

# ASX announcement

One Company  
Many Brands



**Group CEO's Address**  
**Suncorp Group Limited Annual General Meeting**  
**Thursday 23 October 2014**

A presentation slide with a light beige background and a decorative pattern of grey, teardrop-shaped elements in the top left corner. The text "CEO's address" is prominently displayed in a large, dark green font. Below it, an orange horizontal bar contains the name "Patrick Snowball" and his title "Managing Director and Group Chief Executive Officer, Suncorp Group Limited" in white text. At the bottom left, the text "Suncorp Group Limited 2014 Annual General Meeting" and "23 October 2014" is shown. At the bottom right, the "One Company Many Brands" and "SUNCORP GROUP" logos are present. A small number "4" is visible in the bottom right corner of the slide area.

**CEO's address**

Patrick Snowball  
Managing Director and Group Chief Executive Officer, Suncorp Group Limited

Suncorp Group Limited 2014 Annual General Meeting  
23 October 2014

One Company Many Brands SUNCORP GROUP

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Thank you Ziggy and good afternoon everyone.

Last year, I spoke about the progress we have made in restoring Suncorp's credibility, confidence, and culture. In the past twelve months, the Group has built upon these achievements.

Today, I'd like to focus on Suncorp's achievements that stem from our home state in Queensland. The Suncorp Group has a proud heritage in this state. The Queensland ethic of being optimistic, hardworking and always helping out your neighbours has helped us grow to become a Trans-Tasman company with leading businesses in general insurance, banking and life insurance. We are now one of the top 15 largest companies listed on the ASX. We have a market capitalisation of over \$17 billion, assets of over \$94 billion, 14,500 employees and relationships with 9 million customers in Australia and New Zealand.

But our home remains in Queensland.

I've been reported in the media as making the comment that last year's financial performance, and the significant dividend increase, was repaying a 'debt of honour to Queenslanders'. I stand by those comments and I'll explain the great things that Suncorp is doing, not just for our shareholders, but across communities in Queensland and of course the rest of Australia and New Zealand.

## FY14 result overview (\$m)

	FY14	FY13	%Δ
General Insurance NPAT	1,010	883	14.4
Bank NPAT	228	(343)	n/a
Suncorp Life NPAT	92	60	53.3
<b>Business lines NPAT</b>	<b>1,330</b>	<b>600</b>	<b>121.7</b>
Other	(26)	(24)	8.3
<b>Cash earnings</b>	<b>1,304</b>	<b>576</b>	<b>126.4</b>
Life intangible asset write-down	(496)	n/a	n/a
Other profit and acquisition amortisation	(78)	(85)	(8.2)
<b>NPAT</b>	<b>730</b>	<b>491</b>	<b>48.7</b>

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We were certainly pleased with the 2014 results. As Ziggy commented, the Net Profit After Tax of \$730 million was up 49% despite the fact that we wrote-down \$500 million of Life intangible assets and the Life write-down did not impact cash earnings, which were up to over \$1.3 billion.

Drilling down a bit further:

Firstly, our General Insurance business delivered over \$1 billion in Net Profit After Tax. The most crucial indicator to focus on is the margin. This tells you how well we are pricing risk and managing claims. Four years ago, this margin was under 9% and we made a commitment to achieve at least 12%. We delivered a strong result last year with the underlying and reported margin both well over 14%. At the same time, we grew our top-line revenue by over 5%. This year we'll have further benefits from our Simplification program, our long tail claims re-engineering, supply chain initiatives and a cheaper reinsurance program. These are all supportive of future profit margins and growth.

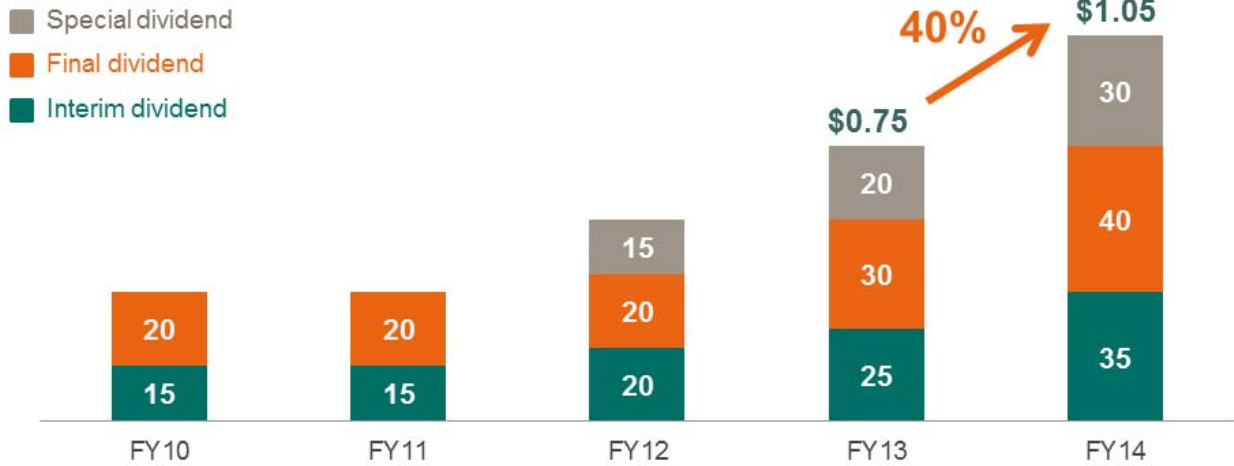
Secondly, in the Bank, 2014 was always going to be a transitional year as we resolved the legacy issues of the Non-core Bank under a refreshed management team led by John Nesbitt. I'm pleased to report that this has now been successfully completed. The Bank's net interest margin is back within the target range of 1.75% to 1.85%, six months ahead of schedule. Credit quality has also improved over the year with impaired loans down 34%.

Finally, in Suncorp Life, the decision to rebase our assumptions for lapses and claims was absolutely the right thing to do. We're making good progress with the things that we can control. We've changed IFA commission structures, we've brought our direct distribution in-house, we've increased sales to our GI customer base and are making great progress with sales of EverydaySuper into our Bank customer base.

Earlier this month, you'd be aware, ASIC published a review of retail life insurance advice. We welcomed this review and its recommendations. It outlines a number of issues that Suncorp has been raising for many years and, I'm increasingly confident that, as an industry, these issues will eventually be resolved.

## Dividends

7.5% yield based on \$14.00 share price



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Now to dividends. I am sure that you, like me, are delighted with the upward trajectory of our dividends over the last three years.

I've consistently stated that our priority has been to strengthen Suncorp's balance sheet and de-risk the Group. We have achieved this by removing the distractions of everything that is 'non-core' and focusing on simplifying the business. This reduces complexity, cost, risk, and ultimately reduces the amount of capital required to run the Group.

## Suncorp's commitment to Queensland

### The most trusted insurer



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Suncorp's contribution to Queensland extends well beyond paying strong dividends. We all want safer and more resilient communities. Our commitment was demonstrated through our response to the Brisbane Floods and Cyclone Yasi. These two events alone cost us over \$1 billion and involved us settling the claims of more than 40,000 customers.

When the devastating avalanche of water flowed down the Toowoomba range causing the terrible Brisbane flood, Suncorp was the only major insurance brand that provided full protection to its customers. In places like Grantham, we have rebuilt houses in locations so that they are never again in the front line of flood waters. Similarly, we have rebuilt towns up and down the Queensland coast after Cyclones Larry, Yasi and Ita. This has involved repairing houses and businesses to a higher standard so that they can withstand the next inevitable cyclone.

We have a proud history of over 110 years of helping Queenslanders. We have successfully expanded this experience in helping communities to all parts of Australia and New Zealand. We are particularly proud of our achievements in rebuilding Christchurch despite the very challenging circumstances after the multiple earthquakes.

## Suncorp's commitment to Queensland

### Keeping insurance premiums as low as possible



The financial cost of natural hazards is significant for insurers and communities and I've seen firsthand the devastating impact they can have on people's lives.

Given how much we've paid out on Queensland claims it is understandable that we've been focused on mitigation. Our message regarding the importance of mitigation, and of individuals understanding and taking responsibility for their own risk, has been heard. After more than two years of lobbying we have seen towns such as Roma and Charleville take action with levees being built. We have responded as promised with reduced premiums, sometimes up to 90%.



## Suncorp's commitment to Queensland

### Supporting communities, sport and the arts



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Turning now to our community involvement.

Suncorp has a proud history of being part of the communities where we live and work.

In 2012, we renewed sponsorship of arguably one of Brisbane's most recognisable landmarks and one of the best sporting arenas in the world – Suncorp Stadium.

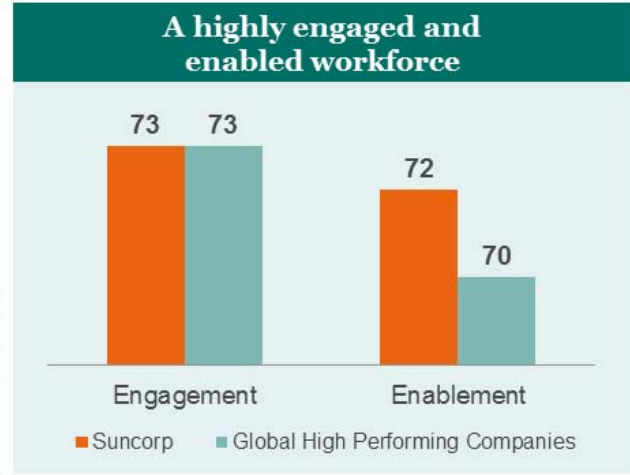
We sponsor the Brisbane Lions, the Bridge to Brisbane Fun Run and have recently extended our relationship with Queensland Rugby League and the Maroons.

But our focus isn't merely on business and sport. We are also committed to supporting Queensland's vibrancy and growth through the arts.

I was delighted to recently announce a new partnership with Queensland Ballet. The 2015 season will open with Suncorp being the Lead Partner.

## Employees and Culture

An inclusive, safe, customer-focused and innovative workplace



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Now to employees and culture.

Suncorp has an objective to be THE employer of choice across Australia and New Zealand.

We are continuing to make good progress in ensuring that the diversity within our workforce reflects the communities where we do business. We have a strong focus on gender equality and are supporting programs that promote greater equality across all areas of the Group.

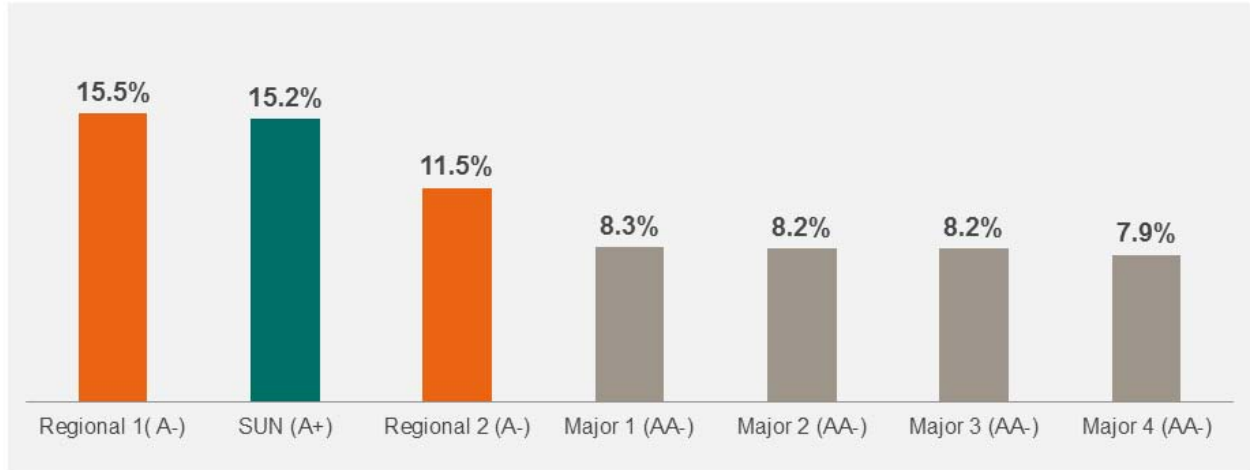
Our engagement and enablement scores are at global high performance levels. Part of this success is because we have been utilising technology to provide a more flexible environment for our employees. Flexible work options can include job share, work from home and project work. A work-life balance is incredibly important to us. Suncorp has particular success with our work@home hubs, firstly in Melbourne and more recently in Carindale. I'd like to pause briefly to show you how they are supporting our values and why they're so successful.

<http://vimeo.com/user19905479/review/109650941/e7924aeecf>

As you can see from the video, the work@home hubs are delivering fantastic outcomes for Suncorp and providing great opportunities for our employees and our communities, both in Queensland and Victoria.

## Financial System Inquiry

### Capital comparison using Standard & Poor's criteria



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Source: Regional Banks' submission to the Financial System Inquiry and Suncorp S&P internal data.

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I would now like to focus on the Financial System Inquiry, where we see opportunities for Suncorp Bank. We believe the Bank's combination of award winning products and outstanding service make it the leading bank for aspiring Queensland families, farmers, and businesses but we are facing challenges and Suncorp Bank, like the other regional banks, is trying to compete against major banks on an uneven playing field.

We've welcomed the Murray Financial System Inquiry. We have lodged a number of submissions and we are confident in the outcome. This review is a great opportunity to ensure that the Australian financial system can be protected against future shocks.

From my perspective, the most frustrating aspect of the current regulatory regime is the significant capital advantage that the major banks have over Suncorp and the other regionals. We will continue to work with government and industry to resolve these anomalies and ensure Suncorp Bank can continue to be the best bank for Queenslanders, and a genuine challenger in other states.



## Suncorp Group

### Key financial commitments for 2015

<b>1</b>	Group growth of 4% to 6% in the 2015 financial year	<b>4</b>	60% to 80% dividend payout ratio
<b>2</b>	Simplification benefits of \$225 million in the 2015 financial year	<b>5</b>	Continue to return surplus capital
<b>3</b>	'Meet or beat' an underlying ITR of 12% through the cycle	<b>6</b>	<b>Group ROE of at least 10% in the 2015 financial year</b>

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Finally looking forward to this year.

We're delighted with the financial performance during 2014. It means that we're in a great position to deliver on our commitments for 2015. I realise that these targets are a challenge but we need to continue to stretch our team in order to drive the business as we have done so successfully and consistently over the last five years.

Perhaps our most challenging financial target will be that for Group topline growth of between 4% and 6%. This is an aggregated target for the five businesses. It reflects the transition that we are undertaking from price-led growth to efficiency-led growth.

In Personal Insurance we will be reinvesting the benefits of lower reinsurance rates, further Simplification and our supply chain initiatives.

Overall, our three General Insurance businesses will continue to 'meet or beat' the 12% underlying ITR target and I'm confident that we will be well ahead of that target this year.

Strong returns from General Insurance, combined with improved results from the Bank and Life businesses, will deliver a very healthy ordinary dividend based on the 60% to 80% payout ratio.

In addition, we have an extremely strong balance sheet and, with \$831 million of shareholder's equity above our capital operating targets at 30 June, it's absolutely reasonable for our shareholders to expect further capital returns.

All this means that we remain on track for at least a 10% ROE this year.

I know that is significantly above analyst forecasts but we are unwavering in our commitment to meeting this target.

## Suncorp: phases of transformation



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The improvements underpinning the Suncorp story don't end in 2015. We have a number of projects that will further demonstrate the value of the Group's strategic assets, the 4Cs.

Firstly, on the Cost side, there is a strong pipeline of efficiencies and we will maintain a flat cost base in absolute terms, absorbing inflationary pressures on an ongoing basis.

Secondly, on the Customer front, we have brought together a team of experts from across the Group, to create a Business Intelligence division. We're confident that this will deliver a competitive advantage as a result of a deeper knowledge and understanding of our 9 million customers.

Thirdly, our Risk Based Capital project has already confirmed that there is a diversification benefit from the three business lines in the Group. We will be working with the rating agencies and regulators on this over the next few years and I'm confident it will ultimately mean lower capital requirements.

And, finally to our fourth C, Culture, where our people are critical to our success. The fact that enablement and engagement scores are at or above Global High Performing benchmarks is incredibly positive.

I'd like to leave you with the message that the improving Suncorp story doesn't end in 2015. There is still enough gas in the tank to ensure this Group will continue to grow its top line, improve margins and keep its cost base flat. This will result in a further improvement in shareholder returns into 2016 and 2017. At the same time, we will maintain our commitment to corporate responsibility by addressing the economic, social and environmental matters that are most important to our business and our key stakeholders across Australia and New Zealand. Our aim is to create brighter futures by contributing to the long-term financial wellbeing and quality of life for the communities where we live and work.

In concluding, I'd like to thank the hard-work, commitment and dedication of all of Suncorp's employees. I'd also like to acknowledge and, am greatly appreciative of, the guidance and support of the Suncorp Board. Finally, to you, our shareholders, I thank you for your ongoing loyalty. I hope you are enjoying the turnaround in the Group's credibility, confidence and culture. I'm certain that there is plenty more success to come.