not shown as impaired assets	336	41	377	265	59	324	275	34	309
Gross non-performing loans	557	1,456	2,013	481	1,703	2,184	510	1,877	2,387
Analysis of movements in gross individually impaired assets									
Balance at the beginning of the period	216	1,644	1,860	235	1,843	2,078	241	1,849	2,090
Recognition of new impaired assets	33	-	33	45	28	73	33	143	176
Increases in previously recognised impaired assets	1	9	10	1	10	11	1	19	20
Impaired assets written off/sold during the period	(10)	(94)	(104)	(15)	(101)	(116)	(12)	(63)	(75)
Impaired assets which have been reclassed as performing assets or repaid	(19)	(144)	(163)	(50)	(136)	(186)	(28)	(105)	(133)
Balance at the end of the period	**221**	**1,415**	**1,636**	**216**	**1,644**	**1,860**	**235**	**1,843**	**2,078**

Provision for impairment

	CORE MAR-13 $M	NON-CORE MAR-13 $M	TOTAL MAR-13 $M	CORE DEC-12 $M	NON-CORE DEC-12 $M	TOTAL DEC-12 $M	CORE SEP-12 $M	NON-CORE SEP-12 $M	TOTAL SEP-12 $M
Collective provision									
Balance at the beginning of the period	86	55	141	84	51	135	83	62	145
Charge against contribution to profit	2	(8)	(6)	2	4	6	1	(11)	(10)
Balance at the end of the period	88	47	135	86	55	141	84	51	135
Specific provision									
Balance at the beginning of the period	38	294	332	44	326	370	46	346	392
Charge against impairment losses	16	65	81	12	97	109	12	75	87
Write-off of impaired assets	(10)	(94)	(104)	(15)	(101)	(116)	(12)	(63)	(75)
Unwind of interest	(2)	(24)	(26)	(3)	(28)	(31)	(2)	(32)	(34)
Balance at the end of the period	42	241	283	38	294	332	44	326	370
Total provision for impairment - Banking activities	130	288	418	124	349	473	128	377	505
Equity reserve for credit loss									
Balance at the beginning of the period	107	26	133	104	35	139	102	45	147
Transfer to retained earnings	3	-	3	3	(9)	(6)	2	(10)	(8)
Balance at the end of the period	110	26	136	107	26	133	104	35	139
Pre-tax equivalent coverage	157	37	194	153	36	190	149	50	199
Total provision for impairment and equity reserve for credit loss - Banking activities	287	325	612	277	385	662	277	427	704
	%	%	%	%	%	%	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:									
Collective provision	39.8	3.3	8.3	39.8	3.3	7.6	35.7	2.8	6.5
Specific provision	19.0	17.0	17.3	17.6	17.9	17.8	18.7	17.7	17.8
Total provision	58.8	20.4	25.6	57.4	21.2	25.4	54.5	20.5	24.3
Equity reserve for credit loss coverage	71.0	2.6	11.9	70.8	2.3	10.2	63.4	2.7	9.6
Total provision and equity reserve for credit loss coverage	129.9	23.0	37.4	128.2	23.5	35.6	117.9	23.2	33.9

Appendix 2 – APS330 tables

Table 16
On balance sheet assets

	CARRYING VALUE		AVG RISK WEIGHT	RISK-WEIGHTED ASSETS		
	MAR-13	DEC-12	MAR-13	MAR-13	DEC-12 BASEL III	DEC-12 BASEL II
	$M	$M	%	$M	$M	$M
On-balance sheet credit risk-weighted assets						
Cash Items	229	232	11	26	22	22
Claims on Australian and foreign Governments	1,051	903	-	-	-	-
Claims on central banks, international banking agencies, regional development banks, ADIs and	4,874	3,928	20	975	786	786
Claims on securitisation exposures	1,680	1,389	20	336	278	278
Claims secured against eligible residential mortgages	34,864	33,836	40	13,842	13,471	13,471
Past due claims	1,869	1,973	130	2,437	2,643	2,643
Other retail assets	672	715	81	547	594	594
Corporate	9,322	9,375	100	9,311	9,366	9,366
Other assets and claims	344	265	90	308	263	263
Total Banking assets(1)	**54,905**	**52,616**	**51**	**27,782**	**27,423**	**27,423**

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

Off balance sheet positions

	NOTIONAL AMOUNT	CREDIT EQUIVALENT	AVG RISK WEIGHT	RISK-WEIGHTED ASSETS		
	MAR-13	MAR-13	MAR-13	MAR-13	DEC-12 BASEL III	DEC-12 BASEL II
	$M	$M	%	$M	$M	$M
Off-balance sheet positions						
Guarantees entered into the normal course of business	311	300	74	223	219	219
Commitments to provide loans and receivables	6,641	1,480	62	913	842	842
Capital commitments	-	-	-	-	-	-
Foreign exchange contracts	8,923	185	36	67	74	74
Interest rate contracts	40,919	199	68	136	161	161
Securitisation exposures	2,865	43	86	37	42	42
CVA capital charge				234	243	-
Total off-balance sheet positions	**59,659**	**2,207**	**73**	**1,610**	**1,581**	**1,338**
Market risk capital charge				308	388	388
Operational risk capital charge				3,285	3,285	3,285
Total on-balance sheet credit risk-weighted assets				27,782	27,423	27,423
Total Assessed Risk				**32,985**	**32,677**	**32,434**
Risk-weighted capital ratios				%	%	%
Tier 1				10.85	10.88	10.09
Tier 2				1.22	1.23	2.43
Total risk-weighted capital ratios				**12.07**	**12.11**	**12.52**
				$M	$M	$M
Common Equity Tier 1 capital				2,440	2,416	2,441
				%	%	%
Common Equity Tier 1 ratio				**7.40**	**7.39**	**7.53**

Table 17A
Credit risk by gross credit exposure – outstanding as at 31 March 2013

	RECEIVABLES DUE FROM OTHER BANKS (4)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (2)	DERIVATIVE INSTRUMENTS (2)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,810	165	-	3,975	102	48	3,825	24
Construction & development	-	-	-	1,973	99	-	2,072	948	35	1,089	179
Financial services	1,250	2,534	4,435	407	194	384	9,204	-	-	9,204	-
Hospitality	-	-	-	1,082	56	-	1,138	78	10	1,050	7
Manufacturing	-	-	-	416	21	-	437	13	1	423	5
Professional services	-	-	-	226	9	-	235	4	1	230	2
Property investment	-	-	-	3,084	70	-	3,154	359	8	2,787	43
Mortgage	-	-	-	33,956	991	-	34,947	37	236	34,674	6
Personal	-	-	-	388	33	-	421	-	5	416	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	1,851	142	-	1,993	95	33	1,865	17
Total gross credit risk	**1,250**	**2,534**	**4,435**	**47,194**	**1,780**	**384**	**57,577**	**1,636**	**377**	**55,564**	**283**
Securitisation Exposures (1)	-	-	1,680	2,780	32	11	4,503	**-**	**-**	4,503	**-**
Total including Securitisation Exposures	**1,250**	**2,534**	**6,115**	**49,974**	**1,812**	**395**	**62,080**	**1,636**	**377**	**60,067**	**283**
Impairment provision							(418)	(283)	(39)	(96)	
TOTAL							**61,662**	**1,353**	**338**	**59,971**	

(1) The securitisation exposures of $2,780 million included under "Loans advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore does not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

(2) "Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

(3) Total loans, advances and other receivables includes receivables due from related parties.

(4) Receivables due from other Banks includes collateral deposits provided to derivative counterparties.

Appendices

Table 17A
Credit risk by gross credit exposure – outstanding as at 31 December 2012

	RECEIVABLES DUE FROM OTHER BANKS (4)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (2)	DERIVATIVE INSTRUMENTS (2)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,771	179	-	3,950	114	34	3,802	29
Construction & development	-	-	-	2,071	76	-	2,147	1,040	31	1,076	209
Financial services	1,031	4,077	3,725	615	167	471	10,086	-	-	10,086	-
Hospitality	-	-	-	1,083	40	-	1,123	94	31	998	3
Manufacturing	-	-	-	428	26	-	454	13	3	438	-
Professional services	-	-	-	265	12	-	277	4	1	272	2
Property investment	-	-	-	2,968	68	-	3,036	467	19	2,550	77
Mortgage	-	-	-	32,949	990	-	33,939	31	180	33,728	5
Personal	-	-	-	383	7	-	390	-	3	387	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	1,818	122	-	1,940	97	22	1,821	7
Total gross credit risk	**1,031**	**4,077**	**3,725**	**46,352**	**1,687**	**471**	**57,343**	**1,860**	**324**	**55,159**	**332**
Securitisation Exposures [(1)]	-	-	1,389	3,130	35	14	4,568	**-**	**-**	4,568	**-**
Total including Securitisation Exposures	**1,031**	**4,077**	**5,114**	**49,482**	**1,722**	**485**	**61,911**	**1,860**	**324**	**59,727**	**332**
Impairment provision							(473)	(332)	(45)	(96)	
TOTAL							**61,438**	**1,528**	**279**	**59,631**	

[(1)] The securitisation exposures of $3,130 million included under "Loans advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore does not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

[(2)] "Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

[(3)] Total loans, advances and other receivables includes receivables due from related parties.

[(4)] Receivables due from other Banks includes collateral deposits provided to derivative counterparties.

Table 17A
Credit risk by gross credit exposure – average gross exposure over period 1 January to 31 March 2013

	RECEIVABLES DUE FROM OTHER BANKS (4)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (2)	DERIVATIVE INSTRUMENTS (2)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,791	172	-	3,963	108	41	3,814	27
Construction & development	-	-	-	2,022	88	-	2,110	994	33	1,083	194
Financial services	1,141	3,306	4,080	511	180	428	9,646	-	-	9,646	-
Hospitality	-	-	-	1,083	48	-	1,131	86	21	1,024	5
Manufacturing	-	-	-	422	24	-	446	13	2	431	3
Professional services	-	-	-	246	11	-	257	4	1	252	2
Property investment	-	-	-	3,026	69	-	3,095	413	14	2,668	60
Real estate -	-	-	-	33,453	991	-	34,444	34	208	34,202	6
Personal	-	-	-	386	20	-	406	-	4	402	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	1,835	132	-	1,967	96	28	1,843	12
Total gross credit risk	**1,141**	**3,306**	**4,080**	**46,776**	**1,735**	**428**	**57,466**	**1,748**	**352**	**55,366**	**309**
Securitisation Exposures [(1)]	-	-	1,534	2,955	34	13	4,536	**-**	-	4,536	**-**
Total including Securitisation Exposures	**1,141**	**3,306**	**5,614**	**49,731**	**1,769**	**441**	**62,002**	**1,748**	**352**	**59,902**	**309**
Impairment provision							(447)	(309)	(42)	(96)	
TOTAL							**61,555**	**1,439**	**310**	**59,806**	

(1) The securitisation exposures of $2,955 million included under “Loans advances and other receivables” qualify for regulatory capital relief under APS 120 and therefore does not contribute to the Bank’s Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

(2) “Credit commitments” and “Derivative instruments” represent the credit equivalent amount of the Bank’s off-balance sheet exposures calculated in accordance with APS 112.

(3) Total loans, advances and other receivables includes receivables due from related parties.

(4) Receivables due from other Banks includes collateral deposits provided to derivative counterparties.

Table 17A
Credit risk by gross credit exposure – average gross exposure over period 1 October to 31 December 2012

	RECEIVABLES DUE FROM OTHER BANKS (4)	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES (3)	CREDIT COMMITMENTS (2)	DERIVATIVE INSTRUMENTS (2)	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,714	170	-	3,884	148	34	3,702	28
Construction & development	-	-	-	2,183	81	-	2,264	1,078	32	1,154	225
Financial services	1,231	4,384	4,003	589	168	485	10,860	-	-	10,860	-
Hospitality	-	-	-	1,105	42	-	1,147	105	17	1,025	4
Manufacturing	-	-	-	422	31	-	453	13	2	438	-
Professional services	-	-	-	269	11	-	280	4	1	275	2
Property investment	-	-	-	2,934	74	-	3,008	475	15	2,518	77
Real estate -	-	-	-	32,265	1,148	-	33,413	29	192	33,192	5
Personal	-	-	-	384	10	-	394	-	3	391	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	1,877	118	-	1,995	118	22	1,855	12
Total gross credit risk	**1,231**	**4,384**	**4,003**	**45,743**	**1,853**	**485**	**57,699**	**1,970**	**318**	**55,411**	**353**
Securitisation Exposures (1)	-	-	1,396	3,230	35	14	4,675	**-**	-	4,675	**-**
Total including Securitisation Exposures	**1,231**	**4,384**	**5,399**	**48,973**	**1,888**	**499**	**62,374**	**1,970**	**318**	**60,086**	**353**
Impairment provision							(491)	(353)	(41)	(98)	
TOTAL							**61,882**	**1,617**	**277**	**59,988**	

(1) The securitisation exposures of $3,230 million included under "Loans advances and other receivables" qualify for regulatory capital relief under APS 120 and therefore does not contribute to the Bank's Total gross credit risk. The remaining securitisation exposures carry credit risk commensurate with their respective asset classes in accordance with APS 120.

(2) "Credit commitments" and "Derivative instruments" represent the credit equivalent amount of the Bank's off-balance sheet exposures calculated in accordance with APS 112.

(3) Total loans, advances and other receivables includes receivables due from related parties.

(4) Receivables due from other Banks includes collateral deposits provided to derivative counterparties.

Table 17B
Credit risk by portfolio – 31 March 2013

	GROSS CREDIT RISK EXPOSURE	AVERAGE GROSS EXPOSURE	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	SPECIFIC PROVISIONS	CHARGES FOR SPECIFIC PROVISIONS & WRITE OFFS
	$M	$M	$M	$M	$M	$M
Claims secured against eligible residential mortgages	34,947	34,444	37	236	6	3
Other retail	421	406	-	5	-	2
Financial services	9,204	9,646	-	-	-	-
Government and public authorities	1	1	-	-	-	-
Corporate and other claims	13,004	12,969	1,599	136	277	79
Total	57,577	57,466	1,636	377	283	84

Credit risk by portfolio – 31 December 2012

	GROSS CREDIT RISK EXPOSURE	AVERAGE GROSS EXPOSURE	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	SPECIFIC PROVISIONS	CHARGES FOR SPECIFIC PROVISIONS & WRITE OFFS
	$M	$M	$M	$M	$M	$M
Claims secured against eligible residential mortgages	33,939	33,413	31	180	5	5
Other retail	390	394	-	3	-	1
Financial services	10,086	10,860	-	-	-	-
Government and public authorities	1	1	-	-	-	-
Corporate and other claims	12,927	13,031	1,829	141	327	100
Total	57,343	57,699	1,860	324	332	106

Table 17C
General reserves for credit losses

	MAR-13	DEC-12 BASEL III	DEC-12 BASEL II
	$M	$M	$M
Collective provision for impairment	135	141	141
Ineligible Collective Provisions on Past Due not Impaired	(39)	(44)	(44)
Eligible Collective Provisions	**96**	**97**	**97**
FITB relating to eligible collective provision	-	-	(29)
Equity Reserve for credit losses	136	133	133
General Reserve for Credit losses	**232**	**230**	**201**

Table 18A: Summary of securitisation activity for the period

	EXPOSURES SECURITISED		RECOGNISED GAIN OR (LOSS) ON SALE	
	MAR-13	DEC-12	MAR-13	DEC-12
	$M	$M	$M	$M
Residential mortgages	-	-	-	-
Total exposures securitised during the period	**-**	**-**	**-**	**-**

Table 18B(i): Aggregate of on-balance sheet securitisation exposures by exposure type

	EXPOSURE	EXPOSURE
	MAR-13	DEC-12
Exposure type	$M	$M
Debt securities	1,680	1,389
Total on-balance sheet securitisation exposures	1,680	1,389

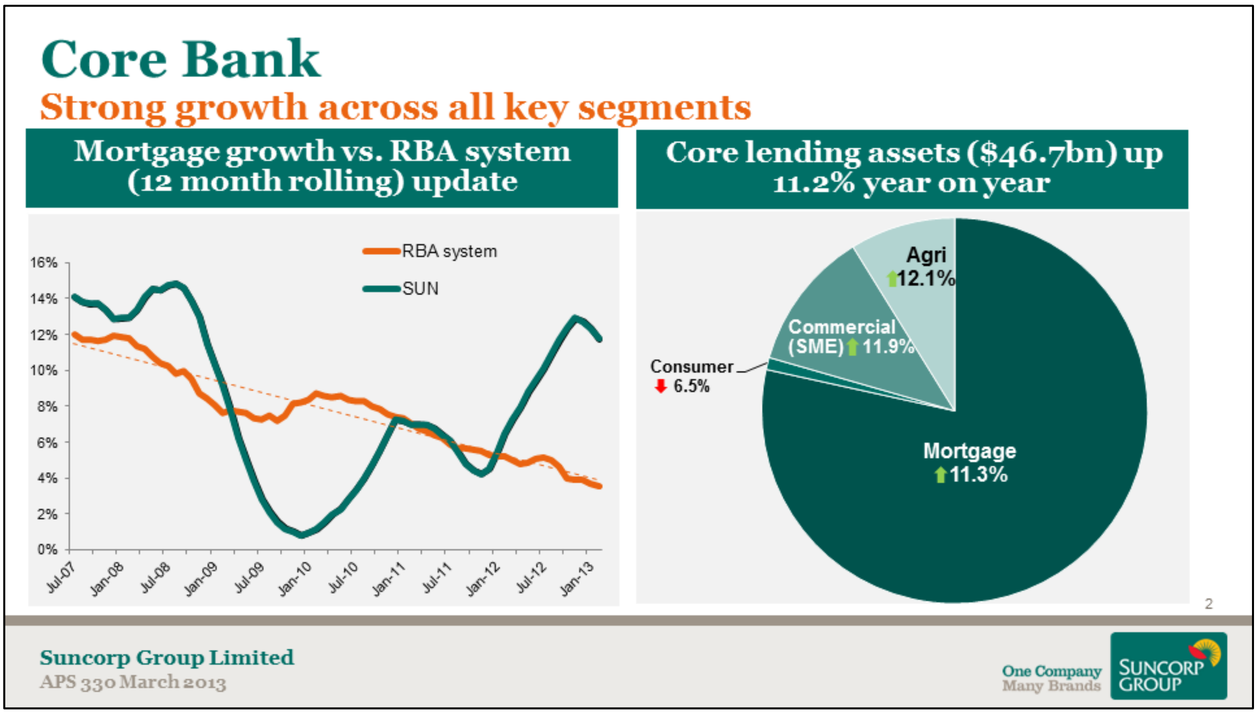
Table 18B(ii): Aggregate of off-balance sheet securitisation exposures by exposure type

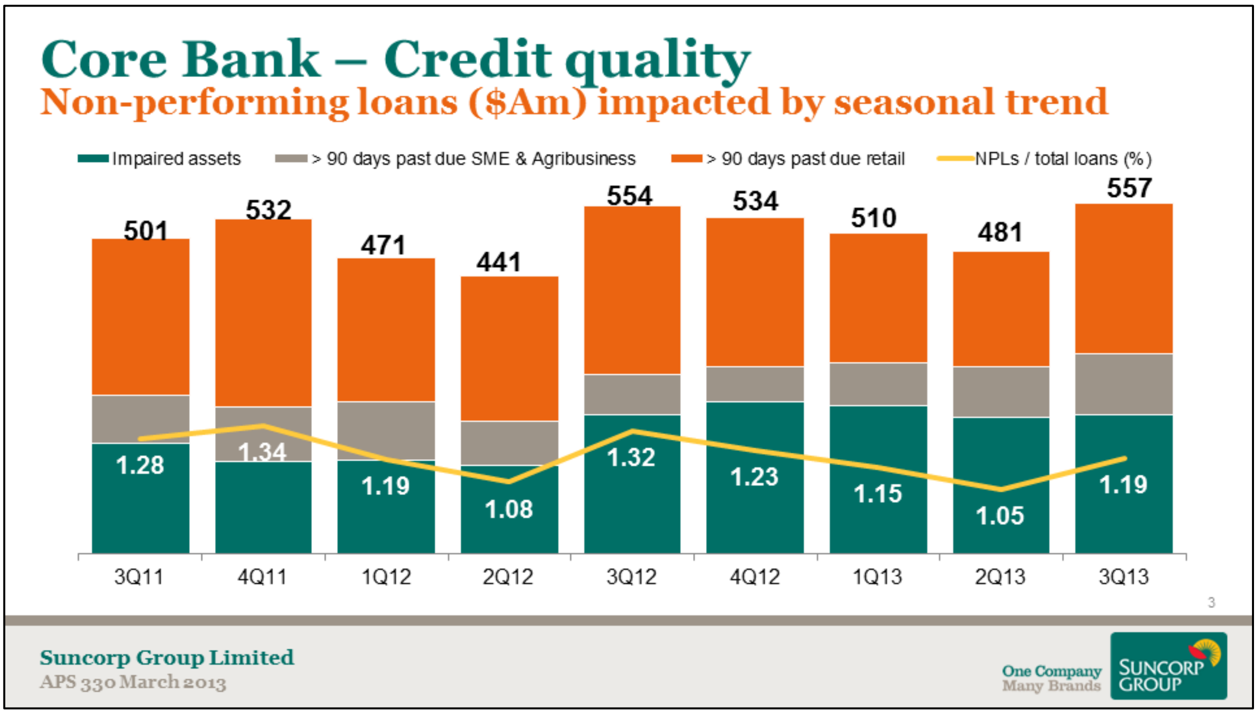
	NOTIONAL EXPOSURE	NOTIONAL EXPOSURE
	MAR-13	DEC-12
Exposure type	$M	$M
Liquidity facilities	64	69
Derivative exposures	2,801	3,148
Total off-balance sheet securitisation exposures	2,865	3,217

Appendix 3 – Definitions

Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA
Common equity tier 1	Common equity tier 1 includes ordinary shareholder equity and retained profits less tier 1 and tier 2 regulatory deductions
Common equity tier 1 ratio	Common equity tier 1 divided by total assessed risk
Deposit to loan ratio	Total retail deposits divided by Core loans and advances, excluding other receivables
Equity reserve for credit losses	The equity reserve for credit losses represents the difference between the collective provisions for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
Gross non-performing loans	Gross impaired assets plus past due loans
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross banking loans, advances and other receivables
Impairment losses to risk weighted assets	Impairment losses on loans and advances divided by risk weighted assets
Past due	Loans outstanding for more than 90 days
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 sheet positions and market risk capital charge and operational risk charge, as defined by APRA

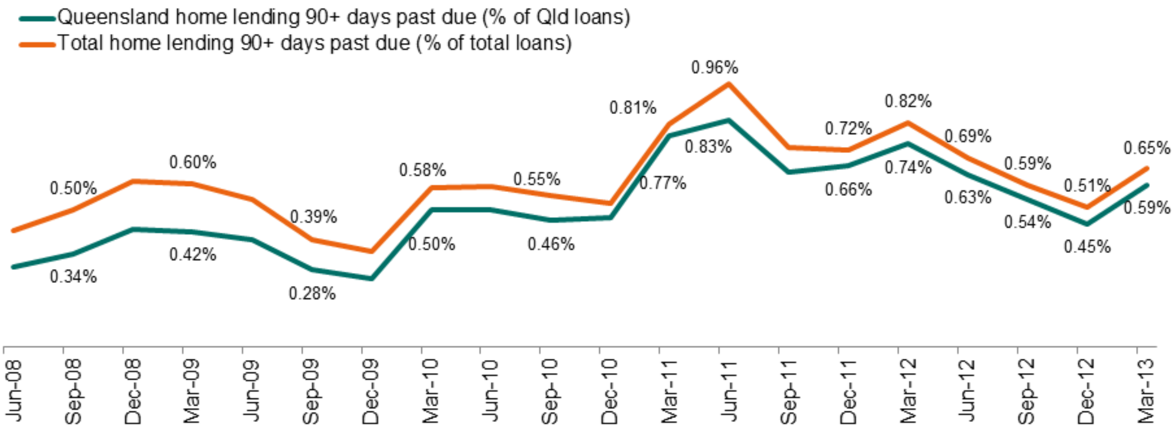
Appendix 4 – Suncorp Bank updated slide information





Core Bank - credit quality

Past due loans lower than March 2011 & March 2012

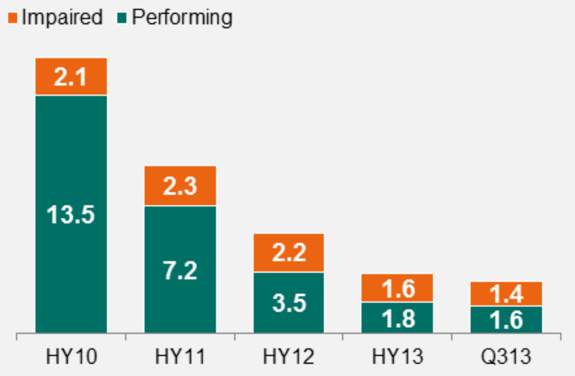


4

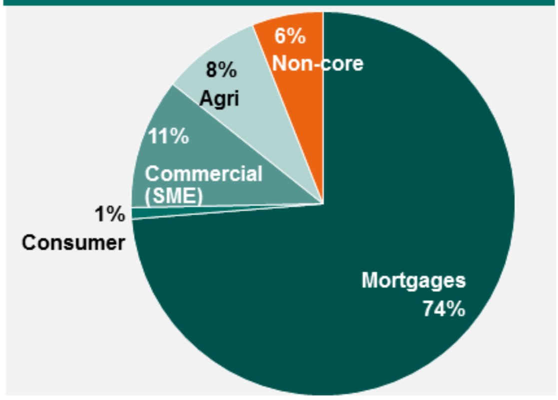
Non-core Bank

Portfolio continues to reduce

Non-core Bank ($bn)



Non-core is 6% of Total Bank

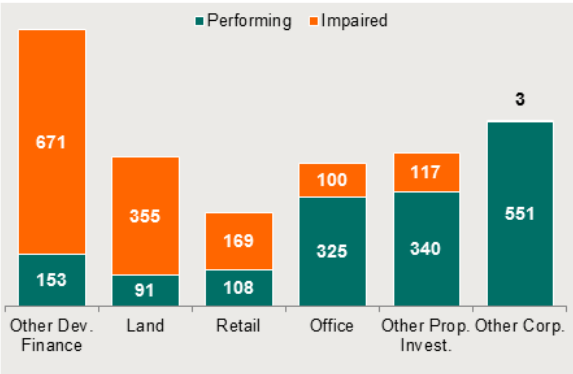


5

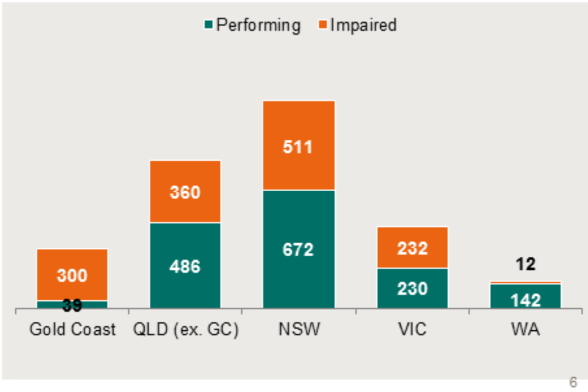
Appendices

Non-core Bank
Impaired asset balances (A$m)

... by segment



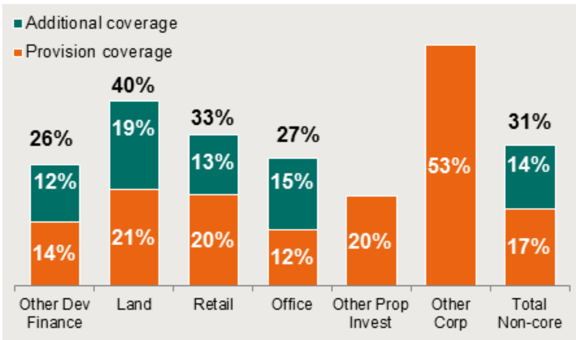
... by geography



6

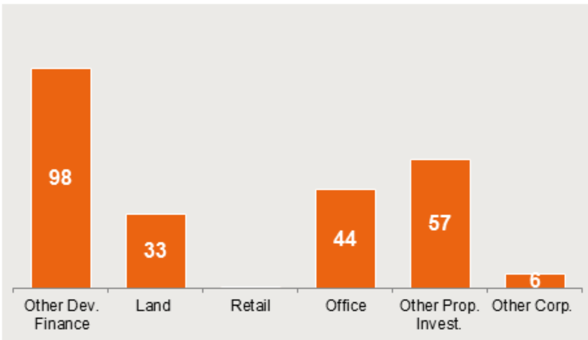
Non-core Bank
Impaired assets coverage and reduction (A$m)

Coverage & additional coverage (1)



(1) Additional coverage adjusts the numerator (specific provisions) and denominator (impaired assets) for amounts that have been partially written off.

Impaired asset reduction in the quarter (2)

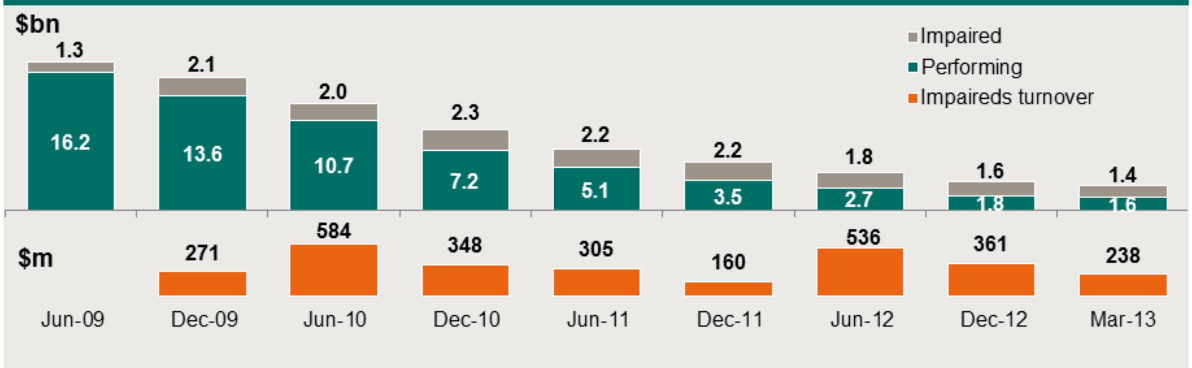


(2) Impaired asset reduction represents assets written off, sold, repaid, or returned to performing status over the quarter.

7

Non-core Bank
Significant turnover in the impaired asset portfolio

Portfolio run-off & impaired turnover (1)



(1) Impaired asset turnover represents assets written off, sold, repaid, or returned to performing status over the period.

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