



# ASX ANNOUNCEMENT

27 May 2009

## **SUNCORP APS 330 AND LEGAL ENTITY RESTRUCTURE UPDATE**

Suncorp today provided details of its banking credit quality and capital position for the three months to 31 March 2009 as part of its regular Basel II disclosure requirements. It also updated the market on initiatives to simplify the Group's legal entity structure.

### **Basel II banking tables**

The impairment loss for the three months to 31 March 2009 was \$136 million. Impaired assets increased to \$1,241 million (\$986 million at 31 December 2008).

Acting chief executive Chris Skilton said the Australian banking sector had continued to be impacted by the deteriorating economy and declining property values.

"Like all Australian banks, Suncorp was impacted by worsening economic conditions and falling property values during the quarter. While we believe our full year bad debts will be contained at the top end of previous guidance, given the downside risk associated with ongoing economic uncertainty, we think it is prudent to adjust our full year bad debt charge guidance to the range of 125 to 145 basis points of total loans," he said.

Suncorp's robust capital position strengthened further during the quarter with the capital adequacy ratio increasing to 13.24% and the Tier 1 ratio increasing to 11.39%.

### **Suncorp Group legal entity restructure**

Since completing the Promina transaction, Suncorp has undertaken a phased approach to simplifying the Group's structure.

The first phase of Suncorp's legal entity restructure (LER) was completed in December 2008 allowing access to Vero Insurance Limited capital. The second phase of the LER, aligning all general insurance and wealth management subsidiaries, is on track to be completed on 1 July 2009.

As part of the final phase of the LER process, the Board has approved further investigation into the possibility of establishing a non-operating holding company (NOHC) as the listed entity owning the banking, general insurance and wealth management subsidiaries.

While the Board believes a NOHC structure has the potential to deliver greater transparency of the operating businesses and allocation of capital within the Group, a number of structural and regulatory issues have to be addressed before deciding whether to put a NOHC proposal through a shareholder approval process.



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A critical factor in the investigation into a NOHC structure is maintaining the current credit ratings for each of the Group's key operating entities. Preliminary analysis conducted to date has suggested this outcome is achievable.

A further update on the feasibility of a NOHC structure is expected during the September quarter of 2009.

## ENDS

### **For more information, analysts/investors should contact:**

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### **Media should contact:**

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### **Market presentation and teleconference**

The Basel II tables and a market presentation have also been provided to the market. A teleconference for investors, analysts and media will be held at 9:30am AEST, details are as follows:

Dial in numbers:      1800 148 258 (Australia)  
                                 0800 667 018 (New Zealand)  
                                 +61 2 8524 6650 (international)

Conference ID:        11889995