



# ASX Announcement

6 May 2010

## **SUNCORP BANK APS 330 DISCLOSURES**

Suncorp-Metway Limited today released a brief presentation to accompany its Bank APS 330 quarterly disclosures.

The presentation and APS 330 tables are attached.

There will be a teleconference involving Patrick Snowball, Group CEO, and David Foster, Suncorp Bank CEO, at 2.30pm AEDT today.

### **Teleconference details:**

Australia dial in: 1800 148 258  
International dial in: +61 2 8524 6650

Conference ID: 72295825

### **ENDS**

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# SUNCORP-METWAY LTD

## APS 330 DISCLOSURE : TABLE 16 CAPITAL ADEQUACY

31 MARCH 2010

	Risk Weighted Balance 31-Mar-2010 \$m
<b>On-Balance Sheet Risk Weighted Assets</b>	
Cash items	34
Claims on Australian and foreign governments	1
Claims on central banks, international banking agencies, regional development banks, ADIs and overseas banks	890
Claims on securitisation exposures	112
Claims secured against eligible residential mortgages	10,748
Past due claims	3,099
Other retail assets	1,000
Corporate	17,479
Other assets and claims	450
<b>Total Banking assets</b>	<b>33,813</b>
<b>Off balance sheet positions</b>	
Guarantees entered into in the normal course of Business	101
Commitments to provide loans and advances	855
Capital commitments	16
Foreign exchange contracts	156
Interest rate contracts	78
Securitisation exposures	203
<b>Total off balance sheet positions</b>	<b>1,409</b>
<b>Total Credit Risk capital charge</b>	<b>35,222</b>
<b>Market risk capital charge</b>	591
<b>Operational risk capital charge</b>	2,994
<b>Total risk weighted assets</b>	<b>38,807</b>
<b>Risk weighted capital ratios</b>	<b>%</b>
Tier 1	12.452%
Total risk weighted capital ratios	14.195%

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**SUNCORP-METWAY LTD**  
**APS 330 DISCLOSURE : TABLE 17 CREDIT RISK**  
**31 MARCH 2010**

**Table 17A: CREDIT RISK BY GROSS CREDIT EXPOSURE - OUTSTANDING AS AT 31 MARCH 2010**

31-Mar-2010	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	-	-	-	3,294	15	-	3,309	206	32	3,070	63
Construction and development	-	-	-	5,718	68	-	5,786	1,463	128	4,194	391
Financial services	181	7,027	3,166	3,336	156	933	14,798	-	0	14,798	-
Hospitality	-	-	-	1,330	-	-	1,330	104	3	1,224	23
Manufacturing	-	-	-	766	-	-	766	10	9	747	7
Professional services	-	-	-	488	-	-	488	5	2	481	2
Property investment	-	-	-	5,992	-	-	5,992	319	36	5,637	82
Real estate - Mortgage	-	-	-	26,182	1,137	-	27,319	23	191	27,105	10
Personal	-	-	-	594	-	-	594	-	-	594	-
Government and public authorities	-	-	-	5	-	-	5	-	13	(8)	-
Other commercial and industrial	-	-	-	3,315	270	-	3,585	80	13	3,492	21
<b>Total gross credit risk</b>	<b>181</b>	<b>7,027</b>	<b>3,166</b>	<b>51,020</b>	<b>1,646</b>	<b>933</b>	<b>63,972</b>	<b>2,211</b>	<b>426</b>	<b>61,334</b>	<b>599</b>
Eligible securitised loans	-	-	-	2,643	-	-	2,643	-	-	2,643	-
<b>Total including eligible securitised loans</b>	<b>181</b>	<b>7,027</b>	<b>3,166</b>	<b>53,663</b>	<b>1,646</b>	<b>933</b>	<b>66,615</b>	<b>2,211</b>	<b>426</b>	<b>63,978</b>	<b>599</b>
Impairment provision	-	-	-	-	-	-	(819)	(597)	(29)	(193)	-
<b>TOTAL</b>							<b>65,796</b>	<b>1,614</b>	<b>397</b>	<b>63,785</b>	<b>599</b>

**Table 17A: CREDIT RISK BY GROSS CREDIT EXPOSURE - AVERAGE GROSS EXPOSURE OVER PERIOD - 01 JANUARY 2010 to 31 MARCH 2010**

31-Mar-2010	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	-	-	-	3,323	18	-	3,341	208	34	3,099	64
Construction and development	-	-	-	5,868	107	-	5,975	1,416	115	4,443	348
Financial services	152	7,039	3,107	3,038	156	882	14,373	-	0	14,373	-
Hospitality	-	-	-	1,380	-	-	1,380	69	3	1,307	23
Manufacturing	-	-	-	789	-	-	789	12	10	767	7
Professional services	-	-	-	512	-	-	512	7	2	502	3
Property investment	-	-	-	6,180	-	-	6,180	318	23	5,839	93
Real estate - Mortgage	-	-	-	25,942	1,130	-	27,072	25	159	26,887	12
Personal	-	-	-	595	-	-	595	-	-	595	-
Government and public authorities	-	-	-	6	-	-	6	-	6	(0)	-
Other commercial and industrial	-	-	-	3,531	315	-	3,846	160	7	3,678	49
<b>Total gross credit risk</b>	<b>152</b>	<b>7,039</b>	<b>3,107</b>	<b>51,163</b>	<b>1,725</b>	<b>882</b>	<b>64,067</b>	<b>2,215</b>	<b>361</b>	<b>61,491</b>	<b>598</b>
Eligible securitised loans	-	-	-	2,759	-	-	2,759	-	-	2,759	-
<b>Total including eligible securitised loans</b>	<b>152</b>	<b>7,039</b>	<b>3,107</b>	<b>53,922</b>	<b>1,725</b>	<b>882</b>	<b>66,826</b>	<b>2,215</b>	<b>361</b>	<b>64,250</b>	<b>598</b>
Impairment provision	-	-	-	-	-	-	(820)	(597)	(29)	(193)	-
<b>TOTAL</b>							<b>66,007</b>	<b>1,618</b>	<b>346</b>	<b>64,042</b>	<b>598</b>

**Table 17B: CREDIT RISK BY PORTFOLIO**

31-Mar-2010	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	27,319	27,072	23	191	10	-
Other retail	594	595	-	-	-	6
Financial services	14,798	14,373	-	0	-	-
Government and public authorities	5	6	-	13	-	-
Corporate and other claims	21,256	22,021	2,189	223	589	97
<b>Total</b>	<b>63,972</b>	<b>64,067</b>	<b>2,211</b>	<b>426</b>	<b>599</b>	<b>103</b>

**Table 17C: GENERAL RESERVES FOR CREDIT LOSSES**

31-Mar-2010	\$m
Collective provision for impairment	222
Ineligible CP on Past Due not Impaired	(29)
<b>Eligible Collective Provisions</b>	<b>193</b>
FITB relating to collective provision	(58)
Equity Reserve for credit losses	272
<b>General Reserve for Credit losses</b>	<b>407</b>

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## Provision for impairment

	Q3 as at Mar-10		
	Core \$M	Non-Core \$M	Total \$M
<b>Collective Provision</b>			
Balance at the beginning of the period	35	188	223
Charge against contribution to profit	17	(18)	(1)
<i>Balance at the end of the period</i>	52	170	222
<b>Specific provision</b>			
Balance at the beginning of the period	46	551	597
Charge against impairment losses	(6)	39	33
Charge against interest income	(3)	(28)	(31)
<i>Balance at the end of the period</i>	37	562	599
<b>Total provision for impairment - Banking Activities</b>	<b>89</b>	<b>732</b>	<b>821</b>
<b>Equity reserve for credit loss</b>			
Balance at the beginning of the period	55	236	291
Transfer to/from retained earnings	27	(46)	(19)
<i>Balance at the end of the period</i>	82	190	272
Pre-tax equivalent coverage	118	271	389
<b>Total provision for impairment and equity reserve for credit loss coverage</b>	<b>207</b>	<b>1003</b>	<b>1209</b>
<b>Provision for impairment expressed as a percentage of gross impaired assets are as follows:</b>			
Collective Provision	38.6%	8.2%	10.0%
Specific Provision	27.4%	27.1%	27.1%
Total Provision	65.9%	35.3%	37.1%
Equity reserve for credit loss coverage	87.3%	13.0%	17.6%
Total provision and equity reserve for credit loss coverage	153.3%	48.3%	54.7%

## Impaired Assets

	Q3 as at Mar-10		
	Core \$M	Non-Core \$M	Total \$M
<b>Gross balances of individually impaired loans</b>	135	2076	2211
Specific provisions for impairment	(37)	(562)	(599)
<b>Net individually impaired loan</b>	98	1514	1612
<b>Past due loans not shown as impaired</b>	239	187	426
<b>Gross non performing loans</b>	374	2263	2637
Gross individually impaired assets as a percentage of gross loans	0.37%	13.99%	4.29%
Gross non performing loans as a percentage of gross loans	1.02%	15.25%	5.11%
Gross individually impaired assets as a percentage of impairment provisions and ERCL coverage	65.25%	207.02%	182.80%
Impairment Provisions and ERCL coverage as a percentage of credit risk weighted assets	1.00%	6.89%	3.43%

## Impairment losses on loans and advances

	Q3 as at Mar-10		
	Core \$M	Non-Core \$M	Total \$M
Collective provision for impairment	17	(18)	(1)
Specific provision for impairment	(6)	39	33
Actual net write offs	9	62	71
<b>Total</b>	<b>20</b>	<b>83</b>	<b>103</b>

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## Suncorp Bank – APS 330 update

6 May 2010



## Key dates 2010



<b>Bank APS 330 update</b>	<b>Bank strategy update</b>	<b>General Insurance Investor Day</b>	<b>Life strategy update</b>	<b>FY10 Suncorp Group result</b>
Quarterly APS 330 disclosure covering both the core and non-core bank.	Positioning and strategy of core franchise.	Positioning and strategy of Personal Insurance, Commercial Insurance and Vero NZ.	Strategic update on life insurance business.	FY10 result plus Group strategic overview.
6 May	7 May	21 May	23 June	25 August

# The Suncorp Group



## Group

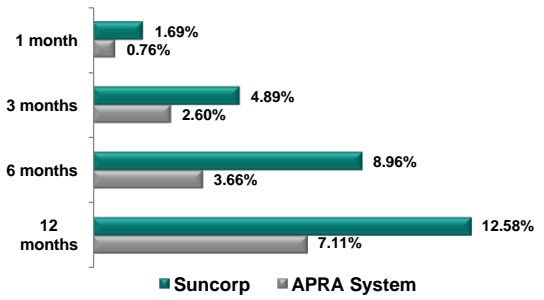
- Capital and credit ratings benefits
- One**
  - view of our 9 million customers
  - approach to financial processes
  - view of employees
- Lean strong corporate Shared Group services

### Unique businesses

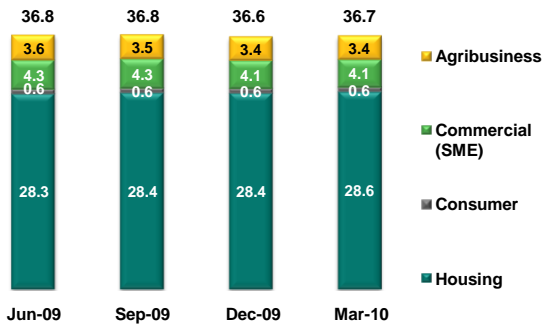
National General Insurer			Regional Bank	Niche Life Insurer
<ul style="list-style-type: none"> <li>Leading General Insurance operations in both Australia and New Zealand</li> <li>Scale and iconic brands</li> <li>End-to-end control of our brands, pricing, manufacturing and distribution</li> </ul>			<ul style="list-style-type: none"> <li>Regional Bank with HQ in QLD</li> <li>Able to grow selectively in other profitable markets</li> <li>Leader of 2<sup>nd</sup> tier banking sector</li> <li>Benefit of rating uplift from the Suncorp Group</li> </ul>	<ul style="list-style-type: none"> <li>Niche national life insurance business</li> <li>Independent</li> <li>Strong IFA Channel</li> </ul>
Personal Insurance	Commercial Insurance	Vero NZ		

# Core bank: deposits and lending assets

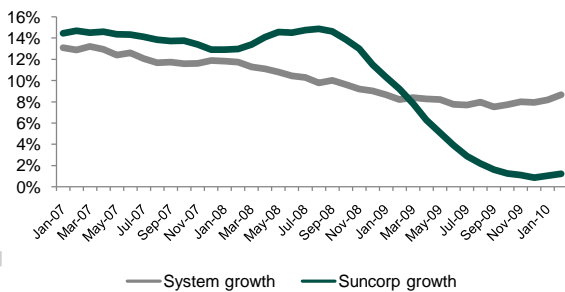
**Total deposits growth, March 2010**



**Core lending assets, A\$b**



**Suncorp historical mortgage growth v RBA system (12 month rolling)**



**Summary**

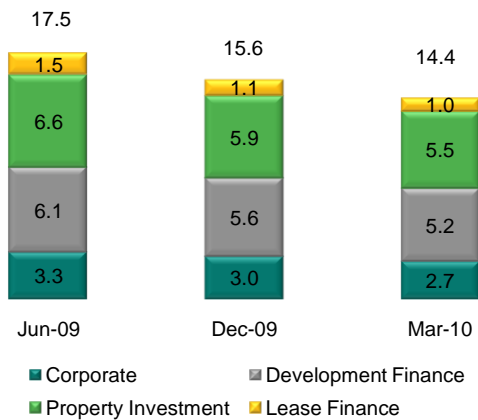
- Deposit growth ahead of system over 1, 3, 6 and 12 months
- Deposit to loan ratio at 71.8% and above funding target
- Deposit accumulation now enables increased lending growth in core markets
- Key short term focus to return to system lending growth



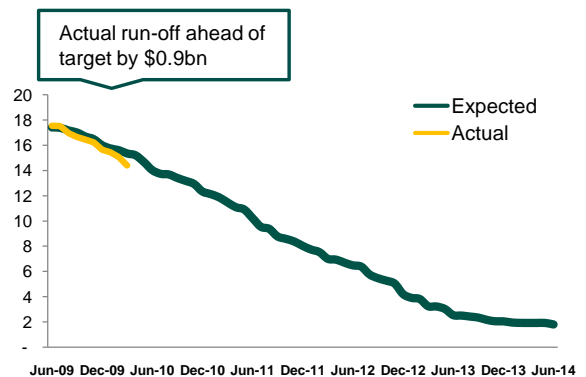
## Non-core bank: assets

- Run-off of \$3.1 billion year to date, ahead of initial target by \$0.9 billion
- Total facility limits have been reduced by over \$4.5 billion year to date
- Seeing positive signs in the market with refinancing appetite for selected larger exposures beginning to emerge

**Non-core assets, A\$b**



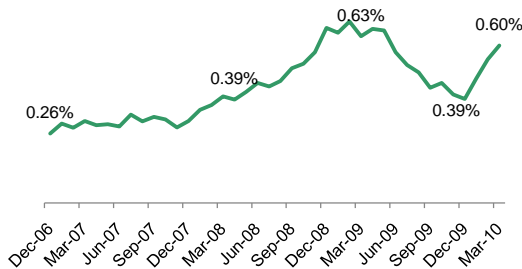
**Forecast run-off, A\$b**



## Core bank: credit quality



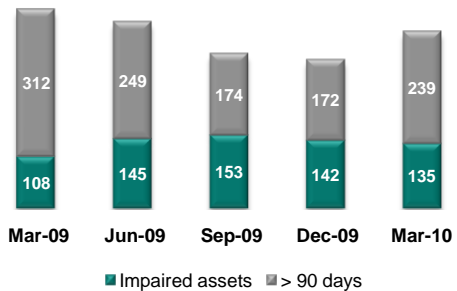
### Total retail arrears to gross loans (past 90 days due)



### Impairment losses on loans and advances

A\$m	Q3 FY10	YTD
Collective provision charge	17	(2)
Specific provision charge	(6)	(2)
Actual net write-offs	9	26
<b>Impairment loss</b>	<b>20</b>	<b>22</b>
Impairment charge to Credit RWA	0.40%	0.14%

### Core gross non-performing loans trends, A\$m



### Summary

- BDD expense increased in Q3 however YTD charge is very low at 23bp of credit risk weighted assets (adjusting for collective provision methodology change in 1H)
- Increase in mortgage arrears in the last quarter, off a low base, as interest rates have increased and the benefits of government stimulus payments have been removed
- Business lending arrears have been stable for the quarter although reduced credit grades are reflected in the collective provision charge

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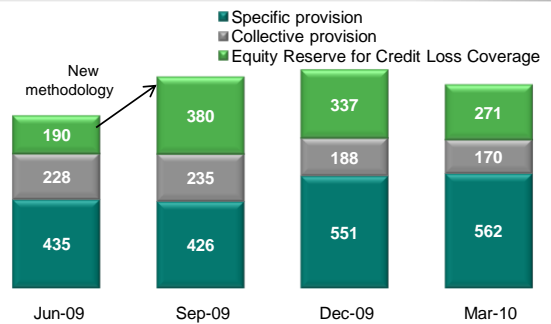


## Non-core bank: credit quality

### Impaired asset movements, A\$m



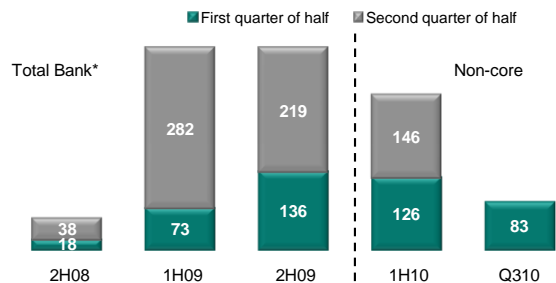
### Provisions, A\$m



### Impairment losses on loans and advances

A\$m	Q3 FY10	YTD
Collective provision charge	(18)	(58)
Specific provision charge	39	194
Actual net write-offs	62	219
<b>Impairment loss</b>	<b>83</b>	<b>355</b>

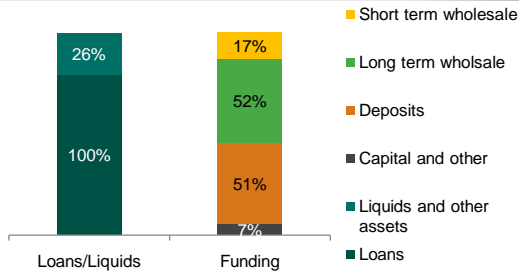
### Impairment loss trend, A\$m



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

# Bank Funding and Liquidity

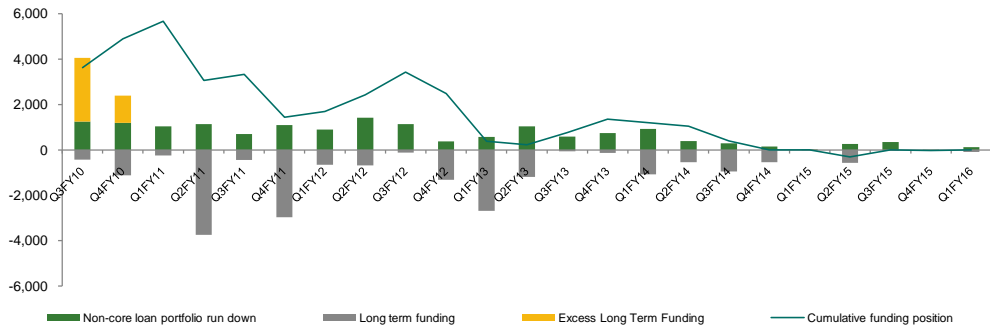
**Funding Composition: Total bank**



**Funding Composition: Total bank**

- Secured 2010 funding program with ability to target opportunities as they arise
- Strong liquids covering all short term exposures
- Increased non-core run-off and strong deposit momentum allows greater liquidity and funding management flexibility

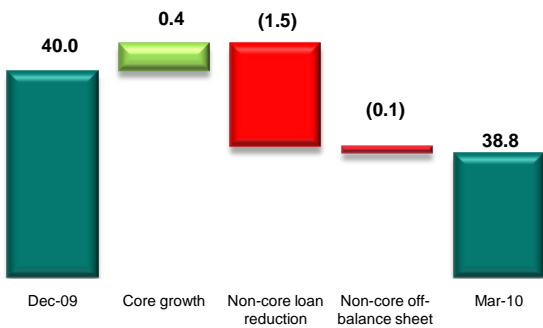
**Non-core portfolio: funding maturity profile (2010 – 2016), A\$m**



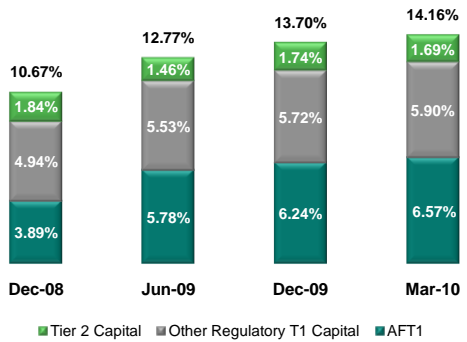
# Bank Capital



**Movement in risk weighted assets, A\$bn**



**Bank capital ratios**



**Summary**

- Capital ratios are strong and continue to improve
- AFT1 growing strongly and is now at 6.57%
- Shareholder equity backing the non-core bank is just under \$1.5 billion including \$1.06 billion in AFT1.
- The amount of the non-core equity released will be impacted by the net profit/loss after tax over the full run-off period
- The timing of the release of capital to the Group is dependent on the run-off profile

## Questions



To ask a question, when instructed, please press ‘\*1’  
on your telephone keypad

## Disclaimer

This presentation contains general information which is current as at 6 May 2010. It is information given in summary form and does not purport to be complete.

It is not a recommendation or advice in relation to Suncorp-Metway Limited or any product or service offered by the Suncorp Group. It is not intended to be relied upon as advice to investors or potential investors, and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

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

The information in this report is for general information only. To the extent that the information may constitute forward-looking statements, the information reflects Suncorp's intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices at the date of this report. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks and uncertainties, many of which are beyond Suncorp's control, which may cause actual results to differ materially from those expressed or implied. Suncorp undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this report (subject to stock exchange disclosure requirements).

