ASX announcement

One Company Many Brands
SUNCORP GROUP

12 November 2012

SUNCORP BANK APS330 SEPTEMBER 2012 QUARTER UPDATE

Key Points

- Core Bank total lending increased 2.1% over the quarter to $44.3 billion
- Core Bank non-performing loans reduced 4.5% to $510 million
- Core Bank impairment losses of $16 million for the quarter
- Non-core portfolio reduced $0.5 billion to $4.0 billion and now comprises only 8% of the total Suncorp Bank lending assets
- Non-core non-performing loans stable at under $1.9 billion
- Non-core impairment losses of $66 million for the quarter

Suncorp Bank today provided an update on assets, credit quality and capital as at 30 September 2012 as required under Australian Prudential Standard 330.

Despite subdued economic conditions, Suncorp Bank's overall credit quality improved and the Core Bank continued to deliver above system growth.

Suncorp Bank CEO David Foster said Suncorp Bank continued to record above system lending growth due to both strong branch distribution in Queensland, Western Australia and New South Wales and improved servicing of the broker channel.

"Consumers are taking advantage of the lower interest rate environment to actively pay down debt at a faster rate than required and this trend is weighing on the overall banking system. Suncorp Bank continues to grow, offering consumers a simple and attractive product suite as they look for alternatives to the major banks," he said.

Core Bank impairment losses of $16 million for the quarter were within the Bank's medium term expectation. Impaired assets reduced to $235 million, or 0.53% of lending assets, and past due loans reduced to $275 million.

The overall reduction in non-performing loans of 4.5% to $510 million reflects the conservative nature of the Core Bank. The target market for housing loans primarily comprises owner-occupiers with an average home loan size of less than $300,000. The Core Bank has limited exposure to "low doc" loans.

The non-core portfolio run-off continued into the September quarter with the overall balance decreasing by $0.5 billion to just under $4 billion. A pipeline of opportunities to divest both performing and non-performing loans means that the Group is on track to ensure the total non-core portfolio is below $3 billion at 30 June 2013.

Impairment losses for the Non-core Bank of $66 million were primarily due to two new impaired exposures. The run-off of previously impaired exposures has ensured that impaired assets and non performing loans remain stable at $1.8 billion and $1.9 billion respectively.

Ends

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Suncorp Group Limited ABN 66 145 290 124

Suncorp Bank APS330

the quarter ended 30 September 2012

Release date: 12 November 2012

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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 30 September 2012 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 12 November 2012. 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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Core Bank

Loans, advances and other receivables

	SEP-12 $M	JUN-12 $M	SEP-11 $M	SEP-12 vs JUN-12 %	SEP-12 vs SEP-11 %
Housing loans	27,826	27,639	27,449	0.7	1.4
Securitised housing loans	6,976	6,316	3,674	10.4	89.9
Total housing loans	34,802	33,955	31,123	2.5	11.8
Consumer loans	464	482	527	(3.7)	(12.0)
Retail loans	35,266	34,437	31,650	2.4	11.4
Commercial (SME)	5,058	5,063	4,528	(0.1)	11.7
Agribusiness	3,944	3,856	3,522	2.3	12.0
Business loans (1)	9,002	8,919	8,050	0.9	11.8
Total lending	**44,268**	**43,356**	**39,700**	**2.1**	**11.5**
Other receivables (2)	44	95	97	(53.7)	(54.6)
Gross banking loans, advances and other receivables	44,312	43,451	39,797	2.0	11.3
Provision for impairment	(128)	(129)	(121)	(0.8)	5.8
Loans, advances and other receivables	**44,184**	**43,322**	**39,676**	**2.0**	**11.4**
Credit risk weighted assets	**22,731**	**22,606**	**21,378**	**0.6**	**6.3**

(1) Business loan balances have been adjusted to reflect interest not brought to account.
(2) Other receivables are primarily collateral deposits provided to derivative counterparties.

Overview

The Core Bank delivered positive lending growth in the first quarter despite the continued challenges in the Australian economy. Home lending growth was 2.5%. Business lending grew 0.9%, driven by growth in Agribusiness as the Bank continues to rebuild its brand presence in regional Australia.

Demand for credit growth remains restrained and, as recent RBA data shows, consumers are continuing to save and pay down existing debt at a faster rate than contractually required.

The Core Bank has maintained its focus on offering a simple and attractive product proposition across its chosen markets. Lending growth in the quarter was delivered in the Bank's home state of Queensland and through expanded operations in Western Australia and New South Wales. The Bank has also leveraged opportunities to grow in the Intermediated channel.

The Core Bank's impaired assets and past due loans both reduced during the quarter and 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 the sub-$500,000 segment. 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 increasing complete customer penetration.

Personal Lending

Personal lending receivables including securitised assets increased to $35.3 billion, up 2.4% in the quarter.

The home lending portfolio has maintained above system growth for the last 12 months. The loan growth is attributable to an attractive product proposition, and access to both the Direct and Intermediary channels. Performance in the Core Bank's indirect channel continued to see the benefit of the recent commission restructure which emphasises customer retention over the medium term.

There was a small reduction in the consumer portfolio, comprising personal loans and margin lending, as consumers remain cautious in accumulating discretionary debt given continuing economic uncertainty.

Business Lending

Commercial (SME)

Suncorp Bank's commercial (SME) lending of $5.1 billion, remained flat over the quarter.

The current commercial market is challenging and characterised by strong competition for customers choosing to refinance their debt. Suncorp has been able to acquire customers through an improved service offering, a strong brand presence and an attractive pricing and product proposition.

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 $3.9 billion, up 2.3% over the quarter.

Agribusiness delivered strong growth following favourable seasonal conditions in the Bank's target market. The pipeline remains steady on the back of ongoing efforts to replace settled leads with new quality opportunities, leveraging efforts to rebuild the Bank's brand presence in selected markets.

Impairment losses on loans and advances

	SEP-12	JUN-12	MAR-12	SEP-12 vs JUN-12	SEP-12 vs MAR-12
	$M	$M	$M	%	%
Collective provision for impairment	1	4	4	(75.0)	(75.0)
Specific provision for impairment	12	12	7	-	71.4
Actual net write-offs	3	3	2	-	50.0
	16	**19**	**13**	**(15.8)**	**23.1**
Impairment losses to credit risk weighted assets (annualised)	**0.28%**	**0.34%**	**0.24%**		

Impairment losses of 28 basis points (annualised) of credit risk weighted assets remained within the Bank's normal operating range and in line with the impairment loss for six months to 30 June 2012.

The $16 million charge was driven by specific provisions related to a small number of single name business related exposures. Quarter-on-quarter impairment losses have declined slightly. The core portfolio of housing, Agribusiness and SME continues to show no systemic issues and credit quality remains stable.

Impaired and past due asset balances

	SEP-12 $M	JUN-12 $M	MAR-12 $M	SEP-12 vs JUN-12 %	SEP-12 vs MAR-12 %
Gross balances of individually impaired loans					
with specific provisions set aside	183	192	185	(4.7)	(1.1)
without specific provisions set aside	52	49	35	6.1	48.6
Gross impaired assets	235	241	220	(2.5)	6.8
Specific provision for impairment	(44)	(46)	(49)	(4.3)	(10.2)
Net impaired assets	191	195	171	(2.1)	11.7
Size of gross impaired assets					
Less than one million	23	21	22	9.5	4.5
Greater than one million but less than ten million	117	117	129	-	(9.3)
Greater than ten million	95	103	69	(7.8)	37.7
	235	241	220	(2.5)	6.8
Past due loans not shown as impaired assets	275	293	334	(6.1)	(17.7)
Gross non-performing loans	510	534	554	(4.5)	(7.9)
Analysis of movements in gross impaired assets					
Balance at the beginning of the period	241	220	141	9.5	70.9
Recognition of new impaired assets	33	44	87	(25.0)	(62.1)
Increases in previously recognised impaired assets	1	-	1	n/a	-
Impaired assets written off/sold during the period	(12)	(14)	(2)	(14.3)	500.0
Impaired assets which have been reclassed as performing assets or repaid	(28)	(9)	(7)	211.1	300.0
Balance at the end of the period	**235**	**241**	**220**	**(2.5)**	**6.8**

Impaired assets

Core gross impaired assets recorded a modest improvement of $6m during the quarter. The home lending portfolio recorded a small decline offset by a small number of business related impairments.

Past due (not shown as impaired)

Core past due loans improved by 6% in the quarter with improvement evident in the home lending portfolio which is in line with seasonal expectations. Home lending past due performance in Queensland continues to trend favourably to the portfolio average.

The Core Bank's past due loans remain low as a percentage of gross lending and have returned to pre-January 2011 Brisbane flood levels. This low level of arrears reflects Suncorp's conservative target market of owner occupiers with an average home loan size of less than $300,000. "Low doc" mortgages represents less than 6% of the home lending portfolio.

Provision for impairment

	SEP-12 $M	JUN-12 $M	MAR-12 $M	SEP-12 vs JUN-12 %	SEP-12 vs MAR-12 %
Collective provision					
Balance at the beginning of the period	83	79	75	5.1	10.7
Charge against contribution to profit	1	4	4	(75.0)	(75.0)
Balance at the end of the period	84	83	79	1.2	6.3
Specific provision					
Balance at the beginning of the period	46	49	45	(6.1)	2.2
Charge against impairment losses	12	12	7	-	71.4
Write-off of impaired assets	(12)	(12)	(1)	-	1,100.0
Unwind of interest	(2)	(3)	(2)	(33.3)	-
Balance at the end of the period	44	46	49	(4.3)	(10.2)
Total provision for impairment - Core Banking activities	128	129	128	(0.8)	-
Equity reserve for credit loss					
Balance at the beginning of the period	102	102	107	-	(4.7)
Transfer (to)/from retained earnings	2	-	(5)	n/a	(140.0)
Balance at the end of the period	104	102	102	2.0	2.0
Pre-tax equivalent coverage	149	146	146	2.1	2.1
Total provision for impairment and equity reserve for credit loss coverage - Core Banking activities	277	275	274	0.7	1.1

	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	35.7	34.4	35.9
Specific provision	18.7	19.1	22.3
Total provision	54.5	53.5	58.2
Equity reserve for credit loss coverage	63.4	60.6	66.4
Total provision and equity reserve for credit loss coverage	117.9	114.1	124.5

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 was due to the reduction in the impaired balances.

Non-core Bank

Loans, advances and other receivables

	SEP-12 $M	JUN-12 $M	SEP-11 $M	SEP-12 vs JUN-12 %	SEP-12 vs SEP-11 %
Corporate & Lease Finance	991	1,132	1,695	(12.5)	(41.5)
Development finance	1,383	1,473	1,995	(6.1)	(30.7)
Property investment	1,598	1,868	2,644	(14.5)	(39.6)
Non-core portfolio (1)	3,972	4,473	6,334	(11.2)	(37.3)
Other receivables (2)	1,203	1,823	1,707	(34.0)	(29.5)
Gross banking loans, advances and other receivables	5,175	6,296	8,041	(17.8)	(35.6)
Provision for impairment	(377)	(408)	(420)	(7.6)	(10.2)
Loans, advances and other receivables	**4,798**	**5,888**	**7,621**	**(18.5)**	**(37.0)**
Credit risk weighted assets	**4,732**	**5,396**	**7,750**	**(12.3)**	**(38.9)**

(1) The September 2011 comparison has been adjusted to reflect interest not brought to account.
(2) Other receivables are primarily collateral deposits provided to derivative counterparties.

Overview

The Non-core portfolio reduced by $0.5 billion in the quarter, with an outstanding balance of $3.972 billion at 30 September 2012. There are now 31 loans with balances above $50 million, down from 34 at 30 June. The September quarter run off included $0.2 billion related to loan disposals.

The pace of run off continues to track ahead of original expectations, with the portfolio approximately 22% of its original size and now representing just 8% of the Bank's total assets. The Bank expects the Non-core portfolio to reduce to below $3 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, remained stable at $1.9 billion. The disposal of a large single name exposure was offset by the impairment of two medium sized Property Investment exposures. While the market for distressed assets remains cautious the Bank is confident the balance of impaired assets will be below $1.5 billion by June 2013.

Business Portfolios

Development finance

The Development finance portfolio continues to decline, reducing by a further $0.1 billion since June 2012 to $1.4 billion.

Performing exposures have now matured through their construction risk phase. Conditions in the development finance property markets remain difficult with excess supply in some areas, particularly for higher-end product and vacant land. Sale opportunities are available for completed projects.

The portfolio includes $1.1 billion of impaired assets across a combination of asset classes, including vacant land and a small number of assets which carry continuing development risk. Approximately half of the impaired portfolio is secured against assets in Queensland.

Corporate and Leasing finance

The Corporate and Leasing portfolio continued to run off over the September quarter, reducing a further $0.1 billion to $0.9 billion. The portfolio includes a $0.1 billion impaired asset, with the Bank in advanced negotiations on the sale of this exposure.

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 $0.3 billion to $1.6 billion. The reduction included the sale of two large exposures, demonstrating the Bank’s ability to execute on the full range of run-down options available. The portfolio includes $0.6 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 does constrain refinance activity. Purchasers are showing interest in acquiring quality properties in proven locations.

Impairment losses on loans and advances

	SEP-12	JUN-12	MAR-12	SEP-12 vs JUN-12	SEP-12 vs MAR-12
	$M	$M	$M	%	%
Collective provision for impairment	(11)	(10)	(19)	10.0	(42.1)
Specific provision for impairment	75	172	87	(56.4)	(13.8)
Actual net write-offs	2	6	6	(66.7)	(66.7)
	66	**168**	**74**	**(60.7)**	**(10.8)**
Impairment losses to credit risk weighted assets (annualised)	**5.53%**	**12.52%**	**4.78%**		

Impairment losses were lower in the September quarter, with the specific provision charge of $75 million comprising of:

- a $39 million specific provision charge relating to two sizable newly impaired exposures;
- a further $23 million of specific provision charges relating to a number of existing impaired exposures across the Development Finance and Property Investment portfolios;
- IFRS expenses due to work out date extensions of $13 million. Work out periods by their nature will continue to fluctuate given the individual circumstances of each exposure, as well as broader market conditions;

Impaired and past due asset balances

	SEP-12 $M	JUN-12 $M	MAR-12 $M	SEP-12 vs JUN-12 %	SEP-12 vs MAR-12 %
Gross balances of individually impaired loans					
with specific provisions set aside	1,822	1,823	2,116	(0.1)	(13.9)
without specific provisions set aside	21	26	27	(19.2)	(22.2)
Gross impaired assets	1,843	1,849	2,143	(0.3)	(14.0)
Specific provision for impairment	(326)	(346)	(362)	(5.8)	(9.9)
Net impaired assets	1,517	1,503	1,781	0.9	(14.8)
Size of gross impaired assets					
Less than one million	6	4	7	50.0	(14.3)
Greater than one million but less than ten million	149	145	197	2.8	(24.4)
Greater than ten million	1,688	1,700	1,939	(0.7)	(12.9)
	1,843	1,849	2,143	(0.3)	(14.0)
Past due loans not shown as impaired assets	34	27	60	25.9	(43.3)
Gross non-performing loans	1,877	1,876	2,203	0.1	(14.8)
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the period	1,849	2,143	2,163	(13.7)	(14.5)
Recognition of new impaired assets	143	24	198	495.8	(27.8)
Increases in previously recognised impaired assets	19	8	9	137.5	111.1
Impaired assets written off/sold during the period	(63)	(193)	(28)	(67.4)	125.0
Impaired assets which have been reclassed as performing assets or repaid	(105)	(133)	(199)	(21.1)	(47.2)
Balance at the end of the period	**1,843**	**1,849**	**2,143**	**(0.3)**	**(14.0)**

Gross non-performing loans

Gross non-performing loans, which includes both impaired and past due balances, remained stable at under $1.9 billion.

Impaired assets

The Non-core Bank's impaired assets remained stable with the disposal of a large single name exposure offset by the impairment of two medium sized Property Investment exposures.

The market for distressed assets remains cautious and is some way from a full recovery. These conditions are expected to continue, adding uncertainty to the workout periods for impaired accounts.

Past due (not shown as impaired)

Past due loans increased marginally by $7 million in the first quarter to $34 million.

Provision for impairment

	SEP-12 $M	JUN-12 $M	MAR-12 $M	SEP-12 vs JUN-12 %	SEP-12 vs MAR-12 %
Collective provision					
Balance at the beginning of the period	62	72	91	(13.9)	(31.9)
Charge against contribution to profit	(11)	(10)	(19)	10.0	(42.1)
Balance at the end of the period	51	62	72	(17.7)	(29.2)
Specific provision					
Balance at the beginning of the period	346	362	342	(4.4)	1.2
Charge against impairment losses	75	172	87	(56.4)	(13.8)
Write-off of impaired assets	(63)	(157)	(35)	(59.9)	80.0
Unwind of interest	(32)	(31)	(32)	3.2	-
Balance at the end of the period	326	346	362	(5.8)	(9.9)
Total provision for impairment - Non-Core Banking activities	377	408	434	(7.6)	(13.1)
Equity reserve for credit loss					
Balance at the beginning of the period	45	54	69	(16.7)	(34.8)
Transfer (to)/from retained earnings	(10)	(9)	(15)	11.1	(33.3)
Balance at the end of the period	35	45	54	(22.2)	(35.2)
Pre-tax equivalent coverage	50	64	77	(21.9)	(35.1)
Total provision for impairment and equity reserve for credit loss coverage - Non-core Banking activities	427	472	511	(9.5)	(16.4)

	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	2.8	3.4	3.4
Specific provision	17.7	18.7	16.9
Total provision	20.5	22.1	20.3
Equity reserve for credit loss coverage	2.7	3.5	3.6
Total provision and equity reserve for credit loss coverage	23.2	25.5	23.8

Non-core Bank provision coverage decreased by 2% in the September quarter. The reduction in provision coverage is due to previously raised specific provisions being written off as part of the workout of existing impaired exposures.

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 8 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 SEP-12 $M	NON-CORE SEP-12 $M	TOTAL SEP-12 $M	TOTAL JUN-12 $M	TOTAL SEP-11 $M	SEP-12 vs JUN-12 %	SEP-12 vs SEP-11 %
Housing loans	27,826	-	27,826	27,639	27,449	0.7	1.4
Securitised housing loans	6,976	-	6,976	6,316	3,674	10.4	89.9
Total housing loans	34,802	-	34,802	33,955	31,123	2.5	11.8
Consumer loans	464	-	464	482	527	(3.7)	(12.0)
Retail loans	35,266	-	35,266	34,437	31,650	2.4	11.4
Commercial (SME)	5,058	-	5,058	5,063	4,528	(0.1)	11.7
Corporate & Lease Finance	-	991	991	1,132	1,695	(12.5)	(41.5)
Development finance	-	1,383	1,383	1,473	1,995	(6.1)	(30.7)
Property investment	-	1,598	1,598	1,868	2,644	(14.5)	(39.6)
Agribusiness	3,944	-	3,944	3,856	3,522	2.3	12.0
Business loans (1)	9,002	3,972	12,974	13,392	14,384	(3.1)	(9.8)
Total lending	**44,268**	**3,972**	**48,240**	**47,829**	**46,034**	**0.9**	**4.8**
Other receivables (2)	44	1,203	1,247	1,918	1,804	(35.0)	(30.9)
Gross banking loans, advances and other receivables	44,312	5,175	49,487	49,747	47,838	(0.5)	3.4
Provision for impairment	(128)	(377)	(505)	(537)	(541)	(6.0)	(6.7)
Loans, advances and other receivables	**44,184**	**4,798**	**48,982**	**49,210**	**47,297**	**(0.5)**	**3.6**
Credit risk weighted assets	**22,731**	**4,732**	**27,463**	**28,002**	**29,128**	**(1.9)**	**(5.7)**
Geographical breakdown - Total lending							
Queensland	26,955	1,909	28,864	28,711	28,116	0.5	2.7
New South Wales	9,510	1,373	10,883	10,698	9,833	1.7	10.7
Victoria	3,798	513	4,311	4,377	4,437	(1.5)	(2.8)
Western Australia	2,744	162	2,906	2,807	2,510	3.5	15.8
South Australia and other	1,261	15	1,276	1,236	1,138	3.2	12.1
Outside of Queensland loans	17,313	2,063	19,376	19,118	17,918	1.3	8.1
Total lending	**44,268**	**3,972**	**48,240**	**47,829**	**46,034**	**0.9**	**4.8**

(1) Business loan balances have been adjusted to reflect interest not brought to account.
(2) Other receivables are primarily collateral deposits provided to derivative counterparties.

Impairment losses on loans and advances

	CORE SEP-12 $M	NON-CORE SEP-12 $M	TOTAL SEP-12 $M	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	CORE MAR-12 $M	NON-CORE MAR-12 $M	TOTAL MAR-12 $M
Collective provision for impairment	1	(11)	(10)	4	(10)	(6)	4	(19)	(15)
Specific provision for impairment	12	75	87	12	172	184	7	87	94
Actual net write-offs	3	2	5	3	6	9	2	6	8
	16	**66**	**82**	**19**	**168**	**187**	**13**	**74**	**87**
Impairment losses to risk weighted assets (annualised)	**0.28%**	**5.53%**	**1.18%**	**0.34%**	**12.52%**	**2.69%**	**0.24%**	**4.78%**	**1.24%**

Impaired asset balances

	CORE SEP-12 $M	NON-CORE SEP-12 $M	TOTAL SEP-12 $M	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	CORE MAR-12 $M	NON-CORE MAR-12 $M	TOTAL MAR-12 $M
Gross balances of individually impaired loans									
with specific provisions set aside	183	1,822	2,005	192	1,823	2,015	185	2,116	2,301
without specific provisions set aside	52	21	73	49	26	75	35	27	62
Gross impaired assets	235	1,843	2,078	241	1,849	2,090	220	2,143	2,363
Specific provision for impairment	(44)	(326)	(370)	(46)	(346)	(392)	(49)	(362)	(411)
Net impaired assets	191	1,517	1,708	195	1,503	1,698	171	1,781	1,952
Size of gross individually impaired assets									
Less than one million	23	6	29	21	4	25	22	7	29
Greater than one million but less than ten million	117	149	266	117	145	262	129	197	326
Greater than ten million	95	1,688	1,783	103	1,700	1,803	69	1,939	2,008
	235	1,843	2,078	241	1,849	2,090	220	2,143	2,363
Past due loans not shown as impaired assets	275	34	309	293	27	320	334	60	394
Gross non-performing loans	510	1,877	2,387	534	1,876	2,410	554	2,203	2,757
Analysis of movements in gross individually impaired assets									
Balance at the beginning of the period	241	1,849	2,090	220	2,143	2,363	141	2,163	2,304
Recognition of new impaired assets	33	143	176	54	30	84	87	198	285
Increases in previously recognised impaired assets	1	19	20	1	11	12	1	9	10
Impaired assets written off/sold during the period	(12)	(63)	(75)	(16)	(221)	(237)	(2)	(28)	(30)
Impaired assets which have been reclassed as performing assets or repaid	(28)	(105)	(133)	(18)	(114)	(132)	(7)	(199)	(206)
Balance at the end of the period	**235**	**1,843**	**2,078**	**241**	**1,849**	**2,090**	**220**	**2,143**	**2,363**

Appendices

Provision for impairment

	CORE SEP-12 $M	NON-CORE SEP-12 $M	TOTAL SEP-12 $M	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	CORE MAR-12 $M	NON-CORE MAR-12 $M	TOTAL MAR-12 $M
Collective provision									
Balance at the beginning of the period	83	62	145	79	72	151	75	91	166
Charge against contribution to profit	1	(11)	(10)	4	(10)	(6)	4	(19)	(15)
Balance at the end of the period	84	51	135	83	62	145	79	72	151
Specific provision									
Balance at the beginning of the period	46	346	392	49	362	411	45	342	387
Charge against impairment losses	12	75	87	12	172	184	7	87	94
Write-off of impaired assets	(12)	(63)	(75)	(12)	(157)	(169)	(1)	(35)	(36)
Unwind of interest	(2)	(32)	(34)	(3)	(31)	(34)	(2)	(32)	(34)
Balance at the end of the period	44	326	370	46	346	392	49	362	411
Total provision for impairment - Banking activities	128	377	505	129	408	537	128	434	562
Equity reserve for credit loss									
Balance at the beginning of the period	102	45	147	102	54	156	107	69	176
Transfer to retained earnings	2	(10)	(8)	-	(9)	(9)	(5)	(15)	(20)
Balance at the end of the period	104	35	139	102	45	147	102	54	156
Pre-tax equivalent coverage	149	50	199	146	64	210	146	77	223
Total provision for impairment and equity reserve for credit loss - Banking activities	277	427	704	275	472	747	274	511	785
	%	%	%	%	%	%	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:									
Collective provision	35.7	2.8	6.5	34.4	3.4	6.9	35.9	3.4	6.4
Specific provision	18.7	17.7	17.8	19.1	18.7	18.8	22.3	16.9	17.4
Total provision	54.5	20.5	24.3	53.5	22.1	25.7	58.2	20.3	23.8
Equity reserve for credit loss coverage	63.4	2.7	9.6	60.6	3.5	10.0	66.4	3.6	9.4
Total provision and equity reserve for credit loss coverage	117.9	23.2	33.9	114.1	25.5	35.7	124.5	23.8	33.2

Appendix 2 – APS330 tables

Table 16
On balance sheet assets

	CARRY VALUE		AVG Risk Weight	Risk Weighted Assets	
	SEP-12	JUN-12	SEP-12	SEP-12	JUN-12
	$M	$M	%	$M	$M
On balance sheet assets					
Cash Items	264	161	13	35	13
Claims on Australian and foreign Governments	1,221	1,285	0	0	0
agencies, regional development banks, ADIs and overseas banks	5,201	5,954	20	1,041	1,191
Claims on securitisation exposures	1,404	1,391	20	281	278
Claims secured against eligible residential mortgages	32,270	32,284	40	12,903	12,900
Past due claims	2,198	2,262	133	2,928	3,041
Other retail assets	918	968	86	792	836
Corporate	9,275	9,606	100	9,259	9,584
Other assets and claims	215	142	104	224	159
Total on balance sheet assets	**52,966**	**54,053**	**52**	**27,463**	**28,002**

Off balance sheet positions

	Notional Amount	Credit Equivalent	AVG Risk Weight	Risk Weighted Assets	
	SEP-12	SEP-12	SEP-12	SEP-12	JUN-12
	$M	$M	%	$M	$M
Off balance sheet positions					
Guarantees entered into the normal course of business	320	319	76	241	152
Commitments to provide loans and receivables	6,531	1,696	59	994	806
Capital commitments	0	0	0	0	0
Foreign exchange contracts	8,727	245	30	74	79
Interest rate contracts	55,910	253	78	198	185
Securitisation exposures	3,415	49	85	42	30
Total off balance sheet positions	74,903	2,562	**60**	1,549	1,252
Market Risk Capital Charge				519	462
Operational Risk Capital Charge				3,334	3,334
Total on balance sheet risk weighted assets				27,463	28,002
Total assessed risk				**32,865**	**33,050**
Risk weighted capital ratios				%	%
Tier 1				9.70	9.64
Tier 2				2.96	3.00
Total risk weighted capital ratios				**12.66**	**12.64**
				$M	$M
Core Equity Tier 1 capital				2,409	2,409
				%	%
Core Equity Tier 1 ratio				**7.33**	**7.29**

Table 17A
Credit risk by gross credit exposure – outstanding as at 30 September 2012

	RECEIVABLES DUE FROM OTHER BANKS	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES	CREDIT COMMITMENTS	DERIVATIVE INSTRUMENTS	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	-	-	-	3,656	160	-	3,816	182	33	3,601	26
Construction & development	-	-	-	2,295	86	-	2,381	1,115	32	1,234	240
Financial services	174	4,690	4,280	1,821	169	498	11,632	-	-	11,632	-
Hospitality	-	-	-	1,126	43	-	1,169	116	3	1,050	5
Manufacturing	-	-	-	415	36	-	451	13	1	437	-
Professional services	-	-	-	273	9	-	282	4	1	277	1
Property investment	-	-	-	2,900	80	-	2,980	483	10	2,487	77
Real estate - Mortgage	-	-	-	31,580	1,306	-	32,886	27	204	32,655	5
Personal	-	-	-	384	13	-	397	-	3	394	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	1,935	113	-	2,048	138	22	1,888	16
Total gross credit risk	**174**	**4,690**	**4,280**	**46,386**	**2,015**	**498**	**58,043**	**2,078**	**309**	**55,656**	**370**
Securitisation Exposures (1)	-	-	1,404	3,329	35	14	4,782	-	-	4,782	-
Total including Securitisation Exposures	**174**	**4,690**	**5,684**	**49,715**	**2,050**	**512**	**62,825**	**2,078**	**309**	**60,438**	**370**
Impairment provision							(505)	(370)	(36)	(99)	-
TOTAL							**62,320**	**1,708**	**273**	**60,339**	**370**

(1) Securitisation exposures included in Loans, advances and other receivables qualify for regulatory capital relief and therefore does not contribute to the Bank's Total credit risk.

(2) Total loans, advances and other receivables includes receivables due from related parties of $228 million.

Table 17A
Credit risk by gross credit exposure – outstanding as at 30 June 2012

	RECEIVABLES DUE FROM OTHER BANKS	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES	CREDIT COMMITMENTS	DERIVATIVE INSTRUMENTS	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	-	-	-	3,644	124	-	3,768	202	24	3,542	36
Construction & development	-	-	-	2,345	77	-	2,422	1,264	26	1,132	286
Financial services	154	4,787	4,903	2,491	11	500	12,846	-	-	12,846	-
Hospitality	-	-	-	1,093	35	-	1,128	117	4	1,007	4
Manufacturing	-	-	-	453	25	-	478	14	-	464	-
Professional services	-	-	-	286	10	-	296	4	4	288	1
Property investment	-	-	-	3,129	62	-	3,191	369	6	2,816	53
Real estate - Mortgage	-	-	-	31,544	1,053	-	32,597	26	233	32,338	6
Personal	-	-	-	393	7	-	400	-	4	396	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	2,084	90	-	2,174	94	19	2,061	6
Total gross credit risk	**154**	**4,787**	**4,903**	**47,463**	**1,494**	**500**	**59,301**	**2,090**	**320**	**56,891**	**392**
Securitisation Exposures (1)	-	-	1,391	2,485	24	12	3,912	-	-	3,912	-
Total including Securitisation Exposures	**154**	**4,787**	**6,294**	**49,948**	**1,518**	**512**	**63,213**	**2,090**	**320**	**60,803**	**392**
Impairment provision							(537)	(392)	(39)	(106)	-
TOTAL							**62,676**	**1,698**	**281**	**60,697**	**392**

(1) Securitisation exposures included in Loans, advances and other receivables qualify for regulatory capital relief and therefore does not contribute to the Bank's Total credit risk.

(2) Total loans, advances and other receivables includes receivables due from related parties of $201 million.

Table 17A
Credit risk by gross credit exposure – average gross exposure over period 1 July to 30 September 2012

	RECEIVABLES DUE FROM OTHER BANKS	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES	CREDIT COMMITMENTS	DERIVATIVE INSTRUMENTS	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	-	-	-	3,650	142	-	3,792	192	29	3,571	31
Construction & development	-	-	-	2,320	82	-	2,402	1,190	29	1,183	263
Financial services	164	4,738	4,592	2,156	90	499	12,239	-	-	12,239	-
Hospitality	-	-	-	1,110	39	-	1,149	117	4	1,028	5
Manufacturing	-	-	-	434	31	-	465	14	1	450	-
Professional services	-	-	-	280	10	-	290	4	3	283	1
Property investment	-	-	-	3,015	71	-	3,086	426	8	2,652	65
Real estate - Mortgage	-	-	-	31,562	1,180	-	32,742	27	219	32,496	6
Personal	-	-	-	389	10	-	399	-	4	395	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	2,010	102	-	2,112	116	21	1,975	11
Total gross credit risk	**164**	**4,738**	**4,592**	**46,927**	**1,757**	**499**	**58,677**	**2,086**	**318**	**56,273**	**382**
Securitisation Exposures (1)	-	-	1,398	2,907	29	13	4,347	-	-	4,347	-
Total including Securitisation Exposures	**164**	**4,738**	**5,990**	**49,834**	**1,786**	**512**	**63,024**	**2,086**	**318**	**60,620**	**382**
Impairment provision							(522)	(381)	(38)	(103)	-
TOTAL							**62,502**	**1,705**	**280**	**60,517**	**382**

(1) Securitisation exposures included in Loans, advances and other receivables qualify for regulatory capital relief and therefore does not contribute to the Bank's Total credit risk.

Table 17A
Credit risk by gross credit exposure – average gross exposure over period 1 April to 30 June 2012

	RECEIVABLES DUE FROM OTHER BANKS	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES	CREDIT COMMITMENTS	DERIVATIVE INSTRUMENTS	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	-	-	-	3,555	141	-	3,696	196	25	3,475	38
Construction & development	-	-	-	2,528	89	-	2,617	1,362	26	1,229	294
Financial services	120	4,669	4,913	2,510	11	508	12,731	-	-	12,731	-
Hospitality	-	-	-	1,091	44	-	1,135	105	4	1,026	3
Manufacturing	-	-	-	470	29	-	499	11	3	485	3
Professional services	-	-	-	299	12	-	311	4	3	304	1
Property investment	-	-	-	3,231	81	-	3,312	427	24	2,861	53
Real estate - Mortgage	-	-	-	30,970	1,124	-	32,094	30	249	31,815	7
Personal	-	-	-	398	8	-	406	-	4	402	-
Government/public authorities	-	-	-	2	-	-	2	-	-	2	-
Other commercial & industrial	-	-	-	2,050	96	-	2,146	94	22	2,030	5
Total gross credit risk	**120**	**4,669**	**4,913**	**47,104**	**1,635**	**508**	**58,949**	**2,229**	**360**	**56,360**	**404**
Securitisation Exposures (1)	-	-	1,464	2,557	24	11	4,056	-	-	4,056	-
Total including Securitisation Exposures	**120**	**4,669**	**6,377**	**49,661**	**1,659**	**519**	**63,005**	**2,229**	**360**	**60,416**	**404**
Impairment provision							(550)	(402)	(36)	(112)	-
TOTAL							**62,455**	**1,827**	**324**	**60,304**	**404**

(1) Securitisation exposures included in Loans, advances and other receivables qualify for regulatory capital relief and therefore does not contribute to the Bank's Total credit risk.

Table 17B
Credit risk by portfolio – 30 September 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	32,886	32,742	27	204	5	1
Other retail	397	399	-	3	-	2
Financial services	11,632	12,239	-	-	-	-
Government and public authorities	1	1	-	-	-	-
Corporate and other claims	13,127	13,296	2,051	102	365	89
Total	58,043	58,677	2,078	309	370	92

Credit risk by portfolio – 30 June 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	32,597	32,094	26	233	6	3
Other retail	400	406	-	4	-	2
Financial services	12,846	12,731	-	-	-	-
Government and public authorities	1	2	-	-	-	-
Corporate and other claims	13,457	13,716	2,064	83	386	189
Total	59,301	58,949	2,090	320	392	194

Table 17C
General reserves for credit losses

	SEP-12	JUN-12
	$M	$M
Collective provision for impairment	135	145
Ineligible Collective Provisions on Past Due not Impaired	(36)	(39)
Eligible Collective Provisions	**99**	**106**
FITB relating to eligible collective provision	(30)	(32)
Equity Reserve for credit losses	139	147
General Reserve for Credit losses	**208**	**221**

Table 18A: Summary of securitisation activity for the period

	Exposures securitised		Recognised gain (or loss) on sale	
	SEP-12	JUN-12	SEP-12	JUN-12
	$m	$m	$m	$m
Residential mortgages	999	-	-	-
Total exposures securitised during the period	**999**	**-**	**-**	**-**

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

	Exposure	Exposure
	SEP-12	JUN-12
Exposure type	$m	$m
Debt securities	1,404	1,391
Total on-balance sheet securitisation exposures	1,404	1,391

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

	Notional Exposure	Notional Exposure
	SEP-12	JUN-12
Exposure type	$m	$m
Liquidity facilities	70	58
Derivative exposures	3,345	2,494
Total off-balance sheet securitisation exposures	3,415	2,552

Appendix 3 – Definitions

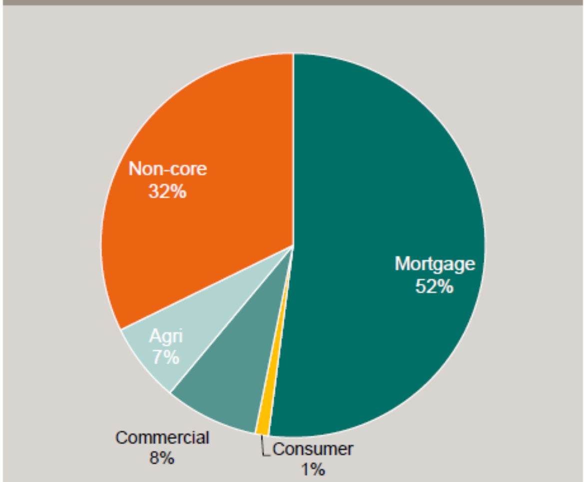
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA
Core equity tier 1	Core equity tier 1 includes ordinary shareholder equity and retained profits less tier 1 and tier 2 regulatory deductions
Core equity tier 1 ratio	Core equity tier 1 divided by total assessed risk
Deposit to loan ratio	Total retail deposits divided by total 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

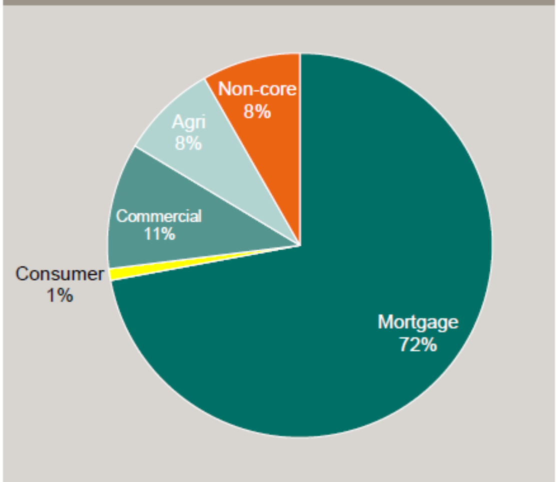
Suncorp Bank change in portfolio mix

Non-core portfolio is now only 8% of total lending assets

June 2009 ($54.4bn)



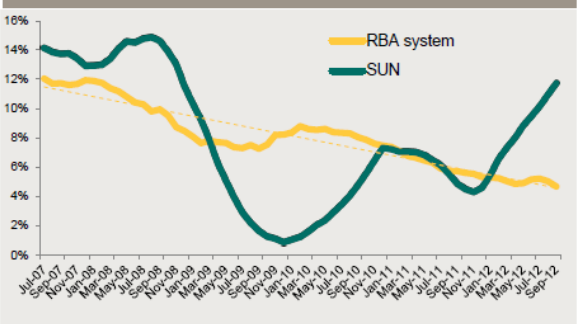
September 2012 ($48.2bn)



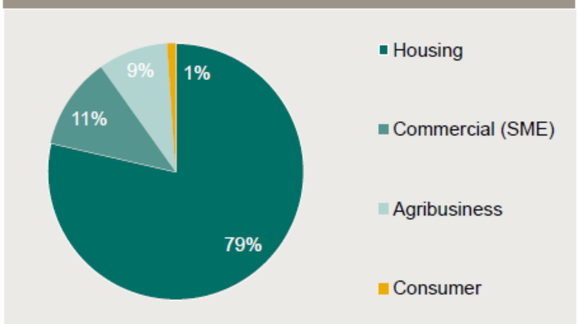
Core Bank

Returning to above system home lending growth

Mortgage growth vs. RBA system (12 month rolling) update



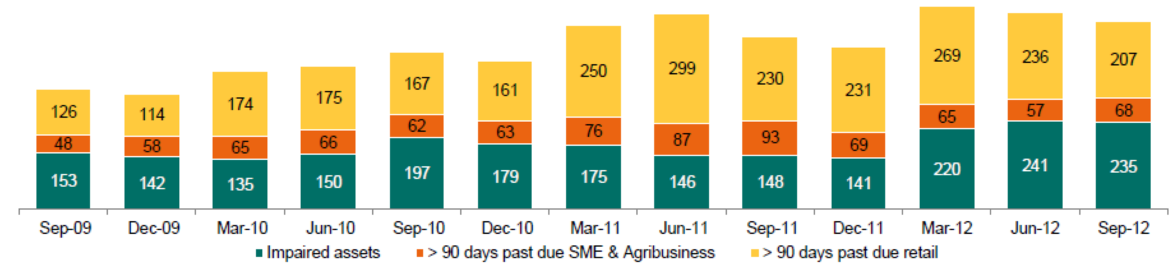
Core lending assets ($44.2bn)



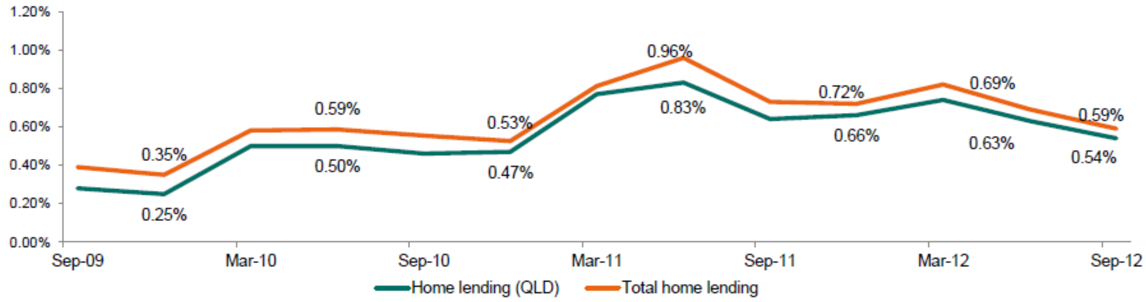
- Overall growth of 2.1% in the September quarter
- Sustained above system performance delivered through Direct and Intermediary channels
- Agribusiness continued to perform with an increase of 2.3%
- Conditions more subdued for SME with limited increase in the quarter

Core Bank – improving credit quality

Non-performing loans ($m)



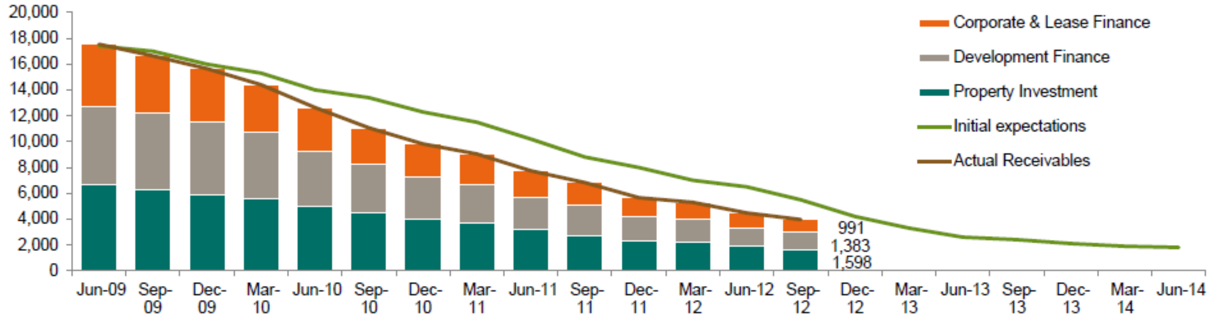
Past due loans (90 days) to gross loans



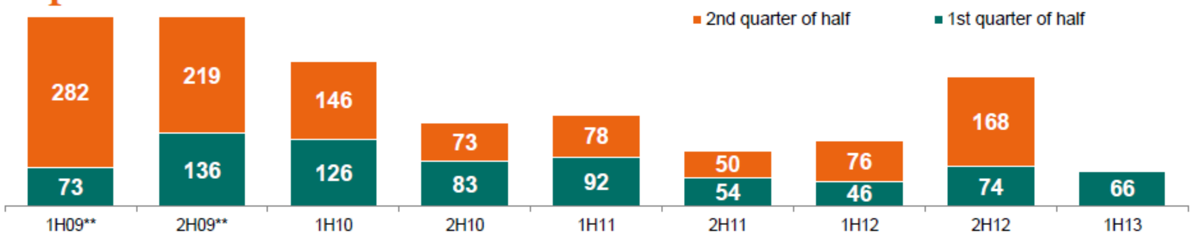
4

Non-core Bank

Continuing to run off ahead of expectations....now under $4bn



Impairment losses



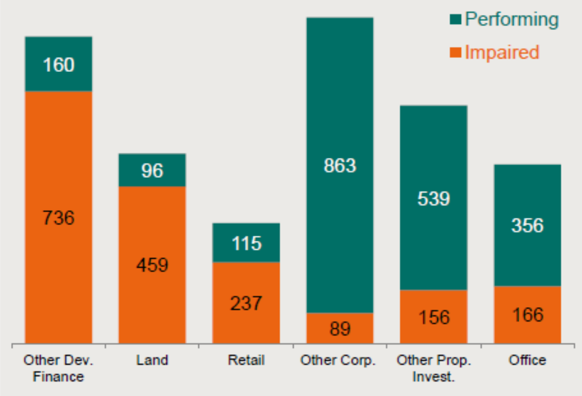
** Includes Lease Finance from June 2012* *** Reporting periods prior to Core/Non-core reporting split*

5

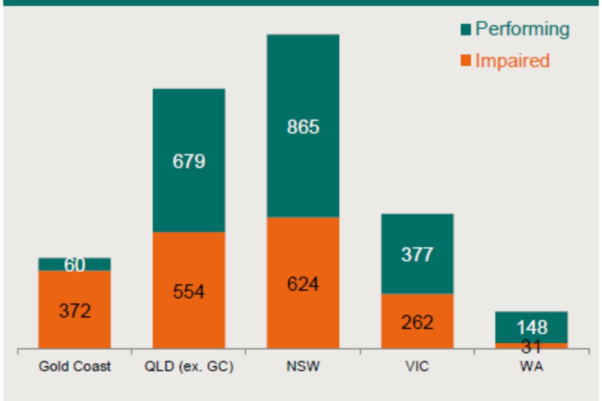
Non-core Bank

Portfolio split by sub-segment and geography as at 30/9/2012

Asset balances by segment



Asset balances by geography



Development finance remains volatile

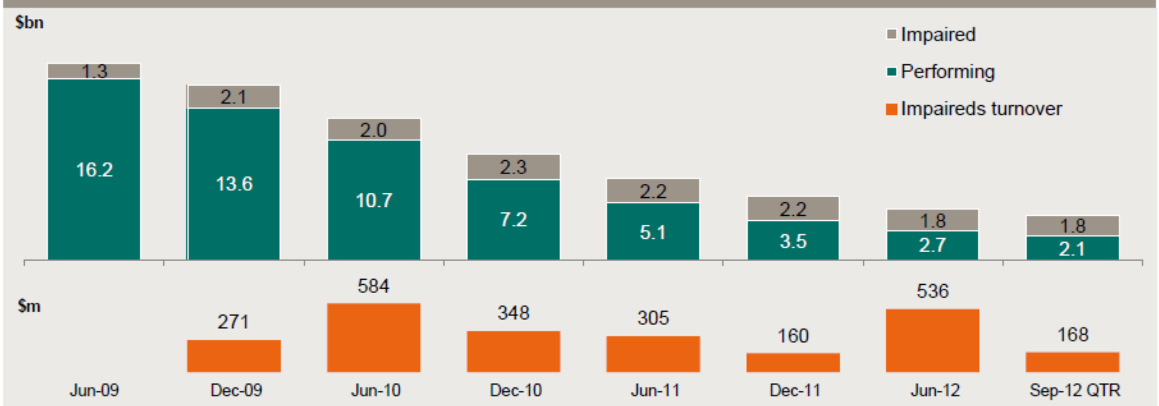
Under-performing retail property impaired exposures written off or written down

Limited geographic concentration

Non-core Bank

Impaired asset portfolio has exhibited significant turnover since inception

Portfolio run-off & impaired turnover[1]



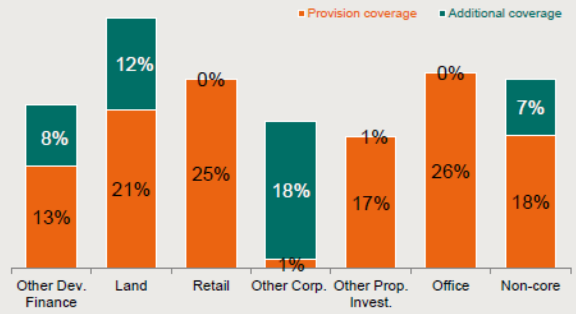
[1] Impaired asset turnover represents assets written off, sold, repaid, or returned to performing status over the year.

- Historical analysis shows composition of Non-core impaired portfolio has changed significantly over time;
- Non-core bank has actively written down / written off impaired balances and added to the impaired portfolio as risks have emerged.

Non-Core Bank

Provision coverage and impaired asset turnover in under-performing market segments as at 30/9/2012

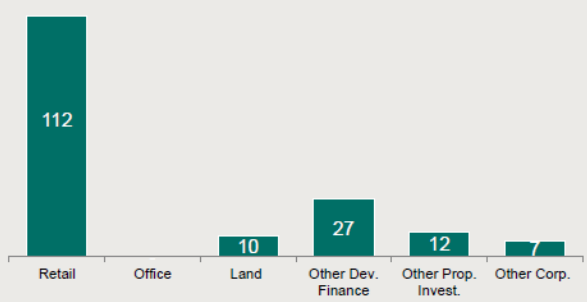
Coverage & additional coverage for written off amounts[1]



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

Grossing up both provisions and impaired balances for partial write downs shows coverage under a less aggressive write-down strategy would be higher than reported

Impaired asset turnover[2]



[2] Impaired asset turnover represents assets written off, sold, repaid, or returned to performing status over the second half of the year.

Impaired asset turnover in 1Q13 shows the impact of actions taken in under-performing segments

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November 2012

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