



ASX ANNOUNCEMENT

25 August 2009

SUNCORP FULL YEAR RESULTS

Diversified financial services group Suncorp today reported a net profit after tax of \$348 million for the full year to 30 June 2009. This was within the range provided to the market in Suncorp's disclosure on 7 August 2009.

The Group's full year profit before tax and Promina acquisition items was \$799 million.

Chairman John Story acknowledged that it had been a challenging year for Suncorp.

"The 2009 financial year coincided with the most volatile period in Australian financial services history and, although underlying performance remained solid, each of our businesses was impacted by unfavourable operating environments," he said.

Mr Story also confirmed that, in line with previous guidance, Suncorp would pay a final ordinary dividend of 20 cents per share fully franked, taking the full year ordinary dividend to 40 cents per share fully franked.

Acting chief executive Chris Skilton said Suncorp had significantly adapted its business model over the course of the financial year in response to market challenges and to ensure the Group's long-term viability.

"The Bank and Suncorp Life both completed comprehensive strategic reviews designed to achieve sustainable, low risk business models. The general insurer drove cost efficiencies through integration and de-risked its investment portfolios and significant enhancements were made to the Group's risk frameworks and capital position."

"These were necessary, though difficult decisions, which have had some short-term impact on the full year result. They were, however, decisions that were made with the longer term interests of the Group and shareholders in mind."

Mr Story said that, irrespective of the effect of external factors, the Board and management were conscious the result would be disappointing for shareholders.

Banking

The Bank performed solidly on an underlying profit basis, supported by a continuing focus on cost control, but this was offset by a significant increase in provisions for bad and doubtful debts.

Lending growth slowed over the course of the year, consistent with the slowing domestic economy and the Bank's stated objective of running off non-core portfolios.

- Profit before tax, bad debts and one-off items of \$781 million (2008: \$668 million).
- Contribution before tax of \$117 million (2008: \$633 million).

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- Full year impairment charge within guidance at \$710 million (2008: \$71 million), representing 128 basis points of gross loans advances and other receivables.

Insurance

All brands experienced solid premium growth as markets hardened in both short and long-tail products. Favourable claims experiences in long-tail classes, particularly compulsory third party, resulted in higher than expected reserve releases.

Natural hazard events remained well above long-run expectations and reduced profitability by around \$255 million.

- Contribution before tax of \$573 million (2008: \$307 million).
- Insurance trading result of \$462 million (2008: \$607 million), 7.7% of net earned premium.
- Gross written premium growth at the top end of the guidance range at 6%. Gross written premium was up 7.3% for the Australian operations.

Suncorp Life

The business' focus on life risk as its core activity saw in-force premium rise 7.3% to \$733 million and life risk profit increase. Those results were offset by lower funds management profit. Tight cost control saw operating expenses decrease 8.6% over the year.

- Contribution after tax, including investment income and other market adjustments, of \$115 million (2008: \$111 million).
- Underlying profit of \$122 million, down 16.4% (2008: \$146 million).
- Life Risk profit up 13% to \$87 million (2008: \$77 million).

Capital

Suncorp significantly strengthened its capital position over the course of the 2009 financial year in response to risks associated with the global financial crisis. It also focused on improving the quality of its capital position by repurchasing Tier 2 capital and retaining fundamental Tier 1 capital.

As a result, key capital ratios continue to be well ahead of internal targets. At 30 June 2009, the Bank had a capital adequacy ratio of 12.77% and the Tier 1 ratio was 11.31%. The General Insurer held capital at 1.6 times the minimum capital requirement.

Suncorp's new chief executive officer Patrick Snowball starts his appointment on 1 September 2009. Chris Skilton will remain at Suncorp for three months to assist Mr Snowball with the transition, while Clayton Herbert will continue as acting CFO until a permanent appointment is made.

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Teleconference details

Analyst briefing – 10:30am AEST

Webcast address: www.suncorpgroup.com.au

Australia dial-in: 1800 148 258

International dial-in: +61 2 8524 6650

Conference ID: 21612799

Media conference – 12:30pm AEST

Australia dial-in: 1800 885 612

International dial-in: +61 2 8314 8650

Conference ID: 21614426