ASX Announcement

12 May 2011

SUNCORP BANK APS 330 UPDATE

Suncorp today provided an update on Bank asset balances, credit quality and capital as at 31 March 2011 as required under Australian Prudential Standard 330.

Despite the recent sequence of weather events across Queensland and Victoria, credit quality remained relatively stable during the quarter to 31 March 2011.

Suncorp Bank CEO David Foster said: "At the half year result, Suncorp Bank took the prudent decision to increase our provision for bad debts by $35 million to recognise the deterioration in the Queensland economy following the flooding. At this stage, we do not believe that any further provision is required."

In the Core Bank, impaired assets reduced to $175 million. The impairment charge of $5 million for the quarter was relatively low due to stable credit quality among commercial and agribusiness customers. An increase in arrears in the retail/mortgage portfolio has followed from the recent natural hazard events but is not expected to result in significant losses.

The subdued Queensland economy resulted in modest mortgage loan growth, however, both the commercial and agribusiness sectors experienced above system lending growth. The Core Bank deposit to loan ratio remained stable at almost 70%.

In the Non-core Bank, impaired assets reduced to $2,329 million. The impairment charge of $54 million includes a $5 million writeback of the Queensland flood impact overlay.

Non-core run-off was approximately $800 million for the quarter with the total Non-core bank lending assets reducing to $9 billion.

Total capital held by the Suncorp Bank remained strong at 13.86% of risk weighted assets. Tier 1 capital is 9.18%.

The APS 330 tables and explanatory slides are attached.

The Suncorp Group will be holding an Investor Day on Monday 30 May 2011 in Sydney. Suncorp executives, including David Foster, will be providing strategic updates at this forum.

Ends

For more information contact:

Media:	Jamin Smith, 07 3135 4321
Analysts / investors:	Mark Ley, 07 3135 3991
	Nicole Marques, 07 3135 3993

Suncorp Bank APS 330 for quarter ending 31 March 2011

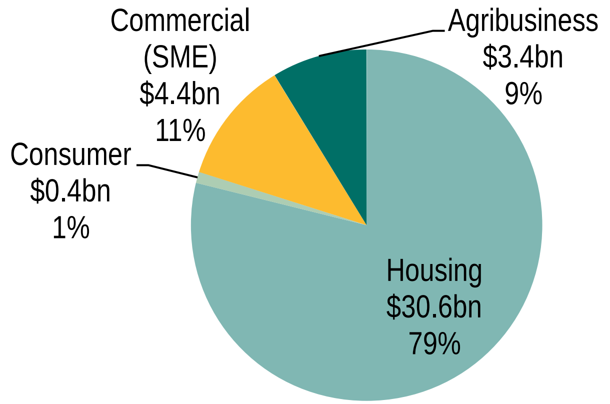
SUNCORP

Core Bank deposits and lending assets

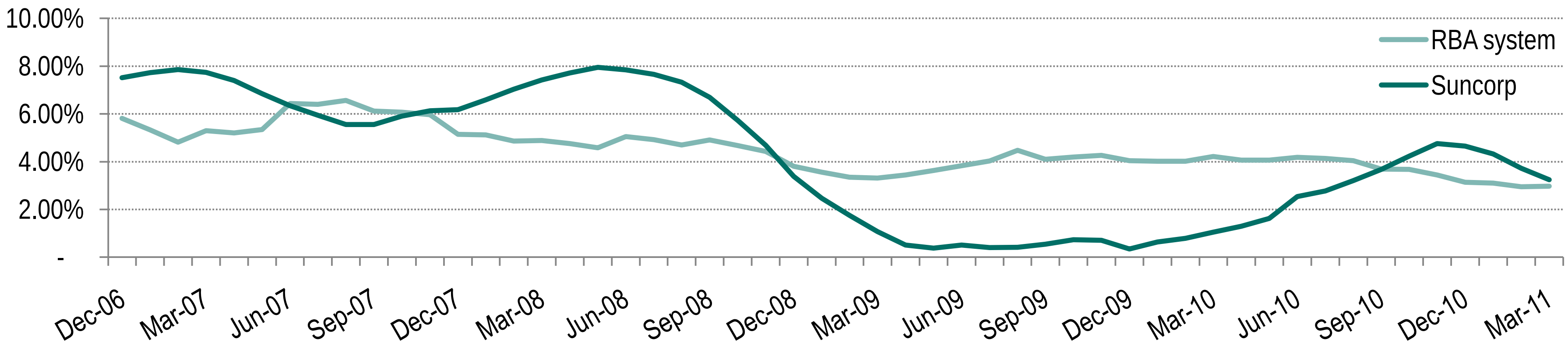
Summary

- Year to date mortgage growth at 1.19x system
- Quarterly result impacted by weather events and broader QLD economic conditions
- Expect to return to system levels in Q4
- Moderate lending growth in SME and Agribusiness sectors
- Active management of lending and deposit mix preserves deposit to loan ratio at 69.7%

Core lending assets (A$bn)



Mortgage growth vs. RBA system (6 month rolling)



Core Bank credit quality

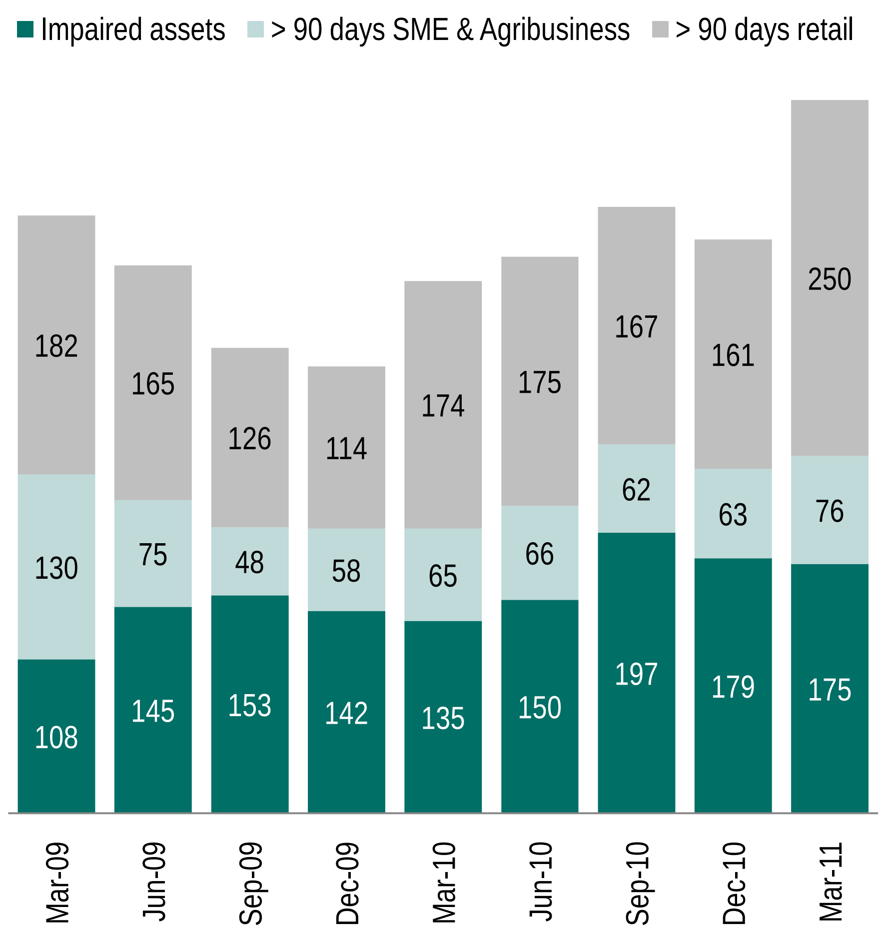
Summary

- Deterioration in retail arrears with cyclical trend exacerbated by natural disaster disruptions
- No significant weakening in SME & Agri sectors
- Collective provision remained flat
  - retail accounts well secured
  - low probability of loss
- No write back of flood provisioning

Impairment losses (A$m)

	Q3 FY11
Collective provision charge	0
Specific provision charge	5
Actual net write-offs	0
Impairment loss on loans and advances	5

Core non-performing loans trends (A$m)

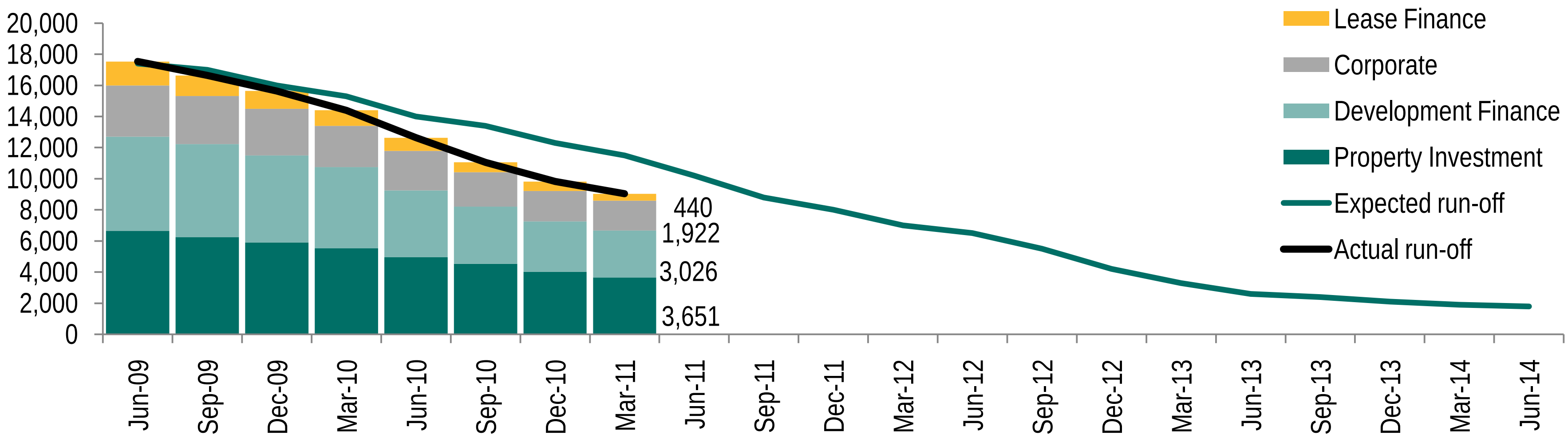


Non-core Bank assets

Summary

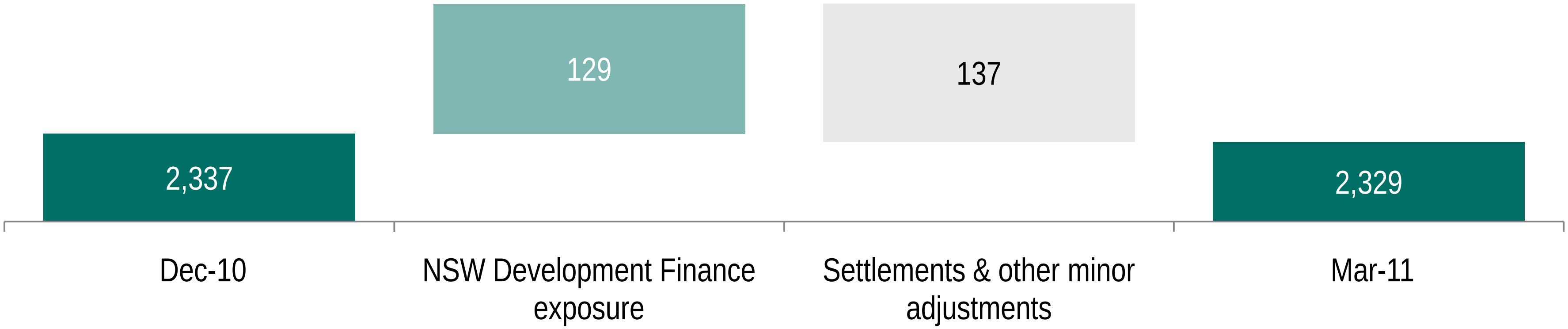
- Total non-core portfolio at $9 billion
- $0.8 billion run-off for the quarter and $8.5 billion run-off since June 2009, ahead of initial target by $2.4 billion
- Opportunities for refinancing and asset sales continue across the portfolio
- 62 accounts at >$50 million

Non-core Portfolio (A$m)



Non-core Bank credit quality

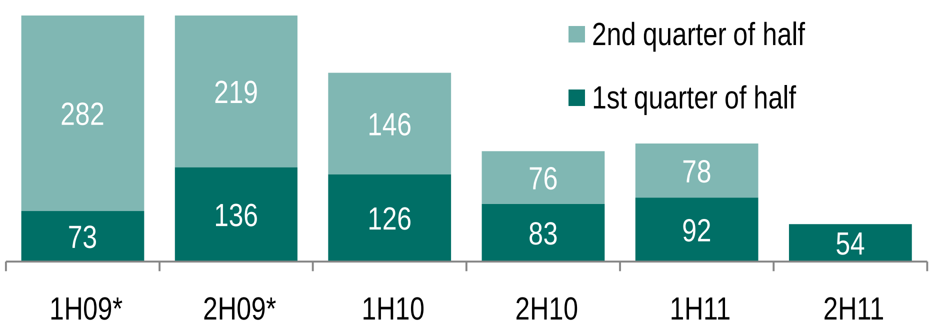
Impaired asset movements (A$m)



Impairment losses (A$m)

	Q3 FY11
Collective provision charge (incl. $5m overlay write-back)	16
Specific provision charge (incl. $26m IFRS adjustment)	36
Actual net write-offs	2
Impairment loss on loans and advances	54

Impairment loss trend (A$m)



* Reporting periods prior to core / non-core reporting split. Total Bank charges are materially non-core

Capital, funding and liquidity

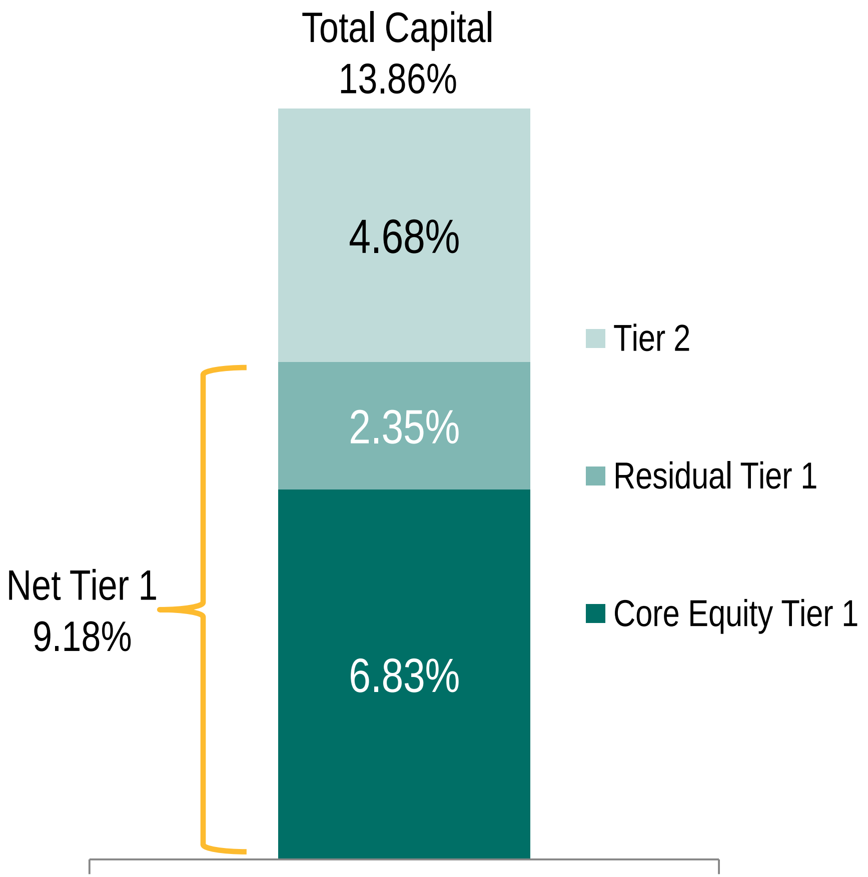
Capital Update

- Transition to a Non-Operating Holding Company (NOHC) structure reduced Bank core tier 1 ratio including the repatriation of capital to the new holding company

Funding and Liquidity

- Lower asset growth reduces need for additional wholesale funding
- Liquidity above internal targets at 21.1% to allow for pending large wholesale maturities

Bank capital post-NOHC restructure



Suncorp Bank Capital as at 31 March 2011

Provision for impairment	Q1 as at Sep-10			Q2 as at Dec-10			Q3 as at Mar-11		
	Core	Non-Core	Total	Core	Non-Core	Total	Core	Non-Core	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Collective Provision									
Balance at the beginning of the period	65	136	201	58	139	197	83	105	188
Charge against contribution to profit	(7)	3	(4)	25	(34)	(9)	-	16	16
Balance at the end of the period	58	139	197	83	105	188	83	121	204
Specific provision									
Balance at the beginning of the period	37	434	471	48	484	532	40	374	414
Charge against impairment losses	20	82	102	5	109	114	5	36	41
Used against write-off	(7)	2	(5)	(10)	(181)	(191)	(1)	(12)	(13)
Charge against interest income	(2)	(34)	(36)	(3)	(38)	(41)	(3)	(40)	(43)
Balance at the end of the period	48	484	532	40	374	414	41	358	399
Total provision for impairment - Banking Activities	**106**	**623**	**729**	**123**	**479**	**602**	**124**	**479**	**603**
Equity reserve for credit loss									
Balance at the beginning of the period	84	142	226	91	151	242	72	90	162
Transfer to (from) retained earnings	7	9	16	(19)	(61)	(80)	(2)	(8)	(10)
Balance at the end of the period	91	151	242	72	90	162	70	82	152
Pre-tax equivalent coverage	130	216	346	103	128	231	100	117	218
Total provision for impairment and equity reserve for credit loss coverage - Banking Activities	236	839	1,075	226	607	833	224	596	821
Provision for impairment expressed as a percentage of gross impaired assets are as follows:									
Collective Provision	29.5%	6.0%	7.9%	46.4%	4.5%	7.5%	47.4%	5.2%	8.1%
Specific Provision	24.4%	21.1%	21.3%	22.3%	16.0%	16.5%	23.4%	15.4%	15.9%
Total Provision	53.9%	27.1%	29.2%	68.7%	20.5%	23.9%	70.9%	20.6%	24.1%
Equity reserve for credit loss coverage	65.7%	9.4%	13.9%	57.5%	5.5%	9.2%	57.1%	5.0%	8.7%
Total provision and equity reserve for credit loss coverage	119.6%	36.5%	43.0%	126.3%	26.0%	33.1%	128.0%	25.6%	32.8%

Impaired Assets

	Q1 as at Sep-10			Q2 as at Dec-10			Q3 as at Mar-11		
	Core	Non-Core	Total	Core	Non-Core	Total	Core	Non-Core	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Gross balances of individually impaired loans	197	2,299	2,496	179	2,337	2,516	175	2,329	2,504
Specific provisions for impairment	(48)	(484)	(532)	(40)	(374)	(414)	(41)	(358)	(399)
Net individually impaired loan	149	1,815	1,964	139	1,963	2,102	134	1,971	2,105
Past due loans not shown as impaired assets	229	88	317	224	107	331	326	137	463
Gross non performing loans	426	2,387	2,813	403	2,444	2,847	501	2,466	2,967
Gross individually impaired assets as a percentage of gross loans	0.52%	20.01%	5.06%	0.46%	23.05%	5.15%	0.45%	24.87%	5.17%
Gross non performing loans as a percentage of gross loans	1.13%	20.77%	5.70%	1.04%	24.11%	5.82%	1.28%	26.33%	6.13%
Gross individually impaired assets as a percentage of impairment provisions and ERCL coverage	83.61%	274.10%	232.13%	79.15%	384.32%	301.66%	78.27%	389.83%	305.01%
Impairment Provisions and ERCL coverage as a percentage of credit risk weighted assets	1.09%	7.09%	3.22%	1.05%	5.37%	2.55%	1.03%	5.67%	2.54%

Impairment losses on loans and advances

	Q1 as at Sep-10			Q2 as at Dec-10			Q3 as at Mar-11		
	Core	Non-Core	Total	Core	Non-Core	Total	Core	Non-Core	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Collective provision for impairment	(7)	3	(4)	25	(34)	(9)	-	16	16
Specific provision for impairment	20	82	102	5	109	114	5	36	41
Actual net write offs	(1)	7	6	1	3	4	-	2	2
Total	**12**	**92**	**104**	**31**	**78**	**109**	**5**	**54**	**59**
Impairment charge to credit RWA - Period annualised	0.21%	3.11%	1.25%	0.60%	2.73%	1.33%	0.09%	2.05%	0.73%

SUNCORP-METWAY LTD
APS 330 DISCLOSURE : TABLE 16 CAPITAL ADEQUACY
31 MARCH 2011

	Risk Weighted Balance 31-Mar-2011 $m
On-Balance Sheet Risk Weighted Assets	
Cash items	33
Claims on Australian and foreign governments	2
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	1,236
Claims on securitisation exposures	243
Claims secured against eligible residential mortgages	11,881
Past due claims	3,504
Other retail assets	1,164
Corporate	12,407
Other assets and claims	197
Total Banking assets	**30,667**
Off balance sheet positions	
Guarantees entered into in the normal course of Business	145
Commitments to provide loans and advances	1,194
Capital commitments	-
Foreign exchange contracts	122
Interest rate contracts	95
Securitisation exposures	34
Total off balance sheet positions	**1,590**
Total Credit Risk capital charge	**32,257**
Market risk capital charge	428
Operational risk capital charge	3,072
Total risk weighted assets	**35,757**
Risk weighted capital ratios	**%**
Tier 1	9.177%
Total risk weighted capital ratios	13.855%

SUNCORP-METWAY LTD
APS 330 DISCLOSURE : TABLE 17 CREDIT RISK
31 MARCH 2011

Table 17A: CREDIT RISK BY GROSS CREDIT EXPOSURE - OUTSTANDING AS AT 31 MARCH 2011

31-Mar-2011	Receivables due from other banks $m	Trading securities $m	Investment securities $m	Loans, advances and other receivables $m	Credit commitments $m	Derivative instruments $m	Total Credit Risk $m	Impaired assets $m	Past Due not Impaired > 90days $m	Total not past due or impaired $m	Specific Provisions $m
Agribusiness	-	-	-	3,298	20	-	3,318	226	29	3,063	48
Construction and development	-	-	-	3,337	151	-	3,488	1,480	69	1,939	261
Financial services	259	5,527	4,155	3,135	-	579	13,655	-	-	13,655	-
Hospitality	-	-	-	1,135	-	-	1,135	75	5	1,055	5
Manufacturing	-	-	-	618	-	-	618	15	1	602	4
Professional services	-	-	-	380	-	-	380	6	2	372	1
Property investment	-	-	-	4,890	-	-	4,890	569	67	4,254	63
Real estate - Mortgage	-	-	-	28,895	2,229	-	31,124	20	248	30,856	4
Personal	-	-	-	352	-	-	352	-	7	345	-
Government and public authorities	-	-	-	3	-	-	3	-	-	3	-
Other commercial and industrial	-	-	-	2,452	117	-	2,569	113	35	2,421	13
Total gross credit risk	**259**	**5,527**	**4,155**	**48,495**	**2,517**	**579**	**61,532**	**2,504**	**463**	**58,565**	**399**
Securitisation Exposures	-	-	1,217	1,947	30	8	3,202			3,202	
Total including securitisation exposures	**259**	**5,527**	**5,372**	**50,442**	**2,547**	**587**	**64,734**	**2,504**	**463**	**61,767**	**399**
Impairment provision							(603)	(399)	(31)	(173)	
TOTAL							**64,131**	**2,105**	**432**	**61,594**	**399**

Table 17A: CREDIT RISK BY GROSS CREDIT EXPOSURE - AVERAGE GROSS EXPOSURE OVER PERIOD - 01 JANUARY 2011 to 31 MARCH 2011

31-Mar-2011	Receivables due from other banks $m	Trading securities $m	Investment securities $m	Loans, advances and other receivables $m	Credit commitments $m	Derivative instruments $m	Total Credit Risk $m	Impaired assets $m	Past Due not Impaired > 90days $m	Total not past due or impaired $m	Specific Provisions $m
Agribusiness	-	-	-	3,271	23	-	3,294	214	21	3,059	46
Construction and development	-	-	-	3,426	157	-	3,583	1,459	73	2,051	267
Financial services	177	5,193	4,396	3,212	-	455	13,433	-	-	13,433	-
Hospitality	-	-	-	1,133	-	-	1,133	79	5	1,049	6
Manufacturing	-	-	-	622	-	-	622	14	1	607	4
Professional services	-	-	-	391	-	-	391	6	2	383	1
Property investment	-	-	-	4,965	-	-	4,965	605	57	4,303	66
Real estate - Mortgage	-	-	-	28,702	2,035	-	30,737	15	209	30,513	4
Personal	-	-	-	350	-	-	350	-	8	342	-
Government and public authorities	-	-	-	4	-	-	4	-	-	4	-
Other commercial and industrial	-	-	-	2,609	135	-	2,744	121	24	2,599	15
Total gross credit risk	**177**	**5,193**	**4,396**	**48,685**	**2,350**	**455**	**61,256**	**2,513**	**400**	**58,343**	**409**
Securitisation Exposures	-	5	1,215	2,044	31	8	3,303			3,303	
Total including securitisation exposures	**177**	**5,198**	**5,611**	**50,729**	**2,381**	**463**	**64,559**	**2,513**	**400**	**61,646**	**409**
Impairment provision							(603)	(407)	(29)	(167)	
TOTAL							**63,956**	**2,106**	**371**	**61,479**	**409**

Table 17B: CREDIT RISK BY PORTFOLIO

31-Mar-2011	Gross Credit Risk Exposure $m	Average Gross Exposure $m	Impaired assets $m	Past Due not Impaired > 90days $m	Specific Provisions $m	Charges for Specific Provisions & Write-offs $m
Claims secured against eligible residential mortgages	31,124	30,737	20	248	4	2
Other retail	352	350	-	7	-	(1)
Financial services	13,655	13,433	-	-	-	-
Government and public authorities	3	4	-	-	-	-
Corporate and other claims	16,398	16,732	2,484	208	395	43
Total	**61,532**	**61,256**	**2,504**	**463**	**399**	**44**

Table 17C: GENERAL RESERVES FOR CREDIT LOSSES

31-Mar-2011	$m
Collective provision for impairment	204
Ineligible CP on Past Due not Impaired	(31)
Eligible Collective Provisions	**173**
FITB relating to collective provision	(52)
Equity Reserve for credit lossess	152
General Reserve for Credit losses	**273**