

# Shareholder Update

March 2010



Dear Shareholder,

The half year to December 2009 saw our company undergo significant change.

At our Annual General Meeting in October last year I detailed the steps we have taken to ensure our company emerges from the global economic crisis in good shape.

Today, I am pleased to report that the financial results for the first half of the 2009/10 financial year indicate that our company is headed in the right direction.

Net Profit after Tax (NPAT) was \$364 million for the half year, an increase of 41% on the prior corresponding period. While this is a strong improvement it is important to remember that twelve months ago the global financial world was on its knees and Australia was just coming to terms with the human and financial costs associated with the devastating Victorian bushfires.

So, while the improved profit result is pleasing, it is being compared to a low point in our company's history. Therefore, there can be no room for complacency or any slowing of the pace of change within any of our business lines. There remains a significant amount of work that needs to be done to ensure that Suncorp reaches its full potential.

Despite an improving economic outlook, the potential exists for a number of external risks to impact our business. The global economic environment remains volatile and uncertain and the weather remains unpredictable. We also await with interest the response of our Government to global moves to tighten regulations affecting financial services companies and the effect this will have on the capital and liquidity levels we will be required to carry into the future.

It is for these reasons that your Board has adopted a cautious approach in setting an interim dividend of 15 cents per share, fully franked. This is slightly below the bottom end of our target payout ratio of 50%-60% of cash earnings. We believe that in the short term it is important that we retain higher levels of capital within the business to ensure we can successfully manage through all known risks or any short term issues that may occur over the next six months.

To the extent that these events do not occur it remains the Board's firm position that capital excess to the businesses normal operating requirements should be returned to shareholders. Accordingly, I am hopeful that we will be in a position to provide an improved final dividend after we report our full year results in August.

The most significant change to occur in 2009 was the appointment of our new Group Chief Executive Officer. We are extremely fortunate to have been able to secure the services of such a high calibre international executive as Patrick Snowball. Patrick commenced with Suncorp on 1 September and has moved quickly to rally the organisation behind his leadership and remove the uncertainty that surrounded our business.

The Board is very supportive of Patrick's program of work and believes that under his leadership the Group will be able to build significantly on the foundations that have already been put in place.

Another significant change to occur has been a program of Board renewal. Recently we announced the appointment of Stuart Grimshaw as a Director of our company. Stuart has over 25 years banking and financial services experience in Australia and overseas. He is currently chief executive officer of Caledonia Investments and has held senior executive roles at the Commonwealth Bank of Australia and National Australia Bank. Two of our long serving Directors, Martin Kriewaldt and Cherrell Hirst have advised me of their intent to retire from the Board. I would like to take this opportunity to recognise the outstanding service of Martin and Cherrell and their contribution to the Group.

The Board, management and all Suncorp people enter 2010 with a determination to succeed on behalf of all our stakeholders. Our company has used the global financial crisis to refocus our strategies and get back to basics. The work that has already been undertaken in both the bank and life insurer has been crucial in rebuilding confidence in Suncorp's prospects and ensuring the long term viability of the Group. We are now seeing evidence of Patrick's deep experience in general insurance being put to good effect in the revised strategy for both our personal and commercial lines businesses.

I believe we have come a long way towards restoring the standing and reputation of Suncorp, but recognise that ultimately this depends upon action and results.

I thank you for your continued support of our company.

John Story  
Chairman



Profit after tax	Dec 09 \$m	%
General Insurance	347	
Bank	4	
Life	105	
Promina amortisation and other	(92)	
<b>Group NPAT</b>	<b>364</b>	<b>41</b>





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## Fast, easy, secure

Last year we mailed over one million items to shareholders and this year we would like you to help us reduce this by opting into our electronic update program.

We can send all communication about your shareholding to your email address – something that greatly assists both the environment and our bottom line – and you will have less paper to deal with.

Simply go to [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and update your information preferences. Alternatively call Link on 1300 882 012 and give them your email address.

## Another avoidable trip to the bank...

While we completely understand that visiting your local bank branch can be great, especially if it's one of our branches, Suncorp also offers a service where we deposit your dividend payments directly into your account.

If you still receive your dividend payments by cheque, you may wish to consider switching to direct debit.

If so, please call Link Market Services on 1300 882 012 for Australia or +61 2 8280 7450 if you are overseas. Alternatively, you can update your details at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## Key dates<sup>1</sup>

24/02/10	Half year results
01/04/10	Interim dividend payment
25/08/10	Full year results
01/10/10	Final dividend payment
04/11/10	AGM

<sup>1</sup> Dates may be subject to change

## Special offers



From time to time Suncorp will make special offers available to shareholders. Details of these offers will be published on [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au)



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### Listed Securities

Suncorp securities listed on the Australian Securities Exchange are:

	ASX Code
Ordinary shares	SUN
Floating Rate Capital Notes	SUNHB
Reset Preference Shares	SUNPA
Convertible Preference Shares	SUNPB