



# NEWS RELEASE

8 January 2009

## S&P CREDIT RATING REVIEW

Standard & Poor's (S&P) has today revised the long-term credit rating on Suncorp's banking operations from 'A+' to 'A' with the outlook stable. The short-term credit rating has been affirmed at 'A-1'.

The rating on Suncorp's core insurance subsidiaries remains unchanged at 'A+/stable'.

The change to the bank's long-term rating is not related to the bank's creditworthiness. It reflects S&P's "opinion that the bank is now a 'strategically' important member of the group, instead of its previously 'core' status", resulting in a one-notch differential from the Group's 'A+' rating.

CEO John Mulcahy said the bank was a core asset for the Group and remained integral to the Group strategy.

S&P stated: "The bank's standalone creditworthiness has not diminished, with a good market position in Queensland, good asset quality, and a sound earnings profile."

The S&P press release is attached.

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# STANDARD & POOR'S

## Press Release

### **Suncorp-Metway Ltd. Rating Lowered To 'A' On Revised Status Within Group, Outlook Stable; Insurance Cos. 'A+' Ratings Affirmed With Stable Outlook**

Melbourne, Jan. 8, 2009—Standard & Poor's Ratings Services said today that it had lowered the long-term rating on Suncorp-Metway Ltd. (Suncorp Bank) to 'A' from 'A+', and affirmed its 'A-1' short-term rating on the bank. These actions follow Standard & Poor's opinion that the bank is now a 'strategically' important member of the group, instead of its previously 'core' status. The outlook is stable. The 'AAA' rated Australian government-guaranteed debt issued by Suncorp Bank is not affected by the rating action on the bank.

In addition, we affirmed the 'A+' ratings on Suncorp's core insurance subsidiaries with a stable outlook. The ratings on Suncorp Bank and Suncorp's insurance subsidiaries were also removed from CreditWatch with developing implications, where they were placed on Oct. 6, 2008. The CreditWatch reflected uncertainty about Suncorp's future corporate structure, which has now lessened substantially, following the potential divestment of its banking and wealth-management operations.

"The rating action on Suncorp Bank reflects our assessment that the ongoing role and importance of the bank within the Suncorp group has moderated, as evidenced by the willingness of the group to explore divestment options in late 2008," Standard & Poor's credit analyst Mark Legge said. "Consequently, we have reduced the ratings uplift embedded in the rating on the bank by one notch, resulting in the downgrade to 'A'. We believe that while no longer 'core' to the group, the bank represents a 'strategically important' investment and provides a material degree of diversity to the group's business model."

The rating on Suncorp Bank reflects the bank's standalone profile and the benefit of being a part of a financially strong group. The bank's standalone creditworthiness has not diminished, with a good market position in Queensland, good asset quality, and a sound earnings profile. The stable outlook is based on our expectations that the bank's liability maturity profile will continue to lengthen, liquidity and capital will further strengthen, and that asset quality will not rapidly deteriorate.

Mr. Legge added: "We continue to view the insurance operations of the Suncorp group as 'core' and hence have equalized their ratings with that of the group's creditworthiness. Management has shown a strong commitment to its insurance business and, to date, is successfully integrating the Promina operations. Suncorp's insurance businesses are the largest component of the group, benefiting from their strong market positions, robust reinsurance arrangements, and improving pricing trends."

Suncorp group's insurance operating companies (all rated A+/Stable/--) are: Suncorp Metway Insurance Ltd., Suncorp Life and Superannuation Ltd., GIO General Ltd., Vero Insurance Ltd., Vero Insurance New Zealand Ltd., Vero Liability Insurance Ltd., and AA Insurance Ltd.

#### **About Standard & Poor's**

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