

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

I'm very pleased to report to shareholders, in this, my third year as Chairman, that the Suncorp Group is now in its strongest position in recent history.

I'm equally pleased, that as shareholders, you are seeing the benefits of the Group's transformation through a steady increase in the share price and a significant increase in dividends, both ordinary and special.

This has been achieved through the '*One Company. Many Brands*' business model with each of the businesses in General Insurance, Banking and Life insurance capitalising on their individual strengths while benefitting from the scale and expertise of the Group.

During the 2014 financial year, each line of business has contributed to the Group's growth, costs were well controlled and the balance sheet has continued to strengthen.

As a leading financial services institution, we make an important contribution to the financial wellbeing of Australians and New Zealanders.

In General Insurance, we protect people's homes, vehicles and businesses, providing them with peace of mind and support when they need it most. While the past year has been relatively benign in terms of major weather events, we have continued to improve our risk capability and help communities to reduce their own exposure to risks through natural disaster mitigation.

The Bank, with its roots firmly planted in Queensland, assists families, farmers and businesses achieve their financial goals. It has a strong connection to local communities and a commitment to exceptional customer service.

The Life insurer assists people to protect their lifestyle and ability to earn an income - arguably our customers' most valuable assets.

During the past year, the Group has continued to do all these things well. Our customers have recognised the value we provide and this has resulted in improved returns to you, our shareholders.

The organic Suncorp strategy is tightly focused on realising the potential of our core businesses and geographies. Group CEO, Patrick Snowball has led the execution of this strategy with unwavering dedication.

Today, the Group is simpler, more efficient, more flexible and in a strong capital position. Its resilience has been proven. From financial crises, to major weather events to industry reform, this company has remained focused on delivering for our stakeholders: our customers, our people, our business partners and communities. And, of course, you our shareholders.

I can appreciate that there was a time when our shareholders may have felt discouraged as the business confronted economic volatility and unprecedented weather events. I also appreciate the loyalty and patience of those, who like myself and the Board, trusted in this Group's potential. Our aim has always been to deliver long-term, sustainable shareholder returns and I think that we've well and truly turned a corner in achieving that.

Looking to the Group's financial performance for the year and the net profit after tax increased to \$730 million. This headline result was helped by good investment returns, relatively subdued natural hazard experience and Suncorp Bank's return to profitability. However, it was encumbered by issues in the life insurance industry which led to the write-down of \$496 million in intangible assets.

Given the strong capital position of the Group, continued improvements in operational and financial performance and a positive outlook, the Board declared a final ordinary dividend of 40 cents per share and a special dividend of 30 cents per share – making this the third successive year a special dividend has been paid. This brings the total dividend payout for the 2014 financial year to \$1.05 per share, fully franked, a 40% increase on the prior year.

The Board has reconfirmed the commitment to return capital to shareholders that is in surplus to Group operating requirements.

The Board is also committed to an ordinary dividend payout target of 60% to 80% of full year cash earnings.

The Group's performance in 2013/14 continued the positive momentum of prior years. But, both the Board and executive team agree that the Group's full potential is yet to be realised.

The write-down of intangible assets in the Life business resulted from a more forward-looking view of the life insurance industry and assumptions and is a watershed for Suncorp. It's the final piece in positioning each of the lines of business with a clear, forward-looking strategy; with balance sheets free from legacy or industry issues.

Last year, I pointed out further simplification would underpin business activities. We have either completed, or made significant progress, on these programs of work, reducing cost and complexity and improving the agility of our company. Simplification benefits are being realised and invested back into the business so that we can be more responsive to changing market behaviours and in turn deliver greater value to customers and shareholders.

As we move forward we'll continue to simplify the business, extracting value through efficiency initiatives.

We'll continue to work the Group's strategic assets, the 4Cs of Capital, Cost, Customer and Culture assets harder, for example:

- Refining risk-based capital models to realise optimal **capital** levels
- Maintaining prudent **cost** control through shared services, suppliers, technology and processes across the Group
- Meeting more needs for our nine million **customers**
- Continuing to build employee engagement levels and create an enviable **culture** where the best talent want to work and grow their career

The transformation of this business over the past few years has been significant and necessary. And, only possible through the enormous efforts of the Suncorp teams across Australia and New Zealand who have been ably led by the Group CEO and his executive team. Their passion for the Suncorp Group is a great source of competitive advantage and inspiration, and I'd like to thank all those who have contributed.

As shareholders, here is the way you might want to think about your company:

- We are focused upon Australia and New Zealand where we have a deep history. We have confidence in the ability of our businesses to produce profitable growth in these two healthy economies whose institutions have integrity and predictability.
- We will grow organically, making appropriate bolt-on acquisitions as they are identified.
- Our portfolio of brands, products and channels is unmatched in the financial services industry.
- Change is happening all around us – in technology, demographics, competition. You should expect us to be alert, adaptable and agile.
- Our shareholders want an appreciating share price and good regular dividends, and we aim to deliver these.

Turning to the Board, I'd like to acknowledge my colleagues for their dedication, wise counsel and collegiate approach. I am fortunate to be among such good company.

There was one Board resignation during the year, being Ms Alana Atlas who joined us in January 2011 and served for three and a half years. Ms Atlas brought strong financial services and legal experience to our Board and made great contributions, most recently as Chair of the Remuneration Committee and member of the Risk Committee. On behalf of the Group I'd like to thank Ms Atlas and wish her well in her future endeavours.

The process for selecting a new board member is well advanced and a decision should be made in the weeks ahead.

Finally, I'd like to thank all of Suncorp's shareholders, investors and customers for their continuing support. The coming year and beyond is an opportunity for Suncorp to sustain its upward trajectory and build on the great businesses that have been part of the fabric of Australian and New Zealand communities for more than 110 years.

We are in our strongest position in recent history and this gives me great confidence in our future.

On that note, I'll hand over to Group CEO, Patrick Snowball to provide you with his report to shareholders.