Announcement of Consolidated Financial Results

for the year ended 30 June 2009

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Suncorp-Metway Ltd and controlled entities ABN 66 010 831 722

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Basis of preparation

The results use the Australian equivalents to International Financial Reporting Standards (AIFRS). All figures have been quoted in Australian dollars unless otherwise denoted and have been rounded to the nearest million.

Change in accounting policy for defined benefit superannuation plans

The Group recognises all actuarial gains and losses arising from defined benefit plans directly in equity. In the consolidated financial statements for periods beginning before 1 July 2008, the Group recognised actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in the Income Statement. This change in accounting policy has been made to enable the consolidated financial statements of the Group to be more comparable to industry peers and better represent the Group's underlying financial performance.

The change in accounting policy was applied retrospectively in accordance with Accounting Standards, and comparatives have been restated. The change in accounting policy had the following impact on these consolidated financial statements:

	CONSOLIDATED YEAR ENDED	
	JUN-09 $M	JUN-08 $M
Consolidated income statement		
(Decrease) in operating expenses	(24)	(38)
Increase in profit for the period	18	27
Increase in basic earnings per share (cents)	1.64	2.79
Increase in diluted earnings per share (cents)	1.46	2.79
Consolidated statement of recognised income and expense		
Actuarial (losses) on defined benefit plans	(18)	(27)
Increase in net (expense) income recognised directly in equity	(18)	(27)
Increase in profit for the period	18	27

There has been no impact on total recognised income and expense for the period, or on the Balance Sheet.

Disclaimer

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 current views at the date of this report and is subject to known and unknown risks and uncertainties, many of which are beyond Suncorp's control, which may cause actual results to differ materially from those expressed or implied.

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

The information is also not financial product advice. Investors should seek appropriate advice on their own objectives, financial situation and needs.

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Suncorp-Metway Ltd Full Year Results 2009

Summary

- All businesses impacted by unfavourable operating environments
- Net profit after tax (NPAT) of $348 million, down 40%
- Bank contribution before tax and bad debts of $781 million, up 16.9%
- Bad debt expense increases significantly to $710 million
- Bank contribution before tax of $117 million
- General Insurance trading result of $462 million represented a margin of 7.7% on net earned premium
- General Insurance contribution before tax of $573 million
- Life NPAT of $115 million, up 3.6%, including life risk underlying profit of $87 million, up 13%
- Cash earnings per share of 47.2 cents
- Final dividend at 20 cents per share fully franked
- Integration synergies and costs increased marginally

Key strategic changes

- Capital boosted by $1 billion raised following increase to internal targets
- Appointment of Chief Risk Officer
- Bank reduced industry and client concentrations by run-off of non-core portfolios
- Bank significantly lengthened balance sheet and increased liquidity
- General Insurance increased reinsurance protection with aggregate cover
- Wealth Management operation simplified and refocused as 'Suncorp Life'
- Reduced exposure to equity markets

Review of consolidated operations

Except where otherwise stated, all figures relate to the full year to 30 June 2009.

Comparatives are for the full year ended 30 June 2008.

The 2009 financial year coincided with the most volatile period in Australian financial services history. While investment market volatility had been apparent since the emergence of sub-prime mortgage failures in the United States in 2007, the full impact of the global financial crisis emerged following the collapse of the US-based investment bank, Lehman Bros. in September 2008. What followed was an unprecedented dislocation of global credit markets – with access to short and long-tem debt effectively frozen. This, in turn, caused an immediate contraction of credit and a dramatic slowing in global demand. While conditions have begun to stabilise, the events of the past 18 months have fundamentally changed the financial services landscape – forcing traditional business models to be dramatically overhauled.

Each of Suncorp's three lines of business has been materially affected by the global financial crisis with the general insurer also dealing with an unprecedented series of major weather and natural hazard events. This has resulted in a significant reduction in Group profits, with reported net profit after tax (NPAT) at $348 million for the year to June 2009, down 40% on the prior year. Irrespective of the effect of external factors on the result, the Board, management and all Suncorp people are conscious that this constitutes an extremely disappointing outcome for Suncorp shareholders.

However, the year has also seen the Group make significant progress in restructuring and reshaping each business to take account of the changed external environment. During the year, both Suncorp Bank and Suncorp Life completed comprehensive strategic reviews designed to achieve sustainable, low risk business models with a focus on the core franchise. The general insurer has continued to drive further cost efficiencies through integration and has de-risked its investment portfolios in response to continuing market volatility. At the Group level, significant enhancements have been made to risk frameworks, including the appointment of a Chief Risk Officer, while the overall capital position now sits well ahead of internal targets.

Recently the Group announced the appointment of a new Chief Executive Officer. Patrick Snowball is a highly experienced financial services executive with a background in insurance that includes an extensive career at Aviva plc, the worlds' fifth largest insurance group and the largest insurance services provider in the United Kingdom. Mr Snowball will commence on 1 September 2009.

The high level profit summary includes:

- Profit before tax and Promina acquisition items reduced by 20.5% to $799 million.
- Cash earnings per share was 47.2 cents.
- The Board has resolved to pay a final dividend of 20 cents per share fully franked.

Operational outcomes

The major operational outcomes for the year were:

In **Banking**, profit before tax, impairment losses and one-off items for the 2009 financial year was $781 million, an increase of 16.9% over the prior year. As forecast, the tail winds that supported strong revenue growth in the first half have been replaced by the significant head winds associated with the lengthening of the Bank's balance sheet and increased funding costs.

Net interest income increased 8.4% over the prior year, reflecting strong net interest margins and higher average receivables balances in the first half of the year. In the second half, net interest income was negatively impacted by slower lending growth and increased wholesale funding costs as the duration of the funding base was substantially lengthened.

During the year, the Bank implemented a strategic realignment of the portfolio to position the business for the new funding and risk environment. The Bank separated lending portfolios into core and non-core lines and is now focused on relationship-based lending and deposit gathering in the core business, while responsibly managing run-off of the non-core business.

Gross banking loans, advances and other receivables reduced 1.1% to $55.4 billion, reflecting a period of conservative lending in core portfolios in the slower economic environment and the commencement of the run-down in non-core portfolios.

Housing loan receivables (including securitised assets) grew 3.9% to $28.3 billion, while consumer lending reduced by 29.3% to $610 million as consumers reduced personal loan and margin lending balances in line with tighter economic conditions and volatile equity markets. Business lending receivables reduced by 5.6% to $25.5 billion, with the non-core segments of Corporate and Lease Finance reducing considerably.

The Bank continued its strong focus on deposit gathering and, despite extreme volatility in financial markets and significant outflows in the first quarter, grew core retail deposits by 13.2% to $21.4 billion. At 30 June 2009, the ratio of deposits to core lending was 64.1%.

Suncorp raised $11 billion of term debt during the 2009 financial year and lengthened the weighted average term of liabilities from 0.69 years at 30 June 2008 to 1.32 years. The Bank significantly reduced its reliance on short-term wholesale funding and increased liquid assets, with the liquidity ratio increasing from 12.5% at 30 June 2008 to 16.7% at 30 June 2009. The proportion of lending funded through short-term wholesale sources net of liquid assets has reduced from 27% to 8% over the year.

As foreshadowed in Suncorp's market update in February 2009, margins contracted over the second half of the 2009 financial year, reflecting increased wholesale funding costs resulting from further lengthening of the Bank's wholesale funding duration. Net interest margin for the 2009 financial year was 1.68%, down 11 basis points on the prior year.

The Bank maintained a strong focus on efficiency and expense management during the year, with operating expenses reducing slightly, despite incurring a one-off cost of $25 million in the first half through the consolidation of the Retail and Business Banking divisions into a single operation.

Bad debt expense for the 2009 financial year rose to $710 million, equating to 128 basis points of gross loans, advances and other receivables.

The difficult economic conditions adversely impacted bad debt expenses for the year. The Group's specific provision increase included a $93 million provision for Babcock & Brown International as well as provisions for several large corporates, including Raptis Group Ltd, Sunleisure Pty Ltd and five large private companies that in aggregate represented 45% of the individually assessed impairment charges for the year.

The Group increased its collective provision by $202 million for the 2009 financial year. This included an economic overlay of $75 million, taken in the first half of the year to reflect ongoing economic deterioration. The economic overlay was maintained at 30 June 2009.

As a result of the additional provisioning, the ratio of total impairment provisions (excluding the equity reserve for credit losses) to total loans has increased to 137 basis points, from 28 basis points at 30 June 2008. At 30 June 2009 impaired assets were $1,474 million.

In **General Insurance**, pre-tax profit was $573 million for the year. All brands have experienced solid premium growth as markets harden in both short and long-tail products.

The insurance trading result (ITR) was $462 million, or 7.7% of net earned premium, reflecting the impact of natural hazards occurring during the year. The major natural hazard events together cost $345 million net of reinsurance, well ahead of Suncorp's normal long run expectation for natural hazard events of $240 million per year. Additionally, attritional natural hazards were $120 million above normal long run expectations and additional reinsurance coverage was purchased costing around $30 million.

Gross written premium increased by 6% on the prior year with strong premium growth in the home (9.2%), personal motor (5.3%), CTP (9.6%) and commercial (5.2%) portfolios. Premium increases introduced following reductions in investment returns and severe weather activity have not resulted in any significant increase in customer attrition, although some customers continue to respond to the slowing economy by raising their excesses.

In long-tail classes, central estimate releases were strong due to favourable experience and signs that superimposed inflation not seen at expected level. During the year, the central estimate releases from the outstanding claims provision were $382 million but these were partially offset by current accident period and risk margins strains. Consistent with widespread forecasts for a slowing Australian economy in the coming years, in the first half Suncorp reduced its assumption for wage inflation to 4% from 4.5%, resulting in a benefit of around $86 million. This was the only cornerstone assumption change for the year and this and other assumptions are still considered to be conservative.

Investment returns on technical reserves have continued to be adversely affected by the mark to market impact of widening credit spreads. The Group has over $8 billion in its technical reserves portfolio, where underlying investments are matched to the expected payouts in the outstanding claims provision. These are quality investments, largely semi-government and highly-rated corporate bonds that have no significant default risk; however, the economic mismatch from credit spread movements and other yield curve and duration movements reduced profitability by $125 million.

The general insurance shareholders' funds, which eliminated exposure to equity investments during the first quarter of 2008/09, generated a return of $130 million.

The **Life** business unit reported profit after tax of $115 million, up 3.6% for the year to 30 June 2009. Underlying profit, which excludes annuities market adjustments, life risk policy liability discount rate changes and net investment income on shareholder assets, decreased 16.4% to $122 million. Discount rates increased during the second half, following a dramatic decrease in the half year to 31 December, significantly reversing first half gains.

During the year to 30 June 2009, Suncorp Wealth Management changed its name to Suncorp Life. The past twelve months have been a period of operational stabilisation. The business model has been simplified in order to respond to the environment and rebase the business. Suncorp Life is focused on achieving its aspiration of becoming a leading life insurance specialist, with 'first tier' scale in Australia and New Zealand, and is concentrating on three key areas of distribiution, retention and cost management. This has resulted in solid and sustained profit growth for life risk.

Life risk underlying profit is $87 million, up 13%, reflecting in-force premium growth, positive experience and expense management. Life risk in-force premium rose 7.3% to $733 million. Individual risk in-force premium grew at 8.2% and Group risk in-force premium grew at 4.1%. Individual life risk new business grew 10.6% to $73 million. Group Life new business fell due to a one-off premium rate increase for a major client in the prior comparative period.

In funds management, which includes the Superannuation & Investments and Asset Management divisions, profit after tax for the full year was $35 million, a decrease of 49.3%. Funds under Management remained steady at $23.4 billion.

Profits reduced due to a change in the mix in Funds under Management from equities to fixed interest and Funds under Administration dropping 17.9% on the prior year, in line with market.

In June, Life released its traditional Embedded Value (EV) which was independently assessed as $2.175 billion as at 31 December 2008. Life intends to provide updated EV as part of ongoing market disclosures.

Tight control of costs saw Life's operating expenses reduce by 8.6% to $338 million through both reductions in discretionary expenditure and key investments in sustainable cost reduction such as the introduction of electronic underwriting and a new superannuation platform.

Capital

During February 2009 the Group raised just over $1 billion of equity, comprising:

- an accelerated, non-renounceable institutional entitlement offer;
- an institutional placement; and
- a non-renounceable entitlement offer allowing shareholders to subscribe for 1 new share for every 5 existing ordinary shares at an issue price of $4.50.

Following this raising, Suncorp's capital ratios are considered prudent and well above internal targets with a Tier 1 ratio of 11.31% and a capital adequacy ratio of 12.77%.

Integration

The Integration journey is now moving towards a conclusion having delivered the long-term strategic objectives of the merger through:

- implementation of the new business model without impacting on the customer experience;
- demonstration of enhanced capabilities in customer-facing businesses and support infrastructure; and
- value for shareholders through on-time realisation of synergies.

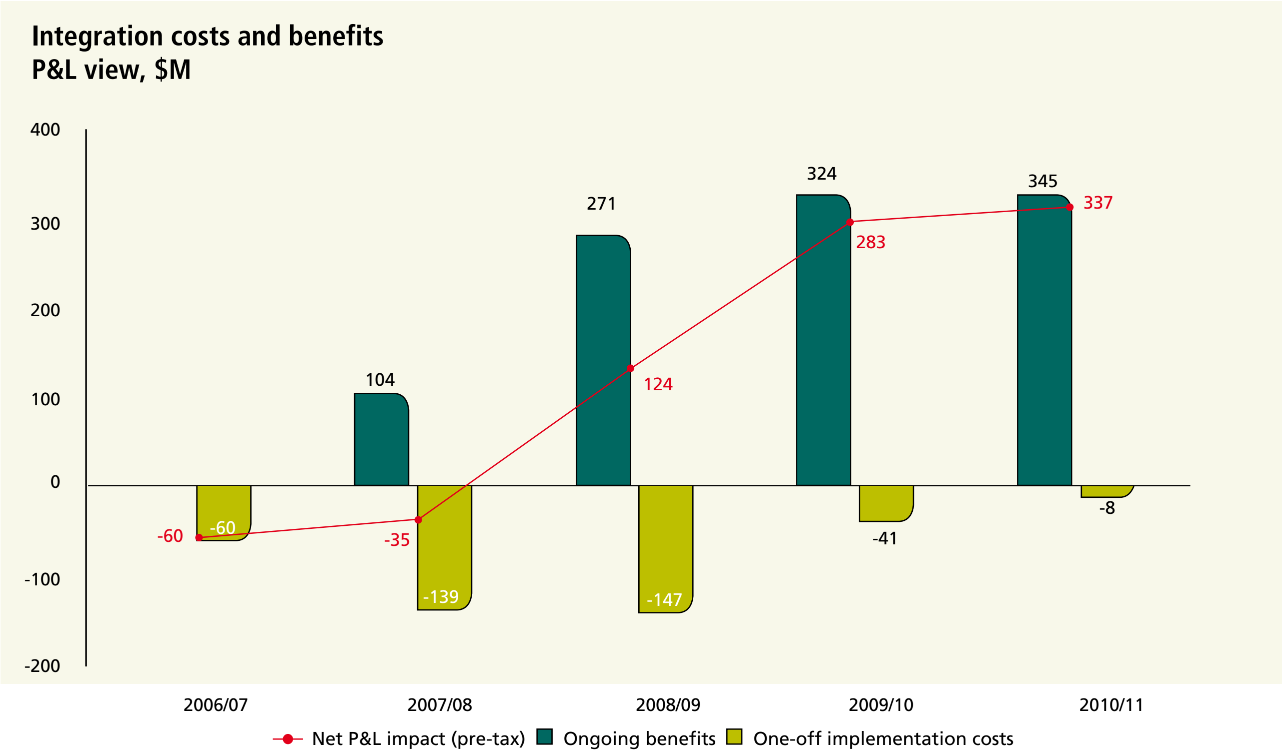
The Plan

The Group has continued to follow the robust plan which was laid out following completion of the merger and has maintained its disciplined approach to governance and tracking.

PHASE 1 Settling in phase	PHASE 2 Design phase	PHASE 3 Implementation phase
May – July 2007	**July – November 2007**	**December 2007 onward**
▪ Business model design ▪ Executive appointments ▪ Formation of Integration team	▪ Implementation of business model ▪ Design of Integration initiatives ▪ Due diligence	▪ Implementation of prioritised initiatives ▪ Strong governance and oversight ▪ Synergy benefits realisation

The Implementation Phase commenced in December 2007 and despite the distraction of unprecedented external events over the past 18 months, Suncorp has made excellent progress and is currently ahead of targets. Approximately 90% of the initiatives have now been implemented.

Transaction economics



The diagram above provides an updated view of the timing profile of synergy benefits and one-off implementation costs.

For the 12 months to 30 June 2009, the P&L synergy benefit was $271 million, with Integration costs of $147 million. The projected full year 2009/10 results are in line with expectations and 2010/11 results have been amended, reflecting $20 million of additional synergies. Implementation costs have increased to $395 million from $375 million primarily as a result of additional surplus lease costs following reduced demand for commercial property reducing the opportunities to sublet lease space.

The table below provides further detail about how the benefits and costs flow through to the P&L over the life of the Integration.

	FULL YEAR JUN-08 $M	FULL YEAR JUN 09 $M	FULL YEAR JUN-10 $M	FULL YEAR JUN-11 $M
Banking				
Operating Expenses	6	23	28	28
Banking Contribution Before Tax	6	23	28	28
General Insurance				
Net Earned Premium	41	41	41	41
Net Incurred Claims	13	56	72	73
Operating Expenses	39	127	149	167
GI Contribution Before Tax	93	224	262	281
Life Contribution Before Tax	5	24	34	36
Net Profit Before Tax	104	271	324	345
Integration Costs	(139)	(147)	(41)	(8)
Income Tax	11	(37)	(85)	(101)
Total Contribution	(24)	87	198	236

Summary

Given the strong progress that has been made to date, the program will now be finalised at the end of September 2009, nine months sooner than expected.

Outlook

The Group expects economic conditions to remain volatile for some time as investment markets look for signs of economic recovery. While the domestic economy has demonstrated healthy resilience over the past twelve months, the effects of the slowdown have been more severe in specific sectors such as commercial property and in certain geographies. To date, Government stimulus has supported economic growth meaning the full effects of the economic slowdown are yet to be fully experienced across the breadth of the economy. The key macro variables still remain: (1) the depth of the unemployment cycle; and (2) the timing and extent of any future tightening of monetary policy.

On 1 September, Suncorp welcomes the arrival of new chief executive officer, Patrick Snowball. An immediate priority will be for the new chief executive to acquaint himself fully with key operational and environmental issues. At the appropriate point the market will be fully updated in respect of this review, any actions that may be proposed and the impact of these initiatives on the Suncorp business. Accordingly, this outlook statement will focus only on the macro variables affecting each of the operational businesses.

In **Suncorp Bank**, the key focus will remain on implementation of the current program of work which is designed to reshape the Bank, drive deposit growth and build momentum in core lending portfolios. The extent to which the non-core banking operations amortise will very much depend on the extent of refinancing opportunities available across the industry. The quantum of impairment losses expected in the year to June 2010 remains subject to many variables including the extent of deterioration in the Australian economy and movements in commercial and residential property values. The advent of APS330 credit quality reporting provides the market with actual loan loss experience on a quarterly basis thereby allowing the market to evaluate more accurately impairment trends.

In **General Insurance**, the recent evidence of price hardening is likely to continue as all insurers rebuild profitability following significant claims events, increased reinsurance costs and reduced investment yields. In the Suncorp personal lines business significant work has been undertaken in refocusing the brand infrastructure, ensuring each brand has a clear market position and customer proposition. In commercial lines the business will continue to target profitable market segments and run off small, unprofitable portfolios. In regulated long-tail classes, the business will continue to work with Government agencies to ensure premium levels continue to be adjusted to reflect the impact of lower running yields on investment portfolios.

Suncorp Life aspires to be a 'tier one' life insurer in Australia and New Zealand. For the coming twelve months, Suncorp Life will focus on growing distribution capability and reach, retention of existing customers and continuing its program of simplification and cost control.

The Board has previously indicated that, for the 2009/10 year and beyond, it intends to target a dividend payout ratio of 50% to 60% of cash earnings. As with all dividend guidance this may vary depending on the capital requirements of the business, the general business and economic outlook and is subject to any necessary regulatory approval.

Contribution to profit by division for the year ended 30 June 2009

	FULL YEAR ENDED JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %
Banking			
Net interest income	1,117	1,030	8.4
Non-interest income	202	178	13.5
Total income	1,319	1,208	9.2
Operating expenses	(538)	(540)	(0.4)
Contribution before impairment losses, one-off items and tax	781	668	16.9
Impairment losses on loans and advances	(710)	(71)	large
One-off non-recurring items	46	36	27.8
Contribution before tax	117	633	(81.5)
General Insurance			
Gross written premium	6,815	6,430	6.0
Net earned premium	5,981	5,866	2.0
Net incurred claims	(4,610)	(4,081)	13.0
Operating expenses	(1,642)	(1,633)	0.6
Investment income - insurance funds	733	455	61.1
Insurance trading result	462	607	(23.9)
Managed schemes net income	19	47	(59.6)
Joint venture and other income	1	17	(94.1)
Investment income - shareholder funds	130	(232)	(156.0)
Contribution before tax and capital funding	612	439	39.4
Capital funding	(39)	(132)	(70.5)
Contribution before tax	573	307	86.6
Contribution from Life before tax (1)	98	30	226.7
Other (2)			
Contribution from LJ Hooker	8	14	(42.9)
Consolidation adjustments (3)	3	21	(85.7)
Contribution before tax	11	35	(68.6)
Profit before tax and Promina acquisition items	799	1,005	(20.5)
Amortisation of Promina acquisition intangible assets	(245)	(361)	(32.1)
Deferred acquisition cost adjustment on consolidation (4)	-	161	(100.0)
Integration costs	(147)	(139)	5.8
	407	666	(38.9)
Income tax	(54)	(78)	(30.8)
Profit before minority interests	**353**	**588**	**(40.0)**
Minority interests	(5)	(5)	-
Net profit after minority interests	**348**	**583**	**(40.3)**

(1) The Contribution from Life result is grossed up for income tax expense paid by the life insurance companies on behalf of policyholders in accordance with Australian Accounting Standards. As a consequence, the results presented here are not comparable across periods. In addition this result does not take into account minority interests.

(2) The 'Other' contribution for the year ended 30 June 2008 has been restated due to the change in accounting policy for defined benefit plans.

(3) Represents elimination of Group transactions including:

- Treasury shares - certain managed schemes controlled by Life entities own shares ('treasury shares') in Suncorp-Metway Ltd. These shares are recorded at fair value in the schemes' accounts and at cost at the Group level. The treasury share adjustment is $5 million (30 June 2008: $21 million).
- Life deferred acquisition costs ('DAC') - within Suncorp Life DAC incorporates charges from other lines of business. From a Group viewpoint, these costs must be expensed as they are not incremental to the Group.
- Transactions between Banking and General Insurance, including profit or loss on the fair value movements of General Insurance. Banking securities held by General Insurance.

(4) On recognition of the fair value of Promina assets and liabilities, the deferred acquisition costs in Promina's balance sheet cannot be recognised as an asset. Therefore the amortisation of DAC in Promina's books at the date of acquisition is reversed at the Group level.

	HALF YEAR ENDED					
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Contribution to profit by division for the year ended 30 June 2009 *continued*						
Banking						
Net interest income	509	608	546	484	(16.3)	(6.8)
Non-interest income	68	134	94	84	(49.3)	(27.7)
Total income	577	742	640	568	(22.2)	(9.8)
Operating expenses	(244)	(294)	(295)	(245)	(17.0)	(17.3)
Contribution before impairment losses, one-off items and tax	333	448	345	323	(25.7)	(3.5)
Impairment losses on loans and advances	(355)	(355)	(55)	(16)	-	large
One-off non-recurring items	42	4	36	-	large	16.7
Contribution before tax	20	97	326	307	(79.4)	(93.9)
General Insurance						
Gross written premium	3,472	3,343	3,274	3,156	3.9	6.0
Net earned premium	2,993	2,988	2,921	2,945	0.2	2.5
Net incurred claims	(1,855)	(2,755)	(1,904)	(2,177)	(32.7)	(2.6)
Operating expenses	(803)	(839)	(828)	(805)	(4.3)	(3.0)
Investment income – insurance funds	(31)	764	267	188	(104.1)	(111.6)
Insurance trading result	304	158	456	151	92.4	(33.3)
Managed schemes net income	3	16	13	34	(81.3)	(76.9)
Joint venture and other income	11	(10)	(2)	19	(210.0)	large
Investment income – shareholder funds	(24)	154	(260)	28	(115.6)	(90.8)
Contribution before tax and capital funding	294	318	207	232	(7.5)	42.0
Capital funding	26	(65)	(72)	(60)	(140.0)	(136.1)
Contribution before tax	320	253	135	172	26.5	137.0
Contribution from Life before tax [(1)]	(17)	115	(95)	125	(114.8)	(82.1)
Other [(2)]						
Contribution from LJ Hooker	5	3	6	8	66.7	(16.7)
Consolidation adjustments [(3)]	(11)	14	14	7	(178.6)	(178.6)
Contribution before tax	(6)	17	20	15	(135.3)	(130.0)
Profit before tax and Promina acquisition items	317	482	386	619	(34.2)	(17.9)
Amortisation of Promina acquisition intangible assets	(123)	(122)	(181)	(180)	0.8	(32.0)
Deferred acquisition cost adjustment on consolidation[(4)]	-	-	53	108	n/a	(100.0)
Integration costs	(62)	(85)	(85)	(54)	(27.1)	(27.1)
	132	275	173	493	(52.0)	(23.7)
Income tax	(38)	(16)	29	(107)	137.5	(231.0)
Profit before minority interests	**94**	**259**	**202**	**386**	**(63.7)**	**(53.5)**
Minority interests	(4)	(1)	(3)	(2)	300.0	33.3
Net profit after minority interests	**90**	**258**	**199**	**384**	**(65.1)**	**(54.8)**

(1) The Contribution from Life result is grossed up for income tax expense paid by the life insurance companies on behalf of policyholders in accordance with Australian Accounting Standards. As a consequence, the results presented here are not comparable across periods. In addition this result does not take into account minority interests.

(2) The 'Other' contribution for the year ended 30 June 2008 has been restated due to the change in accounting policy for defined benefit plans.

(3) Represents elimination of Group transactions including:

- Treasury shares - certain managed schemes controlled by Life entities own shares ('treasury shares') in Suncorp-Metway Ltd. These shares are recorded at fair value in the schemes' accounts and at cost at the Group level. The treasury share adjustment is nil (31 December 2008: $5 million; 30 June 2008: $7 million; 31 December 2007: $14 million).
- Life deferred acquisition costs ('DAC') - within Suncorp Life DAC incorporates charges from other lines of business. From a Group viewpoint, these costs must be expensed as they are not incremental to the Group.
- Transactions between Banking and General Insurance, including profit or loss on the fair value movements of General Insurance. Banking securities held by General Insurance.

(4) On recognition of the fair value of Promina assets and liabilities, the deferred acquisition costs in Promina's balance sheet cannot be recognised as an asset. Therefore the amortisation of DAC in Promina's books at the date of acquisition is reversed at the Group level.

Balance Sheet

	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Assets						
Cash and cash equivalents	2,356	1,295	1,003	1,237	81.9	134.9
Receivables due from other banks	118	68	263	4	73.5	(55.1)
Trading securities	6,694	8,336	5,685	7,842	(19.7)	17.7
Derivatives	552	960	532	263	(42.5)	3.8
Investment securities	20,330	18,687	19,149	20,305	8.8	6.2
Loans, advances and other receivables	56,753	57,194	57,343	51,860	(0.8)	(1.0)
Reinsurance and other recoveries	1,622	1,616	1,382	1,329	0.4	17.4
Deferred insurance assets	744	717	688	560	3.8	8.1
Assets classified as held for sale	-	56	151	151	(100.0)	(100.0)
Investments in associates and joint ventures	201	155	264	290	29.7	(23.9)
Property, plant and equipment	407	338	350	324	20.4	16.3
Deferred tax assets	260	94	-	-	176.6	n/a
Investment property	160	175	171	145	(8.6)	(6.4)
Other assets	430	632	643	431	(32.0)	(33.1)
Goodwill and intangible assets	6,836	6,971	7,098	7,278	(1.9)	(3.7)
Total assets	97,463	97,294	94,722	92,019	0.2	2.9
Liabilities						
Deposits and short-term borrowings	37,866	46,538	43,147	41,055	(18.6)	(12.2)
Derivatives	1,556	214	921	263	large	68.9
Payables due to other banks	29	24	45	43	20.8	(35.6)
Bank acceptances	3	121	865	759	(97.5)	(99.7)
Payables and other liabilities	2,342	1,601	1,956	1,844	46.3	19.7
Current tax liabilities	154	5	9	9	large	large
Employee benefit obligations	251	305	250	185	(17.7)	0.4
Unearned premium liabilities	3,528	3,367	3,263	3,186	4.8	8.1
Outstanding claims liabilities	7,506	7,856	7,140	7,404	(4.5)	5.1
Gross policy liabilities	5,547	5,782	6,793	7,717	(4.1)	(18.3)
Unvested policyowner benefits	397	341	314	322	16.4	26.4
Deferred tax liabilities	-	-	182	378	n/a	(100.0)
Managed funds units on issue	506	527	813	1,248	(4.0)	(37.8)
Securitisation liabilities	5,711	6,593	6,409	7,566	(13.4)	(10.9)
Debt issues	15,661	8,034	6,748	4,585	94.9	132.1
Total liabilities excluding loan capital	81,057	81,308	78,855	76,564	(0.3)	2.8
Loan capital						
Subordinated notes	2,312	2,824	2,638	2,926	(18.1)	(12.4)
Preference shares	865	863	863	144	0.2	0.2
Total loan capital	3,177	3,687	3,501	3,070	(13.8)	(9.3)
Total liabilities	84,234	84,995	82,356	79,634	(0.9)	2.3
Net assets	13,229	12,299	12,366	12,385	7.6	7.0
Equity						
Share capital	12,425	11,307	10,799	10,467	9.9	15.1
Reserves	(123)	(202)	209	247	(39.1)	(158.9)
Retained profits	921	1,187	1,352	1,668	(22.4)	(31.9)
Total parent entity interest	13,223	12,292	12,360	12,382	7.6	7.0
Minority interests	6	7	6	3	(14.3)	-
Total equity	13,229	12,299	12,366	12,385	7.6	7.0

The consolidated Balance Sheet includes the assets and liabilities of the statutory funds of the Group's life insurance businesses which are subject to restrictions under the *Life Insurance Act 1995*.

		FULL YEAR ENDED		
		JUN-09	JUN-08	JUN-09 vs JUN-08 %
Ratios and statistics for the year ended 30 June 2009				
Performance ratios				
Earnings per share [1]				
Basic	(cents)	31.6	60.2	(47.5)
Diluted	(cents)	31.1	60.2	(48.3)
Cash earnings per share [1]				
Basic	(cents)	47.2	74.7	(36.8)
Diluted	(cents)	41.9	74.7	(43.9)
Return on average shareholders' equity	(%)	2.7	4.7	(42.6)
Cash return on average shareholders' equity	(%)	4.1	5.8	(29.3)
Return on average total assets	(%)	0.36	0.65	(44.6)
Insurance trading ratio	(%)	7.7	10.3	(25.2)
Shareholder summary				
Dividend per ordinary share	(cents)	40.0	107.0	(62.6)
Payout ratio	(%)	143.7	174.4	(17.6)
Weighted average number of shares				
Basic	(million)	1,100.5	967.9	13.7
Diluted	(million)	1,238.8	967.9	28.0
Number of shares at end of period	(million)	1,250.2	950.5	31.5
Net tangible asset backing per share	($)	5.11	5.54	(7.8)
Share price at end of period	($)	6.70	13.04	(48.6)
Productivity				
Banking cost to income ratio	(%)	40.8	44.7	(8.7)
General Insurance expense ratio	(%)	27.4	27.9	(1.8)
Financial position				
Total assets	($ million)	97,463	94,722	2.9
Capital				
Bank capital adequacy ratio - Total	(%)	12.77	10.44	22.3
Bank capital adequacy ratio - Tier 1	(%)	11.31	8.04	40.7
Bank adjusted common equity ratio	(%)	6.25	4.95	26.3
Bank adjusted total equity ratio	(%)	8.31	6.09	36.5
General Insurance domestic minimum capital ratio coverage	(times)	1.60	1.66	(3.6)

[1] Earnings per share and cash earnings per share have been restated due to the change in accounting policy for defined benefit superannuation plans.

		HALF YEAR ENDED					
		JUN-09	DEC-08	JUN-08	DEC-07	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Ratios and statistics for the year ended 30 June 2009 continued							
Performance ratios							
Earnings per share[(1)]							
Basic	(cents)	7.6	25.3	20.4	40.0	(70.0)	(62.7)
Diluted	(cents)	7.6	24.7	20.4	40.0	(69.2)	(62.7)
Cash earnings per share[(1)]							
Basic	(cents)	14.9	33.7	29.6	45.2	(55.8)	(49.7)
Diluted	(cents)	14.9	30.3	29.6	45.2	(50.8)	(49.7)
Return on average shareholders' equity	(%)	1.4	4.2	3.2	6.2	(66.7)	(56.3)
Cash return on average shareholders' equity	(%)	2.7	5.5	4.6	7.0	(50.9)	(41.3)
Return on average total assets	(%)	0.19	0.54	0.43	0.86	(64.8)	(55.8)
Insurance trading ratio	(%)	10.2	5.3	15.6	5.1	92.5	(34.6)
Shareholder summary							
Dividend per ordinary share	(cents)	20.0	20.0	55.0	52.0	-	(63.6)
Payout ratio	(%)	277.8	78.0	262.7	125.3	256.2	5.7
Weighted average number of shares							
Basic	(million)	1,184.5	1,017.9	975.8	960.1	16.4	21.4
Diluted	(million)	1,184.5	1,133.7	975.8	960.1	4.5	21.4
Number of shares at end of period	(million)	1,250.2	1,006.2	950.5	925.0	24.2	31.5
Net tangible asset backing per share	($)	5.11	5.29	5.54	5.52	(3.4)	(7.8)
Share price at end of period	($)	6.70	8.40	13.04	16.92	(20.2)	(48.6)
Productivity							
Banking cost to income ratio	(%)	42.3	39.6	46.1	43.1	6.8	(8.2)
General Insurance expense ratio	(%)	26.8	28.0	28.3	27.3	(4.3)	(5.3)
Financial position							
Total assets	($ million)	97,463	97,294	94,722	92,019	0.2	2.9
Capital							
Bank capital adequacy ratio - Total	(%)	12.77	10.67	10.44	10.84	19.7	22.3
Bank capital adequacy ratio - Tier 1	(%)	11.31	8.83	8.04	7.69	28.1	40.7
Bank adjusted common equity ratio	(%)	6.25	3.97	4.95	5.45	57.4	26.3
Bank adjusted total equity ratio	(%)	8.31	5.18	6.09	5.94	60.4	36.5
General Insurance minimum capital ratio coverage	(times)	1.60	1.73	1.66	1.97	(7.5)	(3.6)

(1) Earnings per share and cash earnings per share for the half years ended 31 December 2007 and 30 June 2008 have been restated due to the change in accounting policy for defined benefit superannuation plans.

Refer Appendix 6 for definitions.

Refer Appendix 7 for details of Earnings per share and Return on average shareholders' equity calculations.

Group Capital

Group capital is calculated in accordance with APRA guidelines. Regulatory capital will differ from statutory capital due to the inclusion of some liabilities such as preference shares and subordinated debt, and the deduction of intangible assets such as goodwill and software assets.

In response to the emerging risks associated with the Global Financial Crisis and the reduced internally generated capital, internal capital targets were revised upwards with particular emphasis on improving the quality of capital.

To increase capital to those new targets, the Group has undertaken:

- an institutional equity placement of $390 million;
- an institutional entitlements offer, which raised $466 million; and
- a retail entitlements offer which raised $189 million.

In addition to raising new capital, the capital demand has been managed by:

- removing all equity exposures from the General Insurance investment portfolios;
- reducing equity exposures in the Life shareholder funds; and
- constraining the growth of the Bank's risk weighted exposures.

The strengthening of Tier 1 capital resulted in total capital surplus to our revised internal targets. This enabled Suncorp to repurchase $405 million of subordinated debt. Profits generated from the repurchase further enhanced fundamental Tier 1 capital.

Group capital position

The Group's capital policy is to hold capital surplus to operating requirements in the Bank, being the holding company of the Group.

At 30 June 2009, the Bank had a capital adequacy ratio of 12.77%, above the revised range of 11.5% – 12%. The Tier 1 ratio was 11.31%, well above the target range of 9% – 9.5%.

At 30 June 2009, the domestic general insurance group held capital at 1.60 times the Minimum Capital Requirement, above the target multiple of 1.55.

The quality of the capital held by the general insurance group was improved by repurchasing subordinated debt, Tier 2 capital, and retaining fundamental Tier 1 capital.

Group capital position continued

Group capital table

The Group has three distinct business lines with different regulatory requirements for capital. The corporate structure of the Group has the Bank as the holding company for subsidiaries operating General Insurance, Life and other businesses.
To assist in understanding the regulatory capital position within the Group the following table (including consolidation entries) demonstrates the distribution of capital.

	AS AT 30 JUNE 2009					
	BANKING	GENERAL INSURANCE [4]	LIFE	OTHER	CONSOL-IDATION	TOTAL
	$M	$M	$M	$M	$M	$M
Tier 1						
Ordinary share capital	12,584	-	-	-	-	12,584
Subsidiary share capital (eliminated upon consolidation)	-	3,052	718	17	(3,787)	-
Reserves	-	-	-	-	-	-
Retained profits [1]	859	355	785	69	(1,587)	481
Preference shares	879	-	-	-	-	879
Insurance liabilities in excess of liability valuation	-	415	-	-	-	415
Less goodwill, brands	(7,818)	(1,181)	-	-	2,314	(6,685)
Less software assets	(66)	(9)	-	-	(79)	(154)
Less deductible capitalised expenses	(118)	-	-	-	-	(118)
Less deferred tax asset	(186)	(184)	-	-	227	(143)
Less other required deductions [2]	(1)	(2)	-	-	-	(3)
Less tier 1 deductions for investments in subsidiaries, capital support	(1,424)	-	-	-	1,424	-
Total tier 1 capital	4,709	2,446	1,503	86	(1,488)	7,256
Tier 2						
APRA general reserve for credit losses	392	-	-	-	-	392
Asset revaluation reserves	3	-	-	-	-	3
Subordinated notes	1,636	784	-	-	(1)	2,419
Less tier 2 deductions for investments in subsidiaries, capital support	(1,424)	-	-	-	1,424	-
Total tier 2 capital	607	784	-	-	1,423	2,814
Total capital base	**5,316**	**3,230**	**1,503**	**86**	**(65)**	**10,070**
Target capital base [3]	4,995	2,994	1,399	17	-	9,405
Excess/(deficiency)	**321**	**236**	**104**	**69**	**(65)**	**665**
Target core capital base	3,746	1,996	1,399	17	(574)	6,584
Excess/(deficiency) core capital	**963**	**450**	**104**	**69**	**(914)**	**672**

(1) For Banking and domestic General Insurance, this represents the APRA calculation of retained profits. 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 and other businesses.

(2) Other required deductions includes surpluses in defined benefit funds and internal funding transactions of a capital nature.

(3) APRA requires regulated entities to have internal capital targets. For the Banking business the capital target is a capital adequacy ratio percentage. The target capital for the General Insurance business is based on a multiple of the various MCR components. 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 target capital for entities within the Other businesses are based upon their actual capital base.

(4) The General Insurance group includes licensed entities regulated by APRA plus the New Zealand General Insurance operations. Other entities within the statutory General Insurance reporting group are included in the Other businesses in this table.

	AS AT 30 JUNE 2009 BANKING $M	GENERAL INSURANCE $M	LIFE $M	OTHER $M	CONSOL-IDATION $M	TOTAL $M
Group capital position continued						
Reconciliation of total capital base to net assets						
Net assets	13,246	3,746	1,502	26	(5,291)	13,229
Difference relating to APRA definition of retained profits	(4)	(936)	-	60	434	(446)
Equity items not eligible for inclusion in capital for APRA purposes						
Reserves (Post AIFRS)	257	594	-	-	(524)	327
Minority interests	-	(24)	(1)	-	25	-
Additional items allowable for capital for APRA purposes						
Preference shares	879	-	-	-	-	879
Subordinated notes	1,636	784	-	-	(1)	2,419
Technical provisions in excess of liability valuation	-	415	-	-	-	415
Holdings of own shares	88	-	-	-	18	106
Collective provision (partial)	197	-	-	-	-	197
Other items, adjustments	(1)	27	2	-	(36)	(8)
Deductions from capital for APRA purposes						
Goodwill [2], brands	(7,818)	(1,181)	-	-	2,314	(6,685)
Software assets	(66)	(9)	-	-	(79)	(154)
Deductible capitalised expenses	(63)	-	-	-	-	(63)
Deferred tax asset	(186)	(184)	-	-	227	(143)
Other assets excluded from regulatory capital	(1)	(2)	-	-	-	(3)
Funding of capital and guarantees by Bank holding company	(2,848)	-	-	-	2,848	-
Total capital base	**5,316**	**3,230**	**1,503**	**86**	**(65)**	**10,070**

(1) Consolidation mainly represents the Bank's investments in non-banking subsidiaries and amortisation of goodwill.

(2) APRA requires the intangible component of the book value of investments in non-banking subsidiaries to be deducted from Tier 1 capital. As it relates to non-banking subsidiaries, it is not amortised at the Banking level. Amortisation and impairment testing occurs within General Insurance and when the entire Group is consolidated. The total intangible deduction from Group capital in the table above of $6,685 million represents the total amortised balance of goodwill and brands etc for the Group.

	AS AT 30 JUNE 2009 BANKING $M	GENERAL INSURANCE $M	LIFE $M	OTHER $M	CONSOL-IDATION $M	TOTAL $M
Reconciliation of APRA retained profits to reported retained profits						
Reported retained profits	863	1,291	785	9	(2,021)	927
Retained profits of entities not consolidated for APRA purposes	(4)	(59)	-	63	-	-
Expected group dividend net of DRP	(163)	-	-	-	-	(163)
Expected intragroup dividends	163	(160)	-	(3)	-	-
Adjustments for pre-acquisition earnings	-	(435)	-	-	435	-
Other differences in retained profits for APRA purposes	-	(282)	-	-	(1)	(283)
	(4)	(936)	-	60	434	(446)
APRA retained profits	**859**	**355**	**785**	**69**	**(1,587)**	**481**

Banking capital adequacy

	JUNE-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M
Consolidated banking capital				
Tier 1				
Fundamental Tier 1				
Ordinary share capital	12,584	11,411	10,882	10,562
Reserves	-	-	5	2
Retained profits	859	1,010	676	926
	13,443	12,421	11,563	11,490
Residual Tier 1				
Reset preference shares	144	144	144	144
Convertible preference shares	735	735	735	-
Residual Tier 1 transferred to Upper Tier 2	-	-	(22)	-
	879	879	857	144
Tier 1 deductions				
Goodwill and other intangibles arising on acquisition	(7,818)	(7,816)	(7,798)	(7,744)
Software assets	(66)	(74)	(86)	(86)
Other intangible assets	(118)	(73)	(67)	(52)
Less excluded assets	-	-	-	-
Deferred tax asset	(186)	(259)	(22)	-
Other Tier 1 deductions	(1)	(3)	(2)	-
Tier 1 deductions for investments in subsidiaries, capital support	(1,424)	(1,258)	(1,015)	(992)
	(9,613)	(9,483)	(8,990)	(8,874)
Total tier 1 capital	4,709	3,817	3,430	2,760
Tier 2				
Upper Tier 2				
APRA general reserve for credit losses	392	198	197	177
Perpetual subordinated notes	170	170	170	170
Asset revaluation reserves	3	-	-	-
Residual Tier 1 transferred to Upper Tier 2	-	-	22	-
	565	368	389	347
Lower Tier 2				
Subordinated notes	1,466	1,684	1,649	1,777
Lower Tier 2 deductions	-	-	-	-
	1,466	1,684	1,649	1,777
Tier 2 Deductions				
Tier 2 deductions for investments in subsidiaries, capital support	(1,424)	(1,257)	(1,015)	(991)
	(1,424)	(1,257)	(1,015)	(991)
Total Tier 2 Capital	607	795	1,023	1,133
Capital base	5,316	4,612	4,453	3,893
Total assessed risk	41,626	43,206	42,650	35,900
Risk weighted capital ratio	**12.77%**	**10.67%**	**10.44%**	**10.84%**
Adjusted common equity (ACE)	**2,600**	**1,714**	**2,112**	**1,958**
ACE ratio	**6.25%**	**3.97%**	**4.95%**	**5.45%**

	JUNE-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M
Banking capital adequacy continued				
Reconciliation of deduction for investments in subsidiaries				
Investment securities	14,535	13,267	11,075	9,706
Less debt securities held in the banking book	(3,932)	(2,936)	(1,254)	-
Add back investments in banking subsidiaries not included in regulatory consolidation	37	-	-	-
Less securities held by entities not consolidated for APRA purposes	(1)	(27)	(19)	(6)
Less intangible component deducted from Tier 1 capital – non-banking subsidiaries	(7,796)	(7,794)	(7,777)	(7,722)
Deduction for net tangible investment in subsidiaries	2,843	2,510	2,025	1,978
Capital support provided to subsidiaries	5	5	5	5
Capital deduction for investments in subsidiaries, capital support	2,848	2,515	2,030	1,983
50% deduction from Tier 1 capital	(1,424)	(1,258)	(1,015)	(992)
50% deduction from Tier 2 capital	(1,424)	(1,257)	(1,015)	(991)
Deductions for investments in subsidiaries, capital support	**(2,848)**	**(2,515)**	**(2,030)**	**(1,983)**
Retained profits movement				
Retained profits opening for the half year	1,010	676	926	1,046
Add Banking profit after tax for the half year	9	23	168	199
Less profit after tax of entities not consolidated for APRA purposes	-	(1)	(1)	2
Add/(less) APRA adjustments	(190)	127	(11)	(19)
Less dividend expense/accrual	(251)	(203)	(526)	(484)
Add/(less) estimated change in dividend reinvestment plan	17	(60)	10	(6)
Add/(less) dividends from non-banking subsidiaries	264	448	110	188
Retained profits closing for the half year	**859**	**1,010**	**676**	**926**
Reconciliation of banking deduction for intangible assets to group intangible assets				
Deduction for banking subsidiaries intangible assets	22	22	21	22
Deduction for non-banking entities intangible assets	7,796	7,794	7,777	7,722
Banking deduction for intangible assets	7,818	7,816	7,798	7,744
APRA adjustments	(3)	-	-	66
Goodwill reflected in investments in associates	(39)	(39)	(39)	(39)
Amortisation of non-banking goodwill	(1,014)	(890)	(763)	(590)
Software assets [1]	66	74	86	86
Intangible assets not deducted from capital	8	10	8	11
Group intangible assets	**6,836**	**6,971**	**7,090**	**7,278**

[1] This amount represents the Banking group capital deduction for software assets. Software assets held elsewhere in the Group are included in the capital deduction for goodwill, brands etc.

Banking capital adequacy
continued

	CARRYING VALUE				AVERAGE RISK WEIGHTS	RISK WEIGHTED BALANCE			
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	%	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M
Risk weighted assets									
Assets									
Cash items	210	188	365	541	11%	23	3	35	2
Claims on Australian and foreign governments	1,169	1,613	260	63	0%	3	3	1	-
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	3,794	2,713	581	163	20%	759	548	119	33
Claims secured against eligible residential mortgages	24,664	26,153	23,162	19,678	40%	9,896	11,566	9,996	9,839
Past due claims	2,113	1,123	511	-	105%	2,213	1,534	696	-
Other assets and claims	23,524	23,587	26,175	23,273	98%	23,152	23,224	25,700	23,306
Total Banking assets [(1)]	**55,474**	**55,377**	**51,054**	**43,718**		**36,046**	**36,878**	**36,547**	**33,180**

	NOTIONAL AMOUNT JUN-09 $M	CREDIT EQUIV-ALENT JUN-09 $M	AVERAGE RISK WEIGHTS %	RISK WEIGHTED BALANCE JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M
Off balance sheet positions							
Guarantees entered into in the normal course of business	349	210	90%	190	208	186	184
Commitments to provide loans and advances	7,389	2,104	75%	1,576	1,926	2,273	1,755
Capital commitments	45	45	100%	45	21	96	31
Foreign exchange contracts	21,996	557	28%	154	223	91	78
Interest rate contracts	64,173	503	47%	237	274	136	123
Total off balance sheet positions	**93,952**	**3,419**		**2,202**	**2,652**	**2,782**	**2,171**
Market risk capital charge				499	998	597	549
Operational risk capital charge				2,879	2,678	2,724	-
Total risk weighted assets				36,046	36,878	36,547	33,180
Total assessed risk				**41,626**	**43,206**	**42,650**	**35,900**
Risk weighted capital ratios				%	%	%	%
Tier 1				11.31	8.83	8.04	7.69
Tier 2				1.46	1.84	2.40	3.15
Total risk weighted capital ratios				**12.77**	**10.67**	**10.44**	**10.84**

(1) Total Banking assets differ from Banking segment 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.

General Insurance Minimum Capital Ratio

The minimum capital requirement (MCR) for General Insurance is calculated by assessing the risks inherent in the business, which comprise:

- the risk that the liability for outstanding claims is not sufficient to meet the obligations to policy holders arising from losses incurred up to the reporting date (outstanding claims risk);
- the risk that the unearned premium liability is insufficient to meet the obligations to policy holders arising from losses incurred after the reporting date on existing policies (premium liabilities risk);
- the risk that the value of assets is diminished (investment risk); and
- the risk of a catastrophe giving rise to major claims losses up to the retention amount under existing reinsurance arrangements (catastrophe risk).

These risks are quantified to determine the minimum capital required under the APRA prudential standards. This requirement is compared with the capital held in the General Insurance companies. Any provisions for outstanding claims and insurance risk in excess of the amount required to provide a level of sufficiency at 75% is classified as capital.

	HALF YEAR ENDED							
	DOMESTIC GI GROUP [1]				GI GROUP [2]			
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M
Tier 1								
Ordinary share capital	2,918	3,050	2,085	2,085	3,052	3,189	2,216	2,216
Reserves	-	12	6	-	-	12	6	-
Retained profits	168	376	1,075	1,341	355	566	1,252	1,518
Insurance liabilities in excess of liability valuation	463	327	289	414	524	392	336	462
Less: Tax effect of excess insurance liabilities	(91)	(98)	(87)	(124)	(109)	(118)	(101)	(139)
	3,458	3,667	3,368	3,716	3,822	4,041	3,709	4,057
Less:								
Goodwill and other intangible assets	(1,113)	(1,118)	(1,010)	(1,018)	(1,190)	(1,202)	(1,087)	(1,094)
Other Tier 1 deductions	(186)	(286)	(350)	(27)	(186)	(286)	(350)	(27)
Total deductions from Tier 1 capital	(1,299)	(1,404)	(1,360)	(1,045)	(1,376)	(1,488)	(1,437)	(1,121)
Total Tier 1 capital	**2,159**	**2,263**	**2,008**	**2,671**	**2,446**	**2,553**	**2,272**	**2,936**
Tier 2								
Subordinated notes	784	985	940	980	784	985	940	980
APRA capital base	**2,943**	**3,248**	**2,948**	**3,651**	**3,230**	**3,538**	**3,212**	**3,916**
Outstanding claims risk capital charge	770	815	755	744	787	833	771	760
Premium liabilities risk capital charge	422	406	410	375	453	438	441	406
Total insurance risk capital charge	1,192	1,221	1,165	1,119	1,240	1,271	1,212	1,166
Investment risk capital charge	453	511	591	633	492	551	622	664
Catastrophe risk capital charge	200	150	150	200	200	150	150	200
APRA approved adjustments	-	-	(126)	(100)	-	-	(126)	(100)
Total minimum capital requirement (MCR)	**1,845**	**1,882**	**1,780**	**1,852**	**1,932**	**1,972**	**1,858**	**1,930**
MCR coverage ratio (times)	**1.60**	**1.73**	**1.66**	**1.97**	**1.67**	**1.79**	**1.73**	**2.03**

(1) Domestic GI Group - Suncorp General Insurance Consolidated Group (Australia only)
(2) GI Group - Sum of MCR for the Domestic GI Group and Vero NZ

	HALF YEAR ENDED							
	DOMESTIC GI GROUP [1]				GI GROUP [2]			
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M
General Insurance Minimum Capital Requirement continued								
Retained profits movement								
Retained profits opening for the half year	376	1,075	1,341	1,347	566	1,252	1,518	1,524
Add General Insurance profit after tax for the half year	207	185	95	120	204	185	130	108
Less profit after tax of entities not consolidated for APRA purposes	(46)	(14)	(39)	(27)	(46)	(2)	(39)	(27)
Add retained profits of new consolidated entities	-	-	(2)	(5)	-	-	(2)	(5)
Add/(less) APRA adjustments	(209)	(420)	55	96	(209)	(419)	47	108
Less dividends paid/received	(160)	(450)	(375)	(190)	(160)	(450)	(402)	(190)
Retained profits closing for the half year	**168**	**376**	**1,075**	**1,341**	**355**	**566**	**1,252**	**1,518**

Group credit ratings

The Group's credit ratings were impacted by the global financial volatility during the year to 30 June 2009.

In January 2009, Standard and Poor's reduced the long-term counterparty credit rating for the Bank to 'A' from 'A+' with a stable outlook. Other ratings were not impacted and the ratings for General Insurance and Life subsidiaries remained at 'A+' with a stable outlook. These ratings were affirmed in February following the capital raising.

In February 2009, Fitch Ratings affirmed the 'A+' rating for Suncorp-Metway Limited and Suncorp Metway Insurance Limited, however, due to deteriorating economic conditions, Suncorp-Metway Limited has been placed on 'negative outlook'.

In March 2009, Moody's lowered the long-term deposit and debt ratings of the Bank to 'A1' from 'Aa3' with a stable outlook. At the same time, Moody's confirmed the existing 'Aa3' insurance financial strength rating (IFSR) of Vero Insurance Limited and the 'A1' IFSR of Suncorp Metway Insurance Limited, but the outlook for these ratings has been changed to negative. Suncorp-Metway Limited's short-term ratings were not part of the review and remain unchanged at Prime-1.

Dividends

The final dividend of 20 cents per share is fully franked and due to be paid on 1 October 2009. The record date for determining entitlements to the dividends is 3 September 2009.

	HALF YEAR ENDED			
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M
Franking credits				
Franking credits available for subsequent financial years based on a tax rate of 30% after proposed dividend	523	407	442	478

Group

Income tax

	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %
Profit before income tax expense	407	666	(38.9)
Income tax using the domestic corporation tax rate of 30%	122	200	(39.0)
Effect of tax rates in foreign jurisdictions	-	3	(100.0)
Increase/(decrease) in income tax expense due to:			
Non-deductible expenses	21	7	200.0
Imputation gross-up on dividends received	4	9	(55.6)
Statutory funds	(54)	(83)	(34.9)
Income tax offsets and credits	(12)	(32)	(62.5)
Tax incentives not recognised in the Income Statement	-	(1)	(100.0)
Amortisation of intangible assets on acquisition	7	7	-
Other	(34)	(18)	88.9
	54	92	(41.3)
Over/(under) provision in prior year	-	(14)	(100.0)
Income tax expense/(benefit) on pre-tax net profit	**54**	**78**	**(30.8)**
Effective tax rate	**13.3%**	**11.7%**	13.7
Income tax expense/(benefit) by segment			
Banking	48	190	(74.7)
General Insurance	157	63	149.2
Life	(19)	(83)	(77.1)
Other	(132)	(92)	43.5
Total income tax expense/(benefit)	**54**	**78**	**(30.8)**

The Group's consolidated effective tax rate for the year ended 30 June 2009 was 13.3%. The effective tax rate for the year continues to be significantly lower than the corporate tax rate due to the interaction of relatively large income tax adjustments with lower Group operating profits.

Income tax credits have arisen from:

- an income tax credit of $7 million arising from the Group's 2008 research and development claim;
- the write back of a deferred tax liability of $9 million for amortising identified intangibles associated with a Group joint venture interest which was disposed in the current interim reporting period. Deferred tax balances were established for these identified intangibles at the date of acquisition pursuant to AASB 112 *Income Taxes*;
- the statutory fund adjustment of $54 million. Accounting standards require that the tax credit from a reduction in net market values of policyholder assets be recognised as part of the Group's income tax expense, whereas the net profit before tax of the Group includes a partially offsetting release of policyholder liabilities. Consequently, the tax credit is disproportionate relative to the net profit before tax. The reverse (a tax expense charge) is required in periods where the market values of policyholder assets increase; and
- The Group's decision to move its investment portfolios away from equities has resulted in a reduction in the receipt of tax exempt dividend income, increasing the effective tax rate.

Income tax expense has increased due to non-deductible distributions from Converting Preference Shares issued in June 2008 ($15 million) in addition to the non-deductible distributions from the remaining Reset Preference Shares ($2 million).

Segment information – Banking

Market and strategic overview

The past two years have seen a confluence of economic, funding and international events that have fundamentally changed the operating environment for banks, particularly regional banks.

The cost of raising funds in wholesale markets is considerably greater, and, while all banks are paying greater spreads for their funding, the difference between 'A' rated and 'AA' rated issuers has widened appreciably.

The Government deposit guarantee has been successful in providing reassurance to consumers, while the guarantee for wholesale funding has stabilised Australia's banking system and provided an injection of confidence. For 'A' rated banks such as Suncorp, costs associated with utilising the wholesale guarantee have been significant and include a fee of 100 basis points paid to the Government. In addition, debt investors continue to look through the sovereign guarantee and differentiate pricing according to underlying credit rating. The combination of these two pricing elements results in a cost of term funding for 'A' rated banks that is approximately 55 basis points higher than that for 'AA' rated banks. However during the year it was as much as 80 basis points higher.

This context of a significant change in the funding and risk environment prompted a fundamental review of the Bank's strategic direction. In the first half of the 2009 financial year, Suncorp announced that it would separate the banking business into core and non-core portfolios and proceed to run-off the non-core portfolios over time. The delineation of core and non-core was based upon the assessment of numerous criteria, including the cost of funding in each of the lending segments, the ability to attract deposit funding and the requirement to reduce concentration of risk and bad debt volatility.

Specialist teams have been appointed to work with customers in the non-core portfolio, to manage the run-off and ensure appropriate monitoring and management of credit exposures.

The Bank is focused on providing full relationship-based banking solutions for personal, agribusiness and commercial (SME) customers and continuing to grow the deposit base. It is targeting an increased level of retail funding to core loans which will deliver reduced dependence on wholesale debt markets. The composition of lending in the core portfolio will deliver a bank with substantially reduced volatility in both credit quality and earnings.

Profit overview

Profit before tax, bad debts and one-off items increased by 16.9% to $781 million, reflecting higher average asset balances and tight cost control throughout the year, in addition to particularly strong income growth in the first half of the year.

The Bank reported a contribution before tax of $117 million, a decrease of 81.5% over the prior year. A sharp deterioration in economic conditions, falling property values and increased provisioning, including the establishment of an economic overlay to provisioning levels, resulted in a significant increase in impairment losses for the 2009 financial year.

Net interest income increased 8.4% over the prior year. Higher average lending balances, repricing of the asset book and favourable yield curve movements produced a strong result for the first half. In the second half, net interest income was negatively impacted by higher wholesale funding costs as the Bank improved its funding mix through significantly lengthening the duration of its wholesale funding base. Substantial term funding issuance was undertaken in the second half to reduce refinancing risk in the non-core portfolio and move towards a 'match funded' position.

Net interest margin for the 2009 financial year was 1.68%, down 11 basis points on the prior year, reflecting the impact of the risk mitigation activities to lengthen the Bank's duration of liabilities.

Operating expenses decreased by 0.4% on the prior year. The Bank completed a restructuring program during the year, combining the Retail and Business Banking operations into a single organisation. In the process the Bank incurred $25 million in restructuring costs which were subsequently off set by focused cost-saving initiatives and realised ongoing benefits from the restructure. This resulted in the cost to income ratio improving to 40.8%.

During the year the Bank benefited from one-off items including the sale of remaining Visa Inc shares of $4 million and the profits from the redemption of subordinated debt instruments of $53 million. These were in part offset by the $11 million write-down of software implementation projects that were ceased following the decision to establish the non-core portfolio.

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Profit contribution – Banking									
Net interest income									
Interest revenue	4,702	4,659	0.9	2,009	2,693	2,533	2,126	(25.4)	(20.7)
Interest expense	(3,585)	(3,629)	(1.2)	(1,500)	(2,085)	(1,987)	(1,642)	(28.1)	(24.5)
	1,117	1,030	8.4	509	608	546	484	(16.3)	(6.8)
Net banking fee income									
Banking fee and commission revenue	262	239	9.6	134	128	118	121	4.7	13.6
Banking fee and commission expense	(98)	(91)	7.7	(45)	(53)	(47)	(44)	(15.1)	(4.3)
	164	148	10.8	89	75	71	77	18.7	25.4
Other operating revenue									
Net profit on financial instruments	23	22	4.5	(31)	54	18	4	(157.4)	(272.2)
Other income	15	8	87.5	10	5	5	3	100.0	100.0
	38	30	26.7	(21)	59	23	7	(135.6)	(191.3)
Non-interest income	202	178	13.5	68	134	94	84	(49.3)	(27.7)
Total income from Banking activities	1,319	1,208	9.2	577	742	640	568	(22.2)	(9.8)
Operating expenses									
Staff expenses	(307)	(339)	(9.4)	(133)	(174)	(179)	(160)	(23.6)	(25.7)
Equipment and occupancy expenses	(93)	(81)	14.8	(45)	(48)	(44)	(37)	(6.3)	2.3
Hardware, software and dataline expenses	(28)	(30)	(6.7)	(12)	(16)	(17)	(13)	(25.0)	(29.4)
Advertising and promotion	(27)	(31)	(12.9)	(15)	(12)	(20)	(11)	25.0	(25.0)
Office supplies, postage and printing	(23)	(22)	4.5	(10)	(13)	(12)	(10)	(23.1)	(16.7)
Other [(1)]	(60)	(37)	62.2	(29)	(31)	(23)	(14)	(6.5)	26.1
	(538)	(540)	(0.4)	(244)	(294)	(295)	(245)	(17.0)	(17.3)
Contribution to profit from Banking activities before impairment losses on loans and advances	781	668	16.9	333	448	345	323	(25.7)	(3.5)
Impairment losses on loans and advances	(710)	(71)	large	(355)	(355)	(55)	(16)	-	large
Contribution to profit before tax from normal business activities	**71**	**597**	**(88.1)**	**(22)**	**93**	**290**	**307**	**(123.7)**	**(107.6)**
One-off non-recurring items									
Net profit from credit card portfolio sale	-	20	n/a	-	-	20	-	n/a	n/a
Net profit from sale and recognition of fair value of VISA Inc shares	4	16	(75.0)	-	4	16	-	n/a	n/a
Write-off of software implementation project	(11)	-	n/a	(11)	-	-	-	n/a	n/a
Net profits from redemption of subordinated debt	53	-	n/a	53	-	-	-	n/a	n/a
Contribution to profit before tax from Banking activities	**117**	**633**	(81.5)	**20**	**97**	**326**	**307**	(79.4)	(93.9)
Return on equity (%)	**2.4**	**16.3**	(85.3)	**0.5**	**4.7**	**16.2**	**15.0**	(89.4)	(96.9)

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

Balance sheet – Banking

	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Assets						
Cash and liquid assets	1,367	298	225	432	358.7	large
Receivables due from other banks	118	68	263	4	73.5	(55.1)
Other financial assets						
Trading securities	6,694	8,336	5,685	7,842	(19.7)	17.7
Derivatives	478	960	532	263	(50.2)	(10.1)
Investment securities (1)	14,535	13,267	11,075	9,706	9.6	31.2
Bank acceptances from customers	3	121	865	759	(97.5)	(99.7)
Loans, advances and other receivables (2)	54,616	55,215	54,963	49,461	(1.1)	(0.6)
Property, plant and equipment	272	267	271	256	1.9	0.4
Current tax assets	-	24	34	3	(100.0)	(100.0)
Deferred tax assets	380	259	27	-	46.7	large
Other assets (3)	856	1,522	944	556	(43.8)	(9.3)
Intangible assets	87	96	108	108	(9.4)	(19.4)
Total assets	79,406	80,433	74,992	69,390	(1.3)	5.9
Liabilities						
Deposits and short-term borrowings	38,203	46,615	44,379	41,484	(18.0)	(13.9)
Derivatives	1,489	214	921	263	large	61.7
Payables due to other banks	29	24	45	43	20.8	(35.6)
Bank acceptances	3	121	865	759	(97.5)	(99.7)
Payables and other liabilities (4)	1,204	1,715	979	641	(29.8)	23.0
Current tax liabilities	154	-	-	-	n/a	n/a
Employee benefit obligations	145	181	161	102	(19.9)	(9.9)
Due to controlled entities	291	69	-	-	321.7	n/a
Deferred tax liabilities	-	-	-	3	n/a	n/a
Securitisation liabilities	6,193	8,379	6,416	7,575	(26.1)	(3.5)
Bonds, notes and long-term borrowings	16,001	8,286	6,745	4,585	93.1	137.2
Subordinated notes	1,583	1,839	1,699	1,945	(13.9)	(6.8)
Preference shares	865	864	863	144	0.1	0.2
Total liabilities	66,160	68,307	63,073	57,544	(3.1)	4.9
Net assets	**13,246**	**12,126**	**11,919**	**11,846**	**9.2**	**11.1**

(1) Includes the Group investment in Promina of $7.9 billion.

(2) Includes securitised home loan balances of $6.1 billion (31 December 08 $8.4 billion: 30 June 08 $6.4 billion: 31 December 07 $7.3 billion).

(3) Other assets is mainly made up of accrued interest, prepayments and unrealised gains on derivative hedging positions.

(4) Includes unrealised losses on derivative hedging positions relating to cross currency swaps for offshore borrowings. Movements in the hedging positions are fully offset by movements in the underlying offshore borrowings.

Banking ratios and statistics

	FULL YEAR ENDED JUN-09 %	FULL YEAR ENDED JUN-08 %	FULL YEAR ENDED JUN-09 vs JUN-08 %	HALF YEAR ENDED JUN-09 %	HALF YEAR ENDED DEC-08 %	HALF YEAR ENDED JUN-08 %	HALF YEAR ENDED DEC-07 %	HALF YEAR ENDED JUN-09 vs DEC-08 %	HALF YEAR ENDED JUN-09 vs JUN-08 %
Cost to income ratio	40.8	44.7	(8.7)	42.3	39.6	46.1	43.1	6.8	(8.2)
Cost to average total banking assets ratio	0.70	0.79	(11.4)	0.63	0.76	0.84	0.74	(17.1)	(25.0)
Capital adequacy ratio	12.77	10.44	22.3	12.77	10.67	10.44	10.84	19.7	22.3
Return on average risk weighted assets ratio	0.23	1.34	(82.8)	0.08	0.37	1.32	1.36	(78.4)	(93.9)
Net interest margin (1)	1.68	1.79	(6.1)	1.51	1.84	1.81	1.76	(17.9)	(16.6)
Net interest spread	1.38	1.43	(3.5)	1.25	1.53	1.44	1.43	(18.3)	(13.2)

(1) Refer table on page 34 for analysis

	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Loans, advances and other receivables						
Housing loans	22,191	19,762	20,876	17,963	12.3	6.3
Securitised housing loans	6,111	8,405	6,371	7,302	(27.3)	(4.1)
Total housing loans	28,302	28,167	27,247	25,265	0.5	3.9
Consumer loans	610	694	863	1,185	(12.1)	(29.3)
Retail loans	28,912	28,861	28,110	26,450	0.2	2.9
Commercial (SMEs)	5,676	5,654	5,588	5,036	0.4	1.6
Corporate	3,153	3,626	3,828	3,267	(13.0)	(17.6)
Development finance	6,055	6,089	5,915	5,000	(0.6)	2.4
Property investment	5,288	5,271	5,573	4,566	0.3	(5.1)
Lease finance	1,769	2,177	2,419	2,468	(18.7)	(26.9)
Agribusiness	3,506	3,547	3,645	3,379	(1.2)	(3.8)
Structured finance	4	4	5	5	-	(20.0)
Business loans	25,451	26,368	26,973	23,721	(3.5)	(5.6)
Total loans and advances	**54,363**	**55,229**	**55,083**	**50,171**	**(1.6)**	**(1.3)**
Other receivables [(1)]	1,015	588	899	168	72.6	12.9
Gross banking loans, advances and other receivables	55,378	55,817	55,982	50,339	(0.8)	(1.1)
Provision for impairment	(759)	(481)	(154)	(119)	57.8	392.9
Loans, advances and other receivables	**54,619**	**55,336**	**55,828**	**50,220**	**(1.3)**	**(2.2)**
Risk weighted assets	**36,046**	**36,878**	**36,547**	**33,180**	**(2.3)**	**(1.4)**
Geographical breakdown – gross banking loans, advances and other receivables						
Queensland	33,160	33,301	34,110	30,974	(0.4)	(2.8)
New South Wales	12,425	12,301	12,082	10,794	1.0	2.8
Victoria	6,856	6,940	6,701	5,815	(1.2)	2.3
Western Australia	2,622	2,919	2,757	2,455	(10.2)	(4.9)
South Australia and other	315	356	332	301	(11.5)	(5.1)
Outside of Queensland loans	22,218	22,516	21,872	19,365	(1.3)	1.6
Gross banking loans, advances and other receivables	**55,378**	**55,817**	**55,982**	**50,339**	**(0.8)**	**(1.1)**

(1) Other receivables are made up primarily of trade finance and foreign exchange advances.

Gross banking loans, advances and other receivables reduced 1.1% to $55.4 billion.

Lending conditions continued to deteriorate during the year to 30 June 2009, as volatility in financial markets, coupled with weaker economic conditions, resulted in conservative lending and general deleveraging across the economy. Recent government stimulus has provided limited support to consumer confidence and to first home buyers, however investors and businesses continue to remain cautious, deferring investment and spending decisions.

The Bank took a cautious approach to new lending in the uncertain economic environment and adjusted pricing where necessary to reflect increased funding costs. This had a particular impact on the indirect channel, with the Bank choosing not to aggressively pursue lending growth via intermediaries. In addition, volumes were impacted as the Bank ceased lending to new customers in the non-core portfolios.

	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Personal lending						
Housing loans by State						
Queensland	17,953	17,602	17,119	15,916	2.0	4.9
New South Wales	5,251	5,285	5,046	4,625	(0.6)	4.1
Victoria	2,821	2,945	2,865	2,717	(4.2)	(1.5)
Western Australia	1,979	2,037	1,922	1,717	(2.8)	3.0
South Australia	211	215	213	212	(1.9)	(0.9)
ACT	59	53	53	53	11.3	11.3
Tasmania	28	30	29	25	(6.7)	(3.4)
Outside of Queensland	**10,349**	**10,565**	**10,128**	**9,349**	**(2.0)**	**2.2**
Total	**28,302**	**28,167**	**27,247**	**25,265**	**0.5**	**3.9**

Housing lending

Home loan receivables, including securitised assets grew 3.9%, below market growth of 8.2% (as measured by the Reserve Bank of Australia).

The Bank remained cautious in its approach to new housing lending during the year. Government stimulus created confidence in the lower end first home buyer market, while the market for investors and those looking to upgrade has remained weak, with customers choosing to pay down debt and reduce leverage.

During the year the Bank rebranded and positioned itself to concentrate on higher quality full personal relationship business. The Bank focused on its core market of Queensland and also on growing the direct distribution channel in Western Australia. During the year the Bank added seven branches, further enhancing its full personal relationship capability.

Lending volumes via the direct distribution channel were impacted by reduced levels of activity as the economy slowed. In the difficult funding environment the Bank chose not to pursue strong growth in lending volumes via the intermediary channel and has strategically positioned this avenue as one of variable volume in line with funding conditions.

	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Consumer loans by purpose						
Personal loans	376	397	390	370	(5.3)	(3.6)
Overdrafts	5	4	7	5	25.0	(28.6)
Credit cards	7	8	10	235	(12.5)	(30.0)
Margin lending	222	285	456	575	(22.1)	(51.3)
Total	**610**	**694**	**863**	**1,185**	**(12.1)**	**(29.3)**

Consumer lending

Consumer lending decreased 29.3% over the year, to $610 million.

Margin lending balances continued to reduce in line with volatility in equity markets, as consumers paid down margin lending facilities and reduced leverage to markets.

Personal loans decreased 3.6% as tighter economic conditions prompted consumers to reduce discretionary expenditure.

Business lending

A breakdown of business lending by state is shown below:

	HALF YEAR ENDED				JUN-09	JUN-09
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	vs DEC-08 %	vs JUN-08 %
Business loans by State						
Queensland	13,631	14,470	15,280	13,791	(5.8)	(10.8)
New South Wales	7,143	6,982	6,949	6,061	2.3	2.8
Victoria	4,024	3,982	3,823	3,075	1.1	5.3
Western Australia	641	880	833	733	(27.2)	(23.0)
South Australia and other	12	54	88	61	(77.8)	(86.4)
Outside of Queensland	11,820	11,898	11,693	9,930	(0.7)	1.1
Total	**25,451**	**26,368**	**26,973**	**23,721**	**(3.5)**	**(5.6)**

Business lending

Business lending decreased by 5.6% during the 2009 financial year to $25.5 billion as the Bank moderated lending growth in the core portfolio and commenced run-off of the non-core book.

Core business portfolio

Commercial (SME)

The Commercial (SME) portfolio grew 1.6% over the year.

As expected, the slowing economy saw small to medium businesses pay down borrowings and defer non-essential spending in an environment of weaker consumer and business confidence.

The Commercial (SME) segment is core to the Bank's strategy and complements the growth in the branch footprint. The Bank remains committed to providing leading banking relationships in the small to medium commercial segment, particularly in Queensland, Western Australia and selected areas in New South Wales.

Agribusiness

The Agribusiness portfolio declined 3.8% over the year. Competition within this sector intensified during the year, with the business focusing on servicing the existing customer base and working with customers to optimise cash flows.

Agricultural seasonal conditions improved late in the year as rainfalls reverted to more normal patterns. After long periods of drought, favourable trading conditions have returned to many parts of the agribusiness sector, with lower fuel prices and higher crop and livestock returns.

The Agribusiness segment is core to the Bank's strategy and has historically provided steady growth and returns throughout the cycle. Credit quality in Agribusiness has been more resilient, than other business segments, to the deterioration in economic conditions. The Bank has a long history of working with customers in the Agribusiness segment, providing full relationship banking services to agribusiness throughout Queensland, New South Wales and Victoria.

Business lending continued

Non-core business portfolios

Corporate lending

Lending in the Corporate segment is heavily reliant on wholesale funding and, in line with the strategic realignment, the Bank has deemed this segment to be part of its non-core portfolio.

The Bank established a separate team to work with customers to run-off the corporate portfolio. This has seen a reduction in corporate exposures of 17.6% during the year. The difficult economic conditions continue to limit opportunities to reduce non-core corporate lending, despite the Bank's exposures being strongly secured.

Development finance

The Development Finance portfolio grew 2.4% during the year, restricted to draw downs of existing in-progress facilities.

As expected, the Development Finance portfolio peaked in March 2009 and has started to decline in value as projects come to completion and asset stocks are sold.

The Development Finance segment is reliant on wholesale funding sources, provides little opportunity to grow deposits and therefore does not align with the Bank's revised strategy. The Bank will work with customers to manage run-off of this segment.

Property investment

The Property investment portfolio contracted 5.1% as the Bank continued to selectively reduce its property market exposure. Despite some reduction in commercial property values, property accounts continue to remain well serviced, with low levels of vacancy and default rates.

Property investment includes assets such as shopping centres, commercial offices and industrial warehouses, and excludes construction projects which are classified as Development Finance.

Property investors took the opportunity to reduce debt and increase coverage levels during the period.

The Property investment segment is reliant on wholesale funding sources, provides little opportunity to grow deposits and therefore does not align with the Bank's revised strategy. The Bank will work with customers to manage run-off of this segment.

Lease finance

In line with the Bank's strategic decision to reduce receivables balances in non-core lending segments, the Lease Finance portfolio reduced by 26.9% over the year in line with its natural amortising repayment profile.

Lease finance is largely transactional in nature, with little opportunity to grow deposits or client relationships, and therefore does not align with the Bank's revised strategy.

	HALF YEAR ENDED				JUN-09	JUN-09
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	vs DEC-08 %	vs JUN-08 %
Funding and deposits						
Retail funding						
Australian retail deposits						
Transaction	6,110	5,964	5,625	5,635	2.4	8.6
Investment	3,673	4,236	4,344	4,615	(13.3)	(15.4)
Term	11,635	10,409	8,945	7,280	11.8	30.1
Core retail deposits	21,418	20,609	18,914	17,530	3.9	13.2
Retail treasury	2,202	2,791	3,308	3,445	(21.1)	(33.4)
Total retail funding	23,620	23,400	22,222	20,975	0.9	6.3
Wholesale funding						
Domestic funding sources						
Senior wholesale funding	16,531	26,225	19,827	17,889	(37.0)	(16.6)
Subordinated notes	699	701	681	681	(0.3)	2.6
Preference shares	144	144	144	144	-	-
Convertible Preference Shares	721	720	719	-	0.1	0.3
	18,095	27,790	21,371	18,714	(34.9)	(15.3)
Overseas funding sources (1)						
Commercial paper	2,573	772	4,574	2,919	233.3	(43.7)
Medium-term notes	11,480	4,504	4,501	4,286	154.9	155.1
Subordinated notes	884	1,138	1,018	1,264	(22.3)	(13.2)
	14,937	6,414	10,093	8,469	132.9	48.0
Total wholesale funding	33,032	34,204	31,464	27,183	(3.4)	5.0
Total funding (excluding securitisation)	**56,652**	**57,604**	**53,686**	**48,158**	**(1.7)**	**5.5**
Securitised funding						
Australian dollar wholesale (2)	4,644	6,680	4,590	5,300	(30.5)	1.2
Foreign currency wholesale (1)	1,549	1,699	1,826	2,275	(8.8)	(15.2)
Total securitised funding	6,193	8,379	6,416	7,575	(26.1)	(3.5)
Total funding (including securitisation)	**62,845**	**65,983**	**60,102**	**55,733**	**(4.8)**	**4.6**
Total funding is represented on the balance sheet by:						
Deposits and short-term borrowings	38,203	46,615	44,379	41,484	(18.0)	(13.9)
Securitisation liabilities	6,193	8,379	6,416	7,575	(26.1)	(3.5)
Bonds, notes and long-term borrowings	16,001	8,286	6,745	4,585	93.1	137.2
Subordinated notes	1,583	1,839	1,699	1,945	(13.9)	(6.8)
Preference shares	865	864	863	144	0.1	0.2
Total	**62,845**	**65,983**	**60,102**	**55,733**	**(4.8)**	**4.6**
Retail funding as a percentage of total funding (excluding securitisation) (3)	**42%**	**41%**	**41%**	**44%**	**2.4**	**2.4**

(1) Foreign currency borrowings are hedged back into Australian dollars.
(2) Some Australian dollar borrowings are held offshore.
(3) For the purposes of calculating the percentage of retail funding, securitised liabilities have been excluded given securitised assets are match funded with these liabilities.

Funding and deposits continued

Retail funding

Core Retail deposits (net of treasury) increased 13.2% over the prior year to $21.4 billion.

The period has been one of extreme volatility in financial markets with the failure of a number of foreign banks and, during early September in particular, domestic investors shifting deposit funds from regional banks and credit unions to AA-rated banks.

The Government's deposit guarantee added a level of confidence in ADIs generally and the subsequent deposit growth more than replaced the outflows experienced in early September, with growth in retail deposits returning to more normal levels during the year.

The Bank continues to achieve growth in core transaction account balances through the acquisition of new customers, both in Queensland and interstate, and providing full service banking.

Customers reviewed their credit limits in response to changes to the Bank's credit ratings during the year. This resulted in retail treasury deposits reducing by 33.4%.

Wholesale funding

The Bank, like all global financial institutions, experienced a volatile year as credit markets, both short and long-term, froze following the collapse of Lehman Bros. in the second half of 2008. Despite this, the Group strengthened its funding position over the 2009 financial year.

Suncorp raised $11 billion of government guarantee term debt over the year (and a further $2.7 billion in RMBS issuance), well above the previously forecast $4 billion to $4.5 billion required to fund asset growth and satisfy term maturities for the year.

This has been utilised to reduce the dependence on short-term markets.

As a result of these initiatives, the weighted average term of balance sheet liabilities (including securitisation) increased to 1.32 years at 30 June 2009, compared to 0.69 years at 30 June 2008. The ratio of short-term wholesale funding net of liquid assets, as a percentage of lending assets, decreased from 27% to 8% over the financial year.

In response to the increased liquidity risks created by the dislocation of credit markets, liquid assets (not including RMBS repo capacity) increased to $10.3 billion at 30 June 2009 (a liquid asset ratio of 16.7%) from $7.5 billion at 30 June 2008 (a liquid asset ratio of 12.5%).

In October 2008 the Bank privately placed $1.84 billion of AAA-rated RMBS paper internally with four of the Group's General Insurance funds managed by Tyndall. As part of ongoing liquidity management, $1.1 billion of this was repurchased by the Bank in June 2009. Both transactions were undertaken at arm's length on a fully commercial basis.

Over the year the Bank utilised the Government Guarantee to access new and existing investors to raise funds in the domestic, US, Japanese, UK and Swiss markets, in terms ranging from one to five years. The Bank will continue to seek opportunities to further strengthen the balance sheet in the future.

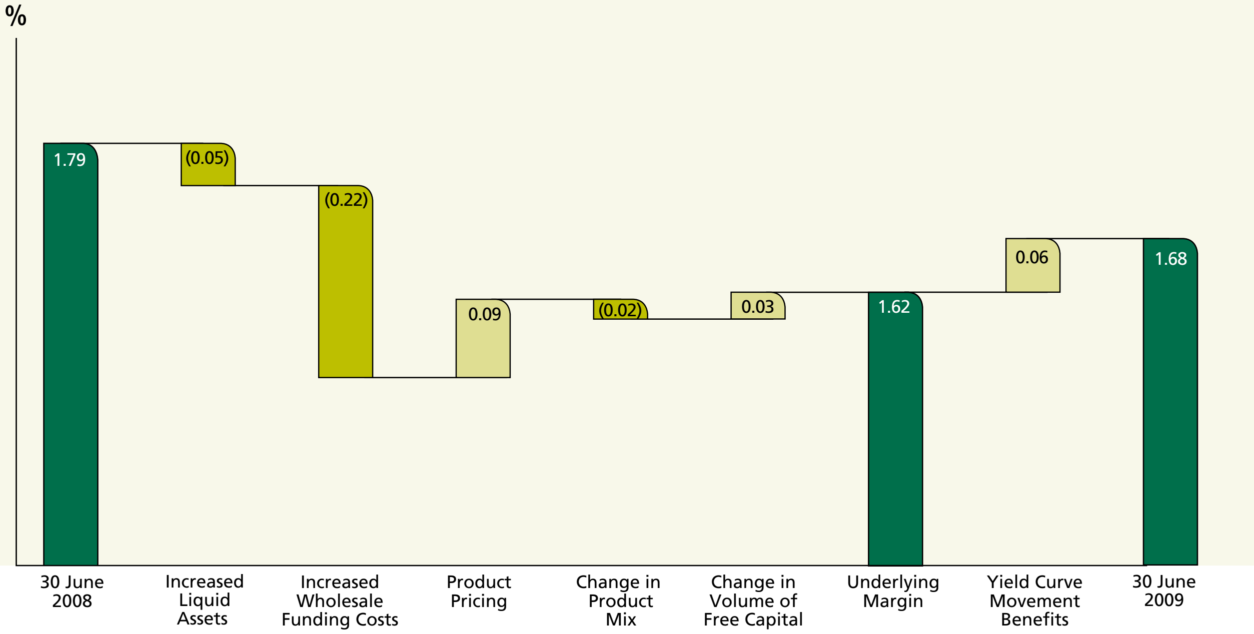
	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Net interest income									
Bank loans and funding	1,079	1,038	3.9	465	614	554	484	(24.3)	(16.1)
Securitised loans and funding	87	(3)	large	65	22	(5)	2	195.5	large
	1,166	1,035	12.7	530	636	549	486	(16.7)	(3.5)
Net establishment fees and acquisition costs	(1)	2	(150.0)	(2)	1	2	-	(300.0)	(200.0)
Preference shares	(48)	(7)	large	(19)	(29)	(5)	(2)	(34.5)	280.0
	1,117	**1,030**	**8.4**	**509**	**608**	**546**	**484**	**(16.3)**	**(6.8)**

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Net interest margin									
Bank loans and funding	1.62	1.81	(10.5)	1.37	1.86	1.84	1.76	(26.6)	(25.6)
Securitised loans and funding	0.13	(0.01)	large	0.20	0.07	(0.02)	0.01	200.1	large
	1.75	1.80	(2.8)	1.57	1.93	1.82	1.77	(18.7)	(13.9)
Net establishment fees and acquisition costs	-	-	n/a	-	-	0.01	-	n/a	(100.0)
Preference shares	(0.07)	(0.01)	large	(0.06)	(0.09)	(0.02)	(0.01)	(35.7)	241.2
	1.68	**1.79**	**(6.1)**	**1.51**	**1.84**	**1.81**	**1.76**	**(17.9)**	**(16.6)**

Net interest income rose 8.4% over the prior year to $1,117 million, driven by particularly strong performance in the first half, namely higher average lending balances, repricing of the asset book and favourable yield curve movements. Offsetting these factors were increasing wholesale funding costs as short-term funding was replaced by term funding issued over the course of the year.

Net interest margin for the year was 1.68%, down 11 basis points over the prior year. The table illustrates the composition of the 11 basis point decrease:

Change in net interest margin



Net interest income continued

As a consequence of the economic environment, the Bank maintained a conservative approach to managing liquidity, holding an average of $3 billion in balances above the prior year. The increase in holdings reduced the margin by 5 basis points.

The Bank concentrated on de-risking its balance sheet funding mix through reducing reliance on short-term wholesale funding, further diversifying the wholesale funding base and lengthening the average term to maturity. These actions resulted in the Bank increasing the weighted average term of liabilities from 0.69 years at 30 June 2008 to 1.32 years at 30 June 2009. In doing so the Bank raised $11 billion of term debt over the year, in excess of the $4 billion to $4.5 billion required to fund asset growth and maturities. The increased term funding has been applied toward eliminating the refinancing risk associated with the non-core portfolio.

The cost of raising funds in wholesale markets remained high throughout the year, as the spread between 'A' rated and 'AA' rated issuers widened following the dislocation of funding markets. While the government wholesale guarantee has provided stability to the Australian Banking system, the higher costs associated with accessing the guarantee for an 'A' rated bank such as Suncorp, in addition to the underlying cost differential to the major banks in raising term funding, has driven higher wholesale funding costs for the Bank. The impact of these higher costs, along with the Bank's strategy to access term funding under the Government guarantee to reduce the refinancing risk of the non-core portfolio, reduced the margin by 22 basis points when compared to the prior year.

Higher costs across wholesale funding markets, as well as increased competition in deposits, prompted the Bank to increase risk premiums on business lending products. In addition, the continued decoupling of retail home lending interest rates away from the official Reserve Bank cash rate allowed the Bank to recover some of the increased costs of wholesale funding. The repricing activities resulted in a positive impact to the margin of 9 basis points.

The additional $1 billion of capital raised in February 2009 generated a 3 basis point benefit to net interest margin.

The net interest margin of 1.68% for the full year includes 6 basis points of benefit from the falling rate environment in the first half, and only a partial year's impact of the net increase in wholesale funding costs over and above the ability for the Bank to pass this on to its customers. The net interest margin for the second half of the year was stable at 1.51%, reflecting a more normal yield curve environment, the full impact of increased wholesale funding costs and progressive product repricing over the period. The result for the last quarter, which was also 1.51%, is split between the core and non-core portfolios in Appendix 3.

Net banking fee income

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Net banking fee income									
Lending fee revenue	107	82	30.5	60	47	40	42	27.7	50.0
Lending fee expense	(47)	(43)	9.3	(22)	(25)	(23)	(20)	(12.0)	(4.3)
Net lending fees	60	39	53.8	38	22	17	22	72.7	123.5
Transaction fees	99	103	(3.9)	46	53	51	52	(13.2)	(9.8)
Interchange fees	5	6	(16.7)	5	-	3	3	n/a	66.7
	164	**148**	**10.8**	**89**	**75**	**71**	**77**	**18.7**	**25.4**

Non-Interest income increased 10.8% on the prior year to $164 million. After taking into account the reduction of fee income following the sale of the credit card portfolio, banking fee income rose 20.6% on the prior year.

Other operating revenue

As part of its interest rate risk management activities, the Bank undertakes short dated hedging arrangements using derivative products that do not satisfy the technical requirements for hedge accounting. As a result, mark to market gains of $38 million were recognised in the first half. As anticipated, these amounts reversed in the second half as the payments on the derivatives were received and recognised as interest income.

Operating expenses

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Staff expenses	(307)	(339)	(9.4)	(133)	(174)	(179)	(160)	(23.6)	(25.7)
Equipment and occupancy expenses	(93)	(81)	14.8	(45)	(48)	(44)	(37)	(6.3)	2.3
Hardware, software and dataline expenses	(28)	(30)	(6.7)	(12)	(16)	(17)	(13)	(25.0)	(29.4)
Advertising and promotion	(27)	(31)	(12.9)	(15)	(12)	(20)	(11)	25.0	(25.0)
Office supplies, postage and printing	(23)	(22)	4.5	(10)	(13)	(12)	(10)	(23.1)	(16.7)
Other [1]	(60)	(37)	62.2	(29)	(31)	(23)	(14)	(6.5)	26.1
	(538)	**(540)**	**(0.4)**	**(244)**	**(294)**	**(295)**	**(245)**	**(17.0)**	**(17.3)**

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

Operating expenses decreased 0.4% over the prior year.

Costs reduced over the prior year as the Bank benefited from reduced discretionary spending and the restructuring program undertaken during the first half. The restructure combined the Retail and Business banking divisions, resulting in efficiency gains through the streamlining of operations and removal of duplication. As a result of the restructure, the Bank incurred a restructuring charge of $25 million during the first half.

Operating expenses in the second half benefited from the reversal of expense provisions relating to lower employment bonuses, a favourable outcome on GST recoveries and lower project spend in delivering the credit card migration project. The favourable impact was approximately $20 million.

The Bank is continuing to find efficiency gains and cost reductions through simplification of activities and removal of costs through the run down of the non-core portfolios.

During the second half of the year, the Bank discontinued a software implementation project which was no longer required following the decision to re-focus activities on the core portfolio. This resulted in a write down of $11 million. This is reported in non-recurring items in the second half operating result.

The cost to income ratio for the year was 40.8%, down from 44.7% for the prior year.

Impairment losses on loans and advances

Impairment losses for the year were $710 million, equating to approximately 128 basis points of gross loans, advances and other receivables. The general deterioration of conditions across the economy, as well as the impact of several large single name exposures has driven the large increase. In response to continued deterioration of the domestic economy, the Bank took an economic overlay provision of $75 million during the first half of the year.

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Impairment losses on loans and advances									
Collective provision for impairment	202	(15)	large	31	171	(2)	(13)	(81.9)	large
Specific provision for impairment	453	57	large	279	174	42	15	60.3	large
Bad debts written off	57	33	72.7	46	11	17	16	318.2	170.6
Bad debts recovered	(2)	(4)	(50.0)	(1)	(1)	(2)	(2)	-	(50.0)
	710	**71**	**large**	**355**	**355**	**55**	**16**	**-**	**large**

Impairment losses on loans and advances continued

Several large property and corporate exposures have materially impacted impairment losses. Falling property prices have also had an impact on the position, along with weaker economic conditions and a general lack of business confidence.

Impairment losses of $710 million include individually assessed charges of $508 million, predominantly through increased specific provisions and an increase of $202 million in the collective provision, $75 million of which related to an economic overlay.

Impairment charges for the core banking portfolio totalled $75 million, equating to 20 basis points of core gross loans, advances and other receivables. The core lending segments of Personal and Agribusiness performed strongly given the economic environment, with low levels of impairments. Core Commercial (SME) experienced some deterioration during the course of the year, but overall credit quality remains sound and well within tolerance levels. Non-core portfolios have been severely impacted by the economic conditions, with impairment charges of $560 million.

The Group's largest specific provision increase is a $93 million provision for Babcock & Brown International. Significant provisions were also raised for public entities Sunleisure Pty Ltd (associated with Octaviar) and Raptis Group Ltd, as well as five other large private groups. Provisions were raised largely as a result of the deterioration in the property market and slowing asset sales. These large single name exposures contributed 45% of the individually assessed impairment charges for the year.

The Group increased its collective provision by $202 million. This included $127 million to reflect a general decline in credit quality and the economic overlay of $75 million to reflect ongoing economic deterioration referrred to earlier.

Impaired assets

Total non-performing loans increased to $1.9 billion. This represents 3.5% of gross loans, advances and other receivables. Gross individually impaired assets have increased to $1.5 billion, representing 2.7% of gross loans, advances and other receivables.

Of the increase in gross impaired assets during the year, $707 million related to eight single name exposures requiring specific impairment charges. Seven of those exposures have come from the Property portfolio, with one large syndicated corporate exposure.

At 30 June 2009, gross impaired assets in the core portfolio were $145 million. Difficult trading conditions for commercial (SME) and agribusiness customers resulted in some small increases in non-performing loans and arrears levels. Notwithstanding, facilities remain well secured over physical property with low levels of expected loss.

Gross impaired assets in the non-core portfolio were $1.3 billion. The softer property market and fewer investors resulted in impaired assets in the development finance and property sectors increasing to $807 million and $196 million respectively. In January 2009, the Bank established a dedicated intensive management unit with specialist property experience to assist in managing property and development exposures showing signs of distress. This team facilitates ongoing intensive account management across all segments to identify key sensitivity points and potential triggers for possible impairment.

All geographical regions have shown signs of stress, with the largest increases stemming from the New South Wales development finance portfolio. Slower sales rates and general property investment weakness across the New South Wales market have resulted in higher impaired asset balances and increased provisioning requirements.

		HALF YEAR ENDED				
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Impaired asset balances						
Gross balances of individually impaired loans						
with specific provisions set aside	1,350	874	314	149	54.5	large
without specific provisions set aside	124	112	42	42	10.7	195.2
Gross individually impaired assets	1,474	986	356	191	49.5	314.0
Specific provision for impairment	(477)	(230)	(74)	(37)	107.4	large
Net individually impaired assets	997	756	282	154	31.9	253.5
Size of gross individually impaired assets						
Less than one million	50	27	24	25	85.2	108.3
Greater than one million but less than ten million	301	187	123	85	61.0	144.7
Greater than ten million	1,123	772	209	81	45.5	437.3
	1,474	986	356	191	49.5	314.0
Past due loans not shown as impaired assets [1]	449	441	243	163	1.8	84.8
Gross non-performing loans	1,923	1,427	599	354	34.8	221.0
Interest income on impaired assets recognised in the contribution to profit	1	1	3	2	0.0	(66.67)
Analysis of movements in gross individually impaired assets						
Balance at the beginning of the half year	986	356	191	157	177.0	416.2
Recognition of new impaired assets and increases in previously recognised impaired assets	557	667	204	64	(16.5)	173.0
Impaired assets written off during the half year	(38)	(3)	(10)	(6)	large	280.0
Impaired assets which have been restated as performing assets or repaid	(31)	(34)	(29)	(24)	(8.8)	6.9
Balance at the end of the half year	**1,474**	**986**	**356**	**191**	**49.5**	**314.0**
	%	%	%	%		
Gross individually impaired assets as a percentage of gross loans, advances and other receivables	2.66	1.77	0.64	0.38	50.7	318.6
Gross non-performing loans as a percentage of gross loans, advances and other receivables	3.47	2.56	1.07	0.70	35.9	224.6
Gross individually impaired assets as a percentage of impairment provisions and equity reserve for credit loss coverage	142.00	186.69	93.05	60.14	(23.9)	52.7
Impairment provisions and equity reserve for credit loss as a percentage of risk weighted assets	2.88	1.43	1.05	0.96	101.0	175.0

(1) Impaired assets do not include loans accruing interest which are in arrears 90 days or more where the loans are well secured. Interest revenue continues to be recognised in the contribution to profit.

Impaired assets continued

Industry breakdown is shown below based on the source of credit risk whereas the loans, advances and other receivables table on page 28 is based on the nature of the loan.

Industry breakdown of impaired assets and specific provisions as at 30 June 2009 are as follows:

	JUN-09 GROSS LOANS $M	JUN-09 INDIVIDUALLY PROVISIONED IMPAIRED ASSETS $M	JUN-09 SPECIFIC PRO-VISION $M	DEC-08 GROSS LOANS $M	DEC-08 INDIVIDUALLY PROVISIONED IMPAIRED ASSETS $M	DEC-08 SPECIFIC PRO-VISION $M	JUN-08 GROSS LOANS $M	JUN-08 INDIVIDUALLY PROVISIONED IMPAIRED ASSETS $M	JUN-08 SPECIFIC PRO-VISION $M	DEC-07 GROSS LOANS $M	DEC-07 INDIVIDUALLY PROVISIONED IMPAIRED ASSETS $M	DEC-07 SPECIFIC PRO-VISION $M
Agribusiness	3,535	74	14	3,607	49	10	3,706	12	1	3,485	8	1
Construction and development	6,576	804	224	6,507	459	78	6,154	240	58	5,504	142	29
Financial services	2,078	-	-	1,676	-	-	1,910	-	-	1,140	-	-
Hospitality	1,742	75	14	1,772	38	-	1,730	4	1	1,634	3	1
Manufacturing	904	20	8	966	5	4	928	2	-	856	3	1
Professional services [1]	654	144	115	766	3	-	851	1	-	1,402	4	-
Property investment	7,423	269	69	7,714	236	25	7,515	64	5	5,726	7	-
Real estate mortgage	28,464	31	8	28,471	24	5	27,608	9	2	25,584	9	2
Personal	610	-	-	694	-	-	864	-	-	1,185	1	-
Government and public authorities	9	-	-	9	-	-	8	-	-	6	-	-
Other commercial and industrial	3,383	57	25	3,635	172	108	4,708	24	7	3,817	14	3
	55,378	**1,474**	**477**	**55,817**	**986**	**230**	**55,982**	**356**	**74**	**50,339**	**191**	**37**

[1] Includes exposure to Babcock & Brown International.

	HALF YEAR ENDED				JUN-09	JUN-09
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	vs DEC-08 %	vs JUN-08 %
Provision for impairment						
Collective provision						
Balance at the beginning of the period	251	80	82	95	213.8	206.1
Charge against contribution to profit	31	171	(2)	(13)	(81.9)	large
Balance at the end of the period	282	251	80	82	12.4	252.5
Specific provision						
Balance at the beginning of the period	230	74	37	25	210.8	large
Charge against impairment losses	279	174	42	15	60.3	large
Charge against interest income	(32)	(18)	(5)	(3)	77.8	large
Balance at the end of the period	477	230	74	37	107.4	large
Total provision for impairment – Banking activities	759	481	154	119	57.8	392.9
Equity reserve for credit loss						
Balance at the beginning of the period	33	160	139	119	(79.4)	(76.3)
Transfer (to)/from retained earnings	162	(127)	21	20	(227.6)	large
Balance at the end of the period	195	33	160	139	490.9	21.9
Pre-tax equivalent coverage	279	47	229	199	493.6	21.8
Total provision for impairment and equity reserve for credit loss coverage – Banking activities	1,038	528	383	318	96.6	171.0
	%	%	%	%		
Provision for impairment expressed as a percentage of gross impaired assets are as follows:						
Collective provision	19.1	25.5	22.5	42.9		
Specific provision	32.4	23.3	20.8	19.4		
Total provision	51.5	48.8	43.3	62.3		
Equity reserve for credit loss coverage	18.9	4.8	64.2	104.0		
Total provision and equity reserve for credit loss coverage	70.4	53.6	107.5	166.3		

Average banking assets and liabilities

	FULL YEAR ENDED JUN-09			FULL YEAR ENDED JUN-08		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Assets						
Interest earning assets						
Trading securities	10,319	599	5.80	7,238	525	7.25
Gross loans, advances and other receivables	55,551	4,055	7.30	49,303	4,078	8.27
Other interest earning assets	800	48	6.00	1,087	56	5.15
Total interest earning assets	66,670	4,702	7.05	57,628	4,659	8.08
Non-interest earning assets						
Other assets	10,668			10,761		
Total non-interest earning assets	10,668			10,761		
Total assets	**77,338**			**68,389**		
Liabilities						
Interest bearing liabilities						
Deposits and short-term borrowings	44,746	2,554	5.71	40,765	2,667	6.54
Securitisation liabilities	7,627	444	5.82	7,503	556	7.41
Bonds, notes and long-term borrowings	8,980	471	5.24	5,116	312	6.10
Subordinated notes [1]	1,107	68	6.14	1,101	87	7.90
Preference shares [1]	810	48	5.93	115	7	6.09
Total interest bearing liabilities	63,270	3,585	5.67	54,600	3,629	6.65
Non-interest bearing liabilities						
Other liabilities	1,853			1,968		
Total non-interest bearing liabilities	1,853			1,968		
Total liabilities	**65,123**			**56,568**		
Net assets	**12,215**			**11,821**		
Analysis of interest margin and spread						
Interest earning assets	66,670	4,702	7.05	57,628	4,659	8.08
Interest bearing liabilities	63,270	3,585	5.67	54,600	3,629	6.65
Net interest spread			1.38			1.43
Net interest margin	66,670	1,117	1.68	57,628	1,030	1.79

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

	HALF YEAR ENDED JUN-09			HALF YEAR ENDED DEC-08		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Average banking assets and liabilities continued						
Assets						
Interest earning assets						
Trading securities	11,518	260	4.55	9,140	339	7.36
Gross loans, advances and other receivables	55,670	1,729	6.26	55,433	2,326	8.32
Other interest earning assets	688	20	5.86	912	28	6.09
Total interest earning assets	67,876	2,009	5.97	65,485	2,693	8.16
Non-interest earning assets						
Other assets	10,638			10,801		
Total non-interest earning assets	10,638			10,801		
Total assets	**78,514**			**76,286**		
Liabilities						
Interest bearing liabilities						
Deposits and short-term borrowings	43,146	975	4.56	46,320	1,579	6.76
Securitisation liabilities	7,742	171	4.45	7,514	273	7.21
Bonds, notes and long-term borrowings	11,328	309	5.50	6,668	162	4.82
Subordinated notes (1)	1,107	26	4.74	1,107	42	7.53
Preference shares (1)	810	19	4.73	810	29	7.10
Total interest bearing liabilities	64,133	1,500	4.72	62,419	2,085	6.63
Non-interest bearing liabilities						
Other liabilities	1,697			2,107		
Total non-interest bearing liabilities	1,697			2,107		
Total liabilities	**65,830**			**64,526**		
Net assets	**12,684**			**11,760**		
Analysis of interest margin and spread						
Interest earning assets	67,876	2,009	5.97	65,485	2,693	8.16
Interest bearing liabilities	64,133	1,500	4.72	62,419	2,085	6.63
Net interest spread			1.25			1.53
Net interest margin	67,876	509	1.51	65,485	608	1.84

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

Banking

	HALF YEAR ENDED JUN-08			HALF YEAR ENDED DEC-07		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Average banking assets and liabilities continued						
Assets						
Interest earning assets						
Trading securities	7,721	294	7.66	6,760	231	6.78
Gross loans, advances and other receivables	51,868	2,213	8.58	46,788	1,865	7.91
Other interest earning assets	1,017	26	5.14	1,155	30	5.15
Total interest earning assets	60,606	2,533	8.40	54,703	2,126	7.71
Non-interest earning assets						
Other assets	10,596			10,642		
Total non-interest earning assets	10,596			10,642		
Total assets	**71,202**			**65,345**		
Liabilities						
Interest bearing liabilities						
Deposits and short-term borrowings	43,555	1,491	6.88	38,005	1,176	6.15
Securitisation liabilities	7,020	274	7.85	7,981	282	7.01
Bonds, notes and long-term borrowings	5,443	167	6.17	4,796	145	5.83
Subordinated notes (1)	1,214	50	8.28	987	37	7.44
Preference shares (1)	156	5	6.45	75	2	5.29
Total interest bearing liabilities	57,388	1,987	6.96	51,844	1,642	6.28
Non-interest bearing liabilities						
Other liabilities	2,185			1,863		
Total non-interest bearing liabilities	2,185			1,863		
Total liabilities	**59,573**			**53,707**		
Net assets	**11,629**			**11,638**		
Analysis of interest margin and spread						
Interest earning assets	60,606	2,533	8.40	54,703	2,126	7.71
Interest bearing liabilities	57,388	1,987	6.96	51,844	1,642	6.28
Net interest spread			1.44			1.43
Net interest margin	60,606	546	1.81	54,703	484	1.76

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

Changes in net interest income: volume and rate analysis

The tables below allocate changes in net interest income between changes in volume and changes in rate over three half years. Volume variances have been calculated by multiplying the average of the half years' average interest rates by the movement in average asset and liability balances. Rate variances have been calculated by multiplying the average asset and liability balances by the change in average interest rates, and includes any differences arising from different numbers of days in the periods.

	FULL YEAR JUN-09 vs JUN-08 CHANGES DUE TO:		
	VOLUME $M	RATE $M	TOTAL $M
Interest earning assets			
Trading securities	201	(127)	74
Gross loans, advances and other receivables	486	(509)	(23)
Other interest earning assets	(16)	8	(8)
Change in interest income	671	(628)	43
Interest bearing liabilities			
Deposits and short-term borrowings	244	(357)	(113)
Securitisation liabilities	8	(120)	(112)
Bonds, notes and long-term borrowings	219	(60)	159
Subordinated notes	-	(19)	(19)
Preference shares	42	(1)	41
Change in interest expense	513	(557)	(44)
Change in net interest income	**158**	**(71)**	**87**

	HALF YEAR JUN-09 vs DEC-08 CHANGES DUE TO:			HALF YEAR DEC-08 vs JUN-08 CHANGES DUE TO:			HALF YEAR JUN-08 vs DEC-07 CHANGES DUE TO:		
	VOLUME $M	RATE $M	TOTAL $M	VOLUME $M	RATE $M	TOTAL $M	VOLUME $M	RATE $M	TOTAL $M
Interest earning assets									
Trading securities	70	(148)	(78)	54	(9)	45	34	29	63
Gross loans, advances and other receivables	9	(607)	(598)	152	(39)	113	208	140	348
Other interest earning assets	(7)	(1)	(8)	(3)	5	2	(4)	-	(4)
Change in interest income	72	(756)	(684)	203	(43)	160	238	169	407
Interest bearing liabilities									
Deposits and short-term borrowings	(89)	(514)	(603)	95	(7)	88	180	135	315
Securitisation liabilities	7	(109)	(102)	19	(20)	(1)	(36)	28	(8)
Bonds, notes and long-term borrowings	119	28	147	34	(39)	(5)	20	2	22
Subordinated notes	-	(17)	(17)	(4)	(4)	(8)	9	4	13
Preference shares	-	(10)	(10)	22	2	24	2	1	3
Change in interest expense	37	(622)	(585)	166	(68)	98	175	170	345
Change in net interest income	**35**	**(134)**	**(99)**	**37**	**25**	**62**	**63**	**(1)**	**62**

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Segment information – General Insurance

Basis of preparation

Note that all financial information in this section includes the impact of discount rate movements and shows fire service levies on a gross basis.

Profit overview

General Insurance recorded a pre-tax profit of $573 million for the year to 30 June 2009. The result featured the impacts of weather events, volatile fixed interest markets and strong reserve releases from long-tail classes.

The ITR was $462 million, representing an insurance trading ratio of 7.7%.

Major natural hazard events, net of catastrophe reinsurance, totalled $430 million. A further $85 million was recoverable under the aggregate reinsurance cover. The net cost of $345 million is well above the Group's long run expectations for major natural hazard events of $240 million. This impacted on the financial result and was further exacerbated by an additional $30 million in reinsurance reinstatements and attritional natural hazard claims which were $120 million above long run expectations.

Gross written premium increased 6% to $6.8 billion as premium rates in home and motor classes were increased in response to weather event losses. The home and personal motor portfolios achieved growth of 9.2% and 5.3% respectively.

In CTP, premium rates increased in both Queensland and New South Wales resulting in an overall 9.6% increase in premium income. Suncorp has retained its position as the leading provider of CTP insurance in Queensland.

Commercial insurance lines grew gross written premium (GWP) by 5.2% and, by adhering to technical pricing disciplines in an environment of falling investment yields, the Australian Commercial Insurance business, including Workers' Compensation, reported an insurance trading ratio of 8.6%.

Net incurred claims increased 13% to $4.6 billion, primarily due to the impact of falling discount rates and natural hazard events. Australian long-tail central estimate releases totalling $389 million for the year have been offset by the current accident period strains of $80 million. These releases have been due to continuing favourable claims experience relative to valuation and include the benefit of $86 million which was recognised in the first half following a reduction in assumptions around wage inflation.

Total operating expenses increased by 0.6% to $1.6 billion. Acquisition costs increased marginally, primarily due to an additional charge of $19 million as a result of the liability adequacy test. Offsetting this was the benefits of integration which reduced underwriting expenses.

Investment income on insurance provisions increased to $733 million, reflecting the reduction in discount rates but offset by the negative impact of credit spreads and yield curve twists causing an economic mismatch of $125 million.

Investment returns on shareholder funds increased to $130 million following the reduction in discount rates. During the first three months of the year, the General Insurance shareholders funds sold its equities exposures of approximately $1 billion. The sell down was completed at an average ASX 200 index level of around 4,945.

Impacting on the bottom line profit result was a significant reduction in income from joint ventures and managed schemes, primarily due to weather events, lower performance bonuses and reduced investment income.

Profit contribution – General Insurance

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Gross written premium	6,815	6,430	6.0	3,472	3,343	3,274	3,156	3.9	6.0
Gross unearned premium movement	(273)	(123)	122.0	(182)	(91)	(108)	(15)	100.0	68.5
Gross earned premium	6,542	6,307	3.7	3,290	3,252	3,166	3,141	1.2	3.9
Outwards reinsurance expense	(561)	(441)	27.2	(297)	(264)	(245)	(196)	12.5	21.2
Net earned premium	5,981	5,866	2.0	2,993	2,988	2,921	2,945	0.2	2.5
Net incurred claims									
Claims expense	(5,647)	(5,090)	10.9	(2,462)	(3,185)	(2,471)	(2,619)	(22.7)	(0.4)
Reinsurance and other recoveries revenue	1,037	1,009	2.8	607	430	567	442	41.2	7.1
	(4,610)	(4,081)	13.0	(1,855)	(2,755)	(1,904)	(2,177)	(32.7)	(2.6)
Total operating expenses									
Acquisition expenses	(1,079)	(1,013)	6.5	(522)	(557)	(482)	(531)	(6.3)	8.3
Other underwriting expenses	(563)	(620)	(9.2)	(281)	(282)	(346)	(274)	(0.4)	(18.8)
	(1,642)	(1,633)	0.6	(803)	(839)	(828)	(805)	(4.3)	(3.0)
Underwriting result	(271)	152	(278.3)	335	(606)	189	(37)	(155.3)	77.2
Investment income – insurance funds	733	455	61.1	(31)	764	267	188	(104.1)	(111.6)
Insurance trading result	462	607	(23.9)	304	158	456	151	92.4	(33.3)
Managed schemes net contribution	19	47	(59.6)	3	16	13	34	(81.3)	(76.9)
Joint venture and other income	1	17	(94.1)	11	(10)	(2)	19	(210.0)	large
General Insurance operational earnings	482	671	(28.2)	318	164	467	204	93.9	(31.9)
Investment income – shareholder funds	130	(232)	(156.0)	(24)	154	(260)	28	(115.6)	(90.8)
Contribution to profit from General Insurance activities before tax and capital funding	612	439	39.4	294	318	207	232	(7.5)	42.0
Capital funding [1]	(39)	(132)	(70.5)	26	(65)	(72)	(60)	(140.0)	(136.1)
Contribution to profit from General Insurance activities before tax	**573**	**307**	**86.6**	**320**	**253**	**135**	**172**	**26.5**	**137.0**

[1] Includes interest expense on subordinated notes and preference shares allocated to General Insurance as described in Appendix 5 and $76 million gain from buy back of subordinated debt.

Balance sheet – General Insurance

	JUN-09 $M	HALF YEAR ENDED DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Assets						
Cash and liquid assets	760	540	639	154	40.7	18.9
Investment securities	10,277	10,831	10,054	10,725	(5.1)	2.2
Investment property	160	175	171	284	(8.6)	(6.4)
Investments in associates and joint ventures	157	156	267	282	0.6	(41.2)
Reinsurance and other recoveries – outstanding claims	1,310	1,278	1,213	1,077	2.5	8.0
Other receivables	1,570	2,228	2,185	2,465	(29.5)	(28.1)
Deferred insurance assets	724	694	646	589	4.3	12.1
Deferred tax assets	87	19	107	12	large	(18.7)
Other assets	219	176	315	217	24.4	(30.5)
Intangible assets	1,190	1,199	1,083	1,090	(0.8)	9.9
Total assets	16,454	17,296	16,680	16,895	(4.9)	(1.4)
Liabilities						
Interest bearing and non-interest bearing liabilities	586	681	832	925	(14.0)	(29.6)
Payables	497	674	750	720	(26.3)	(33.7)
Outstanding claims liabilities [1]	7,369	7,729	7,094	7,272	(4.7)	3.9
Unearned premium liabilities [1]	3,527	3,366	3,263	3,184	4.8	8.1
Subordinated notes	729	985	940	980	(26.0)	(22.4)
Total liabilities	12,708	13,435	12,879	13,081	(5.4)	(1.3)
Net assets	**3,746**	**3,861**	**3,801**	**3,814**	**(3.0)**	**(1.4)**

[1] Reconciling items such as timing differences and premium debtors arise between insurance liabilities and investment assets.

General Insurance ratios

	FULL YEAR ENDED JUN-09 %	JUN-08 %	JUN-09 vs JUN-08 %	HALF YEAR ENDED JUN-09 %	DEC-08 %	JUN-08 %	DEC-07 %	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Acquisition expenses ratio	18.0	17.3	4.0	17.4	18.6	16.5	18.0	(6.5)	5.5
Other underwriting expenses ratio	9.4	10.6	(11.3)	9.4	9.4	11.8	9.3	0.0	(20.3)
Total operating expenses ratio	27.4	27.9	(1.8)	26.8	28.0	28.3	27.3	(4.3)	(5.3)
Loss ratio	77.1	69.6	10.8	62.0	92.2	65.2	73.9	(32.8)	(4.9)
Combined operating ratio	104.5	97.5	7.2	88.8	120.2	93.5	101.2	(26.1)	(5.0)
Insurance trading ratio	7.7	10.3	(25.2)	10.2	5.3	15.6	5.1	92.5	(34.6)

Gross written premium

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Gross written premium by product									
Australia									
Motor	2,206	2,086	5.8	1,127	1,079	1,056	1,030	4.4	6.7
Commercial	1,385	1,285	7.8	683	702	653	632	(2.7)	4.6
Home	1,382	1,256	10.0	690	692	624	632	(0.3)	10.6
Compulsory third party	739	674	9.6	392	347	340	334	13.0	15.3
Workers' compensation	210	233	(9.9)	136	74	143	90	83.8	(4.9)
Other	276	244	13.1	158	118	135	109	33.9	17.0
	6,198	**5,778**	**7.3**	**3,186**	**3,012**	**2,951**	**2,827**	**5.8**	**8.0**
New Zealand									
Motor	117	120	(2.5)	57	60	59	61	(5.0)	(3.4)
Commercial	306	323	(5.3)	135	171	156	167	(21.1)	(13.5)
Home	137	135	1.5	68	69	67	68	(1.4)	1.5
Other	57	74	(23.0)	26	31	41	33	(16.1)	(36.6)
	617	**652**	**(5.4)**	**286**	**331**	**323**	**329**	**(13.6)**	**(11.5)**
Total									
Motor	2,323	2,206	5.3	1,184	1,139	1,115	1,091	4.0	6.2
Commercial	1,691	1,608	5.2	818	873	809	799	(6.3)	1.1
Home	1,519	1,391	9.2	758	761	691	700	(0.4)	9.7
Compulsory third party	739	674	9.6	392	347	340	334	13.0	15.3
Workers' compensation	210	233	(9.9)	136	74	143	90	83.8	(4.9)
Other	333	318	4.7	184	149	176	142	23.5	4.5
	6,815	**6,430**	**6.0**	**3,472**	**3,343**	**3,274**	**3,156**	**3.9**	**6.0**

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Gross written premium by geography – Including FSL									
Queensland	1,752	1,551	13.0	905	847	783	768	6.8	15.6
New South Wales	2,374	2,214	7.2	1,242	1,132	1,132	1,082	9.7	9.7
Victoria	1,359	1,234	10.1	691	668	618	616	3.4	11.8
Western Australia	326	416	(21.6)	145	181	227	189	(19.9)	(36.1)
South Australia	190	179	6.1	97	93	92	87	4.3	5.4
Tasmania	99	108	(8.3)	48	51	53	55	(5.9)	(9.4)
Other	98	76	28.9	58	40	46	30	45.0	26.1
Total Australia	6,198	5,778	7.3	3,186	3,012	2,951	2,827	5.8	8.0
New Zealand	617	652	(5.4)	286	331	323	329	(13.6)	(11.5)
Total	**6,815**	**6,430**	**6.0**	**3,472**	**3,343**	**3,274**	**3,156**	**3.9**	**6.0**

Gross written premium continued

Motor

Motor insurance premium increased by 5.3% to $2,323 million. Growth in the second half accelerated to 6.2% on the prior corresponding period, with the direct channels experiencing significantly higher growth than indirect channels.

This growth is attributed to increases in average written premiums and overall unit growth.

Net written unit growth was 2.5%, underpinned by stable customer renewal levels and solid new business growth.

Average written premium growth was in part offset by customer preferences opting for higher excess levels and the average vehicle sums being impacted by the recessionary economic climate and reduced new vehicle sales.

By brand GWP growth was highest in the key mass market brand AAMI (7%), and strongly supported by our niche brands Apia (5%) and Shannons (13%).

Commercial Insurance

The Commercial Insurance portfolio increased 5.2% to $1.7 billion for the year to June 2009.

Despite difficult economic conditions and a competitive market, Australian Commercial Insurance GWP grew by 7.8% for the full year. The strong sales result was due to strong growth in both broker and direct channels. Continuing high retention rates, and solid rate increases largely in the second half have been achieved in most products. The success in achieving greater penetration into the broker market (10% growth in GWP) is particularly pleasing since this has been an area of focus. We have made substantial investments in making it easier for brokers to do business with us, such as new front end technology, and in our servicing capability. We have refreshed the Vero brand and established it as our broker brand for all business apart from Workers' Compensation. We are progessing well with the migration of business into the Vero brand, and have had negligible customer attrition to date.

Premium rates have increased in the majority of product lines, mostly in the second half of the year, to reflect the impact of lower interest rates on prospective insurance margins and higher large loss experience seen across the industry over the last 2 years.

We have successfully leveraged our new front end technology into the broker market and have consistently grown share in target occupations during the year.

The Packaged Business was particularly strong with market share steadily increasing. Commercial Motor saw strong retention across all brands and solid strike rates for new business.

Corporate business also performed well this year driven by excellent retention and new business growth despite slower economic conditions impacting new business opportunities in Construction and Engineering, Infrastructure business and Builders' Warranty. Growth was stronger during the first half of the year consistent with this.

Home

Home insurance premium increased by 9.2% to $1,519 million. Growth in the second half accelerated to 9.7% on the prior corresponding period. The direct channels experienced significantly higher growth than indirect channels.

This strong growth is largely attributable to increases in average premiums at 7.7%, whilst also delivering 1.5% in net written unit growth. This result was consistent with Suncorp's stated objective for the 2009 financial year of delivering strong underlying margin growth in the portfolio, and was achieved despite a movement in some brands to higher excesses and, consequently, lower premiums as customers seek to manage affordability issues.

Growth in new business units was positive, while customer renewals remained resilient at over 90% despite significant average premium increases.

By brand GWP growth was strong in all three of the key mass market brands of Suncorp (15%), AAMI (11%) and GIO (11%). All other brands delivered premium growth.

The hardening rate cycle supported pricing increases, especially in the Queensland market, and is expected to continue next year as insurers seek to deliver profitable returns in zones at high risk of natural hazard losses and offset increases in the cost of reinsurance programmes.

Gross written premium continued.

Compulsory Third Party (CTP)

The CTP portfolio increased 9.6% to $739 million for the year to 30 June 2009.

Following quarterly regulated price increases due to yield curve pressures, Queensland average premiums were 13.7% higher than prior years and New South Wales average premiums were 10.8% higher.

Suncorp continues to be the leading CTP insurance provider in Queensland. Over the year there was a slight reduction in the risks in-force and correspondingly a marginal decline in market share. This was primarily due to some aggressive competitor advertising and pricing campaigns early in the year that have now moderated. Additionally, new business continues to be impacted by the reduction in credit financing, decline in new vehicle sales, general economic slowdown and an increase in stamp duty.

In New South Wales, by utilising a two-brand strategy, primarily focused on attracting and retaining better risks, the Group is now the second largest CTP provider despite a slight reduction in risks in-force over the year.

Workers' Compensation

Suncorp underwrites Workers' Compensation in Western Australia, ACT and Tasmania under the GIO brand. Additionally, the Group successfully entered the Northern Territory market on 30 June 2008 with full year GWP of just over $3 million.

Workers' Compensation GWP declined by 9.9% to $210 million for the year to June 2009 as a result of lower new business levels and softening payrolls. GIO has been the first insurer to push up rates in this class stemming from the decline in interest rates during the first half of the year, and has declined to compete on unprofitable accounts.

All underwritten states operated in a competitive soft market cycle throughout the year, however price hardening has recently become evident in all underwritten states, particularly Western Australia, our largest market.

Renewals were strong with healthy rate increases in line with the recent increase in Western Australia Gazette rates. Average premiums were also impacted by the aggressive pricing strategies adopted by competitors.

Other premium income

Other premium income includes travel insurance and Deposit Power which increased by 4.7% or $15 million.

The major component of the travel portfolio is Cover-More travel insurance ($215 million), which will not be renewed in the next financial year as Suncorp have exited from its business partnership with Cover-More effective 1 July 2009.

Reinsurance

Outward reinsurance expense

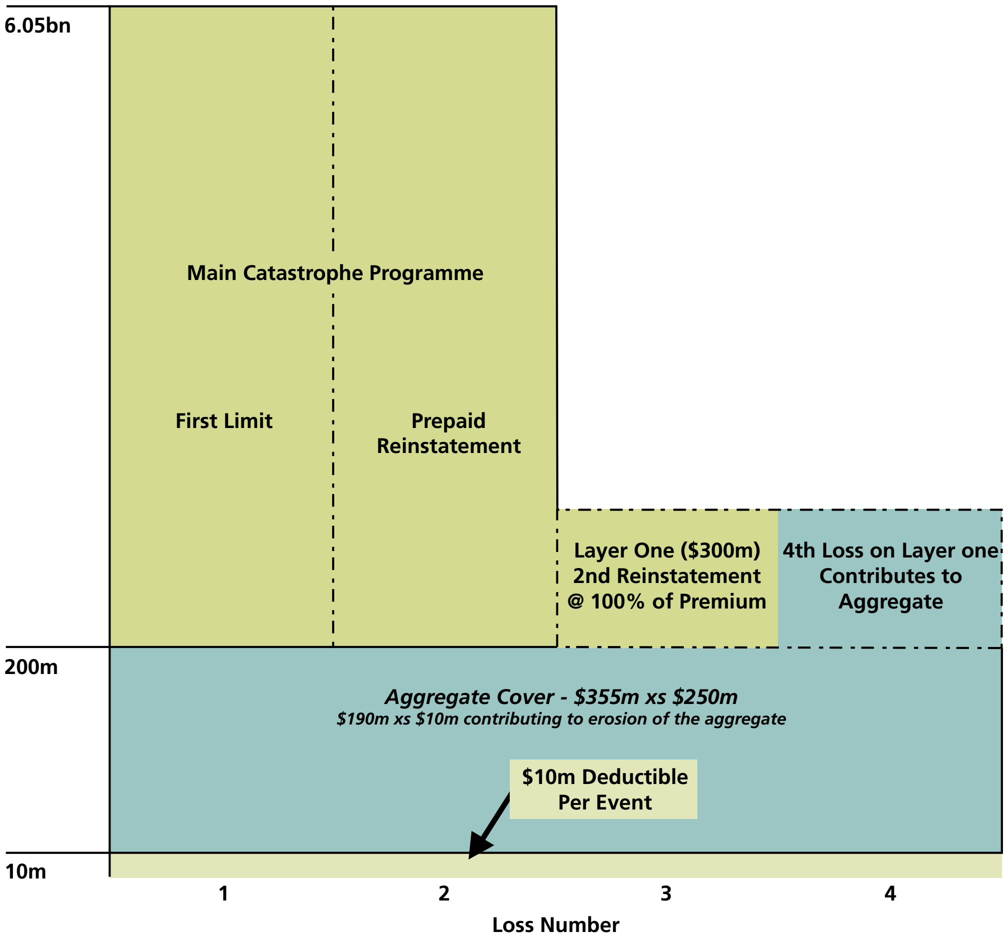
Outward reinsurance expense for the year was $561 million, an increase of $120 million from 2008. The increase was due to the reduction in the Group's property catastrophe retention from $200 million to $150 million, the purchase of a property aggregate catastrophe reinsurance cover, which protected the Group against losses from multiple events below $150 million, increased surplus and facultative reinsurance spend (on large corporate risks), and the cost of reinstatement and back-up covers post the Victorian bushfires. The combined cost of the reinstatement and back-up covers was around $30 million.

Reinsurance retentions for 2009/10

The Group has completed renewal of its main reinsurance programs at 1 July 2009. The strategy of the renewal was to:

- obtain a similar level of earnings protection as afforded in the expiring program from both single loss occurrences, and accumulations of losses; and
- purchase a single property catastrophe event limit equivalent to a 1 in 250 year exceedence probability determined on a multi-peril whole of portfolio basis.

A schematic of the property catastrophe programs is set out below:



The program is very similar to the 2008/09 program. Key features are:

- The main catastrophe program, represented by the green vertical towers, attaches at $200 million with a limit of $6.05 billion. The cover includes 1 prepaid reinstatement for the full limit, and a further (second) reinstatement for the first layer only. The second reinstatement cost is 100% of the premium for the layer. Although the maximum event retention is $200 million, the "average" or expected event retention is circa $145 million since Suncorp shares the deductible with its joint venture partners.

- The aggregate program, represented by the blue shaded area, attaches once the aggregate deductible of $250 million has been exhausted. Losses in excess of $10 million per event are eligible to erode the aggregate deductible. The program provides $355 million of cover. This is greater than the $300 million in the 2008/09 program.
- The main catastrophe and aggregate programs are designed to work in tandem to provide robust cover in poor event conditions. As the programs align to Suncorp's financial year, they will respond to provide earnings protection in financial years of poor claims experience. There is also no 'gap' in the cover, that is, the full amount of losses above $10 million fully erode the aggregate deductible, and if they exceed $200 million, are covered by the main catastrophe treaty. As an example, if a loss above $200 million was to occur, $190 million of the aggregate deductible would be eroded, with only another $60 million left to erode before Suncorp's maximum net exposure for all catastrophe events falls to $10 million per event.

The only material change in Suncorp's reinsurance program from the expiring program is the non-renewal of the $50 million xs $150 million main property catastrophe layer. This was not available at economic prices due to loss activity. Despite this, the level of protection afforded by the 2009/10 program is similar to that of the 2008/09 program. Although Suncorp is now exposed by up to a further $50 million for the first catastrophe event, the aggregate program will kick in $50 million earlier than previously and thus provide much greater second loss protection. For example, the reinsurance recoveries in 2008/09 would have been the same under the 2009/10 program as they were under the expiring program.

From 1 July 2009, the following retentions (before tax) will apply to the core general insurance business.

	MAXIMUM SINGLE RISK RETENTION 1 JULY 09 $M	MAXIMUM EVENT RISK RETENTION 1 JULY 09 $M
Property	10	200 (1)
General liability	10	10
Global liability	10	10
Workers' Compensation	10	10
CTP	10	10
Motor	10	200 (1)
Home owners' warranty	5	5
Professional Indemnity	10	10 (2)
Travel & Personal Accident	5	5
Marine	10	10

(1) $200 million is the maximum retention. The "expected" retention is $145 million due to the sharing of the retention with joint ventures where they also incur losses arising from the same event. These classes are also protected by the property aggregate treaty. Once the $250 million aggregate is eroded, the maximum event retention is $10 million.

(2) Retention is $5 million for the majority of occupations and industries.

The property catastrophe treaty is the largest element of the Group's reinsurance program, which covers home, motor and commercial property accounts against major catastrophes such as wind, storm, hail, bushfire and earthquake. The Group's joint venture partners participate in the treaty, allowing economies of scale and a degree of leverage in buying power.

Reinsurance security has been maintained for the 2010 financial year program, with over 88% of long-tail business and 80% short-tail business protected by reinsurers rated 'A+' or better.

Claims expense

Short-tail claims expense

Short-tail claims have increased 2.6% to $3.4 billion for the year ended 30 June 2009. The total cost of natural hazard events continued to be well in excess of the Group's allowance for major events of $240 million per year. Major natural hazard events for the year were:

DATE	EVENT	$M
Jul 2008	New Zealand	15
Sept 2008	Ipswich	20
Oct 2008	Gold Coast/Byron	10
Nov 2008	South East Queensland	135 (1)
Feb 2009	Victorian bushfires	150 (1)
Feb 2009	North Queensland floods	15
April 2009	Coffs Harbour floods	30
May 2009	East Coast storms	55
	Total	**430**

(1) Net of catastrophe reinsurance recoveries.

As a result of the decision to purchase an aggregate reinsurance policy during the 2008/09 year, around $85 million was recovered, reducing the net cost of major natural hazard events to $345 million.

Outside of these major natural hazard events, more volatile weather across eastern Australia contributed to an increase in natural hazard claims of around $120 million above long run expectations.

Long-tail claims expense

During the year, long-tail claims expenses increased by 59.3% to $1.2 billion, primarily as a result of a reduction in discount rates increasing claims expense by $316 million.

The valuation of outstanding claims at 30 June 2009 resulted in a full year central estimate release of $389 million in respect of Australian long-tail business. The largest parts of this release come from the Group's CTP portfolios ($244 million) and, in the first half, a reduction in expected wage inflation ($86 million).

The CTP release came from a decision to place greater weight on the experience of recent years, with these claims being somewhat lower than previously assumed. The reduction in wage inflation reflected the deterioration in the state of the economy and lower prospective wage inflation expectations.

The following issues impact the central estimate reserves:

1. **Current accident period strain** occurs because the business adopts a more conservative claims reserving basis for purposes of preparing its financial statements than its premium pricing basis. In the full year to 30 June 2009, the current accident period strain was $80 million, on a net central estimate basis.
2. **Net risk margin strain** is the additional risk margin provided on the current accident period referred to above, less the risk margin released from claims settled during the year as well as prior period releases and adjusted for the change in the yield curve. This was a net strain of just $2 million for the year, reflecting the Group's unchanged approach to setting risk margins.
3. **Superimposed inflation** is the allowance for claims costs inflating at a rate greater than the average weekly earnings index. There continues to be some evidence of superimposed inflation emerging in some classes of business. If superimposed inflation were not to occur, this would result in a release of approximately $140 million for the year.

Risk margins

The Group has not significantly changed its approach to setting risk margins since 30 June 2008, with these remaining at approximately 18% of outstanding claim reserves and giving an approximate level of confidence of 90%.

Outstanding claim provisions over time

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

	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Gross outstanding claims liabilities	7,369	7,729	7,094	7,272	(4.7)	3.9
Reinsurance and other recoveries	(1,310)	(1,278)	(1,213)	(1,077)	2.5	8.0
Net outstanding claims liabilities	**6,059**	**6,451**	**5,881**	**6,195**	**(6.1)**	**3.0**
Expected future claims payments and claims handling expenses	6,096	6,175	6,197	6,480	(1.3)	(1.6)
Discount to present value	(965)	(726)	(1,209)	(1,476)	32.9	(20.2)
Risk margin	928	1,002	893	1,191	(7.4)	3.9
Net outstanding claims liabilities	**6,059**	**6,451**	**5,881**	**6,195**	**(6.1)**	**3.0**
Personal						
Australia						
CTP	2,971	3,189	2,936	3,028	(6.8)	1.2
Short-tail and other	705	780	723	841	(9.6)	(2.5)
New Zealand	50	50	46	52	-	8.7
Commercial						
Australia						
Liability and Workers' Compensation	1,708	1,790	1,610	1,670	(4.6)	6.1
Short-tail and other	504	513	448	452	(1.8)	12.5
New Zealand	121	129	118	152	(6.2)	2.5
Total	**6,059**	**6,451**	**5,881**	**6,195**	**(6.1)**	**3.0**

Outstanding claims provisions breakdown

This table shows the net outstanding claims reserves split between the net central estimate (discounted) and the risk margin (90th percentile, discounted), broken down by class of business. It also shows the change in net central estimate by class of business valuations.

	ACTUAL $M	NET CENTRAL ESTIMATE (DISCOUNTED) $M	RISK MARGIN (90TH PERCENTILE, DISCOUNTED) $M	CHANGE IN NET CENTRAL ESTIMATE [(1)] $M
Personal				
Australia				
CTP	2,971	2,564	407	(244)
Short-tail and other	705	640	65	(3)
New Zealand	50	45	5	3
Commercial				
Australia				
Liability and Workers' Compensation	1,708	1,359	349	(145)
Short-tail and other	504	428	76	10
New Zealand	121	95	26	(3)
Total	**6,059**	**5,131**	**928**	**(382)**

(1) This column is equal to the closing central estimate for outstanding claims, (before the impact of 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 net central estimate. A negative sign implies that there has been a release from outstanding reserves.

Claims development table

This table demonstrates that the claims development trends have been favourable in all accident years compared with the initial reserving estimates. This favourable outcome is largely a result of the general absence of superimposed inflation and the ongoing benefits from tort-law reforms, together with the Group's generally cautious reserving basis.

The first row shows the estimated undiscounted ultimate claims by accident year. Reading down the columns, each successive number shows the ultimate cost by accident year estimated one year later. For example, the current estimate of ultimate claims costs for the 2005 year ($847 million) is 28% lower than estimated at the end of the 2005 accident year ($1,173 million). The remainder of the table then reconciles the undiscounted long-tail reserves to the 30 June 2009 provisions booked. This requires allowance for discounting, reserves for short-tail classes, claims handling expenses, risk margin etc.

	ACCIDENT YEAR							
	PRIOR $M	2004 $M	2005 $M	2006 $M	2007 $M	2008 $M	2009 $M	TOTAL $M
Consolidated								
Estimate of ultimate claims cost								
At end of accident year		1,045	1,173	1,210	1,245	1,291	1,295	
One year later		1,059	1,064	1,119	1,179	1,152		
Two years later		924	938	1,038	1,074			
Three years later		833	898	962				
Four years later		762	847					
Five years later		722						
Current estimate of cumulative claims cost		722	847	962	1,074	1,152	1,295	
Cumulative payments		(551)	(560)	(467)	(329)	(174)	(64)	
Outstanding claims – undiscounted	945	171	287	495	745	978	1,231	4,852
Discount	(316)	(24)	(38)	(62)	(98)	(145)	(211)	(894)
Deferred premium	-	-	-	-	-	-	(10)	(10)
Outstanding claims – long-tail	629	147	249	433	647	833	1,010	3,948
Outstanding claims – short-tail and other portfolios								911
Claims handling expense								272
Risk margin								928
Total net outstanding claims liabilities								6,059
Reinsurance and other recoveries on outstanding claims liabilities								1,310
Total gross outstanding claims								**7,369**

Operating expenses

Total Operating Expenses increased by 0.6% to $1,642 million for the full year to 30 June 2009. As a result of premium growth, the Total Operating Expenses Ratio has reduced by 0.5% to 27.4% from 27.9%.

Acquisition costs have increased 6.5% over the full year to $1,079 million which includes a liability adequacy deficiency (LAT) adjustment of $19 million. The LAT deficiency was principally the result of the reduction in risk free rates in the first half, which decreased prospective investment income and hence profit margins in business already written. Excluding the LAT deficiency of $19 million in 2009 and the LAT efficiency benefit of $40 million in 2008, acquisition costs increased marginally by 0.7%. Commissions have increased marginally due to underlying growth in all portfolios except Workers' Compensation and Travel which have been impacted by the global financial crisis. The acquisition expenses ratio has increased to 18.0% from 17.3%, however, excluding LAT impact it reduced to 17.7% from 18.0%.

Other underwriting expenses have decreased 9.2% to $563 million from $620 million. The reduction in expenses is a result of integration benefits and tight cost control, as well as reductions in full-time employees and bonus payments. These savings are partly offset in Vero New Zealand for costs incurred in developing and launching product distributed through ANZ National Bank. Other underwriting expense ratio has reduced by 1.2% to 9.4% from 10.6%.

Managed schemes

Net profit from the managed scheme business was $19 million, down from $47 million in the prior year. Excluding the impact of prior period fee income ($12 million in June 2009 and $26m in June 2008), underlying net profit has decreased to $7 million from $21 million. This is largely in New South Wales where fee income relating to the current period reduced by $7 million (13.8%). This is a result of a decrease in performance-based income partly caused by the economic slow down.

Joint venture and other income

The Group participates in insurance joint ventures with motoring clubs in Queensland, South Australia and Tasmania. The 'joint venture and other income' contribution for the year to 30 June 2009 was a contribution of $1 million, down from $17 million in the prior year. This reduction is predominately due to lower investment returns and major weather events impacting results unfavourably, the largest being the November 2008 storms in South East Queensland.

On 23 July 2008, the Group announced the sale of its 50% share of the RAC Insurance (RACI) business in Western Australia. RACI contributed $5 million to the joint venture for the full year to 30 June 2008 and $4 million for the full year to 30 June 2009.

Investment income on insurance funds

The Australian General Insurance Legal Entity restructure was completed in December 2008. The Australian GI Technical Reserve portfolios of SMIL, GIOG, AAMI and VIL are now managed against a uniform benchmark allocation of 60% credit, 5% inflation, 8% Government and 27% Semi-Government Bonds. The AAI portfolio is managed against an allocation of 62% Cash and 38% credit. The credit ratings of these investments are outlined on page 60.

The total investment income on technical reserves was $733 million. This result comprises:

- Underlying yield income of $459 million;
- The mismatch against discount rate movements on claims of $316 million;
- An accounting mismatch of $83 million representing additional assets not matched against interest rate sensitive liabilities; and
- An economic mismatch of negative $125 million caused by credit spreads and other duration and yield curve movements.

The portfolio has been positively impacted on a mark to market basis by the falling forward rate yield curve and reductions in the Reserve Bank official rate, reversing six years of monetary policy tightening, to reduce the official cash rate to a low of 3%. This positive impact has been offset somewhat by a decrease in yields.

Investment income on shareholder funds

Investment income on shareholder funds increased to $130 million following a loss of $232 million in the prior year.

Domestic and international equities were sold in the quarter to 30 September 2008 to reduce the capital charge and the impact of financial market volatility. This portfolio transitioned to a benchmark weight of 95% fixed interest and 5% direct property portfolios.

This year's result has been impacted by $35 million from the write down in valuations for the investment properties.

Income derived from cash and fixed interest was significant compared to full year June 2008 largely due to the reduction in interest rates over the first half, partially offset by increases in the second half.

Performance returns achieved on domestic and international equities, and the domestic fixed interest portfolios, are outlined below. The shareholder funds are managed in separate portfolios. To assist in presenting the combined performance of the funds, a simple weighted average return has been calculated. The consolidated returns presented may not be the same had the shareholder funds been held in, and measured as, a single portfolio.

Shareholder fund performance

	HALF YEAR ENDED							
	JUN-09		DEC-08		JUN-08		DEC-07	
	BENCHMARK RETURN %	ACTUAL RETURN %	BENCHMARK RETURN %	ACTUAL RETURN %	BENCHMARK RETURN %	ACTUAL RETURN %	BENCHMARK RETURN %	ACTUAL RETURN %
Performance returns Shareholders' Funds:								
Fixed Interest – domestic	1.57	0.74	11.05	10.67	2.83	2.93	2.18	1.83
Equities – domestic	-	-	(0.66)	(0.29)	(16.14)	(18.89)	3.00	2.65
Equities – international	(12.79)	(7.60)	3.57	8.38	(18.50)	(16.88)	(3.69)	(2.31)

Allocation of investments – General Insurance

	JUN-09 $M	HALF YEAR ENDED DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Allocation of investments held against:						
Insurance funds						
Cash and short-term deposits	556	351	1,002	1,038	58.4	(44.5)
Interest bearing securities	7,463	7,810	6,625	6,588	(4.4)	12.6
Australian equities	-	-	2	7	n/a	(100.0)
Property and other	2	5	194	158	(60.0)	(99.0)
	8,021	**8,166**	**7,823**	**7,791**	**(1.8)**	**2.5**
Shareholders' Funds						
Cash and short-term deposits	209	304	583	248	(31.3)	(64.2)
Interest bearing securities	2,291	2,383	1,069	1,200	(3.9)	114.3
Australian equities	-	-	1,019	1,143	n/a	(100.0)
Overseas equities (1)	56	52	183	141	7.7	(69.4)
Property and other (2)	185	327	181	107	(43.4)	2.2
	2,741	**3,066**	**3,035**	**2,839**	**(10.6)**	**(9.7)**

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

(2) Legacy property holdings were transferred from the Insurance Funds to the Shareholder funds during the year following a review of the Insurance Funds' mandate.

	JUN-09 %	HALF YEAR ENDED DEC-08 %	JUN-08 %	DEC-07 %	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Allocation of investments held against:						
Insurance funds						
Cash and short-term deposits	7	4	13	13	75.0	(46.2)
Interest bearing securities	93	96	85	85	(3.1)	9.4
Property and other	-	-	2	2	n/a	(100.0)
	100	**100**	**100**	**100**	**-**	**-**
Shareholders' Funds						
Cash and short-term deposits	8	10	19	8	(20.0)	(57.9)
Interest bearing securities	83	78	35	42	6.4	137.1
Australian equities	-	-	34	40	n/a	(100.0)
Overseas equities	2	2	6	5	-	(66.7)
Property and other	7	10	6	5	(30.0)	16.7
	100	**100**	**100**	**100**	**-**	**-**

The investment funds are managed by the Group's investment managers. The totals above are different to the cash and investment balances in the General Insurance balance sheet on page 49, because of the different classification of items such as operating cash and accrued interest. Reconciling items such as timing differences and premium debtors arise between insurance provisions and associated investment assets. The balance of the Shareholders' Funds shown above excludes non-investment market assets such as goodwill relating to the acquisition of GIO and the investments in joint ventures.

Allocation of investment income – General Insurance

	HALF YEAR ENDED				JUN-09 vs DEC-08	JUN-09 vs JUN-08
	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	%	%
Investment income on insurance funds						
Cash and short-term deposits	6	12	27	32	(50.0)	(77.8)
Interest bearing securities	(36)	746	210	126	(104.8)	(117.1)
Property and other	(1)	6	30	30	(116.7)	(103.3)
Total	**(31)**	**764**	**267**	**188**	**(104.1)**	**(111.6)**
Investment income on Shareholder Funds						
Cash and short-term deposits	1	4	7	7	(75.0)	(85.7)
Interest bearing securities	5	136	20	10	(96.3)	(75.0)
Australian equities	-	10	(241)	20	(100.0)	(100.0)
Overseas equities	-	11	(25)	(2)	(100.0)	(100.0)
Property	(32)	4	(12)	2	large	166.7
Other revenue	2	3	8	7	(33.3)	(75.0)
Other expenses	-	(14)	(17)	(16)	(100.0)	(100.0)
Total	**(24)**	**154**	**(260)**	**28**	**(115.6)**	**(90.8)**
Total investment income	**(55)**	**918**	**7**	**216**	**(106.0)**	**(885.7)**

Credit risk exposure – fixed interest investments

The General Insurance fixed interest portfolios are restricted to investment grade securities to ensure there is adequate capital protection of the assets under all market conditions.

	SUNCORP HALF YEAR ENDED				PROMINA HALF YEAR ENDED			
AVERAGE	JUN-09 %	DEC-08 %	JUN-08 %	DEC-07 %	JUN-09 %	DEC-08 %	JUN-08 %	DEC-07 %
AAA	54.3	62.0	52.3	48.7	48.9	65.0	54.1	64.3
AA	28.0	22.8	24.4	21.0	36.0	24.6	34.7	27.1
A	16.0	13.4	20.9	27.6	12.4	7.9	8.4	5.8
BBB	1.7	1.8	2.4	2.7	2.7	2.5	2.8	2.8
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Profit contribution – Commercial Lines Australia									
Gross written premium	1,595	1,524	4.7	819	776	799	725	5.5	2.5
Net earned premium	1,280	1,257	1.8	645	635	630	627	1.6	2.4
Net claims incurred	(952)	(594)	60.3	(301)	(651)	(289)	(305)	(53.8)	4.2
Acquisition expenses	(283)	(235)	20.4	(155)	(128)	(106)	(129)	21.1	46.2
Other underwriting expenses	(193)	(196)	(1.5)	(98)	(95)	(106)	(90)	3.2	(7.5)
Total operating expenses	(476)	(431)	10.4	(253)	(223)	(212)	(219)	13.5	19.3
Underwriting result	(148)	232	(163.8)	91	(239)	129	103	(138.1)	(29.5)
Investment income – insurance funds	258	140	84.3	(47)	305	78	62	(115.4)	(160.3)
Insurance trading result	110	372	(70.4)	44	66	207	165	(33.3)	(78.7)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	22.1	18.7	18.2	24.0	20.2	16.8	20.6	18.8	42.9
Other underwriting expenses ratio	15.1	15.6	(3.2)	15.2	15.0	16.8	14.4	1.3	(9.5)
Total operating expenses ratio	37.2	34.3	8.5	39.2	35.2	33.6	35.0	11.4	16.7
Loss ratio	74.4	47.3	57.3	46.7	102.5	45.9	48.6	(54.4)	1.7
Combined operating ratio	111.6	81.6	36.8	85.9	137.7	79.5	83.6	(37.6)	8.1
Insurance trading ratio	8.6	29.6	(70.9)	6.8	10.4	32.9	26.3	(34.6)	(79.3)

Market overview

The Australian commercial insurance market result continues to demonstrate signs of market hardening with premium increases of 5% to 10% depending upon the class. These increases are likely to continue as a result of increased frequency of large losses, lower investment yields and higher reinsurance costs.

Workers' Compensation underwritten markets are hardening as evidenced by the Scheme Actuary increasing the gazette rate by 10% rate increases in Western Australia. Average premium increases have been a more moderate 3%. GIO will continue with the current strategy of careful risk selection to ensure Workers' Compensation business is of optimum quality.

Economic conditions continue to provide uncertainty around profitability levels, especially with respect to short-term investment earnings, however there are some initial signs of recovery.

Insurance Trading Result (ITR)

Commercial lines reported an ITR of $110 million for the full year, equal to an ITR ratio of 8.6%. This result was achieved despite the economic conditions with a focus on key industries and geographical regions and a disciplined approach to underwriting. Key factors impacting on the reduction in the ITR from 29.6% to 8.6% were:

- A slight increase in full year net central estimate releases on long-tail outstanding claims. The current year releases were largely attributable to public liability and workers' compensation where actual claims payments experience continues to perform favourably to valuation assumptions.
- The Builders' Warranty book performed poorly during the year, incurring an ITR loss of $36 million. A large component of this loss relates to the pre Scheme Reform (ie 2002) years.
- Continuation of higher frequency of large losses in commercial property and commercial motor.
- A negative impact arising from the movement in credit spreads and reduction in interest rates during the year.
- A negative liability adequacy test adjustment of $19 million. This largely reflects higher expected future claims experience stemming from slower economic activity.
- The prior year results included one-off valuation releases from changes to risk margin diversification assumptions ($36 million) and level of sufficiency to 90% ($115 million).

The second half result was particularly impacted by lower yields following the sharp reduction in interest rates and an ITR loss of $18 million in Builders' Warranty.

Profit contribution – Personal Lines Australia

	FULL YEAR ENDED JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Gross written premium	4,602	4,254	8.2	2,367	2,235	2,152	2,102	5.9	10.0
Net earned premium	4,164	4,010	3.8	2,093	2,071	1,994	2,016	1.1	5.0
Net claims incurred	(3,321)	(3,129)	6.1	(1,408)	(1,913)	(1,453)	(1,676)	(26.4)	(3.1)
Acquisition expenses	(670)	(649)	3.2	(301)	(369)	(310)	(339)	(18.4)	(2.9)
Other underwriting expenses	(315)	(369)	(14.6)	(161)	(154)	(210)	(159)	4.5	(23.3)
Total operating expenses	(985)	(1,018)	(3.2)	(462)	(523)	(520)	(498)	(11.7)	(11.2)
Underwriting result	(142)	(137)	3.6	223	(365)	21	(158)	(161.1)	961.9
Investment income – insurance funds	456	298	53.0	14	442	182	116	(96.8)	(92.3)
Insurance trading result	314	161	95.0	237	77	203	(42)	207.8	16.7
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	16.1	16.2	(0.6)	14.4	17.8	15.5	16.8	(19.1)	(7.1)
Other underwriting expenses ratio	7.6	9.2	(17.4)	7.7	7.4	10.5	7.9	4.1	(26.7)
Total operating expenses ratio	23.7	25.4	(6.7)	22.1	25.2	26.0	24.7	(12.3)	(15.0)
Loss ratio	79.8	78.0	2.3	67.3	92.4	72.9	83.1	(27.2)	(7.7)
Combined operating ratio	103.5	103.4	0.1	89.4	117.6	98.9	107.8	(24.0)	(9.6)
Insurance trading ratio	7.5	4.0	87.5	11.3	3.7	10.2	(2.1)	205.4	10.8

Market overview

Australian Personal Lines experienced a challenging year with continuing volatile weather events and the tragic Victorian bushfires. Significant volatility in global financial markets also adversely impacted investment returns. Despite this, the underlying attractiveness of this market has been demonstrated by the recent emergence of new entrants.

Suncorp's response was to position the personal lines portfolio for future profitable growth by taking advantage of the hardening rate cycle by lifting average premiums and delivery on integration and other cost control initiatives.

In Queensland CTP, Suncorp is currently at the Regulator's ceiling price. The Regulator has raised the ceiling and floor premium bands for October 2009 for vehicle class 1 sedan and station wagon by $7. In New South Wales CTP, industry prices increased during the year due to falling interest pressures. In July 2009 the headline rate was increased by approximately 6.5% or $25.

Insurance Trading Result (ITR)

The combination of natural hazards and the reduced investment income have led to a disappointing insurance trading result of $314 million. This represents an ITR of 7.5%, impacted by the following factors:

- Higher average premium rates in the home and motor portfolios, whilst maintaining stable customer renewal levels and delivering positive unit growth. Home and motor continued to hold leading (>30%) national market share positions.
- Major natural hazard event costs (costing greater than $5 million each), net of reinsurance, were around $125 million greater than long run expectations.
- An additional reinsurance reinstatement premium was required to be paid following the Victoria bushfire and Brisbane storm events resulting in an impact of $25 million.
- Attritional natural hazard costs (costing less than $5 million each) exceeded long run expected costs by approximately $100 million for the year.
- The Cover-More travel insurance portfolio continued its poor performance in the second half of the year, delivering a full year loss of approximately $35 million. This portfolio was placed into run-off from 1 July 2009.
- The CTP portfolio provided a full year central estimate release of $244 million. This results from favourable claims experience and the adjustment to wage inflation and is significantly greater than the $114 million in the prior year.
- Total operating expenses have reduced by around $33 million, or 1.7% as an expense ratio, as a result of a disciplined focus on cost control and the benefits of integration synergies.

Profit contribution – New Zealand

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Gross written premium	617	652	(5.4)	286	331	323	329	(13.6)	(11.5)
Net earned premium	538	599	(10.2)	255	283	297	302	(9.9)	(14.1)
Net claims incurred	(337)	(358)	(5.9)	(146)	(191)	(162)	(196)	(23.6)	(9.9)
Acquisition expenses	(127)	(129)	(1.6)	(66)	(61)	(66)	(63)	8.2	0.0
Other underwriting expenses	(55)	(55)	0.0	(22)	(33)	(30)	(25)	(33.3)	(26.7)
Total operating expenses	(182)	(184)	(1.1)	(88)	(94)	(96)	(88)	(6.4)	(8.3)
Underwriting result	19	57	(66.7)	21	(2)	39	18	(1,150.0)	(46.2)
Investment income – insurance funds	19	17	11.8	2	17	7	10	(88.2)	(71.4)
Insurance trading result	38	74	(48.6)	23	15	46	28	53.3	(50.0)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	23.6	21.5	9.8	25.9	21.6	22.2	20.9	19.9	16.7
Other underwriting expenses ratio	10.2	9.2	10.9	8.6	11.7	10.1	8.3	(26.5)	(14.9)
Total operating expenses ratio	33.8	30.7	10.1	34.5	33.3	32.3	29.2	3.6	6.8
Loss ratio	62.6	59.8	4.7	57.3	67.5	54.5	64.9	(15.1)	5.1
Combined operating ratio	96.4	90.5	6.5	91.8	100.8	86.8	94.1	(8.9)	5.8
Insurance trading ratio	7.1	12.4	(42.7)	9.0	5.3	15.5	9.3	69.8	(41.9)

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 NZ$M	JUN-08 NZ$M	JUN-09 vs JUN-08 %	JUN-09 NZ$M	DEC-08 NZ$M	JUN-08 NZ$M	DEC-07 NZ$M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
NEW ZEALAND RESULTS EXPRESSED IN NZ$									
Gross written premium	773	760	1.7	378	395	380	380	(4.3)	(0.5)
Net earned premium	675	696	(3.0)	334	341	348	348	(2.1)	(4.0)
Net claims incurred	(420)	(420)	0.0	(194)	(226)	(194)	(226)	(14.2)	0.0
Acquisition expenses	(160)	(151)	6.0	(87)	(73)	(78)	(73)	19.2	11.5
Other underwriting expenses	(68)	(65)	4.6	(30)	(38)	(35)	(30)	(21.1)	(14.3)
Total operating expenses	(228)	(216)	5.6	(117)	(111)	(113)	(103)	5.4	3.5
Underwriting result	27	60	(55.0)	23	4	41	19	475.0	(43.9)
Investment income – insurance funds	25	24	4.2	4	21	12	12	(81.0)	(66.7)
Insurance trading result	52	84	(38.1)	27	25	53	31	8.0	(49.1)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	23.7	21.7	9.2	26.0	21.4	22.4	21.0	21.5	16.1
Other underwriting expenses ratio	10.1	9.3	8.6	9.0	11.1	10.1	8.6	(18.9)	(10.9)
Total operating expenses ratio	33.8	31.0	9.0	35.0	32.5	32.5	29.6	7.7	7.7
Loss ratio	62.2	60.3	3.2	58.1	66.3	55.7	64.9	(12.4)	4.3
Combined operating ratio	96.0	91.3	5.1	93.1	98.8	88.2	94.5	(5.8)	5.6
Insurance trading ratio	7.7	12.1	(36.4)	8.1	7.3	15.2	8.9	11.0	(46.7)

Market overview

The New Zealand operations produced a strong result for the full year to June 2009 despite a very competitive New Zealand market and the impact of the recession on the economy along with large weather events early in the year. In A$ terms, GWP reduced by 5.4%, however this is entirely due to the impact of the falling NZ$, as in New Zealand dollar terms, GWP grew 1.7% reflecting continuing rate increases in both Commercial and Personal lines businesses. Offsetting overall growth were reductions in some classes including Warranty, Travel and Construction and Engineering which have all been impacted by the recession in New Zealand.

A new distribution arrangement with the ANZ National Bank commenced in March 2009 contributing NZ$5 million to GWP. This is expected to increase to NZ$35 million in 2009/10.

Insurance Trading Result (ITR)

New Zealand reported an Insurance Trading Result of NZ$52 million for the full year to June 2009, equal to an ITR ratio of 7.7%. The main components impacting the ITR were:

- Net Earned Premiums declined 3% primarily due to increased reinsurance costs.
- The overall loss ratio has increased 1.9% due to reduced Net Earned Premiums and the July storm events. This was partially offset by reserve releases.
- Overall total expense ratio is 33.8%, up 2.8%. This ratio was impacted by reduced Net Earned Premiums and set up costs for ANZ National Bank business partially offset by expense savings.
- Investment income from insurance funds was $25 million for the full year to June 2009 which is marginally higher than the prior year.

Profit contribution by class of business – short-tail and long-tail
(includes New Zealand)

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Short-tail									
Gross written premium	5,352	5,017	6.7	2,699	2,653	2,537	2,480	1.7	6.4
Net earned premium	4,641	4,494	3.3	2,318	2,323	2,247	2,247	(0.2)	3.2
Net claims incurred	(3,420)	(3,334)	2.6	(1,718)	(1,702)	(1,602)	(1,732)	0.9	7.2
Acquisition expenses	(853)	(835)	2.2	(425)	(428)	(420)	(415)	(0.7)	1.2
Other underwriting expenses	(458)	(465)	(1.5)	(222)	(236)	(258)	(207)	(5.9)	(14.0)
Total operating expenses	(1,311)	(1,300)	0.8	(647)	(664)	(678)	(622)	(2.6)	(4.6)
Underwriting result	(90)	(140)	(35.7)	(47)	(43)	(33)	(107)	9.3	42.4
Investment income – insurance funds	122	139	(12.2)	32	90	81	58	(64.4)	(60.5)
Insurance trading result	32	(1)	large	(15)	47	48	(49)	(131.9)	(131.3)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	18.4	18.6	(1.1)	18.3	18.4	18.7	18.5	(0.5)	(2.1)
Other underwriting expenses ratio	9.9	10.3	(3.9)	9.6	10.2	11.5	9.2	(5.9)	(16.5)
Total operating expenses ratio	28.3	28.9	(2.1)	27.9	28.6	30.2	27.7	(2.4)	(7.6)
Loss ratio	73.7	74.2	(0.7)	74.1	73.3	71.3	77.1	1.1	3.9
Combined operating ratio	102.0	103.1	(1.1)	102.0	101.9	101.5	104.8	0.1	0.5
Insurance trading ratio	0.7	0.0	n/a	(0.6)	2.0	2.1	(2.2)	(130.0)	(128.6)

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Long-tail									
Gross written premium	1,463	1,413	3.5	773	690	737	676	12.0	4.9
Net earned premium	1,340	1,372	(2.3)	675	665	674	698	1.5	0.1
Net claims incurred	(1,190)	(747)	59.3	(137)	(1,053)	(302)	(445)	(87.0)	(54.6)
Acquisition expenses	(226)	(178)	27.0	(97)	(129)	(62)	(116)	(24.8)	56.5
Other underwriting expenses	(105)	(155)	(32.3)	(59)	(46)	(88)	(67)	28.3	(33.0)
Total operating expenses	(331)	(333)	(0.6)	(156)	(175)	(150)	(183)	(10.9)	4.0
Underwriting result	(181)	292	(162.0)	382	(563)	222	70	(167.9)	72.1
Investment income – insurance funds	611	316	93.4	(63)	674	186	130	(109.3)	(133.9)
Insurance trading result	430	608	(29.3)	319	111	408	200	187.4	(21.8)
	%	%		%	%	%	%		
Ratios									
Acquisition expenses ratio	16.9	13.0	30.0	14.4	19.4	9.2	16.6	(25.8)	56.5
Other underwriting expenses ratio	7.8	11.3	(31.0)	8.7	6.9	13.1	9.6	26.1	(33.6)
Total operating expenses ratio	24.7	24.3	1.6	23.1	26.3	22.3	26.2	(12.2)	3.6
Loss ratio	88.8	54.4	63.2	20.3	158.3	44.8	63.8	(87.2)	(54.7)
Combined operating ratio	113.5	78.7	44.2	43.4	184.6	67.1	90.0	(76.5)	(35.3)
Insurance trading ratio	32.1	44.3	(27.5)	47.3	16.7	60.5	28.7	183.2	(21.8)

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Segment information – Life

Profit overview and strategy

Suncorp Life aspires to be a tier one life insurer in Australia and New Zealand.

Suncorp Life is a trans-Tasman life risk, superannuation and investment and asset management business. Products are distributed through intermediated adviser channels, both aligned and external, and through the Suncorp customer base.

The past twelve months have been a period of operational stabilisation. The business model has been simplified in order to respond to the environment and rebase the business.

Suncorp Life is focused on:

- growing distribution capability and reach;
- the retention of existing customers; and
- continuing its program of simplification and cost control.

Total underlying profit after tax was $122 million, down 16.4% on the prior corresponding period. Net profit after tax and minority interests was $115 million, up 3.6%.

The **Life Risk** result was up 13% year on year to $87 million, driven by strategies implemented to take advantage of the current favourable environment for Life Risk business.

Planned profit margin release was up by 6%, due to growth in in-force premiums. Other experience of $11 million, primarily consists of Group Life business which is valued on an accumulation basis, hence there are no planned margins.

Asteron was named the AFA/Plan for Life 2008 Life Risk Company of the Year in Australia, while in New Zealand it has been recognised for products and services. The Lifeguard product suite has received 22 industry awards since launch in April 2007 – with 16 of those awarded in 2008 and 2009.

Funds Management (comprising Superannuation & Investments and Asset Management) was down 49.3% to $35 million for the year as weaker investment markets reduced the value of assets on which fee income is earned.

Profits reduced due to a change in the mix in Funds under Management from equities to fixed interest and Funds under Administration dropping 17.9% for the year, in line with the market.

The key asset management brand Tyndall consistently receives industry recognition for its fixed interest and Australian equities capabilities.

Market Adjustments had a $7 million negative impact on the Life result. The impact of investment markets on shareholder assets and assets backing annuities was largely offset by discount rate changes on the value of life risk policy liabilities. In the six months to December 2008 a dramatic decrease in risk free rates led to a gain of $126 million. In the second half to 30 June 2009 that effect was significantly reversed, resulting in a net $39 million profit for the full year.

Operating expenses were down by 8.6% to $338 million from $370 million. During 2009, Life implemented a series of measures to reduce discretionary expenditure. Within the life risk business, efficiencies were achieved through the automation of business application processes and a focus on trans-Tasman economies of scale and scope. In funds management, along with other integration benefits, the launch of the WealthSmart superannuation platform sees the start of consolidation of existing products, systems and operations, reducing costs as a result.

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Profit contribution – Life Excluding Life Insurance policy owners' interests									
Life Risk									
Planned profit margin release	71	67	6.0	36	35	34	33	2.9	5.9
Mortality experience	4	7	(42.9)	-	4	5	2	(100.0)	(100.0)
Morbidity experience	(1)	(1)	-	2	(3)	2	(3)	(166.7)	-
Other experience	11	3	266.7	6	5	-	3	20.0	n/a
Loss capitalisation	2	1	100.0	-	2	(2)	3	(100.0)	(100.0)
Life Risk	**87**	**77**	**13.0**	**44**	**43**	**39**	**38**	**2.3**	**12.8**
Funds management									
Retail investment	39	66	(40.9)	14	25	27	39	(44.0)	(48.1)
Distribution	(12)	(10)	20.0	(7)	(5)	(10)	-	(40.0)	(30.0)
Asset management	8	13	(38.5)	3	5	5	8	(40.0)	(40.0)
Funds Management	**35**	**69**	**(49.3)**	**10**	**25**	**22**	**47**	**(60.0)**	**(54.5)**
Total Life underlying profit after tax	**122**	**146**	**(16.4)**	**54**	**68**	**61**	**85**	**(20.6)**	**(11.5)**
Market adjustments									
Annuities market adjustments [(1)]	(16)	(11)	45.5	18	(34)	(11)	-	(152.9)	(263.6)
Life Risk policy liability discount rate changes [(2)]	39	(11)	large	(87)	126	(5)	(6)	(169.0)	large
Net investment income on shareholder assets [(3)]	(30)	(13)	130.8	(5)	(25)	(37)	24	(80.0)	(86.5)
Market adjustments	**(7)**	**(35)**	**(80.0)**	**(74)**	**67**	**(53)**	**18**	**(210.4)**	**39.6**
Net profit after tax and minority interests	**115**	**111**	**3.6**	**(20)**	**135**	**8**	**103**	**(114.8)**	**(350.0)**

(1) Over the 2008/09 year a decrease in risk free rates, used to discount future policy liabilities, increased the value of these liabilities. At the same time the value of assets invested to back policy liabilities, declined with investment markets. The combined effect was to produce a loss for the 2008/09 year.

(2) Risk free rates are used to discount Life Risk policy liabilities. Due to deferred acquisition costs there are net negative policy liabilities (an asset). Discount rates decreased dramatically during the first half of 2008/09 resulting in an increase in the value of this asset, producing a gain through the P&L. This effect was reversed during the second half.

(3) Adverse investment market performance led to a loss on investment income on shareholder assets over 2008/09.

RECONCILIATION OF REPORTED PROFIT BEFORE TAX TO NET PROFIT AFTER TAX AND MINORITY INTERESTS	FULL YEAR ENDED JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Reported profit contribution from Life before tax	98	30	226.7	(17)	115	(95)	125	(114.8)	(82.1)
Policyholder and shareholder income tax expense [1]	19	83	(77.1)	(2)	21	104	(21)	(109.5)	(101.9)
Net profit after tax and before minority interests	**117**	**113**	**3.5**	**(19)**	**136**	**9**	**104**	**(114.0)**	**(311.1)**
Minority interests	(2)	(2)	-	(1)	(1)	(1)	(1)	-	-
Net profit after tax and minority interests	**115**	**111**	**3.6**	**(20)**	**135**	**8**	**103**	**(114.8)**	**(350.0)**

[1] Income tax expense includes tax payable on behalf of Life insurance policyholders, mostly related to superannuation contributions and surcharge taxes. The effective income tax rate does not resemble the corporate tax rate.

	FULL YEAR ENDED JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Shareholder investment income									
Shareholder investment income on invested assets	(36)	(15)	140.0	(8)	(28)	(39)	24	(71.4)	(79.5)
Less Product expected included in underlying profit	6	2	200.0	3	3	2	-	-	50.0
Net investment income on shareholder assets	**(30)**	**(13)**	**130.8**	**(5)**	**(25)**	**(37)**	**24**	**(80.0)**	**(86.5)**

	FULL YEAR ENDED JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Operating expenses									
Total operating expenses [1]	**338**	**370**	**(8.6)**	**166**	**172**	**189**	**181**	**(3.5)**	**(12.2)**

[1] Excludes integration implementation costs and includes allocated costs

Balance Sheet – Life

	JUN-09 $M	HALF YEAR ENDED DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Policyholder assets						
Invested assets	3,336	3,247	3,897	4,627	2.7	(14.4)
Assets backing annuity policies	143	164	134	146	(12.8)	6.7
Assets backing participating policies	2,491	2,750	3,081	3,339	(9.4)	(19.1)
Deferred tax assets	54	75	-	-	(28.0)	n/a
Other	39	70	55	74	(44.3)	(29.1)
	6,063	**6,306**	**7,167**	**8,186**	**(3.9)**	**(15.4)**
Liabilities						
Payables	8	6	4	1	33.3	100.0
Deferred tax liabilities	-	-	11	109	n/a	(100.0)
Policy liabilities	5,658	5,958	6,837	7,754	(5.0)	(17.2)
Unvested policyholder benefits [1]	397	342	315	322	16.1	26.0
	6,063	**6,306**	**7,167**	**8,186**	**(3.9)**	**(15.4)**
Policyholder net assets	-	-	-	-		
Shareholder assets						
Invested assets	1,153	1,084	1,094	1,132	6.4	5.4
Deferred tax assets	23	48	30	-	(52.1)	(23.3)
Reinsurance ceded	310	337	252	253	(8.0)	23.0
Other	304	282	358	309	7.8	(15.1)
	1,790	**1,751**	**1,734**	**1,694**	**2.2**	**3.2**
Liabilities						
Payables	260	284	314	226	(8.5)	(17.2)
Outstanding claims	139	130	128	134	6.9	8.6
Deferred tax liabilities	-	-	-	23	n/a	n/a
Policy liabilities	(111)	(176)	(45)	(37)	(36.9)	146.7
	288	**238**	**397**	**346**	**21.0**	**(27.5)**
Shareholder net assets	**1,502**	**1,513**	**1,337**	**1,348**	**(0.7)**	**12.3**
Total Assets						
Assets						
Invested assets	4,489	4,331	4,991	5,759	3.6	(10.1)
Assets backing annuity policies	143	164	134	146	(12.8)	6.7
Assets backing participating policies	2,491	2,750	3,081	3,339	(9.4)	(19.1)
Deferred tax assets	77	123	19	-	(37.4)	305.3
Reinsurance ceded	310	337	252	253	(8.0)	23.0
Other	343	352	413	383	(2.6)	(16.9)
	7,853	**8,057**	**8,890**	**9,880**	**(2.5)**	**(11.7)**
Liabilities						
Payables	268	289	318	227	(7.3)	(15.7)
Outstanding claims	139	130	128	134	6.9	8.6
Deferred tax liabilities	-	-	-	132	n/a	n/a
Policy liabilities	5,547	5,783	6,792	7,717	(4.1)	(18.3)
Unvested policyholder benefits [1]	397	342	315	322	16.1	26.0
	6,351	**6,544**	**7,553**	**8,532**	**(2.9)**	**(15.9)**
Total net assets	**1,502**	**1,513**	**1,337**	**1,348**	**(0.7)**	**12.3**

[1] consists of participating business policyholder retained profits

	JUN-09 $M	HALF YEAR ENDED DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Invested shareholder assets [1]						
Cash	246	205	186	194	20.0	32.3
Fixed interest securities	693	546	523	440	26.9	32.5
Equities	199	290	328	406	(31.4)	(39.3)
Property	11	39	56	74	(71.8)	(80.4)
Other	4	4	1	18	-	300.0
Total invested shareholder assets	**1,153**	**1,084**	**1,094**	**1,132**	**6.4**	**5.4**

[1] Excludes assets backing annuity and participating business

Life's invested shareholder assets are mixed across asset classes as shown. In response to market volatility Life took a defensive position in its investment holdings. Earnings to 30 June 2009 (page 69) were negative $30 million.

Life Risk – market environment

The challenging economic conditions continue in Australia, and New Zealand is in recession, however, the life risk markets in both countries remain attractive due to factors including Australian life industry growth projections and a growing recognition of under-insurance in Australia.

Within this environment, Suncorp Life is focused on growing its position to become a tier one life insurer in Australia and New Zealand.

Over the past twelve months, Life's focus on distribution, retention and cost control has resulted in boosting the resources and capability of its sales force and the release of an electronic underwriting application, 'Lifeguard EQ', to advisers.

In an environment of ongoing financial stress, the industry as a whole remains sensitive to claims experience and lapse rates. Life has been proactive in managing claims with discipline and in the protection of its in-force portfolio in order to ensure that lapse rates remain below the industry average. Steps taken include active adviser engagement and specific customer retention activity.

	JUN-09 $M	HALF YEAR ENDED DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Life Risk annual premium [1]						
Life Risk In-force Premium						
Term and TPD	272	263	246	243	3.4	10.6
Trauma	106	101	93	90	5.0	14.0
Disability income	177	175	172	173	1.1	2.9
Other	24	24	24	25	-	-
Total individual	**579**	**563**	**535**	**531**	**2.8**	**8.2**
Group	154	150	148	144	2.7	4.1
Total	**733**	**713**	**683**	**675**	**2.8**	**7.3**

[1] Annual premiums reflect the balance at the end of the period, ie 30 June 2009

In-force premium rose 7.3% to $733 million over the year to 30 June 2009. All categories improved, with Term and Trauma in-force premiums increasing by 10.6% and 14% respectively.

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Life Risk new business									
Term and TPD	29	25	16.0	13	16	12	13	(18.8)	8.3
Trauma	15	12	25.0	8	7	6	6	14.3	33.3
Disability income	15	13	15.4	8	7	6	7	14.3	33.3
Other	14	16	(12.5)	6	8	8	8	(25.0)	(25.0)
Total individual	**73**	**66**	**10.6**	**35**	**38**	**32**	**34**	**(7.9)**	**9.4**
Group	8	44	(81.8)	4	4	23	21	-	(82.6)
Total	**81**	**110**	**(26.4)**	**39**	**42**	**55**	**55**	**(7.1)**	**(29.1)**

New business growth was up 10.6%, excluding Group which was distorted by a one-off premium rate increase for a major client last financial year.

Funds Management – market environment

Funds Management combines the results of Superannuation & Investments and Asset Management. Market volatility in the twelve months to June 2009 resulted in reduced asset-based fee revenue because of the impact the investment market has on asset values and funds flows. The mandatory savings environment in Australia, however, ensures these markets remain attractive.

In response to reduced asset fees the business undertook significant expense management activities that partially mitigated the fee reductions and systematically addressed costs through the simplification of systems, products and operations in WealthSmart. This commences a process that will see costs driven out of the business over time.

In Australia, the economic climate has resulted in greater Federal Government attention on the more than $1 trillion superannuation industry, resulting in a Government review [1] into the sector. Life expects this review to have significant longer term effects on financial services providers and the industry as a whole. The launch of Life's simplified superannuation platform WealthSmart is an example of the proactive steps taken to address specific issues around the complexity of superannuation for customers. WealthSmart reduced investment options, provides easy online access and is supported by simplified information for customers, reducing the complexity of communications.

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Retail investment new business									
Superannuation	197	388	(49.2)	66	131	130	258	(49.6)	(49.2)
Pensions	163	466	(65.0)	51	112	127	339	(54.5)	(59.8)
Investment	30	100	(70.0)	12	18	36	64	(33.3)	(66.7)
Total retail investment	**390**	**954**	**(59.1)**	**129**	**261**	**293**	**661**	**(50.6)**	**(56.0)**

Total retail investment sales were 59.1% lower at $390 million. All categories saw sales decrease. Generally negative sentiment due to volatility in the investment markets has been compounded by the attractiveness of bank deposits following the government bank deposit guarantee.

[1] Cooper Review into the governance, efficiency, structure and operation of Australia's superannuation industry (report due 30 June 2010)

	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Funds management position						
Retail investment funds position						
Funds under administration						
Opening balance at start of period	12,445	14,430	16,631	16,492	(13.8)	(25.2)
Net inflows/(outflows)	(533)	(340)	(31)	(126)	56.8	large
Investment income and other	(61)	(1,645)	(2,170)	265	(96.3)	(97.2)
Balance at end of period	**11,851**	**12,445**	**14,430**	**16,631**	**(4.8)**	**(17.9)**
Funds under supervision						
Opening balance at start of period	29,786	27,502	31,796	31,793	8.3	(6.3)
Investment income and other	18,088	2,284	(4,294)	3	large	large
Balance at end of period	**47,874**	**29,786**	**27,502**	**31,796**	**60.7**	**74.1**
Funds under management						
Opening balance at start of period	23,408	24,183	27,111	27,026	(3.2)	(13.7)
Net inflows/(outflows)	(559)	(141)	(1,178)	(516)	296.5	(52.5)
Investment income and other	536	(634)	(1,750)	601	(184.5)	(130.6)
Balance at end of period	**23,385**	**23,408**	**24,183**	**27,111**	**(0.1)**	**(3.3)**

Since December 2008, funds under administration (FUA) have fallen 4.8% to $11.9 billion or 17.9% year on year. FUA predominantly comprises the Australian Superannuation and Investments (S&I) business and New Zealand Guardian Trust.

Funds under Supervision (FUS) have grown by 60.7% to $47.9 billion since December 2008. This reflects New Zealand Guardian Trust becoming trustee for a number of new bank securitisation structures.

	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Funds under management by source						
General Insurance	10,519	10,839	10,125	10,376	(3.0)	3.9
Life companies	6,463	6,675	7,584	8,872	(3.2)	(14.8)
External	6,403	5,894	6,474	7,863	8.6	(1.1)
Total funds under management	**23,385**	**23,408**	**24,183**	**27,111**	**(0.1)**	**(3.3)**

Funds under management (FUM) have remained stable at $23.4 billion since December 2008. New mandates and net inflows have seen external FUM increase 8.6% to $6.4 billion.

Appendix 1 – Consolidated income statement for the year ended 30 June 2009

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

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Revenue									
Banking interest revenue	4,676	4,696	(0.4)	2,003	2,673	2,578	2,118	(25.1)	(22.3)
Banking interest expense	(3,506)	(3,666)	(4.4)	(1,456)	(2,050)	(2,032)	(1,634)	(29.0)	(28.3)
	1,170	1,030	13.6	547	623	546	484	(12.2)	0.2
Banking fee and commission revenue	266	239	11.3	134	132	118	121	1.5	13.6
Banking fee and commission expense	(98)	(90)	8.9	(45)	(53)	(46)	(44)	(15.1)	(2.2)
General insurance premium revenue [1]	6,548	6,316	3.7	3,292	3,256	3,175	3,141	1.1	3.7
Life insurance premium revenue	719	698	3.0	356	363	341	357	(1.9)	4.4
Reinsurance and other recoveries revenue	1,187	1,162	2.2	633	554	654	508	14.3	(3.2)
General insurance investment revenue	826	304	171.7	(62)	888	56	248	(107.0)	(210.7)
Life insurance investment (loss)/ revenue	(698)	(843)	(17.2)	2	(700)	(961)	118	(100.3)	(100.2)
Other revenue [2]	665	595	11.8	355	310	291	304	14.5	22.0
	10,585	9,411	12.5	5,212	5,373	4,174	5,237	(3.0)	24.8
Expenses									
Operating expenses [1]	(3,386)	(3,346)	1.2	(1,677)	(1,709)	(1,719)	(1,627)	(1.9)	(2.4)
General insurance claims expense	(5,638)	(5,100)	10.5	(2,411)	(3,227)	(2,486)	(2,614)	(25.3)	(3.0)
Life insurance claims expense	(437)	(411)	6.3	(214)	(223)	(199)	(212)	(4.0)	7.5
Outwards reinsurance premium expense	(749)	(619)	20.8	(400)	(349)	(330)	(289)	14.6	21.2
Decrease/(increase) in net policy liabilities	867	856	1.3	(59)	926	733	123	(106.4)	(108.0)
Decrease/(increase) in unvested policy owner benefits	(83)	(74)	12.2	(56)	(27)	6	(80)	107.4	large
Outside beneficial interests	74	173	(57.2)	144	(70)	151	22	(305.7)	(4.6)
Non-banking interest expense	(113)	(164)	(31.1)	(59)	(54)	(101)	(63)	9.3	(41.6)
	(9,465)	(8,685)	9.0	(4,732)	(4,733)	(3,945)	(4,740)	-	19.9
Share of profits/(losses) of associates and joint ventures	(3)	11	(127.3)	7	(10)	(1)	12	(170.0)	large
Profit before impairment losses on loans and advances	1,117	737	51.6	487	630	228	509	(22.7)	113.6
Impairment losses on loans and advances	(710)	(71)	large	(355)	(355)	(55)	(16)	-	large
Profit before tax	**407**	**666**	**(38.9)**	**132**	**275**	**173**	**493**	**(52.0)**	**(23.7)**
Income tax (expense)/benefit	(54)	(78)	(30.8)	(38)	(16)	29	(107)	137.5	(231.0)
Profit for the year	**353**	**588**	**(40.0)**	**94**	**259**	**202**	**386**	**(63.7)**	**(53.5)**
Attributable to:									
Equity holders of the Company	348	583	(40.3)	90	258	199	384	(65.1)	(54.8)
Minority interests	5	5	-	4	1	3	2	300.0	33.3
Profit for the period	**353**	**588**	**(40.0)**	**94**	**259**	**202**	**386**	**(63.7)**	**(53.5)**

[1] Net of General Insurance statutory fees and charges included in income and expenses in the Consolidated Interim Financial Report.
[2] Other operating revenue is primarily made up of Life profit, dividend revenue, property income, trust distributions and royalty income.

Appendix 2 – Profit contribution – General Insurance excluding the impact of discount rate movements and excluding Fire Services Levies
For the year ended 30 June 2009

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Gross written premiums [(1)]	6,596	6,241	5.7	3,368	3,228	3,181	3,060	4.3	5.9
Gross unearned premium movement	(261)	(118)	121.2	(184)	(77)	(108)	(10)	139.0	70.4
Gross earned premiums	6,335	6,123	3.5	3,184	3,151	3,073	3,050	1.0	3.6
Outwards reinsurance expense	(561)	(441)	27.2	(297)	(264)	(245)	(196)	12.5	21.2
Net earned premium	5,774	5,682	1.6	2,887	2,887	2,828	2,854	-	2.1
Net incurred claims									
Claims expense	(5,331)	(5,141)	3.7	(2,711)	(2,620)	(2,493)	(2,648)	3.5	8.7
Reinsurance and other recoveries revenue	1,037	1,009	2.8	607	430	567	442	41.2	7.1
	(4,294)	(4,132)	3.9	(2,104)	(2,190)	(1,926)	(2,206)	(3.9)	9.2
Total operating expenses									
Acquisition expenses [(2)]	(1,079)	(1,013)	6.5	(522)	(557)	(482)	(531)	(6.3)	8.3
Other underwriting expenses	(356)	(436)	(18.3)	(175)	(181)	(253)	(183)	(3.3)	(30.8)
	(1,435)	(1,449)	(1.0)	(697)	(738)	(735)	(714)	(5.6)	(5.2)
Underwriting result	45	101	(55.4)	86	(41)	167	(66)	large	(48.5)
Investment income – insurance funds	417	506	(17.6)	218	199	289	217	9.5	(24.6)
Insurance trading result	462	607	(23.9)	304	158	456	151	92.4	(33.3)
Managed schemes net contribution	19	47	(59.6)	3	16	13	34	(81.3)	(76.9)
Joint venture and other income	1	17	(94.1)	11	(10)	(2)	19	(210.0)	large
General Insurance operational earnings	482	671	(28.2)	318	164	467	204	93.9	(31.9)
Investment revenue – Shareholders' funds	130	(232)	(156.0)	(24)	154	(260)	28	(115.6)	(90.8)
Contribution to profit from General Insurance activities before tax and capital funding	612	439	39.4	294	318	207	232	(7.5)	42.0
Capital funding [(3)]	(39)	(132)	(70.5)	26	(65)	(72)	(60)	(140.0)	(136.1)
Contribution to profit from General Insurance activities before tax	**573**	**307**	**86.6**	**320**	**253**	**135**	**172**	**26.5**	**137.0**

(1) Net of Fire Service Levies (FSL) of $105 million (31 December 2008: $114 million, 30 June 2008: $93 million; 31 December 2007: $96 million).
(2) Net of certain statutory fees and charges included in income and expenses in the Interim Consolidated Financial Report.
(3) Includes interest expense on subordinated notes and preference shares allocated to General Insurance as described in Appendix 7.

Appendix 3 – Core and non-core Banking

During the first half of the year, Suncorp detailed the steps it was taking to adapt the Bank in the environment of the global credit crisis and scarcity of funding. Key to this strategy was the categorisation of the lending portfolio into core and non-core components and this was based upon the analysis of numerous criteria, including:

- identification of portfolios where the widening spread differential to the AA-rated banks would make the cost of funding uneconomic in the new risk pricing environment;
- requirement to reduce exposure to large single name risks;
- requirement to reduce overall concentration of risk to property;
- identification of portfolios where the Bank has a strong customer value proposition;
- the degree to which portfolio segments could successfully attract deposits in line with lending growth;
- reducing bad debt expense volatility; and
- developing a strategy to ensure the funding mix was sustainable prior to the removal of the government guarantee.

Non-core portfolios are those that are largely transaction driven, with limited relationships, and while they may have delivered reasonable returns in the past are no longer viable given the new capital and funding dynamics. Accordingly, the Bank ceased lending to new customers in the non-core businesses of Corporate Banking, Corporate Property and intermediated Lease Finance and began working with existing customers to reduce exposures to these portfolios over time.

The core portfolios were defined as those in which Suncorp has a competitive advantage and a strong market position. These are Suncorp's traditional core businesses of Personal Customers, Commercial (SME) and Agribusiness.

At the time of the initial assessment, Suncorp retained a presence in traditional middle-market development finance and property investment on the basis that no new lending was occurring given market dynamics at the time. Contingency planning identified the possibility of needing to contract, or exit, the property business.

Ongoing analysis of the Bank's risk tolerance to earnings and capital volatility provided further clarity around the desired operating model for the Bank.

As a result of this analysis, the Bank made two refinements to its strategy during the year:

- Firstly, the decision was taken to move the remaining middle-market development finance and property investment exposures to non-core and run-off over time. The cyclical credit quality nature of these exposures, and associated earnings and capital volatility, was no longer consistent with a targeted core banking operation with lower absolute capital levels.
- Secondly, the Bank completed a detailed review of its industry and sector concentration limits within the Commercial portfolio in light of the Bank's revised risk appetite. As a result, the Bank has reclassified $1.5 billion of Commercial assets as non-core.

These restructures to the portfolio create a better balance from an industry risk perspective, minimise earnings volatility from bad debt expenses and better position the core business to focus on growing existing customers and acquiring new customers that fit with the Bank's revised customer value proposition. No further material changes to the classification of core and non-core assets are anticipated.

The Loans, Advances and Other Receivables: core and non-core table on page 79 provides the breakdown of the total lending book into its core and non-core components as at 30 June 2009. This disclosure will form the basis upon which the Bank will report asset balances in future periods.

Appendix 3 – Core and non-core Banking continued

Basis of preparation

These tables represent an unaudited, indicative view of the relative performance of the core and non-core operations of Suncorp Banking for the quarter ended 30 June 2009. Whilst every effort has been made to ensure that the tables are as accurate as possible, necessary assumptions around the allocation of funding and expenses have been made. Accordingly, caution should be taken in using these tables to assess performance metrics on an annualised basis.

	QUARTER ENDED JUN-09 CORE $M	QUARTER ENDED JUN-09 NON-CORE $M	QUARTER ENDED JUN-09 TOTAL $M	QUARTER ENDED MAR-09 TOTAL $M	HALF YEAR ENDED JUN-09 TOTAL $M
Profit contribution – core and non-core Banking					
Net interest income					
Interest revenue	629	334	963	1,046	2,009
Interest expense	(442)	(268)	(710)	(790)	(1,500)
	187	66	253	256	509
Net banking fee income					
Banking fee and commission revenue	52	14	66	68	134
Banking fee and commission expense	(19)	(1)	(20)	(25)	(45)
	33	13	46	43	89
Other operating revenue					
Net profit/(loss) on financial instruments	(6)	(2)	(8)	(23)	(31)
Other income	2	7	9	1	10
	(4)	5	1	(22)	(21)
Non-interest income	29	18	47	21	68
Total income from Banking activities	216	84	300	277	577
Operating expenses [(1)]	(102)	(23)	(125)	(119)	(244)
Contribution to profit from Banking activities before impairment losses on loans and advances	114	61	175	158	333
Impairment losses on loans and advances	(18)	(200)	(218)	(137)	(355)
Contribution to profit before tax from normal business activities	**96**	**(139)**	**(43)**	**21**	**(22)**
One-off non-recurring items					
Write-off of software implementation project	(11)	-	(11)	-	(11)
Net profits from redemption of subordinated debt	53	-	53	-	53
Contribution to profit before tax from Banking activities	**138**	**(139)**	**(1)**	**21**	**20**

(1) The favourable impact of expense provisioning reversals referred to on page 36 is allocated $10 million per quarter and split between core and non-core in a ratio consistent with other expenses.

	QUARTER ENDED JUN-09 CORE %	QUARTER ENDED JUN-09 NON-CORE %	QUARTER ENDED JUN-09 TOTAL %
Ratios – core and non-core Banking			
Cost to income ratio	47.2	27.4	41.7
Net interest margin	1.72	1.14	1.51
Net interest spread	1.57	0.59	1.23
Bad debts to gross loans and advances	0.19	4.56	1.57
Deposit to loan ratio	64.1	-	43.5

Appendix 3 – Core and non-core Banking continued

	AS AT JUN-09		
	CORE $M	NON-CORE $M	TOTAL $M
Loans, advances and other receivables – core and non-core			
Housing loans	22,191	-	22,191
Securitised housing loans	6,111	-	6,111
Total housing loans	28,302	-	28,302
Consumer loans	610	-	610
Retail loans	28,912	-	28,912
Commercial (SMEs) [1]	4,183	1,493	5,676
Corporate	-	3,153	3,153
Development finance	-	6,055	6,055
Property investment	-	5,288	5,288
Lease finance [2]	228	1,541	1,769
Agribusiness	3,506	-	3,506
Structured finance	-	4	4
Non-core portfolio	7,917	17,534	25,451
Total loans and advances	**36,829**	**17,534**	**54,363**
Other receivables	1,015	-	1,015
Gross banking loans, advances and other receivables	37,844	17,534	55,378
Provision for impairment	(96)	(663)	(759)
Loans, advances and other receivables	**37,748**	**16,871**	**54,619**
Risk weighted assets	**17,668**	**18,378**	**36,046**
Geographical breakdown – gross banking loans, advances and other receivables			
Queensland	24,967	8,193	33,160
New South Wales	6,885	5,540	12,425
Victoria	3,815	3,041	6,856
Western Australia	2,034	588	2,622
South Australia and other	143	172	315
Outside of Queensland loans	12,877	9,341	22,218
Gross banking loans, advances and other receivables	**37,844**	**17,534**	**55,378**

(1) Non-core Commercial (SME) accounts are to be allocated to Property Investment and Corporate in future reporting periods in accordance with the underlying exposure.

(2) Core Lease Finance accounts are to be allocated to Commercial and Agribusiness in future reporting periods in accordance with the underlying exposure.

Appendix 3 – Core and non-core Banking continued

	QUARTER ENDING JUN-09								
	CORE PORTFOLIO			NON-CORE PORTFOLIO			TOTAL PORTFOLIO		
	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %	AVERAGE BALANCE $M	INTEREST $M	AVERAGE RATE %
Average balance sheet – core and non-core Banking									
ASSETS									
Interest earning assets									
Trading securities	5,084	50	3.94	6,358	69	4.35	11,442	119	4.17
Gross loans, advances and other receivables	37,995	571	6.03	17,636	266	6.05	55,631	837	6.03
Other interest earning assets	600	8	5.35	-	-	-	600	8	5.35
Total interest earning assets	43,679	629	5.78	23,994	335	5.60	67,673	964	5.71
LIABILITIES									
Interest bearing liabilities									
Deposits and short-term borrowings	32,244	336	4.18	8,519	92	4.33	40,763	428	4.21
Securitisation liabilities	5,902	55	3.74	1,464	19	5.21	7,366	74	4.03
Bonds, notes and long-term borrowings	2,912	40	5.51	10,493	147	5.62	13,405	187	5.60
Subordinated notes	601	6	4.00	506	5	3.96	1,107	11	3.99
Preference shares	408	5	4.92	402	4	3.99	810	9	4.46
Total interest bearing liabilities	42,067	442	4.21	21,384	267	5.01	63,451	709	4.48
Analysis of interest margin and spread									
Interest earning assets	43,679	629	5.78	23,994	335	5.60	67,673	964	5.71
Interest bearing liabilities	42,067	442	4.21	21,384	267	5.01	63,451	709	4.48
Net interest spread			1.57			0.59			1.23
Net interest margin	43,679	187	1.72	23,994	68	1.14	67,673	255	1.51

	AS AT JUN-09		
	CORE $M	NON-CORE $M	TOTAL $M
Funding – core and non-core Banking			
Deposits	23,620	-	23,620
Short-term borrowings	8,101	6,482	14,583
Securitisation liabilities	5,723	470	6,193
Bonds, notes and long-term borrowings	2,597	13,404	16,001
Subordinated notes	613	494	1,107
Total Preference shares	404	392	796
Total	**41,058**	**21,242**	**62,300**

The funding table excludes the subordinated notes and preference shares notionally allocated to General Insurance as share of capital funding.

Appendix 3 – Core and non-core Banking continued

	AS AT JUN-09		
	CORE $M	NON-CORE $M	TOTAL $M
Impaired assets – core and non-core Banking			
Gross balances of individually impaired loans			
with specific provisions set aside	100	1,250	1,350
without specific provisions set aside	45	79	124
Gross individually impaired assets	145	1,329	1,474
Specific provision for impairment	(42)	(435)	(477)
Net individually impaired assets	103	894	997
Size of gross individually impaired assets			
Less than one million	22	28	50
Greater than one million but less than ten million	58	243	301
Greater than ten million	65	1,058	1,123
	145	1,329	1,474
Past due loans not shown as impaired assets [1]	249	200	449
Gross non-performing loans	394	1,529	1,923
Interest income on impaired assets recognised in the contribution to profit	1	-	1
	%	%	%
Gross individually impaired assets as a percentage of gross loans, advances and other receivables	0.38	7.58	2.66
Gross non-performing loans as a percentage of gross loans, advances and other receivables	1.04	8.72	3.47
Gross individually impaired assets as a percentage of impairment provisions and general reserve for credit loss	78.38	155.80	142.00
Impairment provisions and equity reserve for credit loss as a percentage of risk weighted assets	1.05	4.64	2.88

[1] Impaired assets do not include loans accruing interest which are in arrears 90 days or more where the loans are well secured. Interest revenue continues to be recognised in the contribution to profit.

	QUARTER ENDED				HALF YEAR ENDED
		JUN-09		MAR-09	JUN-09
	CORE $M	NON-CORE $M	TOTAL $M	$M	$M
Impairment losses on loans and advances – core and non-core Banking					
Collective provision for impairment	2	(5)	(3)	34	31
Specific provision for impairment	10	183	193	86	279
Bad debts written off	6	22	28	18	46
Bad debts recovered	-	-	-	(1)	(1)
Total	**18**	**200**	**218**	**137**	**355**

Appendix 3 – Core and non-core Banking continued

	AS AT JUN-09		
	CORE $M	NON-CORE $M	TOTAL $M
Provision for impairment – core and non-core Banking			
Collective provision			
Balance at the beginning of the period – 1 April 2009	52	233	285
Charge against contribution to profit	2	(5)	(3)
Balance at the end of the period	54	228	282
Specific provision			
Balance at the beginning of the period – 1 April 2009	35	265	300
Charge against impairment losses	10	183	193
Charge against interest income	(3)	(13)	(16)
Balance at the end of the period	42	435	477
Total provision for impairment – Banking activities	96	663	759
Equity reserve for credit loss			
Balance at the beginning of the period – 1 April 2009	33	-	33
Transfer to/from retained earnings	29	133	162
Balance at the end of the period	62	133	195
Pre-tax equivalent coverage	89	190	279
Total provision for impairment and equity reserve for credit loss coverage – Banking activities	185	853	1,038
	%	%	%
Provision for impairment expressed as a percentage of gross impaired assets are as follows:			
Collective provision	37.2	17.1	19.1
Specific provision	29.0	32.7	32.4
Total provision	66.2	49.9	51.5
Equity reserve for credit loss coverage	61.4	14.3	18.9
Total provision and equity reserve for credit loss coverage	127.6	64.2	70.4

Appendix 4 – Life Embedded Value

Life's traditional Embedded Value (EV) was independently assessed as $2.175 billion as at 31 December 2008 (released to the market on 24 June 2009). Life intends to provide updated EV as part of ongoing market disclosures.

Life includes the two Australian life companies (Asteron Life Ltd and Suncorp Life & Superannuation Limited), the NZ life company (Asteron NZ Limited) and various other legal entities in the Suncorp Life Group of companies (as set out below).

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 at 70%. The Embedded Value differs from what is known as an Appraisal Value, as it does not consider the value of future new business that the company is expected to write.

The components of value are shown in the table below:

	AS AT DEC-08 $M
Embedded Value	
EV Components	
Adjusted Net Worth	123
Value of distributable profits	1,778
Value of imputation credits	274
Value of in-force	2,052
Traditional Embedded Value	2,175
Value of one year's new sales (VOYS)	95

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 risk-free rate;
- imputation credits are included at 70% of their discounted value;
- adjusted net worth taken as net assets in excess of target surplus;
- value of in-force is the present value of distributable profits emerging (in excess of target surplus), together with value of associated franking credits; and
- value of one year's sales (VOYS) includes an allowance for the cost of prudential capital.

Assumptions

	DEC-08 EV AUST % P.A.	DEC-08 EV NZ % P.A.
EV Economic Assumptions		
Investment return for underlying asset classes:		
Risk free rate (at 10 years)	4.0	4.7
Cash	4.4	5.0
Fixed interest	5.1	4.7
Australian equities (incl allowance for franking credits)	7.1	9.2
International equities	7.1	8.2
Property	6.6	7.2
Investment returns (net of tax)	4.9	4.3
Inflation		
Benefit indexation	3.0	2.5
Expenses inflation	3.0	2.5
Risk discount rate	8.0	8.7

The assumptions used for valuing in-force business and the value of one year's new business are based on long-term best estimate assumptions, as adopted by our independent assessor.

Maintenance unit costs were based on assumptions underlying the statement of 31 December profit results for Life. These expenses were projected with expense inflation for dollar-related expenses. The valuations do not assume any improvements in future unit costs from efficiency gains.

Discontinuance and claim (mortality and morbidity) assumptions are best estimate assumptions based on recent company experience and are consistent with those used for profit reporting.

The VOYS is based on the mix of business sold in the six months ending on 31 December 2008, with the total volume of sales developed by applying scaling factors to gross up to a full year's sales. The actual sales volumes in 2008/09 were materially the same as assumed in the quoted VOYS above.

New business includes new policies as well as voluntary increases (ie. benefit increases) to existing policies.

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

Appendix 4 – Life Embedded Value continued

The Australian Life Companies are required to hold regulatory capital in excess of policy liabilities. In addition, they hold an additional amount of capital ('target surplus') based on internal requirements. Asteron Life Ltd New Zealand holds capital as prescribed in Professional Standard 5 (PS5), "Solvency Reserving for Life Insurance Business", issued by the New Zealand Society of Actuaries and an additional amount of target surplus is held within that company. In determining the economic values, the value of this capital is discounted based on the expected time it is required to be held prior to being available for distribution to shareholders.

The Life Embedded Value also includes the value of entities other than the life companies, including Suncorp Metway Investment Management Ltd, Tyndall Investment Management Ltd, Tyndall Investment Management New Zealand Ltd, Suncorp Portfolio Services Limited and New Zealand Guardian Trust Ltd, for which values were based on discounted cash flow projections. In addition, a number of smaller entities within the division were valued at net assets.

Sensitivity Analysis

	AS AT DEC-08 $M
EV Sensitivity Analysis	
Base Embedded Value	2,175
Embedded Value Assuming:	
Discount rate 1% higher	2,025
Investment Returns 1% higher	2,299
Discontinuance rates 10% higher	2,003
Renewal Expenses 10% higher	2,043
Claims 10% higher [1]	1,979
Base value of One Year's New Business	95
Value of One Year's New Business assuming:	
Discount rate 1% higher	75
Investment returns 1% higher	105
Discontinuance rates 10% higher	71
Renewal expenses 10% higher	89
Claims 10% higher [1]	65

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

The table above set out the sensitivity of the Embedded Value and value of new business as at 31 December 2008 to changes in key economic and business assumptions.

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

Appendix 5 – Operating expenses

This table presents further details on the Group's expenses disclosed in the consolidated income statement in Appendix 1.

	FULL YEAR ENDED			HALF YEAR ENDED					
	JUN-09 $M	JUN-08 $M	JUN-09 vs JUN-08 %	JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M	JUN-09 vs DEC-08 %	JUN-09 vs JUN-08 %
Operating expenses									
Staff expenses	1,507	1,521	(0.9)	704	803	691	830	(12.3)	1.9
Total staff expenses	1,507	1,521	(0.9)	704	803	691	830	(12.3)	1.9
Equipment and occupancy expenses									
Depreciation:									
Buildings	1	1	-	-	1	-	1	(100.0)	n/a
Plant, equipment and software	73	67	9.0	34	39	39	28	(12.8)	(12.8)
Leasehold improvements	27	21	28.6	15	12	12	9	25.0	25.0
Loss on disposal of property, plant and equipment	3	7	(57.1)	2	1	6	1	100.0	(66.7)
Operating lease rentals	156	148	5.4	81	75	86	62	8.0	(5.8)
Other	39	34	14.7	17	22	18	16	(22.7)	(5.6)
Total equipment and occupancy expenses	299	278	7.6	149	150	161	117	(0.7)	(7.5)
Other expenses									
Hardware, software and dataline expenses	110	126	(12.7)	61	49	79	47	24.5	(22.8)
Advertising and promotion expenses	172	195	(11.8)	89	83	108	87	7.2	(17.6)
Office supplies, postage and printing	102	90	13.3	53	49	33	57	8.2	60.6
Amortisation:									
Brand names	24	24	-	12	12	12	12	-	-
Consumer relationships	129	237	(45.6)	65	64	119	118	1.6	(45.4)
Outstanding claims liability intangible	27	36	(25.0)	13	14	18	18	(7.1)	(27.8)
Franchise agreements	1	2	(50.0)	(2)	3	2	-	(166.7)	(200.0)
Software	109	86	26.7	65	44	39	47	47.7	66.7
Acquisition costs – insurance activities	513	396	29.5	243	270	306	90	(10.0)	(20.6)
Financial expenses	172	201	(14.4)	89	83	111	90	7.2	(19.8)
Other	221	154	43.5	136	85	40	114	60	240.0
Total other expenses	1,580	1,547	2.1	824	756	867	680	9.0	(5.0)
Total operating expenses	**3,386**	**3,346**	**1.2**	**1,677**	**1,709**	**1,719**	**1,627**	**(1.9)**	**(2.4)**

Appendix 6 – Definitions

ADI	Authorised Deposit-taking Institutions
Adjusted common equity	Tier 1 equity less preference share capital less the tangible component of investment in subsidiaries
Adjusted common equity ratio	Adjusted common equity divided by total assessed risk, as defined by APRA
Adjusted total equity	Adjusted common equity plus eligible hybrid instruments up to 33% of adjusted common equity
Adjusted total equity ratio	Adjusted total equity divided by total assessed risk, as defined by APRA
Bad debts to gross loans and advances	Impairment losses on loans and advances divided by gross banking loans, advances and other receivables
Basic shares	Ordinary shares on issue
Basis points (bps)	A "basis point" is 1/100th of a percentage point
Cash earnings per share	Adjusts the earnings per share ratio by adding back amortisation of Promina acquisition intangible assets and deferred acquisition costs on consolidation after tax to profit
Cash return on average shareholders' equity	Adjusts the return on average shareholders' equity by adding back Promina acquisition items after tax to profit
Capital adequacy ratio	Capital base divided by total assessed risk, as defined by APRA
Combined operating ratio	The percentage of net premium that is used to meet the costs of all claims incurred plus pay the costs of acquiring (including commission), writing and servicing the General Insurance business
Cost to average total Banking assets ratio	Operating expenses of the Banking business divided by average total Banking assets as shown in the average Banking balance sheet. The ratio is annualised for half years
Cost to income ratio	Operating expenses of the Banking business divided by total income from Banking activities
Deferred acquisition costs (DAC)	The portion of acquisition costs not yet expensed on the basis that it can be reliably measured and it is probable that it will give rise to premium revenue that will be brought to account in subsequent financial years
Deposit to loan ratio	Total deposits divided by total loans and advances, excluding other receivables
Diluted shares	Diluted shares is based on the weighted number of ordinary shares adjusted for potential ordinary shares that are dilutive in accordance with *AASB 133 Earnings per Share*
Earnings per share	Basic earnings per share is calculated by dividing profit after tax for the period by the weighted average number of ordinary shares of the Company outstanding during the period. Diluted earnings per share is calculated by dividing the profit after tax for the period adjusted consequential changes in income or expense associated with the dilutive potential ordinary shares divided by the weighted average number of diluted shares outstanding during the period

Appendix 6 – Definitions continued

Effective tax rate	Income tax expense divided by operating 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
Expense ratio	The percentage of the net premium that is used to pay all the costs of acquiring (including commission), writing and servicing the General Insurance business
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 company will eventually have to pay
Funds under administration	Funds where Asteron and New Zealand Guardian Trust receive a fee for the administration of an asset portfolio
Funds under management	Funds where Suncorp Investment Management or Tyndall has been appointed as the investment manager for both internal Group funds and external funds
Funds under supervision	Funds where New Zealand Guardian Trust receives a fee for acting as a custodian or for providing corporate trustee services
General Insurance – Commercial	Commercial products consist of commercial motor, aviation, home owners' warranty, marine, construction and engineering, property, liability, professional indemnity, industrial special risk, corporate property, motor dealers and workers' compensation
General Insurance – Personal	Personal products consist of home, personal motor, compulsory third party, travel, consumer credit, deposit power, loan protection, and rental bond
General reserve for credit losses	The General reserve for credit loss is classified as upper tier 2 capital and is the sum of the collective provision net of related deferred tax asset balances and the Equity reserve for Credit losses
Gross non-performing loans	Gross impaired assets plus past due loans
Insurance trading ratio	The insurance trading result expressed as a percentage of net earned premium
Life insurance policy owners' interests	Amounts due to an entity or person who owns an insurance policy. This need not be the insured. This is distinct from shareholders' interests. Policy owners' interests are excluded from the Life section of the Analysts Pack
Life risk in-force annual premiums	Total annualised statistical premium for all business in-force at the disclosure date (including new business written during the period)
Life risk new business annual premiums	Total annualised statistical premium for policies issued during the reporting period
Loss ratio	Net claims incurred expressed as a percentage of net earned premium. Net claims incurred consist of claims paid during the period increased (or decreased) by the increase (decrease) in outstanding claims liabilities

Appendix 6 – Definitions continued

Net interest margin	Net interest income divided by average interest earning assets
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	Shareholders' equity attributable to members of the Company less intangibles divided by ordinary shares at the end of the period adjusted for treasury shares. In determining the number of ordinary shares at the end of the period, partly paid shares are taken into account by assuming that the unpaid amount is paid
Payout ratio	Ordinary shares at the end of the period multiplied by ordinary dividend per share for the period divided by operating profit after tax. Ordinary shares are adjusted for treasury shares
Return on average risk weighted assets	Banking operating profit after tax (based on assumed tax rate of 30%) divided by average risk weighted assets. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on average total assets	Operating 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	Operating 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
Return on equity – Banking	Operating profit after tax at 30% divided by adjusted average shareholders' equity. The equity base is adjusted by deducting investment in non-banking subsidiaries and adding the notional reallocation to reflect the Bank's calculated share of Group subordinated debt and preference shares. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on equity – General Insurance	Operating profit after tax at 30% divided by adjusted average shareholders' equity. The equity base is adjusted by deducting outside equity interests and deducting the notional reallocation to reflect the General Insurer's calculated share of Group subordinated debt and preference shares. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Return on equity – Life	Operating profit after tax divided by average shareholders' equity. Averages are based on beginning and end of period balances. The ratio is annualised for half years
Risk weighted assets	Total of the carrying value of each asset class multiplied by their assigned risk weighting, as defined by APRA
Total assessed risk	Risk weighted assets, off balance sheets positions and market risk capital charge

Appendix 7 – Ratio calculations

	FULL YEAR ENDED JUN-09 NO. OF SHARES	JUN-08 NO. OF SHARES	HALF YEAR ENDED JUN-09 NO. OF SHARES	DEC-08 NO. OF SHARES	JUN-08 NO. OF SHARES	DEC-07 NO. OF SHARES
Earnings per share						
Denominator						
Weighted average number of shares:						
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,100,499,476	967,928,250	1,184,505,264	1,017,863,348	975,834,390	960,054,800
Effect of conversion of reset preference shares	22,959,116	-	-	19,233,129	-	-
Effect of conversion of convertible preference shares	115,361,284	-	-	96,639,537	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	1,238,819,876	967,928,250	1,184,505,264	1,133,736,014	975,834,390	960,054,800

	FULL YEAR ENDED JUN-09	JUN-08	HALF YEAR ENDED JUN-09	DEC-08	JUN-08	DEC-07
Numerator						
Earnings	$M	$M	$M	$M	$M	$M
Earnings used in calculating basic earnings per share	348	583	90	258	199	384
Interest expense on reset preferences shares (net of tax)	5	-	-	3	-	-
Interest expense on convertible preferences shares (net of tax)	32	-	-	19	-	-
Earnings used in calculating diluted earnings per share	**385**	**583**	**90**	**280**	**199**	**384**

	FULL YEAR ENDED JUN-09 $M	JUN-08 $M	HALF YEAR ENDED JUN-09 $M	DEC-08 $M	JUN-08 $M	DEC-07 $M
Return on average shareholders' equity						
Denominator						
Adjusted average shareholders' equity						
Opening total equity	12,366	12,391	12,299	12,366	12,385	12,391
Less minority interests	(6)	(1)	(7)	(6)	(3)	(1)
Opening adjusted equity	12,360	12,390	12,292	12,360	12,382	12,390
Closing total equity	13,229	12,366	13,229	12,299	12,366	12,385
Less minority interests	(6)	(6)	(6)	(7)	(6)	(3)
Closing adjusted equity	13,223	12,360	13,223	12,292	12,360	12,382
Average adjusted equity	**12,792**	**12,375**	**12,757**	**12,326**	**12,371**	**12,386**

Numerator

Earnings for return on average shareholders' equity is as per "earnings per share" information above.

Appendix 7 – Ratio calculations continued

Group allocation of capital for diluted return on average shareholders' equity calculations

The following table reconciles the equity base per the balance sheet of each business line to the Group equity. In addition, it shows the adjustments made to the equity base for the purposes of the diluted return on equity calculations and the net profit which is the numerator for the calculation.

	AS AT 30 JUNE 2009					
	BANKING \$M	GENERAL INSURANCE \$M	LIFE \$M	OTHER \$M	CONSOL-IDATION \$M	TOTAL \$M
Reconciliation of net profit after tax for diluted return on average shareholders' equity calculations						
Profit before tax	117	573	98	8	(389)	407
Less tax expense	(48)	(157)	19	(3)	135	(54)
Net profit	69	416	117	5	(254)	353
Reconciliation of average adjusted equity for diluted return on average shareholders' equity calculations						
Opening adjusted equity June 2008						
Opening total equity	11,919	3,011	838	406	(3,808)	12,366
Adjustment for investment in subsidiaries	(9,821)	-	-	-	9,821	-
Notional reallocation of subordinated notes and preference shares (1)	793	(793)	-	-	-	-
Adjusted opening equity	2,891	2,218	838	406	6,013	12,366
Closing adjusted equity June 2009						
Closing total equity	13,246	3,773	1,502	26	(5,318)	13,229
Adjustment for investment in subsidiaries	(10,603)	-	-	-	10,603	-
Notional reallocation of subordinated notes and preference shares (1)	793	(793)	-	-	-	-
Adjusted closing equity	3,436	2,980	1,502	26	5,285	13,229
Adjusted average equity	3,164	2,599	1,170	216	5,649	12,798
	%	%	%	%	%	%
Annualised diluted return on average shareholders' equity	**2.2**	**16.0**	**10.0**	**2.3**	**(4.5)**	**2.8**
June 2008						
Subordinated notes and preference shares on issue	2,561	940	-	-	-	3,501
Add back currency revaluations and mark to market	149	88	-	-	-	237
Notional reallocation of subordinated notes and preference shares	(793)	793	-	-	-	-
Balance used for allocation of servicing charge	**1,917**	**1,821**	**-**	**-**	**-**	**3,738**
June 2009						
Opening balance subordinated notes and preference shares	2,561	940	-	-	-	3,501
Subordinated notes redeemed	(182)	(229)	-	-	-	(411)
Change in book value	69	18	-	-	-	87
Closing balance subordinated notes and preference shares	2,448	729	-	-	-	3,177
Add back currency revaluations and mark to market	80	70	-	-	-	150
Add back notes redeemed at end of year	182	229	-	-	-	411
Notional reallocation of subordinated notes	(793)	793	-	-	-	-
Balance used for calculation of capital funding	1,917	1,821	-	-	-	3,738

(1) The Group notionally allocates subordinated debt and preference shares classified as debt between Banking and General Insurance based on their relative shares of Group regulatory capital. This results in a notional allocation from the Bank to General Insurance as the Bank physically carries all preference shares and the subordinated debt of the Group except for \$729 million in General Insurance. The notional allocation adjusts the "free capital" of the business lines. The capital funding expense shown in General Insurance for the current half year reflects its calculated share of Group subordinated debt and preference shares.

Appendix 8 – Details of share capital

	HALF YEAR ENDED JUN-09	DEC-08	JUN-08	DEC-07
Ordinary shares each fully paid				
Number at the end of the period	1,257,377,460	1,013,349,641	955,528,255	931,078,475
Dividend declared for the period (cents per share)	20	20	55	52
Reset Preference shares (classified as liability) each fully paid				
Number at the end of the period	1,440,628	1,440,628	1,440,628	1,440,628
Dividend declared for the period ($ per share) (1)	2.51	2.55	2.53	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	-
Dividend declared for the period ($ per share) (1)	2.44	3.85	-	-
Non-participating shares fully paid				
Number at the end of the period	-	-	2,000	2,000

(1) Classified as interest expense

Appendix 9 – 2009/10 Key dates [1]

Ordinary shares (SUN)

Full year results and final dividend announcement	**25 August 2009**
Ex dividend date [2]	28 August 2009
Record date	3 September 2009
Dividend payment	1 October 2009
Annual General Meeting	**28 October 2009**
Half year results announcement	**23 February 2010**
Ex dividend date [2]	26 February 2010
Record date	4 March 2010
Dividend payment	1 April 2010
Full year results and final dividend announcement	**24 August 2010**

Floating Rate Capital Notes (SUNHB)

Ex interest date [2]	11 August 2009
Record date	17 August 2009
Interest payment	1 September 2009
Ex interest date [2]	10 November 2009
Record date	16 November 2009
Interest payment	1 December 2009
Ex interest date [2]	9 February 2010
Record date	15 February 2010
Interest payment	2 March 2010
Ex interest date [2]	11 May 2010
Record date	17 May 2010
Interest payment	2 June 2010

Reset Preference Shares (SUNPA)

Ex dividend date [2]	28 August 2009
Record date	3 September 2009
Dividend payment	14 September 2009
Ex dividend date [2]	26 February 2010
Record date	4 March 2010
Dividend payment	15 March 2010

Convertible Preference Shares (SUNPB)

Ex dividend date [2]	28 August 2009
Record date	3 September 2009
Dividend payment	14 September 2009
Ex dividend date [2]	26 November 2009
Record date	2 December 2009
Dividend payment	14 December 2009
Ex dividend date [2]	26 February 2010
Record date	4 March 2010
Dividend payment	15 March 2010
Ex dividend date [2]	2 June 2010
Record date	8 June 2010
Dividend payment	15 June 2010

(1) Dates may be subject to change
(2) Subject to ASX confirmation