Suncorp Group Limited ABN 66 145 290 124

Financial results for the year ended 30 June 2011

Release date 24 August 2011

Basis of Preparation

Suncorp Group Limited ('Suncorp Group', 'Suncorp' or 'the Group') is the holding company for Suncorp-Metway Ltd, the Group's other subsidiaries and its interests in associates and jointly controlled entities.

Prior to 7 January 2011, Suncorp-Metway Ltd was the ultimate holding company of the Suncorp Group. On 7 January 2011, Suncorp-Metway Ltd completed a restructure under a court-approved scheme of arrangement, which resulted in Suncorp Group Limited becoming the new parent entity of the Suncorp Group, listed on the Australian Securities Exchange. On this date, Suncorp-Metway Ltd became a wholly owned subsidiary of Suncorp Group Limited. This restructure has no impact on the financial results for the year ended 30 June 2011.

The results have been determined in accordance with Australian Accounting Standards. All figures have been quoted in Australian dollars unless otherwise denoted and have been rounded to the nearest million.

All figures relate to the year ended 30 June 2011 and comparatives are for the year ended 30 June 2010 unless otherwise stated.

The Core and Non-core Bank results are presented separately in this report, with the consolidated result available in Appendix 8. The Core and Non-core banking tables represent an indicative view of relative performance. Whilst every effort has been made to ensure that the tables are as accurate as possible, necessary assumptions around the allocation of funding and expenses have been made.

Disclaimer

This report contains general information which is current as at 24 August 2011. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to Suncorp Group or any product or service offered by Suncorp or any of its subsidiaries. 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.

This report should be read in conjunction with all other information concerning Suncorp filed with the Australian Securities Exchange.

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp's 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's control, which may cause actual results to differ materially from those expressed or implied.

Suncorp undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report (subject to stock exchange disclosure requirements).

Registered Office

Level 18, 36 Wickham Terrace
Brisbane Queensland 4000
Telephone: (07) 3835 5769
www.suncorpgroup.com.au

Investor Relations

Steve Johnston
EGM Group Corporate Affairs and Investor Relations
Telephone: (07) 3135 3988
steve.johnston@suncorp.com.au

Table of Contents

Basis of Preparation **2**
Operational Summary **5**
Financial Results Summary **5**
Review of Consolidated Operations **6**
Contribution to Profit by Division **8**
Statement of Financial Position **10**
Ratios and Statistics **11**
Group Capital **13**
Dividends **14**
Income Tax **14**
General Insurance **15**
- Result overview 15
- Profit contribution 16
- General Insurance ratios 16
- Statement of financial position 17
- Gross written premium 18
- Operating expenses 23
- Managed schemes 23
- Joint ventures and other income 23
- Investment income 24
- Personal Lines Australia 26
- Commercial Lines Australia 27
- New Zealand 28

Core Bank **29**
- Result overview 29
- Outlook 30
- Profit contribution 30
- Ratios and statistics 31
- Loans, advances and other receivables 31
- Funding 34
- Net interest income 35
- Net banking fee income 36
- Financial instruments and other operating revenue 36
- Operating expenses 37
- Impairment losses on loans and advances 37
- Impaired assets 38
- Average banking balance sheet 40

Non-core Bank **42**
- Result overview 42
- Outlook 42
- Profit contribution 43
- Ratios and statistics 43
- Loans, advances and other receivables 43
- Funding 45
- Net interest income 47
- Net banking fee income 48
- Operating expenses 48
- Impairment losses on loans and advances 48
- Impaired asset balances 49
- Average banking balance sheet 51

Life **53**
- Result overview 53
- Life Embedded Value 60

Appendix 1 – Consolidated income statement **64**
Appendix 2 – Ratio Calculations **65**

Appendix 3 – Group Capital 66
Appendix 4 – Underlying ITR 70
Appendix 5 – General Insurance Profit – Short-tail and Long-tail (includes NZ) 71
Appendix 6 – General Insurance New Zealand Segment Results Expressed in NZ$ 72
Appendix 7 – General Insurance Profit Excluding the Discount Rate Movements and FSL 73
Appendix 8 – Consolidated Bank 74
APS330 Disclosure 84
Appendix 9 – Definitions 89
Appendix 10 – 2011/2012 Key Dates 92

Operational Summary

- Business stabilised and strengthened while managing 100,000 natural hazard claims with gross costs of around $4 billion.
- Building blocks program substantially completed – on schedule and within budget.
- One view of employees – single enterprise agreement implemented.
- One view of group finances – single general ledger completed.
- One view of customers – single customer data warehouse operating.
- One pricing engine used by Suncorp, GIO, AAMI, Apia.
- One claims system progressing with the continued roll-out of 'Repairlink' and SMART shops.
- Tyndall Investments and New Zealand Guardian Trust divested.
- Transition to Non-Operating Holding Company structure completed.

Financial Results Summary

- Group net profit after tax (NPAT) of $453 million.
- Profit after tax from business lines of $625 million.
- General Insurance NPAT of $392 million with underlying ITR of 10.8%, up from 9%.
- Gross Written Premium up 3.6% on a reported basis and 5.2% excluding product exits.
- Core Bank NPAT of $259 million with net interest margin of 1.9%.
- Non-core Bank loss after tax of $175 million with run-off continuing to progress ahead of expectations and the portfolio balance down to $7.7 billion.
- Suncorp Life NPAT of $149 million including underlying profit of $147 million.
- Suncorp Life Embedded Value of $2.4 billion.
- Target payout ratio reset to 50% to 70% of cash earnings (ex divestments).
- Final dividend of 20 cents per share, fully franked, representing a payout ratio of 70% of cash earnings excluding divestments.
- Capital levels remain strong with the General Insurance MCR coverage at 1.64 times, Bank Net Tier 1 ratio at 9.58%.
- Capital of $1,245 million held surplus to operating targets.

Review of Consolidated Operations

Having successfully **stabilised** the business in the 2010 financial year, the Suncorp Group outlined a plan to significantly **strengthen** its business by completing five key projects, known as the Group's building blocks. These projects were:

- Consolidation of general insurance claims processes by moving to a single system for home and motor repairs;
- Standardising pricing processes under the General Insurance Pricing Engine (GIPE);
- Consolidating multiple terms and conditions into consistent employment arrangements for all employees in Australia – the 'One Team' project;
- Commissioning a warehouse for all customer data – providing a single view of the Group's more than nine million direct customers, and
- Moving to one general ledger accounting system, providing a single view of the Group's finances.

Additionally, the Group **simplified** its business by divesting non-core assets and implementing a Non-Operating Holding Company (NOHC) structure.

Building block projects substantially completed during a year of significant natural hazard events

In the year to 30 June 2011, the Group substantially completed all of the building blocks projects on time and within budget. The successful completion of these projects has occurred during an unprecedented series of major events across Australia and New Zealand, with the Group managing more than 100,000 flood, cyclone, earthquake and other natural hazard claims at an estimated gross cost of around $4 billion.

The natural hazard events have impacted all operating businesses with a material impact on reported profit; however, pricing and claims initiatives have significantly improved the Group's ability to respond. Suncorp has emerged in a position of renewed strength, having served its customers with distinction, maintained a strong balance sheet, built significant brand loyalty and earned the respect of government, regulators and the general public.

In September 2010, the Group successfully moved to one general ledger accounting system providing a single view of the Group's finances and more timely information.

In November 2010, the single customer data warehouse was implemented. This single view of the customer has enabled life insurance products to be directly sold through general insurance brands such as Suncorp, GIO, Apia and AAMI.

Also in November, Suncorp employees voted in favour of a single Group-wide Enterprise Agreement, allowing the Suncorp Group Enterprise Agreement to come into effect on 26 February 2011.

In January 2011, the Group completed its transition to a NOHC structure, improving transparency of capital and allowing more efficient use of Group capital.

Between January and June 2011, the single claims and pricing projects were substantially completed. The Australian business is now pricing 85% of motor premium, 93% of home premium and 66% of SME commercial packages on GIPE, thereby enabling pricing to be tailored to individual risk and improving risk selection overall. The Group is progressively deploying its Guidewire ClaimsCentre system across General Insurance, and has introduced Repairlink assessment teams as well as opening 12 SMART (Small – Medium Accident Repair Technique) shops.

As part of the on going simplification agenda, the Group completed the divestments of Tyndall Investments (Tyndall) and New Zealand Guardian Trust (NZGT).

Execution of growth plans

In addition to successfully completing the building block projects, the Group has made good progress on growth plans outlined to the market in May 2010. Highlights include:

- Based on the successful implementation of the building block projects, the general insurance business is on track to deliver its target of **$235 million in annualised savings in FY13.**
- The general insurance business remains committed to increasing the underlying margin by at least 3% from FY10 to FY12. **(Underlying margin for FY10 was 9% and increased to 10.8% for FY11).**
- The general insurance businesses have completed their move to functionally aligned, customer-focused structures, delivering growth (**GWP increased 5.2%** excluding exited businesses) and using scale in terms of pricing and claims.
- Suncorp Bank is **on track to deliver a sustained Return on Equity** greater than 15% from the Core banking business.
- Suncorp Bank achieved **lending growth** marginally above **system** in mortgages for the financial year despite lower lending growth rates in its home market of Queensland.
- Suncorp Bank **continued the roll out of new branches** with 21 new sites opened as part of a commitment to double the branch footprint and treble the number of customers in New South Wales and Western Australia.
- Suncorp Bank **reduced the cost to income ratio** in the second half of the year, while continuing its investments in growing the branch network and focusing on platform simplification.
- Non-core Bank run-off continues in an orderly fashion **(gross loans reduced to $7.7 billion at 30 June 2011)**, in turn generating an increase in available capital.
- Suncorp Life new business sales **increased by 21% in FY11**.
- Good progress was made in building a direct distribution business of scale **(sales through the Suncorp Life direct channel increased by 44% to $23 million).**
- Reflecting the progress made in de-risking of the business and in order to improve dividend flexibility, the Board has approved the dividend payout ratio be adjusted to **50% to 70% of cash earnings excluding divestments.**

Financial performance for the year ended 30 June 2011

The **General Insurance** profit after tax was $392 million. This result was achieved despite the unprecedented sequence of natural hazard events. Natural hazard claims were $325 million above allowances and additional reinsurance protections cost $232 million. Improvements in the management of long-tail claims and reduced claims handling costs have resulted in central estimate reserve releases that were $310 million, well above the Group’s normal expectations. The underlying ITR has improved from 9% to 10.8% as benefits from the claims and pricing initiatives flow through.

In the **Core Bank**, profit after tax was $259 million, with a net interest margin of 1.90%, up from 1.80%. The margin against lending assets was 2.18%, up from 2.06%. Lending growth was marginally above system level.

The **Non-core Bank** incurred a loss after tax of $175 million. The run-off of the portfolio progressed ahead of expectations with total lending reducing to $7.7 billion, down $4.9 billion for the year. Impairment losses were down significantly, to $274 million from $428 million.

Suncorp Life’s profit after tax was $149 million. Underlying profit after tax of $147 million was impacted by higher than expected claims costs, policy lapses and divested businesses. The Embedded Value of Suncorp Life was $2.4 billion.

The combined **profit after tax from business lines** was $625 million for the year. The after tax loss from divestments of Tyndall and NZGT was $79 million. This, along with the amortisation of intangibles, resulted in a Group **net profit after tax** of $453 million.

Cash earnings per share (excluding divestments), which forms the basis of the Group’s dividend payout calculation, was 50 cents. The **final dividend of 20 cents** brings the total payout ratio to 70%, at the top end of the Group's increased target payout ratio.

Contribution to Profit by Division for the Year Ended 30 June 2011

	FULL YEAR ENDED JUN-11 $M	JUN-10 $M	JUN-11 vs JUN-10 %
General Insurance			
Gross written premium	7,280	7,027	3.6
Net earned premium	6,277	6,310	(0.5)
Net incurred claims	(4,750)	(4,637)	2.4
Operating expenses	(1,623)	(1,670)	(2.8)
Investment income - insurance funds	508	602	(15.6)
Insurance trading result	412	605	(31.9)
Managed schemes net income	18	4	350.0
Joint venture and other income	16	53	(69.8)
Investment income - shareholder funds	206	194	6.2
Profit before tax and capital funding	652	856	(23.8)
Capital funding	(89)	(82)	8.5
Profit before tax	563	774	(27.3)
Income tax	(171)	(217)	(21.2)
General Insurance profit after tax	**392**	**557**	**(29.6)**
Banking			
Core Bank profit after tax	259	268	(3.4)
Non-core Bank profit/(loss) after tax	(175)	(224)	(21.9)
Total Bank profit after tax	**84**	**44**	**90.9**
Life			
Underlying profit after tax	147	188	(21.8)
Market adjustments after tax	2	34	(94.1)
Life profit after tax	**149**	**222**	**(32.9)**
Profit after tax from business lines	**625**	**823**	**(24.1)**
Other			
Contribution from LJ Hooker	-	4	(100.0)
Sale of subsidiaries and investment in joint ventures [(1)]	(109)	215	n/a
Investment income on capital held at the Group level	18	-	n/a
Consolidation adjustments [(2)]	11	9	22.2
Amortisation of acquisition intangible assets	(149)	(210)	(29.0)
Integration costs	-	(59)	(100.0)
Profit/(loss) before tax	(229)	(41)	458.5
Income tax benefit	61	7	large
Profit/(loss) on other items	**(168)**	**(34)**	**394.1**
Profit after tax before non-controlling interests	**457**	**789**	**(42.1)**
Non-controlling interests	(4)	(9)	(55.6)
Net profit after tax	**453**	**780**	**(41.9)**

(1) Includes the loss before tax on the sale of Tyndall and NZGT of $109 million in the year to 30 June 2011, profit before tax of the sale from the RACQI and RAAI joint ventures of $165 million and profit before tax from sale of LJ Hooker of $50 million in the year to 30 June 2010.

(2) Represents elimination of Group transactions including treasury shares and transactions between lines of business.

Contribution to Profit by Division for the Half Year Ended 30 June 2011

	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	$M	$M	%	%
General Insurance						
Gross written premium	3,717	3,563	3,537	3,490	4.3	5.1
Net earned premium	3,011	3,266	3,166	3,144	(7.8)	(4.9)
Net incurred claims	(2,466)	(2,284)	(2,446)	(2,191)	8.0	0.8
Operating expenses	(828)	(795)	(858)	(812)	4.2	(3.5)
Investment income - insurance funds	339	169	342	260	100.6	(0.9)
Insurance trading result	56	356	204	401	(84.3)	(72.5)
Managed schemes net income	15	3	(4)	8	400.0	n/a
Joint venture and other income	4	12	30	23	(66.7)	(86.7)
Investment income - shareholder funds	119	87	94	100	36.8	26.6
Profit before tax and capital funding	194	458	324	532	(57.6)	(40.1)
Capital funding	(46)	(43)	(41)	(41)	7.0	12.2
Profit before tax	148	415	283	491	(64.3)	(47.7)
Income tax	(48)	(123)	(73)	(144)	(61.0)	(34.2)
General Insurance profit after tax	**100**	**292**	**210**	**347**	**(65.8)**	**(52.4)**
Banking						
Core Bank profit after tax	149	110	114	154	35.5	30.7
Non-core Bank profit/(loss) after tax	(68)	(107)	(74)	(150)	(36.4)	(8.1)
Total Bank profit after tax	**81**	**3**	**40**	**4**	**large**	**102.5**
Life						
Underlying profit after tax	76	71	103	85	7.0	(26.2)
Market adjustments after tax	12	(10)	14	20	n/a	(14.3)
Life profit after tax	**88**	**61**	**117**	**105**	**44.3**	**(24.8)**
Profit after tax from business lines	**269**	**356**	**367**	**456**	**(24.4)**	**(26.7)**
Other						
Contribution from LJ Hooker	-	-	-	4	n/a	n/a
Sale of subsidiaries and investment in joint ventures (1)	(3)	(106)	165	50	(97.2)	n/a
Investment Income on capital held at Group level	18	-	-	-	n/a	n/a
Consolidation adjustments (2)	6	5	10	(1)	20.0	(40.0)
Amortisation of acquisition intangible assets	(73)	(76)	(98)	(112)	(3.9)	(25.5)
Integration costs	-	-	-	(59)	n/a	n/a
Profit/(loss) before tax	(52)	(177)	77	(118)	(70.6)	n/a
Income tax	13	48	(22)	29	(72.9)	n/a
Profit/(loss) on other items	**(39)**	**(129)**	**55**	**(89)**	**(69.8)**	**(170.9)**
Profit after tax before non-controlling interests	**230**	**227**	**422**	**367**	**1.3**	**(45.5)**
Non-controlling interests	-	(4)	(6)	(3)	(100.0)	(100.0)
Net profit after tax	**230**	**223**	**416**	**364**	**3.1**	**(44.7)**

(1) Includes the loss before tax on the sale of Tyndall and NZGT of $3 million in the half year to 30 June 2011, $106 million in the half year to 31 December 2010, the profit before tax on the sale of the RACQI and RAAI joint ventures of $165 million in the half year to 30 June 2010 and profit before tax from sale of LJ Hooker of $50 million in the half year to 31 December 2009.

(2) Represents elimination of Group transactions including treasury shares and transactions between lines of business.

Statement of Financial Position

	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Assets						
Cash and cash equivalents	1,271	1,496	883	1,499	(15.0)	43.9
Receivables due from other banks	226	91	232	123	148.4	(2.6)
Trading securities	4,952	4,868	8,233	7,050	1.7	(39.9)
Derivatives	166	376	833	384	(55.9)	(80.1)
Investment securities	24,014	23,969	21,091	20,469	0.2	13.9
Assets classified as held for sale	-	118	-	-	(100.0)	n/a
Banking loans, advances and other receivables	48,639	50,351	51,146	53,361	(3.4)	(4.9)
General Insurance assets	8,054	4,506	4,550	3,771	78.7	77.0
Life assets	671	538	651	860	24.7	3.1
Property, plant and equipment	351	337	358	367	4.2	(2.0)
Deferred tax assets	148	170	101	159	(12.9)	46.5
Other assets	686	668	634	790	2.7	8.2
Goodwill and intangible assets	6,310	6,368	6,627	6,707	(0.9)	(4.8)
Total assets	95,488	93,856	95,339	95,540	1.7	0.2
Liabilities						
Deposits and short-term borrowings	38,858	36,855	33,958	34,638	5.4	14.4
Derivatives	2,580	3,266	2,461	2,460	(21.0)	4.8
Payables due to other banks	31	18	28	20	72.2	10.7
Payables and other liabilities	2,224	1,528	2,286	1,874	45.5	(2.7)
Current tax liabilities	145	171	1	72	(15.2)	large
Liabilities classified as held for sale	-	12	-	-	(100.0)	n/a
General Insurance liabilities	14,831	11,866	11,556	10,992	25.0	28.3
Life liabilities	6,183	6,268	6,139	6,480	(1.4)	0.7
Deferred tax liabilities	-	3	-	-	(100.0)	n/a
Managed funds unit on issue	701	581	437	788	20.7	60.4
Securitisation liabilities	3,532	4,011	4,710	4,336	(11.9)	(25.0)
Debt issues	10,031	12,680	16,759	17,236	(20.9)	(40.1)
Subordinated notes	1,524	1,814	2,182	2,207	(16.0)	(30.2)
Preference shares	830	871	869	867	(4.7)	(4.5)
Total liabilities	81,470	79,944	81,386	81,970	1.9	0.1
Net assets	14,018	13,912	13,953	13,570	0.8	0.5
Equity						
Share capital	12,662	12,614	12,618	12,526	0.4	0.3
Reserves	33	4	74	93	large	(55.4)
Retained profits	1,306	1,273	1,241	942	2.6	5.2
Total equity attributable to owners of the Company	14,001	13,891	13,933	13,561	0.8	0.5
Non-controlling interests	17	21	20	9	(19.0)	(15.0)
Total equity	14,018	13,912	13,953	13,570	0.8	0.5

Ratios and Statistics for the Year Ended 30 June 2011

		FULL YEAR ENDED		JUN-11
		JUN-11	JUN-10	vs JUN-10
				%
Performance ratios				
Earnings per share [(1)]				
Basic	(cents)	35.56	61.81	(42.5)
Diluted	(cents)	35.56	60.10	(40.8)
Cash earnings per share [(1)]				
Basic	(cents)	53.66	73.46	(27.0)
Diluted	(cents)	53.66	67.64	(20.7)
Cash earnings per share excluding divestments				
Basic	(cents)	49.93	60.80	(17.9)
Diluted	(cents)	49.93	55.99	(10.8)
Return on average shareholders' equity [(1)]	(%)	3.2	5.7	
Cash return on average shareholders' equity	(%)	4.9	6.8	
Return on average total assets	(%)	0.47	0.81	
Insurance trading ratio	(%)	6.6	9.6	
Underlying insurance trading ratio	(%)	10.8	9.0	
Core bank net interest margin (interest earning assets)	(%)	1.90	1.80	
Shareholder summary				
Dividend per ordinary share	(cents)	35.0	35.0	-
Payout ratio				
Net profit after tax	(%)	98.7	57.1	
Cash earnings	(%)	65.4	48.1	
Cash earnings excluding divestments	(%)	70.3	58.1	
Weighted average number of shares				
Basic	(million)	1,273.7	1,262.1	0.9
Diluted	(million)	1,273.7	1,370.6	(7.1)
Number of shares at end of period	(million)	1,277.4	1,273.2	0.3
Net tangible asset backing per share	($)	6.03	5.75	4.9
Share price at end of period	($)	8.14	8.04	1.2
Productivity				
Core Bank cost to income ratio	(%)	52.5	50.5	
General Insurance expense ratio	(%)	25.8	26.5	
Financial position				
Total assets	($ million)	95,488	95,339	0.2
Net assets	($ million)	14,018	13,953	0.5
Capital [(2)]				
Bank capital adequacy ratio - Total	(%)	13.40	14.71	
Bank capital adequacy ratio - Net Tier 1	(%)	9.58	13.23	
General Insurance Group MCR coverage	(times)	1.64	1.89	

(1) Refer Appendix 2 for details of Earnings per share and Return on average shareholders' equity calculations. Refer Appendix 9 for definitions.
(2) Comparative capital ratios reflect the pre-NOHC position. Following the transition to the NOHC, some capital previously held within the Bank and General Insurance group is now held at the NOHC level. At 30 June 2011, $698 million of capital is held by Suncorp Group Limited and service companies.

Ratios and Statistics for the Half Year Ended 30 June 2011

		HALF YEAR ENDED				JUN-11	JUN-11
		JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10 %	vs JUN-10 %
Performance ratios							
Earnings per share [1]							
Basic	(cents)	18.05	17.51	32.81	28.97	3.1	(45.0)
Diluted	(cents)	18.05	17.51	31.90	28.28	3.1	(43.4)
Cash earnings per share [1]							
Basic	(cents)	22.06	31.61	38.22	35.21	(30.2)	(42.3)
Diluted	(cents)	22.06	31.61	35.21	32.53	(30.2)	(37.3)
Cash earnings per share excluding divestments							
Basic	(cents)	22.22	27.71	28.38	32.43	(19.8)	(21.7)
Diluted	(cents)	22.22	27.71	26.14	29.97	(19.8)	(15.0)
Return on average shareholders' equity [1]	(%)	3.3	3.2	6.1	5.4		
Cash return on average shareholders' equity	(%)	4.1	5.7	7.1	6.6		
Return on average total assets	(%)	0.49	0.47	0.88	0.75		
Insurance trading ratio	(%)	1.9	10.9	6.4	12.8		
Underlying insurance trading ratio	(%)	11.2	10.5	10.0	8.0		
Core Bank net interest margin (interest earning assets)	(%)	1.97	1.83	1.84	1.76		
Shareholder summary							
Dividend per ordinary share	(cents)	20.0	15.0	20.0	15.0	33.3	-
Payout ratio							
Net profit after tax	(%)	111.1	85.6	61.2	52.0		
Cash earnings	(%)	90.9	47.4	52.5	42.8		
Cash earnings excluding divestments	(%)	90.2	54.1	70.8	46.5		
Weighted average number of shares							
Basic	(million)	1,274.8	1,272.7	1,267.8	1,256.4	0.2	0.6
Diluted	(million)	1,274.8	1,272.7	1,376.4	1,359.8	0.2	(7.4)
Number of shares at end of period	(million)	1,277.4	1,272.2	1,273.2	1,262.6	0.4	0.3
Net tangible asset backing per share	($)	6.03	5.93	5.75	5.44	1.7	4.9
Share price at end of period	($)	8.14	8.61	8.04	8.70	(5.5)	1.2
Productivity							
Core Bank cost to income ratio	(%)	52.0	53.0	51.4	49.7		
General Insurance expense ratio	(%)	27.5	24.4	27.1	25.8		
Financial position							
Total assets	($ million)	95,488	93,856	95,339	95,540	1.7	0.2
Net assets	($ million)	14,018	13,912	13,953	13,570	0.8	0.5
Capital [2]							
Bank capital adequacy ratio - Total	(%)	13.40	14.20	14.71	13.70		
Bank capital adequacy ratio - Net Tier 1	(%)	9.58	13.74	13.23	11.96		
General Insurance Group MCR coverage	(times)	1.64	2.03	1.89	1.88		

(1) Refer Appendix 2 for details of earnings per share and return on average shareholders' equity calculations. Refer Appendix 9 for definitions.

(2) Comparative capital ratios reflect the pre-NOHC position. Following the transition to the NOHC, some capital previously held within the Bank and General Insurance group is now held at the NOHC level. At 30 June 2011, $698 million of capital is held by Suncorp Group Limited and service companies.

Group Capital

After previously stabilising the Group's balance sheet, the priority for Suncorp has been improving the transparency and quality of capital through the introduction of the NOHC. The NOHC restructure was approved by shareholders on 15 December 2010 and the restructure, along with capital transfers, occurred on 7 January 2011. Following the implementation of the NOHC, the new Group holding company, Suncorp Group Limited (SGL) may hold some of the capital to meet the internal targets of the operating businesses. Additionally, SGL will hold capital for risks associated with the service companies.

Based on the NOHC structure, Suncorp's capital targets have been revised by the Board to reflect a more appropriate risk appetite. The General Insurance capital target has been reduced and a portion of the Group's capital targets are held at the SGL level. Accordingly, an amount of capital equivalent to 0.05 times the General Insurance Minimum Capital Requirement (MCR) and 0.5% of the Bank Capital Adequacy Ratio (CAR) is now included in the target capital base of SGL. At the operating level, the target levels are now 1.45 times the General Insurance MCR and 12.5% of Bank CAR.

The Group's capital position has strengthened during the year due to solid earnings, divestments and the run-off of the Non-core Bank. The balance sheet responded well to the multiple external events and the capital position remains strong with the quality of capital significantly improved. Given the strength of the capital position, the Board has:

- Redeemed subordinated debt of $520 million during the year;
- Increased the target dividend payout range to 50% to 70% of cash earnings excluding divestments;
- Declared a final dividend of 20 cents per share, bringing the total ordinary dividend for the year to the top of the increased target range of 50% to 70% of cash earnings per share excluding divestments;
- Redeemed $42 million in Reset Preference Shares for cash consideration following the NOHC transition in January 2011;
- Agreed to the exchange of $72 million in Reset Preference Shares for cash consideration in September 2011; and
- Maintained a zero discount on the Dividend Reinvestment Plan (DRP) and neutralised the impact of the DRP on the final dividend by buying shares on-market.

At 30 June 2011, on a regulated entity basis, the Bank's CAR is 13.4% and the net tier 1 ratio is 9.58%. In the General Insurance regulated entities, domestic capital is 1.67 times MCR and the Group capital is 1.64 times MCR. Additionally, following the proposed final dividend, $698 million of capital is held by SGL and the consolidated group.

Based on current targets, the Group holds surplus capital of around $1,245 million. The Board continues to believe it is prudent to retain a capital buffer while regulatory, economic and natural hazard uncertainties remain. Additionally, Suncorp will seek to ensure that current credit ratings are maintained.

Investment market volatility in recent months has reinforced the appropriateness of the Group's conservative capital position. However, as market conditions stabilise, the Board will return to shareholders any capital that is considered to be excess to the operating requirements of the Group.

The table below is a summary of the capital position at 30 June 2011. Detailed tables are in Appendix 3.

	GENERAL INSURANCE $M	BANKING $M	LIFE $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M
Total capital base	3,525	4,668	1,763	698	10,654
Target capital base	3,059	4,296	1,686	368	9,409
Surplus capital to target	**466**	**372**	**77**	**330**	**1,245**

Dividends

The final dividend of 20 cents per share is fully franked and due to be paid on 3 October 2011. The ex-dividend date is 29 August 2011 and the record date for determining entitlements to the dividend is 2 September 2011.

	HALF YEAR ENDED			
	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M
Franking credits				
Franking credits available for subsequent financial years based on a tax rate of 30% after proposed dividend	**630**	**636**	**523**	**561**

Income Tax

	JUN-11 $M	JUN-10 $M	JUN-11 vs JUN-10 %
Profit before income tax expense	702	1,118	(37.2)
Income tax using the domestic corporation tax rate of 30%	211	335	(37.0)
Increase in income tax expense due to:			
Non-deductible expenses	15	15	-
Imputation gross-up on dividends received	11	12	(8.3)
Statutory funds	10	(1)	n/a
Income tax offsets and credits	(37)	(39)	(5.1)
Amortisation of acquisition intangible assets	7	7	-
Other	7	13	(46.2)
	224	342	(34.5)
(Over) provision in prior years	21	(13)	n/a
Income tax expense on pre-tax net profit	**245**	**329**	**(25.5)**
Effective tax rate	**34.9%**	**29.4%**	
Income tax expense/(benefit) by segment			
General Insurance	171	217	(21.2)
Banking	61	34	79.4
Life	74	85	(12.9)
Other	(61)	(7)	large
Total income tax expense	245	329	(25.5)

The Group's consolidated effective tax rate for the year ended 30 June 2011 was 34.9%. The effective tax rate varies from the corporate tax rate mainly due to the following:

- Non deductible distributions from the Convertible Preference Shares ($12 million) and Reset Preference Shares ($2 million) against a lower relative Group profit.
- The sale of the NZGT business resulted in a non-deductible write down of goodwill attributed to NZGT on the acquisition of Promina Group Ltd ($17 million).

General Insurance

Basis of preparation

Financial information in this section includes both fire service levies and the impact of discount rate movements. These impacts are eliminated in the General Insurance profit contribution table in Appendix 7. Appendices 4 to 7 contain supplementary General Insurance tables including the underlying ITR calculation.

Result overview

General Insurance recorded an after tax profit of $392 million for the year to 30 June 2011.

The Insurance Trading Result (ITR) was $412 million, representing an ITR ratio of 6.6%. The headline ITR has reduced due to adverse natural hazard claims experience of $325 million above the Group's long-run allowances and additional reinsurance reinstatement costs of $232 million. Favourable long-tail claims experience resulted in reserve releases of $310 million, well above normal expectations. On an underlying basis, the ITR ratio improved to 10.8% from 9%.

Gross Written Premium (GWP) increased 3.6% to $7.3 billion.

Personal lines experienced solid growth, with Home up 11.5% and Motor up 4.4%. The home premium rates have increased due to ongoing adverse natural hazard experience and higher reinsurance costs. Retention rates have remained strong despite these premium increases.

Commercial Insurance GWP reduced 4% on a headline basis, however, after excluding exited product lines, GWP increased by 2.3%.

Compulsory Third Party (CTP) GWP increased 3.2% despite a headline ceiling rate reduction in the Queensland scheme.

Net incurred claims totalled $4.75 billion. Short-tail claims expenses were impacted by a significant number of major weather events, resulting in net natural hazard claims being $325 million above the Group's allowance. In long-tail claims, greater than expected reserve releases were attributable to improved claims management and favourable claims experience.

Total operating expenses reduced to $1.6 billion. Acquisition expenses reduced by $53 million and other underwriting expenses increased $6 million.

Investment income on insurance funds was $508 million. This included a benefit of $63 million from the narrowing of credit spreads and other mismatches. Investment returns on shareholder funds was $206 million.

Joint ventures and other income contributed $16 million. This is lower than prior years due to the divestment of the RACQI and RAAI joint ventures.

The Group's New Zealand operations were significantly impacted by multiple earthquakes in Christchurch during the year. The Group's reinsurance program mitigated the impact of the earthquakes that, to date, have an estimated gross claims cost of around A$2.5 billion. The overall loss of $203 million for the New Zealand insurance operations was predominantly due to the purchase of additional reinsurance reinstatements during the year and a $35 million one-off Liability Adequacy Test (LAT) charge.

Profit contribution

	FULL YEAR ENDED JUN-11 $M	JUN-10 $M	JUN-11 vs JUN-10 %	HALF YEAR ENDED JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Gross written premium	7,280	7,027	3.6	3,717	3,563	3,537	3,490	4.3	5.1
Gross unearned premium movement	(197)	(138)	42.8	(181)	(16)	(85)	(53)	large	112.9
Gross earned premium	7,083	6,889	2.8	3,536	3,547	3,452	3,437	(0.3)	2.4
Outwards reinsurance expense	(806)	(579)	39.2	(525)	(281)	(286)	(293)	86.8	83.6
Net earned premium	6,277	6,310	(0.5)	3,011	3,266	3,166	3,144	(7.8)	(4.9)
Net incurred claims									
Claims expense	(9,331)	(5,966)	56.4	(6,287)	(3,044)	(3,299)	(2,667)	106.5	90.6
Reinsurance and other recoveries revenue	4,581	1,329	244.7	3,821	760	853	476	402.8	347.9
	(4,750)	(4,637)	2.4	(2,466)	(2,284)	(2,446)	(2,191)	8.0	0.8
Total operating expenses									
Acquisition expenses [(1)]	(912)	(965)	(5.5)	(465)	(447)	(514)	(451)	4.0	(9.5)
Other underwriting expenses [(1)]	(711)	(705)	0.9	(363)	(348)	(344)	(361)	4.3	5.5
	(1,623)	(1,670)	(2.8)	(828)	(795)	(858)	(812)	4.2	(3.5)
Underwriting result	(96)	3	n/a	(283)	187	(138)	141	n/a	105.1
Investment income - insurance funds	508	602	(15.6)	339	169	342	260	100.6	(0.9)
Insurance trading result	412	605	(31.9)	56	356	204	401	(84.3)	(72.5)
Managed schemes net contribution	18	4	350.0	15	3	(4)	8	400.0	n/a
Joint venture and other income	16	53	(69.8)	4	12	30	23	(66.7)	(86.7)
General Insurance operational earnings	446	662	(32.6)	75	371	230	432	(79.8)	(67.4)
Investment income - shareholder funds	206	194	6.2	119	87	94	100	36.8	26.6
General Insurance profit before tax and capital funding	652	856	(23.8)	194	458	324	532	(57.6)	(40.1)
Capital funding [(2)]	(89)	(82)	8.5	(46)	(43)	(41)	(41)	7.0	12.2
General Insurance profit before tax	563	774	(27.3)	148	415	283	491	(64.3)	(47.7)
Income tax	(171)	(217)	(21.2)	(48)	(123)	(73)	(144)	(61.0)	(34.2)
General Insurance profit after tax	**392**	**557**	**(29.6)**	**100**	**292**	**210**	**347**	**(65.8)**	**(52.4)**

(1) Comparative information has been restated to be consistent with the current treatment of expense disclosures between acquisition costs and underwritten expenses.

(2) Includes interest expense on subordinated notes. The capital funding charge for 30 June 2010 includes a gain of $5 million for the redemption of subordinated notes.

General Insurance ratios

	FULL YEAR ENDED JUN-11 %	JUN-10 %	HALF YEAR ENDED JUN-11 %	DEC-10 %	JUN-10 %	DEC-09 %
Acquisition expenses ratio	14.5	15.3	15.4	13.7	16.2	14.3
Other underwriting expenses ratio	11.3	11.2	12.1	10.7	10.9	11.5
Total operating expenses ratio	25.8	26.5	27.5	24.4	27.1	25.8
Loss ratio	75.7	73.5	81.9	69.9	77.3	69.7
Combined operating ratio	101.5	100.0	109.4	94.3	104.4	95.5
Insurance trading ratio	**6.6**	**9.6**	**1.9**	**10.9**	**6.4**	**12.8**

Statement of financial position

	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Assets						
Cash and cash equivalents	195	167	156	515	16.8	25.0
Investment securities	10,782	11,259	11,151	10,455	(4.2)	(3.3)
Derivatives	23	15	36	28	53.3	(36.1)
Loans, advances and other receivables	2,256	1,792	2,273	1,654	25.9	(0.7)
Reinsurance and other recoveries	4,660	1,824	1,551	1,249	155.5	200.5
Deferred insurance assets	1,138	898	726	858	26.7	56.7
Investments in associates and joint ventures	58	57	61	217	1.8	(4.9)
Due from subsidiaries	-	7	-	-	(100.0)	n/a
Investment property	137	146	144	156	(6.2)	(4.9)
Property, plant and equipment	18	37	39	41	(51.4)	(53.8)
Other assets	148	146	138	146	1.4	7.2
Goodwill and intangible assets [(1)]	5,268	5,318	5,387	5,461	(0.9)	(2.2)
Total assets	24,683	21,666	21,662	20,780	13.9	13.9
Liabilities						
Payables and other liabilities	1,045	711	705	419	47.0	48.2
Derivatives	90	107	49	95	(15.9)	83.7
Due to subsidiaries	167	-	237	193	n/a	(29.5)
Deferred tax liabilities	81	50	119	96	62.0	(31.9)
Employee benefit obligations	107	106	104	107	0.9	2.9
Unearned premium liabilities	3,854	3,665	3,670	3,582	5.2	5.0
Outstanding claims liabilities	10,977	8,200	7,886	7,410	33.9	39.2
Other financial liabilities	6	17	56	55	(64.7)	(89.3)
Subordinated notes	678	655	689	695	3.5	(1.6)
Total liabilities	17,005	13,511	13,515	12,652	25.9	25.8
Net assets	**7,678**	**8,155**	**8,147**	**8,128**	**(5.8)**	**(5.8)**

(1) Goodwill and intangible balances for December 2009, June 2010 and December 2010 have been restated following the NOHC restructure to present goodwill on a post allocation to Cash Generating Unit (CGU) basis.

Gross written premium

	FULL YEAR ENDED JUN-11 $M	FULL YEAR ENDED JUN-10 $M	JUN-11 vs JUN-10 %	HALF YEAR ENDED JUN-11 $M	HALF YEAR ENDED DEC-10 $M	HALF YEAR ENDED JUN-10 $M	HALF YEAR ENDED DEC-09 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Gross written premium by product									
Australia									
Motor	2,418	2,320	4.2	1,226	1,192	1,180	1,140	2.9	3.9
Home	1,756	1,571	11.8	895	861	780	791	3.9	14.7
Commercial	1,312	1,389	(5.5)	642	670	667	722	(4.2)	(3.7)
Compulsory third party	864	837	3.2	436	428	431	406	1.9	1.2
Workers' compensation and Other	247	253	(2.4)	177	70	160	93	152.9	10.6
	6,597	**6,370**	**3.6**	**3,376**	**3,221**	**3,218**	**3,152**	**4.8**	**4.9**
New Zealand									
Motor	140	131	6.9	70	70	66	65	-	6.1
Home	168	154	9.1	86	82	78	76	4.9	10.3
Commercial	329	320	2.8	159	170	146	174	(6.5)	8.9
Other	46	52	(11.5)	26	20	29	23	30.0	(10.3)
	683	**657**	**4.0**	**341**	**342**	**319**	**338**	**(0.3)**	**6.9**
Total									
Motor	2,558	2,451	4.4	1,296	1,262	1,246	1,205	2.7	4.0
Home	1,924	1,725	11.5	981	943	858	867	4.0	14.3
Commercial	1,641	1,709	(4.0)	801	840	813	896	(4.6)	(1.5)
Compulsory third party	864	837	3.2	436	428	431	406	1.9	1.2
Workers' compensation and Other	293	305	(3.9)	203	90	189	116	125.6	7.4
	7,280	**7,027**	**3.6**	**3,717**	**3,563**	**3,537**	**3,490**	**4.3**	**5.1**

	FULL YEAR ENDED JUN-11 $M	FULL YEAR ENDED JUN-10 $M	JUN-11 vs JUN-10 %	HALF YEAR ENDED JUN-11 $M	HALF YEAR ENDED DEC-10 $M	HALF YEAR ENDED JUN-10 $M	HALF YEAR ENDED DEC-09 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Gross written premium by geography									
Queensland	1,901	1,857	2.4	973	928	936	921	4.8	4.0
New South Wales	2,304	2,256	2.1	1,151	1,153	1,142	1,114	(0.2)	0.8
Victoria	1,486	1,472	1.0	744	742	739	733	0.3	0.7
Western Australia	482	394	22.3	285	197	204	190	44.7	39.7
South Australia	225	202	11.4	117	108	103	99	8.3	13.6
Tasmania	112	106	5.7	60	52	51	55	15.4	17.6
Other	87	83	4.8	46	41	43	40	12.2	7.0
Total Australia	6,597	6,370	3.6	3,376	3,221	3,218	3,152	4.8	4.9
New Zealand	683	657	4.0	341	342	319	338	(0.3)	6.9
Total	**7,280**	**7,027**	**3.6**	**3,717**	**3,563**	**3,537**	**3,490**	**4.3**	**5.1**

Gross written premium (continued)

Motor

Motor GWP increased by 4.4% to $2,558 million.

In Australia, despite an increasingly competitive market, net written units were up 3% and average written premium increased 1.2%. Market share remained stable across the portfolio.

GWP growth was strong in the key mass market brands AAMI and Apia and in the specialist brand Shannons. All brands continued to increase their online presence, with impressive growth achieved by the special online brand Bingle.

New Zealand increased GWP by 6.9%, or 9.9% in NZ$ terms as a result of rate increases and new business acquired though AAI and the ANZI distribution channel.

Home

Home GWP increased by 11.5% to $1,924 million.

In Australia, growth of 11.8% was achieved. Average written premium rose 10%, predominantly in response to natural hazard events and in anticipation of increased reinsurance costs. Despite the price increases, net written units grew 1.8%. Price increases were targeted to support improved risk selection across the home portfolio.

Suncorp and Vero both experienced good growth as their capability to respond to various natural hazard events, and, in particular, the automatic flood cover offering, resulted in strong customer demand.

New Zealand is showing good momentum, up 9.1%, or 12.4% in NZ$ terms with growth flowing through the ANZI and AAI brands.

Commercial Insurance

Commercial Insurance GWP decreased 4% to $1,641 million.

After portfolio reviews in early 2010, Suncorp ceased writing Home Warranty, Aviation and Farm policies. These exited portfolios had contributed $105 million in the prior corresponding period and, after excluding their impact, Commercial Insurance GWP grew by 2.3%.

The portfolio experienced increased competition in small-medium broker business. Larger corporate property risks faced less competition, with rate hardening evident in the second half, as a consequence of natural hazard events and increased reinsurance costs.

Underwriting discipline has continued in the SME portfolio, despite heavy price-based competition. Profitability has been maintained, with expectations of a significant competitive advantage through more accurate risk-rating due to the introduction of GIPE (General Insurance Pricing Engine) and expectations that some competitors’ pricing levels are unlikely to be sustainable.

Compulsory Third Party (CTP)

CTP GWP increased 3.2% to $864 million.

In New South Wales, Suncorp remains the second largest CTP provider, utilising a two-brand strategy and primarily focusing on attracting and retaining preferred risks. The NSW CTP portfolio has performed well throughout the year with pricing discipline and improved risk selection delivering a 4.6% net increase in policies in-force over the period, along with a 7.9% increase in average written premiums. Renewal rates remain solid across the portfolio, driven by competitive pricing and optimisation of internet functionality, putting Suncorp in a strong position to grow market share and increase margins.

Suncorp continues to be the leading CTP insurance provider in Queensland with over 50% market share. Average written premiums reduced 6.2% in the year following a reduction in the headline rate in the first half. Despite some competitors pricing below the ceiling rate, Queensland CTP market share remained flat.

Workers' Compensation and other

Workers' Compensation is underwritten by GIO in Western Australia, ACT, Tasmania and Northern Territory. Workers' Compensation was marginally lower due to a 14% reduction in the Western Australian gazette rates from 30 June 2010, along with some aggressive market competition. Suncorp continues to maintain its underwriting discipline in this soft market.

'Other' premium income relates to direct travel insurance and Deposit Power products. Australian income stayed stable at $31 million; however, the New Zealand component fell slightly to $46 million from $52 million.

Reinsurance expense

Outwards reinsurance expense for the year was $806 million, an increase of $227 million. The increase was predominantly attributable to $232 million of reinstatement and back-up costs, due to earthquakes in Christchurch, Cyclone Yasi, as well as major floods in Queensland.

The 2011/12 property catastrophe treaty is the largest element of the Group's reinsurance program, which protects the Group from losses on single events over $250 million and covers home, motor and commercial property accounts against major catastrophes such as windstorm, hail, bushfire and earthquake in both Australia and New Zealand.

Additionally, the Group has again purchased an aggregate catastrophe reinsurance cover where Australian events with claims losses above $10 million are aggregated, until the retention of $250 million is exceeded. The capacity of the treaty is $200 million. The cover has a limit of $90 million per event.

While the 2011/12 reinsurance program is broadly similar in structure to the 2010/11 program, there are a number of notable differences, namely:

- Attachment points at the top and the bottom of the catastrophe treaty have increased (by $200 million and $50 million respectively);
- The New Zealand attachment point has been reduced to NZ$50 million;
- Additional subsequent event New Zealand dropdowns to NZ$25 million have been purchased;
- Aggregate cover has reduced to $200 million from $400 million; and
- AAMI flood cover has been included in the program from early calendar year 2012.

Based on current estimates, the 2011/12 outward reinsurance expense is expected to be approximately $730 million. This is not comparable on a like-for-like basis with the cost of the 2010/11 program. Additional reinsurance costs on the main catastrophe and aggregate programs are being covered with premium increases being earned across Home, Commercial and New Zealand premium pools.

Reinsurance security has been maintained for the 2012 financial year program, with over 85% of long-tail and short-tail business protected by reinsurers rated ‘A+’ or better.

	MAXIMUM SINGLE RISK RETENTION JUN-11 $M	MAXIMUM EVENT RISK RETENTION JUN-11 $M
Property (1)	10	250
General liability	10	10
Global liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor (1)	10	250
Professional Indemnity	5	5
Travel & Personal Accident	5	5
Marine	3	3

(1) $250 million is the maximum retention. For Australian risk, these classes are also protected by the property aggregate treaty. Once the $250 million aggregate deductible is eroded, the aggregate program provides cover of $90 million per event with $200 million of total capacity. For New Zealand risks, additional protection has been purchased to reduce the maximum retention to NZ$50 million.

Net incurred claims

Net claims costs increased 2.4% to $4.75 billion.

A sequence of major weather events across Australia and New Zealand resulted in natural hazard event costs being $325 million above the long-run expectation of $460 million. Major natural hazard events for the year were as follows:

DATE	EVENT	Gross Costs $M	Net Costs $M
Sept 2010	Victorian floods	24	24
Sept 2010	Christchurch earthquake	429	45
Oct 2010	Brisbane storms/floods	10	10
Oct 2010	Eastern Australia storms	13	13
Dec 2010	Eastern Australia rain	14	14
Dec 2010	South Australian storms	10	10
Dec 2010	QLD-NSW hail/rain	43	43
Dec 2010	Central and Southwest QLD flooding	103	103
Dec 2010	Christchurch earthquake	9	9
Jan 2011	Rockhampton floods	20	20
Jan 2011	Toowoomba & Brisbane flooding	686	116
Jan 2011	Victorian floods	39	10
Feb 2011	Cyclone Yasi - North QLD	320	10
Feb 2011	Victorian storms/flooding	122	24
Feb 2011	Christchurch earthquake	2,024	45
Mar 2011	NSW/Victorian storms	13	13
Jun 2011	Christchurch earthquake	78	15
Total		**3,957**	**524**
Other natural hazard events			**261**
Less: allowance for natural hazards			**(460)**
Natural hazard costs above allowance			**325**

Working loss ratios were stable during the year, however there was some isolated event-related claims inflation following the March 2010 Melbourne hail storms due to a lack of competitive tension between Victorian repairers.

Improved risk selection through GIPE, improved claims processes and reduced procurement costs have ensured that claims costs increases are minimised.

The valuation of outstanding claims at 30 June 2011 resulted in central estimate releases of $310 million. This is well above the Group's normal expectation for reserve releases (1.5% of net earned premium) and is primarily due to favourable claims experience and ongoing improvements in claims management in long-tail classes.

Risk margins

The Group has not changed its approach to setting risk margins. They remain at approximately 18% of outstanding claim reserves giving an approximate level of confidence of 90%.

Risk margins remained relatively stable, decreasing by only $1 million over the year. The assets notionally backing risk margins returned $43 million with significant volatility half on half. The net financial impact of risk margins on the ITR is $44 million. This is reversed in calculating the underlying margin in Appendix 4.

Outstanding claims provisions over time

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

	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	10,977	8,200	7,886	7,410	33.9	39.2
Reinsurance and other recoveries	(4,660)	(1,824)	(1,551)	(1,249)	155.5	200.5
Net outstanding claims liabilities	**6,317**	**6,376**	**6,335**	**6,161**	**(0.9)**	**(0.3)**
Expected future claims payments and claims handling expenses	6,362	6,488	6,385	6,294	(1.9)	(0.4)
Discount to present value	(1,025)	(1,074)	(1,031)	(1,093)	(4.6)	(0.6)
Risk margin	980	962	981	960	1.9	(0.1)
Net outstanding claims liabilities	**6,317**	**6,376**	**6,335**	**6,161**	**(0.9)**	**(0.3)**
Personal						
Australia short-tail	701	846	687	661	(17.1)	2.0
New Zealand	65	51	51	41	27.5	27.5
Commercial						
Australia long-tail	5,221	5,101	5,224	5,124	2.4	(0.1)
Australia short-tail	195	258	250	217	(24.4)	(22.0)
New Zealand	135	120	123	118	12.5	9.8
Total	**6,317**	**6,376**	**6,335**	**6,161**	**(0.9)**	**(0.3)**

Outstanding claims provision breakdown

	ACTUAL	NET CENTRAL ESTIMATE (DISCOUNTED)	RISK MARGIN (90TH PERCENTILE DISCOUNTED)	CHANGE IN NET CENTRAL ESTIMATE [1]
	$M	$M	$M	$M
Personal				
Short-tail and other	701	622	79	(2)
New Zealand	65	59	6	-
Commercial				
Australia long-tail	5,221	4,372	849	(296)
Australia short-tail	195	173	22	(23)
New Zealand	135	111	24	11
Total	**6,317**	**5,337**	**980**	**(310)**

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

Operating expenses

Total operating expenses have decreased 2.8% to $1,623 million. This reduction, combined with an increase in premium income, has resulted in the total operating expense ratio decreasing to 25.8% from 26.5%. This decrease was achieved despite additional project spends relating to implementation of the Building blocks program.

Acquisition costs have decreased 5.5% to $912 million. The key elements of this decrease are a reduction of commissions following our exit from the Covermore business last year, as well as a one-off charge of $47 million in the previous financial year following the revision of deferred acquisition costs (DAC). These reductions were however, offset by a one-off charge of $35 million in the current year as a result of the liability adequacy test (LAT) deficiency in New Zealand. The acquisition expenses ratio has decreased to 14.5% from 15.3%.

Other underwriting expenses have increased 0.9% to $711 million. This includes $12 million, of one-off restructuring costs. The other underwriting expense ratio has increased to 11.3% from 11.2%.

Managed schemes

Net profit from managed scheme business was $18 million, up from $4 million in the prior year. This is largely due to improved incentive fees performance and greater market share for Managed Funds NSW.

Joint ventures and other income

The Group participated in joint ventures with the Tasmanian motoring club (RACT) and Capital SMART Repairs. The joint venture income was $16 million, down from $53 million in the prior year. The reduction follows the divestment of RACQI and RAAI on 28 February 2010.

The result includes a profit of $4 million following the transfer of 15% of the Tasmanian joint venture back to the RACT in October 2010. Despite an aggressive site rollout in its first year, Capital SMART produced a small net profit after tax.

Investment income

	FULL YEAR ENDED		JUN-11		HALF YEAR ENDED			JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	3	12	(75.0)	1	2	4	8	(50.0)	(75.0)
Interest bearing securities and other	505	590	(14.4)	338	167	338	252	102.4	-
Total	**508**	**602**	**(15.6)**	**339**	**169**	**342**	**260**	**100.6**	**(0.9)**
Investment income on shareholder funds									
Cash and short-term deposits	22	3	large	14	8	1	2	75.0	large
Interest bearing securities	168	192	(12.5)	99	69	105	87	43.5	(5.7)
Overseas equities (1)	1	(2)	n/a	(3)	4	(6)	4	n/a	(50.0)
Property and other	15	1	large	9	6	(6)	7	50.0	n/a
Total	**206**	**194**	**6.2**	**119**	**87**	**94**	**100**	**36.8**	**26.6**
Total investment income	**714**	**796**	**(10.3)**	**458**	**256**	**436**	**360**	**78.9**	**5.0**

(1) Refers to investments held by the New Zealand entities.

Total investment income for the year of $714 million resulted in a total return over the portfolios of 6.7%.

An improvement in economic conditions in the first half of the period saw an increase in the Australian official cash rate in November 2010. Further anticipated rate rises didn’t eventuate due to a weakening economy as well as increasing sovereign risk concerns in Europe and the USA.

The total investment income on technical reserves was $508 million. This result comprises:

- Underlying yield income of $458 million.
- A negative $8 million mark-to-market movement due to interest rate changes. This is offset by the corresponding reduction in claims expense resulting from the change in discount rates.
- An accounting mismatch of negative $5 million. This was caused by the impact of increasing interest rates on the assets that back liabilities that are not marked to market for accounting purposes, namely unearned premium net of insurance debtors. It is called an accounting mismatch because the liability is, in reality, interest rate sensitive.
- An economic mismatch of $63 million caused by credit spreads contracting, inflation-linked bonds return over nominal and other duration and yield curve movements.

The majority of Australian insurance funds portfolio underlying yield income of $429 million was due to returns on interest bearing securities. CPI growth over the year resulted in a strong return of $12 million from index-linked bonds and solid demand for domestic corporate bonds narrowed credit spreads resulting in $42 million of mark-to market gains.

Positive additional returns of $27 million came from duration matching the investment portfolio against the insurance liabilities. Fears of sovereign default and domestic growth concerns saw a decrease in government bond yields offsetting much of the increase earlier in the financial year. On average, government bond yields increased, contributing to mark-to-market losses of $18 million.

New Zealand insurance funds recorded investment income on interest-bearing securities of $16 million for the year.

Investment income on shareholders’ funds was $206 million for the year, a yield of 7.3%. The Australian shareholder funds component returned $186 million, $152 million of which is attributable to underlying yield income on interest bearing securities. Additional returns of $24 million were obtained from mark-to-market gains due to narrowing credit spreads.

New Zealand obtained a net return of $20 million on shareholder funds, which included $3 million of losses on equity instruments in the second half of the year.

Investment assets

	JUN-11	DEC-10	JUN-10	DEC-09	JUN-11 vs DEC-10	JUN-11 vs JUN-10
	$M	$M	$M	$M	%	%
Allocation of investments held against:						
Insurance funds						
Cash and short-term deposits	87	90	129	330	(3.3)	(32.6)
Interest bearing securities and other	7,944	8,191	8,193	7,514	(3.0)	(3.0)
Total	**8,031**	**8,281**	**8,322**	**7,844**	**(3.0)**	**(3.5)**
Shareholders' funds						
Cash and short-term deposits	570	296	337	146	92.6	69.1
Interest bearing securities	2,270	2,784	2,605	2,818	(18.5)	(12.9)
Overseas equities (1)	84	78	77	67	7.7	9.1
Property and other	79	86	92	137	(8.1)	(14.1)
Total	**3,003**	**3,244**	**3,111**	**3,168**	**(7.4)**	**(3.5)**

(1) Refers to investments held by the New Zealand entities.

The Australian GI Technical Reserve portfolios of SMIL, GIOG, AAMI and VIL are now managed against a uniform benchmark allocation of 60% credit, 10% inflation, 10% government and 20% semi-government bonds. The AAI portfolio is managed against an allocation of 68% cash and 32% credit. There was no change to the investment benchmark allocations of the investment portfolios during the year.

The credit rating of the Australian investment portfolio is outlined below.

Credit risk exposure – fixed interest investments

	HALF YEAR ENDED			
	JUN-11	DEC-10	JUN-10	DEC-09
AVERAGE	%	%	%	%
AAA	47.3	45.5	44.0	45.3
AA	40.0	41.0	43.2	39.5
A	11.4	12.3	11.6	12.6
BBB	1.3	1.2	1.2	2.6
	100.0	**100.0**	**100.0**	**100.0**

Personal Lines Australia

	FULL YEAR ENDED JUN-11	JUN-10	JUN-11 vs JUN-10	HALF YEAR ENDED JUN-11	DEC-10	JUN-10	DEC-09	JUN-11 vs DEC-10	JUN-11 vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	4,205	3,922	7.2	2,138	2,067	1,977	1,945	3.4	8.1
Net earned premium	3,718	3,572	4.1	1,835	1,883	1,788	1,784	(2.5)	2.6
Net incurred claims	(2,889)	(2,606)	10.9	(1,437)	(1,452)	(1,448)	(1,158)	(1.0)	(0.8)
Acquisition expenses	(425)	(527)	(19.4)	(209)	(216)	(279)	(248)	(3.2)	(25.1)
Other underwriting expenses	(382)	(369)	3.5	(195)	(187)	(181)	(188)	4.3	7.7
Total operating expenses	(807)	(896)	(9.9)	(404)	(403)	(460)	(436)	0.2	(12.2)
Underwriting result	22	70	(68.6)	(6)	28	(120)	190	n/a	(95.0)
Investment income - insurance funds	122	94	29.8	64	58	46	48	10.3	39.1
Insurance trading result	144	164	(12.2)	58	86	(74)	238	(32.6)	n/a
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	11.4	14.8		11.4	11.5	15.6	13.9		
Other underwriting expenses ratio	10.3	10.3		10.6	9.9	10.1	10.5		
Total operating expenses ratio	21.7	25.1		22.0	21.4	25.7	24.4		
Loss ratio	77.7	73.0		78.3	77.1	81.0	64.9		
Combined operating ratio	99.4	98.1		100.3	98.5	106.7	89.3		
Insurance trading ratio	3.9	4.6		3.2	4.6	(4.1)	13.3		

Result overview

The Australian personal lines market was primarily influenced by a year of severe natural hazard events.

Pricing across the home portfolio hardened as insurers restore profitability and offset significant increases in reinsurance costs.

The market for motor insurance continues to be competitive, particularly in the online channel, however, there is no evidence that the new market entrants have been able to attract material shifts in market share. Overall, the motor portfolio continues to be impacted by general economic conditions and reduced demand for new motor vehicles.

Outlook

Suncorp Personal Insurance is well placed to respond to market dynamics. Following completion of the building blocks program of work, the priority is now to optimise these initiatives and consolidate Suncorp's industry leadership.

Suncorp Personal Insurance will continue to lead in distribution by optimising its direct franchise and innovating in the online distribution channel, particularly focusing on product access via smart phones and other mobile devices.

The implementation of GIPE enables Suncorp to achieve pricing objectives across its portfolio of brands. Additionally, an opt-out flood cover option will be offered across the AAMI home portfolio. While the Group will continue to capitalise on the halo effect following the Queensland events, it is not intended to increase concentration of the risk profile. Pricing initiatives undertaken in March and June 2011 ensure that increased reinsurance costs will be recouped in the 2012 financial year. Suncorp will continue to monitor the potential impact of these premium increases on its renewals and market share.

Investments in SMART and Repairlink will continue to provide cost leadership in the repair process. Suncorp's improved efficiency in centralisation of claims, settlements, recoveries and procurement processes, will allow the exploration of opportunities to partner with external providers.

Commercial Lines Australia

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	2,392	2,448	(2.3)	1,238	1,154	1,241	1,207	7.3	(0.2)
Net earned premium	2,113	2,164	(2.4)	1,019	1,094	1,090	1,074	(6.9)	(6.5)
Net incurred claims	(1,416)	(1,704)	(16.9)	(793)	(623)	(831)	(873)	27.3	(4.6)
Acquisition expenses	(314)	(308)	1.9	(152)	(162)	(172)	(136)	(6.2)	(11.6)
Other underwriting expenses	(282)	(275)	2.5	(144)	(138)	(134)	(141)	4.3	7.5
Total operating expenses	(596)	(583)	2.2	(296)	(300)	(306)	(277)	(1.3)	(3.3)
Underwriting result	101	(123)	n/a	(70)	171	(47)	(76)	n/a	48.9
Investment income - insurance funds	370	494	(25.1)	266	104	289	205	155.8	(8.0)
Insurance trading result	471	371	27.0	196	275	242	129	(28.7)	(19.0)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	14.9	14.2		14.9	14.8	15.8	12.7		
Other underwriting expenses ratio	13.3	12.7		14.1	12.6	12.3	13.1		
Total operating expenses ratio	28.2	26.9		29.0	27.4	28.1	25.8		
Loss ratio	67.0	78.7		77.8	56.9	76.2	81.3		
Combined operating ratio	95.2	105.6		106.8	84.3	104.3	107.1		
Insurance trading ratio	22.3	17.1		19.2	25.1	22.2	12.0		

Result overview

The Australian commercial insurance market experienced some modest price hardening during the year following the sequence of natural hazard events. Despite this, there remained strong price competition within the SME and Workers' Compensation markets and, in this environment, Suncorp remained committed to profitability rather than market share growth. Accordingly, the pace of growth has been slower than anticipated.

Long-tail classes continued to provide strong reserve releases as claims frequency and settlements track below expectations. Additionally, the Group has benefited from improved claims management processes.

Despite headline Queensland CTP reductions and competitors pricing below the ceiling rate, retention rates have remained solid with market share remaining flat.

Outlook

Suncorp expects that market trends will continue into the next financial year with some rate increases likely across property lines due to recent weather events however significant broader market hardening is not expected. Specifically, the SME market is unlikely to harden significantly in the near term and the Group continues to focus on establishing a solid base for future profitable growth with the launch of B2B pricing and claims platforms, establishment of successful Mid-Market Underwriting Rooms and implementation of a functional structure across Commercial Insurance.

Workers' Compensation is likely to see some modest hardening after Western Australian Gazette rates increased 3.3% from 1 July 2011.

In New South Wales CTP, the focus will be on continued optimisation of the Group's two-brand strategy to ensure profitable risk selection. The outlook for Queensland CTP is expected to be steady.

Focus will continue on extracting the benefits from building block initiatives to deliver an underlying ITR improvement and, given positive market trends, the targeted 3 % improvement in market share.

New Zealand

This table is shown in A$. Appendix 6 shows a copy of this table restated in NZ$.

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	683	657	4.0	341	342	319	338	(0.3)	6.9
Net earned premium	446	574	(22.3)	157	289	288	286	(45.7)	(45.5)
Net incurred claims	(445)	(327)	36.1	(236)	(209)	(167)	(160)	12.9	41.3
Acquisition expenses	(173)	(130)	33.1	(104)	(69)	(63)	(67)	50.7	65.1
Other underwriting expenses	(47)	(61)	(23.0)	(24)	(23)	(29)	(32)	4.3	(17.2)
Total operating expenses	(220)	(191)	15.2	(128)	(92)	(92)	(99)	39.1	39.1
Underwriting result	(219)	56	n/a	(207)	(12)	29	27	large	n/a
Investment income - insurance funds	16	14	14.3	9	7	7	7	28.6	28.6
Insurance trading result	(203)	70	n/a	(198)	(5)	36	34	large	n/a
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	38.8	22.6		66.2	23.9	21.9	23.4		
Other underwriting expenses ratio	10.5	10.6		15.3	8.0	10.1	11.2		
Total operating expenses ratio	49.3	33.2		81.5	31.9	32.0	34.6		
Loss ratio	99.8	57.0		150.3	72.3	58.0	55.9		
Combined operating ratio	149.1	90.2		231.8	104.2	90.0	90.5		
Insurance trading ratio	(45.5)	12.2		(126.1)	(1.7)	12.5	11.9		

Result overview

The results for the New Zealand operations were dominated by the impacts of four major earthquakes in Christchurch during the year. The impact of these earthquakes has resulted in increased net claims costs, additional reinsurance reinstatement premiums and an additional LAT charge of $35 million.

Otherwise, the New Zealand operations recorded a solid underlying performance with a significant improvement in the underlying ITR and a GWP increase of 8.4% in NZ$ terms.

Outlook

The New Zealand market is expected to harden dramatically, particularly in the property classes, to offset additional reinsurance costs and to accommodate the increased likelihood of further earthquake activity.

New Zealand operations have been at the forefront of responding to the Christchurch earthquake events and continue to work with local and central governments to ensure a satisfactory outcome for impacted customers.

Core Bank

Result overview

Suncorp Bank is Australia's fifth largest retail bank with its core business in personal, SME and agribusiness banking.

Core Bank profit after tax was $259 million. This performance was underpinned by the following achievements:

- Home lending marginally above system for the full year, despite exposure to flood affected Queensland;
- Solid core business lending growth despite contracting system;
- The deposit to core lending ratio was maintained at the top end of the target range of 60% to 70%;
- The net interest margin to lending assets improved by 12 basis points over the year; and
- Impairment charges were in line with the banking industry despite the weather events.

Growth in housing loan receivables was strong in the first half but momentum slowed significantly following the impact of major weather events. The Bank's strong brand presence supported renewed growth towards the end of the year, however the Queensland mortgage market continues to be subdued. Over the year, housing loan receivables (including securitised assets), increased by 6.5% to $30.9 billion.

Consumer lending decreased 1.9% over the year to $558 million as customers continued to focus on repaying existing debt.

Business lending increased 5.4% to $8.1 billion at 30 June 2011. This is a solid result in a market that is still contracting and reflects the strength of the franchise and the Bank's position as number one nationally in customer satisfaction among business customers, as measured by Roy Morgan[1].

The Bank continued to focus on developing 'Main Financial Institution' status with customers through its Complete Customer metric. This builds more enduring customer relationships and supports the Bank's multi-product holdings strategy.

The deposit to core lending ratio was maintained at the top end of the target range. Deposit growth moderated to match lending growth and support the net interest margin. The overall composition of deposits improved over the year in terms of both price and retention quality.

Net interest income for the full year was $837 million, representing an increase of 11.2%. Net interest income to interest earning assets improved by 10 basis points to 1.90%, and net interest income to lending assets improved by 12 basis points to 2.18%. This margin improved by 16 basis points from the first to second half.

Net banking fee income of $87 million was down 23% reflecting the systemic shift in the market to lower fees. This reduction was particularly evident in the home lending and retail deposit portfolios.

Operating expenses were $492 million, up from $451 million, reflecting continued investment in building the core franchise and stimulating growth through branch expansion and increasing customer-facing staff. The cost-to-income ratio was 52.5%. The second half cost to income ratio was 52.0%, down from 53.0% in the first half. This trend is expected to continue as the growth in average receivables balances increases and new branch investment matures.

[1] Roy Morgan Research Business Survey 6 months to June 2011 – based on performance amongst top six banks (ANZ, CBA, NAB, WESTPAC, St George & Suncorp Bank).

A $25 million provision made in December 2010 to allow for potential losses and credit quality deterioration due to the flood events has been retained. The Bank took a conservative approach to provide for the dislocation impacts that could potentially arise. Actual incurred losses have been immaterial to date.

Outlook

Credit growth is expected to remain subdued as higher inflation, global uncertainty and interest rate rises continue to weigh on consumer confidence. In Queensland, there is expected to be significant stimulus to the economy following the flood and cyclone events as a result of insurance claims rebuilding and significant state and federal government funding. The strength of the Suncorp brand within Queensland will ensure it benefits from this economic stimulus.

The Bank continues to target above system growth rates in home and core business lending and a deposit to core loan ratio at the top end of its target 60% to 70% range.

The net interest margin benefited from the out-of-cycle mortgage rate increase in November 2010. The improved net interest margin should deliver further earnings growth in 2012, although both strong market competition and volatile wholesale funding markets provide a degree of caution in the outlook.

The Core Bank continues to actively manage its retail deposit base to optimise the net interest margin. Further opportunities to improve the composition of the Bank's funding base will be pursued to support profitability and strengthen the Bank's preparedness for the introduction of the new 'Basel III' liquidity rules in 2015.

Profit contribution – Core Bank

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Net interest income	837	753	11.2	437	400	382	371	9.3	14.4
Non-interest income									
Net banking fee income	87	113	(23.0)	41	46	55	58	(10.9)	(25.5)
MTM on financial instruments	10	17	(41.2)	7	3	-	17	133.3	n/a
Other income	4	10	(60.0)	2	2	7	3	-	(71.4)
Total non-interest income	101	140	(27.9)	50	51	62	78	(2.0)	(19.4)
Total income	938	893	5.0	487	451	444	449	8.0	9.7
Operating expenses	(492)	(451)	9.1	(253)	(239)	(228)	(223)	5.9	11.0
Profit before impairment losses on loans and advances	446	442	0.9	234	212	216	226	10.4	8.3
Impairment losses on loans and advances	(51)	(51)	-	(8)	(43)	(49)	(2)	(81.4)	(83.7)
Core Bank profit before tax	**395**	**391**	**1.0**	**226**	**169**	**167**	**224**	**33.7**	**35.3**
Income tax	(136)	(123)	10.6	(77)	(59)	(53)	(70)	30.5	45.3
Core Bank profit after tax	**259**	**268**	**(3.4)**	**149**	**110**	**114**	**154**	**35.5**	**30.7**

Ratios and statistics

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-11	JUN-10	JUN-11	DEC-10	JUN-10	DEC-09
Net interest margin (interest earning assets) %	1.90	1.80	1.97	1.83	1.84	1.76
Net interest margin (lending assets) %	2.18	2.06	2.26	2.10	2.10	2.01
Cost to income ratio %	52.5	50.5	52.0	53.0	51.4	49.7
Impairment losses to gross loans and advances (bps)	0.13	0.14	0.04	0.22	0.26	0.01
Impairment losses to risk weighted assets (bps)	0.24	0.26	0.08	0.42	0.51	0.02
Deposit to core loan ratio %	70.4	71.1	70.4	70.8	71.1	69.0

Loans, advances and other receivables

	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Housing loans	27,014	25,954	23,904	4.1	13.0
Securitised housing loans	3,980	4,510	5,202	(11.8)	(23.5)
Total housing loans	30,994	30,464	29,106	1.7	6.5
Consumer loans	558	557	569	0.2	(1.9)
Retail loans	31,552	31,021	29,675	1.7	6.3
Commercial (SME)	4,560	4,374	4,273	4.3	6.7
Agribusiness	3,522	3,371	3,397	4.5	3.7
Business loans	8,082	7,745	7,670	4.4	5.4
Total lending	**39,634**	**38,766**	**37,345**	**2.2**	**6.1**
Other receivables (1) (2)	119	137	111	(13.1)	7.2
Gross banking loans, advances and other receivables	39,753	38,903	37,456	2.2	6.1
Provision for impairment	(120)	(123)	(102)	(2.4)	17.6
Loans, advances and other receivables	**39,633**	**38,780**	**37,354**	**2.2**	**6.1**
Risk weighted assets	**21,136**	**20,455**	**19,488**	**3.3**	**8.5**

(1) Other receivables are primarily collateral deposits provided to derivative counterparties.
(2) Balance contains interest not brought to account: 30 June 2011, ($23m), 31 December 2010 ($17m), 30 June 2010 ($13m).

Total Core Bank lending was $39.6 billion at 30 June 2011, an increase of 6.1%.

The Bank produced strong lending growth in the first half of the year, as it increased advertising and promotion at the local level and continued its branch network expansion. However, flooding in Queensland along with higher interest rates has slowed lending growth in the second half. Despite these impacts, growth was marginally above system levels for the full year at 1.02 times system (as measured by the RBA).

Personal Lending

Housing lending

Home loan receivables, including securitised assets, grew 6.5% to $31 billion.

Positive momentum achieved in the home lending portfolio late in the 2010 financial year continued into the first half of 2011, up 4.7%. Home lending momentum stalled with flooding in South East Queensland, Cyclone Yasi and increases in official interest rates resulting in second half home lending growth of 1.7%.

Consumer lending

Consumer lending decreased 1.9% over the year. Consumers remain cautious in taking on new discretionary debt, consistent with the broader trend of deleveraging in the economy.

Business Lending

As expected, the business pipeline late in the first half transitioned to strong lending growth in the second half, finishing the year with growth of 5.4%. The annualised growth rate in the second half was 8.8%. Sales pipelines remain solid with momentum continuing, however, confidence levels vary across the business sectors.

Commercial (SME)

Commercial loans to small to medium business increased 6.7% for the year. This solid growth was underpinned by increased distribution strength and capability in the Bank’s growing target markets in Western Australia and New South Wales. During the year, ten district banking centres were opened. Recent marketing campaigns have proved successful bringing new customers to the Bank across all regions.

The Bank achieved strong organic growth from its existing customer base across both regional and metropolitan areas. Opportunities for continued growth remain with growing inquiry levels emerging.

Agribusiness

The agribusiness portfolio grew by 3.7% over the year.

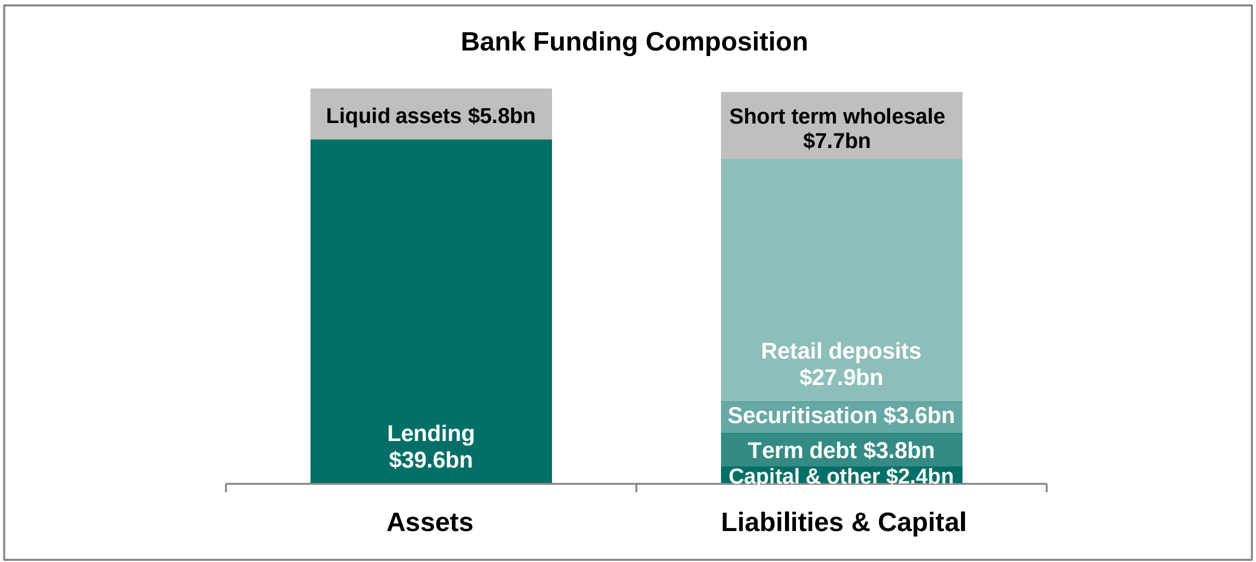
Flooding in South East Queensland significantly disrupted many agribusiness customers early in the second half but the negative impacts have proven to be short term and loss experience to date is low. Agribusiness customers have taken advantage of renewed water sources, replanting and restocking, which is improving the outlook for serviceability. Although the higher Australian dollar has reduced competitiveness in international markets, trading conditions remain positive.

	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Retail funding					
Retail deposits					
Transaction	5,492	5,517	5,058	(0.5)	8.6
Investment	3,706	3,651	3,670	1.5	1.0
Term	15,094	14,702	14,518	2.7	4.0
Core retail deposits	24,292	23,870	23,246	1.8	4.5
Retail treasury deposits	3,604	3,564	3,318	1.1	8.6
Total retail funding	27,896	27,434	26,564	1.7	5.0
Wholesale funding					
Domestic funding sources					
Short-term wholesale	5,091	5,537	6,349	(8.1)	(19.8)
Long-term wholesale	1,252	919	323	36.2	287.6
Subordinated notes	123	309	289	(60.2)	(57.4)
Reset preference shares	74	95	60	(22.1)	23.3
Convertible preference shares	524	476	303	10.1	72.9
	7,064	7,336	7,324	(3.7)	(3.5)
Overseas funding sources [(1)]					
Short-term wholesale	2,603	2,165	982	20.2	165.1
Long-term wholesale	1,386	1,120	735	23.8	88.6
Subordinated notes	488	452	335	8.0	45.7
	4,477	3,737	2,052	19.8	118.2
Total wholesale funding (excluding securitisiation)	11,541	11,073	9,376	4.2	23.1
Total funding (excluding securitisation)	**39,437**	**38,507**	**35,940**	**2.4**	**9.7**
Securitised funding					
APS 120 qualifying [(2)]	2,451	1,998	3,338	22.7	(26.6)
APS 120 non-qualifying	1,183	2,140	1,568	(44.7)	(24.6)
Total securitised funding	3,634	4,138	4,906	(12.2)	(25.9)
Total funding (including securitisation)	**43,071**	**42,645**	**40,846**	**1.0**	**5.4**
Total funding is represented on the balance sheet by:					
Deposits	27,896	27,434	26,564	1.7	5.0
Short-term borrowings	7,694	7,702	7,331	(0.1)	5.0
Securitisation liabilities	3,634	4,138	4,906	(12.2)	(25.9)
Bonds, notes and long-term borrowings	2,638	2,039	1,058	29.4	149.3
Subordinated notes	611	761	624	(19.7)	(2.1)
Preference shares	598	571	363	4.7	64.7
Total	**43,071**	**42,645**	**40,846**	**1.0**	**5.4**
Deposit to core loan ratio	**70.38%**	**70.77%**	**71.13%**		

(1) Foreign currency borrowings are hedged back into Australian dollars.
(2) Qualifies for capital relief under APS120.

Core Bank funding composition

The Core Bank conservatively manages its capital and liability mix. Over 94% of the Core Bank's lending portfolio is funded by retail deposits and other stable funding and capital sources. The bulk of the funding from short-term wholesale markets in part reflects the high liquid asset ratio that is being maintained. Suncorp Bank's liquid asset ratio is significantly above its peer group.



The Core Bank also has access to significant contingent liquidity in a crisis. Suncorp has established an on-balance sheet internal securitisation structure containing approximately $8.5 billion of mortgages that is currently unutilised. Significant additional capacity is available within days if required.

Retail funding

Core retail deposits grew 4.5% for the year. The Bank's deposit to lending ratio remained at 70% at 30 June 2011, the upper end of its retail funding mix target range. The Bank maintained growth in deposits to match lending growth during the year, improving the quality of the composition of deposits and supporting net interest margins. Solid growth of 6.2% was achieved in low cost transaction account balances over the year.

The targeted expansion of the branch network in Queensland, Western Australia and New South Wales, along with the expansion of the ATM network and customer service reach, supported the Bank's position and outlook for future deposit growth.

Wholesale funding

The success in growing the customer deposit base has resulted in a substantial reduction in the requirement for wholesale funding.

The 'A+' credit rating (Standard & Poor's 'A+', Moody's 'A1', and Fitch 'A') of the Bank enables well diversified access to both domestic and international markets, providing the Bank substantial funding flexibility and future capacity for balance sheet growth. The Bank has demonstrated access to the domestic and international term funding markets, as well as RMBS markets since the Global Financial Crisis without utilising the government guarantee. Senior unsecured transactions were completed in November 2010 and May 2011 raising $900 million and $650 million respectively.

Wholesale funding instruments maturity profile[1]

	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Maturity					
0 to 3 months	7,647	7,246	7,088	5.5	7.9
3 to 6 months	768	1,139	1,032	(32.6)	(25.6)
6 to 12 months	669	950	1,231	(29.6)	(45.7)
1 to 3 years	4,784	4,243	2,917	12.8	64.0
3+ years	1,307	1,633	2,014	(20.0)	(35.1)
Total wholesale funding instruments	15,175	15,211	14,282	(0.2)	6.3

(1) Includes wholesale debt, securitisation, subordinated notes and preference shares.

The Bank operates a solid wholesale funding instrument duration profile given the very strong retail deposit to lending ratio. It is important to note that a significant portion of wholesale funding (60% > 1 year) is represented by securitisation. Whilst this funding amortises over time, its rate of duration decay is substantially lower than other term funding instruments. This reduces the profile of future funding maturity towers and is important in reducing refinancing risk.

Net interest income

	FULL YEAR ENDED JUN-11 $M	JUN-10 $M	JUN-11 vs JUN-10 %	HALF YEAR ENDED JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Interest revenue lending assets	2,802	2,417	15.9	1,426	1,376	1,257	1,160	3.6	13.4
Interest revenue other assets [1]	330	238	38.7	169	161	131	107	5.0	29.0
Interest expense deposits and funding	(2,266)	(1,880)	20.5	(1,143)	(1,123)	(994)	(886)	1.8	15.0
	866	775	11.7	452	414	394	381	9.2	14.7
Interest expense preference shares	(29)	(22)	31.8	(15)	(14)	(12)	(10)	7.1	25.0
Net interest income	**837**	**753**	**11.2**	**437**	**400**	**382**	**371**	**9.3**	**14.4**
Net interest margin (interest earning assets)	**1.90%**	**1.80%**		**1.97%**	**1.83%**	**1.84%**	**1.76%**		
Net interest margin (lending assets)	**2.18%**	**2.06%**		**2.26%**	**2.10%**	**2.10%**	**2.01%**		

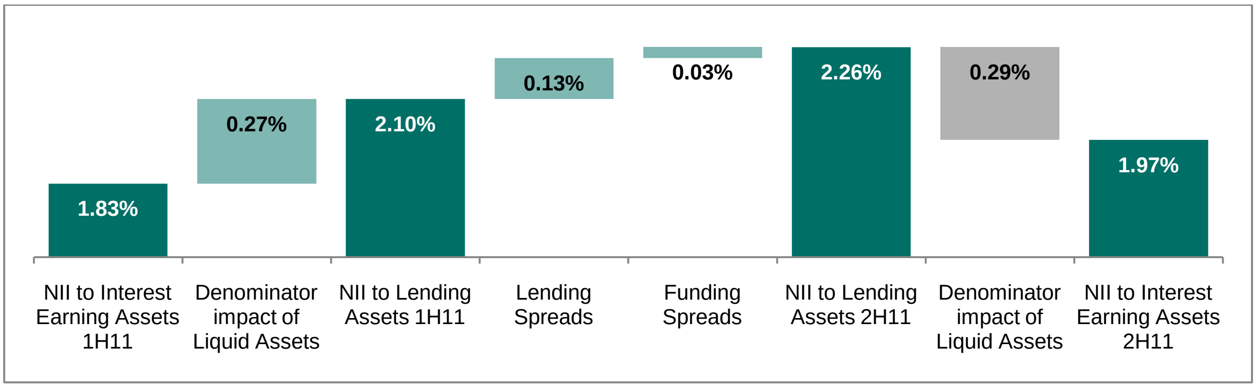
(1) Includes liquid asset portfolio.

Net interest income for the year grew by 11.2% to $837 million, driven by a combination of higher average lending balances and an improved margin.

The quality and pricing of the Bank's retail deposit base was improved, whilst retaining a 70% retail funding mix. The margin also benefited from an increase in the yield curve and flow on impact to the benefit from low cost deposits.

Net interest margin as measured against average interest earning assets was 1.90%, up 10 basis points. Net interest margin as measured against average lending assets improved by 12 basis points to 2.18%.

The extent of the difference between the margin to lending assets and interest earning assets reflects the Bank's conservative approach to liquidity management, with higher liquid asset balances than the industry average, diluting the margin on average interest earnings assets. It is important to note that the impact and associated cost of holding liquid assets is factored into both measures. As such, the margin on lending assets is a better reflection of the total profitability of the Bank against its customer franchise and is a better metric for competitor comparison.



Lending spreads increased 13 basis points as the full impact of the out-of-market cycle increase in housing rates, which occurred in November 2010, flowed through. The lending portfolio mix resulted in the lending margin (excluding the out-of-cycle increase) remaining stable.

The deposit to core lending ratio was maintained at the top end of the Bank's target range allowing flexibility in the funding approach. Deposit growth was moderated to match lending growth, providing support to the net interest margin. Growth in low cost deposits improved the overall composition of deposits in terms of both price and retention quality. As a result, funding spread improvement increased the margin by three basis points for the half. This was achieved despite a competitive market for retail deposits.

Net banking fee income

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Net lending fees	3	17	(82.4)	-	3	7	10	(100.0)	(100.0)
Transaction fees	58	79	(26.6)	28	30	39	40	(6.7)	(28.2)
Interchange fees	26	17	52.9	13	13	9	8	-	44.4
	87	**113**	**(23.0)**	**41**	**46**	**55**	**58**	**(10.9)**	**(25.5)**

Net banking fee income was $87 million, down 23% on the prior year. Customers continue to focus on low fee lending and deposit products across all categories. Product competition has seen a systemic move away from lending fees across the industry. The Bank has had success in sales of low fee products, where the offsetting benefit is reflected in net interest income.

Financial instruments and other operating revenue

Net mark-to-market gains on financial instruments and other income was $14 million for the year, down from $27 million.

As part of its normal balance sheet management operations, the Bank purchases liquid assets and uses short-dated hedging instruments for interest rate risk management purposes that do not qualify for hedge accounting and are accounted for on a mark-to-market basis. These instruments are often held to maturity and as such will unwind, with the impact realised in net interest income until maturity.

The movement in the unrealised mark-to-market position on these balance sheet management instruments during the period is as follows:

Unrealised mark-to-market movement

	HALF YEAR ENDED		
	JUN-11	DEC-10	JUN-10
	$M	$M	$M
Balance at the beginning of the half year	8	7	19
Unwind to net interest income	(3)	1	(8)
Unrealised gains for the period	1	-	(4)
Balance at the end of the half year	**6**	**8**	**7**

Expected unwind profile

	DEC-11	JUN-12	DEC-12	JUN-13
	$M	$M	$M	$M
Balance at the beginning of the half year	6	3	1	-
Movement future periods	(3)	(2)	(1)	-
Balance at the end of the half year	**3**	**1**	**-**	**-**

Operating expenses

Operating expenses were $492 million, resulting in a Core Bank cost to income ratio of 52.5%.

Expenses increased by 9% under a program to reinvigorate the franchise from the conservative growth and derisking profile of the prior year. The program of investment included:

- Opening of 21 new branches and District Banking Centres to build brand penetration;
- An increase of 7% in frontline sales and service personnel;
- An increase of 28% in marketing and advertising spend, over the constrained spend in 2010, to support the national branch expansion;
- Expansion of trade and debtor finance;
- Investment in the Suncorp Group Building blocks program which brought together a single employee agreement and a single payroll and performance management system; and
- Continued focus on simplification including investing in technology programs to remove duplicate systems, commencement of the core platform replacement program and management information system upgrades.

Impairment losses on loans and advances

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	16	13	23.1	(2)	18	32	(19)	n/a	n/a
Specific provision for impairment	32	26	23.1	7	25	9	17	(72.0)	(22.2)
Actual net write-offs	3	12	(75.0)	3	-	8	4	n/a	(62.5)
	51	**51**	**-**	**8**	**43**	**49**	**2**	**(81.4)**	**(83.7)**
Impairment losses to risk weighted assets (annualised)	**0.24%**	**0.26%**		**0.08%**	**0.42%**	**0.51%**	**0.02%**		

Impairment losses on loans and advances in the Core Bank were stable at $51 million.

The current year result includes a $25 million provision that was recognised in December 2010 as allowance for losses and credit quality deterioration arising from the Queensland flooding. To date, no significant impairments due to flood have occurred. However, operating conditions within several sectors of the Queensland economy remain weak, potentially in part due to second and third order flood dislocation impacts. At balance date, Suncorp Bank chose to retain the full $25 million flood provision.

Underlying losses continue to reduce. Excluding the flood provision, impairment losses to credit risk-weighted assets was 12 basis points for the year and annualised 8 basis points in the second half.

Impaired assets

Gross impaired asset balances decreased by $33 million over the half. Trading conditions remain mixed across portfolios with some industries still experiencing the impact of previous disruptions and market volatility. Customers were able to take opportunities to reduce debt levels, refinance or sell down assets, particularly in commercial lending.

Gross non-performing loans increased 36.1% driven primarily by housing loans across all regions. Past due loans on SME and Agribusiness sectors reduced to $87 million, ninety day past due mortgages were $293 million and past due other retail were $6 million as at 30 June 2011. Ninety day past due mortgages represent 0.95% of the portfolio. Mortgages remain well secured with a history of low loss.

Impaired asset balances

	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Gross balances of individually impaired loans					
with specific provisions set aside	136	179	150	(24.0)	(9.3)
without specific provisions set aside	10	-	-	n/a	n/a
Gross impaired assets	146	179	150	(18.4)	(2.7)
Specific provision for impairment	(39)	(40)	(37)	(2.5)	5.4
Net impaired assets	107	139	113	(23.0)	(5.3)
Size of gross impaired assets					
Less than one million	22	12	15	83.3	46.7
Greater than one million but less than ten million	87	111	101	(21.6)	(13.9)
Greater than ten million	37	56	34	(33.9)	8.8
	146	179	150	(18.4)	(2.7)
Past due loans not shown as impaired assets	386	224	241	72.3	60.2
Gross non-performing loans	532	403	391	32.0	36.1
Interest income on impaired assets recognised in the contribution to profit	2	1	1	100.0	100.0
Analysis of movements in gross impaired assets					
Balance at the beginning of the half year	179	150	142	19.3	26.1
Recognition of new impaired assets	24	78	39	(69.2)	(38.5)
Increases in previously recognised impaired assets	6	2	3	200.0	100.0
Impaired assets written off/sold during the half year	-	(12)	(12)	(100.0)	(100.0)
Impaired assets which have been restated as performing assets or repaid	(63)	(39)	(22)	61.5	186.4
Balance at the end of the half year	**146**	**179**	**150**	**(18.4)**	**(2.7)**

Provision for impairment

	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Collective provision					
Balance at the beginning of the period	83	65	33	27.7	151.5
Charge against contribution to profit	(2)	18	32	n/a	n/a
Balance at the end of the period	81	83	65	(2.4)	24.6
Specific provision					
Balance at the beginning of the period	40	37	46	8.1	(13.0)
Charge against impairment losses	7	25	9	(72.0)	(22.2)
Write-off of impaired assets	(2)	(17)	(12)	(88.2)	(83.3)
Unwind of interest	(6)	(5)	(6)	20.0	-
Balance at the end of the period	39	40	37	(2.5)	5.4
Total provision for impairment - Banking activities	120	123	102	(2.4)	17.6
Equity reserve for credit loss					
Balance at the beginning of the period	72	84	55	(14.3)	30.9
Transfer (to)/from retained earnings	2	(12)	29	n/a	(93.1)
Balance at the end of the period	74	72	84	2.8	(11.9)
Pre-tax equivalent coverage	106	103	120	2.9	(11.7)
Total provision for impairment and equity reserve for credit loss coverage - Core Banking activities	226	226	222	-	1.8

	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	55.48	46.37	43.33
Specific provision	26.71	22.35	24.67
Total provision	82.19	68.72	68.00
Equity reserve for credit loss coverage	72.60	57.54	80.00
Total provision and equity reserve for credit loss coverage	154.79	126.26	148.00

Average banking balance sheet

	FULL YEAR ENDED JUN-11		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
ASSETS			
Interest earning assets			
Trading and Investment securities	5,674	330	5.82
Gross loans, advances and other receivables	38,391	2,802	7.30
Other interest earning assets	-	-	-
Total interest earning assets	44,065	3,132	7.11
Non-interest earning assets			
Other assets (inc. loan provisions)	747		
Total non-interest earning assets	747		
TOTAL ASSETS	44,812		
LIABILITIES			
Interest bearing liabilities			
Retail deposits	27,121	1,417	5.22
Wholesale liabilities	13,929	818	5.87
Debt capital	1,073	60	5.59
Total interest bearing liabilities	42,123	2,295	5.45
Non-interest bearing liabilities			
Other liabilities	955		
Total non-interest bearing liabilities	955		
TOTAL LIABILITIES	43,078		
AVERAGE SHAREHOLDERS' EQUITY	1,734		
Non-Shareholder Accounting Equity	42		
Average Shareholder Equity	1,776		
SGL Goodwill allocated to Banking Business	(118)		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	1,658		
Analysis of interest margin and spread			
Interest earning assets	44,065	3,132	7.11
Interest bearing liabilities	42,123	2,295	5.45
Net interest spread			1.66
Net interest margin (interest earning assets)	44,065	837	1.90
Net interest margin (lending assets)	38,391	837	2.18

Average banking balance sheet (continued)

	HALF YEAR ENDED JUN-11			HALF YEAR ENDED DEC-10		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	$M	$M	%	$M	$M	%
ASSETS						
Interest earning assets						
Trading and Investment securities	5,858	169	5.82	5,490	161	5.82
Gross loans, advances and other receivables	38,970	1,426	7.38	37,811	1,376	7.22
Other interest earning assets	-	-	-	-	-	-
Total interest earning assets	44,828	1,595	7.18	43,301	1,537	7.04
Non-interest earning assets						
Other assets (inc. loan provisions)	640			855		
Total non-interest earning assets	640			855		
TOTAL ASSETS	45,468			44,156		
LIABILITIES						
Interest bearing liabilities						
Retail deposits	27,237	711	5.26	27,004	706	5.19
Wholesale liabilities	14,303	416	5.87	13,557	402	5.88
Debt capital	1,102	31	5.67	1,043	29	5.52
Total interest bearing liabilities	42,642	1,158	5.48	41,604	1,137	5.42
Non-interest bearing liabilities						
Other liabilities	960			950		
Total non-interest bearing liabilities	960			950		
TOTAL LIABILITIES	43,602			42,554		
AVERAGE SHAREHOLDERS' EQUITY	1,866			1,602		
Non-Shareholder Accounting Equity	43			41		
Average Shareholder Equity	1,909			1,643		
SGL Goodwill allocated to Banking Business	(235)			-		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	1,674			1,643		
Analysis of interest margin and spread						
Interest earning assets	44,828	1,595	7.18	43,301	1,537	7.04
Interest bearing liabilities	42,642	1,158	5.48	41,604	1,137	5.42
Net interest spread			1.70			1.62
Net interest margin (interest earning assets)	44,828	437	1.97	43,301	400	1.83
Net interest margin (lending assets)	38,970	437	2.26	37,811	400	2.10

Non-core Bank

Result overview

The Non-core Bank continued to exceed run-off targets in 2011. The focus remains on responsible run-off of the portfolio to maximise the value of distributable capital that can be returned to the Group.

Gross loans and advances in the Non-core Bank reduced by $4.9 billion over the year to $7.7 billion at 30 June 2011. This run-off was achieved across all segments. The after tax loss was $175 million for the year with the loss experience reducing significantly over recent quarters.

The Bank has maintained its strategy of match funding the non-core book, taking a conservative approach to refinancing risk through to portfolio maturity. The Bank currently holds excess liquid assets over prudential requirements which have enabled the comfortable repayment of significant funding maturities during the year. The Bank is also well positioned to meet the impending regulatory changes being imposed on the industry to strengthen liquidity reserves.

The significant holding of liquid assets and an overall increase in the weighted average cost of funding continue to have a material impact on the non-core net interest margin, although this stabilised in the second half.

Non-core impairment losses for the year were $274 million, a reduction of 36%.

Non-core impaired assets decreased during the second half of the year to $2.2 billion after an increase in the first half. Improvement in market conditions across the sectors has allowed some resolution of accounts.

Outlook

The non-core portfolio continues to outperform its run-off targets. The balance sheet and liquidity positions have been set to provide a buffer to any market slowdown, however the portfolio is expected to continue to run-off in an orderly fashion broadly in line with its maturity profile.

The trend in impairment losses is positive, however, the book has a high concentration of large exposures and, as such, risk exists due to its lumpy nature.

The liberation of capital from the non-core portfolio gained momentum during the year and this is expected to continue.

Profit contribution – Non-core Bank

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Net interest income	73	175	(58.3)	35	38	80	95	(7.9)	(56.3)
Non-interest income									
Net banking fee income	31	42	(26.2)	10	21	21	21	(52.4)	(52.4)
Other income	(4)	(7)	(42.9)	(2)	(2)	(6)	(1)	-	(66.7)
Total non-interest income	27	35	(22.9)	8	19	15	20	(57.9)	(46.7)
Total income	100	210	(52.4)	43	57	95	115	(24.6)	(54.7)
Operating expenses	(76)	(95)	(20.0)	(36)	(40)	(41)	(54)	(10.0)	(12.2)
Profit before impairment losses on loans and advances	24	115	(79.1)	7	17	54	61	(58.8)	(87.0)
Impairment losses on loans and advances	(274)	(428)	(36.0)	(104)	(170)	(156)	(272)	(38.8)	(33.3)
Non-core Bank profit/(loss) before tax	**(250)**	**(313)**	**(20.1)**	**(97)**	**(153)**	**(102)**	**(211)**	**(36.6)**	**(4.9)**
Income tax	75	89	(15.7)	29	46	28	61	(37.0)	3.6
Non-core Bank profit/(loss) after tax	**(175)**	**(224)**	**(21.9)**	**(68)**	**(107)**	**(74)**	**(150)**	**(36.4)**	**(8.1)**

Ratios and statistics

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-11	JUN-10	JUN-11	DEC-10	JUN-10	DEC-09
Net interest margin (interest earning assets) %	0.38	0.75	0.42	0.36	0.71	0.78
Net interest margin (lending assets) %	0.71	1.12	0.77	0.67	1.10	1.13
Cost to income ratio %	76.0	45.2	83.7	70.2	43.2	47.0
Impairment losses to gross loans and advances (bps)	2.88	2.98	2.21	2.79	2.19	3.15
Impairment losses to risk weighted assets (bps)	3.12	3.38	2.39	3.07	2.48	3.39

Loans, advances and other receivables

	JUN-11	DEC-10	JUN-10	JUN-11 vs DEC-10	JUN-11 vs JUN-10
	$M	$M	$M	%	%
Corporate	1,624	1,971	2,548	(17.6)	(36.3)
Development finance	2,478	3,229	4,286	(23.3)	(42.2)
Property investment	3,233	4,021	4,961	(19.6)	(34.8)
Lease finance	409	599	843	(31.7)	(51.5)
Non-core portfolio	7,744	9,820	12,638	(21.1)	(38.7)
Other receivables [(1)] [(2)]	1,761	2,288	1,724	(23.0)	2.1
Gross banking loans, advances and other receivables	9,505	12,108	14,362	(21.5)	(33.8)
Provision for impairment	(444)	(479)	(570)	(7.3)	(22.1)
Loans, advances and other receivables	**9,061**	**11,629**	**13,792**	**(22.1)**	**(34.3)**
Risk weighted assets	**8,778**	**10,987**	**12,661**	**(20.1)**	**(30.7)**

(1) Other receivables are primarily collateral deposits provided to derivative counterparties.
(2) Balance contains interest not brought to account: 30 June 2011, ($429m), 31 December 2010 ($316m), 30 June 2010 ($252m).

Non-core loans reduced by 38.7% or $4.9 billion during the year to $7.7 billion.

The Non-core portfolio continues to run-off in an orderly manner liberating capital for the Group. Run-off remains ahead of forecast with customers demonstrating an appetite to restructure exposures, making divestments where necessary, to facilitate refinance.

The development finance portfolio has now matured through its construction risk phase. Property markets have stabilised in most areas, however, some segments of the market remain over supplied, particularly in higher-end product and vacant land, where the outlook is less certain.

Business Portfolios

Corporate lending

The corporate lending book has continued to run-off ahead of expectations, reducing by 36.3% over the year to $1.6 billion.

Refinance markets are generally robust in this segment of the portfolio, although appetite remains exposure-specific. Favourable pricing terms for many customers in this portfolio provide a natural dis-incentive to run-off.

Development finance

The balance of Development Finance loans continued to decline over the year, reducing 42.2% to $2.5 billion.

Conditions in development finance markets have improved marginally with excess supply in some areas reducing. Sale opportunities continue for completed projects, particularly in metropolitan and regional centres and for affordable product. Some customers have been able to complete asset sales to reduce leverage levels, enabling them to refinance with other institutions.

Property investment

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

Property investment loans reduced 34.8% during the year to $3.2 billion.

With a stabilising market outlook and vacancy rates continuing at relatively low rates, appetite has slowly continued to improve for investors and financiers, although loan to valuation ratios following property price depreciation serves to constrain refinance activity. As conditions improve, purchasers are showing interest in acquiring quality properties in strong locations.

Lease finance

In line with the natural portfolio amortisation, the lease finance receivables balance reduced by 51.5% for the year to $409 million.

Funding

	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Wholesale funding					
Domestic funding sources					
Short-term wholesale	2,420	1,528	302	58.4	large
Long-term wholesale	3,566	4,962	4,709	(28.1)	(24.3)
Subordinated notes	47	162	403	(71.0)	(88.3)
Reset preference shares	28	50	84	(44.0)	(66.7)
Convertible preference shares	204	250	422	(18.4)	(51.7)
	6,265	6,952	5,920	(9.9)	5.8
Overseas funding sources [1]					
Short-term wholesale	1,237	598	47	106.9	large
Long-term wholesale	3,947	6,041	11,277	(34.7)	(65.0)
Subordinated notes	188	237	465	(20.7)	(59.6)
	5,372	6,876	11,789	(21.9)	(54.4)
Total funding	**11,637**	**13,828**	**17,709**	**(15.8)**	**(34.3)**
Securitised funding					
APS 120 qualifying	-	-	-	n/a	n/a
APS 120 non-qualifying	-	-	-	n/a	n/a
Total securitised funding	-	-	-	n/a	n/a
Total funding (including securitisation)	**11,637**	**13,828**	**17,709**	**(15.8)**	**(34.3)**
Total funding is represented on the balance sheet by:					
Short-term borrowings	3,657	2,126	349	72.0	large
Bonds, notes and long-term borrowings	7,513	11,003	15,986	(31.7)	(53.0)
Subordinated notes	235	399	868	(41.1)	(72.9)
Preference shares	232	300	506	(22.7)	(54.2)
Total funding (including securitisation)	**11,637**	**13,828**	**17,709**	**(15.8)**	**(34.3)**

(1) Foreign currency borrowings are hedged back into Australian dollars.

Wholesale funding instruments maturity profile

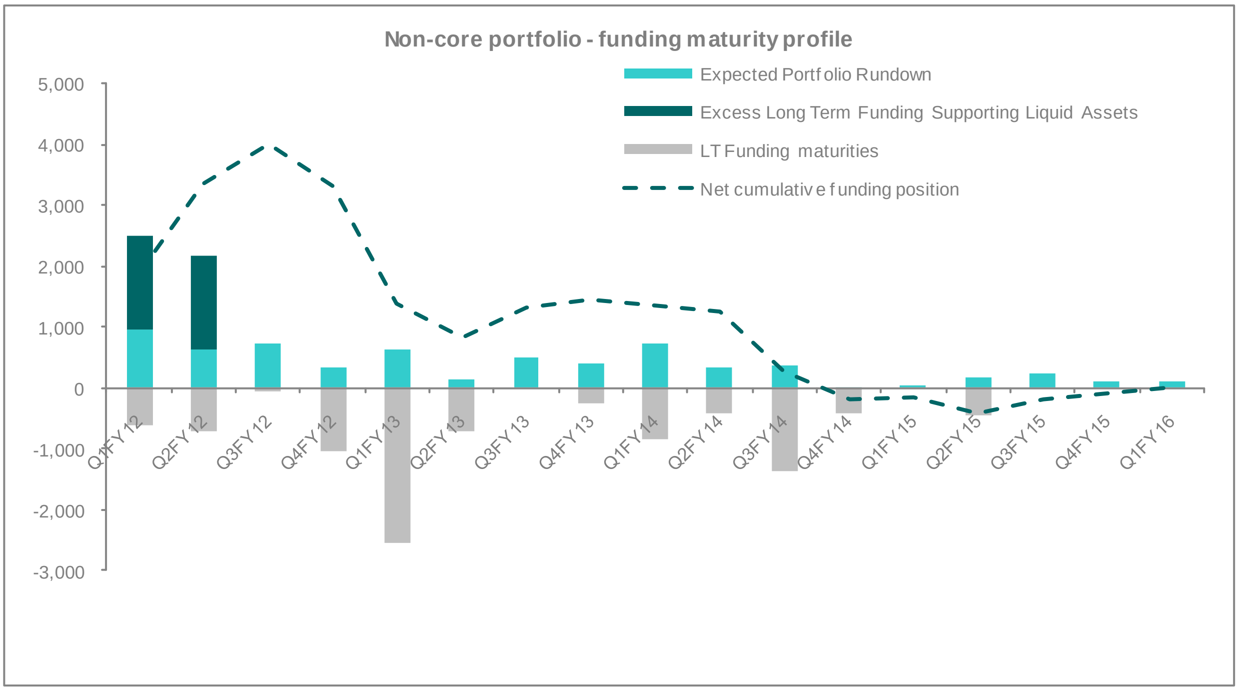
	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Maturity					
0 to 3 months	3,949	2,323	444	70.0	large
3 to 6 months	920	3,471	3,723	(73.5)	(75.3)
6 to 12 months	1,097	1,037	3,388	5.8	(67.6)
1 to 3 years	5,421	6,689	6,103	(19.0)	(11.2)
3+ years	250	308	4,051	(18.8)	(93.8)
Total wholesale funding instruments	11,637	13,828	17,709	(15.8)	(34.3)

The Bank has maintained its strategy of match funding the non-core book, taking a conservative approach to refinancing risk through to portfolio maturity.

Total wholesale funding across the Bank has been apportioned to the core and non-core portfolios, enabling the separate management of balance sheet and funding risk. The asset maturity of the non-core portfolio has been modelled based upon expected run-off over time, taking into account individual account management plans and repayment profiles, together with a management allowance for individual account extension risk. From this, a liability profile has been constructed based on the following principles:

- The non-core portfolio is to be positively funded to maturity;
- Short-term funding is to fund liquid assets only; and
- Liquid assets are to be maintained to ensure adequate pay down of maturities as and when they occur.

The chart below illustrates the cumulative funding position of the Non-core Bank, showing that the portfolio remains positively funded to maturity.



$7.7 billion of wholesale long-term funding matured during the year and this was repaid with proceeds from the non-core run-off. As the non-core continues to run-off ahead of expectations, Suncorp Bank holds significant excess liquid assets over prudential requirements and these will effectively pre-fund upcoming maturities.

Net interest income

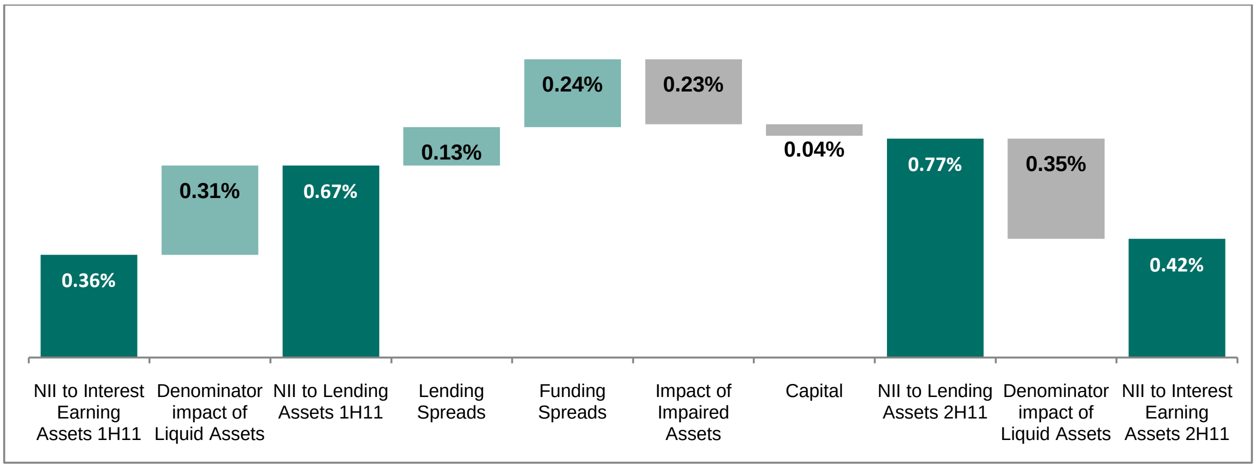
	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Interest revenue lending assets	804	1,057	(23.9)	357	447	530	527	(20.1)	(32.6)
Interest revenue other assets	419	312	34.3	189	230	169	143	(17.8)	11.8
Interest expense deposits and funding	(1,133)	(1,176)	(3.7)	(503)	(630)	(610)	(566)	(20.2)	(17.5)
	90	193	(53.4)	43	47	89	104	(8.5)	(51.7)
Interest expense preference shares	(17)	(18)	(5.6)	(8)	(9)	(9)	(9)	(11.1)	(11.1)
Net interest income	**73**	**175**	**(58.3)**	**35**	**38**	**80**	**95**	**(7.9)**	**(56.3)**
Net interest margin (interest earning assets)	**0.38%**	**0.75%**		**0.42%**	**0.36%**	**0.71%**	**0.78%**		
Net interest margin (lending assets)	**0.71%**	**1.12%**		**0.77%**	**0.67%**	**1.10%**	**1.13%**		

Net interest income was $73 million for the year and was impacted by continued higher costs of long-term wholesale funding and declining non-core balances.

The Bank's strategy to de-risk the funding profile of the non-core book by match funding to maturity has resulted in higher funding costs across the non-core book.

The Bank continues to run down the non-core portfolio ahead of expectations, with lower average balances reducing net interest income over the year. The Bank also has a higher ratio of impaired assets in the portfolio, where interest is not brought to account. This has a significant impact on net interest income and will continue to do so until the market for realisation of these exposures improves.

For the full year to 30 June 2011, the net interest margin as measured against average interest earning assets was 0.38%, and the net interest margin as measured against average lending assets was 0.71%. The extent of the difference between the two ratios reflects the Bank’s conservative approach to liquidity management, with higher liquid asset balances diluting the margin on average interest earnings assets, however the cost impact of holding liquid assets is factored into both measures.



The average spread on non-core loans increased by 13 basis points during the half. This increase is a result of a continued focus, where possible, to re-price facilities as a result of the high funding costs incurred in the Non-core Bank.

Overall funding costs decreased from their peak at December 2010 which resulted in an increase in the margin of 24 basis points in the second half. No new term debt was issued for the non-core portfolio during the half. The Non-core Bank repaid maturities which has led to a reduction in the overall weighted average cost of funding for the portfolio.

The impaired asset portfolio contributed an additional 23 basis points reduction in the net interest margin. The Non-core Bank released capital to the Group NOHC as part of the NOHC restructuring program which reduced the "free-funding" benefit of capital. This reduced the margin by 4 basis points.

Net banking fee income

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	JUN-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Net lending fees	29	39	(25.6)	9	20	20	19	(55.0)	(55.0)
Transaction fees	2	3	(33.3)	1	1	1	2	-	-
	31	**42**	**(26.2)**	**10**	**21**	**21**	**21**	**(52.4)**	**(52.4)**

Net banking fee income was $31 million for the year. Non-core fee income will reduce in line with receivables balances.

Operating expenses

Operating expenses of the non-core portfolio were $76 million for the year to 30 June 2011.

The Bank has continued its program of cost extraction, reducing the cost base associated with the management of the non-core portfolio, namely direct management and servicing costs. It is anticipated that this cost management program will continue until the end of 2013, albeit on a lagged profile compared to the portfolio amortisation.

Impairment losses on loans and advances

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	(40)	(94)	(57.4)	(9)	(31)	(54)	(40)	(71.0)	(83.3)
Specific provision for impairment	297	480	(38.1)	106	191	170	310	(44.5)	(37.6)
Actual net write-offs	17	42	(59.5)	7	10	40	2	(30.0)	(82.5)
	274	**428**	**(36.0)**	**104**	**170**	**156**	**272**	**(38.8)**	**(33.3)**
Impairment losses to risk weighted assets (annualised)	**3.12%**	**3.38%**		**2.39%**	**3.07%**	**2.48%**	**3.39%**		

Impairment losses on non-core loans and advances were $274 million for the year, a reduction of 36%. Impairment losses continue to improve half on half as business conditions improve. The second half impairment loss of $104 million is down 38.8% on the first half. A reduction in the number of new accounts becoming impaired and relatively higher security values on those that have emerged, have positively impacted the level of impairment charges.

Assets continue to work through the cycle, moving from collective provisioning to specific and in some cases to write-off. Impairment charges are predominantly focused on the property and development portfolios. Reductions in valuations and extended work out periods are increasing impairment costs.

Impaired asset balances

	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Gross balances of individually impaired loans					
with specific provisions set aside	2,202	2,337	1,972	(5.8)	11.7
without specific provisions set aside	33	-	-	n/a	n/a
Gross impaired assets	2,235	2,337	1,972	(4.4)	13.3
Specific provision for impairment	(348)	(374)	(434)	(7.0)	(19.8)
Net impaired assets	1,887	1,963	1,538	(3.9)	22.7
Size of gross impaired assets					
Less than one million	8	16	39	(50.0)	(79.5)
Greater than one million but less than ten million	213	229	243	(7.0)	(12.3)
Greater than ten million	2,014	2,092	1,690	(3.7)	19.2
	2,235	2,337	1,972	(4.4)	13.3
Past due loans not shown as impaired assets	125	107	103	16.8	21.4
Gross non-performing loans	2,360	2,444	2,075	(3.4)	13.7
Interest income on impaired assets recognised in the contribution to profit	4	-	-	n/a	n/a
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the half year	2,337	1,972	2,077	18.5	12.5
Recognition of new impaired assets	203	713	479	(71.5)	(57.6)
Increases in previously recognised impaired assets	27	15	14	80.0	92.9
Impaired assets written off/sold during the half year	(45)	(159)	(237)	(71.7)	(81.0)
Impaired assets which have been restated as performing assets or repaid	(287)	(204)	(361)	40.7	(20.5)
Balance at the end of the half year	**2,235**	**2,337**	**1,972**	**(4.4)**	**13.3**

Gross impaired assets at 30 June 2011 reduced to $2.2 billion during the second half. Only one new large exposure, in the Development Finance portfolio, was individually impaired during the half.

Past due loans, which are not impaired assets, increased to $125 million.

Market conditions continue to show signs of improvement across the sectors, allowing some realisation of exposures.

For distressed assets, the market remains patchy and is some way from a full recovery. It is expected that these conditions will remain for the short term, adding uncertainty to the workout period for impaired accounts. The Bank remains appropriately provisioned and capitalised and is managing impaired asset workouts in a measured way to maximise shareholder value extraction.

Provision for impairment

	JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Collective provision					
Balance at the beginning of the period	105	136	190	(22.8)	(44.7)
Charge against contribution to profit	(9)	(31)	(54)	(71.0)	(83.3)
Balance at the end of the period	96	105	136	(8.6)	(29.4)
Specific provision					
Balance at the beginning of the period	374	434	551	(13.8)	(32.1)
Charge against impairment losses	106	191	170	(44.5)	(37.6)
Write-off of impaired assets	(54)	(179)	(227)	(69.8)	(76.2)
Unwind of interest	(78)	(72)	(60)	8.3	30.0
Balance at the end of the period	348	374	434	(7.0)	(19.8)
Total provision for impairment - Banking activities	444	479	570	(7.3)	(22.1)
Equity reserve for credit loss					
Balance at the beginning of the period	90	142	236	(36.6)	(61.9)
Transfer (to)/from retained earnings	(7)	(52)	(94)	(86.5)	(92.6)
Balance at the end of the period	83	90	142	(7.8)	(41.5)
Pre-tax equivalent coverage	118	128	203	(7.8)	(41.9)
Total provision for impairment and equity reserve for credit loss coverage - Non-core Banking activities	562	607	773	(7.4)	(27.3)

	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	4.30	4.49	6.90
Specific provision	15.57	16.00	22.01
Total provision	19.87	20.50	28.90
Equity reserve for credit loss coverage	5.28	5.48	10.29
Total provision and equity reserve for credit loss coverage	25.15	25.97	39.20

Average banking balance sheet

	FULL YEAR ENDED JUN-11		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
ASSETS			
Interest earning assets			
Financial assets	8,500	419	4.93
Gross loans, advances and other receivables	10,229	789	7.71
Other interest earning assets	278	15	5.40
Total interest earning assets	19,007	1,223	6.43
Non-interest earning assets			
Other assets (inc. loan provisions)	(1,096)		
Total non-interest earning assets	(1,096)		
TOTAL ASSETS	17,911		
LIABILITIES			
Interest bearing liabilities			
Wholesale liabilities	15,912	1,114	7.00
Debt capital	631	36	5.71
Total interest bearing liabilities	16,543	1,150	6.95
Non-interest bearing liabilities			
Other liabilities	12		
Total non-interest bearing liabilities	12		
TOTAL LIABILITIES	16,555		
AVERAGE SHAREHOLDERS' EQUITY	1,356		
Non-Shareholder Accounting Equity	83		
Average Shareholder Equity	1,439		
SGL Goodwill allocated to Banking Business	-		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	1,439		
Analysis of interest margin and spread			
Interest earning assets	19,007	1,223	6.43
Interest bearing liabilities	16,543	1,150	6.95
Net interest spread			(0.52)
Net interest margin (interest earning assets)	19,007	73	0.38
Net interest margin (lending assets)	10,229	73	0.71

Average banking balance sheet (continued)

	HALF YEAR ENDED JUN-11			HALF YEAR ENDED DEC-10		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
ASSETS						
Interest earning assets						
Financial assets	7,599	189	5.02	9,401	230	4.85
Gross loans, advances and other receivables	9,186	353	7.75	11,273	436	7.67
Other interest earning assets	161	4	5.01	395	11	5.52
Total interest earning assets	16,946	546	6.50	21,069	677	6.37
Non-interest earning assets						
Other assets (inc. loan provisions)	(961)			(1,231)		
Total non-interest earning assets	(961)			(1,231)		
TOTAL ASSETS	15,985			19,838		
LIABILITIES						
Interest bearing liabilities						
Wholesale liabilities	14,160	495	7.05	17,662	619	6.95
Debt capital	568	16	5.68	695	20	5.71
Total interest bearing liabilities	14,728	511	7.00	18,357	639	6.91
Non-interest bearing liabilities						
Other liabilities	-			24		
Total non-interest bearing liabilities	-			24		
TOTAL LIABILITIES	14,728			18,381		
AVERAGE SHAREHOLDERS' EQUITY	1,257			1,457		
Non-Shareholder Accounting Equity	10			155		
Average Shareholder Equity	1,267			1,612		
SGL Goodwill allocated to Banking Business	-			-		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	1,267			1,612		
Analysis of interest margin and spread						
Interest earning assets	16,946	546	6.50	21,069	677	6.37
Interest bearing liabilities	14,728	511	7.00	18,357	639	6.91
Net interest spread			(0.50)			(0.54)
Net interest margin (interest earning assets)	16,946	35	0.42	21,069	38	0.36
Net interest margin (lending assets)	9,186	35	0.77	11,273	38	0.67

Life

Result overview

Suncorp Life is a trans-Tasman life risk specialist with a complementary business in superannuation and investments. Products are distributed through Independent Financial Advisers (IFAs) via the Asteron brand and directly to customers via Suncorp Group brands.

Suncorp Life reported an underlying profit after tax of $147 million for the full year, down 21.8%. Net profit after tax was $149 million. In-force premium grew to $818 million and Embedded Value (EV) was $2.4 billion.

Life Risk profit after tax was $92 million down 30.8%. This is comprised of planned profit margin release of $95 million and underlying investment income of $46 million offset by negative experience of $49 million.

Challenging economic conditions and weakening consumer sentiment have had an impact on both lapse experience and claims. The impact on lapses has been partially mitigated, half-on-half, from $13 million in the first half to $8 million in the second, through tighter management and implementation of a range of initiatives. Disability claims experience was unfavourable for both number of new claims and duration of claims. Suncorp Life continues to focus on claims duration management, and experience losses are down half-on-half from $15 million to $5 million.

Suncorp Life has a clear strategy in place as a life insurance specialist with specific focus on:

- Leading the IFA market; and
- Building a direct distribution business of scale.

This is underpinned by a focus on increasing the value of in-force driven by simplification, claims management and retention initiatives. The operating model was further simplified with the sale of the asset management business Tyndall and New Zealand Guardian Trust (NZGT).

Progress has been made against this strategy with new business sales up 14.3% to $56 million in the adviser channel and up 43.8% to $23 million in the direct channel.

Individual Life Risk new business is up 12.3% to $91 million reflecting the strong momentum in the IFA and direct distribution channels. This improvement in new business, in addition to Australian Financial Services Licensee (AFSL) tender wins and strong industry recognition, demonstrates Asteron's position in the market as an independent specialist risk provider is resonating. In New Zealand, regulatory change and economic factors contributed to a reduction in new business volumes.

In the Direct channel, sales to the Group's general insurance customer base are gaining traction with four products launched to the Suncorp, GIO, AAMI and Apia customer bases. There has also been improvement in sales to customers through the bank channel.

In Superannuation & Investments (S&I), funds under administration (FUA) were down 37.5% to $7.7 billion, impacted by the divestments. Net profit after tax was $44 million, up 7.3% reflecting a stable underlying result. The S&I result includes an allocation of distribution expenses.

In the recently divested Asset Management business, profit after tax was $11 million.

Market adjustments, while not impacting underlying performance, impact net profit after tax and amounted to $2 million.

Suncorp Life's operating expenses were stable at $299 million with the impact of divested businesses offset by investment in growing the business and realising its strategic goals.

Outlook

Suncorp Life remains committed to its overall strategy to double new business through building growth in the IFA and direct channels while focusing on customer retention, improving claims management and reducing expenses as a percentage of in-force premium, these being the key drivers of profitability, ROE and Embedded Value.

Economic conditions in Australia and New Zealand continue to provide headwinds for the business. Suncorp Life is focused on factors it can control, including strategies to grow new business and maintain existing business through targeted activity on lapses and claims duration. Half-on-half these strategies show signs of traction, with lapses and claims trending down. Suncorp Life will continue this approach as a means to address impacts on in-force and on overall results.

Suncorp Life will also continue to focus on new business growth through the IFA market. Asteron is Suncorp Life's key IFA brand, maximising growth opportunities through specialisation, relationship management, product innovation and delivery. Asteron is also looking for growth through diversification and securing a partnership with Colonial First Choice, one of Australia's largest platforms, is a key example.

The direct offer is expanding and Suncorp Life continues to leverage the Group customer base in Australia and the Automobile Association (AA) customer base in New Zealand. Growth in the direct distribution business highlights the strategy to expand into less capital intensive channels of new business.

In Superannuation & Investments, regulatory change is anticipated to mandate simplification and streamlining of the superannuation industry. The significant simplification program undertaken over the last two years by Suncorp Life to migrate legacy products and consolidate funds positions the business well to take advantage of emerging changes. The coming year will see Superannuation & Investments deepen its offer to the Group's customer base.

In line with the strategy to simplify and focus on the core life insurance business, Suncorp Life announced two major transactions during the reporting period. These were the divestments of Tyndall and NZGT, completed in the quarter ending 31 March 2011. Accordingly, asset management results will not be included in future reporting periods.

The loss of the Sunsuper Group Risk mandate at 1 July 2011 will impact future in-force premium growth.

Suncorp Life is undertaking a project to transfer the Australian life business of Asteron Life Limited to Suncorp Life & Superannuation Limited. Operating as a single entity will result in reduced costs and capital requirements through simplifying and aligning our policies and processes.

Profit contribution

	FULL YEAR ENDED JUN-11	JUN-10	JUN-11 vs JUN-10	HALF YEAR ENDED JUN-11	DEC-10	JUN-10	DEC-09	JUN-11 vs DEC-10	JUN-11 vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Life Risk									
Planned profit margin release (1)	95	91	4.4	48	47	47	44	2.1	2.1
Death claims experience	3	4	(25.0)	2	1	5	(1)	100.0	(60.0)
Disability claims experience	(20)	6	n/a	(5)	(15)	3	3	(66.7)	n/a
Lapse experience	(21)	(19)	10.5	(8)	(13)	(10)	(9)	(38.5)	(20.0)
Other expenses (2)	(11)	-	n/a	(7)	(4)	3	(3)	75.0	n/a
Loss capitalisation	-	1	(100.0)	-	-	1	-	n/a	(100.0)
Underlying investment income	46	50	(8.0)	24	22	25	25	9.1	(4.0)
Life Risk	**92**	**133**	**(30.8)**	**54**	**38**	**74**	**59**	**42.1**	**(27.0)**
Superannuation & Investments	44	41	7.3	18	26	23	18	(30.8)	(21.7)
Asset Management	11	14	(21.4)	4	7	6	8	(42.9)	(33.3)
Total Life underlying profit after tax	**147**	**188**	**(21.8)**	**76**	**71**	**103**	**85**	**7.0**	**(26.2)**
Market adjustments									
Annuities market adjustments	(2)	3	n/a	(5)	3	(3)	6	n/a	66.7
Life Risk policy liability discount rate changes (3)	2	27	(92.6)	14	(12)	34	(7)	n/a	(58.8)
Investment income experience	2	4	(50.0)	3	(1)	(17)	21	n/a	n/a
Market adjustments	**2**	**34**	**(94.1)**	**12**	**(10)**	**14**	**20**	**n/a**	(14.3)
Net profit after tax and including non-controlling interests	**149**	**222**	**(32.9)**	**88**	**61**	**117**	**105**	**44.3**	**(24.8)**

(1) Planned profit margin release includes the unwind of policy liabilities which refers to the profit impact of changes in the value of policy liabilities due to the passing of time. Dec-10 has been adjusted to reflect refinements to the actuarial model.

(2) Other expenses include distribution and project expenses. Dec-10 comparative restated to reflect actuarial modelling changes.

(3) Risk-free rates are used to discount Life Risk policy liabilities. Due to deferred acquisition costs there are net negative policy liabilities (an asset). An increase in discount rates leads to a loss whilst a decrease leads to a gain.

Shareholder investment income

	FULL YEAR ENDED JUN-11	JUN-10	JUN-11 vs JUN-10	HALF YEAR ENDED JUN-11	DEC-10	JUN-10	DEC-09	JUN-11 vs DEC-10	JUN-11 vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Shareholder investment income on invested assets	64	65	(1.5)	35	29	15	50	20.7	133.3
Less underlying investment income:									
Life Risk	(46)	(50)	(8.0)	(24)	(22)	(25)	(25)	9.1	(4.0)
Superannuation & Investments	(15)	(10)	50.0	(8)	(7)	(6)	(4)	14.3	33.3
Asset Management	(1)	(1)	-	-	(1)	(1)	-	(100.0)	(100.0)
Investment income experience	**2**	**4**	**(50.0)**	**3**	**(1)**	**(17)**	**21**	**n/a**	**n/a**

Investment income experience represents the difference between actual shareholder investment income on invested assets and underlying investment income. Underlying investment income has been derived by applying long-term expected earning rates, consistent with those used in the prior period Embedded Value calculations, to actual shareholder assets.

Operating expenses

	FULL YEAR ENDED JUN-11	JUN-10	JUN-11 vs JUN-10	HALF YEAR ENDED JUN-11	DEC-10	JUN-10	DEC-09	JUN-11 vs DEC-10	JUN-11 vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Total operating expenses (1)	**299**	**297**	**0.7**	**144**	**155**	**151**	**146**	**(7.1)**	**(4.6)**

(1) Consistent with prior disclosures, sales commissions have been excluded from total operating expenses.

Statement of financial position

	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Total Assets						
Assets						
Invested assets	5,058	4,989	5,018	5,004	1.4	0.8
Assets backing annuity policies	134	135	142	138	(0.7)	(5.6)
Assets backing participating policies	2,313	2,409	2,290	2,501	(4.0)	1.0
Reinsurance ceded	339	341	327	311	(0.6)	3.7
Assets classified as held for sale	-	118	-	-	(100.0)	n/a
Other assets	407	281	286	263	44.8	42.3
Goodwill and intangible assets	707	734	917	944	(3.7)	(22.9)
	8,958	**9,007**	**8,980**	**9,161**	**(0.5)**	**(0.2)**
Liabilities						
Payables	254	159	232	149	59.7	9.5
Outstanding claims liabilities	167	156	141	145	7.1	18.4
Deferred tax liabilities	60	84	72	104	(28.6)	(16.7)
Liabilities classified as held for sale	-	12	-	-	(100.0)	n/a
Policy liabilities	5,621	5,650	5,583	5,888	(0.5)	0.7
Unvested policyholder benefits [1]	383	452	404	452	(15.3)	(5.2)
	6,485	**6,513**	**6,432**	**6,738**	**(0.4)**	**0.8**
Total Net Assets	**2,473**	**2,494**	**2,548**	**2,423**	**(0.8)**	**(2.9)**
Policyholder assets						
Invested assets	3,643	3,646	3,653	3,791	(0.1)	(0.3)
Assets backing annuity policies	134	135	142	138	(0.7)	(5.6)
Assets backing participating policies	2,313	2,409	2,290	2,501	(4.0)	1.0
Deferred tax assets	24	11	34	12	118.2	(29.4)
Other assets	101	60	58	46	68.3	74.1
	6,215	**6,261**	**6,177**	**6,488**	**(0.7)**	**0.6**
Liabilities						
Payables	-	-	-	16	n/a	n/a
Policy liabilities	5,832	5,809	5,773	6,020	0.4	1.0
Unvested policyholder benefits [1]	383	452	404	452	(15.3)	(5.2)
	6,215	**6,261**	**6,177**	**6,488**	**(0.7)**	**0.6**
Policyholder Net Assets	**-**	**-**	**-**	**-**	**n/a**	**n/a**
Shareholder Assets						
Assets						
Invested assets	1,415	1,343	1,365	1,213	5.4	3.7
Reinsurance ceded	339	341	327	311	(0.6)	3.7
Assets classified as held for sale	-	118	-	-	(100.0)	n/a
Other assets	306	221	228	217	38.5	34.2
Goodwill and intangible assets	707	734	917	944	(3.7)	(22.9)
	2,767	**2,757**	**2,837**	**2,685**	**0.4**	**(2.5)**
Liabilities						
Payables	254	159	232	133	59.7	9.5
Outstanding claims liabilities	167	156	141	145	7.1	18.4
Deferred tax liabilities	84	95	106	116	(11.6)	(20.8)
Liabilities classified as held for sale	-	12	-	-	(100.0)	n/a
Policy liabilities	(211)	(159)	(190)	(132)	32.7	11.1
	294	**263**	**289**	**262**	**11.8**	**1.7**
Shareholder Net Assets	**2,473**	**2,494**	**2,548**	**2,423**	**(0.8)**	**(2.9)**

[1] Consists of participating business policyholder retained profits.

Invested shareholder assets [(1)]

	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	$M	$M	%	%
Cash	299	240	220	232	24.6	35.9
Fixed interest securities	1,029	1,006	907	797	2.3	13.5
Equities	79	91	219	173	(13.2)	(63.9)
Property	7	5	18	10	40.0	(61.1)
Other	1	1	1	1	-	-
Total	**1,415**	**1,343**	**1,365**	**1,213**	**5.4**	**3.7**

(1) Excludes assets backing annuity and participating business.

Life Risk

Regulatory change and market consolidation have increased the relevance and importance of independent life insurance providers in the IFA market.

Suncorp Life is making significant progress in positioning Asteron as a viable product alternative for institutional owned dealer groups and will continue to pursue this strategy through quality dealer support and competitive offerings. These actions are resonating with the market and new business is growing strongly in Australia; however, in New Zealand growth has been adversely impacted by economic conditions, natural hazard events and regulatory change.

Asteron has been successful in building its profile as a leading life insurance specialist. NMG[1] has recently ranked Asteron the number one brand for dealerships and number two for advisers.

There is a growing appetite for direct life insurance products and Suncorp Life is in a unique position to capture this opportunity through the Group customer base in Australia and the AA customer base in New Zealand.

The economic and market environment continues to place pressure on lapses and disability claims. Close attention to claims duration management and customer retention initiatives has mitigated some of this impact. This will continue to be a priority focus for the business.

Life Risk new business by product

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Term and TPD	38	31	22.6	20	18	16	15	11.1	25.0
Trauma	19	18	5.6	9	10	9	9	(10.0)	-
Disability income	23	22	4.5	11	12	11	11	(8.3)	-
Other	11	10	10.0	5	6	5	5	(16.7)	-
Total individual	**91**	**81**	**12.3**	**45**	**46**	**41**	**40**	**(2.2)**	**9.8**
Group	13	5	160.0	10	3	3	2	233.3	233.3
Total	**104**	**86**	**20.9**	**55**	**49**	**44**	**42**	**12.2**	**25.0**

1 NMG Consulting conducts an annual survey of the Life Insurance market to assess the competitiveness of the top eleven insurers. This survey aims to capture the views of the IFA channel.

Life Risk New Business by Channel

	FULL YEAR ENDED JUN-11	JUN-10	JUN-11 vs JUN-10	HALF YEAR ENDED JUN-11	DEC-10	JUN-10	DEC-09	JUN-11 vs DEC-10	JUN-11 vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
IFA	56	49	14.3	28	28	25	24	-	12.0
Direct [1]	23	16	43.8	12	11	9	7	9.1	33.3
Group Risk	13	5	160.0	10	3	3	2	233.3	233.3
NZ	12	16	(25.0)	5	7	7	9	(28.6)	(28.6)
Total	**104**	**86**	**20.9**	**55**	**49**	**44**	**42**	**12.2**	**25.0**

[1] Primarily sales to Suncorp Group customers through Direct marketing or the Bank.

Life Risk new business sales were up 20.9% to $104 million. Individual new business sales were up by 12.3% to $91 million. In keeping with Suncorp Life's strategy, new business growth has risen 14.3% in the core Australian IFA distribution channel and there has been substantial growth in the direct channel.

Life Risk in-force annual premium

	HALF YEAR ENDED JUN-11	DEC-10	JUN-10	DEC-09	JUN-11 vs DEC-10	JUN-11 vs JUN-10
	$M	$M	$M	$M	%	%
Term and TPD	317	301	290	282	5.3	9.3
Trauma	131	125	118	112	4.8	11.0
Disability income	198	194	190	184	2.1	4.2
Other	23	22	25	24	4.5	(8.0)
Total individual	**669**	**642**	**623**	**602**	**4.2**	**7.4**
Group [1]	149	159	161	155	(6.3)	(7.5)
Total	**818**	**801**	**784**	**757**	**2.1**	**4.3**
Total Australia [1]	**701**	**689**	**671**	**650**	**1.7**	**4.5**
Total NZ [2]	**117**	**112**	**113**	**107**	**4.5**	**3.5**

[1] Includes $98m relating to Sunsuper which ceased to be in-force from 1 July 2011.
[2] In-force in NZD: Jun-11 $152m, Dec-10 $148m, Jun-10 $139m, Dec-09 $132m.

Overall, in-force premiums on risk products increased to $818 million with individual in-force up 7.4% to $669 million.

Superannuation & Investments

The Superannuation & Investments business continues to simplify and focus on improving the customer experience. The launch of Employer Administration Super Exchange (EASE), an automated online contribution system, complements the major simplification program completed in recent years and positions the business well for the emerging superannuation environment.

Superannuation & Investments new business

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Superannuation	230	174	32.2	133	97	83	91	37.1	60.2
Pensions	116	112	3.6	58	58	56	56	-	3.6
Investment	27	34	(20.6)	14	13	18	16	7.7	(22.2)
Total	**373**	**320**	**16.6**	**205**	**168**	**157**	**163**	**22.0**	**30.6**

Superannuation & Investments new business sales increased by 16.6% to $373 million. Investment in sales campaign activity has resulted in an uplift in bank planner sales, while redemptions have remained steady.

Funds under Administration

					JUN-11	JUN-11
	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	$M	$M	%	%
Funds under administration						
Opening balance at start of period	12,508	12,307	13,016	11,851	1.6	(3.9)
Exited businesses	(4,682)	-	-	-	n/a	n/a
Net inflows/(outflows)	(82)	48	(1)	(4)	n/a	large
Investment income and other	(50)	153	(708)	1,169	n/a	(92.9)
Balance at end of period	**7,694**	**12,508**	**12,307**	**13,016**	**(38.5)**	**(37.5)**

FUA decreased by 37.5% to $7.7 billion over the year. Divested businesses removed $4.7 billion from FUA.

Life Embedded Value

The Embedded Value of Suncorp Life includes Suncorp Life Holdings Limited and all subsidiaries, principally the two Australian life companies (Asteron Life Limited and Suncorp Life & Superannuation Limited) and the New Zealand life company (Asteron Life Limited New Zealand).

The Embedded Value is the sum of the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, the value of franking credits at 70% of face value and the net assets in excess of target capital requirements (adjusted net worth). The Embedded Value differs from what is known as an Appraisal Value, as it does not consider the value of future new business that the company is expected to write.

The components of value are shown in the table below:

Embedded Value

	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Adjusted Net Worth	**165**	**163**	**127**	**191**	**1.2**	**29.9**
Value of distributable profits	1,838	1,867	1,878	1,766	(1.6)	(2.1)
Value of imputation credits	374	380	401	344	(1.6)	(6.7)
Value of in-force	**2,212**	**2,247**	**2,279**	**2,110**	**(1.6)**	**(2.9)**
Traditional Embedded Value [(1)]	**2,377**	**2,410**	**2,406**	**2,301**	**(1.4)**	**(1.2)**
Value of one year's sales (VOYS)	**27**	**40**	**38**	**46**	**(32.5)**	**(28.9)**

(1) Includes VOYS.

Note that in relation to the above values:

- The components of value relate to Suncorp Life in its entirety;
- The risk discount rate was equal to 4% above the risk-free rate;
- Value of in-force is the present value of distributable profits emerging (in excess of target capital), together with the value of associated franking credits; and
- VOYS includes an allowance for the cost of holding target capital.

Change in Embedded Value

After distributions to the parent shareholder and release of franking credits, the Embedded Value decreased slightly from $2,406 million at 30 June 2010 to $2,377 million at 30 June 2011.

There were a number of structural changes in Suncorp Life's portfolio that have impacted Embedded Value over the year. This includes the conclusion of the Sunsuper Group risk contract as at 1 July 2011 and the sale of Tyndall and NZGT.

Suncorp Life experienced adverse lapse and disability income claims experience in the year. While there have been improvements in the second half, long-term actuarial valuation assumptions have been revised for both lapse and claims rates, which has had an adverse impact on the Embedded Value. There are a number of initiatives underway focused on further improving experience. The impact of these initiatives will be reflected in future assumptions with the emergence of benefits.

The change in Embedded Value over the current year is shown in more detail below:

	JUN-10 TO JUN-11 $M
Opening Embedded Value	**2,406**
Expected return	190
Experience over FY11	
Economic	25
Sunsuper and Divestments	(45)
Claims, lapse and other	(38)
Future assumption changes	
Discount rate	(4)
Economic	23
Expenses	(31)
Lapses	(42)
Claims and other	(40)
Value added from new business	27
Closing Embedded Value prior to	2,471
Dividends/transfers [1]	(62)
Release of franking credits	(32)
Closing Embedded Value	**2,377**

[1] Dividends/transfers include dividends recommended or paid up to the parent company during FY11.

Change in Value of One Year's Sales (VOYS)

The VOYS for Suncorp Life has fallen during the year. Part of this fall is attributable to the effect of the assumption changes that are shown above in the Embedded Value movement table and investment in building the direct business. Low new business sales in the challenging New Zealand environment combined the impact of regulatory change have also led to reduced VOYS for the year.

Assumptions

The assumptions used for valuing in-force business and the VOYS are based on long-term best estimate assumptions.

Maintenance unit costs were based on assumptions underlying the valuation and were assumed to grow in line with inflation. The valuations do not assume any improvements in future unit costs from efficiency gains beyond the current 12 months. Discontinuance and claims (death and disability) assumptions are best estimate assumptions based on company experience and are consistent with those used for profit reporting.

VOYS calculations are based on actual new business written and acquisition costs incurred during FY11. New business includes new policies as well as voluntary increases (i.e. benefit increases) to existing policies.

Embedded Value includes contractual increases (age and CPI) on retail business but excludes voluntary increases to existing retail policies.

The Australian Life Companies are required to hold regulatory capital in excess of policy liabilities. They also hold additional capital ('target surplus') based on internal requirements. Asteron Life Limited New Zealand holds capital as prescribed in Professional Standard 5 (PS5), 'Solvency Reserving for Life Insurance Business', issued by the New Zealand Society of Actuaries plus additional target surplus capital. In determining the Embedded Value, the value of this capital is discounted based on the expected time that it is to be held, allowing for its release as business runs off.

The Suncorp Life Embedded Value also includes the value of Suncorp Portfolio Services Limited, based on discounted cash flow projections. In addition, a number of smaller entities within the division were valued at net assets.

Economic assumptions are shown below:

	JUN-11		DEC-10	
	AUSTRALIA	NEW ZEALAND	AUSTRALIA	NEW ZEALAND
	% PER ANNUM	% PER ANNUM	% PER ANNUM	% PER ANNUM
Investment return for underlying asset classes (gross of tax)				
Risk-free rate (at 10 years)	5.3	6.4	5.6	6.0
Cash	6.0	5.3	6.3	5.7
Fixed interest	6.1	5.7	6.4	6.3
Australian equities (inc. allowance for franking credits) (1) (2)	10.4	9.8	10.7	10.6
International equities	9.4	8.8	9.7	9.6
Property	7.8	7.8	8.2	8.6
Investment returns (net of tax)	4.2	4.6	4.5	5.0
Inflation				
Benefit indexation	2.5	2.5	3.0	2.5
Expenses inflation	3.0	2.5	3.0	2.5
Risk discount rate	9.3	9.1	9.6	10.0

(1) New Zealand assumption covers Australasian equities.
(2) Investment Returns (net of tax) are based on the assumed investment returns for underlying asset classes, applied to the invested shareholder assets. Projected returns for assets backing policyholder liabilities will also depend on the mix of policyowner assets from time to time.

Sensitivity analysis

The tables below set out the sensitivity of the Embedded Value and value of new business as at 30 June 2011 to changes in key economic and business assumptions.

	AS AT JUN-11 $M	DEC-10 $M
Base Embedded Value	**2,377**	**2,410**
Embedded Value assuming		
Discount rate 1% higher	2,225	2,262
Investment returns 1% higher	2,473	2,495
Discontinuance rates 10% higher	2,216	2,250
Renewal expenses 10% higher	2,320	2,356
Claims 10% higher [(1)]	2,174	2,214
Base value of one year's new business	**27**	**40**
Value of one year's new business assuming		
Discount rate 1% higher	15	28
Investment returns 1% higher	28	42
Discontinuance rates 10% higher	8	23
Renewal expenses 10% higher	20	34
Claims 10% higher [(1)]	2	12

(1) Claims decrements includes mortality, lump sum morbidity, disability income incidence and 10% worse for disability income recovery rates.

These sensitivities are indicative only as the variations caused by changes to assumptions are not always linear, symmetrical, or independent.

Appendix 1 – Consolidated income statement for the year ended 30 June 2011

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

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Insurance premium income	7,874	7,645	3.0	3,929	3,945	3,829	3,816	(0.4)	2.6
Reinsurance and other recoveries income	4,786	1,506	217.8	3,929	857	942	564	358.5	317.1
Banking interest income	4,401	4,022	9.4	2,188	2,213	2,085	1,937	(1.1)	4.9
Investment revenue	1,358	1,570	(13.5)	645	713	448	1,122	(9.5)	44.0
Other income	614	939	(34.6)	278	336	500	439	(17.3)	(44.4)
Total revenue	19,033	15,682	21.4	10,969	8,064	7,804	7,878	36.0	40.6
Expenses									
General insurance claims expense	(9,331)	(5,966)	56.4	(6,287)	(3,044)	(3,299)	(2,667)	106.5	90.6
Life insurance claims and policyowner liabilities expense	(862)	(848)	1.7	(278)	(584)	(14)	(834)	(52.4)	large
Outwards reinsurance premium expense	(1,001)	(766)	30.7	(621)	(380)	(377)	(389)	63.4	64.7
Interest expense	(3,532)	(3,149)	12.2	(1,734)	(1,798)	(1,663)	(1,486)	(3.6)	4.3
Fees and commissions expense	(485)	(545)	(11.0)	(245)	(240)	(281)	(264)	2.1	(12.8)
Operating expenses	(2,654)	(2,765)	(4.0)	(1,322)	(1,332)	(1,384)	(1,381)	(0.8)	(4.5)
Impairment expense	(325)	(479)	(32.2)	(112)	(213)	(205)	(274)	(47.4)	(45.4)
Loss on sale of subsidary	(109)	-	n/a	(3)	(106)	-	-	(97.2)	n/a
Outside beneficial interests in managed funds	(32)	(46)	(30.4)	(29)	(3)	(30)	(16)	large	(3.3)
Total expenses	**(18,331)**	(14,564)	25.9	**(10,631)**	(7,700)	(7,253)	(7,311)	38.1	46.6
Profit before income tax	702	1,118	(37.2)	338	364	551	567	(7.1)	(38.7)
Income tax expense	(245)	(329)	(25.5)	(108)	(137)	(129)	(200)	(21.2)	(16.3)
Profit for the financial year	**457**	**789**	**(42.1)**	**230**	**227**	**422**	**367**	**1.3**	**(45.5)**
Other comprehensive income									
Net change in fair value of cash flow hedges	60	204	(70.6)	(10)	70	57	147	n/a	n/a
Net change in fair value of available-for-sale financial assets	31	13	138.5	35	(4)	2	11	n/a	large
Exchange differences on translation of foreign operations	(39)	9	n/a	12	(51)	5	4	n/a	140.0
Actuarial (losses) gains on defined benefit plans	(11)	5	n/a	(11)	-	-	5	n/a	n/a
Other movements	-	6	(100.0)	-	-	6	-	n/a	(100.0)
Income tax expense on other comprehensive income	(21)	(60)	(65.0)	-	(21)	(16)	(44)	(100.0)	(100.0)
Other comprehensive income net of income tax	**20**	177	(88.7)	**26**	(6)	54	123	n/a	(51.9)
Total comprehensive income for the financial year	**477**	**966**	**(50.6)**	**256**	**221**	**476**	**490**	**15.8**	**(46.2)**
Profit for the financial year attributable to:									
Owners of the Company	453	780	(41.9)	230	223	416	364	3.1	(44.7)
Non-controlling interests	4	9	(55.6)	-	4	6	3	(100.0)	(100.0)
Profit for the financial year	**457**	789	(42.1)	**230**	227	422	367	1.3	(45.5)
Total comprehensive income for the financial year attributable to:									
Owners of the Company	473	957	(50.6)	256	217	470	487	18.0	(45.5)
Non-controlling interests	4	9	(55.6)	-	4	6	3	(100.0)	(100.0)
Total comprehensive income for the financial year	**477**	**966**	**(50.6)**	**256**	**221**	**476**	**490**	**15.8**	**(46.2)**
Earnings per share:									
Basic earnings per share	35.56	61.81	(42.5)	18.05	17.51	32.81	28.97	3.1	(45.0)
Diluted earnings per share	35.56	60.10	(40.8)	18.05	17.51	31.90	28.28	3.1	(43.4)

Appendix 2 – Ratio Calculations

Earnings per share

Numerator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-11 $M	JUN-10 $M	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M
Earnings:						
Earnings used in calculating basic earnings per share	453	780	230	223	416	364
Interest expense on reset preference shares (net of tax)	-	7	-	-	3	4
Interest expense on convertible preference shares (net of tax)	-	37	-	-	20	17
Earnings used in calculating diluted earnings per share	453	824	230	223	439	385

Denominator	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-11 NO. OF SHARES	JUN-10 NO. OF SHARES	JUN-11 NO. OF SHARES	DEC-10 NO. OF SHARES	JUN-10 NO. OF SHARES	DEC-09 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,273,729,887	1,262,068,396	1,274,772,046	1,272,704,720	1,267,822,711	1,256,407,901
Effect of conversion of reset preference shares	-	18,015,915	-	-	18,015,915	17,159,799
Effect of conversion of convertible preference shares	-	90,523,478	-	-	90,523,478	86,221,804
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,273,729,887	1,370,607,789	1,274,772,046	1,272,704,720	1,376,362,104	1,359,789,504

Return on average shareholders' equity

Numerator

Earnings for return on average shareholders’ equity – is as per ‘earnings per share’ information above.

Denominator

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-11 $M	JUN-10 $M	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M
Adjusted average shareholders' equity						
Opening total equity	13,953	13,229	13,912	13,953	13,570	13,229
Less non-controlling interests	(20)	(6)	(21)	(20)	(9)	(6)
Opening adjusted equity	13,933	13,223	13,891	13,933	13,561	13,223
Closing total equity	14,018	13,953	14,018	13,912	13,953	13,570
Less non-controlling interests	(17)	(20)	(17)	(21)	(20)	(9)
Closing adjusted equity	14,001	13,933	14,001	13,891	13,933	13,561
Average adjusted equity	**13,967**	**13,578**	**13,946**	**13,912**	**13,747**	**13,392**

Appendix 2 – Ratio Calculations (continued)

Issued shares

	HALF YEAR ENDED			
	JUN-11	DEC-10	JUN-10	DEC-09
Ordinary shares each fully paid				
Number at the end of the period	1,286,600,980	1,281,390,524	1,281,390,524	1,270,897,282
Dividend declared for the period (cents per share)	20	15	20	15
Reset preference shares (classified as liability) each fully paid				
Number at the end of the period	1,022,582	1,440,628	1,440,628	1,440,628
Dividend declared for the period ($ per share) (1)	2.51	2.55	2.51	2.55
Convertible preference shares (classified as liability) each fully paid				
Number at the end of the period	7,350,000	7,350,000	7,350,000	7,350,000
Dividend declared for the period ($ per share) (1)	2.87	2.82	2.65	2.29

(1) Classified as interest expense.

Appendix 3 – Group Capital

Group capital position

The NOHC restructure was approved by shareholders on 15 December 2010 and final capital transactions were executed on 7 January 2011. The intention of the NOHC restructure is to continue to manage capital in accordance with the existing internal capital targets; however, the new Group holding company, Suncorp Group Limited (SGL) may hold some of the capital to meet the internal targets of the operating businesses. Additionally, SGL will hold capital for risks associated with the service companies.

	AS AT 30 JUNE 2011				
	GENERAL INSURANCE [(1)] $M	BANKING [(1)] $M	LIFE [(1)] $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M
Tier 1					
Ordinary share capital	-	-	-	12,717	12,717
Subsidiary share capital (eliminated upon consolidation)	8,016	3,012	2,225	(13,253)	-
Reserves and non-controlling interests	(69)	(987)	241	737	(78)
Retained profits [(2)]	(433)	941	6	533	1,047
Preference shares	-	823	-	15	838
Insurance liabilities in excess of liability valuation	516	-	-	-	516
Less goodwill, brands	(5,263)	(264)	(702)	5	(6,224)
Less software assets	(5)	-	(7)	(74)	(86)
Less other intangible assets	-	(47)	-	-	(47)
Less deferred tax asset	-	(143)	-	34	(109)
Less other required deductions [(3)]	(6)	-	-	(1)	(7)
Net Tier 1 capital	2,756	3,335	1,763	713	8,567
Tier 2					
Preference shares not included in Tier 1	-	15	-	(15)	-
APRA general reserve for credit losses	-	248	-	-	248
Asset revaluation reserves	-	17	-	-	17
Subordinated notes	769	1,053	-	-	1,822
Net Tier 2 capital	769	1,333	-	(15)	2,087
Total capital base	**3,525**	**4,668**	**1,763**	**698**	**10,654**
Represented by:					
Capital in regulated entities	3,458	4,606	1,738	-	9,802
Capital in unregulated entities [(4)]	67	62	25	698	852
	3,525	**4,668**	**1,763**	**698**	**10,654**
Target capital base [(5)]	3,059	4,296	1,686	368	9,409

(1) These numbers are for the consolidated segments. They do not align with the regulatory reporting groups used in the Banking capital adequacy and General Insurance minimum capital requirement calculations.

(2) For Banking and domestic General Insurance, this represents the business line retained profits determined using the APRA calculation. New Zealand General Insurance retained profits are on a statutory basis. APRA required accrual of expected dividends in the Bank and General Insurance current year profits. To allow for consistency across the Group, expected dividends are also included for Life.

(3) Other required deductions include surpluses in defined benefit funds.

(4) Capital in unregulated entities includes capital in authorised NOHCs such as Suncorp Group Limited (SGL).

(5) APRA requires regulated entities to have internal capital targets. For the Banking business, the target is a 12.5% capital adequacy ratio. The target capital for the General Insurance business is 1.45 times the Minimum Capital Requirement. The Life business capital target is an amalgamation of target capital for Statutory Funds, minimum capital required for Shareholder Funds and net tangible asset requirements for investment management entities. The NOHC Target is derived from the assessed risk of the Group.

	AS AT 30 JUNE 2011				
	GENERAL INSURANCE $M	BANKING $M	LIFE $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M
Reconciliation of total capital base to net assets					
Net assets	7,678	3,140	2,473	727	14,018
Difference relating to APRA definition of retained profits	(160)	(46)	(1)	(52)	(259)
Equity items not eligible for inclusion in capital for APRA purposes					
Reserves (Post AIFRS)	-	45	-	-	45
Additional items allowable for capital for APRA purposes					
Preference shares	-	838	-	-	838
Subordinated notes	769	1,053	-	-	1,822
Technical provisions in excess of liability valuation	516	-	-	-	516
Holdings of own shares	(4)	-	(1)	60	55
Collective provision (net of tax effect)	-	91	-	-	91
Other items, adjustments	-	1	1	(1)	1
Deductions from capital for APRA purposes					
Goodwill, brands	(5,263)	(264)	(702)	5	(6,224)
Software assets	(5)	-	(7)	(74)	(86)
Deductible capitalised expenses	-	(47)	-	-	(47)
Deferred tax asset	-	(143)	-	34	(109)
Other assets excluded from regulatory capital	(6)	-	-	(1)	(7)
Total capital base	**3,525**	**4,668**	**1,763**	**698**	**10,654**

	AS AT 30 JUNE 2011				
	GENERAL INSURANCE $M	BANKING $M	LIFE $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M
Reconciliation of business line retained profits to reported retained profits					
Reported retained profits (losses)	(273)	987	7	585	1,306
Expected group dividend net of Dividend Reinvestment Plan	-	-	-	(257)	(257)
Expected intragroup dividends	(159)	(46)	-	205	-
Other differences in retained profits for APRA purposes	(1)	-	(1)	-	(2)
	(160)	(46)	(1)	(52)	(259)
Business line retained profits/(losses) used in Group capital position	**(433)**	**941**	**6**	**533**	**1,047**

Appendix 3 – Group Capital (continued)

Banking capital adequacy

	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M
Consolidated banking capital				
Tier 1				
Fundamental Tier 1				
Ordinary share capital	1,789	12,787	12,783	12,694
Retained profits	902	913	847	848
	2,691	13,700	13,630	13,542
Residual Tier 1				
Reset preference shares	103	144	144	144
Convertible preference shares	735	735	735	735
Preference shares not eligible for inclusion in Tier 1	(15)	-	-	-
	823	879	879	879
Tier 1 deductions				
Goodwill and other intangibles arising on acquisition	(29)	(7,690)	(7,809)	(7,837)
Software assets	-	(66)	(61)	(59)
Other intangible assets	(47)	(107)	(95)	(98)
Deferred tax asset	(129)	(228)	(191)	(224)
Other Tier 1 deductions	-	(1)	-	(1)
Tier 1 deductions for investments in subsidiaries, capital support	(18)	(1,504)	(1,428)	(1,413)
	(223)	(9,596)	(9,584)	(9,632)
Total Tier 1 Capital	3,291	4,983	4,925	4,789
Tier 2				
Upper Tier 2				
APRA general reserve for credit losses	248	275	346	448
Perpetual subordinated notes	170	170	170	170
Asset revaluation reserves	17	6	7	6
Preference shares not eligible for inclusion in Tier 1	15	-	-	-
	450	451	523	624
Lower Tier 2				
Subordinated notes	883	1,221	1,458	1,483
	883	1,221	1,458	1,483
Tier 2 Deductions				
Tier 2 deductions for investments in subsidiaries, capital support	(18)	(1,504)	(1,428)	(1,413)
	(18)	(1,504)	(1,428)	(1,413)
Total Tier 2 Capital	1,315	168	553	694
Capital base	4,606	5,151	5,478	5,483
Risk-weighted exposures	30,993	32,873	33,568	36,488
Market risk capital charge	363	334	572	544
Operational risk capital charge	3,010	3,072	3,094	2,994
Total assessed risk	34,366	36,279	37,234	40,026
Risk weighted capital ratio	13.40%	14.20%	14.71%	13.70%
Core Equity Tier 1 capital [1]	**2,450**	**2,600**	**2,618**	**2,497**
Core Equity Tier 1 ratio	**7.13%**	**7.17%**	**7.03%**	**6.24%**

(1) For balance dates prior to the NOHC restructure, numbers reflect Adjusted Fundamental Tier 1 which is an equivalent measure to Core Equity Tier 1 under the NOHC structure.

Appendix 3 – Group Capital (continued)

Banking capital adequacy (continued)

	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M
Retained profits movement				
Retained profits opening for the half year	913	847	848	859
Opening retained profit adjustment	(51)	-	-	-
Add Banking profit after tax for the half year	78	-	34	25
Less profit after tax of entities not consolidated for APRA purposes	-	-	(35)	(1)
Add/(less) APRA adjustments	8	66	76	(103)
Less dividend expense/accrual	(46)	-	(256)	(191)
Less estimated change in dividend reinvestment plan	-	-	(67)	(21)
Add dividends from non-banking subsidiaries	-	-	247	280
Retained profits closing for the half year	**902**	**913**	**847**	**848**

General Insurance minimum capital requirement

	DOMESTIC GI GROUP [1]				GI GROUP [2]			
	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M	JUN-11 $M	DEC-10 $M	JUN-10 $M	DEC-09 $M
Tier 1								
Ordinary share capital	2,347	2,758	2,758	2,758	2,509	2,886	2,894	2,893
Reserves	(2)	5	10	6	(2)	5	10	6
Retained profits	739	735	667	529	899	951	900	742
Insurance liabilities in excess of liability valuation	709	677	561	554	737	706	606	581
Less: Tax effect of excess insurance liabilities	(213)	(203)	(168)	(166)	(221)	(212)	(182)	(174)
	3,580	3,972	3,828	3,681	3,922	4,336	4,228	4,048
Less:								
Goodwill and other intangible assets	(1,112)	(1,111)	(1,111)	(1,111)	(1,182)	(1,175)	(1,188)	(1,179)
Other Tier 1 deductions	(26)	(93)	(36)	(59)	(51)	(100)	(36)	(69)
Total deductions from Tier 1 capital	(1,138)	(1,204)	(1,147)	(1,170)	(1,233)	(1,275)	(1,224)	(1,248)
Net Tier 1 capital	**2,442**	**2,768**	**2,681**	**2,511**	**2,689**	**3,061**	**3,004**	**2,800**
Tier 2								
Subordinated notes	769	763	778	767	769	763	778	767
APRA capital base	**3,211**	**3,531**	**3,459**	**3,278**	**3,458**	**3,824**	**3,782**	**3,567**
Outstanding claims risk capital charge	801	804	802	778	823	822	822	796
Premium liabilities risk capital charge	427	421	424	405	471	457	460	439
Total insurance risk capital charge	1,228	1,225	1,226	1,183	1,294	1,279	1,282	1,235
Investment risk capital charge	436	347	469	424	553	402	514	463
Catastrophe risk capital charge	263	200	200	200	263	200	200	200
Total minimum capital requirement (MCR)	**1,927**	**1,772**	**1,895**	**1,807**	**2,110**	**1,881**	**1,996**	**1,898**
MCR coverage (times)	**1.67**	**1.99**	**1.83**	**1.81**	**1.64**	**2.03**	**1.89**	**1.88**

	$M	$M	$M	$M	$M	$M	$M	$M
Retained profits movement								
Retained profits opening for the half year	735	667	529	168	951	900	742	355
Add General Insurance profit after tax for the half year	126	250	51	84	59	250	68	101
Add profit after tax of entities not consolidated for APRA purposes	(36)	35	181	229	(36)	35	181	229
Add/(less) APRA adjustments	65	(245)	121	138	76	(262)	124	147
Less dividends received/(paid)	(151)	28	(215)	(90)	(151)	28	(215)	(90)
Retained profits closing for the half year	**739**	**735**	**667**	**529**	**899**	**951**	**900**	**742**

(1) Domestic GI Group - Suncorp's Australian licensed insurers.
(2) GI Group - Sum of MCR for the Domestic GI Group and Vero NZ.

Appendix 4 – Underlying ITR

In May 2010, the Suncorp Group outlined operational strategies and building blocks projects that would drive an improvement of at least 3% in the underlying Insurance Trading Result (ITR) ratio for the year to 30 June 2012.

For the year ended 30 June 2010, the underlying ITR ratio was 9% and this has improved to 10.8% due to premium increases and the initial benefits of the Group's building block program. The Group remains on track to deliver an underlying ITR ratio of at least 12% for the year to 30 June 2012.

For the purposes of the underlying ITR calculation, the Net Earned Premium (NEP) is the reported $6,277 million increased by reinsurance reinstatement premiums of $232 million. The methodology for calculating the underlying ITR is the **reported ITR** adjusted for the following:

Reserve releases

The adjustment is the difference between actual reserve releases and the long run average 'expected' release. Based on the Group's conservative approach to reserving, the expected release in any discrete full year period is calculated to be around 1.5% of Net Earned Premium (NEP).

Natural hazards

The adjustment is the total of all natural hazard claims above or below the allowance.

Investment income mismatch

This adjustment removes the impact of changes in credit spreads and the volatility in the value of index-linked bonds ('economic mismatch' of $63 million), together with timing mismatches on premium liabilities ('accounting mismatch' of negative $5 million). There was also a $3 million unwind of the previous accounting mismatch.

Other adjustments

This adjustment captures any material and abnormal one-off items including material movements in risk margins. For the year to 30 June 2011, the adjustments were $232 million in reinsurance reinstatement premium, a $44 million impact from risk margins, $12 million for restructuring costs and a LAT deficiency charge of $35 million relating to New Zealand operations.

The calculation of the underlying ITR for the full year to 30 June 2011 is displayed in the table below:

	$M	JUN-11 $M	ITR ratio %
Reported ITR		**412**	**6.6%**
Reported reserve releases	(310)		
Less: 1.5% of NEP	98	(212)	
Natural hazards above long-run allowances		325	
Investment income mismatch		(55)	
Other:			
Reinsurance reinstatement premiums		232	
Risk Margin		(44)	
Restructure costs		12	
Liability Adequacy test (LAT) deficiency charge		35	
Underlying ITR		**705**	**10.8%**

Appendix 5 – General Insurance Profit – Short-tail and Long-tail (includes NZ)

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium	5,563	5,321	4.5	2,810	2,753	2,670	2,651	2.1	5.2
Net earned premium	4,826	4,718	2.3	2,348	2,478	2,360	2,358	(5.2)	(0.5)
Net incurred claims	(3,682)	(3,226)	14.1	(1,824)	(1,858)	(1,762)	(1,464)	(1.8)	3.5
Acquisition expenses	(685)	(757)	(9.5)	(355)	(330)	(392)	(365)	7.6	(9.4)
Other underwriting expenses	(575)	(527)	9.1	(291)	(284)	(258)	(269)	2.5	12.8
Total operating expenses	(1,260)	(1,284)	(1.9)	(646)	(614)	(650)	(634)	5.2	(0.6)
Underwriting result	(116)	208	n/a	(122)	6	(52)	260	n/a	134.6
Investment income - insurance funds	150	116	29.3	81	69	57	59	17.4	42.1
Insurance trading result	34	324	(89.5)	(41)	75	5	319	n/a	n/a
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	14.2	16.0		15.1	13.3	16.6	15.5		
Other underwriting expenses ratio	11.9	11.2		12.4	11.5	10.9	11.4		
Total operating expenses ratio	26.1	27.2		27.5	24.8	27.5	26.9		
Loss ratio	76.3	68.4		77.7	75.0	74.7	62.1		
Combined operating ratio	102.4	95.6		105.2	99.8	102.2	89.0		
Insurance trading ratio	0.7	6.9		(1.7)	3.0	0.2	13.5		

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	JUN-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium	1,717	1,706	0.6	907	810	867	839	12.0	4.6
Net earned premium	1,451	1,592	(8.9)	663	788	806	786	(15.9)	(17.7)
Net incurred claims	(1,068)	(1,411)	(24.3)	(642)	(426)	(684)	(727)	50.7	(6.1)
Acquisition expenses	(227)	(208)	9.1	(110)	(117)	(122)	(86)	(6.0)	(9.8)
Other underwriting expenses	(136)	(178)	(23.6)	(72)	(64)	(86)	(92)	12.5	(16.3)
Total operating expenses	(363)	(386)	(6.0)	(182)	(181)	(208)	(178)	0.6	(12.5)
Underwriting result	20	(205)	n/a	(161)	181	(86)	(119)	n/a	87.2
Investment income - insurance funds	358	486	(26.3)	258	100	285	201	158.0	(9.5)
Insurance trading result	378	281	34.5	97	281	199	82	(65.5)	(51.3)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	15.6	13.1		16.6	14.8	15.1	10.9		
Other underwriting expenses ratio	9.4	11.2		10.9	8.1	10.7	11.7		
Total operating expenses ratio	25.0	24.3		27.5	22.9	25.8	22.6		
Loss ratio	73.6	88.6		96.8	54.1	84.9	92.5		
Combined operating ratio	98.6	112.9		124.3	77.0	110.7	115.1		
Insurance trading ratio	26.1	17.7		14.6	35.7	24.7	10.4		

Appendix 6 – General Insurance New Zealand Segment Results Expressed in NZ$

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross written premium	895	826	8.4	454	441	406	420	2.9	11.8
Net earned premium	581	720	(19.3)	208	373	365	355	(44.2)	(43.0)
Net incurred claims	(584)	(410)	42.4	(315)	(269)	(211)	(199)	17.1	49.3
Acquisition expenses	(226)	(164)	37.8	(137)	(89)	(81)	(83)	53.9	69.1
Other underwriting expenses	(62)	(76)	(18.4)	(33)	(29)	(36)	(40)	13.8	(8.3)
Total operating expenses	(288)	(240)	20.0	(170)	(118)	(117)	(123)	44.1	45.3
Underwriting result	(291)	70	n/a	(277)	(14)	37	33	large	n/a
Investment income - insurance funds	20	18	11.1	12	8	9	9	50.0	33.3
Insurance trading result	(271)	88	n/a	(265)	(6)	46	42	large	n/a
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	38.9	22.8		65.9	23.9	22.2	23.4		
Other underwriting expenses ratio	10.7	10.6		15.9	7.8	9.9	11.3		
Total operating expenses ratio	49.6	33.4		81.8	31.7	32.1	34.7		
Loss ratio	100.5	56.9		151.4	72.1	57.8	56.1		
Combined operating ratio	150.1	90.3		233.2	103.8	89.9	90.8		
Insurance trading ratio	(46.6)	12.2		(127.4)	(1.6)	12.6	11.8		

Appendix 7 – General Insurance Profit Excluding the Discount Rate Movements and FSL

	FULL YEAR ENDED		JUN-11	HALF YEAR ENDED				JUN-11	JUN-11
	JUN-11	JUN-10	vs JUN-10	JUN-11	DEC-10	JUN-10	DEC-09	vs DEC-10	vs JUN-10
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium [1]	7,031	6,777	3.7	3,597	3,434	3,418	3,359	4.7	5.2
Gross unearned premium movement	(194)	(124)	56.5	(182)	(12)	(86)	(38)	large	111.6
Gross earned premium	6,837	6,653	2.8	3,415	3,422	3,332	3,321	(0.2)	2.5
Outwards reinsurance expense	(806)	(579)	39.2	(525)	(281)	(286)	(293)	86.8	83.6
Net earned premium	6,031	6,074	(0.7)	2,890	3,141	3,046	3,028	(8.0)	(5.1)
Net incurred claims									
Claims expense	(9,339)	(5,824)	60.4	(6,198)	(3,141)	(3,255)	(2,569)	97.3	90.4
Reinsurance and other recoveries revenue	4,581	1,329	244.7	3,821	760	853	476	402.8	347.9
	(4,758)	(4,495)	5.9	(2,377)	(2,381)	(2,402)	(2,093)	(0.2)	(1.0)
Total operating expenses									
Acquisition expenses [2]	(912)	(965)	(5.5)	(465)	(447)	(514)	(451)	4.0	(9.5)
Other underwriting expenses [2]	(465)	(469)	(0.9)	(242)	(223)	(224)	(245)	8.5	8.0
	(1,377)	(1,434)	(4.0)	(707)	(670)	(738)	(696)	5.5	(4.2)
Underwriting result	(104)	145	n/a	(194)	90	(94)	239	n/a	106.4
Investment income - insurance funds	516	460	12.2	250	266	298	162	(6.0)	(16.1)
Insurance trading result	412	605	(31.9)	56	356	204	401	(84.3)	(72.5)
Managed schemes net contribution	18	4	350.0	15	3	(4)	8	400.0	n/a
Joint venture and other income	16	53	(69.8)	4	12	30	23	(66.7)	(86.7)
General Insurance operational earnings	446	662	(32.6)	75	371	230	432	(79.8)	(67.4)
Investment revenue - shareholder funds	206	194	6.2	119	87	94	100	36.8	26.6
General Insurance profit before tax and capital funding	652	856	(23.8)	194	458	324	532	(57.6)	(40.1)
Capital funding [3]	(89)	(82)	8.5	(46)	(43)	(41)	(41)	7.0	12.2
General Insurance profit before tax	563	774	(27.3)	148	415	283	491	(64.3)	(47.7)
Income tax	(171)	(217)	(21.2)	(48)	(123)	(73)	(144)	(61.0)	(34.2)
General Insurance profit after tax	**392**	**557**	**(29.6)**	**100**	**292**	**210**	**347**	**(65.8)**	**(52.4)**

(1) Net of Fire Service Levies (FSL) 30 June 2011, $120 million, 31 December 2010, $129 million, 30 June 2010, $119 million, 31 December 2009, $131 million.

(2) Comparative information for New Zealand has been restated to be consistent with the current treatment of expense disclosures between acquisition costs and underwriting expenses.

(3) Includes interest expense on subordinated notes. The capital funding charge for 30 June 2010 includes a gain of $5 million for the redemption of subordinated notes.

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-11	JUN-10	JUN-11	DEC-10	JUN-10	DEC-09
	%	%	%	%	%	%
Acquisition expenses ratio	15.1	15.9	16.1	14.2	16.9	14.9
Other underwriting expenses ratio	7.7	7.7	8.4	7.1	7.4	8.1
Total operating expenses ratio	22.8	23.6	24.5	21.3	24.3	23.0
Loss ratio	78.9	74.0	82.2	75.8	78.9	69.1
Combined operating ratio	101.7	97.6	106.7	97.1	103.2	92.1
Insurance trading ratio	**6.8**	**10.0**	**1.9**	**11.3**	**6.7**	**13.2**

Appendix 8 – Consolidated Bank

Profit contribution – Consolidated Bank

	FULL YEAR ENDED				
	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL JUN-10 $M	JUN-11 vs JUN-10 %
Net interest income	837	73	910	928	(1.9)
Non-interest income					
Net banking fee income	87	31	118	155	(23.9)
MTM on financial instruments	10	-	10	17	(41.2)
Other income	4	(4)	-	3	(100.0)
Total non-interest income	101	27	128	175	(26.9)
Total income from Banking activities	938	100	1,038	1,103	(5.9)
Operating expenses	(492)	(76)	(568)	(546)	4.0
Consolidated Bank profit before impairment losses on loans and advances	446	24	470	557	(15.6)
Impairment losses on loans and advances	(51)	(274)	(325)	(479)	(32.2)
Consolidated Bank profit before tax	**395**	**(250)**	**145**	**78**	**85.9**
Income tax	(136)	75	(61)	(34)	79.4
Consolidated Bank profit after tax	**259**	**(175)**	**84**	**44**	**90.9**

Ratios and statistics

	FULL YEAR ENDED			
	CORE JUN-11	NON-CORE JUN-11	TOTAL JUN-11	TOTAL JUN-10
Net interest margin (interest earning assets) %	1.90	0.38	1.44	1.42
Net interest margin (lending assets) %	2.18	0.71	1.87	1.78
Cost to income ratio %	52.5	76.0	54.7	49.5
Impairment losses to gross loans and advances (bps)	0.13	2.88	0.66	0.92
Impairment losses to risk weighted assets (bps)	0.24	3.12	1.09	1.49

Appendix 8 – Consolidated Bank (continued)

Statement of financial position – Consolidated Bank

	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	DEC-10 $M	JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Assets							
Cash and cash equivalents	127	218	345	833	329	(58.6)	4.9
Receivables due from other banks	223	3	226	91	232	148.4	(2.6)
Trading securities	616	4,336	4,952	4,868	8,233	1.7	(39.9)
Derivatives	1	232	233	350	786	(33.4)	(70.4)
Investment securities (1)	5,187	555	5,742	16,566	13,789	(65.3)	(58.4)
Bank acceptances from customers	-	-	-	1	1	(100.0)	(100.0)
Loans, advances and other receivables	39,633	9,061	48,694	50,408	51,145	(3.4)	(4.8)
Due from subsidiaries	(165)	324	159	455	695	(65.1)	(77.1)
Property, plant and equipment	69	-	69	106	106	(34.9)	(34.9)
Deferred tax assets	78	104	182	222	221	(18.0)	(17.6)
Other assets (2)	198	67	265	292	266	(9.2)	(0.4)
Intangible assets (3)	264	-	264	257	250	2.7	5.6
Total assets	46,231	14,900	61,131	74,449	76,053	(17.9)	(19.6)
Liabilities							
Deposits and short-term borrowings	35,590	3,657	39,247	37,262	34,244	5.3	14.6
Derivatives	490	2,093	2,583	3,158	2,409	(18.2)	7.2
Payables due to other banks	31	-	31	18	28	72.2	10.7
Bank acceptances	-	-	-	1	-	(100.0)	n/a
Payables and other liabilities	669	-	669	604	887	10.8	(24.6)
Current tax liabilities	-	-	-	171	-	(100.0)	n/a
Due to subsidiaries	-	-	-	-	282	n/a	(100.0)
Securitisation liabilities	3,634	-	3,634	4,138	4,906	(12.2)	(25.9)
Debt issues	2,638	7,513	10,151	13,042	17,044	(22.2)	(40.4)
Subordinated notes	611	235	846	1,160	1,492	(27.1)	(43.3)
Preference shares	598	232	830	871	869	(4.7)	(4.5)
Total liabilities	44,261	13,730	57,991	60,425	62,161	(4.0)	(6.7)
Net assets	**1,970**	**1,170**	**3,140**	**14,024**	**13,892**	**(77.6)**	**(77.4)**
Less: Investment in non-banking subsidiaries	-	-	-	10,704	10,659	(100.0)	(100.0)
Net assets - banking line of business	**1,970**	**1,170**	**3,140**	**3,320**	**3,233**	**(5.4)**	**(2.9)**

Reconciliation of net equity to Core Equity Tier 1 Capital (4)			
Net equity - Banking line of business	3,140	3,320	3,233
NOHC restatement	-	(265)	(235)
Goodwill allocated to Banking Business	(235)	-	-
Regulatory capital equity adjustments	(58)	206	233
Regulatory capital deductions	(241)	(424)	(347)
Other reserves excluded from CET1 ratio	(156)	(237)	(266)
Core Equity Tier 1 Capital	**2,450**	**2,600**	**2,618**

(1) As part of the NOHC restructure on 7 January 2011, the shared services entities of the Suncorp Group previously included in Consolidated banking are now excluded from the Consolidated Banking results. The June 2010 and December 2010 balances have been restated on this basis to enable comparability between these periods. As Suncorp-Metway Ltd, an entity within the Consolidated Banking group, was ultimate parent entity of the Suncorp Group prior to 7 January, it had investment in non-banking subsidiaries prior to this date.

(2) Other assets is mainly made up of accrued interest and prepayments. Other assets also includes interdivisional loans and clearing accounts between core and non-core.

(3) Goodwill and intangible balances for June 2010 and December 2010 are restated to present goodwill on a post allocation to CGU (cash generating unit) basis.

(4) For balance dates prior to the NOHC restructure, Dec-10 and prior numbers reflect Core Equity Tier 1 Capital which is equivalent measure to Core Equity Tier 1 under the NOHC restructure.

Appendix 8 – Consolidated Bank (continued)

Loans, advances and other receivables

	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL DEC-10 $M	TOTAL JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Housing loans	27,014	-	27,014	25,954	23,904	4.1	13.0
Securitised housing loans	3,980	-	3,980	4,510	5,202	(11.8)	(23.5)
Total housing loans	30,994	-	30,994	30,464	29,106	1.7	6.5
Consumer loans	558	-	558	557	569	0.2	(1.9)
Retail loans	31,552	-	31,552	31,021	29,675	1.7	6.3
Commercial (SME)	4,560	-	4,560	4,374	4,273	4.3	6.7
Corporate	-	1,624	1,624	1,971	2,548	(17.6)	(36.3)
Development finance	-	2,478	2,478	3,229	4,286	(23.3)	(42.2)
Property investment	-	3,233	3,233	4,021	4,961	(19.6)	(34.8)
Lease finance	-	409	409	599	843	(31.7)	(51.5)
Agribusiness	3,522	-	3,522	3,371	3,397	4.5	3.7
Business loans	8,082	7,744	15,826	17,565	20,308	(9.9)	(22.1)
Total lending	**39,634**	**7,744**	**47,378**	**48,586**	**49,983**	**(2.5)**	**(5.2)**
Other receivables [1] [2]	119	1,761	1,880	2,425	1,835	(22.5)	2.5
Gross banking loans, advances and other receivables	39,753	9,505	49,258	51,011	51,818	(3.4)	(4.9)
Provision for impairment	(120)	(444)	(564)	(602)	(672)	(6.3)	(16.1)
Loans, advances and other receivables	**39,633**	**9,061**	**48,694**	**50,409**	**51,146**	**(3.4)**	**(4.8)**
Risk weighted assets	**21,136**	**8,778**	**29,914**	**31,442**	**32,149**	**(4.9)**	**(7.0)**
Geographical breakdown - gross banking loans, advances and other receivables							
Queensland	25,381	5,603	30,984	31,637	31,948	(2.1)	(3.0)
New South Wales	7,556	2,603	10,159	10,536	10,887	(3.6)	(6.7)
Victoria	3,680	973	4,653	5,171	5,564	(10.0)	(16.4)
Western Australia	2,164	287	2,451	2,543	2,463	(3.6)	(0.5)
South Australia and other	972	39	1,011	1,124	956	(10.1)	5.8
Outside of Queensland loans	14,372	3,902	18,274	19,374	19,870	(5.7)	(8.0)
Gross banking loans, advances and other receivables	**39,753**	**9,505**	**49,258**	**51,011**	**51,818**	**(3.4)**	**(4.9)**

[1] Other receivables are primarily collateral deposits provided to derivative counterparties.

[2] Balance contains interest not brought to account: 30 June 2011, ($452m), 31 December 2010 ($333m), 30 June 2010 ($265m).

Appendix 8 – Consolidated Bank (continued)

Funding and deposits

	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL DEC-10 $M	TOTAL JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Retail funding							
Retail deposits							
Transaction	5,492	-	5,492	5,517	5,058	(0.5)	8.6
Investment	3,706	-	3,706	3,651	3,670	1.5	1.0
Term	15,094	-	15,094	14,702	14,518	2.7	4.0
Core retail deposits	24,292	-	24,292	23,870	23,246	1.8	4.5
Retail treasury deposits	3,604	-	3,604	3,564	3,318	1.1	8.6
Total retail funding	27,896	-	27,896	27,434	26,564	1.7	5.0
Wholesale funding							
Domestic funding sources							
Short-term wholesale	5,091	2,420	7,511	7,065	6,651	6.3	12.9
Long-term wholesale	1,252	3,566	4,818	5,881	5,032	(18.1)	(4.3)
Subordinated notes	123	47	170	471	692	(63.9)	(75.4)
Reset preference shares	74	28	102	145	144	(29.7)	(29.2)
Convertible preference shares	524	204	728	726	725	0.3	0.4
	7,064	6,265	13,329	14,288	13,244	(6.7)	0.6
Overseas funding sources [(1)]							
Short-term wholesale	2,603	1,237	3,840	2,763	1,029	39.0	273.2
Long-term wholesale	1,386	3,947	5,333	7,161	12,012	(25.5)	(55.6)
Subordinated notes	488	188	676	689	800	(1.9)	(15.5)
	4,477	5,372	9,849	10,613	13,841	(7.2)	(28.8)
Total wholesale funding	11,541	11,637	23,178	24,901	27,085	(6.9)	(14.4)
Total funding (excluding securitisation)	**39,437**	**11,637**	**51,074**	**52,335**	**53,649**	**(2.4)**	**(4.8)**
Securitised funding							
APS 120 qualifying	2,451	-	2,451	1,998	3,338	22.7	(26.6)
APS 120 non-qualifying	1,183	-	1,183	2,140	1,568	(44.7)	(24.6)
Total securitised funding	3,634	-	3,634	4,138	4,906	(12.2)	(25.9)
Total funding (including securitisation)	**43,071**	**11,637**	**54,708**	**56,473**	**58,555**	**(3.1)**	**(6.6)**
Total funding is represented on the balance sheet by:							
Deposits	27,896	-	27,896	27,434	26,564	1.7	5.0
Short-term borrowings	7,694	3,657	11,351	9,828	7,680	15.5	47.8
Securitisation liabilities	3,634	-	3,634	4,138	4,906	(12.2)	(25.9)
Bonds, notes and long-term borrowings	2,638	7,513	10,151	13,042	17,044	(22.2)	(40.4)
Subordinated notes	611	235	846	1,160	1,492	(27.1)	(43.3)
Preference shares	598	232	830	871	869	(4.7)	(4.5)
Total	**43,071**	**11,637**	**54,708**	**56,473**	**58,555**	**(3.1)**	**(6.6)**

(1) Foreign currency borrowings are hedged back into Australian dollars.

Appendix 8 – Consolidated Bank (continued)

Wholesale funding instruments maturity profile

	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL DEC-10 $M	TOTAL JUN-10 $M	JUN-11 vs DEC-10 %	JUN-11 vs JUN-10 %
Maturity							
0 to 3 months	7,647	3,949	11,596	9,569	7,532	21.2	54.0
3 to 6 months	768	920	1,688	4,610	4,755	(63.4)	(64.5)
6 to 12 months	669	1,097	1,766	1,987	4,619	(11.1)	(61.8)
1 to 3 years	4,784	5,421	10,205	10,932	9,020	(6.7)	13.1
3+ years	1,307	250	1,557	1,941	6,065	(19.8)	(74.3)
Total wholesale funding instruments	15,175	11,637	26,812	29,039	31,991	(7.7)	(16.2)

Net interest income

	FULL YEAR ENDED				
	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL JUN-10 $M	JUN-11 vs JUN-10 %
Interest revenue lending assets	2,802	804	3,606	3,474	3.8
Interest revenue other assets	330	419	749	550	36.2
Interest expense deposits and funding	(2,266)	(1,133)	(3,399)	(3,056)	11.2
	866	90	956	968	(1.2)
Interest expense preference shares	(29)	(17)	(46)	(40)	15.0
Net interest income	**837**	**73**	**910**	**928**	(1.9)
Net interest margin (interest earning assets)	**1.90%**	**0.38%**	**1.44%**	**1.42%**	
Net interest margin (lending assets)	**2.18%**	**0.71%**	**1.87%**	**1.78%**	

Net banking fee income

	FULL YEAR ENDED				
	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL JUN-10 $M	JUN-11 vs JUN-10 %
Net lending fees	3	29	32	56	(42.9)
Transaction fees	58	2	60	82	(26.8)
Interchange fees	26	-	26	17	52.9
	87	**31**	**118**	**155**	**(23.9)**

Appendix 8 – Consolidated Bank (continued)

Operating expenses

	FULL YEAR ENDED JUN-11 $M	JUN-10 $M	JUN-11 vs JUN-10 %
Total operating expenses			
Core operating expenses	(492)	(451)	9.1
Non-core operating expenses	(76)	(95)	(20.0)
	(568)	(546)	4.0
Consisting of:			
Staff expenses	(324)	(317)	2.2
Equipment and occupancy expenses	(105)	(95)	10.5
Hardware, software and dataline expenses	(31)	(33)	(6.1)
Advertising and promotion	(37)	(30)	23.3
Office supplies, postage and printing	(24)	(23)	4.3
Other [1]	(47)	(48)	(2.1)
	(568)	**(546)**	**4.0**

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

Impairment losses on loans and advances

	FULL YEAR ENDED CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL JUN-10 $M	JUN-11 vs JUN-10 %
Collective provision for impairment	16	(40)	(24)	(81)	(70.4)
Specific provision for impairment	32	297	329	506	(35.0)
Actual net write-offs	3	17	20	54	(63.0)
	51	**274**	**325**	**479**	**(32.2)**
Impairment losses to risk weighted assets (annualised)	**0.24%**	**3.12%**	**1.09%**	**1.49%**	

Appendix 8 – Consolidated Bank (continued)

Impaired asset balances

	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL JUN-10 $M	JUN-11 vs JUN-10 %
Gross balances of individually impaired loans					
with specific provisions set aside	136	2,202	2,338	2,122	10.2
without specific provisions set aside	10	33	43	-	n/a
Gross impaired assets	146	2,235	2,381	2,122	12.2
Specific provision for impairment	(39)	(348)	(387)	(471)	(17.8)
Net impaired assets	107	1,887	1,994	1,651	20.8
Size of gross individually impaired assets					
Less than one million	22	8	30	54	(44.4)
Greater than one million but less than ten million	87	213	300	344	(12.8)
Greater than ten million	37	2,014	2,051	1,724	19.0
	146	2,235	2,381	2,122	12.2
Past due loans not shown as impaired assets	386	125	511	344	48.5
Gross non-performing loans	532	2,360	2,892	2,466	17.3
Interest income on impaired assets recognised in the contribution to profit					
Net interest charged and recognised as revenue in the contribution to profit during the year was	3	4	7	1	large
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the year	150	1,972	2,122	1,474	44.0
Recognition of new impaired assets	102	916	1,018	1,572	(35.2)
Increases in previously recognised impaired assets	8	42	50	51	(2.0)
Impaired assets written off/sold during the year	(12)	(204)	(216)	(416)	(48.1)
Impaired assets which have been restated as performing assets or repaid	(102)	(491)	(593)	(559)	6.1
Balance at the end of the year	**146**	**2,235**	**2,381**	**2,122**	**12.2**

Appendix 8 – Consolidated Bank (continued)

Provision for impairment

	CORE JUN-11 $M	NON-CORE JUN-11 $M	TOTAL JUN-11 $M	TOTAL JUN-10 $M	JUN-11 vs JUN-10 %
Collective provision					
Balance at the beginning of the year	65	136	201	282	(28.7)
Charge against contribution to profit	16	(40)	(24)	(81)	(70.4)
Balance at the end of the year	81	96	177	201	(11.9)
Specific provision					
Balance at the beginning of the year	37	434	471	477	(1.3)
Charge against impairment losses	32	297	329	506	(35.0)
Write-off of impaired assets	(19)	(233)	(252)	(407)	(38.1)
Unwind of interest	(11)	(150)	(161)	(105)	53.3
Balance at the end of the year	39	348	387	471	(17.8)
Total provision for impairment - Banking activities	120	444	564	672	(16.1)
Equity reserve for credit loss					
Balance at the beginning of the year	84	142	226	195	15.9
Transfer to retained earnings	(10)	(59)	(69)	31	n/a
Balance at the end of the year	74	83	157	226	(30.5)
Pre-tax equivalent coverage	106	118	224	323	(30.7)
Total provision for impairment and equity reserve for credit loss - Banking activities	226	562	788	995	(20.8)

	%	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:				
Collective provision	55.48	4.30	7.40	9.50
Specific provision	26.71	15.57	16.25	22.20
Total provision	82.19	19.87	23.69	31.70
Equity reserve for credit loss coverage	72.60	5.28	9.41	15.22
Total provision and equity reserve for credit loss coverage	154.79	25.15	33.10	46.92

Appendix 8 – Consolidated Bank (continued)

Average banking balance sheet

	FULL YEAR ENDED JUN-11								
	CORE PORTFOLIO			NON-CORE PORTFOLIO			TOTAL PORTFOLIO		
	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE	AVERAGE BALANCE	INTEREST	AVERAGE RATE
	$M	$M	%	$M	$M	%	$M	$M	%
Assets									
Interest earning assets									
Trading securities	5,674	330	5.82	8,500	419	4.93	14,174	749	5.28
Gross loans, advances and other receivables	38,391	2,802	7.30	10,229	789	7.71	48,620	3,591	7.39
Other interest earning assets	-	-	-	278	15	5.40	278	15	5.40
Total interest earning assets	44,065	3,132	7.11	19,007	1,223	6.43	63,072	4,355	6.90
Non-interest earning assets									
Other assets (inc. loan provisions)	747			(1,096)			(349)		
Total non-interest earning assets	747			(1,096)			(349)		
TOTAL ASSETS	44,812			17,911			62,723		
Liabilities									
Interest bearing liabilities									
Retail deposits	27,121	1,417	5.22	-	-	-	27,121	1,417	5.22
Wholesale liabilities	13,929	818	5.87	15,912	1,114	7.00	29,841	1,932	6.47
Debt capital	1,073	60	5.59	631	36	5.71	1,704	96	5.63
Total interest bearing liabilities	42,123	2,295	5.45	16,543	1,150	6.95	58,666	3,445	5.87
Non-interest bearing liabilities									
Other liabilities	955			12			967		
Total non-interest bearing liabilities	955			12			967		
TOTAL LIABILITIES	43,078			16,555			59,633		
AVERAGE SHAREHOLDERS' EQUITY	1,734			1,356			3,090		
Non-Shareholder Accounting Equity	42			83			125		
Average Shareholder Equity	1,776			1,439			3,215		
SGL Goodwill allocated to Banking Business	(118)			-			(118)		
Average Shareholder Equity (ex Goodwill)	1,658			1,439			3,097		
Analysis of interest margin and spread									
Interest earning assets	44,065	3,132	7.11	19,007	1,223	6.43	63,072	4,355	6.90
Interest bearing liabilities	42,123	2,295	5.45	16,543	1,150	6.95	58,666	3,445	5.87
Net interest spread			1.66			(0.52)			1.03
Net interest margin (interest earning assets)	44,065	837	1.90	19,007	73	0.38	63,072	910	1.44
Net interest margin (lending assets)	38,391	837	2.18	10,229	73	0.71	48,620	910	1.87

Appendix 8 – Consolidated Bank (continued)

Average banking balance sheet (continued)

	FULL YEAR ENDED JUN-10 TOTAL PORTFOLIO			HALF YEAR ENDED DEC-10 TOTAL PORTFOLIO		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Assets						
Interest earning assets						
Trading securities	12,753	551	4.32	14,891	392	5.22
Gross loans, advances and other receivables	52,244	3,457	6.62	49,084	1,811	7.32
Other interest earning assets	268	16	5.97	395	11	5.52
Total interest earning assets	65,265	4,024	6.17	64,370	2,214	6.82
Non-interest earning assets						
Other assets (inc. loan provisions)	(655)			(376)		
Total non-interest earning assets	(655)			(376)		
TOTAL ASSETS	64,610			63,994		
Liabilities						
Interest bearing liabilities						
Retail deposits	24,979	1,121	4.49	27,004	706	5.19
Wholesale liabilities	34,183	1,889	5.53	31,219	1,021	6.49
Debt capital [(1)]	1,806	86	4.76	1,738	49	5.59
Total interest bearing liabilities	60,968	3,096	5.08	59,961	1,776	5.88
Non-interest bearing liabilities						
Other liabilities	868			974		
Total non-interest bearing liabilities	868			974		
TOTAL LIABILITIES	61,836			60,935		
AVERAGE SHAREHOLDERS' EQUITY	2,774			3,059		
Non-Shareholder Accounting Equity	-			196		
Average Shareholder Equity	2,774			3,255		
SGL Goodwill allocated to Banking Business	-			-		
Average Shareholder Equity (ex Goodwill)	2,774			3,255		
Analysis of interest margin and spread						
Interest earning assets	65,265	4,024	6.17	64,370	2,214	6.82
Interest bearing liabilities	60,968	3,096	5.08	59,961	1,776	5.88
Net interest spread			1.09			0.94
Net interest margin (interest earning assets)	65,265	928	1.42	64,370	438	1.35
Net interest margin (lending assets)	52,244	928	1.78	49,084	438	1.77

(1) Excludes the subordinated notes and preference shares notionally allocated to General Insurance as share of capital funding and the associated interest cost charged to General Insurance.

Appendix 8 – Consolidated Bank (continued)

APS330 Disclosure

Table 15
Capital Structure

	JUN-11 $M	DEC-10 $M
Tier 1		
Ordinary share capital	1,789	12,787
Retained profits	902	912
Preference shares	823	879
Less goodwill, brands	(29)	(7,690)
Less software assets	-	(66)
Less other intangible assets	(47)	(107)
Less deferred tax asset	(129)	(228)
Less Tier 1 deductions for investments in subsidiaries, capital support	(18)	(1,504)
Total Tier 1 capital	**3,291**	**4,983**
Tier 2		
APRA general reserves for credit losses	248	275
Asset Revaluation Reserve	17	6
Subordinated notes	1,053	1,391
Excess residual Tier 1	15	-
Less Tier 2 deductions for investments in subsidiaries, capital support	(18)	(1,504)
Total Tier 2 capital	**1,315**	**168**
Total capital base	**4,606**	**5,151**

Table 16
On balance sheet risk weighted assets

	RISK WEIGHTED BALANCE		
	JUN-11 $M	DEC-10 $M	JUN-10 $M
On Balance Sheet Risk weighted assets			
Assets			
Cash items	20	18	21
Claims on Australian and foreign governments	5	3	3
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	1,268	1,291	806
Claims on securitisation exposures	352	244	117
Claims secured against eligible residential mortgages	12,087	11,795	10,674
Past due claims	3,409	3,472	3,124
Other retail assets	1,156	1,120	981
Corporate	11,450	13,032	15,863
Other assets and claims	167	467	560
Total Banking assets [1]	**29,914**	**31,442**	**32,149**

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

Appendix 8 – Consolidated Bank (continued)

APS330 Disclosure

Table 16
Off balance sheet risk weighted assets

	RISK WEIGHTED BALANCE		
	JUN-11	DEC-10	JUN-10
	$M	$M	$M
Off balance sheet positions			
Guarantees entered into in the normal course of business	144	151	165
Commitments to provide loans and advances	699	1,050	793
Capital commitments	-	23	23
Foreign exchange contracts	112	97	139
Interest rate contracts	91	75	90
Securitisation exposures	33	35	209
Total off balance sheet positions	**1,079**	**1,431**	**1,419**
Total credit risk capital charge	30,993	32,873	33,568
Market risk capital charge	363	334	572
Operational risk capital charge	3,010	3,072	3,094
Total assessed risk	34,366	36,279	37,234
Risk weighted capital ratios	%	%	**%**
Tier 1	9.58	13.74	13.23
Total risk weighted capital ratios	**13.40**	**14.20**	**14.71**

Appendix 8 – Consolidated Bank (continued)

APS330 Disclosure

Table 17A
Credit risk by gross credit exposure – outstanding as at 30 June 2011

	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	-	-	-	3,387	15	-	3,402	216	33	3,153	46
Construction & development	-	-	-	3,123	126	-	3,249	1,421	91	1,737	251
Financial services [1]	226	4,952	3,969	3,155	-	496	12,798	-	-	12,798	-
Hospitality	-	-	-	1,143	-	-	1,143	49	7	1,087	1
Manufacturing	-	-	-	568	-	-	568	15	2	551	4
Professional services	-	-	-	363	-	-	363	5	2	356	1
Property investment	-	-	-	4,003	-	-	4,003	538	51	3,414	60
Real estate -											
Mortgage	-	-	-	29,332	1,150	-	30,482	21	293	30,168	3
Personal	-	-	-	354	-	-	354	-	6	348	-
Government/public authorities	-	-	-	3	-	-	3	-	-	3	-
Other commercial & industrial	-	-	-	2,350	95	-	2,445	116	26	2,303	21
Total gross credit risk	**226**	**4,952**	**3,969**	**47,781**	**1,386**	**496**	**58,810**	**2,381**	**511**	**55,918**	**387**
Eligible securitised loans	-	-	1,762	1,847	30	7	3,646	**-**	**-**	3,646	**-**
Total including eligible securitised loans	**226**	**4,952**	**5,731**	**49,628**	**1,416**	**503**	**62,456**	**2,381**	**511**	**59,564**	**387**
Impairment provision							(564)	(387)	(47)	(130)	-
TOTAL							**61,892**	**1,994**	**464**	**59,434**	**387**

(1) Loans, Advances and Other Receivables contain $370m receivables due from controlled entities.

Table 17A
Credit risk by gross credit exposure – average gross exposure over period 1 April to 30 June 2011

	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	-	-	-	3,343	18	-	3,361	221	31	3,109	47
Construction & development	-	-	-	3,230	139	-	3,369	1,451	80	1,838	256
Financial services [1]	243	5,240	4,062	3,145	-	538	13,228	-	-	13,228	-
Hospitality	-	-	-	1,139	-	-	1,139	62	6	1,071	3
Manufacturing	-	-	-	593	-	-	593	15	2	576	4
Professional services	-	-	-	372	-	-	372	6	2	364	1
Property investment	-	-	-	4,447	-	-	4,447	554	59	3,834	62
Real estate - Mortgage	-	-	-	29,114	1,690	-	30,804	21	271	30,512	4
Personal	-	-	-	353	-	-	353	-	7	346	-
Government/public authorities	-	-	-	3	-	-	3	-	-	3	-
Other commercial & industrial	-	-	-	2,401	106	-	2,507	115	31	2,361	17
Total gross credit risk	**243**	**5,240**	**4,062**	**48,140**	**1,953**	**538**	**60,176**	**2,445**	**489**	**57,242**	**394**
Eligible securitised loans	-	-	1,490	1,897	30	7	3,424	**-**	-	3,424	**-**
Total including eligible securitised loans	**243**	**5,240**	**5,552**	**50,037**	**1,983**	**545**	**63,600**	**2,445**	**489**	**60,666**	**394**
Impairment provision							(584)	(393)	(39)	(152)	-
TOTAL							**63,016**	**2,052**	**450**	**60,514**	**394**

[1] Loans, Advances and Other Receivables average balance contains $370m receivables due from controlled entities. Nil balance existed for this in prior period calculation under pre-NOHC structure.

Appendix 8 – Consolidated Bank (continued)

APS330 Disclosure

Table 17B
Credit risk by portfolio

	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	30,482	30,804	21	293	3	1
Other retail	354	353	-	6	-	2
Financial services	12,798	13,228	-	-	-	-
Government and public authorities	3	3	-	-	-	-
Corporate and other claims	15,173	15,788	2,360	212	384	77
Total	**58,810**	**60,176**	**2,381**	**511**	**387**	**80**

Table 17C
General reserves for credit losses

	$M
Collective provision for impairment	177
Ineligible Collective Provisions on Past Due not Impaired	(47)
Eligible Collective Provisions	**130**
FITB relating to eligible collective provision	(39)
Equity Reserve for credit losses	157
General Reserve for Credit losses	**248**

Appendix 9 – Definitions

ADI	Authorised Deposit-taking Institutions
Adjusted Fundamental Tier 1 capital	Tier 1 equity less preference share capital less the tangible component of investment in subsidiaries
Adjusted Fundamental Tier 1 ratio	Adjusted Fundamental Tier 1 capital divided by total assessed risk
Annuities market adjustments	The value of annuity obligations are determined by discounting future obligations into today's dollars using risk-free rates. The value of such obligations fluctuates as market referenced discount rates change. The value of assets backing annuity obligations also fluctuates with investment markets. The net impact of both of these market-driven valuation changes are removed from Suncorp Life's Underlying Profit and recorded as annuity market adjustments
Impairment losses to gross loans and advances	Impairment losses on loans and advances divided by gross banking loans, advances and other receivables
Basic shares	Ordinary shares on issue
Basis points (BPS)	A 'basis point' is 1/100th of a percentage point
Cash earnings per share	Adjusts the earnings per share ratio by adding back amortisation of acquisition intangible assets, the intangible assets written off as part of investments, and the related tax benefit to profit after tax
Cash return on average shareholders' equity	Adjusts the return on average shareholders' equity by adding back amortisation of acquisition intangible assets and the related tax benefit to after tax profit
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA
Combined operating ratio	The percentage of net earned premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial periods
Deposit to loan ratio	Total retail lending divided by total loans and advances, excluding other receivables
Diluted shares	Diluted shares is based on the weighted average number of ordinary shares outstanding during the period adjusted for potential ordinary shares that are dilutive in accordance with AASB 133 *Earnings per Share*

Appendix 9 – Definitions (continued)

Earnings per share	Basic earnings per share is calculated by dividing profit after tax for the period by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit after tax for the period adjusted for consequential changes in income or expense associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares outstanding during the period. Ordinary shares are adjusted for treasury shares
Effective tax rate	Income tax expense divided by profit before tax
Embedded Value	Embedded value is equivalent to the sum of the adjusted net worth and the net present value of all future cashflows distributable to the shareholder that are expected to arise from in-force business, together with the value of franking credits
Equity reserve for credit losses	The equity reserve for credit losses is a reserve held against potential losses reasonably assessed to be possible (but not certain) to arise from existing facilities which are currently satisfying their contractual terms. It is the credit loss intrinsic in the business which an ADI undertakes
Fire service levies (FSL)	The expense relating to the amount levied on policyholders by insurance companies as part of premiums payable on policies with a fire risk component, which is established to cover the corresponding fire brigade charge which the Group will eventually have to pay
Funds under administration (FUA)	Funds where the Australian S&I business and New Zealand Guardian Trust receives a fee for the administration of an asset portfolio
General Insurance – Commercial	Commercial products consist of commercial motor insurance, commercial property insurance, marine insurance, industrial special risk insurance, public liability and professional indemnity insurance, workers' compensation insurance and compulsory third party insurance
General Insurance – Personal	Personal products consist of home and contents insurance, motor insurance, boat insurance, travel insurance, loan protection, rental bond and personal effects cover
Gross non-performing loans	Gross impaired assets plus past due loans
Impairment losses to risk weighted assets	Impairment losses on loans and advances divided by risk weighted assets
Insurance Trading Ratio	The insurance trading result expressed as a percentage of net earned premium
Life insurance policyholders' interests	Amounts due to an entity or person who owns a life insurance policy. This need not be the insured. This is distinct from shareholders' interests. Policyholders' interests are excluded from the Life section of the Analyst Pack

Appendix 9 – Definitions (continued)

Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the disclosure date (including new business written during the period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consist of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities
Net interest margin	Net interest income divided by average interest earning assets or lending assets, as specified
Net interest spread	The difference between the average interest rate on average interest earning assets and the average interest rate on average interest bearing liabilities
Net tangible asset backing	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
Operating expense ratio	The percentage of the net premium that is used to meet the costs of acquiring (including commission), writing and servicing the General Insurance business
Payout ratio – cash earnings	Ordinary shares at the end of the period multiplied by ordinary dividend per share for the period divided by cash earnings. Ordinary shares are adjusted for treasury shares
Payout ratio – net profit after tax	Ordinary shares at the end of the period multiplied by ordinary dividend per share for the period divided by profit after tax. Ordinary shares are adjusted for treasury shares
Return on average total assets	Profit after tax divided by average total assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on average shareholders' equity	Profit after tax divided by adjusted average ordinary shareholders' equity. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Risk weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
Total assessed risk	Risk weighted assets, off balance sheets positions and market risk capital charge and operational risk charge, as defined by APRA
Treasury shares	Ordinary shares of the Company that are acquired by subsidiaries

Appendix 10 – 2011/2012 Key Dates[1]

Ordinary shares (SUN)

Full year results and final dividend announcement	**24 August 2011**
Ex dividend date	29 August 2011
Record date	2 September 2011
Dividend payment	3 October 2011
Annual General Meeting	**27 October 2011**
Half-year results announcement	**22 February 2012**
Ex dividend date	27 February 2012
Record date	2 March 2012
Dividend payment	2 April 2012
Full year results and final dividend announcement	**22 August 2012**

Floating Rate Capital Notes (SBKHB)

Ex interest date	9 August 2011
Record date	15 August 2011
Interest payment	30 August 2011
Ex interest date	9 November 2011
Record date	15 November 2011
Interest payment	30 November 2011
Ex interest date	9 February 2012
Record date	15 February 2012
Interest payment	1 March 2012
Ex interest date	9 May 2012
Record date	15 May 2012
Interest payment	30 May 2012

Reset Preference Shares (SBKPA)

Ex dividend date	29 August 2011
Record date	2 September 2011
Dividend payment	14 September 2011
Ex dividend date	27 February 2012
Record date	2 March 2012
Dividend payment	14 March 2012

Convertible Preference Shares (SBKPB)

Ex dividend date	29 August 2011
Record date	2 September 2011
Dividend payment	14 September 2011
Ex dividend date	30 November 2011
Record date	6 December 2011
Dividend payment	14 December 2011
Ex dividend date	27 February 2012
Record date	2 March 2012
Dividend payment	14 March 2012
Ex dividend date	29 May 2012
Record date	4 June 2012
Dividend payment	14 June 2012

[1] All dates are subject to change and dividend dates will be confirmed at the date of declaration of the respective dividend.