SUNCORP

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SUNCORP PRELIMINARY EXPECTED RESULTS FOR THE FULL YEAR ENDED 30 JUNE 2009

The information provided in this update is subject to finalisation of the Group's accounts and external audit. As such, actual results for the full financial year may differ from those contained in this update.

While Suncorp expects its Banking and General Insurance businesses to report results broadly in line with guidance, volatile investment markets have reduced underlying profits in Suncorp Life and resulted in lower returns in the General Insurance investment portfolios. Accordingly, the Group's net profit after tax (NPAT) for the year to June 2009 will be lower than the prior financial year.

Acting chief executive Chris Skilton said the 2009 financial year had been particularly challenging for the Group with the combined effects of volatile investment and credit markets, subdued domestic economic growth and major insurance claims events across Australia and New Zealand impacting its businesses.

Group result

Suncorp expects the Group's full year profit before tax and Promina acquisition items will be in the range of $790 million to $810 million.

Cash profit is expected to be in the range of $510 million to $530 million. Net profit after tax, Promina acquisition items and minority interests is expected to be in the range of $340 million to $360 million.

Banking

The Bank's profit before tax, bad debts and one off items is expected to be in the range of $770 million to $785 million, an increase of between 15.3% and 17.5% compared to the previous financial year.

The increase was largely attributable to higher asset balances as well as a focus on expense management offset by significantly higher funding charges and the Government Guarantee levy. While conditions in credit markets have improved since December 2008, the increase in funding costs combined with higher levels of liquidity resulted in a significant reduction in margins in the second half.

The Bank will report $46 million in one-off non-recurring gains for the full-year. This comprises a $53 million gain[1] on the buyback of subordinated debt and a $4 million gain

[1] The pre-tax gain from the buyback of the subordinated debt was $129 million comprising a $53 million contribution to the Bank and a $76 million contribution to the General Insurer.   The gain included a $34 million accounting profit from the close-out of fixed-floating hedges relating to the subordinated debt.

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on the sale of VISA shares offset by an $11 million write-off of software systems no longer required after the Bank updated its strategy.

The Bank continued to be impacted by ongoing deterioration in the global and domestic economy resulting in increases in impaired assets and reduced property valuations.

It is expected the full year impairment charge will be $690 million to $730 million (or between 125 to 135 basis points of gross loans, advances and other receivables).

The Bank's contribution before tax for the full year is expected to be in the range of $100 million to $130 million.

General Insurance

The General Insurance business expects to report a full year Insurance Trading Result (ITR) of between $450 million to $470 million, or between 7.5% and 8% of net earned premium.

The result will feature growth in gross written premium (GWP) across all major product classes with the business expecting to report full year GWP growth at the top end of its guidance range of 4% to 6%[2].

The ITR has been impacted by a series of major weather and natural hazard events that were significantly ahead of normal allowances, as well as increased reinsurance costs. Larger than expected releases from long tail portfolios, reflecting improved claims management procedures and favourable experience, have provided an ITR benefit. The level of sufficiency in the outstanding claims provisions will remain at a conservative 90%.

The full year ITR has also been affected by reduced fixed interest yields following the reduction in official cash rates and the impact of market volatility creating mark to market adjustments across the $8 billion technical reserves portfolio.

The shareholder funds portfolios are expected to return around $130 million for the full year. These portfolios have been impacted by reduced returns on fixed income investments and negative revaluations on legacy property holdings but did benefit from the decision to remove exposure to equity markets in September 2008.

The capital funding charge has been substantially reduced in FY09 as a result of the General Insurer's $76 million gain[1] on the subordinated debt buyback.

The contribution from the General Insurance business before tax is expected to be in the range of $560 million to $580 million for the full year.

Suncorp Life

The Suncorp Life underlying profit after tax is expected to be between $110 million to $130 million and is below the prior year comparative. The Suncorp Life contribution after

[2] Compared to prior corresponding period of $6,430 million.

tax, which includes investment income and other market adjustments, for the full year is expected to be in line with the prior year at $100 million to $120 million.

Dividend and Capital

Based on an interim analysis of the Group result, and subject to finalising the accounts, external audit and obtaining the necessary regulatory approvals, the Board anticipates a final dividend in accordance with its previously advised target of 20 cents per share fully franked.

Following its expected results and anticipated dividend payout, the Group expects its capital ratios to remain very strong and above internal targets.

The Group will present its full year result on 25 August.

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