Suncorp Group Limited ABN 66 145 290 124

Financial results

for the full year ended 30 June 2012

One Company
Many Brands

SUNCORP GROUP

Basis of preparation

Suncorp Group ('Group', 'the Group' or 'Suncorp') is represented by Suncorp Group Limited (SGL) and its subsidiaries, its interests in associates and jointly controlled entities.

The Group's net profit after tax is measured 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 full year ended 30 June 2012 and comparatives are for the full year ended 30 June 2011 unless otherwise stated.

The Group's financial results are analysed by business lines: General Insurance, Bank and Life Insurance. The Bank is further disaggregated into the Core and Non-core Bank to allow separate analysis given their unique lending profiles. The Core and Non-core Bank results are presented separately in this report, with the consolidated result available in Appendix 7. The Core and Non-core Bank tables represent an indicative view of relative performance. While 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.

This report has not been audited nor reviewed in accordance with Australian Auditing Standards. It should be read in conjunction with the Group's consolidated annual and interim financial reports which have been either audited or reviewed in accordance with Australian Auditing Standards. In the context of ASIC's Regulatory Guide 230, the report contains information that is 'non-IFRS financial information', such as the General Insurance Underlying ITR and the Life underlying profit after tax. The calculation of these metrics is outlined in the report and they are shown as they are being used internally to determine operating performance within the various businesses.

This report should be read in conjunction with the definitions in Appendix 8.

Disclaimer

This report contains general information which is current as at 22 August 2012. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to the 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 (ASX).

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 ASX disclosure requirements).

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Financial results summary

- Group net profit after tax (NPAT) of $724 million (FY11: $453 million)
- Profit after tax from business lines* of $770 million (FY11: $625 million)
- Increased profit delivered against a challenging external backdrop of a subdued domestic economy, volatile investment markets and adverse natural hazard costs
- General Insurance NPAT of $493 million (FY11: $392 million)
- Reported Insurance Trading Result of $511 million representing an Insurance Trading Ratio (ITR) of 7.5%
- Underlying ITR* of 12.1% (FY11: 10.8%)
- Gross Written Premium up 9.3% to $7,955 million
- Combined Bank NPAT of $26 million (FY11: $84 million)
- Core Bank NPAT of $289 million, up 11.6%. Net interest margin of 1.91%
- Non-core Bank loss after tax of $263 million. Portfolio reduced $2.8 billion, or 38.9%, to $4.5 billion and impaired assets reduced $386 million, or 17%, to $1.8 billion
- Suncorp Life NPAT of $251 million, up 68.5% with underlying profit* of $146 million, up 11.5% after adjusting for businesses divested in 2011
- Suncorp Life Embedded Value of $2,604 million, up 9.5%
- Final dividend of 20 cents per share and special dividend of 15 cents per share. Both fully franked
- Capital levels remain stable with the GI Group MCR coverage at 1.61 times, Bank Net Tier 1 ratio at 9.64%, $468 million of core capital held at the NOHC level and $792 million of capital held in excess of operating targets
- Future dividend payout ratio increased to 60% to 80% of cash earnings*

Operational summary

- Topline growth of between 8% and 10% across all business lines
- Margins improved or maintained
- Operating expenses reduced despite significant investment in the businesses
- Building Blocks delivering planned benefits of over $200 million and contributing to targeted 3% improvement in underlying ITR
- Further Group-wide simplification program to deliver additional $200 million in annualised benefits by FY16 at a one-off cost of $275 million
- 146,000 natural hazard claims managed over the course of the financial year
- Upgrade to the Fitch issuer credit rating for Suncorp Bank to ‘A+’. Other Suncorp Group credit ratings retained at ‘A+/A1’
- Suncorp Bank issued the first non-major covered bond raising $1.6 billion
- Strategic review of the Group’s FY13 reinsurance program includes Queensland home portfolio quota-share and additional dropdown protection to facilitate transition to new capital standards (LAGIC)

* Refer to Appendix 8 for definition of cash earnings, Life underlying profit and Profit after tax from business lines and page 27 for Underlying ITR

Result overview

In the year to 30 June 2012, the Suncorp Group has delivered:

- improved shareholder returns;
- revenue growth in targeted markets across all business lines;
- reduced operating expenses at a time of significant investment in the business; and
- improved or stable margins.

This outcome has been achieved against a backdrop of a subdued domestic economy, volatile investment markets and another year of adverse weather experience.

Suncorp has been significantly transformed over the past three years with the establishment of a 'One Company, Many Brands' business model. The Group's core operating businesses have been refocused and refreshed in their markets and a Non-Operating Holding Company has been introduced to improve capital transparency. Suncorp has been simplified by the disposal of operations where it did not have scale, control or a competitive advantage. The legacy portfolios of development finance, property investment, corporate lending and equipment finance are being run off in the Non-core Bank which has reduced by more than 75%.

The 'Building Blocks' program of work, introduced in 2010, is realising the Group's scale advantages in claims, pricing and access to a customer base of around 9 million. More than $200 million in annualised 'Building Block' benefits have been achieved – contributing to a 3% improvement in the underlying insurance margin. Suncorp Bank has benefited from the Group's 'A+' credit rating, allowing it to position itself as the leading regional bank with access to a diverse range of funding sources, including covered bonds. Suncorp Life has grown its direct business through providing new and existing Group customers with access to simple life insurance products, while continuing growth in its valuable independent financial advisers (IFA) and New Zealand businesses.

The transformation of Suncorp should be seen in the context of the challenges that have faced the Australian financial services sector over the past three years with global and domestic economic uncertainty, volatile investment markets and weak asset growth. In addition, the insurance sector has withstood an unprecedented sequence of natural hazard events and increased reinsurance costs.

In the financial year to 30 June 2012, natural hazard costs have been $278 million above the Group's expectation, Australian Government Bond rates have reached near record lows, credit spreads have widened, equity markets have declined and property values have continued to fall. Suncorp's strength in managing through this period has been demonstrated by the Group's **profit after tax from business lines** of $770 million, up 23%.

After adjusting for amortisation of intangibles and profit from the disposal of corporate buildings, the Group's **net profit after tax** is $724 million, an increase of 60%. The Group's improved balance sheet and surplus capital position has enabled the Board to declare a **final dividend of 20 cents per share and a special dividend of 15 cents per share.** Both dividends will be fully franked. Dividend payments for the full year total 55 cents per share, up from 35 cents per share in the prior year.

Cash earnings per share, forming the basis of the Group's dividend payout calculation, are 64.1 cents. The full year payout ratio is 62.4% of cash earnings, within the Group's target payout ratio of 50% to 70%. After the dividend payments are made, the Group's capital position remains robust, with $792 million of additional capital held above operating target. The Group also has $559 million of franking credits available.

General Insurance profit after tax was $493 million. While adverse natural hazard experience and investment market volatility have had an impact on the headline result, the underlying business performance has been positive across all metrics. The benefits of the Building Blocks program have flowed through to improved margins, resulting in the underlying insurance trading ratio for the year increasing to 12.1%. This is up from 10.8% in the prior financial year and represents the achievement of the 3% underlying margin improvement commitment made in the 2010 financial year when the Building Block projects were launched. The pace of underlying margin improvement picked up considerably in the second half of FY12 as a result of increased realisation of Building Block benefits and as pricing increases progressively earned their way through the book.

Gross Written Premium (GWP) increased by 9.3% for the year to $7,955 million with strong contributions from all product lines.

The Personal Insurance lines continue to benefit from the Building Blocks pricing initiatives, in particular the transition of mass market brands onto the General Insurance Pricing Engine (GIPE). The business has taken a price leadership position in both the home and motor product lines. In Australian and New Zealand Home portfolios, GWP increased by 17.6%, successfully offsetting increased reinsurance costs and natural hazard allowances. In Motor, growth improved significantly in the second half as competitors responded to Suncorp's pricing leadership.

In Commercial Insurance, a combination of solid retention, rate increases and new business volumes have driven strong GWP growth. In a competitive market, the business is utilising GIPE to drive improved premium flows at higher average prices. While premium increases in the statutory classes of Compulsory Third Party (CTP) and Workers Compensation have been achieved, they still do not fully recognise the impact of falls in bond rates.

In New Zealand, GWP continues to grow strongly across both Personal and Commercial lines, largely driven by ongoing rate increases. The business remains focused on settling earthquake-related claims in Christchurch.

The Christmas Day hailstorm in Melbourne, widespread flooding across Queensland and Northern New South Wales and higher than expected attritional events resulted in natural hazard claims being $278 million above allowances. Claims expenses have been reduced by the impact of Building Block initiatives on average repair costs and net releases of $166 million, which recognise favourable claims experience and initiatives designed to improve the management of long-tail claims.

Suncorp Bank reported net profit after tax of $26 million for the year to 30 June 2012.

In the Core Bank, profit after tax was $289 million, up 11.6%. The Core Bank continues to position itself as a genuine alternative to the Majors with a growing direct footprint and improved broker flows. Lending momentum built over the year with total lending increasing by 9.5%.

The Core Bank margin has remained stable over the year as repricing in the mortgage portfolio has offset intense competition for retail deposits. The deposit to loan ratio at 68.9% remains at the top end of the target range of 60% to 70%. Suncorp Group's 'A+' credit rating provides access to depth and diversity in funding sources including the newly formed covered bond market. Suncorp Bank was the first non-major Australian bank to issue covered bonds, raising $1.6 billion in May 2012.

Core Bank credit quality remains high with lead indicators trending favourably in the final quarter.

The Non-core Bank incurred a loss after tax of $263 million. The Bank's strategy is to manage the run-off of non-core assets in an orderly manner to maximise the repatriation of capital to the Group and, in turn, to shareholders. To achieve this, the non-core portfolio is match funded to maturity and is supported by significant capital reserves.

Over the year, the portfolio has reduced from $7.3 billion to $4.5 billion despite weak refinancing markets and a general decline in property values. This means the residual portfolio is 75% smaller than when it was placed into run-off in 2009. There are now 34 loans with balances greater than $50 million, down from 121 when run-off commenced.

Impairment losses increased to $364 million for the year. In the final quarter of the year, the Non-core Bank reviewed underperforming exposures in the regional retail shopping centre and long-term land development market segments. This resulted in writedowns, write-offs and provision increases to reflect market conditions, changes in valuations and extensions to work-out timeframes.

Suncorp Life has made substantial progress against its strategy to grow IFA and direct distribution channels. Individual life risk new business was $105 million, up 15%. Direct sales increased 30% by successfully leveraging the Group's customer base. The NPAT of $251 million is up 68.5% with underlying profit after tax of $146 million up 11.5%, after adjusting for divested businesses. Market adjustments contributed $105 million to the overall result. The Embedded Value of Suncorp Life increased to $2,604 million.

Outlook

The Group has positive momentum across all businesses leading into the 2013 financial year and is well placed to respond to continued economic volatility or a protracted period of low investment returns. The Group has already demonstrated its price leadership in ensuring personal insurance product pricing more accurately reflects recent natural hazard experience. Similar price leadership will be applied across all businesses to ensure that, wherever possible, pricing reflects the potential for a sustained period of lower returns on the Group's invested assets.

With the Building Block initiatives nearing completion, the Group will continue to focus on simplification, with a new program of strategic projects already being implemented. These projects are expected to deliver annual benefits of $200 million by FY16 at a one-off cost of $275 million. This program will enhance the Group's reputation of delivering top line growth, improved margins with tight cost control.

The Group will also continue to drive value from its 'One Company, Many Brands' business model and its strategic assets, known as the four Cs – Customers, Cost, Capital, and Culture. These are:

- Customers – enhancing the value of 9 million customer connections by deepening relationships with brands.
- Cost – exploiting the benefits of scale without diminishing the differentiation of brands in the eyes of customers.
- Capital – leveraging the diversity and capital return of each business for the benefit of the entire Group.
- Culture – building common elements of culture that underpin 'One Company, Many Brands' and positioning Suncorp as the place to work in Australia and New Zealand.

In **General Insurance**, a strategic review of the Group's reinsurance relationships and growth aspirations has resulted in the implementation of a multi-year quota-share covering the Queensland Home portfolio. Additionally, the purchase of dropdown reinsurance covers has ensured the Group is well positioned for LAGIC changes.

The allowance for natural hazard events will be increased to $520 million. Excluding the impact of the Queensland quota-share, the natural hazard allowance would have increased by 12% to $560 million.

The Group expects to maintain its full year underlying ITR above 12%, despite the impact of lower investment returns, increased reinsurance costs and additional natural hazard allowances. Having significantly improved the underlying performance of the business over the past three years, the Group is now focused on driving further improvements through the recently announced simplification program and a number of supply chain initiatives currently being developed.

The General Insurance market is expected to remain highly competitive. The Group's multi-brand strategy will allow it to pursue growth opportunities and maintain market share.

System growth in Suncorp's core banking markets is expected to remain low in the upcoming year. The **Core Bank** continues to target asset growth in the range of 1 to 1.3 times system and has built a pipeline of loans which will support above system growth into the 2013 financial year. The Core Bank benefits from the 'A+/A1' credit rating and has little reliance on expensive offshore markets, mitigating increased funding costs relative to competitors. However, competition in retail funding is likely to put pressure on net interest margins across the industry.

The Bank will continue to manage the Non-core run-off in order to maximise the quantum of capital distributable to the Group. As anticipated, total Non-core Bank loans are expected to be under $3 billion with less than $1.5 billion in impaired exposures by 30 June 2013.

Suncorp Life will continue to target the Group's customer base by driving growth in low capital intensive direct products, in combination with a continued focus on growth through IFA and New Zealand. Continued growth across the Life business is expected despite low domestic growth and tight household budgets.

As indicated at the recent Investor Day, the operational targets of each line of business will be reviewed and updated during the course of the upcoming year.

The **Group's** strong balance sheet and capital position mean it is well placed should there be any further deterioration in the global economy. Over the past three years, the Group has significantly reduced its gearing levels, including the repayment of $221 million in subordinated debt and repurchasing $72 million of reset preference shares in the current year. This has improved the quality of capital across the Group and the focus will now be to broadly maintain current gearing levels. As a result, the Group will now consider replacing capital instruments that are scheduled to mature.

In recognition of the significant improvement in the balance sheet and the continuing focus on simplification, cost control and organic growth, the dividend payout ratio will be increased from 50% to 70% of cash earnings to 60% to 80% of cash earnings.

The Board remains committed to returning to shareholders any capital that is deemed to be surplus to the needs of the business after the distribution of ordinary dividends.

Contribution to profit by division

	FULL YEAR ENDED JUN-12 $M	FULL YEAR ENDED JUN-11 $M	JUN-12 vs JUN-11 %
General Insurance			
Gross written premium	7,955	7,280	9.3
Net earned premium	6,804	6,277	8.4
Net incurred claims	(5,396)	(4,750)	13.6
Operating expenses	(1,615)	(1,623)	(0.5)
Investment income - insurance funds	718	508	41.3
Insurance trading result	511	412	24.0
Managed schemes net contribution	13	18	(27.8)
Joint venture and other income	9	16	(43.8)
Investment income - shareholder funds	203	206	(1.5)
Profit before tax and capital funding	736	652	12.9
Capital funding	(66)	(89)	(25.8)
Profit before tax	670	563	19.0
Income tax	(177)	(171)	3.5
General Insurance profit after tax	**493**	**392**	**25.8**
Banking			
Core Bank profit after tax	289	259	11.6
Non-core Bank profit/(loss) after tax	(263)	(175)	50.3
Total Bank profit after tax	**26**	**84**	**(69.0)**
Life			
Underlying profit after tax	146	147	(0.7)
Market adjustments after tax	105	2	large
Life profit after tax	**251**	**149**	**68.5**
Profit after tax from business lines	**770**	**625**	**23.2**
Other			
Investment income on capital held at Group level	37	18	105.6
Consolidation adjustments [(1)]	-	11	(100.0)
Brisbane property consolidation [(2)]	21	-	n/a
Non-controlling interests	(4)	(4)	-
Other and non-controlling interest profit/(loss) before tax	54	25	116.0
Income tax	(5)	(14)	(64.3)
Profit/(loss) on Other	**49**	**11**	**large**
Cash earnings	**819**	**636**	**28.8**
Divestments and acquisition amortisation			
Sale of subsidiaries [(3)]	-	(109)	**(100.0)**
Amortisation of acquisition intangible assets	(127)	(149)	**(14.8)**
Divestments and acquisition amortisation profit/(loss) before tax	(127)	(258)	**(50.8)**
Income tax [(4)]	32	75	**(57.3)**
Profit/(loss) on divestments and acquisition amortisation	**(95)**	**(183)**	**(48.1)**
Net profit after tax	**724**	**453**	**59.8**

(1) Represents elimination of Group transactions including intra-group investment income and transactions between lines of business.
(2) Includes the gain before tax on the sale of the Suncorp Centre in the year to 30 June 2012.
(3) Represents the loss before tax on the sale of Tyndall and New Zealand Guardian Trust (NZGT) of $109 million in the year to 30 June 2011.
(4) Includes $1 million tax credit associated with Tyndall and NZGT in the year to 30 June 2012.

Contribution to profit by division

	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	$M	$M	%	%
General Insurance						
Gross written premium	4,100	3,855	3,717	3,563	6.4	10.3
Net earned premium	3,445	3,359	3,011	3,266	2.6	14.4
Net incurred claims	(2,576)	(2,820)	(2,466)	(2,284)	(8.7)	4.5
Operating expenses	(832)	(783)	(828)	(795)	6.3	0.5
Investment income - insurance funds	345	373	339	169	(7.5)	1.8
Insurance trading result	382	129	56	356	196.1	large
Managed schemes net contribution	11	2	15	3	450.0	(26.7)
Joint venture and other income	3	6	4	12	(50.0)	(25.0)
Investment income - shareholder funds	77	126	119	87	(38.9)	(35.3)
Profit before tax and capital funding	473	263	194	458	79.8	143.8
Capital funding	(29)	(37)	(46)	(43)	(21.6)	(37.0)
Profit before tax	444	226	148	415	96.5	200.0
Income tax	(113)	(64)	(48)	(123)	76.6	135.4
General Insurance profit after tax	**331**	**162**	**100**	**292**	**104.3**	**231.0**
Banking						
Core Bank profit after tax	133	156	149	110	(14.7)	(10.7)
Non-core Bank profit/(loss) after tax	(209)	(54)	(68)	(107)	287.0	207.4
Total Bank profit/(loss) after tax	**(76)**	**102**	**81**	**3**	**(174.5)**	**(193.8)**
Life						
Underlying profit after tax	77	69	76	71	11.6	1.3
Market adjustments after tax	41	64	12	(10)	(35.9)	241.7
Life profit after tax	**118**	**133**	**88**	**61**	**(11.3)**	**34.1**
Profit after tax from business lines	**373**	**397**	**269**	**356**	(6.0)	38.7
Other						
Investment income on capital held at Group level	19	18	18	-	5.6	5.6
Consolidation adjustments [1]	(6)	6	6	5	n/a	n/a
Brisbane property consolidation[2]	-	21	-	-	(100.0)	n/a
Non-controlling interests	(3)	(1)	-	(4)	200.0	n/a
Other and non-controlling interest profit/(loss) before tax	10	44	24	1	(77.3)	(58.3)
Income tax	-	(5)	(10)	(4)	(100.0)	(100.0)
Profit/(loss) on Other	10	39	14	(3)	(74.4)	(28.6)
Cash earnings	**383**	**436**	**283**	**353**	**(12.2)**	**35.3**
Divestments and acquisition amortisation						
Sale of subsidiaries [3]	-	-	(3)	(106)	n/a	(100.0)
Amortisation of acquisition intangible assets	(63)	(64)	(73)	(76)	(1.6)	(13.7)
Divestments and acquisition amortisation profit/(loss) before tax	(63)	(64)	(76)	(182)	(1.6)	(17.1)
Income tax [4]	15	17	23	52	(11.8)	(34.8)
Profit/(loss) on divestments and acquisition amortisation	**(48)**	**(47)**	**(53)**	**(130)**	**2.1**	**(9.4)**
Net profit after tax	**335**	**389**	**230**	**223**	**(13.9)**	**45.7**

(1) Represents elimination of Group transactions including intra-group investment income and transactions between lines of business.
(2) Includes the gain before tax on the sale of the Suncorp Centre in the half year to 31 December 2011.
(3) Represents the loss before tax on the sale of Tyndall and New Zealand Guardian Trust (NZGT) of $3 million in the half year to 30 June 2011, $106 million in the half year to 31 December 2010.
(4) Includes $1 million tax credit associated with Tyndall and NZGT in the half year to 31 December 2011.

Statement of financial position

	JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Assets						
Cash and cash equivalents	866	1,231	1,271	1,496	(29.7)	(31.9)
Receivables due from other banks	154	159	226	91	(3.1)	(31.9)
Trading securities	4,787	3,641	4,952	4,868	31.5	(3.3)
Derivatives	393	291	166	376	35.1	136.7
Investment securities	24,881	24,775	24,014	23,969	0.4	3.6
Assets classified as held for sale	-	-	-	118	n/a	n/a
Banking loans, advances and other receivables	49,180	47,739	48,639	50,351	3.0	1.1
General Insurance assets	7,688	7,247	8,054	4,506	6.1	(4.5)
Life assets	721	586	671	538	23.0	7.5
Property, plant and equipment	216	230	351	337	(6.1)	(38.5)
Deferred tax assets	181	94	148	170	92.6	22.3
Other assets	731	717	686	668	2.0	6.6
Goodwill and intangible assets	6,264	6,295	6,310	6,368	(0.5)	(0.7)
Total assets	96,062	93,005	95,488	93,856	3.3	0.6
Liabilities						
Deposits and short-term borrowings	40,708	38,774	38,858	36,855	5.0	4.8
Derivatives	2,406	2,105	2,580	3,266	14.3	(6.7)
Payables due to other banks	41	26	31	18	57.7	32.3
Payables and other liabilities	2,602	1,752	2,224	1,528	48.5	17.0
Current tax liabilities	51	7	145	171	large	(64.8)
Liabilities classified as held for sale	-	-	-	12	n/a	n/a
General Insurance liabilities	14,835	14,956	14,831	11,866	(0.8)	0.0
Life liabilities	5,786	5,770	6,183	6,268	0.3	(6.4)
Deferred tax liabilities	-	-	-	3	n/a	n/a
Managed funds units on issue	1	365	701	581	(99.7)	(99.9)
Securitisation liabilities	3,800	4,313	3,532	4,011	(11.9)	7.6
Debt issues	9,569	8,676	10,031	12,680	10.3	(4.6)
Subordinated notes	1,374	1,368	1,524	1,814	0.4	(9.8)
Preference shares	762	760	830	871	0.3	(8.2)
Total liabilities	81,935	78,872	81,470	79,944	3.9	0.6
Net assets	14,127	14,133	14,018	13,912	(0.0)	0.8
Equity						
Share capital	12,672	12,665	12,662	12,614	0.1	0.1
Reserves	(55)	36	33	4	n/a	n/a
Retained profits	1,493	1,420	1,306	1,273	5.1	14.3
Total equity attributable to owners of the Company	14,110	14,121	14,001	13,891	(0.1)	0.8
Non-controlling interests	17	12	17	21	41.7	-
Total equity	14,127	14,133	14,018	13,912	(0.0)	0.8

Ratios and statistics

		FULL YEAR ENDED JUN-12	JUN-11	JUN-12 vs JUN-11 %
Performance ratios				
Earnings per share [1]				
Basic	(cents)	56.68	35.56	59.4
Diluted	(cents)	55.74	35.56	56.7
Cash earnings per share [2]				
Basic	(cents)	64.11	49.93	28.4
Diluted	(cents)	62.66	49.93	25.5
Return on average shareholders' equity [1]	(%)	5.2	3.2	
Cash return on average shareholders' equity [2]	(%)	5.8	4.6	
Return on average total assets	(%)	0.76	0.47	
Insurance trading ratio	(%)	7.5	6.6	
Underlying insurance trading ratio	(%)	12.1	10.8	
Core Bank net interest margin (interest-earning assets)	(%)	1.91	1.90	
Shareholder summary				
Dividend per ordinary share (includes special dividend)	(cents)	55.0	35.0	57.1
Payout ratio (excluding special dividend) [2]				
Net profit after tax	(%)	70.6	98.7	
Cash earnings	(%)	62.4	70.3	
Payout ratio (including special dividend) [2]				
Net profit after tax	(%)	97.1	98.7	
Cash earnings	(%)	85.8	70.3	
Weighted average number of shares				
Basic	(million)	1,277.4	1,273.7	0.3
Diluted	(million)	1,371.4	1,273.7	7.7
Number of shares at end of period	(million)	1,277.6	1,277.4	0.0
Net tangible asset backing per share	($)	6.15	6.03	2.0
Share price at end of period	($)	8.09	8.14	(0.6)
Productivity				
General Insurance expense ratio	(%)	23.7	25.8	
Core Bank cost to income ratio	(%)	52.8	52.5	
Financial position				
Total assets	($ million)	96,062	95,488	0.6
Net assets	($ million)	14,127	14,018	0.8
Capital				
General Insurance Group MCR coverage	(times)	1.61	1.67	
Bank capital adequacy ratio - Total	(%)	12.64	13.40	
Bank capital adequacy ratio - Net Tier 1	(%)	9.64	9.58	
Bank Core Equity Tier 1 ratio	(%)	7.29	7.13	
Suncorp Life Capital	($ million)	2,014	1,763	14.2
Additional capital held by Suncorp Group Limited	($ million)	468	698	(33.0)

(1) Refer Appendix 2 for details of earnings per share and return on average shareholders' equity calculations. Refer Appendix 8 for definitions.
(2) Refer to Appendix 8 for definitions.

Ratios and statistics

		HALF YEAR ENDED				JUN-12	JUN-12
		JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11 %	vs JUN-11 %
Performance ratios							
Earnings per share [1]							
Basic	(cents)	26.22	30.45	18.05	17.51	(13.9)	45.3
Diluted	(cents)	25.84	30.03	18.05	17.51	(14.0)	43.2
Cash earnings per share [2]							
Basic	(cents)	29.98	34.13	22.22	27.71	(12.2)	34.9
Diluted	(cents)	29.34	33.47	22.22	27.71	(12.3)	32.0
Return on average shareholders' equity [1]	(%)	4.8	5.5	3.3	3.2		
Cash return on average shareholders' equity [3]	(%)	5.5	6.2	4.1	5.0		
Return on average total assets	(%)	0.71	0.82	0.49	0.47		
Insurance trading ratio	(%)	11.1	3.8	1.9	10.9		
Underlying insurance trading ratio	(%)	13.1	11.1	11.2	10.5		
Core Bank net interest margin (interest-earning assets)	(%)	1.90	1.92	1.97	1.83		
Shareholder summary							
Dividend per ordinary share (includes special dividend)	(cents)	35.0	20.0	20.0	15.0	75.0	75.0
Payout ratio (excluding special dividend) [3]							
Net profit after tax	(%)	76.3	65.7	111.1	85.6		
Cash earnings	(%)	66.7	58.6	90.2	54.1		
Payout ratio (including special dividend) [3]							
Net profit after tax	(%)	133.5	65.7	111.1	85.6		
Cash earnings	(%)	116.8	58.6	90.2	54.1		
Weighted average number of shares							
Basic	(million)	1,277.4	1,277.4	1,274.8	1,272.7	-	0.2
Diluted	(million)	1,371.4	1,365.3	1,274.8	1,272.7	0.4	7.6
Number of shares at end of period	(million)	1,277.6	1,277.4	1,277.4	1,272.2	0.0	0.0
Net tangible asset backing per share	($)	6.15	6.14	6.03	5.93	0.2	2.0
Share price at end of period	($)	8.09	8.38	8.14	8.61	(3.5)	(0.6)
Productivity							
General Insurance expense ratio	(%)	24.2	23.3	27.5	24.4		
Core Bank cost to income ratio	(%)	53.9	51.7	52.0	53.0		
Financial position							
Total assets	($ million)	96,062	93,005	95,488	93,856	3.3	0.6
Net assets	($ million)	14,127	14,133	14,018	13,912	(0.0)	0.8
Capital [2]							
General Insurance Group MCR coverage	(times)	1.61	1.69	1.67	2.06		
Bank capital adequacy ratio - Total	(%)	12.64	13.09	13.40	14.20		
Bank capital adequacy ratio - Net Tier 1	(%)	9.64	9.87	9.58	13.74		
Bank Core Equity Tier 1 ratio	(%)	7.29	7.48	7.13	7.17		
Suncorp Life capital	($ million)	2,014	1,890	1,763	1,685	6.6	14.2
Additional capital held by Suncorp Group Limited	($ million)	468	633	698	n/a	(26.1)	(33.0)

(1) Refer Appendix 2 for details of earnings per share and return on average shareholders' equity calculations. Refer Appendix 8 for definitions.

(2) Capital ratios for Dec-10 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.

(3) Refer to Appendix 8 for definitions.

Group capital

In January 2011, Suncorp implemented a Non-Operating Holding Company (NOHC) structure to improve capital efficiency and provide a more transparent view of capital movements within the Group.

Suncorp sets capital targets for each of its operating businesses and the NOHC (SGL) holds a percentage of the capital to meet these internal targets. For example, the General Insurance capital target is 1.45 times the Minimum Capital Requirement (MCR) and an amount of capital equivalent to 0.05 times the MCR is included in the target capital base of SGL, bringing the total Suncorp Group target to 1.50 times the MCR. Additionally, SGL will hold capital for risks associated with the service companies.

The Group's capital base has remained relatively stable in recent years with the quality of capital steadily improving due to the redemption of lower quality capital instruments.

Over the year, the Group's capital requirements have increased due to the organic growth of the core business units ($421 million), the exposure to equities in the General Insurance Shareholder Fund portfolio ($112 million) and the impact of market movements on Suncorp Life ($234 million). This has offset the $476 million of capital released from the Non-core Bank run-off. In addition to supporting growth, the improved quality and strength of the capital position has enabled the Group to:

- redeem $221 million of subordinated debt in October 2011;
- exchange $72 million of Reset Preference Shares for cash consideration in September 2011;
- declare a final dividend of 20 cents per share, bringing the full year ordinary dividend to 40 cents per share, an increase of 14% on the prior year;
- declare a special dividend of 15 cents per share;
- maintain a zero discount on the Dividend Reinvestment Plan (DRP) for both dividends and neutralise the impact by buying shares on-market; and
- increase the target dividend payout ratio to 60% to 80% of cash earnings (from 50% to 70%).

At 30 June 2012, on a regulated entity basis, the Bank's Capital Adequacy Ratio (CAR) is 12.64% and the core equity tier 1 ratio is 7.29%. Suncorp Bank is well positioned to meet the upcoming Basel III regulatory requirements.

In the General Insurance (GI) regulated entities, domestic capital is 1.57 times MCR and for the GI Group it is 1.61 times MCR. Additionally, after allowing for the final and special dividend, $468 million of capital is held by Suncorp Group Limited.

Given the improved capital composition, further certainty around future regulatory requirements and the successful placement of the 2013 financial year reinsurance program, the Board has declared a special dividend of 15 cents per share. This distribution recognises the significant progress that has been made in transforming and simplifying the Group and the strength of its balance sheet and additional capital position.

Over the past three years, the Group has successfully strengthened its balance sheet by improving the composition and quality of capital. Suncorp has achieved an appropriate level of gearing to optimise capital efficiency within the context of regulatory and credit rating agency constraints. This optimal level of gearing will support the Group's growth and its risk appetite under the new regulatory regimes of Basel III and LAGIC.

The table below is a summary of the Group's capital position at 30 June 2012. Detailed tables are shown at Appendix 3.

	GENERAL INSURANCE $M	BANKING $M	LIFE $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M
Total capital base	3,669	4,206	2,014	468	10,357
Target capital base	3,301	4,131	1,952	181	9,565
Additional (deficit) capital to target	**368**	**75**	**62**	**287**	**792**

Dividends

The final dividend of 20 cents per share and special dividend of 15 cents per share will be paid on 1 October 2012. Both dividends are fully franked. The ex-dividend date is 27 August 2012 and the record date for determining entitlements to the dividend is 31 August 2012.

	HALF YEAR ENDED			
	JUN-12	DEC-11	JUN-11	DEC-10
	$M	$M	$M	$M
Franking credits				
Franking credits available for subsequent financial years based on a tax rate of 30% after proposed dividends	**559**	**611**	**630**	**636**

Income tax

	JUN-12	JUN-11	JUN-12 vs JUN-11
	$M	$M	%
Profit before income tax expense	963	702	37.2
Income tax using the domestic corporation tax rate of 30%	289	211	37.0
Effect of tax rates in foreign jurisdictions	(1)	-	n/a
Increase in income tax expense due to:			
Non-assessable income	(9)	-	n/a
Non-deductible expenses	17	15	13.3
Imputation gross-up on dividends received	2	11	(81.8)
Statutory funds	(10)	10	n/a
Income tax offsets and credits	(9)	(37)	(75.7)
Amortisation of acquisition intangible assets	7	7	-
Other	(20)	7	n/a
	266	224	18.8
(Over)/under provision in prior years	(31)	21	**n/a**
Income tax expense on pre-tax net profit	**235**	**245**	**(4.1)**
Effective tax rate	**24.4%**	**34.9%**	
Income tax expense/(benefit) by business unit			
General Insurance	177	171	3.5
Banking	13	61	(78.7)
Life	72	74	(2.7)
Other	(27)	(61)	(55.7)
Total income tax expense	235	245	(4.1)

The effective tax rate of 24.4% is due to the following adjustments:

- income tax credits arising from non-taxable profits on disposal of Suncorp Centre of $9 million;
- non-deductible interest paid on the convertible preference shares of $12 million and reset preference shares of $1 million;
- the life insurance statutory funds adjustment resulted in a $10 million income tax credit;
- a deferred tax credit of $12 million for the disposal of the Polaris Data Centre joint venture asset; and
- income tax credits arising from prior year tax return amendments relating to non-assessable gains from the subordinated debt repurchase of $16 million.

General Insurance

Basis of preparation

Financial information in this section includes the impact of both fire service levies (FSL) and discount rate movements. These impacts are eliminated in the General Insurance profit contribution table in Appendix 6. Appendices 4 to 6 contain supplementary General Insurance tables.

Result overview

General Insurance achieved an after tax profit of $493 million for the year to 30 June 2012.

The Insurance Trading Result (ITR) was $511 million, representing an ITR ratio of 7.5%. On an underlying basis, the ITR ratio was 12.1%, an increase on the 10.8% from the prior year and a 3.1% improvement on the 9% underlying ITR in the 2010 financial year. This improvement has been driven by strong premium growth, delivery of the Building Blocks program of work and a tight focus on expense management.

Gross Written Premium (GWP) increased 9.3% to $7,955 million.

Personal lines experienced growth across both Home (up 17.6%) and Motor (up 3.2%), with net written units and average premiums increasing across both lines.

Commercial lines also experienced strong growth, with Commercial Insurance GWP increasing by 11.7%, with growth across the whole portfolio, most notably through rate increases in property classes. CTP GWP increased 4.3%, with increases in NSW average written premium and net written units contributing to the improvement.

Net incurred claims were $5,396 million. Short-tail claims were impacted by a number of major weather events, resulting in net natural hazard claims being $278 million above the Group's allowance. Net reserve releases of $166 million were $64 million higher than the long-run expectation due to favourable claims experience in long-tail classes.

Total operating expenses reduced to $1,615 million from $1,623 million. As a result of the tight control of expenses and premium growth, the total operating expense ratio has decreased to 23.7% from 25.8%.

Investment income on Insurance Funds increased to $718 million due to mark to market gains as a result of falling discount rates.

Investment income on Shareholder Funds was stable at $203 million. In preparation for the upcoming LAGIC changes, the Group diversified the Shareholder Funds portfolio by introducing exposure to equities and international fixed interest credit during the second half of the year.

Joint ventures and other income contributed $9 million.

Profit contribution

	FULL YEAR ENDED JUN-12 $M	FULL YEAR ENDED JUN-11 $M	JUN-12 vs JUN-11 %	HALF YEAR ENDED JUN-12 $M	HALF YEAR ENDED DEC-11 $M	HALF YEAR ENDED JUN-11 $M	HALF YEAR ENDED DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Gross written premium	7,955	7,280	9.3	4,100	3,855	3,717	3,563	6.4	10.3
Gross unearned premium movement	(371)	(197)	88.3	(243)	(128)	(181)	(16)	89.8	34.3
Gross earned premium	7,584	7,083	7.1	3,857	3,727	3,536	3,547	3.5	9.1
Outwards reinsurance expense	(780)	(806)	(3.2)	(412)	(368)	(525)	(281)	12.0	(21.5)
Net earned premium	6,804	6,277	8.4	3,445	3,359	3,011	3,266	2.6	14.4
Net incurred claims									
Claims expense	(7,122)	(9,331)	(23.7)	(3,251)	(3,871)	(6,287)	(3,044)	(16.0)	(48.3)
Reinsurance and other recoveries revenue	1,726	4,581	(62.3)	675	1,051	3,821	760	(35.8)	(82.3)
	(5,396)	(4,750)	13.6	(2,576)	(2,820)	(2,466)	(2,284)	(8.7)	4.5
Total operating expenses									
Acquisition expenses	(903)	(912)	(1.0)	(469)	(434)	(465)	(447)	8.1	0.9
Other underwriting expenses	(712)	(711)	0.1	(363)	(349)	(363)	(348)	4.0	-
	(1,615)	(1,623)	(0.5)	(832)	(783)	(828)	(795)	6.3	0.5
Underwriting result	(207)	(96)	115.6	37	(244)	(283)	187	n/a	n/a
Investment income - insurance funds	718	508	41.3	345	373	339	169	(7.5)	1.8
Insurance trading result	511	412	24.0	382	129	56	356	196.1	large
Managed schemes net income	13	18	(27.8)	11	2	15	3	450.0	(26.7)
Joint venture and other income	9	16	(43.8)	3	6	4	12	(50.0)	(25.0)
General Insurance operational earnings	533	446	19.5	396	137	75	371	189.1	428.0
Investment income - shareholder funds	203	206	(1.5)	77	126	119	87	(38.9)	(35.3)
General Insurance profit before tax and capital funding	736	652	12.9	473	263	194	458	79.8	143.8
Capital funding [1]	(66)	(89)	(25.8)	(29)	(37)	(46)	(43)	(21.6)	(37.0)
General Insurance profit before tax	670	563	19.0	444	226	148	415	96.5	200.0
Income tax	(177)	(171)	3.5	(113)	(64)	(48)	(123)	76.6	135.4
General Insurance profit after tax	**493**	**392**	**25.8**	**331**	**162**	**100**	**292**	**104.3**	**231.0**

(1) Includes interest expense on subordinated notes.

General insurance ratios

	FULL YEAR ENDED JUN-12 %	FULL YEAR ENDED JUN-11 %	HALF YEAR ENDED JUN-12 %	HALF YEAR ENDED DEC-11 %	HALF YEAR ENDED JUN-11 %	HALF YEAR ENDED DEC-10 %
Acquisition expenses ratio	13.3	14.5	13.6	12.9	15.4	13.7
Other underwriting expenses ratio	10.4	11.3	10.6	10.4	12.1	10.7
Total operating expenses ratio	23.7	25.8	24.2	23.3	27.5	24.4
Loss ratio	79.3	75.7	74.8	84.0	81.9	69.9
Combined operating ratio	103.0	101.5	99.0	107.3	109.4	94.3
Insurance trading ratio	**7.5**	**6.6**	**11.1**	**3.8**	**1.9**	**10.9**

Statement of assets and liabilities

	JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Assets						
Cash and cash equivalents	113	88	195	167	28.4	(42.1)
Investment securities	11,477	11,098	10,782	11,259	3.4	6.4
Derivatives	50	40	23	15	25.0	117.4
Loans, advances and other receivables	2,521	2,055	2,256	1,792	22.7	11.7
Reinsurance and other recoveries	3,656	4,159	4,660	1,824	(12.1)	(21.5)
Deferred insurance assets	1,511	1,033	1,138	898	46.3	32.8
Investments in associates and joint ventures	60	57	58	57	5.3	3.4
Due from group entities	128	222	-	7	(42.3)	n/a
Investment property	127	126	137	146	0.8	(7.3)
Property, plant and equipment	24	20	18	37	20.0	33.3
Other assets	136	178	148	146	(23.6)	(8.1)
Goodwill and intangible assets	5,216	5,256	5,268	5,318	(0.8)	(1.0)
Total assets	25,019	24,332	24,683	21,666	2.8	1.4
Liabilities						
Payables and other liabilities	1,308	685	1,045	711	90.9	25.2
Derivatives	124	110	90	107	12.7	37.8
Due to group entities	-	-	167	-	n/a	(100.0)
Deferred tax liabilities	132	126	81	50	4.8	63.0
Employee benefit obligations	149	101	107	106	47.5	39.3
Unearned premium liabilities	4,226	3,972	3,854	3,665	6.4	9.7
Outstanding claims liabilities	10,609	10,984	10,977	8,200	(3.4)	(3.4)
Other financial liabilities	15	15	6	17	-	150.0
Subordinated notes	708	698	678	655	1.4	4.4
Total liabilities	17,271	16,691	17,005	13,511	3.5	1.6
Net assets	**7,748**	**7,641**	**7,678**	**8,155**	**1.4**	**0.9**

Gross written premium

	FULL YEAR ENDED JUN-12 $M	FULL YEAR ENDED JUN-11 $M	JUN-12 vs JUN-11 %	HALF YEAR ENDED JUN-12 $M	HALF YEAR ENDED DEC-11 $M	HALF YEAR ENDED JUN-11 $M	HALF YEAR ENDED DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Gross written premium by product									
Australia									
Motor	2,481	2,418	2.6	1,275	1,206	1,226	1,192	5.7	4.0
Home	2,055	1,756	17.0	1,062	993	895	861	6.9	18.7
Commercial	1,418	1,312	8.1	714	704	642	670	1.4	11.2
Compulsory third party	901	864	4.3	469	432	436	428	8.6	7.6
Workers' Compensation and Other	269	247	8.9	163	106	177	70	53.8	(7.9)
	7,124	**6,597**	**8.0**	**3,683**	**3,441**	**3,376**	**3,221**	**7.0**	**9.1**
New Zealand									
Motor	159	140	13.6	81	78	70	70	3.8	15.7
Home	207	168	23.2	107	100	86	82	7.0	24.4
Commercial	415	329	26.1	201	214	159	170	(6.1)	26.4
Other	50	46	8.7	28	22	26	20	27.3	7.7
	831	**683**	**21.7**	**417**	**414**	**341**	**342**	**0.7**	**22.3**
Total									
Motor	2,640	2,558	3.2	1,356	1,284	1,296	1,262	5.6	4.6
Home	2,262	1,924	17.6	1,169	1,093	981	943	7.0	19.2
Commercial	1,833	1,641	11.7	915	918	801	840	(0.3)	14.2
Compulsory third party	901	864	4.3	469	432	436	428	8.6	7.6
Workers' Compensation and Other	319	293	8.9	191	128	203	90	49.2	(5.9)
	7,955	**7,280**	**9.3**	**4,100**	**3,855**	**3,717**	**3,563**	**6.4**	**10.3**

	FULL YEAR ENDED JUN-12 $M	FULL YEAR ENDED JUN-11 $M	JUN-12 vs JUN-11 %	HALF YEAR ENDED JUN-12 $M	HALF YEAR ENDED DEC-11 $M	HALF YEAR ENDED JUN-11 $M	HALF YEAR ENDED DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Gross written premium by geography									
Queensland	2,068	1,901	8.8	1,064	1,004	973	928	6.0	9.4
New South Wales	2,427	2,304	5.3	1,238	1,189	1,151	1,153	4.1	7.6
Victoria	1,635	1,486	10.0	845	790	744	742	7.0	13.6
Western Australia	520	482	7.9	280	240	285	197	16.7	(1.8)
South Australia	246	225	9.3	129	117	117	108	10.3	10.3
Tasmania	124	112	10.7	67	57	60	52	17.5	11.7
Other	104	87	19.5	60	44	46	41	36.4	30.4
Total Australia	7,124	6,597	8.0	3,683	3,441	3,376	3,221	7.0	9.1
New Zealand	831	683	21.7	417	414	341	342	0.7	22.3
Total	**7,955**	**7,280**	**9.3**	**4,100**	**3,855**	**3,717**	**3,563**	**6.4**	**10.3**

Gross written premium (continued)

Motor

Motor GWP increased by 3.2% to $2,640 million.

In Australia, net written units increased 0.5% for the year. In the first half, Suncorp took a price leadership position which impacted unit growth. In the second half, net written units increased by 2.3% as competitors followed Suncorp's pricing leadership.

Driving the momentum was the portfolio of brands approach, which saw AAMI maintain its value discipline, GIO launch differentiated product features and Bingle register significant unit growth in the online space.

Average written premium across the portfolio increased by 2.1% as Suncorp continued to focus on improving its underwriting discipline, particularly in high risk segments.

New Zealand GWP increased 13.6% (NZ$ 10.9%) due to rate increases and new business growth written through AAI and the ANZI distribution channel.

Home

Home GWP increased by 17.6% to $2,262 million.

In Australia, average written premiums increased 16.9% predominantly in response to natural hazard events and increased reinsurance costs. Retention rates improved in the second half after competitors increased rates following Suncorp's price leadership. The Suncorp brand performed strongly in Queensland.

Issues regarding risk concentration are being addressed by leveraging GIPE, particularly in areas where flood mitigation initiatives have not been undertaken. Suncorp has also committed to a 30%, multi-year quota-share reinsurance arrangement in the Queensland portfolio.

New Zealand GWP increased by 23.2% (NZ$ 20.8%), driven by rate increases following the earthquakes.

Commercial Insurance

Commercial Insurance GWP increased by 11.7% to $1,833 million.

In Australia, rate increases in response to higher reinsurance costs have continued across commercial lines, with double digit increases in the property portfolio. Australian Commercial Insurance GWP grew 8.1%.

Retention rates remain strong despite continued price increases. SME continued to see modest growth in a challenging economic environment. The implementation of the single pricing engine GIPE allowed underwriters to price and select risks more effectively to win new business, as well as improving the profitability of the portfolio.

The benefits of Commercial Insurance's distribution breadth continue to be realised, with strong results across all channels. This was particularly evident in the intermediated channel with improved broker satisfaction driving an increase in business.

New Zealand increased GWP by 26.1% (NZ$ 23.8%) as a result of rate increases driven by the earthquake, predominantly in commercial property, which increased 44.7%.

Compulsory Third Party (CTP)

CTP GWP increased 4.3% to $901 million.

Suncorp continues to be the leading CTP insurance provider in Queensland with over 50% market share. Volumes remain strong, due to a combination of new business and solid retention rates on the back of direct marketing activities and brand goodwill. Net written units increased 3.8%, with both Suncorp and AAMI showing growth.

In New South Wales, Suncorp remains the second largest CTP provider, utilising a two-brand strategy. After a period of consolidation, aimed at improving the quality of the portfolio, NSW CTP GWP grew 6.9%, with an increase of 1.5% in average written premiums and 5.3% in net written units.

Suncorp continues to work with the NSW and Queensland regulators to ensure the sustainability of the CTP product in a prolonged period of low bond yields.

Workers' Compensation and Other

Workers' Compensation GWP increased by 11.6%, due to a combination of price increases, wages growth and the strong resources sector. GIO underwrites workers' compensation in Western Australia, the ACT, Tasmania and the Northern Territory.

'Other' premium income relates to direct travel insurance and Deposit Power. It decreased to $28 million from $31 million.

Reinsurance expense

Outwards reinsurance expense for the year was $780 million, a decrease of $26 million on 2011 which included the purchase of $232 million in additional reinstatements.

As a result of Suncorp's significant market share in Queensland, the Group has reduced its geographical concentration by entering into a 30 per cent, multi-year, quota-share reinsurance arrangement covering the Queensland Home portfolio from 30 June 2012. Consequently, the upper limit on Suncorp's main catastrophe program, which covers the Group's Home, Motor and Commercial Property portfolios for major events such as earthquakes, cyclones, storms, floods and bushfires has reduced to $5.3 billion from $5.8 billion. The upper limit on the main catastrophe program would have increased to $6.1 billion if Suncorp had not entered the quota-share arrangement.

The maximum event retention for the 2012/13 financial year remains at $250 million. Additional multi-year cover has also been purchased to reduce the first event retention for New Zealand risks to NZ$50 million and the second and third event retentions to NZ$25 million. To reduce earnings volatility and prepare for proposed LAGIC changes, additional reinsurance has been purchased in the form of drop down aggregate covers for Australian risks. The drop down aggregate cover works in two ways. Firstly, it reduces the impact of multiple large events by reducing the second event retention to $200 million and the third and fourth event retention to $50 million. Secondly, it protects Suncorp from multiple events greater than $50 million due to the aggregate nature of the cover.

Reinsurance security has been maintained for the 2013 financial year program, with over 85% of long-tail and short-tail business protected by reinsurers rated 'A+' or better. On the Property Catastrophe program security has increased with over 90% of coverage from reinsurers rated 'A+' or better.

	MAXIMUM SINGLE RISK RETENTION JUN-12 $M	MAXIMUM EVENT RISK RETENTION JUN-12 $M
Property	10	250
General liability	10	10
Global liability	10	10
Workers' compensation	10	10
CTP	10	10
Motor	10	250
Professional Indemnity	5	5
Travel & Personal Accident	5	5
Marine	3	3

Net incurred claims

Net incurred claims costs increased 13.6% to $5.4 billion due partly to the impact of falling discount rates on outstanding claims reserves. Multiple weather events across Australia, the most substantial of which was the hailstorm in Melbourne on Christmas Day, resulted in natural hazard event costs being $278 million above the long-run allowances.

Major natural hazard events for the year were as follows:

DATE	EVENT	NET COSTS $M
Oct 2011	South-east Qld hail	13
Nov 2011	NSW/VIC flooding	16
Dec 2011	Christchurch earthquake	21
Dec 2011	Melbourne hail	250
Jan 2012	NSW/Qld Storms	17
Feb 2012	Roma/SW Qld/Northern NSW floods	77
Feb 2012	NSW storms/floods	16
Mar 2012	NSW/Vic floods	42
Mar 2012	Qld storms/floods	37
Jun 2012	WA storms	19
Jun 2012	Melbourne earthquake	10
	Other natural hazards attritional claims	260
Total		778
Less: allowance for natural hazards		(500)
Natural hazards costs above allowance		278

Benefits from Suncorp's Building Blocks program have helped mitigate the impact of inflation on motor working claims. Underwriting discipline and risk selection have contributed to a reduction in frequency of working loss claims.

The valuation of outstanding claims resulted in central estimate releases of $166 million for the year. This was above the Group's normal expectation of reserve releases of $102 million (1.5% of net earned premiums) and is primarily due to favourable claims experience and ongoing improvements in claims management in long-tail classes.

Risk margins

Risk margins represent approximately 17% of outstanding claims reserves giving an approximate level of confidence of 90%.

Risk margins increased $26 million during the year to $1,006 million from $980 million primarily as a result of lower discount rates. The assets notionally backing risk margins yielded $123 million of investment income. The net impact of risk margins is $97 million ($123 million less $26 million) and, in the underlying ITR calculation, the net impact of risk margins is removed.

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 the 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-12	JUN-12
	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	$M	$M	%	%
Gross outstanding claims liabilities	10,609	10,984	10,977	8,200	(3.4)	(3.4)
Reinsurance and other recoveries	(3,656)	(4,159)	(4,660)	(1,824)	(12.1)	(21.5)
Net outstanding claims liabilities	**6,953**	**6,825**	**6,317**	**6,376**	**1.9**	**10.1**
Expected future claims payments and claims handling expenses	6,556	6,560	6,362	6,488	(0.1)	3.0
Discount to present value	(609)	(767)	(1,025)	(1,074)	(20.6)	(40.6)
Risk margin	1,006	1,032	980	962	(2.5)	2.7
Net outstanding claims liabilities	**6,953**	**6,825**	**6,317**	**6,376**	**1.9**	**10.1**
Short-tail						
Australia short-tail and other	1,226	1,175	896	1,104	4.3	36.8
New Zealand	77	69	65	51	11.6	18.5
Long-tail						
Australia long-tail	5,494	5,435	5,221	5,101	1.1	5.2
New Zealand	156	146	135	120	6.8	15.6
Total	**6,953**	**6,825**	**6,317**	**6,376**	**1.9**	**10.1**

Outstanding claims provision breakdown

The valuation of outstanding claims during 2012 resulted in central estimate releases of $166 million, compared to the Group's normal expectation for reserve releases of $102 million (1.5% of net earned premium).

Long-tail claims reserve releases in Australia of $233 million were primarily attributable to improved claims management, favourable claims experience and a reduction in the assumption for wage inflation to 4.0% from 4.5%.

Short-tail strengthening in Australia was largely a result of an increase in the final claims outcome of prior year natural hazard events as well as the impact of changes to the NSW repairable write-off legislation in the first half.

	ACTUAL	NET CENTRAL ESTIMATE (DISCOUNTED)	RISK MARGIN (90TH PERCENTILE DISCOUNTED)	CHANGE IN NET CENTRAL ESTIMATE [1]
	$M	$M	$M	$M
Short-tail				
Australian short-tail and other	1,226	1,117	109	46
New Zealand	77	67	10	12
Long-tail				
Australia long-tail	5,494	4,640	854	(233)
New Zealand	156	123	33	9
Total	**6,953**	**5,947**	**1,006**	**(166)**

(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 (excluding claims handling expenses)

Total operating expenses (excluding claims handling expenses) have decreased to $1,615 million. As a result of this reduction and premium growth, the total operating expense ratio has decreased to 23.7% from 25.8%.

Acquisition costs are $903 million, with the acquisition expenses ratio decreasing to 13.3% from 14.5%. This result includes a Liability Adequacy Test (LAT) charge of $21 million in Commercial Insurance, which is more than offset by the reversal of a prior year reduction in New Zealand deferred acquisition costs (DAC) of $35 million. The net impact of positive $14 million is removed from the underlying ITR calculation on page 27.

Other underwriting expenses have remained flat at $712 million. This includes $11 million of restructuring costs relating to simplification projects which is removed from the underlying ITR calculation. The other underwriting expense ratio has decreased to 10.4% from 11.3%, predominantly due to the tight management of expenses.

The operating expenses exclude the impact of claims handling costs which are allocated to net incurred claims. Claims handling expenses are broadly in line with the previous year.

Managed Fund schemes

Managed Fund schemes income is attributable to Suncorp's Australian Commercial Insurance business administering various Governments' Workers' Compensation schemes across Australia. This business contributed $13 million for the year ended 30 June 2012.

Joint ventures and other income

The Group participates in a joint venture arrangement with the motoring club in Tasmania. The joint venture and other income contribution for the year to 30 June 2012 was $9 million, down from $16 million in the prior year.

Investment income

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Investment income on insurance funds									
Cash and short-term deposits	2	3	(33.3)	-	2	1	2	(100.0)	(100.0)
Interest-bearing securities and other	716	505	41.8	345	371	338	167	(7.0)	2.1
Total	**718**	**508**	**41.3**	**345**	**373**	**339**	**169**	**(7.5)**	**1.8**
Investment income on shareholder funds									
Cash and short-term deposits	15	22	(31.8)	4	11	14	8	(63.6)	(71.4)
Interest-bearing securities	204	168	21.4	96	108	99	69	(11.1)	(3.0)
Equities	(16)	1	n/a	(16)	-	(3)	4	n/a	433.3
Property and other	-	15	(100.0)	(7)	7	9	6	n/a	n/a
Total	**203**	**206**	**(1.5)**	**77**	**126**	**119**	**87**	**(38.9)**	**(35.3)**
Total investment income	**921**	**714**	**29.0**	**422**	**499**	**458**	**256**	**(15.4)**	**(7.9)**

Total investment income of $921 million resulted in a total return of 7.9% for the year.

Global markets were volatile over the financial year due to heightened financial risk and credit rating downgrades across the Eurozone. Market confidence has been tested, which resulted in a fall in Australian risk-free rates, lower inflation expectations and a significant widening of credit spreads. Over the financial year the Australian official cash rate has fallen 125 basis points to 3.50% at 30 June 2012.

The total investment income on technical reserves was $718 million. This result comprises:

- underlying yield income of $424 million, a yield of 5.2%. Underlying yield income was driven by returns from risk-free rates and credit spreads from fixed interest securities.
- mark-to-market gains of $507 million attributable to changes in the yield curve on assets backing technical liabilities. Of these gains, $439 million are offset by the impact of discount rate movements on the outstanding claims provision.
- an 'economic mismatch' of negative $213 million is due to mark-to-market losses of $99 million from the widening of credit spreads and a $114 million mark-to-market loss on inflation-linked bonds.

In calculating the underlying ITR, the impacts of the negative $213 million 'economic mismatch' and the net 'accounting mismatch' of positive $16 million are removed. The 'accounting mismatch' comprises a current year mismatch of $68 million that is offset by the unwind of the prior period 'accounting mismatch' of $52 million.

The total investment income on Shareholders' Funds was $203 million comprising contributions of $179 million and $24 million from Australia and New Zealand respectively. This included the following components:

- Cash and short-term deposits and interest-bearing securities contributed $219 million. The Australian underlying yield income was $117 million, a yield of 4.2%. Additionally there was unrealised mark-to-market gains of $81 million. New Zealand had a net return of $21 million on these investment assets.
- International and domestic equities were added to the Australian portfolio in April 2012 and recorded a loss of $16 million due to stock market declines.
- Property and other contributed a net zero impact overall for the financial year.

Investment assets

	JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Allocation of investments held against:						
Insurance funds						
Cash and short-term deposits	87	128	87	90	(32.0)	-
Interest-bearing securities and other	8,574	7,994	7,944	8,191	7.3	7.9
Total	**8,661**	**8,122**	**8,031**	**8,281**	**6.6**	**7.8**
Shareholders funds						
Cash and short-term deposits	163	416	570	296	(60.8)	(71.4)
Interest-bearing securities	2,133	2,532	2,270	2,784	(15.8)	(6.0)
Equities	654	68	84	78	large	large
Property	74	70	79	86	5.7	(6.3)
Total	**3,024**	**3,086**	**3,003**	**3,244**	**(2.0)**	**0.7**

The Australian technical reserves are generally managed against a uniform benchmark allocation of 40% Australian investment grade credit, 20% inflation-linked bonds, 20% Commonwealth Government and 20% Semi-Government.

Following changes to strategic asset allocations during the second half of the year, the Australian Shareholders' Fund portfolio is managed against a benchmark consisting of an 80% allocation to Australian and international investment grade credit and 20% equities. All foreign currency and foreign interest rate risk on international credit is hedged. This approach to international credit and equities allows the asset manager to achieve greater diversification across the portfolio and reduce concentration risk to single issuers and certain industries.

Credit ratings for General Insurance fixed interest investments

	HALF YEAR ENDED			
AVERAGE	JUN-12 %	DEC-11 %	JUN-11 %	DEC-10 %
AAA	49.5	49.6	47.3	45.5
AA	32.9	35.3	40.0	41.0
A	16.3	14.0	11.4	12.3
BBB	1.3	1.1	1.3	1.2
	100.0	**100.0**	**100.0**	**100.0**

Underlying ITR

	JUN-12 $M	JUN-11 $M	JUN-10 $M
Reported ITR	**511**	**412**	**605**
Reported ITR ratio	**7.5%**	**6.6%**	**9.6%**
Reported reserve releases above long-run expectations (page 24)	(64)	(212)	(161)
Natural hazards above long-run allowances (page 23)	278	325	165
Investment income mismatch (page 26)	197	(55)	(105)
Other:			
Risk margin (page 23)	(97)	(44)	-
Abnormal (Simplification/restructuring) expenses (page 25)	11	12	34
LAT/DAC movement (page 25)	(14)	35	28
Reinsurance reinstatement premiums	-	232	-
Underlying ITR	**822**	**705**	**566**
Underlying ITR ratio	**12.1%**	**10.8%**	**9.0%**

Personal Lines Australia

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	4,564	4,205	8.5	2,351	2,213	2,138	2,067	6.2	10.0
Net earned premium	4,073	3,718	9.5	2,069	2,004	1,835	1,883	3.2	12.8
Net incurred claims	(3,136)	(2,889)	8.5	(1,545)	(1,591)	(1,437)	(1,452)	(2.9)	7.5
Acquisition expenses	(468)	(425)	10.1	(228)	(240)	(209)	(216)	(5.0)	9.1
Other underwriting expenses	(384)	(382)	0.5	(199)	(185)	(195)	(187)	7.6	2.1
Total operating expenses	(852)	(807)	5.6	(427)	(425)	(404)	(403)	0.5	5.7
Underwriting result	85	22	286.4	97	(12)	(6)	28	n/a	n/a
Investment income - insurance funds	64	122	(47.5)	47	17	64	58	176.5	(26.6)
Insurance trading result	149	144	3.5	144	5	58	86	large	148.3
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	11.5	11.4		11.0	12.0	11.4	11.5		
Other underwriting expenses ratio	9.4	10.3		9.6	9.2	10.6	9.9		
Total operating expenses ratio	20.9	21.7		20.6	21.2	22.0	21.4		
Loss ratio	77.0	77.7		74.7	79.4	78.3	77.1		
Combined operating ratio	97.9	99.4		95.3	100.6	100.3	98.5		
Insurance trading ratio	3.7	3.9		7.0	0.2	3.2	4.6		

Result overview

Australian Personal Insurance lines contributed an insurance trading result of $149 million. The highlight of the result was the completion of the implementation of the Building Blocks strategic priorities and a continued strong underlying financial performance.

Despite continued high natural peril costs, increased reinsurance costs and volatile investment markets, Personal Insurance improved its underlying margin with expense reduction initiatives flowing through in claims and strong GWP growth across the portfolios.

The Motor portfolio GWP was a standout performer in the second half, with net written units growing across the major mass market brands and GWP increasing due to Suncorp's price leadership.

Significant premium growth in the Home portfolio was achieved through rate increases, along with a marginal growth in net written units.

Outlook

With a stable of insurance brands and the key Building Blocks initiatives successfully implemented, Suncorp Personal Insurance is poised to drive continued strong underlying profitability over the coming years.

The portfolio of brands approach will allow Suncorp to maintain market share by using specific brand value propositions, increasing the product reach into emerging growth areas and deploying differentiated brands and products at various price points.

In claims, further cost benefits will be realised through a continued focus on supply chain efficiencies in home and motor, the ongoing expansion of the SMART vehicle repair initiative and the launch of Q-Plus for non-driveable repairs in Western Sydney.

Suncorp's risk profile has been reduced by the introduction of a 30% proportional quota-share reinsurance arrangement covering the Queensland home portfolio. This enables a reduction in earnings volatility in a market impacted by more significant natural hazard events and better supports the brand strength that exists in the state.

The Group's simplification program will deliver significant benefits to the Personal Insurance business over the next few years by reducing administrative and technology duplication. This will further reduce operational costs and drive customer and time to market savings.

Commercial Lines Australia

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	2,560	2,392	7.0	1,332	1,228	1,238	1,154	8.5	7.6
Net earned premium	2,174	2,113	2.9	1,093	1,081	1,019	1,094	1.1	7.3
Net incurred claims	(1,876)	(1,416)	32.5	(846)	(1,030)	(793)	(623)	(17.9)	6.7
Acquisition expenses	(316)	(314)	0.6	(167)	(149)	(152)	(162)	12.1	9.9
Other underwriting expenses	(280)	(282)	(0.7)	(139)	(141)	(144)	(138)	(1.4)	(3.5)
Total operating expenses	(596)	(596)	-	(306)	(290)	(296)	(300)	5.5	3.4
Underwriting result	(298)	101	n/a	(59)	(239)	(70)	171	(75.3)	(15.7)
Investment income - insurance funds	642	370	73.5	292	350	266	104	(16.6)	9.8
Insurance trading result	344	471	(27.0)	233	111	196	275	109.9	18.9
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	14.5	14.9		15.3	13.8	14.9	14.8		
Other underwriting expenses ratio	12.9	13.3		12.7	13.0	14.1	12.6		
Total operating expenses ratio	27.4	28.2		28.0	26.8	29.0	27.4		
Loss ratio	86.3	67.0		77.4	95.3	77.8	56.9		
Combined operating ratio	113.7	95.2		105.4	122.1	106.8	84.3		
Insurance trading ratio	15.8	22.3		21.3	10.3	19.2	25.1		

Result overview

Australian Commercial Insurance contributed an Insurance Trading Result of $344 million, impacted by falling yields and lower reserve releases. GWP and net earned premium increased 7.0% and 2.9% respectively.

Reserve releases from long-tail classes have been driven by favourable claims experience and a reduction in the wage inflation assumption from 4.5% to 4.0%.

Commercial Insurance’s simplification initiatives have been removing complexity and cost from the business. The benefits of this are already being realised, with the total operating expense ratio reducing to 27.4%, despite a $21 million LAT write down of deferred acquisition costs as a result of falling bond yields.

Commercial Insurance continues to experience pressure on underlying margins through lower investment yields with limited ability to increase premiums in statutory classes. However, underlying ITR has improved through renewed cost initiatives, such as operational excellence.

Outlook

Suncorp Commercial Insurance will continue to improve its business by exploring opportunities to simplify its operations as well as utilising broad distribution channels, combined with a continued focus on improving claims servicing and maintaining underwriting excellence.

Commercial lines anticipate modest hardening in Specialty and Casualty and continued rate increases in Property. The SME segment is expected to remain competitive. Commercial Insurance will continue to leverage the Group’s single pricing engine, GIPE, to ensure underwriting discipline.

Commercial Insurance expects reforms to continue across statutory schemes nationally, requiring active participation to help shape the statutory landscape as well as raising awareness on the adverse effects of falling bond yields.

The Workers’ Compensation portfolio will continue to focus on hardening rates and underwriting discipline to manage profitability. Wage increases from the mining sector are having favourable effects on premium growth in Western Australia and rates are expected to harden nationally in underwritten schemes.

New Zealand

This table is shown in A$. It is shown in NZ$ in Appendix 5.

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium	831	683	21.7	417	414	341	342	0.7	22.3
Net earned premium	557	446	24.9	283	274	157	289	3.3	80.3
Net incurred claims	(384)	(445)	(13.7)	(185)	(199)	(236)	(209)	(7.0)	(21.6)
Acquisition expenses	(119)	(173)	(31.2)	(74)	(45)	(104)	(69)	64.4	(28.8)
Other underwriting expenses	(48)	(47)	2.1	(25)	(23)	(24)	(23)	8.7	4.2
Total operating expenses	(167)	(220)	(24.1)	(99)	(68)	(128)	(92)	45.6	(22.7)
Underwriting result	6	(219)	n/a	(1)	7	(207)	(12)	n/a	(99.5)
Investment income - insurance funds	12	16	(25.0)	6	6	9	7	-	(33.3)
Insurance trading result	18	(203)	n/a	5	13	(198)	(5)	(61.5)	n/a
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	21.4	38.8		26.1	16.4	66.2	23.9		
Other underwriting expenses ratio	8.6	10.5		8.8	8.4	15.3	8.0		
Total operating expenses ratio	30.0	49.3		34.9	24.8	81.5	31.9		
Loss ratio	68.9	99.8		65.4	72.6	150.3	72.3		
Combined operating ratio	98.9	149.1		100.3	97.4	231.8	104.2		
Insurance trading ratio	3.2	(45.5)		1.8	4.7	(126.1)	(1.7)		

Result overview

Suncorp's New Zealand operations contributed an insurance trading result of $18 million a solid underlying performance with a return to profitability and strong GWP growth. The GWP growth was across all distribution channels and both Personal and Commercial lines. Growth was largely driven by rate increases in response to increased reinsurance costs.

The result includes the impact of the December 2011 Christchurch earthquake of $21 million.

Outlook

New Zealand's economy continues to be influenced by investment in the recovery of Christchurch and growth in national consumer demand. Despite concerns about Europe and the impact on trade with Australia and Asia, the outlook is for continued growth in the New Zealand GDP for the coming year.

The outlook for the Group's businesses in New Zealand is for continued growth in direct and personal lines portfolios generally, with increasing market share and GWP growth in the direct motor portfolio (AA Insurance).

Vero and other major insurers continue to make good progress with the management of claims from five major earthquakes around Christchurch in 2010 and 2011. Vero expects to have completed well over 50 per cent of its 19,000 claims within the next year.

In addition to increasing the pace of claims management, Vero will also focus on reshaping its business strategy and publicly promoting changes needed in disaster and earthquake insurance management in New Zealand.

Core Bank

Result overview

The Core Bank delivered an improved profit after tax result of $289 million representing an 11.6% increase in challenging market conditions.

Growth in housing loan receivables recovered from a slow first quarter to finish the year at $34 billion, an increase of 9.6%. This growth is within the Group's risk appetite and reflects efforts to build the pipeline through an expanded footprint, improved processes, service delivery and a simplified product proposition. In addition, business lending increased by 10.7% as the Core Bank focused on regaining its brand presence in its prime Queensland market while leveraging its interstate expansion.

The Core Bank's conservative deposit to core lending ratio was maintained at the top end of the target range of 60% to 70%.

The Bank's funding capability was significantly enhanced during the year by the successful establishment of a covered bond program, which will enable the Bank to issue both domestically and in offshore markets. The inaugural issue of $1.6 billion was undertaken in May with significant investor support. This was a first for a non-major Australian bank, highlighting the Core Bank's funding accessibility.

Net interest income increased 7.0%, in line with growth in average lending assets. Net interest margin was stable due to asset repricing, management of the Core Bank's funding mix and timing of new issuance given the Bank's funding diversity. On-going competition for term deposits continued to put downward pressure on retail funding margins.

Non-interest income was up 3.0%, with positive mark-to-market movements of $15 million and flat net banking fee income as the market continued to meet consumer preference for low fee products.

Operating expenses increased 7.3%, supporting higher sales volumes, expansion of the Core Bank footprint, investment in the Bank's technology platform and the commencement of the Basel II advanced accreditation program. The first phase of the Bank's core system replacement program is now complete, following the successful implementation of the Customer Relationship Management, Broker Commission and Trade Finance systems.

Impairment losses were down 19.6% at $41 million with improved indicators in the final quarter. The impairment losses include a $25 million write back of flood provisions offset by a $17 million increase in collective provisioning due to methodology and modelling enhancements.

Outlook

Suncorp's selected markets were subdued throughout the financial year, with system growth well below long-term trends. Continued economic uncertainty in Europe and slowing demand from China is likely to see these trends persist into the new financial year. The Core Bank continues to target lending growth moderately above system levels in its chosen markets, through its attractive product proposition and continued expansion of its market reach.

Credit quality is expected to remain within the Bank's risk appetite with no systemic credit risk issues evident in the Core Bank's portfolio.The Core Bank continues to balance its appetite for growth against the need to maintain sound credit quality across the portfolio.

Recent easing of monetary policy by the RBA will provide some relief to challenged sectors of the economy. This should assist loan serviceability and provide support to system credit growth trends. However, asset repricing or easing in the cost of funding would be required for the Core Bank to maintain net interest margins at current levels.

Profit Contribution – Core Bank

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Net interest income	896	837	7.0	455	441	437	400	3.2	4.1
Non-interest income									
Net banking fee income	84	87	(3.4)	43	41	41	46	4.9	4.9
MTM on financial instruments	15	10	50.0	1	14	7	3	(92.9)	(85.7)
Other income	5	4	25.0	2	3	2	2	(33.3)	-
Total non-interest income	104	101	3.0	46	58	50	51	(20.7)	(8.0)
Total income	1,000	938	6.6	501	499	487	451	0.4	2.9
Operating expenses	(528)	(492)	7.3	(270)	(258)	(253)	(239)	4.7	6.7
Profit before impairment losses on loans and advances	472	446	5.8	231	241	234	212	(4.1)	(1.3)
Impairment losses on loans and advances	(41)	(51)	(19.6)	(32)	(9)	(8)	(43)	255.6	300.0
Core Bank profit before tax	**431**	**395**	**9.1**	**199**	**232**	**226**	**169**	**(14.2)**	**(11.9)**
Income tax	(142)	(136)	4.4	(66)	(76)	(77)	(59)	(13.2)	(14.3)
Core Bank profit after tax	**289**	**259**	**11.6**	**133**	**156**	**149**	**110**	**(14.7)**	**(10.7)**

Ratios and statistics

	FULL YEAR ENDED		HALF YEAR ENDED		
	JUN-12	JUN-11	JUN-12	DEC-11	JUN-11
	%	%	%	%	%
Net interest margin (interest-earning assets)	1.91	1.90	1.90	1.92	1.97
Net interest margin (lending assets)	2.19	2.18	2.18	2.21	2.26
Cost to income ratio	52.8	52.5	53.9	51.7	52.0
Impairment losses to gross loans and advances	0.09	0.13	0.15	0.04	0.04
Impairment losses to credit risk weighted assets	0.18	0.24	0.28	0.08	0.08
Deposit to core loan ratio	68.9	70.1	68.9	69.4	70.1

Loans, advances and other receivables

	JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Housing loans	27,639	27,200	27,014	1.6	2.3
Securitised housing loans and covered bonds	6,316	4,659	3,980	35.6	58.7
Total housing loans	33,955	31,859	30,994	6.6	9.6
Consumer loans	482	510	558	(5.5)	(13.6)
Retail loans	34,437	32,369	31,552	6.4	9.1
Commercial (SME)	5,063	4,829	4,555	4.8	11.2
Agribusiness	3,856	3,576	3,504	7.8	10.0
Business loans [1]	8,919	8,405	8,059	6.1	10.7
Total lending	**43,356**	**40,774**	**39,611**	**6.3**	**9.5**
Other receivables [2]	95	120	142	(20.8)	(33.1)
Gross banking loans, advances and other receivables	43,451	40,894	39,753	6.3	9.3
Provision for impairment	(129)	(120)	(120)	7.5	7.5
Loans, advances and other receivables	**43,322**	**40,774**	**39,633**	**6.2**	**9.3**
Credit risk-weighted assets	**22,606**	**21,307**	**21,136**	**6.1**	**7.0**

(1) From 31 December 2011, Business loans balances have been adjusted to reflect interest not brought to account, which was previously reported under "Other receivables". This restatement has reduced Business loans balances by $23 million in June 2011.

(2) Other receivables are primarily collateral deposits provided to derivative counterparties.

Personal Lending

Personal Lending receivables including securitised assets grew 9.1% to close at $34.4 billion, with Home Lending, including securitised assets, growing 9.6% to close at $34 billion.

This growth in Home Lending was 1.9 times system in a subdued credit environment. This translates to a market share increase of 0.1% to 2.9%. Suncorp's position in terms of market share allows sustainable above system growth without impacting margins or credit quality. The Core Bank has a clearly defined growth strategy underpinned by robust risk management processes designed to deliver above system growth over the medium term. Key enablers of the growth strategy include interstate expansion and simplified product and customer service propositions across direct and intermediated channels.

Business Lending

The pipeline momentum built up over the first half translated into growth in the second half with the portfolio increasing 10.7% over the year.

Commercial (SME)

Suncorp Bank's commercial (SME) portfolio increased 11.2% to $5.1 billion, despite a challenging market characterised by competition for refinance lending. The result reflects the strength of the Suncorp brand and the Bank's leading position in Australia in terms of customer satisfaction among business clientele. Suncorp continues to diversify its business lending target market with an increased share of new business from professional and medical services.

Agribusiness

The Agribusiness portfolio increased 10.0% to $3.9 billion maintaining market share nationally and in Queensland.

The appointment of a “National Head of Agribusiness” during the year and sponsorship of a number of agribusiness events including “Year of the Farmer” and “Australian Beef Week” confirmed Suncorp Bank’s commitment to rural Australia. It also signals the Bank’s ambition to regain market share lost during the turbulent GFC period.

Seasonal conditions have stabilised and become less extreme. A return to historic growth patterns is anticipated with the Core Bank well positioned for profitable growth in the short and medium terms.

Core Bank funding composition

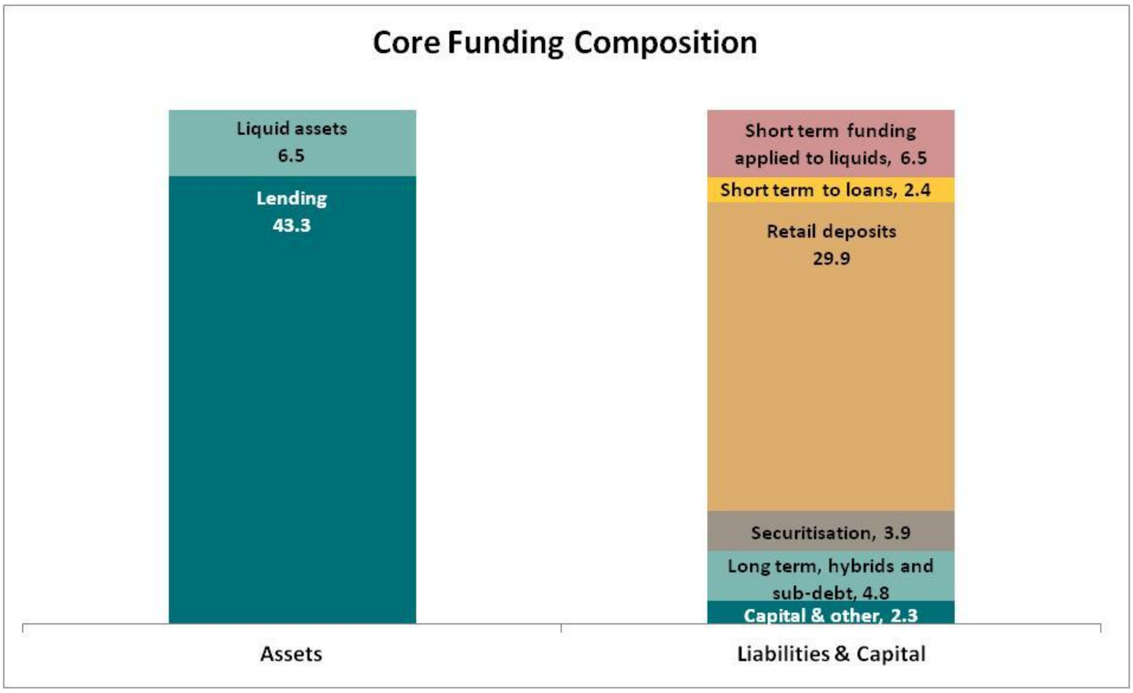
	JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Retail funding					
Retail deposits					
Transaction	5,764	5,814	5,372	(0.9)	7.3
Investment	3,826	4,032	3,706	(5.1)	3.2
Term	15,316	14,421	15,094	6.2	1.5
Core retail deposits	24,906	24,267	24,172	2.6	3.0
Retail treasury deposits	4,985	4,013	3,604	24.2	38.3
Total retail funding	29,891	28,280	27,776	5.7	7.6
Wholesale funding					
Domestic funding sources					
Short-term wholesale	6,068	6,980	5,211	(13.1)	16.4
Long-term wholesale	940	1,166	1,252	(19.4)	(24.9)
Covered bonds	1,598	-	-	n/a	n/a
Subordinated notes	138	130	123	6.2	12.2
Reset preference shares	25	23	74	8.7	(66.2)
Convertible preference shares	594	558	524	6.5	13.4
	9,363	8,857	7,184	5.7	30.3
Overseas funding sources [(1)]					
Short-term wholesale	2,844	1,422	2,603	100.0	9.3
Long-term wholesale	1,101	1,185	1,386	(7.1)	(20.6)
Covered bonds	-	-	-	n/a	n/a
Subordinated notes	403	382	488	5.5	(17.4)
	4,348	2,989	4,477	45.5	(2.9)
Total wholesale funding (excluding securitisation)	13,711	11,846	11,661	15.7	17.6
Total funding (excluding securitisation)	**43,602**	**40,126**	**39,437**	**8.7**	**10.6**
Securitised funding					
APS 120 qualifying [(2)]	2,936	3,322	2,451	(11.6)	19.8
APS 120 non-qualifying	903	1,034	1,183	(12.7)	(23.7)
Total securitised funding	3,839	4,356	3,634	(11.9)	5.6
Total funding (including securitisation)	**47,441**	**44,482**	**43,071**	**6.7**	**10.1**
Total funding is represented on the balance sheet by:					
Deposits	29,891	28,280	27,776	5.7	7.6
Short-term borrowings	8,912	8,402	7,814	6.1	14.1
Securitisation liabilities	3,839	4,356	3,634	(11.9)	5.6
Bonds, notes and long-term borrowings	3,639	2,351	2,638	54.8	37.9
Subordinated notes	541	512	611	5.7	(11.5)
Preference shares	619	581	598	6.5	3.5
Total	**47,441**	**44,482**	**43,071**	**6.7**	**10.1**
Deposit to core loan ratio	**68.9%**	**69.4%**	**70.1%**		

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

Core Bank funding composition

The Core Bank continues to conservatively manage its capital and liability mix. Short-term wholesale funding is mainly used to support the Bank's liquid asset portfolio, with the balance funding around 6% of the Core Bank's lending portfolio. Suncorp Bank's liquid asset ratio remains significantly above its peer group. The Bank currently holds excess liquid assets over prudential requirements and is well positioned to meet any regulator imposed industry requirements to liquidity reserves.

The Bank's funding capability was significantly enhanced during the year by the successful establishment of a covered bond program, which will enable the Bank to issue both domestically and in offshore markets. The inaugural issue of $1.6 billion was undertaken in May with significant investor support. This was a first for a non-major Australian bank, highlighting the Core Bank's funding accessibility.



The Core Bank has access to significant contingent liquidity in a crisis, including $7.0 billion of mortgages that can be utilised if required.

Retail funding

Core retail funding increased 7.6% in the year. The Bank is beginning to see some traction from its expansion into its chosen interstate markets of New South Wales and Western Australia with 7% of overall deposit growth being delivered in these regions. The Bank continues to manage retail deposits in line with lending growth, with the deposit to lending ratio of 69% closing the year at the upper end of the Bank's target range.

The Core Bank's "at call" portfolio experienced growth of 5.7% in the year. Demand for savings accounts eased in the second half as a result of competitive rates offered in the term deposit market. Competition for domestic term deposits remains high and intensified throughout the second half of the year. The Core Bank has focused on mitigating this pressure with an established term deposit franchise that has seen improvements in retention levels. The Bank managed this portfolio to optimise customer relationships and margin considerations.

Wholesale funding

The 'A+/A1' credit rating of the Bank enables Suncorp to access a diverse range of wholesale funding products and markets, whilst its retail deposit base ensures the Bank is not reliant on the more expensive offshore term funding markets. This provides the Bank with substantial funding flexibility and future capacity for growth.

Suncorp Bank is one of the few institutions able to issue 'AAA' rated covered bonds, with $1.6 billion in funding being raised in May. The Bank issued a 4.5 year fixed rate tranche of A$1.1 billion at mid swap +140bps and A$500 million floating rate tranche for 2.5 years at 105bps over 90 day BBSW. Significant investor demand enabled the fixed rate tranche to be upsized from A$750 million to $1.1 billion. A total of 54 investors participated across both tranches with 80% of the fixed rate orders coming from real money accounts.

During the year, the Bank also issued a 3-year senior unsecured transaction for $650 million and a RMBS issue for $1.25 billion. Going forward, the Bank will continue to look to senior unsecured, RMBS and covered bond markets at opportune times.

Wholesale funding instruments maturity profile[1]

	JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Maturity					
0 to 3 months	8,090	7,733	7,767	4.6	4.2
3 to 6 months	1,381	1,172	768	17.8	79.8
6 to 12 months	1,753	920	669	90.5	162.0
1 to 3 years	3,430	4,443	4,784	(22.8)	(28.3)
3+ years [1]	2,896	1,934	1,307	49.7	121.6
Total wholesale funding instruments	17,550	16,202	15,295	8.3	14.7

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

The Bank operates a conservative wholesale funding instrument duration profile given the very strong retail deposit to lending ratio. Securitisation represents a large proportion of wholesale funding with a maturity of greater than 12 months. While this funding amortises over time, its rate of duration decline is 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

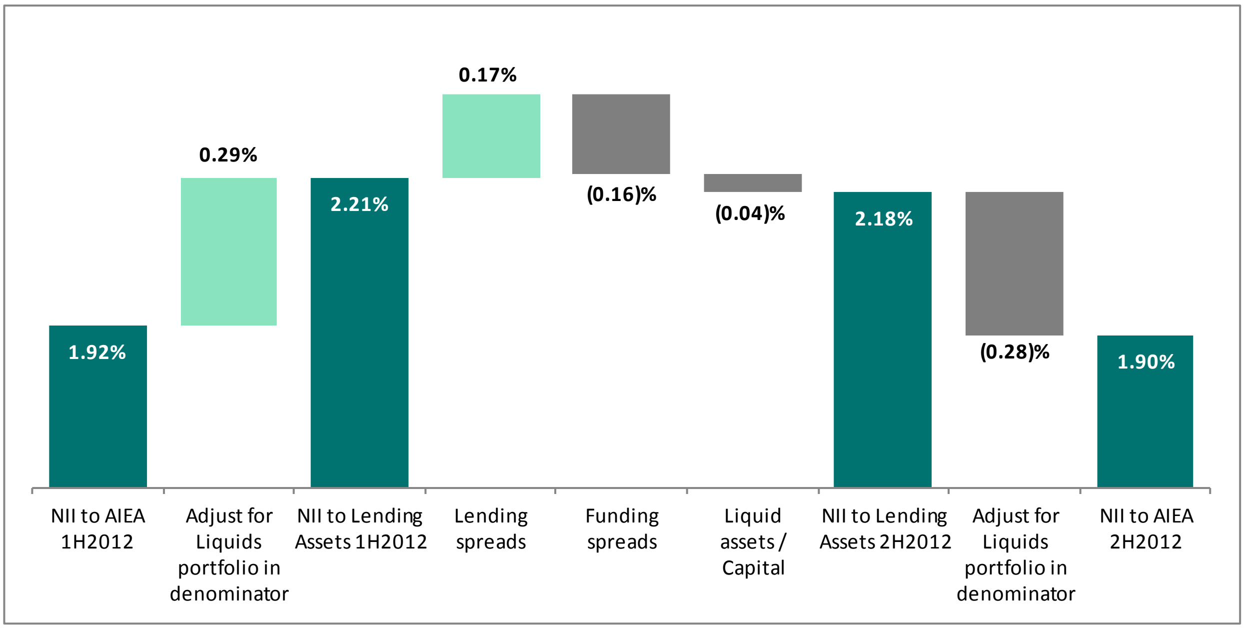
	FULL YEAR ENDED JUN-12 $M	FULL YEAR ENDED JUN-11 $M	JUN-12 vs JUN-11 %	HALF YEAR ENDED JUN-12 $M	HALF YEAR ENDED DEC-11 $M	HALF YEAR ENDED JUN-11 $M	HALF YEAR ENDED DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Interest revenue lending assets	2,877	2,802	2.7	1,423	1,454	1,426	1,376	(2.1)	(0.2)
Interest revenue other assets [1]	337	330	2.1	161	176	169	161	(8.5)	(4.7)
Interest expense deposits and funding	(2,318)	(2,266)	2.3	(1,129)	(1,189)	(1,158)	(1,137)	(5.0)	(2.5)
Net interest income	**896**	**837**	**7.0**	**455**	**441**	**437**	**400**	**3.2**	**4.1**
Net interest margin (interest-earning assets)	**1.91%**	**1.90%**		**1.90%**	**1.92%**	**1.97%**	**1.83%**		
Net interest margin (lending assets)	**2.19%**	**2.18%**		**2.18%**	**2.21%**	**2.26%**	**2.10%**		

(1) Includes liquid asset portfolio.

The Core Bank's net interest income increased in line with average lending balances over the year. The mix of lending between the retail and business portfolios remained stable. The Core Bank's growth was supported by selective pricing initiatives targeting lower loan to value lending customers. These initiatives price favourably to the Major Banks' flagship brands, but are not market leading. The impact of new business discounting on the Bank's net interest margin was limited in the financial year.

The Core Bank net interest margin was stable, despite heightened competition in the term deposit markets and the impact of margin compression on low cost deposits. Asset repricing actions taken in line with industry largely negated these impacts. Net interest margins also benefited from the timing difference between funding and loan repricing. The half on half analysis presented in the table below demonstrates that the higher cost of funding has been offset by lending repricing to date.

Net interest margin movements



Non-interest income

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income	84	87	(3.4)	43	41	41	46	4.9	4.9
MTM on financial instruments	15	10	50.0	1	14	7	3	(92.9)	(85.7)
Other income	5	4	25.0	2	3	2	2	(33.3)	-
Total non-interest income	**104**	**101**	**3.0**	**46**	**58**	**50**	**51**	**(20.7)**	**(8.0)**

Non-interest income totalled $104 million and includes net banking fee income of $84 million.

Product competition has seen a systemic shift from lending and deposit fees across the industry. This trend resulted in a decline in banking fee income over the year. In addition, commissions paid to sales intermediaries are recognised through banking fees. The growth in lending and the consequent increase in commission contributed to the lower fee income.

Financial instruments and other income

Other non-interest income was made up of net mark-to-market (MTM) gains on financial instruments of $15 million and other income of $5 million.

The MTM result included non-recurring income relating to realised gains on the sale of liquid assets of $6 million, unrealised gains on derivative instruments that will unwind in future periods and higher economic break fees that have resulted from customers breaking fixed rate loan arrangements as interest rates have fallen.

Suncorp Bank purchases liquid assets and uses hedging instruments for balance sheet risk management purposes. The Core Bank places some of its liquid assets into a trading portfolio which it uses to manage liquidity and is accounted for on a fair value basis. The Bank uses short-dated hedges which do not qualify for hedge accounting and, hence, are valued on a MTM basis. These instruments are often held to maturity and as such any unrealised MTM will unwind through net interest income until maturity.

As anticipated, the second half result was lower than the first, as unrealised gains recorded in first half have unwound and gains on sale of liquid assets were not repeated.

Operating expenses

Core Bank operating expenses were $528 million.

The Bank continued to invest in its business during the second half of the financial year. Operating expenses were 7.3% higher as the Bank's product, distribution and sales force capability were strengthened further and investment was made in the Core Bank System Replacement and Basel II accreditation program. This investment increased the Core Bank's cost to income ratio to 52.8% for the year. The underlying cost to income ratio (excluding the impact of the System Replacement Program and Basel II accreditation) is trending down, being broadly in line with H1 and below the FY11 ratio of 52%.

The Bank's investment in product, distribution and sales force capability, included:

- the expansion of the branch and district banking centre network with two new branches and two district banking centres opened during the year. 21 new branches and district banking centres were opened during the 2011 financial year, with the full run rate of these expenses reported in the 2012 financial year; and
- investment in the Trade and Equipment Finance portfolios.

Impairment losses on loans and advances

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	2	16	(87.5)	8	(6)	(2)	18	n/a	n/a
Specific provision for impairment	32	32	-	19	13	7	25	46.2	171.4
Actual net write-offs	7	3	133.3	5	2	3	-	150.0	66.7
	41	**51**	**(19.6)**	**32**	**9**	**8**	**43**	**255.6**	**300.0**
Impairment losses to credit risk weighted assets (annualised)	**0.18%**	**0.24%**		**0.28%**	**0.08%**	**0.08%**	**0.42%**		

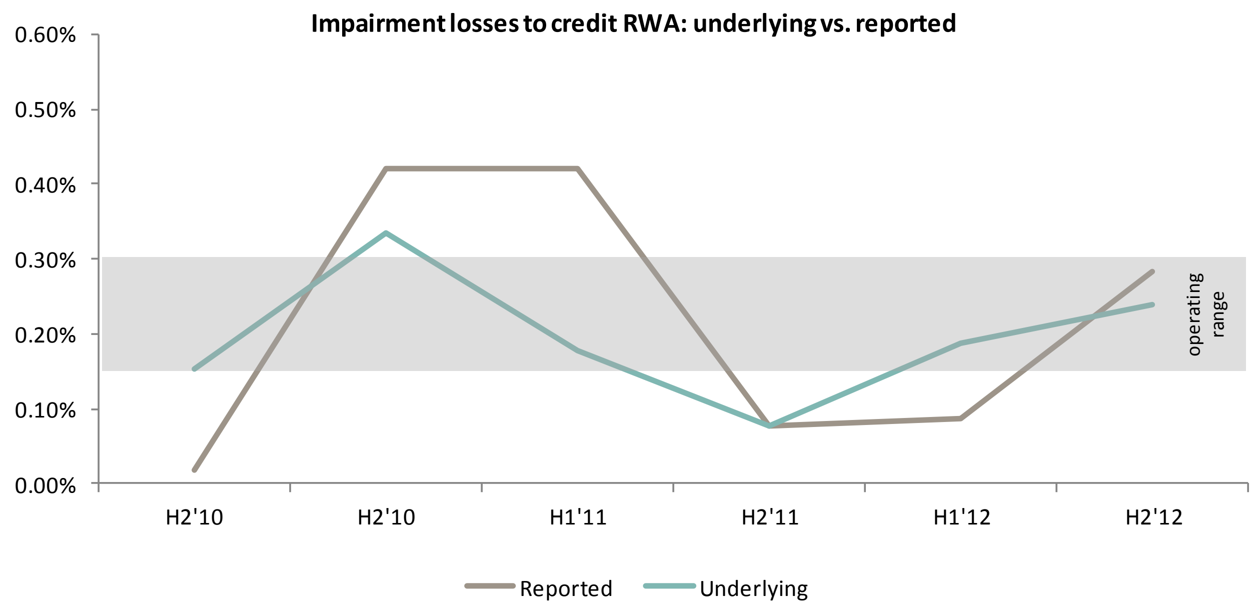
Impairment losses on loans and advances were $41 million. This charge represents 18 basis points of credit risk weighted assets.

The full year result benefited from the release of the $25 million provision put in place during the flood events of the 2010/2011 summer. Investigations in the 2012 financial year indicated that arrears in flood impacted areas were not higher than those in other areas. Total flood-related charges were minimal with one business lending customer generating a charge of $1.3 million. The Core Bank also took a $1 million charge relating to the weather events earlier in the 2012 calendar year.

The full year result also included $17 million of charges relating to the improvement of the Core Bank's collective provisioning models and methodology, and the on-going regular review of collective provision factors. These charges reflect the continued enhancement program undertaken on credit risk modelling.

Excluding these impacts underlying impairment losses represented 21 basis points of the credit risk-weighted assets for the full year. For the June 2012 half year the underlying impairment losses represented 24 basis points (annualised) of credit risk weighted assets.

Underlying impairment losses remain well within the Core Bank's medium term expectation with no systemic credit risk issues evident in the Core Bank's portfolio.



Impaired asset balances

	JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Gross balances of individually impaired loans					
with specific provisions set aside	192	124	136	54.8	41.2
without specific provisions set aside	49	17	10	188.2	390.0
Gross impaired assets	241	141	146	70.9	65.1
Specific provision for impairment	(46)	(45)	(39)	2.2	17.9
Net impaired assets	195	96	107	103.1	82.2
Size of gross impaired assets					
Less than one million	21	21	22	-	(4.5)
Greater than one million but less than ten million	117	101	87	15.8	34.5
Greater than ten million	103	19	37	442.1	178.4
	241	141	146	70.9	65.1
Past due loans not shown as impaired assets	293	300	386	(2.3)	(24.1)
Gross non-performing loans	534	441	532	21.1	0.4
Analysis of movements in gross impaired assets					
Balance at the beginning of the half year	141	146	179	(3.4)	(21.2)
Recognition of new impaired assets	131	37	24	254.1	445.8
Increases in previously recognised impaired assets	1	1	6	-	(83.3)
Impaired assets written off/sold during the half year	(16)	(3)	-	433.3	n/a
Impaired assets which have been reclassed as performing assets or repaid	(16)	(40)	(63)	(60.0)	(74.6)
Balance at the end of the half year	**241**	**141**	**146**	**70.9**	**65.1**

Gross non-performing loans

The Core Bank's impaired assets and past due loans remain low as a percentage of gross lending, reflecting Suncorp's conservative risk profile which comprises a high proportion of owner occupiers with an average home loan size of less than $300,000. The Bank has limited exposure to "low doc" mortgages, which represent less than 6% of the total home lending portfolio.

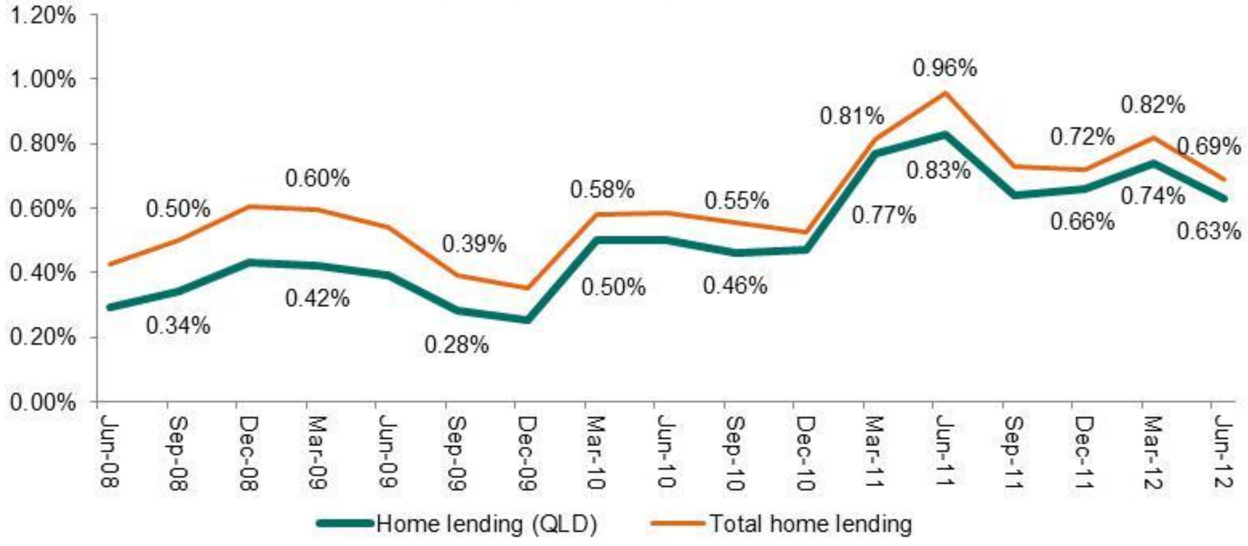
Impaired assets

Gross impaired asset balances have increased over the half predominantly due to four mid-sized business lending exposures becoming impaired. While economic conditions remain challenging in Suncorp's selected markets there are no systemic issues observed, with the impaired balances spread across geography and industry.

Past due (not shown as impaired)

Past due balances have decreased 24% over the year. Past due balances show no particular state specific concentration. The Queensland home lending portfolio is well seasoned and past due performance in Suncorp's home state continues to trend below that of the other states in the portfolio.

Past due loans as a percentage of gross loans



Provision for impairment

	JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Collective provision					
Balance at the beginning of the period	75	81	83	(7.4)	(9.6)
Charge against contribution to profit	8	(6)	(2)	n/a	n/a
Balance at the end of the period	83	75	81	10.7	2.5
Specific provision					
Balance at the beginning of the period	45	39	40	15.4	12.5
Charge against impairment losses	19	13	7	46.2	171.4
Write-off of impaired assets	(13)	(3)	(2)	333.3	large
Unwind of interest	(5)	(4)	(6)	25.0	(16.7)
Balance at the end of the period	46	45	39	2.2	17.9
Total provision for impairment - Banking activities	129	120	120	7.5	7.5
Equity reserve for credit loss					
Balance at the beginning of the period	107	74	72	44.6	48.6
Transfer (to)/from retained earnings	(5)	33	2	n/a	n/a
Balance at the end of the period	102	107	74	(4.7)	37.8
Pre-tax equivalent coverage	146	153	106	(4.6)	37.7
Total provision for impairment and equity reserve for credit loss coverage - Core Banking activities	275	273	226	0.7	21.7

	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	34.4	53.2	55.5
Specific provision	19.1	31.9	26.7
Total provision	53.5	85.1	82.2
Equity reserve for credit loss coverage	60.6	108.5	72.6
Total provision and equity reserve for credit loss coverage	114.1	193.6	154.8

Provisions for impairment increased in the second half with the higher collective provision balance reflecting the on-going regular review of collective provision factors and model enhancements. Specific provision balances were also higher following an increase in impairment charges due to the impact of the weather events on Agribusiness customers earlier in the 2012 calendar year.

Provision coverage has reduced as the newly impaired assets were secured against good quality assets and required limited specific provisions.

Average banking balance sheets

	FULL YEAR ENDED JUN-12		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
ASSETS			
Interest-earning assets			
Trading and Investment securities	6,135	337	5.49
Gross loans, advances and other receivables	40,835	2,877	7.05
Other interest-earning assets	-	-	-
Total interest-earning assets	46,970	3,214	6.84
Non-interest earning assets			
Other assets (inc. loan provisions)	785		
Total non-interest earning assets	785		
TOTAL ASSETS	47,755		
LIABILITIES			
Interest-bearing liabilities			
Retail deposits	28,418	1,427	5.02
Wholesale liabilities	15,201	832	5.47
Debt capital	1,075	59	5.49
Total interest-bearing liabilities	44,694	2,318	5.19
Non-interest bearing liabilities			
Other liabilities	941		
Total non-interest bearing liabilities	941		
TOTAL LIABILITIES	45,635		
AVERAGE SHAREHOLDERS' EQUITY	2,120		
Non-Shareholder Accounting Equity	81		
Average Shareholder Equity	2,201		
SGL Goodwill allocated to Banking Business	(235)		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	1,966		
Analysis of interest margin and spread			
Interest-earning assets	46,970	3,214	6.84
Interest-bearing liabilities	44,694	2,318	5.19
Net interest spread			1.65
Net interest margin (interest-earning assets)	46,970	896	1.91
Net interest margin (lending assets)	40,835	896	2.19

	HALF YEAR ENDED JUN-12			HALF YEAR ENDED DEC-11		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
ASSETS						
Interest-earning assets						
Trading and investment securities	6,287	161	5.15	5,979	176	5.86
Gross loans, advances and other receivables	41,913	1,423	6.83	39,763	1,454	7.27
Other interest-earning assets	-	-	-	-	-	-
Total interest-earning assets	48,200	1,584	6.61	45,742	1,630	7.09
Non-interest earning assets						
Other assets (inc. loan provisions)	796			763		
Total non-interest earning assets	796			763		
TOTAL ASSETS	48,996			46,505		
LIABILITIES						
Interest-bearing liabilities						
Retail deposits	29,101	710	4.91	27,740	717	5.14
Wholesale liabilities	15,705	391	5.01	14,693	441	5.97
Debt capital	1,077	28	5.23	1,074	31	5.74
Total interest-bearing liabilities	45,883	1,129	4.95	43,507	1,189	5.44
Non-interest bearing liabilities						
Other liabilities	952			927		
Total non-interest bearing liabilities	952			927		
TOTAL LIABILITIES	46,835			44,434		
AVERAGE SHAREHOLDERS' EQUITY	2,161			2,071		
Non-Shareholder Accounting Equity	112			50		
Average Shareholder Equity	2,273			2,121		
SGL Goodwill allocated to Banking Business	(235)			(235)		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	2,038			1,886		
Analysis of interest margin and spread						
Interest-earning assets	48,200	1,584	6.61	45,742	1,630	7.09
Interest-bearing liabilities	45,883	1,129	4.95	43,507	1,189	5.44
Net interest spread			1.66			1.65
Net interest margin (interest-earning assets)	48,200	455	1.90	45,742	441	1.92
Net interest margin (lending assets)	41,913	455	2.18	39,763	441	2.21

Non-core Bank

Result overview

In 2009, the Bank undertook a strategic review of its operations and announced its strategy to create a Non-core portfolio. The Bank's former Corporate Banking, Property Investment and Development Finance divisions were placed into an $18 billion lending portfolio and the Non-core Bank embarked on an orderly run-off strategy to maximise shareholder value.

As a run-off portfolio, the Non-core Bank's performance is not directly comparable to the Core portfolio nor portfolios of other institutions that remain open to new business.

The portfolio is now in advanced stages of run-off with outstanding balances of $4.5 billion at June 2012, reducing by $2.8 billion or 39% in the year. This means the portfolio is approximately 25% of its original size. Exposures with balances in excess of $50 million have reduced from 121 at inception to 34 at June 2012.

The Non-core Bank's impaired portfolio was $1.8 billion at June 2012 down $386 million in the year. While the impaired portfolio has trended close to $2 billion in recent periods, its composition has changed significantly over time. Since June 2009, over $2.2 billion of impaired loans have been sold, repaid or written off. Over this period ongoing economic uncertainty has also resulted in additional exposures becoming impaired. The impaired portfolio is closely managed and all accounts have work-out strategies in place. The Bank continues to consider loan disposals where a transaction is deemed to maximise shareholder value. During the 2012 year, two large impaired exposures were sold.

The broader economy continues to be impacted by the uncertainty related to the European sovereign debt crisis and by slowing growth in China. This uncertainty has resulted in the extension of some of the work-out strategies resulting in increased IFRS charges. Low consumer confidence has also been evident in recent periods, particularly in the retail sector where the Non-core Bank has exposure through regional and suburban shopping centres. Additional provisioning has been taken across this asset class to reflect the potential downside risk to property values. The impairment losses after tax drove the higher net loss after tax for the year, which was $263 million, compared to a $175 million loss in 2011.

Operating expenses in the Non-core Bank continue to trend down, albeit with an uptick in restructuring charges evident in the second half of 2012.

The Non-core Bank was established with the funding requirements of the portfolio matched to the portfolio's expected run-off profile, along with significant capital and liquidity buffers. These buffers have allowed management to assess the full range of run down options available for each exposure and maximise the release of capital from the portfolio. Since June 2009, the Non-core Bank has released a net $420 million of shareholder capital, and has reduced the level of sub-ordinated debt and hybrid capital it has held.

Outlook

The Non-core Bank portfolio has been significantly de-risked, it will continue to exhibit volatility due to fluctuations in property values and investor appetite for impaired assets. The Non-core Bank's shareholder capital position of $671 million,provisions for loan loss and matched funding have been set to provide a buffer to any further market slowdown and provide the ability to accelerate run-off where an adequate return can be achieved.

Suncorp remains confident that the strategy of asset by asset management and orderly run-off will ultimately produce the greatest return to shareholders.

As previously advised, at 30 June 2013, the Group expects the balance of the Non-core Bank portfolio to be under $3 billion with up to half of the remaining book impaired.

Profit contribution – Non-core Bank

	FULL YEAR ENDED JUN-12 $M	FULL YEAR ENDED JUN-11 $M	JUN-12 vs JUN-11 %	HALF YEAR ENDED JUN-12 $M	HALF YEAR ENDED DEC-11 $M	HALF YEAR ENDED JUN-11 $M	HALF YEAR ENDED DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Net interest income	32	73	(56.2)	4	28	35	38	(85.7)	(88.6)
Non-interest income									
Net banking fee income	12	31	(61.3)	5	7	10	21	(28.6)	(50.0)
MTM on financial instruments	-	-	n/a	-	-	-	-	n/a	n/a
Other income	(3)	(4)	(25.0)	(29)	26	(2)	(2)	n/a	large
Total non-interest income	9	27	(66.7)	(24)	33	8	19	n/a	n/a
Total income	41	100	(59.0)	(20)	61	43	57	n/a	n/a
Operating expenses	(69)	(76)	(9.2)	(36)	(33)	(36)	(40)	9.1	-
Profit before impairment losses on loans and advances	(28)	24	n/a	(56)	28	7	17	n/a	n/a
Impairment losses on loans and advances	(364)	(274)	32.8	(242)	(122)	(104)	(170)	98.4	132.7
Non-core Bank profit/(loss) before tax	**(392)**	**(250)**	**56.8**	**(298)**	**(94)**	**(97)**	**(153)**	**217.0**	**207.2**
Income tax	129	75	72.0	89	40	29	46	122.5	206.9
Non-core Bank profit/(loss) after tax	**(263)**	**(175)**	**50.3**	**(209)**	**(54)**	**(68)**	**(107)**	**287.0**	**207.4**

Ratios and statistics

	FULL YEAR ENDED JUN-12 %	FULL YEAR ENDED JUN-11 %	HALF YEAR ENDED JUN-12 %	HALF YEAR ENDED DEC-11 %	HALF YEAR ENDED JUN-11 %
Net interest margin (interest-earning assets)	0.24	0.38	0.06	0.40	0.42
Net interest margin (lending assets)	0.50	0.71	0.14	0.80	0.77
Cost to income ratio	168.3	76.0	(180.0)	54.1	83.7
Impairment losses to gross loans and advances	5.78	2.88	7.73	3.26	2.21
Impairment losses to credit risk weighted assets	6.75	3.12	9.02	3.63	2.39

Loans, advances and other receivables

	JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Corporate	1,082	1,215	1,600	(10.9)	(32.4)
Development finance	1,473	1,848	2,132	(20.3)	(30.9)
Property investment	1,868	2,350	3,176	(20.5)	(41.2)
Lease finance	50	249	407	(79.9)	(87.7)
Non-core portfolio (1)	**4,473**	**5,662**	**7,315**	**(21.0)**	**(38.9)**
Other receivables (2)	1,823	1,776	2,190	2.6	(16.8)
Gross banking loans, advances and other receivables	6,296	7,438	9,505	(15.4)	(33.8)
Provision for impairment	(408)	(433)	(444)	(5.8)	(8.1)
Loans, advances and other receivables	**5,888**	**7,005**	**9,061**	**(15.9)**	**(35.0)**
Credit risk weighted assets	**5,396**	**6,660**	**8,778**	**(19.0)**	**(38.5)**

(1) From 31 December 2011, Loans and advances in the Non-core portfolio have been adjusted to reflect interest not brought to account, which was previously reported under "Other receivables". This restatement has reduced Loans and advances in the Non-core portfolio by $429 million in June 2011.

(2) Other receivables are primarily collateral deposits provided to derivative counterparties.

Business Portfolios

Non-core run-off was $2.8 billion for the year, reducing the portfolio to $4.5 billion.

Corporate lending

The corporate lending book has continued to run-off ahead of expectations, reducing by $0.5 billion since June 2011 to $1.1 billion. The portfolio included $0.1 billion of impaired assets.

Refinance markets are generally robust in this segment, although appetite remains exposure-specific. Both primary and secondary debt markets remain active and the Non-core Bank is confident run-off momentum will be maintained. Many customers have favourable pricing terms, which have discouraged refinancing to date.

Development finance

The balance of development finance loans continues to decline, reducing a further $0.7 billion since June 2011 to $1.5 billion. The portfolio includes $1.2 billion of impaired assets across a combination of asset classes, including vacant land and a small number of assets which carry continuing development risk.

Market conditions in this segment of the portfolio remain challenging. Factors impacting the segment are indicative of those apparent across the national property market since the GFC. The portfolio is considered mature with low levels of direct exposure to construction risk.

Property investment

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

Since June 2011, property investment loans have reduced by $1.3 billion to $1.9 billion. The portfolio includes $0.5 billion of impaired assets.

Low vacancy rates in the Commercial sector continue to give rise to refinancing opportunities, though retail and industrial conditions remaining challenging. However, refinance activity has continued despite this, with purchasers showing interest in acquiring quality properties in proven locations. The Non-core Bank has written off a number of underperforming impaired exposures in the retail segment. These exposures include shopping centres in regional areas which have experienced higher than average vacancy rates.

Lease finance

The lease finance receivables balance reduced to $50 million from $407 million. This was the result of the disposal of a sub-portfolio of loans amounting to $133 million in the fourth quarter and natural portfolio amortisation.

Non-core Bank funding composition

	JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Wholesale funding					
Domestic funding sources					
Short-term wholesale	1,869	2,140	2,420	(12.7)	(22.8)
Long-term wholesale	2,743	3,153	3,566	(13.0)	(23.1)
Subordinated notes	32	40	47	(20.0)	(31.9)
Reset preference shares	6	7	28	(14.3)	(78.6)
Convertible preference shares	137	172	204	(20.3)	(32.8)
	4,787	5,512	6,265	(13.2)	(23.6)
Overseas funding sources [1]					
Short-term wholesale	872	446	1,237	95.5	(29.5)
Long-term wholesale	3,216	3,202	3,947	0.4	(18.5)
Subordinated notes	93	118	188	(21.2)	(50.5)
	4,181	3,766	5,372	11.0	(22.2)
Total funding	**8,968**	**9,278**	**11,637**	**(3.3)**	**(22.9)**
Total funding is represented on the balance sheet by:					
Short-term borrowings	2,741	2,586	3,657	6.0	(25.0)
Bonds, notes and long-term borrowings	5,959	6,355	7,513	(6.2)	(20.7)
Subordinated notes	125	158	235	(20.9)	(46.8)
Preference shares	143	179	232	(20.1)	(38.4)
Total funding	**8,968**	**9,278**	**11,637**	**(3.3)**	**(22.9)**

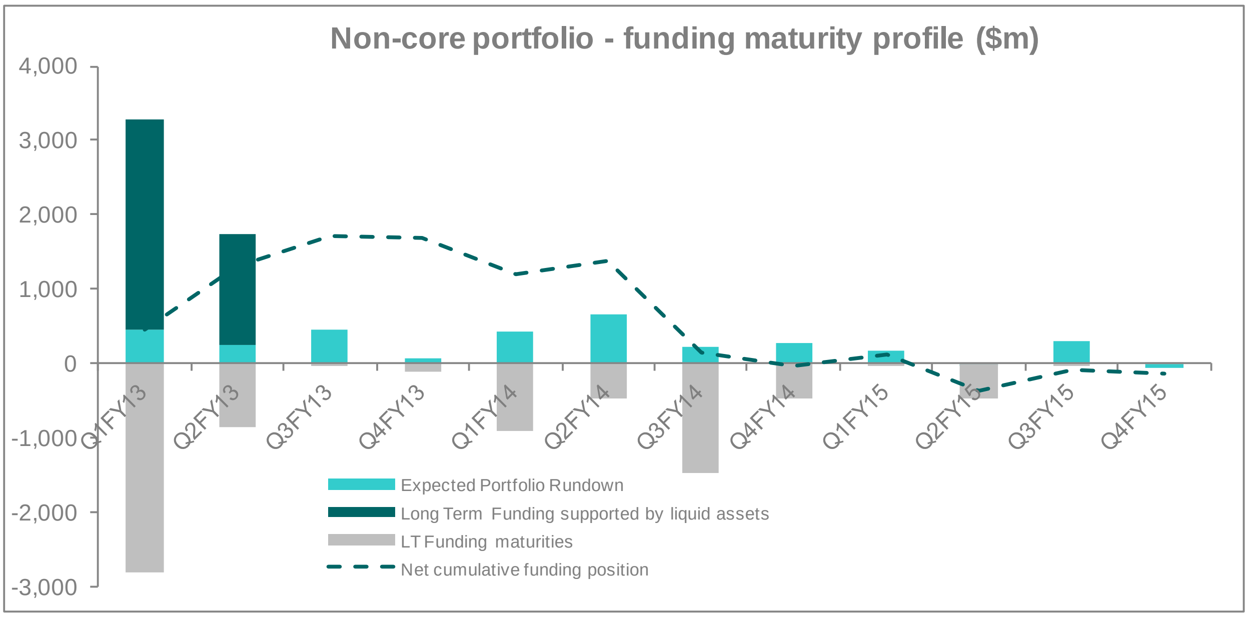
(1) Foreign currency borrowings are hedged back into Australian dollars.

The Bank has run down the portfolio faster than originally expected. As a result the portfolio remains positively funded, delivering a profile of low refinancing risk through to portfolio maturity. No additional long-term funding has been required to be raised by the Non-core Bank since 2009. Total wholesale funding across the Bank has been apportioned to the core and non-core portfolios, enabling the separate identification and management of balance sheet and funding risk.

The asset maturity profile 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. The chart illustrates that the majority of future long-term funding maturities is already supported by the holding of liquid assets with over 100% coverage for maturities till the end of the 2012 calendar year. As a result of the Non-core Bank's strong cash position the Bank was able to complete a $1 billion buy-back of Domestic Government Guaranteed Senior Debt in January 2012.



The Non-core portfolio continues to hold excess liquid assets over prudential requirements and these will effectively pre-fund upcoming maturities. The large maturity noted in the above chart was completed in July.

Net interest income

	FULL YEAR ENDED JUN-12	JUN-11	JUN-12 vs JUN-11	HALF YEAR ENDED JUN-12	DEC-11	JUN-11	DEC-10	JUN-12 vs DEC-11	JUN-12 vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Interest revenue lending assets	470	804	(41.5)	201	269	357	447	(25.3)	(43.7)
Interest revenue other assets	315	419	(24.8)	143	172	189	230	(16.9)	(24.3)
Interest expense deposits and funding	(753)	(1,133)	(33.5)	(340)	(413)	(511)	(639)	(17.7)	(33.5)
Net interest income	**32**	**73**	**(56.2)**	**4**	**28**	**35**	**38**	**(85.7)**	**(88.6)**
Net interest margin (interest earning assets)	**0.24%**	**0.38%**		**0.06%**	**0.40%**	**0.42%**	**0.36%**		
Net interest margin (lending assets)	**0.50%**	**0.71%**		**0.14%**	**0.80%**	**0.77%**	**0.67%**		

The underlying net interest income continues to trend down as the portfolio runs off. The Non-core Bank has a high ratio of impaired loans and liquid assets to performing lending assets. The impaired and liquid portfolios suppress the Non-core Bank's net interest income by delivering low to negative returns after funding costs are taken into account. The half on half reduction of net interest income was also impacted by lower recoveries of interest previously not brought to account.

Non-interest income

	FULL YEAR ENDED JUN-12	JUN-11	JUN-12 vs JUN-11	HALF YEAR ENDED JUN-12	DEC-11	JUN-11	DEC-10	JUN-12 vs DEC-11	JUN-12 vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Net banking fee income	12	31	(61.3)	5	7	10	21	(28.6)	(50.0)
MTM on financial instruments	-	-	n/a	-	-	-	-	n/a	n/a
Other income	(3)	(4)	(25.0)	(29)	26	(2)	(2)	n/a	large
Total non-interest income	**9**	**27**	**(66.7)**	**(24)**	**33**	**8**	**19**	**n/a**	**n/a**

The underlying net interest income continues to trend down as the portfolio runs off.

Other non-interest income was negative $3 million for the year. The $34.5 million profit on disposal of a joint venture interest in the Polaris Data Centre in the first half was offset by the loss on sale of Non-core lending assets in the second. The significant gains and losses on the sale of assets over the year related to a small number of one-off transactions and are not indicative of underlying trends. Other income was also impacted by the early buy-back of Government Guarantee debt during the year.

Operating expenses

Operating expenses for the Non-core portfolio were $69 million, down 9%.

The Bank has continued its program of cost extraction, reducing the cost base associated with the management of the portfolio, namely direct management and servicing costs. It is anticipated that the cost management program will continue to lag portfolio run-off.

In the second half of 2012 there was an uptick in restructuring expenses required to achieve the targeted cost savings.

Impairment losses on loans and advances

	FULL YEAR ENDED JUN-12	JUN-11	JUN-12 vs JUN-11	HALF YEAR ENDED JUN-12	DEC-11	JUN-11	DEC-10	JUN-12 vs DEC-11	JUN-12 vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Collective provision for impairment	(34)	(40)	(15.0)	(29)	(5)	(9)	(31)	480.0	222.2
Specific provision for impairment	374	297	25.9	259	115	106	191	125.2	144.3
Actual net write-offs	24	17	41.2	12	12	7	10	-	71.4
	364	**274**	**32.8**	**242**	**122**	**104**	**170**	**98.4**	**132.7**
Impairment losses to credit risk weighted assets (annualised)	**6.75%**	**3.12%**		**9.02%**	**3.64%**	**2.39%**	**3.07%**		

Impairment losses increased to $364 million with much of the increase in the final quarter. The higher impairment loss charge reflected sector weakness in regional and suburban Retail shopping centres and for long-term land development projects. The Non-core Bank actively provisioned and wrote down underperforming exposures in these segments where recovery was deemed highly unlikely.

The markets in which the Non-core Bank participates continue to remain volatile and consequently impaired exposures have seen a further extension to their work-out periods. The longer work-out periods have contributed over $139 million to the impairment loss charge in the year as a result of IFRS requirements. This accounting adjustment will unwind through net interest income in future periods.

Impaired asset balances

	JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Gross balances of individually impaired loans					
with specific provisions set aside	1,823	2,138	2,202	(14.7)	(17.2)
without specific provisions set aside	26	25	33	4.0	(21.2)
Gross impaired assets	1,849	2,163	2,235	(14.5)	(17.3)
Specific provision for impairment	(346)	(342)	(348)	1.2	(0.6)
Net impaired assets	1,503	1,821	1,887	(17.5)	(20.3)
Size of gross impaired assets					
Less than one million	4	10	8	(60.0)	(50.0)
Greater than one million but less than ten million	145	192	213	(24.5)	(31.9)
Greater than ten million	1,700	1,961	2,014	(13.3)	(15.6)
	1,849	2,163	2,235	(14.5)	(17.3)
Past due loans not shown as impaired assets	27	226	125	(88.1)	(78.4)
Gross non-performing loans	1,876	2,389	2,360	(21.5)	(20.5)
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the half year	2,163	2,235	2,337	(3.2)	(7.4)
Recognition of new impaired assets	222	88	203	152.3	9.4
Increases in previously recognised impaired assets	17	19	27	(10.5)	(37.0)
Impaired assets written off/sold during the half year	(221)	(46)	(45)	380.4	391.1
Impaired assets which have been reclassed as performing assets or repaid	(332)	(133)	(287)	149.6	15.7
Balance at the end of the half year	**1,849**	**2,163**	**2,235**	**(14.5)**	**(17.3)**

Gross non-performing loans

Gross non-performing loans, which includes both impaired and past due balances, reduced by $0.5 billion in the year to 30 June 2012. The reduction in gross non-performing loan balances reflects asset sales, repayments, returns to performing status and impaired asset write-offs and write downs.

Impaired assets

Impaired asset balances reduced to $1.8 billion at June 2012. The reduction in impaired assets in the second half was driven by asset sales and the write down, or write-off, of underperforming impaired exposures.

The Non-core Bank completed two significant asset sales in the second half, with each sale returning an acceptable return of capital outcome. However, the market for distressed assets remains cautious and is some way from a full recovery. These conditions are expected to continue, adding uncertainty to the work-out periods for impaired accounts.

Past due (not shown as impaired)

Past due loans decreased to $27 million in the second half. This was mainly attributable to a single name exposure moving from past due to impaired status in the third quarter. In the fourth quarter a smaller single name exposure moved to performing status.

Provision for impairment

	JUN-12	DEC-11	JUN-11	JUN-12 vs DEC-11	JUN-12 vs JUN-11
	$M	$M	$M	%	%
Collective provision					
Balance at the beginning of the period	91	96	105	(5.2)	(13.3)
Charge against contribution to profit	(29)	(5)	(9)	480.0	222.2
Balance at the end of the period	62	91	96	(31.9)	(35.4)
Specific provision					
Balance at the beginning of the period	342	348	374	(1.7)	(8.6)
Charge against impairment losses	259	115	106	125.2	144.3
Write-off of impaired assets	(192)	(47)	(54)	308.5	255.6
Unwind of interest	(63)	(74)	(78)	(14.9)	(19.2)
Balance at the end of the period	346	342	348	1.2	(0.6)
Total provision for impairment - Banking activities	408	433	444	(5.8)	(8.1)
Equity reserve for credit loss					
Balance at the beginning of the period	69	83	90	(16.9)	(23.3)
Transfer (to)/from retained earnings	(24)	(14)	(7)	71.4	242.9
Balance at the end of the period	45	69	83	(34.8)	(45.8)
Pre-tax equivalent coverage	64	98	118	(34.7)	(45.8)
Total provision for impairment and equity reserve for credit loss coverage - Non-core Banking activities	472	531	562	(11.1)	(16.0)

	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	3.4	4.2	4.3
Specific provision	18.7	15.8	15.6
Total provision	22.1	20.0	19.9
Equity reserve for credit loss coverage	3.5	4.5	5.3
Total provision and equity reserve for credit loss coverage	25.5	24.5	25.1

In the second half, Non-core Bank strengthened provisions against existing impaired exposures in underperforming market segments. This strengthening contributed to the increase in specific provision coverage, up 3 percentage points to 18.7%. Over the life of the portfolio, the Non-core Bank has partially written down exposures where recovery is extremely unlikely. The Non-core Bank's coverage ratio would be over 8 percentage points higher had these partial write-downs not reduced both impaired and provision balances.

Overall, the Non-core provision coverage ratio remained at approximately 25%.The Non-core Bank will continue to subject underlying security valuations and work-out periods to regular review. The portfolio remains appropriately provisioned and capitalised for the orderly run-off in these exposures in challenging domestic and global economic conditions.

Average banking balance sheet

	FULL YEAR ENDED JUN-12		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
ASSETS			
Interest earning assets			
Financial assets	6,814	315	4.62
Gross loans, advances and other receivables	6,382	470	7.36
Other interest earning assets	-	-	-
Total interest earning assets	13,196	785	5.95
Non-interest earning assets			
Other assets (inc. loan provisions)	(1,009)		
Total non-interest earning assets	(1,009)		
TOTAL ASSETS	12,187		
LIABILITIES			
Interest bearing liabilities			
Wholesale liabilities	10,870	734	6.75
Debt capital	341	19	5.57
Total interest bearing liabilities	11,211	753	6.72
Non-interest bearing liabilities			
Other liabilities	-		
Total non-interest bearing liabilities	-		
TOTAL LIABILITIES	11,211		
AVERAGE SHAREHOLDERS' EQUITY	976		
Non-Shareholder Accounting Equity	-		
Average Shareholder Equity	976		
SGL Goodwill allocated to Banking Business	-		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	976		
Analysis of interest margin and spread			
Interest earning assets	13,196	785	5.95
Interest bearing liabilities	11,211	753	6.72
Net interest spread			(0.77)
Net interest margin (interest earning assets)	13,196	32	0.24
Net interest margin (lending assets)	6,382	32	0.50

	HALF YEAR ENDED JUN-12			HALF YEAR ENDED DEC-11		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
ASSETS						
Interest earning assets						
Financial assets	6,560	143	4.38	7,067	173	4.87
Gross loans, advances and other receivables	5,834	201	6.93	6,929	268	7.69
Other interest earning assets	-	-	-	-	-	-
Total interest earning assets	12,394	344	5.58	13,996	441	6.27
Non-interest earning assets						
Other assets (inc. loan provisions)	(1,077)			(933)		
Total non-interest earning assets	(1,077)			(933)		
TOTAL ASSETS	11,317			13,063		
LIABILITIES						
Interest bearing liabilities						
Wholesale liabilities	10,087	332	6.62	11,652	402	6.86
Debt capital	299	8	5.38	382	11	5.73
Total interest bearing liabilities	10,386	340	6.58	12,034	413	6.83
Non-interest bearing liabilities						
Other liabilities	-			-		
Total non-interest bearing liabilities	-			-		
TOTAL LIABILITIES	10,386			12,034		
AVERAGE SHAREHOLDERS' EQUITY	931			1,029		
Non-Shareholder Accounting Equity	-			-		
Average Shareholder Equity	931			1,029		
SGL Goodwill allocated to Banking Business	-			-		
AVERAGE SHAREHOLDERS' EQUITY (ex Goodwill)	931			1,029		
Analysis of interest margin and spread						
Interest earning assets	12,394	344	5.58	13,996	441	6.27
Interest bearing liabilities	10,386	340	6.58	12,034	413	6.83
Net interest spread			(1.00)			(0.56)
Net interest margin (interest earning assets)	12,394	4	0.06	13,996	28	0.40
Net interest margin (lending assets)	5,834	4	0.14	6,929	28	0.80

Life

Result overview

Suncorp Life is a leading life insurance specialist and superannuation business offering products and services through independent financial advisers (IFAs) and Direct via Suncorp Group brands and channels in Australia and AA Life in New Zealand.

Net profit after tax of $251 million was up 68.5%, with underlying profit, excluding divested business, up 11.5% to $146 million despite reduced underlying investment income. Market adjustments driven by falling yields contributed $105 million to the overall result, up $103 million. The significant fall in bond yields over the period has had a material impact on both Suncorp Life's market related profit as well as it's capital requirements. Suncorp Life's capital target increased to $1,952 million with the $266 million increase primarily attributable to falling discount rates.

Individual in-force premium grew 7.9% to $722 million and Embedded Value is $2,604 million, up 9.5%.

Life Risk underlying profit after tax was $105 million up 14.1%. This comprised planned profit margin release of $99 million and underlying investment income of $42 million down 8.7%. Adverse experience of $36 million was largely made up of disability claims ($16 million) and lapses ($13 million).

Individual Life Risk new business was $105 million, up 15.4%, driven largely by growth in:

- IFA Australia, $62 million, up 10.7%
- Direct, $30 million, up 30.4%, both from sales direct to Suncorp Group customers, and from sales through Suncorp Bank channels.

Superannuation new business sales through Suncorp channels were $326 million, down 12.6% in a subdued market. Superannuation underlying profit after tax of $41 million was up 5.1%. Funds Under Administration (FUA) of $7.1 billion, was down 7.6%, due to investment market volatility driving weak consumer confidence.

The Value of One Year's Sales (VOYS) was $49 million for the full year, up 81.5%.

Operating expenses marginally increased by $3 million (1.1%) on a like-for-like basis with business–wide simplification benefits offsetting increased investment in the IFA and Direct.

Outlook

Suncorp Life remains confident in its strategy to create growth and deliver value for the Suncorp Group having refocused the business, simplifying its operations and reviving the front end over the last two years.

Refocusing the business has seen Life report profit improvement and double digit growth in the three markets it operates in – IFA, Direct and New Zealand. In Group Risk a decision to pursue only business that delivers an acceptable rate of return has impacted growth in that segment but protected margins.

The market remains challenging and Life expects this to continue through this period of low economic growth and weak consumer confidence. To address these challenges, management continues to focus on the controllable levers that have gained traction:

- Improved data analytics to better understand and address the drivers of claims and lapses
- Simplification initiatives (including Business Model Alignment and an Operational Excellence program) and disciplined cost management
- A capital management plan that delivers a tight control of capital and improved returns on its on-sale products

In terms of the regulatory overlay, Life remains well placed to respond to changes driven by the Future of Financial Advice reforms and Stronger Super legislation.

This year's result for Life was characterised by robust underlying performance and a larger than usual contribution from market movements (both investment income experience and Life Risk policy liability discount rate changes) with bond rates falling to record lows. The low bond rates will impact underlying performance next year.

Life continues to drive growth in the markets it has a natural competitive advantage in – IFA and Direct. In particular, momentum continues to build in Direct creating deeper and longer relationships with customers across Suncorp Group brands with 80% of all Direct Life sales now made to existing Group customers. This is supported by continued double digit year-on-year growth through the IFAs, leveraging its brand reputation and market-leading capabilities.

Overall, Life continues to focus on delivering its market commitments to double new business, achieve double digit in-force premium growth, reduce acquisition expenses, reduce expenses as percentage of in-force premium and improve disability claims experience. The challenging economic environment will however delay the achievement of some by approximately a year.

Life continues to maintain a focus on balancing the competing needs of robust expense efficiency while investing in key growth channels.

Profit contribution

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Life Risk									
Planned profit margin release [(1)]	99	95	4.2	52	47	48	47	10.6	8.3
Death claims experience	-	3	(100.0)	-	-	2	1	n/a	(100.0)
Disability claims experience	(16)	(20)	(20.0)	(4)	(12)	(5)	(15)	(66.7)	(20.0)
Lapse experience	(13)	(21)	(38.1)	(5)	(8)	(8)	(13)	(37.5)	(37.5)
Other experience [(2)]	(7)	(11)	(36.4)	(3)	(4)	(7)	(4)	(25.0)	(57.1)
Underlying investment income	42	46	(8.7)	19	23	24	22	(17.4)	(20.8)
Life Risk	**105**	**92**	**14.1**	**59**	**46**	**54**	**38**	**28.3**	**9.3**
Superannuation & Investments	41	39	5.1	18	23	17	22	(21.7)	5.9
Total Life underlying profit excluding Divested Businesses	**146**	**131**	**11.5**	**77**	**69**	**71**	**60**	**11.6**	**8.5**
Divested Businesses [(3)]	-	16	(100.0)	-	-	5	11	n/a	(100.0)
Total Life underlying profit after tax	**146**	**147**	**(0.7)**	**77**	**69**	**76**	**71**	**11.6**	**1.3**
Market adjustments									
Annuities market adjustments	(12)	(2)	large	(6)	(6)	(5)	3	-	20.0
Life Risk policy liability discount rate changes [(4)]	109	2	large	47	62	14	(12)	(24.2)	235.7
Investment income experience	8	2	300.0	-	8	3	(1)	(100.0)	(100.0)
Market adjustments	**105**	**2**	**large**	**41**	**64**	**12**	**(10)**	**(35.9)**	241.7
Net profit after tax and including non-controlling interests	**251**	**149**	**68.5**	**118**	**133**	**88**	**61**	**(11.3)**	**34.1**

(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.

(2) Other Experience includes Group Risk experience and share of distribution result.

(3) Divested businesses include Asset Management and New Zealand Guardian Trust.

(4) 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.

Market adjustments

Suncorp Life net profit after tax can be significantly impacted by investment market volatility. To provide greater visibility to the underlying performance of the business, Suncorp Life has chosen to present an underlying profit after tax result which reduces investment market volatility. Underlying profit after tax is arrived at by removing the following items from net profit after tax:

Annuities market adjustments

Market referenced discount rates are used to discount the liability to make future payments to annuitants. Changes in market rates change the value of this liability. Invested assets are held to back future annuity obligations. An annuities market adjustment refers to the mismatch between movements in the value of the liabilities and movements in the value of the assets backing those liabilities.

Life Risk policy liability discount rate changes

Market referenced discount rates are used to discount Life Risk policy liabilities. Due to deferred acquisition costs there are net negative policy liabilities (an asset). Changes in market rates change the value of these liabilities (or assets, as in this case).

Investment income experience

Investment income experience represents the difference between actual shareholder investment income on invested shareholder 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 invested shareholder assets.

Shareholder investment income

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Shareholder investment income on invested assets	63	64	(1.6)	25	38	35	29	(34.2)	(28.6)
Less underlying investment income:									
Life Risk	(42)	(46)	(8.7)	(19)	(23)	(24)	(22)	(17.4)	(20.8)
Superannuation & Investments	(13)	(15)	(13.3)	(6)	(7)	(8)	(7)	(14.3)	(25.0)
Divested Businesses	-	(1)	(100.0)	-	-	-	(1)	n/a	n/a
Investment income experience	**8**	**2**	**300.0**	**-**	**8**	**3**	**(1)**	**(100.0)**	**n/a**

Operating expenses

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Total operating expenses (1)	**271**	**299**	**(9.4)**	**134**	**137**	**144**	**155**	**(2.2)**	**(6.9)**

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

Management focus on adapting Life to the challenging environment has driven enhanced cost control and efficiencies. On a like-for-like basis operating expenses are up $3 million (1.1%) inclusive of increased investment in growth and simplification initiatives.[1]

Investments in growth include the development of the Asteron Life Complete product and associated technology, increased marketing activity to support the Direct channel and the creation of a dedicated Direct Call Centre. Simplification initiatives included the implementation of Part 9 (the merger of the two Australian Life companies) and the implementation of Business Model Realignment, reducing management overhead.

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[1] FY11 includes $31 million of operating expenses incurred by Divested Businesses

Statement of assets and liabilities

	JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Total Assets						
Assets						
Invested assets	4,924	4,758	5,058	4,989	3.5	(2.6)
Assets backing annuity policies	145	139	134	135	4.3	8.2
Assets backing participating policies	2,434	2,379	2,313	2,409	2.3	5.2
Reinsurance ceded	443	391	339	341	13.3	30.7
Assets classified as held for sale	-	-	-	118	n/a	n/a
Other assets	246	260	407	281	(5.4)	(39.6)
Goodwill and intangible assets	672	688	707	734	(2.3)	(5.0)
	8,864	**8,615**	**8,958**	**9,007**	**2.9**	**(1.0)**
Liabilities						
Payables	318	187	254	159	70.1	25.2
Outstanding claims liabilities	186	178	167	156	4.5	11.4
Deferred tax liabilities	48	61	60	84	(21.3)	(20.0)
Liabilities classified as held for sale	-	-	-	12	n/a	n/a
Policy liabilities	5,224	5,178	5,621	5,650	0.9	(7.1)
Unvested policyholder benefits (1)	366	405	383	452	(9.6)	(4.4)
	6,142	**6,009**	**6,485**	**6,513**	**2.2**	**(5.3)**
Total Net Assets	**2,722**	**2,606**	**2,473**	**2,494**	**4.5**	**10.1**
Policyholder assets						
Invested assets	3,380	3,331	3,643	3,646	1.5	(7.2)
Assets backing annuity policies	145	139	134	135	4.3	8.2
Assets backing participating policies	2,434	2,379	2,313	2,409	2.3	5.2
Deferred tax assets	23	27	24	11	(14.8)	(4.2)
Other assets	-	6	101	60	(100.0)	(100.0)
	5,982	**5,882**	**6,215**	**6,261**	**1.7**	**(3.7)**
Liabilities						
Payables	10	-	-	-	n/a	n/a
Policy liabilities	5,606	5,477	5,832	5,809	2.4	(3.9)
Unvested policyholder benefits (1)	366	405	383	452	(9.6)	(4.4)
	5,982	**5,882**	**6,215**	**6,261**	**1.7**	**(3.7)**
Policyholder Net Assets	**-**	**-**	**-**	**-**	**n/a**	**n/a**
Shareholder Assets						
Assets						
Invested assets	1,544	1,427	1,415	1,343	8.2	9.1
Reinsurance ceded	443	391	339	341	13.3	30.7
Assets classified as held for sale	-	-	-	118	n/a	n/a
Other assets	246	254	306	221	(3.1)	(19.6)
Goodwill and intangible assets	672	688	707	734	(2.3)	(5.0)
	2,905	**2,760**	**2,767**	**2,757**	**5.3**	**5.0**
Liabilities						
Payables	308	187	254	159	64.7	21.3
Outstanding claims liabilities	186	178	167	156	4.5	11.4
Deferred tax liabilities	71	88	84	95	(19.3)	(15.5)
Liabilities classified as held for sale	-	-	-	12	n/a	n/a
Policy liabilities	(382)	(299)	(211)	(159)	27.8	81.0
	183	**154**	**294**	**263**	**18.8**	**(37.8)**
Shareholder Net Assets	**2,722**	**2,606**	**2,473**	**2,494**	**4.5**	**10.1**

(1) Consists of participating business policyholder retained profits.

Invested shareholder assets[1]

	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	$M	$M	%	%
Cash	586	209	299	240	180.4	96.0
Fixed interest securities	879	1,145	1,029	1,006	(23.2)	(14.6)
Equities	76	66	79	91	15.2	(3.8)
Property	3	6	7	5	(50.0)	(57.1)
Other	-	1	1	1	(100.0)	(100.0)
Total	**1,544**	**1,427**	**1,415**	**1,343**	**8.2**	**9.1**

(1) Post Part 9 process has been aligned with Cash in cash trusts moving from Fixed Interest to Cash.

Life Risk

Suncorp Life has rebranded Asteron to Asteron Life and refreshed its product offer with the launch of Asteron Life Complete (ALC) in Australia. These moves are aimed at building and maintaining a competitive advantage in the IFA market.

ALC is supported by an enhanced technology platform and includes innovative product features such as a Healthy Life Option to complement the launch of Asteron Life Plus. In addition to enhancing its offer, Asteron Life also broadened its attractiveness to IFAs by partnering with Australia's largest investment platform, Colonial First State's FirstChoice, to support advisers to offer quality life insurance cover in superannuation.

As a result of these initiatives, Suncorp Life achieved double digit growth in new business sales in Australia. New Zealand also experienced similar levels of growth and we expect this trend to continue in both countries. Asteron Life's market position has been recognised by being named Core Data's Life Company of the Year for the third consecutive year. Ratings house NMG ranked Asteron Life the number one provider within the Top 250 writers of Life Risk and AFSLs in Australia.[1]

The consumer appetite for Direct Life products continues and Suncorp is capturing this opportunity through the Group customer base in Australia and AA Life in New Zealand and momentum continues with the roll out of life insurance products and campaigns via the Suncorp, GIO, AAMI and Apia brands.

The economic environment continues to place pressure on lapses and claims. Close management attention to claims and customer retention initiatives has mitigated some of this impact with year-on-year and half-on-half improvement across all experience lines. This will continue to be a priority focus for the business.

1 Core Data is a specialist financial services research, consulting and panel business. NMG Consulting conducts an annual survey of the Life Insurance market to address the competitiveness of the top 11 insurers. This survey aims to capture the views of the IFA channel

Life Risk new business by product

	FULL YEAR ENDED JUN-12 $M	JUN-11 $M	JUN-12 vs JUN-11 %	HALF YEAR ENDED JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Term and TPD	53	38	39.5	30	23	20	18	30.4	50.0
Trauma	18	19	(5.3)	7	11	9	10	(36.4)	(22.2)
Disability income	25	23	8.7	13	12	11	12	8.3	18.2
Other	9	11	(18.2)	4	5	5	6	(20.0)	(20.0)
Total Individual	**105**	**91**	**15.4**	**54**	**51**	**45**	**46**	**5.9**	**20.0**
Group [1]	6	13	(53.8)	2	4	10	3	(50.0)	(80.0)
Total	**111**	**104**	**6.7**	**56**	**55**	**55**	**49**	**1.8**	**1.8**

(1) Group includes NZ channel sales.

Life Risk new business by channel

	FULL YEAR ENDED JUN-12 $M	JUN-11 $M	JUN-12 vs JUN-11 %	HALF YEAR ENDED JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
IFA	62	56	10.7	32	30	28	28	6.7	14.3
Direct [1]	30	23	30.4	15	15	12	11	-	25.0
Group [2]	5	13	(61.5)	2	3	10	3	(33.3)	(80.0)
NZ	14	12	16.7	7	7	5	7	-	40.0
Total	**111**	**104**	**6.7**	**56**	**55**	**55**	**49**	**1.8**	**1.8**

(1) Primarily sales to SUN Group customers through Direct marketing or the Bank.
(2) Group excludes NZ channel sales.

Life Risk new business sales were $111 million, up 6.7% and up 15.4% on an individual basis. New business in the core IFA channel has increased 10.7% and robust growth in the Direct channel continues with year on year growth of 30.4%. New Zealand has exhibited growth of 16.7% over the same period. Group new business has been constrained with maintained discipline against sustainable margins.

Life Risk in-force annual premium

	HALF YEAR ENDED JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Term and TPD	348	331	317	301	5.1	9.8
Trauma	144	138	131	125	4.3	9.9
Disability income	205	201	198	194	2.0	3.5
Other	25	23	23	22	8.7	8.7
Total Individual	**722**	**693**	**669**	**642**	**4.2**	**7.9**
Group [1]	53	51	149	159	3.9	(64.4)
Total	**775**	**744**	**818**	**801**	**4.2**	**(5.3)**
Total Australia [1]	**649**	**624**	**701**	**689**	**4.0**	**(7.4)**
Total NZ [2]	**126**	**120**	**117**	**112**	**5.0**	**7.7**

(1) Jun-11 Included $98m relating to Sunsuper which ceased to be in-force from 1 July 2011.
(2) In-force in NZD: Jun-12 $161m, Dec-11 $158m, Jun-11 $152m, Dec-10 $148m.

Individual in-force premiums of $722 million represent a 7.9% uplift on the prior period. Group in-force premiums have been impacted by the loss of Sunsuper.

Superannuation

Life is well positioned for the Stronger Super environment having substantially simplified operations and improved the customer experience.

Superannuation new business

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Superannuation	241	230	4.8	96	145	133	97	(33.8)	(27.8)
Pensions	73	116	(37.1)	37	36	58	58	2.8	(36.2)
Investment	12	27	(55.6)	6	6	14	13	-	(57.1)
Total	**326**	**373**	**(12.6)**	**139**	**187**	**205**	**168**	**(25.7)**	**(32.2)**

The economic environment and investment market conditions continue to place pressure on discretionary superannuation contributions, which has had an impact on Life's Funds under administration (FUA).

Funds under administration

	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	$M	$M	%	%
Funds under administration						
Opening balance at start of period	7,311	7,694	12,508	12,307	(5.0)	(41.5)
Divested businesses	-	-	(4,682)	-	n/a	(100.0)
Net inflows/(outflows)	(60)	(227)	(82)	48	(73.6)	(26.8)
Investment income and other	(140)	(156)	(50)	153	(10.3)	180.0
Balance at end of period	**7,111**	**7,311**	**7,694**	**12,508**	**(2.7)**	**(7.6)**

FUA decreased by 7.6% to $7.1 billion over the year affected by investment market volatility.

Life Embedded Value

The Embedded Value of Suncorp Life includes the Australian life company Suncorp Life & Superannuation Limited (SLSL, which now includes all the business of Asteron Life Ltd following the merger from 1 January 2012) and the New Zealand life company (Asteron Life Limited New Zealand) and various other legal entities in the Suncorp Life group of companies.

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 Embedded Value are shown in the table below:

Embedded Value

	JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Adjusted Net Worth	**78**	**48**	**165**	**163**	**62.5**	**(52.7)**
Value of distributable profits	2,120	2,028	1,838	1,867	4.5	15.3
Value of imputation credits	406	389	374	380	4.4	8.6
Value of in-force	**2,526**	**2,417**	**2,212**	**2,247**	**4.5**	**14.2**
Traditional Embedded Value	**2,604**	**2,465**	**2,377**	**2,410**	**5.6**	**9.5**
Value of One Year's Sales (VOYS)	**49**	**54**	**27**	**40**	**(9.3)**	**81.5**

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 value of associated franking credits; and
- VOYS is based on the full year of actual sales and includes an allowance for the cost of holding target capital.

Change in Embedded Value

The Embedded Value increased by $227 million from $2,377 million at 30 June 2011 to $2,604 million at 30 June 2012. Falls in bond yields, which underpin the risk discount rate, have contributed to the increase. This was partially offset by lower future earning rate assumptions and a strengthening of the long-term assumption bases. The change in Embedded Value over the current year is shown in more detail below:

	JUN-11 TO JUN-12 $M
Opening Embedded Value	**2,377**
Expected return	193
Experience over FY12	
Economic	(13)
Claims, lapse and other	(52)
Future assumption changes	
Discount rate	428
Economic	(271)
Expenses	22
Lapses	(37)
Claims and other	(53)
Transfers from Group	17
Value added from new business	49
Closing Embedded Value prior to	**2,660**
Release of franking credits	(56)
Closing Embedded Value	**2,604**

Change in Value of One Year's Sales

The VOYS for Suncorp Life has increased from $27 million in FY11 to $49 million for FY12. The increase in VOYS is primarily attributable to increasing new business volumes while acquisition expenses are broadly stable.

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 and acquisition costs for FY12. New business includes new policies as well as voluntary increases to existing policies, whereas the EV includes contractual increases (age and CPI) on retail business but excludes voluntary increases.

SLSL is required to hold regulatory capital in excess of policy liabilities. It also holds additional capital ('target surplus') based on internal requirements. Asteron Life Ltd New Zealand holds capital as prescribed in the Life Solvency Standards, issued by the Reserve Bank of New Zealand, 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-12		JUN-11	
	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)	3.1	3.4	5.3	5.1
Cash	4.0	3.9	6.0	5.3
Fixed interest	4.1	4.0	6.1	5.7
Australian equities (inc. allowance for franking credits) [1]	8.2	8.0	10.4	9.8
International equities	7.2	7.0	9.4	8.8
Property	5.6	6.0	7.8	7.8
Investment returns (net of tax)	2.9	3.2	4.2	4.6
Inflation				
Benefit indexation	2.5	2.5	2.5	2.5
Expenses inflation	3.0	2.5	3.0	2.5
Risk discount rate	7.1	7.4	9.3	9.1

(3) New Zealand assumption covers Australasian equities.

Sensitivity analysis

The tables below set out the sensitivity of the Embedded Value and value of new business as at 30 June 2012 to changes in key economic and business assumptions.

	AS AT	
	JUN-12 $M	JUN-11 $M
Base Embedded Value	**2,604**	**2,377**
Embedded Value assuming		
Discount rate and returns 1% higher	2,464	2,249
Discount rate and returns 1% lower	2,729	2,491
Discontinuance rates 10% lower	2,829	2,582
Renewal expenses 10% lower	2,643	2,413
Claims 10% lower [(1)]	2,804	2,560
Base value of one year's new business	**49**	**27**
Value of one year's new business assuming [(2)]		
Discount rate and returns 1% higher	30	16
Discount rate and returns 1% lower	62	34
Discontinuance rates 10% lower	74	41
Acquisition expenses 10% lower	56	31
Claims 10% lower [(1)]	71	39

(1) Claims decrements includes mortality, lump sum morbidity, disability income incidence and 10% favourable for disability income recovery rates.
(2) Last year's comparative values have been restated based on new variance sensitivities.

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

Appendix 1 – Consolidated statement of comprehensive income

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

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Revenue									
Insurance premium income	8,355	7,874	6.1	4,262	4,093	3,929	3,945	4.1	8.5
Reinsurance and other recoveries income	1,917	4,786	(59.9)	770	1,147	3,929	857	(32.9)	(80.4)
Banking interest income	4,025	4,401	(8.5)	1,937	2,088	2,188	2,213	(7.2)	(11.5)
Investment revenue	1,183	1,358	(12.9)	716	467	645	713	53.3	11.0
Other income	554	614	(9.8)	242	312	278	336	(22.4)	(12.9)
Total revenue	16,034	19,033	(15.8)	7,927	8,107	10,969	8,064	(2.2)	(27.7)
Expenses									
General insurance claims expense	(7,122)	(9,331)	(23.7)	(3,251)	(3,871)	(6,287)	(3,044)	(16.0)	(48.3)
Life insurance claims and policyowner liabilities expense	(314)	(862)	(63.6)	(340)	26	(278)	(584)	n/a	22.3
Outwards reinsurance premium expense	(946)	(1,001)	(5.5)	(497)	(449)	(621)	(380)	10.7	(20.0)
Interest expense	(3,146)	(3,532)	(10.9)	(1,499)	(1,647)	(1,734)	(1,798)	(9.0)	(13.6)
Fees and commissions expense	(535)	(485)	10.3	(294)	(241)	(255)	(230)	22.0	15.3
Operating expenses	(2,601)	(2,654)	(2.0)	(1,321)	(1,280)	(1,312)	(1,342)	3.2	0.7
Impairment expense on Banking loans, advances and other receivables	(405)	(325)	24.6	(274)	(131)	(112)	(213)	109.2	144.6
Loss on sale of subsidiary	-	(109)	(100.0)	-	-	(3)	(106)	n/a	(100.0)
Outside beneficial interests in managed funds	(2)	(32)	(93.8)	6	(8)	(29)	(3)	n/a	n/a
Total expenses	(15,071)	(18,331)	(17.8)	(7,470)	(7,601)	(10,631)	(7,700)	(1.7)	(29.7)
Profit before income tax	963	702	37.2	457	506	338	364	(9.7)	35.2
Income tax expense	(235)	(245)	(4.1)	(119)	(116)	(108)	(137)	2.6	10.2
Profit for the period	**728**	**457**	**59.3**	**338**	**390**	**230**	**227**	**(13.3)**	**47.0**
Other comprehensive income									
Net change in fair value of cash flow hedges	(66)	60	n/a	(126)	60	(10)	70	n/a	large
Net change in fair value of available-for-sale financial assets	(60)	31	n/a	6	(66)	35	(4)	n/a	(82.9)
Exchange differences on translation of foreign operations	10	(39)	n/a	22	(12)	12	(51)	n/a	83.3
Actuarial (losses) gains on defined benefit plans	(51)	(11)	363.6	(51)	-	(11)	-	n/a	363.6
Income tax expense on other comprehensive income	53	(21)	n/a	51	2	-	(21)	large	n/a
Other comprehensive income net of income tax	**(114)**	20	n/a	**(98)**	(16)	26	(6)	large	n/a
Total comprehensive income for the period	**614**	**477**	**28.7**	**240**	**374**	**256**	**221**	**(35.8)**	**(6.3)**
Profit for the period attributable to:									
Owners of the Company	724	453	59.8	335	389	230	223	(13.9)	45.7
Non-controlling interests	4	4	-	3	1	-	4	200.0	n/a
Profit for the period	**728**	457	59.3	**338**	390	230	227	(13.3)	47.0
Total comprehensive income for the period attributable to:									
Owners of the Company	610	473	29.0	237	373	256	217	(36.5)	(7.4)
Non-controlling interests	4	4	-	3	1	-	4	200.0	n/a
Total comprehensive income for the period	**614**	**477**	**28.7**	**240**	**374**	**256**	**221**	**(35.8)**	**(6.3)**
Earnings per share:									
Basic earnings per share	56.68	35.56	59.4	26.22	30.45	18.05	17.51	(13.9)	45.3
Diluted earnings per share	55.74	35.56	56.7	25.84	30.03	18.05	17.51	(14.0)	43.2

Consolidated statement of financial position

	GENERAL INSURANCE	BANKING	LIFE	CORPORATE	ELIMINATIONS	CONSOLIDATION
	JUN-12 $M	JUN-12 $M	JUN-12 $M	JUN-12 $M	JUN-12 $M	JUN-12 $M
Assets						
Cash and cash equivalents	113	549	828	212	(836)	866
Receivables due from other banks	-	154	-	-	-	154
Trading securities	-	4,787	-	-	-	4,787
Derivatives	50	424	10	-	(91)	393
Investment securities	11,477	6,308	8,191	14,132	(15,227)	24,881
Banking loans, advances and other receivables	-	49,210	-	-	(30)	49,180
General Insurance assets	7,688	-	-	-	-	7,688
Life assets	-	-	721	-	-	721
Due from Group entities	128	144	-	-	(272)	-
Property, plant and equipment	24	-	4	188	-	216
Deferred tax assets	-	241	-	120	(180)	181
Other assets	323	350	19	62	(23)	731
Goodwill and intangible assets	5,216	262	672	114	-	6,264
Total assets	25,019	62,429	10,445	14,828	(16,659)	**96,062**
Liabilities						
Deposits and short-term borrowings	-	41,544	-	-	(836)	40,708
Derivatives	124	2,369	4	-	(91)	2,406
Payables due to other banks	-	41	-	-	-	41
Payables and other liabilities	1,457	634	225	325	(39)	2,602
Current tax liabilities	-	-	-	51	-	51
Due to Group entities	-	-	52	220	(272)	-
General Insurance liabilities	14,835	-	-	-	-	14,835
Life liabilities	-	-	5,786	-	-	5,786
Deferred tax liabilities	132	-	48	-	(180)	-
Managed funds units on issue	15	-	1,608	-	(1,622)	1
Securitisation liabilities	-	3,839	-	-	(39)	3,800
Debt issues	-	9,598	-	-	(29)	9,569
Subordinated notes	708	666	-	-	-	1,374
Preference shares	-	762	-	-	-	762
Total liabilities	17,271	59,453	7,723	596	(3,108)	81,935
Net assets	7,748	2,976	2,722	14,232	(13,551)	**14,127**
Equity						
Share capital						12,672
Reserves						(55)
Retained profits						1,493
Total equity attributable to owners of the Company						14,110
Non-controlling interests						17
Total equity						**14,127**

Appendix 2 – Ratio Calculations

Earnings per share

Numerator	FULL YEAR ENDED			HALF YEAR ENDED		
	JUN-12 $M	JUN-11 $M	JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M
Earnings:						
Earnings used in calculating basic earnings per share	724	453	335	389	230	223
Interest expense on convertible preference shares (net of tax)	41	-	20	21	-	-
Earnings used in calculating diluted earnings per share	765	453	355	410	230	223

Denominator	FULL YEAR ENDED			HALF YEAR ENDED		
	JUN-12 NO. OF SHARES	JUN-11 NO. OF SHARES	JUN-12 NO. OF SHARES	DEC-11 NO. OF SHARES	JUN-11 NO. OF SHARES	DEC-10 NO. OF SHARES
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,277,409,855	1,273,729,887	1,277,417,013	1,277,402,775	1,274,772,046	1,272,704,720
Effect of conversion of convertible preference shares	94,021,565	-	94,021,565	87,874,490	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,371,431,420	1,273,729,887	1,371,438,578	1,365,277,265	1,274,772,046	1,272,704,720

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-12 $M	JUN-11 $M	JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M
Adjusted average shareholders' equity						
Opening total equity	14,018	13,953	14,133	14,018	13,912	13,953
Less non-controlling interests	(17)	(20)	(12)	(17)	(21)	(20)
Opening adjusted equity	14,001	13,933	14,121	14,001	13,891	13,933
Closing total equity	14,127	14,018	14,127	14,133	14,018	13,912
Less non-controlling interests	(17)	(17)	(17)	(12)	(17)	(21)
Closing adjusted equity	14,110	14,001	14,110	14,121	14,001	13,891
Average adjusted equity	**14,056**	**13,967**	**14,116**	**14,061**	**13,946**	**13,912**

Issued shares

	HALF YEAR ENDED			
	JUN-12	DEC-11	JUN-11	DEC-10
Ordinary shares each fully paid				
Number at the end of the period	1,286,600,980	1,286,600,980	1,286,600,980	1,281,390,524
Dividend declared for the period (cents per share)	35	20	20	15
Reset preference shares (classified as liability) each fully paid				
Number at the end of the period	304,063	304,063	1,022,582	1,440,628
Dividend declared for the period ($ per share) [1]	2.10	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]	2.70	2.86	2.87	2.82

(1) Classified as interest expense.

Appendix 3 – Group Capital

Group capital position

AS AT 30 JUNE 2012	GENERAL INSURANCE $M	BANKING $M	LIFE $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M
Tier 1					
Ordinary share capital	-	-	-	12,717	12,717
Subsidiary share capital (eliminated upon consolidation)	7,812	3,412	2,299	(13,523)	-
Reserves and non-controlling interests	(66)	(987)	246	737	(70)
Retained profits [1]	(174)	518	140	580	1,064
Preference shares	-	765	-	-	765
Insurance liabilities in excess of liability valuation	551	-	-	-	551
Less goodwill, brands	(5,213)	(262)	(672)	-	(6,147)
Less software assets	(4)	(3)	-	(114)	(121)
Less other capitalised expenses	-	(75)	-	-	(75)
Less deferred tax asset	-	(159)	-	61	(98)
Less other required deductions [2]	(1)	(8)	1	10	2
Net Tier 1 capital	2,905	3,201	2,014	468	8,588
Tier 2					
Preference shares not included in Tier 1	-	-	-	-	-
APRA general reserve for credit losses	-	221	-	-	221
Asset revaluation reserves	-	-	-	-	-
Subordinated notes	764	784	-	-	1,548
Net Tier 2 capital	764	1,005	-	-	1,769
Total capital base	**3,669**	**4,206**	**2,014**	**468**	**10,357**
Represented by:					
Capital in regulated entities	3,648	4,179	2,010	-	9,837
Capital in unregulated entities [3]	21	27	4	468	520
	3,669	**4,206**	**2,014**	**468**	**10,357**
Target capital base [4]	3,301	4,131	1,952	181	9,565

(1) 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 requires 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.

(2) Other required deductions include funding transactions of capital nature.

(3) Capital in unregulated entities includes capital in authorised non-operating holding companies (NOHCs).

(4) APRA requires regulated entities to have internal capital targets. For the Banking business, the capital 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 2012				
	GENERAL INSURANCE $M	BANKING $M	LIFE $M	SGL, CORP SERVICES & CONSOL $M	TOTAL $M
Reconciliation of total capital base to net assets					
Net assets	7,748	2,976	2,722	681	14,127
Difference relating to APRA definition of retained profits	(174)	-	(35)	(220)	(429)
Equity items not eligible for inclusion in capital for APRA purposes					
Reserves (Post AIFRS)	-	114	-	-	114
Additional items allowable for capital for APRA purposes					
Preference shares	-	765	-	-	765
Subordinated notes	764	784	-	-	1,548
Technical provisions in excess of liability valuation	551	-	-	-	551
Holdings of own shares	(4)	-	(1)	49	44
Collective provision (net of tax effect)	-	74	-	-	74
Other items, adjustments	2	-	(1)	1	2
Deductions from capital for APRA purposes					
Goodwill, brands	(5,213)	(262)	(672)	-	(6,147)
Software assets	(4)	(3)	-	(114)	(121)
Deductible capitalised expenses	-	(75)	-	-	(75)
Deferred tax asset	-	(159)	-	61	(98)
Other assets excluded from regulatory capital	(1)	(8)	1	10	2
Total capital base	**3,669**	**4,206**	**2,014**	**468**	10,357

	AS AT 30 JUNE 2012				
	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)	-	518	175	800	1,493
Expected group dividend net of Dividend Reinvestment Plan	-	-	-	(450)	(450)
Expected intragroup dividends	(174)	-	(35)	209	-
Other differences in retained profits	-	-	-	21	21
	(174)	-	(35)	(220)	(429)
Business line retained profits/(losses) used in Group capital position	**(174)**	**518**	**140**	**580**	**1,064**

Appendix 3 – Group Capital (continued)

General Insurance minimum capital requirement

	DOMESTIC GI GROUP [1]				GI GROUP [2]			
	JUN-12	DEC-11	JUN-11	DEC-10	JUN-12	DEC-11	JUN-11	DEC-10
	$M	$M	$M	$M	$M	$M	$M	$M
Tier 1								
Ordinary share capital	2,243	2,347	2,347	2,758	7,812	7,916	8,016	8,086
Reserves and non-controlling interests	(12)	5	(2)	5	(66)	(83)	(69)	(75)
Retained profits	918	763	739	735	(174)	(264)	(433)	(72)
Insurance liabilities in excess of liability valuation	749	668	709	677	787	734	737	706
Less: Tax effect of excess insurance liabilities	(225)	(200)	(213)	(203)	(236)	(220)	(221)	(212)
	3,673	3,583	3,580	3,972	8,123	8,083	8,030	8,433
Less:								
Goodwill and other intangible assets	(1,112)	(1,111)	(1,112)	(1,111)	(5,217)	(5,256)	(5,268)	(5,318)
Other Tier 1 deductions	(3)	(10)	(26)	(93)	(1)	(26)	(6)	(12)
Total deductions from Tier 1 capital	(1,115)	(1,121)	(1,138)	(1,204)	(5,218)	(5,282)	(5,274)	(5,330)
Net Tier 1 capital	**2,558**	**2,462**	**2,442**	**2,768**	**2,905**	**2,801**	**2,756**	**3,103**
Tier 2								
Subordinated notes	764	767	769	763	764	767	769	763
APRA capital base	**3,322**	**3,229**	**3,211**	**3,531**	**3,669**	**3,568**	**3,525**	**3,866**
Outstanding claims risk capital charge	864	852	801	804	888	872	823	822
Premium liabilities risk capital charge	447	425	427	421	479	456	471	457
Total insurance risk capital charge	1,311	1,277	1,228	1,225	1,367	1,328	1,294	1,279
Investment risk capital charge	544	396	436	347	650	516	553	402
Catastrophe risk capital charge	260	263	263	200	260	263	263	200
Total minimum capital requirement (MCR)	**2,115**	**1,936**	**1,927**	**1,772**	**2,277**	**2,107**	**2,110**	**1,881**
MCR coverage (times)	**1.57**	**1.67**	**1.67**	**1.99**	**1.61**	**1.69**	**1.67**	**2.06**

	$M	$M	$M	$M	$M	$M	$M	$M
Retained profits movement								
Retained profits opening for the half year	763	739	735	667	(264)	(433)	(72)	(81)
Add GI profit after tax for the half year	331	162	100	292	331	162	100	292
Add/(less) result after tax of non-regulated entities	29	(61)	(2)	(7)	-	-	-	-
Add/(less) APRA & consolidation adjustments	(31)	(9)	65	(67)	(67)	(35)	8	(133)
Less dividends received/(paid)	(174)	(68)	(159)	(150)	(174)	42	(469)	(150)
Retained profits closing for the half year	**918**	**763**	**739**	**735**	**(174)**	**(264)**	**(433)**	**(72)**

(1) Domestic GI Group - Suncorp's Australian licensed insurers.

(2) GI Group – Suncorp Insurance Holdings Ltd and its subsidiaries.

Banking capital adequacy

	JUN-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M
Consolidated banking capital[1]				
Tier 1				
Fundamental Tier 1				
Ordinary share capital	2,189	2,189	1,789	12,787
Retained profits	517	533	902	913
	2,706	2,722	2,691	13,700
Residual Tier 1				
Reset preference shares	30	30	103	144
Convertible preference shares	735	735	735	735
Preference shares not eligible for inclusion in Tier 1	-	-	(15)	-
	765	765	823	879
Tier 1 deductions				
Goodwill and other intangibles arising on acquisition	(27)	(29)	(29)	(7,690)
Software assets	(3)	(1)	-	(66)
Other capitalised expenses	(78)	(51)	(47)	(107)
Deferred tax asset	(159)	(143)	(129)	(228)
Other required deductions	(4)	(8)	-	(1)
Tier 1 deductions for investments in subsidiaries, capital support	(13)	(18)	(18)	(1,504)
	(284)	(250)	(223)	(9,596)
Total Tier 1 Capital	3,187	3,237	3,291	4,983
Tier 2				
Upper Tier 2				
APRA general reserve for credit losses	221	251	248	275
Perpetual subordinated notes	170	170	170	170
Asset revaluation reserves	-	-	17	6
Preference shares not eligible for inclusion in Tier 1	-	-	15	-
	391	421	450	451
Lower Tier 2				
Subordinated notes	614	652	883	1,221
	614	652	883	1,221
Tier 2 Deductions				
Tier 2 deductions for investments in subsidiaries, capital support	(13)	(18)	(18)	(1,504)
	(13)	(18)	(18)	(1,504)
Total Tier 2 Capital	992	1,055	1,315	168
Capital base	4,179	4,292	4,606	5,151
Risk-weighted exposures	29,254	29,336	30,993	32,873
Market risk capital charge	462	387	363	334
Operational risk capital charge	3,334	3,059	3,010	3,072
Total assessed risk	33,050	32,782	34,366	36,279
Risk weighted capital ratio	12.64%	13.09%	13.40%	14.20%
Core Equity Tier 1 capital [2]	**2,409**	**2,453**	**2,450**	**2,600**
Core Equity Tier 1 ratio	**7.29%**	**7.48%**	**7.13%**	**7.17%**

(1) The consolidated banking group for regulatory reporting is different to the statutory banking group. Therefore this table will differ to the banking group shown in the group tables.

(2) 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-12 $M	DEC-11 $M	JUN-11 $M	DEC-10 $M
Retained profits movement				
Retained profits opening for the half year	533	902	913	847
Opening retained profit adjustment	-	-	(51)	-
Add Banking profit after tax for the half year	(79)	102	81	3
Less profit after tax of entities not consolidated for APRA purposes	33	5	(3)	(3)
Add/(less) APRA adjustments	29	(20)	8	66
Less dividend expense/accrual	1	(456)	(46)	-
Retained profits closing for the half year	**517**	**533**	**902**	**913**

Appendix 4 - General Insurance results – short-tail and long-tail (includes NZ)

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Short-tail									
Gross written premium	6,145	5,563	10.5	3,157	2,988	2,810	2,753	5.7	12.3
Net earned premium	5,222	4,826	8.2	2,663	2,559	2,348	2,478	4.1	13.4
Net incurred claims	(3,909)	(3,682)	6.2	(1,949)	(1,960)	(1,824)	(1,858)	(0.6)	6.9
Acquisition expenses	(667)	(685)	(2.6)	(344)	(323)	(355)	(330)	6.5	(3.1)
Other underwriting expenses	(587)	(575)	2.1	(304)	(283)	(291)	(284)	7.4	4.5
Total operating expenses	(1,254)	(1,260)	(0.5)	(648)	(606)	(646)	(614)	6.9	0.3
Underwriting result	59	(116)	n/a	66	(7)	(122)	6	n/a	n/a
Investment income - insurance funds	90	150	(40.0)	59	31	81	69	90.3	(27.2)
Insurance trading result	149	34	338.2	125	24	(41)	75	420.8	n/a
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	12.8	14.2		12.9	12.6	15.1	13.3		
Other underwriting expenses ratio	11.2	11.9		11.4	11.1	12.4	11.5		
Total operating expenses ratio	24.0	26.1		24.3	23.7	27.5	24.8		
Loss ratio	74.9	76.3		73.2	76.6	77.7	75.0		
Combined operating ratio	98.9	102.4		97.5	100.3	105.2	99.8		
Insurance trading ratio	2.9	0.7		4.7	0.9	(1.7)	3.0		

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Long-tail									
Gross written premium	1,810	1,717	5.4	943	867	907	810	8.8	4.0
Net earned premium	1,582	1,451	9.0	782	800	663	788	(2.3)	17.9
Net incurred claims	(1,487)	(1,068)	39.2	(627)	(860)	(642)	(426)	(27.1)	(2.3)
Acquisition expenses	(236)	(227)	4.0	(125)	(111)	(110)	(117)	12.6	13.6
Other underwriting expenses	(125)	(136)	(8.1)	(59)	(66)	(72)	(64)	(10.6)	(18.1)
Total operating expenses	(361)	(363)	(0.6)	(184)	(177)	(182)	(181)	4.0	1.1
Underwriting result	(266)	20	n/a	(29)	(237)	(161)	181	(87.8)	(82.0)
Investment income - insurance funds	628	358	75.4	286	342	258	100	(16.4)	10.9
Insurance trading result	362	378	(4.2)	257	105	97	281	144.8	164.9
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	14.9	15.6		16.0	13.9	16.6	14.8		
Other underwriting expenses ratio	7.9	9.4		7.5	8.3	10.9	8.1		
Total operating expenses ratio	22.8	25.0		23.5	22.2	27.5	22.9		
Loss ratio	94.0	73.6		80.2	107.5	96.8	54.1		
Combined operating ratio	116.8	98.6		103.7	129.7	124.3	77.0		
Insurance trading ratio	22.9	26.1		32.9	13.1	14.6	35.7		

Appendix 5 – General Insurance New Zealand results expressed in NZ$

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	NZ$M	NZ$M	%	NZ$M	NZ$M	NZ$M	NZ$M	%	%
Gross written premium	1,066	895	19.1	534	532	454	441	0.4	17.6
Net earned premium	719	581	23.8	364	355	208	373	2.5	75.0
Net incurred claims	(496)	(584)	(15.1)	(240)	(256)	(315)	(269)	(6.3)	(23.8)
Acquisition expenses	(152)	(226)	(32.7)	(95)	(57)	(137)	(89)	66.7	(30.7)
Other underwriting expenses	(61)	(62)	(1.6)	(31)	(30)	(33)	(29)	3.3	(6.1)
Total operating expenses	(213)	(288)	(26.0)	(126)	(87)	(170)	(118)	44.8	(25.9)
Underwriting result	10	(291)	n/a	(2)	12	(277)	(14)	n/a	(99.3)
Investment income - insurance funds	15	20	(25.0)	7	8	12	8	(12.5)	(41.7)
Insurance trading result	25	(271)	n/a	5	20	(265)	(6)	(75.0)	n/a
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	21.1	38.9		26.1	16.1	65.9	23.9		
Other underwriting expenses ratio	8.5	10.7		8.5	8.5	15.9	7.8		
Total operating expenses ratio	29.6	49.6		34.6	24.6	81.8	31.7		
Loss ratio	69.0	100.5		65.9	72.1	151.4	72.1		
Combined operating ratio	98.6	150.1		100.5	96.7	233.2	103.8		
Insurance trading ratio	3.5	(46.6)		1.4	5.6	(127.4)	(1.6)		

Appendix 6 – General Insurance profit excluding the discount rate movements and FSL

	FULL YEAR ENDED		JUN-12	HALF YEAR ENDED				JUN-12	JUN-12
	JUN-12	JUN-11	vs JUN-11	JUN-12	DEC-11	JUN-11	DEC-10	vs DEC-11	vs JUN-11
	$M	$M	%	$M	$M	$M	$M	%	%
Gross written premium [1]	7,652	7,031	8.8	3,947	3,705	3,597	3,434	6.5	9.7
Gross unearned premium movement	(340)	(194)	75.3	(233)	(107)	(182)	(12)	117.8	28.0
Gross earned premium	7,312	6,837	6.9	3,714	3,598	3,415	3,422	3.2	8.8
Outwards reinsurance expense	(780)	(806)	(3.2)	(412)	(368)	(525)	(281)	12.0	(21.5)
Net earned premium	6,532	6,031	8.3	3,302	3,230	2,890	3,141	2.2	14.3
Net incurred claims									
Claims expense	(6,683)	(9,339)	(28.4)	(3,093)	(3,590)	(6,198)	(3,141)	(13.8)	(50.1)
Reinsurance and other recoveries revenue	1,726	4,581	(62.3)	675	1,051	3,821	760	(35.8)	(82.3)
	(4,957)	(4,758)	4.2	(2,418)	(2,539)	(2,377)	(2,381)	(4.8)	1.7
Total operating expenses									
Acquisition expenses	(903)	(912)	(1.0)	(469)	(434)	(465)	(447)	8.1	0.9
Other underwriting expenses	(440)	(465)	(5.4)	(220)	(220)	(242)	(223)	-	(9.1)
	(1,343)	(1,377)	(2.5)	(689)	(654)	(707)	(670)	5.4	(2.5)
Underwriting result	232	(104)	n/a	195	37	(194)	90	427.0	n/a
Investment income - insurance funds	279	516	(45.9)	187	92	250	266	103.3	(25.2)
Insurance trading result	511	412	24.0	382	129	56	356	196.1	large
Managed schemes net contribution	13	18	(27.8)	11	2	15	3	450.0	(26.7)
Joint venture and other income	9	16	(43.8)	3	6	4	12	(50.0)	(25.0)
General Insurance operational earnings	533	446	19.5	396	137	75	371	189.1	428.0
Investment revenue - shareholder funds	203	206	(1.5)	77	126	119	87	(38.9)	(35.3)
General Insurance profit before tax and capital funding	736	652	12.9	473	263	194	458	79.8	143.8
Capital funding	(66)	(89)	(25.8)	(29)	(37)	(46)	(43)	(21.6)	(37.0)
General Insurance profit before tax	670	563	19.0	444	226	148	415	96.5	200.0
Income tax	(177)	(171)	3.5	(113)	(64)	(48)	(123)	76.6	135.4
General Insurance profit after tax	**493**	**392**	**25.8**	**331**	**162**	**100**	**292**	**104.3**	**231.0**

(1) Net of Fire Service Levies (FSL) 30 June 2012, $153 million, 31 December 2011, $150 million, 30 June 2011, $120 million, 31 December 2010, $129 million

	FULL YEAR ENDED		HALF YEAR ENDED			
	JUN-12	JUN-11	JUN-12	DEC-11	JUN-11	DEC-10
	%	%	%	%	%	%
Acquisition expenses ratio	13.8	15.1	14.2	13.4	16.1	14.2
Other underwriting expenses ratio	6.7	7.7	6.7	6.8	8.4	7.1
Total operating expenses ratio	20.5	22.8	20.9	20.2	24.5	21.3
Loss ratio	75.9	78.9	73.2	78.6	82.2	75.8
Combined operating ratio	96.4	101.7	94.1	98.8	106.7	97.1

Appendix 7 – Consolidated Bank

Profit contribution – Consolidated Bank

	FULL YEAR ENDED				
	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	TOTAL JUN-11 $M	JUN-12 vs JUN-11 %
Net interest income	896	32	928	910	2.0
Non-interest income					
Net banking fee income	84	12	96	118	(18.6)
MTM on financial instruments	15	-	15	10	50.0
Other income	5	(3)	2	-	n/a
Total non-interest income	104	9	113	128	(11.7)
Total income from Banking activities	1,000	41	1,041	1,038	0.3
Operating expenses	(528)	(69)	(597)	(568)	5.1
Consolidated Bank profit before impairment losses on loans and advances	472	(28)	444	470	(5.5)
Impairment losses on loans and advances	(41)	(364)	(405)	(325)	24.6
Consolidated Bank profit before tax	**431**	**(392)**	**39**	**145**	**(73.1)**
Income tax	(142)	129	(13)	(61)	(78.7)
Consolidated Bank profit after tax	**289**	**(263)**	**26**	**84**	**(69.0)**

	FULL YEAR ENDED			
	CORE JUN-12 %	NON-CORE JUN-12 %	TOTAL JUN-12 %	TOTAL JUN-11 %
Net interest margin (interest-earning assets)	1.91	0.24	1.54	1.44
Net interest margin (lending assets)	2.19	0.50	1.97	1.87
Cost to income ratio	52.8	168.3	57.3	54.7
Impairment losses to gross loans and advances	0.09	5.78	0.81	0.66
Impairment losses to Credit risk weighted assets	0.18	6.75	1.45	1.09

Appendix 7 – Consolidated Bank (continued)

Statement of financial position – Consolidated Bank

	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	DEC-11 $M	JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Assets							
Cash and cash equivalents	172	377	549	297	345	84.8	59.1
Receivables due from other banks	154	-	154	159	226	(3.1)	(31.9)
Trading securities	808	3,979	4,787	3,641	4,952	31.5	(3.3)
Derivatives	161	263	424	330	233	28.5	82.0
Investment securities	5,520	788	6,308	6,660	5,742	(5.3)	9.9
Bank acceptances from customers	-	-	-	-	-	n/a	n/a
Loans, advances and other receivables	43,322	5,888	49,210	47,779	48,694	3.0	1.1
Due from group entities	144	-	144	71	159	102.8	(9.4)
Property, plant and equipment	-	-	-	-	69	n/a	(100.0)
Deferred tax assets	138	103	241	178	182	35.4	32.4
Other assets [1]	247	103	350	279	265	25.4	32.1
Intangible assets	262	-	262	266	264	(1.5)	(0.8)
Total assets	50,928	11,501	62,429	59,660	61,131	4.6	2.1
Liabilities							
Deposits and short-term borrowings	38,803	2,741	41,544	39,268	39,247	5.8	5.9
Derivatives	507	1,862	2,369	2,086	2,583	13.6	(8.3)
Payables due to other banks	41	-	41	26	31	57.7	32.3
Payables and other liabilities	634	-	634	598	669	6.0	(5.2)
Securitisation liabilities	3,839	-	3,839	4,356	3,634	(11.9)	5.6
Debt issues	3,639	5,959	9,598	8,706	10,151	10.2	(5.4)
Subordinated notes	541	125	666	670	846	(0.6)	(21.3)
Preference shares	619	143	762	760	830	0.3	(8.2)
Total liabilities	48,623	10,830	59,453	56,470	57,991	5.3	2.5
Net assets	**2,305**	**671**	**2,976**	**3,190**	**3,140**	**(6.7)**	**(5.2)**
Reconciliation of net equity to Core Equity Tier 1 Capital							
Net equity - Banking line of business			2,976	3,190	3,140		
NOHC restatement			-	-	-		
Goodwill allocated to Banking Business			(235)	(235)	(235)		
Regulatory capital equity adjustments			112	(58)	(58)		
Regulatory capital deductions			(297)	(268)	(241)		
Other reserves excluded from CET1 ratio			(147)	(176)	(156)		
Core Equity Tier 1 Capital			**2,409**	**2,453**	**2,450**		

(1) Other assets is mainly made up of accrued interest and prepayments.

Appendix 7 – Consolidated Bank (continued)

Loans, advances and other receivables

	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	TOTAL DEC-11 $M	TOTAL JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Housing loans	27,639	-	27,639	27,200	27,014	1.6	2.3
Securitised housing loans and covered bonds	6,316	-	6,316	4,659	3,980	35.6	58.7
Total housing loans	33,955	-	33,955	31,859	30,994	6.6	9.6
Consumer loans	482	-	482	510	558	(5.5)	(13.6)
Retail loans	34,437	-	34,437	32,369	31,552	6.4	9.1
Commercial (SME)	5,063	-	5,063	4,829	4,555	4.8	11.2
Corporate	-	1,082	1,082	1,215	1,600	(10.9)	(32.4)
Development finance	-	1,473	1,473	1,848	2,132	(20.3)	(30.9)
Property investment	-	1,868	1,868	2,350	3,176	(20.5)	(41.2)
Lease finance	-	50	50	249	407	(79.9)	(87.7)
Agribusiness	3,856	-	3,856	3,576	3,504	7.8	10.0
Business loans [(1)]	8,919	4,473	13,392	14,067	15,374	(4.8)	(12.9)
Total lending	**43,356**	**4,473**	**47,829**	**46,436**	**46,926**	**3.0**	**1.9**
Other receivables [(2)]	95	1,823	1,918	1,896	2,332	1.2	(17.8)
Gross banking loans, advances and other receivables	43,451	6,296	49,747	48,332	49,258	2.9	1.0
Provision for impairment	(129)	(408)	(537)	(553)	(564)	(2.9)	(4.8)
Loans, advances and other receivables	**43,322**	**5,888**	**49,210**	**47,779**	**48,694**	**3.0**	**1.1**
Credit risk weighted assets	**22,606**	**5,396**	**28,002**	**27,967**	**29,914**	**0.1**	**(6.4)**
Geographical breakdown - Total lending							
Queensland	26,687	2,024	28,711	28,256	28,652	1.6	0.2
New South Wales	9,044	1,654	10,698	10,055	10,159	6.4	5.3
Victoria	3,780	597	4,377	4,370	4,653	0.2	(5.9)
Western Australia	2,623	184	2,807	2,580	2,451	8.8	14.5
South Australia and other	1,222	14	1,236	1,175	1,011	5.2	22.3
Outside of Queensland loans	16,669	2,449	19,118	18,180	18,274	5.2	4.6
Total lending	**43,356**	**4,473**	**47,829**	**46,436**	**46,926**	**3.0**	**1.9**

(1) From 31 December 2011, Business loans balances have been adjusted to reflect interest not brought to account, which was previously reported under "Other receivables".

(2) Other receivables are primarily collateral deposits provided to derivative counterparties.

Appendix 7 – Consolidated Bank (continued)

Funding and deposits

	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	TOTAL DEC-11 $M	TOTAL JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Retail funding							
Retail deposits							
Transaction	5,764	-	5,764	5,814	5,372	(0.9)	7.3
Investment	3,826	-	3,826	4,032	3,706	(5.1)	3.2
Term	15,316	-	15,316	14,421	15,094	6.2	1.5
Core retail deposits	24,906	-	24,906	24,267	24,172	2.6	3.0
Retail treasury deposits	4,985	-	4,985	4,013	3,604	24.2	38.3
Total retail funding	29,891	-	29,891	28,280	27,776	5.7	7.6
Wholesale funding							
Domestic funding sources							
Short-term wholesale	6,068	1,869	7,937	9,120	7,631	(13.0)	4.0
Long-term wholesale	940	2,743	3,683	4,319	4,818	(14.7)	(23.6)
Covered Bonds	1,598	-	1,598	-	-	n/a	n/a
Subordinated notes	138	32	170	170	170	-	-
Reset preference shares	25	6	31	30	102	3.3	(69.6)
Convertible preference shares	594	137	731	730	728	0.1	0.4
	9,363	4,787	14,150	14,369	13,449	(1.5)	5.2
Overseas funding sources [(1)]							
Short-term wholesale	2,844	872	3,716	1,868	3,840	98.9	(3.2)
Long-term wholesale	1,101	3,216	4,317	4,387	5,333	(1.6)	(19.1)
Covered Bonds	-	-	-	-	-	n/a	n/a
Subordinated notes	403	93	496	500	676	(0.8)	(26.6)
	4,348	4,181	8,529	6,755	9,849	26.3	(13.4)
Total wholesale funding	13,711	8,968	22,679	21,124	23,298	7.4	(2.7)
Total funding (excluding securitisation)	**43,602**	**8,968**	**52,570**	**49,404**	**51,074**	**6.4**	**2.9**
Securitised funding							
APS 120 qualifying [(2)]	2,936	-	2,936	3,322	2,451	(11.6)	19.8
APS 120 non-qualifying	903	-	903	1,034	1,183	(12.7)	(23.7)
Total securitised funding	3,839	-	3,839	4,356	3,634	(11.9)	5.6
Total funding (including securitisation)	**47,441**	**8,968**	**56,409**	**53,760**	**54,708**	**4.9**	**3.1**
Total funding is represented on the balance sheet by:							
Deposits	29,891	-	29,891	28,280	27,776	5.7	7.6
Short-term borrowings	8,912	2,741	11,653	10,988	11,471	6.1	1.6
Securitisation liabilities	3,839	-	3,839	4,356	3,634	(11.9)	5.6
Bonds, notes and long-term borrowings	3,639	5,959	9,598	8,706	10,151	10.2	(5.4)
Subordinated notes	541	125	666	670	846	(0.6)	(21.3)
Preference shares	619	143	762	760	830	0.3	(8.2)
Total	**47,441**	**8,968**	**56,409**	**53,760**	**54,708**	**4.9**	**3.1**

(1) Foreign currency borrowings are hedged back into Australian dollars.
(2) Qualifies for capital relief under APS 120.

Appendix 7 – Consolidated Bank (continued)

Wholesale funding instruments maturity profile

	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	TOTAL DEC-11 $M	TOTAL JUN-11 $M	JUN-12 vs DEC-11 %	JUN-12 vs JUN-11 %
Maturity							
0 to 3 months	8,090	3,890	11,980	10,085	11,716	18.8	2.3
3 to 6 months	1,381	1,060	2,441	2,730	1,688	(10.6)	44.6
6 to 12 months	1,753	93	1,846	3,099	1,766	(40.4)	4.5
1 to 3 years	3,430	3,750	7,180	7,413	10,205	(3.1)	(29.6)
3+ years	2,896	175	3,071	2,153	1,557	42.6	97.2
Total wholesale funding instruments	17,550	8,968	26,518	25,480	26,932	4.1	(1.5)

Net interest income

	FULL YEAR ENDED				
	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	TOTAL JUN-11 $M	JUN-12 vs JUN-11 %
Interest revenue lending assets	2,877	470	3,347	3,606	(7.2)
Interest revenue other assets	337	315	652	749	(13.0)
Interest expense deposits and funding [(1)]	(2,318)	(753)	(3,071)	(3,445)	(10.9)
Net interest income	**896**	**32**	**928**	**910**	2.0
Net interest margin (interest earning assets)	**1.91%**	**0.24%**	**1.54%**	**1.44%**	
Net interest margin (lending assets)	**2.19%**	**0.50%**	**1.97%**	**1.87%**	

(1) Includes interest expense on preference shares; Jun-12 $20 million, Jun-11 $22 million

Non-interest income

	FULL YEAR ENDED				
	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	TOTAL JUN-11 $M	JUN-12 vs JUN-11 %
Net banking fee income	84	12	96	118	(18.6)
MTM on financial instruments	15	-	15	10	50.0
Other income	5	(3)	2	-	n/a
Total non-interest income	**104**	**9**	**113**	**128**	**(11.7)**

Appendix 7 – Consolidated Bank (continued)

Operating expenses

	FULL YEAR ENDED		JUN-12
	JUN-12	JUN-11	vs JUN-11
	$M	$M	%
Total operating expenses			
Core operating expenses	(529)	(492)	7.5
Non-core operating expenses	(68)	(76)	(10.5)
	(597)	(568)	5.1
Consisting of:			
Staff expenses	(340)	(324)	4.9
Equipment and occupancy expenses	(107)	(105)	1.9
Hardware, software and dataline expenses	(42)	(31)	35.5
Advertising and promotion	(35)	(37)	(5.4)
Office supplies, postage and printing	(24)	(24)	-
Other [(1)]	(49)	(47)	4.3
	(597)	**(568)**	**5.1**

(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	NON-CORE	TOTAL	TOTAL	JUN-12
	JUN-12	JUN-12	JUN-12	JUN-11	vs JUN-11
	$M	$M	$M	$M	%
Collective provision for impairment	2	(34)	(32)	(24)	33.3
Specific provision for impairment	32	374	406	329	23.4
Actual net write-offs	7	24	31	20	55.0
	41	**364**	**405**	**325**	**24.6**
Impairment losses to credit risk weighted assets (annualised)	**0.18%**	**6.75%**	**1.45%**	**1.09%**	

Appendix 7 – Consolidated Bank (continued)

Impaired asset balances

	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	TOTAL JUN-11 $M	JUN-12 vs JUN-11 %
Gross balances of individually impaired loans					
with specific provisions set aside	192	1,823	2,015	2,338	(13.8)
without specific provisions set aside	49	26	75	43	74.4
Gross impaired assets	241	1,849	2,090	2,381	(12.2)
Specific provision for impairment	(46)	(346)	(392)	(387)	1.3
Net impaired assets	195	1,503	1,698	1,994	(14.8)
Size of gross individually impaired assets					
Less than one million	21	4	25	30	(16.7)
Greater than one million but less than ten million	117	145	262	300	(12.7)
Greater than ten million	103	1,700	1,803	2,051	(12.1)
	241	1,849	2,090	2,381	(12.2)
Past due loans not shown as impaired assets	293	27	320	511	(37.4)
Gross non-performing loans	534	1,876	2,410	2,892	(16.7)
Analysis of movements in gross individually impaired assets					
Balance at the beginning of the year	146	2,235	2,381	2,122	12.2
Recognition of new impaired assets	168	310	478	1,018	(53.0)
Increases in previously recognised impaired assets	2	36	38	50	(24.0)
Impaired assets written off/sold during the year	(19)	(267)	(286)	(216)	32.4
Impaired assets which have been reclassed as performing assets or repaid	(56)	(465)	(521)	(593)	(12.1)
Balance at the end of the year	**241**	**1,849**	**2,090**	**2,381**	**(12.2)**

Appendix 7 – Consolidated Bank (continued)

Provision for impairment

	CORE JUN-12 $M	NON-CORE JUN-12 $M	TOTAL JUN-12 $M	TOTAL JUN-11 $M	JUN-12 vs JUN-11 %
Collective provision					
Balance at the beginning of the period	81	96	177	201	(11.9)
Charge against contribution to profit	2	(34)	(32)	(24)	33.3
Balance at the end of the period	83	62	145	177	(18.1)
Specific provision					
Balance at the beginning of the period	39	348	387	471	(17.8)
Charge against impairment losses	32	374	406	329	23.4
Write-off of impaired assets	(16)	(239)	(255)	(252)	1.2
Unwind of interest	(9)	(137)	(146)	(161)	(9.3)
Balance at the end of the period	46	346	392	387	1.3
Total provision for impairment - Banking activities	129	408	537	564	(4.8)
Equity reserve for credit loss					
Balance at the beginning of the period	74	83	157	226	(30.5)
Transfer to retained earnings	28	(38)	(10)	(69)	(85.5)
Balance at the end of the period	102	45	147	157	(6.4)
Pre-tax equivalent coverage	146	64	210	224	(6.3)
Total provision for impairment and equity reserve for credit loss - Banking activities	275	472	747	788	(5.2)

	%	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:				
Collective provision	34.4	3.4	6.9	7.4
Specific provision	19.1	18.7	18.8	16.3
Total provision	53.5	22.1	25.7	23.7
Equity reserve for credit loss coverage	60.6	3.5	10.0	9.4
Total provision and equity reserve for credit loss coverage	114.1	25.5	35.7	33.1

Appendix 7 – Consolidated Bank (continued)

Average banking balance sheet

	FULL YEAR ENDED JUN-12								
	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 and investment securities	6,135	337	5.49	6,814	315	4.62	12,949	652	5.04
Gross loans, advances and other receivables	40,835	2,877	7.05	6,382	470	7.36	47,217	3,347	7.09
Other interest earning assets	-	-	-	-	-	-	-	-	-
Total interest earning assets	46,970	3,214	6.84	13,196	785	5.95	60,166	3,999	6.65
Non-interest earning assets									
Other assets (inc. loan provisions)	785			(1,009)			(224)		
Total non-interest earning assets	785			(1,009)			(224)		
TOTAL ASSETS	47,755			12,187			59,942		
Liabilities									
Interest bearing liabilities									
Retail deposits	28,418	1,427	5.02	-	-	-	28,418	1,427	5.02
Wholesale liabilities	15,201	832	5.47	10,870	734	6.75	26,071	1,566	6.01
Debt capital	1,075	59	5.49	341	19	5.57	1,416	78	5.51
Total interest bearing liabilities	44,694	2,318	5.19	11,211	753	6.72	55,905	3,071	5.49
Non-interest bearing liabilities									
Other liabilities	941			-			941		
Total non-interest bearing liabilities	941			-			941		
TOTAL LIABILITIES	45,635			11,211			56,846		
AVERAGE SHAREHOLDERS' EQUITY	2,120			976			3,096		
Non-Shareholder Accounting Equity	81			-			81		
Average Shareholder Equity	2,201			976			3,177		
SGL Goodwill allocated to Banking Business	(235)			-			(235)		
Average Shareholder Equity (ex Goodwill)	1,966			976			2,942		
Analysis of interest margin and spread									
Interest earning assets	46,970	3,214	6.84	13,196	785	5.95	60,166	3,999	6.65
Interest bearing liabilities	44,694	2,318	5.19	11,211	753	6.72	55,905	3,071	5.49
Net interest spread			1.65			(0.77)			1.16
Net interest margin (interest earning assets)	46,970	896	1.91	13,196	32	0.24	60,166	928	1.54
Net interest margin (lending assets)	40,835	896	2.19	6,382	32	0.50	47,217	928	1.97

Appendix 7 – Consolidated Bank (continued)

Average banking balance sheet (continued)

	FULL YEAR ENDED JUN-11 TOTAL PORTFOLIO			HALF YEAR ENDED DEC-11 TOTAL PORTFOLIO		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Assets						
Interest earning assets						
Trading and investment securities	14,174	749	5.28	13,046	349	5.32
Gross loans, advances and other receivables	48,620	3,591	7.39	46,692	1,722	7.34
Other interest earning assets	278	15	5.40	-	-	-
Total interest earning assets	63,072	4,355	6.90	59,738	2,071	6.90
Non-interest earning assets						
Other assets (inc. loan provisions)	(349)			(170)		
Total non-interest earning assets	(349)			(170)		
TOTAL ASSETS	62,723			59,568		
Liabilities						
Interest bearing liabilities						
Retail deposits	27,121	1,417	5.22	27,740	717	5.14
Wholesale liabilities	29,841	1,932	6.47	26,345	843	6.36
Debt capital (1)	1,704	96	5.63	1,456	42	5.74
Total interest bearing liabilities	58,666	3,445	5.87	55,541	1,602	5.74
Non-interest bearing liabilities						
Other liabilities	967			927		
Total non-interest bearing liabilities	967			927		
TOTAL LIABILITIES	59,633			56,468		
AVERAGE SHAREHOLDERS' EQUITY	3,090			3,100		
Non-Shareholder Accounting Equity	125			50		
Average Shareholder Equity	3,215			3,150		
SGL Goodwill allocated to Banking Business	(118)			(235)		
Average Shareholder Equity (ex Goodwill)	3,097			2,915		
Analysis of interest margin and spread						
Interest earning assets	63,072	4,355	6.90	59,738	2,071	6.90
Interest bearing liabilities	58,666	3,445	5.87	55,541	1,602	5.74
Net interest spread			1.03			1.16
Net interest margin (interest earning assets)	63,072	910	1.44	59,738	469	1.56
Net interest margin (lending assets)	48,620	910	1.87	46,692	469	2.00

Appendix 7 – Consolidated Bank (continued)

APS330 Disclosure

Table 15
Capital Structure

	JUN-12 $M	DEC-11 $M
Tier 1		
Ordinary share capital	2,189	2,189
Retained profits	517	533
Preference shares	765	765
Less goodwill, brands	(27)	(30)
Less software assets	(3)	(1)
Less other capitalised expenses	(78)	(51)
Less deferred tax asset	(159)	(142)
Less other required deductions	(4)	(8)
Less Tier 1 deductions for investments in subsidiaries, capital support	(13)	(18)
Total Tier 1 capital	**3,187**	**3,237**
Tier 2		
APRA general reserves for credit losses	221	251
Asset Revaluation Reserve	-	-
Subordinated notes	784	822
Excess residual Tier 1	-	-
Less Tier 2 deductions for investments in subsidiaries, capital support	(13)	(18)
Total Tier 2 capital	**992**	**1,055**
Total capital base	**4,179**	**4,292**

Table 16
On balance sheet risk weighted assets

	CARRY VALUE		AVG Risk Weight	RISK WEIGHTED BALANCE	
	JUN-12	MAR-12	JUN-12 %	JUN-12 $M	MAR-12 $M
On Balance Sheet Risk weighted assets					
Assets					
Cash Items	161	182	8%	13	17
Claims on Australian and foreign Governments	1,285	1,333	0%	-	1
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	5,954	6,208	20%	1,191	1,242
Claims on securitisation exposures	1,391	1,536	20%	278	307
Claims secured against eligible residential mortgages	32,284	31,111	40%	12,900	12,486
Past due claims	2,262	2,416	134%	3,041	3,227
Other retail assets	968	984	86%	836	842
Corporate	9,606	9,939	100%	9,584	9,930
Other assets and claims	142	31	112%	159	59
Total Banking assets [(1)]	**54,053**	**53,740**	**52%**	**28,002**	**28,111**

(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 7 – Consolidated Bank (continued)

APS330 Disclosure

Table 16
Off balance sheet risk weighted assets

	NOTIONAL AMOUNT JUN-12 $M	CREDIT EQUIVALENT JUN-12 $M	AVG RISK WEIGHT JUN-12 %	RISK WEIGHTED BALANCE JUN-12 $M	RISK WEIGHTED BALANCE MAR-12 $M
Off balance sheet positions					
Guarantees entered into in the normal course of business	161	152	100%	152	151
Commitments to provide loans and advances	6,064	1,341	60%	806	1,005
Capital commitments	-	-	0%	-	-
Foreign exchange contracts	11,021	263	30%	79	94
Interest rate contracts	64,676	237	78%	185	143
Securitisation exposures	2,552	37	84%	30	29
Total off balance sheet positions	**84,474**	**2,030**	62%	**1,252**	**1,422**
Market risk capital charge				462	510
Operational risk capital charge				3,334	3,059
Total on balance sheet risk weighted assets				28,002	28,111
Total assessed risk				33,050	33,102
Risk weighted capital ratios				%	%
Tier 1				9.64	9.87
Tier 2				3.00	3.14
Total risk weighted capital ratios				**12.64**	**13.01**

Appendix 7 – Consolidated Bank (continued)

APS330 Disclosure - Table 17A
Credit risk by gross credit exposure – outstanding as at 30 June 2012

	RECEIVABLES DUE FROM OTHER BANKS	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES	CREDIT COMMITMENTS	DERIVATIVE INSTRUMENTS	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,644	124	-	3,768	202	24	3,542	36
Construction & development	-	-	-	2,345	77	-	2,422	1,264	26	1,132	286
Financial services	154	4,787	4,903	2,491	11	500	12,846	-	-	12,846	-
Hospitality	-	-	-	1,093	35	-	1,128	117	4	1,007	4
Manufacturing	-	-	-	453	25	-	478	14	-	464	-
Professional services	-	-	-	286	10	-	296	4	4	288	1
Property investment	-	-	-	3,129	62	-	3,191	369	6	2,816	53
Real estate - Mortgage	-	-	-	31,544	1,053	-	32,597	26	233	32,338	6
Personal	-	-	-	393	7	-	400	-	4	396	-
Government/public authorities	-	-	-	1	-	-	1	-	-	1	-
Other commercial & industrial	-	-	-	2,084	90	-	2,174	94	19	2,061	6
Total gross credit risk	**154**	**4,787**	**4,903**	**47,463**	**1,494**	**500**	**59,301**	**2,090**	**320**	**56,891**	**392**
Eligible securitised exposures	-	-	1,391	2,485	24	12	3,912	-	-	3,912	-
Total including eligible securitised exposures	**154**	**4,787**	**6,294**	**49,948**	**1,518**	**512**	**63,213**	**2,090**	**320**	**60,803**	**392**
Impairment provision							(537)	(392)	(39)	(106)	-
TOTAL							**62,676**	**1,698**	**281**	**60,697**	**392**

Appendix 7 – Consolidated Bank (continued)

APS330 Disclosure

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

	RECEIVABLES DUE FROM OTHER BANKS	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES	CREDIT COMMITMENTS	DERIVATIVE INSTRUMENTS	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,465	158	-	3,623	189	25	3,409	39
Construction & development	-	-	-	2,710	100	-	2,810	1,460	25	1,325	302
Financial services	85	4,551	4,923	2,529	11	515	12,614	-	-	12,614	-
Hospitality	-	-	-	1,089	52	-	1,141	92	4	1,045	1
Manufacturing	-	-	-	487	32	-	519	8	6	505	6
Professional services	-	-	-	312	13	-	325	4	1	320	-
Property investment	-	-	-	3,333	100	-	3,433	484	41	2,908	53
Real estate - Mortgage	-	-	-	30,396	1,194	-	31,590	33	264	31,293	7
Personal	-	-	-	402	9	-	411	-	4	407	-
Government/public authorities	-	-	-	2	-	-	2	-	-	2	-
Other commercial & industrial	-	-	-	2,015	102	-	2,117	93	24	2,000	3
Total gross credit risk	**85**	**4,551**	**4,923**	**46,740**	**1,771**	**515**	**58,585**	**2,363**	**394**	**55,828**	**411**
Eligible securitised exposures	-	-	1,536	2,629	24	10	4,199	-	-	4,199	-
Total including eligible securitised exposures	**85**	**4,551**	**6,459**	**49,369**	**1,795**	**525**	**62,784**	**2,363**	**394**	**60,027**	**411**
Impairment provision							(562)	(411)	(33)	(118)	-
TOTAL							**62,222**	**1,952**	**361**	**59,909**	**411**

Appendix 7 – Consolidated Bank (continued)

APS330 Disclosure - Table 17A
Credit risk by gross credit exposure – average gross exposure over period 1 April to 30 June 2012

	RECEIVABLES DUE FROM OTHER BANKS	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES	CREDIT COMMITMENTS	DERIVATIVE INSTRUMENTS	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,555	141	-	3,696	196	25	3,475	38
Construction & development	-	-	-	2,528	89	-	2,617	1,362	26	1,229	294
Financial services	120	4,669	4,913	2,510	11	508	12,731	-	-	12,731	-
Hospitality	-	-	-	1,091	44	-	1,135	105	4	1,026	3
Manufacturing	-	-	-	470	29	-	499	11	3	485	3
Professional services	-	-	-	299	12	-	311	4	3	304	1
Property investment	-	-	-	3,231	81	-	3,312	427	24	2,861	53
Real estate - Mortgage	-	-	-	30,970	1,124	-	32,094	30	249	31,815	7
Personal	-	-	-	398	8	-	406	-	4	402	-
Government/public authorities	-	-	-	2	-	-	2	-	-	2	-
Other commercial & industrial	-	-	-	2,050	96	-	2,146	94	22	2,030	5
Total gross credit risk	**120**	**4,669**	**4,913**	**47,104**	**1,635**	**508**	**58,949**	**2,229**	**360**	**56,360**	**404**
Eligible securitised exposures	-	-	1,464	2,557	24	11	4,056	-	-	4,056	-
Total including eligible securitised exposures	**120**	**4,669**	**6,377**	**49,661**	**1,659**	**519**	**63,005**	**2,229**	**360**	**60,416**	**404**
Impairment provision							(550)	(402)	(36)	(112)	-
TOTAL							**62,455**	**1,827**	**324**	**60,304**	**404**

Appendix 7 – Consolidated Bank (continued)

APS330 Disclosure

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

	RECEIVABLES DUE FROM OTHER BANKS	TRADING SECURITIES	INVESTMENT SECURITIES	LOANS, ADVANCES AND OTHER RECEIVABLES	CREDIT COMMITMENTS	DERIVATIVE INSTRUMENTS	TOTAL CREDIT RISK	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	TOTAL NOT PAST DUE OR IMPAIRED	SPECIFIC PROVISIONS
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Agribusiness	-	-	-	3,435	155	-	3,590	195	24	3,371	40
Construction & development	-	-	-	2,788	92	-	2,880	1,438	100	1,342	290
Financial services	127	4,096	4,963	2,498	12	498	12,194	-	-	12,194	-
Hospitality	-	-	-	1,100	45	-	1,145	75	5	1,065	1
Manufacturing	-	-	-	489	29	-	518	8	7	503	6
Professional services	-	-	-	318	14	-	332	4	1	327	1
Property investment	-	-	-	3,362	97	-	3,459	498	48	2,913	53
Real estate -											
Mortgage	-	-	-	29,826	1,164	-	30,990	29	246	30,715	6
Personal	-	-	-	405	8	-	413	-	4	409	-
Government/public authorities	-	-	-	3	-	-	3	-	-	3	-
Other commercial & industrial	-	-	-	2,007	104	-	2,111	89	26	1,996	3
Total gross credit risk	**127**	**4,096**	**4,963**	**46,231**	**1,720**	**498**	**57,635**	**2,336**	**461**	**54,838**	**400**
Eligible securitised exposures	-	-	1,600	2,700	24	11	4,335	-	-	4,335	-
Total including eligible securitised exposures	**127**	**4,096**	**6,563**	**48,931**	**1,744**	**509**	**61,970**	**2,336**	**461**	**59,173**	**400**
Impairment provision							(558)	(399)	(46)	(113)	-
TOTAL							**61,412**	**1,937**	**415**	**59,060**	**400**

Appendix 7 – Consolidated Bank (continued)

APS330 Disclosure

Table 17B
Credit risk by portfolio

JUN-12	GROSS CREDIT RISK EXPOSURE	AVERAGE GROSS EXPOSURE	IMPAIRED ASSETS	PAST DUE NOT IMPAIRED > 90 DAYS	SPECIFIC PROVISIONS	CHARGES FOR SPECIFIC PROVISIONS & WRITE OFFS
	$M	$M	$M	$M	$M	$M
Claims secured against eligible residential mortgages	32,597	32,094	26	233	6	3
Other retail	400	406	-	4	-	2
Financial services	12,846	12,731	-	-	-	-
Government and public authorities	1	2	-	-	-	-
Corporate and other claims	13,457	13,716	2,064	83	386	189
Total	**59,301**	**58,949**	**2,090**	**320**	**392**	**194**

MAR-12	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	31,590	30,990	33	264	7	2
Other retail	411	413	-	4	-	2
Financial services	12,614	12,194	-	-	-	-
Government and public authorities	2	3	-	-	-	-
Corporate and other claims	13,968	14,035	2,330	126	404	97
Total	**58,585**	**57,635**	**2,363**	**394**	**411**	**101**

	JUN-12	MAR-12
	$M	$M
Collective provision for impairment	145	151
Ineligible Collective Provisions on Past Due not Impaired	(39)	(33)
Eligible Collective Provisions	**106**	**118**
FITB relating to eligible collective provision	(32)	(35)
Equity Reserve for credit losses	147	156
General Reserve for Credit losses	**221**	**239**

Table 18A

Summary of securitisation activity for the period

	Exposure securitised		Recognised gain(or loss) on sale	
	JUN-12	MAR-12	JUN-12	MAR-12
	$M	$M	$M	$M
Residential mortgages	-	-	-	-
Total exposure securitised during the period	-	-	-	-

Table 18b(i)

Aggregate of on-balance sheet securitisation exposure by exposure type

	Exposure	Exposure
	JUN-12	MAR-12
Exposure Type	$M	$M
Debt securities	1,391	1,536
Total on-balance sheet securitisation exposure	1,391	1,536

Table 18b(ii)

Aggregate of off-balance sheet securitisation exposures by exposure types

	Notional	Notional
	Exposure	Exposure
	JUN-12	MAR-12
Exposure Type	$M	$M
Liquidity facilities	58	58
Derivative exposures	2,494	2,640
Total off-balance sheet securitisation exposures	2,552	2,698

Appendix 8 – Definitions

ADI	Authorised Deposit-taking Institutions
Acquisition expense ratio	Acquisition expenses divided by net earned premium
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
APRA	Australian Prudential Regulation Authority
Basis points (BPS)	A 'basis point' is 1/100th of a percentage point
Cash earnings	Net profit after tax adjusted for the amortisation of acquisition intangible assets (net of tax) and the profit or loss after tax on divestments
Cash earnings per share	Basic: cash earnings divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period Diluted: cash earnings adjusted for consequential changes in income or expenses associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period
Cash return on average shareholders' equity	Cash earnings divided by average shareholders' equity
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
Core equity tier 1	Core equity tier 1 includes ordinary shareholder equity and retained profits less tier 1 and tier 2 regulatory deductions
Core equity tier 1 ratio	Core equity tier 1 divided by total assessed risk
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Credit risk weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
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 deposits 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 8 – Definitions (continued)

Earnings per share	Basic: profit after tax divided by the weighted average number of ordinary shares (net of treasury shares) outstanding during the period. Diluted: profit after tax adjusted for consequential changes in income or expense associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares (net of treasury shares) outstanding during the period
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 represents the difference between the collective provision for impairment and the estimate of credit losses across the credit cycle based on guidance provided by APRA
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 superannuation and investments business 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, and travel insurance
Gross non-performing loans	Gross impaired assets plus past due loans
Impairment losses to credit risk weighted assets	Impairment losses on loans and advances divided by credit risk weighted assets. The ratio is annualised for half years
Insurance Trading Ratio	The insurance trading result expressed as a percentage of net earned premium
Insurance Trading Result	Underwriting result plus investment income on assets backing technical reserves
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
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

Appendix 8 – Definitions (continued)

Life underlying profit	Life underlying profit refers to net profit after tax less market adjustments. Market adjustments represents the impact of movements in discount rates on the value of policy liabilities, investment income experience on invested shareholder assets and annuities mismatches
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 per share	Total equity less intangible assets divided by ordinary shares at the end of the period adjusted for treasury shares
Net profit after tax	Net profit after tax attributable to owners of the Company derived in accordance with Australian Accounting Standards
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
Other underwriting expenses ratio	Other underwriting expenses expressed as a percentage of net earned premium
Past due	Loans outstanding for more than 90 days
Payout ratio – cash earnings	Ordinary shares (net of treasury shares) at the end of the period multiplied by ordinary dividend per share for the period divided by cash earnings
Payout ratio – net profit after tax	Ordinary shares (net of treasury shares) at the end of the period multiplied by the ordinary dividend per share for the period divided by profit after tax
Profit after tax from business lines	The net profit after tax for the General Insurance, Bank and Life business lines
Return on average total assets	Net 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	Net 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
Total assessed risk	Risk weighted assets, off balance sheet positions and market risk capital charge and operational risk charge, as defined by APRA
Total operating expense ratio	Total operating expenses that includes acquisition and other underwriting expenses expressed as a percentage of net earned premium
Treasury shares	Ordinary shares of the Company that are acquired by subsidiaries

Appendix 9 – 2012/13 key dates[1]

Ordinary shares (SUN)

Full year results and final dividend announcement	**22 August 2012**
Ex dividend date	27 August 2012
Record date	31 August 2012
Dividend payment	1 October 2012
Annual General Meeting	**25 October 2012**
Half year results announcement	**20 February 2013**
Ex dividend date	25 February 2013
Record date	1 March 2013
Dividend Payment	2 April 2013

Floating Rate Capital Notes (SBKHB)

Ex interest date	9 August 2012
Record date	15 August 2012
Interest payment	30 August 2012
Ex interest date	9 November 2012
Record date	15 November 2012
Interest payment	30 November 2012
Ex interest date	11 February 2013
Record date	15 February 2013
Interest payment	4 March 2013
Ex interest date	9 May 2013
Record date	15 May 2013
Interest payment	30 May 2013

Reset Preference Shares (SBKPA)

Ex dividend date	27 August 2012
Record date	31 August 2012
Dividend payment	14 September 2012
Ex dividend date	25 February 2013
Record date	1 March 2013
Dividend payment	14 March 2013

Convertible Preference Shares (SBKPB)

Ex dividend date	27 August 2012
Record date	31 August 2012
Dividend payment	14 September 2012
Ex dividend date	28 November 2012
Record date	4 December 2012
Dividend payment	14 December 2012
Ex dividend date	25 February 2013
Record date	1 March 2013
Dividend payment	14 March 2013
Ex dividend date	28 May 2013
Record date	3 June 2013
Dividend payment	14 June 2013

(1) All dates are subject to change. Dividend dates will be confirmed upon their declaration.